Time left 0:19:54

Question **1**

Not yet answered

Marked out of 1.00

Flag question

Xy, Inc. has 180,000 shares of common stock outstanding, but no preferred stock. The current price of XY's common stock is $30. It has also Net profit before taxes $385000 and the tax rate 40%. What is the company's P/E-ratio?

Select one:

- (●) a. $23.43
- ( ) b. $14.08
- ( ) c. $25
- ( ) d. $22

Clear my choice

Next page

Time left 0:18:16

Question **5**

Not yet answered

Marked out of 1.00

Flag question

Equity capital is a permanent form of financing and has maturity date .

Select one:

- ○ True
- ● False

Previous page Next page

◀ Second EXam Chapter 7 and 9

Time left 0:17:48

Question **6**

Not yet answered

Marked out of 1.00

Flag question

Consider a share of common stock whose dividend is currently $2.00 per share and is expected to grow at a rate of 10 percent per year for two years and afterward at a rate of 4 percent per year. Assume a required rate of return of 6 percent

Select one:

- a. $100
- b. $114
- c. $112.00
- d. $116.23

Clear my choice

Time left 0:17:16

Question **2**

Answer saved

Marked out of 1.00

Flag question

A reduction in each previous shareholder's fractional ownership resulting from the issuance of additional shares of common stock. This is called:

Select one:

- a. A preemptive right
- b. Dilution of earnings
- c. Rights
- d. Dilution of ownership

Clear my choice

Previous page   Next page

Time left 0:17:11

Question **3**

Answer saved

Marked out of 1.00

Flag question

Find the price for a stock given that the next dividend is $4.82 per share, the required return is 11.9%, and the growth rate in dividends is 5.9% per year.

Select one:

- a. $77.01
- b. $80.33
- c. $84.23
- d. $89.64

Clear my choice

Previous page Next page

What is the expected return of a portfolio made up of 60% Stock X and 40% Stock Y when the expected return for Stock X is 10% and the expected return for Stock Y is 20%?

- a. 12%
- b. 14%
- c. 8%
- d. 6%

Clear my choice

------------------ is the attitude toward risk in which investors would require an increased return as compensation for an increase in risk

Select one:

- a. Risk averse
- b. Risk neutral
- c. Risk seeking and averse
- d. Risk seeking

Clear my choice

When choosing between two investments, a risk-neutral investor will always choose the investment with the ---------------- expected return regardless of its risk.

- a. higher
- b. stay the same
- c. no different
- d. Lower

Clear my choice

Suppose a stock has a beta of 1.4. The expected return on the market is 11% and the Treasury bond rate is 5%. Based on this, Calculate the required return for stock.

- a. 8.4%
- b. 13.4%
- c. 11%
- d. 5%

Clear my choice

State of Nature	Probability	Return
Recession	0.20	-15%
Normal	0.50	10%
Boom	0.30	35%

What is the expected rate of return?

- a. 12.5%
- b. -3%
- c. 10.5%
- d. 5%

Clear my choice

Consider the following information: The possible rate of return for a portfolio for an investment is shown below.

Probability	Possible rate of return
0.25	0.09
0.25	0.11
0.25	0.13
0.25	0.16

The expected rate of return for the investment is as follows:

Select one:

- a. 2.25%
- b. 4%
- c. 12.25%
- d. 3.25%

State of Nature

Probability

Return Recession 0.20

-15%

Normal 0.50

10%

Boom 0.30

35%

What is the Coefficient of variation?

- a. .788
- b. .8
- c. .714
- d. 1.4

In general, the ----------------- the correlation between asset returns, the ----------------- the risk reduction that investors can achieve by diversifying.

- a. lower; greater
- b. greater; lower
- c. greater; greater
- d. lower; lower

Clear my choice

if $1,000 is invested and $1,100 is returned after one year, the rate of return for this investment is

Select one:

- a. - 10%
- b. 20%
- c. - 20%
- d. 10%

Stocks A, B, C, and D have standard deviations, respectively, of 20%, 5%, 10%, and 15%. Which one is the riskiest?

Select one:

- a. Stock A
- b. Stock D
- c. Stock B
- d. Stock C