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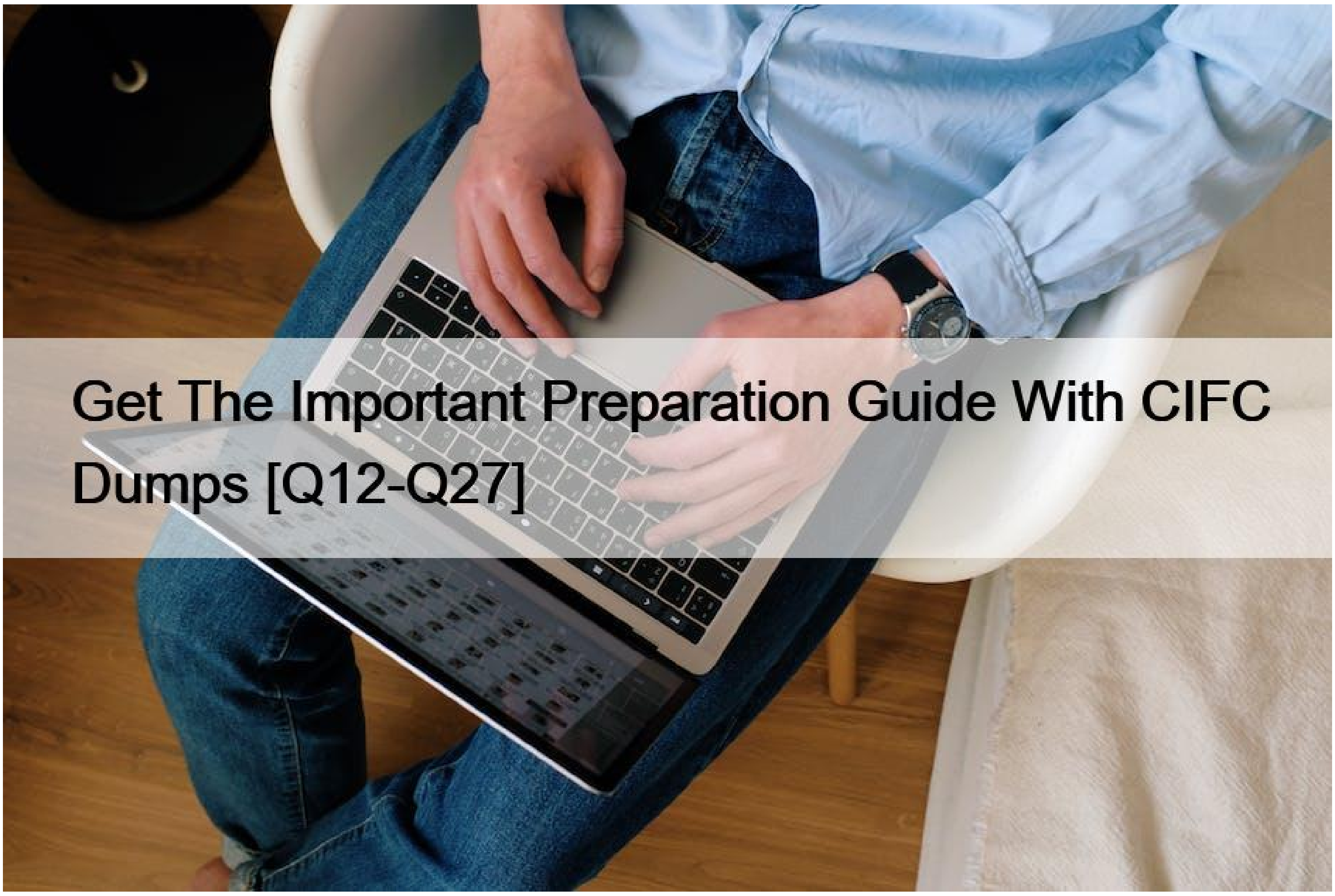

Get The Important Preparation Guide With CIFC Dumps Get Totally Free Updates on CIFC Dumps PDF Questions NO.12
Rashad is a Dealing Representative with Investors Network Corp., a mutual fund dealer. Investors Network is registered in all provinces and territories of Canada and Rashad is registered in the Edmonton, Alberta branch. Rashad is told to provide his Branch Manager with a number of client files. The client files will be part of a compliance review by the applicable self-regulatory organization (SRO). Which regulator will review Rashad’s client files?
* Canadian Securities Administrators (CSA)
* Mutual Fund Dealers Association of Canada (MFDA)
* Autorite de marches financiers (AMF)
* Chambre de la securite financiere (CSF)

