

Solutions 3

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August 31, 2020

1. (a) False

(b) True

(c) True

2.

$$r_5 = 2.75 + \frac{2.5 + 3.2 + 3(3.6)}{5} + MRP_5 \\ = 6.8\%$$

$$r_3 = 2.75 + \frac{2.5 + 3.2 + 3.6}{3} + MRP_3 \\ = 6.25\%$$

$$MRP_5 - MRP_3 = 0.35\%$$

3. wtf

4. (a) ↓

(b) ↑

(c) ↑

(d) ↑

(e) ??

5. (a) some plot

(b) Higher

(c) Even higher