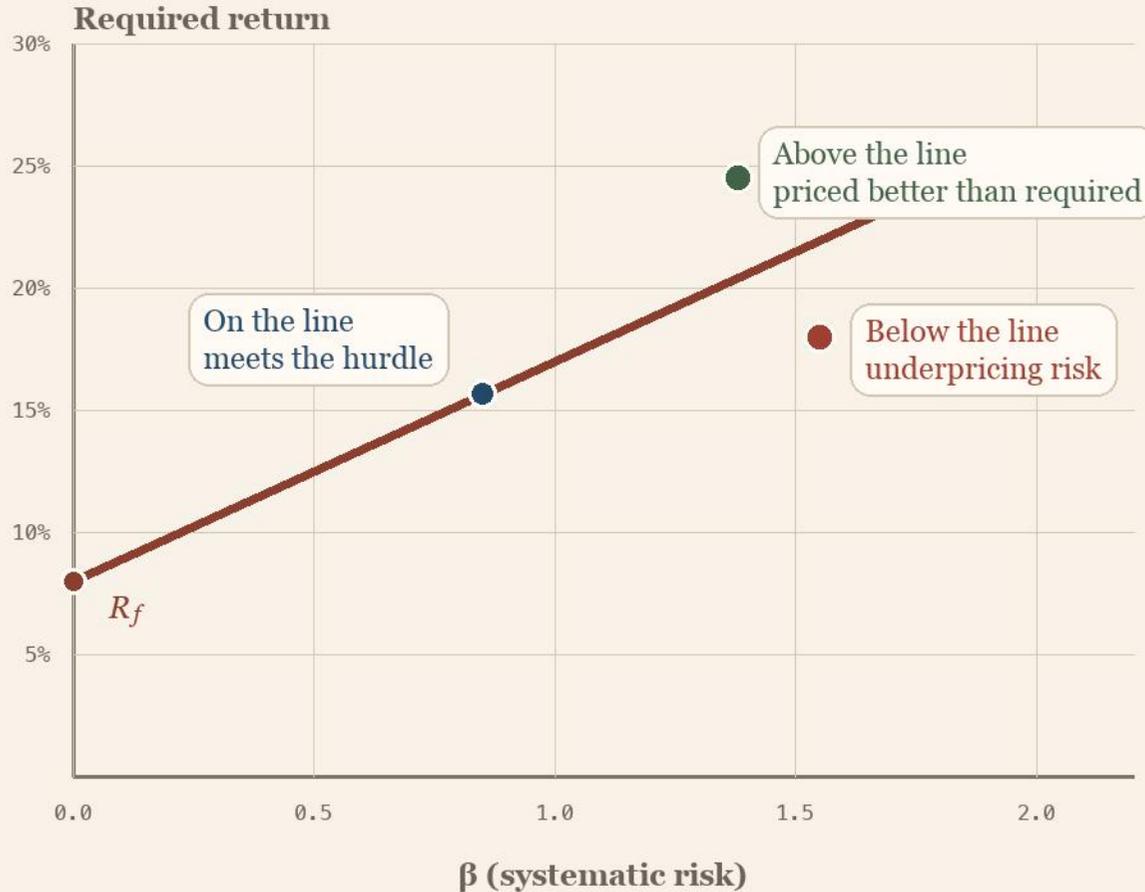


Securities Market Line

The baseline CAPM view: higher beta demands higher return.



$$E(R) = R_f + \beta \times (R_m - R_f)$$

For agency work, the line is a minimum acceptable margin.

The intercept is your baseline low-risk margin. The slope is the reward required for taking on more systematic risk.