Explanation

The Mutual Fund Dealers Association of Canada (MFDA) is the self-regulatory organization (SRO) that regulates mutual fund dealers in Canada, except in Quebec. The MFDA is responsible for setting and enforcing rules and standards of conduct for its members and their representatives, as well as conducting compliance reviews and investigations. Rashad works for a mutual fund dealer that is registered in all provinces and territories of Canada, including Alberta, where he is based. Therefore, his client files will be part of a compliance review by the MFDA, which is the applicable SRO for his firm and jurisdiction.

References = Canadian Investment Funds Course, Unit 7: The Regulatory Environment, Lesson 1: The Regulatory Framework, Section 7.1.2: Self-Regulatory Organizations (SROs) 1; MFDA website 2

NO.13 Xerxes, 45 years old, is a successful architect, having an annual income of $185,000. He has around $10,000 in his non-registered account, which he is looking to invest in a tax-efficient manner.

From the following options, which would be the most tax-efficient?
* target date fund
* bond fund
* asset allocation fund
* Canadian equity index fund

NO.14 Louis is the portfolio manager for Quattro Fund. The mandate of the mutual fund is to invest in a combination of cash, fixed income, and equity securities; however, Louis has the ability to adjust the portfolio according to market conditions. If Louis feels that interest rates will fall, he could invest the whole portfolio in equities. If he feels the market is too high, he could take profits and sit totally in cash. What type of mutual fund is Quattro Fund?
* Canadian equity fund
* balanced fund
* commodity pool
* asset allocation fund
Explanation

An asset allocation fund is a type of mutual fund that invests in a combination of cash, fixed income, and equity securities, but has the flexibility to adjust the portfolio according to market conditions and the fund manager’s outlook. The fund manager can change the asset mix to take advantage of opportunities or reduce risks in different asset classes and markets. The fund’s objective is to achieve a balanced risk-return profile by diversifying across different assets and investment styles. Quattro Fund is an example of an asset allocation fund, as it can invest in cash, fixed income, and equity securities, and Louis can adjust the portfolio according to his views on interest rates and the market.

References: Canadian Investment Funds Course, Unit 6, Section 6.2; 4; 5; 6

NO.15 Jasmine purchases a 1-year, $10,000 face value strip bond for $9,600. At maturity, when Jasmine receives

$10,000, which of the following statements is CORRECT?
* Jasmine realizes a capital dividend of S400.
* Jasmine realizes a taxable dividend of $400.
* Jasmine realizes a taxable capital gain of $400.
* Jasmine realizes interest income of $400.

NO.16 Patrick is a portfolio manager for the HyperTally Growth Fund. It has generated an annualized rate of return of

10% this past year. However, with the anticipation of very high inflation to soon occur, there is also an expectation of higher interest rates. Patrick is concerned about the future returns of existing stocks within the fund. What may Patrick do to protect against the market value of the fund dropping?
* Agree to buy forward contracts where he is in the “long’ position.
* Buy call options for the existing stocks stored within the fund.
* Avoid the use of derivatives because they are speculative in nature.
* Purchase put options for the fund’s existing assets.
Explanation

A put option is a contract that gives the buyer the right, but not the obligation, to sell an underlying stock at a specified price (the strike price) within a specified time period (the expiration date). The seller of a put option is obligated to buy the stock if the buyer exercises the option. Patrick can purchase put options for the fund’s existing assets, which means he can lock in a minimum selling price for his stocks in case the market value drops below the strike price. This way, he can protect against potential losses and hedge his portfolio against market risk. References: What Is a Put Option and How to Use It With Example – Investopedia, How to Hedge With Stock Index Futures – Investopedia

NO.17 What purpose does it serve for non-money market mutual funds to hold money market instruments?
* Money market instruments primarily generate investment income that provides investors with preferential tax treatment.
* If the portfolio manager has an immediate need for cash, money market instruments are relatively easy to liquidate.
* They are purchased by non-money market funds to satisfy the regulatory requirement of fund diversification.
* They ensure that the fair market value of a mutual fund will not drop below a minimal market value.

