20-1. You bought a zero coupon bond one year ago for $500. Today it is worth $550. Inflation was 4%. What (exact) real rate of return did you earn on this investment?
A 4.00%
B* 5.77%
C 6.00%
D 10.00%

20-2. Over the past four years, stock XKG had returns of 11%, 23%, -14%, 7%. What is the average and sample standard deviation of the XKG returns over the past 4 years?
A 6.00% 15.41%
B* 6.75% 15.41%
C 6.00% 13.35%
D 6.75% 13.35%

20-3. The excess return required on a risk asset over that earned on a risk-free asset is called a:
A return premium
B variance premium
C excess return
D* risk premium

20-4. I _______ invested in common stocks (either individual stocks or through a stock mutual fund).
A have
B have not

20-5. Based on the long-term market returns we are studying I am more likely to invest (or invest more) in the financial markets than I had previously planned.
A Strongly Agree
B Agree
C Disagree
D Strongly Disagree

20-6. Based on the long-term market returns we are studying I am more likely to invest in common stock than I had previously envisioned.
A Strongly Agree
B Agree
C Disagree
D Strongly Disagree
20-7. You bought a stock four months ago for $20.00 per share. The stock paid no dividends. The current share price is $21.00. What is the APR of your investment?
A 5.0%
B 10.0%
C* 15.0%
D 20.0%

20-8. You bought a stock four months ago for $20.00 per share. The stock paid no dividends. The current share price is $21.00. What is the EAR of your investment?
A 11.68%
B* 15.76%
C 18.81%
D 21.68%