



سِيَّيْتِي تَيْكُونُو لَوِي كِي مَارَا
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PERFORMANCE OF UNIT TRUST IN MALAYSIA

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ABSTRACT

Unit trust (UT) is a form of collective investment constituted under a trust deed. It allows funds to hold assets and pass profits through to the individual owners, rather than reinvesting them back into the fund. The issues rise when some of the investors found that the unit trust funds can give benefit to them and some of them are opposite. Also, some of the researchers found that the characteristics of fund can give effect to the performance of unit trust funds. Also, it is not much research attempt to identify the predictive power of fund characteristics towards the performance of unit trust funds in Malaysia. This paper examines the characteristics of fund that affect unit trust funds performance by studying 14 Malaysian equity funds over the period of three years from year 2012 to year 2014 annually. The characteristics examined include Fund Size, Management Expense Ratio, Portfolio Turnover Ratio and Fund Age. The study will be used panel data series regression method to see the relationships between dependent and independent variables. The Unit Trust Funds Performance is based on measurement of risk adjusted return of Jensen's Alpha and will be used as dependent variable and Management Expense Ratio, Fund Size, Portfolio Turnover Ratio and Fund Age will be used as independent variables.

CHAPTER 1

INTRODUCTION

1.0 HISTORY OF UNIT TRUST IN MALAYSIA

In year 1959, investors from British had established first unit trust fund, who started up the Malayan Unit Trust Ltd, and in year 1928, the first U.S. no-load fund came. In addition, a country in the Southeast Asian such as Philippine is one of the countries that established earliest funds in year 1957, and Singapore and Malaysia has the same origin. Later, in year 1977, Indonesia and Thailand had stated their first funds.

In Malaysia, history of unit trust industry had above fifty years. The formative years in Malaysia that includes the first twenty years from year 1959 to year 1979 marked a slow growth period with low public interest in this new investment vehicle. By end of year 1977, five management companies were set up only eighteen funds (TT Teoh, 2012).

Malaysian government gets involved to participation in the industry the following decade from year 1980 to year 1990. Amanah Saham Nasional or known as ASN, which is a National Unit Trust scheme was launched by Permodalan Nasional Berhad (PNB) under the nation's New Economic Policy (1971-1990) in year 1981. This ASN scheme was very successful due to their main purpose which is to improve the economic status of Bumiputras. As a result, many private management companies and Malaysian community were attracted into this industry due to their popularity of unit trust (TT Teoh, 2012).