

## TD N=2

### Problem 1 :

Mr. X submits you the details on dividend and value of shares in PQR Co. Ltd. for a period of ten year starting from 2010, below:

Year	Price	Dividend
2010	135	15
2011	175	18
2012	210	20
2013	180	32
2014	190	20
2015	200	14
2016	215	14
2017	220	8
2018	200	16
2019	220	20

Compute total return on the basis of above information.

### Problem 2 :

An investor expects future dividend from his investments in a company, and probability associated with the distribution of dividend at the expected level is given below. Compute expected return from such investments.

<b>Possible return</b>	40	30	35	52	45
<b>Probability</b>	0.60	0.55	0.40	0.70	0.76

### Problem 3 :

Consider the following information :

State of Economy	Probability of Occurrence	Rate of Return (%)	
		Bharat Foods Shipping	Oriental
Boom	0.30	16	40
Normal	0.50	11	10
Recession	0.20	06	-20

1. Calculate the expected return for the two stocks
2. Calculate the risk of the two stocks

#### **Problem 4 :**

Shares A and B have the following probability distributions of possible future returns.

Probability	A(%)	B (%)
0.1	16	-20
0.2	06	10
0.4	-5	20
0.2	30	30
0.1	42	50

Calculate the expected rate of return for each share and standard deviation for each share. Calculate coefficient of variation for each share. Which share would you prefer?