



MK7227 Postgraduate Dissertation

Student Number: 1430126

	Comments	Max Mark	Actual Mark
Introduction <i>Identification of a valid topic, research question and objectives framed to Masters Level standard with academic rationale developed, clear industry contextualisation of the research topic</i>	Supervisor Comments:	10%	
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**Performance of Ethical Mutual Funds-Sacrifice or premium: Empirical
Evidence in the UK and Malaysia**

A dissertation submitted in partial fulfilment of the requirements of the Royal Docks
Business School, University of East London for the degree of **MSc. Finance and
Risk**

July, 2015

Word Count: 15212

I declare that no material contained in the thesis has been used in any other submission for
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Performance of Ethical Mutual Funds- Sacrifice or Premium: Empirical Evidence in the UK and Malaysia

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Abstract

Ethical funds have got attention to investors due to the nature of investment and selection of stocks. Over the time growth of ethical funds or SRI funds has been increasing. Considering the evolution of ethical funds, this study has been undertaken to compare the performance among the ethical funds, conventional funds, simulated portfolio and Market Portfolio in the UK and Malaysia. The main objective of the study was to identify the performance of ethical mutual funds over conventional funds, simulated portfolio and local market portfolio and how the performances of ethical funds differ. The study has been conducted collecting regarding nine conventional funds in the UK, nine ethical funds in UK, Listed stocks of FTSE100, FTSE100 index performance, nine conventional funds in Malaysia, nine ethical funds in Malaysia, Listed stocks of FTSE Bursa KLCI and performance of FTSE Bursa KLCI. Data has been collected from Bloomberg and analyzed through Monte Carlo simulation and Sharp ratio.

Overall analysis of the study concludes that the performance of ethical funds is higher than the market portfolio (FTSE100 index) performance but lower than the simulated portfolio in the UK. However, the performance of ethical funds and conventional funds in the UK is almost similar. This is due to similar types of investment allocation and fees related to investment. In UK investors may not only consider the return from funds for investment but also social issues can be considered to select the funds of own choice. As there is no difference between the performances of ethical funds and conventional funds so people might be interested in ethical funds to make them socially more responsible.

On the other hand in Malaysia, ethical funds are performing poorly than conventional funds, simulated portfolio and local market portfolio (FTSE Bursa KLCI: IND). This indicates that ethical funds are sacrificing performance compared to conventional funds and other portfolios. The author found that all the mutual funds in Malaysia are associated with Shariah-based investment. For this reason, investors are selecting ethical funds with less return. Here investors are considering Halal or Haram issues

rather than return to take investment decision. Researcher also found that various fees associated with ethical funds are higher than from the conventional funds.

Moreover, the ethical funds of Malaysia are poorly performing compared to the ethical funds of the UK. The author in this study found that the various fees associated with the funds management is higher in Malaysia than the UK, information asymmetry for the investors of Malaysia as Malaysian market is developing. Besides these, asset allocation decision also causes the difference of performance. Lastly, the Malaysian investors focus on economic growth than the ethical issue as still they are in developing stage. Whereas, the investors of the UK giving emphasis on ethical issues to invest as their economy is already developed.

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1 Chapter One: Introduction

1.1 Background of the Study

Nowadays investment decisions include various issues besides financial concerns such as environmental, social, governance and religious considerations. These issues are integrated into investment decisions as some investors try to have non-financial utility from ethical investments. Considering the issues evaluated by investors, ethical funds have been evolved.

Sanberg et al. (2008) stated that, definition of ethical fund is ambiguous and includes various intentions and purpose of investors. In this regard, Kreander et al (2005) in their study concluded that ethical fund investment may be varied. One ethical fund may consider investments which are associated with environmental issues another fund may consider issues like alcohol, tobacco or pornography issues. Fund managers apply different screening criteria which restrict their investment opportunities. Investment criteria can be divided into positive and negative criteria. Negative approach excludes companies which meet one or more negative screening criteria. On the other hand positive screening approach includes companies which meet superior standards or ethical issues (Renneboog et al. 2008). Kempf & Osthoff (2007) stated that, positive screening approach includes wide variety of investment opportunities. At present investment in mutual funds are influenced by ethical considerations. Now it is to identify whether ethical funds are performing better than conventional funds or not.

Above mentioned discussion concludes that investment decisions are highly influenced by ethical considerations. Investments based on ethical considerations are treated as ethical fund or socially responsible investments which are different from conventional fund. Now present study has been designed and undertaken to understand and compare among ethical funds, conventional funds, simulated portfolio and local market portfolio. This study has selected UK and Malaysia as case study country where UK will represent investment funds of developed country and Malaysia will represent investment funds of developing country.

Overall discuss of the study will help to understand the position of ethical investments funds (SRI) performance in compared to conventional funds, simulated portfolio and local market portfolio in the UK and Malaysia. Findings of the study will be matched with various empirical researches to identify variations.

1.2 Rationale of the Study

Corporate social responsibility (CSR) has become major concern of considerable research and debate over the last decade. One thing has become very popular in investment opportunities at present time and that is applying environmental, social and governance (ESG) criteria to investment strategies. This job is done by socially responsible funds (SRI) or ethical funds. Demand for this nature of fund has been increased rapidly especially over last five years, by 30% in USA and 40% in Europe. Considering this situation this has become a major concern that whether investment using social or ethical criteria really involves the acceptance on the part of the investor of a lower return and if this situation does not occur then why not. Various financial theories and classical theories propose negative relationship between application of social criteria to investment strategies and return from those investments. Various empirical researchers support that the performance of ethical funds are less financially attractive than conventional funds. Some researchers are dependent of social theory of the organization and according to them financial performance of ethical or SRI fund is better than conventional funds. As reason they conclude that SRI funds include more information in investment decisions since manager of those funds try to manage economic, environmental, social and other issues which results in selection of better portfolio.

Considering the debates regarding performance of SRI or ethical funds over conventional funds, simulated portfolio and market portfolio, this study has been undertaken to analyze the performance of ethical funds and conventional funds based on data collected from UK and Malaysia. Overall discussion of the study will help to answer various questions not explained

in literature regarding comparative performance of ethical funds, conventional funds, simulated portfolio and market portfolio.

1.3 Problem Discussion

In the survey of Sparke (1998) it was shown that one third of the investors are ready for investment in ethical funds if return from ethical firms are slightly lower than those of conventional funds. But this percentage of ethical investors rapidly falls if return for ethical funds are significantly lower than that of conventional funds. Some evidence shows that corporate social responsibility (CSR) behavior of an organization has positive impact on market value of the organizational and ethical funds are more sustainable than conventional funds. For this reason the portfolio that includes shares issued by firms which are involved with high quality CSR are considered to be more sustainable and profitable (Bird et al., 2007). CSR has been considered as intrinsic motivation for employees which in return associated with better performance. Cummings (2000) stated that, ethical firms are expected to perform better in long horizon than that of conventional funds.

Some other researchers conclude that screening process of ethical funds has negative impact on the performance of ethical funds. Ethical funds exclude many investment opportunities considering ethical issues which make them less attractive. It is known to all that ethical funds avoid investment in certain industries regardless of return from those industries. For this reason investment from ethical funds seems more risky for than traditional investments (Michelson et al., 2004). It has been argues that ethical funds charge higher management compared to conventional funds since ethical funds involves sophisticated screening process which makes SRI funds less effective than conventional funds (Michelson et al., 2004). So there is debate regarding performance of ethical funds and conventional funds which become problem from this research and researcher attempted to provide solution to the problem. Here data collected from UK and Malaysia will help to conclude about the research problem and extensive data collected is expected to provide effective solution to research problem.

1.4 Research Aim and Objectives

Aim of the study is to provide comparative overview among ethical funds, conventional funds, simulated portfolio, and the market portfolio (local equity index) regarding their performance in both United Kingdom and Malaysia.

Objectives of the study are:

- To evaluate the performance among ethical funds, conventional funds, simulated portfolio, and the market portfolio (local equity index) in developed country like UK.
- To evaluate the performance among ethical funds, conventional funds, Simulated portfolio, and the market portfolio (local equity index) in developing country like Malaysia
- To compare the performance ethical funds of both United Kingdom and Malaysia.
- To find out the reasons, why ethical funds performance differ from conventional funds in the UK and in Malaysia.

1.5 Research Questions

Following can be stated as research questions of the present study.

- Weather the ethical funds sacrifice or premium the performance over conventional funds, simulated portfolio, and the market portfolio (local equity index) in the UK and in Malaysia?
- How the performance of among ethical funds, conventional funds, simulated portfolio, and the market portfolio (local equity index) differ in developed countries?
- How the performance of among ethical funds, conventional funds, simulated portfolio, and the market portfolio (local equity index) differ in developing countries?
- Which country's ethical funds performing well either Malaysia or the UK?

- How the performances of ethical funds differ in the UK and in Malaysia?

1.6 Outline of the Dissertation

This research study will be presented through six different chapters. Here brief discussion about contain of all chapters is presented below-

Chapter One-Introduction: This chapter of the study will be started through giving idea about background of the study. The rationale of the present study and problem statement will be discussed. Then research objectives and research questions will be presented to know about the study.

Chapter Two-Literature Review: Second chapter of the study will discuss about various empirical evidences related to the present study. All these empirical evidences will help to design the research framework.

Chapter Three – Methodology: Research methodology is essential to carry out a study in effective way. This chapter of the study will discuss about various research methodologies that would be accepted for the present study.

Chapter Four-Data Analysis: This chapter of the study will present various data and information collected from secondary sources, especially from Bloomberg Terminal. Here researcher will analyze collected data critically based on based research objective in mind and provide answer to research questions.

Chapter Five- Conclusion: Considering overall research study researcher will provide here construction conclusions which focus the major findings of the study.

Chapter Six-Recommendations: In this part, author provides the recommendation based on the findings of the study and the author mention the further scope of study.

2 Chapter Two: Literature Review

This chapter of the present study has been designed to discuss literature review related to present study. This chapter will have focus on ethical funds, conventional funds, simulated portfolio and market portfolio (local market index) from various perspectives. All the discussion will be made through critical empirical evidences. Overall discussion of the study will help to understand the facts related to performance of ethical funds, conventional funds simulated portfolio and market portfolio (local market index).

2.1 Socially Responsible Investments or Ethical Funds

During 18th century due to influence of Catholic Church many individuals refused to do business with firms which are involved in alcohol, slave trade or gambling (Schwartz, 2003). From that the idea of ethical investment got new era. But we noticed peak growth of ethical investment after 1980. Schwartz (2003) also stated that, corporate responsibility movements and business ethics are becoming important factors in investment and this is in increasing trend which indicates that ethical funds produce sufficient returns. This statement is also supported by Climent & Soriano (2011). Therefore, it is said that the concept of socially responsible business developed in the early stage.

Many research papers tried to evaluate the definition of ethical funds and criteria to be considered as ethical one. Some researchers argued that ethical criteria differs from company to company and depends on ethical codes and corporate policy of the organization. Several researches help to understand and adopt ethical SRI principles. EIRIS (2008) in their research paper conclude that most of the ethical funds apply two approaches, negative and positive approaches while screening the companies to be included in their portfolio. The negative approach implies that ethical fund should avoid investing into socially not acceptable companies or non-socially responsible companies. For this reason ethical funds avoid investment in gambling, alcohol, tobacco or such other companies which violates the human rights. The positive approach of mutual funds indicates that funds tend to invest in

companies with good corporate governance, promotes corporate social responsibility, protect human rights etc. There are various acts and documents which provide guidelines and policies for ethical fund investment. This research has been undertaken to discuss performance of ethical funds and conventional funds in UK it can be stated that ethical investments in UK choose their criteria from list of the 300 criteria provided and designed by Ethical Investment Guidelines and Research Services (Mackenzie, 1998).

2.2 Indication of Ethical Funds

Ethical or SRI investments are classified on the basis of certain criteria these process. There are several reasons why some industries are considered unethical by mutual funds. Some of these investment opportunities might be considered as dangerous and addictive. On the other hand some investment opportunities are excluded from ethical investments because these are associated with unethical activities (Schwartz, 2003). Various research concluded that some activities such as gambling which harms people, brings financial problems and reason for suicidal activities are considered as unethical investments (Schwartz, 2003, Sandberg et al. 2008). Some ethical funds avoid oil companies and gas companies since many of those companies imply environmental pollution and are not considered to be sustainable due to decreasing gas and oil resources. According to Climent & Soriano (2011), ethical funds generally screen funds which are socially viable or have social objectives. But companies and funds which behave socially responsible not being concerned about social issues rather to remain competitive in the market. Destroying nature or promoting racism companies will become less attractive to customers and they will get penalties from government. Considering this Hellsten and Mallin (2006) in their study concluded that ethical behavior does not mean that the company step towards social responsibility in a positive sense.

The study by Beal et al. (2005) concluded that screening funds on the basis of socially responsible criteria allows ethical funds to create market niche rather than anticipating positive changes in the society. Therefore labeling

companies as ethical company might be considered as new marketing technique of the mutual funds. For example Enron or Chevron had to pay pollution charges but these companies might not be considered as ethical investment opportunities (Elena, 2009).

2.3 History of SRI or Ethical Funds

The origin of ethical investment or SRI is ancient in Christian, Jewish and Islamic traditions. Judaism developed numerous techniques regarding investing money ethically. In medieval Christian times, ethical investments were employed to loans and investments. Universal prohibition was employed by Catholic Church on Usury in 1139 which continued until 1900. The Pioneer Fund which was founded in 1928 is first modern fund employing religious traditions.

Ethical investments also got popularity in Islamic traditions (Elena, 2009). Beal et al. (2005) in their study concluded that, based on teachings of 'Al-Quaran' and its interpretations, Islamic investors avoid investment in companies which are involved in pork production, pornography, gambling and interest based financial activities. They also stated that ancient ethical investments were mainly concerned with religious issues but modern ethical investments consider personal ethical convictions and social convictions of investors.

First modern SRI mutual fund was Pax World Fund which was founded in 1971 in US and initiated to avoid investments in weapon contractors. During 1980 racism was at highest level and ethical investors from Europe and USA exerted fund managers to withdraw or divert funds from South Africa to somewhere else. This action can be stated as social ethical considerations. Campaign regarding these social issues were successful and state legislature of California passed a law amendment in 1986 requiring the state's various pension funds to recover investment over 6 million Dollar from companies having activities at South Africa (Sparkes, 2002). This is how SRI funds and ethical funds are getting concentration are considered by ethical investors. SRI funds or ethical funds have seen rapid growth in US, Europe and rest of

the world since early 1990s. Most important factor behind the growth of mutual funds is that consumers pay premium price for their desired products.

Evidence: The market of ethical funds in UK is valued at around \$59 billion in 2005 (Co-op, 2006). He also stated that value of Islamic mutual funds was 10 times in 2005 compared to that of 1995. This indicates the growth of mutual funds. Various issue like environmental protection, human rights, and labor relations are considered in SRI investments.

Criteria like transparency, governance, and sustainability have been emerged as essential SRI screens (Knoll, 2002). Knoll (2002) also stated various non-financial behaviors as the main concern of ethical investments and SRI for its growth.

2.4 The Market of SRI

The empirical evidences of growth of SRI market discuss below-

Over last few decades a phenomenal growth has been seen in SRI funds. In US SRI portfolios has been grown by 1200% in 2005 compared to last year of 2004. At that time SRI portfolio was 10% of total portfolios (SIF, 2005).

Eurosif (2006) stated that, European SRI Funds are in early stage but it is growing very rapidly. In 2005 SRI assets were around 1.4 trillion dollar which represents 10-15% of total market portfolios.

SRI funds of Canada increased by \$22 billion from the year 2002 to 2004 and in Australia SRI or ethical funds increased by almost 5 times from the period 2011 to 2005 (EIA, 2005). If we consider retail funds then the portion of SRI fund is very small but it is very rapid increase stage. SIF (2005) in their study concluded that in US SRI funds increased from 55 to 201 and in Europe 54 to 375 for the year 1995 to 2005.

In a study regarding money-flows of SRI investments or ethical investments around the world Renneboog et al (2005) stated that, almost all countries SRI

funds account less than 1% of the total domestic fund. Netherlands and UK are holding highest percentage of SRI funds in Europe. From the very beginning SRI funds or ethical funds are increasing rapidly compared to other investment funds and it has been considered that in near future main concern of investors will SRI funds. Various issues such as emissions trading, governance at every level, global warming, Kyoto protocol, community investment and environmental considerations are becoming main attention of the investors around the world. Former Chief Investment Officer of ABP investments considered sustainable investment as most important factors driving investment in future (Financial Times, Jan. 26, 2003). Dutch pension fund PGGM, which manages about €45 billion assets, applies two negative screens to all of its investment portfolios and these human rights and weapon related activities (Eurosif, 2003).

2.5 Profile of the Ethical Investors

The growth of ethical funds indicates that the demand of ethical funds or SRI funds has been increasing over the time. This part of research study will discuss about various investors of ethical funds. Several research studies conclude that socially responsible investors or ethical investors are normally young, educated and have lower income compared to that of conventional investors (McLachlan and Gardner, 2004). Study conducted by KPMG (2000) suggests that 80% of 25-39 years old as compared to 72% of 40-59 year old would consider ethical investments. Rosen and Sandier (1991) in their study concluded that 60% of investors in ethical funds are graduates and currently they earn 15% less than that of conventional funds because they are early stage of careers. That means highly educated person and early stage investor prefer ethical investments. Their study also concluded that most of the investors in ethical funds are male.

Beal et al. (2005) in their study concluded that, ethical investors invest for premium financial return, non-wealth return and most importantly for social returns. Again their study concluded that ethical investors are motivated by combination of financial returns and non-wealth factors.

Evidence: Many ethical funds provide slightly lower return (1%-1.5%) than that of conventional funds but investors are socially recognized (Beal et al., 2005). McLachlan and Gardner (2004) conducted survey using the sample of 55 conventional and 54 ethical investors showed no evidence that investors of conventional funds are more concerned with financial return than that of ethical investors. They also concluded that social considerations of SRI funds have become new marketing strategy of ethical funds.

Finally, it can be said that normally young graduates, highly educated persons and lower income people consider the socially responsible investment or ethical investment.

2.6 Factors affecting Performance of Mutual Funds

As the present study is associated with comparing the performance of ethical funds and conventional funds it is essential to the factors which are affecting performance of mutual funds. In literature most commonly considered factors are size, age and management fee associated with mutual funds. Study by Gallagher et al. (1998) shows that small funds are better performer than that of big funds. This effect of size seems to be disappeared when using risk-adjusted measures.

Evidence: Kreander et al. (2005) in their study concluded that the size of the fund is not related to the performance of the funds as well as age has minimal effect. But they conclude that management fee is affecting performance of the mutual funds. As example they concluded that some funds in USA are associating 4%-5% management fees while others are imposing 1-3%. They conducted a regression analysis and found that the relationship between management fee and return is negative and it is significant. Those which are imposing higher management fee provided less return to the investors. Some empirical researchers concluded that management fee of mutual funds is related to the financial performance of the funds. Funds which are better in the market are demanding higher management fees.

McLachlan and Gardner (2004) in their study concluded that, allocation of funds across the country or continent has impact on the performance of mutual funds. As example they concluded that those funds which have investment in several countries or continents of the world have consistent performance compared to that which is investing in single country. Grinblatt and Titman (1994) also found significant negative relationship between fee and the Jensen measure for US mutual funds.

This research study will try to evaluate various factors such as size, asset allocation, age and management fees associated with mutual funds which are related to performance of mutual funds and causes the difference of performance between the ethical funds and the conventional funds.

2.7 Financial Performance of Ethical Funds compared to Conventional Funds

This study is to analyze the performance of ethical funds compared to conventional funds. This section of the study has been designed to compare the performance of ethical funds on the basis of different literatures. One appropriate approach is to analyze the performance of those ethical funds which switched from conventional funds.

Mill (2006) conducted study on 4 SRI funds which switched from conventional funds and the study concludes that there is positive effect on performance over four year from date of conversion. Another study conducted by Mallin et al. (1995) concludes that there is no significant difference in performances of mutual funds and conventional funds. Kreander et al. (2005) performed similar test using regression analysis and this study also showed that there is no differences between performance of ethical funds and conventional funds in UK. Then additional study conducted considering managements fees and other issues associated with investment. The study concluded that bias considerations, time period, fund domicile, management fees, evaluation measurement, number of investigated funds etc. may affect performance of SRI funds compared to conventional funds. Gregory and Whittaker (2007) in their study found that 29.92% of

conventional funds died before end period and 12.5% of the SRI fund did so. Kempf and Osthoff (2008) in their study reported an attrition rate of 36 % for conventional and 17 % for SRI funds.

Renneboog et al. (2008) in their study found that there are no significant performance differences between SRI funds and conventional funds on the basis of data collected from 13 different countries and but the report concluded that some countries France, Sweden, Ireland, and Japan seen significant underperformance of their conventional peers by 4-7% per annum during 1991-2003. Bauer et al. (2002) discussed about possible performance of Australian and SRI funds during 1992-2003. Their study concluded positives of SRI funds. They concluded that, SRI funds during that time seen new era and for that reason performance of ethical funds was better. One of first studies conducted on SRI funds is Hamilton et al. (1993) who investigated the performance of 320 randomly selected SRI funds and 32 SRI funds in US for the period 1981-1990. Using Jensen' Alpha the writer found that SRI funds with long history have higher average alpha compared to non SRI funds.

On the other hand shorter history SRI funds showed monthly alpha of -0.28% showing underperformance compared to no SRI funds with alpha -0.04%. Statman (2000) compared the performance between 31 SRI funds and 64 non-SRI funds matched by size of the funds. The performance was not significantly different. Bello (2005) concluded that there is advantage of selecting SRI funds over non-SRI funds as both the funds provided same alpha of approximately -.40% over the period. Studies in the UK (Gregory et al., 1997) also concluded that there is no significant difference between SRI funds and non-SRI funds.

Above mentioned discussion tried to evaluate the performance of ethical funds and conventional funds in the light of various empirical researches which is main concern of the present study. Therefore, it can be concluded here that there is no significant difference between performance of ethical

funds and conventional funds. But some studies concluded mixed performance. Now these studies can be used to test the present study.

2.8 Flow Performance Relationship Analysis between ethical funds and conventional funds

This section of literature has been developed to analyze various empirical researches regarding flow-performance relationship. Flow-performance relationship will be discussed both for conventional funds and ethical funds.

Flow-Performance Relationship–Conventional Funds: Many studies documented convex relationship between fund flows and past performance. This indicates that funds which have better past performance enjoy larger inflows. This can be stated that, good past performance attracts higher investors over funds with poor past performance (Wie and Yan, 2007). Kempf and Ruenzi 2008) in their study concluded that mutual funds are strongly negatively related to fees. Investors in mutual funds are fee sensitive. Their study funds in UK showed that funds which are higher management fees are getting lower inflow. Study also shows that risk associated with funds affect investments.

Engström and Westerberg (2004) in their confirmed that Swedish investors consider past return and have strong preference for fund with lower fees. They also conclude that previous studies related to US show that when including information cost and controlling for the fund, past return seems to be less important for flow. Their study also concluded that Swedish investors prefer familiar funds.

Chevallier and Ellison (1997) examined the risk taking behavior of fund managers and various initiatives. Their study concluded that fund managers usually receive a fixed percentage of assets under their management and for that reason they take initiatives to increase the flow of the funds. In this regard they try to increase performance of the funds as past performance of the funds may increase inflow of the funds. Cashman et al. (2004) in their study concluded that investors evaluate and respond in different ways to

past performance across funds such as domestic equity funds, hybrid funds, and international equity funds.

So there exist various reasons behind flow of funds. Therefore, different fees, risk taking behavior and past performance of the funds are described the fund flow relationship in case of conventional funds.

Flow-performance Relationship – Ethical Funds: Whether ethical funds are performing better than conventional funds or not is the main concern of the study. Various literatures are stating different result regarding this. At the very early of the study we have seen that the concentration of ethical mutual funds is very different from that of conventional funds. So we need to analyze the fund flow relationship associated with factors affecting selection of ethical funds. Though very limited but researcher have examined the flow-performance relationship of ethical funds mainly in the context of US.

Bollen and Cohen (2005) in their study documented a symmetric response to past positive and negative performance of mutual funds and they conclude that ethical investors also chase past performance. That means ethical investors also consider past performance of the funds as conventional funds. While comparing ethical funds and conventional funds they found that inflow in ethical funds are more sensitive to past performance but outflow to ethical funds are less sensitive to past performance. This finding concludes that once invested, investors are likely with the funds.

