



UNIVERSITI TEKNOLOGI MARA

**THE IMPACT OF FUNDAMENTAL ANALYSIS
TOWARDS STOCK RETURN: EVIDENCE FROM
TECHNOLOGY COMPANIES LISTED IN BURSA
MALAYSIA**

**NUR SAFFURA BINTI MALEK FADZIL
2019351227**

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Investment Management)**

Faculty of Business and Management

February 2021

ABSTRACT

Fundamental analysis is one of the methods used by investors when making any investment decisions, as it measures the growth of the company through the financial ratio. However, investors having difficulties in recognising which are financial ratios that are the right variables to help them make investment decisions. Whereas, the indicators are liquidity, leverage, activity, profitability and market ratios. Therefore, this research is to investigate the impact of fundamental analysis towards stock return from technology companies listed in Bursa Malaysia from year 2009 until 2018. In this research, only secondary data are used, which are already published and can be obtained from previous journal or articles and panel regression analysis is used for the data analysis. This research used E-Views to run all the collected data in order to get the findings. This research used five independent variables and one dependent variable. Current ratio, debt to equity, total asset turnover, return on asset and earning per share is used as independent variables while stock return is used as dependent variable. The finding for this research shows that the independent variable of current ratio, total asset turnover ratio, and earning per share has an insignificant relationship on stock return. As for debt to equity ratio and return on asset has a significant relationship on stock return.

ACKNOWLEDGEMENT

First of all, I am very grateful and thankful to Allah S.W.T. for giving me strength and guidance to complete this research paper in a given time. Without the guidance from my lecturer, family and friends I am unable to complete this research. Without the support from other, I would not be able to keep my strength to continue in completing my Bachelor in Investment Management.

I was highly indebted to my advisor, Miss Rosmah Binti Abd. Ghani @ Ismail for her guidance and constant supervision as well as providing necessary information regarding this research and also for her support in completing this research paper.

Besides my advisor, I would like to thank to my final year project coordinator, Dr. Roslina Binti Mohamad Shafi for her support and knowledge to all final year project students.

Last but not least, I would like to express a big thank you to my parents, Mr Malek Fadzil Bin Abd. Latiff and Mrs. Sazlin Binti Roselan, my siblings and sincere thanks to all my friends for their support and their encouragement from the beginning which help me to complete this research paper. I would like to express to the any parties that involved in this research paper direct and indirectly. The contributions will not be forgotten and may Allah S.W.T repay and reward the kindness of these people.

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS	ix
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	4
1.4 Research Questions	5
1.5 Research Objectives	5
1.6 Significance of the Study	6
1.7 Scope of the Study	7
1.8 Limitation of the Study	7
1.9 Definition of Key Terms	8
1.10 Summary	9
CHAPTER TWO LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Literature Review on Stock Return	10
2.3 Literature Review on Current Ratio	11
2.4 Literature Review on Debt to Equity Ratio	13
2.5 Literature Review on Total Asset Turnover Ratio	15
2.6 Literature Review on Return on Asset	16
2.7 Literature Review on Earnings per Share	18
2.8 Research Framework	20
2.9 Summary	20
CHAPTER THREE RESEARCH METHODOLOGY	21
3.1 Introduction	21
3.2 Sampling	21
3.3 Data Collection	21
3.4 Variables	23
3.5 Research Design	25
3.6 Hypotheses Statement	26
3.7 Research Methodology	27
3.8 Summary	31

LIST OF TABLES

Tables	Title	Page
Table 3.1	The Dependent Variable and its Measurement	23
Table 3.2	The Independent Variable and its Measurement	24
Table 3.3	Rule of Thumb for T-Test	29
Table 3.4	Rule of Thumb for F-Test	30
Table 4.1	Result of Descriptive Analysis	32
Table 4.2	Result of Correlation Analysis	35
Table 4.3	Result of Regression Analysis	37
Table 4.4	Result of Normality Test	40
Table 4.5	Result of Multicollinearity	41