

THE THREE-FACTOR MODEL IN ESTIMATING COMPANIES PERFORMANCE IN
MALAYSIA

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ABSTRACT

Nowadays, choosing the right model of portfolio is important to avoid errors in capital budgeting, evaluation for a portfolio and also in making any decisions towards risk analysis. Therefore, this paper study on the three-factor model in estimating companies performance in Malaysia. The three-factor model used to estimate the return on investment (ROI) for industrial product company in Malaysia. This is by considered the risk, size and also book-to-market value of the companies. All of the 154 companies with 5-years available data were taken and collected from main market of Bursa Malaysia. Panel data analysis had been used to conduct the entire test towards variables chosen. After doing all test and analysis for the data, there is only one positive significant relationship which is book-to-market value that indicates 99 percent of significant value. Thus, this findings support study on book-to-market value in calculating returns by Jacobs (2015).

Keywords: portfolio, risk analysis, return, companies