

DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”

I, SITI FATIMAH BINTI BIDIN,

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: April 2010

ACKNOWLEDGEMENT

Assalamualaikum W.B.T,

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Through this thesis, it gives me the chances to explore more on the issue that was discussed. This study will be guided by the several research objectives such as to examine the types of risk and its implication towards the portfolio return in Malaysia. At the meantime, this study also to provide best recommendations for investors in order to make an investment on portfolio.

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ABSTRACT

The practical implication is that a high Beta risk portfolios are likely to require more assets than low Beta risk portfolio to achieve the same level of risk reduction. The purpose of this study is to measuring the implication of beta risk reduction and return in Malaysia. To investigate by examining in particular the extent to which the existence of high and or low beta assets in a portfolio affects tracking error by using a very large sample of property returns over the period from 1998 to 2008 (ten years) in Malaysia. The samples data will be retrieve from Bursa Malaysia consist of the total returns for properties in three sectors such as property, construction and trading. The Beta for each property asset will be computed using a first pass regression of the time series of monthly returns. This study using Markowitz Model to measure the risk and the return of companies then regressing the return to figure out the Beta risk. Other than using Markowitz Model, this study is using Capital Asset Pricing Model (CAPM) to measure the return for all sectors involved. The result from this study said that either using Markowitz Model or CAPM the highest return is comes from Property sector. However the highest risk is comes from Construction sector. As an investor, they are suggested that to take consideration about the types of risk involve in investing. There are two types of risk may be involve in investment such as systematic risk (national economy policy, budgetary, inflation, financial uncertainty and business cycle) and unsystematic risk (location, regional, local economy, physical design and lease structure).