CE 1 hour investment management and risk management

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1. In "Household Use of Financial Planners: Measurement Considerations for Researchers" by Heckman, Seay, Kim, and Letkiewicz, what is a process in which objects, events, or concepts are systematically classified and represented in order to advance knowledge?
   a. Measurement
   b. Abstract thinking
   c. Classification
   d. Objectification
2. In Heckman, Seay, Kim, and Letkiewicz, which of the following are subject areas in the financial planning process?
   a. Insurance planning and risk management
   b. Employee benefits planning
   c. Retirement and estate planning
   d. All of the above
3. In Heckman, Seay, Kim, and Letkiewicz, ________ refers to a measure's ability to yield consistent results over repeated trials, whereas _________ refers the extent which a measure does what it is intended to do.
   a. Rigor; Accuracy
   b. Validity; Accuracy
   c. Reliability; Validity
   d. Accuracy; Consistency
4. In Heckman, Seay, Kim, and Letkiewicz, what component of validity does a measure of investment knowledge among U.S. adults which assessed understanding of asset return but not asset risk lack?
   a. Reliability validity
   b. Central validity
   c. Content validity
   d. Criterion-related validity
5. In Heckman, Seay, Kim, and Letkiewicz, which are the three components of financial planning according to the CFP Board's definition?
   a. Subject areas addressed; depth and breadth of the relationship and recommendations; and written financial plan
   b. Regular meetings; subject areas addressed; written financial plan
   c. Depth and breadth of the relationship, remittance received, written financial plan
   d. Receipt of financial planning services with an emphasis on life goals; subject areas addressed; and the depth and breadth of the relationship and recommendations
6. In "Determining the Return-Maximizing Portfolio Leverage and its Limitations" by Ott and Zimmer, which of the following statements is true regarding the use of leverage in enhancing a portfolio's expected return?
   a. The benefits of leverage can be applied to portfolios without limit as long as the expected return is greater than the borrowing costs.
   b. Leverage has no benefit in enhancing a portfolio's expected return.
   c. Leverage can be beneficial in enhancing expected returns, but these benefits are limited because the increase in the volatility of the expected return creates a drag on the returns.
   d. The increase in volatility due to leverage has no impact on expected returns.
7. In Ott and Zimmer, assuming the returns on a portfolio are normally distributed with an expected value of 8% and a volatility of 12%, what level of leverage is closest to maximizing the portfolio's expected return if the borrowing costs are 3%?
   a. 2.4 times
   b. 2.8 times
   c. 3.1 times
   d. 3.5 times
8. In Ott and Zimmer, the volatility drag's effect on the expected returns of a leveraged portfolio
   a. Is linear.
   b. Does not exist.
   c. Is unbounded.
   d. Is non-linear.
9. In Ott and Zimmer, the shorter the holding period of the investor
   a. The greater the return-maximizing portfolio leverage
   b. The lower the return-maximizing portfolio leverage
   c. Has no impact on determining the return-maximizing portfolio leverage
   d. The impact on the return-maximizing portfolio leverage is indeterminate
10. In Ott and Zimmer, one of the key limitations of implementing leverage in a portfolio is
    a. It restricts diversification and therefore the portfolio return is correlated with few asset classes
    b. The increased application of leverage in a portfolio increases volatility drag
    c. The limited availability of exchanged traded funds
    d. There are no limitations to the use of leverage in a portfolio

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