**INV2601****(473247)**October/November 2011
Oktober/November 2011
**INVESTMENTS: AN INTRODUCTION
BELEGGINGS: 'N INLEIDING**
Duration 2 Hours
Tydsduur 2 Uur40 Marks
40 Punte**EXAMINERS / EKSAMINATORE**

FIRST / EERSTE	MS/ME JM NJUGUNA
SECOND / TWEDE	MS/ME M DOWELANI

Use of a non-programmable pocket calculator is permissible.
Gebruik van 'n nie-programmeerbare sakrekenaar is toelaatbaar

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This paper consists of 23 pages including 4 sheets for rough work (pp. 20-23) and the instructions for completing a mark reading sheet. All 40 questions must be answered on a mark reading sheet.

Hierdie vraestel bestaan uit 23 bladsye insluitende 4 velle papier vir rofwerk (pp 20-23) en die instruksies vir die voltooiing van die merkleesblad. Al 40 vrae moet op die merkleesblad beantwoord word.

Indicate your student number and the unique number on the mark-reading sheet.

Toon u studentenommer en die unieke nommer op die merkleesblad aan.

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VOLTOOI ASSEBLIEF DIE BYWONINGSREGISTER OP DIE AGTERBLAD, SKEUR AF EN OORHANDIG AAN DIE TOESIGHOUER

**TURN OVER
[BLAAI OM]**

USE FOUR DECIMAL PLACES IN YOUR CALCULATIONS AND ROUND OFF YOUR FINAL ANSWER TO TWO DECIMAL PLACES WHERE APPLICABLE.

GEBRUIK VIER DESIMALE IN U BEREKENINGE EN ROND JOU FINALE ANTWOORD AF TOT TWEE DESIMALE WAAR VAN TOEPASSING

1. The only risk a well-diversified portfolio has is risk. This is the only risk that a share contributes to the risk of the portfolio.

Die enigste risiko van 'n goed gediversifiseerde portefeulje is risiko Dit is die enigste risiko wat 'n aandeel tot die risiko van die portefeulje bydra

1. **Liquidity risk**

Likiditeitsrisiko

2. **Unsystematic risk**

Nie-sistematiese risiko

3. **Systematic risk**

Sistematiese risiko

4. **Reinvestment risk**

Herbeleggingsrisiko

Use the information in the table below to answer question 2.

Gebruik die inligting in die onderstaande tabel om vraag 2 te beantwoord

The table provides the expectations for rate of return of Grayson Corporation.

Die tabel verskaf die verwagte opbrengskoers van Grayson Beperk

GRAYSON CORPORATION GRAYSON BEPERK	
Possible rate of return <i>Verwagte opbrengskoers</i>	Probability of occurrence <i>Waarskynlikheid van gebeurtenis</i>
8%	40%
10%	35%
12%	25%

2. Calculate the coefficient of variation (CV) of Grayson Corporation.

Bereken die koeffisient van variansie (CV) van Grayson Beperk

1. 0.16

2. 1.58

3. 2.51

4. 9.70

- 3 On January 1, you bought 100 shares at R35 a share and a year later you sold them for R43 a share. During the year, you received a dividend of R2 per share. Assuming the rate of inflation during the year is 6%. Calculate the real rate of return on this investment.

Op 1 Januarie koop jy 100 aandele teen R35 'n aandeel en 'n jaar later verkoop jy die aandele vir R43 per aandeel. Gedurende die jaar, ontvang jy 'n dividend van R2 per aandeel. Veronderstel die inflasiekoers gedurende die jaar is 6%. Bereken die reële opbrengskoers op hierdie belegging.

1. 21.29%
2. 22.86%
3. 26.05%
4. 28.57%

4. Which financial market provides investors with liquidity, price continuity and depth; as well as information about current prices and yields?

Watter finansiële markte bied beleggers likiditeit, prys kontinuiteit en diepte, asook inligting oor die huidige pryse en opbrengste?

