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NEW QUESTION: 1

Danica is looking for a mutual fund to hold in her non-registered account that provides a regular stream of income with potential for capital growth. She is having difficulty distinguishing between bond funds and dividend funds. Which of the following statements is TRUE?

- A. Bond fund distributions receive more favorable tax treatment than that of dividend funds.
- B. Bond funds receive fixed interest payments from most of their investments.
- C. The return of dividend funds relies only on interest rates; whereas with bond funds, the return also depends on the general direction of stock markets.
- D. When interest rates rise, the net asset value per unit (NAVPU) of bond funds decreases; whereas with dividend funds it rises.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 2

Janine will celebrate her 71st birthday this year. She currently has a lot of money in a personal registered retirement savings plan (RRSP) and knows there are rules about what she can do with those funds. Which of the following is TRUE?

- A. She can purchase a registered term or life annuity.
- B. She can convert her RRSP to a registered retirement income fund (RRIF) this year or by December 31st of next year.
- C. She can convert her RRSP to a locked-in retirement income fund (LRIF).
- D. She can take the entire amount in cash, with no tax consequences because her RRSP funds were tax-sheltered.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 3

Lior is considering an investment that gains exposure to companies that trade on the Toronto Stock Exchange (TSX). He is not sure what the differences are between a Canadian equity fund and a Canadian dividend fund.

What would you tell him?

- A. Equity funds hold common shares while dividend funds hold only preferred shares.
- B. Dividend funds tend to be less volatile and lower risk than equity funds.
- C. Equity funds are more appropriate than dividend funds if Lior requires a steady flow of income.
- D. Dividend funds generate tax-preferred income while income from equity funds is fully taxable.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 4

Which of the following statements about your mutual fund registration is CORRECT?

- A. You must renew your registration through the online NRD system every two years.
- B. You must inform the regulatory authorities of any material or significant changes to your personal circumstances.
- C. You can sell mutual funds anywhere in Canada as long as you are registered with one of the provincial or territorial securities commissions.
- D. Your online application must be reviewed and approved by your mutual fund dealer before you can begin to sell mutual funds.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 5

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?

- A. Hedging
- B. Speculating
- C. Passively managing
- D. Modern portfolio theory

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 6

Which statement about unused registered retirement savings plan (RRSP) contribution room is CORRECT?

- A. It may not be more than the RRSP contribution limit for the year in which it is carried forward.
- B. It can be carried forward a maximum of seven years.
- C. It can be carried forward to future years.
- D. It may not be carried forward.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 7

Maureen is 65 years old and will be retiring soon. She has a modest portfolio of mutual funds that focus on growth. As she approaches retirement, Maureen wants to switch to investments that provide steady income with low to medium risk.

Given Maureen's wishes, which of the following mutual funds would be suitable for her?

- A. money market funds, global equity funds, bond funds
- B. money market funds, mortgage funds, bond funds
- C. Canadian dividend funds, global equity index funds, bond funds
- D. money market funds, Canadian dividend funds, sector funds

Answer: B (LEAVE A REPLY)

NEW QUESTION: 8

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?

- A. He should hold profitable investments as long as possible.
- B. He should hold unprofitable investments as long as possible.
- C. He should invest in mutual funds just before the dividend paying date to pick up the dividend.
- D. Harry should buy and sell investments actively.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 9

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?

- A. Daisy will need to forfeit her registration in Saskatchewan if she wants to be registered in Alberta to keep Orville as a client.
- B. Request approval from the Mutual Fund Dealers Association of Canada to be eligible to be a registered Dealing Representative in Alberta
- C. Daisy could seek permission from her dealer to request a client mobility exemption with the Alberta Securities Commission.
- D. Register with a different mutual fund dealer that is registered in Alberta so she can keep Orville as a client.

Answer: (SHOW ANSWER)

NEW QUESTION: 10

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?

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 11

David had \$10,000 in his investment account with Dynamic Investments, a mutual funds dealer. On June 28, David wants to buy 500 units in ABC Canadian Dividend Fund that has a Net Asset Value Per Unit (NAVPU) of \$14.10. His friend Robert suggests that he may get a better price if he used the strategy of dollar-cost averaging. David then instructs his Dealing Representative to place a purchase order for 100 units on the first of every month starting July 1st for the next 5 months.