Evidence: Rennebog et al. (2006) in their study conclude that ethical investors care more about social or ethical issue in their investment decisions rather than performance of the funds. Their study shows that around 75% of the ethical investors consider the ethical side of the funds and then consider past performance. This statement has been supported by other empirical researchers.

Bollen and Cohen (2005) also stated that ethical investors are less sensitive to past negative return than they are to past positive return. Rennebog, Horst and Zhang (2006) in their study concluded that average ethical funds

in most European and Asia-Pacific countries strongly underperform their benchmark portfolio. They also conclude that investors in those funds are investing not considering the performance rather than ethical issues associated with the funds.

From the above discussion, it is said that the most of the ethical fund's investors consider the ethical side of the investment rather the return (performance) of the fund during their investment decision.

2.9 Simulated Portfolio Performance and Market Portfolio Performance

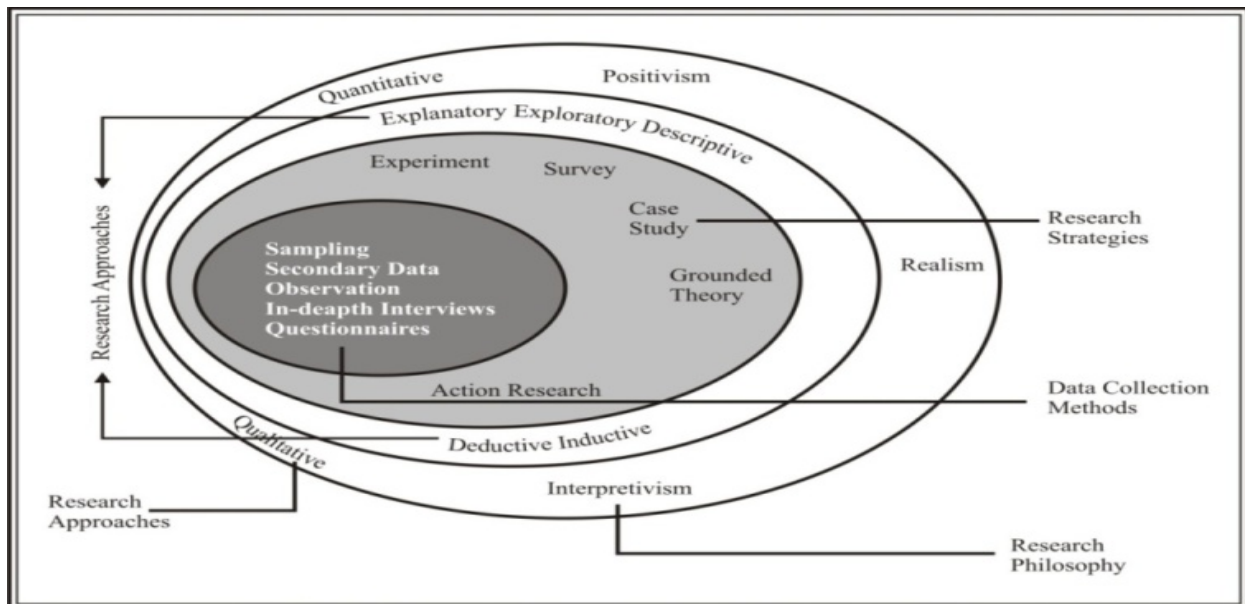
Here simulated portfolio and market portfolio will also be used to have comparative overview. Monte Carlo portfolio provides a way of testing long term expected portfolio growth and survival status (Cocco et al., 2005). Schwarz (2012) concluded that simulated improves portfolio planning. He also concluded that to have optimum return and risk diversification simulated portfolio can be considered as an effective tool.

On the other hand market portfolio has been stated as the portfolio all assets included in the market (Gibbons & Ferson, 1985). According to Jing-hua et al. (2013) market portfolio has been stated at the best tool to have comparative performance overview with selected portfolio. But researcher must be careful as market may include various which are not parts of his consideration.

From the above discussion, it is said the simulated portfolio performance and market portfolio performance are different tools to compare with the ethical funds performance and conventional funds performance to have a better idea about the position of ethical funds.

3 Chapter Three: Research Methodology

Discovering new ideas and obtaining new answers to the research problems using different methods can be stated as research (Panneerselvam, 2004). To conduct a research study research must go through some specific processes. The overall process and approaches followed in a research study to conduct the study is known as research methodologies. Before conducting a research study it is essential a researcher to understand relevant research issues. Following is the research onion model which is used to conduct any research study and this research onion will be followed to define research methodology for the present study.



Source: Saunders et al., (2007)

Various research paradigms will be evaluated and analyzed to select appropriate one for the present study.

3.1 Research Application

Cresswell (2007) stated that the importance of using research approach is the most effective policy to increase the validity of the social research. Research application or methods depend on numerical or non-numerical issues related to the study. Two research methods are: qualitative and quantitative methods.

Qualitative: Qualitative researches are also known as scientific research. This research method includes investigation which arrives at getting answer to some specific questions (Auerbach & Silverstein, 2003). Qualitative research method is widely used in case of non-numeric data and where close observation is necessary to obtain answer to research questions.

Quantitative: Quantitative research is based on measure of amount or quantity. It becomes applicable to the process which can be explained in terms of quantity. Easterby-Smith *et al* (2002) stated that, quantitative research method assumes to be involved in the usage and applications of various statistical methods to test research hypothesis. Research cannot use statistical method as synonym of quantitative method but perceptions of researchers are associated with statistical approaches. Considering the discussion it can be stated that quantitative research method can be applied to statistical or numerical data.

Application: *The present study is associated with reaching to conclusion on the basis of numeric data from secondary sources. To answer research questions and attain research objectives application of statistical tool is essential. Considering the pattern of numeric data researcher will reach to conclusions. So, the present study will employ quantitative research method as research method.*

3.2 Research Philosophy

The way in which researcher collect, analyze and make use of information is called research philosophy (Saunders, *et al* 2007). The present research concerned with analyzing the performance of conventional funds and ethical funds in the context of their performance in develop country and developing country. Following discussions will be made to select appropriate research philosophy from positivism and interprevitism approach.

Positivism: Positivism research approach came into existence in the 19th century to match natural sciences to social phenomena. The approach based on assumptions which describe, predict and control social phenomena

(Wardlow, 1989). Popkewitz (1980) stated that, statements of positivism research approach are based on mind independent reality ideas.

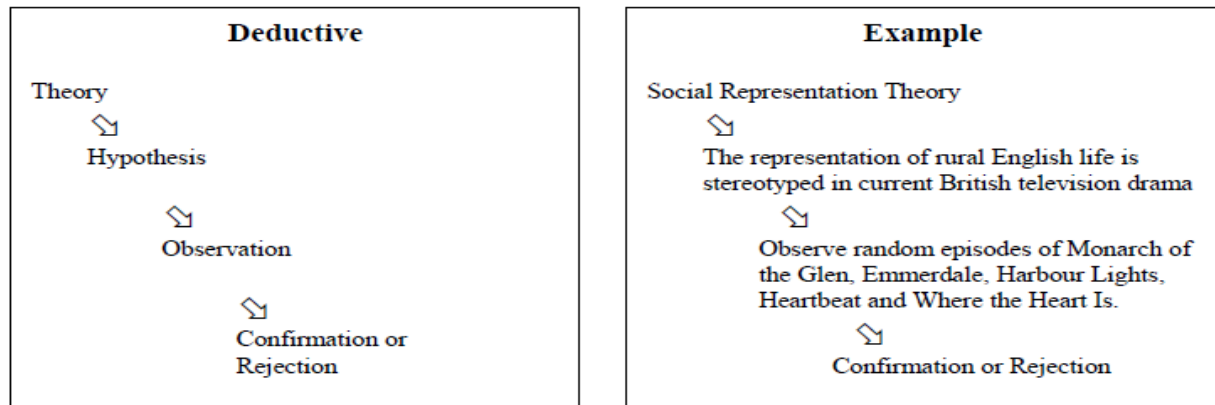
Interprevitism: Researchers such as (Saunders, *et al.*, 2007) believe that Interprevitism as a research philosophy state that the reality about a study can be understood by interpretation of reality. According to statement of Orlikowski and Baroudi (1991) 96.8% of the researches published in US journal are based on interprevitism policy.

Application: *The present research adapts Interprevitism philosophy; as the researcher needs to analyzing data collected from secondary sources to understand the reality about the study. Main objective of this is to identify the performance of ethical funds, conventional funds, simulated portfolio and local market portfolio it is required for researcher to have full intervention in data. Research will be completed analyzing the data through financial models such as Sharp Ratio & Monti Carlo Simulation, deriving and discussing statistical data so the intervention of the data is essential and the present study will adopt interprevitism approach.*

3.3 Research Process

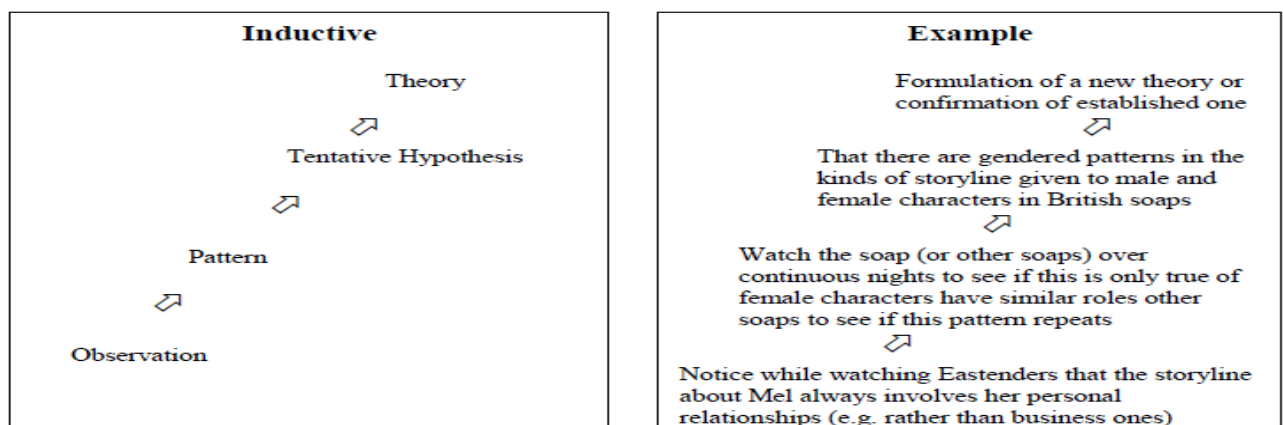
Two major research processes are deductive and inductive research processes which are described below to select appropriate one for the present study.

Deductive: According to Sekaran, (2003) by deduction process research reaches at confirming or testing the hypothesis by generalization of known fact. This is also known as top-down approaches. Here researcher uses laws, rules and principles based arguments.



Source: Sekaran, 2003

Inductive: In case of inductive research process conclusion about the research objectives is drawn on the basis of common phenomena (Sekaran, 2003). This approach is widely known as bottom-up approach. Reasoning observations are likely to be used in case of inductive research approach.



Source: Sekaran, 2003

Application: The present study has been design and conducted to draw conclusion of performance of ethical funds over conventional funds, simulated portfolio and market portfolio on the basis of data regarding UK and Malaysia. This study is not adopting deducting as research approach as researcher is not developing any Hypothesis considering the previous research. However while analyzing the secondary data collected from Bloomberg Terminal would be analyzed following inductive approach.

3.4 Research Strategy

While carrying a research study researcher goes through wide variety of activities including data management, exploring statistical tools and

providing research results. All research study should go through a research strategy to have desired results. Research strategy helps researcher to conduct the study systematically (Saunders *et al*, 2006). Various research strategies are discussed below to select appropriate one for the present study.

Survey: Survey strategy is one popular research strategy that helps research to study more variable at one time rather than working in laboratory or field experiment. Survey approach can be applied when researcher is collecting data from large group. In this research strategy processes involved is very difficult to understand (Sekaran, 2000).

Case study: Case study helps collecting data from interviews, artefacts, observations, documents, participations, videos, archives and so on. Case study helps researcher to collect data from different point of views and from different sources. When close observation of the data is essential then case study is most effective (Tellis, 1997)

Action Search: Action research cannot be used in single firm as used case studies. This is because it creates problem for researcher to work on the findings but interpreting skill may reduce the problems. But research should always involve with data collection directly.

Application: *Earlier section of the study concluded that the present study will follow quantitative research method and interpretivism approach for proper data collection and analysis. As the present study involves in analyzing performance of ethical funds, conventional funds, simulated portfolio and market portfolio of UK and Malaysia, the research further to adopt case study as a strategy; this rational is also very well supported in the studies of Saunders, eta al., (2007) where he suggested this type of research as case study.*

3.5 Data Collection

While carrying out a research study in structured way, its performance is largely dependent on the proper sources of collected data (Saunders, *et al*

2009). Two popular data collection sources are primary sources and secondary sources.

Primary Data: The data collected for the first time to conduct the study is called primary data. Researcher use primary data for the present study for the first time. Primary data collection is time consuming and costly but this data collection approach helps researcher to collect data according to requirement when subject area of the research is unique (Bryman, 2008).

Secondary Data: Another important source of data is secondary data. Secondary data is the data which have already been collected and used by another researcher. The objectives of the research should match the data presented in secondary study otherwise research study will not succeed. Secondary data collection is easier and less costly (Bryman, 2008). If the present research is dependent on the data provided by other sources in that case there is no alternative to secondary data and without secondary data research will not be successful.

Collection of Data for Present Study: As opined by Saunders, et al., (2007) data collection methods differ considering design of the research and this study must select one appropriate method for data collection on the basis of objectives of the study. As discussed above this study conducted on performance of simulated portfolio, market portfolio, ethical funds and conventional funds and therefore collected secondary data from the Bloomberg Terminal for the period of 2009 to 2014.

Secondary for the study will be collected in following manner.

- Collected data for the stocks of FTSE100 yearly last price and dividend for the period of 2009 to 2014 to calculate the return for the period of 2010 to 2014 from Bloomberg.
- Collected the yearly performance of FTSE100 index of 2010 to 2014 from Bloomberg.
- Collected 3 months Treasury bill rate of UK for the period of 2010 to 2014 from Bloomberg Terminal.

- Randomly selected the 9 ethical funds of UK and collected the performance data for the period of 2010 to 2014 from Bloomberg.
- Collected data for the stocks of FTSE Bursa KLCI: IN (Malaysia) yearly last price and dividend for the period of 2009 to 2014 to calculate the return for the period of 2010 to 2014 from Bloomberg.
- Randomly selected the 9 ethical funds of Malaysia and collected the performance data for the period of 2010 to 2014 from Bloomberg.
- Collected the yearly performance of FTSE Bursa KLCI: IN (Malaysia) index of 2010 to 2014 from Bloomberg.
- Collected 3 months Treasury bill rate of Malaysia for the period of 2010 to 2014 from Bloomberg Terminal (MA3 MAY Index).

3.6 Data Analytical Tool

Thematic Analysis: In case of qualitative research method, thematic data analysis is the most important data analytical tool. This approach helps research to learn quickly. Todres and Holloway (2003) stated that, this data analytical tool helps researcher to understand the fact about the research identifying hidden meaning of the data. This model is helpful different types of qualitative analysis also. In case of thematic analysis process researcher can reveal hidden message of the study. This research study has been undertaken evaluate the performance of conventional funds, ethical funds, simulated portfolio and local market portfolio in UK and Malaysia and here quantitative research method will be used. For this reason this research study is not adopting thematic analysis as data analytical tool.

Multiple analytical tools: Kumar (2005) stated that, researcher can use more than one analytical tools and approaches while having both qualitative and quantitative approaches. Multiple data analytical tools become very imperative when researcher is analyzing huge data collected from interview or secondary sources. Multiple data analytical tool facilities the researcher to design the research elements in more systematic manner, accurate ways and details trends. Present study is associated with understanding the performance of conventional funds and ethical funds in UK and Malaysia. Here constructive conclusions will be provided after having critical review of

collected data from Bloomberg Terminal. The present study will collect huge volume of secondary numeric data which must be analyzed through application quantitative tools. Considering the structured secondary study researcher has adopted multiple analytical to analyze numerical data and finding pattern from the collected data.

Here researcher will evaluate data on the basis of Sharp ratio, Treynor ratio and Monte-Carlo Simulation which are famous financial ratios and models used in finance to analyze data. Overview of these models is presented below.

Monte-Carlo simulations: Monte-Carlo simulations are used to explore statistical distribution through simulation techniques. A problem solving technique used to approximate the probability of certain outcomes by running multiple trail runs, call simulation, using random variables (Bodie et al., 2005). Liu et al. (2014) stated Monti Carlo simulation as probability simulation which is used to understand the impact of risk and uncertainty in financial models, cost models, project management and other forecasting models.

Typical Monte-Carlo Simulation consists of the following steps:

- Step-1: **State the 'true' model** (data generation process) underlying the data.
- Step-2: To estimate the model to **simulate a draw** from the data.
- Step-3: **Repeat the previous step (step 2) several times**, each time storing the result of concern.
- Step-4: The final result is a series of estimation results, one for each repetition of step two (2). Then characterize the **empirical distribution of these results** by (1) by plotting the histogram or (2) tabulating the sample problem.

Sharp Ratio: William Sharpe devised the Sharpe ratio in 1966 to measure this risk/return relationship; indicating reward for an extra unit of risk. Investopedia (2015) stated Sharp Ratio as risk return trade off measurements

which helps to estimate effectiveness of return. The higher the Sharp ratio, the higher the return from per unit of risk. This indicator is under the mean-variance approach (Bodie et al., 2005).

$$\text{Sharp Ratio} = \frac{(R_p - \text{Risk Free Rate of Return})}{\sigma}$$

Where, R_p = Return of the portfolio and σ = Square root of Variance

3.7 Ethical Consideration:

The present study has been design to analyze the comparative performance among conventional funds, ethical mutual funds, simulated portfolio and market portfolio on the basis of UK and Malaysian capital market. Here conclusion about the study will be provided on the basis of data collected from secondary sources. Secondary data will be main basis to conclude about objectives of the study. Here collected data will be used for research purpose only. All the sources of data collected from secondary study will be referenced properly. Here all data and information will be used according to guidelines provided by universities. Besides, the author of this study consider all formalities to express conclusion on the basis of data collected from secondary sources.

4 Chapter Four- Data Analysis

4.1 Part -1: Performance of Funds in the UK

4.1.1 Performance of Simulated Portfolio of UK:

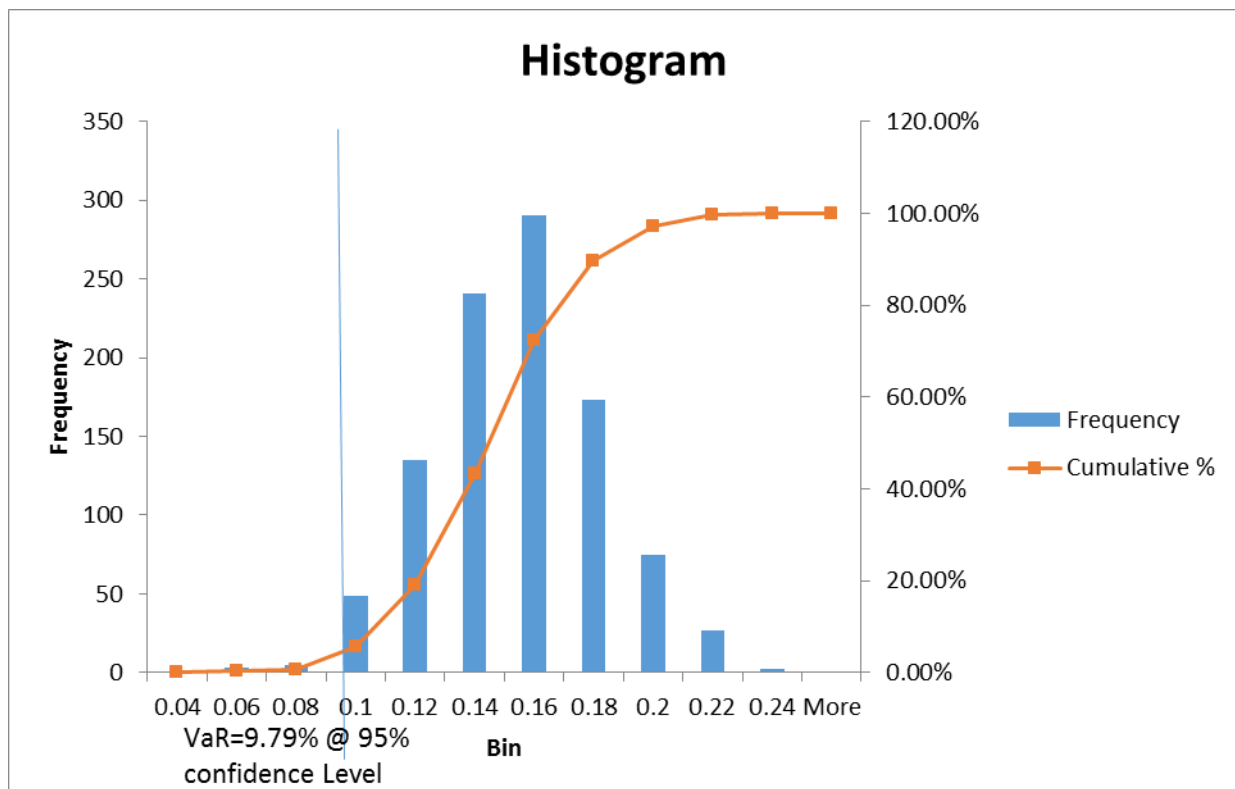
To determine the performance of the conventional portfolios of UK, the financial performance of stocks of FTSE100 index were collected from the Bloomberg Terminal. The annual closing price and yearly dividend of all listed stocks of FTSE100 were collected from the Bloomberg for the period of 2009 to 2010. Therefore, for the period of 2010 to 2014, the annual returns were calculated by using Microsoft Excel. After this, eighty-six (86) companies were found which lead the annual return for those periods.

Monte Carlo Simulation using 20 Stocks Portfolio:

To measure the performance of the conventional portfolios of the FTSE100, 1000 portfolios were formed consisting of 20 stocks selected from the 86 companies of FTSE100 through the simulation method. Then average return i.e, mean returns of those 1000 portfolios were calculated. The yearly average expected returns of those portfolios spread from 4.68% to 23.02%.

In this stage, the 5% worst possible performed portfolios among the 1000 portfolios had been selected by considering the 50 (1000 portfolio X 5%) lowest annual returns portfolios from the primarily formed 1000 portfolios. The 5% possible worst performed portfolio returns spread from 4.68% to 9.79%.

In this stage, the performance of conventional portfolios, by considering 95% confidence level (the worst possible 5% outcome), the annual return of those 1000 portfolios have been plotted to the following histogram-



Note: Graph made by the author based on simulated data

From the above graph, it can be said that the minimum return of those portfolios consist of the conventional stocks was 4.68% and the highest return of those portfolios was 23.02%.

Again, if we calculate the Value at Risk (VaR) of those 1000 portfolio's return formed with conventional stocks of FTSE100 at 95% confidence level the minimum return was 9.79% which means the simulated portfolios returns were not less than 9.79% at 95% confidence level.

Risk Adjusted Performance of Simulated Portfolio:

The risk-adjusted performance of the simulated portfolios of UK is calculated by the sharp ratio. Therefore, average return and standard deviation of 1000 simulated portfolios have been calculated by using Microsoft Excel are shown below-

Average Return	0.14484
Standard Deviation	0.02812
Average Risk-Free Rate of Return of UK	.003806

Source: 3 months treasury bill rates of UK for the year 2010 to 2014 found in Bloomberg	
-----------------------------------------------------------------------------------------	--

Note: Table made by the author based on data collected from Bloomberg

Sharp Ratio:

For calculating sharp ratios of UK, the yearly risk-free rate of returns were collected from Bloomberg for the period of 2010 to 2014 which were 0.603%, 0.325, 0.337, 0.365 and 0.273 respectively. Therefore, the average risk-free rate of return were calculated from these data which was .3806%. To calculate the sharp ratios of UK these .3806% risk-free interest rate is used for all the cases.

The formula for calculating sharp ratio is given below-

$$\text{Sharp Ratio} = \frac{(R_p - \text{Risk Free Rate of Return})}{\sigma}$$

$$\text{Sharp Ratio} = \frac{(1449 - .003806)}{.2812} = 5.015$$

Where, Risk-free rate of return is the average of risk-free rate of the UK for the year 2010 to 2014.

