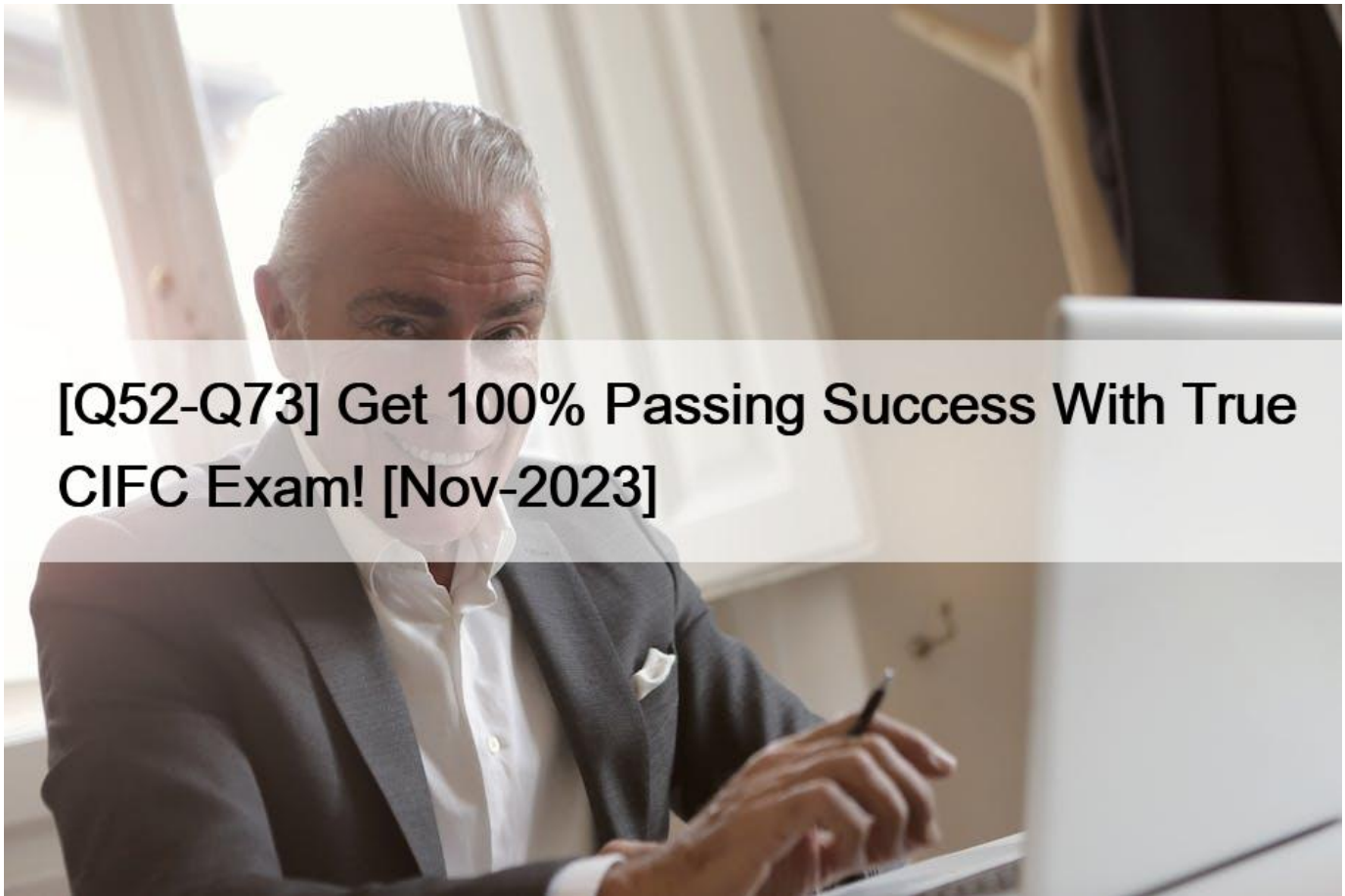


[Q52-Q73 Get 100% Passing Success With True CIFIC Exam! [Nov-2023]



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Get 100% Passing Success With True CIFIC Exam! [Nov-2023 IFSE Institute CIFIC PDF Questions - Exceptional Practice To Canadian Investment Funds Course Exam NO.52 Yesterday, Mariana purchased mutual funds for the first time from Diablo, who is a Dealing Representative for Horizon Financial. When Mariana mentions to her friend Marcus that she just started to invest, Marcus confides that he experienced losses from mutual fund investing. Her initial feelings of excitement have now changed to worry and regret. She wished she had talked to her friend before investing and wonders if she can change her mind.

Which statement regarding the right of withdrawal applies?

- * The right of withdrawal is based on the securities act legislation within the jurisdiction the purchase occurred.
- * Before Mariana can cancel her order, she must wait two business days to pass before she can cancel her order.
- * How the right of withdrawal can be applied is determined by the Mutual Fund Dealers Association of Canada's conduct rules.
- * The Canadian Securities Administrators have instituted national instruments regarding Mariana's right to cancel her order.

NO.53 Ken is a member of his employer's Defined Benefit Pension Plan (DBPP). Which of the following statements about Ken's plan is CORRECT?

- * Contributions to the plan do not result in a Pension Adjustment (PA) for Ken.
- * The amount Ken receives in retirement depends on the performance of the investments he has selected within the plan.
- * The amount that Ken will receive at retirement is not guaranteed.

* Income received from the plan is eligible for pension income splitting even if Ken retires before 65.

NO.54 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.55 A client has \$950,000 in his RRSP account and \$550,000 in his non-registered account held in nominee name with Tradewell Mutual Funds.

In the event of his dealer, Tradewell Mutual Funds declaring insolvency, what is the total amount the client be eligible to receive from the Mutual Fund Dealers Association of Canada Investor Protection Corporation (IPC)?

- * The client will not be eligible for any coverage.
- * The client will be eligible for coverage of \$950,000.
- * The client will be eligible for coverage of \$1,500,000.
- * The client will be eligible for coverage of \$550,000.

NO.56 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?

- * Speculating
- * Modern portfolio theory
- * Passively managing
- * Hedging

NO.57 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 \$400.
- * Jasmine realizes a taxable dividend of \$400.
- * Jasmine realizes a taxable capital gain of \$400.
- * Jasmine realizes interest income of \$400.

NO.58 Which of the following statements about registered education savings plans (RESPs) is CORRECT?

- * Contributions to RESPs are tax deductible.
- * There is a yearly contribution limit per beneficiary.
- * RESPs must be collapsed by the end of the 31st year of its starting date
- * Contributed funds grow tax-free within the plan.

NO.59 Your clients, Philip and Helen, have a disabled son, Alex, age 22. They want to set up a registered disability savings plan (RDSP) for Alex and have asked you for some information.

Which statement is TRUE?

- * Philip and Helen's contributions are refundable to them.
- * There is no annual or lifetime maximum limit on contributions.
- * Alex must qualify for the disability tax credit.
- * Philip and Helen's contributions are tax-deductible.

NO.60 Your client, Rinaldo, wants to know more about the fees associated with his mutual funds. What can you tell him about a mutual fund's management expense ratio (MER)?

- * Mutual funds are required to calculate the MER on a daily basis.
- * Trailer and brokerage fees are charged separately from the MER.
- * The MER reflects the percentage of each dollar of fund assets that is used to pay for management services.
- * Mutual fund performance is not impacted by the MER since rates of return are published net of fees.

NO.61 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?

- * global equity fund
- * money market fund
- * mortgage fund
- * Canadian equity index fund

NO.62 Which of the following statements describes a feature of the Home Buyers' Plan (HBP)?

- * To qualify- as a first-time home buyer you or your spouse must never have previously owned a home
- * Once you are required to repay the amounts back to your RRSP. any missed or incomplete payments are subject to tax.
- * A qualifying home must be purchased by December 31 of the year of withdrawal.
- * If you have a spouse or common-law partner, each of you can withdraw up to JE50.000 from your registered retirement savings plans (RRSPs).

