



PENINSULA
COLLEGE
GEORGETOWN DK266-03(P)



UNIVERSITY OF
PLYMOUTH

FINAL EXAMINATION

Semester	:	SEPTEMBER 2025 SEMESTER
Programme Name	:	BA (HONOURS) ACCOUNTING & FINANCE 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH
Course Code & Name	:	MAL3053 INVESTMENT MANAGEMENT
Duration	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. The question paper consists of **FOUR (4)** questions.
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very 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 Peninsula College Georgetown.

(This booklet contains 4 printed pages including this page)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

Answer **ALL** questions on the separate sheet provided.

[100 MARKS]

1. Ms. Liyana owns a diversified portfolio consisting of shares from five listed companies as shown below:

Security	Number of Shares	Market Price per Share (RM)	Beta Coefficient	Actual Return (%)
Alpha	10,000	3.00	0.8	12.5
Bravo	15,000	2.50	1.1	15.8
Charlie	20,000	1.80	0.9	14.2
Delta	12,000	2.20	1.3	18.4
Echo	18,000	1.60	0.7	11.6

Market return = 14%, Risk-free rate = 6% [Formula: $R_i = R_f + \beta_i (R_m - R_f)$]

Required:

- a) Using the CAPM, calculate the required rate of return for each security. (10 marks)
- b) Compute the portfolio beta and evaluate whether the portfolio is riskier than the market. (10 marks)
- c) Determine whether each security is overvalued or undervalued. (5 marks)
- Total: [25 marks]
2. You are hired as a Financial Analyst at a global investment advisory firm. The firm plans to launch a new "Ethical Growth Portfolio", which focuses on long-term capital appreciation through ESG-aligned investments. Your manager has requested that you prepare a policy memorandum to support the firm's board discussion.

Prepare your written response to the following memorandum for your manager.

To: Manager, Ethical Investment Division
From: (Your Name), Financial Analyst
Date: (Insert Date)
Subject: Integration of ESG Principles in Ethical Growth Portfolio Planning

Memorandum:

Your task is to prepare a comprehensive report addressing the following:

- a) Explain the main methods and strategies used to integrate ESG principles into portfolio planning and investment decisions. (10 marks)

- b) Evaluate the challenges and limitations that may arise when implementing ESG strategies in real-world investment portfolios. (8 marks)
- c) Identify and discuss at least **THREE (3)** ESG issues that are most relevant to shaping the development of an Ethical Growth Portfolio. (7 marks)
- Total: [25 marks]

3. a) Bliss Manufacturing Sdn. Bhd. is evaluating two investment alternatives, Asset X and Asset Y, both of which have uncertain future returns. The firm's analysts have developed the following probability distribution for the expected rates of return:

State of Economy	Probability	Return on Asset X (%)	Return on Asset Y (%)
Boom	0.30	18	22
Normal	0.50	12	10
Recession	0.20	4	-2

Required:

For each asset, compute the following.

- i) the expected rate of return. (8 marks)
- ii) the standard deviation of the expected return. (8 marks)
- iii) the coefficient of variation of the return. (2 marks)
- iv) Based on your results, which asset should Bliss Manufacturing select? Justify. (2 Marks)
- b) Suppose the firm could create a portfolio by combining two assets that have a correlation coefficient of -0.6 . Explain how this negative correlation would affect the portfolio's risk and diversification benefits. (5 marks)
- Total: [25 marks]
4. a) Discuss FinTech applications in risk management within the financial services industry. (13 marks)
- b) Identify key financial and non-financial risks associated with FinTech operations and explain how these risks may interact and impact financial stability. (12 marks)
- Total: [25 marks]

- END OF QUESTIONS -

FORMULAS

$$R_i = R_f + \beta_i(R_m - R_f)$$

$$E[R] = \sum(p_i \times R_i)$$

$$\sigma = \sqrt{\sum p_i (R_i - E[R])^2}$$

$$CV = \sigma / E(R)$$