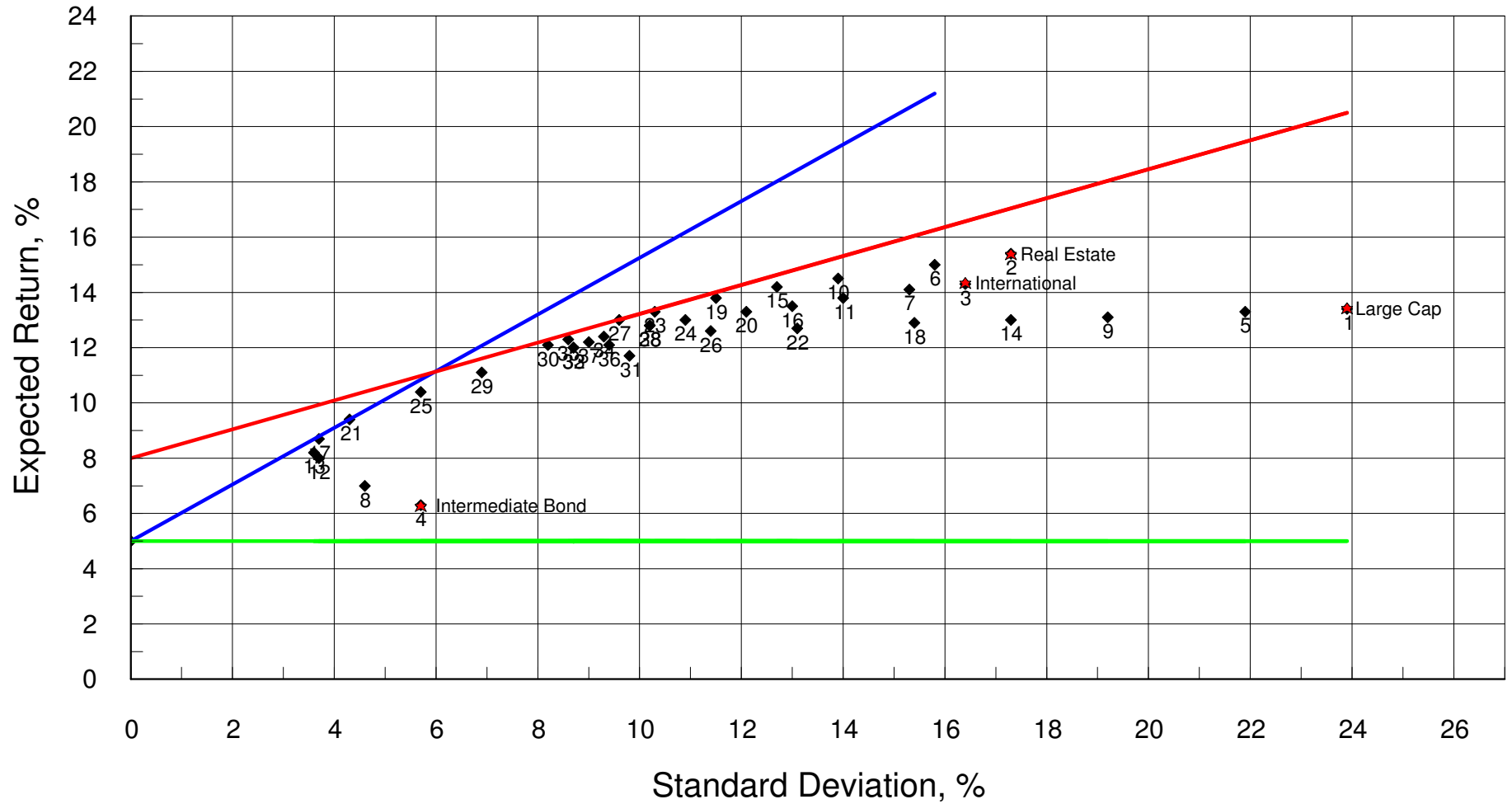


## The Efficient Frontier With a Four-Asset Universe



Optimal CAL is defined by portfolio #21.  
 Slope =  $[E(r) - r^*]/s = RP/s = 1.02$   
 Equation of Optimal CAL:  $r = r^* + 1.02s = 5 + 1.02s$

- ◆ Asset Blends
- Risk-Free
- Margin
- ★ Single Assets
- Optimal CAL