

Set 2 Questions & Answers 010808

**Set 2**

1. Arrange accordingly from the highest risk fund to the lowest risk fund.

- i. Equity Fund
- ii. Money Market Fund
- iii. Balanced Fund
- iv. Hedge Fund

- A. i, ii, iii, iv
- B. iv, i, iii, ii
- C. iii, iv, ii, i
- D. i, iv, iii, ii

**Answer B**

Hedge Fund is the most risky, followed by Equity Fund, Balanced Fund (which has equity exposure) and Money Market Fund.

2. The unit trust funds that are available in the market could be designed to meet the following investor’s requirement:

- A. Long term savings
- B. Children’s Education
- C. Retirement Fund
- D. All of the above

**Answer D**

Unit trust is a medium to long term investment tool to meet investor’s long term objectives.

For question 3 & 4, please refer to the data given below.

Month	NAV/unit
April	RM0.50
May	RM0.60
June	RM0.70

3. Mr. Dave invested regularly for the past 3 months. His total investment is RM4, 500. What is the average price of his investment?

- A. RM0.60
- B. RM0.59
- C. RM0.43
- D. RM0.56

**Answer B**

Total investment = RM4,500  
 Total units = (RM1,500/RM0.50) + (RM1,500/RM0.60) + (RM1,500/RM0.70)  
 = 3000 + 2500 + 2142.88  
 = 7642.88  
 Average price of his investment = Total investment/Total units  
 = RM4,500/7642.88  
 = RM0.59

4. How many units Mr. Dave had by the end of May?

- A. 5,500
- B. 7,643
- C. 4,500
- D. 4,000

**Answer A**

Total units for 2 months (April and May)  
 = (RM1,500/RM0.50) + (RM1,500/RM0.60)  
 = 3000 units + 2500 units  
 = 5500 units

5. A 20 year old employee, who belongs to Stage 1 of the client type, has very little savings but possesses low commitments and is very skeptical in investing unit trust. However he has high toleration for risk. Which of the following should he invest in?

- A. Growth Fund
- B. Hedge Fund
- C. Income Fund
- D. Balanced Fund

**Answer A**

## Set 2 Questions & Answers 010808

He or she can start building a small nest egg by investing into growth oriented UTS. Perhaps some additional risk can be taken by investing in more specialized and aggressive UTS. He or she may be able to tolerate higher volatility in investment returns over the short-term, as the focus will be on returns over the long periods. (Chapter 5, page 5-7)

6. Capital Market Masterplan introduced a host of recommendations to further spur the Islamic capital market. Parts of the efforts were to enhance awareness of the Malaysian Islamic capital market to domestic and international levels. Which recommendation does this belong to?
- A. Recommendation 77
  - B. Recommendation 66
  - C. Recommendation 65
  - D. Recommendation 73

**Answer D**  
(Chapter 6, page 6-3)

7. Kumpulan Guthrie Bhd launched its first international corporate bond in
- A. 2000
  - B. 1999
  - C. 1997
  - D. 2002

**Answer D**  
(Chapter 6, page 6-4)

8. Which of the following best describes a close ended fund?
- A. Units are not quoted in an exchange.
  - B. Prices are determined by the market forces of demand and supply in Bursa Malaysia.
  - C. Prices remain unchanged throughout trading day.
  - D. Forward pricing is practiced.

**Answer B**

The price of any listed securities is determined by buyers and sellers in the market. (Chapter 1, page 1-12)

9. Which of the following propositions a UTC should not practice?
- A. "The market is going up, you should come in now, capital appreciation is assured".
  - B. "If you can't invest it doesn't matter, you can always loan from the bank".
  - C. "Invest in equity fund now, you stand a chance to win a free welcome gift".
  - D. All of the above

**Answer D**

10. Which of the following has the highest volatility of price?
- A. Bond Fund
  - B. Aggressive Growth Fund
  - C. Money Market Fund
  - D. Income Fund

**Answer B**

Equity UTS labeled "aggressive growth" generally invest in companies with higher capital growth potential, but with associated higher risk. (Chapter 1, page 1-13)

