BLOOMBERG APTITUDE TEST (BAT)

Bloomberg Aptitude Test (BAT) was earlier known as Bloomberg Assessment Test. Introduced in 2010, it is an aptitude test conducted by the Bloomberg Institute which is an educational division of Bloomberg LP.

BAT is a two hour, 100 questions multiple choice test. The exam is designed for undergraduates or graduates to judge them on their financial abilities for entry level jobs in the field of finance. This exam assesses a candidate's aptitude for business & finance. The exam is administered in 58 countries on university campuses (more than 1000 now).

After taking his/her BAT, a test-taker is anonymously entered into the Bloomberg Talent Search Database. This Database is available to more than 20,000 top firms; this allows employers to contact a test-taker for an internship, or full-time position.

2 hrs – 100 questions – 8 sections

SECTIONS	NO. OF QUESTIONS
NEWS ANALYSIS	12
ECONOMICS	12
MATH SKILLS	14
ANALYTICAL REASONING	12
FINANCIAL STATEMENTS ANALYSIS	12
INVESTMENT BANKING	12
GLOBAL MARKETS	14
CHART & GRAPH ANALYSIS	12
TOTAL (8 SECTIONS)	**100**

Sectional Analysis:

- **News Analysis** – Consists of 12 Questions designed to assess the capability to use information from news articles.

- **Economics** – Consists of 12 Questions designed to assess the application of Economic Concepts.

- **Math Skills** – Consists of 14 Questions designed to assess the broad-spectrum math skills, with an emphasis on finance related math.

- **Analytical Reasoning** – Consists of 12 Questions designed to assess the problem solving ability.

- **Financial Statement Analysis** – Consists of 12 Questions designed to assess the basic understanding of financial statements.

- **Investment Banking** – Consists of 12 Questions designed to assess how one applies the fundamental principles of financing & strategic advisory performed by an Investment Banking.

- **Global Markets** – Consists of 14 Questions designed to assess familiarity with a broad range of concepts, current events, and trends in the global financial markets that are presented in the media.

- **Chart & Graph Analysis** – Consists of 12 Questions designed to assess your ability to interpret and use information found in charts and graphs.

Sample Questions/Important tutorials (Section Wise):

1. Economics:

   http://www.wiziq.com/online-class/1185437-bat-economics-class-3

2. News Analysis:

   According to Joseph LaVorgna, what is the "right direction"?

1) An increasing jobless rate
2) Increasing consumer spending
3) Increasing consumer savings
4) Continuing federal monetary stimulus

3. Math

There are 100 employees in a conference room in New York City. You note that 99% of them are managers. How many managers would need to leave the conference in order to reduce the percentage of managers in the hall to 98%?

1) 1
2) 2
3) 50
4) 98

4. Analytical Reasoning

The program director at television station KBAT is creating its Sunday night schedule. The program director has six shows to choose from: Boston Police, Cowboy Nights, Dance Fever, and Eye on Entertainment, Families & Friends and Goalies. The program director sets a schedule based upon the following criteria:

- Boston Police must be shown before Cowboy Night and Dance Fever.
- Cowboy Nights must be shown before Eye on Entertainment.
- Families & Friends must be shown after Dance Fever and Goalies.

1) Boston Police, Cowboy Nights, Dance Fever, Eye on Entertainment, Families & Friends, and Goalies.
2) Goalies, Boston Police, Cowboy Nights, Dance Fever, Families & Friends, and Eye on Entertainment.
3) Boston Police, Goalies, Families & Friends, Cowboy Nights, Eye on Entertainment, and Dance Fever.
4) Boston Police, Goalies, Eye on Entertainment, Dance Fever, Families & Friends, and Cowboy Nights.

5. Financial Statement Analysis

Immediately after the leveraged buyout of Nikkon Electronic, a Japanese electronics firm, the company assumed substantial amounts of debt. Which term below most correctly states how market participants refer to Q the debt burden of Nikkon Electronic?

