

Student name: _____

The total dollar return on a share of stock is defined as the:

change in the price of the stock over a period.

dividend income divided by the beginning price per share.

capital gain or loss plus any dividend income.

change in the stock price divided by the original stock price.

annual dividend income received.

The dividend yield is defined as the annual dividend expressed as a percentage of the:

average stock price.

initial stock price.

ending stock price.

total annual return.

capital gain.

The capital gains yield is equal to:

$$\frac{(P_t - P_{t-1} + D_t)}{P_{t-1}},$$

$$\frac{(P_{t+1} - P_t + D_t)}{P_t},$$

$$\frac{D_{t+1}}{P_t},$$

$$\frac{(P_{t+1} - P_t)}{P_t},$$

$$\frac{(P_{t+1} - P_t)}{P_{t+1}},$$

When the total return on an investment is expressed on a per-year basis it is called the:

capital gains yield.

dividend yield.

holding period return.

effective annual return.

initial return.

The risk-free rate is:

another term for the dividend yield.

defined as the increase in the value of a share of stock over time.

the rate of return earned on an investment in a firm that you personally own.

defined as the total of the capital gains yield plus the dividend yield.

the rate of return on a riskless investment.

The rate of return earned on a U.S. Treasury bill is frequently used as a proxy for the:

risk premium.

deflated rate of return.

risk-free rate.

expected rate of return.

market rate of return.

The risk premium is defined as the rate of return on:

a risky asset minus the risk-free rate.

the overall market.

a U.S. Treasury bill.

a risky asset minus the inflation rate.

a riskless investment.

The additional return earned for accepting risk is called the:

inflated return.

capital gains yield.

real return.

riskless rate.

risk premium.

The standard deviation is a measure of:

volatility.

total return.

capital gains.

changes in dividend yields.

changes in the capital gains rate.

A frequency distribution, which is completely defined by its average (mean) and variance or standard deviation, is referred to as a(n):

normal distribution.

variance distribution.

expected rate of return.

average geometric return.

average arithmetic return.

The arithmetic average return is the:

summation of the returns for a number of years, t , divided by $(t - 1)$.

compound total return for a period of years, t , divided by t .

average compound return earned per year over a multi-year period.

average squared return earned in a single year.

return earned in an average year over a multi-year period.

The average compound return earned per year over a multi-year period is called the:
total return.

average capital gains yield.

variance.

arithmetic average return.

geometric average return.

The average compound return earned per year over a multi-year period when investment inflows and outflows are considered is called the:

total return.

average capital gains yield.

dollar-weighted average return.

arithmetic average return.

geometric average return.

Which one of the following statements is correct concerning the dividend yield and the total return?

The dividend yield can be zero while the total return must be a positive value.

The total return can be negative but the dividend yield cannot be negative.

The total return must be greater than the dividend yield.

The total return plus the capital gains yield is equal to the dividend yield.

The dividend yield exceeds the total return when a stock increases in value.

An annualized return:

is less than a holding period return when the holding period is less than one year.

is expressed as the summation of the capital gains yield and the dividend yield on an investment.

is expressed as the capital gains yield that would have been realized if an investment had been held for a twelve-month period.

is computed as $(1 + \text{holding period percentage return})^m$, where “m” is the number of holding periods in a year.

is computed as $(1 + \text{holding period percentage return})^m$, where “m” is the number of months in the holding period.

Sienna purchased 200 shares of Coulter Industries stock and held it for 3 months before reselling it. What is the value of "m" when computing the annualized return on this investment?

.25

.33

.40

3.00

4.00

Capital gains are included in the return on an investment:

when either the investment is sold or the investment has been owned for at least one year.

only if the investment is sold and the capital gain is realized.

whenever dividends are paid.

whether the investment is sold or not.

only if the investment incurs a loss in value or is sold.

When we refer to the rate of return on an investment, we are generally referring to the:

capital gains yield.

effective annual rate of return.

total percentage return.

dividend yield.

annualized dividend yield.

