ISLAMIC EQUITY UNIT TRUST FUNDS' PERFORMANCE IN CIMB WEALTH ADVISORS BERHAD (RISK AND RETURN ANALYSIS)

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ABSTRACT

Unit trust funds in Malaysia have experienced a considerable growth over the last decade in terms of the number of funds offered and the volume of capital managed by unit trust management companies. A higher growth can be expected due to a strong participation in Islamic equity unit trust funds among Muslim private investors and institutional because Islamic unit trust funds have high correlation with the Shariah (Islamic Law) principles of equity participation and the sharing of risks. Traditionally, the bulk of Islamic have been channelled into low-risk and modest return instruments. Therefore, this paper investigates the unit trust potential in Malaysia by examining the Islamic equity unit trust funds' performance in CIMB Wealth Advisors Berhad. This is done by measuring the performance of Islamic equity unit trust funds that is Net Asset Value (NAV) of six Islamic equity unit trust funds which is CIMB Islamic DALI Equity Growth Fund, CIMB Islamic DALI Equity Fund, CIMB Islamic Equity Fund, CIMB Islamic Equity Aggressive Fund, CIMB Islamic Small Cap Fund and CIMB Islamic Asia Pacific Equity Fund and the prices on market portfolio or FTSE Bursa Malaysia Composite Index (KCLI). Based on the six Islamic equity unit trust funds in CIMB wealth Advisors Berhad under studied over the monthly period of 2007-2011 using the method used by Treynor and Sharpe, the researcher are able to formulate explicit measures of a portfolio's performance on the dimensions of risk and return. The findings are indeed a bag of mixed results in the analysis of the riskiness of the fund. However, consistencies occurred in measuring performance of the Islamic equity unit trust funds when using the cross-sectional comparison by both Treynor's and Sharpe's Index. Time series regression analysis indicates that Islamic equity unit trust funds was significant and positively related to the performance of FTSE Bursa Malaysia Composite Index (KLCI)

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CHAPTER ONE   : INTRODUCTION

CHAPTER TWO: LITERATURE REVIEW

CHAPTER THREE: METHODOLOGY