

AFM CS MCQ Booklet May 25 analysis by Karthik

Summary of latest Case scenario index - Paper 2 Advanced Financial Management

Note- This is made using Deepseek AI. If you notice any error let me know

@karthi55555

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Case Scenario 34	(Page 59)	Equity Valuation
Case Scenario 35	(Page 60-61)	Share Buyback and Valuation

Case Scenario 1 (Page 5-6)

Topic: Options Trading and Real Options in Capital Budgeting

1. **Net Pay-off Calculation** - Options Trading (Call and Put Options)
 2. **Break-even Price Calculation** - Options Trading
 3. **Real Options** - Capital Budgeting (Real Options vs. Financial Options)
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Case Scenario 2 (Page 6-7)

Topic: Convertible Bonds

1. **Stock Value of Bond** - Convertible Bonds
 2. **Downside Risk Calculation** - Convertible Bonds
 3. **Conversion Premium** - Convertible Bonds
 4. **Conversion Parity Price** - Convertible Bonds
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Case Scenario 3 (Page 7-9)

Topic: Portfolio Management and Risk Analysis

1. **Standard Deviation Calculation** - Risk Analysis
 2. **Portfolio Return Calculation** - Portfolio Management
 3. **Optimum Investment Decision** - Risk and Return Analysis
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Case Scenario 4 (Page 9-10)

Topic: Mergers and Acquisitions

1. **Swap Ratio Calculation** - Mergers and Acquisitions
2. **Total Shares Issued** - Mergers and Acquisitions

3. **Post-Merger EPS Calculation** - Mergers and Acquisitions
 4. **EPS Protection in Merger** - Mergers and Acquisitions
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Case Scenario 5 (Page 10-11)

Topic: Mutual Fund Investments

1. **NAV Calculation** - Mutual Funds
 2. **Total Yield Calculation** - Mutual Funds
 3. **Holding Period Calculation** - Mutual Funds
 4. **Effective Yield Calculation** - Mutual Funds
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Case Scenario 6 (Page 12-13)

Topic: Convertible Bonds

1. **Downside Risk Calculation** - Convertible Bonds
 2. **Conversion Premium** - Convertible Bonds
 3. **Conversion Parity Price** - Convertible Bonds
 4. **Yield Calculation** - Convertible Bonds
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Case Scenario 7 (Page 13-14)

Topic: Investment Strategies

1. **Fixed Income Investment Factors** - Investment Strategies
 2. **Bond Selection Factors** - Investment Strategies
 3. **Weak Form Efficiency and Equity Selection** - Efficient Market Hypothesis (EMH)
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Case Scenario 8 (Page 15-16)

Topic: Mergers and Acquisitions

1. **Shares Issued in Merger** - Mergers and Acquisitions

2. **Post-Merger EPS Calculation** - Mergers and Acquisitions
 3. **Equivalent EPS Calculation** - Mergers and Acquisitions
 4. **Post-Merger Market Price Calculation** - Mergers and Acquisitions
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Case Scenario 9 (Page 16-18)

Topic: Capital Structure and Valuation

1. **Weighted Average Cost of Capital (WACC)** - Capital Structure
 2. **Economic Value Added (EVA)** - Valuation
 3. **Price per Share Calculation** - Valuation
 4. **Market Capitalization Calculation** - Valuation
 5. **Earnings per Share (EPS) Calculation** - Valuation
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Case Scenario 10 (Page 18-19)

Topic: Foreign Exchange and Forward Contracts

1. **Early Delivery in Forward Contracts** - Foreign Exchange
 2. **Interest on Outlay of Funds** - Foreign Exchange
 3. **Swap Difference Calculation** - Foreign Exchange
 4. **Net Inflow Calculation** - Foreign Exchange
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Case Scenario 11 (Page 19-21)

Topic: Multilateral Netting in International Finance

1. **Netting Process** - International Finance
 2. **Reduction in Transfers** - International Finance
 3. **Net Payment/Receipt Calculation** - International Finance
 4. **Cost Reduction Calculation** - International Finance
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Case Scenario 12 (Page 21-23)

Topic: Commercial Papers and Short-term Financing

1. **Bond Equivalent Yield** - Commercial Papers
 2. **Effective Interest Rate Calculation** - Commercial Papers
 3. **Cost of Funds Calculation** - Commercial Papers
 4. **Short-term Funding Instruments** - Commercial Papers
 5. **Commercial Paper Period** - Commercial Papers
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Case Scenario 13 (Page 23-24)

