

Sheth T.J. Education Society's
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Subject Name: Security Analysis & Portfolio Management

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Class: TYBBI SEM 6

MULTIPLE CHOICE QUESTION (MCQ) QUESTION BANK

Sr.No	Question	Option A	Option B	Option C	Option D
1	_____type of risk is avoidable through proper diversification?	Portfolio Risk	Systematic risk	Unsystematic risk	Total risk
2	A measure of risk per unit of expected return is_____	Standard deviation	Coefficient of variation	Beta	Correlation coefficient
3	The fundamental analysis is a method of finding out _____	Ratios	Value of a share	Tips	Future price of a security.
4	_____ analysis provides a simplified picture of price behavior of a share?	Fundamental	Technical	Ratio	Funds flow
5	Return on investment is determined by_____	Net profit	Capital employed	Net worth	Net profit and capital employed
6	Technical analysts believe that the price of a share depend upon _____in the stock market.	Supply	Demand	Demand and supply	Volume
7	Investors who look for a chance to make money fast are known as _____	Business man	Speculators	Depositor	Arbitrager

8	_____ refers to appreciation of investment.	Capital Growth,	Risk	Liquidity	Dividend
9	NASDAQ is an _____ stock exchange	Indian	American	Japan	Russia
10	_____ market is predominantly an over night market.	Money	Call Money	Short money	Capital market
11	_____ is the chance of loss due to variability of return on an investment	Risk	Return	Dividend	Trade off
12	The risk in debt instruments is _____ as compared to ownership instruments like shares.	Higher	Lower	Medium	Greater
13	_____ Risk applies when you own foreign investments.	Commodity	Currency	Liquidity	Credit
14	_____ risk is the risk of issuer of investment going bankrupt.	Default	Financial	Currency	Political
15	Portfolio is combination of _____	stock	securities	Assets	Debt fund
16	_____ is one of the principle of portfolio management	Profit minimization	Tax maximization	Profit maximization	Risk maximization
17	Changing the mix of a portfolio is known as _____.	Portfolio revision	Portfolio diversification	Portfolio creation	Portfolio generation
18	Bond is issued generally for _____ term.	Long	Short	Medium	14 days

19	A bond is _____ instrument.	Debt	Equity	Hybrid	Money Market
20	The set of portfolios in which an investor can possibly invest in are called as _____	Feasible	Non feasible	Technical	Fundamental
21	Fundamental analysis has ____ level of analysis.	3	2	1	5
22	A _____ is qualified and expert in managing portfolios on behalf of its clients.	Portfolio manager	Risk manager	Arbitrager	Speculator
23	Elliot wave theory was established in _____.	1930	1940	1950	1960
24	Fundamental analysis provides _____ analysis of securities.	Long term	Short term	Medium term	Perpetual
25	_____ is a par value of a bond at which the bond was sold to investor.	Face Value	Market value	Intrinsic value	Collective value
26	The second phase of fundamental analysis is _____	Industry	Economic	Company	Technical
27	Investing in shares are done by investor who seeks _____	Capital growth	Low growth	Fixed income	Low risk
28	Technical Analysts believe that _____	Price of share depends on performance of the company.	Price of share depends on demand and supply of share in market.	Price of share depends on speculator's action.	Price of shares remains unchanged

29	The primary purpose of investment is to _____	Gain	loose	win	appreciation
30	Portfolio management means _____	managing investments professionally.	Proper accounting for investments	Selection of investments and constant shifting of portfolio.	investing money in stock market
31	Which of the following is a financial investment?	Buying a TV.	Purchasing a new house	Taking an insurance policy	Purchase of Shares of a company
32	All personal investing is designed to achieve certain _____	Objectives.	Risks	Investments.	Returns
33	The minimum maturity of treasury bills is _____	14 days	28 days	45 days	60 days
34	Which of the following entities issues the 'Gilt edged' Securities?	Multinational Companies.	Reputed domestic companies	Private sector enterprises	Central and State Governments
35	Portfolio _____ is the process of reviewing or assessing the elements of the entire portfolio of securities or products in a business.	Management	Analysis	Selection	Restructuring
36	A measure of risk per unit of expected return is _____	standard deviation	coefficient of variation	correlation to no coefficient	beta
37	_____ Strategy involves frequent and sometimes substantial strategy, adjustment to the portfolio .	Active Revision	Passive Revision	No revision	Indexing
38	Under _____ strategy adjustments to the portfolio. According to certain predetermined rules and procedures designated as formula plans.	Active Revision	Passive Revision	No revision	Indexing
39	Portfolio evaluation refers to the evaluation of the _____ of the portfolio.	Stocks	Mutual funds	Performance	category

