

- 18) You are given the following information about the return of a security, using a two-factor model.

Factors	Beta	Expected Return
T	0.10	25%
U	0.15	20%

The annual effective risk-free rate of return is 5%.

Calculate the expected return of this security using the given two-factor model.

- (A) 6.52%
- (B) 8.33%
- (C) 9.25%
- (D) 11.33%
- (E) 13.32%