

FIN 533 Homework
Due Thursday, September 9, 2009

Answer the question below based on the information given in the following table:

	P₀	S₀	P₁	S₁	P₂	S₂
Stock A	20	200	22	200	22	200
Stock B	12	400	15	400	15	400
Stock C	90	100	82	100	41	200

P is price and S is shares outstanding

1. What is the rate of return on a price-weighted index of the three stocks for the first period (time 0 to time 1)?
2. What would the divisor of the price-weighted index be for the second period (time 1 to time 2)?
3. What is the return on a market value-weighted index for the first period?
4. What is the rate of return on an equally-weighted index for the first period?