From the sharp ratio of simulated portfolio form with the stocks of FTSE100 index, it is seen that for consuming extra one unit of risk the portfolio will provide 5.015 units of additional return.

4.1.2 Performance of Market Portfolio of UK

To measure the performance of the United Kingdom Capital Market portfolio, FTSE100 index performance was considered. The FTSE100 Index stands for 'The Financial Times Stock Exchange 100 Index' where 100 highest market capitalized companies are included. Therefore, the annual return from 2010 to 2014 has been determined to measure the risk-adjusted performance as shown below-

FTSE100: UKX Index			
Date	Closing Price	Annual Dividend	Annual Return
31/12/2009	5412.88	187.6172	-
31/12/2010	5899.94	186.9115	12.45%
30/12/2011	5572.28	218.7805	-1.85%
31/12/2012	5897.81	233.1308	10.03%
31/12/2013	6749.09	245.888	18.60%
31/12/2014	6566.09	305.511	1.82%
Mean			8.21%
Standard Deviation			8.24%
Sharp Ratio			0.9507

Note: Table made by the author based on data collected from Bloomberg

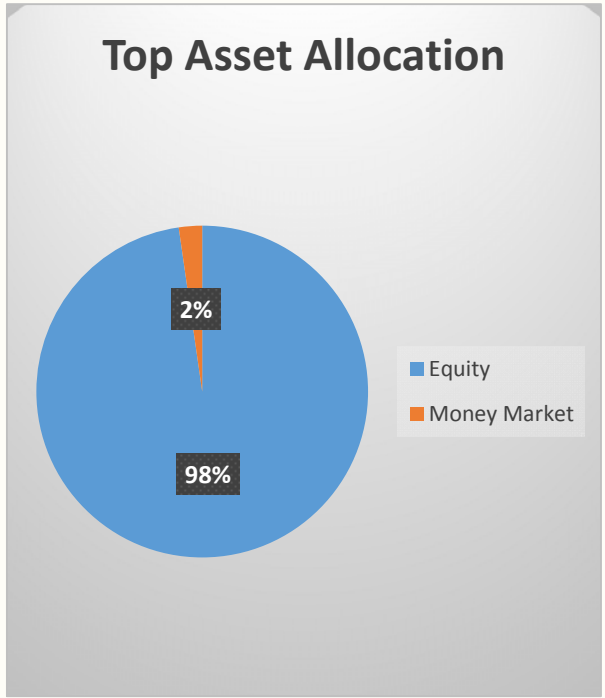
From the table, it is seen that the average annual return of the market for the period of 2010 to 2014 was 8.21% and variation of the return for those period was 8.24%. However, the risk-adjusted return i.e., sharp ratio, of the market portfolio was 0.95 which means for one unit of risk market portfolio provide 0.95 units of return.

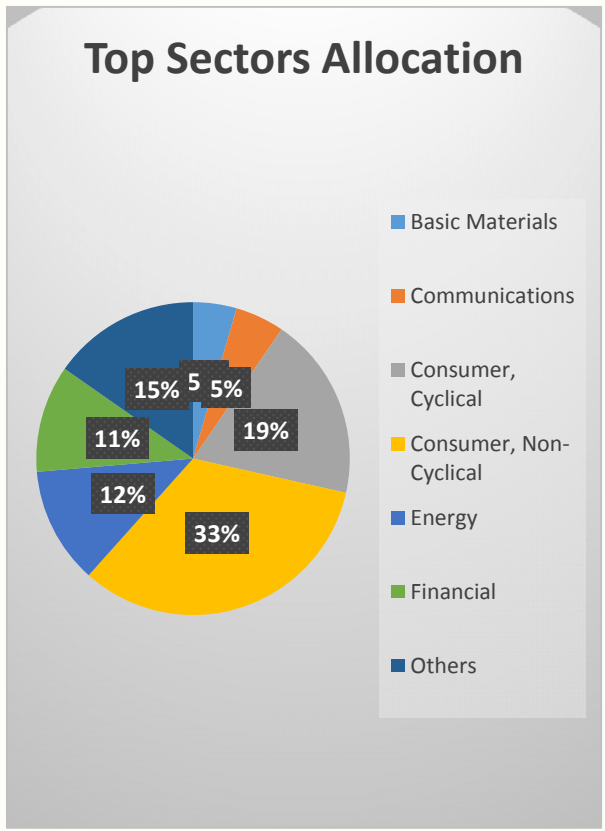
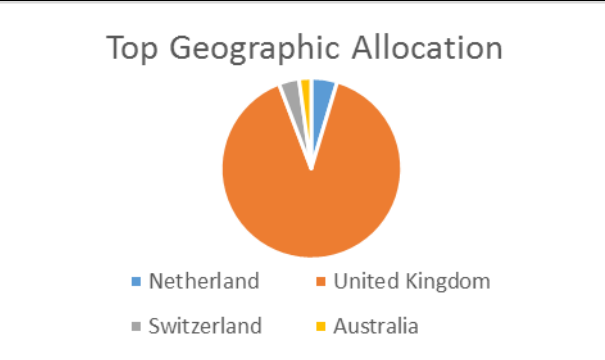
4.1.3 Performance of Conventional Funds of UK

Franklin Templeton UK Opportunities Funds: FUKSGZA LN

This is a unit trust incorporated in the United Kingdom which aim to provide a total return in excess of FTSE All-Share Index over medium to longer term by investing long-term capital appreciation with higher income investing in predominately UK and European Securities.

Front Load Fees	0.00%
Current management Fee	0.95%
Minimum Investment	GBP 1,000.00
Early Withdrawal Fee	0.00%
Total Assets	GBP 8,982.33 (mil) as on May 29, 2015

Top Asset Allocation	Equity	97.73%	 <p>Top Asset Allocation</p> <p>A pie chart showing the asset allocation: Equity (98%) and Money Market (2%). The Equity slice is blue and labeled 98%, while the Money Market slice is orange and labeled 2%. A legend on the right identifies the colors: blue for Equity and orange for Money Market.</p>
	Money Market	2.27%	

Top Sectors Allocation	Basic Materials	4.48%	 <p>Top Sectors Allocation</p> <p>Legend:</p> <ul style="list-style-type: none"> Basic Materials Communications Consumer, Cyclical Consumer, Non-Cyclical Energy Financial Others <p>Data from chart:</p> <ul style="list-style-type: none"> Consumer, Non-Cyclical: 33% Consumer, Cyclical: 19% Financial: 11% Energy: 12% Others: 15% Basic Materials: 5% Communications: 5%
	Communi cations	5.07%	
	Consumer , Cyclical	18.96%	
	Consumer , Non-Cyclical	33.09%	
	Energy	12.05%	
	Financial	11.07%	
	Others	15.28%	
Top Geographic Allocation	Netherla nd	4.55%	 <p>Top Geographic Allocation</p> <p>Legend:</p> <ul style="list-style-type: none"> Netherlands United Kingdom Switzerland Australia <p>Data from chart:</p> <ul style="list-style-type: none"> United Kingdom: 87.5% Netherlands: 4.55% Switzerland: 3.54% Australia: 2.14%
	United Kingdom	87.5%	
	Switzerla nd	3.54%	
	Australia	2.14%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Franklin Templeton UK Opportunities Funds:

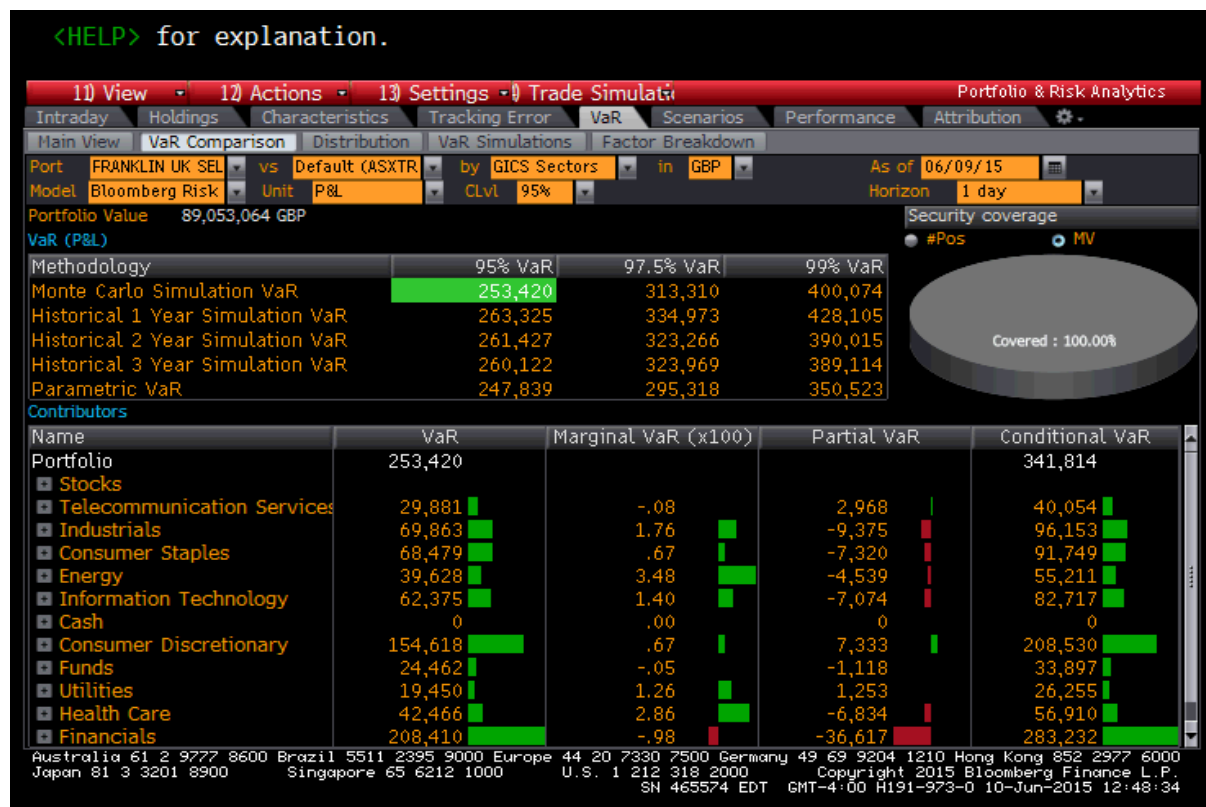
Franklin Templeton UK Opportunities Funds : FUKSGZA LN				
Year	Fund Performance	FTSE All-Share Index TR (Benchmark)	Peers	PCTL
2010	13.32	14.521	14.83	39
2011	-5.9	-3.46	-8.01	53
2012	9.2	12.3	16.03	15

2013	22.51	20.81	24.28	43
2014	6.9	1.18	3.92	83
Mean	9.2060	9.0702	10.2100	46.6
SD	10.3372	9.9653	12.4971	
Sharp Ratio	0.8906	0.9102	0.8170	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 9.21% which was slightly higher than the benchmark return 9.07% and slightly lower than the peers return of 10.21%. The average performance was around 47th percentiles. Again, the fund sharp ratio was 0.89 which was lower than benchmark's sharp ratio of 0.91 and higher than the peers sharp ratio 0.82. This means the fund's risk-adjusted performance was higher than the peers but lower than the benchmarks.

VaR of Franklin Templeton UK Opportunities Funds:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 263,325 as per the above VaR chart found in Bloomberg.

Aberdeen New Thai Investment Trust PLC: ANW LN

This is a close-end fund incorporated in the United Kingdom which aim to provide long-term, above average capital growth through the investment in quoted and unquoted securities of Thailand.

Front Load Fees	0.00%																		
Current management Fee	1.00%																		
Minimum Investment	GBP 250.00																		
Early Withdrawal Fee	0.00%																		
Top Asset Allocation	Equity- 100%																		
Top Sectors Allocation	Basic Materials	1.41%	<div><p>TOP SECTORS ALLOCATION</p><div><div>Basic Materials</div><div>Communications</div><div>Consumer, Cyclical</div><div>Consumer, Non-Cyclical</div><div>Industrial</div><div>Financial</div><div>Others</div></div><table><thead><tr><th>Sector</th><th>Allocation</th></tr></thead><tbody><tr><td>Basic Materials</td><td>1%</td></tr><tr><td>Communications</td><td>11%</td></tr><tr><td>Consumer, Cyclical</td><td>14%</td></tr><tr><td>Consumer, Non-Cyclical</td><td>3%</td></tr><tr><td>Industrial</td><td>8%</td></tr><tr><td>Financial</td><td>42%</td></tr><tr><td>Others</td><td>21%</td></tr></tbody></table></div>	Sector	Allocation	Basic Materials	1%	Communications	11%	Consumer, Cyclical	14%	Consumer, Non-Cyclical	3%	Industrial	8%	Financial	42%	Others	21%
	Sector	Allocation																	
	Basic Materials	1%																	
	Communications	11%																	
	Consumer, Cyclical	14%																	
	Consumer, Non-Cyclical	3%																	
	Industrial	8%																	
	Financial	42%																	
Others	21%																		
Communica tions	10.58%																		
Consum er, Cyclical	13.81%																		
Consum er, Non-Cyclical	2.92%																		
Industria l	8.51%																		
Financial	41.80%																		
Others	20.97%																		
Top Geographic Allocation	Thailand- 100%																		

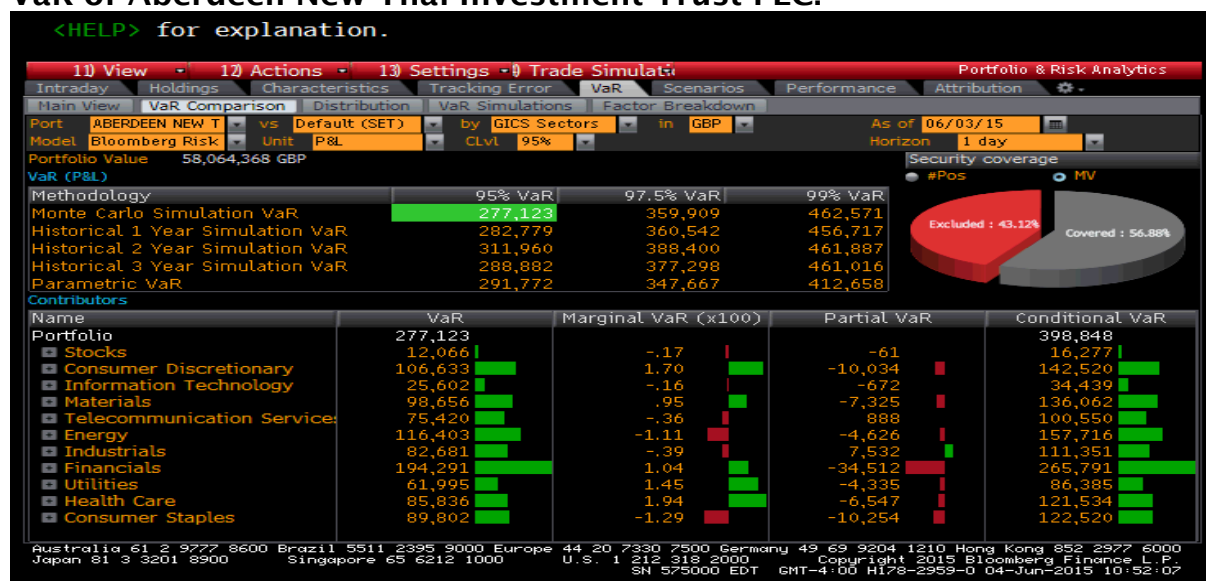
Performance of Aberdeen New Thai Investment Trust PLC:

Aberdeen New Thai Investment Trust PLC: ANW LN			
Year	Fund Performance	Stock Exch of Thai Index (Benchmark)	Peers
2010	59.39	69.88	40
2011	1.36	-1.96	-6.62
2012	55.95	39.09	32.8
2013	-13.55	-12.21	21.62
2014	27.43	26.14	10.43
Mean	26.1160	24.1880	19.65
SD	32.3466	32.8716	18.48
Sharp Ratio	0.8074	0.7358	1.06

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 26.12% which was higher than the index average return i.e., 24.19% and the peers average return i.e., 19.65%. Again, fund sharp ratio was 0.81 which was higher than benchmark's sharp ratio of 0.74 and lower than the peers sharp ratio 1.06. This means the fund's risk-adjusted performance was higher than the index but lower than its peers.

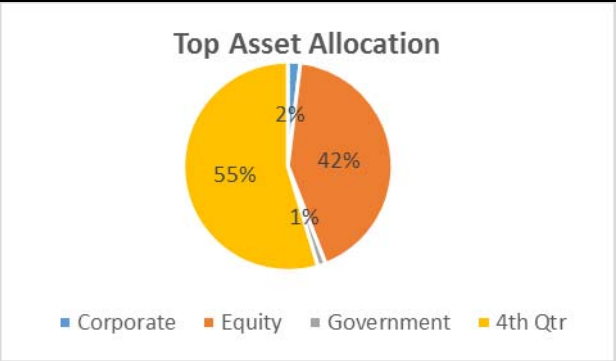
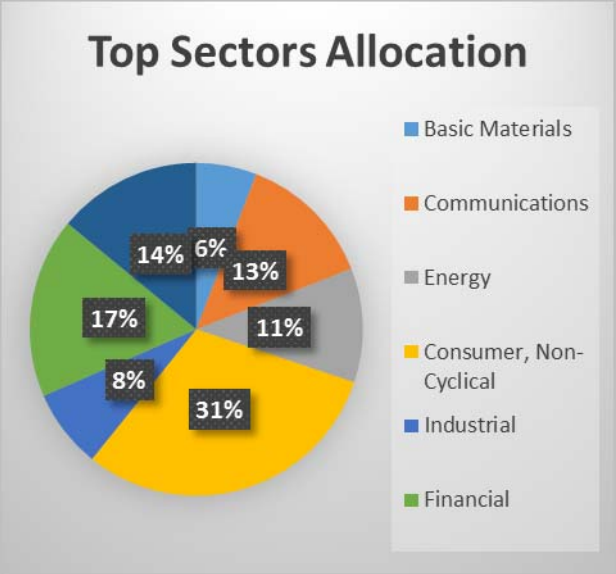
VaR of Aberdeen New Thai Investment Trust PLC:

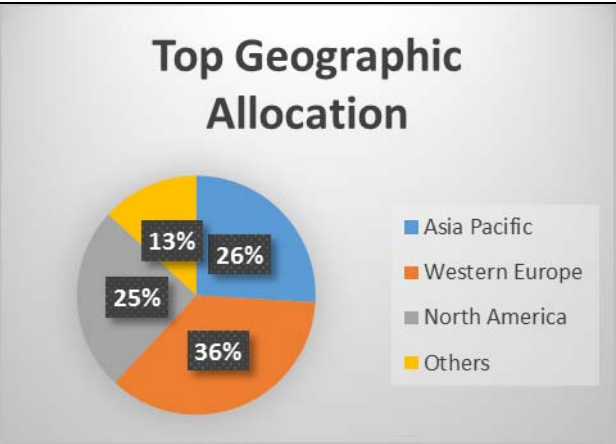


Note: The maximum loss at 95% confidence level in historical 1 year is GBP 282,779 as per the above VaR chart found in Bloomberg.

Murray International Trust PLC: MYI LN

This is an investment trust in the United Kingdom which aims to achieve the higher return than its index by investing in the stocks throughout the world.

Front Load Fees	0.00%		
Current management Fee	0.50%		
Minimum Investment	GBP 250.00		
Early Withdrawal Fee	0.00%		
Top Asset Allocation	Corporate	4.24%	 <p>Top Asset Allocation</p> <p>A pie chart showing the asset allocation: 55% Equity (yellow), 42% Corporate (orange), 2.68% Government (grey), and 1% 4th Qtr (blue). The legend below the chart identifies the colors: Corporate (orange), Equity (yellow), Government (grey), and 4th Qtr (blue).</p>
	Equity	92.64%	
	Government	2.68%	
Top Sectors Allocation	Basic Materials	6.24%	 <p>Top Sectors Allocation</p> <p>A pie chart showing the sector allocation: 31% Consumer, Non-Cyclical (yellow), 17% Financial (green), 14% Industrial (blue), 13% Communications (orange), 11% Energy (grey), 8% Basic Materials (blue), and 6% (unlabeled). The legend on the right identifies the colors: Basic Materials (blue), Communications (orange), Energy (grey), Consumer, Non-Cyclical (yellow), Industrial (blue), and Financial (green).</p>
	Communications	14.03%	
	Energy	11.77%	
	Consumer, Non-Cyclical	32.53%	
	Industrial	8.16%	

	Financial	18.60%	
	Others	14.91%	
Top Geographic Allocation	Asia Pacific	25.97%	
	Western Europe	35.98%	
	North America	24.89%	
	Others	13.19%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Murray International Trust PLC:

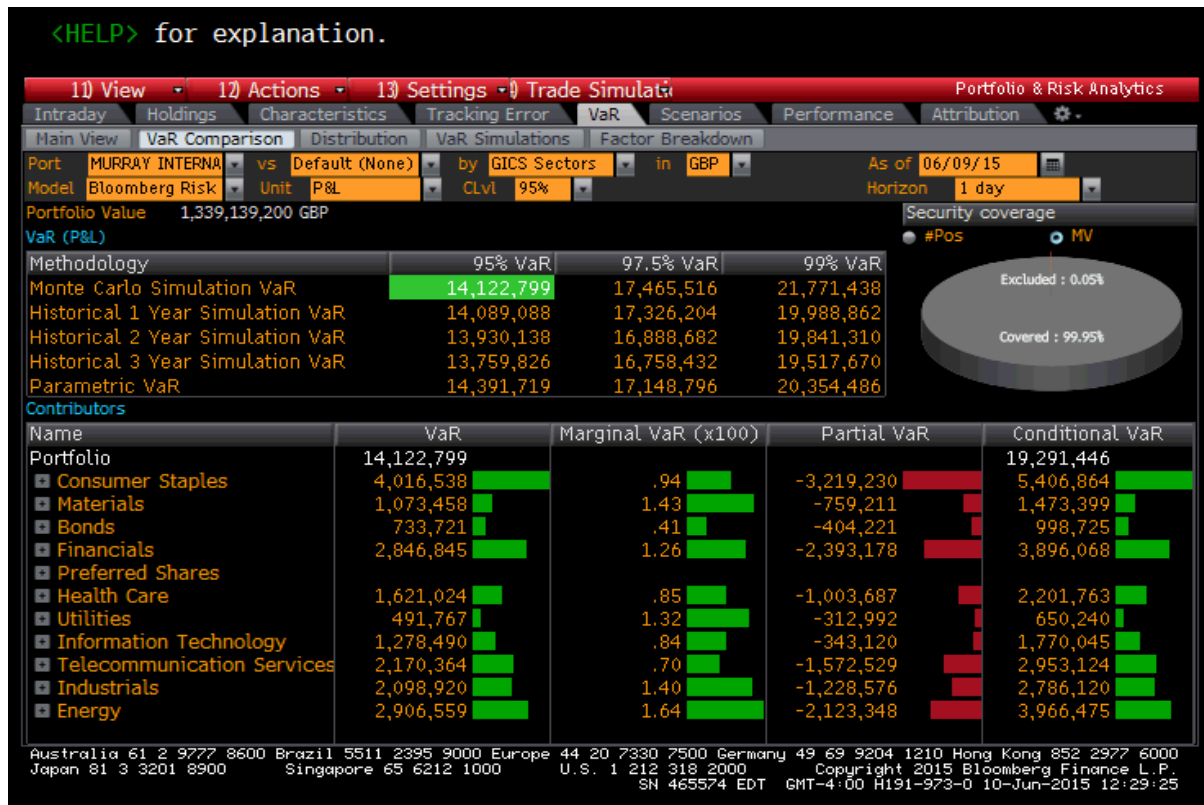
Murray International Trust PLC: MYI LN				
Year	Fund Performance	FTSE World Index (BENCHMARK)	Peers	PCTL
2010	27.2	16.9	26.65	63
2011	1.3	-5.81	-4.04	59
2012	18.96	11.9	18.11	61
2013	4.14	22.3	17.89	0
2014	1.7	11.32	7.08	26
Mean	10.6600	11.3220	13.1380	41.8
SD	11.7565	10.5531	11.8497	
Sharp Ratio	0.9067	1.0729	1.1087	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund Murray International Trust PLC for those periods was 10.66% which was lower than the index average return

i.e., 11.32% and the peers average return i.e., 13.14%. The average performance was around 42nd percentile. Again, fund sharp ratio was 0.91 which was lower than benchmark's sharp ratio of 1.07 and the peers sharp ratio 1.11. This means the fund's risk-adjusted performance was below from both the index and the peers.


