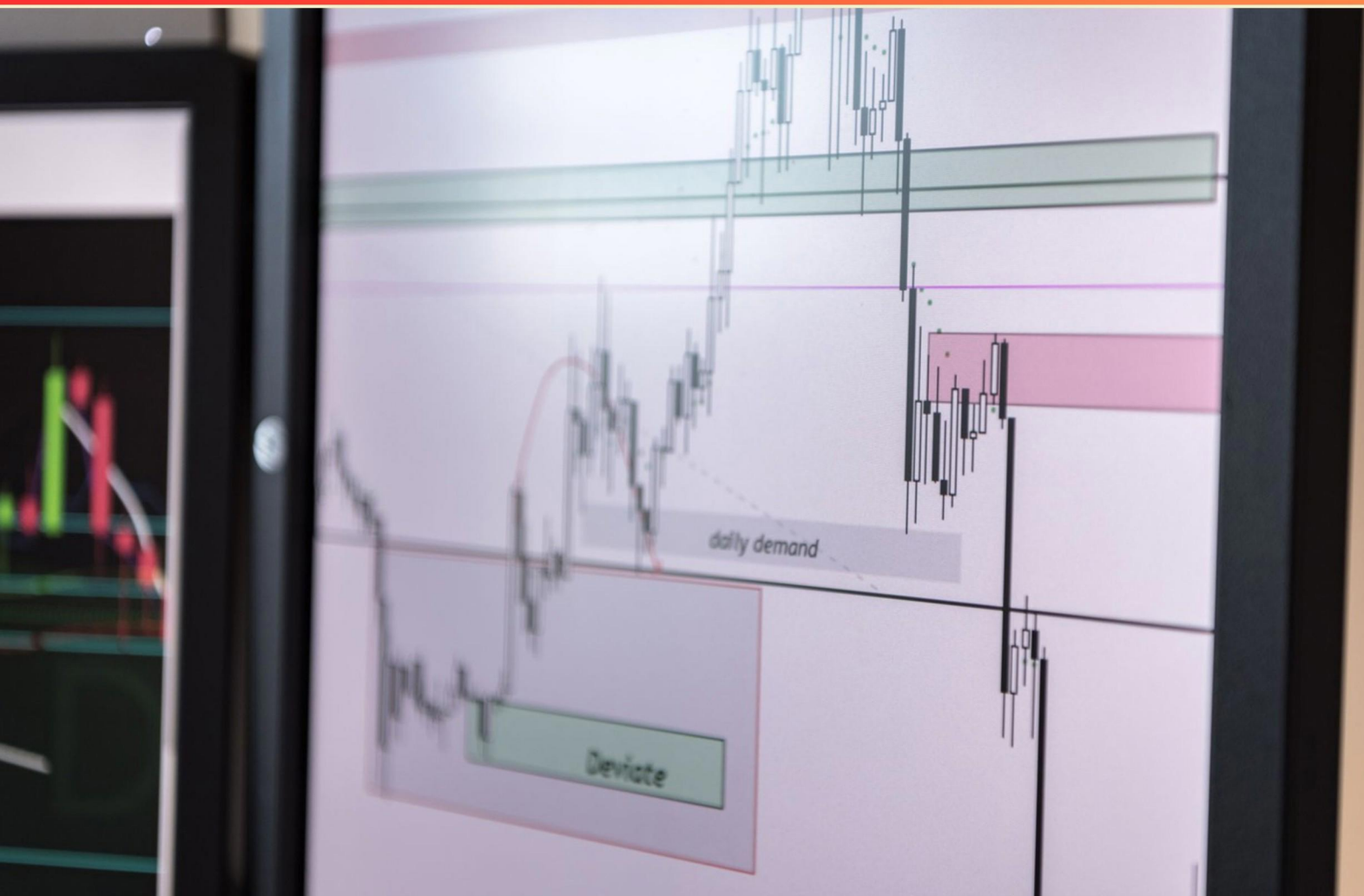


DISS FUNDAMENTAL ANALYST PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	15

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What are the two main ways companies finance their operations?**
 - A. Debt and revenue
 - B. Debt and equity
 - C. Equity and grants
 - D. Loans and partnerships
- 2. Which financial statement provides insights into cash inflows and outflows?**
 - A. The balance sheet
 - B. The income statement
 - C. The statement of cash flows
 - D. The shareholders' equity statement
- 3. Which activity does NOT fall under cash flows from financing?**
 - A. Issuance of capital
 - B. Payment of dividends
 - C. Repurchase of stock
 - D. Depreciation adjustments
- 4. What does discounting cash flows involve?**
 - A. Calculating future cash flows without any adjustments
 - B. Dividing cash flows by the current market rate
 - C. Reducing future cash flows to their present value
 - D. Increasing cash flows based on historical data
- 5. How is inorganic growth characterized?**
 - A. By increasing employee efficiency
 - B. By improving supply chain logistics
 - C. By buying other businesses or opening new locations
 - D. By enhancing customer service experience
- 6. What does the time value of money principle state?**
 - A. A dollar today is worth less than a dollar in the future
 - B. A dollar received today is equally valuable as a future dollar
 - C. A dollar received today is worth more than a dollar received in the future
 - D. A dollar's value remains consistent over time

