

Graph for Question 7c)

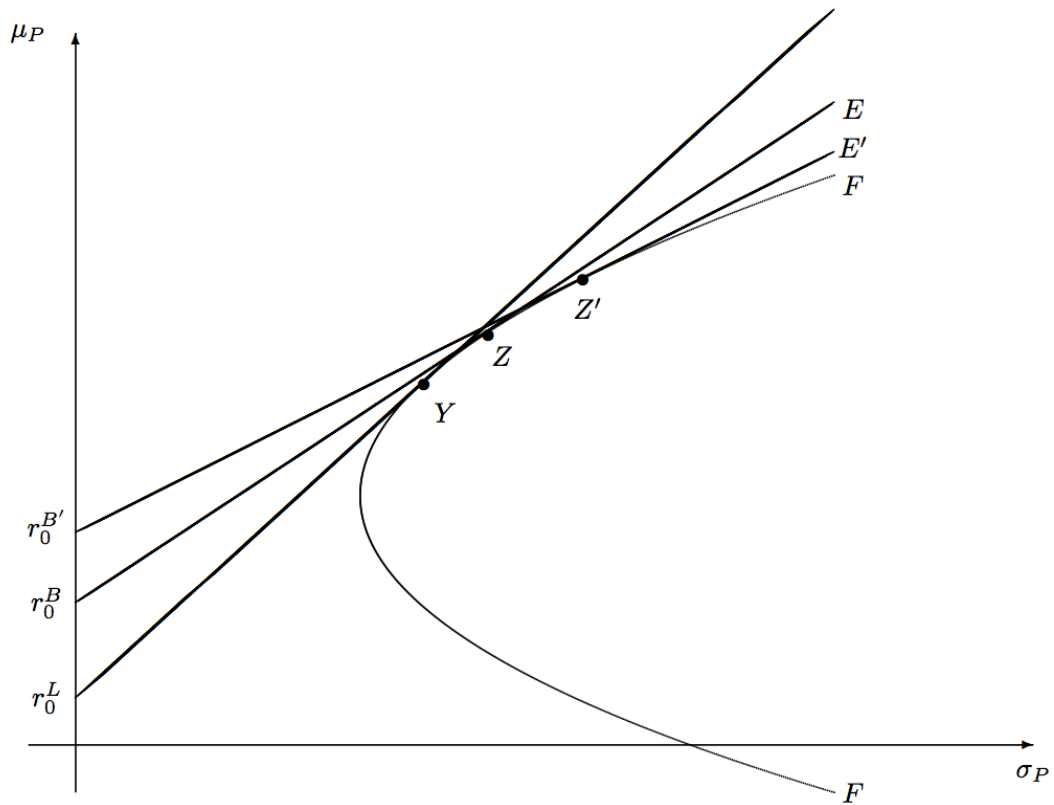


Figure 6: The Efficient Portfolios after an increase in the borrowing rate.

Note: Don't worry about the explanation on substitution and scale effects. We did not discuss this in class.