

### Question 1 of 5

Other than prudence and care, fiduciary obligations include which of the following areas?

- A. loyalty and objectivity
- B. independence and transparency
- C. diversification and impartiality
- D. client first and partnership

**EXPLANATION** • C26-L1-1.1.3-001

ID: C26-L1-1.1.3-001

Fiduciary obligations comprise four areas -

1. Loyalty
2. Prudence and care
3. Diversification
4. Impartiality

### Question 2 of 5

Which of the following is the best definition of sustainability as given in the 1987 Brundtland report?

- A. Balances between the components of social and environmental concerns for present and future generations.
- B. Addresses necessary changes for how resources are currently developed and used.
- C. Meets the needs of the present without compromising the ability of future generations to meet their own needs.

**EXPLANATION** • C26-L1-1.1.2-001

ID: C26-L1-1.1.2-001

The 1987 Brundtland report defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs".

### Question 3 of 5

The investment industry currently earns the highest higher value creation score for which of the following?

- A. capital allocation
- B. stewardship
- C. wealth and risk management

**EXPLANATION** • C26-L1-1.1.2-002

ID: C26-L1-1.1.2-002

The investment industry earns the highest value creation score for managing wealth and risk (vs. for allocating capital).

The score would be higher if risk management is focused on through-time risk and absolute risk.

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**Question 4 of 5**

Which of the following are the three components of the virtuous circle of positive forces with respect to the fiduciary and professional mindset?

- A. stewardship, asset manager, and portfolio
- B. portfolio, client, and asset manager
- C. capital allocation, portfolio, and client
- D. client, asset manager, and industry

**EXPLANATION** • C26-L1-1.1.4-001

**ID:** C26-L1-1.1.4-001

The virtuous circle of positive forces is made up of the portfolio, the client, and the asset manager.

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**Question 5 of 5**

Which of the following best describes the fundamental purpose of the investment industry?

- A. to contribute to society via increases in societal wealth and well-being
- B. to produce opportunities, and rewards for investment organizations
- C. to mobilize the sourcing and allocation of capital to where it is needed
- D. to provide wealth and risk management to end savers

**EXPLANATION** • C26-L1-1.1.1-001

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The investment industry's fundamental purpose is to contribute to society via increases in societal wealth and well-being.

Other responses -

- Mobilizing the sourcing and allocation of capital to where needed is the intrinsic purpose.
  - Producing opportunities, etc. for investment professionals and organizations is the collateral purpose.
  - Providing wealth and risk management to end savers is the core purpose.
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**Answer Key**

<b>Question #</b>	<b>Question ID</b>	<b>Correct Response</b>
1	C26-L1-1.1.3-001	C
2	C26-L1-1.1.2-001	C
3	C26-L1-1.1.2-002	C
4	C26-L1-1.1.4-001	B
5	C26-L1-1.1.1-001	A

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