- 7. What does the DISS system primarily aim to protect?**
- A. Public relations strategy
 - B. Financial investment strategies
 - C. Sensitive information and security clearances
 - D. Corporate branding and marketing
- 8. What is one purpose of assessing a company's operating expenses ratio?**
- A. To measure gross sales
 - B. To evaluate overall profitability
 - C. To gauge efficiency in cost management
 - D. To determine capital expenditure needs
- 9. What is the purpose of the price-to-book (P/B) ratio?**
- A. To calculate dividend payouts
 - B. To compare a firm's market capitalization to its book value
 - C. To assess liquidity of assets
 - D. To determine the company's market risk
- 10. What type of incidents must be reported within DISS?**
- A. All personal grievances
 - B. Any security breaches, unauthorized disclosures, or compromises of classified information
 - C. Only incidents involving personnel changes
 - D. Minor infractions

Answers

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1. B
2. C
3. D
4. C
5. C
6. C
7. C
8. C
9. B
10. B

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Explanations

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1. What are the two main ways companies finance their operations?

- A. Debt and revenue
- B. Debt and equity**
- C. Equity and grants
- D. Loans and partnerships

Companies primarily finance their operations through two main avenues: debt and equity. Debt financing involves borrowing funds that must be repaid over time, often with interest. This can come from various sources, such as bank loans, bonds, or credit lines. Companies utilize this method to leverage their capital and fund growth without diluting ownership among existing shareholders. Equity financing, on the other hand, involves raising capital by selling shares of the company. This can be in the form of common stock or preferred stock. By issuing equity, companies can acquire necessary funds without the obligation to repay, as investors take on the risk of ownership and expect returns through dividends or appreciation of share value. Together, debt and equity represent the foundational strategies for capital acquisition, allowing businesses to fund their operations, expand, and invest in new opportunities while balancing the trade-offs between risk, control, and return on investment.

2. Which financial statement provides insights into cash inflows and outflows?

- A. The balance sheet
- B. The income statement
- C. The statement of cash flows**
- D. The shareholders' equity statement

The statement of cash flows is designed specifically to provide detailed information about cash inflows and outflows during a specific period. It categorizes cash movements into three main activities: operating, investing, and financing. This statement helps stakeholders understand how a company generates and uses its cash, which is essential for assessing liquidity, financial flexibility, and overall financial health. In contrast, the balance sheet presents a snapshot of a company's financial position at a single point in time, showing its assets, liabilities, and shareholders' equity, without detailing cash movements. The income statement focuses on revenues and expenses over a period, providing insight into profitability but not cash management. The shareholders' equity statement outlines changes in equity accounts but does not reflect cash transactions directly. Thus, the statement of cash flows is the most relevant for understanding cash inflows and outflows.

3. Which activity does NOT fall under cash flows from financing?

- A. Issuance of capital
- B. Payment of dividends
- C. Repurchase of stock
- D. Depreciation adjustments**

Cash flows from financing activities typically include transactions that impact the equity and borrowings of a company. These activities involve how a company raises capital and pays back investors or lenders. Examples include the issuance of capital (raising funds by offering shares), paying dividends (distributing profits to shareholders), and repurchasing stock (buying back shares from the market). Depreciation adjustments, on the other hand, relate to the allocation of the cost of tangible assets over their useful lives and are categorized under cash flows from operating activities, not financing activities. This is because depreciation affects reported earnings and asset values, rather than directly impacting cash inflows or outflows related to financing. Thus, identifying depreciation adjustments as not falling under cash flows from financing aligns well with the definitions and classifications used in financial accounting.

4. What does discounting cash flows involve?

- A. Calculating future cash flows without any adjustments
- B. Dividing cash flows by the current market rate
- C. Reducing future cash flows to their present value**
- D. Increasing cash flows based on historical data

Discounting cash flows is a financial valuation technique that involves determining the present value of future cash flows. This process accounts for the time value of money, which reflects the principle that a dollar today is worth more than a dollar in the future due to its potential earning capacity. By reducing future cash flows to their present value, analysts can assess the value of an investment or project at the current moment. This typically involves applying a discount rate, which can represent the risk of the investment or the opportunity cost of capital. The discounting process allows for a more accurate comparison between cash flows occurring at different times. The other options do not capture the essence of discounting cash flows. For instance, calculating future cash flows without adjustments fails to consider changes in value over time. Dividing cash flows by the current market rate does not accurately reflect the present value computation, and increasing cash flows based on historical data does not consider the concept of time value. Thus, the correct understanding of discounting cash flows hinges on the correct application of reducing future cash flows to their present value.

5. How is inorganic growth characterized?

- A. By increasing employee efficiency
- B. By improving supply chain logistics
- C. By buying other businesses or opening new locations**
- D. By enhancing customer service experience

Inorganic growth is characterized by a company expanding its operations through means other than increasing its internal capacity or efficiency. This typically involves strategies such as mergers, acquisitions, and establishing new branches or outlets in different locations. When a business buys other companies or opens new locations, it is undertaking inorganic growth because it is leveraging external opportunities to immediately increase its market presence, revenue, or operational scale. This approach differs from organic growth, which focuses on improving or expanding the existing business's efficiencies, customer base, or product offerings without engaging directly in mergers or acquisitions. The emphasis is specifically on immediate expansion through acquisition or opening new facilities, making it a distinct strategy for growth within a corporate context.

