

1. Which of the following is most accurate concerning key characteristics of different types of preference shares?
 - A. The price of convertible preference shares tends to be more volatile than their underlying common shares because they do not allow investors to share in profits of the company.
 - B. Preference shareholders rank above subordinated bondholders with respect to claims on the company's net assets upon liquidation.
 - C. Preference shares have characteristics of both debt and equity securities.
2. Unlike commercial industry classification systems, industry classification systems developed by governments most likely:
 - A. are updated more frequently.
 - B. are more transparent.
 - C. include private companies.
3. Which of the following situations will most likely lead to a reduction of market efficiency?
 - A. An increase in rules and regulations that promote financial disclosure
 - B. An increase in arbitrage opportunities
 - C. An increase in the number of market participants
4. A change in which of the following best describes a macroeconomic influence on industry growth?
 - A. The cost of debt
 - B. Personal spending habits
 - C. Population size
5. A company has issued only one class of common shares, and it does not pay dividends on them. It has also issued two types of non-cumulative preference shares: one that is puttable and the other callable. Which of these securities will most likely offer the lowest expected return to the investor?

- A. Puttable preference shares
- B. Common shares
- C. Callable preference shares

金程教育