Chapter 1

INTRODUCTION

1.1 Background

The issue of Malaysian unit trusts performance has been the subject of increased interest in both the academic and practitioner communities in recent year. Many of performance evaluation studies conducted deals with the ability of unit trust to beat the market performance. However, little attention has been given in the area of evaluating persistency of unit trust performance.

Studies on persistence in performance of unit trust received considerable attention in other countries recently. The issue of whether persistence in performance is important for several reasons. From the commercial perspective, much of the marketing of unit trust is based on their performance track record and fund managers’ reputations. From the academic stand point, the existence of persistence is of interest because of its implications for market efficiency. The weak-form efficient market hypothesis suggested that the history of past share prices contained no information which could be used to predict future price movement. Persistence in performance is synonymous with predictability. From the perspective of the investors, historical performance is an important criterion in the choice of a fund.

Clearly evidence on the persistence of fund performance in Malaysia is crucial! What does the evidence therefore reveal regarding the persistence of unit trust performance in Malaysia?

Two commonly used approaches to identify and measure persistence are regression analysis method using the parametric methodology and
contingency tables method using the nonparametric methodology. The measurement of persistence in performance requires quantification of the relationship between performance in prior and subsequent periods. Various performance measure inputs used includes (1) raw returns, CAPM risk-adjusted returns, (3) information ratios and (4) selection returns, calculated over varying time intervals.

Like other unit trust studies, the unit trust return data are subjected to survivorship bias. Survivorship bias stems from truncation of the data set due to the disappearance of funds from the sample. Analysis on truncated data set will result in fund attrition due to poor performance. On the other hand, studying funds that survive will overstate measured performance. The majority of the tests of portfolio performance to date have used mutual fund data sets which contain returns on fund in existence on some specified date. Whilst many of these studies acknowledged that survivorship could be a source of bias in their results, the extent of this possible bias remained unexplored until recently.
1.2 Unit Trust Industry in Malaysia

1.2.1 History and Development of Unit Trust Industry

The unit trust industry in Malaysia started as early as 1959, relatively early compared to its Asian neighbors. A company called Malayan Unit Trust Ltd was the first established unit trust in Malaysia, which managed 4 unit trust funds. However, the company ceased activity in 1969.

During the formation period, 1959-1979, the unit trust industry was characterized by slow growth in the sales of units and lack of public interest in the new investment product. This could be attributed to lack of investors' awareness of the working of a unit trust and the gains that could be reaped from such investment. By the end of 1980, there were only five unit trust companies in Malaysia operating 21 unit trust funds with a total 75.9 million units with a market value of RM162 million (Bank Negara Malaysia 1989:327).

The setting up of the National Unit Trust Scheme (Sekim Amanah Saham Nasional, ASN) and the launching of its 540 million units in 1981 has become the milestone in the development of unit trust funds in Malaysia. The government launched the ASN scheme in order to pull resources from the indigenous community (bumiputera) in this country to increase their equity ownership. The ASN scheme was considered the most successful unit trust funds in Malaysia. Within 10 years since its launching, it had a total fund size of RM8,500 million with total investors of 2.5 million.

It is believed that the launching of ASN was the major factors in prompting the growth of unit trust industry in this country (Muhamad Muda and Ismail Ibrahim 1994). Firstly, the scheme has been able to extract capital from small investors, mostly from rural sector who had their money locked up in saving accounts. The ASN scheme introduced the new channel for investment through intermediary i.e. unit trust management company. The ASN scheme
had shown that unit trust was a viable way to amass large amount of untapped capital held up by small investors. Secondly, the marketing and promotion of ASN using a direct approach to educate the rural and Bumiputera public had raised awareness in investment in capital market. The ASN scheme had been providing considerable high returns with minimal risk since its inception in 1980. The ASN unit holders had received an average return of 12% per annum from 1981 to 1990 with a guaranteed par value of RM1.00 per unit. The fixed price scheme was designed to attract the bumiputera investors who were then considered as more conservative. As a result, there were cases where ASN unit holders invested not only their current saving but also transferred their traditional savings or even borrowed funds to purchase units in the ASN scheme. The ASN scheme had established the required confidence in investing in unit trusts funds among small investors whose knowledge and ability about equity investment were scarce.

