

Stock A has a beta of 0.8, Stock B has a beta of 1.0, and Stock C has a beta of 1.2. Portfolio P has equal amounts invested in each of the three stocks. Each of the stocks has a standard deviation of 25%. The returns on the three stocks are independent of one another (i.e., the correlation coefficients all equal zero). Assume that there is an increase in the market risk premium, but the risk-free rate remains unchanged. Which of the following statements is correct? Answers: a-The required returns on all three stocks will increase by the amount of the increase in the market risk premium. b-The required return on Stock A will increase by less than the increase in the market risk premium, while the required return on Stock C will increase by more than the increase in the market risk premium. c-The required return of all stocks will remain unchanged since there was no change in their betas. d-The required return on the average stock will remain unchanged, but the returns of riskier stocks (such as Stock C) will decrease while the returns on safer stocks (such as Stock A) will increase. e-The required return on the average stock will remain unchanged, but the returns of riskier stocks (such as Stock C) will increase while the returns of

safer stocks (such as Stock A) will decrease.

Answer:

b-The required return on Stock A will increase by less than the increase in the market risk premium, while the required return on Stock C will increase by more than the increase in the market risk premium.

Explanation:

Beta reflects the risk associated, as the beta is low, the expected risk is also low, accordingly return expected is also keeping all things constant.

When Beta is less than 1 it means the returns will be lower than market, accordingly for Stock A the return will increase but slower than the market risk.

Whereas, the Beta is more than 1 of Stock B and accordingly the risk is more but return will grow even faster as the risk volatility is high than the market risk.

The civil service system was created _____. to recruit the best employees to work for the federal government to apply the merit system to review discrimination problems reported by federal workers to stop the patronage system

Which type of energy is not derived from the sun?

The point 3,4 lies on the graph of $f(x) = \sqrt{2x+a}$. Which ordered pair below lies on the graph of $g(x) = 1/2\sqrt{2x+a}$? a) $3/2, 2$

b) $5/2, 3/2$

c) 3,2

d) 27,8

£2500 is invested at 3.6% compound interest per annum. How many years will it take for the investment to more than double

What is determined by the census that is taken every ten years? the number of House seats per state

the congressional district boundaries

the congressional district size

the date for national elections

Gene therapy, which includes the correction of defective genes, is a significant part of the human genome project. Which of these is an application of the technique?

Which statement about living things is true?

A parabola has its focus at (1,2) and its directrix is $y = -2$. the equation of this parabola could be

Ice sheet movement rates have varied from about 50 to 320 meters per year for the margins of the ice sheet advancing from the hudson bay region during the ice

age. if an ice sheet moved from the southern end of hudson bay to the south shore of present-day lake erie, a distance of 1600 kilometers, what would be the maximum amount of time required?

A self-sustaining reaction that creates an on-going series of reactions

You roll a six sided die three times. what is the size of the sample space after those three rolls?

The Equal Rights Amendment (ERA) was introduced into Congress every year between 1923 and 1972, but never has been added to the Constitution. Which part of the amendment process has not been met in order for this amendment to become part of the U.S. Constitution? A) Certification by the President

B) Adoption at a national convention of legislatures

C) Ratification by three-fourth of the state legislatures

D) Proposal of the amendment to both the Senate and House of Representatives

It's quite possible that you'll become ravenously hungry if A. the ventromedial nucleus of your hypothalamus is stimulated.

B. your hypothalamus is removed.

C. someone stimulates your lateral hypothalamus.

D. your lateral hypothalamus is destroyed.

Which earth science lesson is especially appropriate for primary grades? a. weather

b. stars

c. volcanoes

d. moon

_____ is a type of disorder in which an individual may have a partial or complete loss of physical function that does not have a medical explanation.

Professor Murphy investigates aggression based on how an aggressor perceives information in a situation and how s/he makes decisions about being aggressive.

Professor Murphy is most likely a psychologist in the _____ subfield.

Read this excerpt from Ani's evaluation of Dan DeLuca's argument in his article "Dylan's Nobel Prize Settles Debate: Rock Lyrics Are Poetry." DeLuca offers a haphazard patchwork of reasoning and evidence that leaves the reader wondering whether he believes his own claim. He remains focused on Dylan's body of work, quoting not only supporters of the Nobel committee's choice, but also detractors. DeLuca also includes a liberal sampling of Dylan's song lyrics, but he largely leaves them to speak for themselves.

What evidence from the article best supports Ani's evaluation? Select two options.

"The Swedish Academy's decision to honor Dylan set off an online debate, with Scottish Trainspotting novelist Irvine Welsh calling it 'an ill conceived nostalgia award wrenched from the rancid prostates of senile, gibbering hippies.'"

"On one end of Dylan's songwriting spectrum is the vengeful, resolute, and timeless 'Masters Of War' . . . It's high dudgeon at its finest: 'Let me ask you one question: Is your money that good? / Will it buy you forgiveness? Do you think that it could?'"

"Many of Dylan's most fervently loved songs—some of which actually are love songs—date from the 1960s, and his being honored at age 75 can be seen as an ultimate affirmation for the baby boomer generation."

"Dylan has the status of an icon. His influence on contemporary music is profound, and he is the object of a steady stream of secondary literature,' the Nobel committee wrote."

"And it's a good thing [his lyrics] have been published, because if you've gone to see the famously sneering and syllable-garbling Dylan play live in recent years, you probably couldn't understand a word he was singing."

A fruit company delivers its fruit in two types of boxes: large and small. A delivery of 4 large boxes and 8 small boxes has a total weight of 197 kilograms. A delivery of 2 large boxes and 3 small boxes has a total weight of 83 kilograms. How much does each type of box weigh?

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