

Check:

$$NPV = -850 + \frac{.6(500)}{(1.03)^1} +$$

$$+ \frac{.6(464)}{(1.03)^2} + \frac{.6(444)(PVIFA-3\%-8)}{(1.03)^6} + \frac{100}{(1.03)^{14}}$$

1948.99 4.26

$$\frac{2227.39}{(1.03)^1} = 2162.51 \leftarrow FV$$

Repeat (c)

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$$r = .03 + 1.8(.05)$$

$$= 12\% \text{ NO } \alpha$$

