



Dr.G.R.Damodaran College of Science
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III-B.COM [2015-2018]
SEMESTER-VI
ELECTIVE-III: INVESTMENT MANAGEMENT-602V1
Multiple Choice Questions.

1. Investment is the
- A. Net addition made to the nations capital stocks
 - B. persons commitment to buy a flat or a house
 - C. employment of funds on assets to earn returns
 - D. employment of funds on good and services that are used for production purpose

ANSWER: C

2. Stock and bonds would be classified as

- A. real assets
- B. indirect assets
- C. personal assets
- D. financial assets

ANSWER: A

3. Technically, investments include

- A. only financial assets
- B. only marketable assets
- C. financial and real assets that is marketable or non- marketable
- D. only financial and real assets that is marketable

ANSWER: C

4. The investment professionals that arrange the sale of new securities are

- A. arbitragers
- B. traders
- C. investment bankers
- D. specialists

ANSWER: C

5. Customer Protection fund is set up

- A. To protect the investors against price fluctuatiouons
- B. To protect the brokers
- C. To provide insurance to the investors in case default by the members
- D. To protect the member and investor

ANSWER: C

6. Speculator is a person

- A. Who evaluates the performance of the company

- B. who uses his own funds only
- C. who is willing to take risk for high return
- D. who considers heresays and market behaviours

ANSWER: D

7. Bombay Stock Exchange was established in the year

- A. 1956
- B. 1875
- C. 1903
- D. 1949

ANSWER: B

8. Which of the following would be considered a risk-free investment?

- A. gold
- B. equity in a house
- C. high-grade corporate bonds
- D. treasury bills

ANSWER: A

9. Investment made in real estate is a

- A. real investment
- B. financial investment
- C. non-financial investment
- D. intangible investment

ANSWER: A

10. Which of the following has helped to eliminate the use of stock certificates by placing stock transactions on computer?

- A. demat account
- B. securities exchange commission
- C. depository trust company
- D. federal depository insurance corporation

ANSWER: A

11. Clearing and Settlement operations of the NSE is carried out by

- A. NSDL
- B. Clearing Cooperation
- C. SBI
- D. By the exchange itself

ANSWER: A

12. Financial risk is most associated with

- A. the use of equity financing by corporations
- B. the use of debt financing by corporations
- C. equity investments held by corporations
- D. debt investments held by corporations

ANSWER: B

13. The Stock is

- A. small units of equal value called shares
- B. expressed in terms of money

- C. expressed in terms of number of shares
- D. fully paid and partly paid shares

ANSWER: B

14. The accounting period cycle of NSE is

- A. Wednesday to next tuesday
- B. Tuesday to next Wednesday
- C. Monday to next friday
- D. Wednesday to next Wednesday

ANSWER: A

15. which one of the following is not the money market security?

- A. Treasury Bills
- B. National Savings Certificate
- C. Certificate of Deposit
- D. Commercial Paper

ANSWER: B

16. Financial disclosure regulations affecting the brokerage industry are a type of:

- A. market risk
- B. financial risk
- C. business risk
- D. liquidity risk

ANSWER: C

17. Commercial papers are

- A. Unsecured promissory Notes
- B. Secures Promissory Notes
- C. Sold at a premium
- D. issued for a period of 1 to 2 years

ANSWER: A

18. Interest rate risk is a

- A. systematic risk
- B. unsystematic risk
- C. internal risk
- D. market risk

ANSWER: A

19. Primary and Secondary Market

- A. Compete with each otehr
- B. Complement each other
- C. function independently
- D. control each other

ANSWER: B

20. The ----- is the risk free investment

- A. savings account
- B. certificate of deposit
- C. treasury bill
- D. treasury bond

ANSWER: B

21. Registrar to the issue

- A. helps in the appointment of lead managers
- B. draft the prospectus
- C. recommends the basis of allotment
- D. directs the various agencies involved in the issue

ANSWER: C

22. Most investors are risk averse which means:

- A. they will assume more risk only if they are compensated by higher expected return
- B. they will always invest in the investment with the lowest possible risk
- C. they actively seek to minimize their risks
- D. they avoid the stock market due to the high degree of risk

ANSWER: B

23. The underwriter has to take up

- A. the fixed portion of the issued capital
- B. the agreed portion of the unsubscribed part
- C. the agreed portion or can refuse it
- D. none of the above

ANSWER: B

24. In bought out deal

- A. shares are offered through letter of offer
- B. part of the shares to the public and part to private
- C. shares are offered to the private people
- D. shares are sold to the merchant banker or sponsor

