

Answer four (4) of the following six (6) questions.

1. What is meant by the following terms: real vs. financial capital, saving vs. investing, and intrinsic value? How may these terms be related?
2. What are the different ways that profitability can be measured? Why is one approach not adequate?

3. Simple knowledge of a PE ratio may not be helpful without further information. Explain how a PE ratio might be used and what its limitations are.

4. Define/explain/illustrate the terms: put, call, margin, and leverage.

5. What is fundamental analysis and how does Malkiel recommend using it for investment decisions?

6. What is technical analysis (if narrowly vs. broadly defined)? How is Malkiel critical of it?