

THE PERFORMANCE OF MALAYSIAN UNIT TRUSTS: GOVERNMENT-
SPONSORED FUNDS VERSUS PRIVATE FUNDS (1993-2001)

by

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M.Sc. Finance

Thesis Submitted in Fulfilment of the Requirements for the Degree of
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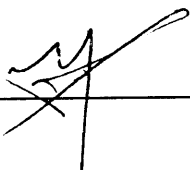
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ABSTRAK

Kajian ini mengkaji pencapaian saham amanah di Malaysia khususnya membuat perbandingan di antara saham amanah yang diberi peruntukan oleh kerajaan dan juga saham amanah yang dikeluarkan oleh institusi swasta. 79 saham amanah dikaji, di mana 21 saham amanah adalah disokong oleh kerajaan (selepas ini disebut saham amanah kerajaan) dan 58 saham amanah di bawah pengurusan institusi swasta. Data bulanan telah diambil pada tiap-tiap hujung bulan selama 9 tahun, iaitu dari tahun 1993 sehingga tahun 2001.

Prestasi saham amanah diukur menggunakan Sharpe Index, Adjusted Sharpe Index, Treynor Index dan juga Adjusted Jensen's Alpha. Keputusan kajian menunjukkan bahawa bagi jangka masa 1993-2001, saham amanah di Malaysia adalah di bawah par-as pasaran saham (KLCI). Kajian juga menunjukkan tidak ada perbezaan di dalam pulangan di antara saham amanah kerajaan mahupun swasta, walaupun begitu saham amanah institusi swasta menunjukkan pulangan yang lebih tinggi dan mempunyai risiko yang lebih rendah daripada saham amanah kerajaan.

Kajian juga mendapati saham amanah yang meletakkan "aggressive-growth fund" sebagai objektif di dalam pelaburan mempunyai pulangan yang tinggi dari "growth, income dan balanced fund". Selain daripada itu kajian ini juga menunjukkan tahap kepelbagaian di dalam pelaburan adalah pada kadar yang memuaskan iaitu di atas paras 0.50 untuk kedua-dua sektor yang dikaji. Saham amanah institusi swasta menunjukkan tahap kepelbagaian yang lebih tinggi. Selain daripada itu keputusan juga menunjukkan saham amanah yang mempunyai "growth fund" sebagai objektif di dalam kedua-dua sektor iaitu kerajaan dan swasta mempunyai tahap kepelbagaian yang lebih tinggi dari "balanced fund".

Kajian melalui Spearman Rank Correlation Coefficient mendapati saham amanah yang dikaji menunjukkan pencapaian yang tidak konsisten di dalam memberi pulangan kepada pelabur, di mana saham amanah institusi swasta menunjukkan keputusan yang lebih rendah di dalam mengekalkan tahap konsistensi yang berterusan.

Secara keseluruhan, kajian mendapati bahawa saham amanah institusi swasta menunjukkan pulangan yang lebih tinggi dan mempunyai risiko yang lebih rendah serta mempunyai tahap kepelbagaian yang lebih tinggi daripada saham amanah kerajaan. Walaupun begitu kedua-dua sektor saham amanah gagal untuk mengatasi pasaran saham (KLCI). Kajian berkenaan dengan tahap konsistensi saham amanah di dalam membuat pulangan yang berterusan dari tahun ke tahun mendapati bahawa saham amanah yang disokong oleh kerajaan menunjukkan konsistensi yang lebih baik. Walaupun begitu, kedua-dua saham amanah secara keseluruhan mempunyai tahap prestasi yang tidak konsisten.

ABSTRACT

This study examines and compares the risk-adjusted returns of government-sponsored and private unit trusts using the Sharpe Index, Adjusted Sharpe Index, Treynor Index and Adjusted Jensen's Alpha. A total of 79 funds were analysed, with 21 government-sponsored unit trusts and 58 private unit trusts. Data were taken from every end of the month for 9 years period, which is from 1993 until 2001.

Results from the analysis reveal that, no significant difference in returns exists between the two sectors and both of the sectors under-performed the market index (KLCI). However, there is some evidence that private unit trusts give better return and is less risky than government-sponsored unit trusts.

The study found that aggressive-growth fund provides superior return than balanced, growth and income funds. The findings also demonstrate that government-sponsored and private unit trusts are fairly diversified with the level of diversification measured by R^2 is higher than 0.50. Private unit trusts however, show better diversification level than government-sponsored unit trusts. The results further shows that growth funds for both categories are more diversified than the balanced fund.

Further evidence suggests that the performance of the unit trusts for both categories is not consistent for each pair of years over time when the analysis was conducted by using the Spearman Rank Correlation Coefficient. Private unit trusts on the other hand shows greater inconsistent in performance than the government-sponsored unit trusts.

Overall, the study found that private unit trusts shows a slightly higher return than the government-sponsored unit trusts, however, the results are not significant at the 5% level and both sectors failed to outperformed the market index (KLCI). Results also show that private unit trusts are less risky and are more diversified than government-sponsored unit trusts, however, they are less consistent in performance, although both sectors shows inconsistent performance from year to year.

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CHAPTER ONE

INTRODUCTION

1.1 Background of unit trust

A unit trust is an investment scheme that pools money from individuals or institutions who share the same investment and financial objectives (Choong, 1970). The professional fund managers then invest the funds into a portfolio of investments, which provides a simple and affordable means for investors to invest their money in any combination of investments such as shares, money market instruments, commodities, property and others. Therefore, unit trusts play an important role in the development of the private capital market through mobilizing small savings for active participation in the corporate securities market.

In some countries these investment schemes are termed as mutual funds rather than unit trusts. In the United States, unit trusts are known as mutual funds whereas in other countries they are better known as unit trusts. The difference lies in their legal structure, namely mutual funds are investment companies that issue redeemable shares whereas unit trusts is a limited liability company that issue units instead of shares (Securities Commission).

Performance of unit trust funds has been an interest to both the investors and academicians. For investors it gives indications to whether investors should rely on fund managers to invest on their behalf and for academicians, it can give a better picture on market efficiency. As indicated by many studies, [Sharpe (1966), Fama (1972), McDonald (1974)

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