A picture containing company name

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Core Unit 4

Financing and Investing for Retirement Provision

Mock Examination

Recommended Time: 2 hours

1. Alpha and Beta are two terms commonly used to judge active investment manager performance. Explain the meaning of these terms and state what levels of alpha and beta a trustee would typically prefer.

**5 marks**

1. Describe how investment professionals assess whether a company’s share price is reasonable and outline the most common methods of valuing the shares.

**20 marks**

1. What is the key difference between a Lifestyle Fund and a Target Date Fund?

**5 marks**

1. Outline the main objectives of the Pensions Regulator and the powers it has to act where it believes an employer is deliberately attempting to avoid its pension obligations.

**10 marks**

1. Explain what a swap is and briefly describe 5 types of swap.

**15 marks**

1. Write short notes on how risk can be reduced by improving the employer covenant.

**5 marks**

1. A major reason for funding pension schemes in advance is to provide security for members.

Explain how this security is achieved

**5 marks**

1. Write a Report to explain to a newly appointed trustee the workings of an Absolute Return Fund with particular reference to

* Absolute Return versus Relative Return
* How Absolute Return Funds aims to achieve their objective
* Multi-asset or asset allocation approach
* Long/short funds
* Equity market-neutral fund

**35 marks**