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Question 1

Question Type: MultipleChoice

I have a portfolio of two stocks. The weights are 60% and 40% respectively, the volatilities are both 20%, while the correlation of returns is 50%. The volatility of my portfolio is

Options:

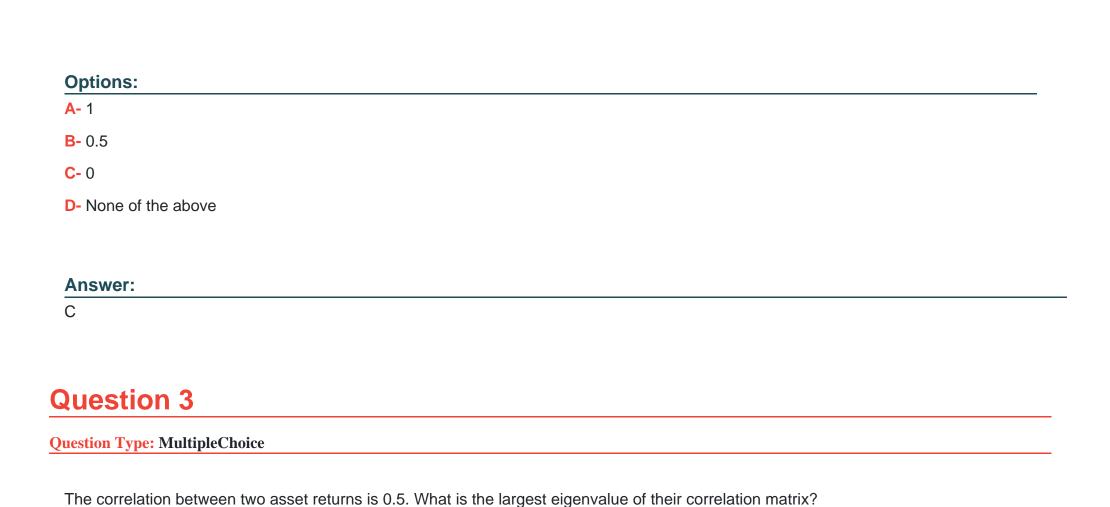
- **A-** 16%
- **B-** 17.4%
- C- 20%
- D- 24.4%

Answer:

В

Question 2

Question Type: MultipleChoice



The correlation between two asset returns is 1. What is the smallest eigenvalue of their correlation matrix?

Answer: C Question 4 uestion Type: MultipleChoice Stress testing portfolios requires changing the asset volatilities and correlations to extreme values. Which of the following would lead to a non positive definite covariance matrix?	Options:
C- 1.5 D- None of the above Answer: C Question 4 uestion Type: MultipleChoice Stress testing portfolios requires changing the asset volatilities and correlations to extreme values. Which of the following would lead to a non positive definite covariance matrix?	A- 0.5
Answer: C Question 4 uestion Type: MultipleChoice Stress testing portfolios requires changing the asset volatilities and correlations to extreme values. Which of the following would lead to a non positive definite covariance matrix?	B- 1
Answer: C Question 4 uestion Type: MultipleChoice Stress testing portfolios requires changing the asset volatilities and correlations to extreme values. Which of the following would lead to a non positive definite covariance matrix?	C- 1.5
Question 4 uestion Type: MultipleChoice Stress testing portfolios requires changing the asset volatilities and correlations to extreme values. Which of the following would lead to a non positive definite covariance matrix?	D- None of the above
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non positive definite covariance matrix?	uestion Type: MultipleChoice
non positive definite covariance matrix?	
Options:	non positive definite covariance matrix?
Options:	
Options:	
•	Options:

- B- Changing all the correlations to be unity
- C- Changing all the correlations to be zero
- D- All of the above

Answer:

В

Question 5

Question Type: MultipleChoice

Which of the following statements is true for symmetric positive definite matrices?

Options:

- A- Its eigenvalues are all positive
- B- One of its eigenvalues equals 0
- C- If a is its eigenvalue, then -a is also its eigenvalue
- D- If a is its eigenvalue, then is also its eigenvalue

Answer:	
A	
Question 6	
Question Type: MultipleChoice	
Two vectors are orthogonal when:	
Options:	
A- one is a scalar multiple of the other B- their components are linearly dependent	
C- their determinant is zero	
D- their scalar product (sum product) is zero	
Answer:	

D

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