

UNIVERSITI TEKNOLOGI MARA

**FUND ATTRIBUTES AND PERFORMANCE IN
MALAYSIAN COLLECTIVE INVESTMENT
MARKET**

**MOHD SHARIN BIN SAHAK
(2016523929)**

BBA HONS FINANCE

DECEMBER 2019

ACKNOWLEDGEMENT

I would like to take this opportunity to express my appreciation towards the people who had been with me and had contributed their time and effort for giving guidelines and advice throughout this research. Foremost, I would like to praise God for His blessings in term of good health, strength and peace of my mind throughout the process of completing the report.

Besides, I also appreciated about the facilities such as library that provided by University Teknologi Mara (UITM) Cawangan Sabah, because bringing me more convenience in the period of completing this research.

I would like to express my special gratitude to my advisor Madam Emelia A. Girau who assisting me by provide a lot of knowledge, valuable guideline, giving an idea, an advice and supporting throughout the process of completing this research.

I also would like to express my gratitude to my supervisor at Ganda Suria Marketing, Ms Kwok Yit Leng for her understanding and giving a permission whenever I needed time to
leave for doing this research during my internship.

Last but not least, I would like to thank to my family and also my colleagues for their encouragement that helped me a lot in the process of completing this research.

TABLE OF CONTENTS

TITLE PAGE	I
DECLARATION OF ORIGINALWORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	V
LIST OF FIGURES	vi
LIST OF TABLES	vii
LIST OF ABBREVIATIONS	viii
ABSTRACT	ix
CHAPTER 1: INTRODUCTION	
1.0 Background of study	1
1.1 Problem statement	3
1.2 Objective	4
1.3 Research question	4
1.4 Significance of Study	4
1.4.1 Literature	4
1.4.2 Fund managers/analyst/trustees/investors	4
1.4.3 Future investor	5
1.4.4 Academicians	5
1.5 Scope and limitation of study	5
1.6 Organization of study	6
CHAPTER 2: LITERATURE REVIEW	
2.0 Introduction	8
2.1 Theoretical background	8
2.2 Literature review	8
2.3 Literature methodology	11
2.3.1 Unit trust performance (NAV)	11
2.3.2 Unit trust performance and fund size	12

2.3.3 Unit trust performance and expense ratio	12
2.3.4 Unit trust performance and fund turnover	12
2.5 Conceptual framework	13
2.6 Summary of chapter	13

CHAPTER 3: DATA AND METHODOLOGY

3.0 Introduction	14
3.1 Data collection	14
3.2 Population and sample	15
3.3 Measurement of variables	15
3.3.1 Dependant variable	15
3.3.1.1 Net asset value	15
3.3.2 Independent variable	16
3.3.2.1 Fund size	16
3.3.2.2 Expense ratio	16
3.3.2.3 Fund turnover	17
3.4 Summary of variables measurement	18
3.5 Empirical model	20
3.6 Statistical analysis tool	21
3.6.1 Flow chart of panel data	22
3.6.2 Stationary test	22
3.6.3 Autocorrelation	23
3.6.4 Multicollinearity test	24
3.6.5 Heteroscedasticity test	25
3.6.6 Descriptive statistic	26
3.7 Hypothesis development	27
3.8 Summary of chapter	28

CHAPTER 4: DATA AND ANALYSIS

4.0 Introduction	29
4.1 Descriptive statistic	29

ABSTRACT

A performance measurement of unit trust portfolios has attracted a remarkable interest in economic and financial literature. Since then, a number of researchers have looked for the answers to whether unit trust earn a better return than what investors can earn on their own, and whether fund managers have a superior ability to make better investments than other investors. Therefore, this study conducted in order to examine the relationship between unit trust attributes and unit trust performance. In this study, unit trust performance is measured by using net asset value (NAV) and the unit trust attributes measured by using expense ratio (ER), fund size (F.SIZE) and fund turnover (FTO). Using the data covering a period of 7 years (2013-2019) of 12 Malaysian unit trust management company that listed in Bursa Malaysia with 33 funds selected. The relationship between the unit trust performance and unit trust attributes was examined by using the panel data analysis. Findings of the study showed that on fund size has significant positive relationship with the unit trust performance, while ER and FTO shows an insignificant negative relationship with the unit trust performance.

Keyword: *Unit trust performance, Malaysian Collective Investment Company, Attributes*