



UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT AFFECTING PERFORMANCE IN
EMAS INDEX UNDER SHARIAH COMPLIANT
INDICES BASED ON BURSA MALAYSIA**

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ABSTRACT

This research is about factors that affect performance in Emas Index under Shariah Compliant Indices based on Bursa Malaysia. Samples for this study concentrate on the FTSE Bursa Malaysia Emas Shariah Index which is measured by Price Index and the sample review period is four years data from 2017 to 2020 and the total of observations is 48. The objective of this research is to find out the factors affecting performance that have a relationship with the FTSE Bursa Malaysia Emas Shariah Index under Shariah Compliant Index on Bursa Malaysia. Regarding this study, there are many factors that affect the performance which comprise the Emas Index. There are three factors to be highlighted in this study which is Interest Rate, Inflation and Exchange Rate. In this study, a multiple regression model was used to analyze the relationship between each factor to the dependent variable which is the Shariah Index that will be measured by using Price Index. A solid understanding of this discussion will be very extremely useful to the management of the company who will be the person in charge in choosing the form of financing that the company should use in order to minimise the risk. In short, through this research will indicate that a greater of performance, the higher risk will be encountered.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In this chapter, was explain the introduction of my research topic which includes the background of the study, problem statement, research questions, research objectives, scope of the study and limitations of the study. The definition of key terms of interest rates for inflation rates and exchange rates will also be explained in this chapter for further understanding towards my research study.

1.2 BACKGROUND OF THE STUDY

Index is a method of tracking the performance of a group of assets by a standard. Also an index measures the performance of a group of securities intended to mimic a particular area of the market. Known as indexing, one of popular investment strategies, also created to measure other financial or economic data such as interest rates, inflation, or manufacturing output. Often serve as benchmarks again which evaluate the performance of portfolio's returns. Earlier 8 february 2020, CGS-CIMB has said that the sustained outperformance of the shariah indexes over conventional stock indexes has led to more interest in shariah-based investments with the total Islamic assets under management (AUM) at RM217 billion as at end-December 2020.

The FTSE Bursa Malaysia Index was launched on 26 June 2006 except for FTSE Bursa Malaysia Hijrah Shariah Index and FTSE Bursa Malaysia EMAS Shariah Index are launched on 22 January 2007 and 21 May 2007. However, Bursa Malaysia Indices was existing ones are calculated using the capitalization weighted method. Capitalization weighted is the total value of company's shares which is listed based on the current market price. In general, Shariah compliant index is a place that promotes Malaysia as a regional centre of Islamic finance. Furthermore, to perform the Shariah index there are four Shariah compliant securities that have been introduced by Bursa Malaysia.