1. Aldous Renn buys a share for 80, and one year later it trades at 92 after paying a dividend of 3.20 during the year. The total return for the year is closest to:

a. 16.52%
b. 15.00%
c. 19.00%

2. Marisom Capital holds a bond priced at 120 per 100 of par that pays an annual coupon of 4.80 per 100 of par. The current yield on the bond is closest to:

a. 4.00%
b. 4.80%
c. 5.76%

3. Over two years a fund returns +40% in the first year and –20% in the second. Its geometric average annual return is closest to:

a. 10.00%
b. 12.00%
c. 5.83%

4. An investment earns 3% over a single quarter. Annualizing this quarterly return gives a figure closest to:

a. 0.74%
b. 12.00%
c. 12.55%

5. An analyst at Veldt Securities records a price of 200 at the start of a period and 170 at the end. The continuously compounded return for the period is closest to:

a. +16.25%
b. –16.25%
c. –15.00%

6. For three consecutive months an asset's continuously compounded returns are +5%, –2%, and +8%. The continuously compounded return over the whole three-month span is closest to:

a. 3.67%
b. 11.00%
c. 11.13%

7. Analyst Hana Sato forecasts an asset's return for the coming year before its outcome is known. This forecast is best described as:

a. An expected, or ex ante, return
b. An actual, or ex post, return
c. A realized return recognized at sale

8. An investor still holds a stock that has risen in value but has not sold it. The increase in value is best described as:

a. A realized return, now taxable
b. A capital distribution return
c. An unrealized return, or paper gain

9. For a series of annual returns that vary from year to year, the geometric average return compared with the arithmetic average return is:

a. Equal, since both use the same returns
b. Always lower, with the gap widening as variability rises
c. Always higher, regardless of variability

10. Annualizing a four-month return to a full-year figure is most likely to:

a. Overestimate annual performance by assuming the return repeats
b. Understate annual performance by ignoring compounding
c. Exactly capture the year because returns stay constant

11. A fund earns 5% over a 100-day holding period. Annualizing this return gives a figure closest to:

a. 19.49%
b. 1.35%
c. 18.25%

12. An investment returns 9% over a 20-month period. Expressed as an annualized return, this is closest to:

a. 5.40%
b. 5.31%
c. 15.45%