The unit trust industry provided new source of capital for the equity market by pulling untapped capital from small investors that were traditionally locked in savings or fixed accounts. The mobilization of this new capital promoted the growth of equity market where corporations could obtain capitals by going public instead of borrowing from banks. The growth of equity market in the 1980s has in turn promoted the growth of unit trusts industry in Malaysia. With the growth of equity market, more institutional funds were established to earn higher returns from the stock market with reduced risk through diversification by formation of efficient portfolios. In addition, the efforts taken by KLSE to increase the efficiency and credibility of stock market provided the stability required for long-term investment in equity market. The role of unit trust funds had changed from being channel for earning stable dividend income to investment channel that expect high growth in capital gain.

In 1990, the government launched the new Bumiputera Trust Fund (Amanah Saham Bumiputera) that transacting at fixed price of RM1.00 per unit. The
ASN then started to transact at variable price as it was expected that by then a large number of Bumiputera had became more sophisticated and knowledgeable investors to participate in variable price scheme. The ASN unit holders were given the facility to transfer automatically from ASN to ASB for facilitate those existing ASN unit holders who did not wish to invest in a variable pricing scheme. RM8,600 million of fund was transferred from ASN to the new ASB and the fund size of ASN was reduced to RM2,600 million. The fund size of ASN increased substantially in 1991 due to a special bonus issue.

At the end of 1992, there were 13 fund management companies managing 39 unit trust funds with an approved fund of RM14,185 million and the actual unit in circulation was 11,919 million units (Investor Digest 1993). Compared to the fund size of RM162 million in 1980, the RM14,185 million fund represented a growth of about 80 times and accounted for 3% of the total capitalization of Kuala Lumpur Stock Exchange (KLSE). Although many private financial institutions introduced their unit trust funds by 1992, ASN together with ASB accounted for 90% of the total unit trusts fund.

New growth in the industry boomed in the 1990s mainly due to the buoyant economy and the government efforts to increase the role of investment funds in local stock market. The Malaysia economy registered continuous growth in gross domestic product from 1990 to 1997. The KLSE Composite Index soared from 643 at the end of 1992 to 1237 at the end of 1996. The listings of large privatized government companies like Syarikat Telecom Malaysia (STM) and National Electrical Board (Tenage Nasional Berhad) that had turned into blue chip stocks accelerated the growth of capital market. As a result, the Malaysians' interest in unit trust investment further strengthened since 1990. The introduction of Guidelines on Unit Trust Funds in October 1991 and the enactment of the Securities Commission Act 1993, brought about greater public confidence in the Unit Trust Industry and contributed towards tremendous growth of the industry. The number of funds launched
increased tremendously from 39 in 1992 to 127 in 2000. By December 2000, the total net asset value of the funds managed by the total 34 unit trust management companies has increased to RM44.29 billion.

The increase in the number of funds provided the choices to the investors and also the competition among the funds. The unit trust management companies started to characterize their fund in term of investment objectives and risk level in order to target more specific group of investors. Growth funds and emerging funds promised higher returns in term of capital gains with more risky investment. Saving or income funds on the other hand promised to provide returns in the form of steady dividends by investing in less risky stocks. This period saw greater product innovations and new feathers introduced to unit trust funds to attract more demand for unit trusts.

Notwithstanding the commendable growth, the industry remains small where the total net asset value (NAV) of the industry constituted only 9.7% of the total market capitalization of the Kuala Lumpur Stock Exchange (KLSE).

Moving forward, the unit trust industry is expected to grow to RM250 billion in net asset value by year 2010, compounding at a rate of 23% per year. Although the industry was forecasted to grow six-fold during that time, the ratio between total NAV of unit trust funds and market capitalization of the stock market of 21% would still be low compared to advanced countries.

1.2.2 Regulation of Unit Trusts

Before 1975, The Registrar of Companies, The Public Trustee and Central Bank (Bank Negara Malaysia) regulate the unit trust industry in Malaysia.

Malaysia government realized that in order to develop and promote the growth of unit trust industry, the regulatory framework had to be established.
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In 1975, a committee called the Informal Committee for Unit Trust Funds in Bank Negara Malaysia (Central Bank) was formed to regulate the unit trust industry. This committee comprised of representatives from the Registrar of Companies, the Public Trustee of Malaysia, Bank Negara Malaysia and the Capital Issue Committee.