Which one of the following should be used to compare the overall performance of three different investments?

holding period dollar return

capital gains yield

dividend yield

holding period percentage return

effective annual return

If you multiply the number of shares outstanding for a stock by the price per share, you are computing the firm's:

equity ratio.

total book value.

market share.

market capitalization.

time value.

Which one of the following is considered the best method of comparing the returns on various-sized investments?

total dollar return

real dollar return

absolute dollar return

percentage return

variance return

Which one of the following had the highest average return for the period 1926 to 2021?

large-company stocks

U.S. Treasury bills

long-term government bonds

small-company stocks

long-term corporate bonds

Which one of the following statements is correct based on the historical returns for the period 1926 to 2021?

Treasury bills yielded a higher rate of return than long-term government bonds.

The inflation rate exceeded the rate of return on Treasury bills during some years.

Small-company stocks outperformed large-company stocks every year during the period.

Bond prices, in general, were more volatile than stock prices.

Large-company stocks outperformed small-company stocks.

For the period 1926 to 2021, the annual return on large-company stocks:

was negative following every three-year period of positive returns.

was only negative for two or more consecutive years during the Great Depression.

remained negative for at least two consecutive years anytime that it was negative.

never exceeded a positive 30 percent nor lost more than 20 percent.

was unpredictable based on the prior year's performance.

Which one of the following had the highest risk premium for the period 1926 to 2021?

U.S. Treasury bills

long-term government bonds

large-company stocks

small-company stocks

intermediate-term government bonds

Based on the period 1926 to 2021, the risk premium for U.S. Treasury bills was:

2.7%.

0%.

1.2%.

2.0%.

2.4%.

2.7%.

Based on the period of 1926 to 2021, the risk premium for small-company stocks averaged:

12.3%.

13.0%.

15.0%.

16.8%.

17.4%.

The average risk premium on large-company stocks for the period 1926 to 2021 was:

6.7%.

9.0%.

8.5%.

12.3%.

13.6%.

The average risk premium on long-term corporate bonds for the period 1926 to 2021 was:

2.4%.

3.1%.

3.3%.

3.7%.

3.9%.

Which one of the following had the narrowest bell curve for the period 1926 to 2021?

large-company stocks

long-term corporate bonds

long-term government bonds

small-company stocks

U.S. Treasury bills

Which one of the following had the greatest volatility of returns for the period 1926 to 2021?

large-company stocks

U.S. Treasury bills

long-term government bonds

small-company stocks

long-term corporate bonds

Which one of the following had the smallest standard deviation of returns for the period 1926 to 2021?

large-company stocks

small-company stocks

long-term government bonds

intermediate-term government bonds

intermediate-term corporate bonds

For the period 1926 to 2021, long-term government bonds had an average return that _____ the average return on long-term corporate bonds while having a standard deviation that _____ the standard deviation of the long-term corporate bonds.

exceeded; was less than

exceeded; equaled

exceeded; exceeded

was less than; exceeded

was less than; was less than

The mean plus or minus one standard deviation defines the _____ percent probability range of a normal distribution.

50

68

82

90

95

Assume you own a portfolio that is invested 50 percent in large-company stocks and 50 percent in corporate bonds. If you want to increase the potential annual return on this portfolio, you could:

decrease the investment in stocks and increase the investment in bonds.

replace the corporate bonds with intermediate-term government bonds.

replace the corporate bonds with Treasury bills.

increase the standard deviation of the portfolio.

reduce the expected volatility of the portfolio.

Which one of the following statements is correct?

The standard deviation of the returns on Treasury bills is zero.

Large-company stocks are historically riskier than small-company stocks.

The standard deviation is a means of measuring the volatility of returns on an investment.

A risky asset will always have a higher annual rate of return than a riskless asset.

There is an indirect relationship between risk and return.

The wider the distribution of an investment's returns over time, the _____ the expected average rate of return and the _____ the expected volatility of those returns.

higher; higher

higher; lower

lower; higher

lower; lower

The distribution of returns does not affect the expected average rate of return.

