SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

THIRD SEMESTER M.COM ELECTIVE :MC3E(F)02

Multiple Choice Questions

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

ANSWER KEY

1.c 2.b 3. a 4.a 5.a 6.a 7.a 8.d 9.a 10.a 11.b 12.b 13.b 14.b 15.a

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