1) **Arbitrage takes advantage of _____________ the market?**
   a) Hedgers
   b) Volatility
   c) Mispricing
   d) Speculators

2) **Junk Bonds are**
   a) Low risk Bond.
   b) High risk Bond.
   c) Deep discount Bond.
   d) Coupon bearing Bond.

3) **Reinvestment risk is**
   a) Prospective Risk.
   b) Immediate Risk.
   c) Retrospective Risk.
   d) Time independent Risk.

4) **When Interest Rate increases ideally.**
   a) The price of Bond increases.
   b) The Price Bond may or may not decrease.
   c) The price of Bond decrease.
   d) The Price of Bonds remains stable.

5) **The Interest Rate Sensitivity is measured by**
   a) Standard Deviation.
   b) Sharpe ratio
   c) Duration
   d) Bond Immunization

6) **The total risk of a Security is measured by**
   a) Beta.
   b) Standard deviation.
   c) Duration.
   d) Convexity.

7) **The non systematic risk of an Investment Portfolio can be neutralized**
   a) Yes, If the fund manager is efficient
   b) No, it can not be neutralized.
   c) Yes, through diversification of the portfolio.
   d) Yes, When Beta of Portfolio is zero.
8) **Standard deviation for a security is a measurement of central tendency of various outcomes under consideration.**
   a) True
   b) False.

9) **Price yield Curve is a**
   a) Convex Representation.
   b) Concave Representation.
   c) Straight line representation.
   d) None of the above.

10) **A portfolio of two securities with equal weight bears risky and risk free risk perception. The overall standard deviation of the portfolio will be**
    (a) The standard deviation of the Risky Security.
    (b) Half the standard deviation of the Risky Security.
    (c) One-fourth of the standard deviation of the Risky Security.
    (d) Twice the standard deviation of the Risky Security.

11) **Inflation in the domestic economy**
    a) Strengthen the domestic currency.
    b) Weaken the domestic currency.
    c) Have no impact on domestic currency.
    d) Does not follow linear relation of strengthening.

12) **Rise in Commodity price does result into**
    a) Inflation when such commodity is imported.
    b) Disinflation as Macroeconomic variable balances each other.
    c) Strengthening of Currency of Commodity Importing nation.
    d) Stability in World economic order.

13) **FII or Portfolio investment assist the domestic economy by..**
    a) Funding a Domestic Country Export needs.
    b) Abridged its Trade Imbalances.
    c) Assist in accumulation of Forex Reserve.
    d) All of the above.

14) **The Monetary Policy of RBI impacts the behaviour of money through.**
    a) Repo and Reverse repo.
    b) MSF
    c) MSS
    d) All of the above.
15) The money Supply is controlled through many a RBI action…
   a) CRR
   b) SLR
   c) Short Term interest rate
   d) All of the above.