CE 1 hour investment management and risk management

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1. In "The Evidence on Target Date Mutual Funds," by Sandeep Singh, which of the following are the two primary theoretical constructs that form the basis for TDF glide paths?

A. Mean variance optimization and life cycle investing
B. Life cycle and liability driven investing
C. Liability driven investing and mean variance optimization
D. Life cycle investing and liability optimization

2. In Singh, which of the following is NOT a QDIA?

A. Index funds
B. Balanced funds
C. Managed accounts
D. Life cycle fund

3. In Singh, which of the following is true of most TDF glide paths?

A. The asset allocation becomes more aggressive over time
B. They are designed after taking retirement liabilities into account
C. Managers are given freedom for tactical asset allocation changes
D. The asset allocation becomes more conservative over time

4. In "Household Ratio Guidelines for the Amount of Investments" by Sherman D. Hanna and Kyoung Tae Kim, which of the following investment ratios is the least plausible in terms of mathematical properties as well as being related to retirement adequacy?

A. Investments to annual income
B. Investments to net worth
C. Investments to total assets
D. None of the above

5. In Hanna and Kim, all of the following describe the findings of the research except:

A. A majority of households have levels of the investments to assets ratio above optimum levels.
B. The maximum value of the investments to net worth ratio among all households in the 2013 Survey of Consumer Finances was over 1,000,000.
C. About 29% of non-retired households in the 2013 Survey of Consumer Finances had no investments.
D. The median and mean levels of the investments to assets ratio are highest for households headed by someone in the 55 to 64 age range.

6. In "Strategic Complexity in Investment Management Fee Disclosures" by Leslie A. Muller and John Turner, how do higher fee investment managers tend to differ from lower fee investment managers?

A. They do not differ
B. They tend to use less complex fee disclosures
C. They tend to use more complex fee disclosures
D. None of the above

7. In Muller and Turner, what are some other aspects of fee disclosures besides complexity of language that make fee disclosures difficult to understand?

A. They are presented in small print
B. They are presented in hard-to-find locations
C. They involve calculations with multiple steps
D. All of the above

8. In "CAT Bonds: Risk Offsets with Diversification and High Returns", Kish find that catastrophe bonds were created because:

A. The major offset for insurance firms, reinsurance, was inadequate when the potential losses where huge compared to the assets of the reinsurance firms.
B. Issuers of CAT bonds saw the potential to create a produce that satisfied two constituencies: insurance firms and investors looking for higher returns.
C. The reinsurance market was skewed towards reinsurance firms due to market dominance.
D. a and b

9. Kish notes that the returns from catastrophe bonds is highly dependent on

A. Whether or not a catastrophe event occurred
B. The level of coupons
C. The type of trigger embedded within the bond
D. a and c

10. Discussed in Kish, the major benefit of investing in catastrophe bonds is:

A. Diversification
B. The small probability of a loss
C. Returns comparable with similarly rated corporate debt
D. All of the above

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