11. Rahim and Kajai invested RM64,000. Rahim received returns of 8.5% per annum. As the years went by, both doubled their investment. Kajai received his returns faster by 1.27 years. What is Kajai's rate of return?
- A. 8.5%
  - B. 12%
  - C. 10%
  - D. 17%

**Answer C**

Set 2 Questions & Answers 010808

Use Rule of 72

Rahim received his returns in 8.47 years (72/8.5)

Kajai = 8.47 years – 1.27 years = 7.2 years

Kajai's returns = 72/7.2 = 10%

12. What do you understand about 1:2 unit split?

- A. The units in circulation will be doubled
- B. The price will be doubled
- C. The prices will proportionally decreased
- D. All of the answers are incorrect

**Answer D**

13. Which statement is correct?

Fund X	Fund Y
80% Equity	20% Equity
20% Fixed Income	80% Fixed Income

- A. If the market falls, X will be more negatively affected than Y.
- B. If the market rises, both X & Y will be negatively affected.
- C. If the market falls, X will be more positively affected than Y.
- D. None of the above is correct.

**Answer A**

The performance of most equities is closely linked to the market performance. A rising share market will normally result in an increase in the value of units in equity UTS, and vice versa. (Chapter 1, page 1-13)

14. Mr. A wants to invest RM150,000. What is the maximum amount can he borrow from the financial institution?

- A. RM200,000
- B. RM66,000
- C. RM100,500
- D. RM120,000

**Answer C**

Maximum amount = RM150,000 x 67% = RM100,500

15. The unit holders rights in UTS include the following except:

- A. To receive UTS annual and interim reports.
- B. To call meetings for unit holders.
- C. To receive distribution from UTS.
- D. To change the investment portfolio.

**Answer D**

Unit holders do not have rights to decide on the investment portfolio - loss of control. (Chapter 1, page 1-5). Unitholder's right. (Chapter 1, page 1-27)

16. Tax rate = 20%

Inflation rate = 5%

Rate of return = 10%

Please calculate the effective rate of return after tax and inflation.

- A. 3%
- B. 5%
- C. 10%
- D. 20%

**Answer A**

Return after tax

Rate of return – (Rate of Return x Tax Rate)

= 10% - (10% x 20%)

= 10% - 2%

= 8%

Effective rate of return

Return after tax – inflation rate

= 8% - 5%

= 3%

17. When comparing the performance of a fund over a period of time, a decreasing MER will indicate?

## Set 2 Questions & Answers 010808

- A. The UTMC is not managing the total fees and expenses well.
- B. The UTMC is managing the total fees and expenses well.
- C. The NAV of the fund is rising.
- D. The NAV of the fund is falling.

### Answer B

A gradually decreasing MER over a period of several years indicates that a UTMC may be managing its operating costs efficiently for its fund size. (Chapter 1, page 1-32)

18. One of your friends tells you, "By the time I retire in year 2020, I believe KLCI will be many times what it is today. I am happy with that. Give me a fund that can best deliver the same result." What would you recommend to him?

- A. Buy a growth fund because it can give him a return better than KLCI by year 2020.
- B. Buy a balanced fund because its investment return are less volatile than the KLCI.
- C. Buy an index trading fund using KLCI as benchmark.
- D. For such a long investment horizon, don't worry buy any fund.

### Answer C

19. What is the meaning of liquid advantage offered by unit trust scheme?

- A. As liquid as cash.
- B. Able to purchase or redeem on any business day.
- C. Buys more unit trust on rising and less on falling market.
- D. None of the above.

### Answer B

One of the benefits of UTS is ready access to funds, the investment can easily be sold within a short period time. UTS provide this

benefit, as units can be bought and sold readily through UTMC, IUTA and UTC.

20. Dollar cost average is:

- A. Buy low sell high
- B. Buy high sell low
- C. Regular investment at a fixed amount of money
- D. Buy fixed unit every time

### Answer C

The concept refers to the systematic and regular investment of a fixed amount of money, irrespective of the price level of the investment at the time the investment is made. (Chapter 3, page 3-30)

21. Mr. Ahmad made his first investment at the price of RM0.20. He puts in more money on the second investment and got 10,000 units. He made redemption a month after that and receives RM15,000 for RM0.25 per unit. How much did he invest at his first investment?

