

SANDESH COLLEGE OF ARTS, COMMERCE & SCIENCE

TYBBI VI SEM

SUB- SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

QUESTION BANK(CBCGS)

	Question	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	All personal investing is design to achieve certain	investment	objectives	risk	return
2	which one of the following is a finanacial investment?	Purchase of shares	purchase of farm house	purchase of land	purchase of vehicle
3	The main objective of portfolio is to reduce ..... By diversification.	risk	percentage	uncertainty	return
4	if the ..... is more then the profit is also more.	investment	return	risk	liquidity
5	The ..... is the combination of financial asset and physical assets.	liquidity	portfolio	investment	safety
6	The fundamental analysis (investment) approach has been associated with	balancesheet	ratios	certainities	uncertainities
7	..... Is an alternative to the single index modle	index model	multi index model	single index model	markowitz model
8	.....risks are associated with low potential returns.	high	average	no	low
9	..... is a technique of reducing the risk involved in a portfolio.	diversification	change	variance	variation
10	This type of risk is avoidable through proper diversification.	syestamatic risk	unsyestamatic risk	total risk	portfolio risk
11	A portfolio comprises seveall ..... Securities	multiple	individual	joint	joint as well as several
12	Beta is the scope of	security market line	capital market line	charactristics line	capital assets pricing model
13	An Aggressive common stock would have a beta;	equal to one	equal to zero	less than one	greater than one
14	A measure of risk per unit of expected return	correlation coefficeint	coefficient of variation	beta	standard deviation
15	Portfolio ..... is the last step in the process of portfolio management	alteration	revision	evaluation	correction
16	Portfolio evaluation refers to the evaluation of the ..... Of the portfolio.	non perforamnce	target performance	variation	performance
17	..... strategy involves frequent and sometimes substential adjustments to the portfolio.	revision	active revision	passive revision	evaluation
18	..... index is a ratio of retrum generated by the fund over and above risk free rate of return, during a given period and syestematic risk associated with it beta.	Sharpe's	treynor's	jension	Jordans
19	under .....strategy, adjustment to the portfolio is carried out according to certain predetermined rules and procedures designated as formula plans	passive revision	active revision	revision	evaluation
20	A bond is a ..... Instrument.	own	bad debt	debt	investment
21	the ..... is the rate of return that an investor would earn if he bought a callable bond at its current market price.	yield to call	yield to maturity	call price	maturity
22	The bond holders are the ..... of the company.	debtor	owner	creditor	Board of director
23	The sinking fund reduces the liability of .....	paid	arrearas	uncalled	default
24	the rate of interest is used to discount the bonds a cash flows is known as the	yield to call	yield to maturity	maturity	call price
25	The amount of Bond is not paid until its .....	interset is pending	due date	maturity	redeemable

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26	Return on investment is determined by .....	Net profit	capital employed	net profit and capital employed	net worth
27	The fundamental analysis is method of finding out....	future price of security	value of share	ratios	future price of security
28	Combined Leverage is equal to	financial leverage + operating leverage	financial leverage - operating leverage	financial leverage * Operating leverage	financial leverage/ operating leverage
29	..... leverage helps to examine the relationship between earning before tax and earning per share	financial	combined	Financial + combined	financial leverage - operating leverage
30	Which analysis provides a simplified picture of price behaviour of a share?	funds flow	fundamental	technical	ratio
31	..... chart is a simplest form of charting.	line	flag	candle stick	head n shoulder
32	the tools used by the mathematical trading methods are moving average method.....	moving average	oscillators	resistance	support
33	A..... is identified as narrow movement of the market either after an uptrend or a down trend.	head and shoulders	candle stick	line	Flag
34	the ..... is weighted average of a price data which put a higher weight on recent data point.	moving average	exponential moving average	weighted average	Average
35	..... Believed in fundamental analysis	charles dow	elliott wave	oscillators	Sharpe's
36	..... Analysis is focus on charts of price movement and various analytical tools to evaluate a security's strength or weakness and forecast future price changes.	line	technical	candle stick	flag
37	As per ..... theory changes in stock prices are independent of each other.	random walk hypothesis	efficient market hypothesis	weak form	random walk
38	the ..... Hypothesis assumes that markets are efficient	efficient market	random walk	random walk hypothesis	strong form
39	The ..... Efficient Market hypothesis implies that the market is efficient, it reflects all information both public and private.	weak form	semi strong form	strong form	semi weak form
40	the ..... Theory states that market and securities prices are random and not influenced by past events.	strong form	random walk hypothesis	weak form	random walk
41	the ..... states that prices already reflect all known information concerning a stock or other security and that price rapidly adjust to any new information.	efficient market hypothesis	weak form	weak form hypothesis	semi strong form
42	the ..... efficient market hypothesis assumes that the rate of return on the market should be independent ; past rates of return have no effect on future rates.	semi strong form	strong form	weak form	semi weak form
43	All ..... Portfolio of all investors will lie along this capital market line.	efficient	positive	arbitrage	concave
44	The Capital asset pricing model can also be used for evaluating the pricing of	assets	mutual fund	securities	risk
45	Market risk also called	system risk and diversifiable risk	nondiversifiable risk and systematic risk	systematic risk and unique risk	unique risk and nondiversifiable risk
46	The beta of market portfolio is	0.5	0	-1	1

