

Exam

International Finance

Mock Exam

Personal information:

Name: _____ First name: _____

Date of birth: _____ Semester: _____ Student number: _____

Email: _____

Instructions (please read carefully):

- During the exam, you are permitted to use (i) a non-programmable calculator and (ii) an English dictionary. Further materials are not allowed.
- The examination document consists of 10 pages (including the front page) and contains 3 sections.
- The examination is scheduled for 60 minutes.
- Questions can be answered either in English or German (stick to one language over the entire exam).
- Answer all questions and show necessary work. Please be brief but precise, explain symbols, and outline your calculations. If necessary assumptions are missing, make reasonable economic assumptions to answer the question.:

Declaration:

I hereby declare the veracity of all personal information provided and confirm that I carefully read the given exam instructions.

Date: xx.xx.xxxx

Signature: _____

Completed by the chair:

Question	1	2	3	4	5	6	7
Points							

1)

Briefly outline the central idea behind the Capital Asset Pricing Model (CAPM), and distinguish the World CAPM from its domestic counterparts. Describe the so-called “home bias” in this light, and discuss relevant implications. (8 points)

2)

Briefly outline the forward rate unbiasedness hypothesis and discuss why it must hold if markets are efficient. In addition, describe the “Siegel Paradox” and explain whether the consistency problem is important in practice. (8 points)

3-7)

Similar to **1)** and **2)**