



UNIVERSITI TEKNOLOGI MARA

**IMPLEMENTATION OF
SECTORIAL DIVERSIFICATION
AND MACRO VARIATIONS ON
PORTFOLIO INVESTMENT IN
MALAYSIA**

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ABSTRACT

Current study will focus analysing the implementation of diversification and macro variations on portfolio investment of Malaysia using sectorial efficient diagnosis by finding the daily performance of Sharpe risk-adjusted return and their interdependency for three chosen sectorial indices as benchmark and the 30 years sample of macroeconomic variables from 1989 to 2019. Time series analysis has found out dissimilarities of risk-adjusted return and positive correlated relationship between the sectorial indices. Resultant analysis of this study also implies that only macro variable of oil price is proven significant in impacting stock index of FBM KLCI using Multiple Linear Regression. Contradict with exchange rate and interest rate which has proven as insignificant determinants. Hence, study has proven that sectorial diversification is achievable as different sectors reacted differently however diversified sectors have limited benefits during the domination of systematic risks as economic sectors tend to correlate with each other during a shorter investment horizon.

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