

13 Lecture - MGT201

Important Mcqs

- 1. Which of the following is a type of bond that pays no interest but is sold at a discount to its face value?**
 - a) Corporate bond
 - b) Government bond
 - c) Municipal bond
 - d) Zero-coupon bond**Answer: d) Zero-coupon bond**
- 2. What type of bond can be converted into shares of the issuer's common stock?**
 - a) Corporate bond
 - b) Government bond
 - c) Municipal bond
 - d) Convertible bond**Answer: d) Convertible bond**
- 3. Which type of bond is issued by state and local governments?**
 - a) Corporate bond
 - b) Government bond
 - c) Municipal bond
 - d) Convertible bond**Answer: c) Municipal bond**
- 4. Which type of bond has a variable interest rate that is tied to an external benchmark?**
 - a) Fixed-rate bond
 - b) Floating-rate bond
 - c) Zero-coupon bond
 - d) Convertible bond**Answer: b) Floating-rate bond**
- 5. What type of bond is backed by the issuer's ability to generate sufficient cash flow to make interest and principal payments?**
 - a) Secured bond
 - b) Unsecured bond
 - c) Junk bond
 - d) Callable bond**Answer: b) Unsecured bond**
- 6. What type of bond is issued by companies with lower credit ratings and carries a higher risk of default?**
 - a) Investment-grade bond
 - b) Junk bond
 - c) Municipal bond
 - d) Convertible bond**Answer: b) Junk bond**

7. **Which type of bond can be redeemed by the issuer prior to its maturity date?**

- a) Callable bond
- b) Puttable bond
- c) Zero-coupon bond
- d) Convertible bond

Answer: a) Callable bond

8. **What type of bond pays a fixed interest rate over its lifetime?**

- a) Variable-rate bond
- b) Floating-rate bond
- c) Zero-coupon bond
- d) Fixed-rate bond

Answer: d) Fixed-rate bond

9. **Which type of bond is secured by specific assets of the issuer?**

- a) Unsecured bond
- b) Secured bond
- c) Junk bond
- d) Convertible bond

Answer: b) Secured bond

10. **What type of bond can be sold back to the issuer at a specified price before its maturity date?**

- a) Callable bond
- b) Puttable bond
- c) Zero-coupon bond
- d) Convertible bond

Answer: b) Puttable bond