CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2024 SEMESTER

COURSE CODE	:	**EBB30803**
COURSE NAME	:	**INVESTMENT MANAGEMENT**
PROGRAMME NAME	:	**BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN ISLAMIC FINANCE**
DATE	:	**11 JULY 2024**
TIME	:	**9.00 AM – 12.00 PM**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FOUR (4)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE FIVE (5) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

As a Financial Manager to Utah Financial Advisory Corp., you had been asked by your manager to evaluate two possible investments, investment in share of firms A and B. table below gives the possible returns and associated probabilities of shares A and B.are as follows:

Share A		**Share B**	
Probability A	***Return on A (%)***	***Probability B***	***Return on B (%)***
0.05	-10	0.05	20
0.25	15	0.25	-5
0.30	20	0.30	26
0.35	25	0.35	32
0.05	30	0.05	38

Table 1 : potential investment for Utah Financial Advisory Corp.

Required:

a. Calculate the expected return for each investment (10 marks)

b. Calculate the standard deviation for each investment (12 marks)

c. Measure the correlation coefficients for both investment (10 marks)

d. Assuming that an investor puts in 60% of his investment funds into share A and 40% into share B, find the return on portfolio and portfolio risk for this investment (8 marks)

Question 2

The following financial statements apply to Finted Bhd.

Balance Sheet as at 31 December 2019 (RM' million)

	RM		RM
Asset		Current Liabilities	
Cash	4	Accounts payable	7
Inventory	10	Accruals	3
Account receivable	4	Notes payable	2
Marketable securities	2	Current liabilities	12
	20		
		Long term debt	13
Net fixed asset	20	Common stock	10
		(Outstanding share 1M units x RM10)	
		Retained earnings	5
Total asset	40	Total liabilities and equity	40

Income statement for the year ended 31 December 2019 (RM' million)

	RM
Sales: Cash	20
Credit	80
	100
-) Cost of good sold (COGS)	60
Gross profit	40
-) Operating expenses	32
EBIT (Operating Profit)	8
-) Interest expenses	2
EBT (After Interest Profit)	6
-) Taxes (40%)	2.4
Net Income	3.6
-) Preferred Dividend	1.6
Retained earnings	2

a. Calculate the following financial ratios and comment each ratio with industry average (in brackets).

(15 marks)

i. Current ratio (2.5 times)

ii. Total debt ratio (40%)

iii. Time interest earned (3 times)

iv. Days in receivable (18 days)

v. Days in inventory (65 days)

b. List any **FIVE (5)** users of financial ratio analysis.

(5 marks)

Question 3

a. B&G Energy Holding Ltd had issued bond guaranteed by British Government's firm with USD1000 face value for 10 years to mature, carries a 9% coupon with a current yield 12%. Noticed that currency exchange rate had been lock to RM4.50 per dollar. How much value of the bond?

(5 marks)

b. Ar Rajhi Bank had been introducing Sukuk Aqila to the market for the last 7 years. Currently the value of the sukuk, is RM 1250. If the coupon issued 5%, how much yield to maturity had been offered?

(5 marks)

c. A bond has the following terms:

Annual coupon interest	RM130
Term	7 years
Principal	RM1 000

i. What is the price of the bond if coupon rate 14% is paid semiannually?

(5 marks)

ii. If the market price of the bond is RM750 at the end of maturity date, calculate the YTM.

(5 marks)

Question 4

a. Explain bullish candlestick patterns in financial market.

(5 marks)

b. Explain any FIVE (5) types of candlestick patterns in financial market.

(15 marks)

END OF QUESTION PAPER