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.

A string vibrates according to the equation y(x,t) = 2.0sin(0.16x)cos(750t), where x and y are in centimeters and t is in seconds. (a) What are the amplitude and velocity of the component waves whose superposition give rise to this vibration?

(b) What is the distance between nodes?

(c) What is the velocity of a particle of the string at the position x = 9.0 cm when t=5x10-3

Ian and his family are driving to visit friends in another state. On the first part of the trip, they drive for 2 hr. at a constant rate of 60 mph. Then they hit rush hour and slow down to a constant rate of 45 mph for the next hour. The last three hours of the trip, they drive at a constant rate of 55 mph. How many miles did Ian and his family drive?

The reason water sticks to the inside of a graduated cylinder like the image below is because of _____. Meniscus Select one: a. adhesion b. cohesion c. polar molecules d. hydrogen bonding

Compare in general terms the effects of epinephrine glucagon and insulin on glucose metabolism

What is the absolute value of 5x + 10=-7

Mow many humans are there in this world

To which layer can geologists apply the principle of faunal succession to determine the age of the layer?.....please help me now?

Which statement is true about Kilwa and Aksum? A. they were christian kingdoms.
B. they were Muslim kingdoms.
C. they were city-states on the coast.
D. they grew powerful through trade.

PLEASE HELPP! Will give brainliest. Five important events in Christianity. I don't need a date/chronological order/anything else, just the event.

President Kennedy signed education laws to help ?
What is the area of a regular hexagon with a perimeter of 12cm and a apothem of ?3cm A:6?3cm
B:?3cm
C:36cm
D:12?3cm
What is 2 plus12deswzs?
Margret sold 1,392 meatballs on Friday. She sold 1,940 meatballs on Saturday. How many meatballs did she sell on Friday and Saturday?
Kelly hypothesizes that if she waters a fig tree seedling, it will grow twice as fast as an unwatered seedling. Which of the following steps would compromise her experiment? 1. Plant two fig tree seedlings of the same age
2. Water one of the seedlings three times a week
3. Apply fertilizer to the other seedling three times a week
4. Measure the seedlings growth weekly
5. Report her results

A Step 1
B Step 2
C Step 3
D Step 4
Read each example, and determine the type of detail that is used. As a child, I remember watching flocks of geese fly off in search of a warmer climate each fall.

The typical bird can fly between twenty and fifty miles per hour.

Migration allows birds to travel to where food is easily available.
What is speaker searching for in "Will There Really be a Morning"? A Meaning of Life B Long lost love C Closure in a loved one's death D Wealth
Which of the following foods do not support bacterial growth raw carrots cooked rice onions or refried beans
What is
general education....