1. Primary market
Primêre mark
2. Secondary market
Sekondêre mark
3. Third market
Derde mark
4. Fourth market
Vierde mark

5. A parallel shift of the security market line (SML) is caused by changes in the

'n Parallele verskuiwing van die sekuriteitsmark lyn (SML) word veroorsaak deur veranderinge in die

1. beta.
beta
2. market risk premium.
markrisiko premie
3. standard deviation.
Standaardafwyking
4. nominal risk-free rate of return.
nominale risiko-vrye opbrengskoers

6. Kelly Madiba is an investor who is highly risk averse. Which one of the following investments will she regard as her optimal investment? (NB: No calculation is required).

Kelly Madiba is 'n belegger wat hoogs risikovermydend is. Watter een van die volgende beleggings sal sy beskou as haar optimale belegging? (NB: Geen berekeninge word vereis nie)

Investments <i>Beleggings</i>	Rate of return <i>Opbrengskoers</i>	Beta <i>Beta</i>
A	4%	0.4
B	7%	0.8
C	10%	1.2
D	20%	1.6

1. Investment A

Belegging A

2. Investment B

Belegging B

3. Investment C

Belegging C

4. Investment D

Belegging D

7. Efficient portfolios are a set of portfolios with a ... (i) ... expected return at a given risk or, equally, a set of portfolios with a ... (ii) ... risk at a given expected rate of return

Doeltreffende portefeuljes is 'n versameling portefeuljes met 'n (i) verwagte opbrengs vir 'n gegewe risiko of, soortgelyk, 'n versameling portefeuljes met 'n

(ii) risiko vir 'n gegewe verwagte opbrengs

(i)

1. maximum

maksimum

2. maximum

maksimum

3. minimum

minimum

4. minimum

minimum

(ii)

maximum

maksimum

minimum

minimum

maximum

maksimum

minimum

minimum

8. The required rate of return of Hedge Corporation is 15%. The risk-free rate of return is 6% per annum and the rate of return of the market is 12%. Calculate the beta of Hedge Corporation using the Capital Asset Pricing Model (CAPM)

Die vereiste opbrengskoers van Hedge Corporation is 15% Die risiko-vrye opbrengskoers is 6% per jaar en die opbrengskoers van die mark is 12% Bereken die beta van Hedge Corporation met behulp van die Kapitaalbate-waarderingsmodel (CAPM)

1. 0.40
2. 0.67
3. 1.00
4. 1.50

9. The estimated rate of return of Rain City Limited is 14%. The risk-free rate of return is 8%, the beta is 1.3 and the rate of return of the market is 10% Rain City Limited is.

Die verwagte opbrengskoers van Rain City Beperk is 14% Die risiko-vrye opbrengskoers is 8%, die beta is 1.3 en die opbrengskoers van die mark is 10% Rain City Beperk is

1. Undervalued by 3.40%
Onderwaardeer teen 3.40%
2. Overvalued by 3.40%
Oorwaardeer teen 3.40%
3. Undervalued by 4.00%
Onderwaardeer teen 4.00%
4. Overvalued by 4.00%
Oorwaardeer teen 4.00%

10. Allets Limited has a required rate of return of 7%. They initially invested R200 000 with Lanseria Corporation (cash outflow) and earn the following annual cash flows over the next four years.

Allets Beperk het 'n vereiste opbrengskoers van 7% Hulle het aanvanklik R200 000 belê by die Lanseria Korporasie (kontant uitvloei) en verdien vir die volgende vier jaar die volgende jaarlikse kontantinvloei

<u>Years</u>	<u>Cash inflows</u>
<u>Jare</u>	<u>Kontantinvloei</u>
1	R50 000
2	R80 000
3	R100 000
4	R20 000

Calculate the net present value (NPV) of the investment and determine whether the investment is acceptable.