NO.18 Derek submits an order to sell 300 units of the Evergreen Canadian Mortgage Fund at 8:00 p.m. EST on Friday, January 6. His proceeds will be based on the net asset value per unit (NAVPU) for which day (assume no holidays)?
* Friday, January 6
* Monday, January 9
* Tuesday, January 10
* Wednesday, January 11
Explanation

The net asset value per unit (NAVPU) is the price at which mutual fund units are bought and sold. The NAVPU is calculated at the end of each business day, based on the closing market value of the fund’s assets and liabilities. When an investor submits an order to buy or sell mutual fund units, the order is processed at the NAVPU of the next valuation date, which is the next business day after the order is received by the fund company. This is called forward pricing. In this case, Derek submits his order to sell 300 units of the Evergreen Canadian Mortgage Fund at 8:00 p.m. EST on Friday, January 6. This is after the cut-off time for that day, which is usually 4:00 p.m. EST. Therefore, his order will be processed at the NAVPU of the next valuation date, which is Monday, January 9. However, since the Evergreen Canadian Mortgage Fund is a money market fund, it has a one-day settlement period, which means that Derek will receive his proceeds on the following business day after his order is processed. Therefore, his proceeds will be based on the NAVPU for Tuesday, January 10. References:

Canadian Investment Funds Course (CIFC) Study Guide, Chapter 4: Mutual Funds, Section 4.4: Buying and Selling Mutual Funds, page 4-161 Forward Pricing Definition – Investopedia2 Money Market Fund Definition – Investopedia3

NO.19 Khuyen is a Dealing Representative for Stark Contrast Investments. Her dealer has relationships with 20 different mutual fund families. This gave her the flexibility to sell two different types of funds from two different fund families to her client, Bao. $5,000 was invested in the Blue Moon Global Balanced fund and an additional $5,000 was invested in the Orange Sun Asset Allocation fund. Khuyen has been reviewing the performance of both funds and has determined that Bao would be better off being fully invested in the Blue Moon Global Balance fund. Bao had previously signed a Limited Authorization Form (LAF) for Khuyen, so she goes ahead and does not worry about consulting with Bao before making the change.

What type of activity has Khuyen performed?
* Top-down management
* Churning
* Discretionary trading
* Value investing
Explanation

Discretionary trading is a type of trading activity where the advisor makes investment decisions on behalf of the client without obtaining the client’s prior consent for each transaction. Discretionary trading is only allowed if the client has signed a discretionary management agreement with the advisor and the advisor is registered as a portfolio manager. A limited authorization form (LAF) does not grant the advisor the authority to engage in discretionary trading. A LAF only allows the advisor to execute trades that are initiated by the client, such as pre-authorized contributions or withdrawals. Therefore, Khuyen has performed discretionary trading by switching Bao’s funds without consulting him, which is a violation of her registrant responsibilities and ethical standards. References:

Canadian Investment Funds Course (CIFC) Study Guide, Chapter 2: The Sales Process, Section 2.4:

Ethics and Compliance, page 2-161

Discretionary Trading Definition – Investopedia2

NO.20 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
Explanation

In a mutual fund dealer, the chief compliance officer (CCO) is the person responsible for establishing and maintaining compliance policies and procedures as well as monitoring and assessing compliance by the dealer and its representatives. The CCO must report to the board of directors or senior management of the dealer and must meet certain proficiency requirements, such as passing the Mutual Fund Dealers Compliance Exam. The CCO is also accountable to the securities regulators and self-regulatory organizations for any compliance issues or breaches. References: Guide to Broker-Dealer Registration

NO.21 Charlotte has received proceeds from a deceased family member’s estate. Charlotte decides to visit Malik, who’s 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
Explanation

The element of the Know Your Client (KYC) information that Malik has been able to learn is Charlotte’s risk preference. KYC information is a collection of personal and financial information that registered firms and individuals must obtain from their clients before providing any investment advice or services. KYC information helps registered firms and individuals understand their clients’ needs, goals, risk tolerance, time horizon, and personal circumstances, as well as comply with regulatory obligations such as suitability, disclosure, and reporting. One of the components of KYC information is risk preference, which is a measure of how much risk an investor is willing to take on in their portfolio. It reflects the investor’s attitude, personality, and emotional factors that influence their investment decisions. Risk preference can be classified into three categories: risk-seeking, risk-averse, or risk-neutral. Based on Charlotte’s statement that she does not know much about trading ETFs, but she wants to invest in ETFs, and that 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, Malik can infer that Charlotte has a high-risk preference or a risk-seeking attitude. This means that Charlotte is willing to take on more risk in exchange for higher potential returns, even if it means losing some or all of her money.

