Guideline Answers to Final Examination
FIN350 – Spring, 2002
Instructor: Azmi Özünlü

Multiple Choice
1. a  9. c
2. a  10. b
3. a  11. c
4. c  12. d
5. d  13. d
6. d  14. d
7. c  15. c
8. c

Problems
1. E[R]=27.36% , s.d.=1.18%
2. Ally
   a. Celebrity
   b. Main points: what’s “in” is usually overpriced and not necessarily the best
      investment; a contrarian investment strategy may be a good way to focus
      on overlooked investment opportunities; contrarians do not follow the
      market; smart money-dumb money argument, etc.
3. Existing portfolio: $200K, buy $50K in new stock
   a. New beta is 3
   b. 33%

Note to FIN350 – Fall, 2002 students:
Multiple choice questions 3 and 4, and problem 2 are on a topic that we have not
covered this semester. Do not worry about them.