40	Majority of the tax exemptions on investing in securities falls under section _____	80C	80E	80P	80F
41	The periodic interest payments promised to bond holders are computed as a fixed percentage of the bond's face value; the percentage is known as the _____	NAV	Coupon Rate	Dividend	Bonus
42	What is the EPS if profit after tax is Rs.11,04,000, Equity share capital is Rs.16,00,000 @share of Rs.10 each.	Rs.6.9	Rs.1.38	Rs.16	Rs.9.6
43	Calculate the stock turnover ratio if opening stock is Rs.1,00,000 closing stock is Rs.1,50,000 and Cost of goods sold is Rs. 10,00,000	8 times	12 times	4 times	6 times
44	Operating leverage is calculated as _____	contribution /EBIT	EBIT /EBT	EBIT /contribution	Net profit/ contribution
45	if the combined leverage is 2.16 and operating leverage is 1.2 the financial leverage will be	1.8	2.6	0.50	1.6
46	Bond, debentures and term loans fall under _____	Non-current liabilities	Current assets	Non-current Assets	Current liabilities
47	Efficient portfolios can be defined as those portfolios which for a given level of risk provides _____	Maximize return	Minimum return	Average return	lower returns
48	Determine Working capital turnover ratio if, Current assets is Rs 1,50,000, current liabilities is Rs 1,00,000 and Cost of goods sold is Rs 3,00,000.	6 time	3 times	5 times	1.5 times
49	Marketable financial assets can be sold in _____	Capital market	Real estate market	metal market	bullion market
50	An investor with less tolerance risk should invests in _____	Bonds	Shares	property	Currency
51	Company analysis involves _____	Trend analysis and ratio analysis	Ratio analysis only	trend analysis only	variance analysis

52	Quick ratio is also called as _____	Acid test ratio	current ratio	non current ratio	investment ratio
53	Investment Banks primarily performs which of the following function.	Public offering of securities	Savings deposits	bank overdrafts	loans
54	Small Cap Stocks are companies with smaller _____	market capitalization	business	turnover	profits
55	Hybrid mutual fund schemes invests in _____	debt and equity	post office savings	Debt only	private companies
56	Money market instruments have a maturity period of less than _____	one year	two years	three years	4 years
57	Online share Trading is preferable because _____	it eliminates the middlemen	quick profits	slower transactions	high brokerage
58	standard deviation is a measure of _____	Total risk	Systematic risk	Unsystematic risk	market risk
59	Risks in investments can be _____	Diversified	Removed	Avoided	adjusted
60	Inventory turnover ratio is calculated by the following formula	COGS/Average stock	Average stock/COGS	Sales/Average stock	Average stock/Sales
61	As per capital asset pricing model, securities that lie on security market line are _____ valued.	Correctly	over	under	not
62	Current ratio is a _____ ratio.	solvency	activity	profitability	liquidity
63	High asset turnover & high operating profit will lead to high _____.	ROI	debt equity	leverage	liquidity
64	The factor which is not relevant for determination of debt equity mix.	Industry Norms	Nature of Asset base	Taxation	Viability of Cash flows

