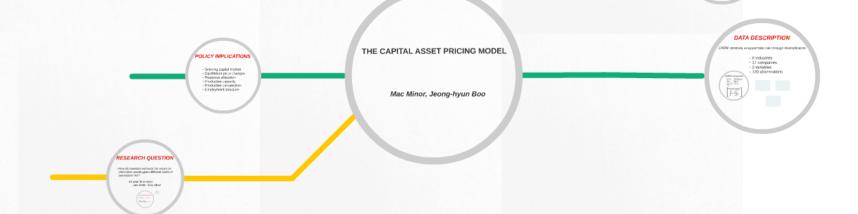
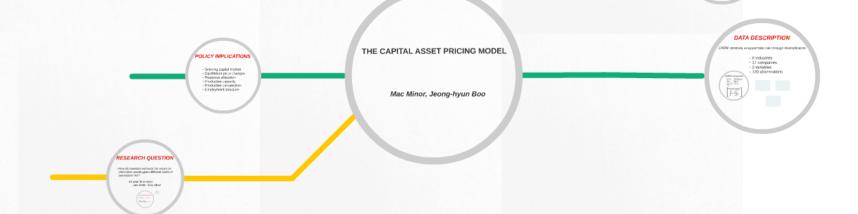
Capital Assets Pricing Model

Thecasesolutions.com



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THE CAPITAL ASSET PRICING MODEL

Mac Minor, Jeong-hyun Boo

RESEARCH QUESTION

 How do investors estimate the return on alternative assets given different levels of associated risk?

> 10 year time-span: Jan 2003 - Dec 2012



ASS

- Risk advers
- Perfect ca
- Uniform

THE CAPITAL ASSET PRICING MODEL

Explains the relationship between risk and expected return

ESTIMATED MODEL: $Rkt - Rft = at + \beta t(Rmt - Rft) + \epsilon t$