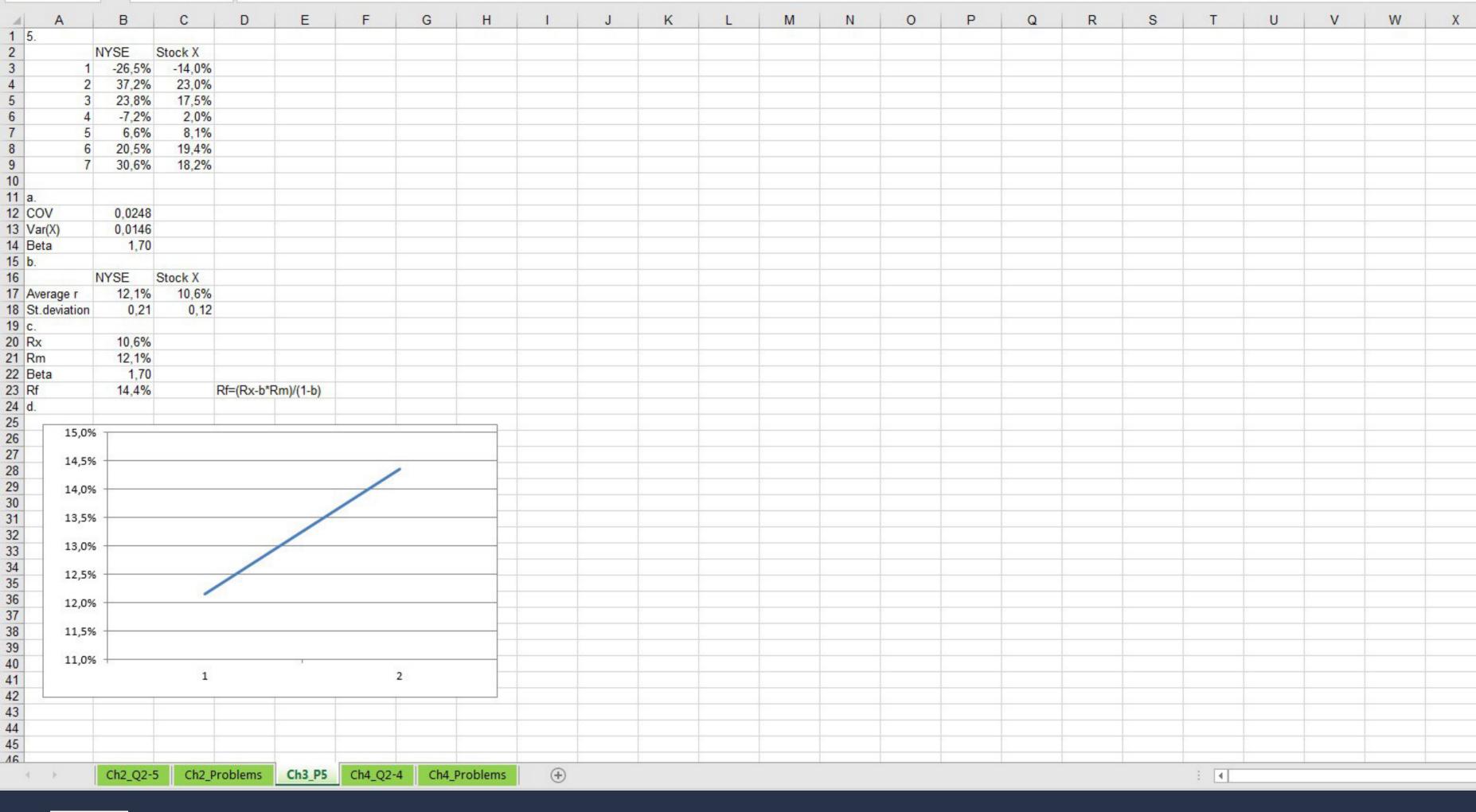
_ A	В	С	D	E	F	G	Н	1	J	K	L	M	N	0	Р	Q	R	S	Т	U	V	W
1 2.								, FI	4									,				
2 Completely certain	return has line	ear probabil	lity distributi	ion that is	parallel to	X axe.																
3 Completely uncertain	n return has	linear proba	ability distrib	oution that	is parallel	to Y axe.																
4																						
5 3.																						
