## Quiz 14 for Oct 17

Started: Oct 14 at 12:27am

## **Quiz Instructions**

Complete this quiz by 11:00 a.m. U.S. Central Time on Monday October 17.

urns over 5 consecutive years are 1.15, 0.94, 0.97, 1.22, and 1.06. The stock's annually- of return over this 5 year period is	
as percent to 2 decimal places, e.g., 7.45 .	
	of return over this 5 year period is

Question 2

A stock earns continuously-compounded rates of return during years 1, 2, and 3 of 6.30%, 10.30%, and -5.50%, respectively. Its continuously-compounded rate of return over this entire 3-year period is

State your answer as a percent to 2 decimal places, e.g., 5.21.

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Question 3 1 pts

A portfolio's allocation is 25% in Stock 1, 35% in Stock 2, and 40% in Stock 3. The gross expected returns on Stock 1, Stock2, and Stock 3 are 1.05, 1.09, and 1.07, respectively. Therefore, the portfolio's expected gross return is

State your answer to 3 decimal places, e.g., 1.058.

1.072

Question 4 1 pts

A portfolio's allocation to Stock 1 is 40% and its allocation to Stock 2 is 60%. Stock 1 has a standard deviation of return equal to 0.35 and Stock 2 has a standard deviation of return equal to 0.20. The covariance between Stock 1's return and Stock 2's return is 0.028. The *standard deviation* of the portfolio's return equals

State your answer to 3 decimal places, e.g., 0.312.

0.218

**Question 5** 1 pts Ask one or more questions or make one or more comments on the material covered in this class. Edit View Insert Format Tools Table why are we using sd rather than var? \*\* | 8 words | </> \*\* | \*\* р