Solution to April 21 Finance 331 homework

\[ \beta_p = \sum x_i \beta_i = 32\% (0.5) + 24\% (2.0) + 16\% (4.0) + 16\% (1.0) + 12\% (3.0) = 1.8 \]

\[ E\left( R_m \right) = 10\% (10\%) + 20\% (12\%) + 40\% (13\%) + 20\% (16\%) + 10\% (17\%) = 13.5\% \]

\[ R_j = R_f + (R_m - R_f) \beta_j = 8\% + (13.5\% - 8\%) 1.8 = 17.9\% \]