Which one of the following should be used as the mean return when you are defining the normal distribution of an investment's annual rates of return?

arithmetic average return for the period

geometric average return for the period

total return for the period divided by $N - 1$

arithmetic average return for the period divided by $N - 1$

geometric average return for the period divided by $N - 1$

The geometric mean return on large-company stocks for the 1926 to 2021 period:

is approximately equal to the arithmetic mean return plus one-half of the standard deviation.

exceeds the arithmetic mean return.

is approximately equal to the arithmetic mean return minus one-half of the standard deviation.

is approximately equal to the arithmetic mean return plus one-half of the variance.

is less than the arithmetic mean return.

You have owned a stock for seven years. The geometric average return on this investment for those seven years is positive even though the annual rates of return have varied significantly. Given this, you know the arithmetic average return for the period is:

positive but less than the geometric average return.

less than the geometric return and could be negative, zero, or positive.

equal to the geometric average return.

either equal to or greater than the geometric average return.

greater than the geometric average return.

The geometric return on an investment is approximately equal to the arithmetic return:

plus half the standard deviation.

plus half the variance.

minus half the standard deviation.

minus half the variance.

divided by two.

Blume's formula is used to:

predict future rates of return.

convert an arithmetic average return into a geometric average return.

convert a geometric average return into an arithmetic average return.

measure past performance in a consistent manner.

compute the historical mean return over a multi-year period.

One year ago, you purchased 200 shares of Southern Foods common stock for \$39.50 a share. Today, you sold your shares for \$35.40 a share. During this past year, the stock paid \$1.36 in dividends per share. What is your dividend yield on this investment?

3.165%

3.375%

3.443%

3.533%

3.610%

You purchased a stock for \$23.93 a share, received a dividend of \$.51 per share, and sold the stock after one year for \$23.99 a share. What was your dividend yield on this investment?

2.01%

2.13%

2.45%

2.67%

2.75%

One year ago, you purchased 500 shares of stock at a cost of \$10,500. The stock paid an annual dividend of \$1.10 per share. Today, you sold those shares for \$23.90 each. What is the capital gains yield on this investment?

9.96%

10.52%

12.49%

13.81%

14.75%

Today, you sold 500 shares of Solo Corporation, for \$27.50 a share. You bought the shares one year ago at a price of \$34.23 a share. Over the year, you received a total of \$300 in dividends. What is your capital gains yield on this investment?

−24.47%

−19.66%

−17.91%

19.66%

24.47%

One year ago, you purchased 400 shares of Southern Cotton at \$36.20 a share. During the past year, you received a total of \$250 in dividends. Today, you sold your shares for \$38.50 a share. What is your total return on this investment?

7.60%

8.08%

9.69%

11.64%

12.68%

You purchased a stock for \$50.00 a share and resold it one year later. Your total return for the year was 11.5 percent and the dividend yield was 2.8 percent. At what price did you resell the stock?

\$42.78

\$50.62

\$51.93

\$52.08

\$54.35

A stock sold for \$25 at the beginning of the year. The end of year stock price was \$25.50. What is the amount of the annual dividend if the total return for the year was 8.5 percent?

\$1.23

\$1.50

\$1.63

\$1.81

\$2.12

Jermaine purchased 750 shares of stock at a price of \$93.32 a share and received a dividend of \$2.41 per share. After nine months, he resold the stock for \$98.23 a share. What was his total dollar return?

\$2,712

\$4,293

\$5,490

\$5,502

\$5,600

Christine owns a stock that dropped in price from \$43.57 per share to \$39.49 per share over the past year. The dividend yield on that stock is 1.6 percent. What is her total return on this investment for the year?

−11.31%

−10.49%

−9.11%

−7.76%

−8.04%

You have been researching a company and have estimated that the firm's stock will sell for \$44 a share one year from now. You also estimate the stock will have a dividend yield of 2.18 percent. How much are you willing to pay per share today to purchase this stock if you desire a total return of 15 percent on your investment?

