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GESTÃO FINANCEIRA II Lic. - Undergraduate Degree

QUIZ (03.05.2016)

Name: ………………………………………………………………………………………… Number: ………………………..

Answer each question by drawing a circle around the letter that, in your opinion, corresponds to the correct solution.

1- As the number of stocks in a portfolio is increased:

A. total risk decreases and approaches the unique risk

B. unique risk decreases and approaches zero

C. market risk decreases

D. unique risk decreases and becomes equal to market risk

2- For a portfolio of N-stocks, the formula for portfolio variance contains:

A. N(N - 1)/2 different covariance terms

B. N-1 covariance terms

C. N^2 covariance terms.

D. N covariance terms.

3- Beta is a measure of:

A. unique risk.

B. liquidity risk.

C. market risk.

D. total risk.

4- Suppose you borrow at the risk-free rate an amount equal to your initial wealth and invest in a portfolio with an expected return of 14% and a standard deviation of returns of 20%. The risk- free asset has an interest rate of 5%. Calculate the expected return on the resulting portfolio.

A. 19,00%

B. 11,50%

C. 23,00%

D. 28,00%

5- The presence of a risk-free asset enables the investor to:

I) invest in the market portfolio;
II) find an interior portfolio using quadratic programming;
III) borrow or lend at the risk-free rate;
IV) form portfolios having greater Sharpe ratios

A. III and IV only

B. I and IV only

C. II and III only

D. II and IV only

6- Assume the following data for a stock: Beta = 1.5; Risk-free rate = 4%; Market rate of return = 12%; and Expected rate of return on the stock = 15%. Then the stock is:

A. overpriced

B. correctly priced

C. cannot be determined

D. underpriced