Portfolio Management Professional

1. While planning for risk management, multiple investment choice tools are used as part of the quantitative and qualitative analyzes; which of the following tools determines the effect of changing one or more factors?

A. Trade-Off Analysis

B. Market Payoff variability

C. Budget Variability

D. Performance variability

Answer(s): A

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2. You are managing a large portfolio and know that you will need to constantly show the progress and status of the portfolio in meeting. For this you have developed a robust roadmap using BI tools. The portfolio roadmap is an important document used throughout the portfolio life cycle; when it comes to developing the portfolio communication management plan, which of the following options is correct

A. The portfolio roadmap helps with the understanding of the structure of the portfolio and interdependencies among the portfolio components

B. The portfolio roadmap is necessary for this process because it summarizes strategic objectives, evolving aspects of the strategy by organizational areas, portfolio milestones, dependencies, challenges, and risks

C. The portfolio roadmap provides a high-level timeline for expected portfolio component delivery

D. The portfolio roadmap provides the high-level strategic approach in a chronological fashion for portfolio management execution

Answer(s): A

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3. Your company changed its executives due to the lack of benefits realization and previous corruption issues. The new management has informed you that as of now, this will not change any process in the portfolio and everything will remain the same. However, only the risk tolerance for the organization will be impacted, what will you do as a portfolio manager?

A. Perform stakeholders analysis once again and change the organization risk tolerance in the portfolio communication management plan

B. Update the Strategic Plan

C. Assess the impact of the change along with the new management

D. Revise the roadmap to change the timeline due to the new risk profile

Answer(s): B

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4. Following a major organizational restructuring, new portfolios are currently being initiated. You have been assigned the position of portfolio manager on one of the major portfolios and are currently in strategic management. You are currently performing cost-benefit analysis. What is part of this analysis?

A. Qualifies estimated costs and benefits and lists quantitative considerations of alternative portfolio components

B. Quantifies estimated costs and benefits and lists qualitative considerations of alternative portfolio components

C. Quantitative considerations of alternative portfolio components

D. Qualifying estimated costs and benefits

Answer(s): B

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5. Working to monitor the portfolio especially in terms of its value to the organization, you had each component manager prepare monthly variance reports. Of the components ranked in the top 10, six of them realized they would not require some of their initial funding and still would be completed as planned. This means:

A. Three-point estimating should be used as funds are allocated

B. Next year's budget can be adjusted

C. Historical data would be useful on estimates versus actual costs

D. The amount of contingency and management reserves can be decreased

Answer(s): B

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6. Each time the Portfolio Governance Group meets the goal is to review the existing components and any that are proposed to ensure the portfolio has the best mix to attain strategic objectives. As the portfolio manager, you find these meetings, if facilitated accordingly, are effective decision-making sessions. However, you tend to have open issues after every meeting. These open issues:

A. Should be tracked in an issue register

B. Are managed as described in the charter

C. Are considered portfolio process assets

D. Require an owner to manage them until they are closed

Answer(s): C

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7. Risks are very important to manage in portfolio management and organizations can choose to embrace risks with the potential of high rewards. As a portfolio manager, planning and managing risks is important. Risks are categorized in order to ease the process. Which of the following are considered as risk categories that a portfolio manager can use?

A. All of the options

B. Performance Risk, Regulatory Risk

C. Portfolio Component Risk, Market Risk

D. Organizational Risk, Image and Public Relation Risk

Answer(s): B

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8. A new project manager was given an assignment on one of the components in your portfolio. What will you do as a portfolio manager in order to align the project manager with the strategic direction and integrate him/her with the work in progress?

A. Let him check the Project Charter and ask you in the case where he needs your help

B. Let him check the Portfolio Charter and ask you in the case where he needs your help

C. Update the roles and responsibilities in the Portfolio Management Plan

D. Train him on the portfolio management processes

Answer(s): C

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9. starting with the business unit you lead, which is responsible for new products, and then will set the stage to implement it throughout the bank, including at the enterprise level. You have executive support and commitment to implement it in your business unit. A key first step is to:

A. Set up a governance structure

B. Define roles and responsibilities for implementation

C. Prepare a portfolio performance plan

D. Prioritize the work to be done

Answer(s): B

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10. After three months, you have a list of all the program, project, and ongoing work being done in your 500-person Division of your State Government Agency. With this list, the next step is to:

A. Determine the prioritization model to follow

B. Convene a meeting of the Portfolio Review Board

C. Assess gaps in meeting the Agency's strategic objectives

D. Prepare a portfolio performance plan

Answer(s): C

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11. Portfolio Reports are widely used as inputs and outputs to multiple processes throughout the Portfolio Life Cycle. Which of the following is NOT part of portfolio reports?