1) Liquidity
2) Market capitalization
3) Financial leverage
4) Contingent liability

6. Investment Banking

Leveraged loans are loans provided to companies that already have a significant amount of outstanding debt. As a banker, how might you Q compare a leveraged loan to other loans in your portfolio?

1) Higher risk to the lender but less costly to the borrower.
2) Lower risk to the lender and less costly to the borrower.
3) Lower risk to the lender but more costly to the borrower.
4) Higher risk to the lender and more costly to the borrower.

7. Global Markets

Bloomberg News reported recently that Bolivia is in dialogue with Bank of America Merrill Lynch and Goldman Sachs about an international bond issuance of $500 million, its first global bond sale since 1920. In doing so, what macroeconomic tool would Bolivia be utilizing for the first time since 1920?

1) Multilateral trade relations
2) Advice from international rating agencies
3) Financing from international capital markets
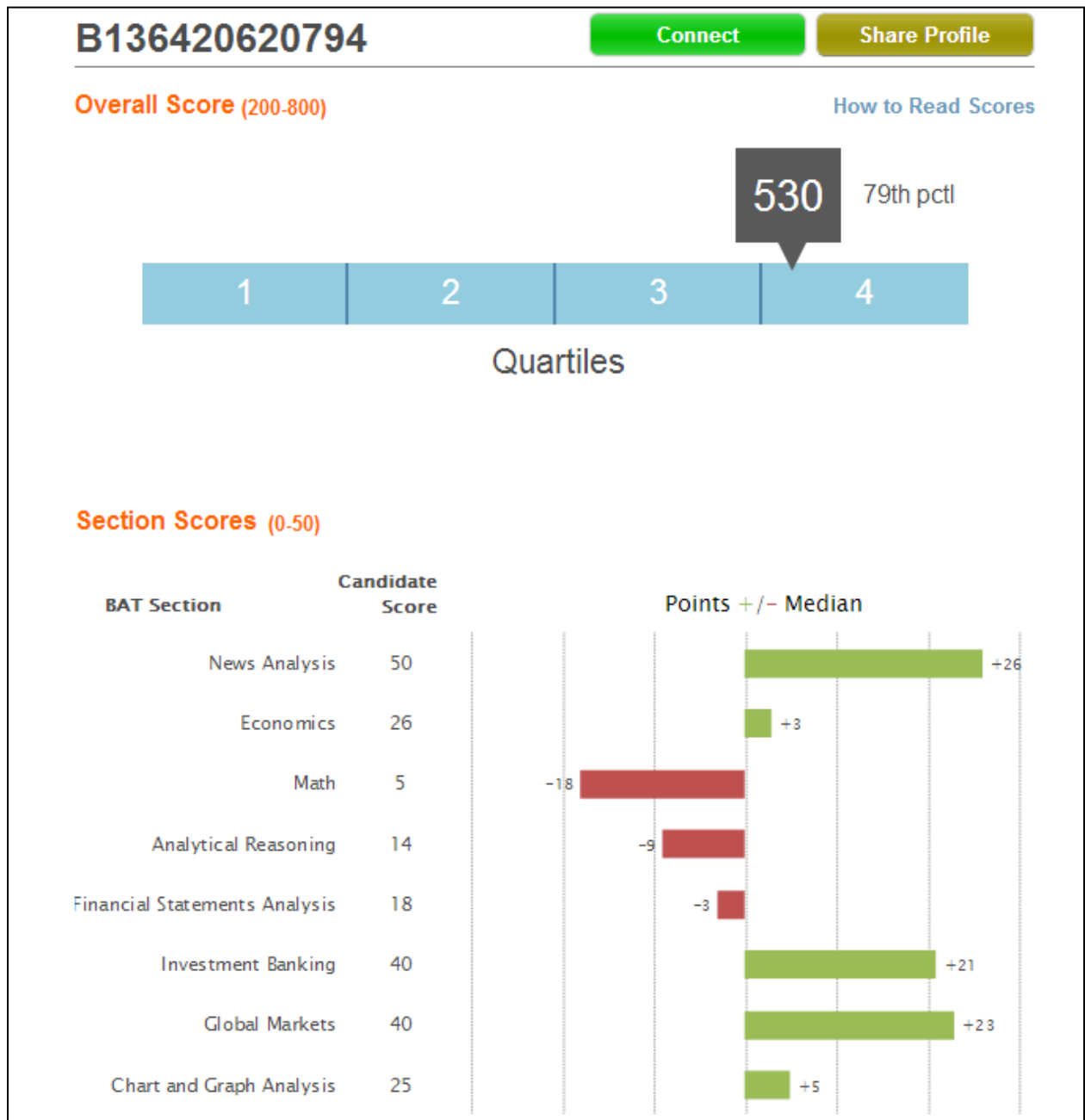4) Control of government expenditures

