

Week 19 Questions

MCQ

1. All are TRUE of Exchange traded funds (ETFs) except:
 - a. They allow Fund Managers to temporarily exit the market if investment conditions appear uncertain
 - b. They are listed and traded as individual stocks on a stock exchange.
 - c. Their value is based on the underlying net asset value of the stocks held in the index basket.
 - d. They are indexed rather than actively managed.

2. Which of the following is not a strategy by which Active Fund Managers are trying to combat the popularity of Passive/ETF investments.
 - a. Investing in infrastructure and property.
 - b. Increasing the Active component of their portfolios
 - c. Bringing in 3rd party investment advisors
 - d. Deploying quantitative computer driven strategies

3. Closet - Index Funds refers to
 - a. Supposedly “active” fund managers which do not change their investment strategies as often as they should
 - b. Supposedly “active” fund managers which who have a high proportion of actively managed stocks
 - c. Supposedly “active” fund managers who deploy smart quantitative strategies
 - d. Supposedly “active” fund managers which “hug” or stay close to their benchmark index instead of actively managing their fund.

4. If Government Bond prices fall, the gold price is likely to
 - a. rise
 - b. fall
 - c. display a delayed response to the bond price movement

5. In April 2020 WTI oil prices fell to minus \$40 per barrel. The main reason for this was
 - a. A lack of demand for oil due to Covid-19
 - b. A computer pricing error
 - c. An oil storage related issue
 - d. Because investors oil priced via Brent international benchmark

Open-Ended Questions

Q1. Explain the main influences on the price of oil.

Q2. Discuss Gold as a means of investment.

Q3. Discuss active and passive investments. Are investors currently shifting towards passive or active strategies, and why?

Q4. What are Closet Index Funds and why are they a concern for regulators?