NO.63 Which of the following statements about capital gains distributions from mutual fund trusts is correct?

- * Capital gains from mutual fund trusts are deferred until the investor exits the mutual fund.
- * Capital gains distributions from a mutual fund trust are reported annually on a T3.
- * Capital gains distributions are not a disposition and are therefore not taxable.
- * Capital gains from mutual fund distributions are 100% taxable.

NO.64 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.65 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?

- * \$69.90
- * \$189.16
- * \$96.46

* \$115.40

NO.66 Jonathan is a Dealing Representative who has just finished an appointment with his new client, Shirley.

Jonathan has concluded that Shirley has a low-risk profile but wants to establish additional savings of

\$500,000. During their discussion, Shirley emphasizes she wants investments that are also tax efficient.

Jonathan learned that currently Shirley has no registered retirement savings plan (RRSP) and tax-free savings account (TFSA) contribution room due to using those opportunities by investing elsewhere.

What variable is a PRIMARY consideration for Jonathan when making an investment recommendation?

- * Investment objective
- * Shirley's risk profile.
- * Expected time horizon.
- * The tax consequences.

NO.67 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?

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

NO.68 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?

- * 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.
- * When interest rates rise, the net asset value per unit (NAVPU) of bond funds decreases; whereas with dividend funds it rises.
- * Bond funds receive fixed interest payments from most of their investments.
- * Bond fund distributions receive more favorable tax treatment than that of dividend funds.

NO.69 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?

- * 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).
- * 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).
- * 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).
- * 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).

NO.70 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 stock exchange listing would provide Underground with greater market exposure and public confidence than listing on the OTC market.
- * Underground would still be directly involved in the trading of their shares on either market.
- * Underground would be subject to less stringent listing requirements if they chose the stock exchange as compared to the OTC market.
- * If Underground chose to list on the OTC market, there would be no secondary market available for investors.

NO.71 Nelson is a Dealing Representative with True Wealth Advisors Inc., a mutual fund dealer. Nelson follows proper procedures related to his firm's Relationship Disclosure Information (RDI). Which of the following CORRECTLY describes how Nelson is permitted to evidence that he satisfied his RDI obligation?

- * Nelson may retain a copy of the RDI in the client file with detailed notes to confirm that he provided and explained the RDI to the client.
- * Nelson may deliver the RDI to clients who request it and keep detailed notes of the clients who were provided with the RDI.
- * Nelson can formalize his relationship under the RDI using a Letter of Engagement that specifies duties, responsibilities, and level of service.
- * Nelson can record detailed notes which confirm that he provided and explained the Fund Facts to the client within 2 days of the RDI.

NO.72 Gershon is a Dealing Representative and he opens a new account for his client, Isaac. Gershon collects the necessary information from Isaac in order to designate the Trusted Contact Person (TCP) for Isaac's account.

Which of the following statements about Isaac's TCP is CORRECT?

- * The TCP is an alternative to a Power of Attorney (POA) and has the authority to make changes to Isaac's account and direct trading.
- * The TCP is an alternative authority on Isaac's account who has the power to place a temporary hold on Isaac's account to disallow trading.
- * The TCP is the person who Gershon can speak to if he becomes concerned about Isaac's mental capacity to make financial decisions.
- * The TCP is the person who is designated with authority to direct financial dealings for Isaac's account and make financial decisions.

NO.73 Sandra presently participates in her employer-sponsored defined contribution pension plan (DCPP). As contributions continue to be made into her plan, what can she expect?

- * Retirement benefits will be based on a prescribed formula that can be referenced from the plan's terms and conditions.
- * The employer will solely make contributions to her DCPP based on a prescribed formula noted within her plan.
- * Her available registered retirement savings plan (RRSP) contribution room will be reduced by what is being contributed to her plan.
- * To ensure she has savings at retirement, the employer will choose stable investments to grow her retirement savings.

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