In 1991, the Informal Committee on Unit Trust Funds was disbanded and the regulation of the unit trust industry was centralized in the Capital Issues Committee (CIC) under Security Commission. The CIC issued the Guidelines on Unit Trust Funds in October 1991. The primary objective of the Guidelines was to protect the interest of unit trust investors as well as to ensure orderly development of the unit trust industry. The Guideline stipulated not only the proper management of unit trust funds but also the permitted investment, advertisement, fee and charges. A trust deed, prospectus and proposed fund must be approved before launching. The trustees, directors and key officials appointed by the unit trust companies must also be approved by the Ministry of Domestic Trade and Consumer Affair.

In 1993, the Parliament, through the enactment of Security Commission Act 1993 ("SCA"), ruled that the Securities Commission ("SC") is responsible for regulating all matters relating to unit trust schemes. Implementation of such law, however, was not satisfactory because the provisions regulating the unit trusts were already contained in the Company Act 1965 which existed earlier than the SCA. When the SCA was passed, the Parliament in fact prescribed a second regulatory framework without dismantling the first. This created a natural tension between the office of the Registrar of Company ("ROC") and the SC. The cooperation between the ROC and the SC has been worked out via the introduction of the Guidelines on Unit Trust Funds, which took effect in 1st March 1994.

In 1996, the SC with the approval of Ministry of Finance, issued the Securities Commission (Unit Trust Scheme) Regulations 1996 and drawn up Guidelines
on Unit Trust Funds in 1997 to govern the operation and administration of unit trust schemes. The regulation, guideline and other securities law formed the regulatory framework for unit trust schemes in Malaysia and should be read together. Under the regulation, the SC became the approving and registering body for prospectuses and deed of unit trust schemes in Malaysia.

The Securities Commission Act 1993 was amended in 2000 to further rationalize the legal framework for regulation of all securities. With the coming into effect of the Securities Commission (Amendment) Act 2000, the Securities Commission (SC) has become the single regulator for all fund raising activities. The SC is now the approving and registering authority for prospectuses in respect of all securities other than securities issued by unlisted recreational clubs. The Securities Commission (Unit Trust Scheme) Regulation 1996 has been repealed and the provisions previously in the Regulation are now reflected in the parent act itself. Pursuant to the amendment, the SC issued 5 new Practice Notes in relation to unit trust schemes which aim to provide further protection to the investors and ensure adequate disclosure and appropriate procedures in the operation of unit trust funds. The Practice Notes issued are as follows:

Practice Note 11 - Minimum Covenant Requirements and Procedures for Registration and Lodgment of Deeds of Unit Trust Funds;
Practice Note 12 - Prospectus Guidelines for Unit Trust Funds;
Practice Note 13 - Guidelines on Unit Trust Advertisements and Promotional Materials
Practice Note 14 - Amendments to the Guidelines on Unit Trust Funds with the coming into force of the Securities Commission (Amendment) Act 2000;
Practice Note 15 - Policy on Distribution of Returns for Unit Trust Scheme
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1.2.3 Role of Unit Trust Industry in Malaysian Economy

Unit trust industry plays an important role in the development of Malaysian economy. From the government’s point of view, first, unit trust encourages the population to have adequate savings. This will help to take care of their post-retirement welfare and medical needs and hence ease the burden on society as the population ages.

Secondly, unit trust is a key tool to help develop the capital market further. Growth in unit trust investing will lead to higher institutional ownership of the stock market. The benefits are twofold - lower market volatility and more influential equity owners, resulting in the raising of corporate governance standards without much government intervention.

Unit trust could also serve as a conduit to channel retail money into bonds, in line with the government’s aim on growing the bond market. Greater ability by direct investors to tap this market will reduce the system’s dependence on bank borrowings, one of the weaknesses that compounded the country’s problems during the Asian crisis.
Current issues
During the recent discussion at the Malaysian Capital Market conference in Kuala Lumpur, a panel of experts in the field were of the opinion that unit trust sector in Malaysia needs host of initiatives to boost its penetration rate and level of development. Among the suggestions given by the panels were tax incentives for subscribers to unit trusts, liberalizing the pension fund system to give employees and employers the choice of where to invest their pension funds, freeing up funds tied up with government-backed funds, allowing broader channels of distribution and allowing unit trust companies to invest offshore.