65	Capital Structure decision should always aim at having debt component in order to _____	Increase EPS	Balance the Capital Structure	Gain Control	Gain Tax Sayings
66	If EBIT is less than financial break even point then _____	EPS will be Negative	EPS will be Positive	No effect on EPS	Cash of Debt Increases
67	As per _____ form of efficient market hypothesis current market prices only reflect past price movements.	weak	strong	semi-strong	market
68	Investors who use technical analysis, start checking the market action of the share if it is _____	favorable	unfavorable	Ethical	Disadvantageous
69	The market risk premium is the slope of _____	the capital market line	the efficient frontier	the characteristic line	the security market line
70	_____ is also important factor to be considered while making an investment	Productivity	Marketability	Transferability	Creativity
71	_____ offers multiple option to investors and help them to select best scheme as per their investment objectives.	Mutual Funds	PPF	Equity Shares	Debentures
72	Foreign currency risks can be eliminated using _____	Derivatives contract	IDR	ADR	GDR
73	_____ measure provides a measure of return relative to beta.	Treynor's Index	Dow Jones	Markowitz	Jensens
74	_____ theory believes that the investors prefers larger to small returns on securities.	Modern	Traditional	Markowitz	Sharpe
75	The beta of market portfolio is _____	0.5	1.0	-1.0	-0.5
76	_____ is a combination of Financial and Physical	Portfolio	Beta	Securities	Efficient frontier

	Assets.				
77	The objective of portfolio is to reduce _____ by diversification.	Return	Risk	Uncertainty	Percentage
78	_____ risk is a risk of loss because the securities are concentrated in one type of investment	Liquid Risk	Concentration Risk	Market Risk	Variable Risk
79	The investors who are not willing to take high risk generally opt for _____ type of investment	Equity	Debt	Hybrid	Money Market
80	_____ is an expert, who handles the portfolio on behalf of client.	Portfolio Manager	Risk Taker	Investment adviser	Creditor
81	A financial market is a market in which people and entities can trade _____	Only Financial Securities	Financial securities and commodities & Derivatives	Commodities	Derivatives
82	Rate of return should be _____ than the inflation rate in the economy.	Equal	Greater	Lower	inverse
83	Risk and Return have _____ relationship.	Inverse	Direct	Clear	Non significant
84	Portfolio _____ is the last step in Portfolio management.	Evaluation	Implementation	Creation	Nomination
85	_____ is one of the objectives of investing in securities.	Tax reduction	Speculation	Risk maximization	Profit minimization
86	_____ is a physical asset.	Gold	Shares	Bonds	Preference Shares
87	The Post office saving scheme is the deposit scheme offered by post office department and it offers _____ returns	Lowest	Highest	Fixed	Variables
88	_____ is a type of insurance plan in which the premium is invested in Shares. Bonds and other securities.	ULIP	Endorsement plan	Child plan	Jeevan suraksha plan

89	The PPF account has lock in period of _____ years.	5 years	10 years	15 years	25 years
90	Gamblers generally expects _____	Uncertain and high returns	Fixed returns	Low returns	Risk free returns
91	A _____ is professionally managed investment scheme.	Mutual Funds	Equity	Bonds	Debentures
92	_____ is one of the factor involved while doing Economic analysis.	GDP	Returns	Share Market	Intermediaries
93	_____ ratios tests if the company is using their asset and liabilities to maximize its profits.	Solvency ratios	Efficiency ratios	Profitability Ratios	Liquid ratios
94	Formula for dividend payout ratio is _____	DPS/EPS*100	DPS/MPS*100	MPS/EPS*100	MPS/DPS*100
95	Formula for Net profit ratio is _____	Operating Profit/net sales *100	Gross profit/Net purchases*100	Gross sales/gross profit*100	Profit/assets*100
96	Formula for dividend yield ratio is _____	DPS/MPS*100	DPS/EPS*100	MPS/EPS*100	MPS/DPS*100
97	Formula for inventory ratio is _____	COGS/Average stock	Working capital/average stock	Asset/working capital	Average stock/COGS
98	EBIT =2000000 EBT= 1100000 Financial Leverage = ?	1.81	1.62	1.52	195
99	Contribution = 400000 EBIT=160000 Operating leverage=?	2.5	3.5	1.5	2.25
100	Operating leverage= 2.5	4	6	5	3.5

	financial leverage=1.6 Combine Leverage=?				
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