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.xxxxxx  Signature: ___________________________

Completed by the chair:

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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)