

The general form of the calculation for C\$ returns for a foreign stock:

$$1 + R_{\$} = 1 + \frac{[P^*(1) + Div^*(1)] S(1) - P^*(0) S(0)}{P^*(0) S(0)} = \frac{P^*(1) + Div^*(1)}{P^*(0)} \frac{S(1)}{S(0)}$$

$$= [1 + R_e][1 + e]$$

In the class game, set $Div^* = 0$ and use the FX rates ($S(0)$ and $S(1)$) provided.

For domestic stocks:

$$1 + R_{\$} = \frac{P(1)}{P(0)} \rightarrow R_{\$} = \frac{P(1) - P(0)}{P(0)}$$

Again, set $Div = 0$.

INSTRUCTIONS for submission:

1) On a separate sheet, list the following

Name of game submitter:

Name of marker:

2) The results for the individual returns and for the portfolio return which is calculated as:

$$R_{P\$} = \frac{R_1 + R_2 + R_3}{3}$$

where the R_i are the Canadian dollar returns.

3) Staple the sheet to the original game submission and return either in class or to my office (slide under my door if I am not in the office) by the following lecture, e.g., for T/Th lectures, if the trade is handed out on Th then the marked results have to be submitted by next T.