Bereken die netto huidige waarde (NPV) van die belegging en bepaal of die belegging aanvaarbaar is

- | | |
|---------------|----------------------------------|
| 1. R8 144.76 | Investment is not acceptable |
| R8 144 76 | Belegging is nie aanvaarbaar nie |
| 2. R11 542.00 | Investment is not acceptable |
| R11 542 00 | Belegging is nie aanvaarbaar nie |
| 3. R13 491.76 | Investment is acceptable |
| R13 491 76 | Belegging is aanvaarbaar |
| 4. R50 000.00 | Investment is acceptable |
| R50 000 00 | Belegging is aanvaarbaar |

11. An investor will start to make R1 000 annual, end of year deposits two years from now for a period of five years at an interest rate of 25% compounded annually. Determine how much this investment is worth today.

'n Belegger sal begin om jaarliks R1 000, aan die einde van die jaar te deponeer oor twee jaar van vandag af vir 'n tydperk van vyf jaar teen 'n rentekoers van 25% jaarliks saamgestel Bepaal die huidige waarde van belegging

1. R327.68
2. R1 721.14
3. R2 689.28
4. R3 200.00

Use the information in the table below to answer question 12.

Gebruik die inligting in die onderstaande tabel om vraag 12 te beantwoord

Copper Mining Limited Copper Mining Beperk	
Dividend payout ratio <i>Dividende-uitkeringskoers</i>	0.4
Net profit margin <i>Netto wins marge</i>	16%
Total asset turnover <i>Totale bate omset</i>	1.2
Financial leverage ratio <i>Finansiële hefboomkoers</i>	0.8

12. Calculate the growth rate of Copper Mining Limited using the information provided in the table above.

Bereken die groei koers van Copper Mining Beperk deur gebruik te maak van die inligting wat in die tabel hierbo verstrek is

1. 6.14%
2. 9.22%
3. 12.80%
4. 15.36%

13. Vuvuzela Corporation just paid a dividend of R1.00 per share. Assume that over the next three years dividends will grow as follows; 20% in year one, 15% in year two and 10% in year three. After that growth is expected to level off to a constant growth rate of 4%. The required rate of return is 10%. Calculate the intrinsic value of Vuvuzela Corporation using the multistage growth model.

Vuvuzela Korporasie het sopas 'n dividend van R1 00 per aandeel betaal. Aanvaar dat die dividende vir die volgende drie jaar sal groei soos volg: 20% in jaar een, 15% in jaar twee en 10% in jaar drie. Daarna sal groei na verwagting afplat na 'n konstante groeikoers van 4%. Die vereiste opbrengskoers is 10%. Bereken die intrinsieke waarde van Vuvuzela Korporasie met behulp van die meertrappige groei model.

1. R23.14
2. R27.83
3. R28.52
4. R30.86

14. A company issued 6 50% preference shares at R100 each. Determine the intrinsic value of a preference share assuming a required rate of return of 5%.
'n Maatskappy reik 6 50%-voorkeuraandele uit teen R100 elk. Bepaal die intrinsieke waarde van 'n voorkeuraandeel gegewe 'n vereiste opbrengskoers van 5%
1. R20.00
 2. R77.00
 3. R100.00
 4. R130.00
15. The South African Reserve Bank (SARB) expects the anticipated inflation to be significantly higher due to the rising oil prices. What tool should SARB use to reduce the high inflation risk?
Die Suid-Afrikaanse Reserwebank (SARB) verwag dat die inflasiekoers beduidend hoer gaan wees as gevolg van die stygende oliepryse. Watter instrument sal SARB gebruik om die hoe inflasiekoers risiko te verminder?
1. Lowering the repo rate
Verlaging van die repokoers
 2. Reducing the reserve requirements
Die vermindering van die reserwe vereistes
 3. Selling previously bought government securities
Verkoop voorheen aangekoopte staatseffekte
 4. Purchasing additional government securities
Aankoop van addisionele staatseffekte
16. The following are steps in fundamental analysis. Determine the correct order in which the three-step valuation process is conducted based on the top-down approach
Fundamentele ontleding bestaan uit van die volgende evaluasies. Bepaal volgens die bo-na-onderbenadering die korrekte volgorde waarin die drie-stap waardasie moet plaasvind
- a) Industry analysis
Bedryfsontleding
 - b) Company valuation
Maatskappy waardasie
 - c) Analysis of Macroeconomic factors
Analise van makro-ekonomiese faktore
1. a, b, c
 2. a, c, b
 3. b, c, a
 4. c, a, b

