



## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **FIN2143 Investment Management**  
 Trimester & Year : September – December 2018  
 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 = 4 (Including the cover page)**

**Question 1**

Briefly explain the following:

- (a) Fundamental analysis (4 marks)
- (b) Technical analysis (4 marks)

**[Total: 8 marks]**

**Question 2**

- (a) Define the term “at-the-money” for call option and put option. (3 marks)
- (b) Define the term “out-of-the-money” for call option and put option. (3 marks)
- (c) Define the term “in-the-money” for call option and put option. (3 marks)

**[Total: 9 marks]**

**Question 3**

Calculate the following with the annual returns of -15%, 50%, 25.45% and -8.77%.

- (a) Arithmetic Mean of Annual Return (2 marks)
- (b) Geometric Mean of Annual Return (6 marks)

**[Total: 8 marks]**

**[Total: 25 marks]**

**PART B****: STRUCTURED ANSWER QUESTIONS (75 MARKS)****INSTRUCTION(S)**: Answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

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**Question 1**

- (a) Provide **THREE (3)** factors affecting option prices. (6 marks)
- (b) Explain how the above (a) **THREE (3)** factors affecting option prices? Provide an example for each factor. (12 marks)

**[Total: 18 marks]****Question 2**

- a) The Net Asset Value (NAV) of a unit trust scheme is **RM0.50**. The selling price is subject to an initial charge of 5%. Compute the total units owned by the investor with a total investment amount of **RM50,000**. (5 marks)
- b) The average quarterly sub period return is 3%. Compute the **annual return**. (5 marks)
- c) A portfolio which has a standard deviation of 4 and beta of 3 generated 40% return in a year when the overall market return is 31%. Assuming the risk free rate is 4.5%, calculate the Sharpe Ratio of this portfolio. (5 marks)
- d) A portfolio which has a standard deviation of 4 and beta of 3 generated 40% return in a year when the overall market return is 31%. Assuming the risk free rate is 4.5%, calculate the Treynor's Index of this portfolio. (5 marks)
- e) The covariance of two assets, A and B are **7.5 times**. The standard deviations of A and B are 2.5% and 3.1% respectively. Compute the correlation co-efficient of the two assets. (5 marks)

**[Total = 25 marks]****Question 3**

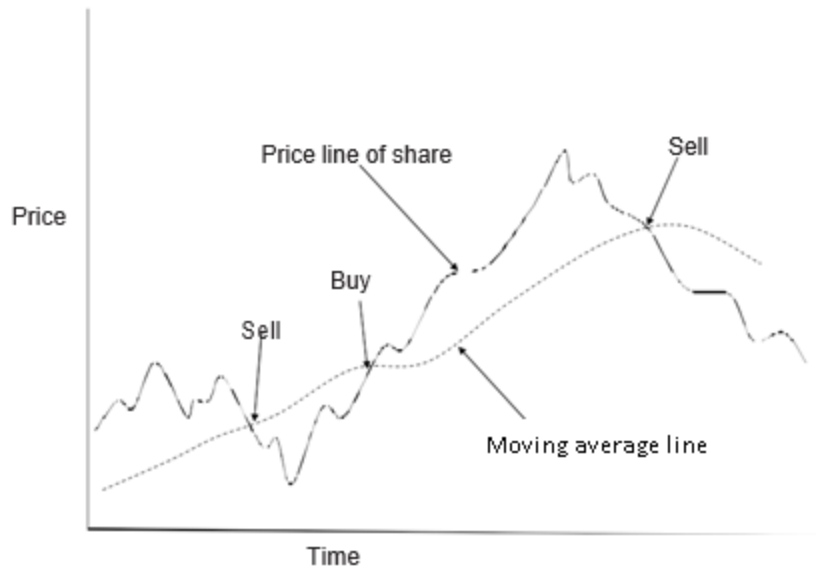
Being an open market for property investment, Malaysia also encounters some factors affecting demand and supply that enable to determine the property value. Explain the **FIVE (5)** factors that influence the demand and supply of the property investment.

**[Total = 20 marks]**

#### Question 4

One of the problems encountered by the daily price charts is that they contain too many meaningless price fluctuations. Moving average is used to eliminate the minor changes that mask the underlying trend. Analyse the graph below and explain how a decision is made.

[Total = 12 marks]



[Total = 75 marks]

END OF QUESTION PAPER