Therefore, option C is correct regarding what element of KYC information Malik has been able to learn.

The other options are not correct regarding what element of KYC information Malik has been able to learn.

Option A is false because risk profile is not an element of KYC information; rather, it is an outcome of KYC information that summarizes the investor’s overall suitability for different types of investments based on their KYC information. Option B is false because risk capacity is not an element of KYC information; rather, it is a measure of how much risk an investor can afford to take on in their portfolio based on their financial situation and goals. Option D is false because risk tolerance is not an element of KYC information; rather, it is a measure of how much risk an investor can handle in their portfolio without losing sleep or changing their plans. References: [Know Your Client (KYC) | IFIC], [Know Your Client (KYC) | GetSmarterAboutMoney.ca], [Risk Preference | Investopedia]

NO.22 You are meeting a potential client, William, for the first time. He is a high net worth individual and you are keen to get his business. Which of the following would you consider the most important to create an impressive first impression on your potential client?
* your body language
* volume of your voice
* your words
* tone of your voice

NO.23 Sonya meets with her client Elijah to review different investment approaches that could be offered to help him reach his financial goals. Part of that discussion included Sonya mentioning factors such as inflation, interest rates, and rates of return. Which stage of the Strategic Investment Planning (SIP) process does this describe?
* Clarify Client Status, Problems and Opportunities
* Identify Strategies and Present the Plan
* Implement the Plan
* Monitor and Update

Explanation

The Strategic Investment Planning (SIP) process is a four-step process that helps advisors to create and deliver customized investment plans for their clients. The four steps are:

Clarify Client Status, Problems and Opportunities: This step involves gathering information about the client’s personal and financial situation, goals, risk tolerance, and investment knowledge. The advisor also identifies the client’s problems and opportunities, such as tax issues, estate planning needs, or market trends.

Identify Strategies and Present the Plan: This step involves analyzing the information collected in the previous step and developing strategies to address the client’s problems and opportunities. The advisor also presents the plan to the client, explaining the rationale, benefits, costs, and risks of the proposed strategies. This is the stage where Sonya mentions factors such as inflation, interest rates, and rates of return, as they are relevant to the investment approaches she is offering to Elijah.

Implement the Plan: This step involves executing the agreed-upon strategies with the client’s consent.

The advisor also ensures that the necessary documentation and transactions are completed.

Monitor and Update: This step involves reviewing the performance of the plan and making adjustments as needed. The advisor also communicates with the client regularly and updates the plan according to any changes in the client’s situation or goals.

References:

Canadian Investment Funds Course (CIFC) Study Guide, Chapter 2: The Sales Process, Section 2.3: The Strategic Investment

Planning (SIP) Process, page 2-81 Strategic Investment Planning Process – IFSE Institute2

NO.24 Daisy is a Dealing Representative registered in the province of Saskatchewan only. Daisy’s client, Orville, a resident of Lloydminster, Saskatchewan is a retiree who presently has a $1,000,000 with her dealer, Easy Ride Financial. Orville is now planning to move to Vegreville, Alberta next month. Easy Ride Financial is registered in Alberta and Saskatchewan. Neither Easy Ride Financial nor Daisy have any clients who are resident in Alberta.

Which of the following should Daisy do if she wants to continue to service Orville’s account?
* Request approval from the Mutual Fund Dealers Association of Canada to be eligible to be a registered Dealing Representative in Alberta
* Daisy could seek permission from her dealer to request a client mobility exemption with the Alberta Securities Commission.
* Daisy will need to forfeit her registration in Saskatchewan if she wants to be registered in Alberta to keep Orville as a client.
* Register with a different mutual fund dealer that is registered in Alberta so she can keep Orville as a client.
Explanation

Daisy could seek permission from her dealer to request a client mobility exemption with the Alberta Securities Commission. This exemption allows a registered individual in one jurisdiction to service a client who moves to another jurisdiction, without having to register in the new jurisdiction, subject to certain conditions. Some of these conditions are that the individual must be registered with a dealer that is registered in both jurisdictions, the individual must not have more than five clients in the new jurisdiction, and the individual must notify the regulator in the new jurisdiction of the exemption. References: Client Mobility Exemption

NO.25 At 4:00 p.m. Eastern Time on July 6, the following information is collected for the Marigold Canadian Dividend Fund:

total assets at market value	$45,668,900
total assets at book value	$51,562,678
short-term liabilities	$2,996,660
long-term liabilities	$ 2,667,832
shares outstanding	5,564,443

What is the net asset value per unit NAVPU for the Marigold Canadian Dividend Fund for July 6?
* $7.19
* $7.65
* $8.25
* $9.27
Explanation

This is the net asset value per unit (NAVPU) for the Marigold Canadian Dividend Fund for July 6. The NAVPU is calculated by dividing the net asset value (NAV) of the fund by the number of units outstanding. In this case, the NAVPU is $8.25 ($45,668,900 / 5,564,443).

