Sir Padampat Singhania University

Faculty of Management

Quiz 1

Sample Questions

Financial Literacy

Q.1 Assertion (A): Investments are generally made with a long-term perspective and focus on risk management.  
Reason (R): Investments are intended to create wealth over time through careful asset selection and portfolio diversification.  
(a) Both A and R are true, and R is the correct explanation of A.

(b) Both A and R are true, but R is not the correct explanation of A.

(c) A is true, but R is false.

(d) A is false, but R is true.

Q.2 Assertion (A): Speculators prioritize quick returns and are less concerned with the intrinsic value of assets.  
Reason (R): Speculators often rely on market trends, momentum, and timing rather than fundamental analysis.  
(a) Both A and R are true, and R is the correct explanation of A.

(b) Both A and R are true, but R is not the correct explanation of A.

(c) A is true, but R is false.

(d) A is false, but R is true.

Q.3 Assertion (A): Diversification reduces portfolio risk.  
Reason (R): Diversification involves investing in a single asset class to maximize returns.  
(a) Both A and R are true, and R is the correct explanation of A.

(b) Both A and R are true, but R is not the correct explanation of A.

(c) A is true, but R is false.

(d) A is false, but R is true.

Q.4 Assertion (A): Rebalancing a portfolio ensures that the desired asset allocation is maintained.  
Reason (R): Rebalancing involves adding more funds to overperforming assets to increase returns.

(a) Both A and R are true, and R is the correct explanation of A.

(b) Both A and R are true, but R is not the correct explanation of A.

(c) A is true, but R is false.

(d) A is false, but R is true.

**Ans-**

**Q.1 A**

**Q.2 A**

**Q.3 C**

**Q.4 C**