The return distribution for the asset XYZ is as shown below:

Return Probability

- 0.1 0.10

+ 0.1 0.40

+0.20 0.30

+0.30 0.20

What is the standard deviation for the XYZ returns?

1. 0.0125
2. 0.1118
3. 0.0625
4. 0.0791

The beta of Microsoft’s stock is 1.2, whereas the risk-free rate of return is 4 percent. Assume that the expected return on the market is 16 percent. Then, what is the expected return on Microsoft stock?

1. 8.80%
2. 28.00%
3. 18.40%
4. 23.20%

If you have a 3 year loan that requires $1,000 payments each year at 7% annual interest rate what would be the present value of the loan?

1. $2,624.32
2. $3,000.00
3. $3,210.00
4. $2,803.74

Robert has a mortgage on his home of $400,000 and has a fixed rate mortgage of 6.125% for 30 years. What would his monthly payments be for this loan?

1. $2,041.67
2. $2,596.55
3. $2,430.45
4. $2,788.46

What is the effective annual interest rate?

1. The simplest interest rate charged.
2. Rate that reflects compounding.
3. Rate with bank fees included.
4. Interest rate quoted by banks.