**Multiple Choice Questions – Introduction to Investment Funds**

|  |  |
| --- | --- |
| **1.** | **Which of the following is a feature of active portfolio management?** |
| **A** | Economies of scale make such portfolios less expensive to run |
| **B** | Active portfolio managers will tend to be ‘bottom-up’ investors |
| **C** | Active portfolio managers consistently outperform benchmark indices |
| **D** | |  | | --- | | Active portfolio managers will aim to meet shareholders objectives | |  | | |

|  |  |
| --- | --- |
| **2.** | **Which of the following is a benefit from investing in a collective investment scheme?** |
| **A** | Access to shareholder perks across a range of companies |
| **B** | Access to geographical markets which might otherwise be inaccessible |
| **C** | Capital security from the greater numbers of investors |
| **D** | Investor protection on deposits up to £85,000 |

|  |  |
| --- | --- |
| **3.** | **An authorised fund;** |
| **A** | cannot be freely marketed to the public |
| **B** | can only be marketed to investment professionals |
| **C** | is sufficiently diversified to market to the general public |
| **D** | is granted authorisation by the Investment Association |

|  |  |
| --- | --- |
| **4.** | **A top-down approach to investment managements involves;** |
| **A** | analysis of a company’s financial statements |
| **B** | a focus on a company’s management and strategy |
| **C** | a focus on economic and industry trends |
| **D** | the tracking of a pre-determined benchmark |

|  |  |
| --- | --- |
| **5.** | **Which of the following statements best describes contrarian investing;** |
| **A** | Picking shares of companies most likely to grow in medium and long term |
| **B** | Picking the shares of companies that are cheap (under-valued) to their profits or cash-flow |
| **C** | Picking shares where the price is rising on the assumption it will continue |
| **D** | Picking out of favour shares that may have value the rest of the market may not have spotted |

|  |  |
| --- | --- |
| **6.** | **Which of the following would most likely be a sell-side participant;** |
| **A** | Insurance funds |
| **B** | Bank |
| **C** | Financial advisers |
| **D** | Stockbrokers |

|  |  |
| --- | --- |
| **7.** | **When active and passive investment management are combined, the portion of the fund invested in index tracking funds is referred to as;** |
| **A** | The core |
| **B** | The satellite |
| **C** | The tracker |
| **D** | The root |

|  |  |
| --- | --- |
| **8.** | **Investment Management is also known by which of the following terms;** |
| **A** | Wealth management |
| **B** | De-mutualisation |
| **C** | Asset management |
| **D** | Hedging |

|  |  |
| --- | --- |
| **9.** | **Which of the following is not an advantage of investing in a collective investment scheme;** |
| **A** | Funds are carefully vetted by the regulator before being marketed to investors |
| **B** | Guaranteed returns on their investment |
| **C** | Access to professional investment expertise |
| **D** | Diversification leading to lower levels of risk |

|  |  |
| --- | --- |
| **10.** | **Which of the following organisations maintains a fund classification system?** |
| **A** | FCA |
| **B** | Investment Association |
| **C** | CISI |
| **D** | CIMA |

|  |
| --- |
|  |