TYBAF- SEM -6

SAPM

MCQ (Bold = Correct Answer)

1. An_____is an asset or item that is purchased with the hope that it will generate income.
   (a) **Investment** (b) Assets (c) return (d) Risk

2. A_____is a professionally-managed income scheme.
   (a) SIP (b) **Mutual fund** (c) Risk (d) Return

3. Section_____is the most widely used section for claiming income tax deduction.
   (a) 80D (b) 80E **(c) 80C** (d) 80U

4. More the_____more is the profit.
   (a) Return (b) Investment (c) 80D **(d) Risk**

5. _____means marketability of an investment.
   (a) Liquidity (b) Investment (c) Risk (d) Return

6. _____refers to the loss of principal amount of an investment
   (a) Return **(b) risk** (c) investment (d) Mutual funds

7. ___refers to the protection of investor principal amount and expected rate of return.
   (a) Security (b) return **(c) safety** (d) investment

8. _____refers to an investment ready to convert into cash position.
   (a) Safe (b) Security (c) return **(d) liquidity**

9. _____means transferability or salability of an asset.
   (a) **Marketability** (b) Return (c) Risk (d) All

10 _____activity includes buying and selling of the financial assets, physical assets and marketable assets in primary and secondary markets.
   (a) own (b) Risk **(c) Investment** (d) Return

11 A good_____on an investment is the first and the foremost condition for effective investment.
   (a) Investment (b) risk (c) no returns **(d) Rate of return**

12. _____means a combination of financial assets and physical assets.

(a) **Portfolio** (b) group (c) investment (d) All

13. Portfolio_____is the process of reviewing or assessing the elements of the entire portfolio of securities or products in a business.

(a) Analysis (b) group **(c)** investment (d) securities

14. Higher _____ is associated with greater probability of higher return.

(a) return **(b) risk** **(c) i**nvestment (d) all

15. The____ is an effort to achieve a balance between the desire for the lowest possible risk and the highest possible return.

(a) group (b) investment **(c) risk return trade off** (d) securities

16. An investor is interested only in the_____portfolios.

(a) investor (b) portfolio (c) plan **(d) efficient**

17. _____assists in the selection of the most efficient by analysing various possible portfolios of the given securities.

(a) Markowitz model (b) DD Model (c) AA Model (d) BB Model

18. Portfolios that lie below the_____are sub-optimal because they do not provide enough return for the level of risk

(a) skill **(b) Efficient frontier** (c) talent (d) risk

19. The efficient frontier is the set of _____ portfolios that offers the highest expected return for a defined level of risk on the lowest risk for a given level of expected return.

(a) minimum (b) maximum **(c) optimal** (d) regular

20. The efficient frontier is a_____curve in the risk-return space that extends from the minimum variance portfolio to the maximum return portfolio.

(a) boncave (b) dancave (c) cdmc **(d) concave**

21. The selection of the _____ portfolio depends on the investor's risk aversion, or conversely on his risk tolerance.

(a) optimal **(b)** maximum (c) minimum (d) regular

22. Markowitz used the technique of quadratic programming to identify the ____ portfolios.

(a) effective **(b) efficient** (c) risk (d) investment

23. The _____model is in fact an oversimplification. It assumes that stocks move together only because of a common co-movement with the market.

(a) multi (b) double **(c) single index** (d) zero

24._____ models attempt to identify and incorporate these non-market or extra-market factors that cause securities to move together into the model.

(a) single (b) double (c) zero **(d) Multi index**

25. ___is an alternative to the single index model.

(a) Multi index (b) single (c) double (d) zero

26. _____model is more complex and requires more data estimates for its application.

(a) Zero **(b) multi index** (c) single (d) double

27. _____risk is the risk of investments declining in value because of economic developments or other events that affect the entire market.

(a) Market (b) Security (c) bazar (d) shopping

28._____risk is the risk of loss because of a drop in the market price of shares.

(a) PSC **(b) equity** (c) Debt (d) loan

29._____ risk applies when you own foreign investments.

(a) Note (b) Coins **(c) currency** (d) ALL

30._____risk is the risk of being unable to sell your investment at a fair price and get your money out when you want to.

(a) Market (b) investment (c) Seurty **(d) liquidity**

31._____risk is the risk of loss because your money is concentrated in 1 investment or type of investment.

(a) Concentration (b) Risk (c) Return (d) Beta

32._____risk applies to debt investments such as bonds.

(a) debit **(b) Credit** (c) david (d) crebid

33. _____risk is the risk of loss from reinvesting principal or income at a lower interest rate.

(a) Res-sales (b) re-purchases **(c) re-investment** (d) re -security

34._____risk is the risk of outliving your savings.

(a) citivity (b) potivity (c) shotivity **(d) longevity**

35._____risk is the risk of loss when investing in foreign countries.

(a) Foreign Investment (b) inland (c) state (d) central

36. Higher risk is associated with greater probability of higher_____,

(a) goal **(b) Return** (c) investment (d) standard deviation

37._____risk is specific to bond issues and refers to the possibility that a debt security will be called prior to maturity.

