

SIE Practice Test Questions and Answers

1. What is a 12b-1 fee?

- A) A redemption fee charged when selling fund shares
- B) An annual fee charged by mutual funds to cover marketing and distribution costs
- C) A transaction fee for buying ETF shares
- D) A penalty for early withdrawal from an annuity

2. What is a debenture?

- A) A bond secured by specific company assets
- B) An unsecured bond backed only by the issuer's creditworthiness
- C) A government-issued savings bond
- D) A convertible preferred share

3. What is a callable bond?

- A) A bond that can be converted to stock
- B) A bond the issuer can redeem before maturity
- C) A bond that pays variable interest
- D) A bond backed by collateral

4. What is a 'fund of funds'?

- A) A mutual fund that holds shares of other mutual funds or ETFs
- B) A fund that only invests in IPOs
- C) A closed-end fund that trades at a discount
- D) A fund that reinvests all dividends automatically

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

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