The NAV is the value of a fund’s assets minus the value of its liabilities. The value of assets is the value of all the securities in the portfolio, plus any cash and cash equivalents, plus any accrued income for the day. The value of liabilities is the value of all short-term and long-term liabilities, plus any accrued expenses for the day. The NAV is usually expressed on a per-share or per-unit basis, which is the NAVPU.

The NAVPU is the price at which investors can buy or sell units of the fund. It is determined at the end of each trading day based on the closing market prices of the portfolio’s securities. The NAVPU can change daily depending on the performance of the securities in the fund and the fund’s expenses.

NO.26 Raybert has a very short-term investment objective and has decided to purchase money market instruments.

There are plenty of 90-day money market securities available for him to choose from. Although Raybert is aware that all the respective issuers have a similar need for his capital, no matter what he decides, he can only afford to purchase one.

In terms of financial markets and their relationship to the principles of supply and demand, which characteristic of investment capital are the issuers being exposed to?
* Mobility
* Risk
* Scarcity
* Sensitivity
Explanation

Scarcity is a characteristic of investment capital that refers to the limited availability of capital relative to the demand for it. Scarcity affects the price and return of capital, as well as the allocation of capital among different issuers and sectors. When capital is scarce, issuers have to compete for it by offering higher returns or lower prices, or by adjusting their financing strategies. When capital is abundant, issuers have more access to it at lower costs or higher prices, or by diversifying their sources of capital. In this case, Raybert has a very short-term investment objective and has decided to purchase money market instruments. There are plenty of

90-day money market securities available for him to choose from, but he can only afford to purchase one. This means that the issuers of these securities are exposed to the scarcity of capital, as they have to attract Raybert and other investors with similar objectives by offering competitive rates or discounts.

References = Canadian Investment Funds Course, Unit 5: Types of Investments, Lesson 1: Economic Factors and Financial Markets, Section 5.1.1: Characteristics of Investment Capital1; CIFC prepkit, Chapter 5: Types of Investments, Question 5.1.1 2

NO.27 Sarah and Kyle are a married couple. They are both 34 years of age and work as teachers. Their combined annual income is $130,000. They are able to save $800 each month. They own a home worth

$340,000 with a $120,000 mortgage. Since they work for the same employer, they have the same defined benefit pension plan. Other than a tax-free savings account (TFSA) in Kyle’s name with $5,000, they do not have any other assets.

They are avid sailors and want to save towards a purchase of a sailboat. For the type of sailboat they want, they estimate it should cost around $65,000. They want you to recommend an investment for their monthly savings to help them achieve their goal faster.

What question should you ask them next?
* How much do you make individually each year?
* How would you feel if you lost part of your money in the short-term?
* What is your investment objective for these savings?
* What is your net worth?
Explanation

According to the Canadian Investment Funds Course, an investment objective is the goal or purpose of investing money. An investment objective reflects the investor’s desired return, risk tolerance, time horizon, and liquidity needs. An investment objective is one of the key components of the know-your-client (KYC) information that a mutual fund representative must obtain and update from a client. The KYC information helps the representative to assess the suitability of any investment recommendation or trade instruction for the client2 In this case, Sarah and Kyle are a married couple who want to save towards a purchase of a sailboat. They are able to save $800 each month and have a tax-free savings account (TFSA) in Kyle’s name with $5,000. They want you to recommend an investment for their monthly savings to help them achieve their goal faster. Before you can make any recommendation, you need to gather more information about their investment objective for these savings. You need to know how much return they expect, how much risk they are willing to take, how long they plan to invest, and how easily they want to access their money. These factors will help you to determine the most suitable investment option for them.

Therefore, the question you should ask them next is C. What is your investment objective for these savings?

References: 1: Canadian Investment Funds Course – IFSE Institute 3 (Unit 2: Know Your Client) 2: Canadian Investment Funds Course – IFSE Institute 4 (Unit 10: Portfolio Management)