[Title]

[Name of the Writer]

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**Section: 1**

Part A

The investment strategy that would guarantee that I would not lose money to the informed traders is “Investing in the market portfolio”. It guarantees because the average investor must hold the market plac3e through investment in the financial market you guarantee the normal/average investor returns. In case the informed traders make high returns than the normal/average one, someone would make lower returns (Bruno, & Ksenya, 2012). Hence, through holding the market you could guarantee that it’s not you. In short, investing in the market portfolio may not give higher returns but it guarantee that you would not lose money.

Part B

**Article: Efficient Portfolio: Market Beta and Beyond**

The article is about in-depth but clear reasoning behind the efficiency of the market portfolio and its flaws. As well as it elaborates on the rationales behind the approaches of competing for alternative beta investment.

Additionally, I think that the chosen article would work because it provides some of the most credible investment strategies that are used the most. Beyond that, the article works because it is based on the research and analysis that provide evidence which ensures the efficiency of the market portfolio while proposing beta investment strategies and tactics to investors (Bruno, & Ksenya, 2012).

**Section: 2**

**Chapter No 13**

Page, 447 Paragraph, 1

*To improve the performance of their portfolios, investors who are holding the market portfolio will compare the expected return of each security s with its required return from the CAPM.*

The sentence is significant one because it helps me to know that being an investor, if I want to improve my portfolio’s performance then I should compare expected return of each security with the required return from CAPM.

Page, 450 Paragraph, 2

*By appropriately diversifying their portfolios, investors can reduce risk without reducing their expected return.*

The picked sentence is significant because it very concisely states that if an investor wants to reduce risk without decreasing the expected return, then they should simply diversify their portfolio instead of engaging in complex strategies (Berk, & DeMarzo, 2017). While being a business student, this is credible for me to know.

**Chapter No 14**

Page, 492 Paragraph, 1

*We can evaluate the relationship between risk and return more formally by computing the sensitivity of each security’s return to the systematic risk of the economy.*

The above-selected sentence from the chapter is a significant sentence because it taught me that only financial analysis is used to evaluate relationships between risk and return. While, this (relationships between risk and return) can be evaluated more effectively and formally through examining the sensitivity of return of a security to the systematic risk of the economy (Berk, & DeMarzo, 2017).

Page, 505 Paragraph, 2

*Leverage can increase a firm’s expected earnings per share. An argument sometimes made is that by doing so, leverage should also increase the firm’s stock price.*

The sentence is a significant sentence because it clarifies my thoughts that high income and revenues do not ensure expected earnings. But expected return per share can be increased through leverage which also increases the stock price of a business or firm (Berk, & DeMarzo, 2017).

**References**

Berk, J. B., & DeMarzo, P. M. (2017). Corporate Finance: The Core, 4/e. Boston: Pearson Education. ISBN 9780134083278.

Bruno, M. & Ksenya, R. (2012). Efficient Portfolio: Market Beta and Beyond. Ossiam.com. [online] Available at: <https://www.ossiam.com/files/research_papers/1409647399_efficient-portfolio-market-beta-and-beyond.pdf> [Accessed 7 Oct. 2019].