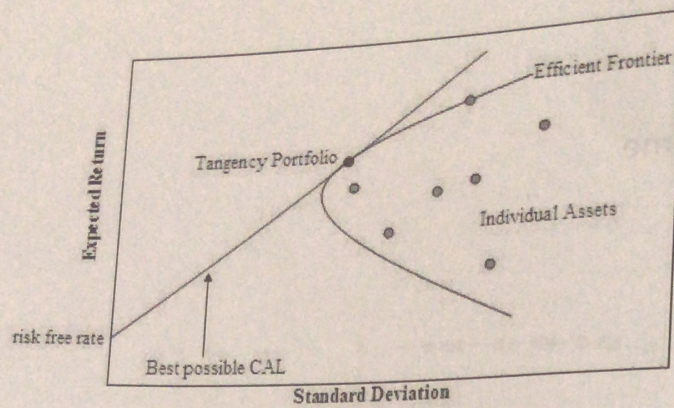
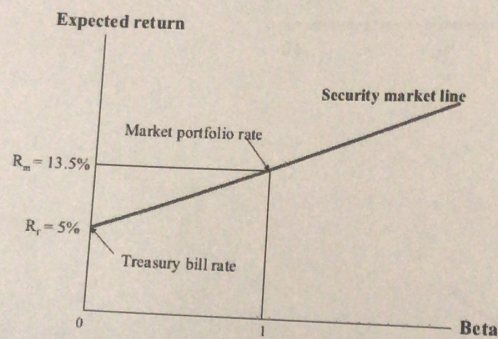




Capital Asset Pricing Model (CAPM)



$$R = r_f + B (r_m - r_f)$$

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Capital Asset Pricing Model (CAPM)

$$r_j = R_f + [b_j \times (r_m - R_f)]$$

r_j = required return on asset j

R_f = risk-free rate of return

b_j = beta coefficient of nondiversifiable risk for asset j

r_m = market return on portfolio of assets