**Guiding Trial Questions**

**Question One.**

To calculate the expected return on a stock using the Capital Asset Pricing Model (CAPM) formula, you can use the following information:

1. Calculate the expected return on a stock with a beta of 0.9. The current risk-free rate is 3%, and the expected market return is 8%.
2. Determine the expected return on a stock with a beta of 1.5. If the risk-free rate is 1.5% and the expected return on the market is 10%.

**Question Two**

Given the following information, determine if the stock is properly priced, underpriced, or overpriced using the CAPM: Beta: 0.8, Risk-Free Rate: 3%, Expected Market Return: 9% and Stock's Expected Return: 7%

**Question Three**

1. Find the expected return on a stock with a beta of 1.1. The risk-free rate is 3.2%, and the expected return on the market is 9.5%.
2. Calculate a stock's beta using the CAPM formula, where the expected return on the stock is 12%, the risk-free rate is 4%, and the expected return on the market is 9%.
3. Using the CAPM formula, calculate the beta of a stock that has an expected return of 14%. Assume the risk-free rate is 3.5%, and the expected return on the market is 10%.

**Question Four**

1. Determine a stock's beta if its expected return is 11%, the risk-free rate is 2.5%, and the expected return on the market is 8.5%, using the CAPM formula.
2. Calculate the beta of a stock using the Capital Asset Pricing Model (CAPM). The stock's expected return is 13%, the risk-free rate is 4.5%, and the expected return on the market is 10.5%. What is the stock's beta?
3. Calculate the risk premium of a stock using the Capital Asset Pricing Model (CAPM) formula. The expected return on the stock is 12%, and the risk-free rate is 3%. What is the stock's risk premium?

**Question Five**

1. Using the CAPM formula, find the expected return for a stock with a beta of 1.2. Assume the risk-free rate is 4%, and the expected market return is 9%.
2. Calculate the expected return on a stock with a beta of 0.75, using the CAPM formula, with the following data:

• Beta: 0.75

• Risk-Free Rate: 2%

• Expected Market Return: 6%

1. Determine the expected return on a stock with a beta of 1.3. The current yield on a risk-free asset is 2.8%, and the expected annual market return is 7.3%.

**Question Six**

1. A stock has an expected return of 14%, and the current risk-free rate is 4%. Use the CAPM formula to determine the stock’s risk premium.
2. Given that the expected return on a stock is 9.5% and the risk-free rate is 2.5%, calculate the stock’s risk premium using the CAPM formula.
3. Using the CAPM formula, calculate the risk premium of a stock that has an expected return of 11% and a risk-free rate of 3.5%.
4. Determine the risk premium of a stock if its expected return is 10%, and the risk-free rate is 2%. What is the stock’s risk premium according to the CAPM?
5. Calculate the risk premium of a stock using the Capital Asset Pricing Model (CAPM). The stock's expected return is 13%, and the risk-free rate is 5%. What is the stock's risk premium?

**Question Seven**

1. A stock has a beta of 1.3. The risk-free rate is 2.5%, and the expected market return is 8%. The stock is currently offering an expected return of 10.5%. Using the CAPM, determine whether the stock is properly priced, underpriced, or overpriced.
2. A stock has a beta of 1.1, with a risk-free rate of 4% and an expected market return of 10%. The stock's expected return is currently 11.5%. Use the CAPM to assess whether the stock is properly priced, underpriced, or overpriced.
3. Calculate whether a stock is properly priced, underpriced, or overpriced based on the following data using the CAPM:

Beta: 1.5

Risk-Free Rate: 3.5%

Expected Market Return: 12%

Stock's Expected Return: 14%"

**Question Eight**

Using the CAPM, determine if the stock is properly priced, underpriced, or overpriced given the following:

Beta: 0.9

Risk-Free Rate: 2%

Expected Market Return: 7%

Stock's Expected Return: 6.5%

**Question Nine**

1. A stock has a beta of 1.2. The risk-free rate is 5%, and the expected market return is 9.5%. If the stock’s expected return is 13%, use the CAPM to determine if the stock is properly priced, underpriced, or overpriced.
2. Evaluate if the stock is properly priced, underpriced, or overpriced using the CAPM with the following figures:

Beta: 1.4

Risk-Free Rate: 3%

Expected Market Return: 8.5%

Stock's Expected Return: 12%

**Question Ten**

Using the Altman Z-score model, calculate the Z-score for a company with the following financial data: X1=0.15, X2=0.10, X3=0.08, X4=1.2 and X5=1.5. Based on the calculated Z-score, determine if the company is in the 'safe', 'gray', or 'distress' zone.

**Question Eleven**

Calculate the Z-score for a company with the following ratios: X1=0.05, X2=0.20, X3=0.04, X4=0.75 and X5=1.0. Use the Z-score to assess the company’s financial health and risk of bankruptcy.

**Question Twelve**

A company has the following financial ratios: X1=0.12, X2=0.08, X3=0.06, X4= 0.9 and X5=1.2.

Calculate the Z-score using the Altman model and explain whether the company is at risk of bankruptcy.