



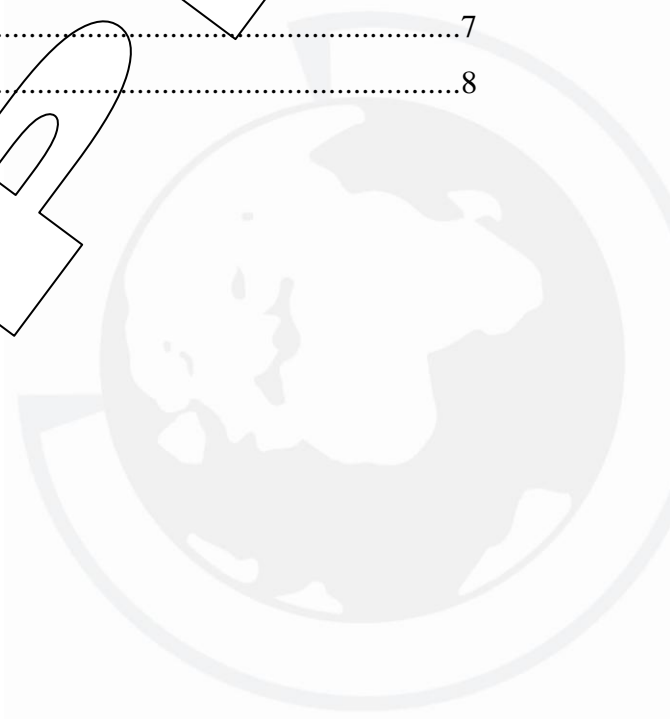
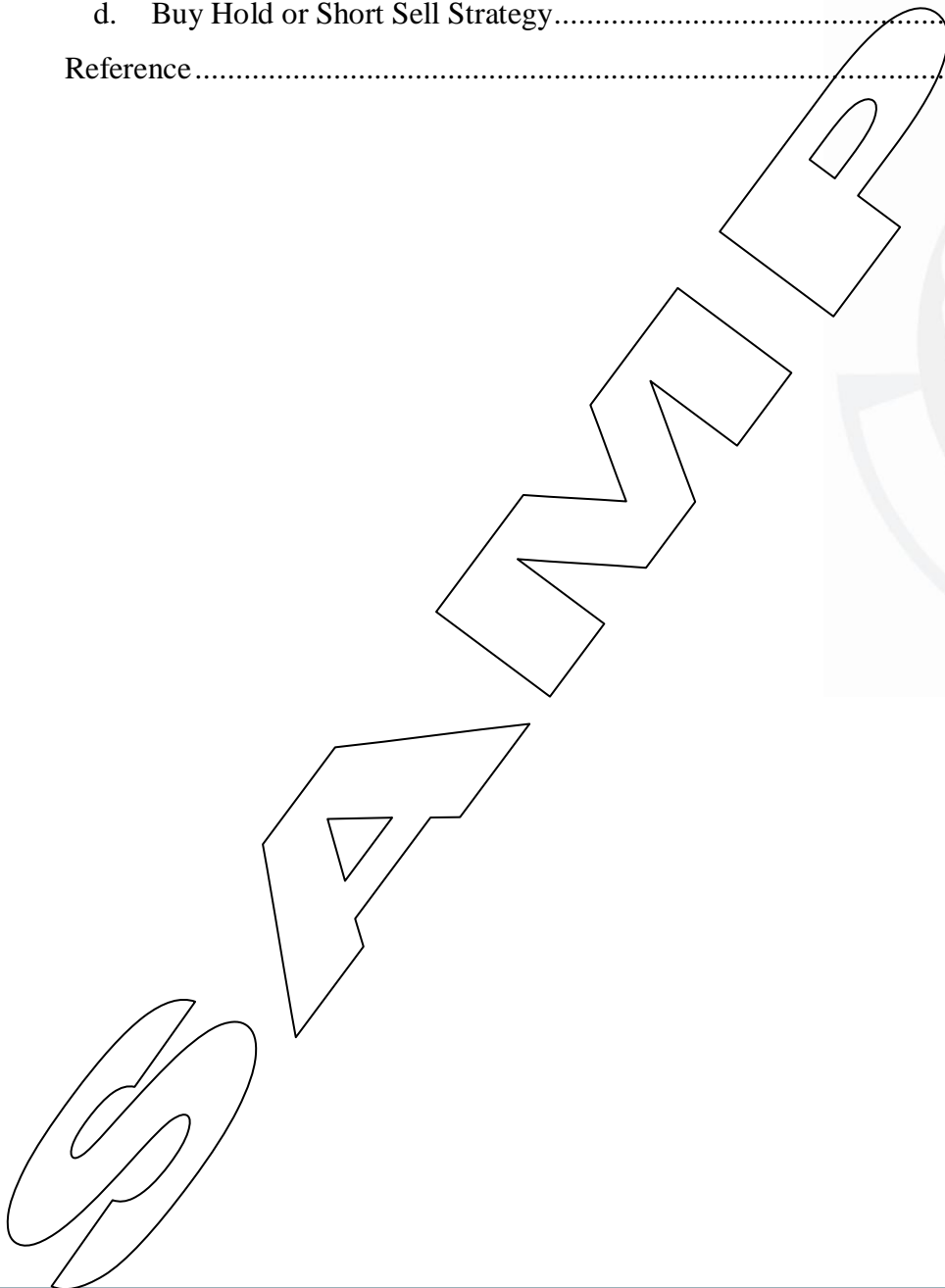
Finance Assignment

ESAME



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**Part A****a. Mean Return, Standard Deviation, and Variance of Stock**

The mean return of stock can be estimated using the following formula:

$$\text{Mean Return} = \frac{\sum R_i}{n}$$

(Reilly & Brown, 2011)

Date	Close	Avg Volume	Share Price	Stock Return
1-Dec-11	0.33	508,200	167,706.00	-1%
1-Nov-11	0.39	434,800	169,572.00	-33%
3-Oct-11	0.38	663,200	252,016.00	-48%
1-Sep-11	0.42	1,156,700	485,814.00	-9%
1-Aug-11	0.41	1,308,600	536,526.00	50%
1-Jul-11	0.41	869,900	356,659.00	15%
1-Jun-11	0.36	859,400	309,384.00	103%
2-May-11	0.4	381,800	152,720.00	-64%
1-Apr-11	0.4	1,071,000	428,400.00	-37%
1-Mar-11	0.41	1,649,500	676,295.00	154%
1-Feb-11	0.38	700,700	266,266.00	-25%
3-Jan-11	0.4	892,300	356,920.00	65%
1-Dec-10	0.46	470,800.00	216,568.00	
				Mean Return = 14%

The variance and standard deviation of Cooper Energy stock can be calculated by using the following formula:



$$Variance = \sum_{i=1}^n w_i (R_i - E(R))^2$$

$$Standard\ Deviation = \sqrt{\sum_{i=1}^n w_i (R_i - E(R))^2}$$

(DeFusco et al., 2011)

Date	Share Price	Stock Return	Weights	Expected Returns	Weight*(R-E(R))^2
1-Dec-11	167,706.00	-1%	0.038334149	-0.042%	0.0000042929
1-Nov-11	169,572.00	-33%	0.038760679	-1.268%	0.0038328013
3-Oct-11	252,016.00	-48%	0.057605685	-2.772%	0.0118487406
1-Sep-11	485,814.00	-9%	0.111047109	-1.050%	0.0007839795
1-Aug-11	536,526.00	50%	0.122638831	6.185%	0.0240094067
1-Jul-11	356,659.00	15%	0.081524927	1.246%	0.0016058040
1-Jun-11	309,384.00	103%	0.070718832	7.255%	0.0642652118
2-May-11	152,720.00	-64%	0.034908657	-2.246%	0.0134642318
1-Apr-11	428,400.00	-37%	0.097923447	-3.589%	0.0107062323
1-Mar-11	676,295.00	154%	0.154587156	23.805%	0.2620045359
1-Feb-11	266,266.00	-25%	0.060862942	-1.546%	0.0034629249
3-Jan-11	356,920.00	65%	0.081584586	5.287%	0.0289024782
	4,374,846.00				Variance = 0.4248906399 Standard Deviation = 0.61583636

The formula for estimating the holding period return for stock of Cooper Energy is:



$$HPR = \frac{\text{Dividend} + (\text{Current Share Price} - \text{Previous Share Price})}{\text{Previous Share Price}}$$

(DeFusco et al., 2011; Reilly & Brown, 2011)

Date	Close	Avg Vol	Share Price	Stock Return	Dividends	Holding Period Return
1-Dec-11	0.33	508,200	167,706.00	-1%	0.00	-1%
1-Nov-11	0.39	434,800	169,572.00	-33%	0.00	-33%
3-Oct-11	0.38	663,200	252,016.00	-48%	0.00	-48%
1-Sep-11	0.42	1,156,700	485,814.00	-9%	0.00	-9%
1-Aug-11	0.41	1,308,600	536,526.00	50%	0.00	50%
1-Jul-11	0.41	869,900	356,659.00	15%	0.00	15%
1-Jun-11	0.36	859,400	309,384.00	103%	0.00	103%
2-May-11	0.4	381,800	152,720.00	-64%	0.00	-64%
1-Apr-11	0.4	1,071,000	428,400.00	-37%	0.00	-37%
1-Mar-11	0.41	1,649,500	676,295.00	154%	0.00	154%
1-Feb-11	0.38	700,700	266,266.00	-25%	0.00	-25%
3-Jan-11	0.4	892,300	356,920.00	65%	0.00	65%
1-Dec-10	0.46	470,800.00	216,568.00			

b. Beta of Stock

Beta of stock can be estimated using the following formula

$$\text{Beta} = \frac{\text{Covar}(\text{stock}, \text{market})}{\text{Var}(\text{market})}$$

(Megginson & Smart, 2008)

	Return of Stock	Return of Index
Dec-11	-1%	-15%



Nov-11	-33%	-5%
Oct-11	-48%	-21%
Sep-11	-9%	-7%
Aug-11	50%	13%
Jul-11	15%	-9%
Jun-11	103%	3%
May-11	-64%	-3%
Apr-11	-37%	-20%
Mar-11	154%	37%
Feb-11	-25%	7%
Jan-11	65%	-2%
Beta	2.86	

c. Expected Return of Stock

The expected return of stock is estimated as follows:

$$E(R) = RFR + \beta(RM - RFR)$$

(Fabozzi, 2008)

Beta	2.86
Risk free rate of return	5.5%
Market Return	12.4%
Expected Return	25.3%

Part B

a. Business Activities of Cooper Energy

The Cooper Energy is based in Subiaco, Australia and it is engaged in the exploration, development, and production of oil and gas properties. The organization has oil and exploration licenses in Australia, Indonesia, Poland, and Tunisia.



b. Earnings per Share and Price to Earnings Ratio

The earnings per share ratio for Cooper Energy can be estimated as...

SAWMP

