TABLE OF CONTENTS

	PAGE
ACKNOWLEDGEMENTS	i
ABSTRACT	ii
LIST OF TABLES	iíi
CHAPTER	
1. INTRODUCTION	
1.1 Objective of the Study	1
1.2 The Kuala Lumpur Stock Exchange (KLSE)	
1.3 Stock market index	3
1.4 Organisation of the Study	4
2. LITERATURE REVIEW	
2.1 Introduction	6
2.2 Capital Asset Pricing Model (CAPM)	8
3. DATA AND METHODOLOGY	
3.1 Sources of data and sample	17
3.2 Performance measure	17
3.3 The risk measure, Beta	18
3.4 Beta and related issues	19

3.5 Portfolio construction	21
3.6 Statistical analysis	22
3.7 Limitations of the Study	24
4. THE RESEARCH FINDINGS	
4.1 Correlation analysis for Individual securities	26
4.2 Correlation analysis for Portfolios of securities	29
5. CONCLUSION AND RECOMMENDATION	

 5.1 Summary and Discussion
 .34

 5.2 Conclusion
 .35

 5.3 Recommendations
 .37

BIBLIOGRAPHY......38

APPENDICES......40

PAGE