VaR of Murray International Trust PLC:

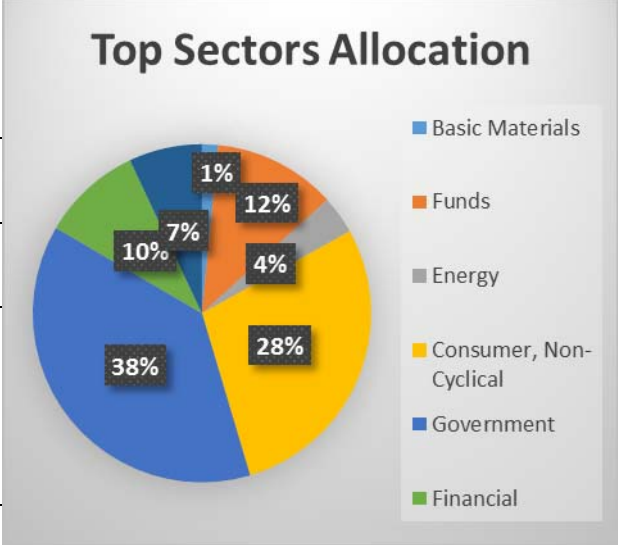
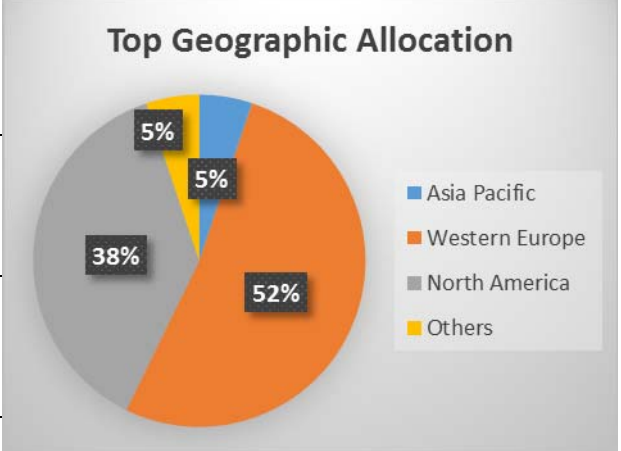


Note: The maximum loss at 95% confidence level in historical 1 year is GBP 14,089,088 as per the above VaR chart found in Bloomberg.

Torjan Investment Funds: CFTROJA LN

This is an open-end company incorporated in the United Kingdom which aims to achieve long-term capital and income growth by investing in U.K. and overseas equities fixed interest securities and money market instruments.

Front Load Fees	5.00%		
Current management Fee	1.00%		
Minimum Investment	GBP 250.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 2,55,099.80 (mil) as on May 29, 2015		
Top Asset Allocation	Corporate	5.00%	 <p>Top Asset Allocation</p> <p>A pie chart showing the asset allocation: Corporate (5%), Equity (52.30%), and Government (42.70%). The chart is titled 'Top Asset Allocation' and includes a legend with colored squares corresponding to the categories: blue for Corporate, orange for Equity, and grey for Government.</p>
	Equity	52.30%	
	Government	42.70%	

Top Sectors Allocation	Basic Materials	1.54%	 <p>Top Sectors Allocation</p> <p>Legend:</p> <ul style="list-style-type: none"> Basic Materials Funds Energy Consumer, Non-Cyclical Government Financial
	Funds	11.75%	
	Energy	3.65%	
	Consumer, Non-Cyclical	28.48%	
	Government	38.03%	
	Financial	9.58%	
	Others	7.00%	
Top Geographic Allocation	Asia Pacific	5.43%	 <p>Top Geographic Allocation</p> <p>Legend:</p> <ul style="list-style-type: none"> Asia Pacific Western Europe North America Others
	Western Europe	54.92%	
	North America	39.64%	
	Others	5.44%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Torjan Investment Funds:

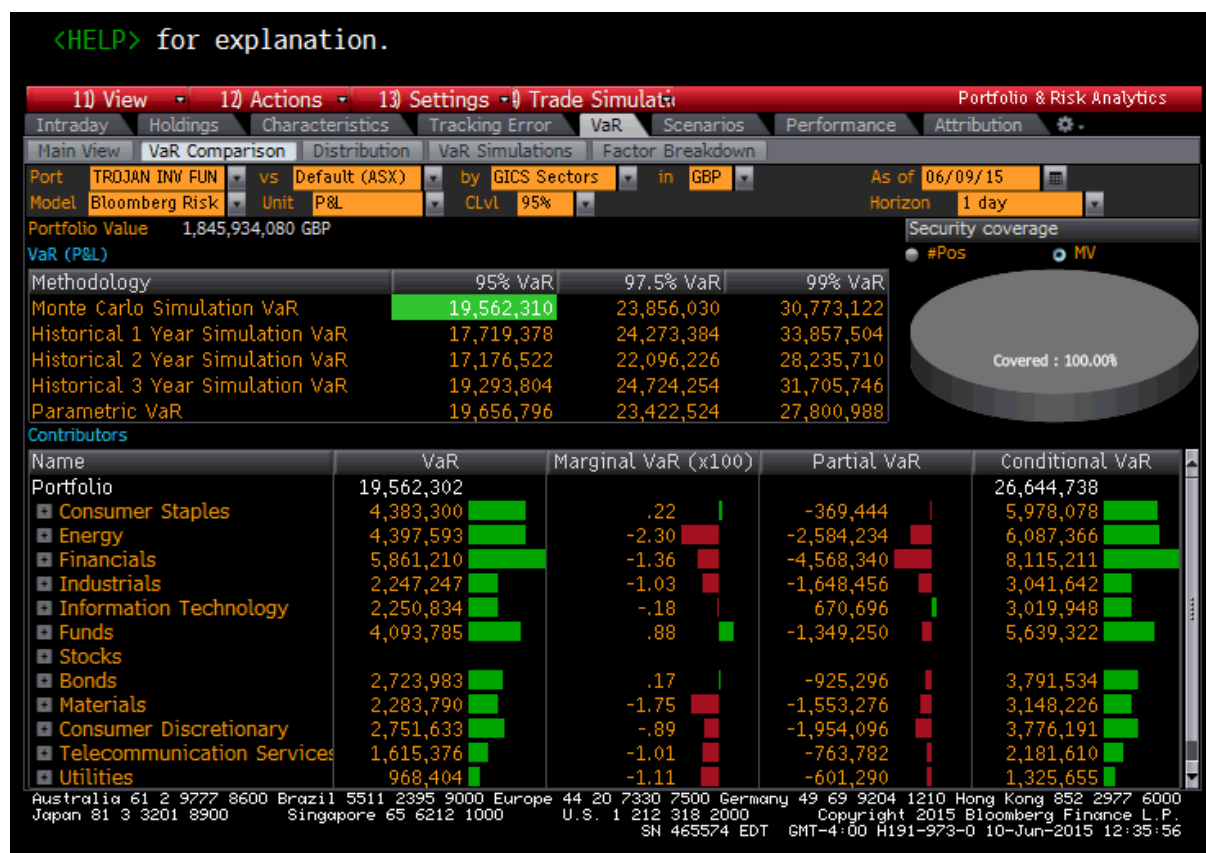
Trojan Investment Funds: CFTROJA LN				
Year	Fund Performance	FTSE ALL-SHARE Index (Benchmark)	Peers	PCTL
2010	14.37	14.89	18.84	84
2011	8.52	-3.12	-5.53	99
2012	2.11	12.73	7.84	11

2013	-3.14	21.19	15.98	2
2014	8.92	0.62	5.32	83
Mean	6.1560	9.2620	8.4900	55.8
SD	6.7728	10.1732	9.6210	
Sharp Ratio	0.9089	0.9104	0.8824	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund Torjan Investment Funds for those periods was 6.16% which was lower than the index average return i.e., 9.26% and the peers average return i.e., 8.49%. The average performance was around 56th percentile. Again, fund sharp ratio was 0.91 which was almost same as benchmark's sharp ratio of 0.9104 and higher than the peers sharp ratio 0.88. This means the fund's risk-adjusted performance was almost same as the index but higher than the peers.


VaR of Torjan Investment Funds:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 17,719,378 as per the above VaR chart found in Bloomberg.

JPMorgan Emerging Markets Investment Trust PLC: JMG LN

This is a close-end fund incorporated in the United Kingdom which aims to capital growth by investing in a diversified portfolio with no more than 50% of the company's assets invested in one emerging markets.

Front Load Fees	00%		
Current management Fee	1.00%		
Minimum Investment	GBP 500.00		
Early Withdrawal Fee	0.00%		
Top Asset Allocation	Equity	97.6%	 <p>Top Asset Allocation</p> <p>98% Equity, 2% Money Market</p>
	Money Market	2.4%	

Note: Table made by the author based on data collected from Bloomberg

Performance of JPMorgan Emerging Markets Investment Trust PLC:

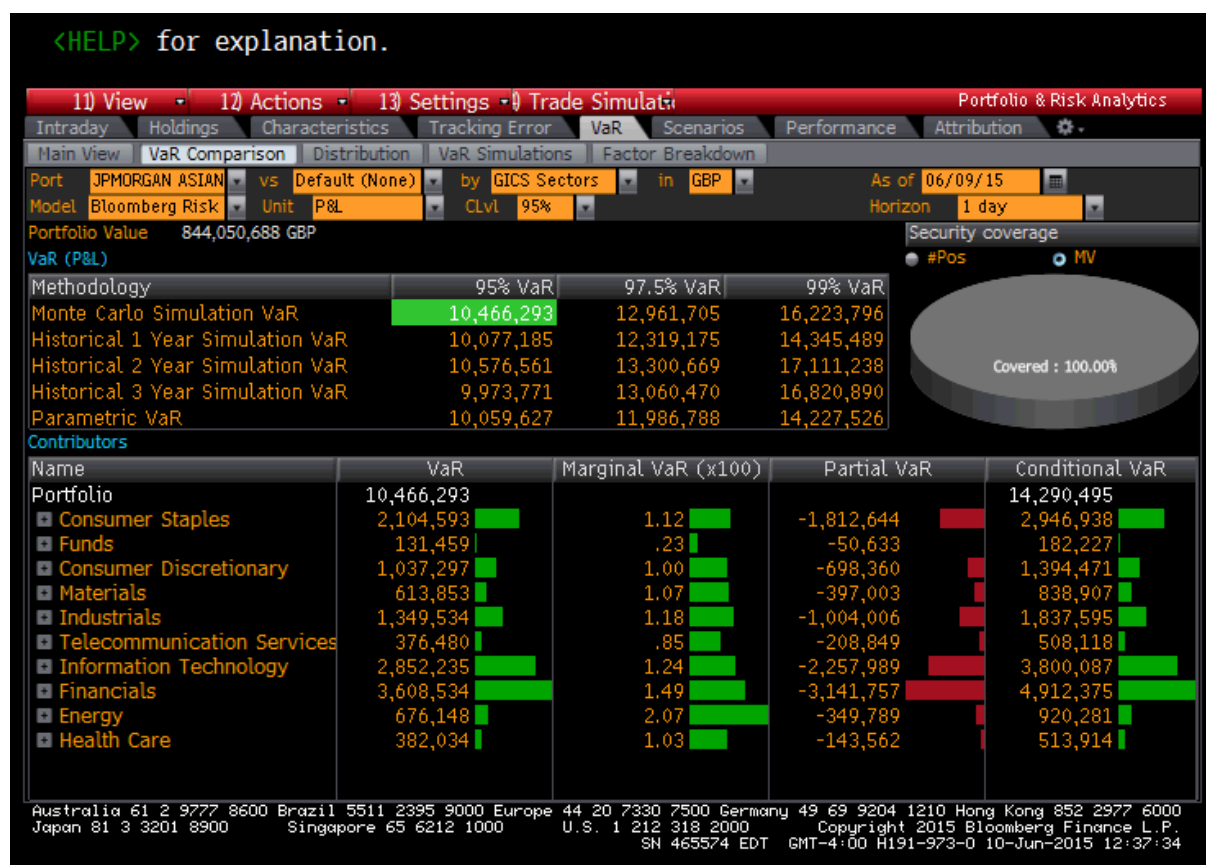
JPMorgan Emerging Markets Investment Trusts Plc: JMG LN				
Year	Fund Performance	MSCI EM Index (Benchmark)	Peers	PCTL
2010	26.91	23.62	28.59	6
2011	-15.69	-17.72	-15.7	55
2012	15.52	13.3	12.51	47
2013	-7.22	-4.16	6.3	27
2014	10.13	3.99	3.73	87
Mean	5.9300	3.8060	7.0860	44.4
SD	17.2490	15.8870	15.9916	

Sharp Ratio	0.3438	0.2396	0.4431	
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Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From the table, the average return of the fund JPMorgan Emerging Market Investment Funds for those periods was 5.93% which was higher than the index average return i.e., 3.81% and lower than the peers average return i.e., 7.09%. The average performance was around 44th percentile. On the other hand, fund sharp ratio was 0.34 which was again higher than the benchmark's sharp ratio 0.24 and lower than the peers sharp ratio 0.44. This means the fund's risk-adjusted performance was higher than the index but lower than the peers.

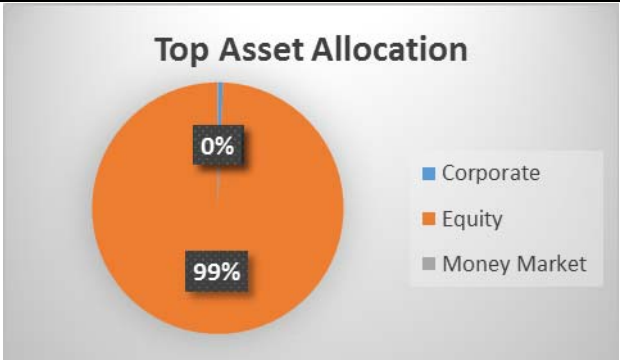
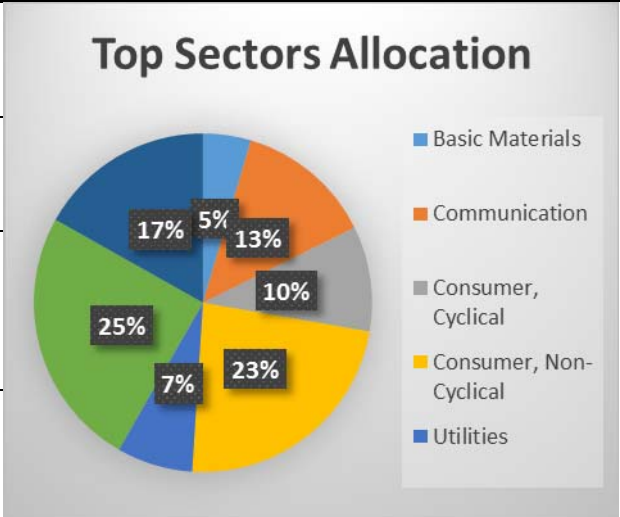
VaR of JPMorgan Emerging Markets Investment Trust PLC:

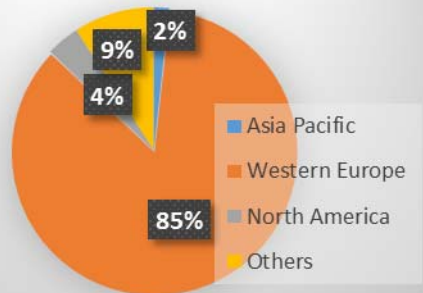


Note: The maximum loss at 95% confidence level in historical 1 year is GBP10,077,185 as per the above VaR chart found in Bloomberg.

The City of London Investment Trust PLC: CTY LN

This is a close-end fund incorporated in the United Kingdom which aims to achieve long-term capital growth or income growth over the FTSE ALL-Share Index by investing in larger companies.

Front Load Fees	0.00%		
Current management Fee	0.35%		
Minimum Investment	GBP 500.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 2,55,099.80 (mil) as on May 29, 2015		
Top Asset Allocation	Corporate	0.65%	 <p>Top Asset Allocation</p> <ul style="list-style-type: none"> Corporate: 0% Equity: 99% Money Market: 0.35%
	Equity	99.43%	
	Money Market	-0.085%	
Top Sectors Allocation	Basic Materials	4.58%	 <p>Top Sectors Allocation</p> <ul style="list-style-type: none"> Basic Materials: 4.58% Communication: 13.12% Consumer, Cyclical: 10.04% Consumer, Non-Cyclical: 23.28% Utilities: 7.25% Unlabeled: 25%
	Communication	13.12%	
	Consumer, Cyclical	10.04%	
	Consumer, Non-Cyclical	23.28%	
	Utilities	7.25%	

	Financial	24.89%	
	Others	16.84%	
Top Geographic Allocation	Asia Pacific	1.90%	
	Western Europe	93.79%	
	North America	4.16%	
	Others	0.10	

Note: Table made by the author based on data collected from Bloomberg

Performance of City of London Investment Trust:

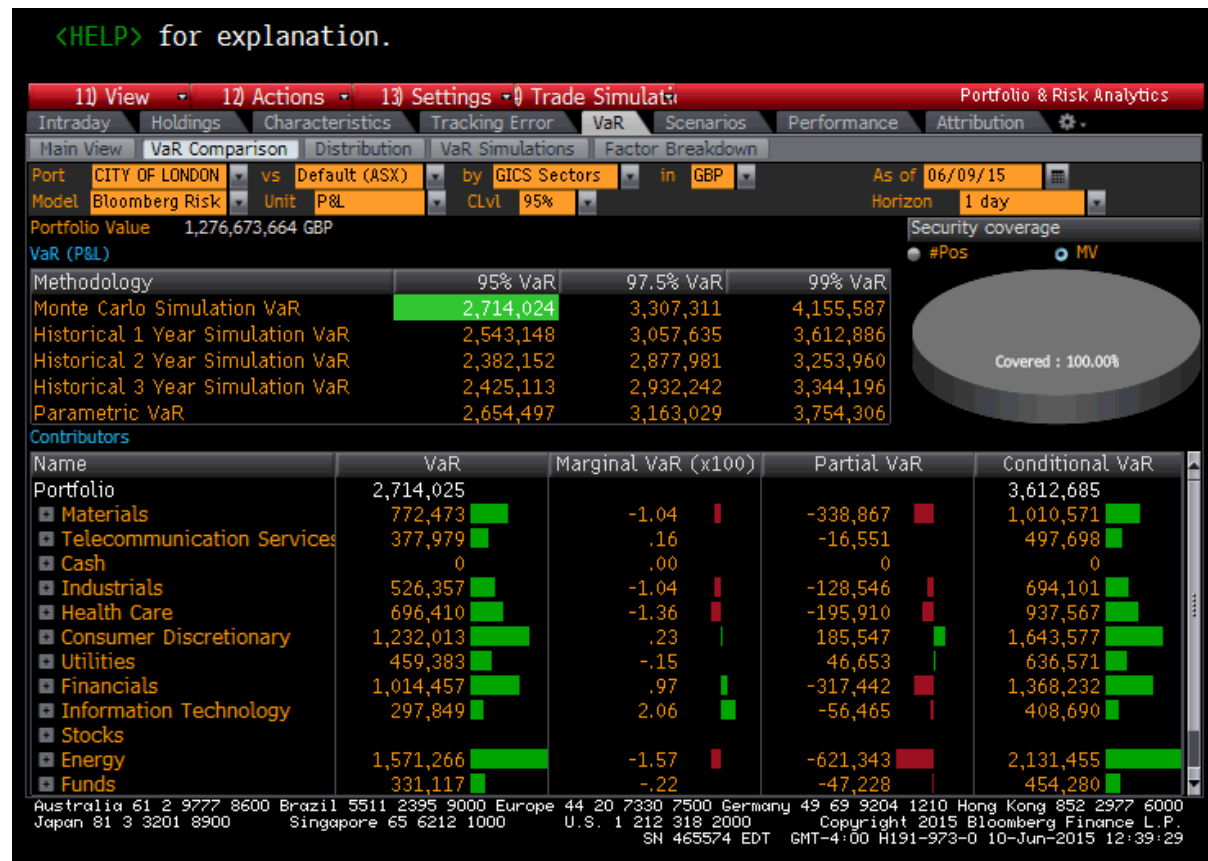
City of London Investment Trust: CTY LN				
Year	Fund Performance	Index	Peers	PCTL
2010	24.68	14.89	16.89	72
2011	2.11	-3.12	-1.82	66
2012	16.56	12.73	20.11	35
2013	24.14	21.19	37.73	36
2014	4.42	0.62	5.83	36
Mean	14.38	9.26	15.75	49
SD	10.68	10.17	15.09	
Sharp Ratio	1.35	0.91	1.04	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund City of London Investment Trust for those periods was 14.38% and the average return of the index and the peers were 9.26% and 15.75% respectively. The average performance was around 49th percentile. However, the sharp ratio of the fund was 1.35 which was higher than the both benchmark's sharp ratio of 0.91 and the peers

sharp ratio 1.04. This means the fund's risk-adjusted performance was above than the index and the peers.

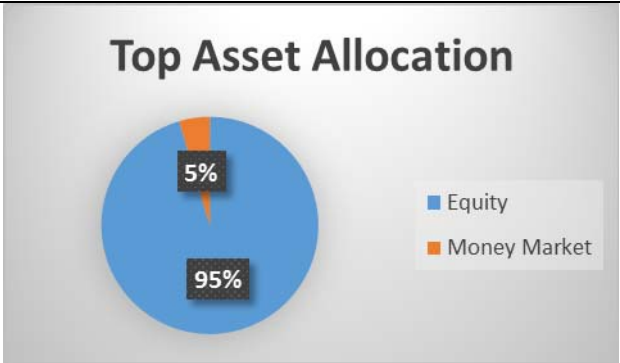
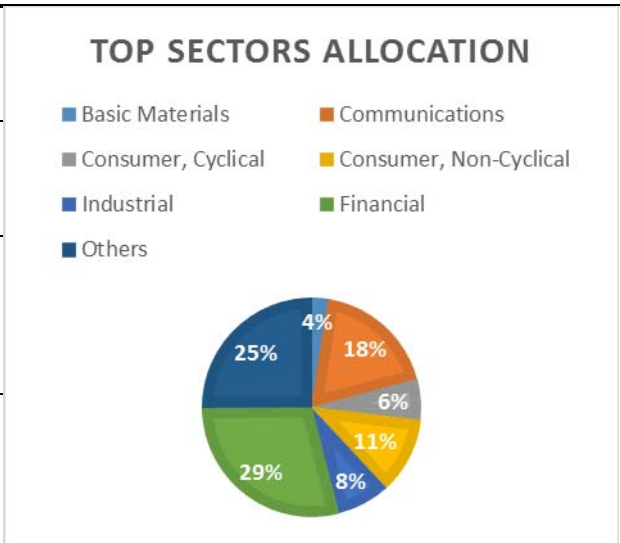
VaR of City of London Investment Trust:

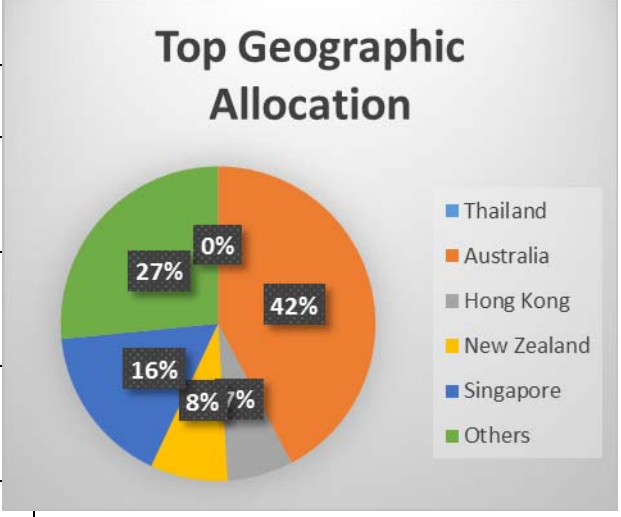


Note: The maximum loss at 95% confidence level in historical 1 year is GBP 2,543,148 as per the above VaR chart found in Bloomberg.

Newton Asian Income Fund: NEWANNI LN

This is an open-end investment company incorporated in the United Kingdom which aim to provide long-term capital appreciation and income through investing in securities in the Asia Pacific ex-Japan.