1.2.4 Return, Fee and Charges
The return for investing in unit trusts is usually calculated using the net asset value (NAV) of the unit. The net asset value represents the actual worth of the fund, i.e. the total asset of the funds minus total liability of the funds. The net asset value per unit of the fund is calculated using the following formula:

$$\text{NAV per unit} = \frac{\text{Total Asset of the fund} - \text{Total Liability of the fund}}{\text{Total no. of unit in circulation}}$$

The Guidelines on Unit Trust Funds requires the unit trust management companies to sell or repurchase their units based on the net asset value per unit. Because most unit trust schemes invest in stock market, the NAV per unit are expected to fluctuate daily depending on the stock prices. Therefore unit trust companies are required to calculate and reveal the NAV of the unit at least daily.

The NAV return of unit trust may not represent the actual return earned by the investors due to the following charges imposed by the unit trust companies:
1. Sales Charge
The selling price for unit is equal to the net asset value per unit in the scheme add the sales charge. The unit trust companies claim that the sales charge is imposed to cover for advertisement and marketing of the units. Sales charges are paid by the investors directly when they purchase the units. In U. S. this sales charge is called front-end or entry load.

2. Repurchase Charge
Unit trust companies are allowed to charge repurchase charges where the repurchase price of unit is equal to the net asset value per unit in the scheme less the repurchase charge if any. Repurchase charge represents the fee paid by the investors when they sell their units. Repurchase charge is called back end load in U. S. and fund that do not charge front end and back end load is called no load fund.

Both sales and repurchase charge are borne by the investors when they purchase and sell their units. Therefore, the realized return for investing in unit trust is less than the NAV return except for no load funds. If the sales and purchase charge is high, the performance of unit trusts should not be evaluated using NAV returns.

However, NAV returns reflect the other expenses and fees for the operation and administration of the unit trust scheme. These expenses and fees are charged directly to the funds thus reduced the NAV of the unit. Unit trust funds that incurred excessive expenses are likely to perform poorly when evaluated by NAV return. These expenses and fee are as follows:

1. Annual management fee
The unit trust companies should only be remunerated by its service to the scheme by charging annual management fee. The maximum rate of annual management fee is stipulated in the trust deed.
2. **Other expenses**

Unit trust companies are allowed to charge the following expenses to the fund:

a) commissions or fees paid to brokers in effecting dealings in the investments of the scheme, shown on the contract notes or confirmation notes or difference accounts;

b) tax and other duties charged on the scheme by the Government and other authorities

c) the fee and other expenses properly incurred by the auditor appointed for the scheme;

d) fees for the valuation of any investment of the scheme by independent valuers for the benefit of the scheme;

e) costs incurred for the modification of the trust deed of the scheme other than those for the benefit of the management company

f) costs incurred for any meeting of the unit holders other than those convened by, or for the benefit of, the management company.

The trustee should ensure that these expenses charged are legitimate and not excessive.

2. **Trustee fee**

Trustees are remunerated for its service by charging an annual trustee fee as stipulated in the trust deed. Interestingly, the Guideline on Unit Trust Fund stipulates that the annual trustee fee should not be lower than 0.08%.
1.3 Efficient Markets Hypothesis

Studies on the predictability of unit trust performance based on historical data are based on the EMH theoretical framework. If the weak-form efficient market holds, there should not be any relationship between the past performance and future performance. Hence, historical performance cannot be used to identify unit trusts that will be superior performers in the future. In this study, statistical tests are carried out to study the extent to which the relative performance of unit trusts can be reliably predicted over short horizon.

The Efficient Markets Hypothesis (EMH) was introduced by Maurice Kendall in the early 1950's. The efficient markets hypothesis states that current security prices fully reflect all available information. Therefore, prices of securities at any time are based on correct evaluation of all information available at that time. There are no undervalued or overvalued securities.

In an efficient market, security prices follow a random walk, that is, price changes is random and unpredictable. Prices change only in response to new information, the receipt of which cannot be predicted in advance. This type of information, by its nature, comes to the market in a random and unpredictable manner.

The EMH implies that no person or system can accurately and consistently predict short-term movement in securities prices. EMH questions the value of technical and fundamental analysis. The EMH also strongly suggest that investors may be better off simply buying and holding securities in passively managed portfolios. The EMH implies that higher transaction costs and management fees associated with active management are wasted because active trading cannot consistently produce higher returns than passive management.
There are three forms of efficient market hypothesis. These versions differ by their notion of what is meant by the term "all available information".

The **weak-form** hypothesis states that current security prices fully reflect all historical information. No investors can earn abnormal returns using historical information. Historical information includes price information, information on trading volume, short interest and etc.

