

DSE Questions : Basics of Personal Financial Management

Chapter 1 - Time Value of Money

· Concept	/
1. Compounding	
2. Discounting	
· Calculation	/
1. Future value	/
2. Present value	2012 Q4a [2 marks]
· Net Present Value	2018 : Possibly ✓✓✓✓✓
· Nominal vs Effective Rate of Return	2018 : Possibly ✓✓
1. Nominal rate of return	
2. Effective rate of return	
3. Effect of changing frequency of compounding	
4. Equation for calculating effective rate of return	

Chapter 2 - Consumer Credit

· Credit Card	2013 Q1a [4 marks] 2 Benefits
· Overdraft	/
· Lines of Credits	2018 : Possibly ✓
· Instalment Loans	2018 : Possibly ✓✓✓
· Factors in Choosing Different Consumer Credit	2018 : Possibly ✓
I. Price of the item purchased	
II. Total cost of different plans	
III. Terms of the loans	

• Credit Record	2013 Q1b [2 marks] Importance of Good Credit Records
- To express an individual's creditworthiness	
- Used by finance companies to assess borrowers' creditworthiness	
• Major Factors Affecting Credit Record	2018 : Possibly ✓✓✓
II. Repayment history	
II. Credit history	
III. Outstanding debt	
IV. Past delinquency	
V. Record of bankruptcy	
• Methods to Maintain Good Personal Credit Record	2018 : Possibly ✓✓✓
I. Plan for consumption	
II. Review spending habits regularly	
III. Use consumer credit with discipline	
IV. Avoid sudden increase in credit card applications	
V. Consider their repayment ability when applying for loans	
VI. Pay all the bills in time	

Chapter 3 - Personal Financial Planning & Investment

• Forms of Investment (Characteristics)	2012 Q3a [2 marks] 1 purpose of mutual fund investment (risk diversification)
I. Deposits	2012 Q3b [2 marks] 2 less risky financial instruments with stable returns
II. Bonds	2012 Q3b [2 marks] 2 less risky financial instruments with stable returns
III. Stocks	2015 Q3a [4 marks] 2 benefits of shares
• Differences between Bonds & Stocks	2014 Q4b [3 marks] benefits of gov bonds
II. Investor's role	2015 Q3a [4 marks] 2 benefits of shares
II. Returns	
III. Get back the capital	
IV. Voting right	

• Life stages (Characteristics, Financial Needs)	2018 : Possibly ✓✓
Young single	
Couple	
Early family	
Late family	
Pre-retirement	
Retirement	2017 Q2a [4 marks] 2 financial needs
• Mandatory Provident Fund System	2018 : Possibly ✓
- Features	
- Employee Choice Arrangement	
• Rights & Responsibilities of Individual Investors & Consumers of Financial Services	2017 Q2b [2 marks] 2 responsibilities of investor

Chapter 4 - Stock Trading as Investment

• Securities (Legal Documents)	/
• Stocks and Bonds (Common and Preferred stocks)	2018 : Possibly ✓
blue chips	
red chips	
second liners	
third liners	
H-shares	
• Factors Affecting Stock Prices	2018 : Possibly ✓✓✓
I. Macro-economic factors (Economic conditions, Interest rates, Political situations)	2016 Q2a [3 marks] effect of booming local economy
II. Industrial factors	/
III. Firm-specific factors (Company performance, Dividend policy)	/
IV. Speculation	/

<ul style="list-style-type: none"> • Stock trading platforms 	/
<ul style="list-style-type: none"> - Stock exchanges (Steps, Market capitalisation) 	
<ul style="list-style-type: none"> - Stock exchange in Hong Kong (HKEx, SEHK, Main Board, GEM) 	
<ul style="list-style-type: none"> - Hang Seng Index (Constituent stocks , Calculation, Importance) 	2016 Q2b [4 marks] 2 uses