

Spring 2012 Final
2:30 B

$$P2) \bar{R}_A = \frac{1}{3}(-23 - 6 + 46) \quad \bar{R}_{Mkt} = \frac{1}{3}(3 + 15 + 38)$$

$$COV_{A, Mkt} = \frac{1}{2}((-23 - \bar{R}_A)(3 - \bar{R}_{Mkt}) + (-6 - \bar{R}_A)(15 - \bar{R}_{Mkt}) + (46 - \bar{R}_A)(38 - \bar{R}_{Mkt}))$$

$$Var(R_{Mkt}) = \frac{1}{2}((3 - \bar{R}_{Mkt})^2 + (15 - \bar{R}_{Mkt})^2 + (38 - \bar{R}_{Mkt})^2)$$

$$\beta = \frac{COV_{A, Mkt}}{Var(R_{Mkt})}$$