

# Investment Jobs Practice Test Questions and Answers

## 1. What is a 'zero-coupon bond'?

- A) A bond that pays interest monthly instead of semi-annually
- B) A bond issued at a discount that pays no periodic interest but repays full par at maturity
- C) A floating rate bond with a minimum coupon floor of zero
- D) A bond backed by zero-risk government collateral

## 2. If you purchase a corporate bond...

- A) You gave the business a loan of money.
- B) You are responsible for the business' debts.
- C) Shareholder resolutions are up for election.
- D) You have equity in the business.

## 3. What is the 'dirty price' of a bond?

- A) The price after adjusting for credit risk
- B) The full price including accrued interest since the last coupon payment
- C) The market price minus transaction costs
- D) The price quoted in the secondary market

## 4. What is 'distressed debt investing'?

- A) Investing in bonds with negative yields
- B) Purchasing the debt of companies near or in bankruptcy at deep discounts to profit from recovery or restructuring
- C) Lending money to distressed homeowners
- D) Buying high-yield bonds before a credit downgrade

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

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