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Question 1

Question Type: MultipleChoice

Not all misstatements will be material enough to affect the fair presentation of the financial statement. A material misstatement is one that the auditors determine would change or influence the opinion of a reasonable person relying on the financial statements for information. Ultimately, auditors must exercise judgment to assess materiality based on the qualitative nature of the misstatements and their quantitative extent. Materiality is also based on auditors' assessment of control risk levels in the organization. The following factors may influence the auditors' assessment of control risk EXCEPT:

Options:

- A- Management's awareness or lack of awareness of applicable laws and regulations
- B- Client policy regarding such matters as acceptable operating practices and codes of conduct
- C- Assignment of responsibility and delegation of authority to deal with such matters as organizational goals and objectives, operating functions, and regulatory requirements
- D- None of these

Answer:

D

Question 2

Question Type: MultipleChoice

Major types of Real Estate Investment Trust (REITs) include all of the following EXCEPT:

Options:

A- Equity REITs

B- Mortgages REITs

C- Hybrid REITs

D- None of these

Answer:

D

Question 3

Question Type: MultipleChoice

If interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with a high return or yield. This is an example of:

Options:

- A- Credit risk in bond funds
- B- Prepayment risk in bond funds
- C- Interest rate risk in bond funds
- D- All of these

Answer:

B

Question 4

Question Type: MultipleChoice

Some of the risks associated with bond funds are all of the following EXCEPT:

Options:

A- Credit Risk

B- Interest Rate Risk

C- Payment Risk

D- Liquidity Risk

Answer:

D

Question 5

Question Type: MultipleChoice

Money market funds:

Options:

A- Can invest in only certain high-quality, short-term investments issued by Federal State and local government

- B-** Try to keep their NAV at a stable \$1.00 per share
- C-** Pay dividends that generally reflect short-term interest rates
- D-** All of these

Answer:

D

Question 6

Question Type: MultipleChoice

_____ have relatively low risks, compared to other mutual funds.

Options:

- A-** Stock funds
- B-** Hedge funds
- C-** Money funds
- D-** Both B and C

Answer:

C

Question 7

Question Type: MultipleChoice

Money market funds bond funds (also called "fixed income" funds) , and stock funds (also called equity funds) are the categories of:

Options:

A- Mutual funds

B- Professionally managed portfolio

C- Hedge funds

D- None of these

Answer:

A

Question 8

Question Type: MultipleChoice

End users need to hedge the prices at which they can purchase these commodities for instance:

Options:

- A- A University might want to lock in the price at which it purchases electricity to supply its air conditioning units for upcoming summer months
- B- An airline wants to lock in the price of the jet fuel it needs to purchase in order to satisfy the peak in seasonal demand for travel
- C- A cotton producer wants to hedge his exposure to changes in the price of fertilizers or his end product (cotton)
- D- Only A and B

Answer:

D

Question 9

Question Type: MultipleChoice

I- A gold producer wants to hedge his losses attributable to a fall in the price of gold for his current gold inventory.

II- A cattle farmer wants to hedge his exposure to changes in the price of his livestock. These are the examples of _____ who need to manage their exposure to fluctuations in the prices of their commodities.

Options:

A- Hedgers

B- Producers

C- Speculators

D- None of these

Answer:

B

Question 10

Question Type: MultipleChoice

Investors typically cannot ascertain the exact makeup of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. This is because of _____ in mutual funds.

Options:

- A- Price uncertainty
- B- Lack of control
- C- Costs despite negative returns
- D- All of these

Answer:

B

Question 11

Question Type: MultipleChoice

All of these are disadvantages of mutual funds EXCEPT:

Options:

- A- Cost despite negative returns
- B- Liquidity
- C- Lack of control
- D- Price uncertainty

Answer:

B

Question 12

Question Type: MultipleChoice

Mutual funds provide an attractive investment choice because they generally offer the following feature/s:

Options:

- A- Professional Management

B- Diversification

C- Affordability

D- All of these

Answer:

D

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