You hold a portfolio that consists of 500 shares in GoSun worth $5 each and 300 shares in Enova worth $32 each. What are the portfolio weights of GoSun and Enova? If the expected return on GoSun is 10% and Enova is 6%, what is the expected return of your portfolio?

$E(R_{gosun})$

$E(R_{enova})$

① total portfolio value $= (500 \times \$5) + (300 \times \$32)$

$= \$2500 + \$9600$

$= \$12\,100$

② $W_{gosun} = \dfrac{\text{market value of GoSun}}{\text{total portfolio value}}$

$= \dfrac{\$2500}{\$12\,100}$

$= 0.2066$ or 20.66%

$W_{enova} = \dfrac{\$9600}{\$12100} = 0.7934$ or 79.34%

or $1 - W_{gosun} = 1 - 0.2066 = 0.7934$ or 79.34%

③ $E(R_P) = (W_{gosun} \times E(R_{gosun})) + W_{enova} \times (E(R_{enova}))$

$= 0.2066 \times 0.10 + 0.7934 \times 0.06$

$= 0.0683$ or 6.83%