Financial Exam Help 123™

2025 Level III Mock Exam Portfolio Management Pathway

Morning Session Sample Exam Questions

<u>Note to Candidates</u>

These questions and essay answer templates are in a separate file from the case scenarios so that you can have both files open on your computer and not have to scroll up and down as you're working to answer the questions. The multiple choice questions have interactive check boxes for you to select your answers, and the templates have editable fields so that you can type in your answers on the screen, much as you will do on the real exam. You may, of course, print the questions and write on them, but I encourage you to do it on the screen; it will be good practice for the real exam.

If you choose to fill in these answers on your computer, please, *please*, *please* remember to save this file frequently; I would feel terrible if I learned that your computer had crashed, and you had lost much of your good work.

Best of luck!

BCIII

Question 1 relates to Derivative Securities – Core Curriculum

AJBWU Case Scenario

1.1   To achieve Degenek's target asset allocation and target betas, **determine** the action (buy or sell) and the number of small-cap equity futures contracts required.

1.2   **Identify** *one* alternative derivative strategy that Degenek could use to achieve his goals *instead of his proposed futures strategy*.

Identify the derivative security(ies) that Degenek would use, and **describe** his position (e.g., long, short, buy, sell, etc.) in *each* derivative security.

Question 2 relates to Equity Investments – Portfolio Management Pathway

SGIA Case Scenario

2.1   Each of the correlations that Garcia asks Chirwa to calculate is *most accurately* described as a:

☐   a.   Transfer coefficient (TC)
☐   b.   Pearson information coefficient (IC)
☐   c.   Spearman information coefficient (IC)

2.2   The futures position undertaken be Edathodika is *best* described as a:

☐   a.   Currency overlay
☐   b.   Completion overlay
☐   c.   Rebalancing overlay

2.3   The *most appropriate* management styles for Benjamin to employ for the Kendall and Geneva portfolios, respectively, are:

		Kendall	Geneva
☐	a.	Active	Passive
☐	b.	Active	Active/Passive Mix
☐	c.	Active/Passive Mix	Passive

2.4   The statements made by Álvarez and Mandouki are, respectively, *most likely*:

		Álvarez	Mandouki
☐	a.	Correct	Incorrect
☐	b.	Correct	Correct
☐	c.	Incorrect	Incorrect

Question 3 relates to Fixed Income Investments – Portfolio Management Pathway

Korab Mountains Investments Case Scenario

3.1   **Identify** *two* factors that argue *in favor of* Strakosha's emerging bond investment, and *two* factors that argue *against* Strakosha's emerging bond investment, based *solely* on the information given.

        Note: consider each factor separately.

        In favor of: Factor 1

        +---+
        | |
        | |
        | |
        | |
        +---+

        In favor of: Factor 2

        +---+
        | |
        | |
        | |
        | |
        +---+

        Against: Factor 1

        +---+
        | |
        | |
        | |
        | |
        +---+

        Against: Factor 2

        +---+
        | |
        | |
        | |
        | |
        +---+

3.2　　Given Kesarat's outlook, **determine** the *most appropriate* portfolio (Portfolio A, Portfolio B, Portfolio C) for the Endowment.

　　　　Justify your determination.

3.3   Of the remarks made by Ayhan and Davies, **determine** whose is *more likely* to be accurate.

For the *inaccurate* remark, **identify** *one* inaccuracy.