

### Rate of Return Exercises

1. The following is a record of the balances in a fund over 2001. Approximate the rate of return using the method of Example 19 on p. 16.

Date	Deposit(+) or Withdraw(-)	Balance before Dep. or Wit.
Jan. 1	0	50,000
Mar. 1	-5000	55,000
July. 1	1000	60,000
Jan. 1	0	60,000

2. At the end of the month for five years I purchased \$1000 worth of stock in a certain company. At the end of this period, immediately after my final purchase, I sold the stock for \$64,739.14. Which number most closely approximates my annual rate of return on this investment: (a) 3.0% (b) 3.1%, or (c) 3.2%? Ans: (b).