

标题: Reading 50: An Introduction to Portfolio Management - LOS [\[打印本页\]](#)

作者: cfaedu 时间: 2008-4-8 17:09 标题: [2008] Session 12 - Reading 50: An Introduction to Portfolio Management - LOS

1. Which of the following statements about the efficient frontier is **FALSE**?

- A) Portfolios falling on the efficient frontier are fully diversified.
- B) Portfolios falling on the efficient frontier offer the highest return for their risk level.
- C) Investors will want to invest in the portfolio on the efficient frontier that offers the highest rate of return.
- D) The efficient frontier shows the relationship that exists between expected return and total risk in the absence of a risk-free asset.

2. Which of the following statements about the optimal portfolio is **FALSE**? The optimal portfolio:

- A) is the portfolio that gives the investor the maximum level of return.
- B) may be different for different investors.
- C) is the efficient portfolio that has the highest utility for a given investor.
- D) lies at the point of tangency between the efficient frontier and the indifference curve with the highest possible utility.

3. The optimal portfolio in the Markowitz framework occurs when an investor achieves the diversified portfolio with the:

- A) highest return.
- B) highest utility.
- C) lowest risk.
- D) fewest amount of stocks.

4. According to Markowitz, an investor's optimal portfolio is determined where the:

- A) investor's lowest utility curve is tangent to the efficient frontier.
- B) investor's utility curve meets the efficient frontier.
- C) investor's highest utility curve is tangent to the efficient frontier.
- D) return is highest.

5. Which one of the following statements about portfolio diversification is **FALSE**?

- A) In a well diversified portfolio of over 25 stocks market risk will account for over 85% of the portfolio's total risk.



- B) As more securities are added to a portfolio total risk falls, but at a decreasing rate.
 - C) The lower the correlation coefficient between the portfolio and a stock, the lower the diversification effect from adding that stock to the portfolio.
 - D) International diversification can further reduce the total risk of a portfolio.
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答案和详解如下:

1. Which of the following statements about the efficient frontier is **FALSE**?

- A) Portfolios falling on the efficient frontier are fully diversified.
- B) Portfolios falling on the efficient frontier offer the highest return for their risk level.
- C) Investors will want to invest in the portfolio on the efficient frontier that offers the highest rate of return.
- D) The efficient frontier shows the relationship that exists between expected return and total risk in the absence of a risk-free asset.

The correct answer was C)

The optimal portfolio for each investor is the *highest indifference curve that is tangent to the efficient frontier*.

2. Which of the following statements about the optimal portfolio is **FALSE**? The optimal portfolio:

- A) is the portfolio that gives the investor the maximum level of return.
- B) may be different for different investors.
- C) is the efficient portfolio that has the highest utility for a given investor.
- D) lies at the point of tangency between the efficient frontier and the indifference curve with the highest possible utility.

The correct answer was A)

This statement is incorrect because it does not specify that risk must also be considered.

3. The optimal portfolio in the Markowitz framework occurs when an investor achieves the diversified portfolio with the:

- A) highest return.
- B) highest utility.
- C) lowest risk.
- D) fewest amount of stocks.

The correct answer was B)

The optimal portfolio in the Markowitz framework occurs when the investor achieves the diversified portfolio with the highest utility.

4. According to Markowitz, an investor's optimal portfolio is determined where the:

- A) investor's lowest utility curve is tangent to the efficient frontier.
- B) investor's utility curve meets the efficient frontier.
- C) investor's highest utility curve is tangent to the efficient frontier.
- D) return is highest.

The correct answer was C)

The optimal portfolio for an investor is determined as the point where the investor's highest utility curve is tangent to the efficient frontier.

5. Which one of the following statements about portfolio diversification is **FALSE**?

- A) In a well diversified portfolio of over 25 stocks market risk will account for over 85% of the portfolio's total risk.
- B) As more securities are added to a portfolio total risk falls, but at a decreasing rate.
- C) The lower the correlation coefficient between the portfolio and a stock, the lower the diversification effect from adding that stock to the portfolio.
- D) International diversification can further reduce the total risk of a portfolio.

The correct answer was C)

This statement should read, "The lower the correlation coefficient between the portfolio and a stock, the **greater** the diversification effect from adding that stock to the portfolio."