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NEW QUESTION 26

As a measurement of risk, which of the following statements about beta is TRUE?

- * A larger beta for a stock means it will outperform the market at any point in the business cycle.
- * It is a relative measure that compares how an investment reacts to movements in a specific index.
- * It is a ratio that compares a company's current rate of return to its average rate of return overtime.
- * It corresponds to a stock's riskiness in relation to the frequency of dividend payments over a certain period of time.

NEW QUESTION 27

One of your clients, Fernando, is approaching 71 years of age and has a few questions regarding life income funds (LIFs).

Which of the following statements about LIFs is TRUE?

- * Fernando may make contributions to his LIF if he continues working.
- * Fernando is free to withdraw any amount from his LIF above the minimum amount.
- * Fernando can transfer money from his registered retirement savings plan (RRSP) to a LIF.
- * Fernando can transfer money from his locked-in retirement account (LIRA) to a LIF.

NEW QUESTION 28

When comparing mutual funds, what information would help a Dealing Representative determine a suitable mutual fund for a client?

- * Comparing historical rates of return between different types of mutual funds.
- * Assessing historical differences in the rate of return per unit of risk of similar mutual funds.
- * Referencing the fund code for each mutual fund that is being compared.
- * The rights a client has if there is a desire to cancel the purchased mutual fund.

NEW QUESTION 29

You have been researching Canadian equity mutual funds for a new client. You come across the following information.

Key indicators	Chamberlain Equity Fund	Fontaine Equity Fund
5-year Annualized Return	13.42%	11.25%
Quartile Ranking	2	3
Volatility	Medium to High	Medium to High
Management Expense Ratio (MER)	2.57%	2.90%
Portfolio Manager Start Date	January 1986	July 2004
Sharpe Ratio	0.19	0.05

What can you conclude from this information?

- * Chamberlain Equity Fund has lower volatility since its 5-year annualized return is higher.
- * Fontaine Equity Fund is a better fund because it has a higher quartile ranking.
- * Fontaine Equity Fund has a lower risk level since its Sharpe Ratio is lower.
- * Fontaine Equity Fund's higher MER contributes to its lower 5-year annualized return.

NEW QUESTION 30

One of your clients, Harry, has heard that he can defer paying tax on capital gains. He wants to know if what he has heard is correct and if so, how to defer paying taxes on capital gains.

What would you tell Harry?

- * He should hold profitable investments as long as possible.
- * He should invest in mutual funds just before the dividend paying date to pick up the dividend.

- * Harry should buy and sell investments actively.
- * He should hold unprofitable investments as long as possible.

NEW QUESTION 31

Nelson is a Dealing Representative with True Wealth Advisors Inc., a mutual fund dealer. Nelson follows proper procedures related to his firm's Relationship Disclosure Information (RDI). Which of the following CORRECTLY describes how Nelson is permitted to evidence that he satisfied his RDI obligation?

- * Nelson may retain a copy of the RDI in the client file with detailed notes to confirm that he provided and explained the RDI to the client.
- * Nelson may deliver the RDI to clients who request it and keep detailed notes of the clients who were provided with the RDI.
- * Nelson can formalize his relationship under the RDI using a Letter of Engagement that specifies duties, responsibilities, and level of service.
- * Nelson can record detailed notes which confirm that he provided and explained the Fund Facts to the client within 2 days of the RDI.

NEW QUESTION 32

Charlotte has received proceeds from a deceased family member's estate. Charlotte decides to visit Malik, who is a Dealing Representative at her bank. She tells Malik, she does not know much about trading ETFs, but she wants to invest in ETFs. Charlotte says she feels fortunate to have this money and that she's not worried about losing it because she never planned on having any of it.

What element of the Know Your Client (KYC) information has Malik been able to learn?

- * Risk Profile
- * Risk Capacity
- * Risk Preference
- * Risk Tolerance

NEW QUESTION 33

Which of the following is a rationale for a portfolio manager to use a passive portfolio management strategy?

- * The manager does not believe in using benchmarks.
- * The manager wishes to create capital gains in the mutual fund by frequently buying and selling stocks
- * The manager believes he or she can outperform the market with his or her stock picking skills.
- * The manager believes that as the markets are fairly priced, it would be futile to look for mis-priced securities.

NEW QUESTION 34

Which of the following statements describes a feature of the Home Buyers' Plan (HBP)?

- * To qualify- as a first-time home buyer you or your spouse must never have previously owned a home
- * Once you are required to repay the amounts back to your RRSP. any missed or incomplete payments are subject to tax.
- * A qualifying home must be purchased by December 31 of the year of withdrawal.
- * If you have a spouse or common-law partner, each of you can withdraw up to JE50.000 from your registered retirement savings plans (RRSPs).

NEW QUESTION 35

What role do investment dealers play in the Canadian and global financial markets?

- * They are contributors to a company's profits.

- * They are contributors to an investor's earnings.
- * They assist with the exchange of capital for a financial instrument.
- * By underwriting financial instruments, they raise capital for investors.

NEW QUESTION 36

Wilma has always used the services of a tax preparation firm to file her taxes but is skeptical that she has really benefitted. This year she plans to file her own taxes for the first time.

What would be useful for her to know?

- * Wilma's marginal tax rate may be lowered when tax deductions are applied to her total income.
- * Wilma's top marginal tax rate will be applied to every taxable dollar when her tax return is filed.
- * Wilma's tax deductions permit her to reduce her tax payable dollar-for-dollar.
- * Wilma's non-refundable tax credits may only reduce her taxable income dollar-for-dollar.

NEW QUESTION 37

In a mutual fund dealer, who is the person responsible for establishing and maintaining compliance policies and procedures as well as monitoring and assessing compliance?

- * the chief executive officer
- * the ultimate designated person
- * the trustee
- * the chief compliance officer

NEW QUESTION 38

Bernadette has a high-paying job and is in the top tax bracket. She recently received a payment of \$5 million upon the settlement of her uncle's estate. Bernadette would like to invest her inheritance in financial products that would not only grow her money but is also income tax friendly.

Which of the following would provide the most favourable tax treatment?

- * Dividends received from a large foreign corporation.
- * Coupon payments from Government of Canada bonds.
- * Capital gains from a large Canadian corporation.
- * Eligible dividends from a publicly-listed Canadian corporation

NEW QUESTION 39

Maxine is a portfolio manager who 15 years ago, purchased 100 shares of Never2Tacky, a social media corporation for Aspirations Global Technology Fund. She purchased the stock when it was trading at \$10. Last year, the peak market price was \$120. Presently, it is trading at \$99. News agencies are now reporting that additional regulations regarding social media companies are about to be agreed upon by G7 countries. Maxine is concerned the market value of Never2Tacky is going to drop. She buys a put option with an exercise price of \$95 with an expiry of 9 months.

What type of strategy is Maxine using?

- * Speculating
- * Modern portfolio theory
- * Passively managing
- * Hedging

NEW QUESTION 40

Your client, Rinaldo, wants to know more about the fees associated with his mutual funds. What can you tell him about a mutual fund's management expense ratio (MER)?

- * Mutual funds are required to calculate the MER on a daily basis.
- * Trailer and brokerage fees are charged separately from the MER.
- * The MER reflects the percentage of each dollar of fund assets that is used to pay for management services.
- * Mutual fund performance is not impacted by the MER since rates of return are published net of fees.

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