

Risk premium

[@wikipedia](#)

Additional value of [return on investment](#) over the [risk-free bond](#):

$$R_p = R_m - R_f$$

where

R_f	risk-free bond
R_m	historical average return of the stock market

See also

[Business](#) / [Business Administration](#) / [Financial Management](#) / [Financial Accounting](#) / [Cost of Equity](#) / [Capital Asset Pricing Model \(CAPM\)](#)