

CE 1 hour investment management and risk management

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1. In "The Impacts of Materialism and the Need-for-Arousal Traits on Households' Borrowing Behavior" by Yazdanparast and Yasser Alhenawi, which of the following statement is most CORRECT about the 3M model used to study the impact of personality on behavior?
 - a. It is the Multiple Model of Moderation hypothesis
 - b. It is the Meta theoretic Model of Motivation hypothesis
 - c. It is the Money and Marketing Mix hypothesis
 - d. It is the Modern Marketing Moderation hypothesis
2. In Yazdanparast and Yasser Alhenawi, which of the following statements is most CORRECT?
 - a. The need for material resources and the need for arousal play an insignificant role in shaping borrowing behavior
 - b. The need for material resources and the need for arousal play a significant role in shaping borrowing behavior
 - c. The need for material resources and the need for arousal are basically the same
 - d. The need for materials resources and the need for arousal are exact opposites. Hence, analyzing the role of one is often sufficient.
3. In Yazdanparast and Yasser Alhenawi, which of the following statements is most CORRECT?
 - a. Intention to borrow is only affected by attitude towards borrowing.
 - b. Borrowing behavior of individuals is influenced by their personality characteristics.
 - c. Attitude toward borrowing is an irrelevant concept in the study of household finance.
 - d. Borrowing choices are driven by financial needs and do not vary across personalities.
4. In "Individual Estimates of Life Expectancy and Consumption Patterns" by Lawson and Heckman which of the following statements is true in light of Shefrin and Thaler's (1988) behavioral life cycle hypothesis?
 - a. Individuals further from retirement will save more and spend less if they expect to live longer.
 - b. Individuals near retirement will save more and spend less if they expect to live longer.
 - c. Individuals with self-control issues who are further from retirement will save more and spend less if they expect to live longer.
 - d. Individuals without self-control issues who are near retirement will not save more and spend less if they expect to live longer.
5. In Lawson and Heckman which group is found to have more financial assets?
 - a. Married, white people with poor health and children
 - b. Full-time workers with a poor understanding of SCF questions
 - c. Married, white people with good health and no children
 - d. Workers with a planning horizon of less than ten years
6. In Lawson and Heckman what does the following statement demonstrate: "Individuals may borrow initially until income is high enough to support expenses, then they save when income surpasses expenses and dissave during retirement."
 - a. The concept of smoothing consumption according to the life cycle hypothesis
 - b. The other factors at play according to the behavioral life cycle model
 - c. The phases of the behavioral life cycle model in light of self-control issues
 - d. The adverse cycle resulting from no change in consumption
7. In Value Line Quarterly EPS Forecast Error: Analyst Credibility or Management Appeasement? by Philip Baird analyst forecast bias means that analysts are
 - a. at times optimistic and at times pessimistic
 - b. do not incorporate all relevant information into their forecasts
 - c. motivated by political considerations
 - d. focused on getting it right
8. In Baird middle and tail asymmetries in the distribution of earnings forecast error have been attributed to
 - a. the fact that companies most often fail to report earnings that meet or beat analysts' forecasts, but when they beat they tend to beat by large margins
 - b. the fact that companies most often report earnings that meet or beat analysts' forecasts and that when they miss they tend to miss by wide margins
 - c. the fact that companies most often report earnings that fail to meet or beat analysts' forecasts because company managers have strong incentives to do so
 - d. B and C
9. In Baird evidence of inefficiency in analysts' forecasts includes
 - a. the fact that current quarter forecast error is correlated with the prior quarter forecast error
 - b. the fact that current quarter forecast error is correlated with past stock returns
 - c. the fact that analysts typically are slow to revise their forecasts when new information arrives
 - d. A and B
10. In Baird incentives for analysts to issue optimistic earnings forecasts include
 - a. managers of public companies guide analysts to beatable forecasts
 - b. pressure from analysts' employers to support investment banking and brokerage operations
 - c. analysts' desire to maintain credibility with investors
 - d. none of the above

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