A. None of the options

B. Updates in resources, risks/issues, value/benefits, performance, and financials

C. Governance Recommendations

D. Feedback report to organizational strategy planning

Answer(s): A

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12. After the stakeholder analysis is complete, a best practice is to put stakeholders into a matrix to develop a communications management strategy. A simple but useful approach is to set it up to show:

A. Level of authority and level of interest

B. Level of authority and level of involvement

C. Level of influence and level of impact

D. Level of influence and level of interest

Answer(s): D

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13. When you are a portfolio manager, you need to do and re-do multiple processes in order to maintain the portfolio alignment to the changing strategies. Which of the following are considered outputs to the Develop Charter process?

A. Portfolio Strategic Plan updates, Portfolio Charter, Portfolio Roadmap Updates

B. Portfolio Strategic Plan updates, Portfolio Charter, Portfolio Process Assets updates

C. Portfolio Strategic Plan updates, Portfolio Charter, Portfolio Management Plan Updates

D. Portfolio Strategic Plan updates, Portfolio Charter, Portfolio Reports

Answer(s): B

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14. While Optimizing your portfolio, you need to present to the governance board how your components will be ranked and balanced in a quantifiable way. How will you do this?

A. Graphical analytical methods

B. Value measurement and scoring

C. Scenario Analysis

D. Weighted ranking and scoring

Answer(s): D

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15. You are managing a complex portfolio with high risk levels due to emerging technological breakthroughs and a short benefit window to market your product. You know that managing risk is key to success and you are coaching your team on the same. You are currently developing the Risk Management Plan. What can you use as inputs to this process?

A. Portfolio Management Plan, Organizational Process Assets, Portfolio Reports, Enterprise Environmental Factors

B. Portfolio Management Plan, Portfolio, Portfolio Reports, Enterprise Environmental Factors

C. Portfolio Management Plan, Organizational Process Assets, Portfolio Process Assets, Enterprise Environmental Factors

D. Portfolio Management Plan, Organizational Process Assets, Portfolio Process Assets, Portfolio

Answer(s): C

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16. An organization decided to increase its business by 80% and approach new different clients. This strategy is followed because previously this organization was depending with its sales on only one client. With this new approach, you can describe the organization as being

A. Pessimistic

B. Risk Averse

C. Risk Taker

D. Optimistic

Answer(s): C

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17. As a portfolio manager you will use a variety of artifacts and documents that will help you better manage the portfolio and better communicate progress and status with stakeholders. The roadmap is considered the most used document in the portfolio and eases your work being able to present the status on a single graphical representation. Early on during the portfolio lifecycle, you prepare the roadmap. An output of this process is

A. Portfolio update, Portfolio Charter update, Portfolio Roadmap

B. Portfolio Roadmap

C. Portfolio update, Portfolio Roadmap

D. Portfolio Charter update, Portfolio Roadmap

Answer(s): B

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18. You work in a fairly small company where the PMO helps in providing oversight to support the portfolio management. In such organization, where are the PMO structure, responsibilities, and implementation approach documented?

A. Portfolio Oversight section in Portfolio Management Plan

B. Communication Management Plan

C. Governance Model section in Portfolio Management Plan

D. Strategic Management Plan

Answer(s): A

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19. Your organization, a leading restaurant focusing on pancakes, is seeking to expand its portfolio. It is interested in ensuring new components support: return on investment, customer satisfaction, reputation enhancement, and branding. These four areas represent:

A. Metrics

B. Organizational value areas

C. Organizational strategic objectives

D. Critical success factors

Answer(s): B

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20. Stakeholders expectations and requirements change throughout the portfolio life cycle. New stakeholders can be added or removed and requirements need to be continuously solicited in order to keep the portfolio aligned with stakeholders expectations. What is the process for soliciting requirements called?

A. Communication Requirements Analysis

B. Elicitation

C. Stakeholder Analysis

D. Communication Methods

Answer(s): B
