Daily Quiz: Class 3

3-1. Which of the following is the best description of the goal of the financial manager in a corporation whose shares are publicly traded?
   A* Maximize the current share price
   B Maximize profits
   C Increase dividends
   D Maximize sales

3-2. The only decision an investor makes is
   A How risky a stock is
   B The expected return on a stock
   C Whether stocks are more risky than bonds
   D* How much to invest in each available asset

3-3. The possibility of conflict of interest between the stockholders and management of the firm is called _____________.
   A The shareholder's conundrum
   B Corporate activism
   C* The agency problem
   D Corporate activism

3-4. If I invest $100 in a bank that pays 4% per year the first year and 11% per year the second year, after 2 years I will have:
   A $100.00
   B $104.00
   C $115.00
   D* $115.44

3-5. As the interest rate increases, with other things equal, the Future Value of an investment:
   A* Increases
   B Decreases
   C Stays the same
   D Unable to determine

3-6. If I invest $250 in a bank that pays 5.5% per year, after 13 years I will have:
   A $321.50
   B $355.61
   C $489.32
   D* $501.44