

Finance 533
Test 1 equations

$$\text{Net Asset Value} = \frac{\text{Market Value of assets minus liabilities}}{\text{Shares Outstanding}}$$

$$\text{HPR} = \frac{P_1 - P_0 + \text{cash flows}}{P_0}$$

$$1 + r = \frac{1 + R}{1 + i}$$

$$1 + \text{EAR} = (1 + \text{Rate per period})^n = \left[1 + \frac{\text{APR}}{n}\right]^n$$

$$\text{APR} = [(1 + \text{EAR})^{1/n} - 1] \times n$$

$$\text{Var}(r) = \sigma^2 = \sum \text{Pr}(s) [r(s) - E(r)]^2$$

$$\text{SD}(r) = \sigma = \sqrt{\text{Var}(r)}$$

$$E(r) = \sum \text{Pr}(s) r(s)$$

$$E(r_p) - r_f = \frac{1}{2} A \sigma_p^2$$

$$\bar{r} = \sum_{t=1}^n \frac{r_t}{n}$$

$$\bar{r} = \left[\prod_{t=1}^n (1 + r_t) \right]^{1/n} - 1$$

$$\sigma_C = y \sigma_p$$

$$S = \frac{\text{Portfolio risk premium}}{\text{Standard deviation of portfolio excess return}} = \frac{E(r_p) - r_f}{\sigma_p}$$