

Comparative Analysis of Islamic Unit Trust Fund Performance
(Case Study of Islamic Unit Trust Companies in Malaysia)

By

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ABSTRACT

This dissertation investigated the performance of Islamic unit trust companies in Malaysia. The sample used in this study was fifty (50) Islamic unit trust companies. It employed three well-known measure of investment performance analysis namely Sharpe, Treynor and Jensen. Fifty (50) Islamic unit trust companies were studied from the period of 2009 to 2013. The study used two benchmarks which are Exchange Main Board All-shares Index (EMAS) benchmark and Kuala Lumpur Stock Exchange Composite Index (KLCI) benchmark. This study examined the performance of Islamic unit trust funds using different benchmarks namely EMAS and KLCI in order to know which benchmark is Islamic unit trust outperform. This study also evaluated the performance of the Islamic unit trust funds in Malaysia, 3-months Treasury Bills which were obtained weekly. The limitation of this study referred to the number of observations used due to the time frame which was short, starting from 2009 to 2013. As a result of the findings, it is imperatively to state that the EMAS market index performs better than the KLCI in almost all of the ramifications except in the standard deviations which is due to the higher returns generated by EMAS for these periods under review. Thus, EMAS seems to be a reliable index that can be applied by Islamic unit trust as a benchmark for the funds. In addition, both EMAS and KLCI are highly correlated but EMAS INDEX is more useful for benchmark because it is an asset-based. However, the systematic risk of both index is almost the same when each of them is applied as a benchmark. Meanwhile, the result also indicated that all results from Jensen, Sharpe and Treynor measurement were all significant at 0.05 level to KLCI and EMAS index. The 3-months T-bills outperformed thirty-one of the unit trust funds and it is also less risky than the Islamic unit trust funds.

Key words: *Islamic unit trust fund, KLCI, EMAS, Sharpe, Treynor, Jensen, performance, underperformance and out performance.*

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