

A PERFORMANCE ANALYSIS  
OF GOVERNMENT OR STATE-BACKED  
UNIT TRUSTS IN MALAYSIA

PREPARED BY :

MASRIDAWATI BINTI MUSA  
95008240

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## **ABSTRACT**

A unit trust combines the capital of many investors, usually small investors, to employ professional management to purchase securities of many companies thus providing diversification and supervision which the small investors could not individually afford to do.

The purpose of this project paper is to study the awareness of unit trusts investment among the Finance students and also to examine the performance and ranking of 21 government or state-backed unit trust funds in Malaysia. The performance can be analysed, whether it underperformed or outperformed the market. This study was conducted over 3 years period starting from January 1993 to December 1995, using monthly returns of each fund and KLSE Composite Index.

Besides returns, risk are also measured. Referring to risk profile, all funds have a lower risk compared to the market. The funds were well diversified as measured by R-squared and it also showed a weak positive relationship with the market. The inconsistency of unit trusts performance were observed over the review period.

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