

UNIVERSITI TEKNOLOGI MARA

**INDIVIDUAL INVESTORS'
SENTIMENT ON MALAYSIAN IPO
PERFORMANCE FOR PRE-
MARKET AND POST-MARKET
PERIOD**

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MSc

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

This study observes that the early performance of Malaysian IPOs issued from 2004 to 2020 has become unfavourable due to the low mean initial return and the reduction of trading activity recorded on the 15th trading day, suggesting the illiquidity of Malaysian IPOs. The observed pattern has urged this study to generally access the determinants of IPO performance focusing on the influence of individual investors' sentiment, in its attempt to assist investors in executing a better investment decision. That is, this study generally aims to identify the determinants of IPO performance from two aspects (initial return and trading volume) and two periods (1st trading day and 15th trading day). Using a total of 271 IPOs listed in Main Market and ACE Market of Bursa Malaysia from 2004 to 2020, tested using ordinary least square regression models, this study found that pre-market and post-market individual investors' sentiment significantly and positively influence both IPO initial return and trading volume. The finding of this study is implied to at least four parties. Firstly, regulatory bodies should initiate intensive promotional activities to create awareness among potential investors on the issuance of an IPO. Secondly, IPO firms are expected to engage with the media to create visibility of their IPO issuance to increase the attention from individual investors. Thirdly, investors are suggested to observe the search volume score readily available from Google Trends during the listing period of an IPO as a guidance for a better investment strategy. Lastly, this study broadens the current body of knowledge by extending the estimation of IPO performance to 15th trading day and; simultaneously captures IPO performance from two aspects (initial return and trading volume) for a more rigorous analysis and empirical evidence on the influence of individual investors' sentiment. The significant influence of individual investors' sentiment in pre-market and post-market on RTURN1, RTURN15, VOL1 and VOL15, as found in this study, is hoped to offer the current literature a better indication on the function of individual investors' sentiment to initial return and trading volume of Malaysian IPOs.

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