6-1a What is meant by the investor's required rate of return?
b. How do we measure the riskiness of an asset?
c. How should the proposed measurement of risk be interpreted?

a.The investor's required rate of return is the minimum rate of return to get an investor to purchase a secu.
b. Risk can be measured in standard deviation of rates of return. The greater the potential gain the higher the risk.
c. A huge standard deviation of the profits shows more noteworthy risks related with a venture. Future incomes have a more prominent possible variety.

6-2 What is (a) unsystematic risk (company-unique or diversifiable risk) and (b) systematic risk (market or nondiversifiable risk)?

a. Unsystematic risk is the probability of a company stock to change because of a problem that is unique to the company, not a problem affecting everybody. An employee strike is an example of a company-unique influence.
b. Systematic risk is the chance events happen that would affect the whole industry as a whole. An example of systematic risk would be a change in laws or a natural disaster.

6-3 What is a beta? How is it used to calculate r, the investor's required rate of return?
Beta is a measurement of the risk and fluctuations of a stock in an overall market. The CAPM, beta is multiplied by the market risk premium and added to the risk-free rate of return to calculate a required rate of return.

6-4 What is the security market line? What does it represent?
The security market line is a line on a chart showing the representation of CAPM that shows the risk of different securities plotted against the return of the market.

6-5 How do we measure the beta of a portfolio?
The beta for a portfolio is equal to the weighted average of the betas of individual stocks, weighted by the percentage invested in each stock the return of the market.