

Certified Private Banking Manager (CPBM)

Mock Test

- 1.) Wealth management is beneficial from the point of view of wealthy investor profession as they obtain professional advice on safe investment with desired _____ and _____ at competitive fees.
 - A. Capital investment; risk distribution
 - B. Income generation; risk reduction
 - C. Income generation; risk laundering
 - D. Rate of return; capital appreciation

- 2.) Since no two individuals are same there is difference in their capacity to take risk and expectation from investment in terms of _____ and _____.
 - A. Income generation; Risk laundering
 - B. Capital investment; Risk distribution
 - C. Risk reduction; Income generation
 - D. Capital appreciation; Income protection

- 3.) Banks in India categorize a person as HNI if his/her net worth is over _____.
 - A. 75 lacs
 - B. 25 lacs
 - C. 1 crore
 - D. 50 lacs

- 4.) _____ is an endeavour towards extension of bank and financial services to a large number of people over a wider area, which is not provided with such services at low service fees.

- A. Financial obtrusion
- B. Financial Intrusion
- C. Financial Inclusion
- D. Financial Planning Provision

5.) How does planning for retirement help an individual?

- A. It is the tax favoured way of setting aside money during the working years for retirement
- B. It reduces taxable income in the years that the individual has contributed
- C. It provides as estimate of the income during the retirement years
- D. All of these

6.) Customers with annual income level between Rs. 1 Lac and Rs. 2 Lacs are classified as _____.

- A. Aspirational Class
- B. Dragging Class
- C. Striver Class
- D. Climbing Class

7.) For the purpose of wealth management which goals are given first priority?

- A. Long term goals
- B. Retirement goals

- C. Hidden goals
- D. Intermediate goals

8.) Registration of Will is compulsory

- A. True
- B. False

9.) According to capital asset pricing model assumptions, quantities of all assets are

- A. Not given and variable
- B. Given and fixed
- C. Given and variable
- D. Not given and fixed

10.) After the probate petition is filed with the court, the petitioner has to establish:

- A. The proof of death of the testator
- B. Proof that the Will has been validly executed by the testator
- C. Will is the last Will and testament of the deceased
- D. All of the above

11.) The risk free return on a security is 8%. In addition you expect that the return on market would be 14%. The expected return of security A with beta of 0.70 is_____.

- A. 12.2%
- B. 15.4%

- C. 17.3%
- D. 11.48%

12.) Saket earns Rs. 55,000 p.a. He estimates that his family would require 80% of his income in the event of his death or disability. Using the annuity approach, what is the required lump sum if the investment returned 5% per annum?

- A. Rs. 13,50,000
- B. Rs. 16,80,000
- C. Rs. 15, 85,000
- D. Rs. 8,80,000

13.) An unsystematic risk which can be eliminated but market risk is the

- A. Remaining risk
- B. Aggregate risk
- C. Ineffective risk
- D. Effective risk

14.) _____ is a serious concern when designing a strategy to obtain cash flow from a total return portfolio

- A. Raising funds
- B. Market volatility
- C. Liquidity
- D. Capital appreciation

- 15.) What is a maximum deduction one can claim against a housing loan?
- A. Rs. 3,50,000
 - B. Rs. 1,50,000
 - C. Rs. 2,75,000
 - D. Rs. 3,00,000
- 16.) In order to settle on compound growth rate of an investment over period, an investor determines the _____
- A. Arithmetic mean
 - B. Geometric mean
 - C. Arithmetic median
 - D. Calculus mean
- 17.) Hema wants to buy a home for Rs 22 lacs , what will be the annual interest she will be paying in the 1st year assuming that the rate of interest is 12% pa and she pays the EMI at the end of the month and the loan is of 20 years and she has Rs 5 Lacs that will be used to make the down payment.
- A. Rs. 2,02,827
 - B. Rs. 2,29,890
 - C. Rs. 2,18, 342
 - D. Rs. 2,21,222