- A. RM15,000
- B. RM10,000
- C. RM5,000
- D. RM20,000

### Answer B

Number of units held during redemption:  
RM15,000/RM0.25 = 60,000 units  
Second investment = 10,000 units  
First investment = 60,000 units – 10,000 units  
= 50,000 units  
Amount invested = 50,000 units x RM0.20  
= RM10,000

22. What is the purpose of UT performance table?

- A. For SC to regulate the funds.

Set 2 Questions & Answers 010808

- B. For FMUTM to regulate the funds.
- C. Segregation of funds into different categories according to the fund size.
- D. To provide investors with the same means to monitor and evaluate the performance of the fund.

**Answer D**

UTS performance tables published by research houses endorsed by FMUTM can be a useful tool for monitoring investment performance. (Chapter 1, page 1-37)

23. Islamic UT invest only in halal counters such as:

- A. Conventional banking
- B. Telecommunications
- C. Gambling
- D. Alcohol

**Answer B**

(Chapter 6, page 6-13)

24. Which of the below describes open ended funds?

- A. The price fluctuates within the day.
- B. The fund manager has to buy back from the investor.
- C. Transactions are through stock broker.
- D. They are property trust.

**Answer B**

Investor's sales and repurchases of units in an open ended fund are transacted daily within UTMC, often with the assistance of UTC. (Chapter 1, page 1-12)

Question 25 & 26 are to be answered based on the following

NAV cum-distribution of Fund A is RM150,000,000. Unit in circulation is 100,000,000. The fund declared distribution RM0.10 per unit, and the fund manager is charging 5% for service charge.

25. What is the NAV per unit of Fund A ex-distribution?

- A. RM1.50
- B. RM1.45
- C. RM1.40
- D. RM1.38

**Answer C**

NAV/unit cum-D =NAV/units in circulation  
=RM150,000,000/100,000,000  
=RM1.50  
NAV per unit ex-D =NAV/unit cum-D-distribuiton  
=RM1.50-RM0.10  
=RM1.40

26. What is the NAV per unit of Fund A cum-D?

- A. RM1.50
- B. RM1.45
- C. RM1.40
- D. RM1.38

**Answer A**

NAV/unit cum-D =NAV/units in circulation  
=RM150,000,000/100,000,000  
=RM1.50

27. This fund invests mostly in stocks in listed companies, which emphasizes more in capital growth than fixed income and distributions.

- A. Equity Fund
- B. Balanced Fund
- C. Bond Fund
- D. Money Market Fund

**Answer A**

The major portion of equity UTS portfolios are shares of listed companies. (Chapter 1, page 1-13)

Set 2 Questions & Answers 010808

Question 28, 29 & 30

Lump sum investment : RM100,000  
 Initial entry cost : 6.5%  
 On-going management fee : 1.4%  
 Rate of Return : 11%

28. What is the return of the investment after 10 years?

- A. RM233,839.11      C. RM233,547.23  
 B. RM234,831.27      D. RM234,098.95

**Answer B**

Working capital =  $RM100,000 / (1 + 6.5\%)$   
 =  $RM100,000 / (1.065)$   
 = RM93,896.71  
 Effective Rate of Return =  $11\% - 1.4\%$   
 = 9.6%  
 With the formula FV =  $PV (1 + i)^n$   
 =  $RM93,896.71 (1 + 9.6\%)^{10}$   
 =  $RM93,896.71 (1.096)^{10}$   
 = RM234,831.27

29. Assume that the initial entry cost decreased to 6%, what is the value of the investment after 10 years?

- A. RM233,839.11      C. RM235,938.96  
 B. RM235,089.59      D. RM234,098.95

**Answer C**

Working capital =  $RM100,000 / (1 + 6\%)$   
 =  $RM100,000 / 1.06$   
 = RM94,339.62  
 Effective Rate of Return =  $11\% - 1.4\%$   
 = 9.6%  
 With the formula FV =  $PV (1 + i)^n$   
 =  $RM94,339.62 (1 + 9.6\%)^{10}$   
 =  $RM94,339.62 (1.096)^{10}$   
 = RM235,938.96

30. How long does it take to increase the investment amount to RM200,000 with the effective rate of returns from question 28 & 29?

