



## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **FIN3143 Portfolio Management**  
 Trimester & Year : January – April 2019  
 Lecturer/Examiner : Leow Hon Wei  
 Duration : 3 Hours

#### INSTRUCTIONS TO CANDIDATES

- This question paper consists of 2 parts:
  - PART A (25 marks) : Answer all THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.**
  - PART B (75 marks) : Answer all FOUR (4) structured answer questions. Answers are to be written in the Answer Booklet provided.**
- Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
- This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
- Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

**Total Number of pages = 3 (Including the cover page)**

**PART A**  
**INSTRUCTION(S)**

**: SHORT ANSWER QUESTIONS (25 MARKS)**

: Answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

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**Question 1**

Technical analysis is that one can use past price changes to predict future price changes. Explain the statement.

(8 marks)

**[Total: 8 marks]**

**Question 2**

Explain **TWO (2)** major roles or responsibilities of portfolio managers in an efficient market environment.

(8 marks)

**[Total: 8 marks]**

**Question 3**

Discuss the **THREE (3)** type of returns on unit trust investment.

(9 marks)

**[Total: 9 marks]**

**[Total: 25 marks]**

**PART B**  
**INSTRUCTION(S)**

**: STRUCTURED ANSWER QUESTIONS (75 MARKS)**

: Answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

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**Question 1**

- (a) Draw a properly labelled graph of the Markowitz efficient frontier. (6 marks)
- (b) Describe the efficient frontier in exact terms. (7 marks)
- (c) Discuss the concept of dominant portfolio, and show an example of one on your graph. (7 marks)

**[Total = 20 marks]**

**Question 2**

In the top down and bottom up approach, explain the investment is fairly priced, versus overvalued versus undervalued.

(20 marks)

**[Total = 20 marks]**

**Question 3**

Explain why the difference between put and call prices depend on whether the underlying stock pays a dividend during the life of the contract.

(17 marks)

**[Total = 17 marks]**

**Question 4**

- (a) Discuss **THREE (3)** strategies active managers can use to add value to their portfolios relative to a benchmark index.

(9 marks)

- (b) Explain the **THEEE (3)** most important determinants of the value of a bond.

(9 marks)

**[Total: 18 marks]**

**[Total = 75 marks]**

**END OF QUESTION PAPER**