The orders are executed at the following NAVPUs.

July 01, \$14.00

Aug. 01, \$14.50

Sep. 01, \$15.00

Oct. 01, \$14.25

Nov. 01, \$16.50

Did David get a better purchase price following the dollar-cost averaging strategy compared to making a lump-sum purchase of 500 shares on Jun 28, 20xx?

- A. David got his 500 units at the same price as the lump sum price he would have paid.
- B. David realizes that Dollar cost averaging is the best strategy for getting lower prices.
- C. David got his 500 units at a higher price than the lump sum price he would have paid
- D. David got his 500 units at a lower price than the lump sum price he would have paid.

Answer: (SHOW ANSWER)

NEW QUESTION: 12

Which of the following is a characteristic of a bond fund?

- A. If interest rates rise the value of a bond fund will also tend to rise.
- B. Income from a bond fund will primarily be interest but may also be capital gains
- C. Bond funds are very low risk because they never go down in value.
- D. Securities regulation specifies that bond funds must invest in investment grade bonds.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 13

Which information is typically included in the Letter of Engagement?

- A. Payee for deposits
- B. Client's responsibilities
- C. Investment Objective
- D. Process for complaints

Answer: B (LEAVE A REPLY)

NEW QUESTION: 14

Every February, Reginald, a Dealing Representative, feels pressured by his Manager to generate new registered retirement savings plans (RRSP) and contributions to assist the branch in meeting broader business targets. Reginald is nearing the end of February, and he has a meeting with a new client, Orel. Orel wants to open a tax-free savings account (TFSA) to develop emergency savings because he does not want to worry about his withdrawals being taxed. Reginald suggests that if Orel were to contribute to an RRSP first, then the resulting tax savings could be used to fund a new emergency account. In relation to account suitability, what can be said about Reginald's advice?

- A. By convincing Orel to contribute an RRSP, instead of a TFSA, Reginald has put his client's interest first.
- B. Reginald is putting the client's interest first by informing Orel why he should change his purpose for investing.
- C. Recommending an investment solution that addresses two needs is putting Reginald's client's interest first
- D. Based on Orel's stated need, recommending an RRSP contribution is unsuitable.

Answer: D (LEAVE A REPLY)

NEW QUESTION: 15

Portia is a Dealing Representative with Highview Wealth Inc., a mutual fund dealer. Portia recommends the Stature Growth Fund to her client Clive. Which of the following CORRECTLY describes what Portia must do in order to satisfy her obligations under the Client Relationship Model (CRM) and Client Focused Reforms (CFR)?

- A. Portia must mark the trade as "unsolicited" if Clive wants to proceed with the trade and it is not suitable for him.
- B. Portia must calculate the net asset value per unit (NAVPU) and report it to Clive in the trade confirmation.
- C. Portia must disclose the costs, expenses, and ongoing fees associated with the investment prior to the trade.
- D. Portia must provide Clive with the pre-trade disclosure to address any material conflicts of interest with the trade.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 16

Eleanora receives a \$500 eligible Canadian dividend from her mutual fund. Her federal marginal tax rate for the year is 29%. Assuming the enhanced gross-up of 38% and a federal dividend tax credit of 15.02%, how much federal tax will she pay on her dividend?

- A. \$189.16
- B. \$115.40
- C. \$69.90
- D. \$96.46

Answer: D (LEAVE A REPLY)

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NEW QUESTION: 17

Which of the following statement about Exchange Traded Funds (ETFs) is TRUE?

- A. ETFs have lower MERs compared to mutual funds.
- B. Investors may sell their ETFs in the stock market or redeem them through the Fund at the NAVPU of the day.
- C. All ETFs are actively managed.
- D. Usually the market price of an ETF is the net asset value per unit (NAVPU) of the Fund on that day.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 18

Which among the following BEST describes a company's income statement?

- A. It shows the amount of profit that is reinvested in the company in the form of retained earnings.
- B. It provides a snapshot of a company's financial position at a specific point in time
- C. It shows the earnings and expenses of a business over a period of time.
- D. It shows the amount of capital contributed to the company by its shareholders or owners.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 19

Darryl has a diversified investment portfolio of mutual funds in a non-registered account with Investwell Mutual Funds, a mutual fund dealer. Darryl's diversified portfolio is composed of 3 mutual funds. Each mutual fund is currently worth about \$100,000. The ABC Canadian Equity Fund has a total return of 6%, the DEF Bond Fund has a total return of 8% and GHI Global Equity Fund has a total return of 10%. Darryl wants to make an in-kind contribution to his registered retirement savings plan (RRSP) account. He has unused RRSP contribution room of \$60,000.

