ECO358 - Midterm 2 2024

Clearly state the formula/procedure/approach that you have used to obtain your results; the approach is more important than the result. If an explanation is required, write **brief** answers; the probability of writing something wrong is higher in long answers. Fuzzy logic, ambiguity and multiple answers will reduce your credit.

1 Portfolio theory [26 points]

1. State the Separation Property. On a graph of expected return to standard deviation, draw an efficient