



UNIVERSITI TEKNOLOGI MARA

**FOREIGN PORTFOLIO
INVESTMENT: A COMPARISON
BETWEEN MALAYSIA AND CHINA**

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of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, Johor Branch, Segamat Campus regulating the conduct of my study and research.

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ABSTRACT

Foreign portfolio investment (FPI) consists of grouping of securities such as stocks, bonds and cash equivalents. It is held directly by the investors and financial professionals. In economics, foreign portfolio investment defined as the entry of funds into a country where the foreigners deposit some money to country's bank or by purchasing stocks or bonds in that country. In other words, they provide the investor with indirect ownership of financial assets. This study intends to investigate the economic factors which attract the investors to invest in the host country. The countries that are chosen for this study are Malaysia and China. Malaysia and China have diplomatic relations since 1974. They are the third largest trade partner in Asia. Hence, this study is to determine what are the economic factors or decisions of the foreign investors to invest in the foreign countries which are Malaysia and China. To elaborate the results, multiple regression models are used by using E-views. The data of FPI, GDP, exchange rate, and FDI has been taken from the World bank. GDP and exchange rate are the strong determinants of FPI, the FDI shows have significant impact on the FPI.

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