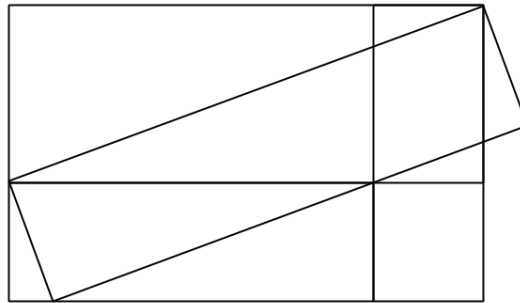


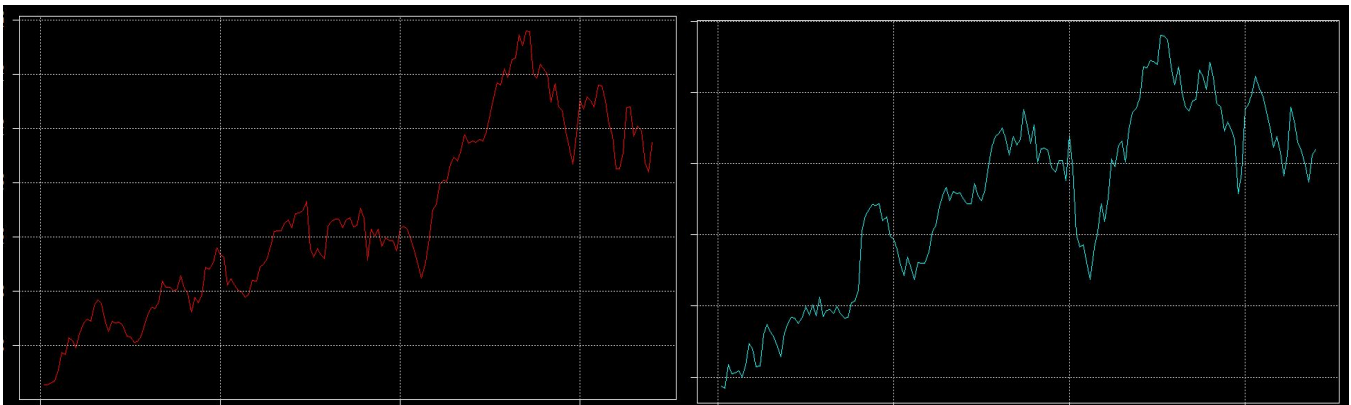
Section I: Reasoning



How many triangles and rectangles can you count in the figure above?

- 8 triangles and 10 rectangles
- **10 triangles and 10 rectangles**
- 10 triangles and 6 rectangles
- 8 triangles and 6 rectangles

Section II: Chart Analysis



The two graphs shown above represent respectively Apple's stock value on the left, and Microsoft's stock value on the right over a one year period. Find the best value to estimate the correlation between the two graphs:

- - 0.7
- 0
- **0.9**
- 1

Section III: News Analysis

Please read this article from the Financial Times, before answering the questions below:

Russia economy declines 1.9% in first quarter

Russia's economy contracted by 1.9 per cent in the first three months of the year compared with the same period in 2014, marking the first quarterly decline in almost six years, the Federal Statistics Service said on Friday.

The contraction was much narrower than expected. Economists' forecasts for the first quarter had ranged from -2 per cent to -4.5 per cent, and even Russia's ministry of economic development [had expected a 2.2 per cent drop](#)

The figure is only the first reading for the three-month period, and the statistics agency did not give any details. But its estimate follows plummeting consumer sentiment and investment throughout the first quarter after the drastic drop of the rouble sent inflation soaring and western capital market sanctions triggered a credit squeeze. [...]

But economists warned that it was too early to celebrate a turnaround. "There are signs that the second quarter will see the peak of the bad news, and it would be premature to declare the bottoming-out," said Yaroslav Lissovolik, chief economist at Deutsche Bank in [Russia](#).

According to monthly data released by Rosstat, the government statistics agency, earlier in the year, the drop in retail sales, which started in January, was still gaining pace with a 8.7 per cent drop in March. A continued slide in fixed asset investment, which has been sluggish since 2013, appeared to have slowed in March.

"The one factor that may have acted to moderate the contraction is the industrial sector, where we see some signs of import substitution, but I see that more as an isolated factor," said Mr Lissovolik.

