

PRACTICE PROBLEM

(5-5) The market and Stock J have the following probability distributions:

Expected Returns

Probability	r_M	r_J
0.3	15%	20%
0.4	9	5
0.3	18	12

?

- Calculate the expected rates of return for the market and Stock J.
- Calculate the standard deviations for the market and Stock J.
- Calculate the coefficients of variation for the market and Stock J.