| **PEPERIKSAAN**  
| **SEMESTER DISEMBER SESI 1995/96** |
| **KOD/NAMA KURSUS** : EG3023: TEORI PELABURAN |
| **TARIKH** : 01 APRIL 1996 (ISNIN) |
| **MASA** : 2.30 - 5.00 PTG. (2 1/2 JAM) |
| **TEMPAT** : PUSAT KONvensyen (DP 1/1) |

**ARAHAN :**
1. Kertas soalan ini mengandungi ENAM (6) soalan di dalam DUA (2) mukasurat bercetak.
2. Anda dikehendaki menjawab SEMUA soalan.

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**NO. MATRIK :**

(dengan perkataan) (dengan angka)

**NO. KAD PENGENALAN :**

**NAMA PENSYARAH :**

KUMPULAN : 

**JANGAN BUKA SOALAN INI SEHINGGA DIBERI ARAHAN**
1. Ms Lai opened a margin account at a local brokerage firm. Lai’s initial investment was to purchase 200 shares of Pertama Corporation on margin at RM40 per share. Lai borrowed RM3,000 from a broker to complete the purchase.

   a. At the time of the purchase, what was the actual margin in Lai’s account?

   b. If Pertama stock subsequently rises in price to RM60 per share, what is the actual margin in Lai’s account?

   c. If Pertama stock subsequently falls in price to RM35 per share, what is the actual margin in Lai’s account?

      (14 Marks)

2. i) What aspects of short selling do brokerage houses typically find to be especially profitable?

      (8 Marks)

   ii) Distinguish between an investor receiving a margin call and having his or her margin account restricted?

      (8 Marks)

3. i) Is it true that in a perfectly efficient market no investor would consistently be able to earn a profit?

      (10 Marks)

   ii) Although security markets may not be perfectly efficient, what is the rationale for expecting them to be highly efficient?

      (10 Marks)

4. i) Why are typical investors assumed to prefer portfolios on indifference curves lying to the "northwest"?

      (10 Marks)

   ii) Explain why an investor’s indifference curves cannot intersect.

      (10 Marks)
5. How does the efficient set change when risk-free borrowing and lending are introduced into the Markowitz model? Explain with words and graphs. 

(14 Marks)

6. i) Given an expected return of 12% for the market portfolio, a risk-free rate of 6%, and a market portfolio standard deviation of 20%, draw the Capital Market Line. 

(8 Marks)

ii) A security with a high standard deviation of returns is not necessarily highly risky to an investor. Why might you suspect that securities with above-average standard deviations tend to have above-average betas? 

(8 Marks)