



UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL

---

FINAL EXAMINATION  
OCTOBER 2025 SEMESTER

---

COURSE CODE : EBB30803  
COURSE TITLE : INVESTMENT MANAGEMENT  
PROGRAMME NAME : BACHELOR IN ISLAMIC FINANCE WITH HONOURS  
DATE : 24 JANUARY 2026  
TIME : 9:00AM - 12:00PM  
DURATION : 3 HOURS

---

INSTRUCTIONS TO CANDIDATES

---

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consist of ONE sections.
4. Section A consist of five questions. Answer FOUR (4) questions only.
5. Please write your answer on the answer booklet provided.
6. Please answer all questions in English only.
7. Refer to the attached Formula/ Appendies.  Tick if applicable

---

THERE ARE 7 PAGES OF QUESTIONS INCLUDING THIS PAGE

---

## SECTION A (Total: 100 marks)

Answer FOUR (4) questions.

Please use the answer booklet provided.

## Question 1

Given below is information about three RM1,000 par value bonds, each of which pays coupon annually. The required rate of return on each bond is 8%.

Bond (RM)	Coupon Rate (%)	Maturity (Years)	Market Price
Nazli Bhd	7	5	1050
Sofwan Bhd	8	10	1000
Zuraini Bhd	9	15	950

- (a) Without performing any calculations, determine whether each bond should sell at a discount, at its par value, or at a premium. (6 marks)
- (b) Calculate the intrinsic value of each bond. (13 marks)
- (c) Which bond/s should be bought, sold or hold. (6 marks)

## Question 2

Read the following article that is extracted from The Edge dated 30<sup>th</sup> May 2021

*"Government names sectors, services that are allowed to operate under total lockdown*

Ahmad Naqib Idris  
/theedgemarkets.com

*KUALA LUMPUR (May 30): The government has announced that all economic and social activities will not be allowed, except for a list of economic sectors and services that will be allowed to operate during the total lockdown under Movement Control Order 3.0 (MCO 3.0) effective June 1 until June 14, 2021.*

*During a press conference earlier today, Senior Minister (Security Cluster) Datuk Seri Ismail Sabri Yaakob said these comprise:*

- Food and beverage (F&B), including for animals
- Animal clinics and veterinary
- Water
- Energy
- Security and defence
- Waste management and public cleaning
- Land, air and water transport
- Docks, airports and transport related to cargo and commodities
- Communications, including media, telecommunications and internet services
- Banks, insurance, takaful and the capital markets
- Community credit, such as pawnshops
- E-commerce
- Fuel and lubricants
- Hotels for quarantine purposes only
- Construction and critical infrastructure works
- Forestry

*He said all subsectors of manufacturing are not allowed, with the exception of aerospace (for components and maintenance, repair and overhaul), F&B, packaging and printing (related to the F&B or medical sector), cleaning products, as well as health and medical.*

*For the sectors that are allowed to operate, he said the workforce will be limited to 60% of their respective total number of workers.*

*"We hope that those in the manufacturing sector that have been allowed to operate at 60% capacity will adhere to the requirements," said Ismail.*

*Farming and fishing activities are also allowed, along with the supply chain related for these activities, similarly for the agriculture, commodities and construction sectors. Meanwhile, shopping malls will not be allowed to operate, with the exception of outlets and shops providing necessities, such as food and groceries. Supermarkets and grocery shops are also allowed to operate.*

*For supermarkets and hypermarkets, only the F&B and necessities segments will be allowed to operate, while other non-necessities such as clothing, will not be allowed to operate. For F&B outlets, restaurants and stalls are allowed to operate, albeit only for take away and delivery services. Dining-in is not allowed. Other services that are allowed to operate include laundrettes, opticians, hardware stores, vehicle workshops, e-commerce and wholesalers. Fresh markets are allowed to operate between 7am and 12pm, as well as permanent farmers' markets (6am to 4pm), and wholesale markets (12am to 6am and 11am to 4pm). Petrol stations are allowed to operate from 6am to 8pm, except for those running 24-hour operations.*