The **semistrong-form** hypothesis states that security prices reflect all public information and react almost instantaneously to new public information. No investors can earn abnormal returns from trading rules based on any publicly available information. Examples of publicly available information are, annual reports of companies, investment advisory data such as "Heard on the Street" in the *Wall Street Journal*, or ticker tape information.

Finally, the **strong-form** hypothesis states that security prices reflect all information relevant to the firm, even including information available only to company insiders. This means even the insiders who have access to confidential information cannot make abnormal returns consistently.

![Diagram of information subsets](image)

**Figure 2**: Subsets of available information for a given stock
The question of market efficiency is highly controversial. There were considerable evidence exists that supports at least the weak and semi-strong forms of the EMH. However, there were also convincing contradictory evidence reported.

EMH proponents, financial economists and Wall Street practitioners, have cited large amounts of scientific and anecdotal evidence to support the concept of market efficiency. A fair amount of evidence suggests, for example, that past price patterns provide virtually no information about future price patterns.

Nevertheless, there are many others who dismiss the ideas such as efficient markets and security prices following random walks as nonsense. The detractors point to evidence, some anecdotal and some more scientific, and many common situation that seem to contradict the concept of market efficiency. Numerous anomalies have been identified. An anomaly is a situation that appears to contradict the EMH. These include the P/E effect, the small-firm-in January effect, the neglected firm effect, post-earnings announcement price drift, the reversal effect and the book-to-market effect.
1.4 Tests of Predictability in Returns Over Short Horizons

Tests of market efficiency are generally based on two basic types: random walk and filter trading rule tests.

The random walk tests test randomness in security prices. Randomness in security prices referred to randomness in percentage price changes. Question is whether relative price changes are related over time. If the security price follow a random walk, price changes on any particular period are uncorrelated with historical price changes.

Correlation test introduced by Fama was one of the best known random walk test. The correlation test measures the extent to which the return on a stock in a given time period is correlated with its return in subsequent period. This type of correlation is referred to as either autocorrelation or serial correlation. A positive serial correlation means that positive returns tend to follow positive returns whereas negative serial correlation means positive returns tend to be followed by negative returns.

Researchers used various methods to estimate expected returns. Fama and MacBeth estimated returns for a security using capital asset pricing model and then examined the correlation of excess returns (actual return minus expected return). Galai used Black and Scholes to estimate expected returns in the option markets and then examined the correlation of excess returns. Roll used the term "structure" of interest rates to estimate expected return in the Treasury bill market.

Although correlation coefficient is the most widely used in testing of the usefulness of past return in predicting future return, it has its disadvantages. The correlation coefficient tends to be heavily influenced by extreme observations. Thus, results can be biased due to one or two unusual observations.
Filter Trading Rule Tests gives a rule for buying or selling a stock depending on past price movements. In practice, a large number of trading rules have been developed, and many are widely used today. One rule, for example, might be: “Buy a security if its price increased by 1%, and hold it until its price falls by more than 1% from the subsequent high”. Alexander and Fama and Blume found that such filter rules generally could not generate trading profits.
1.5 Performance Measurement

The rate of return of an investment is a simple concept in the case of a one-period investment. It is simply the sum of cash received (dividend or interest income) during the period and the change in the portfolio's market value (capital gain or loss) divided by the market value of the portfolio at the beginning of the period. This method assumes no cash flow coming in from and going out to their investors. **Time-weighted rate of return** and **value-weighted rate of return** are two methods typically employed in measuring performance of investments over a period during which cash was added to or withdrawn from the portfolio.

In examining portfolio performance, rate of return earned by a portfolio is often compared to the return earned by a portfolio of similar risk. In other comparisons an explicit risk-return trade-off, called risk-adjusted performance measure, is developed so that comparisons can be made across funds with very different risk levels. Risk-adjusted performance measure will adjust the portfolio's return by the amount that is attributable to the relative risk of the portfolio, given the strength of the market in the period that performance is evaluated. Thus, by using such a measure, there should be no propensity for portfolios with usually high or low levels of risk to earn unusually high or low marks, irrespective of the performance of the market.

In constructing a risk-adjusted performance measure, assumptions about the nature of risk and the relationship between return and risk should be made. Researchers make assumption of whether the stocks are priced according to a particular pricing model, eg CAPM or APT.