\$37.55

\$38.00

\$38.24

\$39.00

\$40.20

Shane purchased a stock this morning at a cost of \$13 a share. He expects to receive an annual dividend of \$.27 a share next year. What will the price of the stock have to be one year from today if Shane is to earn an 8 percent rate of return on this investment?

\$12.38

\$12.60

\$12.88

\$13.77

\$14.28

Trevon just sold a stock and realized a 6.5 percent return for a 5-month holding period. What was his annualized rate of return?

12.66%

13.20%

15.78%

16.32%

27.24%

You purchased a stock eight months ago for \$36 a share. Today, you sold that stock for \$41.50 a share. The stock pays no dividends. What was your annualized rate of return?

23.32%

23.77%

25.70%

26.03%

27.67%

Eight months ago, you purchased 300 shares of a non-dividend paying stock for \$27 a share. Today, you sold those shares for \$31.59 a share. What was your annualized rate of return on this investment?

17.00%

21.45%

25.50%

26.55%

28.00%

Jack owned a stock for five months and earned an annualized rate of return of 6 percent. What was the holding period return?

2.37%

2.42%

2.46%

2.64%

2.72%

Cody purchased 500 shares of Frozen Foods stock for \$72 a share. Seven months later, he received a dividend of \$.35 a share and also sold the shares for \$65 each. What was his annualized rate of return on this investment?

−26.23%

−16.35%

−15.31%

−12.32%

−9.24%

A stock has an average historical risk premium of 6.1 percent. The expected risk-free rate for next year is 2.2 percent. What is the expected rate of return on this stock for next year?

6.50%

7.53%

8.00%

8.30%

9.34%

Last year, ABC stock returned 12.6 percent, the risk-free rate was 4.0 percent, and the inflation rate was 2.5 percent. What was the risk premium on ABC stock?

8.20%

8.43%

8.60%

8.88%

8.97%

Over the past four years, Jellystone Quarry stock produced returns of 12.5, 15.1, 8.7, and 2.6 percent, respectively. For the same period, the risk-free rate was 4.7, 5.3, 3.9, and 3.4 percent each year, respectively. What is the arithmetic average risk premium on this stock during these four years?

5.13%

5.25%

5.40%

5.83%

5.97%

Over the past five years, CrossTrak stock produced returns of 25.4, 8.5, 9.7, 8.1, and 6.1 percent, respectively. For the same five years, the risk-free rate was 2.5, 4.3, 8.2, 4.3, and 3.4 percent, respectively. What is the arithmetic average risk premium on Teen Clothing stock for this period?

6.88%

7.02%

7.22%

7.33%

7.56%

Over the past ten years, large-company stocks have returned an average of 8.7 percent annually, long-term corporate bonds have earned 4.1 percent annually, and U.S. Treasury bills have returned 2.5 percent annually. How much additional risk premium would you have earned if you had invested in large-company stocks rather than long-term corporate bonds over those ten years?

1.7%

3.7%

4.2%

4.6%

6.4%

An asset had annual returns of 12, 18, 6, -9, and 5 percent, respectively, for the last five years. What is the variance of these returns?

.00810

.01013

.01065

.02038

.04052

Over the past five years, Breeze Airways stock had annual returns of 15, 9, −12, 10, and 6 percent, respectively. What is the variance of these returns?

.00560

.00750

.01038

.01073

.05600

An asset had returns of 7.7, 5.4, 3.6, −4.2, and −1.3 percent, respectively, over the past five years. What is the variance of these returns?

.00173

.00184

.00216

.00239

.00259

An asset had annual returns of 13, 10, −14, 3, and 36 percent, respectively, for the past five years. What is the standard deviation of these returns?

8.96%

16.05%

17.92%

18.09%

20.03%

Over the past four years, a stock produced returns of 13, 6, −5, and 18 percent, respectively. What is the standard deviation of these returns?

8.63%

9.93%

9.97%

10.11%

10.15%

Downtown Industries common stock had returns of 7.2, 11.5, 10.5, and 7.5 percent, respectively, over the past four years. What is the standard deviation of these returns?

