If a broker offers you shares of Bay Area Healthcare, which just paid a dividend of $2 per share. The dividend is expected to grow at a constant rate of 5 percent per year. The stock’s required rate of return is 12 percent.

a. What is the expected dollar dividend over the next three years?

b. What is the current value of the stock and the expected stock price at the end of each of the next three value of the stock and the expected stock price at the end of each of the next three years?

c. What is the expected dividend yield and capital gains yield for each of the next three years?

d. What is the expected total return for each of the next three years rate of return on the stock? Does this make sense? Explain answer.