

CONTENTS

	Page
Acknowledgement	i
Abstract	ii
List of tables	iv
List of Appendices	iv
Chapter 1 : Introduction	
1.1 Capital Asset Pricing Model (CAPM)	1
1.2 Beta	5
1.2.1 Estimating Beta	6
1.2.2 Uses of Beta	8
1.3 Literature Review	10
1.4 Objective of the Study	13
Chapter 2 : The Capital Market	
2.1 The Role Of The Capital Market	14
2.2 Funds Raised In The Capital Market	17
2.3 Development Of The Malaysian Equity Market	21
2.4 Size Of Market	26
2.5 Development Of The Second Board	26
2.6 Listing Requirement Of KLSE	28
Chapter 3 : Data And Methodology	
3.1 Sources Of Data	30
3.2 Computation Of Beta	31
3.2.1 Ordinary Least Squares (OLS) Method	31
3.2.2 Blume's Method	33
3.2.3 Vasicek's Method	34
3.3 Mean Square Error	35
Chapter 4 : Results	
4.1 Significance Of Beta Forecast	37
4.2 Distribution Of Beta Coefficients	38
4.3 Prediction Of Beta Coefficients For Period 2	40
4.4 Prediction Of Beta Coefficients For Period 3	40
4.5 Prediction Of Beta Coefficients For Period 4	42
4.6 Comparison With Other Studies	43
Conclusion	
5.1 Concluding Remarks	46
5.2 Limitations Of Study	47
References	49
Appendices	51

List Of Tables

Table 2.1 : Funds Raised In The Malaysian Capital Market, (1985 - 1994).

Table 2.2 : Statistics Of The Second Board Of The KLSE, (1989 - 1995).

Table 4.1 : Summary Statistics Of Betas Of Second Board Stocks, (1992 - 1995).

Table 4.2 : Forecast Errors Of Beta Coefficients.

List Of Appendices

Appendix A : Betas Of Securities

Appendix B : Capital Changes And Dividends Of The 31 Selected Stocks

Appendix C : Companies Selected For The Study And Their Market Capitalisation