Lesson #6 Quiz
Graded Quiz • 30 min
Due Nov 16, 4:59 PM +09
Congratulations! You passed!
TO PASS 80% or higher

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GRADE

100%

Lesson #6 Quiz

LATEST SUBMISSION GRADE

100%

1.
Question 1
In the S&P 500 forecasting exercise, many subjects seemed to be subject to the representativeness heuristic. This concept of behavioral finance posits that:

1 / 1 point

Most people don't behave like forecasters, they tend to be affected by their recurring thoughts at the time.

Most people don't behave like forecasters, what they saw in the past is representative of the future.

Most people don't behave like forecasters, they tend to rely too heavily on the first piece of new information offered when making decisions.

Most people don't behave like forecasters, they tend to interpret new evidence as a confirmation of their existing beliefs or theories.

Correct

2.

Question 2

An efficient market is defined as one in which:

1 / 1 point

Transactions are ultimately costless.

Asset prices quickly and fully reflect all available information.

All participants have the same opportunity to generate the same returns.

Asset prices are often in line with the intrinsic value.

Correct

3.

Question 3

The Dividend Discount Model (or Gordon Growth Model) can be stated as follows.

Let the investor’s discount rate be equal to r .If earnings equal dividends, and if dividends grow at the long-run rate g, then the price of the stock P can be written as follows:

1 / 1 point

P = E/(r+g)

P = (E*r)/(g)

P = E/(r-g)

P = (E*g)/(r)

Correct

The price is the present value of the stock’s future earnings.

4.

Question 4

Human judgment and experience can play a role in the advent of stock market crash because:

1 / 1 point

A lot of people who have lived through financial crises have reported that, as a consequence of these crises and their narratives, their faiths in the market have diminished.

Investors with an experience of financial crises are better at staying out of the market in turbulent times.

Investors with an experience of financial crises are better at diversifying their portfolios.

Investors with an experience of financial crises are better at exploiting profit opportunities.

Correct