

Solution:

1. **A is correct.** An industry in growth stage is characterized by rising volumes, improving profitability, falling prices, and relatively low competition among companies. B is incorrect. In the mature stage there will be little or no growth and relatively stable demand for products. C is incorrect. In the embryonic stage there will be slowing growth and high prices.
2. **C is correct.** A corporate manager pursuing a cost leadership strategy must be able to invest in productivity-improving capital equipment for achieving cost controls and being able to offer products and services at lower prices than the competition. A is incorrect. Offering products that are unique either in quality, type, or means of distribution is suitable for differentiation strategies. B is incorrect. Having strong market research teams for product development and marketing is suitable for differentiation strategies.
3. **B is correct.** Investors of unsponsored DRs would not have the same voting rights as the direct owners of common shares because the depository bank retains the voting rights. A is incorrect because it is an accurate statement. The DRs trading on multiple exchanges could experience short-term valuation discrepancies, potentially giving rise to a quick arbitrage profit opportunity for astute traders to exploit. The price of each DR will be affected by factors that affect the price of the underlying shares and exchange rate movements. C is incorrect because it is an accurate statement. Sponsored DRs are subject to greater reporting requirements than unsponsored DRs. In the United States, sponsored DRs must be registered with the SEC.
4. **C is correct.** If markets are strong-form efficient, prices reflect not only private information but also past market data and public information. If markets are weak-form efficient, investment strategies based on fundamental analysis of public information and past market data could achieve abnormal returns. The semi-strong-form of market efficiency also encompasses the weak form. Therefore, security prices reflect not only publicly known and available information but also all past market data. A is incorrect. This statement is correct because if markets are weak-form efficient only, investment strategies based on fundamental analysis could achieve abnormal returns. B is incorrect. This statement is correct because the semi-strong-form of market efficiency also encompasses the weak-form; therefore,

security prices reflect not only publicly known and available information but also all past market data.

5. **B is correct.** In an informationally efficient market, consistent and superior risk-adjusted returns (net of all expenses) are not achievable. A is incorrect. In an informationally efficient market, consistent and superior risk-adjusted returns (net of all expenses) are not achievable. In such a situation, persistent anomalies are unlikely. C is incorrect. Some market experts argue that restrictions on short selling limit arbitrage trading, which impedes market efficiency.

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