6. What does the time value of money principle state?

- A. A dollar today is worth less than a dollar in the future
- B. A dollar received today is equally valuable as a future dollar
- C. A dollar received today is worth more than a dollar received in the future**
- D. A dollar's value remains consistent over time

The time value of money principle asserts that a dollar received today is worth more than a dollar received in the future. This concept is grounded in the idea that money has the potential to grow over time due to interest or investment returns. When you have money now, you can invest it, earning returns that will increase its value. Conversely, if you receive a dollar in the future, that future dollar does not have the same immediate purchasing power as a dollar today. This principle also emphasizes the impact of inflation, opportunity cost, and the ability to earn interest. Money can lose purchasing power over time due to inflation, meaning that a dollar received later could buy fewer goods and services than a dollar today. This financial principle is essential for making decisions related to investments, loans, and savings, highlighting the necessity of considering not just the amount of money, but also when it is received.

7. What does the DISS system primarily aim to protect?

- A. Public relations strategy
- B. Financial investment strategies
- C. Sensitive information and security clearances**
- D. Corporate branding and marketing

The DISS system, or Defense Information System for Security, primarily aims to protect sensitive information and security clearances. This system is vital for ensuring that individuals who require access to classified or sensitive data are properly vetted and that their information is kept secure. By focusing on the protection of sensitive information, DISS helps maintain national security and integrity within defense-related operations. While options related to public relations strategy, financial investment strategies, and corporate branding may involve various aspects of organizational operation and communication, they do not pertain directly to the DISS system's core purpose of safeguarding security clearances and sensitive data. This delineation underscores the specific focus on national security and the protection of classified information within the context of the DISS framework.

8. What is one purpose of assessing a company's operating expenses ratio?

- A. To measure gross sales
- B. To evaluate overall profitability
- C. To gauge efficiency in cost management**
- D. To determine capital expenditure needs

Assessing a company's operating expenses ratio is primarily focused on gauging efficiency in cost management. This ratio indicates what portion of a company's revenues is consumed by its operating expenses, providing insight into how well the company manages its core costs relative to its sales. A lower operating expenses ratio typically signifies better efficiency, suggesting that the company is able to control its expenses effectively while generating revenue. Analyzing this ratio can reveal trends over time and allow comparisons with industry peers, highlighting a company's operational efficiency. While evaluating overall profitability might be related, it encompasses a broader scope that involves revenues, gross margins, and net income, not just operating expenses. Similarly, measuring gross sales is not directly tied to the operating expenses ratio, as this metric concerns costs rather than revenue figures. Capital expenditure needs also do not fall under the purview of this ratio, as it primarily deals with ongoing operational costs rather than investment in long-term assets. Therefore, focusing on cost management efficiency is the core purpose of the operating expenses ratio.

9. What is the purpose of the price-to-book (P/B) ratio?

- A. To calculate dividend payouts
- B. To compare a firm's market capitalization to its book value**
- C. To assess liquidity of assets
- D. To determine the company's market risk

The purpose of the price-to-book (P/B) ratio is to compare a firm's market capitalization to its book value. This financial metric provides insights into how much investors are willing to pay for each dollar of a company's net assets as reported on its balance sheet. A P/B ratio greater than 1 suggests that the market values the company significantly more than its assets suggest, indicating optimism about future growth or profitability. Conversely, a P/B ratio below 1 might indicate that the market views the company's assets as overvalued or that the company is struggling in some capacity. This analysis is particularly useful for valuing companies with substantial tangible assets, such as those in the manufacturing or real estate sectors, where asset values play a critical role in overall company valuation. In contrast, the other options pertain to different financial calculations and assessments, such as dividend payout calculations, liquidity assessment, or market risk evaluation, which are not the primary focus of the P/B ratio.

10. What type of incidents must be reported within DISS?

- A. All personal grievances
- B. Any security breaches, unauthorized disclosures, or compromises of classified information**
- C. Only incidents involving personnel changes
- D. Minor infractions

The correct response focuses on the requirement to report specific incidents that threaten the integrity and security of information related to defense and national security. The essential principle guiding the reporting process is to ensure that any security breaches, unauthorized disclosures, or compromises of classified information are documented and addressed promptly. This includes situations where sensitive or classified information could fall into the wrong hands, which poses a risk not just to individuals but to broader national security. Reporting these types of incidents is crucial because it helps organizations mitigate risks, improve security procedures, and take corrective actions to prevent future occurrences. By systematically documenting and analyzing these breaches, agencies can continuously refine their security protocols and ensure compliance with regulatory and policy requirements. Thus, focusing specifically on breaches related to classified information allows for a heightened level of security vigilance in handling sensitive information.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://dissfundamentalanalyst.examzify.com>

We wish you the very best on your exam journey. You've got this!

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