8. Chart and Graph Analysis

http://www.wiziq.com/online-class/1200627-bloomberg-chart-of-the-day-class-3

Important Points to Remember:

➢ Prior knowledge of Bloomberg Terminal not important.
➢ Computer's Built-in calculator can be used.
➢ BAT is available 24/7 online also (proctored/invigilated via your webcam).
➢ BAT can be given any number of times, but only once a month.
➢ Within two weeks, preliminary scored are sent via emails & within five weeks official scores are uploaded on Talent Search Database.
➢ Talent Search Database is accessed by over 20,000 firms.

Sample BAT Scorecard:

The overall BAT score ranges from 200 to 800. It is displayed in the gray marker above the blue scale "Quartiles". Individual sections are scored on a scale of 0-50. The overall percentile ranking indicates how this BAT score compares to others.

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Connect   Share Profile

Overall Score (200-800)   How to Read Scores

530   79th pctl

| 1 | 2 | 3 | 4 |

Quartiles

Section Scores (0-50)

BAT Section	Candidate Score	Points +/- Median
News Analysis	50	+26
Economics	26	+3
Math	5	−18
Analytical Reasoning	14	−9
Financial Statements Analysis	18	−3
Investment Banking	40	+21
Global Markets	40	+23
Chart and Graph Analysis	25	+5

BAT Strategy:

- ✓ Leave no weakness
- ✓ Importance of balance
- ✓ Time bound approach
- ✓ Search for online resources available
- ✓ Read as much financial news/material as possible

AREAS TO COVER

Quant & Verbal:

- ➢ Geometry
- ➢ Probability
- ➢ Reading Comprehension
- ➢ Critical Reasoning
- ➢ Table Formation

About Bloomberg Terminal:

- ➢ Importing on excel
- ➢ Shortcuts
- ➢ Basic idea about terminals like Fact Set, capital IQ, etc.

News Analysis:

- ➢ News of Financial Markets
- ➢ Chart of the Day
- ➢ Importance of federal reserve & market direction
- ➢ Going through Bloomberg.com & Reuter.com

Advanced Equity Valuation:

- ➢ Sector to understand – Oil & Energy vs. Technology vs. Healthcare etc.
- ➢ Adjustments & apple-apple comparison of intra sector Companies.
- ➢ FCFE & FCFF for valuation.
- ➢ Making Projection: Element by Element.
- ➢ Intuitive understanding of formula EV/EBITDA.
- ➢ Computing CFO from various methods.
- ➢ Equity CFA L2.

Investment Banking:

- EV/EBITDA Transaction vs. Trading multiple.
- Rating effect on spreads.
- Share buyback.
- Monte Carlo Effect of P/E on acquisition Synergy.
- Google buying Motorola (specials on patents).
- IPO (FaceBook).
- Corporate Finance CFA L2.

CFA L1 vs. BAT:

- Economics & FSA (important).
- Fixed Income.
- Equity & Corporate Finance (important).
- Derivatives (less important).
- Portfolio Management
- AI
- Quant (less important).
- CFA Formula Sheet is very useful.

FRM L1 vs. BAT:

- The rating agencies.
- Predicting Volatilities.
- Foundation or Risk.
- VAR (bonds & rating etc.).

