THE EMERGENCE OF CAPM HYBRID MODEL AGAINST TRADITIONAL CAPM : EVIDENCE FROM MALAYSIAN FINANCE INDUSTRY

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JANUARY 2016

ABSTRACT

This research paper will investigate the frontier between CAPM and the CAPM Hybrid. For CAPM Hybrid, Bond Yield is used as a proxy of risk free rate instead of using treasury-bills as what's been practiced in the traditional CAPM. The data on KLCI, bond yield rate and treasury bills will be collected from Bursa Malaysia from the year 2009 to 2014. For the purpose of conducting a panel data analysis, 7 companies from banking industry will be selected by using a stratified random sampling. Various tests such as Root Mean Square Error (RMSE) and Mean Absolute Error (MAE), Paired Sample T Test, Unit root, multicollinearity, serial correlation and heteroscedasticity test will be taken to detect the econometric problem within the datasets.

ACKNOWLEDGEMENT

Alhamdulillah, praise to Allah S.W.T for the strength, wisdom and help bestowed upon me in the process of competing this research.

I would like to convey my personal thanks to Associate Professor Dr. Imbarine Bujang, my principal supervisor for his vital support and assistance. His encouragement has made it possible to complete this project.

My sincere thanks to all my friends for their contribution and friendship, especially to sir Ahmad Fauze.

Last but not least, my heartful gratitude to my parents, Encik Abd Malik Bin Abd Rashid and Puan Dewi Binti Mohd Yamin for their never ending love and support throughout my study.

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