

**A COMPARATIVE STUDY OF ISLAMIC UNIT TRUST AND
CONVENTIONAL UNIT TRUST IN MALAYSIA: AN EMPHASIS ON
ITS PERFORMANCE**

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ABSTRACT

The emergence of Islamic unit trust in the Malaysian unit trust industry is reflection of a strong desire among Muslims in general and investors in specific, to have a fund intermediary which is in compliance with *Syari'ah* principles. However, its implementation has only come into success after continuous effort and commitment from the government. Unfortunately after almost 10 years of operation in the market, Islamic unit trust has only managed to capture a minuscule proportion in the unit trust market, besides receiving several negative perceptions.

This study tries to determine the significant similarities and differences between Islamic and conventional unit trust from the Malaysian perspective. In addition, the performance of both types of funds based on the selected sample is worked on to conform the hypothesis. The findings from the test employed are very important to either validate the aforementioned negative perceptions or to reject it as a baseless allegation. Besides, the study also suggests several recommendations in order to promote the acceptance of Islamic unit trust specifically and the whole unit trust industry in general.

TABLE OF CONTENTS

	PAGES
CHAPTER ONE	
<u>INTRODUCTION</u>	
1.1 Background	1
1.2 Issues	3
1.3 Objectives of the Study	4
1.4 Scope of the Study	4
1.5 Limitations of the Study	5
1.6 Organization of the Study	5
 CHAPTER TWO	
<u>LITERATURE REVIEW</u>	
2.1 Unit Trust Industry	7
2.1.1 Concept of Unit Trust	7
2.1.2 Type of Unit Trust Fund	7
2.1.3 History of Unit Trust In Malaysia	10
2.1.4 Advantages and Disadvantages of Investing in Unit Trust	14
2.1.4.1 Advantages	15
2.1.4.2 Disadvantages	16
2.2 <i>Mu'amalah</i>	16
2.2.1 Islamic Unit Trust	17
2.2.2 Sale and Purchase Contract	19
2.2.3 <i>Musya'</i> Asset Concept	19
2.2.4 <i>Al Wakalah</i> Concept	19
2.2.5 <i>'Uqud Ghair al Musamma</i>	21
2.3 A Comparison Between the Islamic and the Conventional Unit Trust	22
2.3.1 Similarities	23
2.3.1.1 Management Company	23

2.3.1.2	Act and Regulations	24
2.3.1.2.1	The Securities Commission	24
2.3.1.2.2	Registrar of Companies	25
2.3.1.2.3	Federation of Malaysian Unit Trust Managers	26
2.3.1.3	Fees	26
2.3.2	Differences	27
2.3.2.1	Philosophy	27
2.3.2.2	Concept	28
2.3.2.3	Syariah Panel	29
2.3.2.4	Cleansing Process for Islamic Funds	29
2.4	Performance Evaluation	30
2.4.1	Empirical Studies in Singapore and Malaysia	33
2.5	Summary	36

CHAPTER THREE

HYPOTHESIS, RESEARCH METHODOLOGY AND VALUATION OF THE FUND

3.1	Hypothesis of the Study	42
3.2	Research Methodology	42
3.2.1	Sample Selection	42
3.2.2	Data Collection Techniques	45
3.2.2.1	Library Research	45
3.2.2.2	Fieldwork	46
3.2.3	Data Analysis Techniques	46
3.2.3.1	Continuously Compounded Rate of Return and Sharpe Index	47
3.2.3.2	Risk Measurement	48
3.2.3.3	Degree of Diversification of Unit Trust	50
3.3	Valuation of A Unit Trust Fund	51
3.3.1	Computation of Net Asset Value	51
3.3.2	Computation of Selling price	52

3.3.3	Computation of Buying Price	53
3.3.4	Management Expenses	53
3.3.5	Management Expense Ratio	54

CHAPTER FOUR

RESEARCH FINDINGS AND ANALYSIS

4.1	Data analysis	57
4.1.1	Fund Performance	58
4.1.2	Risk	60
4.1.3	Degree of Diversification	61
4.1.4	Comparing Islamic and Conventional Unit Trust As Two Portfolios	63
4.1.5	T-test	64
4.2	Conclusion	65

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1	Conclusion	67
5.2	Recommendation	69

BIBLIOGRAPHY	72
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APPENDICES

APPENDIX 1

APPENDIX 2

APPENDIX 3

APPENDIX 4

APPENDIX 5

APPENDIX 6(a)

APPENDIX 6(b)

APPENDIX 6(c)

LIST OF TABLES

		PAGES
Table 2.1	Profile of the Malaysian Unit Trust Industry	13
Table 2.2	Yearly Development of Islamic and Conventional Unit Trust	14
Table 3.1	Selected Funds in the Islamic Unit Trust Sample	44
Table 3.2	Selected Funds in the Conventional Unit Trust Sample	44
Table 4.1	Findings for the Islamic Sample	57
Table 4.2	Findings for the Conventional Sample	58
Table 4.3	Mean of Return, Risk and R^2 for Market Portfolio, Islamic and Conventional Funds	58
Table 4.4	Mean of Return, Standard Deviation, Sharpe Index, Beta and R^2 for Islamic and Conventional Pool Portfolios	63
Table 4.5	Paired Samples Statistics and Test	64