17. The following are characteristics that relate to a specific stage of the industry life cycle.

Die kenmerke wat verband hou met 'n spesifieke stadium van die bedryf lewensiklus is die volgende

- a) **Industry experiences modest sales growth.**
Bedryf ervaar matige groei van verkope
- b) **The firms involved incur major development costs.**
Die betrokke maatskappye gaan groot ontwikkelingkoste aan
- c) **There are very small or negative profit margins.**
Daar is baie klein of negatiewe winsmarges
- d) **The market for the industry's product or service during this time is small.**
Die mark vir hierdie industrie se produk of diens is klein gedurende hierdie tyd

To which stage do these characteristics belong?

Hierdie karakteristieke behoort aan

- 1. **Pioneering development**
Baanbreker-ontwikkeling
- 2. **Mature growth**
Volwasse groei
- 3. **Stabilisation and market maturity**
Stabilisasie en mark volwassenheid
- 4. **Deceleration of growth and sales decline**
Afneem asook vertraging van die verkoopsgroei

18. Bronze Limited currently retains 50% of its earnings which are R5.00 a share this year. It earns a return on equity (ROE) of 20%. Assume a required rate of return of 14%.

Determine the P_0/E_1 ratio and the price of Bronze Limited on the basis of the earnings multiplier model.

Brons Beperk se behoue inkomste is tans 50% van sy inkomste. Die verdienste per aandeel is huidige R5.00 per aandeel. Hulle verdien 'n opbrengs op ekwiteit (ROE) van 20%. Aanvaar 'n vereiste opbrengskoers van 14%.

Bepaal die P_0/E_1 verhouding en die aandeelprys van Brons Beperk met behulp van die verdienste vermenigvuldiger model.

<u>P_0/E_1</u>	<u>Price/Prys</u>
1. 8.82	R62.50
2. 8.82	R68.75
3. 12.50	R62.50
4. 12.50	R68.75

19. Chase Limited's current dividend is R1.50 per share. It has a required rate of return of 9% and its dividend is expected to grow at a constant rate of 4% per year. Calculate the intrinsic value of the share using the constant growth model.
Chase Beperk se huidige dividend is R1 50 per aandeel. Die vereiste opbrengskoers is 9% en die dividend sal groei teen 'n konstante tempo van 4% per jaar. Bereken die intrinsieke waarde van die aandeel met behulp van die konstante groei model.
1. R17.33
 2. R30.00
 3. R31.20
 4. R39.00

Use the table below to answer question 20.

Income Statement of Value Ltd for the Year ended 31-12- 2010		Value Ltd Balance Sheet at 31-12-2010	
	R'000s		R'000s
Sales	55 000	ASSETS	
Cost of Sales	(30 500)	Fixed Assets	
Gross profit	24 500	Net fixed assets	120 500
Operating expenses	(18 500)	Current assets	
Operating income	6 000	Inventories	74 500
Interest	(500)	Other current assets	70 000
Profit before tax	5 500	TOTAL ASSETS	265 000
Tax	(1 650)		
Net profit after tax	3 850	EQUITY AND LIABILITIES	
		Owners Equity	155 000
		Liabilities	
		Long-term loans	95 500
		Current liabilities	14 500
		TOTAL EQUITY AND LIABILITIES	265 000

Gebruik die onderstaande tabel om vraag 20 te beantwoord

Inkomste staat van Value Bpk vir die jaar geëindig 31-12-2010		Balansstaat van Value Bpk soos op 31-12- 2010	
	R'000s		R'000s
Verkope	55 000	BATES	
Koste van Verkope	(30 500)	Vaste bates	
Bruto wins	24 500	Netto vaste bates	120 500
Bedryfsuitgawes	(18 500)	Bedryfsbates	
Bedryfsinkomste	6 000	Handelsvoorraad	74 500
Rente uitgawe	(500)	Ander bedryfsbates	70 000
Wins voor Belasting	5 500	TOTALE BATES	265 000
Belasting uitgawe	(1 650)		
Netto wins na belasting	3 850	EKWITEIT EN LASTE	
		Eienaarsbelang	155 000
		Laste	
		Langtermyn leningS	95 500
		Bedryfslaste	14 500
		TOTALE EKWITEIT EN LASTE	265 000