- A. 4.8 years      C. 7.5 years  
 B. 6.3 years      D. 7.2 years

**Answer C**

Rule of 72 =  $72 / 9.6$   
 = 7.5 years

31. The published NAV in newspaper today is RM0.65. The price at the end of the day is RM0.66. If Mr. Eddie invested RM10,000 today, how many units is he getting if forward pricing is applied. (Assume the 5% of service charge is applied)

- A. 14,430.02 units      C. 15384.62 units  
 B. 16,666.67 units      D. 15,151.52 units

**Answer A**

Amount invested = RM10,000  
 Working Money =  $RM10,000 / (1 + 5\%)$   
 = RM9523.81  
 Total units =  $RM9523.81 / RM0.66$   
 = 14,430.02 units

32. In Annual Report of ABC Millennium Fund, expenses incurred by the fund during the financial year:-

Annual Management Fee : RM3,528,673  
 Trustee : RM150,326  
 Auditor's Remuneration : RM16,300  
 Administration expenses : RM28,418  
 Average Fund Size : RM235,300,528

What is the MER of this fund?

- A. 1.50%      C. 0.07%  
 B. 1.58%      D. 0.01%

Set 2 Questions & Answers 010808

**Answer B**

$$\begin{aligned} \text{MER} &= \frac{(\text{Fees} + \text{Recovered Expenses})}{\text{Average Fund size}} \times 100 \\ &= \frac{\text{RM3,723,717}}{235,300,528} \times 100 \\ &= 1.58\% \end{aligned}$$

33. Mr. Abraham invested RM5000 into ABC Growth Fund managed by ABC Unit Trust Management Bhd. Mr. Abraham now owns
- A. RM5000 worth of units of entitlement in the ABC Growth Fund
  - B. RM5000 worth of shares in ABC Unit Trust Management Bhd
  - C. RM5000 worth at direct ownership of investment portfolio held by ABC Growth Fund
  - D. RM5000 paid up capital of ABC Unit Trust Management Bhd

**Answer A**

Investors in UTS do not purchase the securities in the portfolio security. Ownership of the portfolio is divided into units of entitlement and each investor is known as a unit holder. (Chapter 1, page 1-2)

34. How many times would an investor receive report/reports in a financial year?
- A. 1 time
  - B. 2 times
  - C. 3 times
  - D. 4 times

**Answer B**

The Guidelines on Unit Trust Fund require each UTS to publish at least 2 reports for each financial year – an interim and annual report. Each unitholder is to be sent a copy of each report within 2 months after the end of the financial period. (Chapter 3, page 3-9)

35. Mr. A chooses Real Estate Investment Trust (REIT) that invests in real property which provides him with an opportunity to participate in property market in a way which is normally impossible for an individual investor like him as he only has RM 1,000. The statements below are valid about REIT except:

- A. All REITs are open-end fund, and the units are not listed in the stock market.
- B. Returns from property comprise net rental income, plus or minus any change in the value of the property over the period.
- C. Units in the listed REIT can be bought and sold through stockbrokers, and UTC would not normally arrange to buy or sell units for an investor.
- D. The prices at which units in REIT trade on Bursa Saham will reflect the returns.

**Answer A**

Property, as an asset class, is most suitable for a listed and closed-end structure since the unit holders can only sell units to other investors and, following the initial public offering, UTMC can be certain of having raised sufficient application money to purchase the nominated real property. (Chapter 1, page 1-12)

36. Besides the daily prices, the investors need to consider the distribution being declared by the fund manager when they evaluate the performance of the fund. How does this affect the NAV?
- A. The NAV of the fund is adjusted downward.
  - B. The NAV of the units of the particular fund remains unchanged.
  - C. The NAV per units has gone up.
  - D. The tax rate will decrease when distribution is declared.