Front Load Fees	0.00%		
Current management Fee	1.00%		
Minimum Investment	GBP 250,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 461,706.17 (mil) as on May 29, 2015		
Fund Market Cap Focus	Broad Market		
Top Asset Allocation	Equity	95.43%	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p>
	Money Market	4.57%	
Top Sectors Allocation	Basic Materials	2.50%	 <p>TOP SECTORS ALLOCATION</p> <p>■ Basic Materials ■ Communications ■ Consumer, Cyclical ■ Consumer, Non-Cyclical ■ Industrial ■ Financial ■ Others</p>
	Communi-cations	18.37%	
	Consum-er, Cyclical	6.03%	
	Consum-er, Non-Cyclical	11.33%	

	Industrial	7.79%	
	Financial	28.90%	
	Others	25.08%	
Top Geographic Allocation	Thailand	7.02%	
	Australia	37.19%	
	Hong Kong	5.95%	
	New Zealand	7.00%	
	Singapore	14.47%	
	Others	23.37%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Newton Asian Income Fund:

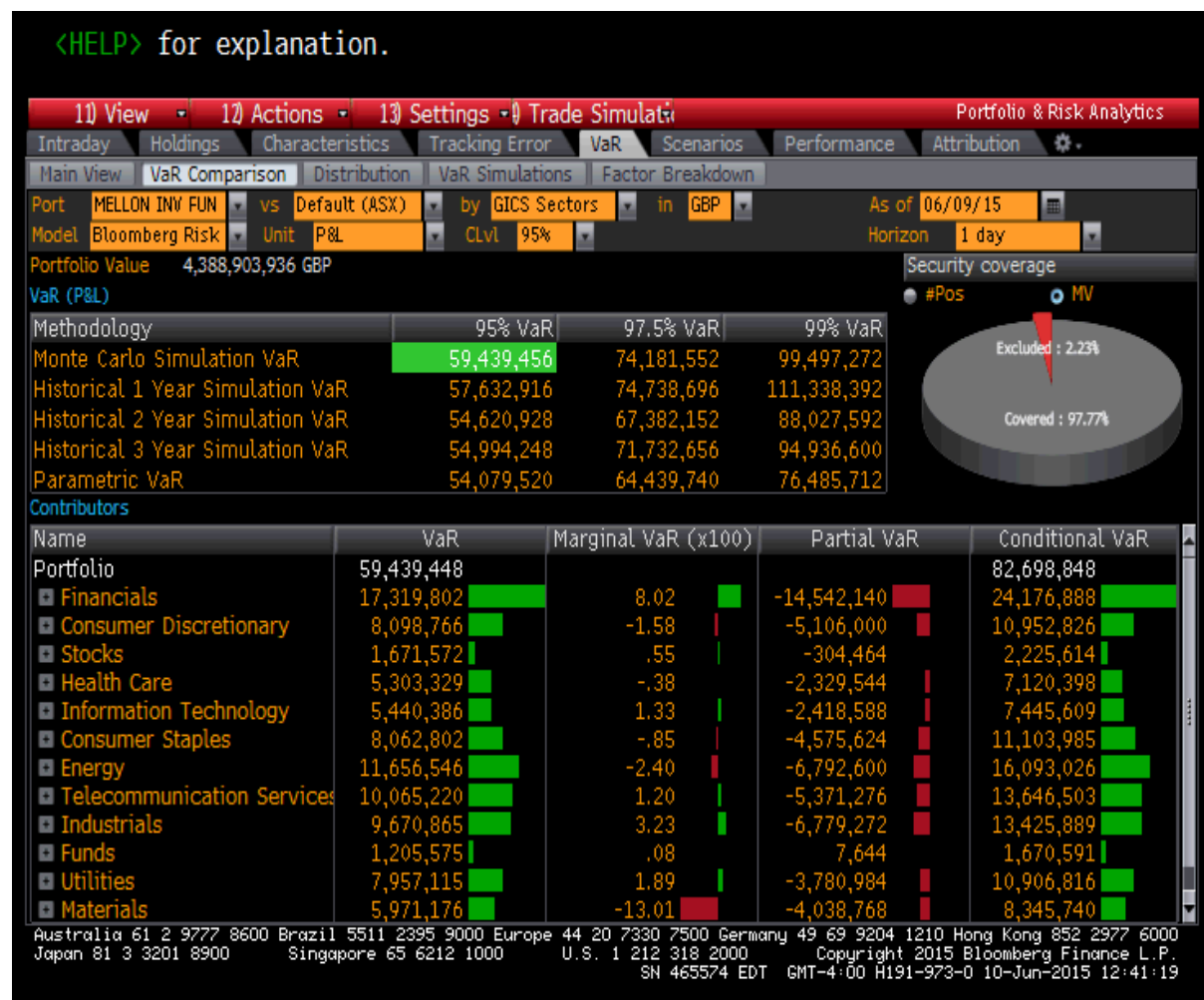
Newton Asian Income Fund: NEWANNI LN				
Year	Fund Performance	FT WLD AP XJP EUR Index (Benchmark)	Peers	PCTL
2010	24.68	24.63	23.26	94
2011	2.11	-12.92	-14.69	97
2012	16.56	17.89	18.19	88
2013	24.14	2.66	1.14	31
2014	4.42	4.72	11.65	52
Mean	14.38	7.40	7.91	72.4
SD	10.68	14.57	15.10	
Sharp Ratio	1.35	0.51	0.52	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 14.28% which almost double than the benchmark and the peers return. The average

performance was around 72nd percentile. Again, fund sharp ratio was 1.35 which was higher than benchmark's sharp ratio of 0.51 and the peers sharp ratio 0.52. This means the fund's risk-adjusted performance was higher than the benchmarks and the peers.

VaR of Newton Asian Income Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 57,632,916 as per the above VaR chart found in Bloomberg.

AXA FRAMLINGTON UK SELECT Opportunities Fund: FRACATA LN

This is an authorized unit trust incorporated in the United Kingdom which aim to provide long-term capital growth by investing in securities UK origin companies.				
Front Load Fees	5.25%			
Current management Fee	1.50%			
Minimum Investment	GBP 1,000.00			
Early Withdrawal Fee	0.00%			
Total Assets	GBP 468, 668.87 (mil) as on May 29, 2015			
Top Asset Allocation	Equity	98.66%	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p>	
	Money Market	1.34%		
Top Geographic Allocation	United Kingdom	100%		

Note: Table made by the author based on data collected from Bloomberg

Performance of AXA FRAMLINGTON UK SELECT Opportunities Fund:

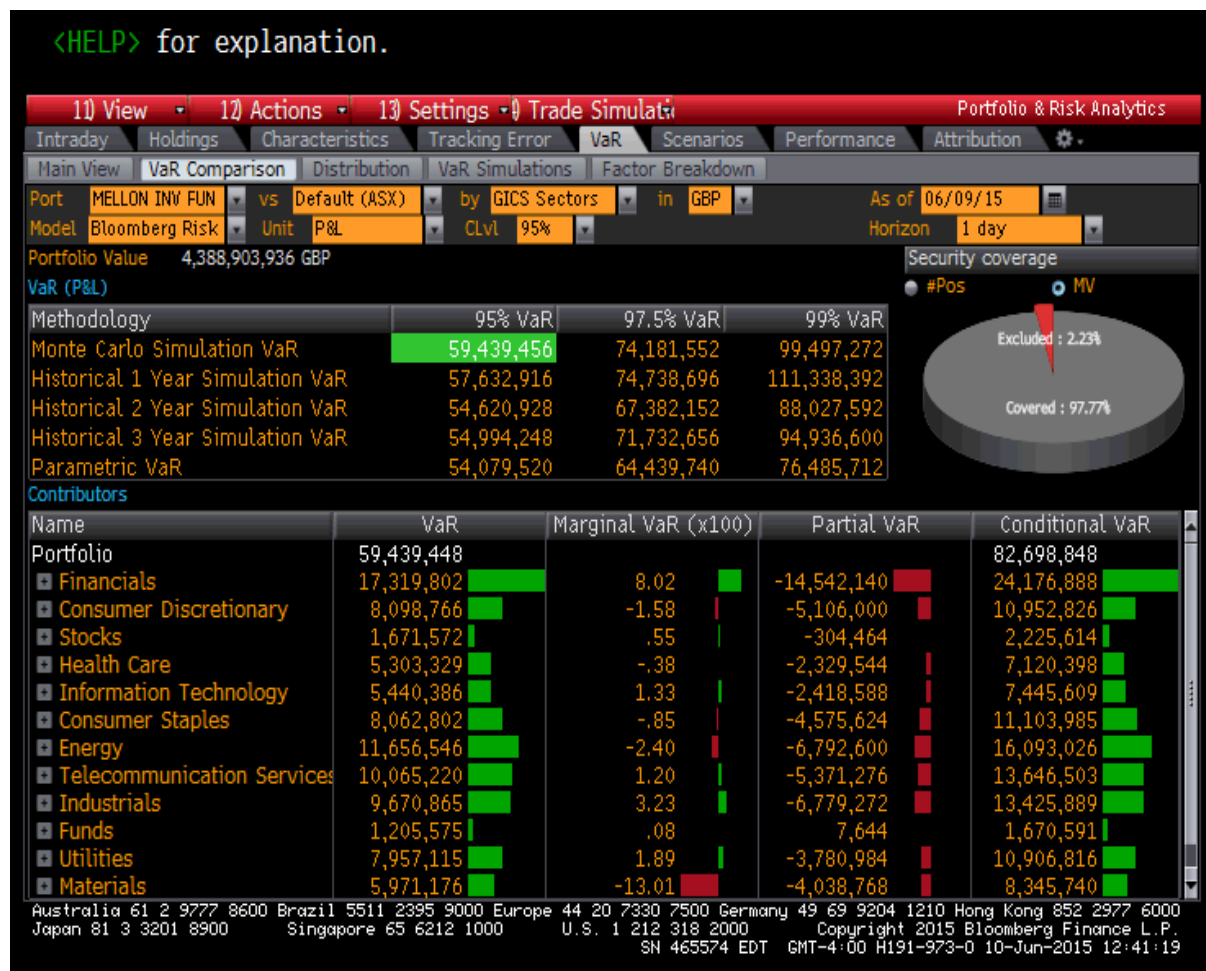
AXA FRAMLINGTON UK SELECT Opportunities Fund: FRACATA LN				
Year	Fund Performance	FTSE ALL-SHARE Index (BENCHMARK)	Peers	PCTL
2010	26.94	14.89	14.83	93
2011	-0.29	-3.12	-8.01	84
2012	10.59	12.73	16.03	24
2013	28.74	21.19	24.28	73
2014	0	0.62	3.92	24
Mean	13.1960	9.2620	10.2100	59.6

SD	14.0829	10.1732	12.4971	
Sharp Ratio	0.9370	0.9104	0.8170	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 13.20% which was higher than the benchmarks and peers returns i.e., 9.26% and 10.21% respectively. The average performance was around 60th percentile. On the other hand, the sharp ratio of the fund, benchmarks and its peers were 0.94, 0.91 and 0.82 respectively which means the fund was performing above the benchmarks and the peers.

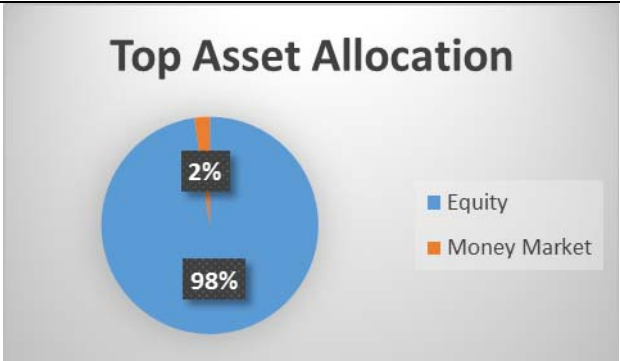
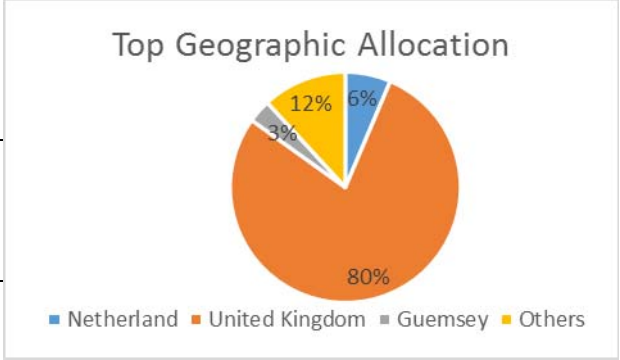
VaR of AXA FRAMLINGTON UK SELECT Opportunities Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 57,632,916 as per the above VaR chart found in Bloomberg.

Allianz UK & European Investment Funds: KLBHIYI LN

This is an open-end investment company incorporated in the United Kingdom which aim to provide long-term capital appreciation with higher income investing in securities of British Companies which offer above or average current dividend.

Front Load Fees	4.00%		
Current management Fee	1.25%		
Minimum Investment	GBP 500.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 8,098.28 (mil) as on May 29, 2015		
Top Asset Allocation	Equity	97.73%	 <p>Top Asset Allocation</p> <p>98% Equity, 2% Money Market</p>
	Money Market	2.27%	
Top Geographic Allocation	Netherland	6.39%	 <p>Top Geographic Allocation</p> <p>80% United Kingdom, 12% Others, 6% Guemsey, 3% Netherland</p>
	United Kingdom	78.5%	
	Guemsey	3.26%	
	Others	11.85%	

Note: Table made by the author based on data collected from Bloomberg

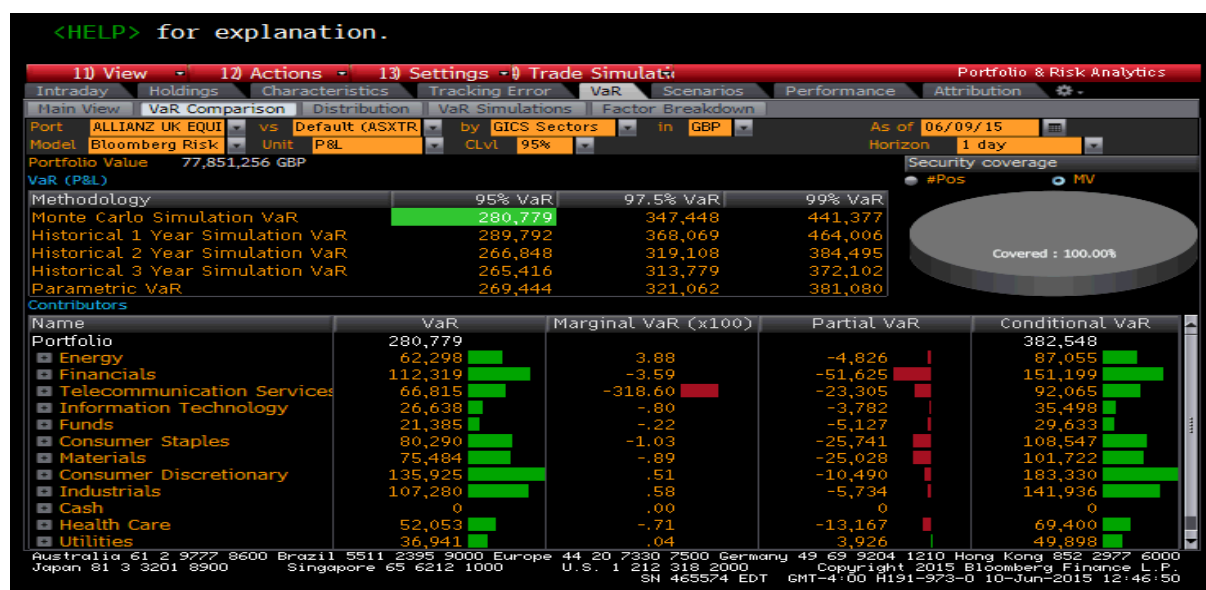
Performance of Allianz UK & European Investment Funds:

Allianz UK & European Investment Funds: KLBHIYI LN				
Year	Fund Performance	FTSE All Share Index TR (Benchmark)	Peers	PCTL
2010	14.51	14.51	17.58	37
2011	-4.23	-3.46	-8.01	61
2012	15.45	12.3	15.93	43
2013	21.41	20.81	24.19	30
2014	-0.31	1.18	2.01	29
Mean	9.37	9.07	10.34	40
SD	11.03	9.96	13.05	
Sharp Ratio	0.85	0.91	0.79	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 9.37% which was slightly higher than the benchmark and slightly lower than the peers return. The average performance was around 40th percentile. Again, fund sharp ratio was 0.85 which was lower than benchmark's sharp ratio of 0.91 and higher than the peers sharp ratio 0.52. This means the fund's risk-adjusted performance was higher than the peers but lower than the benchmarks.

VaR of Allianz UK & European Investment Funds:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 289,792 as per the above VaR chart found in Bloomberg.

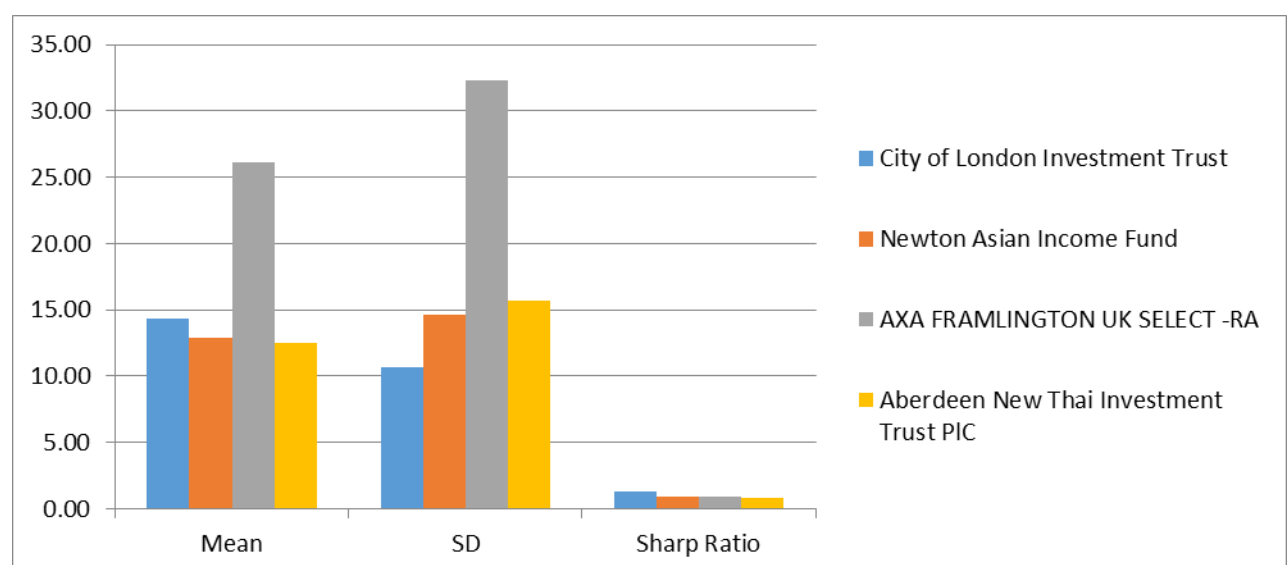
4.1.4 Comparing Performance among the Conventional Funds UK:

The financial performance of nine Conventional funds of United Kingdom is given in the following table:

Financial Performance of Conventional Funds									
Year	Murray	Trojan	JPMorgan Emerging	City of London	Newton	AXA	Allianz UK	Franklin	Aberdeen
2010	27.2	14.37	26.91	24.68	32.74	26.94	14.51	13.32	59.39
2011	1.3	8.52	-15.69	2.11	-0.89	-0.29	-4.23	-5.9	1.36
2012	18.96	2.11	15.52	16.56	22.15	10.59	15.45	9.2	55.95
2013	4.14	-3.14	-7.22	24.14	-0.71	28.74	21.41	22.51	-13.55
2014	1.7	8.92	10.13	4.42	10.98	0	-0.31	6.9	27.43
Mean	10.66	6.16	5.93	14.38	12.85	13.20	9.37	9.21	26.12
SD	11.76	6.77	17.25	10.68	14.65	14.08	11.03	10.34	32.35
Sharp Ratio	0.87	0.91	0.34	1.35	0.88	0.94	0.85	0.89	0.81

Note: The table made by the author which shows the risk-adjusted performance of conventional funds of the UK

From the table, it is seen that, the four top performance funds were Aberdeen, City of London, Newton and AXA and their average return were 26.12%, 14.38%, 12.85% and 13.20% respectively which were better than the index and the peers which shows in the following graph-



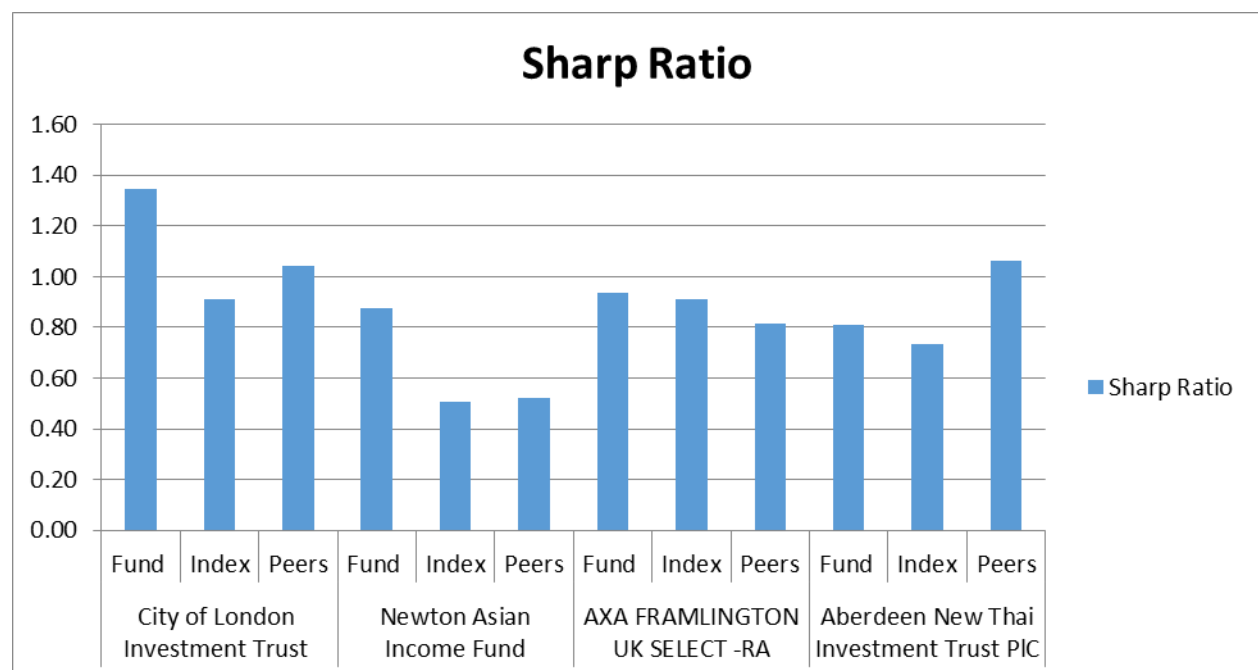
Note: Graph made by the author based which shows the mean, standard deviation and sharp ratios of four (4) top performing conventional fund of UK.

The Comparison among the peers and the corresponding index of those top performing funds are shown in the following table-

	City of London Investment Trust			Newton Asian Income Fund			AXA FRAMLINGTON UK SELECT -RA			Aberdeen New Thai Investment Trust PLC		
	Fund	Index	Peers	Fund	Index	Peers	Fund	Index	Peers	Fund	Index	Peers
Mean	14.38	9.26	15.75	12.85	7.40	7.91	13.20	9.26	10.21	26.12	24.19	19.65
SD	10.68	10.17	15.09	14.65	14.57	15.10	14.08	10.17	12.50	32.35	32.87	18.48
Sharp Ratio	1.35	0.91	1.04	0.88	0.51	0.52	0.94	0.91	0.82	0.81	0.74	1.06

Note: The table made by the author based on the data collected from Bloomberg.

