

Financial Exam Help 123™

2025 Level III Mock Exam Portfolio Management Pathway

Afternoon Session Exam #1 Short Answers

Note to Candidates

In this volume, I have attempted to reduce the answers to the constructed response (essay) questions to the minimum that a candidate would have to write to earn full marks on each question. The answers are intended as both an assessment tool and as a learning tool. Please use them accordingly.

I have not included the multiple choice questions in this volume; you'll find the answers and explanations for those questions in the Full Guideline Answers volume.

Answers appear in **red**. Supporting commentary (which is not required in the answer, but helps to clarify the answer for the candidate) appears in **blue**.

If you believe that there is an error in an answer contained here, please consult my errata page to see if your concern has been addressed:

<http://www.financialexamhelp123.com/errata/>

If you do not find an erratum addressing your concern, feel free to send me an e-mail at:

info@financialexamhelp123.com

BCIII

Question 1 relates to Institutional Investors – Core Curriculum**GCA Case Scenario**

- 1.1 **Identify** *two* factors of the Plan that will *most likely* contribute to an *increase* in the Plan's ability to take risk, and *two* factors of the Plan that will *most likely* contribute to a *decrease* in the Plan's ability to take risk.

Increase: Factor 1

- Plan is overfunded

Increase: Factor 2

- High ratio of active employees to retired employees
- or –
- Low ratio of retired employees to active employees
- or –
- High percentage of active employees
- or –
- Low percentage of retired employees