



**THE MALAYSIAN UNIT TRUSTS PERFORMANCE: INVESTING IN
DOMESTICALLY VERSUS INTERNATIONALLY MARKET**

MAKMLIK

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CHAPTER 1

INTRODUCTION

1.0 Background of study

Unit trusts or in specifically known as mutual in the United States. Unit trust is a form of collective investment which can allow the investors with the objectives to pool their funds that to be invested in portfolio of assets. The investors can manage the assets include asset of cash, bonds & deposit, shares, property and commodities. Unit trust in Malaysia had being considerable growth over the last two decade. According to Choong (2005), one of the fastest-growing sectors within the finance industry in Malaysia unit trust.

Unit trust in Malaysia has been developed by their own country. The investor could invest in a diverse of securities traded either in Malaysia or abroad. There are some benefited for investor to choose either invest in internationally or locally. As Abdullah & Abdullah (2009) said that the international equity grew as fund management companies that they will identify what are the benefits of diversifying or invest in these markets. From these study, we are not very sure whether invest in internationally is the most benefit to investor as they will reach the return as they wanted. This is because some of the investor knows that if they diversify their investment trough international, they can get more return on that. This will not confirm either it is benefit to invest in Malaysia of abroad.

From the study of Shamser and Anuar (1995), Tan (1995) ang Leong and Aw (1997) said that after they found on their findings of the overall of fund performance , they indicate that unit trust funds in Malaysia performed worse that the global market. This will make the other investor try to invest the other investment which is outside of Malaysia. In this cases,