

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 therate 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) certificates 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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