



**THE RELATIONSHIP BETWEEN STOCK  
RETURNS WITH EXPLANATORY VARIABLES IN  
MALAYSIAN FIRMS: SECOND BOARD  
ANALYSIS**

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<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>ACKNOWLEDGE</b>	iv
<b>LIST OF TABLES</b>	vii
<b>ABSTRACT</b>	viii
 <b>CHAPTERS</b>	
 <b>1. INTRODUCTION</b>	
1.0 Introduction	1
1.1 Background	1
1.2 Problem Statement	4
1.3 Objective	4
1.4 Significance of Study	5
1.5 Scope of Study	5
1.6 Hypotheses Statement	6
1.7 Limitations	8
1.7 Definitions of Terms	9
 <b>2. LITERATURE REVIEW</b>	
2.0 Introduction	11
2.1 The January Effect	11
2.2 The Explanatory Variables	12
2.3 The Variation Cross-Section	20
 <b>3. RESEARCH METHODOLOGY AND DESIGN</b>	
3.0 Introduction	22
3.1 Data Sources	22
3.2 Population	23
3.3 Sample	23
3.4 Research Design	24
3.5 Data Analysis Method	25
 <b>4. DATA ANALYSIS AND FINDINGS</b>	
4.0 Introduction	29
4.1 Regression Analysis	29

<b>5.</b>	<b>CONCLUSION AND RECOMMENDATION</b>	
5.0	Introduction	35
5.1	Conclusion	35
5.2	Recommendations	36
<b>6.</b>	<b>BIBLIOGRAPHY</b>	<b>37</b>
<b>7.</b>	<b>APPENDIX</b>	<b>40</b>

## **ABSTRACT**

This study focuses on the relationship between stocks returns with book-to-market value (B/M) ratio, price-earning (P/E) ratio and dividend yield. The objective or purpose of this study is to analyze whether there is a relationship between four variables within five years from January 2002 until December 2006 by using monthly data for the stocks return in the four sectors company listed in the Second Board of Bursa Malaysia. To analyze the stock returns to explanatory variables, this study using 30 companies which have been listed in Second Board of Bursa Malaysia.

The method that will be used is regression model. It is because past researchers use the multiple regressions. Thus it involves three independent variables. There are some previous researcher have conclude that stock returns have a relationship between dividend yield, book-to-market value ratio and price-earning ratio. However, result from the finding in this study shows that based on multiple regressions, dividend yield had no relationship with stock returns but price-earning ratio and book-to-market value ratio have played a significant role in the stock returns.