20. Calculate the return on assets ratio and the debt to equity ratio.

Bereken die opbrengskoers op bates verhouding en die skuld tot ekwiteit verhouding

<u>Return on assets</u>	<u>Debt to equity</u>
<u>Opbrengskoers op bates</u>	<u>Skuld tot ekwiteit</u>
1. 1.45%	61.61%
2. 1.45%	70.97%
3. 2.08%	61.61%
4. 2.08%	70.97%

TURN OVER
[BLAAI OM]

21. Which of the following is not an assumption of technical analysis?*Watter van die volgende stellings is nie 'n aanname van tegniese ontleding nie?***1 Share prices follow a random walk.***Aandeelpryse word ewekansig vasgestel***2. Supply and demand are governed by both rational and irrational factors.***Vraag en aanbod word deur beide rasionele en irrasionele faktore beïnvloed***3 Changes in trends are caused by shifts in the supply and demand relationship.***Bewegings in die vraag en aanbod verhouding veroorsaak verandering in neigings***4 Security prices tend to move in trends that persist for an appreciable length of time.***Aandeelpryse is geneig om in tendense te beweeg wat vir 'n aansienlike tydperk kan duur***22. When technical analysts say a share has “good relative strength”, they mean the**

.....

*Indien 'n tegniese ontleder van mening is dat 'n aandeel 'n "goeie relatiewe sterkte" het, beteken dit dat***1. ratio of the price of the share to a market index has trended upward.***daar 'n opwaartse tendens is in die mark in verhouding met die prys van die aandeel***2. recent trading volume in the share has exceeded the normal trading volume.***die volume waarteen 'n aandeel onlangs verhandel het, die volume oorskry waarteen die aandeel gewoonlik verhandel***3 share has performed well compared to other shares in the same risk category as measured by beta***'n aandeel goed presteer het in vergelyking met ander aandele met dieselfde hoeveelheid risiko (gemeet deur beta)***4 total return on the share has exceeded the total return on other shares in the same industry.***die totale opbrengs op die aandeel oorskry die totale opbrengs op ander aandele in dieselfde industrie*

23. Calculate the yield to call of a 14% quarterly paying bond with a par value of R1 000. The bond matures in 20 years, has a market price of R1 461.87 and a yield to maturity of 9%. It is callable by the issuer in 8 years at a call price of R1 220.

Bereken die koers van 'n roep op 'n skuldbrief wat saamgestel is teen 14% rente, kwartaaliks betaalbaar met 'n gesigwaarde van R1 000. Die skuldbrief verval binne 20 jaar en het 'n markprys van R1 461.87 asook 'n opbrengskoers tot die vervaldatum van 9%. Die uitgewer kan die skuldbrief herroep oor 8 jaar teen 'n prys van R1 220.

1. 8.02%
2. 8.09%
3. 9.00%
4. 9.26%

24. Which of the following is not a property of duration?

Watter een van die volgende is nie 'n eienskap van die duurtermyn van 'n aandeel nie?

1. The duration of a zero-coupon bond will always be greater than its term to maturity.

Die duurtermyn van 'n nul-koepon skuldbrief sal altyd groter wees as die termyn totdat die instrument verjaar.

2. The duration of a coupon bond will always be less than its term to maturity.

Die duurtermyn van 'n skuldbrief wat 'n koepon betaal sal altyd minder wees as die termyn totdat die instrument verjaar.

3. There is a positive relationship between term to maturity and duration.

Daar is 'n positiewe verhouding tussen die termyn totdat die instrument verjaar en duurtermyn.

4. There is an inverse relationship between coupon and duration.

Daar is 'n inverse verhouding tussen koeponkoers en duurtermyn.

25. An investor has a 9% annual paying bond with a par value of R1 000. The bond has a market price of R1 200 and has 30 years to maturity. Determine the bond equivalent yield of the bond.

