



**PORTFOLIO OPTIMIZATION IN HIGH
VOLATILE AND STABLE MARKET BY
USING SEMI-VARIANCE AND LINEAR
PROGRAMMING MODEL**

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**Submitted in Partial Fulfillment
Of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
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OCTOBER 2007

ACKNOWLEDGEMENT

Alhamdulillah, praise to Allah S.W.T the Al Mighty and Merciful, because of the blessing that made possible for this project to be completed in time.

This thesis is prepared to fulfill the graduation requirement of Bachelor of Business and Administration (Honours) Finance. One semester of completing this thesis together with the classes to be attended as the requirement on the completion of BBA (Honours) Finance has given me opportunity to gain knowledge and being exposed to the current economic condition before continuing with the future endeavor challenges.

Firstly, I would like to express my greatest appreciation and thanks to my most respected thesis advisor, Dr Omar bin Samat and En. Zulkifli bin Mohamed for his time, moral support, ideas and suggestions and continue guidance throughout the period of this study in order to complete the project paper. I wish to express my special word of thanks and indebted to En.Muhamad Sukor bin Jaafar, who also responsible for the preparation of the contents and the flow of the thesis.

Special thanks are due to all staff of Uitm Johore library and Bank Negara library for their helped, guidelines and information regarding this study. To my colleagues, especially the BBA (Honours) Finance 06, thanks for all your constructive critics.

Last but not least, special word of thanks and sincere gratitude to my beloved family, for the prayer and constant support for the beginning until the end of this study. Thanks a million.

NOR FARIHA BT MOHD FAIZAIL

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ABSTRACT

These studies focus on the portfolio optimization in high volatile and stable market by using semi variance and linear programming model. This model can help the investor in order to minimize his risk of negative return. The main objective of this study is to investigate the efficient market portfolio by using semi variance and linear programming model as alternative to measure risk and return of portfolio. The other objective of this research is to compare the portfolio performance between the highly volatile market and stable market. To analyze the risk and return of semi-variance, this study is using 30 companies from construction sector and 30 companies from consumer sector, which have been listed in Kuala Lumpur Composite Index (KLCI) that has been approved by syariah compliance. 15 companies from consumer sector and 15 companies from construction sector has selected based on high price earning ratio (P/E) and another 15 companies from this two sector are based on lower price earning ratio. The time horizon of this study is from 1997 to 2007 by using monthly data. The finding of this study is in highly volatile market, consumer sector that has high P/E and construction sector that has low P/E in stable market have lower risk of negative return.