1. An individual investor is evaluating two opportunities in the same industry: shares of a publicly listed company traded on an exchange, and a minority stake in a comparable privately held firm. What is the most likely practical difference the investor will face between these two investments?

a. The public shares can be readily bought and sold at observable market prices, while the private stake cannot

b. The private stake offers higher governance protections than the public shares

c. The public shares are subject to lower regulatory and disclosure requirements

2. A privately held family business is considering an initial public offering. Which outcome is most directly enabled by going public?

a. Locking in lifetime management control for the founding family

b. Raising capital from a broader base of equity investors while reducing the family's concentration of ownership

c. Avoiding all regulatory and financial disclosure obligations associated with the business

3. A globally recognised family-owned manufacturer has reached a size that would easily qualify it for a public listing. The owners deliberately choose to remain private. What is the most likely rationale?

a. Because private companies enjoy preferential tax treatment in most jurisdictions

b. To access more frequent equity financing rounds than would be available on a stock exchange

c. To maintain concentrated ownership control and avoid the costs and scrutiny of public financial disclosure

4. A company seeking an initial public offering must demonstrate to the exchange that it meets specific listing standards. Which set of requirements is the company most likely required to satisfy?

a. A minimum market capitalisation, a minimum number of shareholders, and adherence to standardised disclosure requirements

b. A minimum number of patents granted, evidence of an existing dividend policy, and government endorsement

c. A minimum credit rating, a defined succession plan, and proof of profitability for at least ten consecutive years

5. A technology start-up with negative cash flow and no commercial product yet is seeking external equity to develop its first market-ready offering. Which form of private equity is most appropriate for this company?

a. Buyout capital

b. Venture capital

c. Growth equity

6. A profitable private company has demonstrated steady growth and now seeks additional equity capital to expand into new markets. The founders also want to reduce the concentration of the initial early-stage investors. Which form of private equity is most appropriate?

a. Venture capital

b. Special situations capital

c. Growth equity

7. An investor wishes to sell a position in a publicly listed company and a position in a private company on the same day. Which difference between the two transactions is most likely?

a. The public sale executes at observable market prices on the exchange; the private sale requires bilateral negotiation and may impose sale restrictions

b. The private sale executes faster because there is no exchange intermediary to slow the process

c. The public sale requires lengthy regulatory approval; the private sale settles automatically

8. A group of private investors acquires all the outstanding common shares of a publicly traded company, finances the purchase largely with debt, and then delists the company from the exchange. What is this transaction called?

a. A private investment in public equity (PIPE)

b. A leveraged buyout, resulting in a take-private transaction

c. A venture capital round

9. A leveraged buyout transaction is structured such that the existing management team of the target company is itself part of the private investor group acquiring the company. What is the specific term for this type of transaction?

a. A growth equity investment

b. A special situations transaction

c. A management buyout

10. A publicly listed company facing financial distress urgently needs to raise equity capital but cannot afford the time or transaction costs of a traditional public equity offering. The company offers a discounted share price to a select group of private investors in exchange for their participation. What is this transaction called?

a. A private investment in public equity (PIPE) transaction

b. A management buyout

c. A take-private transaction

11. An asset manager specialises in equity investments in distressed companies undergoing restructuring or facing potential delisting from public exchanges. Which segment of the private equity market does this firm operate in?

a. Venture capital

b. Special situations

c. Growth equity

12. A publicly listed company executes a private investment in public equity at a discount to current market price. What is the most likely consequence for existing public shareholders?

a. The transaction may give rise to conflicts because of its dilutive nature and may require existing shareholder approval

b. Existing shareholders receive cash distributions equal to the discount offered to private investors

c. Existing shareholders are protected because private investment in public equity transactions cannot reduce their proportional ownership

13. How do private equity fund investments typically differ from publicly traded equity holdings in terms of holding period and return realisation?

a. Private equity funds rebalance positions weekly, similar to active public equity strategies

b. Private equity holdings are typically held for multi-year periods, with returns realised only when the position is sold to another investor or via an initial public offering

c. Private equity returns are realised continuously through quarterly dividend distributions

14. Four private equity strategies — venture capital, growth equity, buyout capital, and special situations — target companies at different stages of the corporate life cycle. Which sequence most accurately maps each strategy to its typical target stage?

a. Venture capital → mature; Growth equity → start-up; Buyout capital → decline; Special situations → start-up

b. All four strategies target mature companies; the differences are only in the level of leverage employed

c. Venture capital → start-up; Growth equity → profitable expansion; Buyout capital → mature; Special situations → decline or distress