4.02 Investors and Other Stakeholders

Question 1
A competitor offers to acquire a company for 20% above its publicly traded price. The competitor seeks to increase the target company's value through cost synergies. Based only on this information, which of the following stakeholder groups has the best reason(s) to oppose the merger?
A. Shareholders
B. Nonowner managers
C. Nonexecutive directors

Question 2
All else equal, which stakeholder group can most likely benefit from increased financial leverage?
A. Creditors
B. Customers
C. Shareholders

Question 3
A company's operating cycle lengthens as a result of extending its credit terms from 30 to 90 days. This is least likely to cause concern for the company's:
A. creditors.
B. suppliers.
C. customers.

Question 4
An investor who invests only in the alternative energy subsector is most likely employing which environmental, social, and governance implementation approach?
A. Positive screening
B. Thematic investing
C. Exclusionary screening

Question 5
Based on personal beliefs, an investor excludes all energy and mining companies from an investable universe. The investor's environmental, social, and governance (ESG) implementation approach is best described as:
A. impact investing.
B. thematic investing.
C. negative screening

Question 6
The category of stakeholders that will least likely benefit from a significant rise in market value of a public corporation is:

A. creditors.
B. shareholders.
C. senior executives.

Question 7
Company XYZ has evolved into a company with significant debt, moderate revenue growth, and steady positive cash flow. Its stock price is consistently undervalued by the market. Based on only this information, XYZ's current scenario is most advantageous for which of the following stakeholder groups?
A. Creditors
B. Customers
C. Board of directors

Question 8
With regard to environmental, social, and governance (ESG) investing, full integration can be best described as:
A. investment in assets related to specific ESG factors or themes.
B. explicit inclusion of ESG factors in a fundamental analysis of individual stocks.
C. inclusion of certain sectors or companies that have favorable ESG factors in a fund.