

DUMPS ARENA

Chartered Wealth Manager (CWM) Certification Level II Examination

AAFM CWM LEVEL 2

Version Demo

Total Demo Questions: 20

Total Premium Questions: 1244

Buy Premium PDF

<https://dumpsarena.co>

sales@dumpsarena.co

sales@dumpsarena.co
dumpsarena.co

QUESTION NO: 1

Section B (2 Mark)

Behavioral finance argues that _____.

- A. even if security prices are wrong it may be difficult to exploit them
- B. the failure to uncover successful trading rules or traders cannot be taken as proof of market efficiency
- C. investors are rational
- D. A and B

ANSWER: D

QUESTION NO: 2

Section C (4 Mark)

To create a common size income statement _____ all items on the income statement by _____.

- A. multiply; net income
- B. multiply; total revenue
- C. divide; net income
- D. divide; total revenue

ANSWER: D

QUESTION NO: 3

Section A (1 Mark)

As per Hindu succession Act

- A. Full blood relations are preferred over half blood relations
- B. Cognate heirs are preferred over agnate heirs
- C. Both of the above are correct

D. None of the above are correct

ANSWER: A

QUESTION NO: 4

Section A (1 Mark)

The information in your credit report is primarily used by the credit bureau to compute your

- A. Debt to equity ratio
- B. CIBIL score
- C. Debt payment to income ratio
- D. Liquidity ratio

ANSWER: B

QUESTION NO: 5

Section A (1 Mark)

Which of the following is not a broad category of Alpha drivers?

- A. Bulk Beta
- B. Cheap Beta
- C. Long/Short Investing
- D. Concentrated Portfolios

ANSWER: A

QUESTION NO: 6

Section B (2 Mark)

Suppose that Chicken Express, Inc. has a ROA of 7% and pays a 6% coupon on its debt. Chicken Express has a capital structure that is 70% equity and 30% debt. Relative to a firm that is 100% equity-financed, Chicken Express's Net Profit will be _____ and its ROE will be _____.

- A. Lower, lower
- B. Higher, higher
- C. Higher, lower
- D. Lower, higher

ANSWER: D

QUESTION NO: 7

Section A (1 Mark)

..... Is implied in favor of the party creating it

- A. Express trust
- B. Resulting trust
- C. Constructive trust
- D. Pre-catory trust

ANSWER: B

QUESTION NO: 8

Section C (4 Mark)

Shekhar has an investment portfolio of Rs.100000; the initial portfolio mix is Rs. 50000 in stocks, Rs.30000 bonds and Rs.20000 in bank. If stock market goes up by 10%, what should Shekhar do under the constant mix policy?

- A. He should sell Rs.5000 of stocks and bonds each and invest it into bonds
- B. He should sell Rs.2500 of stock and buy bonds worth Rs.1500 and Deposit Rs.1000 in bank.
- C. He should buy his portfolio equally
- D. He should sell his portfolio equally

ANSWER: B

QUESTION NO: 9

Section A (1 Mark)

Deduction under section 80-IC is allowed to the extent of:

- A.** 100% of profits and gains for ten assessment years
- B.** 100% of profits and gains for ten assessment years in case of any undertaking or enterprise in the States of Sikkim or North Eastern Region and 50% in case of undertaking in Uttaranchal and Himachal Pradesh
- C.** 100% of profits and gains for ten assessment years in case of an undertaking or enterprise in the States of Sikkim or North Eastern States and 100% of profits and gains for the first 5 assessment years and 25% (30% in case of companies) for next 5 assessment years.
- D.** None of These

ANSWER: C

QUESTION NO: 10

Section B (2 Mark)

Which of the following statements with respect to International Taxation Structure is/are correct?

I.	Capital export neutrality is concerned with neutrality in the location of investment. Under this principle, a tax system should be designed so that it is neutral regarding outflows of capital, so that the total of domestic and foreign taxes does not leave a capital exporter worse off than if the investment had all been in the home country.
II.	Capital import neutrality is concerned with neutrality in the source of investment and from a government's point of view means that domestic companies should be protected from a higher tax burden in a foreign market than taxpayers from other country operating in that same market.
III.	The EU Mutual Assistance Directive which provides for cooperation by the Member States of the EU in most forms of taxation. Essentially, this Directive provides for the exchange of information rather than the collection of one Member State's taxes by another Member State.
IV.	United Nations has long been particularly active in promoting the adoption of double tax treaties and has been active in recent years in establishing principles for the taxation of international money flows resulting from electronic commerce.

