20 Lecture - MGT201

Important Subjective

1. **What is the probability distribution of a stock investment?**
   Answer: The probability distribution of a stock investment is a graphical representation that shows the likelihood of different outcomes based on different levels of risk.

2. **What is the risk-return tradeoff for a single stock investment?**
   Answer: The risk-return tradeoff for a single stock investment is the relationship between the level of risk associated with the investment and the potential return that can be earned.

3. **What is the coefficient of variation?**
   Answer: The coefficient of variation is a statistical measure that is used to measure the risk of an investment relative to its expected return.

4. **How is the probability distribution of a stock investment related to its risk?**
   Answer: The probability distribution of a stock investment is related to its risk because it shows the range of potential outcomes and the likelihood of each outcome based on the level of risk associated with the investment.

5. **How does the coefficient of variation help investors evaluate risk?**
   Answer: The coefficient of variation helps investors evaluate risk by measuring the risk of an investment relative to its expected return. The higher the coefficient of variation, the higher the risk associated with the investment.

6. **What is the expected return of a stock investment?**
   Answer: The expected return of a stock investment is the amount of return that an investor can expect to earn on the investment based on the level of risk associated with the investment.

7. **What is the significance of the probability graph in stock investment?**
   Answer: The probability graph in stock investment is significant as it helps investors to visualize the range of potential outcomes and the likelihood of each outcome based on the level of risk associated with the investment.

8. **How can an investor calculate the coefficient of variation?**
   Answer: An investor can calculate the coefficient of variation by dividing the standard deviation of the investment by its expected return.

9. **How does the coefficient of variation help investors compare the risk of different investments?**
   Answer: The coefficient of variation helps investors compare the risk of different investments by providing a standardized measure of risk that can be used to compare investments with different expected returns.

10. **What is the relationship between risk and return for a single stock investment?**
    Answer: The relationship between risk and return for a single stock investment is that higher levels of risk are generally associated with higher potential returns, but also with a greater likelihood of losses.