2017年12月CFA一级百题预测

1. ETHICS
2. QUANTITATIVE
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4. FINANCIAL STATEMENT ANALYSIS
5. CORPORATE FINANCE
6. EQUITY
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对于2017年12月考试，从全局来看，考试的难度在提高；从科目来说，对于占比较高的几门科目需要引起重视，如：财务报表分析、职业伦理和数量分析；从题目的难易程度来说，百题中所标示的基础题目必须掌握。相比较于2016年考纲，改动较大的科目是职业伦理、经济学和企业理财，分别增加了一个全新的章节，基本都是定性的内容，百题中这部分的题目是来自原版书及Mock中的精选，复习时要花点时间重点掌握。为了全面应对考试，我们全面推出了的各种学习平台，如金程网校、手机APP、金程CFA微信平台答疑等活动，请各位充分利用。如有学术问题，请登录至金程网校提问。祝大家好运！

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5. Corporate Finance

5.1. Corporate Governance & ESG (NEW)

5.1.1. 重要知识点

5.1.1.1. Corporate governance

- **Corporate governance** is the internal system including checking, balancing and incenting various parties, which could minimized and manage the conflicting interests between insiders and shareholders.
  - **Shareholder theory** takes the view that the most important responsibility of a company's managers is to maximize shareholder returns.
  - **Stakeholder theory** broadens a company's focus beyond the interests of only its shareholders to its customers, suppliers, employees, and others who have an interest in the company.

5.1.1.2. Various stakeholder groups

- **Shareholders:** Owner; Residual interest; Growth in corporate profitability to maximize a company's value;
- **Managers and employees:** Receive compensation; Job promotion and working environment; Company's viability; Potential conflict with shareholders (E.g. Take over offer);
- **Board of directors:** Protect shareholder's interest, strategic direction, monitor performance;
- **Creditors:** Providers of debt financing, entitled to predetermined interest and principal;
- **Suppliers:** Delivery goods to company on credit, and wish to have long-term relationship with company;
- **Customers:** Ongoing support, with long-term relationship with the company satisfy their needs with a given price and safety standards;
- **Governments/regulators:** Protect the interest of general public, and ensure well-being of their nation's economies.

5.1.1.3. Principal–agent and other relationships: A principal hires an agent to perform on behalf of the principal.

- **Objectives:** agent is expected to act in the best interests of the principal.
- **Conflicts**
  - **Shareholder and creditor relationships:** shareholders would likely prefer riskier projects with a strong likelihood of higher return potential, whereas creditors would likely prefer stable performance and lower-risk activities;
  - **Customers and shareholders:** a company decides to charge a high price for its

products or reduces product safety features to reduce costs;

- **Customers and suppliers:** a company offers overly lenient credit terms to its customers, whereby the company's ability to repay suppliers on time may be affected;
- **Shareholders and governments or regulators:** bank's shareholders preferring a lower equity capital base while regulators prefer a higher capital position.

5.1.1.4. Corporate governance and stakeholder management framework

- Legal infrastructure defines rights established by law;
- The contractual infrastructure is shaped by the contractual arrangements entered;
- The organizational infrastructure refers to internal systems, governance procedures, and practices adopted and controlled by the company in managing its stakeholder relationships;
- Lastly, the governmental infrastructure refers to regulations imposed on companies.

5.1.1.5. Mechanisms of stakeholder management

- **General meetings**
  - Companies are ordinarily required to hold an AGM within a certain period following the end of their fiscal year;
  - **Extraordinary general meetings** can be called by the company or by shareholders throughout the year when significant resolutions requiring shareholder approval are proposed;
  - **Proxy voting** is a process that enables shareholders who are unable to attend a meeting to authorize another individual to vote on their behalf;
  - **Cumulative voting** enables each shareholders to accumulate and vote all his or her shares for a single candidate in an election involving more than one director.
- **Board of director mechanisms**
  - The board is accountable primarily to shareholders and is responsible for the proper governance of the company;
  - Supervises the company's audit, control, and risk management functions and ensures the adoption of proper governance systems and compliance with all applicable laws and regulations.
- **The audit function**: an integral component of any governance structure.
- **Reporting and transparency:** such information is essential for shareholders to
  - Reduce the extent of information asymmetry between shareholders and managers;

- Assess the performance of the company and of its directors and managers;
- Make informed decisions in valuing the company and deciding to purchase, sell, or transfer shares;
- Vote on key corporate matters or changes.

➢ **Policies on related-Party transactions:** directors and managers are required to disclose any actual or potential, or direct or indirect, conflict of interest they have with the company, as well as any material interests in a transaction that may affect the company.