GMAT vs. BAT vs. CAT:

- Modeling Questions.
- Analytical Reasoning.

CMT vs. BAT:

- MTA charts at Terminal Bull vs. Bear Reversal Support.

CFA L2:

- L2 Equity (transaction vs. trading multiples).
- Corporate Finance: corporate action.
- Financial Reporting Analysis: Consolidation.
- International Economics.
- Cash Flow Calculations.

Enterprise Value & Weighted Average Cost of Capital:

➢ Enterprise value = common equity at market value + preferred equity at market value + minority interest at market value.
➢ If any + Dept at market value + unfunded pension liabilities & other dept-deemed provisions – associate company at market value.
➢ If any-cash & cash-equivalents.

Suggested Structure for Studies:

Introduction to BAT:

➢ Distribute time weighted on the questions in section.
➢ BAT vs. CFA vs. FRM vs. GMAT vs. CMT vs. Terminal – Exam has some part embedded from all.
➢ Easy exam for those who have flavor or experience with all four.
➢ All real relevant areas covered.
➢ Excel at Bloomberg Terminal.

Bloomberg Terminal:

➢ Understanding what is it all about.
➢ Tutorials – Bloomberg_Tutorial.pdf, Bloombergfull.pdf, Bloomberggetstarted.pdf
➢ Helping in understanding how their platform looks which we will be working on.

Corporate Valuation (Equity):

➢ Equity Valuations (CFA L2).
➢ Trading Multiples P/E vs. Transaction Multiples.
➢ DCF: FCFF vs. FCFE.
➢ Importance of EBIT DA.
➢ WACC computation & Beta.
➢ Private company valuation.
➢ Residual valuation.

Investment Banking M&A:

➢ Matrix questions of merger & acquisition.
➢ Synergy & reprising.
➢ IPO for getting money & effect of activity.
➢ Determination of final stock prices of the acquiring company in M&A.
➢ Stock-exchange, debt, equity & combined debt/equity payments in M&A.
➢ EV multiples EV/EDITDA.
➢ Ref. Investment Banking by J. Rosenbaum J Wiley.

Fixed Income & Bond Market:

- Real Terms in market based on news analysis.
- Many questions in this area – Duration & Convexity Treasury, Corporate Bond ABS More toward FRM as questions are tough.
- Interpretation of News.

Global Markets Sensitization:

- Greece, Spain & Italy CDS EU Crisis.
- Low scoring area after accounting UK/Japan/EU/Latin America.

News Items:

- General News Interpretation & Decisions.
- Bond News for PIGS/Japan/Fed Impacts.
- News of recession in EU/UK.
- Looking into the past to recession (correlation).
- Recession creates arbitrage opportunity to earn money.
- Correlation between Bonds.
- Commodity (gold & crude).
- S&P 500.

Economics:

- Quantitative easing & it's effect.
- Interest rate effects on current forwards.
- Currency/interest rates/inflation.
- Effect of Federal interest rates.

Financial Market:

- Capital Markets (tough area).
- Derivatives & Exotic Financial instruments like Volatility Trading, ETFs, CDs.
- Chart of the Day: Bloomberg Website.

Logical Reasoning:

- CAT vs. BAT (New Section added in GMAT).
- Data Arrangement.

Some Important Links/References:

http://about.bloomberginstitute.com/students/

http://en.wikipedia.org/wiki/Bloomberg_Aptitude_Test

http://www.wiziq.com/course/7526-bloomberg-assessment-test-bat-exam-prep

http://www.caps.aucegypt.edu/bloomberg.pdf

http://www.youtube.com/playlist?list=PL_-KSXJS5pxMzB6qMOBlJDaWy30xYxDuc

http://qcfinance.in/about-bloomberg-aptitude-test-course/

http://www.scribd.com/doc/103719405/Bloomberg-Assessment-Test-Pre-Course-10-hours-in-10-classes

http://www.youtube.com/user/shivbhaktajoshi