

Spring 2012 Final
1:25 B

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1. someone has submitted a (limit order to sell) @ \$50.36.
If you submit a market order to buy, this is the price you will pay.

2. $r(\frac{1}{12}) = \left(\frac{0.35}{12}\right)^{12}$; $r(\frac{1}{2}) = (1 + r(\frac{1}{12}))^6 - 1$

3. larger

4. increase profit, reduce cash flow

5. The returns tend to move together
or: when the return on one is above its mean,
the other tends to be as well.

6. Expected return on portfolio, risk-free rate,
standard deviation on portfolio

7. $(+2.06 + (60 - 65)) \times 100$

8. Rises, (increase in expected return offsets)

9. That (management believes) the (stock is overvalued.)

10. Risk-free bond + short put on the firm's assets