
UNIVERSITI SAINS MALAYSIA

Final Examination
2015/2016 Academic Session

May/June 2016

JFP 363E – Security Investment and Portfolio Management
[Pelaburan Sekuriti dan Pengurusan Portfolio]

Duration : 3 hours
[Masa : 3 jam]

Please ensure that this examination paper contains **FIVE (5)** printed pages before you begin the examination.

*[Sila pastikan bahawa kertas peperiksaan ini mengandungi **LIMA (5)** muka surat yang bercetak sebelum anda memulakan peperiksaan ini].*

Answer **ALL** questions. You may answer either in Bahasa Malaysia or in English.

*[Jawab **SEMUA** soalan. Anda dibenarkan menjawab soalan sama ada dalam Bahasa Malaysia atau Bahasa Inggeris.]*

In the event of any discrepancies in the exam questions, the English version shall be used.

[Sekiranya terdapat sebarang percanggahan pada soalan peperiksaan, versi bahasa Inggeris hendaklah diguna pakai.]

The mark for each question is stated accordingly.

[Markah bagi setiap soalan adalah seperti yang tercatat.]

Read the article below and answer question 1.

Baca artikel di bawah dan jawab soalan 1.

Article 1

Malaysia's Q4 growth forecast at 4.3% on weak exports

KUALA LUMPUR: Weak mining exports, slowing agriculture output and the ongoing slump in commodity prices will likely drag Malaysia's fourth-quarter economic growth to its slowest in nearly three years. Malaysia's fortunes have turned along with the collapse in global crude prices last year and the continuing slowdown in China, its biggest trading partner. A financial scandal has also weighed on its currency, the ringgit, which was Asia's worst performer last year.

Annual growth was forecast at 4.3% for the October-December quarter, according to the median estimate in a Reuters poll, its slowest since the first quarter of 2013 when it grew at the same pace. The economy expanded 4.7% in the third quarter. Growth has been shrinking over the course of 2015 and has been largely propped up by the manufacturing sector while weak global demand has hit the country's exports of commodities such as palm oil and liquefied natural gas. Exports in December grew only 1.4% from a year earlier, down from 6.3% in November. Private consumption is expected to remain slack in the wake of a 6% goods and services tax implemented last April.

"Sentiments are too low. Worries of cost of living are still prevalent, causing people to hold back on spending," said Mohd Afzanizam Abdul Rashid, chief economist at Bank Islam.

Malaysia cut its 2016 Budget late last month to save up to RM9bil after oil prices fell below US\$35 a barrel, far off the government's estimated average of US\$48 a barrel for Brent crude. Najib maintained incentives for farmers and tax breaks for families and announced a 3% cut in employee contributions to the private sector pension fund, in a bid to put more cash in the hands of consumers. Economists polled expect 2015 full-year GDP to come in at 4.9%, within the government's and central bank's projection of between 4.5% and 5.5% but down from 6% in 2014. – Reuters

Excerpt from: <http://www.thestar.com.my/business/business-news/2016/02/17/malaysias-q4-growth-forecast-at-43-on-weak-exports-and-commodity-prices/>

QUESTION 1 [25 marks]

Based on the current economic scenarios written in the article, discuss the possible impact on Malaysian investment environment.

...3/-

SOALAN 1 [25 markah]

Berdasarkan senario ekonomi masakini yang dinyatakan dalam artikel yang diberi, bincangkan kesan-kesan yang mungkin berlaku ke atas persekitaran pelaburan di Malaysia.

QUESTION 2 [25 marks]

Refer to figure 1 and answer Question 2.

