

INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

TYBMS - FINANCE

SEM – V

Sample Questions

Multiple Choice Questions

1. If there is an increase in interest rates than the fixed interest rate of the corporate bond will
 - a. Return to the corporation
 - b. **Decrease in value**
 - c. Remain unchanged
 - d. Increase in value
2. Which one of the following is shown first when the assets are arranged in the order of their liquidity?
 - a. Investment
 - b. **Cash in hand**
 - c. Debtors
 - d. None of the above
3. An investor invests in assets known as a
 - a. Securities
 - b. Block of Assets
 - c. **Portfolio**
 - d. None of the above
4. Over the period, investors determine the compound growth rate of an investment by
 - a. Arithmetic median
 - b. Arithmetic mean
 - c. Calculus mean
 - d. **Geometric mean**
5. Investors agree to invest in high- risk investments if only
 - a. There are any true speculations
 - b. **The predicted return is satisfactory for taking a risk**
 - c. There are no safe options except for holding cash

- d. The return is short
6. In Capital Market Line every investment is
- a. Finitely divisible
 - b. **Infinitely divisible**
 - c. Both a & b
 - d. None of the above
7. Investments would score high only if there is a protection to
- a. Real estate
 - b. Preferred stock
 - c. **Government bonds**
 - d. Common stock
8. Employment of funds with the aim of achieving additional income is known as _____
- a. **Investment**
 - b. Speculation
 - c. Gambling
 - d. Biting
9. _____ is based on tips, rumors and hunches, unplanned and without knowledge of the exact nature of risk.
- a. Investment
 - b. Speculation
 - c. **Gambling**
 - d. Arbitrage
10. Buying low and selling high, making a large capital gain is associated with _____
- a. Investment
 - b. **Speculation**
 - c. Gambling
 - d. Arbitrage
11. Rising of prices and falling of standard of living is arises at the time of _____
- a. **Inflation**
 - b. Boom period
 - c. Normal period

- d. Deflation
12. _____ Risks cover the risk of market, interest rate risk and purchasing power risk.
- a. **Systematic**
 - b. Unsystematic risk
 - c. Financial
 - d. Business
13. Risk due to internal environment of a firm or those affecting particular industry are referred to as _____
- a. **Unsystematic risk**
 - b. Systematic risk
 - c. Normal risk
 - d. Abnormal risk
14. Who is called a father of fundamental analysis_____?
- a. **Benjamin Graham**
 - b. Tinbergen
 - c. William
 - d. Elliot Wave
15. The fundamental analysis approach has been associated with _____.
- a. **Uncertainties**
 - b. Certainties
 - c. Ratios
 - d. Balance sheet
16. _____ Analysis refers the study of the variables that influence the future of a firm both qualitatively and quantitatively.
- a. **Company analysis**
 - b. Industry analysis
 - c. Technical analysis
 - d. Economic analysis
17. Technical analysis is useful_____
- a. To make an estimate of growth in a stock market
 - b. To find out the market forces influencing stock market

- c. **To indicate the direction of the overall market**
 - d. To analyze the economic activity of government.
18. The Dow Theory was developed by _____.
- a. Stock broker by the name of Dow
 - b. **An editor of Wall Street Journal by the name of Dow**
 - c. It was developed by Markowitz and Dow
 - d. It was developed by Sharpe.
19. In Dow Theory, secondary movements are those which last only for a short while are also known as _____
- a. **Corrections**
 - b. Random wiggles
 - c. Narrow movements
 - d. Fluctuations.
20. Elliott wave explains long-term pattern of price behavior of share prices in the major patterns in _____.
- a. **Five successive waves**
 - b. Three successive waves
 - c. Two successive wave
 - d. Four successive waves
21. Markowitz efficient hypothesis initiated in _____
- a. 1958
 - b. 1959
 - c. 1961
 - d. **1960**
22. _____ describes the relationship between systematic risk and expected return for assets, particularly stocks.
- a. **CAPM**
 - b. PERT
 - c. Sharpe ratio
 - d. Treynor ratio
23. Which type of market efficiency declares that current security prices totally reflect all information, equally public and private?

- a. Weak
 - b. Semi-strong
 - c. **Strong**
 - d. None of these
24. The main objective of portfolio is to reduce _____ by diversification.
- a. Return
 - b. **Risk**
 - c. Uncertainty
 - d. Percentage
25. A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as _____
- a. **Portfolio**
 - b. Investment
 - c. Speculation
 - d. Gambling