- 18.) Sapna wants to take a vacation which is expected to cost him INR 5 lacs approx. He has explored various options and has decided to take a personal loan. A finance company is ready to finance for an annual interest @14%. If he plans to repay this loan in 7 years' time, how much monthly instalment he will have to bear?
- A. Rs. 10,170
 - B. Rs. 9,370
 - C. Rs. 9890
 - D. None of these
- 19.) _____ refers to the financial capacity of a client to withstand market loss.
- A. Risk modulation
 - B. Risk tolerance
 - C. Risk capacity
 - D. None of the above
- 20.) A market-to-book ratio above 1 means that
- A. The stock is over-valued
 - B. The stock is under-valued
 - C. The stock is at par
 - D. The stock is not worth
- 21.) What is EAR, if stated interest rate of 1%, compounded monthly
- A. 1.0025%
 - B. 1.0046%

C. 1.0038%

D. 1.0082%

22.) Arrange the following steps of wealth management in correct order. (I) understanding Financial Goals (II) portfolio construction and execution (III) profile review (IV) Investment Planning.

A. (IV), (I), (II), (III)

B. (I), (IV), (II), (III)

C. (I), (II), (III), (IV)

D. (I), (III), (II), (IV)

23.) What is the main advantage of insurance

A. Protection against disabilities

B. Mortgage protection

C. Provides continuity of income

D. All of these

24.) Beta reflects stock risk for investors which is usually

A. Collective

B. Individual

C. Weighted

D. Linear

- 25.) Political constancy is chief aspect concerning
- A. Country risk
 - B. Non-systematic risk
 - C. Systematic risk
 - D. Exchange risk
- 26.) Second factor in Fama French three factor model is the_____.
- A. Size of Industry
 - B. Size of portfolio
 - C. Size of Company
 - D. Size of Market
- 27.) How much tax benefit an individual can claim under a reverse mortgage?
- A. Nil
 - B. Rs.1,00,000
 - C. Rs.2,50,000
 - D. Rs, 1,50,000
- 28.) Which of the following least accurately compares the Sharpe & Treynor Ratios?
- A. Both ratios contain excess return in the numerator
 - B. Both ratios express a measure of return per unit of some measure of risk

- C. The Sharpe ratio is based on total risk while the Tryenor ratio is based on systematic risk
 - D. The Sharpe ratio is the inverse of the Treynor Ratio
- 29.) Calculate the Equity risk premium on the stock of ABC Ltd using the following information: Price of stock at the beginning of year =Rs. 90
- Price at the end of the year = Rs. 108
- Risk free rate = 6.5%
- A. 14.50%
 - B. 6.5%
 - C. 20%
 - D. 13.5%
- 30.) If risk free rate is 7%, expected return on market portfolio is 15%, total risk is 9%, standard deviation of market portfolio is 8%. What will be expected portfolio return?
- A. 9%
 - B. 14.11%
 - C. 7.22%
 - D. 16%
- 31.) The Three-Circle Model of Family Business shows the 3 independent and overlapping groups that comprise the:
- A. Family, Business & Ownership
 - B. Family, Business & Management
 - C. Family, Business & Employees

- D. None of the above
- 32.) Which of these are types of Family Office?
- A. Single Family Office
 - B. Administrative Office
 - C. Investment Office
 - D. All of the Above
 - E. None of the above
- 33.) A Family Business Constitution is:
- A. a written agreement between family members that formalizes the norms that govern softer elements of the business
 - B. a written agreement everyone in the family creates together and signs to help build a positive emotional climate in the home
 - C. a written agreement detailing the separation between ownership and family business
 - D. None of the above
- 34.) Kotak Mahindra Bank's Family Office Division is a form of
- A. Investment Office
 - B. Multi-Family Office
 - C. Administrative Office
 - D. Trustee Office
- 35.) Winner of India's Best Multi-Family Office Award at AIWMI's inaugural India Wealth Awards
2019 was:

- A. Waterfield Advisors
- B. IIFL Wealth
- C. Client Associates
- D. Entrust

Answers

1. D	2. D	3. C	4. C	5. D
6. A	7. A	8. B	9. B	10. D
11. A	12. D	13. A	14. C	15. A
16. B	17. A	18. B	19. B	20. A
21. B	22. B	23. B	24. B	25. A
26. C	27. A	28. D	29. D	30. D
31. A	32. D	33. A	34. B	35. A