

# THE EVALUATION OF INVESTMENT PERFORMANCE AND THE INVESTORS' DEGREE OF SATISFACTION IN MALAYSIA UNIT TRUSTS INDUSTRY AFTERMATH THE FINANCIAL CRISIS

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## ABSTRACT

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Methods adopted in secondary data analysis on the 41 sample fund includes the three risk adjusted indexes namely Sharpe index, Jensen Alpha and Treynor Index, risk measurements include standard Deviation, Beta and Coefficient of Determinants, and non-risk-adjusted return measurement namely Mean Monthly Returns. Whereas, primary data is extracted from 200 questionnaires distributed to investors.

Through secondary data analysis on the 5-year (1995 – 1999) investment performance of Malaysian unit trusts entails that though the industry performed satisfactory in risk management, the overall industry has not been performing well using Kuala Lumpur stock exchanges' composite index as benchmark as merely 95 percent of the 41 selected funds were able to outperform the market, worst proportion of 9.76 percent lied above the security market line and 9.76 percent took opportunity to lever position albeit t achieved higher mean monthly returns than the market.

Nonetheless, the primary data analysis reveals that there is a more positive outlook can be expected from the year 2000 on ward with sign of economic recovery and confidence emerge. The result with high collapsed scale implies that investors are satisfactory towards the returns, risk diversification, liquidity, affordability, flexibility, and easy transaction of Malaysian unit trusts industry. Yet, there is a doubt investors' satisfaction on the information disclosure and the dispersed categories offered in Malaysian unit trusts industry.

Finally, recommendations towards solutions for Malaysian unit trusts industry to flourish in this challenging year have been proposed to investors, fund managers and government. For investors, it is recommended that do not over-reliance on performance, use long-term performance in selection process, do not jump to final decision based on funds recent good performance, pick a fund with investment objective that is congruent with one's own, pick fund managers that suit their style, review on company back ground and beware of dividend and bonus issues. Further recommendation to funds' managers are providing more value-added services, implement information technology in the industry, greater information disclosure, enhance the professionalism and maintain good relation with investors. Whilst, government should stimulate the awareness of public towards the industry, encourage institutional unit trusts and established of foreign fund management company, liberalize industry and give tax exemption.