(a) put (b) sut **(c) call** (d) tut

38._____risks is associated with low potential returns.

(a) high (b) top (c) medium **(d) Low**

39. The risk-return trade-off is an important element of_____theory.

(a) Modern Portfolio (b) traditional portfolio (c) beta (d) alpha

40. The_____ is a result of external and uncontrollable variables

(a) unsystematic **(b) Systematic risk** (c) market (d) share

41.____refers to the risk which emerges out of controlled and known variables that are industry or security specific.

(a) **unsystematic** **(**b) Systematic risk (c) market (d) share

42._____measures the dispersion of data from its expected value.

(a) beta (b) alpha (c) CAPM **(d) standard deviation**

43_____measures the amount of systematic risk a security has relative to the whole market.

(a) **beta** (b) alpha (c) CAPM (d) standard deviation

44._____is a measurement of the spread between numbers in a data set.

(a) beta **(b) Variance** (c) CAPM (d) standard deviation

45. The _____s equal to the highest value that the variable can be less the lowest possible value.

(a) Beta (b) Variance **(c) range** **(d) beta**

46. _____ is a technique of reducing the risk involved in a portfolio.

(a) Beta (b) Variance (c) range **(d) diversification**

47.____helps to reduce the unsystematic risk and promotes the optimization of return for a given level of risk in a portfolio.

(a) diversification (b) Beta (c) Variance (d) range

48. Systematic risk is _____risk because the investors cannot avoid or reduce the risk arising.

(a) Diversification **(b) undiversificaion** (c) risk (d) beta

49. The art of changing the mix of securities in a portfolio is called_____as portfolio

(a) **Revision** (b) beta (c) alpha (d) CAPM

50. The sale and purchase of assets in an existing portfolio over a certain period of time to maximize returns and minimize risk is called as portfolio _____

(a) beta **(b) revision** **(c)** alpha **(d)** CAPM

51._____strategy involves frequent and sometimes substantial adjustments to the portfolio.

(a) Passive revision (b) alpha **(c) active revision** (d) beta

52. Under_____ strategy, adjustment to the portfolio is carried out according to certain predetermined rules and procedures designated as formula plans.

(a) active revision (b) alpha (c) range **(d) passive revision**

53. Portfolio_____is the last step in the process of portfolio management

(a) **evaluation** (b) plan (c) execution (d) order

54. Portfolio evaluation refers to the evaluation of the_____ of the portfolio.

(a) evaluation **(b) performance** (c) plan (d) order

55._____index is a ratio of return generated by the fund over and above risk free rate of return, during a given period and systematic risk associated with it beta.

(a) Jensen (b) Sharpe's **(c) treynor 's** (d) All

56. According to _____measure, it is the total risk of the fund that the investors are concerned about. So, the model evaluates funds on the basis of reward per unit of total risk.

(a) Jensen **(b) Sharpe's** **(**c) treynor 's (d) CAPM

57. In_____measure the surplus between the two returns is called Alpha, which measures the performance of a fund compared with the actual returns over the period.

(a) Jensen (b) Sharpe's (c) treynor 's (d) CAPM

58. A portfolio comprises several_____securities.

(a) group **(b) individual** (c) firm (d) 5

59. _____analysis attempts to measure intrinsic value of a security by examining related economic, financial and other qualitative and quantitative factors.

(a) Fundamental (b) Risk (c) Security (d) analysis

60._____ stage is the stage of startup of an industry.

(a) shahiding **(b) pioneering** (c) manojing (d) shweting

61._____stage of industry life cycle demand for the produce in the industry increases at a fast pace and every day next participants / companies entry the industry.

(a) Slow growth (b) decline stage **(c) rapid growth** (d) no growth

62. _____stage, poor performers start winding up their businesses

(a) Slow growth (b**) decline stage** **(c)** rapid growth (d) no growth

63. A _____ analysis is a study of the variable which influences the future price of a company's share.

(a) **Company** (b) individual (c) firm (d) AOP

64. The_____related with investment activities is known as operating leverage.

(a) business **(b) leverage** (c) growth (d) loss

65. _____leverage helps to examine the relationship between EBIT and EPS.

(a) operating (b) combined **(c) Financial** (d) composite

66._____leverage shows the relationship between the revenue in the account of sales and the taxable income.

(a) operating **(b) combined** **(**c) Financial (d) EPS

67_____analysis focus on charts of price movement and various analytical tools to evaluate a security's strength or weakness and forecast future price changes.

(a) Technical (b) Fundamental (c) risk (d) ratio

68. _____analysts believe past trading activity and price changes of a security are better indicators of the security's likely future price movements.

(a) Technical (b) Fundamental (c) risk (d) ratio

69. ____analysts believe that history tends to repeat itself.

(a) Technical (b) Fundamental (c) risk (d) ratio

70.____analysis is done based on technical charts, graphs and diagrams

(a) Technical (b) Fundamental (c) risk (d) ratio

71._____chart is the simplest form of charting.