2.15%

2.38%

2.41%

2.59%

2.82%

An asset has an average annual historical return of 16.1 percent and a standard deviation of 18.7 percent. What range of returns would you expect to see 95 percent of the time?

−48.1% to + 56.0%

−43.4% to + 56.3%

−24.0% to + 47.2%

−21.3% to + 53.5%

−15.4% to + 40.1%

A stock has an average historical return of 10.7 percent and a standard deviation of 19.3 percent. Which range of returns would you expect to see approximately two-thirds of the time?

8.6% to + 30.0%

+4.6% to + 33.8%

−8.6% to + 30.0%

−3.9% to + 32.5%

−8.9% to + 31.5%

An asset has an average historical rate of return of 13 percent and a variance of .0106. What range of returns would you expect to see approximately two-thirds of the time?

−2.28% to + 24.48%

−6.52% to + 32.92%

−9.58% to + 38.8%

+2.70% to + 23.30%

+13.1% to + 13.3%

Yoonsu owns a stock that has historically returned 6.3 percent annually with a standard deviation of 12.1 percent. There is only a .5 percent chance that the stock will produce a return greater than _____ percent in any one year.

24.3

29.2

38.1

42.6

45.8

Jefferson Mills stock produced returns of 14.8, 22.6, 5.9, and 9.7 percent, respectively, over the past four years. During those same years, U.S. Treasury bills returned 3.8, 4.6, 4.8, and 4.0 percent, respectively. What is the variance of the risk premiums on Jefferson Mills stock for these four years?

.00298

.00196

.00396

.00478

.00528

Over the past four years, the common stock of Jess Electronics Company produced annual returns of 7.2, 5.8, 11.2, and 13.6 percent, respectively. Treasury bills produced returns of 3.4, 3.3, 4.1, and 4.0 percent, respectively over the same period. What is the standard deviation of the risk premium on Jess Electronics Company stock for this time period?

2.23%

2.86%

3.22%

4.46%

4.61%

Big Town Markets common stock returned 14.3, 12.5, 9.9, 6.5, and 11.1 percent, respectively, over the past five years. What is the arithmetic average return?

10.86%

11.04%

11.66%

12.20%

13.80%

Over the past four years, Lo-Ball Trucking stock returned 32.5, 34.2, 14.8, and –23.3 percent annually. What is the arithmetic average return?

14.55%

15.05%

18.23%

19.85%

25.32%

You own a stock that has produced an arithmetic average return of 8.6 percent over the past five years. The annual returns for the first four years were 16, 11, -19, and 3 percent, respectively. What was the rate of return on the stock in year five?

-5.00%

2.75%

6.25%

28.00%

32.00%

An asset had annual returns of 17, -35, -18, 24, and 6 percent, respectively, over the past five years. What is the arithmetic average return?

-1.2%

.8%

1.2%

1.6%

2.3%

Celsius stock had year-end prices of \$42, \$37, \$44, and \$46 over the past four years, respectively. What is the arithmetic average rate of return?

3.17%

3.85%

4.28%

10.63%

11.79%

Blackstone Mines stock returned 10.5, 17.2, −9.0, and 14.5 percent over the past four years, respectively. What is the geometric average return?

5.84%

6.36%

7.78%

9.94%

10.33%

You invested \$6,000 six years ago. The arithmetic average return on your investment is 9.3 percent and the geometric average return is 9.57 percent. What is the value of your portfolio today?

\$10,092

\$10,382

\$10,899

\$10,947

\$11,195

Tessa invested \$10,000 eight years ago. Her arithmetic average return on this investment is 7.82 percent, and her geometric average return is 7.54 percent. What is Tessa's portfolio worth today?

\$16,789

\$17,293

\$17,529

\$17,888

\$18,263

A stock produced annual returns of 8.3, -21, 12, 42, and 9 percent over the past five years, respectively. What is the geometric average return?

5.78%

6.03%

6.34%

7.21%

8.20%

Over the past five years, an investment produced annual returns of 16.5, 21, -18, 4, and 17 percent, respectively. What is the geometric average return?

