

TABLE OF CONTENTS

Chapter		Page
I	INTRODUCTION	1
	Introduction to Unit Trusts	1
	Purpose of the Study	3
	Sources of Data	4
	Scope of the Study	4
	Limitations of the Study	5
	Organisation of the Report	7
II	LITERATURE REVIEW	8
	Introduction	8
	Empirical Studies in the West	8
	Empirical Studies in Singapore and Malaysia	10
III	RESEARCH METHODOLOGY	13
	Continuously Compounded Rate of Return	13
	Measurement of Risk	14
	Investment Performance Measurement	16
	Sharpe Index and Adjusted Sharpe Index	16
	Treynor Index	17
	Jensen's Alpha and Adjusted Jensen's Alpha	17
	Degree of Risk Diversification of Unit Trusts	18
	Consistency of Performance with Time	19
	Stability of Systematic Risks (Beta)	19
	Objectives of Unit Trust Funds	20
	Forecasting Ability of Investment Managers	21
	Impact of Fund Characteristics on Investment Performance and Systematic Risks	23
	Software for Analysis	25
IV	RESEARCH RESULTS	26
	Investment Performance	26
	Beta Values	27
	Risks Diversification	32

Chapter	Page
Results when Funds are Grouped According to their Objectives	32
Consistency of Funds Performance	34
Stability of Systematic Risks (Beta)	37
Forecasting Ability of Investment Managers	37
Impact of Fund Characteristics on Investment Performance and Systematic Risks	39
V CONCLUSION AND RECOMMENDATION	41
Summary and Conclusion	41
Implications of the Research	42
Suggestions for Future Research	42
BIBLIOGRAPHY	44
APPENDICES	46
APPENDIX A : LIST OF UNIT TRUST FUNDS IN MALAYSIA	47
APPENDIX B : END OF MONTH RETURNS FOR ALL THE FUNDS	51

LIST OF TABLES

Table	Page
1.1 List of Unit Trust Funds in the Sample	6
3.1 Objectives of Unit Trust Funds	20
3.2 Relationship between Beta Value and Traditional Fund Objectives	21
4.1 Overall Results	26
4.2 Summary of Results of All the Unit Trust Funds for Period 1984 to 1993	28
4.3 Performance Rankings between Treynor Index and Adjusted Jensen's Alpha for Period 1984 to 1993	29
4.4 Performance Rankings between Adjusted Sharpe Index and Treynor Index for Period 1984 to 1993	30
4.5 Performance Rankings between Adjusted Sharpe Index and Adjusted Jensen's Alpha for Period 1984 to 1993	31
4.6 Return, Risk & Performance Profiles of Funds for Period 1984 to 1993	33
4.7 Rank Correlation of Performance Rankings for All the Funds using the Adjusted Sharpe Index	35
4.8 Rank Correlation of Performance Rankings for All the Funds using the Treynor Index	35
4.9 Rank Correlation of Performance Rankings for All the Funds using the Adjusted Jensen's Alpha	36
4.10 Rank Correlation of Systematic Risks (Beta) for All the Funds	36
4.11 Jensen's Alpha & T Values for Individual Unit Trusts for Period 1984 to 1993	38

Table		Page
4.12	Significant Regression Equations	39