

1. What is a main assumption of capital asset pricing model?

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2. What is the intuitive meaning of  $\left. \frac{dr_w}{d\sigma_w} \right|_{w=0}$  ?

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3. What is the intuitive meaning of  $\beta_i$ ?

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4. What is a market risk premium?

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5. What is the meaning of self-financing?

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6. What is the meaning of factor-neutral in the jargon of linear algebra?

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7. Is momentum factor a risk factor too?

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8. In terms of the loading, which factor is most important in explaining the variation in the excess returns?

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9. Download the data from the French Data Library and then compute the correlation between the momentum factor and the short-term reversal factor.

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10. What are your takeaways?