ANSWER: D

25. The financial meaning of investment means money put in for:

- A. productive use
- B. purchase of second hand instruments
- C. pension benefits
- D. dividends

ANSWER: A

26. Speculation can be distinguished from investment based on

- A. financing meaning
- B. economic meaning
- C. risk
- D. tax

ANSWER: C

27. The SENSEX has

- A. 25 Stocks
- B. 30 Stocks
- C. 33 Stocks
- D. 35 Stocks

ANSWER: B

28. Speculation is associated with trading for:

- A. additional income
- B. investor
- C. quick return
- D. loss

ANSWER: C

29. Speculation can be denoted as

- A. non- productive
- B. buying low and selling high
- C. making larger capital gain
- D. short tern investment

ANSWER: B

30. Which media of investment will give a balanced growth in investment?

- A. corporate stock
- B. provident fund
- C. insurance
- D. fixed deposit

ANSWER: D

31. Another name for stock brokers is

- A. specialists
- B. registered representatives
- C. security analysts
- D. portfolio managers

ANSWER: B

32. Investment professionals whose jobs may depend on their performance relative to the market are the:

- A. registered representatives
- B. security analysts
- C. investment bankers
- D. portfolio mangers

ANSWER: B

33. In private placement

- A. shares are offered through letter of offer
- B. shares are offered through prospectus
- C. shares are offered through brokers
- D. shares are offered through investment bankers

ANSWER: A

34. Which of the following would not be considered as capital market security?

- A. a corporate bond
- B. a common stock
- C. a 6-month treasury bill
- D. a mutual fund share

ANSWER: C

35. In an underwriting arrangement, the risk is assumed by the :

- A. issuer of the security
- B. investment banker
- C. commercial banker
- D. institutional investor

ANSWER: A

36. The ----- summarizes information about a new security issue

- A. syndicate offer
- B. IPO
- C. prospectus
- D. shelf rule

ANSWER: B

37. Book Building is managed mainly by

- A. Registrar
- B. Lead Manager
- C. Registrar and Book Runner
- D. Lead Manager and Book Runner

ANSWER: D

38. Investment bankers operate in the

- A. primary market
- B. secondary market
- C. third market
- D. fourth market

ANSWER: A

39. At present the par value of shares is

- A. Fixed
- B. Variable
- C. Equal to 10
- D. Equal to 5

ANSWER: B

40. The minimum number of shares to be applied for is

- A. 100
- B. 200
- C. 300
- D. 500

ANSWER: B

41. All new issues being offered for public sale are registered with

- A. SEBI
- B. new issue market
- C. Maloney act of 1936
- D. securities investor protection act of 1970

ANSWER: B

42. Speculation in the futures markets

- A. make the market more volatile
- B. contribute liquidity to the market

- C. engage mainly in short sales
- D. serve no real economic function

ANSWER: C

43. A major difference between individual and institutional investor is their very different:

- A. approaches to market analysis
- B. contribute liquidity to the market
- C. engage mainly in short sales
- D. serve no real economic function

ANSWER: C

44. SEBI can made it mandatory for the companies to disclose

- A. the yearly annual report
- B. monthly report and annual report
- C. quarterly report and annual report
- D. monthly review and annual report

ANSWER: C

45. ----- is example of financial intermediaries

- A. commercial banks
- B. insurance companies
- C. investment companies
- D. credit unions

ANSWER: C

46. Financial intermediaries exist because small investors cannot efficiently

- A. diversify their portfolios
- B. gather all relevant information
- C. assess credit risk of borrowers
- D. advertise for needed investments

ANSWER: D

47. Investment bankers perform the following role

- A. market new stock and bond issues for firms
- B. provide advice to the firms as to market conditions, price, etc
- C. design securities with desirable properties
- D. all the above

ANSWER: B

48. Investors seeking to avoid actively managing their portfolio will prefer which of the following assets?

- A. common stock
- B. commercial bank deposits
- C. financial futures
- D. real estate

ANSWER: B

49. Members of OTCEI are

- A. Corporate Only
- B. Individuals Only
- C. Corporates as well as Individuals

D. None of the above

ANSWER: A

50. OTCEI is

- A. National Stock Exchange
- B. a regional stock Exchange
- C. Primary Market
- D. Government undertaking

ANSWER: A

51. Most financial advisors are registered with the securities and exchange commission as:

- A. registered representatives
- B. registered investor advisors
- C. registered financial planners
- D. registered securities consultants

