

UNIVERSITI TEKNOLOGI MARA

EPF'S RETIREMENT PLAN :  
AN EMPIRICAL EXAMINATION OF INVESTMENT  
WITHDRAWAL SCHEME AND WITHDRAWAL  
AT MANDATORY RETIREMENT AGE

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### **ABSTRACT**

The objectives of the study are to provide evidence of the benefits of EPF's members' investment in unit trust funds. In particular, this research paper aims to support the significance differences between EPF's and unit trust funds investment performance and to justify whether members investment in unit trust funds will enhance their retirement fund savings. The funds performance measured using average return, risk-adjusted return, and risk. While, management effectiveness managing the funds is measured using selectivity & market timing, diversification and cost of managing the investment. The unit trust sample is represented by 44 randomly selected EPF's approved unit trust funds from 2001 – 2007 of which representing all types of unit trust funds. The research findings supported that there are difference is EPF's investment and unit trust funds investment performance for the sample under this study. Generally, unit trust have been performing well above it respective market benchmark and is greater compared to the EPF's investment return as well as the EPF's dividend rate. However, the performance found to be inconsistency and this finding is also consistent with the previous research conducted by (*Shamsher and Annuar, 1996*) and (*Fauziah and Mansor, 2007*). On the investment risk profile, the unit trust risk is comparably with EPF's risk as indicated by their beta of below 50 per cent of the market. This is consistent with the previous finding by (*Shamsher and Annuar, 1996*) which stated that unit trust's beta is relatively low and stable and the finding by (*Fikriyah, Taufiq, Shamsher, 2001*) which stated that unit trust funds were unable to achieve at least 50 per cent of market diversification level. The funds' manager efficiency assessment also indicated that unit trust fund managers is

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