

Certificate in Multi-Asset Investment Strategy (CMIS) (Mock Test)

- 1) Which of the following is NOT a short duration security?
 - A. Treasury bills
 - B. Central Government dated securities
 - C. Certificate of Deposit
 - D. CBLO

- 2) Bank A offers 8% interest on deposits. Bank B offers 8% interest with quarterly compounding. The effective interest rate in Bank B is (calculators not required, tick the nearest one).
 - A. 8%
 - B. 7.90%
 - C. 8.24%
 - D. 8.74%

- 3) In a Gilt Fund, there is no risk involved
 - A. TRUE
 - B. False, there is credit risk
 - C. False, there is interest rate risk
 - D. It depends on the perception of the investor

- 4) As per SEBI rules, the maximum exposure to a single security i.e. securities issued by a single issuer, in a fund, is:
 - A. 5%

- B. 10%
 - C. 15%
 - D. 20%
- 5) To avail of indexation in a bond, for long term capital gains tax, the minimum holding period is:
- A. 1 Year
 - B. 3 Years
 - C. Indexation is not available in bonds
 - D. None of these
- 6) Number of credit rating agencies in India is:
- A. Five
 - B. Seven
 - C. Ten
 - D. Four
- 7) Market risk / volatility risk in the context of debt market securities refers to:
- A. Interest Rate Risk
 - B. Credit Risk
 - C. Liquidity Risk
 - D. Call / prepayment risk
- 8) Yield and price of a bond move:
- A. In the same direction
 - B. Inversely
 - C. There is no correlation
 - D. There is correlation, but random
- 9) If the RBI increases the repo rate by 25 basis points, normally, in the secondary market for Government Securities, yield levels are expected to:
- A. Move up

- B. Come down
 - C. Remain same
 - D. It has no impact
- 10) The biggest buyers of Government Securities in India are:
- A. Mutual Funds
 - B. Insurance companies
 - C. Corporate treasuries
 - D. Banks
- 11) The inflation rate tracked by the RBI, for formulation of interest rate policy, is:
- A. Wholesale Price Inflation(WPI)
 - B. Consumer Price Inflation (CPI)
 - C. Producer Price Inflation (PPI)
 - D. None of the above
- 12) The rate of interest in CBLO / TREPS is normally expected to be:
- A. Higher than RBI repo rate
 - B. Lower than RBI reverse repo rate
 - C. Between RBI repo and reverse repo rate
 - D. None of the above
- 13) In a Mutual Fund Scheme, on a given day, there are redemption requests. The amount of liquidity the AMC has to create, by selling securities from the portfolio, is:
- A. As much as the redemptions
 - B. It is net of purchases. If purchase transactions are more, AMC need not sell
 - C. The AMC sells some securities everyday as they receive redemptions everyday
 - D. The AMC can refuse redemptions if they are unable to sell securities from the portfolio

14) Mr. Chang wants to double his investment of USD10,000. He has following two options which option he should choose?

Option 1: CICI Bank give 10% annual compounding interest on investment

Option 2: FDHC Bank give 15% simple interest on investment

Option 3: BSHC Bank give 9% annual compounding interest on investment with monthly compounding of interest on investment

- A. Option 2
- B. Option 1
- C. Option 3
- D. Any of three options as it gives same result

15) What is the effective annual rate for BSHC bank credit card that charges 15% compounded monthly?

- A. 15.00%
- B. 17.36%
- C. 12.01%
- D. 16.08%

16) Which of the following is true about capital market line (CML)?

- A. CML shows the relationship between individual securities return and their beta
- B. CML shows the relationship between risk free rate of return and beta
- C. CML represents a portfolio that is constituted using the market portfolio and a risk free instrument
- D. CML shows the relationship between individual securities return and their standard deviation

17) What is the motivation for using a beta driven strategy?

- A. Capture systematic returns
- B. Generate alpha by taking stock specific risk

- C. Ensure that overall return is over and above the risk free rate
- D. Earn risk free rate of return

18) Calculate the Sharpe ratio of a well diversified portfolio based on the following details:

Return of benchmark index: 15%

Risk free rate of return: 4%

Return of the fund: 20%

Standard deviation: 10%

Beta: 1.2

- A. 1.33
- B. 0.50
- C. 1.60
- D. 1.10

19) Which of the follow more closely describes the period strategy adopted by art fund managers?

A. Period strategy involves buying an art work and paying for it after a period of time

B. Period strategy focuses on buying an art and selling after a fixed period of time

C. Period strategy focuses on disciplined periodic investment in art work to gradually accumulate large collection of art work

D. Period strategy focuses on investing in art belonging to a particular period

20) Which of the following statements is wrong about mezzanine debt?

A. Oftentimes, mezzanine debt represents a hybrid, a combination of debt of equity

B. It is used for day to day financing needs of a company

C. Mezzanine financing gets its name because it is inserted into a company's

capital structure between the “floor” of equity
and the “ceiling” of senior, secured debt

D. It is used during transitional periods in a company’s life

1.B	2.C	3.C	4.B	5.C
6.B	7.A	8.B	9.A	10.D
11.B	12.C	13.B	14.A	15.D
16.C	17.A	18.C	19.D	20.B