'n Belegger het 'n skuldbrief met 'n pari waarde van R1 000 teen 9% jaarliks betaalbaar. Die skuldbrief verhandel in die mark vir R1 200 en verjaar oor 30 jaar. Bepaal die skuldbrief ekwivalente koers van die skuldbrief.

1. 6.50%
2. 6.98%
3. 7.20%
4. 7.33%

26. The current 1 year spot rate is 4%, the current 2 year spot rate is 9.2% and the current 3 year spot rate is 13.4%. Calculate the 1 year forward rate two years from now.

Bereken die 1 jaar termynkoers twee jaar van nou af met die volgende sigkoerse Die huidige 1 jaar sigkoers is 4%, die huidige 2 jaar sigkoers is 9 2% en die huidige 3 jaar sigkoers is 13 4%

1. 14.06%
2. 22.29%
3. 30.00%
4. 45.65%

Use the information below to answer question 27 and 28.

Gebruik die onderstaande inligting om vraag 27 en 28 te beantwoord

A 15-year, 10% semi-annual coupon bond (R1 000 par value) is priced at a yield to maturity of 11%. The yield changes by 150 basis points.

'n Koepon betalende skuldbrief het 'n lewensduur van 15 jaar en betaal 'n 10% half-jaarlikse koepon (R1 000 pari-waarde) Die huidige opbrengskoers tot vervaldatum is 11% Die opbrengskoers verander met 150 basis punte

27. Calculate the effective duration of the bond.

Bereken die skuldbrief se effektiewe duurtermyn

1. 7.44
2. 9.56
3. 11.16
4. 14.89

28. Calculate the effective convexity of the bond.

Bereken die skuldbrief se effektiewe konveksiteit

1. 17.33
2. 26.53
3. 34.99
4. 41.54

29. Which of the following is not a feature of the over-the-counter (OTC) contracts in derivatives market?

Watter van die volgende is nie 'n kenmerk van die oor-die-toonbank (ODT) kontrakte in afgeleide mark?

1. Financial institutions often act as market makers for the more commonly traded instruments.

Vir meer algemeen verhandelbare instrumente tree finansiële instellings dikwels op as die mark ontwikkelaars

2. OTC trades are typically much larger than trades in the exchange-traded (ET) market.

ODT handel is gewoonlik baie groter as handel van die beurs verhandelde (ET) markte

3. There is usually some default risk in an over-the-counter (OTC) trade.

Daar is gewoonlik 'n wanprestasie risiko vir oor-die-toonbank (ODT) handel

4. They are highly liquid owing to the standardised nature of all contracts.

Omdat kontrakte gestandariseer is, is die kontrakte baie likied

30. Calculate the lower and upper bounds respectively for a 6 month European call option on a non-dividend paying share when the share price is R325, the strike price is R330 and the risk-free rate of interest is 8% per annum.

Bereken die onder- en bo- grens onderskeidelik vir 'n 6 maande Europese koopopsie op 'n aandeel van R325 wat nie dividende betaal nie, die trefprys is R330 en die risikovrye koers is 8% per jaar

<u>Lower bound</u>	<u>Upper bound</u>
<u>Onder-grens</u>	<u>Bo-grens</u>
1. $\geq R7.46$	$\leq R325.00$
2. $\geq R7.46$	$\leq R330.00$
3. $\geq R10.00$	$\leq R325.00$
4. $\geq R10.00$	$\leq R330.00$

31. A decrease in the exercise price will influence option prices by(i).... the call option prices and(ii)..... the put option prices respectively.

'n Afname van 'n opsiekontrak se uitoefen prys sal die prys van die koopopsie laat (i) en die prys van die verkoopopsie laat (ii)

<u>(i)</u>	<u>(ii)</u>
1. decreasing <i>daal</i>	increasing <i>toeneem</i>
2. decreasing <i>daal</i>	decreasing <i>daal</i>
3. increasing <i>toeneem</i>	increasing <i>toeneem</i>
4. increasing <i>toeneem</i>	decreasing <i>daal</i>

32. Delta is a sensitivity measure that measures

Delta meet die sensitiwiteit van

1. an option's sensitivity to changes in the volatility of the underlying.

