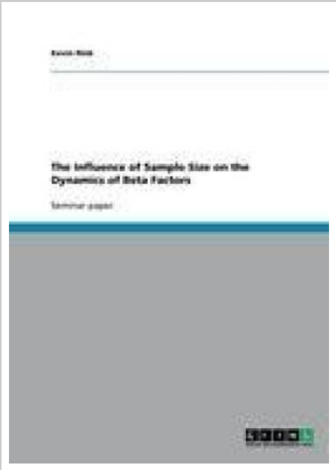

The Influence of Sample Size on the Dynamics of Beta Factors

By Kevin Rink

GRIN Verlag Apr 2010, 2010. Taschenbuch. Book Condition: Neu. 210x148x2 mm. This item is printed on demand - Print on Demand Neuware - Seminar paper from the year 2008 in the subject Business economics - Business Management, Corporate Governance, printed single-sided, grade: 1,2, European Business School - International University Schloß Reichartshausen Oestrich-Winkel, language: English, abstract: The capital asset pricing model (CAPM) was introduced by William Sharpe, John Lintner, and Jan Mossin in the 1960s on the basis of Harry Markowitz s achievements in the field of portfolio theory. Since then, the CAPM has been one of the most widely used models for evaluating the price of portfolio assets. A major element of the CAPM is the beta factor. The beta factor measures how the expected return of a stock or a portfolio correlates with the return of the whole market. (.) Obviously, the fluctuation of a stock does affect beta factors. As the value of beta is decisive for the portfolio selection process, it is necessary to provide the CAPM with a beta that represents the best possible estimate of correlation with the market. On account of this, the calculation of beta factors is complex as betas will vary over...