

# Paper 10

## Examination for Additional Product: Funds and Equities (for Debt Instrument Investment Consultant)

Thailand Securities Institute

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## Paper 10: Examination for Additional Product: Funds and Equities

Examination for Additional Product: Funds and Equities

Examination type: Multiple choice (4 choices)

Number of questions: 40

Duration: 1 hour

Passing criteria: 70% overall

Topics	No. of Questions
<a href="#">Section 3 Products Knowledge and Rules and Regulations for Dealing in Securities (Equity Instruments and Funds)</a>	
<a href="#">3.1 Securities</a>	<a href="#">30</a>
3.1.1 Equity Markets	5
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<a href="#">3.2 Rules and Regulations for Dealing in Securities (Equity Instruments and Funds)</a>	<a href="#">10</a>
3.2.1 Equity Instrument Trading Principles and Procedures	5
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### 3.1: Securities

#### 1. Equity Markets

**Learning Objective Statement:**

1. To explain the roles and importance of equity markets
2. To explain the differences between primary and secondary markets
3. To explain methods of issuing securities in a primary market, including private placement and public offering
4. To distinguish types of securities in equity markets
5. To explain the roles and objectives of The Stock Exchange of Thailand (SET) and the Market for Alternative Investment (mai)
6. To explain listing criteria of the SET and mai
7. To classify types of indices by calculation method
8. To explain the SET index series and their calculation procedures

#### 2. Equity Instruments

**Learning Objective Statement:**

1. To explain the characteristics of various types of equities, which are common stocks, preferred stocks, convertible bonds, unit trusts, warrants, derivative warrants (DWs), and non-voting depository receipts (NVDRs)
2. To compare the advantages and disadvantages of each type of equity instrument
3. To explain risk, return, and advantages of investing in equity instruments
4. To explain the relationship between risk and return of investments
5. To analyze the relationship between risk and return, and explain the risk level of each type of equity instrument
6. To explain taxation regulations applicable to investing through the SET
7. To give an overview of common stock valuation
8. To explain the meaning of value
9. To explain methods and concepts of common stock valuation
10. To explain variables affecting the value of common stock

11. To apply common stock valuation to making investment decisions
12. To describe and explain financial information preparation for common stock valuation
13. To explain the income-based approach for common stock valuation
14. To explain and calculate common stock valuation using discounted cash flow approaches (DCF), including the zero growth, constant growth, and non-constant growth models
15. To explain and apply price per earnings ratio stock valuation
16. To explain the components of a warrant's value
17. To explain influences on warrant prices
18. To analyze warrant prices using various ratios

### 3. Mutual Funds and Investment Units

#### Learning Objective Statement:

1. To understand the definition of mutual fund and explain its business operation
2. To understand and explain the pros and cons of investment in mutual funds
3. To understand the roles and importance of people involved in mutual funds management
4. To understand and explain the rules, constraints, and limitations of investment in different types of mutual funds
5. To understand the characteristics and expenses of mutual fund investment
6. To understand and classify types of mutual funds based on 1) expenses incurred in purchasing investment units 2) procedures in selling investment units 3) investment policies and 4) sources of capital and investment
7. To understand general details of mutual funds and the effects on its NAV
8. To understand the concepts of determining net asset value (NAV)
9. To explain the tax deduction benefits of mutual funds based on a customer's tax bracket
10. To understand and explain the risks and returns of mutual fund investment
11. To understand the factors, procedures, and strategies relating to mutual fund investment
12. To provide advice on mutual fund investment that takes the investment objectives, risk tolerance, and investment constraints of a given client into consideration

13. To understand and explain investment policies in retirement mutual funds (RMFs) and long-term equity funds (LTFs)
14. To understand and explain investment conditions and tax benefits from RMFs and LTFs
15. To advise on RMF and LTF investment, including their pros and cons, and cautions for each investor type
16. To be able to compare RMF to LTF investment
17. To understand the definitions, objectives, and status of provident funds and their policies and regulations
18. To understand and explain returns and tax benefits of provident funds
19. To understand and explain investment policies of provident funds
20. To understand pros and cons of provident funds
21. To understand and explain the definition of private fund and its investment structure
22. To understand and explain the pros and cons of private funds
23. To understand and explain the returns and tax benefits of private funds
24. To understand characteristics of hedge funds
25. To understand difference between hedge and mutual funds
26. To understand investment strategies of hedge fund and their risks
27. To know and understand types and structures of exchange-traded funds (ETFs)
28. To understand characteristics of risk and return of ETFs
29. To understand when using an ETF is appropriate
30. To understand and explain the characteristics and formats of property fund investment
31. To understand policies, types and constraints of property funds
32. To understand characteristics of risk and return of investment in property funds
33. To be able to identify types of clients for whom investing in property funds would be appropriate
34. To understand characteristics and formats of gold fund investment
35. To understand characteristics of risk and return of gold funds
36. To understand investment analysis approaches in gold funds
37. To understand the importance of measurement and evaluation in operating mutual funds

38. To understand and explain measurement and evaluation procedures in operating mutual funds
39. To understand and explain importance of measurement and evaluation of mutual fund operation using risk-adjusted return
40. To calculate, measures, evaluate the operation of mutual funds using Sharpe's ratio, Treynor's ratio, Jensen measure, and information ratio

### 3.2: Rules and Regulations for Dealing in Securities (Equity Instruments and Funds)

#### 1. Equity Instrument Trading Principles and Procedures

##### Learning Objective Statement

1. To explain the trading system, order matching method, and trading hours of SET
2. To explain trading methods and procedures of SET's trading system
3. To explain the types of orders and their limitations
4. To explain trading size and describe the types of SET trading boards
5. To explain the criteria for ceiling and floor limits and spread
6. To explain the methods and procedures for opening a trading account
7. To explain the types of trading accounts and their differences
8. To explain rules for margin accounts
9. To explain and calculate margins
10. To explain prohibited trading behaviors
11. To explain SET's roles and measures used in trading supervision
12. To explain the objectives and meanings of signs posted on the trading board indicating situations or conditions applicable to a particular security
13. To explain the circuit breaker mechanism
14. To explain SET's contingency plan for computer malfunctions

#### 2. Rules and Regulations Governing Mutual Fund Trading

##### Learning Objective Statement

1. To understand and describe mutual fund investment procedures
2. To understand investment unit bid and offer prices
3. To understand the rules, conditions and limitations of investing in mutual funds issued by different regulators

4. To understand the standard measurements used for evaluating performance under different mutual fund investment policies based on Association of Asset Management Companies criteria
5. To understand the expenses related to mutual fund operations
6. To understand the rules, conditions, setup procedures and management of mutual funds

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