

Quiz 2026 CSC2: Canadian Securities Course Exam2– Professional Study Center

Canadian Securities Course (CSC) Exam 2 With complete solution 2024/25

Fundamental Analysis
 Accessing short medium and long range prospects of different industries for security prices.
 Take into account capital market, the economy, industry, and the individual company conditions to find intrinsic value.
 Is it overvalued or undervalued?
 Focus on what can effect the dollar value, ex. The expected / actual profitability

Technical Analysis
 Use historical prices and their behavior to predict the future.
 Make sure to understand the sentiment not the fundamentals. Focus on the market. Investors might act irrational based on those events. Is it recurring or predictable?
 - all influences accounted for automatically
 - prices will move in trends for a long time
 - believes the future will repeat the past

Program Trading/High-Frequency Trading
 Sophisticated computerized trading strategies

Random walk Theory
 New information is disseminated over time.
 Price changes are random.
 Past prices are not useful because the company has already adjusted the price for the developments.

Rational Expectations Hypothesis
 People are rational and have all the information.
 They make smart decision for self interest. Past mistakes can be avoided with new information.

Inefficiencies of market theories
 New information not available to everyone.
 Not everyone reacts the same.
 Not all forecasts are accurate.
 Investors psychology or greed could be irrational.

Efficient Market Hypothesis
 Stock price is the best estimate of true value.
 The profit seeking with react quick and adjust for intrinsic value.
 Stock price fully reflects all available information.

3 Types of Information
 1. Weak: past information with current prices
 2. Semi-strong: public information in current prices
 3. Strong: all information in current prices, no advantages

* strong is. Passive approach, they will buy and hold

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CSI CSC2 Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none"> The Economy: This section of the exam measures the skills of an Economic Analyst and covers fundamental economic concepts including microeconomics and macroeconomics, economic growth measurement, business cycles, labor markets, interest rates, inflation, international trade, and both fiscal and monetary policy with emphasis on the Bank of Canada's role and government policy challenges.

Topic 2	<ul style="list-style-type: none"> • Additional Topics: This section of the exam measures the skills of a Wealth Management Professional and covers Canadian taxation systems, tax-advantaged accounts, fee-based account structures, retail client financial planning and estate planning, institutional client management, and ethical standards for financial advisors serving both individual and institutional clients.
Topic 3	<ul style="list-style-type: none"> • The Canadian Investment Marketplace: This section of the exam measures the skills of a Securities Industry Professional and covers the structure and operation of Canada's investment marketplace. It includes the roles of investment dealers and financial intermediaries, capital market functions, financial instruments, and the complete Canadian regulatory environment with its regulatory bodies, principles of regulation, client remediation options, and ethical standards for financial services professionals.
Topic 4	<ul style="list-style-type: none"> • Investment Products: This section of the exam measures the skills of an Investment Products Analyst and covers fixed-income securities features, pricing, and trading; equity securities including common and preferred shares; derivatives including options, forwards, futures, rights and warrants; and the characteristics and uses of all these investment instruments in Canadian markets.
Topic 5	<ul style="list-style-type: none"> • The Corporation: This section of the exam measures the skills of a Corporate Finance Analyst and covers corporate structures, financial statements, disclosure requirements, investor rights, financing methods, capital raising processes, prospectus requirements, securities distribution, and exchange listing procedures for corporations.
Topic 6	<ul style="list-style-type: none"> • Portfolio Analysis: This section of the exam measures the skills of a Portfolio Manager and covers portfolio management approaches including risk and return measurement, portfolio optimization strategies, management styles, and the complete portfolio management process from objective setting to performance evaluation and rebalancing.
Topic 7	<ul style="list-style-type: none"> • Analysis of Managed and Structured Products: This section of the exam measures the skills of an Investment Products Specialist and covers mutual funds, exchange-traded funds, alternative investments, structured products, and other managed products including their structures, regulations, features, risks, strategies, performance measurement, and tax implications within the Canadian investment landscape.

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CSI Canadian Securities Course Exam2 Sample Questions (Q84-Q89):

NEW QUESTION # 84

What is a restriction that a mutual fund manager must follow?

- **A. No purchases of shares in the manager's own company allowed**
- B. Purchases of no more than 20% of the net assets in the securities of a single issuer
- C. Adherence to maximum exposure limits for short selling
- D. Limit of no more than 30% on purchases of net assets in companies engaged in the same industry

Answer: A

NEW QUESTION # 85

What information is an investor unable to retrieve through the SEDAR+ website?

- A. Annual information form
- B. Interim financial statements.

- C. Annual report.
- **D. Registration information for dealers.**

Answer: D

NEW QUESTION # 86

When a company issues a number of common shares, some of which are held by institutional investors, what are the institutional investors' shares known as?

- A. Outstanding shares.
- B. issued shares
- C. Market capitalization shares.
- **D. Public float shares.**

Answer: D

Explanation:

The shares held by institutional investors, along with other shares available for trading by the public, are referred to as the public float shares. These are the issued shares of a company that are actively traded in the market, excluding restricted shares held by insiders or strategic investors.

Other options:

* Issued shares: Includes all shares a company has issued, including restricted shares.

* Outstanding shares: Includes all shares held by all shareholders, including restricted shares and shares not available for trading.

* Market capitalization shares: Not a term used to describe shares; market capitalization is a measure of a company's total value based on its stock price and outstanding shares.

References:

* Volume 1, Chapter 8: Equity Securities, section on "Public Float and Market Capitalization" explains the concept of public float shares.

NEW QUESTION # 87

What is the main benefit of investing in preferred shares?

- A. Guaranteed dividend payment.
- **B. Priority to receive fixed dividends ahead of common shareholders.**
- C. Priority to claim assets ahead of debt holders.
- D. Higher potential for capital appreciation than common shares.

Answer: B

Explanation:

Preferred shares provide investors with priority to receive fixed dividends ahead of common shareholders.

This fixed income feature makes preferred shares similar to debt instruments but with characteristics of equity. While preferred shareholders have no guaranteed dividend payment (subject to the company's discretion and profitability), they are entitled to receive dividends before any distribution to common shareholders.

Preferred shares do not have a higher potential for capital appreciation compared to common shares, as they are typically designed for income rather than growth. Additionally, preferred shareholders have a lower claim on assets compared to debt holders.

NEW QUESTION # 88

What is the objective of a relative value strategy?

- A. To take long positions in convertible bond securities paired with long positions in equities
- B. To assume a net long position by combining both long and short positions on a basket of securities
- **C. To exploit market price inefficiencies by simultaneously taking matched long and short positions**
- D. To eliminate market risk by combining securities with perfect negative correlation

Answer: C

