AAFM CWM_LEVEL_2 Practice Questions

Shared by Patrick on 06-11-2026

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Question 1

Question Type: MultipleChoice

Section C (4 Mark)

Roger deposits Rs. 10,00,000 in a bank account on 1st March 2005 and another Rs. 5,00,000 on 1st March 2011. He wants to withdraw all of this money with interest on 1st March 2015. If the account pays ROI of 11% p.a. compounded quarterly what amount can he withdraw from this account?

Options:

A- 2959874
B- 771755
C- 3731629
D- 3598455

Answer:

C

Question 2

Question Type: MultipleChoice

Section B (2 Mark)

Mr. Dinesh is aged 35 years and has a wife aged 30 years old and two small children. His parents are also dependent on him and has a house against which he has taken a housing loan. What is the most important insurance cover required by him at this stage?

Options:

A- Income Protection Cover and Life Insurance Cover
B- Life Insurance Cover and Mortgage Cover
C- Accident policy Cover and Critical Illness cover
D- Child education Cover

Answer:

B

Question 3

Question Type: MultipleChoice

Section C (4 Mark)

Mr. Rajesh constructs a Long Straddle Strategy with one Nifty Call Option having a Strike price of Rs. 4500 available at a premium of Rs. 122 and one Nifty Put Option with a strike price Rs. 4500 at a premium of Rs. 85

What would be the Net Payoff of the Strategy?

* If Nifty closes at 4234

* If Nifty closes at 4766

Options:

A- -107 and -207
B- 93 and 193
C- 59 and 59
D- 0 and -7

Answer:

C

Question 4

Question Type: MultipleChoice

Section B (2 Mark)

What is the size of the final unequal payment of a loan that has 89.34 payments and the equal payment size is Rs215.64? The interest rate is 3% per compounding period.

Options:

A- Rs. 73.20
B- Rs. 76.25
C- Rs. 71.88
D- Rs. 74.03

Answer:

D

Question 5

Question Type: MultipleChoice

Section B (2 Mark)

A stock with a Beta of 0.7 currently priced at Rs 50 is expected to increase in price to Rs 55 by year end and pay Rs 1 as dividend. The expected market return is 15% and the risk free rate is 8%. The stock is:

Options:

A- Overpriced, so do not buy it
B- Underpriced, so buy it
C- Properly priced so buy it
D- Properly Priced so do not buy it

Answer:

A

Question 6

Question Type: MultipleChoice

Section B (2 Mark)

Withholding Tax Rates for payments made to Non-Residents are determined by the Finance Act passed by the Parliament for various years. The current rates for Companies are:

Options:

A- 10
B- 40
C- 20
D- 18

Answer:

B

Question 7

Question Type: MultipleChoice

Section B (2 Mark)

According to the put-call parity theorem, the value of a European put option on a non-dividend paying stock is equal to:

Options:

A- The call value plus the present value of the exercise price plus the stock price.
B- The call value plus the present value of the exercise price minus the stock price.
C- The present value of the stock price minus the exercise price minus the call price.
D- The present value of the stock price plus the exercise price minus the call price.

Answer:

B

Question 8

Question Type: MultipleChoice

Section B (2 Mark)

According to the efficient markets view, value stocks earn higher expected return than growth stocks because:

Options:

A- Value stocks are riskier than growth stock
B- Value stocks are less risky than growth stock
C- Value stocks have higher expected future payoffs than growth stock
D- Value stocks have lower expected future payoffs than growth stock

Answer:

D

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