



**PERFORMANCE MEASUREMENT OF UNIT TRUSTS  
APPROVED BY EMPLOYEE PROVIDENT FUND (EPF)  
FOR INVESTMENT IN 2000-2006**

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## ABSTRACT

This paper seeks to focus on examining unit trust performance approved by Employee Provident Fund (EPF) for investment over the period 2000-2006. Under the investment-related scheme, the EPF gives their members an alternative for them to pool their fund in unit trusts. Therefore the primary objective of the paper is to measure the performance of unit trust approved by EPF for the benefit of the EPF members. This general objective is analyzed from three specific objectives. The first objective is to see rank of 32 unit trusts approved by EPF for investment as compared to market portfolio performance. This ranking is based on the Sharpe and Treynor Index, which study about risk and return of the fund. Second objective is to measure the unit trust degree of diversification. Fund's degree of diversification will be measured by using a co-efficient of determination. The last objective is to measure a fund manager's predictive ability of stock prices that will be measured using the Jensen Alpha Index.

Under the study, 32 stock of unit trust approved by EPF for investment will be taken randomly. The comparison of unit trust is to be made with market portfolio (Bursa Malaysia Composite Index). The most important data will be uses in this study are Net Asset Value (NAV), Bursa Malaysia Composite Index and treasury bills to represent the market portfolio. The paper seeks to employ the Sharpe Index, Treynor Index, R-squared ( $R^2$ ) and Jensen Alpha Index to estimate the overall fund performance.