**Formulas for Quizzes**

FV = PV(1+r)t

PV = FV

 (1+r)t

PVA = C 

PVAD = C  (1+r)

PVP = C

 r

1 + EAR = 

 1 + EAR = er

r = -1

FVA = C

 PVGP  = \_C1\_

 r-g

FV = PV (ert)

r = ln (FV/PV)



1 + Real Rate = 1 + Nominal Rate

 1 + Inflation Rate

Real Dollars = Nominal Dollars

 (1 + Inflation Rate)t

For historical returns:



Geom. Mean Ret. = [Π (1+Rt)]1/T – 1

For projected future returns:

E(Ri) =  Pt Rit

σ2 =  [Pt (Rit- E(Ri))2]

CovA,B =  P­t[(RAt - E(RA)) (RBt - E(RB))]

ρx,y  = Cov(x,y)

 σx σy

σp2 = WA2 σA2 + WB2 σB2 + 2 WA WB Cov(A,B)

βA = \_D\_ . βD + \_E\_ . βE

#  D+E D+E

βE = βA 

**WACC** =  + 

βi  = Cov (Rm, Ri)

 σm2

E(Ri) = Rf + βi  (Rm – Rf)