

Question 1. Risk and Return

Given the following probability distribution for assets X and Y, compute (i) the expected rate of return, (ii) variance, (iii) standard deviation, and (iv) coefficient of variation for the two assets (v) Which asset is a better investment?

Asset X		Asset Y	
Return	Probability	Return	Probability
8%	0.10	10%	0.25
9%	0.20	11%	0.35
11%	0.30	12%	0.40
12%	0.40		