*Kindergartens are not allowed to operate, except for frontliners and families' where both parents are working. Allowed sports and recreational activities are limited to jogging and exercise only. Under the latest total lockdown, Ismail said the authorisation letters previously granted for commuting to work, cross-district or cross-state travel will only be effective until May 31.*

*Employers and other parties seeking authorisation will need to get new approval letters from the relevant ministry or authority."*

- (a) You are interested to buy shares of some stocks and have been doing an analysis for the past three months on certain stocks in manufacturing Industries when you suddenly get the above news on the 30<sup>th</sup> May. How would the news affect your investment decisions. (You might want to include the theory of Efficient Market Hypothesis and the type of stocks).

(25 marks)

**Question 3**

Your lawyer informs you that a week from now you will inherit RM250,000 from your late grandparents. Answer all the questions below before you can invest the money you inherit.

- (a) Define the term investment. (3 marks)
- (b) How would you invest the RM250,000? Specify **THREE (3)** or more investment vehicles that you could choose and state the types of returns each will generate for you. (9 marks)
- (c) State **TWO (2)** advantages and **TWO (2)** disadvantages of using margin trading. (8 marks)
- (d) At different stages of the life cycle, an investor tends to follow a different investment philosophy. As a young investor, explain your investment preferences. (5 marks)

**Question 4**

Answer the following questions:

- (a) i. Pendekar purchased 300 shares of JEBAT Co's stock at RM55 per share using the prevailing minimum initial margin requirement of 50%. He held the stock for exactly four months and sold it without any brokerage costs at the end of that period. During the four month holding period, the stock paid RM1.50 per share in cash dividends. JEBAT Co was charged 9% annual interest on the margin loan. The minimum maintenance margin was 25%.

At RM45 share price calculate the actual margin percentage, and indicate whether Pendekar's margin account would have excess equity, would be restricted or would be subject to a margin call.

(5 marks)

- ii. At RM50 sale price at the end of the four month holding period, calculate Pendekar's rate of return on the JEBAT Co's stock transaction.

(6 marks)

- (b) You sell short 200 shares of Mawar Indah Bhd. which are currently selling at RM25 per share. You post the 50% margin required on the short sale. If your broker requires a 30% maintenance margin, calculate the stock price at a margin call. (You earn no interest on the funds in your margin account and the firm does not pay any dividend)

(6 marks)

- (c) Describe the initial public offering (IPO) process and explain the role of the underwriter, the Securities Commission (SC), and the red herring.

(8 marks)

**Question 5**

Answer the following questions on common shares:

- (a) "Comparing the current stock price to the fair value range helps determine whether a stock is considered overvalued, undervalued or at fair value."  
Discuss three different values stated in the above statement that help investors make their investment decision.

(6 marks)

- (b) Nasran is considering investing in BeeHive Bhd's stock with a two year investment horizon. He forecasted next year's dividend at RM1 per share and the second year's dividend at RM1.5 per share. Using the P/E approach, Nasran forecasted the price of BeeHive Bhd after two years at RM60. Nasran's required rate of return is 16%. Should he buy the shares if it is currently quoted at RM50 on Bursa Malaysia?

(6 marks)

- (c) Nest Bhd has forecasted dividends to be RM4 per share for the coming year. The dividend is expected to grow at a constant rate of 9% per annum indefinitely. The required rate of return of investors is 12%. Calculate the intrinsic value of the share. Identify whether the share is underpriced or overpriced if the share is selling at RM130.

(6 marks)

- (d) ASA Bhd has paid a dividend of RM5.76 per share for the year ended 2008. Its management expects annual dividends to be constant indefinitely. Halim, who has invested his money in ASA Bhd requires a 15% return. Advise Halim if he should sell his shares or buy additional shares if the current market price is RM43. Justify your answer.

(3 marks)

- (e) Axia Co earned RM3.10 per share last year and paid a RM0.75 per share dividend. If ROE was 16%, calculate the growth rate.

(4 marks)

END OF EXAMINATION PAPER