(a) **Line** (b) candle stick (c) technical (d) table

72. In a _____chart, a thick bar called candle is drawn in the chart

(a) Line **(b) candle stick** (c) technical (d) table

73._____level is the lower price level at which demand for shares gains momentum.

(a) Encourage (b) line **(c) support** (d) help

74._____level is the upper price level at which supply for the shares gains momentum.

(a) top (b) bottom (c) line **(d) Resistance**

75. ____reflect resistance and support level in an upward moving market.

(a) Head and Shoulders **(**b) Top (c) bottom (d) low

76._____reflect resistance and support level in a downward moving market.

(a) Direct head **(b) inverse head** (c) support (d) market

77. A_____is identified as a narrow movement of the market either after an uptrend or a down trend.

(a) Top (b) Tiranga **(c) Flag** (d) down

78.____is one of the oldest technical methods which have been widely used

(a) MM Down (b) CC down (c) DD down **(d) charles dow**

79. _____believed in fundamental analysis.

(a) MM Down (b) CC down (c) DD down **(d) charles dow**

80____theory attempts to develop a rationale for a long-term pattern in the stock price movement.

(a) Charles dow **(b) Elliot wave** (c) DD Down (d) MM

81. The tools used by the mathematical trading methods are moving averages and_____,

(a) Charles dow (b) Elliot wave **(c) oscillators** (d) lione

82. A_____calculated over a given number of days.

(a) fixed (b) variable (c) no changes **(d) moving**

83. The_____put a higher weight on recent data point.

(a) Exponential moving (b) fixed (c) variable (d) contribution

84. An_____between two extreme values.

(a) Charles dow (b) Elliot wave **(c) oscillators** (d) lione

85._____is a momentum oscillator that measures the speed and change of price movements

(a) irrespective (b) not related **(c) Relative** (d) relation

87. The_____is a financial theory stating that stock market prices evolve according to a random walk.

(a) Random walk (b) continuous (c) regular (d) fixed

88. As per _____theory, changes in stock prices are independent of each other.

(a) Random walk (b) continuous (c) regular (d) fixed

89. The _____theory states that market and securities prices are random and not influenced by past events.

(a) Random walk (b) continuous (c) regular (d) fixed

90. The _____states that prices already reflect all known information concerning a stock or other security and that price rapidly adjust to any new information.

(a) inefficient (b) fixed (c) stable **(d) efficient market**

91. The _____hypothesis assumes that markets are efficient.

(a) inefficient (b) fixed (c) stable **(d) efficient market**

92. The _____efficient market hypothesis assumes that the rates of return on the market should be independent; past rates of return have no effect on future rates.

(a) Week form **(b) weak form** **(**c) strong form (d) teller form

93. _____EMH assumes that the rates of return on the market are independent.

(a) Week form **(b) weak form** **(**c) strong form (d) teller form

94. The_____ EMH implies that the market is efficient, reflecting all publicly available information.

(a) Week form **(b)** weak form **(c) strong form** (d) teller form

95. The_____EMH implies that the market is efficient; it reflects all information both public and private.

(a) Week form (b) weak form **(c) strong form** (d) teller form

96. The_____is a relationship explaining how assets should be priced in the capital markets.

(a) CAPM **(**b) ER (c) Risk (d) investment

97. The_____model is a model that describes the relationship between systematic risk and expected return for assets, particularly stocks.

(a) CAPM (b) ER (c) Risk (d) investment

98. Return and_____are two important characteristics of every investment

(a) CAPM **(**b) ER **(c) Risk** (d) investment

99.____helps to reduce risk.

(a) cost (b) plan (c) risk **(d) Diversification**

100.____calculates a required return based on a risk measurement

(a) CAPM **(**b) ER (c) Risk (d) investment

101. The efficient frontier arising from a feasible set of portfolios of risky assets is___ in shape.

(a) Doncave **(b) Concave** (c) cahitalicave (d) kasurcave

102. All _____portfolios of all investors will lie along this capital market line.

(a) inefficient (b) risk **(c) efficient** (d) passive

103. Capital Market Line (CML) is the _____ line drawn from the point of the risk-free asset to the feasible region for risky assets.

(a) ranger (b) tanger (c) dinger **(d) tangent**

104. _____ is a linear relationship between expected return and systematic risk (Beta) on which both portfolios and individual securities can lie.

(a) SML (b) CML (c) TML (d) DML

105. The SML has a _____ slope, indicating that the expected return increases with risk (B).

(a) Negative **(b) Positive** (c) zero (d) beta

106 _____ is a model, which help in the identification of portfolios and individual securities as undervalued of Overvalued with the help of CML and SML.

(a) CRPM (b) CAPR **(c) CAPM** (d) CDAM

107. The capital asset pricing model can also be used for evaluating the pricing of _____

(a) risk (b) return (c) investment **(d) Securities**

108.____believes that each security and portfolio has relationship with more than one factor and this relationship affects the return of it.

(a) APT (b) ABC (c) CBA (d) DCA

109. In case of the_____the law of large numbers are used for infinite or large number of securities.

(a) APT (b) ABC (c) CBA (d) DCA