



AAFM

CWM_LEVEL_1

**Chartered Wealth Manager (CWM) Certification Level
1 Examination**

QUESTION & ANSWERS

Question: 1

Under flexible exchange rates a small open economy should...

- A. Lose control of its monetary policy
- B. Be insulated from its trading partners' inflation
- C. Tend to experience the inflation of its trading partners
- D. Find that changes in its interest rates match changes in its trading partner's interest rates

Answer: C

Explanation/Reference:

Reference: <https://www.econstor.eu/bitstream/10419/100814/1/wp1995-07.odf>

Question: 2

The cheapest form of life insurance which provides risk cover in the event of death of policy holder during policy term is..

- A. Endowment Insurance
- B. Endowment Insurance
- C. Mediciclaim Policy
- D. Term Insurance policy

Answer: D

Explanation/Reference:

KEY TAKEAWAYS

- Term life insurance guarantees payment of a stated death benefit to the insured's beneficiaries if the insured person dies during a specified term.
- These policies have no value other than the guaranteed death benefit and feature no savings component as found in a whole life insurance product. ^[1]
- Term life premiums are based on a person's age, health, and life expectancy.
- Depending on the insurance company, it may be possible to turn term life into whole life insurance.
- You can often purchase term life policies that last 10, 15, or 20 years.

Question: 3

With the increase in the age of investor, the risk appetite of the investor..

- A. Increases
- B. Remains constant
- C. Decreases
- D. Any of the above

Answer: C

Explanation/Reference:

Understanding Risk Tolerance

Risk tolerance assessments for investors abound, including risk-related surveys or questionnaires. As an investor, you may also want to review historical worst-case returns for different [asset classes](#) to get an idea of how much money you would feel comfortable losing if your [investments](#) have a bad year or bad series of years.

Other factors affecting risk tolerance are the [time horizon](#) you have to invest, your future earning capacity, and the presence of other assets such as a home, pension, [Social Security](#), or an inheritance. In general, you can take greater risk with investable assets when you have other, more stable sources of funds available.

 **Important:** Risk tolerance is [different from risk capacity](#), which refers to the minimum amount of risk an investor has to tolerate in order to reach their investment goals, relative to their time frame and income.

Question: 4

In _____ without delivering possession of the mortgaged property, the mortgager binds himself personally to pay the mortgage money

- A. Usufructuary mortgage
- B. Simple mortgage
- C. English mortgage
- D. Anomalous mortgage

Answer: B

Explanation/Reference: