

20 Lecture - MGT201

Important Mcqs

1. **What is the purpose of a probability graph in relation to single stock investment?**
- A) To show the trend of the stock price over time
 - B) To display the likelihood of different returns occurring
 - C) To predict the future price of the stock
 - D) To compare the stock to other investments

Answer: B) To display the likelihood of different returns occurring

2. **What does a normal distribution curve represent in a probability graph?**
- A) The actual return of the stock
 - B) The expected return of the stock
 - C) The likelihood of different returns occurring
 - D) The trend of the stock price over time

Answer: C) The likelihood of different returns occurring

3. **What is the coefficient of variation (CV) used for in single stock investment?**
- A) To predict the future price of the stock
 - B) To measure the standard deviation of the stock's returns
 - C) To compare the risk of different investments with different expected returns
 - D) To measure the average return of the stock

Answer: C) To compare the risk of different investments with different expected returns

4. **A higher coefficient of variation (CV) indicates:**
- A) A greater degree of risk
 - B) A lower degree of risk
 - C) A higher average return
 - D) A lower average return

Answer: A) A greater degree of risk

5. **What does the coefficient of variation (CV) compare in single stock investment?**
- A) The standard deviation of the stock's returns to its mean return
 - B) The stock's current price to its historical price
 - C) The stock's expected return to the market's expected return
 - D) The stock's dividend yield to its market value

Answer: A) The standard deviation of the stock's returns to its mean return

6. **Which of the following is a factor that can contribute to risk in single stock investment?**
- A) Market stability
 - B) Company-specific risks

- C) Low volatility
- D) Political stability

Answer: B) Company-specific risks

7. **What is the relationship between risk and return in single stock investment?**
- A) Positive
 - B) Negative
 - C) Neutral
 - D) It depends on the stock

Answer: A) Positive

8. **Which of the following strategies can be used to manage risk in single stock investment?**
- A) Diversification
 - B) Setting stop-loss orders
 - C) Utilizing hedging techniques
 - D) All of the above

Answer: D) All of the above

9. **Which statistical measure of risk allows investors to compare the risk of different investments with different expected returns?**
- A) Standard deviation
 - B) Coefficient of variation
 - C) Sharpe ratio
 - D) Beta coefficient

Answer: B) Coefficient of variation

10. **What is the purpose of risk management in single stock investment?**
- A) To eliminate all risk from the investment
 - B) To balance risk and return
 - C) To guarantee a certain level of return
 - D) To increase the risk of the investment

Answer: B) To balance risk and return