

Trust	<i>Probability That Yield Will Be</i>																
	-2	-1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
A																	
B	.1		.1	.1				.4	.2	.2	.2						
C						.1	.1				.1		.1	.1	.1	.1	
D		.2					.2	.2	.2	.2	.2						
E					.2				.1	.1		.1	.1				.2
F		.2				.2		.4		.6							
									.1	.1		.1	.1			.1	.1

Before making up their minds, they have called on you for advice.

- The first widow leaves you unsure as to whether she is risk averse. What advice can you give her?
- The second widow shows definite risk aversion. What is your advice to her?

4.18

- Reorder the six real estate trusts in Problem 4.17, using the mean-variance criterion.
- Is the mean-variance ranking the same as that achieved by second-order stochastic dominance?