**Chapter 13 Problems:**

1)

Portfolio value = $11,880

Weight of A = 0.6818

Weight of B = 0.3182

2) Portfolio E(R) = 13.23%

3) Portfolio E(R) = 11.60%

4)

Weight of Stock X = 0.5429

Weight of Stock Y = 0.4571

Dollar in Stock X = $5,428.57

Dollars in Stock Y = $4,571.43

5) Expected return = 0.1375

6) Expected return = 0.1250

7)

Stock A:

E(R) = 8.55%

Standard Deviation = 2.46%

Stock B:

E(R) = 11.05%

Standard Deviation = 13.53%

8) Portfolio E(R) = 15.05%

9)

a. E(R) = 0.0858

b. E(R) = 0.0821

Variance = 0.013767

10)

a. E(R) = 0.0764

b. Variance = 0.02436

Standard Deviation = 15.61%

23)

a. E(R) = 0.1612

Variance = 0.03253

Standard Deviation = 18.04%

b. Expected risk premium = 16.12 – 3.8 = 12.32%