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QUESTION 1

What technique uses a risk-adjusted discount rate and contractual, promised, or most likely cash flows?

- A. Asset/Liability weighted
- B. Fair value
- C. Present value
- D. Discount rate adjustment

Correct Answer: D

QUESTION 2

The amount of goods and services available for sale is called?

- A. Demand
- B. Reserve
- C. Supply
- D. Economy

Correct Answer: C

QUESTION 3

It's a detailed financial report that looks forward, based on expected income and expenses.

- A. Balance sheet
- B. Income Statement
- C. Budget
- D. Equity turnover

Correct Answer: C

QUESTION 4

Which of the following bonds do not pay interest during the life of the bonds?

- A. Municipal bonds
- B. Callable bonds



- C. Convertible bonds
- D. Zero coupon bonds

Correct Answer: D

QUESTION 5

Budget control schedule is:

- A. A summary that shows how actual income and expenses compare with the various budget categories
- B. A summary that shows how actual income and expenses compare with the various budget categories and where variances (surplus or deficit) exist
- C. A graphical presentation of cash flows
- D. The interest earned each year

Correct Answer: B

QUESTION 6

Small-value funds own_____:

- A. Small company stock considered undervalued
- B. Stocks of small value
- C. Small amounts of value companies
- D. Small company stocks considered overvalued

Correct Answer: A

QUESTION 7

The practice of spreading money among different investments to reduce risk is known as _____.

- A. Diversification
- B. Risk aversion
- C. Securitization
- D. Sector rotation

Correct Answer: A



QUESTION 8

All of the following are the forms of risk, EXCEPT:

- A. Political risks
- B. Interest rate risks
- C. Presented risks
- D. Economic risks

Correct Answer: C

QUESTION 9

It is an automobile insurance that reimburses the parties involved in an accident without regard to negligence.

- A. No-fault automobile insurance
- B. Comprehensive automobile insurance
- C. Collision insurance
- D. Automobile accidental damage coverage

Correct Answer: A

QUESTION 10

A lower net retention level typically would translate into a higher variability of reserves.

- A. True
- B. False

Correct Answer: B

QUESTION 11

Companies that have capital amount of more than \$2 billion are known as:

- A. Small cap companies
- B. Mid cap companies
- C. Growth companies
- D. Large cap companies

Correct Answer: D



QUESTION 12

It is a mortgage on personal property given as a security for the payment of an obligation.

- A. Chattel mortgage
- B. Lien
- C. Collateral note
- D. Loan application

Correct Answer: A

QUESTION 13

The method provides correct rankings of mutually exclusive projects, when one is Not subject to capital rationing.

- A. Net present value
- B. Internal rate of return
- C. Payback period
- D. Profitability index

Correct Answer: A

QUESTION 14

The least amount of money that you should pay on or before your due date is called:

- A. Interest charge
- B. Minimum payment
- C. Total payment
- D. Monthly fee

Correct Answer: B

QUESTION 15

Unlike trust, there is no conveyance of title to the account assets. When the _____ relationship is established; legal title to the property remains with the principal.

- A. Guardianship



B. Estate Administration

C. Agency Services

D. None of these

Correct Answer: C

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