3. Vivian has $215,000 invested in a stock that has a beta of 0.5 and $260,000 invested in a stock with a beta of 1.6.
   a. If these are the only two investments in her portfolio, what is her portfolio's beta? Round your answer to two decimal places.

   b. Use the capital asset pricing model to find the expected return on Vivian's portfolio if the market risk premium is 4.8 percent and the risk-free rate of return is 4.2 percent.

4. The covariance between Sterling Construction Company's (Ticker: STRL) returns and the market's returns is 0.001398166763. The variance of the market's returns is 0.001904406. The covariance between Sterling Construction Company's returns and OSI Systems's (Ticker: OSIS) returns is 0.002438541. Sterling Construction Company has a variance of returns of 0.0184624 while OSI Systems has a variance of returns of 0.0126008. Sterling Construction Company has an average return of -0.049108 percent while OSI Systems has an average return of 1.60948 percent.
   a. Calculate **and interpret** Sterling Construction Company's beta. Round your answer to two decimal places.

   b. Calculate the standard deviation of returns for a portfolio consisting of 50 percent Sterling Construction Company stock and 50 percent OSI Systems stock.