

- 13) The following table shows the beta and expected return for each of five stocks.

Stock ( $i$ )	$\beta_i$	$E(r_i)$
1	1.2	0.124
2	1.0	0.110
3	0.7	0.103
4	0.4	0.068
5	0.1	0.047

All of these stocks except one lie on the Security Market Line.

Calculate the alpha of the stock that does NOT lie on the Security Market Line.

- A)  $-0.026$
- B)  $-0.014$
- C)  $0.000$
- D)  $0.014$
- E)  $0.026$