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47	According to the capital market line, the expected return of any efficient portfolio is a function of:	systematic risk	unsystematic risk	total risk	unique risk
48	The market risk premium is the slope of	the capital market line	the security market line	the opportunity line	the characteristic line
49	The market risk premium is 15% and the risk free rate is 5%. The beta of the assets 'X' is 0.2. what is Asset 'X' expected return under the Capital assets pricing model?	30%	20%	8%	12%
50	According to the capital Assets Pricing Model, overprice securities have;	negative alphas	negative betas	zero	positive Alphas
51	The risk return trade off is an important element of _____ Theory.	modern portfolio	single index	markowitz model	multi index model
52	_____ risk is the risk of being unable to sell your investment at a fair price and get your money out when you want to.	capital	longevity	liquidity	equity
53	A sinking fund reduces the possibility of _____.	default	nonpayment	repayment	fulfilment
54	The shareholders can extend their shareholdings by issue of _____ from the company.	Debentures	Demat Company	Prospectus	CDSL
55	If a company returns the share transfer documents, to a buyer of its shares, without registration, for being defective, then such return is termed as _____.	Defective Share	Dematerialize Share	Bad Delivery	Depository Consultant
56	A collection of assets in which an investor invests is known as a _____.	Block of Assets	Portfolio	Securities	Prospectus Letter
57	A Finance Company in which a Demat account can be opened is known as _____.	Bonus Share	Depository Consultant		Demat account
58	A trading lot is fixed at shares when the face value of the share is Rs.10	100	10	50	20
59	There are recognized Stock Exchanges in India	20	23	24	25
60	If the number of shares allotted to an Applicant is less than that applied for, the excess application money will be _____.	Refunded	Adjusted with the call money	Either of the above	None of the above
61	NSE stands for	National Security Exchange	National Stock Exchange	Notional Secure Exchange	Notification of Security Expenses
62	Earliest Closing Date of share issue must be at least _____ days after the date of opening of issue.	3	5	10	30
63	A document which contains the important details about the issue of shares is known as	EMI BOND	IPO Offer Document	Prospectus	Prospectus Letter
64	During Book Closure period, no transaction is recorded in which of the following?	Books of Accounts	Bonus Share	Register of Shares	Register of Share Issue
65	Ajay has invested his savings in bonds where the total investment amount has to be paid in instalments. The type of bond is	Easy Investment Bond	Easy Instalment Bond	EMI BOND	Easy Index Bond
66	The authority which regulates the stock market is	NSDL	RBI	SEBI	CDSL
67	NSDL stands for	Nominal Securities Depository Limited	National Securities Depository Limited	National Savings Depository Limited	Nominal Savings Depository Limited
68	POSS stands for	point of sale system	Pay Order Savings Scheme	Post Office Savings Scheme	Post Office Savings System
69	Shares which have been transacted upon once are traded only in the -----	Demat account	Depository Accountant	Right Share	Pay Order

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70	Electronic system of securities trading is possible through a	Depository.	Stock Exchange	Share Offer Document	Register of Members
71	Convertible debentures can be converted into	Shares	Bonds	Needs	Pay Order
72	To acquire ---- shares, shareholders have to pay an extra amount.	Bonus	Rights	Convertible	Non Convertible
73	An extra price paid to the broker while making transaction in Stock Exchange is called	Brokerage	Commission Broker Fees	Securities Transaction Charges	EMI Bond
74	Investment refers to what one does with his/her	Savings	Expenses	Needs	Right Share
75	A public company must have minimum paid up capital of Rs.	Rs.1 lakh	Rs.5 lakhs	Rs.50 lakhs	Rs.1 Crore
76	The term "I.P.O." stands for	Investment Public Organization	Indian Post Office	Initial Portfolio Orientation	Initial Public Offering
77	A debenture may be described as a	Share	Asset	Creditorship security	Right Share
78	The full form of "P." is	Dematerialization Prospective	Deposit Principal	Depository Participant	Asset
79	N.V. stands for	Net asset value	Net Asset vault	New Assets Verification	Net Actual Valuation
80	Investment refers to what one does with his/her	Income	Savings	Profit	Asset
81	When a company raises funds by the sale of additional equity shares to the existing equity shareholders, on the basis of their shareholding, it is called		Issue of Bonus Share	Re- issue of Forfeited Share	Issue of Additional Shares
82	PPF stands for	Preference Present Fund	Predefine Provision Fund	Public Provident Fund	Post Provision Facility
83	NSE stands for	National Security Exchange	National Stock Exchange	Notional Security Exchange	Notification of Security Expenses
84	A trading lot is fixed at --- shares when the face value of each share is Rs.10.	100	10	50	20
85	Earliest Closing Date must be after the -----	Issue Opening Date	Book Closing Date	Issue Closing Date	Record Date
86	The shareholder can also be defined as the	Owner of the company	Member of the company	Both (a) and (b)	Issue of Rights Share
87	Call money is payable on	Fully paid-up shares	Partly paid-up shares	Both (a) and (b)	Net Asset Value
88	I.P.O.s are traded in	Primary Market	Secondary Market	Both of the above	Dematerialization Prospective
89	----- are allotted free of cost to the existing shareholders.	Equity Shares	Preference Shares	Bonus Shares	Right Shares
90	In the Treynor-Black model	portfolio weight are sensitive to large alpha values which can lead to infeasible long or short position for many portfolio managers.	portfolio weight are not sensitive to large alpha values which can lead to infeasible long or short position for many portfolio managers.	portfolio weight are sensitive to large alpha values which can lead to the optimal portfolio for most portfolio managers.	portfolio weight are not sensitive to large alpha values which can lead to the optimal portfolio for most portfolio managers.

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91	Benchmark portfolio risk is defined as	the return difference between the portfolio and the benchmark	the variance of the return of the benchmark portfolio	the variance of the return difference between the portfolio and the benchmark	the variance of the return of the actively-managed portfolio
92	Benchmark portfolio risk	is inevitable and is never a significant issue in practice.	is inevitable and is always a significant issue in practice.	cannot be constrained to keep a Treynor-Black portfolio within reasonable weights.	can be constrained to keep a Treynor-Black portfolio within reasonable weights.
93	_____ can be used to measure forecast quality and guide in the proper adjustment of forecasts.	regression analysis	exponential smoothing	ARIMA	moving average models
94	Even low-quality forecasts have proven to be valuable because R-squares of only _____ in regressions of analysts' forecasts can be used to substantially improve portfolio performance.	0.656	0.452	0.258	0.001
95	The _____ model allows the private views of the portfolio manager to be incorporated with market data in the optimization procedure.	Black-Litterman	Treynor-Black	Treynor-Mazuy	
96	The Black-Litterman model and Treynor-Black model are	nice in theory but practically useless in modern portfolio management.	complementary tools that should be used in portfolio management.	contradictory models can not be use together; therefore, portfolio managers must choose which one suits their needs.	not useful due to their complexity.
97	The Black-Litterman model is geared toward _____ while the Treynor-Black model is geared toward _____.	security analysis; security analysis	asset allocation; asset allocation	security analysis; asset allocation	asset allocation; security analysis
98	Alpha forecasts must be _____ to account for less-than-perfect forecasting quality. When alpha forecasts are _____ to account for forecast imprecision, the resulting portfolio position becomes _____.	shrunk, shrunk, far less moderate	shrunk, shrunk, far more moderate	grossed up, grossed up, far less moderate	grossed up, grossed up, far more moderate
99	Tracking error is defined as	the difference between the returns on the overall risky portfolio versus the benchmark return.	the variance of the return of the benchmark portfolio	the variance of the return difference between the portfolio and the benchmark	the variance of the return of the actively-managed portfolio
100	The tracking error of an optimized portfolio can be expressed in terms of the _____ of the portfolio and thus reveal _____.	return; portfolio performance	total risk; portfolio performance	beta; portfolio performance	beta; benchmark risk