

Proposed Problems

(Week 2)

Financial Investments
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1. An analyst gathers the following information for the assets X, Y, and Z:

Asset	Beginning of period		End of period Price (\$)	Total dividends (\$)
	Price (\$)	Market cap (\$)		
X	10	100000	15	1
Y	15	200000	10	2
Z	20	300000	20	3

- (a) Compute the price return and total return for a price-weighted scheme.
- Sol. Price return 0 and total return 13.33%.
- (b) Compute the price return and total return for an equally-weighted scheme.
- Sol. Price return 5.56% and total return 18.33%.
- (c) Compute the price return and total return for a market-cap scheme.
- Sol. Price return -2.77% and total return 10.83%.