

55

**FINTECH IN INVESTMENT
MANAGEMENT**

1. Robo-advisory services are most likely to be appropriate for an investor who is interested in:
 - (A) actively managed investments.
 - (B) high-frequency trading.
 - (C) traditional asset classes.

2. Investors in an initial coin offering (ICO) typically receive:
 - (A) cryptocurrency.
 - (B) registered securities.
 - (C) voting rights in the ICO issuer.

3. Determining the optimal execution instructions for an order to buy a security is most likely to be an application of:
 - (A) algorithmic trading.
 - (B) text analytics.
 - (C) natural language processing.

4. Under which of these conditions is a machine learning model said to be underfit?
 - (A) The model identifies spurious relationships.
 - (B) The model treats true parameters as noise.
 - (C) The input data are not labeled.

5. Which of the following uses of data is most accurately described as curation?
 - (A) An analyst adjusts daily stock index data from two countries for their different market holidays.
 - (B) A data technician accesses an offsite archive to retrieve data that has been stored there.
 - (C) An investor creates a word cloud from financial analysts' recent research reports about a company.

CFA®

6. A government decides it will privatize vehicle registrations if the province's auto insurance companies can record and maintain ownership titles using distributed ledger technology. This application of distributed ledger technology is best characterized as:
- (A) blockchain.
 - (B) smart contracts.
 - (C) tokenization.
7. Artificial intelligence is best described as:
- (A) computer systems that emulate human thinking.
 - (B) the field of study concerned with extracting information from data.
 - (C) networks of smart devices and buildings.
8. Which of the following statements about fintech is most accurate?
- (A) A primary driver of fintech is the increasingly structured nature of data that firms must process.
 - (B) Financial services that involve subjective judgment, such as investment advice, are unlikely to be affected by fintech.
 - (C) Fintech companies include those that develop technology for the financial services industry.
9. An executive describes her company's "low latency, multiple terabyte" requirements for managing Big Data. To which characteristics of Big Data is the executive referring?
- (A) Velocity and variety.
 - (B) Volume and variety.
 - (C) Volume and velocity.
10. The technique in which a machine learns to model a set of output data from a given set of inputs is best described as:
- (A) deep learning.
 - (B) supervised learning.
 - (C) unsupervised learning.