'n opsie se sensitiwiteit vir veranderinge in die volatilititeit van die onderliggende bate

2. an option's sensitivity to changes in the exercise price of the underlying.

'n opsie se sensitiwiteit vir veranderinge in die uitoefen prys van die onderliggende bate

3. an option's sensitivity to changes in the spot price of the underlying.

'n opsie se sensitiwiteit vir veranderinge in die sigwaarde van die onderliggende bate

4. an option's sensitivity to gamma's sensitivity to changes in the underlying.

'n opsie se sensitiwiteit vir gamma se sensitiwiteit vir veranderinge van die onderliggende bate

33. Which option trading strategy is a combination of a long call option and a long put option on the same asset with the same strike price and expiration; where a relatively large movement in the share price is anticipated although the direction of change is uncertain?

Watter opsie toepassingstrategie is 'n kombinasie van 'n lang koopopsie en 'n lang verkoopopsie op dieselfde bate met dieselfde trefprys en termyn, waar 'n relatiewe groot beweging in die aandeeleprys verwag word hoewel die rigting van verandering onseker is?

1. Bear call spread

Beer koopopsie verspreiding

2. Protective put

Beskermende verkoopopsie

3. Strangle

Smooropsie

4. Straddle

Wigopsie

34. A 6-month European call option with a strike price of R100.00 sells at a premium of R6.00. It has a risk-free rate of 7% and a current price of R102.00. Using the put-call parity, what is the equivalent value of the European put option.

'n Europese koopopsie het 'n termyn van 6-maande, 'n trefprys van R100 00 en verhandel tans teen 'n premie van R6 00. Die risiko-vrye koers is 7% en die huidige prys is R102 00. Gebruik die verkoop-koop-partiteitsbegrip en bereken die prys van 'n Europese verkoopopsie

1. R0.00

2. R0.67

3. R2.00

4. R2.67

35. A portfolio is made up of share Y and share Z. Share Y has a standard deviation of 18% and a weight of 70% in the portfolio. Share Z on the other hand has a standard deviation of 15% and a weight of 30% in the portfolio. The correlation coefficient of share Y and Z is 0.65. Calculate the standard deviation of the portfolio.

'n Portefeulje bestaan uit aandeel Y en Z onderskeidelik Aandeel Y het 'n gewig van 70% in die portefeulje en die standaardafwyking van aandeel Y is 18% Aandeel Z het 'n standaardafwyking van 15% en 'n gewig van 30% Die korrelasiekoeffisient van aandele Y en Z is 0.65 Bereken die standaardafwyking van die portefeulje

1. 7.40%
2. 15.90%
3. 17.10%
4. 25.30%

36. Shares A, B and C each have the same expected return and standard deviation. The following table shows the correlation between the returns on these shares.

Aandeel A, B en C het elk dieselfde verwagte opbrengskoers en standaardafwyking Die onderstaande tabel gee die korrelasie tussen die opbrengste van hierdie aandele

Correlation of Share A, B and C's returns <i>Korrelasie van Aandeel A, B en C se opbrengste</i>			
	Share A <i>Aandeel A</i>	Share B <i>Aandeel B</i>	Share C <i>Aandeel C</i>
Share A <i>Aandeel A</i>	+1.0		
Share B <i>Aandeel B</i>	+0.4	+1.0	
Share C <i>Aandeel C</i>	+0.9	-0.8	+1.0

Given these correlations, the portfolio from these shares having the lowest risk is a portfolio.

Indien ons die korrelasies hierbo in ag neem sal 'n belegger die kleinste risiko ervaar indien hy/sy

1. Equally invested in shares A and B
Gelyke hoeveelhede belê in aandele A en B
2. Equally invested in shares A and C
Gelyke hoeveelhede belê in aandele A en C
3. Equally invested in shares B and C
Gelyke hoeveelhede belê in aandele B en C
4. Equally invested in shares A, B and C
Gelyke hoeveelhede belê in aandele A, B en C

37. A portfolio is made up of shares M and N. The standard deviation of return is 0.32 for share M and 0.24 for share N. The covariance between the returns of M and N is 0.07. The correlation between M and N in the portfolio is.