Industrial production contracted 1.6 per cent in February and by just 0.6 per cent in March. But some industry sectors have performed markedly better. The weak rouble has helped companies in the chemical industry and in [food production](#), boosting their competitiveness versus foreign rivals.

“Even so, there’s not much here to justify the growing optimism of both policy makers and some of the more bullish analysts in the market,” said Neil Shearing, chief emerging markets economist at Capital Economics. “Our forecast that GDP will contract by 5 per cent this year is looking too gloomy – but the economy is still on course to contract by around 2.5% or so in 2015.” [...]

Kathrin Hille, Moscow, May 15, 2015 5:43 pm

The decline of the rouble and the international sanctions triggered:

- A high inflation and credit contraction, which boosted consumer spending and investments.
- **Lower consumer spending and investment, linked to the credit contraction and the high inflation.**
- Higher investments and consumer sentiment due to a credit expansion and lower inflation.
- Lower investments and consumer spending, due to the soaring inflation and credit expansion.

In what way did the weak rouble affect the secondary sector?

- The whole secondary sector is very competitive compared to foreign rivals.
- The secondary sector has the highest contraction.
- The secondary sector was plummeted by the chemical and food production sectors.
- **The food production and chemical sectors cushion the fall of the secondary sector.**

Section IV: Global Markets

You are a junior treasury trader at JP Morgan. The yield curve is currently positively sloped, with the spread between the 2 year and 10 year treasuries at 100 basis points. Which of the following announcements by the Fed would most likely cause the 2s-10s spread to increase?

- Fed is raising short term interest rates to slow the economy.
- Fed has changed its outlook from favorable to cautious regarding inflation.
- **Fed is buying 2 year notes in the open market.**
- Fed is buying 10 year notes in the open market.

Companies may also participate in the global market by granting another company the right to use its name, products, trademarks or business processes in exchange for royalty payments. What is this strategy?

- Franchising
- Exporting
- **Licensing**
- Foreign direct investment (FDI)

Section V: Investment Banking

When valuing a company using a trading multiples approach, which of the following is the most important factor to consider when searching for and selecting peer group companies?

- Companies operate in the same geography.
- Companies have the same fiscal year.
- **Companies are in the same industry.**
- Companies are of similar size.

Section VI : Economics

The Federal Reserve is responsible for maintaining the United States money supply so that they can control inflation in the long and unemployment in the short run. What is usually the first thing the Fed would do in order to decrease the money supply?

- Raise federal reserve ratios
- **Sell government bonds to the public**
- Buy governments bonds from the public
- Raise federal reserve ratios

Section VII : Math Skills

Given the following informations,

“Apple shares are at a price of 130USD, there are 6 billion shares and the company made a net income of 50 billion USD over last 12 months.”

What is, approximately, the *price to earning ratio* of the company ?

- **16**
- 8
- 300
- 24

Section VII : Financial Statement Analysis

In Millions of USD (except for per share items)	As of 2015-03-28
Cash & Equivalents	4,610.00
Short Term Investments	18,607.00
Cash and Short Term Investments	33,096.00
Accounts Receivable - Trade, Net	10,905.00
Receivables - Other	-
Total Receivables, Net	18,164.00
Total Inventory	2,396.00
Prepaid Expenses	-
Other Current Assets, Total	14,235.00
Total Current Assets	67,891.00
Property/Plant/Equipment, Total - Gross	42,460.00
Accumulated Depreciation, Total	-22,309.00
Goodwill, Net	4,711.00
Intangibles, Net	4,061.00
Long Term Investments	160,443.00
Other Long Term Assets, Total	3,937.00
Total Assets	261,194.00
Accounts Payable	23,159.00
Accrued Expenses	7,781.00
Notes Payable/Short Term Debt	3,799.00
Current Port. of LT Debt/Capital Leases	-
Other Current liabilities, Total	23,990.00
Total Current Liabilities	58,729.00
Long Term Debt	40,072.00
Capital Lease Obligations	-
Total Long Term Debt	40,072.00
Total Debt	43,871.00
Deferred Income Tax	23,825.00
Minority Interest	-
Other Liabilities, Total	9,562.00
Total Liabilities	132,188.00

Extracted from Google Finance.

Given the above balance sheet from Apple and that a share is trading at 125USD and 6 billion is the total number of shares. If P/B denotes the *price to book value* of Apple, then

- $1 < P/B < 2$
- $2 < P/B < 3$
- **$3 < P/B < 4$**
- $4 < P/B$