3) You are given the following information about the annual returns of two stocks, X and Y:

   i)   The expected returns of X and Y are $E[R_X] = 10\%$ and $E[R_Y] = 15\%$.

   ii) The volatilities of the returns are $V_X = 18\%$ and $V_Y = 20\%$.

   iii) The correlation coefficient of the returns for these two stocks is 0.25.

   iv) The expected return for a certain portfolio, consisting only of stocks X and Y, is 12%.

Calculate the volatility of the portfolio return.

(A)   10.88%

(B)   12.56%

(C)   13.55%

(D)   14.96%

(E)   16.91%

2) You are given the following information about a portfolio with four assets.

Asset	Market Value of Asset	Covariance of asset's return with the portfolio return
I	40,000	0.15
II	20,000	-0.10
III	10,000	0.20
IV	30,000	-0.05

Calculate the standard deviation of the portfolio return.

(A)   4.50%

(B)   13.2%

(C)   20.0%

(D)   21.2%

(E)   44.7%