- A. I and II
- B. III and IV
- C. I, II and IV
- D. I, II and III

ANSWER: C

QUESTION NO: 11

Section A (1 Mark)

A bank is considering making a loan to Neil Garg. Neil has bounced three cheques in the last year and already has Rs 1,00,000 on a credit card and an automobile loan with a large balance. What aspect of evaluating a consumer loan application is this fact concerned with?

- A. Income level
- B. Deposit balance
- C. Employment and residential stability
- D. Pyramiding of debt

ANSWER: D

QUESTION NO: 12

Section C (4 Mark)

As a CWM you are required to calculate the tax liability of an individual whose taxable income is:

- \$42000 in SGD and he is a Singapore citizen
- £35500 p.a (only employment)and he is a UK citizen

- A. £ 7100 and 5880 SGD
- B. £ 14200 and 3570 SGD
- C. £ 17750 and 2310 SGD
- D. £ 7100 and 2310 SGD

ANSWER: B

QUESTION NO: 13

Section A (1 Mark)

Wealth Conservation is _____

- A. Ways to maximize tax efficiency of current assets and cash flows while achieving capital growth and preservation goals
- B. Using insurance to ensure wealth is protected
- C. Legally structuring the future disposition of current assets to minimize the benefits to chosen beneficiaries

D. None of the above

ANSWER: C

QUESTION NO: 14

Section C (4 Mark)

Amit an industrialist wants to buy a flat in a housing society presently costing Rs.

35,00,000/- after 6 years. The cost of the house is expected to increase by 15% p.a for the first 3 years and by 10% in the remaining years. Amit wants to start a SIP with monthly contributions in Birla Front Line Equity Mutual Fund to pay for the down payment of the house which would be 25% of the house value at that time. You as a CWM expect that the fund would give ROI of 14% p.a. compounded monthly in the next 10 years. Please advise Amit the monthly SIP amount starting at the beginning of every month for the next 6 years to fulfill his goal of buying the Flat he desires.

- A. 63422.72
- B. 65185.55
- C. 16537.56
- D. 15883.32

ANSWER: D

QUESTION NO: 15

Section C (4 Mark)

Suppose an investor Mr. A buys or is holding ABC Ltd. currently trading at Rs. 4758. He decides to establish a collar by writing a Call of strike price Rs. 5000 for Rs. 39 while simultaneously purchasing a Rs. 4700 strike price Put for Rs. 27. Since he pays Rs. 4758 for the stock ABC Ltd., another Rs. 27 for the Put but receives Rs. 39 for selling the Call option, his total investment is Rs. 4746.

What would be the Net Payoff of the Strategy?

- If ABC Ltd closes at 4851
- If ABC Ltd closes at 5267

- A. 105 and 254
- B. 214 and 154
- C. 0 and 124

D. -46 and 4

ANSWER: A

QUESTION NO: 16

Section C (4 Mark)

Read the senario and answer to the question.

Nimita purchased 500 shares of ABC Ltd., a listed company at Rs. 45 per share on Sep. 15,2002. The company offered to buy back its shares on June 15, 2009 which Nimita accepted at a price of Rs. 75 per share on Jul 1, 2009. What is the tax liability in the hands of Nimita for this transaction for Assessment Year 2010-11? Cost inflation indices are

2002-03: 447 and 2009-10 632. (Ignore Education Cess)

- A. Rs. 1,140
- B. Rs. 3,000
- C. Rs. 1,500
- D. Nil

ANSWER: A

QUESTION NO: 17

Section A (1 Mark)

Nifty is a

- A. Hybrid index
- B. Equal weighed index
- C. Price weighted index
- D. Value weighted index

ANSWER: D

QUESTION NO: 18

Section A (1 Mark)

The Net Operating Income (NOI) for a real estate investment is calculated as:

- A.** Gross potential income + vacancy and collection loss rate – insurance- real estate taxes-utility expenses- estimated maintenance expenses
- B.** Gross potential income-vacancy and collection loss rate – insurance- real estate taxesutility expenses- estimated maintenance expenses
Gross potential income - vacancy and collection loss rate + insurance- real estate taxesutility expenses- estimated maintenance expenses-financing cost
- C.** Gross potential income + vacancy and collection loss rate - insurance + real estate taxes-utility expenses- estimated maintenance expenses-depreciation

ANSWER: B

QUESTION NO: 19

Section A (1 Mark)

The stage in venture Capital financing where the business plan is completed and presented to a venture capital firm is called _____.

- A.** Early Stage Venture Capital
- B.** Seed Capital
- C.** Angel Investing
- D.** First Stage Financing

ANSWER: B

QUESTION NO: 20

Section B (2 Mark)

Calculate the duration of a 10 year annual annuity that has a yield of 7%.

- A.** 5.50 Years
- B.** 4.94 Years
- C.** 3.85 Years

D. 6.50 Years

ANSWER: C