'n Portefeulje bestaan uit aandele M en N. Die standaardafwyking vir aandeel M en N is onderskeidelik 0.32 en 0.24. Die kovariansie tussen opbrengste wat M en N lewer is 0.07. Wat is die korrelasie tussen M en N?

1. 0.07
2. 0.22
3. 0.29
4. 0.91

38. Which of the following is a strategy of constructing and holding a portfolio of high-quality pre-selected shares without endeavouring to constantly outperform the market in the short term through superior forecasting or finding undervalued shares?

is 'n strategie waar die samestelling van die portefeulje bestaan uit vooraf uitgesoekte hoë kwaliteit aandele. Die strategie poog om nie voortdurend die mark te oortref in die korttermyn nie.

1. **Active portfolio management**
Aktiewe portefeuljebestuur
2. **Passive portfolio management**
Passiewe portefeulje bestuur
3. **Policy asset allocation**
Beleid batetoewysing
4. **Tactical asset allocation**
Taktiese batetoewysing

Use the information in the table below to answer question 39 and 40.

Gebruik die inligting in die onderstaande tabel om vraag 39 en 40 te beantwoord

Unit trust <i>Effektetrust</i>	Average rate of return <i>Gemiddelde opbrengskoers</i>	Variance <i>Variansie</i>	Beta <i>Beta</i>
Grand Merchant	15%	1.60	0.85
New Mutual	23%	2.20	1.30
Total Market Index <i>Totale Mark Indeks</i>	13%		

Assume a risk-free rate of 9%.

Veronderstel 'n risikovrye koers van 9%

39. Calculate the financial performance of Grand Merchant using the Treynor method.

Gebruik die Treynor metode om die finansiële prestasie van Grand Merchant te bepaal

1. 2.35
2. 3.75
3. 4.74
4. 7.06

40. Calculate the financial performance of New Mutual using the Sharpe method.

Bereken die finansiële prestasie van New Mutual met behulp van die Sharpe metode

1. 6.36
2. 6.74
3. 9.44
4. 10.77

TOTAL: 40 MARKS
[40 PUNTE]

TURN OVER
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PART 1 (GENERAL/ALGEMEEN) DEEL 1

STUDY UNIT: e.g. PSY100-X
STUDIE-EENHEID: by PSY100-X

INITIALS AND SURNAME
VOORLETTERS EN VAN

DATE OF EXAMINATION
DATUM VAN EKSAMEN

EXAMINATION CENTRE (E.G. PRETORIA)
EKSAMENSENTRUM (BY PRETORIA)


PAPER NUMBER
VRAESTELNOMMER

STUDENT NUMBER
STUDENTNOMMER


UNIQUE PAPER NO.
UNIEKE VRAESTEL NR.

For use by examination invigilator
Vir gebruik deur eksamenopsiener

IMPORTANT

- 1 USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
- 2 MARK LIKE THIS 
- 3 CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
- 4 ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
- 5 CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
- 6 CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
- 7 CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
- 8 DO NOT FOLD

BELANGRIJK

- 1 GEBUIK SLEGS N HB-POTLOOD OM HIERDIE BLAD TE VOLTUOI
- 2 MERK AS VOLG 
- 3 KONTROLEER DAT U VOORLETTERS EN VAN REG INGEVUL IS
- 4 VUL U STUDENTENOMMER VAN LINKS NA REGS IN
- 5 KONTROLEER DAT U DIE KORREKTE STUDENTENOMMER VERSTREK HET
- 6 KONTROLEER DAT DIE UNIEKE NOMMER REG INGEVUL IS
- 7 MAAK SEKER DAT NET EEN ALTERNATIEF PER VRAAG GEMERK IS
- 8 MOENIE VOU NIE

PART 2 (ANSWERS/ANTWOORDE) DEEL 2

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Specimen only