Module 1.1 - Questions

Question 1

If an investment loses 3% of its value over 120 days, its annualized return is *closest* to:

A) −8.0%.

B) −8.5%.

C) −9.0%.

Question 2

If a stock's initial price is \$20 and its price increases to \$23, its continuously compounded rate of return is *closest* to:

A) 13.64%.

B) 13.98%.

C) 15.00%.

Question 3

An ex ante return is described *most accurately* as a return:

A) expected over a future period.

B) realized in a specified past period.

C) that would be realized in a year if past performance continues.