

ABSTRACT

The purpose of the study is to explore the extent to which beta coefficients are useful for predicting the future returns and to determine the usefulness of beta coefficients in securities portfolio analysis and investment strategy. This study is similar to various studies conducted in the past by both local and overseas researchers.

The data used in the study were the weekly closing prices of stocks listed in the Kuala Lumpur Stock Exchange from 1991 to 1995. The relationship between market risk, beta and return are analysed for both individual securities and portfolios.

The findings of this study are consistent with those findings obtained by previous researchers, locally and abroad.