Question 1 of 9

The following table reports long-term annual return components for US Treasury bonds and US corporate bonds:

Asset class	Income return	Price appreciation
US Treasuries	0.85%	4.25%
US corporates	1.00%	5.75%

If a portfolio allocates 70% to US Treasury bonds and 30% to US corporate bonds, then based on this data, the portfolio's annualized outperformance relative to US Treasury bonds is *closest* to:

A. 0.45%

B. 0.50%

C. 1.16%

Question 2 of 9

The following information relates to a US Treasury bill:

Price	985
Face value	1,000
Days to maturity	120
Days in a year	365

The price of the T-bill implies an annualized interest rate *closest* to:

A. 4.57%

B. 4.62%

C. 4.70%

Question 3 of 9

The following table shows a company's sales growth over a five-year period:

Year	Sales Growth Rate
2008	6.8%
2009	12.2%
2010	4.3%
2011	−6.9%
2012	14.7%

The company's geometric mean for sales from 2008 to 2012 is *closest* to:

A. 5.9%

B. 6.2%

C. 6.8%

Question 4 of 9

An analyst reviews the performance of three exchange-traded funds (ETFs):

ETF Annual Returns	Large-cap	Mid-cap	Small-cap
Year 1	13.0%	17.0%	10.0%
Year 2	14.0%	−1.5%	18.5%
Year 3	−0.1%	9.6%	−5.3%

Which ETF had the highest three-year annual geometric mean return?

A. Large-cap ETF

B. Mid-cap ETF

C. Small-cap ETF

Question 5 of 9

A hedge fund manager invested in three investments, A, B, and C, with differing holding periods. The manager collected the following information:

Investment performance	A	B	C
Holding period return	0.5%	50.0%	350.0%
Holding period return	5 days	23 months	6.7 years

Which of the three investments has the *lowest* annualized rate of return?

A. Investment A

B. Investment B

C. Investment C

Question 6 of 9

A portfolio manager has compiled an investment's annual returns for three years:

Time Period	Return (%)
Year 1	−3%
Year 2	11%
Year 3	−5%

The average annual compounded return on the investment over the three-year holding period is *closest* to:

A. 0.76%

B. 1.00%

C. 2.29%

Question 7 of 9

An investor purchases a stock for €100 at the beginning of the year. Six months later, the stock trades at €105. During the year, the stock paid a cash dividend of €2 per share. At the end of the year, the stock trades at €96, and the investor continues to hold the stock. The investor's capital distribution return for the year is *closest* to:

A. −2.00%

B. 1.90%

C. 2.00%

Question 8 of 9

Which of the following is *most likely* a macro risk category for an asset's return?

A. Credit risk

B. Industry risk

C. Interest rate risk

Question 9 of 9

A mutual fund has the following annual rates of return:

Year	20X1	20X2	20X3
Returns	−10%	5%	16%

The mutual fund's annual geometric mean return (%) is *closest* to:

A. 3.1

B. 3.7

C. 9.6
