

Investment Advisor Practice Test Questions and Answers

1. The Sharpe Ratio measures:

- A) Total portfolio return
- B) Excess return per unit of total risk
- C) Portfolio correlation to a benchmark
- D) The dividend yield of a portfolio

2. Tax-loss harvesting involves:

- A) Selling losing investments to realize losses that can offset capital gains
- B) Buying more of a losing investment to reduce average cost
- C) Deferring all capital gains to future years
- D) Converting taxable accounts to Roth accounts

3. A defined contribution plan is _____.

- A) Voluntary Retirement Scheme
- B) Unrecognized Provident Fund
- C) Leave salary
- D) Gratuity

4. Insurance typically represents _____.

- A) Risk transfer
- B) Risk Retention
- C) Risk Reduction
- D) Risk prevention

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

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