

# Pass Guaranteed Quiz 2026 IFC: Marvelous Simulation Investment Funds in Canada (IFC) Exam Questions



## Practice Test With Answer Key

### Investment fund In Canada (IFIC)

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create a learning atmosphere like home. And our IFC exam questions will help you obtain the certification for sure.

## **CISI Investment Funds in Canada (IFC) Exam Sample Questions (Q223-Q228):**

### **NEW QUESTION # 223**

Which example demonstrates direct use of capital savings?

- A. Purchasing a company's stocks
- B. Depositing funds in a Canadian bank account
- **C. Building a new factory**
- D. Purchasing an investment fund

**Answer: C**

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

Direct use of capital savings involves investing in tangible projects or assets, such as constructing infrastructure or facilities. Building a new factory is a direct application of capital savings. The feedback from the document states:

"Capital savings are used directly by, for example, a couple investing their savings in a home; a government investing in a new highway or hospital; or a domestic or foreign company paying start-up costs for a plant to produce a new product."

Reference: Chapter 2 - Overview of the Canadian Financial Marketplace Learning Domain: An Introduction to the Mutual Funds Marketplace

### **NEW QUESTION # 224**

A mutual fund representative meets with a young family whose net worth/level of wealth is categorized as low, but they have the potential to become wealthy. In general, the family seems susceptible to believing that market events are predictable. Also, the family has a stronger impulse to avoid losses than earn gains. How might the mutual fund representative effectively address each of the two biases, respectively?

- A. Conform to both biases identified.
- B. Moderate both biases identified.
- C. Conform to the first bias and moderate the second.
- **D. Moderate the first bias and adapt to the second.**

**Answer: D**

### **NEW QUESTION # 225**

What allocation strategy does an investment advisor apply when adjusting risk and return levels according to behavioural tendencies?

- A. Best practical
- **B. Tactical**
- C. Profit maximizing
- D. Strategic

**Answer: B**

Explanation:

The correct answer is B. Tactical. In the Investment Funds in Canada curriculum, tactical asset allocation is described as a strategy that allows advisors to make short-term or medium-term adjustments to a client's portfolio in response to changing conditions. These conditions can include market movements, economic outlooks, and importantly, client behavioural tendencies, such as comfort with volatility, emotional responses to losses, or overconfidence during strong markets.

Strategic asset allocation, by contrast, is a long-term, policy-driven approach based on the client's objectives, time horizon, and risk tolerance, and it is not frequently adjusted. Tactical allocation builds on the strategic framework but permits deviations to better manage perceived risks or client behaviour while still remaining suitable.

The CIFIC course emphasizes that advisors must recognize behavioural biases and may use tactical adjustments to help clients remain invested and avoid emotionally driven decisions that could harm long-term outcomes. "Profit maximizing" and "best practical" are not recognized CIFIC asset allocation strategies.

Therefore, when an advisor adjusts portfolio risk and return levels to accommodate behavioural tendencies, tactical asset allocation

is applied, making Option B the correct answer.

### NEW QUESTION # 226

Your client, Cosmo, recently inherited \$50,000 from his uncle. He wants to use this money towards his retirement savings. Cosmo is a 50-year old, self-employed carpenter and he earns on average \$65,000 per year. He has a registered retirement savings plan (RRSP) with the bank worth \$425,000 and a tax-free savings account (TFSA) worth \$46,000. He started saving when he was 25 years old and has always made his own investment decisions. His money is mostly invested in balanced funds. He feels most comfortable with these types of mutual funds since they offer potential investment growth but without being too aggressive. Cosmo has no other assets.

What additional information do you need about Cosmo to fulfill your know your client obligation?

- A. risk tolerance
- B. income and net worth
- C. investment objectives
- D. time horizon

**Answer: A**

Explanation:

To fulfill the know your client (KYC) obligation, an advisor must collect and document information about the client's personal and financial situation, investment objectives, risk tolerance, and investment knowledge. The KYC rule is a regulatory requirement that ensures that the advisor understands the client's needs and goals, and provides suitable recommendations that match the client's profile. In this case, Cosmo has provided some information about his personal and financial situation, such as his age, occupation, income, assets, and inheritance. He has also given some indication of his investment objectives, such as saving for retirement, and his investment knowledge, such as making his own investment decisions and preferring balanced funds.

However, he has not disclosed his risk tolerance, which is his willingness and ability to accept fluctuations in the value of his investments. Risk tolerance is an important factor that affects the choice of investment strategies and products. Therefore, to complete the KYC process, the advisor needs to obtain additional information about Cosmo's risk tolerance. References:

\* Canadian Investment Funds Course (CIFIC) Study Guide, Chapter 1: The Investment Funds Industry, Section 1.4: The Know Your Client (KYC) Rule, page 1-111

\* Know Your Client (KYC) Definition - Investopedia2

### NEW QUESTION # 227

Jabir recently joined Prosper Wealth Inc. and is looking forward to being a Dealing Representative for the firm. Which of the following statements CORRECTLY describe when Jabir will be eligible to open new client accounts and sell investments?

- A. Upon registration application by the dealer
- B. Upon employment with the dealer
- C. Upon passing the proficiency course
- D. Upon formal confirmation from the regulator

**Answer: D**

Explanation:

Jabir will be eligible to open new client accounts and sell investments only after he receives formal confirmation from the securities regulator that he is registered as a Dealing Representative. This is because registration is a legal requirement for anyone who trades securities or advises clients on securities in Canada, unless an exemption applies. Registration helps protect investors by ensuring that only qualified and competent individuals and firms can conduct securities related business. Jabir must also meet the proficiency, solvency, and suitability requirements for registration, as well as comply with the ongoing obligations of a registrant. Passing the proficiency course and being employed by the dealer are necessary but not sufficient conditions for registration. The dealer must apply for registration on behalf of Jabir and wait for the regulator's approval.

1: Canadian Investment Funds Course, Unit 1, Section 1.2

### NEW QUESTION # 228

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