

IAT -1 : Investment Management (18MBAFM302)

* Required

1. 1. Investment is the employment of funds on assets with the aim of * 1 point

Mark only one oval.

- Earning income - Capital appreciation
- Earning Income / capital appreciation
- Earning income + Capital appreciation
- Earning income x Capital appreciation

2. 2. In the process of -----, the present consumption is sacrificed to get a return in the future. * 1 point

Mark only one oval.

- Trading
- speculating
- Arbitration
- Investment

3. 3.----- is about taking up the business risk in the hope of achieving short term gains. * 1 point

Mark only one oval.

- Speculation
- Investment
- Gambling
- Trading

4. 4. A speculator is primarily interested in ----- * 1 point

Mark only one oval.

- Only current income
- only capital appreciation
- Both current income and capital appreciation
- none

5. 5. In ----- the outcome of investment is a matter of luck * 1 point

Mark only one oval.

- Speculation
- Trading
- Gambling
- Investment

6. 6. ----- yield only capital appreciation. *

1 point

Mark only one oval.

- Non negotiable securities
- Financial Investments
- Non financial Investments
- Negotiable securities

7. 7. Calculate holding period return from the following data : Price at the beginning is Rs 100, Interest on debenture is Rs 10, price at the year end is Rs 200. *

1 point

Mark only one oval.

- 150%
- 120%
- 110%
- 50%

8. 8. ----- refers to the possibility of incurring loss in a financial transaction. *

1 point

Mark only one oval.

- Only Risk
- Only Uncertainty
- Both risk and Uncertainty
- Marketability

9. 9. In ----- step involves implementing in portfolio plan by buying / selling specified securities in given amounts and holding period. * 1 point

Mark only one oval.

- Selection of securities
- Formulation of Portfolio strategy
- portfolio revision
- Portfolio execution

10. 10. ----- represents encashment without a time lag or loss of money, and no risk is involved * 1 point

Mark only one oval.

- Marketability
- liquidity
- Convenience
- Safety

11. 11. ----- is the return which is actually realized on the investment * 1 point

Mark only one oval.

- Total return
- Relative return
- Expected return
- Historical return

12. 12. An equity share is purchased at the beginning for Rs 450, the dividend paid by the company is Rs 50 . Calculate current return * 5 points

Mark only one oval.

- 12.11%
- 11.12%
- 11.11%
- none

13. 13. A sum total of current return and capital return is termed as * 1 point

Mark only one oval.

- Expected return
- Relative return
- Holding period return
- Total return
- Holding period return or total return

14. 14. Calculate Relative Return from the following data; If Total return is 10%. * 1 point

Mark only one oval.

- 1.20
- 0.90
- 1.10
- none

15. 15. ----- return which is estimated to be earned on an investment is known as expected return. * 1 point

Mark only one oval.

- Total return
- Relative return
- Expected return
- Historical return

16. 16. calculate expected return from the following data * 5 points

Probabilities	security A (%)	security B (%)
0.5	4	0
0.4	5	3
0.2	3	4

Mark only one oval.

- Return for A = 5.6% , return for B = 3%
- Return for A = 6.7% Return for B = 4%
- Return for A = 4.6% Return for B = 2%
- none

17. 17. Also calculate risk for the above problem 16. *

5 points

Mark only one oval.

- Risk for A = 0.98% risk for B = 2.79%
- Risk for A = 0.87% Risk for B = 1.79%
- none

18. 18. From the above problem which security is best to invest? Use return per unit of risk and give conclusion *

6 points

Mark only one oval.

- Security B
- Security A
- none

19. 19.----- reduces risk in portfolio *

1 point

Mark only one oval.

- planned investment
- Unplanned investment
- Diversification
- none

20. 20. Other name for systematic risk *

1 point

Mark only one oval.

- Diversifiable risk
- Non diversifiable risk
- none

21. 21. From the following data calculate portfolio return; *

5 points

	Amount Invested. (in ₹1000)	<u>R</u>
A	200	5%
B	250	3%
C	1000	2%

Mark only one oval.

- 3.60%
 4.67%
 2.59%
 none

22. 22. A Portfolio Consists of 2 securities 1 and 2 in the proportions of 0.6 and 0.4. The standard deviations of the return in securities $\sigma_1 = 10$ and $\sigma_2 = 16$. The coefficient correlation between the securities 1 and 2 is 0.5. What is the standard deviation of the portfolio return. *

5 points

Mark only one oval.

- 12.74%
 10.47%
 10.74%
 none

23. 23. ----- reflects the degree to which the returns of 2 securities vary or change together *

1 point

Mark only one oval.

- Correlation coefficient
- Covariance
- Portfolio risk
- none

24. 24. If Covariance is negative it implies: *

1 point

Mark only one oval.

- Return of two securities move in same direction
- Return of two securities move in opposite direction
- none

25. 25. If correlation of 2 securities is "0" it implies *

1 point

Mark only one oval.

- There is a very strong relationship between two securities
- there is a negative relationship between two securities
- There is no relationship between two securities
- none

26. 26. Name *

27. 27. USN *

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