

CMI Practice Test Questions and Answers

1. What does CMI typically stand for in investment management?

- A) Certified Management Investor
- B) Chartered Market Analyst
- C) Certificate in Investment Management
- D) Corporate Management Institute

2. Which risk measure indicates the potential loss in value of a portfolio over a specific time period at a given confidence level?

- A) Beta
- B) Standard deviation
- C) Value at Risk (VaR)
- D) Sharpe ratio

3. What is the primary purpose of asset allocation in portfolio management?

- A) To maximize returns only
- B) To minimize taxes
- C) To balance risk and return across different asset classes
- D) To reduce transaction costs

4. Which financial ratio measures how effectively a company uses its assets to generate profit?

- A) Current ratio
- B) Return on Assets (ROA)
- C) Debt-to-equity ratio
- D) Price-to-earnings ratio

Answers: 1-C 2-C 3-C 4-B

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