Free Questions for GLO_CWM_LVL_1 by vceexamstest

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Question 1

Consider two stocks, A and B

	Expected return (%)	Standard deviation (%)
Stock A	18 %	12 %
Stock B	24 %	17%

The returns on the stocks are perfectly negatively correlated.

What is the expected return of a portfolio comprising of stocks A and B when the portfolio is constructed to drive the standard deviation of portfolio return to zero?

Options:

A- 22.24

B- 20.48

C- 19.57

D- 24.62

Answer:

B

Question 2

Question Type: MultipleChoice

Mr. Chopra runs a Garment Factory, he is very concerned about his retirement and wants you to help him out in planning for it. His Current annual expenses are Rs. 12,00,000 which would be rising at an annual rate of 8% pre- retirement and 2% post retirement. His current age is 50 years and he wants to work till the age of 65. The expected life expectancy in his family is 75 years. Calculate the monthly contribution he must make till his retirement if the pre- retirement returns are 12% p.a. compounded monthly and post-retirement returns are 8% pea compounded annually.?

Options:

A- 60973

B- 59712

C- 72376

D- 56320

Answer:

B

Question 3

Question Type: MultipleChoice

"During the PY 2009-10 a Poonawala Charitable Trust earned an income of Rs. 7 lakh out of which Rs.5 lakh was received during the PY 2009-10 and the balance Rs. 2 lakh was received during the PY 2011-2012.In order to claim full exemption of Rs. 7 lakh in the PY 2009-10:

(i)	What is the maximum amount which can be accumulated to be utilized for charitable or religious purposes at a later date?
(ii)	How much amount should be actually spent during the PY 2009– 10"

Options:

A- Rs 1.05 lakh and Rs 4.95 lakh

B- Rs 70,000 and Rs 3.95 lakh

C- Rs 1.05 lakh and Rs 3.95 lakh

D- Rs 70,000 and Rs 4.30 lakh

Answer:

C

Question 4

Consider the following information:

BETA of Security A	1.7,
BETA of Security B	0.8,
BETA of Security C	1.36,
Expected return of the Market	14,
Expected return of the A	17.7,
Expected return of the B	12.6,
Expected return of the C	10.6.
Risk Free rate	7%.

Which of the following statements is/are true?

I.	Security A is slightly overvalued, B and C is considerably overvalued
II.	Security A & B is slightly overvalued and C is considerably overvalued
III.	Security A is undervalued, B is considerably undervalued and C is considerably undervalued.
IV.	Security A and C undervalued but security B is overvalued

Options:

A- Only II

B- Only III

C- Only II

D- None of the above

Answer:

C

Question 5

Amit an industrialist wants to buy a flat in a housing society presently costing Rs. 35,00,000/- after 6 years. The cost of the house is expected to increase by 15% pea for the first 3 years and by 10% in the remaining years. Amit wants to start a SIP with monthly contributions in Birla Front Line Equity Mutual Fund to pay for the down payment of the house which would be 25% of the house value at that time. You as a CWM expect that the fund would give ROI of 14% p.a. compounded monthly in the next 10 years. Please advise Amit the monthly SIP amount starting at the beginning of every month for the next 6 years to fulfill his goal of buying the Flat he desires.

Options:

A- 63422.72

B- 65185.55

C- 16537.56

D- 15883.32

Answer:

D

Question 6

Mr. Aakash Jain has invested Rs. 85,000/- @ 6% p.a. in a bank deposit on 15th May 2007. After 10 years of investment rate of interest changes to 8 % p.a. computed half yearly. Further after 5 years rate of interest again changes to 7% p.a. compounded quarterly. After further 3 years rate of interest again changes to Rs. 7% pa compounded monthly. What will Mr. Jain get after 23 years (14th May 2030) assuming the date of commencement is now?

Options:

A- Rs. 4,05,421/-

B- Rs. 3,77,476/-

C- Rs. 3,93,355/-

D- Rs. 3,85,324/-

Answer:

C

Question 7

Mr. Reddy is 58 years old and has just retired from his company,and have a total retirement benefits of Rs. 29,37,500/-. His life expectancy is 75 years. He has a dream to take a world-trip after 2 years from now with an estimated current price of Rs. 4,00,000/-. He has finalized a flat of Rs. 15,00,000/- for immediate purchase. Calculate how long his corpus will run if his post retirement living expenses in the beginning of every year is Rs. 1,35,000/- considering inflation @ 4% and rate of return is 6% p.a.?

Options:

A- 12.65

B- 8.22

C- 11.34

D- 12.22

Answer:

B

Question 8

Vikash owns a piece of land situated in Delhi (Date of acquisition : March 1, 1983, Cost of acquisition Rs. 20,000/- value adopted by Stamp duty authority at the time of purchase Rs. 45,000/-) On March 30, 2012 the piece of land is transferred for 4 lakh. Find out the capital gains chargeable to tax if the value adopted by the Stamp duty authority is 5.60 lakh. And X does not challenges it under the Stamp Act. However, he claims before the Assessing Officer that Rs. 5.60 lakh is more than the fair market value of the land. The assessing Officer refers it to the valuation Officer who determines Rs. 5.25 lakh as fair market value. [CII-12-13: 852,11-12: 785,10-11:711]

Options:

A- Rs. 4,05,963/-

B- Rs. 3,45,963/-

C- Rs. 3,80,963/-

D- Rs. 4,15,963/-

Answer:

C

Question 9

Question Type: MultipleChoice

Vikas is 35 years old working as a regional head of a multinational bank and plans to retire at 55 and is earning a salary of Rs. 4,00,000/- p.a. His life expectancy is another 15 year after retiring. He is able to save Rs. 85,000 /- p.a. (END) and regularly invests it in a 6% p.a. investment plan.

Calculate what will be the Vikas's total accumulation at his retirement? And how much he can spend per every year at beginning if he dies at the age of 70 and assuming that he leaves behind Rs. 1,00,000/- as estate.?

Options:

A- Rs. 30,22,825/- &Rs. 2,98,763/-

B- Rs. 31,26,775/- &Rs. 2,99,665/-

C- Rs. 30,62,860/- &Rs. 2,78,863/-

D- Rs. 31,42,780/- &Rs. 3,45,895/-

Answer:

B