

# Assignment 2

Financial Investments  
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1. An analyst gathers the following information for an equally-weighted index comprised of assets Able, Baker, and Charlie

Security	Beginning of Period Price (€)	End of Period Price (€)	Total Dividends (€)
Able	10.00	12.00	0.75
Baker	20.00	19.00	1.00
Charlie	30.00	30.00	2.00

- (a) Compute the price return of the index.  
(b) Compute the total return of the index.
2. An analyst gathers the following information for a price-weighted index comprised of assets ABC, DEF, and GHI.

Security	Beginning of Period Price (£)	End of Period Price (£)	Total Dividends (£)
ABC	25.00	27.00	1.00
DEF	35.00	25.00	1.50
GHI	15.00	16.00	1.00

- (a) Compute the price return of the index.  
(b) Compute the total return of the index.
3. An analyst gathers the following information for a market-cap-weighted index comprised of assets MNO, QRS, and XYZ.

Security	Beginning of Period Price (¥)	End of Period Price (¥)	Dividends Per Share (¥)	Shares Outstanding
MNO	2,500	2,700	100	5,000
QRS	3,500	2,500	150	7,500
XYZ	1,500	1,600	100	10,000

- (a) Compute the price return of the index.
- (b) Compute the total return of the index.
- (c) How the results change if we consider a price-weighted scheme.

**You should deliver your results by hand or at IS at the end of the seminar**