

Portfolio & Risk Management.

- 1 Which are the basic principles of Finance form on the basis of portfolio theory?
 - a)Time Value of Money
 - b)Safety of Money
 - c)Either(a)or(b)
 - d)Both(a)&(b).

- 2 What is to be rewarded with the time of waiting?
 - a)Investment
 - b)Portfolio of Earnings
 - c)Risk Management
 - d)Bid Value.

- 3 Who thoughts about the gaining of risks?
 - a)General Manager
 - b)Investors
 - c)Directors
 - d)Assessee.

- 4 Choice of Investment depends on
 - a)Opportunity Set
 - b)Dislikes
 - c)Preferences
 - d)Both(a)&(c).

- 5 What is the probable rate of interest on the Savings a/c of the Bank?
 - a)5%
 - b)4%
 - c)3%
 - d)3.50%

- 6 What reduces the risk to the minimum of any portfolio?
 - a)Concentration
 - b)Diversification
 - c)Investment
 - d)Portfolio Management

- 7 Valuation of assets or investments is the subject matter of
 - a)Port folio Analysis
 - b)Security Analysis
 - c)Trade Analysis
 - d)Both (a)&(b)

- 8 Relationship of the CAPM with Capital Market theory explains
- a) Valuation of Equity
 - b) Asset Specification
 - c) How assets should be priced in the capital Market
 - d) Either of these.
- 9 Which type of Competition is in the market as per portfolio theory?
- a) Pure
 - b) Perfect
 - c) Either (a) or (b)
 - d) Both (a) & (b).
- 10 What do you read about the Lending?
- a) It is merely Investment
 - b) It is investment in a risk less security
 - c) It gives direction of Investment
 - d) It gives financial support for Investment
- 11 What is the meaning of X in Portfolio theory?
- a) Percentages of funds invested in risk less portfolio
 - b) Percentages of funds invested in risky portfolio
 - c) Either (a) or (b)
 - d) Both (a) & (b)
- 12 How Negative relationship of the risk & return deal to CAPM theory?
- a) Favorable
 - b) Negative
 - c) Contrary
 - d) Affirmative
- 13 Maximizing the Return in minimized Risk is directed by the
- a) Finance Management
 - b) Portfolio Management
 - c) Corporate Management
 - d) Monetary Management.
- 14 Raw Material Availability is the risk of -----nature.
- a) Systematic
 - b) Company Related
 - c) Either (b) or (d).
 - d) Unsystematic

15 What is Return?

- a) Risk Portfolio
- b) Income From Investment
- c) Revenue of Investors
- d) Assessment Of Investment.

16 Who persuades the group of people to savings & investments?

- a) Rebate
- b) Refund
- c) Risk
- d) Return

17 Investment Decisions are made on the basis of the-----Return.

- a) Realized
- b) Expected
- c) Either(a)or(b).
- d) Both(a)&(b).

18 For the price fixation of the risky securities in the market-----was developed.

- a) CAM
- b) MPT
- c) CAPM
- d) All of these.

19 What investor is aiming at?

- a) Maximizing Wealth
- b) Maximizing the utility of wealth
- c) Avoiding Wealth hazards
- d) Taking maximum risk to create the max wealth.

20 Investors have-----expectations of the Risk-Return.

- a) Different
- b) Uncommon
- c) Similar
- d) Broad.

21 What can be the best estimate of the present value of the future returns?

- a) Risk of Asset
- b) Portfolio of Asset
- c) Price of Asset
- d) Value of Asset

- 22 Beta can also be used as a
a) Measure of risk
b) Portfolio risk
c) Trading risk
d) Conceptual risk.
- 23 What can be the source of the Expected Return?
a) Portfolio
b) Total Risk
c) Investment
d) Rate of Return.
- 24 What is the portfolio expected returns?
a) simple average
b) weighted average
c) statistic average
d) prudent average
- 25 Pattern of investment in the different asset categories, types of instruments, security categories is described under the caption of
a) investment
b) portfolio
c) diversification
d) trading
- 26 3 outcomes of the company P are showing expected returns as 5, 12, 28 with probabilities as .2, .5, .3 What is their Deviations from the Expected Returns in the 1st outcome?
a) 10.4
b) 8.37
c) 10.2
d) 12.5
- 27 3 outcomes of the company P are showing expected returns as 5, 12, 28 with probabilities as .2, .5, .3 What is their Deviations from the Expected Returns in the 3rd outcome?
a) 4
b) 6
c) -12.6
d) -6.12
- 28 Which theory pertains to the view that selection of assets should be based on the lowest risk?
a) Modern Portfolio theory
b) Traditional Portfolio theory
c) Contractual Portfolio theory
d) Both (a) & (b)

- 29 When to take the return?
- a) Deduction in the share price
 - b) Appreciation in the share price
 - c) Depreciation in the share price
 - d) No effect on the share price.
- 30 Appreciation in the share prices leading to
- a) wipe the return
 - b) hold the return
 - c) take the return
 - d) None of these.
- 31 Standard Deviation measures the
- a) sufficiency of returns
 - b) Variability of returns
 - c) Moderate returns
 - d) prosperity of returns.
- 32 What is an Opportunity Set?
- a) Assumptions of assets
 - b) Directions of assets
 - c) Combinations of assets in the portfolio
 - d) predictions of assets in the portfolio
- 33 Combinations of assets in the portfolio is known as the
- a) Set of Investments
 - b) Set of the finances
 - c) Opportunity sets
 - d) Investment portfolio
- 34 What happens to the systematic risk when Beta is used?
- a) increases
 - b) reduces
 - c) forwards
 - d) constant
- 35 What is the measure of the sensitivity of the return of one asset to market return?
- a) Unsystematic risk
 - b) Systematic risk
 - c) Either (a) or (b)
 - d) Both (a) & (b)

- 36 What do you understand by the asset preferences profile?
- a) Preferences for the risky assets
 - b) Preferences for the risk less assets
 - c) Preferences for the heavy assets
 - d) Preferences for the worth of asset
- 37 What can be the initial point of the securities for the investments?
- a) Rate of interest
 - b) Tax exempt incomes
 - c) Period of investment
 - d) Investment risk
- 38 Long term capital gains are taxable @
- a) 15%
 - b) 16%
 - c) 20%
 - d) 25%
- 39 Income from interest on debentures & on the co. deposits is deductible at source if it exceeds Rs.
- a) 2500p.m.
 - b) 5000p.a.
 - c) 2500p.a.
 - d) 10000p.a.
- 40 Who owned the corporates?
- a) Directors
 - b) Managers
 - c) Investors
 - d) Financers
- 41 Financial Bankers & institutions are generally contracted through the companies in the matters of the
- a) investments
 - b) deposits
 - c) operations
 - d) loans
- 42 Share price quotations of a high risk co. is denoting that
- a) a low premium against the low risk co.
 - b) a high premium against the low risk co.
 - c) a low premium against the high risk co.
 - d) a high premium against the high risk co.

43 Usually a well diversified company is preferred to a company of the

- a) same product line of the business
- b) uniproduct line of the business
- c) Multilateral product of the business
- d) single product business