DECLARATION OF ORIGINAL WORK

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"DECLARATION OF ORIGINAL WORK"

I, **NURUL ASHIKIN BINTI BALIAN,**

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and not being concurrently submitted for this degree or any other degrees.

- This project paper is the result of my independent work and investigation, except where otherwise stated.

- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: Date: 01/05/2011

ACKNOWLEDGEMENT

All praises to almighty ALLAH, the most merciful and the most benevolent for giving me the opportunities in completing this research paper. It would be impossible for me to spent time to complete this study without the grace and help of ALLAH S.W.T.

I am greatly indebted to Prof. Dr Wan Mansor Wan Mahmood and Mr. Jamalluddin Helmi Hashim whose excellence in supervision and plays a big role in inspired my work. Without their untiring encouragement, suggestions, ideas and comments throughout this study, this research could not be completed.

I dedicate this research to my beloved parents and for their endless support and understanding and also to the rest of my families for their help and encouragement. Beyond a simple thank you, I want them to know that I really appreciate what they had done to me.

I wish to express my deepest gratitude to all my friends, who shared their valuable experience, time and commitment. Without their patience, this study cannot be complete.

Last but not least, I would like to thank to everyone that involved directly or indirectly for their contribution, invaluable support and encouragement they have place on me. Without everyone continued support, this study would not been the same as presented here.

Thank you.

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ABSTRACT

In this paper an attempt is made to evaluate the performance of Islamic and Conventional unit trust fund in Malaysia. Unit trust fund in Malaysia is an investment vehicle created by asset management companies specializing in pooling savings from both retail and institutional investors. Individual investors seeking liquidity, portfolio diversification and investment expertise are increasingly analyzes the performance of Islamic and conventional unit trust in Malaysia. Therefore, this paper investigates the unit trust potential in Malaysia by examining the performance of such funds by focusing on more aggressive equity types of fund by analyzing their risk and return. This is done by measuring the performance of unit trust, which is Net Asset Value (NAV) of ten unit trust funds and the prices on market portfolio or Kuala Lumpur Composite Index (KLCI). Based on the ten unit trust under studied over the monthly period of 2001 until 2010 using the method used by Sharpe, Treynor and Jensen, the researchers are able to formulate explicit measures of a portfolio's performance on the dimensions of risk and return. The results had shown that, return for Conventional unit trust is higher than Islamic unit trust. Then, in term of risk, the study found Islamic unit trust is more risky compared to Conventional unit trust. At the same time, Conventional unit trust is better than Islamic unit trust when the measurement of Sharpe Index, Treynor Index, and Jensen Alpha Index were used and analysed.