

Certificate in Family Office AdvisING (FOA)

Mock Test

1. If the tax rate is 30% and the inflation rate is 7%, then what should be the rate of investment to neutralize the effect of both i.e. tax and inflation rates?

- a) 15%
- b) 14%
- c) 10%
- d) 23.3%

2. Category I of Alternative Investment Funds(AIFs) include

- a) Venture Capital Fund, Angel Fund, Social Venture Fund, Infrastructure Fund
- b) Private Equity Funds, Debt Funds, Fund of Funds
- c) Hedge Funds
- d) All of the above

3. Risk attached to an investment refers to:

- a) Uncertainty attached to the investment returns
- b) Certainty attached with the investment returns
- c) Variability of the expected returns
- d) Both (a) and (c)

4 The net wealth of the aggregate economy is equal to the sum of which of the following?

- a) All Real Assets
- b) All Physical Assets
- c) All Financial Assets
- d) All Real & Financial Assets

5. Which of the following is a statistic that measures how the returns of two risky assets move together?

- a) Correlation
- b) Standard Deviation
- c) Variance
- d) None of the above

6. When a distribution is positively skewed,_____.

- a) Standard Deviation overestimates Risk
- b) Standard Deviation correctly estimates Risk
- c) Standard Deviation underestimates Risk
- d) The tails are fatter than in a normal distribution

7. A linear relationship between a security's expected return and beta risk is known as:

- a) Full Replication
- b) The unsystematic risk of a security
- c) An efficient frontier line
- d) The security market line

8. The computation of return on a bond involves considering:-

- a) The entire sequence of cash flows
- b) The timing of cash flows
- c) Calculating the internal rate of return
- d) All of the above

9. Dry Powder is_____

- a) Marketable securities that are highly liquid and considered cash-like
- b) Cash reserves kept on hand by a company, venture capital firm or individual to cover future obligations, purchase assets or make acquisitions
- c) Both of the above
- d) None of the above

10. SROI stands for_____

- a) Social Return on Investment
- b) Superlative Return on Investment
- c) Superior Return on Investment
- d) Serial Return on Investment

11. What happens to a person's will if they get divorced?

- A. The entire will is revoked
- B. Nothing happens to the will
- C. The spouse will receive a certain amount of the person's estate when he/she dies
- D. Anything given to the spouse is revoked

12. Which of the following is a void marriage under Muslim Law?

- a) Mut'ah
- b) Batil
- c) Nikah
- d) Fasid

13. "Single Act of adultery" is a ground for

- a) Divorce
- b) Judicial Separation
- c) Divorce and Judicial Separation both
- d) None of the above

14. How would you describe the liability of trustees who have acted in breach of trust and caused loss to trust?

- a) Vicarious
- b) Proprietary
- c) Personal
- d) None of the above

15. Which of the following rules applies to charitable trusts?

- a) Certainty of objects
- b) Rule against remoteness of vesting
- c) Rule against perpetual trusts.

16. The testator's Will provides that "six of his oil paintings should be held in trust for Radha". Identify why this trust will fail:

- a) There is no certainty of intention
- b) The paintings have not been segregated
- c) The paintings are intangible

17. How many categories are there of Heirs as per Section 8 of The Hindu Succession Act, 1956?

- a) Two
- b) Three
- c) Four
- d) Five

18. Intestate succession involves looking for

- a) Intestate Property
- b) Heirs
- c) Estate Property
- d) Lawyers accepted to all the parties involved

19. Which of these are types of family office?

- a) Single Family Office
- b) Multi Family Office
- c) Investment Office
- d) Administrative Office
- e) None of the Above
- f) All of the Above

20. _____ is a type of Family Office which supports owners committed to staying together as a family on a broad range of dimensions – business, philanthropy, and otherwise. This office typically focuses on wealth creation as well as wealth preservation, and risk-taking strategies as well as risk management strategies.

- a) Family Enterprise Office
- b) Shareholders' Office
- c) Founder's Office
- d) Compliance Office

21. As per AIWMI's 2019 Family Office Benchmarking Report, currently there are _____ SFOs in India.

- a) Under 100
- b) 100-200
- c) 200-400
- d) 500+

22. Vital difference between a Multi Family Office and a Wealth Management Company is

- a) MFOs focus on wealth preservation unlike wealth management companies which focus on wealth growth.
- b) MFOs charge advisory fee unlike wealth management companies who earn commissions on distribution of financial products
- c) MFOs focus on AUA and not AUM unlike wealth management companies
- d) MFOs only focus on governance and succession planning issues.

23. _____ formal document which sets out the rights, values, responsibilities and rules applying to stakeholders in the family business and provides plans and structures to deal with situations which arise in the course of the family business's operation.

- a) Strategic Family Plan
- b) Family Constitution
- c) Family Stakeholder Agreement
- d) Ownership Agreement

24. A comprehensive Single Family Office is required in case of

- a) Family Wealth
- b) Complexity in the Family
- c) Number of Successors
- d) Number of Board Members

25. _____ are a few differentiating approaches taken by family offices when it comes to startup investing:

- a) FOMO
- b) Institutional Template
- c) Sector Focus
- d) Social Comfort
- e) Some of the above
- f) All of the above

ANSWERS

1. C

2. A

3. D

4. A

5. A

6. A

7. D

8. D

9. C

10. A

11. D

12. B

13. C

14. C

15. B

16. B

17. C

18. B

19. F

20. B

21. B

22. B

23. B

24. B

25. F