



**THE FACTOR OF ACCEPTANCE OF SHARIAH COMPLIANT
IN UNIT TRUST FUND**

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JBM240 6B

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ADMINISTRATION

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UNIVERSITI TEKNOLOGI MARA, JOHOR

JUNE 2016

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ACKNOWLEDGEMENT

In the name of Allah, the Most Gracious and the Most Merciful Alhamdulillah, all praises to Allah for the strengths and His blessing in completing this research. Special appreciation goes to my advisor, Madam Zuliana Binti Zoolkefli, for her supervision and constant support. Her invaluable help of constructive comments and suggestions throughout the experimental and thesis works have contributed to the success of this study. Not forgotten, my appreciation all the lecturers of Faculty of Business Administration for the support and knowledge regarding this topic.

Next, my deepest gratitude goes to my beloved parents and also to my siblings for their endless love, prayers and encouragement. I would like to thanks them that have dedicated their time in supporting me to complete this research and report on time.

Not forgetting, I would like to express my appreciation to Public Mutual Berhad for the opportunity that they gave me in completing my internship in their company. My acknowledgement also goes to my supervisor, Hajah Marhalis Binti Hasan and all the staffs of Public Mutual Berhad. Last but not least, sincere thanks to all my friends for their help, kindness and moral support during completing this study. Thank you very much.

ABSTRACT

Unit trust is one of the medium of saving and investment for the people who wish to growth their capital in the future. Basically unit trust is pool of funds from many investors who have the same objective to get the capital appreciation and dividend. There are 39 of unit trust companies that run the same concept of investment business in Malaysia. One of the companies of unit trust in Malaysia is Public Mutual Berhad that is wholly-owned subsidiary of Public Bank. Their status as no 1 private unit trust company in Malaysia giving them an advantage as customers who will aware about their products as they conquered the market share compare to the other 38 competitors. So, this study is conducted to know the factors of acceptance of shariah compliant in unit trust fund. This study will identify the customers perception and opinion about the shariah unit trust investment based on potential investors, new investors and unit trust consultant. Primary data such as interviews and observation has been used to collect the internal data. Secondary data like journals, magazines, newspaper and websites are used in order to support the information collected from someone.

CHAPTER 1

INTRODUCTION

1.1 Background of study

Unit trusts is a must nowadays. Unit trust are one of the investment vehicles that shows a good performance and where it can provide high returns to investors based on their performance yearly. People nowadays seems to be more open and looking forward to do investment to ensure they find the right institution to generate their financial economy for the better future .

Investing in unit trust may help you to achieve your financial goals with several options whether it is for your better retirement, financial educations, travelling and more. Normally unit trust, which is in Public Mutual, they provide several proposal in order to let the investor choose which one they tend to select to do investment such as by using their Employees Provident Fund (EPF), lump sum, or Direct Debit Instruction (DDI).

Basically in unit trust, there are two options to do investment which are whether you choose an Islamic investment or conventional. Focused on an Islamic unit trust, the main differences between Islamic fund management and conventional investments is compliance with Shariah law. Islamic funds must comply with Shariah compliant economic activity and invest only in companies that meet Shariah requirements. In addition, Islamic funds cannot invest in conventional banks that offer products with a fixed interest rate but may invest in securities of Islam and Islamic financial institutions. Islamic funds must also avoid investing in companies involved in products that are prohibited by Islamic law, such as alcohol, tobacco, pork, gambling and pornography.

After getting rid of companies with core business activities that do not comply with Shariah requirements, quantitative filters, in the form of financial ratios, used to ensure Shariah-compliant companies generate income with adequate financial resources and without excessive debt. In addition, Islamic funds can only be involved in leverage through the use of Islamic financial instruments and may not obtain or provide conventional loans or invested in any conventional products, including conventional debt securities. Cash held by a fund can only be invested in short-term investment products Shariah compliant, such as money market instruments.