* Volatility : the nature and extent of the movement of investment funds in a specified stock market and the movement of the investment power of investors due to internal and external factors in the stock market
* Independent risk : It is risk that is uncorrelated and independent for all risky assets; it can be eliminated in a diversified portfolio
* Common risk : It is risk that affects the value of all risky assets, and it cannot be eliminated in a diversified portfolio
* Firm-Specific: the risk of a change in management or a change in circumstances that occurs only in a particular company, such as a strike
* Systematic Risk: These are risks that cannot be eliminated through distributed investment when classifying stock risks into risks that can be greatly distributed and risks that cannot be distributed.
* Risk premium : the difference between secure and expected income that provides the same level of utility as expected in a dangerous situation
* Market risk premium: The difference between the expected return on the market as a whole and the return on risk-free assets
* efficient portfolio: Changes in the market value of this will correspond to systematic shocks to the economy
* market portfolio: It is portfolio which is reasonable to consider a portfolio that contains all shares of all stocks and securities in the market

2. According to portfolio theory, when a portfolio is composed of various kinds of stocks, the Unsystematic Risk of individual stocks is offset against each other and leaves only the Systematic Risk portion, which can be demonstrated by a mathematical derivation of the Variance of the portfolio yield.

3. Beta of a security : measurement of its volatility of returns relative to the entire market

4.

* β =1 exactly as volatile as the market
* β >1 more volatile than the market
* β <1>0 less volatile than the market
* β =0 uncorrelated to the market
* β <0 negatively correlated to the market