From a tax-efficient viewpoint, which funds contribute in-kind to his RRSP account?

- A. Move the DEF Bond Fund to the RRSP.
- B. Move \$20,000 from each of the three funds to the RRSP.
- C. Move the ABC Canadian Equity Fund to the RRSP.
- D. Move the GHI Global Equity Fund to the RRSP

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 20

Which of the following best describes implied needs of your clients?

- A. They are statements made by clients expressing the desire for lower commissions.
- B. They are needs reflected by statements made by clients regarding problems and dissatisfactions.
- C. They are statements made by you showing readiness to solve a client's problem.
- D. They are statements of wants and needs made by clients.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 21

You are collecting know your client (KYC) information for your new client, Yael. She has recently accepted an early retirement package from her employer and has \$100,000 to invest. She is looking for an investment that will provide income to help pay her ongoing monthly expenses. Without this extra income, she would have trouble paying her bills.

From your discussions, Yael understands that markets fluctuate and says she is comfortable with high risk. Which of the following would be a suitable investment?

- A. money market fund
- B. Canadian equity index fund

- C. mortgage fund
- D. global equity fund

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 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?

- A. tone of your voice
- B. volume of your voice
- C. your words
- D. your body language

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 23

Jabir begins the registration process with his new dealer Prosper Wealth Inc. Jabir is excited about his new career and eager to start calling clients, opening new accounts, and selling investments. Which of the following CORRECTLY describes when Jabir will be eligible to open new client accounts and sell investments?

- A. Upon formal confirmation from the regulator
- B. Upon employment with the dealer
- C. Upon passing the proficiency course
- D. Upon registration application by the dealer

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 24

Which of the following characteristics about mortgage mutual funds is CORRECT?

- A. suitable only for high risk investors
- B. typically monthly distributions of interest
- C. risk-free where the mortgages are National Housing Act (NHA) insured
- D. if interest rates fall, the mutual fund's net asset value per unit (NAVPU) will decline

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 25

Quinton, a Dealing Representative, meets with his client Banji. Banji's Know Your Client (KYC) indicates that her risk profile is "medium". Banji currently has \$35,000 in her account which is invested 50% in the Middleton Balanced Fund and 50% in the Hector Growth Fund. She tells Quinton that she would like to contribute an additional \$10,000 to purchase the Prospect Labour-Sponsored Fund. Which of the following statements about Banji's proposed transaction is CORRECT?

- A.** Quinton should update Banji's risk profile to "high" so that he can proceed with the purchase of the Prospect Labour-Sponsored Fund.
- B.** Quinton should not proceed with the purchase of the Prospect Labour-Sponsored Fund because it is not suitable for Banji based on her current KYC.
- C.** Quinton can proceed with the purchase of the Prospect Labour-Sponsored Fund because it is suitable for Banji based on her current KYC.
- D.** Quinton must provide Banji with full disclosure about the risks so that he can proceed with the purchase of the Prospect Labour-Sponsored Fund.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 26

Faruq is a Dealing Representative with Smart Planning Group, a mutual fund dealer. Faruq meets with his new client, Taline, and learns that she lives on a low, fixed income. Taline tells Faruq that she wants to maximize her investment returns as high as possible to make up the difference. Taline also indicates that she cannot afford large investment losses because her income is low.

Which of the following CORRECTLY describes how Faruq should assess Taline's risk profile?

- A.** Taline's risk profile should be "high" because she is willing to accept risk in order to maximize her investment returns.
- B.** Faruq should assess Taline's risk profile based on the higher of her: (1) risk tolerance and (2) risk capacity
- C.** Taline's risk profile should be "low" because her risk capacity is low and she cannot afford large investment losses.
- D.** Faruq should override the risk that Taline is able to accept because her return expectations cannot otherwise be met.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 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?

- A.** How much do you make individually each year?

- B. What is your net worth?
- C. What is your investment objective for these savings?
- D. How would you feel if you lost part of your money in the short-term?

