22-1. Another term for “systematic risk” is:
A Unique risk
B Diversifiable risk
C Firm specific risk
D* Non-diversifiable risk

22-2. You own $6,000 of stock A and $2,000 of stock B. The expected return on stock A is 8% and the expected return on stock B is 14%. What is the expected return on this portfolio?
A 8.50%
B 9.05%
C* 9.50%
D 9.95%

22-3. You own $6,000 of stock A and $2,000 of stock B. The beta of stock A is 0.7 and the beta of stock B is 1.7. What is the beta of this portfolio?
A 0.70
B* 0.95
C 1.00
D 1.70

22-4. You have $10,000 to invest in a stock portfolio. Your choices are Stock X with an expected return of 18 percent and Stock Y with an expected return of 10 percent. If your goal is to create a portfolio with an expected return of 14.50 percent, how much money will you invest in Stock X?
A* $5,625
B $6,250
C $7,750
D $8,950

22-5. The market risk premium can be written as:
A* \( E(R_m) - R_f \)
B \( E(R_i) - R_f \)
C \( E(R_m) - E(R_i) \)
D \( \beta_i[E(R_m) - R_f] \)

22-6. Risk that affects virtually all assets, (though it may affect some assets more than others) is called:
A Idiosyncratic risk
B* Systematic risk
C Asset-specific risk
D Diversifiable risk