From the above table, it is seen that the sharp ratio of City of London Investment Trust, Newton Asian Income Fund, AXA FRAMLINGTON UK SELECT -RA and Aberdeen New Thai Investment Trust PLC were better than the corresponding index. Most the sharp ratio of peers of those funds were higher than the funds expect City of London Investment Trust which shown in the following graph-

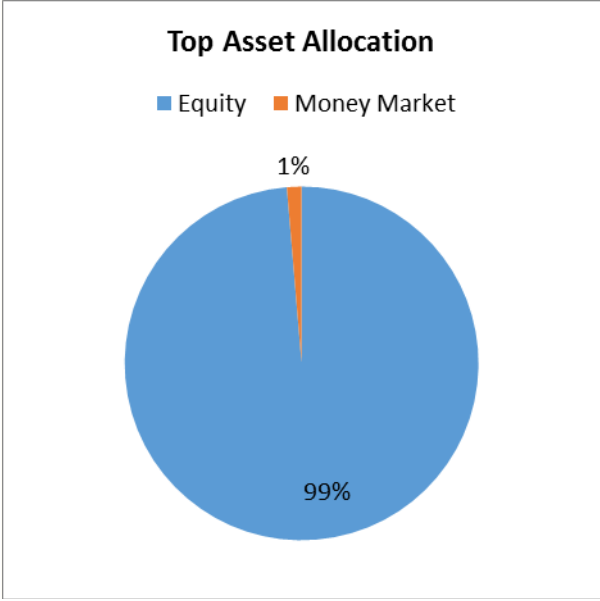


Note: Graph made by the author which show the sharp ratios of 4 (four) top performing conventional funds of UK, their corresponding index, and its peers.

4.1.5 Performance of Ethical Fund of UK:

Alliance Trust Sustainable Future Growth Fund: NUSFUK2 LN

This is an open-end Fund which aims for long-term capital appreciation through the investment in the companies that meet the rules for social responsibilities and environmental guidelines. The Fund invests in the shares of a broad range of companies from around the world based on the price and prospects of above-average earnings growth and occasionally investments may also be made in the bond.

Front Load Fees	0.00%		
Current management Fee	0.75%		
Minimum Investment	GBP 500,00.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 20, 255.30 (million) as on May 19, 2015		
Fund Market Cap Focus	Medium to Large		
Top Asset Allocation	Equity	98.67%	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p> <p>1%</p> <p>99%</p>
	Money Market	1.33%	

Top Allocation	Sectors	Basic Materials	4.54%	<p>Top Sector Allocation</p> <p>■ Basic Materials ■ Communications ■ Consumer, Cyclical ■ Consumer, Non-Cyclical ■ Industrial ■ Financial</p>
		Communications	11.14%	
		Consumer, Cyclical	15.72%	
		Consumer, Non-Cyclical	17.83%	
		Industrial	17.07%	
		Financial	26.36%	
Top Allocation	Geographic	Ireland	7.97%	<p>Geographic Allocation</p> <p>■ Ireland ■ UK ■ Others</p>
		UK	90.70%	
		Others	1.33%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Alliance Trust Sustainable Future Growth Fund:

Alliance Trust Sustainable Future ICVC-UK Growth Fund: NUSFUK2 LN				
Year	Fund Performance	FTSE All-Share Index (Benchmark)	Peers	PCTL
2010	0.1746	0.1489	0.1484	68
2011	-0.0623	-0.0312	-0.08	51
2012	0.1497	0.1273	0.1603	50
2013	0.3456	0.2119	0.2428	90

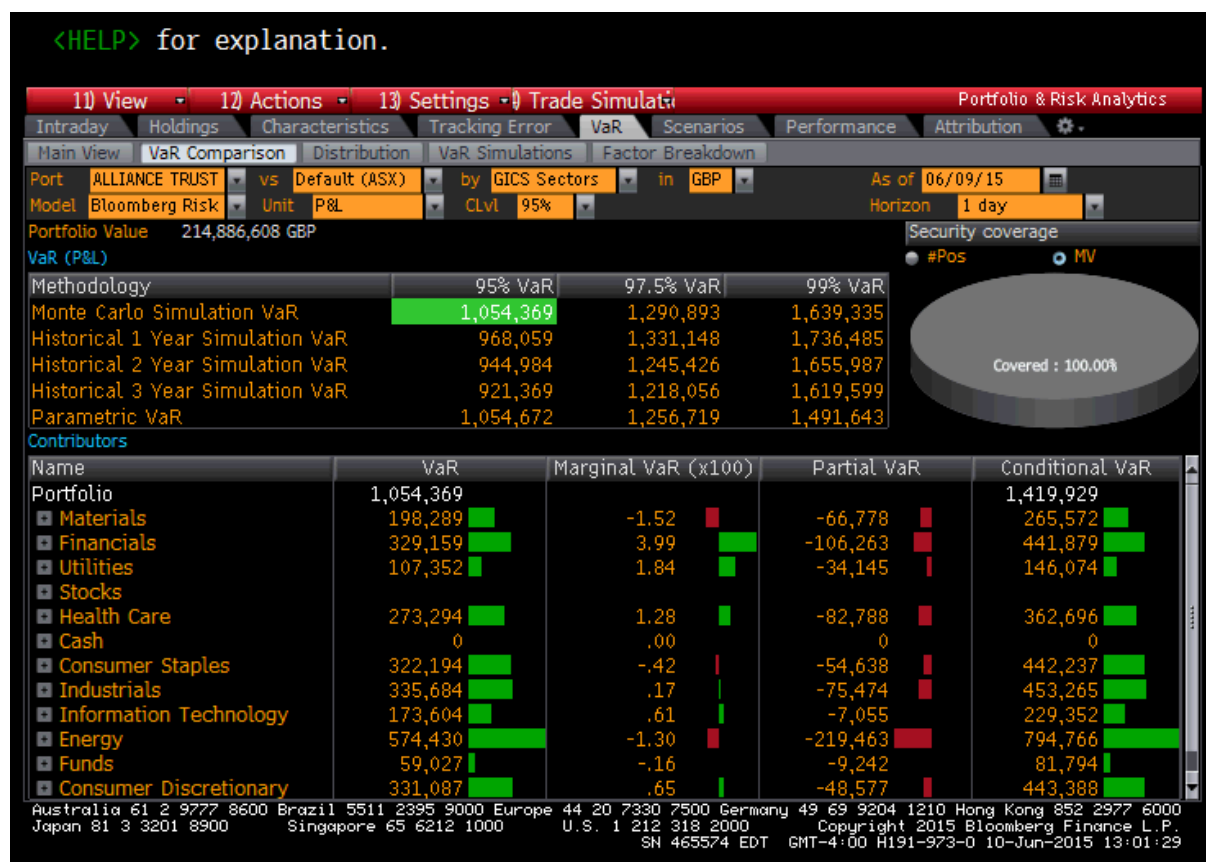
2014	0.0195	0.0062	0.0392	49
Mean	0.1254	0.0926	0.1021	61.6
SD	0.1565	0.1017	0.1249	
Sharp Ratio	0.7772	0.8730	0.7870	

Note: The performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014 based on the data collected from Bloomberg.

From Table, Alliance beats the benchmark in all the period excepting 2011. Over the five years, the fund has an average return of 12.54% while the benchmark and its peers achieved 9.26% and 10.21% respectively. The average performance was around 62nd percentile.

However, the fund sharp ratio was 0.78 while the index sharp ratio was .87 and peers were 0.79. That means it's underperformed from the correspondence index and equally performed with the peers.


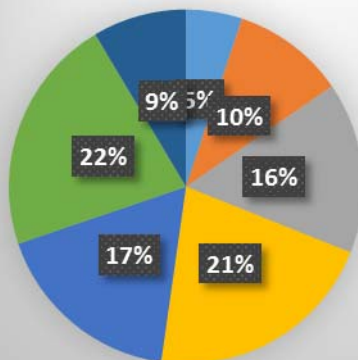
VaR of Alliance Trust Sustainable Future Growth Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 968,059 as per the above VaR chart found in Bloomberg.

Ecclesiastical Amity UK Fund: ALLAMYA LN

This is an open-end Fund which aims for long-term capital and income growth. The fund invests in the companies which demonstrate a positive contribution to the environment and to the quality of the individual and community life.

Front Load Fees	2.00%		
Current management Fee	0.75%		
Minimum Investment	GBP 200.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 13,695.33 (million) as on May 19, 2015		
Top Asset Allocation	Corporate	0.27%	 <p>Top Asset Allocation</p> <p>■ Corporate ■ Equity ■ Money Market</p>
	Equity	99.75%	
	Money Market	-0.03%	
Top Sectors Allocation	Basic Materials	5.12%	 <p>Top Sectors Allocation</p> <p>■ Basic Materials ■ Communications ■ Consumer, Cyclical ■ Consumer, Non-Cyclical ■ Industrial</p>
	Communications	10.28%	
	Consumer, Cyclical	15.63%	
	Consum	21.17%	

	er, Non-Cyclical		
	Industrial	17.52%	
	Financial	21.64%	
	Others	8.55%	
Top Geographic Allocation	North America	3.83%	<p>Top Geographic Allocation</p> <ul style="list-style-type: none"> North America Western Europe Others
	Western Europe	95.41%	
	Others	0.76%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Ecclesiastical Amity UK Fund:

Ecclesiastical Amity UK Fund: ALLAMYA LN				
Year	Fund Performance	Ecclesiastical Amity UK-A-IN (Benchmark)	Peers	PCTL
2010	0.2046	0.1942	0.1484	78
2011	-0.0235	-0.0315	-0.08	77
2012	0.1937	0.1837	0.1603	69
2013	0.2813	0.2715	0.2428	70
2014	0.0234	0.0151	0.0392	53
Mean	0.1359	0.1266	0.1021	69.4
SD	0.1297	0.1287	0.1249	
Sharp Ratio	1.0186	0.9541	0.7870	

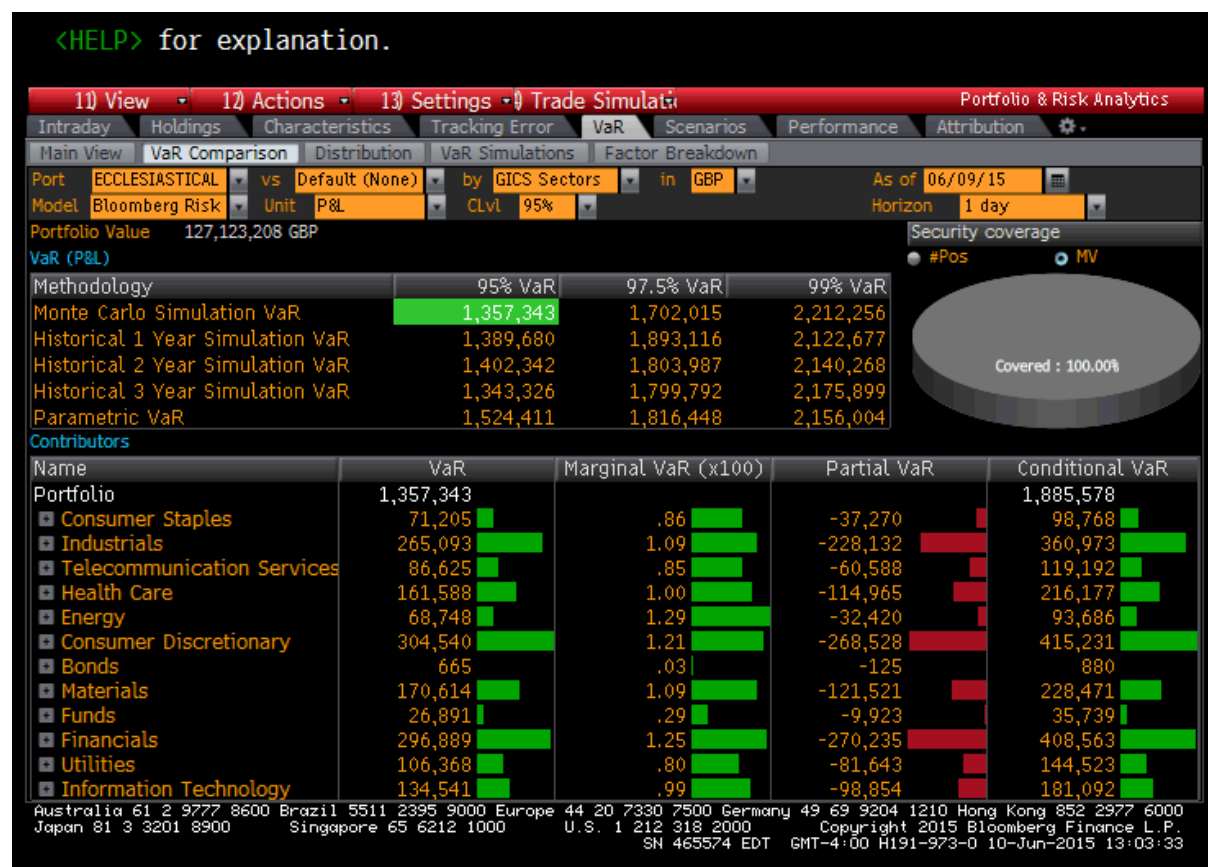
Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the yearly return of Ecclesiastical Amity fund beats both the index and its peers for all the period from 2010 to 2014. Therefore, over the periods the fund has an average return was 13.59% which was higher than

the benchmark and its peers return and that was 12.87% and 12.49% respectively. However, the average standard deviation of the fund is 12.97% which was higher than the benchmark's which was 12.87%.

On the other hand, the sharp ratio of the fund was 1.02 while the index sharp ratio was 0.95 and peers were 0.79. That means the risk-adjusted performance of the fund is beating both the correspondence index and peers.

VaR of Ecclesiastical Amity UK Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 1,389,680 as per the above VaR chart found in Bloomberg.

Sovereign Ethical Fund Inc: SOVETHI LN

This is an authorized unit trust which aims for long-term capital growth. The fund does not invest in the companies which have links with nuclear processing, unnecessary exploitation of animals, oppressive regimes, and production of alcohol or tobacco, promotion of gambling, manufacture or supply of armaments.

Front Load Fees	0.00%
Current management Fee	0.00%
Minimum Investment	----
Early Withdrawal Fee	0.00%
Total Assets	GBP 2,637.83 (million) as on May 19, 2015

Note: Table made by the author based on data collected from Bloomberg

Performance of Sovereign Ethical Fund Inc Fund:

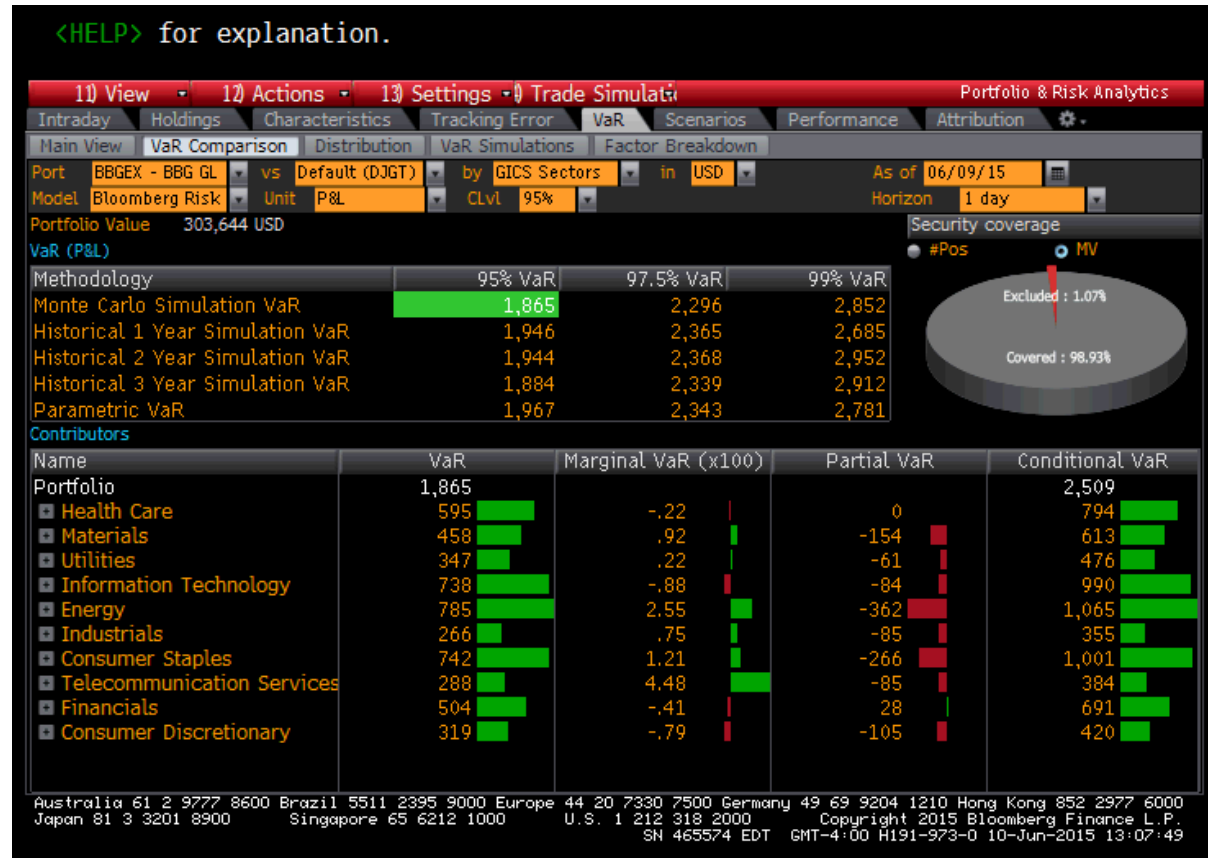
Sovereign Ethical Fund Inc: SOVETHI LN				
Year	Fund Performance	FTSE All-Share Index (Benchmark)	Peers	PCTL
2010	0.1872	0.1489	0.1449	86
2011	-0.0477	-0.0312	-0.0539	63
2012	0.1632	0.1273	0.3238	85
2013	0.2119	0.2119	0.2096	51
2014	-0.0228	0.0062	0.5625	12
Mean	0.0984	0.0926	0.2374	59.4
SD	0.1235	0.1017	0.2277	
Sharp Ratio	0.7657	0.8730	1.0259	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 9.84% which was lower than the index average return i.e., 12.86% and the peers average return i.e., 23.74%. The average performance was around 59th

percentile. Again, fund sharp ratio was 0.77 which was lower than benchmark's sharp ratio of 0.87 and the peers sharp ratio 1.03.

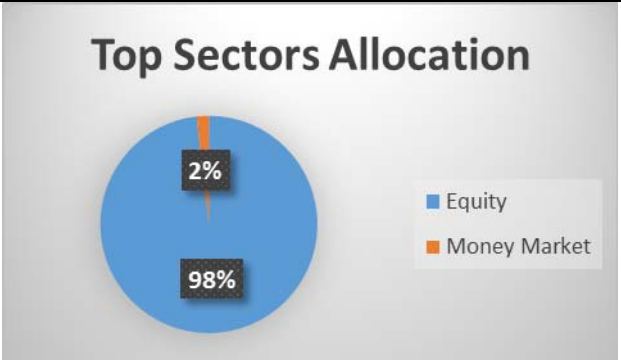
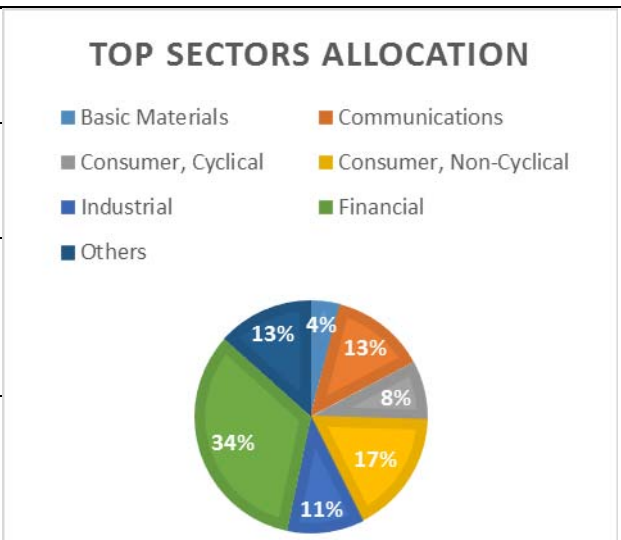
VaR of Sovereign Ethical Fund Inc Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is USD 1,946 as per the above VaR chart found in Bloomberg.

Henderson Global Care Fund: HEGCUIZ LN

This is an open-end Fund which aims to provide income with prospects of long-term capital appreciation through investing in the companies that aware the protection and efficient use of the natural environment and contributing to social well-being.

Front Load Fees	0.00%		
Current management Fee	0.00%		
Minimum Investment	0.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 14,350.66 (million) as on May 19, 2015		
Fund Market Cap Focus	Medium to Large		
Top Asset Allocation	Equity	98.22%	 <p>Top Sectors Allocation</p> <p>■ Equity ■ Money Market</p>
	Money Market	1.78%	
Top Sectors Allocation	Basic Materials	4.07%	 <p>TOP SECTORS ALLOCATION</p> <p>■ Basic Materials ■ Communications ■ Consumer, Cyclical ■ Consumer, Non-Cyclical ■ Industrial ■ Financial ■ Others</p>
	Communications	13.11%	
	Consumer, Cyclical	8.29%	
	Consumer, Non-Cyclical	17.14%	

	Industrial	10.69%	
	Financial	33.41%	
	Others	13.29%	
Top Geographic Allocation	Ireland	1.28%	<p>Top Geographic Allocation</p> <p>■ Ireland ■ UK ■ Bermuda ■ Guernsey ■ Jersey ■ Others</p>
	UK	91.74%	
	Bermuda	1.01%	
	Guernsey	1.95%	
	Jersey	1.15%	
	Others	4.15%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Henderson Global Care Fund:

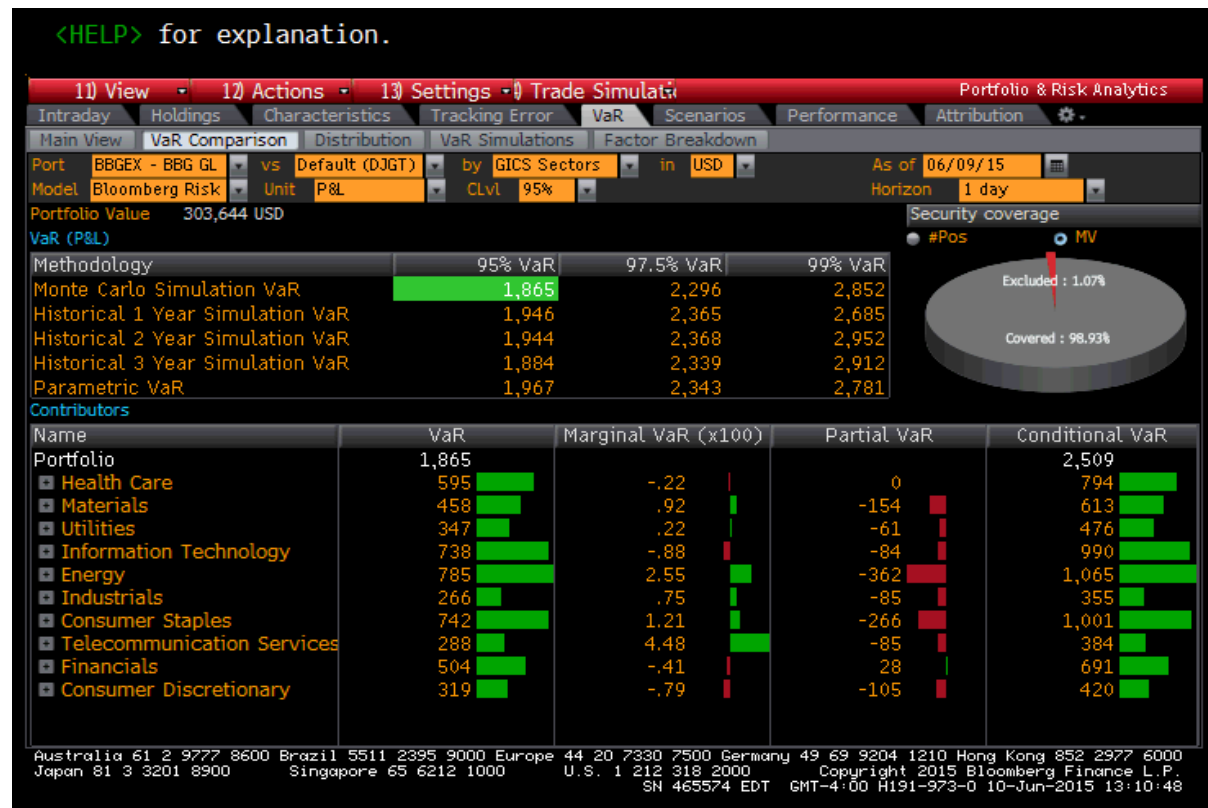
Henderson Global Care Fund: HEGCUIZ LN				
Year	Fund Performance	FTSE All-Share Index (Benchmark)	Peers	PCTL
2010	0.1598	0.1489	0.1484	62
2011	0.0044	-0.0312	-0.08	87
2012	0.2033	0.1273	0.1603	73
2013	0.3326	0.2119	0.2428	86
2014	0.0844	0.0062	0.0392	87
Mean	0.1569	0.0926	0.1021	79
SD	0.1240	0.1017	0.1249	
Sharp Ratio	1.2342	0.8730	0.7870	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, Henderson Global Care Fund beats both the benchmark and the peers in all the periods from 2010 to 2014. Over the five years, the fund has an average return of 15.69% while the benchmark and its peers achieved 9.26% and 10.21% average return respectively. The average performance was around 79th percentile. However, it's sharp ratio of the fund was 1.23 while the index sharp ratio was 0.87 and peers were 0.79. That means the fund's

risk-adjusted performance was higher than both the benchmark and the peers.

