Portfolio Management

1)Liquidity risk is :
A)is risk investment bankers face.
B)is lower for small OTC
C)increases whenever interest rates increases
D)is risk associated with secondary market transactions

2) Bond holders usually accept interest payment each.
A)1 year
B)six months
C)2 months
D)2 years

3) Passive management is also referred to as.......?
A)index fund management
B)index folio management
C)interest free management
D)none of these

4)Multifactor asset pricing model that can be used to estimate the ......rate for the valuation of financial asset.
A)discount
B)interest
C)expense
D)risk

5) Arbitrate pricing theory is an .... model.
A) asset pricing
B) risk evaluation
C) bond pricing
D) none of these

6) CAMP stands for .
A) capital asset pricing model
B) capital assessment pricing model
C) capital asset placement model
D) none of these

7) An asset risk premium is given by :
A) the asset standard deviation
B) the assets expected returns
C) expected return per unit of standard deviation
D) the excess of the assets expected return over the riskless rates

8) Which of the following is an example of a depreciable asset?
A) land
B) cash
C) account receivable
D) equipment

9) While bond prices fluctuate ,
A) yeilds are constant
B) coupon are constant
C) the spread between yeilds is constant
D) short term bond prices fluctuate even more

10) To calculate historical (realised) risk and return, use;
A) ex-post data
B) mean and variance of expected return
C) probability distribution of possible states
D) ex- ante data

11) A price weighted index is an arithmetic mean of
A) future prices
B) current prices
C) quarter prices
D) none of these

12) A firm that fails to pay dividends on its preferred stock is said to be ....
A) insolvent
B) in arrears
C) in sufferable
D) delinquent

13) .... is not a money market instrument.
A) cerftificates of deposit
B) a treasury bill
C) a treasury bond
D) commercial paper

14) A bond that has no collateral is called ....?
A) collable bond
B) a debenture
C) a junk bond
D) a mortgage

15) The process of addition of more assets in an existing portfolio is called.....?
A) portfolio revision
B) portfolio addition
C) portfolio exchanging
D) none of these

16) ------is the amount left over after individual consumption.
A) Investment
B) Savings
C) Surplus
D) Money.

17) --- include "expensive stocks" that offer big rewards but have big risk.
A) The patient portfolio
B) Conservative portfolio
C) Aggressive portfolio
D) Efficient portfolio

18) Find the odd one.
A) Risk
B) Return
C) Safety
D) Tax evasion

19) An investor committed money for very short period expect....
A) Return from price fluctuation
B) Dividend
C) Benefit from both price variation and dividend
D) None of these

20) Investment in precious metals are included in .... asset class.
A) Liquid assets
B) Financial assets
C) Real assets
D) Monetary assets

21) The investment process begins with ------
A) Investment policy
B) Security analysis
C) Portfolio construction
D) Fundamental analysis

22) Total risk includes---------
A) Systematic risk only
B) Unsystematic risk only
C) Both a and b above
D) Only diversifiable risks

23) Systematic risk includes------
A) Market risk
B) Interest rate risk
C) Purchasing power risk
D) All the above

24) Which among the following statements are true about unsystematic risk?
A) It is diversifiable
B) It is company specific
C) Both a and b
D) a only

25) Which among the following is true about systematic risk?
A) It is not diversifiable
B) a only
C) Its measure is Beta
D) Both a and c

26) According to Graham, a stock should have a current ratio of at least---
A) One
B) Two
C) Three
D) Four

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27) -------is the process of combining together various investment assets to obtain optimum returns with minimum risk.
A) Portfolio construction
B) Portfolio analysis
C) Portfolio evaluation
D) Portfolio revision

28) Modern portfolio theory is a contribution by………
A) William sharp
B) Benchamin Graham
C) Stephen Rose
D) Harry Markowitz

29) MACD stands for -----
A) Managing asset classes for dividend
B) Multiple asset class deposit
C) Moving average convergence divergence
D) Main asset class deposit

30) The concept 'never putting all your eggs in one basket' is explained in ---
A) Markowitz Model
B) Sharp single index Model
C) Multi Index Model
D) APT

31) Who introduced mean variance analysis in portfolio theory?
A) William Sharp
B) Harry Markowitz
C) F.Amling
D) Kritzman

32) Unsystematic risk may arise due to the following reason.
A) Change in interest rate
B) Increase in population
C) Employee strike in the company
D) Exchange rate fluctuations

33) A higher standard deviation is an indicator of----
A) Greater risk and higher potential returns
B) Moderate risk and higher potential returns
C) Lower risk and higher potential returns
D) Greater risk and lower potential returns

34) If the returns of two securities are unrelated, the covariance will be---
A) Positive
B) Negative
C) Zero
D) One

35) Portfolios included in the risk return space is called------
A) Feasible set
B) Efficient portfolio
C) High return portfolio
D) Risky portfolio

36) The concept efficient frontier is a contribution by----.
A) Robert Rhea
B) E.GeorgeSchaefer
C) Charles H.Dow
D) Harry Markowitz

37) A fully diversified portfoliocontains securities which have---
A) Only unsystematic risk
B) Both systematic and unsystematic risk
C) Only systematic risk
D) No risk

38) ---- is the measure of risk in the case portfolio with two securities.
A) Correlation
B) Covariance
C) Standard deviation
D) Beta

39) Value of Beta above 1 implies---

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A) Higher risk than the market average
B) Less risk than market average
C) Less risk than risk free investment
D) None of the above

40) CML stands for.
A) Convergence Market Line
B) Critical Market Line
C) Critical Maturity Line
D) Capital Market Line

41) ------- is also called characteristic Lines.
A) CML
B) SML
C) Efficient Frontier
D) CAL

42) Efficient frontier is situated at -------- boundary of opportunity set.
A) North west
B) North east
C) South west
D) South east

43) Arbitrage Pricing Theory was introduced by---
A) Charles Dow
B) Benchamin Graham
C) William sharp
D) Stephen S.Rose

44) Which pricing model provides no guidance on the determination of the risk premium factor?
A) The Multifactor APT
B) The CAPM
C) Both CAPM &Multifactor APT
D) Neither the CAPM nor Multifactor APT

45) -------- is an example for oscillators.
A) ROC
B) RSI
C) MACD
D) All the above

46) The APT differs from CAPM because the APT.
A) Places more emphasis on market risk
B) Recognizes multiple systematic risk factors
C) Recognizes multiple unsystematic risk factors
D) Minimizes the importance of diversification

47) ----------- focus more on past price movement of a firm's stock than on the underlying determinants of future profitability.
A) Credit Analysis
B) Fundamental Analysis
C) Systems Analysis
D) Technical Analysis

48) RAPM stands for -----
A) Risk Adjustment Performance Matrix
B) Risk Adjusted Performance Measure
C) Risk return Analysis of portfolio management
D) Risk Adjusted portfolio Measure

49) Reward to variability Ratio is----
A) Traynor Ratio
B) Sharp Ratio
C) Jenson Ratio
D) Book Market Ratio

50) Reward to volatility Ratio is also called as----
A) Treynor Ratio
B) Sharp Ratio
C) Jenson Ratio
D) Book market Ratio

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