Feedback — Quiz - 1

You submitted this quiz on **Sun 18 Nov 2012 12:14 AM PST**. You got a score of **5.00** out of **5.00**. However, you will not get credit for it, since it was submitted past the deadline.

Question 1

Which of the following is (are) possible goal(s) of a hedge fund?

Your Answer		Score	Explanation
Both high returns and beating the benchmark used for assessment of the portfolio.	✓	1.00	
Total		1.00 / 1.00	

Question Explanation

The goals of an Hedge Fund are to gain high returns as well as beat a certain benchmark which is being used for the comparisons.

Question 2

Which of the following is correct?

Your Answer		Score	Explanation
Sharpe Ratio = E[R - Rf]/ σ	✓	1.00	
Total		1.00 / 1.00	

Question Explanation

Sharpe ratio formula has been covered in the slides.

Question 3

What is the difference between Sharpe and Sortino Ratio?

Your Answer		Score	Explanation
Sortino ratio only penalizes for negative volatility in the calculation of risk while Sharpe ratio penalizes for both positive and negative volatility.	✓	1.00	
Total		1.00 / 1.00	

Question 4

What is the standard financial definition of Risk?

Your Answer		Score	Explanation
Standard deviation of returns.	✓	1.00	
Total		1.00 / 1.00	

Question Explanation

Standard deviation is the most common measure of risk.

Question 5

What is the sharpe ratio for a fund that has mean(monthly returns) = 0.01 and standard deviation (monthly returns) = 0.04, (Answer in numerical value with 3 decimals).

You entered:

.866

Your Answer		Score	Explanation
.866	✓	1.00	
Total		1.00 / 1.00	

Question Explanation

Sharpe ratio for monthly returns is calculated as Sharpe = \sqrt[]{12} * (MeanMonthlyReturns/ StddevMonthlyReturns)