➢ **Remuneration policies**

- Executive remuneration plans have gained significant attention in the investment world, with a primary goal of aligning the interests of managers with those of shareholders;
- Regulators across the world are also increasingly focused on remuneration policies.

➢ **Say on pay:** the concept of say on pay enables shareholders to vote on executive remuneration matters.

➢ **Contractual agreements with creditors:** the rights of creditors are established by laws and according to contracts executed with the company.

➢ **Employee laws and contracts:** employee rights are primarily secured through labor laws, which define the standards for employees' rights and responsibilities and cover such matters as labor hours, pension and retirement plans, hiring and firing, and vacation and leave.

➢ **Contractual agreements with customers and suppliers:** both customers and suppliers enter into contractual agreements with a company that specify the products and services underlying the relationship, the prices or fees and the payment terms, the rights and responsibilities of each party, the after-sale rela¬tionship, and any guarantees.

➢ **Laws and regulations:** governments and regulatory authorities develop laws that companies must follow and monitor companies' compliance with these laws.

5.1.1.6. Board of directors

➢ **Composition of the board of directors**

- <u>Factors</u>: company size, structure, and complexity of operations;
- <u>Corporate governance codes require</u>: board include a diverse mix of expertise, backgrounds, and competencies-qualifications.

➢ **Structure of the board**

- **One tier:** comprise a mix of executive and non-executive directors;

- **Two tier:** the supervisory and management boards are independent from each other(Ex: Separation of CEO and chairman).

➢ **Functions and responsibilities of the board**

- Directors' responsibilities are the duty of care and the duty of loyalty;
- Board Directors elected by shareholders guide strategic direction and oversee management's performance;
- Board ensures leadership continuity though succession planning for the CEO and other key executives;
- Board delegate activities to management- implement strategic;
- Board evaluate performance-align executive directors with long-term interests of the company;
- Board ensuring the effectiveness of the company's audit and control systems.

5.1.1.7. Committees

➢ **Audit committee**

- Committee member independence;
- Committee member qualification;
- Independent auditor (internal & external).

➢ **Remuneration /Compensation committee**

- Committee member independence;
- Appropriate executive compensation packages;
- Reasonable option schemes.

➢ **Nominations committee**

- Committee member independence;
- Creating nomination procedures and policies;
- Recruiting qualified board members;
- Regularly reviewing performance, independence skills, and experience of existing board members.

➢ **Governance committee**

- Develop and oversee the implementation of the corporate governance code, the charters of the board and its committees, and the company's code of ethics and conflict of interest policy;
- Reviews regularly, monitoring the implementation;
- Recommends remedial actions.

➢ **Risk committee**

- Determines the risk policy, profile, and appetite of the company;
- Establishes ERM and monitors their implementation;

- Supervises the risk management functions in the company, receives regular reports, and reports on its findings and recommendations to the board.

- **Investment committee**
  - Reviews material investment opportunities proposed by management and considers their viability for the company;
  - Establishing and revising the investment strategy and policies of the company.

5.1.1.8. Factors affecting stakeholder relationships

- **Market factors**
  - Shareholder engagement involves a company's interactions with its shareholders;
  - Shareholder activism describes the efforts by shareholders to create a change within a corporation or modify a corporation's behavior;
  - Competitive dynamics can help align managerial interests with those of its stakeholders.
- **Non-market factors**
  - Legal Environment: includes two different system, common law system and civil law system. The key difference between the two systems lies in the ability of a judge to create laws.
    - Common law system: the role of judges is generally limited to rigidly applying the statutes and codes to the specific case brought before the court;
    - Civil law system: laws are created both from statutes enacted by the legislature and by judges through judicial opinions.
  - **The media:** social media has become a powerful tool that stakeholders have increasingly used to protect their interests or enhance their influence on corporate matters.
  - **The Corporate Governance Industry:** external corporate governance services-outside experts to assist with corporate governance monitoring and proxy voting.

5.1.1.9. Benefit and risks

- **Risks of poor governance and stakeholder management**
  - **Weak control systems:** in a company with weak control systems or inefficient monitoring tools, one stakeholder group may benefit at the expense of the company or other stakeholders;
  - **Ineffective decision making:** in the absence of sufficient monitoring tools, managers have an opportunity to make decisions that benefit themselves

relative to the company or shareholders;

- **Legal, regulatory, and reputational:** compliance weaknesses in the implementation of regulatory requirements or lack of proper reporting practices may expose the company to legal, regulatory, or reputational risks;
- **Default and bankruptcy risks:** poor corporate governance can affect the company's financial position and may hinder its ability to honor its debt obligations.