**Answer A**

Set 2 Questions & Answers 010808

After receiving distribution, the NAV of the fund falls by the amount of the distribution. (Chapter 1, page 1-46)

37. A gradually decreasing MER over a period of several years indicates that
- A. The Fund Manager is reducing the annual management fee.
  - B. The Management Company may be managing its operating costs efficiently for its fund size.
  - C. The performance of the fund is getting better than previously.
  - D. The performance of the fund is getting worse than before.

**Answer B**

A gradually decreasing MER indicates a UTMC may be managing its operating costs efficiently for its fund size as MER is a summary of the ongoing expenses incurred by the UTS. (Chapter 1, page 1-32)

Question 38 & 39

38. A distribution of RM0.04 per unit has been distributed for Fund XYZ, the NAV cum distribution was RM1,500,000 while units in circulation was 1,000,000 units. Calculate the NAV per unit ex distribution.
- A. RM1.49
  - B. RM1.46
  - C. RM1.50
  - D. RM1.40

**Answer B**

$$\begin{aligned} \text{NAV/unit cum distribution} &= \frac{\text{RM1,500,000}}{1,000,000 \text{ units}} \\ &= \text{RM1.50} \\ \text{NAV/unit ex distribution} &= \text{RM1.50} - \text{RM0.04} \\ &= \text{RM1.46} \end{aligned}$$

39. Assume that Mr. Z wants to repurchase 20,000 units of his investment in Fund XYZ after distribution. Calculate the amount that he will get from the repurchase.
- A. RM29,800.00
  - B. RM28,000.00
  - C. RM30,000.00
  - D. RM29,200.00

**Answer D**

$$\begin{aligned} \text{Repurchase Amount} &= 20,000 \text{ units} \times \text{RM1.46} \\ &= \text{RM29,200.00} \end{aligned}$$

40. For investor who is unable or unwilling to do research and analyzes investment market on his or her own, UTS is an ideal way of investing. There are numbers of other significant benefits of investing that should be noted such as:

- I. Professional Management
- II. Ready access to funds
- III. Opportunity cost
- IV. Investment exposure
- V. Diversification

- A. I, II, III only
- B. I, II, III and IV only
- C. I, II, IV and V only
- D. All of the above

**Answer C**

Opportunity cost is a disadvantage for UTS. As with any decision, an investor who invests in UTS may have produced better returns by investing in other investment. This represents the “opportunity cost” of investing in UTS. (Chapter 1, page 1-3 to 1-5)

41. The major function of the Securities Commission includes
- I. To regulate all matters relating to unit



## Set 2 Questions & Answers 010808

- trust industry.
- II. To ensure that the provisions of securities laws are complied with.
  - III. To license and supervise all licensed persons as may be provided for under any securities law.
  - IV. To act as a custodian of assets of a UTS.

- A. I, II, III
- B. I, II, IV
- C. II, III, IV
- D. IV only

### Answer A

It is the trustee's responsibility to safeguard the UTS assets and ensure that they are invested in accordance with the terms of the deed. (Chapter 2, page 2-2)

42. At age 25, Unitholder C, an aggressive investor is willing to take high risk in investing in UTS B that is aggressive UTS. A few years later, Unitholder C is married with young children and he feels his personal circumstances has changed and that he prefers to invest in medium to low risk type of UTS. What is the best exercise for Unitholder C to do as a result of his changing personal circumstances?
- A. Repurchase Units
  - B. Suspension
  - C. Switch
  - D. Cooling-Off Right

### Answer C

Switch is a repurchase of units in a UTS (e.g. aggressive UTS) by a UTMC at the request of a unit holder and the immediate reinvestment of the repurchase proceeds as application money into a different UTS (e.g. medium to low risk UTS) managed by the same UTMC. (Chapter 3, page 3-8)

43. Technique A operates in a way which the period of ownership prior to the ex-D date is irrelevant. It is therefore possible to "buy"

a distribution entitlement for the full period by acquiring units just before the ex-D date. Technique A is known as

- A. Automatic Reinvestment
- B. Suspension
- C. Spread
- D. "Buying" a distribution

