

**A STUDY OF UNIT TRUST PERFORMANCE
AGAINST KUALA LUMPUR COMPOSITE
INDEX (KLCI): A CASE OF AMANAH SAHAM
NASIONAL BERHAD (ASNB)**

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“In the name of Allah the Almighty, the Merciful and the Beneficent”

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ABSTRACT

Unit trust is a collective investment scheme that pools the financial resources of retail and institutional investors with the same investment objectives. The Malaysian unit trust industry has registered a phenomenal growth since early 2000 as the range of products broadened tremendously. As of April 2006, the total net asset value of unit trust funds represents about 14.12% to KLSE market capitalization. Using monthly return for five years from October 2001 to September 2006, this research studies on unit trust performance which are ASN, ASN 2 and ASN 3 unit trust against market performance which is KLCI. Methodology used is single regression analysis using Statistical Programming for Social Science Students (SPSS). The result shows that the model used is less acceptable and reliable for forecasting. Therefore, this study shows that independent variable (KLCI return) is less influenced the dependent variable (ASN, ASN 2 and ASN 3 unit trust return) although there are significant and positive relationships.

1.0 INTRODUCTION

1.1. BACKGROUND OF THE STUDY

The mutual fund industry or more popularly known as the unit trust industry in Malaysia began in 1959. Over a short history of slightly more than four decades, the period from 1992 to 1996 witnessed the fastest industry growth in terms of the number of unit trust management companies established and the number of unit trust funds launched. The Capital Market Master Plan, launched by Securities Commission in 2001, paved the way for the proliferation and progressive development of investment management industry, specifically the unit trust schemes. In addition, the Securities Commission has revised its Guidelines on Unit Trust Funds to provide conducive regulatory framework and greater flexibility in regards to investments (source: Federation of Malaysian Unit Trust Managers (FMUTM)).

A unit trust is an investment in which the funds are pooled and then invested. The fund is unitized and the investor, who is one party to the unit trust, is a unit holder holding a certain number of units. The second party is the manager who is responsible for the day to day running of the trust and for investing the funds. The trustee, who is governed by the Trust Companies Act 1967, is the third party and their role is to monitor the manager's performance against the trust's deed. The deed outlines the objectives of and vital information about the trust. The assets of the trust are held in the name of the trustee; they are held "in trust" for the unit holders.

Nowadays, unit trust has become popular as one of the investment vehicles in Malaysia through which individuals can invest their money. This type of investment