Three risk-adjusted performance measures have been introduced and are in widespread use. All three are based on the capital pricing model. The measures are named after those who introduced them. They are Jensen index, the Treynor index and the Sharpe Index.
The Jensen index uses the security market line as a benchmark. The index is actually the difference between the expected rate of return on the portfolio and what its expected return would be if the portfolio were positioned on the security market line. Portfolio \( i \) average excess return is

\[
E[R_i - R_n] = \alpha_i + \beta_i E[R_m - R_n]
\]

The CAPM predicted excess return is

\[
\beta_i E[R_m - R_n]
\]

So the alpha is

\[
\alpha_i = \alpha_i + \beta_i E[R_m - R_n] - \beta_i E[R_m - R_n]
\]

\[
\text{actual performance} \quad \text{Expected performance}
\]

The alpha measures risk adjusted performance of a security. The alpha is the Jensen index. The Jensen index is given by the vertical distance of each fund from the security market line. If the fund has a positive Jensen Index, it is positioned above the security market line, and it is considered to have good performance. A negative Jensen Index indicates bad performance and a position below the security market line.

The Sharpe Index uses the capital market line as a benchmark. The index is computed by dividing the risk premium for the portfolio by its standard deviation. It measures the risk premium earned per unit of risk exposure. The formula for the Sharpe Index is given by

\[
S_p = \frac{E(r_p) - r_e}{\sigma(r_p)}
\]
The Sharpe Index is equal to the slope of a straight line connecting the position of the fund with the risk-free rate. To determine the quality of performance, you compare the Sharpe Index for the manager's portfolio with the Sharpe Index for the market. A higher Sharpe Index would indicate that the manager has outperformed the market, while a lower Sharpe Index would indicate underperformance.

The Treynor Index uses the Security Market Line as a benchmark. The Treynor Index is the risk premium earned per unit of risk taken. Risk is measured in terms of the beta factor of the portfolio. The formula for the Treynor Index for portfolio P is given by

\[ T_P = \frac{E(r_P) - r_F}{\beta_P} \]
1.6 Objective of Study

The objective of this paper is to determine whether there is statistical evidence of short-run persistence in unit trusts performance in Malaysia. Both parametric and non-parametric statistical tests were carried out to test for performance persistence. Persistence in the parametric analysis attempts to test serial correlation of unit trust returns. However, the persistence in the non-parametric analysis attempts to test ability of unit trust to maintain its ranking of relative performance.

The analysis on performance persistence is carried at three areas. They are:
- Persistence in performance of all unit trust funds as a whole
- Comparison of the persistence in performance between government-sponsored and private unit trusts
- Comparison of the persistence in performance between growth funds and balance funds
- Comparison of the persistence of performance before and after the currency crisis in 1997

This study eventually aims to evaluate the fund managers' performance. We will conclude whether or not the fund managers' are able to consistently maintain its performance relative to KLCI performance, portfolio risk, average performance of the unit trust.
1.7 Scope of Study

Unit trusts can be broadly categorized into equity, bond, money market, real estate and property and derivative funds depending on the focus of their investment. Equity funds invest primarily in stock market and business ownership. This study is limited to the equity funds that are in existence from year 1991 to 2000.

Previous studies on persistency in mutual funds performance aimed to examine various phenomenon like hot hands phenomenon (Hendricks, Patel, Zeckhouser (1993)), fund managers' ability (Grinblatt and Titman (1992)), momentum effect (Jegadeesh (1990)), random walk theory (Jensen) and etc. This studies, however, focus on statistical evidence of performance persistence associated to fund managers' ability. Therefore net asset value (NAV) is used to calculate the returns of unit trusts. NAV is the per share market value of the shares at a particular point in time.

1.8 Limitation of Study

As mentioned earlier, the unit trust industry in Malaysia started to boom in mid 1990s and it is still at its infancy stage. As such, statistical analysis carried out in this studies is subjected to the following limitations:-

1) limited number of unit trusts
2) limited length of historical data

The small number of unit trusts can affect the statistical significance of the non-parametric analysis on government-sponsored and private unit trusts.

Given the limitation on length of historical data, the design of prior period and subsequent periods in contingency tables analysis cannot mirror those used in the regression analysis.
1.9 Organization of Report

The report consists of five chapters. Chapter 1 introduces the background of the studies and some concepts and theories related to the study. Objective of study, scope of study and limitations of study are included in this section.

In the second chapter, we review the literatures. This is followed by the section on research data and research methodology. Next, in Chapter 4, we examine the results of the studies. The last section contains the conclusion.