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 28

Which of the following statements regarding mutual fund fees is correct?

- A. Trading commissions are paid from the management fee.
- B. The mutual fund dealer receives trailer fees based on the value of assets under management.
- C. Redemptions are made from units held by investors to pay trailer fees.
- D. Trailer fees are only paid to mutual fund dealers when a purchase is made.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 29

Exchange traded funds (ETFs) that track an index and index mutual funds have many similarities. However, what is a major difference between these two products?

- A. ETFs can be purchased continuously throughout the trading day while index funds can only be bought or sold at the end of the day.
- B. The market price of ETFs always matches the underlying basket of securities while there can be a discrepancy in pricing index funds.
- C. While ETFs are prone to tracking errors, index funds are perfectly aligned with their underlying index.
- D. ETFs do not have management fees since they are exchange traded while index funds do incur such fees.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 30

Solomon is a Dealing Representative who is excited about a new equity fund his dealer recently approved. He thinks investors will be attracted to the fund's historical performance. He has a prospective new client, Madira, who is 25 years old. Madira has invested in mutual funds before, but not with Solomon's dealer. She has made an appointment to open a new RRSP with Solomon's firm.

What does Solomon need to do to make this a suitable recommendation?

- A. Identify how the proposed investment is in alignment with the investor's profile and holdings.
- B. Rely on the risk rating of the mutual fund when offering an investment solution.
- C. Show from past fund performance, that mutual fund costs are not important if there are high returns.
- D. Match the past rates of return of the mutual fund with what is the anticipated rate of return.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 31

Which of the following statements best describes dollar-cost averaging?

- A. It is a type of systematic withdrawal program.
- B. It is the strategy of purchasing a set number of units of a mutual fund on a regular basis.
- C. It is buying a set dollar amount of a mutual fund on a regular basis
- D. It is making lump-sum purchases when the market price for a mutual fund is low.

Answer: C ([LEAVE A REPLY](#))

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NEW QUESTION: 32

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

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

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 33

Xian-Li believes she is a sophisticated investor. She has constructed her own portfolio and has had some success. She does not believe in studying a company's details such as earnings, expenses, or assets. She is more concerned with patterns in a company's stock price over time. She believes patterns form and can be used to predict future movements in the market.

How does Xian-Li evaluate the companies in her portfolio?

- A. fundamental analysis
- B. value analysis
- C. flowchart analysis

D. technical analysis

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 34

The owners of Underground Airways Ltd. want to take their privately owned corporation public through an initial public offering (IPO). They are speaking to a specialist from an investment dealer to determine whether it would be advisable to become listed on a stock exchange or the over-the-counter (OTC) market.

In comparing the two options, which of the following considerations is TRUE?

- A. A stock exchange listing would provide Underground with greater market exposure and public confidence than listing on the OTC market.
- B. Underground would be subject to less stringent listing requirements if they chose the stock exchange as compared to the OTC market.
- C. Underground would still be directly involved in the trading of their shares on either market.
- D. If Underground chose to list on the OTC market, there would be no secondary market available for investors.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 35

Maalik opens an account for a new client, John. During the new account process, Maalik determines that he will need to confirm John's identity. Which of the following statements about Maalik's identification requirements is CORRECT?

- A. If Maalik determines that there is anything suspicious about John's transaction, he is required to report the matter to his dealer. The dealer must report the matter to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).
- B. If John attempts to make a suspicious deposit, Maalik is required to report the attempt to his dealer. The dealer must keep records of attempted suspicious transactions that are not reported to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).
- C. If John wants to make a large cash deposit of \$10,000 or more, Maalik is required to collect personal information about John and report it to his dealer. The dealer must report the information to the Canada Revenue Agency (CRA).
- D. If Maalik learns that John is the president of a state-owned company, Maalik is required to report John as a Politically Exposed Foreign Person (PEFP) to his dealer. If John is not a US person, the dealer must report the account to the Internal Revenue Service (IRS).

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 36

Which of the following statements is TRUE about the movement of business cycles in the Canadian economy?

- A. A period of economic expansion is always of the same length as a period of economic contraction.
- B. A period of at least 3 consecutive months of contraction is called a recession.
- C. A period of economic expansion is followed by a period of economic contraction.
- D. A period of economic expansion is of the same length in every cycle.

Answer: C (LEAVE A REPLY)

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