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### Question 1 of 100

Which of the following represents the sensitivity of a convertible security to changes in its underlying stock price?

- **A.** gamma
- **B.** delta
- **C.** theta
- **D.** vega

### Question 2 of 100

Which of the following is true of diversification return?

I. It is the enhanced arithmetic mean return resulting from rebalancing a portfolio.
II. It is higher when prices exhibit mean reversion.
III. It is generated only by commodity investments.

- **A.** I only
- **B.** II only
- **C.** I and II only
- **D.** I, II, and III

### Question 3 of 100

Returns generated by which of the following imply the greatest durable skill?

- **A.** higher multiples
- **B.** financial engineering
- **C.** operational factors
- **D.** use of debt



 

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**Question 4 of 100**

Which of the following alphas is a repeatable, process-oriented skill?

- **A.** inaccessible risk premium
- **B.** alternative alpha
- **C.** transitional alpha
- **D.** manufactured alpha

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**Question 5 of 100**

Which of the following is the most important component of constructing a commodity index?

- **A.** specifying the return on the index
- **B.** establishing the roll method for the index components
- **C.** identifying the index as value-based or quantity-based
- **D.** selecting a weighting scheme for the index components

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**Question 6 of 100**

Which of the following is NOT true of listed private equity indices?

I. They are made up of share prices of publicly-traded private equity firms.
II. They reflect the assets in which institutional investors typically invest.
III. They include fees earned by the underlying investments' general partners.

- **A.** II only
- **B.** I only
- **C.** II and III only
- **D.** III only

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**Question 7 of 100**

With regard to the management of cybersecurity risk, which of the following functions was implemented by less than half of advisers examined by the SEC's National Exam Program?

- **A.** processes for ensuring regular system maintenance
- **B.** penetration tests and vulnerability scans
- **C.** maintenance of cybersecurity organizational charts
- **D.** periodic risk assessments of critical systems

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**Question 8 of 100**

Which of the following are typically used to estimate short-term valuations for illiquid securities?

I. Discounted cash flow models
II. Customized indices
III. Simulation models
IV. Capital balance statements

- **A.** III and IV only
- **B.** I, II, and III only
- **C.** I, II, and IV only
- **D.** II and III only

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**Question 9 of 100**

The quantitative analyst Harrison West works for a large investment bank and has developed a new derivative security that his bank wants to sell to clients. However, there is no data available to calculate the price of this new derivative. Therefore, Harrison comes up with a price from several assumptions including that market participants are risk-neutral and that the returns of the underlying security are approximately normally distributed. Which of the following types of models is Harrison most likely using?

- **A.** theoretical, positive, and abstract model
- **B.** theoretical, normative, and applied model
- **C.** theoretical, positive, and applied model
- **D.** empirical, applied, and normative model

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