AAFM

CWM_LEVEL_2 Exam

Chartered Wealth Manager (CWM) Certification Level II Examination

Questions & Answers
Demo

Version: 4.0

Question: 1

Section A (1 Mark)

According to the _____ if irrational traders cause deviations from fundamental value, rational traders will often be powerless to do anything about it.

A. Theory of Limited Arbitrage
B. Equity premium puzzle
C. Present-biased preferences
D. Inter Temporal Consumption

Answer: A

Question: 2

Section C (4 Mark)

Suppose you have a two-security portfolio containing Bonds A and B. The market value of Bond A is Rs. 6,000, and the market value of Bond B is Rs4,000. The duration of Bond A is 8.5, and the duration of Bond B is 4.0. Calculate the duration of the portfolio.

A. 5.3
B. 8.2
C. 6.7
D. 3.56

Answer: C

Question: 3

Section B (2 Mark)

Which of the following statements is/are true?

I.	
II.	
III.	
IV.	

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

Answer: B

Question: 4
Section A (1 Mark)

The best way to maintain your credit rating is to:

A. Use credit sparingly.
B. Pay cash for your purchases.
C. Repay your debts on time.
D. Declare a bankruptcy.

Answer: C

Question: 5
Section B (2 Mark)

Mr.Neeraj has a portfolio consisting of two stocks A & B has a standard deviation of 5% while stock B has a standard deviation of 15%. Stock A comprises 40% of the portfolio and stock B consists of 60%. If the correlation of returns of A and B is 0.5, the variance of return on the portfolio is_____

A. 35
B. 85
C. 94
D. 103

Answer: D