1. Buy 100 shares if price rises or (does not fall by at least as much as any dividends paid while short.)

2. \( r_{12} = \left( \frac{0.75}{1 + \frac{1}{2}} \right) \) \( r_{1} = \left( 1 + r_{12} \right) \)

3. Higher

4. Reduce profits, increase cash flow

5. Calculate: correlation, standard deviation of return on the two assets, tell if stocks move in same or opposite directions

6. Beta of stocks, 10% investment in each stock

7. \( (-1.32 + (70 - 65)) \times 100 \)

8. \( \uparrow \) offset by \( \uparrow \) in expected return

9. Fall

10. Risk-free bond + short put on two assets