ANSWER: C

52. Investment decision making traditionally consists of two steps:

- A. investment banking and security analysis
- B. buying and selling
- C. risk and expected return
- D. security analysis and portfolio management

ANSWER: B

53. Treasury bills are traded in the

- A. money market
- B. capital market
- C. government market
- D. regulated market

ANSWER: D

54. A market where new securities are bought and sold for the first time is known as a ----- market

- A. NIM
- B. secondary market
- C. stock market
- D. bullion market

ANSWER: A

55. A market for existing securities rather than new issues is known as the ----- market.

- A. primary
- B. secondary
- C. tertiary
- D. capital

ANSWER: B

56. Investment professionals whose jobs may depend on their performance relative to the market are the:

- A. registered representatives
- B. security analysts
- C. investment bankers
- D. portfolio managers

ANSWER: A

57. Stock Exchange

- A. Helps in Fixation of share prices
- B. Ensures safe and fair dealing
- C. Induces good performance by the company
- D. all of the above

ANSWER: D

58. The largest single institutional owner of common stocks is

- A. mutual funds
- B. insurance companies
- C. pension funds
- D. commercial banks

ANSWER: D

59. ----- is example s of financial intermediaries.

- A. commercial banks
- B. insurance companies
- C. investment companies
- D. investors

ANSWER: C

60. Security analysis is most concerned with:

- A. analysis of the overall securities market and its direction
- B. valuation and analysis of individual securities
- C. purchasing securities at the best price
- D. determination of the investor's required return

ANSWER: A

61. The Settlement cycle in BSE and NSE are

- A. 10 days
- B. 8 days
- C. 7 days
- D. 15 days

ANSWER: C

62. Dividends are paid:

- A. monthly
- B. quarterly
- C. semi-annually
- D. yearly

ANSWER: D

63. The Rolling settlement period introduces in the stock exchange is

- A. T + 5 days
- B. T + 7 days
- C. T + 2 days
- D. T + 15 days

ANSWER: A

64. Carry Forward transaction are permitted for a period of

- A. 70 days
- B. 75 days
- C. 80 days
- D. 90 days

ANSWER: D

65. Which of the following is used in economic analysis?

- A. Gross Domestic Product
- B. Surveys
- C. Labour cost
- D. Diffusion Indexes

ANSWER: A

66. The statistical tool used to measure a company risk is

- A. mean
- B. mode
- C. variable
- D. covariance

ANSWER: D

67. Which of the following is true regarding the expected return of a portfolio?

- A. it is a weighted average only for stock portfolios
- B. it can only be positive
- C. it can never be above the highest individual return
- D. all of the above are true.

ANSWER: C

68. Allotment of Shares should be done within

- A. 60 days
- B. 30 days
- C. 75 days
- D. 90 days

ANSWER: B

69. Portfolios lying on the upper right portion of the efficient frontier are likely to be chosen by

- A. aggressive investors
- B. conservative investors
- C. risk averse investors
- D. defensive investors

ANSWER: B

70. A portfolio which lies below the efficient frontier is described as

- A. optimal
- B. unattainable
- C. dominant
- D. dominated

ANSWER: A

71. The optimal portfolio is the efficient portfolio with the

- A. lowest risk

- B. highest risk
- C. highest utility
- D. least investment

ANSWER: C

72. Market risk is best measured by the

- A. alpha
- B. beta
- C. standard deviation
- D. coefficient of variation

ANSWER: D

73. For every Rs.1 lakh of fresh issue of capital there should be atleast

- A. 5 shareholders
- B. 10 shareholders
- C. 15 shareholders
- D. 20 shareholders

ANSWER: A

74. The central issue of efficient market concerns

- A. regulations
- B. information
- C. participants
- D. structure

ANSWER: A

75. The Market maker has to

- A. buy the shares
- B. sell the shares
- C. buy and sell the shares
- D. none of the above

ANSWER: C

76. SEBI would not vet offer documents seeking listing on

- A. OTCEI
- B. NSE
- C. BSE
- D. ISE

ANSWER: A

77. Weak form market efficiency

- A. implies that the expected return on any security is zero
- B. incorporates semi-strong form efficiency
- C. involves price and volume information
- D. is compatible with technical analysis

ANSWER: C

78. The highest level of market efficiency is

- A. weak form efficiency
- B. semi strong form efficiency
- C. random walk efficiency

