



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **FIN2143 INVESTMENT MANAGEMENT**
 Semester & Year : May - August 2024
 Lecturer/Examiner : Assoc Professor Dr. Akram Al-Khaled
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (25 marks) : Answer all THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.
PART B (75 marks) : Answer all THREE (3) structured-type questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 3 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (25 MARKS)

INSTRUCTION (S) : Answer **ALL THREE (3)** questions. Answers are to be written in the Answer Booklet (s) provided.

Question 1

Briefly explain the following terms in the perspective of investment management:

a) Swap contract (3 marks)

b) Unit trust investment (3 marks)

c) Mutual funds (3 marks)

(Total: 9 marks)

Question 2

Discuss **FOUR (4)** characteristics of a preferred stock.

(8 marks)

Question 3

Illustrate **FOUR (4)** characteristics of a bond which require to be known by each investor prior to investing their fund in the bond market.

(8 marks)

End of Part A

PART B : STRUCTURED-TYPE QUESTIONS (75 MARKS)

INSTRUCTION (S) : Answer **ALLTHREE (3)** questions. Write your answers in the answer Booklet(s) provided.

Question 1

Derivatives are financial contracts whose value is dependent on an underlying asset or group of assets. The commonly used assets are stocks, bonds, currencies, commodities and market indices.

- a) Examine **THREE (3)** reasons behind the use of derivative contracts. (9 marks)
- b) Discuss **FOUR (4)** key purposes of derivatives in the perspective of investment management. (8 marks)
- c) Identify **TWO (2)** participants of the derivatives market based on the motives and strategies adopted. (8 marks)

(Total: 25 marks)

Question 2

- a) Analyze **THREE (3)** strategies used by the active managers to add value to their portfolios. (9 marks)
- b) Debate the relationship between inflation and interest rate in an investment management. (16 marks)

(Total: 25 marks)

Question 3

- a) The Capital Asset Pricing Model (CAPM) is a model that describes the relationship between the expected return and risk of investing in a security. Elaborate **THREE (3)** limitations of CAPM. (12 marks)
- b) A security is a financial instrument, typically any financial asset that can be traded. Describe **FOUR (4)** components that comprise the total costs associated with issuing securities. (8 marks)
- c) Discuss how options apply to capital budgeting. Provide a relevant example to support your answer. (5 marks)

(Total: 25 marks)

END OF EXAMINATION PAPER