Topic: Securitization and Structured Finance

1. **Securitized Instrument Type** - Securitization
 2. **Originator Identification** - Securitization
 3. **Special Purpose Vehicle (SPV)** - Securitization
 4. **Receiving and Paying Agent (RPA)** - Securitization
 5. **Principle Only (PO) Securities** - Securitization
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Case Scenario 14 (Page 25-27)

Topic: Efficient Market Hypothesis (EMH)

1. **Serial Correlation Test** - EMH (Weak Form)
 2. **Run Test** - EMH (Weak Form)
 3. **Filter Rules Test** - EMH (Weak Form)
 4. **Filter Rule Application** - EMH (Weak Form)
 5. **Weak Form EMH Conclusion** - EMH (Weak Form)
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Case Scenario 15 (Page 27-28)

Topic: Repurchase Agreements (Repo)

1. **Repo Arrangement** - Repurchase Agreements
2. **Dirty Price Calculation** - Repurchase Agreements
3. **Start Proceeds Calculation** - Repurchase Agreements
4. **Second Leg Calculation** - Repurchase Agreements

5. **Accrued Interest Calculation** - Repurchase Agreements

Case Scenario 16 (Page 28-30)

Topic: Modern Portfolio Theory (MPT)

1. **Beta Calculation** - Modern Portfolio Theory
 2. **Expected Return Calculation** - Modern Portfolio Theory
 3. **Alpha Calculation** - Modern Portfolio Theory
 4. **Modern Portfolio Theory Proponent** - Modern Portfolio Theory
 5. **Capital Market Line (CML)** - Modern Portfolio Theory
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Case Scenario 17 (Page 30-31)

Topic: Mutual Fund Investments

1. **NAV Calculation** - Mutual Funds
 2. **Units Calculation** - Mutual Funds
 3. **Dividend Calculation** - Mutual Funds
 4. **NAV Calculation** - Mutual Funds
 5. **NAV Calculation** - Mutual Funds
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Case Scenario 18 (Page 31-33)

Topic: Mutual Fund Investments

1. **Opening NAV Calculation** - Mutual Funds
 2. **Units Purchased Calculation** - Mutual Funds
 3. **Investment Amount Calculation** - Mutual Funds
 4. **Expense Ratio** - Mutual Funds
 5. **Sortino Ratio** - Mutual Funds
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Case Scenario 19 (Page 33-34)

Topic: Options Trading

1. **Expected Price Calculation** - Options Trading
 2. **Call Option Value Calculation** - Options Trading
 3. **Expected Value of Call Option** - Options Trading
 4. **In-the-Money Scenarios** - Options Trading
 5. **At-the-Money Scenarios** - Options Trading
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Case Scenario 20 (Page 35-36)

Topic: Credit Default Swaps (CDS)

1. **Purpose of CDS** - Credit Default Swaps
 2. **CDS Contract Characteristics** - Credit Default Swaps
 3. **CDS Guidelines** - Credit Default Swaps
 4. **Premium Calculation** - Credit Default Swaps
 5. **Cash Settlement Calculation** - Credit Default Swaps
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Case Scenario 21 (Page 37-38)

Topic: Capital Budgeting and Sensitivity Analysis

1. **Sensitivity Analysis** - Capital Budgeting
 2. **Break-even Sale Price Calculation** - Capital Budgeting
 3. **Break-even Cost Calculation** - Capital Budgeting
 4. **Break-even Sales Volume** - Capital Budgeting
 5. **Break-even Initial Outlay** - Capital Budgeting
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Case Scenario 22 (Page 38-40)

Topic: Yield Curve and Interest Rates

1. **Normal Yield Curve** - Yield Curve
2. **Yield Spread Calculation** - Yield Curve
3. **Inverted Yield Curve** - Yield Curve
4. **Forward Rate Calculation** - Yield Curve

5. **Forward Rate Calculation - Yield Curve**

Case Scenario 23 (Page 40-42)

Topic: Financial Ratios and Valuation

1. **Bond Issuance Date - Financial Ratios**
 2. **Retained Earnings Calculation - Financial Ratios**
 3. **Return on Equity (ROE) Calculation - Financial Ratios**
 4. **Sustainable Growth Rate Calculation - Financial Ratios**
 5. **Dividend Discount Model (DDM) - Valuation**
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Case Scenario 24 (Page 42-44)

