

A COMPARATIVE STUDY ON THE RISK AND RETURN OF THE VARIOUS FUNDS OFFERED BY TWO UNIT TRUSTS COMPANIES

Prepared by: Tseu Ket Yung

ABSTRACT

The researcher had conducted a risk and returns measurement for the selected funds for the time period of 5-years and 3-years. From the analysis, the researcher had found that the result from the calculated return, *KL Aggressive Growth Fund* is the top earner for the 5-year timeframe as well as 3-year timeframe. However, for the 5-year timeframe, 5 out of the 8 selected funds had actually recorded a negative total return mostly due to the economic crisis in year 1997. On the other hand, for the timeframe of 3-year, there are actually 4 funds that had recorded a positive return. For this research, the researcher had found out that the selected funds under BHLB Pacific Management Berhad appear to be riskier as they adopt a more aggressive investment strategy.

Performance wise, the researcher found that for the 5-year time frame from 1996 to 2000, there are 4 out of the 8 selected funds that are able to outperform the market portfolio which are *BHLB Pacific Double Growth Fund*, *BHLB Pacific Emerging Companies Growth*, *KL Savings Fund* and *KL Aggressive Growth Fund*. Meanwhile for the timeframe of 3-year, there are again 4 funds that are able to outperform the KLSE which are *BHLB Pacific Double Growth Fund*, *BHLB Pacific Emerging Companies Growth Fund*, *KL Industry Fund* and *KL Aggressive Growth Fund*.

From the chi-square testing, the researcher found that there are no relationship between the gender, income levels and investment goals of the respondents with the preference towards risk taking. However there is a relationship between the age range and marital status with the preference towards risk taking.

Furthermore, the researcher found there is a relationship between the age ranges with the choice to invest in the unit trusts. However, there are no relationships between the gender, income levels, education levels, understanding levels towards the unit trusts and the investment goals of the respondent with the choice of investing in the unit trust.

The researcher at the end had suggested the fund manager to revise their investment strategy, as it appears that their performance is not adherence to their stated objectives. Apart from that, the researcher also recommends *KL Aggressive Growth Fund* as the best choice of investment from the 8 selected funds because it yields the highest return and undertake a modest risk.

Finally the researcher also recommends a few ways of increasing the number of investors in the unit trusts where it requires both the government and the unit trusts companies to work hand-in-hand.