Performance of Henderson Global Care Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is USD 1,946 as per the above VaR chart found in Bloomberg.

Impax Environmental Market Fund: IME LN

This is an investment trust and the objective is capital growth by investing in companies of technology-based systems, product or services in environment markets, particularly those of alternative energy and energy efficiency, waste technology and resource management, water treatment and pollution control.

Front Load Fees	0.00%		
Current management Fee	1.00%		
Minimum Investment	0.00		
Early Withdrawal Fee	0.00%		
Fund Market Cap Focus	Small Capital		
Top Asset Allocation	Equity	103.69 %	<div>Top Asset Allocation</div> <p>■ Equity ■ Money Market</p>
	Money Market	-3.69%	
Top Sectors Allocation	Basic Materials	4.68%	<div>Top Sectors Allocation</div> <p>■ Basic Materials ■ Consumer, Cyclical ■ Consumer, Non-Cyclical ■ Industrial ■ Technology ■ Energy ■ Utilities</p>
	Consumer, Cyclical	8.35%	
	Consumer, Non-Cyclical	2.89%	
	Industrial	67.17%	

	Technology	3.27%	
	Energy	8.86%	
	Utilities	8.48%	
Top Geographic Allocation	Asia Pacific	19.11%	<p>Top Geographic Allocation</p> <p>■ Asia Pacific ■ North America ■ Western Europe ■ Others</p>
	North America	42.33%	
	Western Europe	37.92%	
	Others	.64%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Impax Environmental Market Fund:

Impax Environmental Market Fund: IME LN				
Year	Fund Performance	FTSE All-Share Index (Benchmark)	Peers	PCTL
2010	0.0858	0.1489	0.1043	50
2011	-0.2565	-0.0312	-0.0723	0
2012	0.0808	0.1273	0.1008	33
2013	0.4742	0.2119	0.2845	84
2014	0.0249	0.0062	-0.0058	52
Mean	0.0818	0.0926	0.0823	43.8
SD	0.2606	0.1017	0.1354	
Sharp Ratio	0.2994	0.8730	0.5796	

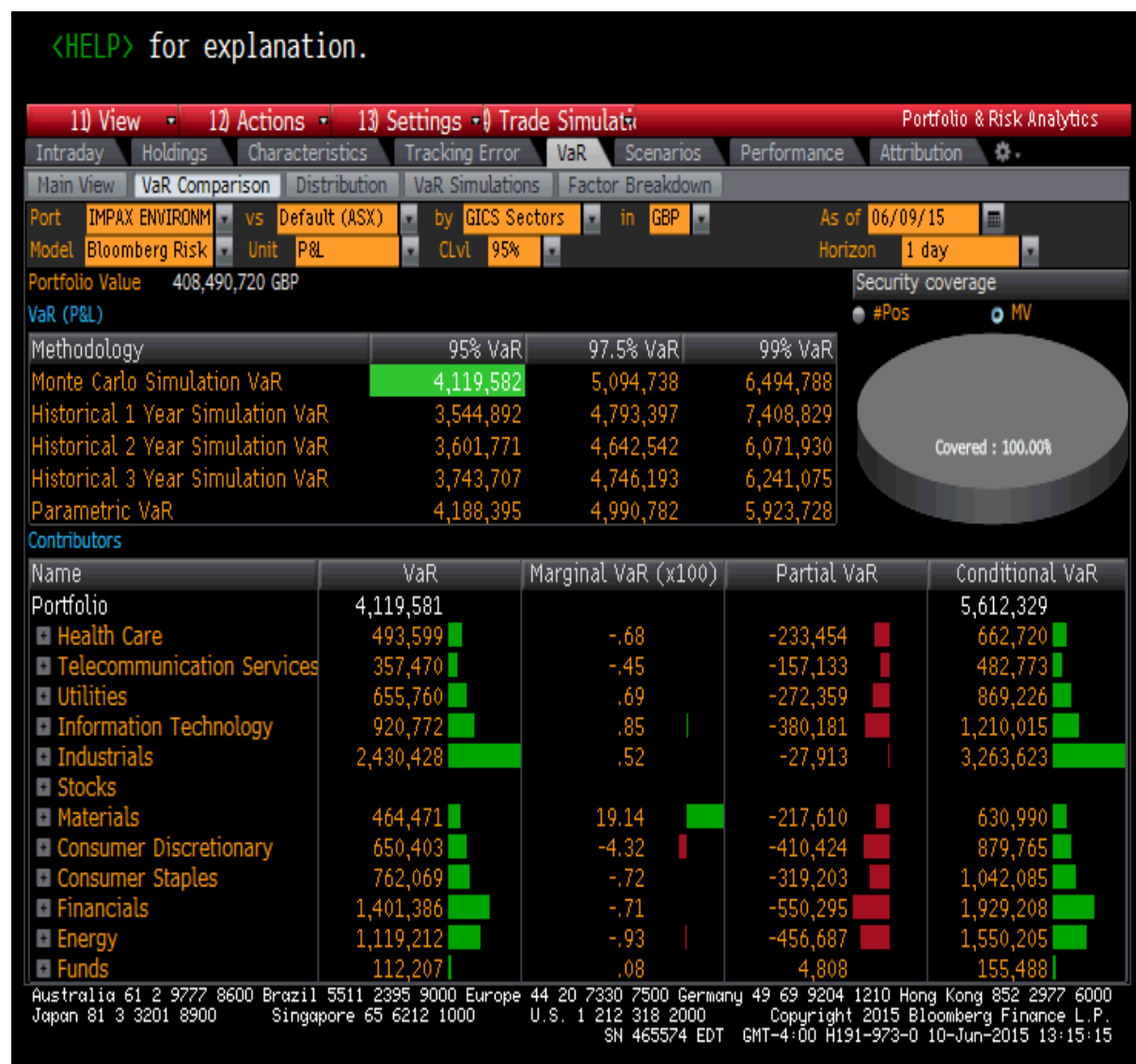
Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, Impax Environmental Market Fund's annual returns were below both the index and the peers for the period of 2010 to 2012. But in 2013, the annual return was increased around five times and reached to 47.42%

where the benchmark returns only 21.19%. However, overall five years mean return of the fund was 8.18% while the benchmark and the peers achieved 9.26% and 8.23% return respectively.

However, the sharp ratio was 0.30 while the index sharp ratio was 0.87 and peers were 0.60. That means the Impax fund has a greater volatility of return than the benchmark and the peers which caused lower risk-adjusted performance than the index and the peers.

VaR of Impax Environmental Market Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is GBP 3,544,892 as per the above VaR chart found in Bloomberg.

Halifax Specialised Investment Funds: HAETHCI LN

This is an open-end Fund which aims for long-term capital appreciation through the investment in the international companies those activities are primarily considered as ethical.

Front Load Fees	0.00%		
Current management Fee	1.50%		
Minimum Investment	GBP 25,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 20, 063.85 (million) as on May 19, 2015		
Top Asset Allocation	Equity	99.66%	<div> <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p> </div>
	Money Market	0.34%	
Top Sectors Allocation	Basic Materials	2.17%	<div> <p>Top Sectors Allocation</p> <p> ■ Basic Materials ■ Communications ■ Consumer, Cyclical ■ Consumer, Non-Cyclical ■ Industrial ■ Financial ■ Others </p> </div>
	Communica-tions	13.25%	
	Consumer, Cyclical	7.53%	
	Consumer, Non-Cyclical	28.09%	
	Industrial	11.84%	

Top Geographic Allocation	Financial	22.96%	<p>Top Geographic Allocation</p> <p>Legend: China (blue), Germany (orange), Japan (grey), Switzerland (yellow), UK (dark blue), USA (green), Others (dark blue).</p>
	Others	14.16%	
	China	4.21%	
	Germany	10.21%	
	Japan	6.96%	
	Switzerland	6.86%	
	UK	12.52%	
	USA	49.22%	
	Others	10.02%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Halifax Specialised Investment Funds:

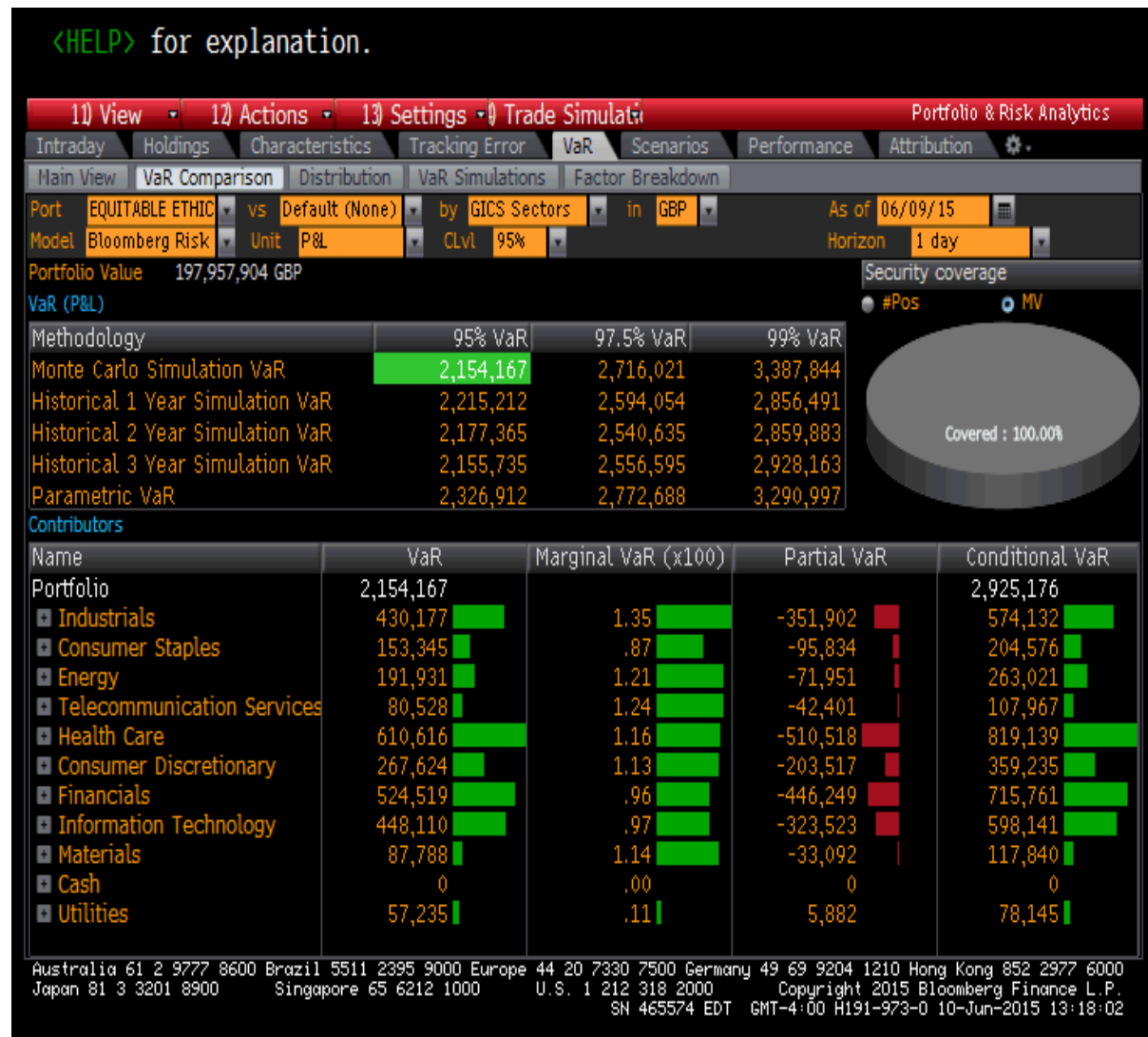
Halifax Specialised Investment Funds: HAETHCI LN				
Year	Fund Performance	FTSE World TRI GBP (Benchmark)	Peers	PCTL
2010	0.1108	0.1628	0.1591	27
2011	-0.0913	-0.0579	-0.1205	67
2012	0.1397	0.1183	0.1225	61
2013	0.2341	0.2236	0.1961	59
2014	0.1078	0.1129	0.1012	57
Mean	0.1002	0.1119	0.0917	54.2
SD	0.1187	0.1048	0.1240	
Sharp Ratio	0.8124	1.0317	0.7086	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the Halifax Specialised Investment Funds was 10.02% and benchmarks and Peers average returns were 11.19% and 9.17% respectively which means that the fund underperforming from the benchmarks but over performing from the peers. However, the sharp ratio was 0.81 while the index sharp ratio was 1.03 and peers were 0.71. That

means the risk-adjusted performance of the fund is lower than correspondence index but higher than the peers.


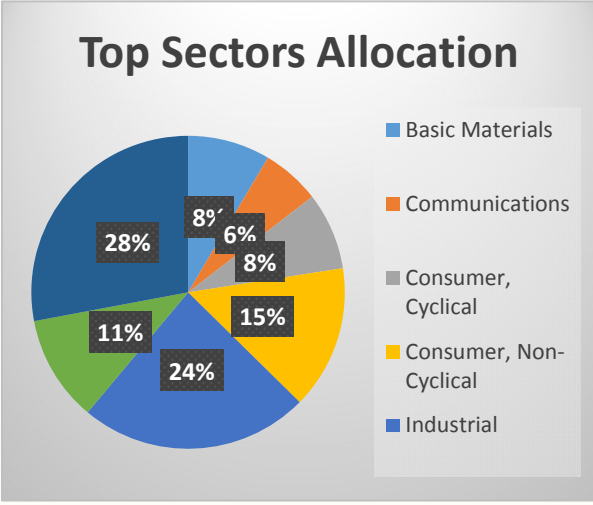
VaR of Halifax Specialised Investment Funds:




Note: The maximum loss at 95% confidence level in historical 1 year is GBP 2,215,212 as per the above VaR chart found in Bloomberg.

Aberdeen Multi manager Portfolio Fund: CSMETA LN

This is a unit trust which aims for long-term capital appreciation through the investment in the companies encompassing ethical consideration on a material part of their investment policy.

Front Load Fees	0.00%		
Current management Fee	1.60%		
Minimum Investment	GBP 1000.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 4,217.69 (million) as on May 19, 2015		
Top Asset Allocation	Equity	90.84%	 <p>Top Asset Allocation</p> <p>91% Equity, 9% Money Market</p>
	Money Market	9.16%	
Top Sectors Allocation	Basic Materials	8.48%	 <p>Top Sectors Allocation</p> <p>Legend: Basic Materials (8%), Communications (6%), Consumer, Cyclical (11%), Consumer, Non-Cyclical (15%), Industrial (24%)</p>
	Communications	6.01%	
	Consumer, Cyclical	7.97%	
	Consumer, Non-Cyclical	14.80%	

	Industrial	23.58%	
	Financial	10.94%	
	Others	27.86%	
Top Geographic Allocation	Asia Pacific	18.77%	
	North America	29.50%	
	Western Europe	36.55%	
	Others	15.18%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Aberdeen Multi manager Portfolio Fund:

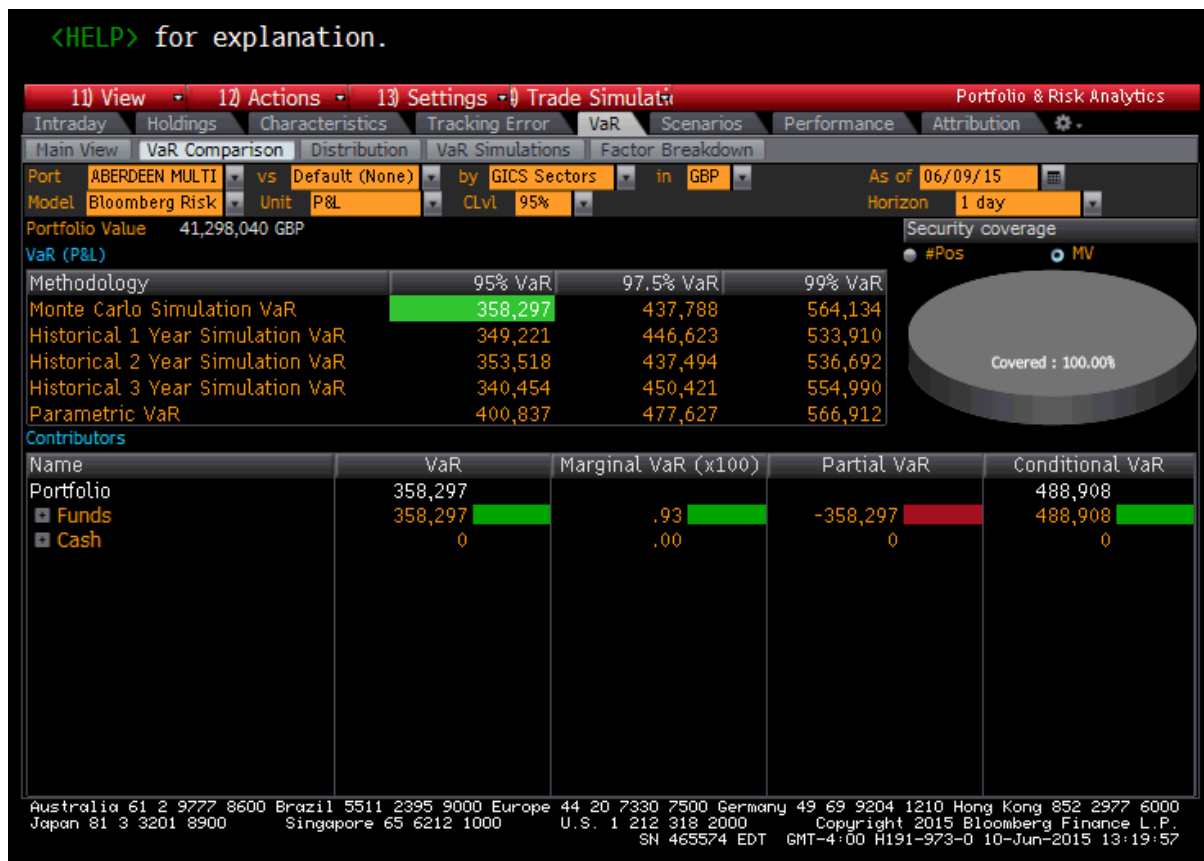
Aberdeen Multi manager Portfolio Fund: CSMETA LN				
Year	Fund Performance	FTSE4GOOD UK Index (Benchmark)	Peers	PCTL
2010	0.1764	0.0802	0.104	93
2011	-0.152	-0.0661	-0.0346	3
2012	0.1141	0.1453	0.0793	82
2013	0.206	0.2313	0.1085	92
2014	0.0569	0.0235	0.0532	53
Mean	0.0803	0.0828	0.0621	64.6
SD	0.1420	0.1136	0.0584	
Sharp Ratio	0.5384	0.6955	0.9981	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, Aberdeen beats the peers average return but it was slightly lower than the index. The average performance was around 65th percentile. On the other hand, the variation of return of the fund over the last five years

was 14.20% and the index and peers were 11.36% and 5.84% respectively. However, the fund sharp ratio was 0.53 while the index sharp ratio was 0.70 and peers were 0.998. That means it's underperformed from the correspondence index and the peers.


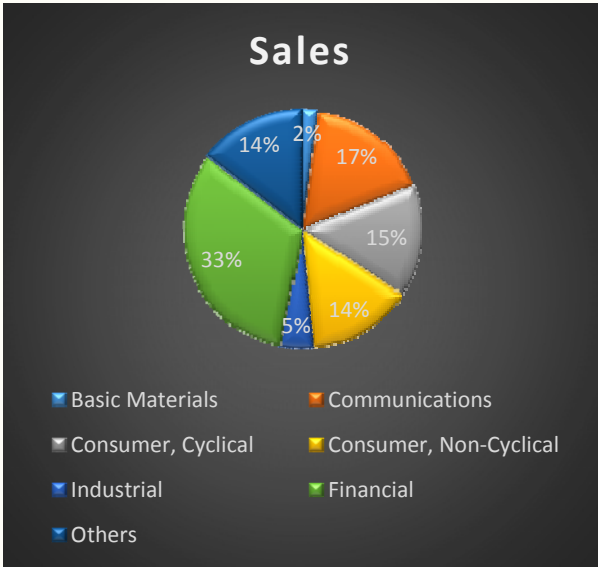
VaR of Aberdeen Multi manager Portfolio Fund:

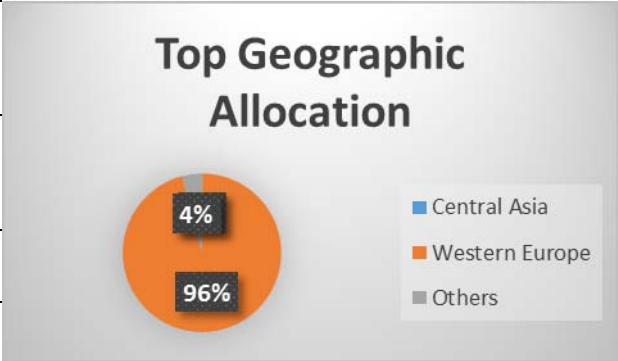


Note: The maximum loss at 95% confidence level in historical 1 year is GBP 349,221 as per the above VaR chart found in Bloomberg.

Kames Ethical Equity Fund: SCEETHI LN

This is an open-end investment company which aims for the long-term capital growth by investing ethically operated companies of the economic sector.

