

Unit 4 - Week 2

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Assignment 2

The due date for submitting this assignment has passed. Due on 2020-02-12, 23:59 IST.
 As per our records you have not submitted this assignment.

- 1) Risk that is diversifiable through proper diversification is:
 - a. Systematic risk
 - b. Unsystematic risk
 - c. Total risk
 - d. Portfolio risk

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- 2) A statistical measure of the degree to which one variable moves with the other :
 - a. Covariance
 - b. Coefficient of variation
 - c. Variance
 - d. Certainty equivalent

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- 3) An aggressive common stock will have a beta value of:
 - a. Equal to zero
 - b. Less than one
 - c. Greater than one
 - d. Equal to one

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- 4) Which among the following is NOT an unsystematic risk?
 - a. Default Risk
 - b. Liquidity Risk
 - c. Maturity Risk
 - d. Interest Rate Risk

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d
- 5) Which of the following is/are examples of objective probability
 - a. Common stock rates of return.
 - b. Coin-flipping experiment.
 - c. Bond rates of return.
 - d. Both the first and second answer.

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- 6) _____ is measured by the distribution of the firm's operating income (i.e., firm's earnings before interest and tax) over time
 - a. Business Risk
 - b. Financial Risk
 - c. Default Risk
 - d. Liquidity Risk

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- 7) Capital risk and income risk are components of
 - a. Interest rate risk
 - b. Market risk
 - c. Inflation risk
 - d. Default risk

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: d
- 8) Theoretically, the Capital Asset Pricing Model (CAPM) is used in finance to determine the
 - a. Real Rate of Return
 - b. Required rate of return
 - c. Realized Return
 - d. Holding Period Return

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- 9) _____ is usually measured by debt to equity ratio
 - a. Financial risk
 - b. Business risk
 - c. Default risk
 - d. Liquidity risk

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- 10) Stock dividend and interest payments are an example of capital gains
 - a. True
 - b. False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- 11) Technical analysis assumes that the security market is efficient
 - a. True
 - b. False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- 12) Which of the following is/are true:

Statement I: Fundamental analysis encompasses financial and economic analysis, as well as analysis of societal and political trends

Statement II: Fundamental analysis seeks to determine the underlying long term (or intrinsic) value of a security

 - a. Only I
 - b. Only II
 - c. Both I and II
 - d. Neither I nor II

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- 13) Which of the following is not part of technical analysis?
 - a. P/E ratio.
 - b. Put/call ratio.
 - c. Support level.
 - d. Trendline.

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- 14) When technical analysts say that a stock has "good relative strength," they mean that:
 - a. The stock has performed well compared with other stocks in the same risk category as measured by beta.
 - b. The total return on the stock has exceeded the total return on other stocks in the same industry.
 - c. The ratio of the price of the stock to a market index has trended upward.
 - d. The recent trading volume in the stock has exceeded the normal trading volume.

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- 15) Which of the following indicates a buy signal to technical analysts?
 - a. The advance-decline line is falling in a rising market.
 - b. The stock breaks through the moving average line from below.
 - c. Odd-lot buying exceeds odd-lot selling.
 - d. The support level is broken.

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- 16) Beta is a measure of market risk. It measures the extent to which the risk of a given asset is non-diversifiable. Beta is measured as the slope of the regression line relating a security return with the market return. In this context, the beta of a security higher than 1 indicates:
 - a. Security return is more volatile than the market return
 - b. Security return is less volatile than market return
 - c. Security return will only increase as market return increases
 - d. None of the above

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: a
- 17) Currency risk is highest under
 - a. Fixed Exchange rate system
 - b. Free floating exchange rate system
 - c. Change in purchasing power of invested money
 - d. None of the above

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b
- 18) The degree to which political and economic unrest affects the securities of issuers doing business in a particular country measure:
 - a. Economic Risk
 - b. Political Risk
 - c. Country Risk
 - d. Unsystematic Risk

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- 19) The failure on the part of the borrower or debtor to pay the specified amount of interest and/or to repay the principal, both at the time specified in the debt contract or covenant or indenture arises from
 - a. Business Risk
 - b. Financial Risk
 - c. Default Risk
 - d. Liquidity Risk

a
 b
 c
 d

No, the answer is incorrect.
 Score: 0
 Accepted Answers: c
- 20) The market value of an asset is the value that a rational investor with full knowledge about the asset's characteristics would be willing to pay.
 - a. True
 - b. False

a
 b

No, the answer is incorrect.
 Score: 0
 Accepted Answers: b