

1. Use the information about Accenture's stock to respond to the prompts that follow:

- a) Calculate the approximate # of shares outstanding of Accenture stock.

Accenture plc (ACN) - NYSE ★ Watchlist

94.77 ↓ 0.63 (0.66%) Jun 8, 4:01PM EDT

Prev Close:	95.40	Day's Range:	94.67 - 95.40
Open:	95.16	52wk Range:	73.98 - 97.95
Bid:	85.51 x 100	Volume:	1,450,598
Ask:	95.49 x 100	Avg Vol (3m):	2,360,830
1y Target Est:	99.67	Market Cap:	59.35B
Beta:	1.13	P/E (ttm):	20.10

Using your answer from above, assume Accenture completes a share buyback

plan of 80 million shares at a 2% premium to the listed price, rounded to the nearest penny.

- b) How much did Accenture spend in the buyback? c) Determine the new # of shares outstanding.
- d) What would be the likely effect on the share price of a successful buyback? Why? e) Assume the share price increases to \$97.00. Determine the new market cap after the buyback.
- f) Has this stock traded above \$100 per share at all in the past year? How do you know?

2. The information about Accenture above is as of June 9th, 2015. Assume you'd bought 1000 call options for ACN for a \$2 premium per option three months ago with a strike price of \$75. In the space below, explain what that means.

3. Assume you exercise the options above and sell at the market price above (ignore the buyback). There was a \$0.25 fee per option. There is also a 0.4% fee for any purchases or sales of stock. Determine your profit or loss on this position.

4. Assume you hold the options, meaning you don't exercise as in the above prompt. If the market price of ACN dips to \$90 per share, how does that impact the value of the options? How does this illustrate the concept of a derivative? Answer in the space below. Use specific detail in your answer.

5. Jack used a cash account to buy 1500 shares of Mastercard stock on Feb 15th at \$157.50. On March 11th, Mastercard paid an \$0.85 cash dividend. He sold his entire position on June 12th at a market price of \$164.25. His broker's fee was 0.2% of the total transaction value of any purchase or sale of stock. Determine Jack's total profit or loss on his position.



6. Natalie decided to short Worldcom stock in 2002. (This would have been a good idea.) She shorted 5000 shares of stock on April 10th when the market price was \$73.50 per share. Six months later, after Worldcom collapsed, she closed her position when the market price was \$1.25 per share.

a) Describe the progression of what Natalie had to do to short this stock **Shorting a Stock** on the lines to the right:

b) Using the information above, determine her total profit on this short.

1. _____
2. _____
3. _____
4. _____

7. Luis used a 20% margin account to buy 1400 shares of BioTech stock at \$55 per share. He closed his position when BioTech was trading at \$61.50 per share. His broker's fee is 0.5% of all purchases and sales. Determine his total profit or loss on this position.

8. Sunshine used a 20% margin account to buy 1800 shares of JP Morgan stock on June 17th, 2014 at \$35.50. On August 10th, JP Morgan declared a \$0.50 cash dividend. On November 5th, JPM completed a 3-1 stock split when the market price was \$54.66 per share. On December 10th, JPM declared a \$0.20 cash dividend. She sells on February 25th of the following year at a price of \$61.75. Her broker's fee was 0.4% of the total transaction value of any purchase or sale of stock.

- a) How many shares did she sell on her sell date?
- b) What was her dividend income?
- c) Determine her total profit or loss on this position.

9. If you have 4000 shares of a stock trading at \$46.50 at a date on which the company pays a 8% stock dividend, what exactly happens to your portfolio? What is the monetary value (dividend income) of the stock dividend to you?

10. Assume you own 5000 shares of a stock trading at \$20 per share. Would you rather have a 1% stock dividend or a \$0.60 cash dividend? Explain.

11. Determine the FMV of a ten-year zero-coupon bond that pays 4.5% annual interest with a face value of \$1000.

12. Elijah used a cash account to buy 10,000 shares of GM stock on Feb 15th 2009 at \$7.50. On March 11th, GM paid a \$0.65 cash dividend. On May 5th, GM completed a 3-1 split. He sold his entire position on June 12th at a market price of \$4.25 per share. His broker's fee was 0.2% of the total transaction value of any purchase or sale of stock. Determine his total profit or loss on his position.



13. Kaitlyn had \$1500 of her own money to invest using a 10% margin account. She uses the whole sum to buy stock in Intel at a price of \$50 per share in January 2013. A \$0.65 dividend was paid in March, June, September and December of 2013. On July 10th 2013, Intel paid a 10% stock dividend. In January 2014, she sells the stock when the price is \$53.90 per share. Her broker's fee for transactions using margin is 0.4%. Determine her total profit from her Intel position.



Before you go further: She used a 10% margin account and \$1500 of her own money. How much money did she have to spend in total? That will help you learn how many shares she bought.

Facebook, Inc. (FB) ★ Watchlist

77.50 -0.51 (-0.65%) NASDAQ - As of 03:57pm EDT



- On June 5th, 2014, Facebook (FB) was trading at \$63.19 per share.
- On March 24th, 2015, Facebook hit its 12-month high of \$85.31 per share.
- This would have been a good buy. A very good buy. But how good...?

Mary bought 2000 shares of Facebook on June 5th, 2014 at the market price. She sold the shares on March 24th 2015. Ignoring fees, determine Mary's profit on her FB position.

Carrie bought 2000 shares of Facebook on June 5th, 2014 at the market price using a 20% margin account. She sold the shares on March 24th 2015. Ignoring fees, determine Carrie's profit on her FB position.

Sheri bought 2000 call options for FB stock for \$2 per option with a strike price of \$63 on June 5th, 2014. She exercised the options and sold the shares on March 24th 2015. Ignoring fees, determine Sheri's profit on her FB position.

15. In the context of stock options, describe the difference between an investor and a speculator.

16. Alex bought 5000 put options on Ingram Micro (IM) for a price of \$2 per option with a strike price of \$25 per share. She does not own any IM stock. Four months later, IM is trading at a market price of \$18.50 per share. Alex decides to exercise the options. There was a \$0.25 fee per option. There is also a 0.6% fee for any purchases or sales of stock. Determine Alex's profit or loss on this position.

17. Bond A is priced at \$775 and will mature to a face value of \$1000 6 years from today. Bond B is priced at \$815 and will mature to a face value of \$1000 5 years from today. Which bond has a higher yield to maturity? Use evidence to support your answer.