

The Information Contents of EPF's Aggregate Trading Activities

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ABSTRACT

Prior researchers show that transactions made by substantial shareholders contain least information. The main purpose of this study is to examine the information contents of EPF's aggregate trading activities for a sample of 48 companies listed in Bursa Malaysia during the period 2000 to 2006. By using the framework created by Seyhun (1998) and modified framework, this study investigates the influences of the EPF's aggregate trading activities on broad stock market movement (KLCI), and their trading patterns across all the calendar months. The results suggest that there is a large impact of the EPF transactions on board stock market movement. The impact appears to be negative which suggests the EPF buys stocks when stock market goes up and sells stocks when stock market goes down. Moreover, the findings also show that EPF is traded actively around the earning announcement period and have the tendency to window dresses their portfolio at the year-end quarter. The results of this study are basically consistent with prior literatures that done in overseas. Future research implications are also offered in this research.