UNIRAZAK
UNIVERSITI TUN ABDUL RAZAK

FINAL EXAMINATION

MARCH 2024

COURSE TITLE   SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

COURSE CODE   RFIN3213

DATE/DAY   23 JUNE 2024 / SUNDAY

TIME/DURATION   01:00 PM - 03:00 PM / 02 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES :

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 4 Printed Pages including front page)

DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of TWO (2) sections. Answer ALL questions in the answer booklet provided.　　　　　　　　　　　　　　　　　　**[100 MARKS]**

SECTION A　　　　　　　　　　　　　　　　　　　　　　　　　　　　**(20 Marks)**

There are TEN (10) questions in this section. Answer ALL questions in the answer booklet.

1.　What does the term 'portfolio' refer to in portfolio management?

　　A.　A collection of stocks, bonds, or other securities held by an investor.
　　B.　A type of mutual fund.
　　C.　A document detailing an investor's financial goals.
　　D.　A software used for tracking investments.

2.　Which type of analysis focuses primarily on economic, sector, and company-specific factors?

　　A.　Technical Analysis
　　B.　Fundamental Analysis
　　C.　Quantitative Analysis
　　D.　Qualitative Analysis

3.　What is the primary objective of portfolio management?

　　A.　Maximizing return
　　B.　Minimizing risk
　　C.　Both maximizing return and minimizing risk
　　D.　Ensuring liquidity.

4.　What is the purpose of diversification in a portfolio?

　　A.　To concentrate risk in high-yield assets.
　　B.　To reduce risk by spreading investments across various financial instruments.
　　C.　To increase the portfolio's liquidity.
　　D.　To simplify the management of the portfolio.

5.　In technical analysis, what does a 'moving average' help determine?

　　A.　Intrinsic value of a security
　　B.　Trend direction of a stock price
　　C.　Credit risk of a company
　　D.　Optimal dividend payout ratio

6. What type of risk can be eliminated through diversification?

   A. Market risk
   B. Systematic risk
   C. Unsystematic risk
   D. Interest rate risk

7. Which of the following is not a method used in fundamental analysis?

   A. Economic analysis
   B. Industry analysis
   C. Graphical analysis
   D. Company analysis

8. Which statement best describes 'market timing'?

   A. Buying and selling based on daily stock forecasts.
   B. Predicting market cycles to make buy or sell decisions.
   C. Deciding when to pay dividends.
   D. Selecting stocks based on their market cap.

9. Which investment strategy focuses on buying undervalued stocks that are expected to perform well in the long run?

   A. Growth investing
   B. Indexing
   C. Value investing
   D. Sector rotation

10. What is the primary focus of behavioral finance?

    A. Analyzing economic data
    B. Studying the effects of market decisions based on psychological factors influencing investors and traders.
    C. Optimizing investment returns
    D. Managing financial risk

SECTION B (80 Marks)

There are FOUR (4) questions in this section. Answer ALL questions in the answer booklet.

QUESTION 1 (20 Marks)

Evaluate the advantages and disadvantages of using technical analysis as a tool for stock selection.

QUESTION 2 (20 Marks)

Explain how the Modern Portfolio Theory influences portfolio construction and the importance of diversification according to this theory.

QUESTION 3 (20 Marks)

Explore the challenges and strategies associated with portfolio management in volatile markets, including tools and techniques to mitigate losses.

QUESTION 4 (20 Marks)

Explain the role of alternative investments in a diversified investment portfolio. Discuss the challenges and benefits associated with integrating assets like real estate, commodities, and hedge funds.

*** END OF QUESTION PAPER ***