

Title:

**THE PERFORMANCE OF UNIT TRUST FUND IN
MALAYSIA**

by:

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DECEMBER 2016

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.**

DECLARATION OF ORIGINAL WORK

NUR NADHIRAH BINTI SABAR

2014433512

Hereby, declare that,

- ✓ This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for these degrees or any other degrees.
- ✓ This project-paper is the results of my independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

31st December, 2016

Madam Nur Liyana Binti Mohamed Yousop

Department of Finance

Faculty of Business Management

Universiti Teknologi MARAJohor

85000 Segamat

Johor Darul Takzim

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “The Performance of Unit Trust Fund in Malaysia” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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NUR NADHIRAH BINTI SABAR

2014433512

Bachelor of Business Administration (Hons) Finance

ACKNOWLEDGEMENT

First of all, I would like to praise to Allah the most gracious and the most merciful lord for his blessing in providing me the opportunity and granting me the capability to proceed successfully on this research paper. I am blessed to say that during the completion of this project paper I have acquired plenty of knowledge, information and understanding.

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ABSTRACT

This paper is to identify the performance of unit trust funds in relation to the return on investment and the risk free rate of the portfolio. According to the earlier studies shows that unit trust do not outperform the market as well as the manager's ability to beat the market (Sharpe, 1996; Jensen 1968; Firth, 1977). Thus, the evidence shows indirectly that the market is strangely efficient and yet the studying of past stock prices still not supporting in the prediction of future price movements. The objective of this study is to examine the performance measure of return in unit trust funds in relation to the market return and to determine the factors affecting the performance return of unit trust funds for investor's decision making process. Furthermore the research paper will be using market price as net assets value as dependent variable and the independent variables is the performance return measure as Treynor Ratio, Jensen's Alpha and Sharpe Ratio as a model to measure the performance. This research study more focused on using the secondary data collected by using Fundsupermart, Morningstar, Finance Yahoo, Bursa Malaysia and Federation of Investment Managers Malaysia (FiMM). The study is conducted starting from the period of 2013 until 2015 on monthly basis. There are four companies selected in this study which are Cimb Berhad, Eastspring Investment, RHB Bank Berhad and Affin Hwang Investment Bank Berhad. Based on the four companies there are eight unit trust funda are selected. Besides that, Statistical method will be used in this study by using panel least square to test the relationship between the dependent variable and independent variables. Thus, descriptive analysis, unit root test, regressions analysis and heteroskedasticity – white test were used in the analysis. By using E-views program the data can be easily analyze for the interpretation of results.