

FINA1141 Online Test – Practice Questions

Q1: Why do financial assets show up as a component of household wealth, but not of national wealth? Why do financial assets still matter for the material well-being of an economy?

Q2: what are some advantages and disadvantages of top-down versus bottom-up investing styles?

Q3: We have an 8% coupon, 30-year maturity bond with a par value of \$1000 paying 60 semi-annual coupon payments of \$40 each. Suppose that the interest rate is 8% annually. What is the bond value? Make sure you state the formula.

Q4: Consider a bond paying a coupon rate of 10% per year semi-annually when the market interest rate is only 4% per half-year. The bond has three years until maturity. This initial payment is \$1000. A: What is find the bond's price today and 6 months time after the next coupon is paid?

B: What is the total rate of return on the bond?

Q5: A portfolio contains equal investments in 10 stocks. Five have a beta of 0.2; the remainder have a beta of 1.4. What is the portfolio beta? (make sure you state the formula)

Q6: Hyacinth Macaw invests 60% of her funds in stock I and the balanced stock in J. The standard deviation of returns on I is 10% and on J it is 20%. Calculate the variance and standard deviation of portfolio returns, assuming: The correlation between the returns is 1.0 (make sure you state the formula)

Q7: What Is an Alternative Investment?

Q8: What is an ETF?

Q8: What is a REIT?

Q8: what is the difference between BL and TB models?

Q9: What is active portfolio management?