Investment Classes

Test

1. Equities, property and index linked securities are also known as what?

1. Current Assets
2. Monetary Assets
3. Real Assets
4. Share Value

2. Can you correctly assign these definitions?

(i) Fixed interest securities where a fixed amount of interest is paid at regular intervals, usually for a defined period. At the end of the period the maturity value is paid.

Answer either Bonds or Equities

(ii) Known as ordinary shares in the UK or "common stocks" in the US.

Answer either Bonds or Equities

3. Which of the following reasons are sound ones for holding cash rather than investing elsewhere? (choose three)

1. To protect capital, without the risk of investing in the stock market
2. To hold large amounts over long periods of time
3. To meet short term expenditure
4. To place under the mattress for emergencies!
5. To save for a holiday

4. Which one of the following statements is true?

1. With profits contracts are a short term commitment
2. It is a low risk strategy for a pension fund to hold large amounts of cash for any period of time
3. The future expected interest payments on bonds and the proceeds at maturity are known at the outset
4. When investing in a property unit trust you need to employ a property manager

5. Which is **not** a feature of an Index Linked Security?

1. Provides variable income
2. Range of maturity dates for each issue
3. Only pension funds can invest in them
4. Issued by a government or quasi-government body

6. Which is **not**a type of share?

1. Preference share
2. Redeemable preference share
3. Ordinary share
4. Standard share

7. Which of the following is **not** a fixed interest security?

1. Gilt edged security
2. Local authority security
3. Preference shares
4. Company debentures

8. Investment in commercial property is classified into three categories. Which of the following is not a category?

1. Offices
2. Agricultural
3. Retail
4. Industrial