6.42%

7.06%

8.00%

15.60%

16.00%

A portfolio had an original value of \$7,400 seven years ago. The current value of the portfolio is \$11,898. What is the average geometric return on this portfolio?

7.02%

7.47%

7.59%

7.67%

7.88%

An initial investment of \$60,000 forty years ago is worth \$1,222,293 today. What is the geometric average return on this investment?

7.83%

7.94%

8.52%

9.50%

11.08%

A stock had year-end prices of \$24, \$27, \$32, and \$26 over the past four years, respectively. What is the geometric average return?

2.02%

2.18%

2.55%

2.70%

2.81%

The geometric return on a stock over the past 10 years was 7.9 percent. The arithmetic return over the same period was 8.8 percent. What is the best estimate of the average return on this stock over the next 5 years?

8.40%

9.05%

9.08%

9.13%

9.47%

The geometric return on an asset over the past 12 years has been 14.50 percent. The arithmetic return over the same period was 14.96 percent. What is the best estimate of the average return on this asset over the next 5 years?

14.47%

14.67%

14.79%

14.88%

14.86%

A stock has an average arithmetic return of 10.55 percent and an average geometric return of 10.41 percent based on the annual returns for the last 15 years. What is projected average annual return on this stock for the next 10 years?

10.17%

10.21%

10.38%

10.46%

10.79%

You own a stock that has an average geometric return of 12.30 percent and an average arithmetic return of 12.55 percent over the past six years. What average annual rate of return should you expect to earn over the next four years?

12.38%

12.40%

12.44%

12.47%

12.51%

Sanqwey decides to begin investing some portion of his annual bonus, beginning this year with \$5,000. In the first year he earns a 10 percent return and adds \$4,000 to his investment. In the second his portfolio loses 6 percent but, sticking to his plan, he adds \$3,000 to his portfolio. In this year his portfolio returns 4 percent. What is Sanqwey's dollar-weighted average return on his investments?

.34%

1.20%

1.55%

2.32%

2.85%

Ciara has been adding funds to his investment account each year for the past 3 years. She started with an initial investment of \$1,000. After earning a 10 percent return the first year, she added \$3,000 to his portfolio, but her investments lost 5 percent. Undeterred, Ciara added \$2,000 the next year and earned a 2 percent return. Last year, discouraged by the recent results, she only added \$500 to her portfolio, but in this final year her investments earned 8 percent. What was Ciara's dollar-weighted average return for her investments?

1.5%

2.0%

2.5%

3.0%

3.5%

John began his investing program with a \$5,500 initial investment. The table below recaps his returns each year as well as the amounts he added to his investment account. What is his dollar-weighted average return?

Time	Investment	Return
0	\$5,500	8.5%
1	\$2,000	-5.0%
2	\$2,600	4.5%
3	\$3,000	9.0%
4	\$900	-2.5%

1.5%

1.8%

2.0%

2.2%

2.6%

Jim began his investing program with a \$4,000 initial investment. The table below recaps his returns each year as well as the amounts he added to his investment account. What is his dollar-weighted average return?

Time	Investment	Return
0	\$4,000	10%
1	\$2,800	-5%
2	\$900	2%
3	\$1,600	8%
4	\$2,100	-3%
5	\$2,400	6%

1.6%

2.2%

2.6%

3.2%

3.6%

One year ago, you purchased 500 shares of stock at a cost of \$6,000. The stock paid an annual dividend of \$1.31 per share. Today, you sold those shares for \$15.00 each. What is the capital gains yield on this investment?

- 8.80%
- 20.00%
- 21.50%
- 25.00%
- 30.75%

Xin just sold a stock and realized a 6.25 percent return for a 7-month holding period. What was her annualized rate of return?

- 9.98%
- 10.95%
- 12.78%
- 15.29%
- 17.20%

Downtown Industries' common stock had returns of 5.2, 10.3, 9.3, and 9.5 percent, respectively, over the past four years. What is the standard deviation of these returns?

