

- 8) You are given the following information about a two-asset portfolio:
- (i) The Sharpe ratio of the portfolio is 0.3667.
  - (ii) The annual effective risk-free rate is 4%.
  - (iii) If the portfolio were 50% invested in a risk-free asset and 50% invested in a risky asset X, its expected return would be 9.50%.

Now, assume that the weights were revised so that the portfolio were 20% invested in a risk-free asset and 80% invested in risky asset X.

Calculate the standard deviation of the portfolio return with the revised weights.

- (A) 6.0%
- (B) 6.2%
- (C) 12.8%
- (D) 15.0%
- (E) 24.0%