D. strong form efficiency

ANSWER: D

79. The weak form of the EMH is supported if successive price changes over time are

- A. independent of each other
- B. negative
- C. positive
- D. lagged

ANSWER: A

80. The random walk hypothesis is most related to the

- A. weak form EMH
- B. semi strong form EMH
- C. semi weak form EMH
- D. strong form EMH

ANSWER: B

81. If an investor searches for patterns in security returns by examining various techniques applied to a set of data, this is known as:

- A. fundamental analysis
- B. technical analysis
- C. data mining
- D. random walk theory

ANSWER: B

82. The last step in fundamental analysis is

- A. economic analysis
- B. industry analysis
- C. company analysis
- D. technical analysis

ANSWER: C

83. Which of the following are shown on the balance sheet on a cost or market value?

- A. cash
- B. stockholders equity
- C. marketable securities
- D. fixed assets

ANSWER: C

84. Which of the following terms best describes the shareholders equity item of the balance sheet?

- A. book value
- B. market value
- C. current value
- D. stock value

ANSWER: B

85. In which of the following sections of a balance sheet are inventories listed?

- A. current assets
- B. property, plant and equipment, at cost
- C. current liabilities
- D. shareholders equity

ANSWER: A

86. The key item for investors on the income statement is:

- A. sales
- B. gross profit
- C. operating expenses
- D. after tax net income

ANSWER: D

87. Which of the following represents the rate at which a company can grow from internal source?

- A. return on assets
- B. sustainable growth rate
- C. adjusted rate
- D. return on equity

ANSWER: B

88. One of the following factors lead the activity of stock market

- A. Money supply
- B. Per capita income
- C. Unemployment rate
- D. Manufacturing and trade

ANSWER: A

89. The largest single institutional owner of common stocks is:

- A. mutual funds
- B. insurance companies
- C. pension funds
- D. commercial banks

ANSWER: A

90. Savings accounts are ----- but are not-----

- A. negotiable; liquid
- B. marketable; liquid
- C. liquid; personal
- D. liquid; marketable

ANSWER: C

91. If a preferred stock issue is cumulative, this means

- A. dividends are paid at the end of the year
- B. dividends is legally binding on the corporation
- C. unpaid dividends will be paid in the future
- D. unpaid dividends are never repaid

ANSWER: A

92. Total return is equal to

- A. capital gain+price change
- B. yield+income
- C. capital gain-loss
- D. yield+price change

ANSWER: A

93. The return component that gives periodic cash flows to the investor is known as the
- A. capital gain
 - B. interest rate
 - C. yield
 - D. unrealized gain

ANSWER: C

94. If interest rate are expected to rise, you would expect
- A. bond prices to fall more than stock prices
 - B. bond prices to rise more than stock prices
 - C. stock prices to fall more than band prices
 - D. stock prices to rise and bond prices to fall

ANSWER: A

95. Total return as defined in the text is:
- A. the difference between the sale price and the purchase price of an investment
 - B. measured by dividing the sum of all cash flows received by the amount invested
 - C. the reciprocal of a return relative
 - D. measured by dividing all cash flows received by its selling price

ANSWER: B

96. The minimum size of issued capital to be listed on BSE is
- A. 20 Crores
 - B. 5 Crores
 - C. 10 Crores
 - D. 15 Crores

ANSWER: C

97. The one period rate of return from a stock or bond which may or may not be realized can be described by using the term:
- A. holding period return
 - B. yeild
 - C. random variable
 - D. market return

ANSWER: A

98. Under the P/E model, stock price is a product of:
- A. EPS and DPS
 - B. P/E ratio and EPS
 - C. EPS and required return
 - D. P/E ratio and required return

ANSWER: B

99. Book value is:
- A. the same as market value
 - B. a more accurate valuation technique than the dividend models
 - C. the accounting value of the firm as reflected in the financial statements
 - D. the same as liquidation value

ANSWER: C

100. The price to book value ratio tends to be close for:

- A. high-tech companies
- B. banks
- C. utilities
- D. service companies

ANSWER: D

101. The expected return on an investment in stock is:

- A. the expected dividend payments
- B. the anticipated capital gains
- C. the sum of expected dividends and capital gains
- D. less than the realized return

ANSWER: D

102. If the dispersion around a security's return is larger:

- A. the expected return is smaller
- B. the standard deviation is smaller
- C. the stock's price is higher
- D. the security's risk is higher

ANSWER: A

103. The price earning ratio of the stock reflects

- A. The Growth of the company
- B. the market mood for the company's stock
- C. the earnings retained and invested in the company
- D. the dividend paid out for the company's stock

