

## MS in Finance Comprehensive Exam

You must register for the MS in Finance Comprehensive Exam (FIN 599) via contacting Ms. Penny Dodd from [penny.dodd@tamuc.edu](mailto:penny.dodd@tamuc.edu) at least 1 MONTH before the scheduled exam date. The online version of the exam will be held on a day which will be announced by Ms. Dodd in the first month of the semester. The exam will have a starting time between 10AM and 1PM, U.S. Central Time. Once you start the exam, you will have 3 hours to complete 60 questions. You have an option to take the exam online (with a proctor) or take it face-to-face in a classroom at the Commerce campus. The online version will be administered by ProctorU. This is a paid online proctoring service and you (the student) are responsible for covering the cost (the cost should be approximately \$35 - \$45 depending on when you schedule the exam. The sooner you schedule the cheaper it is). Please make sure to follow the ProctorU directions, sign up and schedule an exam start time with ProctorU at least 1 WEEK BEFORE the actual exam date. Information regarding registration is available on the FIN 599 course shell in D2L. Scheduling module on the ProctorU website should be available about 30 days before the exam date. If you'd prefer to take the exam on campus, you MUST let Dr. Alper Gormus know at least 2 WEEKS before the exam (please email him at: [al.gormus@tamuc.edu](mailto:al.gormus@tamuc.edu)). The face-to-face version of the exam will be on the same day of the online exam on the Commerce campus. The exact time and location will be emailed to you. There is no proctoring cost associated with the face-to-face version of the exam. After the comp exam is completed, the Acct/Fin Department faculty will meet and decide on the scores. You will be notified by email whether you received a passing or failing grade from Dr. Alper Gormus (or another designated faculty/staff). To pass the comprehensive exam, you will need to make a score of 70% or better.

### OVERVIEW

The comprehensive exam is designed to assure that our MS in Finance graduates have an acceptable level of competence in the major functional areas of finance. Successfully passing this exam is required to receive your master's degree in finance. You will either receive a score of pass or fail. We DO NOT announce the actual score you received or information on which questions were missed. The exam is given three times a year, fall, spring, and once in the summer session. Students are generally allowed one retake. A third attempt requires approval by the Economics and Finance Department and the Dean of the Graduate School.

The test format is multiple choice, consisting of 60 questions in total from the following four courses. A list of suggested topics from each course is provided below:

- FIN 504 – Financial Management
- FIN 510 – Investment Seminar
- FIN 571 – International Business Finance
- Ethics – Study material should be given in FIN 510 (it is also available online under FIN 599 in D2L and through Dr. Alper Gormus)

## SUGGESTED STUDY TOPICS

### FIN 504

1. Goal of a corporation and the agency problem
2. Financial statements and ratio analysis
3. Free cash-flows
4. Sources of financing
5. Time value of money analysis, including annuities and perpetuities (with different time frames including monthly, semi-annual and yearly payments)
6. Bond characteristics, valuation, ratings, and risk
7. Common stock characteristics and valuation (including constant growth model)
8. Risk and return, including the Capital Asset Pricing Model
9. Capital budgeting analysis and the cost of capital (WACC, etc.)

### FIN 510

1. Statistical measures of a portfolio such as mean, standard deviation, and Sharpe ratio (including CAL and SML)
2. Concept of diversification and the role of correlation coefficients
3. Performance measures for funds
4. Capital Asset Pricing Model (CAPM) concepts and applications
5. Portfolio variance and return concepts
6. The efficient market hypothesis
7. Behavioral aspects of investing and market anomalies
8. Technical analysis concepts
9. Factor models (Fama-French 3-factor and 4-factor models)
10. Margin Trading (including long and short margins, margin call price calculations etc.)
11. Options (concepts of put and call options as well as calculation of payouts)
12. The difference between hedging and speculation

### FIN 571

1. Goals of the multinational corporation
2. The role of international financial markets in global commerce
3. The architecture of foreign exchange markets
4. Arbitrage and Interest Rate Parity
5. Purchasing Power Parity and the International Fisher Effect
6. The nature of foreign exchange exposure
7. Risk management of foreign exchange exposure - Transaction, Economic, and Translation

8. Direct foreign investment
9. Country risk analysis
10. Multinational capital structure and cost of capital

#### ETHICS

1. You are responsible from the first 9 pages of the CFA Ethics handbook excluding contents, preface etc. (Titled “Standards of Practice Handbook”)

#### **OTHER IMPORTANT TEST RELATED INFORMATION:**

There are NO additional study materials offered including any “sample questions”. The exam questions are very similar to the ones you saw during the semester when you were taking the courses listed above.

You will not be allowed to use MS Office products (including excel, word, etc.), the internet or ANY calculator other than the Texas Instruments BAII Plus Financial calculator. If you bring another calculator to the exam, you will not be allowed to use it.

During the exam: You are allowed to use 6 pages of scratch paper (8×11 printer paper - these will be verified to be empty by the proctor) and you are also allowed to bring 4 index cards (5x8) with notes on them (front and back). You are not allowed to use any other class material/notes/powerpoints etc. Also, you are not allowed to print or glue any information on the index cards. Everything needs to be handwritten.

Also, the exam is 3 hours and you are not allowed to use the bathroom during that time. Please prepare accordingly. If you have a medical problem that keeps you from performing your best for the exam, please do not take the exam. There are absolutely no make-ups for the attempt you take.