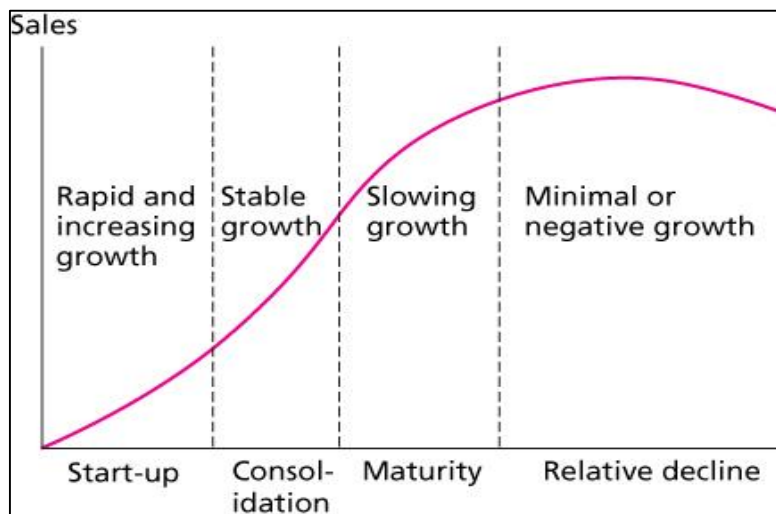


Figure 1. The Industry Life Cycle

- (a) Explain the stages of the industry life cycle, their inherited risks and investment outlook for potential investors for each of the stage. You may use examples in your answer. (20 marks)
- (b) As an investment portfolio manager, what is your suggestion for an investor who wants to buy a stock of shares as an additional investment for his portfolio. You have to convince the investor to buy shares from a company in one of the stages in that you have discussed in (a). (5 marks)

SOALAN 2 [25 markah]

Rujuk rajah 1 dan jawab Soalan 2.

- (a) Terangkan setiap peringkat kitaran hayat industri, risiko yang terlibat dan peluang pelaburan yang wujud untuk bakal pelabur. Anda boleh menggunakan contoh bersesuaian dalam jawapan. (20 markah)

- (b) *Sebagai seorang pengurus portfolio, apakah cadangan yang boleh anda berikan kepada seorang pelabur yang ingin membeli saham sebagai pelaburan tambahan kepada portfolio beliau. Anda perlu meyakinkan pelabur tersebut untuk membeli saham syarikat daripada salah satu peringkat yang dibincangkan dalam bahagian (a).*

(5 markah)

QUESTION 3 [25 marks]

- (a) Consumer product stocks currently provide an expected rate of return of 16%. JB73, a large consumer product company will pay a year-end dividend of RM5 per share.

(i) What is the price-earning (P/E) ratio?

(3 marks)

(ii) If the stock is selling at RM50 per share, what must be the market's expectation of the growth rate of JB73 dividends?

(6 marks)

(iii) If dividend growth forecasts for JB73 are revised downward to 2% per year, what will happen to the price of its stock?

(4 marks)

- (b) Assume that Bella Company's dividends are trending upwards at a stable growth rate (g). If $g = 0.05$ and the most recently paid dividend was RM3.81.

(i) Calculate the expected future dividends for the next 3 years.

(6 marks)

(ii) If the market capitalization rate for Bella Company is 12%, what is the intrinsic value (V_0) of a share of its stock?

(6 marks)

SOALAN 3 [25 markah]

- (a) *Saham barang pengguna memberikan pulangan dijangka sebanyak 16%. JB73 iaitu sebuah syarikat barang pengguna yang besar akan membayar dividen hujung tahun sebanyak RM5 se saham.*

(i) *Apakah nisbah harga-perolehan (P/E)?*

(3 markah)

(ii) *Jika saham JB73 berharga RM50 se saham, apakah jangkauan pasaran terhadap kadar pertumbuhan dividen JB73?*

(6 markah)

...5/-

- (iii) *Jika unjuran pertumbuhan dividen JB73 dijangka turun ke 2% setahun, berapakah pula harga sahamnya?* (4 markah)
- (b) *Andaikan dividen Syarikat Bella mempunyai kadar pertumbuhan menaik yang stabil (g). Jika $g = 0.05$ dan bayaran dividen terkini adalah RM3.81.*
- (i) *Kirakan dividen yang dijangka untuk 3 tahun akan datang.* (6 markah)
- (ii) *Jika kadar pemodalan pasaran Syarikat Bella adalah 12%, kirakan nilai intrinsik se saham (V_0).* (6 markah)

QUESTION 4 [25 marks]

Bond is an important investment instrument. As such, an efficient bond market in an economy is crucial in ensuring a dynamic and vibrant financial market.

Explain the importance of bond market for:

- (a) Corporations (5 marks)
- (b) Individual investors (5 marks)
- (c) Malaysian government (5 marks)
- (d) Institutional investors (5 marks)
- (e) Finance students (5 marks)

SOALAN 4 [25 markah]

Bon adalah satu instrumen pelaburan yang penting. Oleh kerana itu, pasaran bon yang cekap dan mantap adalah penting bagi memastikan kewujudan pasaran kewangan yang dinamik dan rancak dalam sesebuah negara.

Jelaskan kepentingan pasaran bon kepada:

- (a) *Syarikat korporat* (5 markah)
- (b) *Pelabur individu* (5 markah)
- (c) *Kerajaan Malaysia* (5 markah)
- (d) *Pelabur institusi* (5 markah)
- (e) *Pelajar kewangan* (5 markah)