Topic: Foreign Exchange and Hedging

1. **Hedging Technique - Foreign Exchange**
 2. **Amount to Borrow Calculation - Foreign Exchange**
 3. **Investment Amount Calculation - Foreign Exchange**
 4. **Amount After Investment - Foreign Exchange**
 5. **Forward Rate Calculation - Foreign Exchange**
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Case Scenario 25 (Page 44-46)

Topic: Value at Risk (VaR) and Investment Decisions

1. **Available Amount Calculation - Value at Risk (VaR)**
 2. **Z-score Calculation - Value at Risk (VaR)**
 3. **Expected Return Calculation - Investment Decisions**
 4. **Expected Return Calculation - Investment Decisions**
 5. **Optimum Investment Decision - Investment Decisions**
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Case Scenario 26 (Page 46-48)

Topic: Capital Budgeting and Inflation Adjustment

1. **Depreciation Tax Benefit** - Capital Budgeting
 2. **Inflation-adjusted Revenue** - Capital Budgeting
 3. **Cash Inflow Calculation** - Capital Budgeting
 4. **Inflation-adjusted Cost** - Capital Budgeting
 5. **Present Value Calculation** - Capital Budgeting
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Case Scenario 27 (Page 48-50)

Topic: Portfolio Management and Risk Analysis

1. **Portfolio Expected Return** - Portfolio Management
 2. **Portfolio Standard Deviation** - Portfolio Management
 3. **Covariance Calculation** - Risk Analysis
 4. **Risk-Free Rate Calculation** - Risk Analysis
 5. **Market Rate of Return Calculation** - Risk Analysis
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Case Scenario 28 (Page 50-52)

Topic: Foreign Exchange and Hedging

1. **Expected Dollar Amount Calculation** - Foreign Exchange
 2. **Forward Contract Calculation** - Foreign Exchange
 3. **Money Market Hedge Calculation** - Foreign Exchange
 4. **Call Option Cost Calculation** - Foreign Exchange
 5. **Expected Spot Rate Calculation** - Foreign Exchange
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Case Scenario 29 (Page 52-54)

Topic: Interest Rate Hedging

1. **Forward Rate Agreement (FRA)** - Interest Rate Hedging
2. **Settlement Amount Calculation** - Interest Rate Hedging
3. **Settlement Amount Calculation** - Interest Rate Hedging
4. **Modern Hedging Techniques** - Interest Rate Hedging

Case Scenario 30 (Page 54-56)

Topic: Sustainable Growth Rate (SGR)

1. **Sustainable Growth Rate Concept** - Sustainable Growth Rate
 2. **SGR Definition** - Sustainable Growth Rate
 3. **Risks of Rapid Growth** - Sustainable Growth Rate
 4. **Twin Cornerstones for Sustainable Growth** - Sustainable Growth Rate
 5. **Inflation and SGR** - Sustainable Growth Rate
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Case Scenario 31 (Page 56)

Topic: Mergers and Acquisitions

1. **Cash Offer Calculation** - Mergers and Acquisitions
 2. **Exchange Ratio Calculation** - Mergers and Acquisitions
 3. **Shares Issued Calculation** - Mergers and Acquisitions
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Case Scenario 32 (Page 57)

Topic: Options Trading

1. **Option Lapse and Profit/Loss** - Options Trading
 2. **Call Option Profit/Loss** - Options Trading
 3. **Put Option Profit/Loss** - Options Trading
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Case Scenario 33 (Page 58)

Topic: Bond Valuation and Duration

1. **Bond Price and Duration Calculation** - Bond Valuation
 2. **Bond Price and Duration Calculation** - Bond Valuation
 3. **Portfolio Price Sensitivity** - Bond Valuation
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Case Scenario 34 (Page 59)

Topic: Equity Valuation

1. **Expected Return Calculation** - Equity Valuation
 2. **Intrinsic Value Calculation** - Equity Valuation
 3. **Stock Valuation** - Equity Valuation
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Case Scenario 35 (Page 60-61)

Topic: Share Buyback and Valuation

1. **Shares Bought Back Calculation** - Share Buyback
 2. **Interest Amount Calculation** - Share Buyback
 3. **Loan Amount Calculation** - Share Buyback
 4. **Premium per Share Calculation** - Share Buyback
 5. **Premium Percentage Calculation** - Share Buyback
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