- 2.29%
- 2.38%
- 2.41%
- 2.59%
- 2.82%

You own a stock that has produced an arithmetic average return of 5.6 percent over the past five years. The annual returns for the first four years were 15, 10, −18, and 8 percent, respectively. What was the rate of return on the stock in year five?

- −5.00%

2.75%

6.25%

13.00%

32.00%

A stock produced annual returns of 8.5, −18, 15, 17, and 12 percent over the past five years, respectively. What is the geometric average return?

5.78%

6.04%

6.34%

7.21%

8.20%

Luis owns a stock that has had an average geometric return of 10.50 percent and an average arithmetic return of 11.00 percent over the past six years. What average annual rate of return should Luis expect to earn over the next four years?

10.38%

10.40%

10.64%

10.70%

10.81%

John began his investing program with a \$6,500 initial investment. The table below recaps his returns each year as well as the amounts he added to his investment account. What is his dollar-weighted average return?

Time	Investment	Return
0	\$6,500	7.5%
1	\$2,500	-4.0%
2	\$3,100	5.0%
3	\$3,000	8.0%
4	\$800	-1.5%

1.5%

1.8%

2.0%

2.2%

2.8%

One year ago, you purchased 1,000 shares of common stock at \$52.00 per share. During the past year, you received dividends of \$.152 per share. Today, you sold your shares for \$57.00 per share. What is your total return on this investment?

- 14.32%
- 12.54%
- 1.00%
- 12.54%
- 14.32%

A single common stock share was purchased for \$50.00 at the beginning of the year. The end of year stock price was \$49.35. What was the amount of the annual dividend if the total return for the year was 2.3 percent?

- \$1.25 per share
- \$1.40 per share
- \$1.60 per share
- \$1.80 per share
- \$2.20 per share

You purchased a stock for \$35.00 a share and resold it one year later. Your total return for the year was 7.5 percent and the dividend yield was 1.4 percent. At what price did you resell the stock?

\$35.75

\$36.05

\$36.15

\$37.14

\$38.24

Hussein purchased a stock for \$33.33 a share, received a dividend of \$.1.85 a share, and sold the stock after one year for \$38.29 a share. What was his dividend yield on this investment?

5.35%

5.45%

5.55%

5.65%

5.75%

You purchased a stock eight months ago for \$55 a share. Today, you sold that stock for \$64.50 a share. The stock pays no dividends. What was your annualized rate of return?

17.27%

18.15%

18.35%

19.34%

27.00%

You purchased 300 shares of Giant common stock for \$25.30 a share, one year ago. Today, you sold your shares for \$25.40 a share. During this past year, the stock paid \$.97 in dividends per share. What is your dividend yield on this investment?

3.16%

3.37%

3.44%

3.83%

3.93%

You purchased 200 shares of WV Peanut stock at \$45.29 a share. During the year, you received a total of \$375 in dividends. Today, you sold your shares for \$50.22 a share. What is your total return on this investment?

4.14%

10.08%

13.55%

15.03%

16.68%

You purchased a stock five months ago for \$54.00 a share. Today, you sold that stock for \$58.32 a share. The stock pays no dividends. What was your annualized rate of return?

3.26%

8.00%

15.70%

20.29%

22.39%

An asset had annual returns of 7, 15, -10, 8, and 14 percent, respectively, for the last five years. What is the variance of these returns?

.00939

.01007

.01065

.02308

.06800

Brandy owns a stock that has historically returned 11.5 percent annually with a standard deviation of 8.3 percent. There is only a .5 percent chance that the stock will produce a return greater than _____ percent in any one year.

24.9

29.2

32.3

36.4

48.5

Russell decides to begin investing some portion of his annual bonus, beginning this year with \$12,000. In the first year he earns a 20 percent return and adds \$10,000 to his investment. In the second his portfolio loses 2 percent but, sticking to his plan, he adds \$8,000 to his portfolio. In this year his portfolio returns 15 percent. What is Russell's dollar-weighted average return on his investments?

6.34%

7.20%

8.55%

9.32%

9.76%

Answer Key

Test name: Ch1_Fundamentals of Investments: Valuation and
Management_10e

C

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D

D

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C

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