ANSWER: B

104. The -----is defined as the present value of all cash proceeds to the investor in the stock

- A. dividend payout ratio intrinsic value
- B. intrinsic value
- C. market capitalization rate
- D. plowback ratio

ANSWER: B

105. Historically, P/E ratios have tended to be

- A. higher when inflation has been high
- B. lower when inflation has been high
- C. uncorrelated with inflation rates but correlated with other macroeconomic variables
- D. uncorrelated with any macroeconomic variables including inflation rates

ANSWER: B

106. Oscillators show the share price movement

- A. Over a reference period
- B. Below a reference period
- C. through a reference point
- D. both B and C

ANSWER: C

107. Dividend discount models and P/E ratios are used by -----to try to find mispriced securities

- A. technical analysts
- B. statistical analysts

- C. fundamental analysts
- D. dividend analysts

ANSWER: C

108. Compulsory delisting is due to

- A. violation of listing agreement
- B. capital size is small
- C. merger
- D. thin trading

ANSWER: A

109. ----- financial assets(s).

- A. building are
- B. land is a
- C. derivatives
- D. bonds

ANSWER: D

110. The ----- is defined as the present value of all cash proceeds to the investor in the stock

- A. dividend payout ratio
- B. intrinsic value
- C. market capitalization rate
- D. plowback ratio

ANSWER: B

111. Interest on bonds is typically paid:

- A. monthly
- B. quarterly
- C. semiannually
- D. annually

ANSWER: B

112. An unsecured bond is known as a :

- A. debenture
- B. indenture
- C. mortgage bond
- D. junk bond

ANSWER: C

113. The first four categories of the bond rating are known as

- A. risk-free securities
- B. high - yield securities
- C. investment grade securities
- D. top drawer securities

ANSWER: A

114. Which of the following is a measure of the value of the variables around its mean

- A. Standard Deviation
- B. Beta factor
- C. Mean
- D. Median

ANSWER: A

115. Mumbai Stock Exchange was recognised on a permanent basis in

- A. 1956
- B. 1957
- C. 1950
- D. 1958

ANSWER: B

116. P/E ratio refers to

- A. price earning ratio
- B. profit earning ratio
- C. price equity ratio
- D. profit equity ratio

ANSWER: A

117. The most popular type of investment company is a

- A. unit investment trust
- B. mutual fund
- C. closed end investment company
- D. real estate investment trust

ANSWER: A

118. A major difference between a closed end investment company and an open end investment company is that:

- A. closed end investment companies are generally much riskier
- B. their security portfolios are substantially different
- C. closed end investment companies are passive investments and open ends are not...
- D. closed end companies have a more fixed capitalization

ANSWER: B

119. It is not important to have a secondary market for mutual funds because:

- A. investors hold the securities till maturity
- B. investors trade between themselves
- C. investors sell their shares back to the company
- D. banks will cash their shares as long as they have accounts at the bank

ANSWER: D

120. A group of mutual funds with a common management are known as:

- A. funds syndicates
- B. fund conglomerates
- C. fund families
- D. fund complexes

ANSWER: C

121. The open -ended scheme of mutual funds is

- A. open on a continuous basis
- B. open for a particular period
- C. having a fixed period of maturity
- D. interest earning scheme

ANSWER: A

122. Mutual funds may be affiliated with an underwriter. this means

- A. the underwriter has an exclusive right to distribute shares
- B. the underwriter selects the securities in the portfolio
- C. there is no risk to the issuer of the mutual fund
- D. there is no risk to the investor of the mutual fund.

ANSWER: A

123. A computerized trading network that matches buy and sell orders electronically entered by customers is a

- A. national markets system
- B. electronic communications networks
- C. internet investment service
- D. global investment network

ANSWER: B

124. ----- is concerned with the interrelationships between security returns.