### Answer D

"Buying" a distribution entitlement for the full period means acquiring units just before the ex Distribution date. However, the decision to buy immediately prior to the ex Distribution date has reduced the investor's capital, since the UTS prices will fall on the following day by the amount of the distribution. The investor has, in effect, turned his capital into income and is no better off. (Chapter 3, page 3-12)

44. Dollar cost Averaging (DCA) can affect the average cost of investment. Which statement clearly explains the DCA effect?
- A. With fixed amount of money, investor can acquire more units in a rising market over a short term period.
  - B. With fixed amount of money, investor can acquire lesser units in a fluctuating market over long term period.
  - C. With fixed amount of money, investor can acquire more units at lower price and fewer units at higher price which can reduce the average cost over long term period.
  - D. With fixed amount of money, investor can acquire regular amount of units at lower price which can reduce the average cost over long term period.

### Answer C

By using DCA concept, investor can turn fluctuating prices to their advantage; especially if prices are moving down, they can purchase more units and reduce the average cost of their investment portfolio. (Chapter 3, page 3-30 to 3-32)

Set 2 Questions & Answers 010808

45. What is the real value for a single storey house costing RM75,000 today in 6 years' time with an inflation rate of 4%pa.?

- A. RM95,874.93
- B. RM93,000.93
- C. RM98,695.93
- D. RM94,898.93

**Answer D**

Compounding factor =  $(1 + i)^n$

$$= (1 + 4\%)^6$$

$$= (1 + 0.04)^6$$

$$= 1.265319$$

Value of the house after six years

$$= RM75,000 \times 1.265319$$

$$= RM94,898.93$$

46. Which of the below must you NOT say to a potential investor?

- A. Unit trust is as safe as fixed deposits.
- B. The market value of your capital may be lower than initially invested.
- C. Return in unit trust is not fixed.
- D. You should diversify your portfolio and have some fixed deposits.

**Answer A**

UTS, in the long run, can produce returns superior to those from traditional savings account and fixed deposits. The "cost" of these potentially higher returns is, of course, the risk that accompanies the investment. (Chapter 1, page 1-3)

47. Which of the following best describes the equity fund?

- A. Mainly invest in the equity market
- B. Mainly invest in bond and equity market
- C. Mainly invest in money markets
- D. Mainly invest in property markets

**Answer A**

The major portion of equity UTS portfolios are shares of listed companies. (Chapter 1, page 1-13)

48. To meet challenges posed by sophisticated customer, UTC must strive to do the following EXCEPT:

- A. Maintain high ethical standard
- B. Hard sell
- C. Acquire professional qualification
- D. Good product knowledge

**Answer B**

UTC should practice fair dealing (code of ethics) whereby aggressive and offensive sales practices should be avoided. (Chapter 4, page 4-27)

49. When was FMUTM formed?

- A. July 1992
- B. Aug 1992
- C. Aug 1993
- D. Aug 1994

**Answer C**

The FMUTM was formed on 7 August 1993 as a company limited by guarantee and not having a share capital. (Page viii)

50. UTMC uses forward pricing method when computing the selling and repurchase prices. Assuming at 9.30am today, the NAV of the fund was RM180,000,000.00 and units in circulation was 200,000,000. At the end of the day the NAV has increased to RM190,000,000.00 and units in circulation unchanged. If a customer wants to redeem today, how much is the repurchase price per unit if no repurchase fee is charged and the repurchase price is at NAV per unit.

- A. RM0.95
- B. RM1.05
- C. RM1.11
- D. RM0.90

Set 2 Questions & Answers 010808

**Answer A**

NAV/unit end of day  
 = Total NAV/Number of units  
 = RM190,000,000.00/200,000,000  
 = RM0.95

51. Which of the following charges is the fee levied by managers on investment to cover the cost of distributing the unit trust?