6	A	В																				
7 Expected return	7%	12%																				
8 St.deviation	35%	10%																				
9 Correlation	-0,3	0,7																				
10 Beta	-1,5	1,0																				
11																						
12 Security A is riskier	as it has hig	her standar	rd deviation	along with	lower expe	ected return	1.															
13 Besides, it is negat	vely correlate	ed with the r	market and	has higher	beta coeff	ficient in abs	solute value	es.														
14																						
15 4.																						
16 Risk premium on a	high-beta sto	ck will incre	eas more th	an that of a	a low-beta	stock.																
17 This occurs due to i	mplied higher	r standard d	deviation in t	the high-be	ta stock w	hich makes	s it riskier fo	or investors														
18																						
18 19 5.																						
20 Not necessarily, as	the beta coef	ffient might	have negati	ive value ar	nd one sho	uld also cor	nsider mark	ket deviation	ns' impact.													
21		189 1892							100													
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19 5. 20 Not necessarily, as 21 22 23 24 25 26 27																						
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28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44																						
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Ch2_	Q2-5 Ch2	_Problems	Ch3_P5	Ch4_Q	2-4 Ch	4_Problems	5 ⊕)														

1 1	Total (A (B Dilio's beta) = = = = = = = = = = = = = = = = = =	В	С	D	E	F	G	Н	1	J	K	L	M	N	0	Р	Q	R	S	Т	U	V	W
1 1.	Total	l investment	Rota	Maight	Maightad hata	1	4												4:	4	d	di .	
2 Ctool	10ta	l investment		Weight	Weighted beta																		
1 Stack	R	\$20 000 \$35 000	0,7 1,3	36% 64%	0,25																		
F Total	O	\$55 000	1,3	0470	0,83 1,08																		
5 TOTAL		\$55 000			1,00													-	-	-			
7 Portfo	olio's hata	ie 1 08				1														1			
8	nio s Deta	15 1,00.						21															
9 2																							
10 Beta		0.8					1														1	1	
11 Rf		4%																					
12 Rm		0,8 4% 12% 10,4%																					
13 R(AA) =	10.4%																		1 1			
14	,	,					1																
15 7. a)							1																
16 Rf		5%																					
17 Rm		10%																					
18 Ra		12%																					
19 Beta	=	1,4		Ra = Rf+b	(Rm-Rf)																		
20 7. b)				Ra = Rf+b b = (Ra-Rf	f)/(Rm-Rf)																		
21 Beta*		2,0																					
22 Ra* =	. /	2,0 15%																					
23																							
24 8. a)																							
25 Rf		5%																					
26 Rm		5% 12% 1,4																					
27 Beta		1,4																					
28 Ruti =	=	14,8%																					
29 8. b)																							
30 Rf*		6%																					
31 Rf**		4%																					
32 RPm	=	6% 4% 7% 13%																					
33 Rm*	=	13%		5			4													-		4	
34 Ruti*	=	15,8% 11%																					
35 Rm**	=	11%																					
36 Ruti*	= 4	13,8%																					
3/ 8. C)		4.404																		-			
30 Rm1		14%																		-			
39 Km2		11%			-																		
40 KUTIT		17,6%					1												+	+		-	
41 KUUZ	-	13,4%				42	4		4:	40					4	1		1	4:	1	4:	4:	
42 0		5		9																1			
43 9.	t in a	0.00000000																					
44 weigh	n in p	0,066666667		19															1 -1	1 1			
45 previo	ous c((0,053333333																					
// new/	-Antini	Ch2_Q2-5	Ch2 Probl	oms Ch	n3_P5 Ch4_Q2	2-4 Ch	1 Problems	(+)											: 4			-	
23		CHZ_QZ-5	CIIZ_PTODI	ems	13_F3 C114_Q	Z 4 CII	4_F10DIEIIIS	•											1				



4	Α	В	С	D	E	F	G	Н	1	J	K	L	M	N	0	Р	Q	R	S	Т	U	V	W	Х
1 2.			TI:			-1	1																1	
2 11	A B C D E F G H I J K L M N 1 2. 2 The statement is true. This is related to higher implied risk in the short-term securities. 3 4 3. 5 As the market rate goes over the bond's one, its YTM and price will drop while this bond is now less preferrable compared to other options in the market. 6 However, as fewer periods are left till the bond's maturity, difference in the bond's and market rates will have lower impact on its price and YTM. 7 4 4. 9 No, it wouldn't. Price of the callable bond is more sensitive to the terms of its issue and probability that it will be called back than to the market situation. 1 2 5 6 6 6 7 7 8 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9																							
7 3																								
5 A	s the mark	ket rate go	es over the	bond's one	its YTM a	and price w	ill drop while	e this bond	is now less	preferrable	compared	to other or	tions in the	market										
6 H	owever, as	fewer peri	iods are lef	t till the bor	nd's maturit	ty, difference	e in the bor	nd's and ma	arket rates	will have lov	ver impact	on its price	and YTM.	marrot.										
