Math 107: Test # 2

1.) $15{,}000 = P \times \left(1 + \frac{0.0637}{12}\right)^{12 \times 4}$

$15{,}000 = P \times \frac{15{,}000}{1.289334382}$

$\boxed{P = \$11{,}633.91}$

2.) A. Total Return:

$\frac{7{,}500 - 13{,}000}{13{,}000}$ $\boxed{= -.4.2 \quad = 42\% \text{ loss}}$

B.) Annual Return:

$\left(\frac{7{,}500}{13{,}000}\right)^{\frac{1}{10}} - 1 = .5769230769^{\frac{1}{10}} - 1$

$= -0.0535192378$

$\boxed{\text{Annual loss of } 5.35\%}$