- A. random diversification
- B. correlating diversification
- C. friedman diversification
- D. markowitz diversification

ANSWER: D

125. Portfolio weights are found by:

- A. dividing standard deviation by expected value
- B. calculating the percentage each asset is to the total portfolio value
- C. calculating the return of each asset to total portfolio return
- D. dividing expected value by the standard deviation

ANSWER: B

126. The relevant risk for a well diversified portfolio is

- A. interest rate risk
- B. inflation risk
- C. business risk
- D. market risk

ANSWER: D

127. Portfolio risk is best measured by the

- A. expected value
- B. portfolio beta
- C. weighted average of individual risk
- D. standard deviation

ANSWER: C

128. Markowitzs main contribution to portfolio theory is

- A. that risk is the same for each type of financial asset
- B. that risk is a function of credit, liquidity and market factors
- C. risk is not quantifiable
- D. insight about the relative importance of variance in determining portfolio risk

ANSWER: B

129. The major problem with the Markowitz model is its:

- A. lack of accuracy
- B. predictability flaws
- C. complexity
- D. inability to handle large number of inputs

ANSWER: A

130. According to Markowitz, rational investors will seek efficient portfolios because these portfolios are optimal based on:

- A. expected return
- B. risk
- C. expected return and risk
- D. transaction costs

ANSWER: C

131. Under the Markowitz model, investors:

- A. are assumed to be risk- seekers
- B. are not allowed to use leverage
- C. are assumed to be institutional investors
- D. all of the above

ANSWER: D

132. The Markowitz model assumes most investors are:

- A. risk averse
- B. risk neutral
- C. risk seeks
- D. risk moderators

ANSWER: A

133. According to Markowitz, an efficient portfolio is one that has the

- A. largest expected return for the smallest level of risk
- B. largest expected return and zero risk
- C. largest expected return for a given level of risk
- D. smallest level of risk

ANSWER: B

134. ----- is the most important investment decision because it determines the risk-return characteristic of the portfolio

- A. hedging
- B. market timing
- C. performance measurement
- D. asset allocation

ANSWER: A

135. A model for optimizing the selection of securities is the -----model

- A. miller -orr
- B. black-sholes
- C. markowitz
- D. gordon

ANSWER: C

136. The Markowitz model identifies the efficient set of portfolios, which offers the
- A. highest return for any given level of risk or the lowest for any given level of return
 - B. least-risk portfolio for a conservative middle-aged investor
 - C. long run approach to wealth accumulation for a young investor
 - D. risk free alternative for risk averse investors

ANSWER: D

137. Which of the following is not normally one of the reason for a change in a investors circumstances?

- A. change in market conditions
- B. change in legal considerations
- C. change in time horizon
- D. change in tax circumstances

ANSWER: A

138. ----- are not financial assets

- A. bonds
- B. machines
- C. stocks
- D. equities

ANSWER: B

139. Asset allocation affects the investors return by

- A. altering the return on individual assets
- B. weighting the portfolio return by the allocation
- C. assuring diversification
- D. increasing the investor's use of mutual funds

ANSWER: B

140. Which of the following is a reason for selecting a mutual fund?

- A. its historic return
- B. high tax efficiency
- C. charging 12b-1 fees instead of load fees
- D. often realizing portfolio gains

ANSWER: D

141. The investment professionals that arrange the sale of new securities are called

- A. arbitrangers
- B. traders
- C. investment bankers
- D. specialists

ANSWER: C

142. The means by which individual hold their claims on real assets in a well developed economy are

- A. investment assets
- B. depository assets
- C. derivative assets
- D. financial assets

ANSWER: D

143. Commercial banks differ from other businesses in that both their assets and their liabilities are

mostly

- A. illiquid
- B. financial
- C. real
- D. owned by the government

ANSWER: B

144. Financial assets permits all of the following except

- A. consumption timing
- B. allocation of risk
- C. separation of ownership and control
- D. elimination of risk

ANSWER: D

145. Which of the following portfolio construction methods starts with security analysis?

- A. top-down
- B. bottom-up
- C. middle-out
- D. buy and hold

ANSWER: B

146. The investment professionals that arrange the sale of new securities are called:

- A. arbitragers
- B. traders
- C. investment bankers
- D. specialists

ANSWER: C

147. Technical indicators helps

- A. To find out the present state of the stock market
- B. To estimate the growth of the stock market
- C. To indicate the economic activity
- D. To show the direction of the overall market

ANSWER: D

148. Investment bankers perform the following role(s)-----

- A. market new stock and bond issues for firms
- B. provide advice to the firms as to market conditions, price, etc
- C. design securities with desirable properties
- D. bankers to the brokers

ANSWER: D

149. Assets allocation refers to -----

- A. choosing which securities to hold based on their valuation
- B. investing only in "safe" securities
- C. the allocation of assets into broad assets classes
- D. bottom -up analysis

ANSWER: C

150. Which of the following is not a characteristic of a money market instrument?

- A. liquidity

- B. marketability
 - C. long maturity
 - D. liquidity premium
- ANSWER: C

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