7						/	/									2			2				2	2
8 4.						-																		
9 N	o, it would	n't. Price o	of the callal	ble bond is	more sensi	itive to the	terms of its	issue and	probability t	hat it will b	e called ba	ck than to t	he market s	situation.										
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16						Carl Carl	1																	
1	E	Ch2 O2	-5 Ch2	Problems	Ch3 P5	Ch4 O	2-4 Ch4	Problems	+											1 4		1	-	
197		JV-	UNE	7	0.00			7																

A	Α	В	С	D	E	F	G	Н	1	J	K	L	M	N	0	Р	Q	R	S	T	U	V
16		1	30	- 29	2.0	2.0																
17	7. FV YTM RATE C PMT NPER PRICE 8. NPER FV PMT PV Call price YTM YTC 9. E PMT FV NPER YTM YTC 9. E PMT FV NPER YTM 1 PV 1 YTM 2 PV 2											1		1		\leftarrow						
18	FV	1000											(
19	YTM	8,50% 4,3% 10% 50 16											1									
20	RATE	4,3%											1									
21	C	10%											1									
22	PMT	50										1	1									
23	NPER	16	1																			
24			1																			
25	PRICE	\$ 1 085,80					1															
26																						
27	8.																					
28	NPER	20										()										
29	FV	1000																				
30	PMT	40																				
31	ΡV	1100																				
32	Call price	1050	in 5 years			200																
33	YTM	6,6%																				
34	YTC	6,5%																				
35																						
36	9.																					
37			bond S																			
38	OMT	100	100																			
39	_∧	1000	1000																			
40	VPER	15	1										1									
41	YTM 1	5%	5%																			
42	°V 1	\$ 1518,98	\$1 047,62															V				
43	YTM 2	8%	8%																			
44	OV 2	\$ 1 171,19	\$1 018,52	1.0	101	10												4				
45	YTM 3	12%	12%																			
46	ΔN 3	\$ 863,78	\$ 982,14															1	1			
47	7.		1																			
48	PV 2 YTM 3 PV 3 b. The longer term bond has 21. FV C NPER PMT a. NPER YTM RATE Price b. NIPER Ch2_Q2-5	more time till	maturity and.	thus, highe	er implied n	isks. Besic	les, time va	alue of mon	ney has high	her effect in	the long-te	rm perspec	tive.				1					
49																						
50	?1.																					
51	∠∧	1000															1					
52	?	10%		1	19		10												1			
53	VPER	20																				
54	TMC	50						(1	1	1			
55	7.																					
6	VPER	16																				
57	MTV	6%																				
8	RATE	3%																				
9	Price	\$ 125122	+																<u> </u>			
60	V		1									-	1				1	1	1			
1	VIPER	16										7)		7			1	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \				
A	Ch2_Q2-5	Ch2_Proble	ems Ch3 A	P5 Ch4_0	Q2-4 C	h4 Problem	ms	(+)										1 [4			
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