- A. Management Fee                      C. Trustee Fee  
 B. Initial Service Charge              D. Repurchase Fee

**Answer B**

Initial service charge is the cost to an investor of investing in, or entering, UTS and it is levied primarily to cover the UTMC costs of marketing and distributing units, and the cost of opening an account in the unit register for a unitholder. (Chapter 1, page 1-29)

52. Mr Hadi holds 5,000 units of Fund XYZ before unit split of 1:2 with an investment value of RM10, 000.00. After the unit split issue, his fund XYZ account will have

- A. 2,500 units at investment value of RM10, 000  
 B. 5,000 units at investment value of RM15, 000  
 C. 7,500 units at investment value of RM15, 000  
 D. 7,500 units at investment value of RM10, 000

**Answer D**

Number of units after unit split issue  
 =  $5,000 \times \frac{3}{2}$   
 = 7,500 units

The effect of splitting units in UTS does not affect the NAV of that UTS, nor does it affect the value of a unit holder's investment. (Chapter 1, page 1-44)

53. "Investment benchmark" is

- A. Fund management objective that selects securities based on a specified Stock Exchange Composite Index.  
 B. A standard measurement for comparing investment performance.  
 C. Shifting investment portfolio from stocks to fixed-income securities.  
 D. A strategy that entails buying low and selling high.

**Answer B**

Performance of a relevant benchmark such as the KLCI, interest rate, and sometimes the inflation rate and EPF returns are one of the methods to measure performance. (Chapter 1, page 1-35)

54. Miss Amelia spent RM25,000 last year and this year she spent RM26,125 with the same purchasing power. How much does Miss Amelia has to spend if she wants to maintain it for the next year?

- A. RM27,301                                      C. RM27,250  
 B. RM28,001                                      D. RM30,350

**Answer A**

With the formula  $FV = PV (1 + i)^n$   
 $26125 = 25000 (1 + i)$   
 $1.45 = (1 + i)$   
 $0.45 = i$   
 $i = 4.5\%$   
 $FV = 25000 (1 + 4.5\%)^2$   
 $= 25000 (1.045)^2$   
 $= 27,301$

55. If an investor secures maximum loan financing for unit trust investment, and the amount of investment on his own is RM40, 000, what will be his total investment?

- A. RM19, 701                                      C. RM81, 212  
 B. RM59, 701                                      D. RM121, 212

Set 2 Questions & Answers 010808

**Answer D**

$$\begin{aligned} \text{Own pocket money} &= 33\% \\ 33\% &= \text{RM}40,000 \\ \frac{33}{100} \times \text{Amount} &= \text{RM}40,000 \\ \text{Amount} &= \frac{\text{RM}40,000 \times 100}{33} \\ &= \text{RM}121,212 \end{aligned}$$

56. \_\_\_\_\_ introduces new licensing framework allows capital market intermediaries to hold one license to carry on any one or more regulated activities.

- A. Capital Market and Services Act
- B. Securities Commission Act
- C. Guidelines on Unit Trust Funds
- D. Securities Industry Act

**Answer A**

57. A UTS intends to increase the level of its management fees. Who must approve this change?

- A. The scheme's officers
- B. The scheme's management company
- C. The scheme's custodian
- D. The scheme's unit holders

**Answer D**

58. Azita just bought 5,000 units of ABC Growth Fund from her UTC, Miss Anne. Who paid the initial sales charge?

- A. Azita
- B. Anne
- C. The fund manager of the ABC Growth Fund
- D. The ABC Growth Fund

**Answer A**

Initial sales charge is the cost for an investor who invests in UTS. (Chapter 1, page 1-29)

59. Under whose name the assets and investments of the unit trust scheme would be held under?

- A. Trustee
- B. UTMC
- C. Investor
- D. Stock broking house

**Answer A**

All assets of a UTS are held in the trustee's name for safekeeping. (Chapter 2, page 2-15)

60. NAV per unit of Fund C is RM0.89, assuming there are 5% service charge and no redemption charge, how much Mr. Kumar is going to get if he redeem 5,000 units of his investment in Fund C?

- A. RM4,450
- B. RM4,227.50
- C. RM4,672.50
- D. RM4,500

**Answer A**

$$\begin{aligned} \text{Repurchase amount} \\ &= 5000 \text{ units} \times \text{RM}0.89 = \text{RM}4,450 \end{aligned}$$