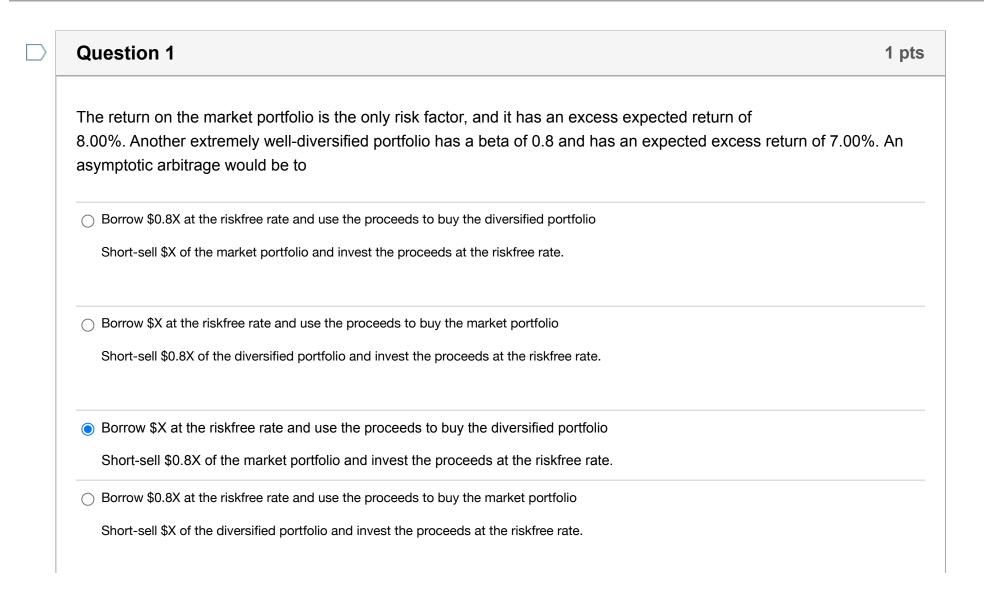
Quiz 18 for Oct 31

Started: Oct 28 at 1:53am

Quiz Instructions

Complete this quiz by 11:00 a.m. on Monday October 31.



Question 2

1 pts

There are K risk factors and \overline{R}_k is the expected return on risk factor k and R_f is the riskfree return. If risky asset i has beta with risk factor k equal to $\beta_{i,k}$, then asset i's risk premium, $\overline{R}_i - R_f$, equals

$$\sum_{k=1}^{K} \frac{\beta_{i,k}}{(\overline{R}_k - R_f)}$$

$$\bigcirc \sum_{k=1}^{K} \beta_{i,k} \overline{R}_{k}$$

$$\bigcirc R_f + \sum_{k=1}^K \beta_{i,k} \overline{R}_k$$

Question 3

1 pts

If a stock's return has a negative loading on SMB and a positive loading on HML, the stock is likely to be a

o small cap value stock.

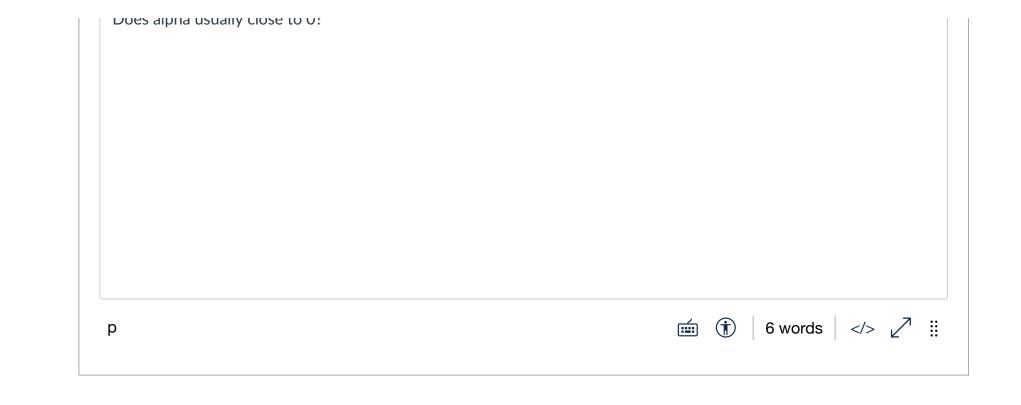
| large cap value stock. | | | |
|---------------------------|--|--|--|
| ○ large cap growth stock. | | | |
| o small cap growth stock. | | | |
| | | | |
| | | | |

Question 4 1 pts

Risky stock i has loadings of β_i =1.1, s_i = -0.2, and h_i = 0.3. If the expected excess returns on the market portfolio, the *SML* portfolio, and the *HML* portfolio equal their 1927-2019 historical averages, stock i's expected excess return equals State your answer as a percentage rate to 2 decimal places, e.g., 6.45.

7.54

Doos alpha usually class to 02



Quiz saved at 3:11am

Submit Quiz