

Spring 2012 Final

1:25A

$$\underline{PZ} \quad \textcircled{11} \times 3 \left(\bar{R}_{PEP} = \frac{1}{3}(-1+9+35) \right); \quad \textcircled{11} \times 3 \left(\bar{R}_{XOM} = \frac{1}{3}(0+33+4) \right)$$

$$\textcircled{11} \times 3 \left(\text{Var}_{PEP} = \frac{1}{2} \left((-1 - \bar{R}_{PEP})^2 + (9 - \bar{R}_{PEP})^2 + (35 - \bar{R}_{PEP})^2 \right) \right)$$

$$\textcircled{11} \times 3 \left(\text{Var}_{XOM} = \frac{1}{2} \left((0 - \bar{R}_{XOM})^2 + (33 - \bar{R}_{XOM})^2 + (4 - \bar{R}_{XOM})^2 \right) \right)$$

$$\textcircled{20} \times 6 \left(\text{Cov}_{PEP, XOM} = \frac{1}{2} \left((-1 - \bar{R}_{PEP})(0 - \bar{R}_{XOM}) + (9 - \bar{R}_{PEP})(33 - \bar{R}_{XOM}) + (35 - \bar{R}_{PEP})(4 - \bar{R}_{XOM}) \right) \right)$$

$$\textcircled{11} \times 7 \left(\text{SD}_P = \sqrt{(.4)^2 \text{Var}_{PEP} + (.6)^2 \text{Var}_{XOM} + 2(.4)(.6) \text{Cov}_{PEP, XOM}} \right)$$