- **Benefits of Effective governance and stakeholder management**
  - **Operational efficiency**
    - the governance structure can ensure that corporate decisions and activities are properly monitored and controlled to mitigate risk and help improve the operational efficiency of the company.
  - **Improved control**
    - Better mitigate regulatory or legal risks and their associated costs;
    - Allows the company to ensure fairness in its relationships with those parties.
  - **Better operating and financial performance**
    - Help a company improve its operating performance and reduce the costs;
    - Allow the company to improve its decision-making process and respond faster to market factors;
    - Motivate managers to make decisions with the objective of creating corporate value.
  - **Lower default risk and cost of debt**
    - Proper functioning of audit systems, improved transparency, and the control of information asymmetries between the company and its capital providers can mitigate Default risk.
- **Analyst considerations** in Corporate Governance And Stakeholder Management:
  - Economic Ownership and Voting Control
    - **Dual-class structures:** Voting power is decoupled from ownership common shares may be divided into two classes, one of which has superior voting rights to the other.
    - Proponents and critics about dual-class structures argue that the systems promote company stability and enable management to make long-term strategic investments, insulated from the short-term pressures of outside investors.

- **Board of directors representation:** analysts can assess the available information to determine whether the experience and skill sets on the board match the current and future needs of the company.
- **Remuneration and company performance:** analysts can assess the elements of the remuneration program to determine whether they support or conflict with the key drivers of performance for the company.
- Investors in the company
  - The behavior of investors can result in both limitations and catalysts with regard to changes in the corporation;
  - Analysts should note that market context is important in assessing the potential effects of affiliated stockholders.
- **Strength of shareholders' rights:** whether there are significant structural obstacles to transactions that are embedded in the company's charter or bylaws.
- **Managing long-term risks:** analysts may uncover useful insights regarding how a company manages various issues.

5.1.1.10. ESG considerations for investors

- **Definition:** The practice of considering environmental, social, and governance factors in the investment process is known as ESG integration.
- **ESG integration**
  - **Sustainable investing (SI)** and responsible investing are sometimes used interchangeably with ESG integration. In general, SI and RI refer to the practice of considering ESG factors in the investment process;
  - **Socially responsible investing (SRI).** SRI has historically represented the practice of excluding companies and industries that are in opposition to an investor's moral or ethical values, such as weapons or tobacco;
  - **Impact investing** seeks to achieve targeted social or environmental objectives along with measurable financial returns through engagement with a company or by direct investment in projects or companies.
- **ESG factors**
  - **Environment factor**
    - A primary concern among investors is the existence of "stranded assets," or carbon assets at risk of no longer being economically viable because of changes in regulation or investor sentiment.
  - **Social factor**
    - Considered in ESG integration generally pertain to human rights and

welfare concerns in the workplace, product development, and, in some cases, community impact.

- **ESG implementation methods**
  - **Negative screening:** refers to the practice of excluding certain sectors.
  - **Positive screening:** aims to identify companies that embrace solid ESG-related principles in their operations and strategies.
  - **The best-in-class approach:** seeks to identify the best ESG-scoring companies in each industry.
  - **Thematic investing strategies:** typically consider a single factor, such as energy efficiency or climate change.
  - **Impact investing:** is evolving with the increased realization that the goals of positive social and environmental impact can be consistent with economic profit generation.

5.1.2. 基础题

Q-1. Which of the following situation will occur in the extraordinary general meetings?

A. An amendment to a corporate bylaws.

B. An appointment of the external auditors.

C. An overview of the corporate performance.

Solution: A.

An amendment to corporate bylaws would normally take place during an EGM, which covers significant changes to a company. The appointment of external auditors and a corporate performance overview would typically take place during the AGM.

Q-2. Cumulative voting is best described as:

A. a mechanism for suppressing hostile takeovers.

B. a means of offsetting the negative consequences of super-voting rights shares.

C. enhancing the likelihood that shareowners' interests are represented on the board.

Solution: C.

Cumulative voting enhances the likelihood that shareowner interests are represented on the Board.

Q-3. An analyst is giving a presentation about the ESG consideration to his customers. When he is talking about the ESG implementation methods, the following statements are given by the analyst, and which of the statements are most likely to be correct?

A. Thematic investing strategy is typically considered as a single factor, such as energy efficiency or climate change.

B. Thematic investing strategy seeks to identify the best ESG-scoring companies in each industry.

C. Thematic investing strategy will exclude some certain sector from the analyst's investment portfolios.

Solution: A.

A is the definition of the thematic investing strategy;

B talks about the best-in-class approach for ESG implementation, but not the thematic methods;

C gives the definition of the negative screening.