

**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

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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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