Front Load Fees	0.00%		
Current management Fee	0.75%		
Minimum Investment	GBP 2,000,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 43,189.00 (million) as on May 19, 2015		
Top Asset Allocation	Equity	96.30%	 <p>Top Asset Allocation</p> <p>Legend: Equity (Blue), Money Market (Orange)</p>
	Money Market	3.70%	
Top Sectors Allocation	Basic Materials	2.17%	 <p>Sales</p> <p>Legend: Basic Materials (Blue), Communications (Orange), Consumer, Cyclical (Grey), Consumer, Non-Cyclical (Yellow), Industrial (Dark Blue), Financial (Green), Others (Light Blue)</p>
	Communications	16.61%	
	Consumer, Cyclical	15.45%	
	Consumer, Non-Cyclical	14.18%	
	Industrial	4.61%	

	I		
	Financial	32.51%	
	Others	14.47%	
Top Geographic Allocation	Central Asia	.079%	 <p>Top Geographic Allocation</p> <p>4% 96%</p> <p>■ Central Asia ■ Western Europe ■ Others</p>
	Western Europe	95.89%	
	Others	4.03%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Kames Ethical Equity Fund:

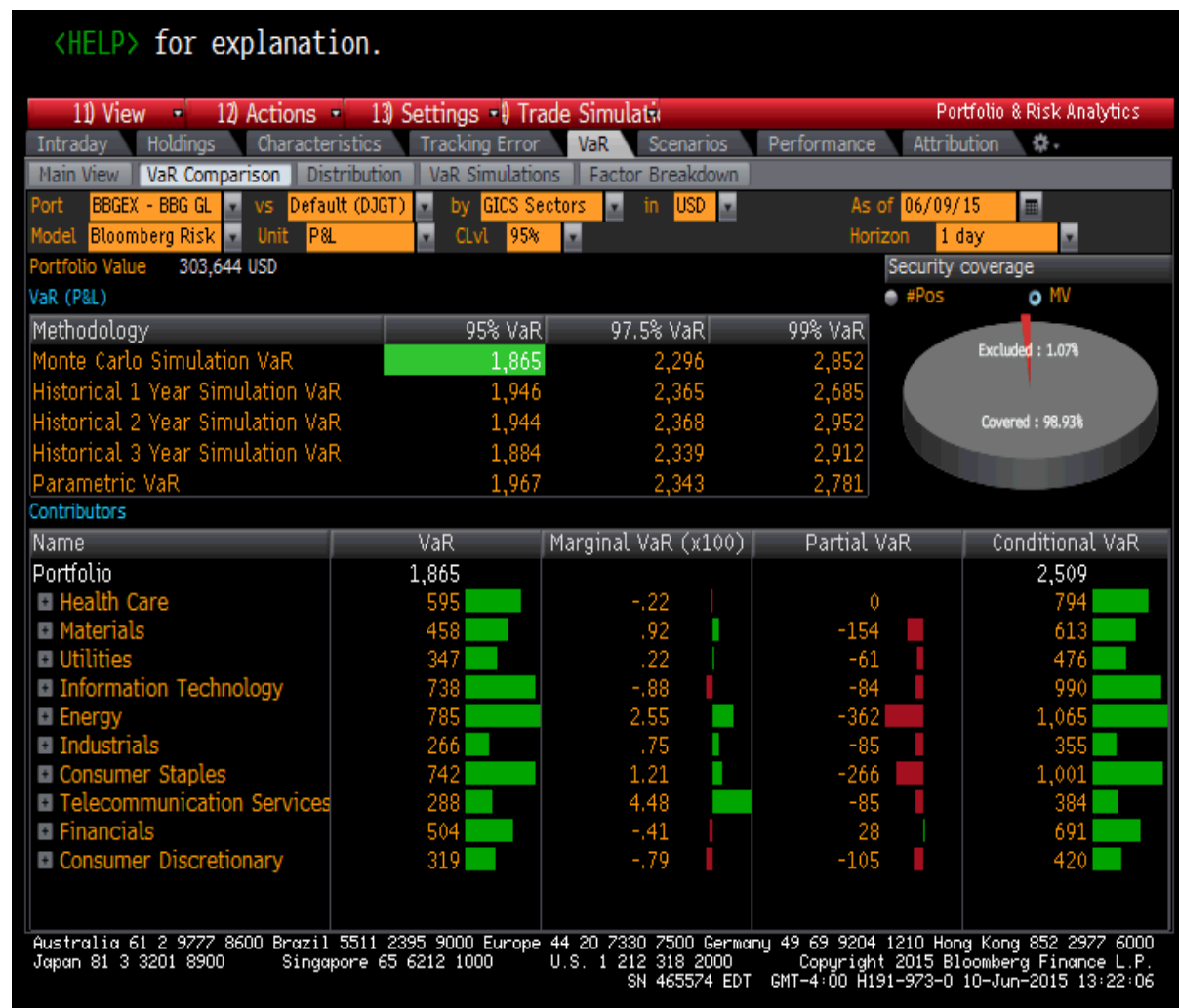
Kames Ethical Equity Fund: SCEETHI LN				
Year	Fund Performance	FTSE All-Share Index (Benchmark)	Peers	PCTL
2010	0.2529	0.1489	0.1591	84
2011	-0.075	-0.0312	-0.1225	75
2012	0.1886	0.1273	0.1225	87
2013	0.3737	0.2119	0.1961	98
2014	0.0236	0.0062	0.1012	19
Mean	0.1528	0.0926	0.0913	86
SD	0.1794	0.1017	0.1249	
Sharp Ratio	0.8305	0.8730	0.7006	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, Kames Ethical Equity Fund beats the return of the index and the peers for most of the periods from 2010 to 2014 except in 2011. The average performance was around 86th percentile. Over the last five years, the

average return of the fund was 15.28% where the index and the peers average returns were 9.26% and 9.13% respectively. However, the fund sharp ratio was 0.83 while the index sharp ratio was 0.87 and peers was 0.70. That means it's slightly underperformed from the correspondence index and over performed from the peers in respect to the risk-adjusted return.

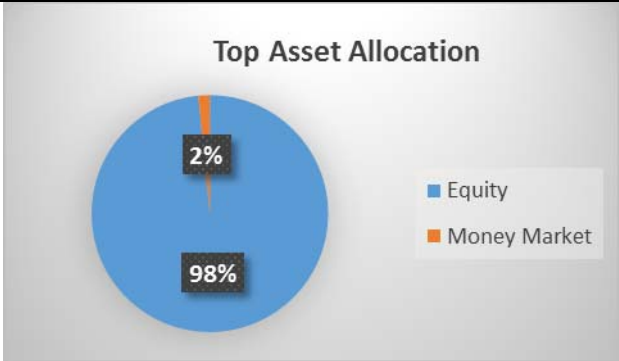
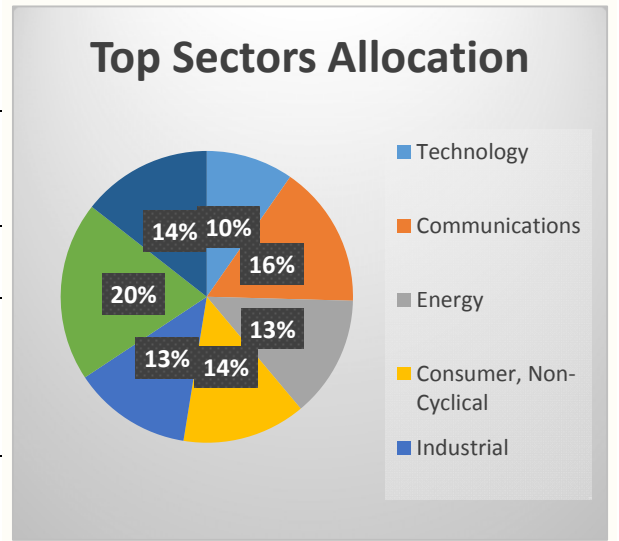
VaR of Kames Ethical Equity Fund:

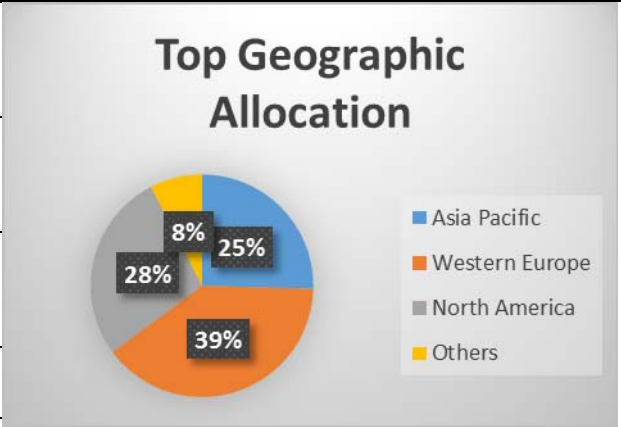


Note: The maximum loss at 95% confidence level in historical 1 year is USD 1,946 as per the above VaR chart found in Bloomberg.

St. James Place Ethical Unit Trust: SJPETHA LN

This is an ethical unit trust which aims is to for the long-term capital and income growth by investing ethically operated equities and convertibles stock of European Union. Fixed income securities also considered for investment.

Front Load Fees	5.00%		
Current management Fee	1.50%		
Minimum Investment	GBP 1,500.00		
Early Withdrawal Fee	0.00%		
Total Assets	GBP 9733.18 (million) as on May 19, 2015		
Top Asset Allocation	Equity	98.45%	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p>
	Money Market	1.55%	
Top Sectors Allocation	Technology	9.65%	 <p>Top Sectors Allocation</p> <p>■ Technology ■ Communications ■ Energy ■ Consumer, Non-Cyclical ■ Industrial</p>
	Communications	15.77%	
	Energy	13.48%	
	Consumer, Non-Cyclical	13.67%	
	Industrial	13.11%	

Top Geographic Allocation	Financial	19.90%	
	Others	14.42%	
	Asia Pacific	25.45%	
	Western Europe	39.38%	
	North America	27.60%	
	Others	7.57%	

Note: Table made by the author based on data collected from Bloomberg

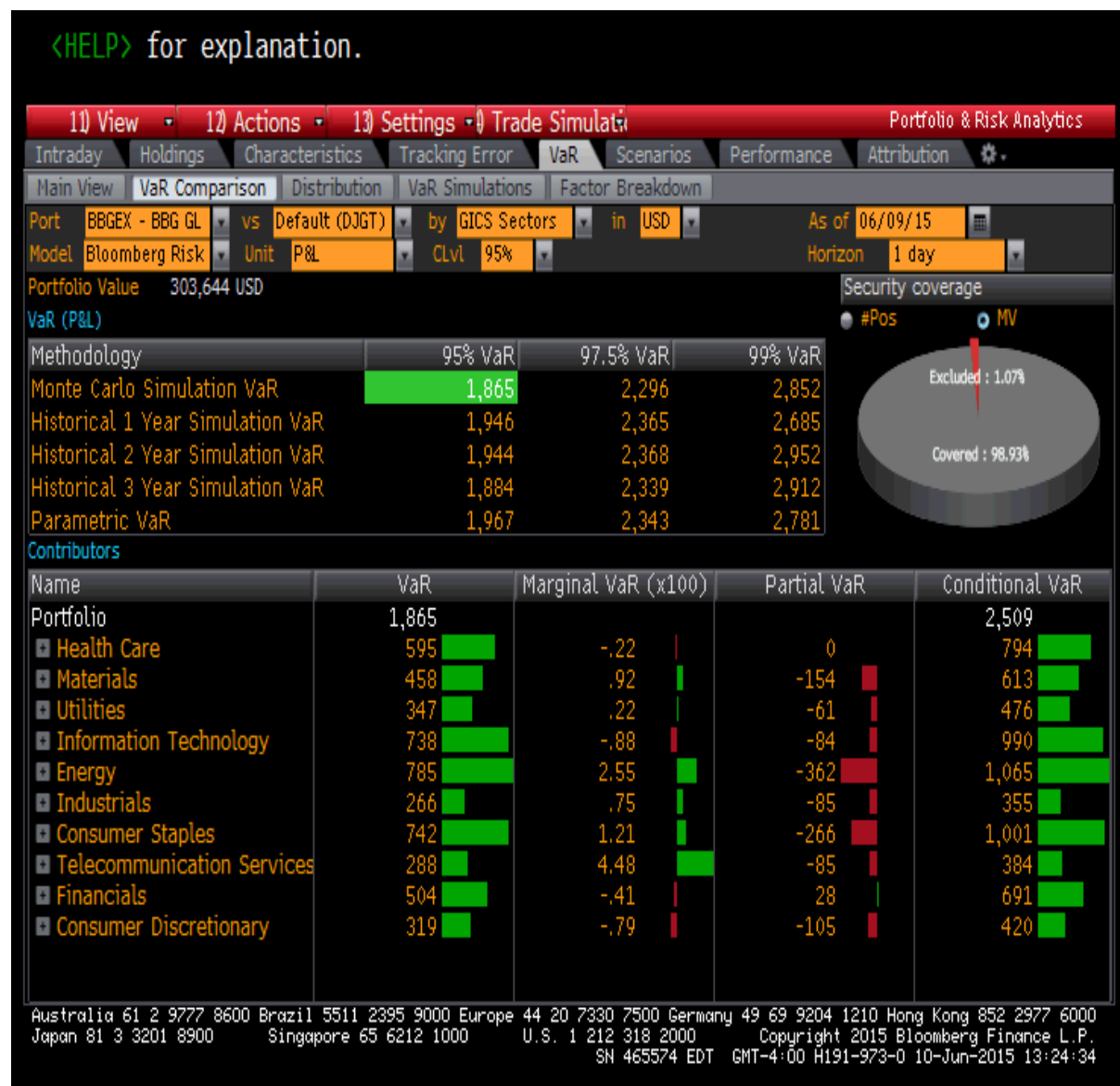
Performance of St. James Place Ethical Unit Trust:

St. James Place Ethical Unit Trust: SJPETHA LN				
Year	Fund Performance	FTSE All-Share Index (Benchmark)	Peers	PCTL
2010	0.1403	0.1489	0.0905	76
2011	-0.1221	-0.0312	-0.1295	58
2012	0.1119	0.1273	0.1633	15
2013	0.0793	0.2119	0.2025	5
2014	0.0568	0.1092	0.0963	10
Mean	0.0524	0.1142	0.0817	38.5
SD	0.1189	0.1034	0.1482	
Sharp Ratio	0.4081	1.0681	0.5254	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, The average return of St. James Place Ethical Unit Trust was 5.24% where the return of the index and the peers were 11.42% and 8.17% respectively. However, the fund sharp ratio were 0.41 while the index sharp ratio was 1.067% and peers was 0.53. That means the risk-adjusted performance of the fund is lower than the index and the peers.

VaR of St. James Place Ethical Unit Trust:



Note: The maximum loss at 95% confidence level in historical 1 year is USD 1,946 as per the above VaR chart found in Bloomberg.

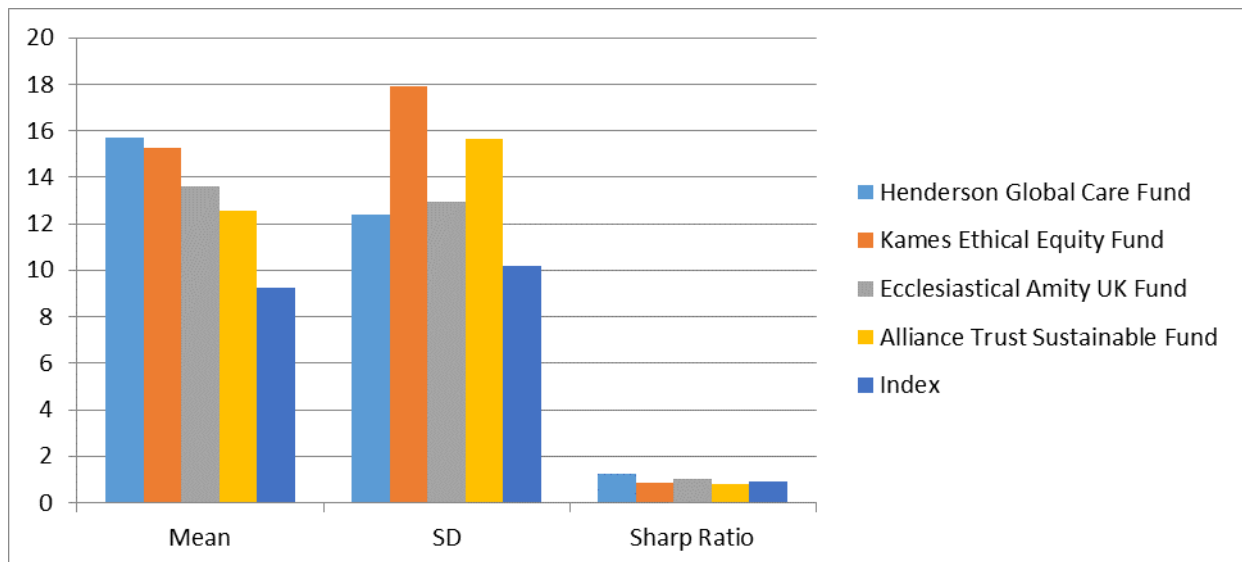
4.1.6 Comparing Performance among the Ethical Funds of UK:

The financial performance of nine ethical funds of United Kingdom is given in the following table:

Financial Performance of Ethical Fund									
Year	Alliance Trust	Ecc Amity	Sovereign	Henderson Global	Impax	Halifax Ethical	Aberdeen	Kames Ethical Equity	SJP Ethical
2010	0.1746	0.2046	0.1872	0.1598	0.0858	0.1108	0.1764	0.2529	0.1403
2011	-0.0623	-0.0235	-0.0477	0.0044	-0.2565	-0.0913	-0.152	-0.075	-0.1221
2012	0.1497	0.1937	0.1632	0.2033	0.0808	0.1397	0.1141	0.1886	0.1119
2013	0.3456	0.2813	0.2119	0.3326	0.4742	0.2341	0.206	0.3737	0.0793
2014	0.0195	0.0234	-0.0228	0.0844	0.0249	0.1078	0.0569	0.0236	0.0568
Mean	0.1254	0.1359	0.0984	0.1569	0.0818	0.1002	0.0803	0.1528	0.0532
SD	0.1565	0.1297	0.1235	0.1240	0.2606	0.1187	0.1420	0.1794	0.1030
Sharp Ratio	0.7772	1.0186	0.7657	1.2342	0.2994	0.8124	0.5384	0.8305	0.4798

Note: The table made by the author based on the data collected from Bloomberg.

From the table, it is seen that, the four top performance funds were Henderson Global care fund, Kames Ethical Equity Fund, Ecclesiastical Amity UK Fund and Alliance Trust Sustainable Future Growth Fund and their average return were 15.69%, 15.28%, 13.59% and 12.54% respectively. The mean, standard deviation and sharp ratio of those top performing funds, their index and peers are shown in the following graph-



Note: Graph made by the author which shows the mean, standard deviation and sharp ratios of four top performing conventional funds of UK and their benchmarks.

The Comparison among the peers and the corresponding index of those top performing funds are shown in the following table-

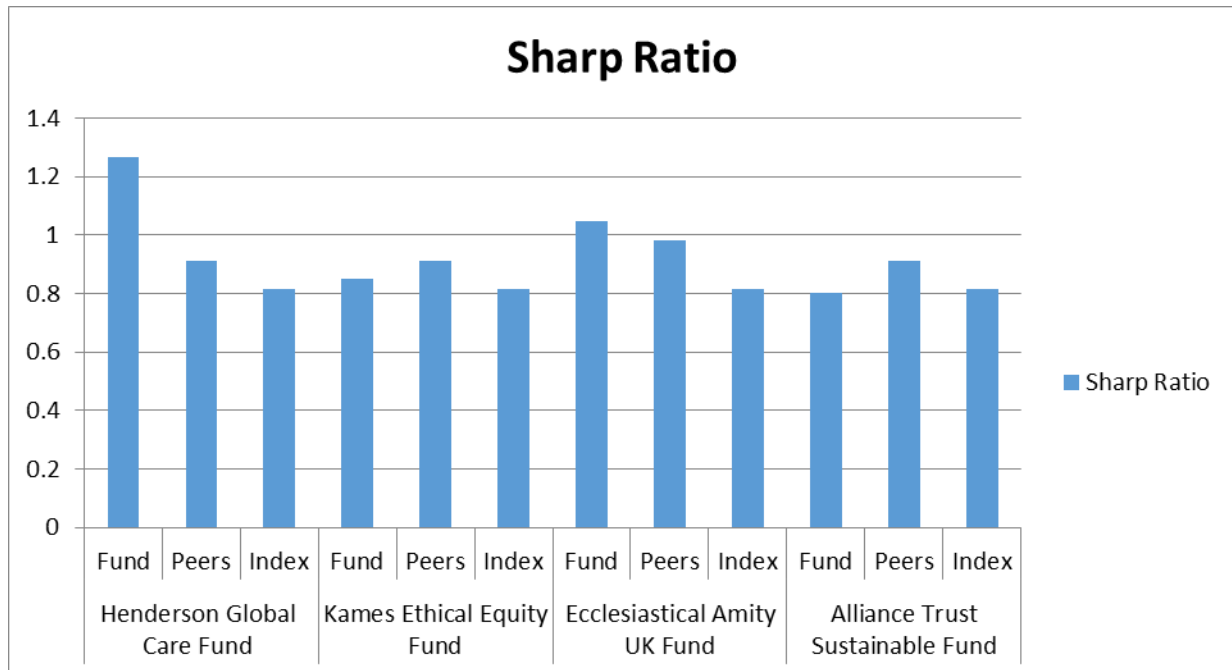
Top four performer ethical funds from the sample funds									
	Henderson Global Care Fund		Kames Ethical Equity Fund		Ecclesiastical Amity UK Fund		Alliance Trust Sustainable Fund		Index
	Fund	Peers	Fund	Peers	Fund	Peers	Fund	Peers	
Mean	15.69%	9.26%	15.28%	9.26%	13.59%	12.66%	12.54%	9.26%	10.21%
SD	12.40%	10.17%	17.94%	10.17%	12.97%	12.87%	15.65%	10.17%	12.49%
Sharp Ratio	1.26	0.91	0.85	0.91	1.05	0.98	0.80	0.91	0.825

Note: The table made by the author based on the data collected from Bloomberg.

From the table, it is seen that the average return of all the above funds beats its related peers and the index return. That means the performance of Henderson Global Care Fund, Kames Ethical Equity Fund, Ecclesiastical Amity UK Fund and Alliance Trust Sustainable Fund were better than the index and the peers.

Again, the risk-adjusted performance of Alliance Trust Sustainable Fund was lower than the index but higher than the peers. Besides this fund, the rest of

the three fund's risk-adjusted performance beat their peers and the index which is measured by the sharp ratio which shown below-



Note: Graph made by the author which shows the sharp ratios of four top performing conventional funds of UK, their corresponding benchmarks and their peers.

4.1.7 Position of Ethical Funds Performance among other funds in UK:

In this stage, the four (04) top performing ethical funds have been chosen from the randomly selected ethical funds to compare the performance of these ethical funds. To do this, again four conventional funds has been selected from the randomly selected conventional ethical funds and the performance of simulated portfolio consists of 20 securities from the FTSE100 index securities. Moreover, the market overall performance was measured from the average performance of market portfolio (FTSE100 index). The summary of all these parameter which shown in the following table-

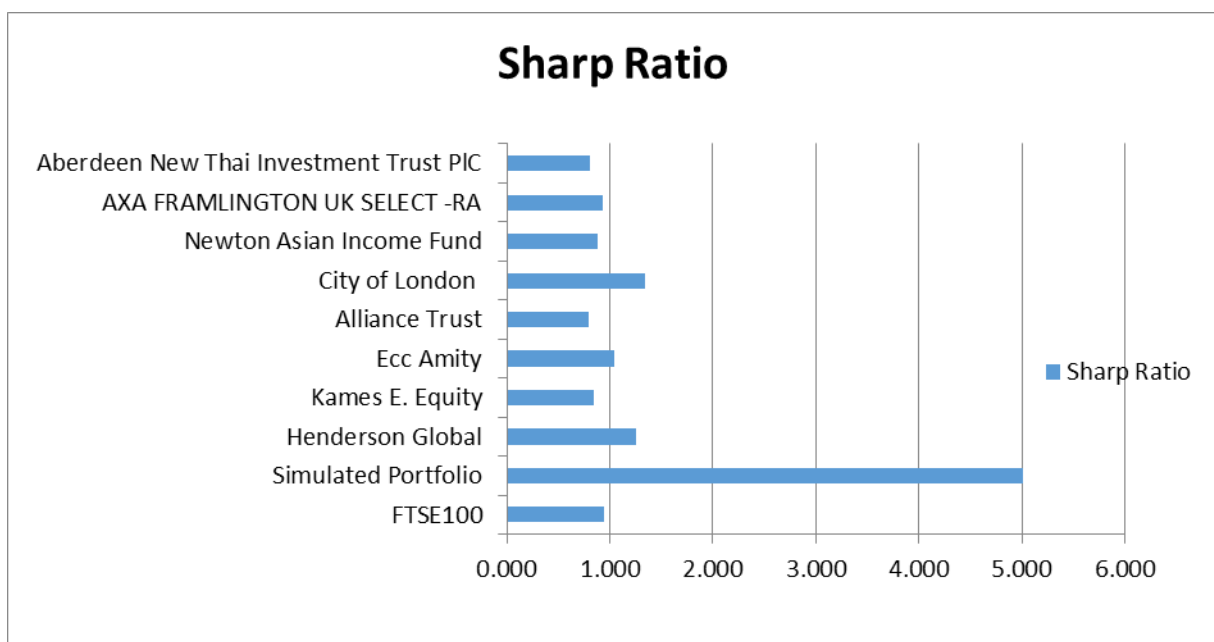
FTSE100	Simulated Portfolio	Ethical Funds Performance				Conventional Fund Performance			
		Henderson Global	Kames E. Equity	Ecc Amity	Alliance Trust	City of London Investment Trust	Newton Asian Income Fund	AXA FRAMLINGTON UK SELECT -RA	Aberdeen New Thai Investment Trust PIC

Mean	8.21%	14.48%	15.69%	15.28%	13.59%	12.54%	14.38%	12.85%	13.20%	26.12%
Standard Deviation	8.24%	2.81%	12.40%	17.94%	12.97%	15.65%	10.68%	14.65%	14.08%	32.35%
Sharp Ratio	0.951	5.015	1.26	0.85	1.05	0.8	1.35	0.88	0.94	0.81

Note: The table made by the author based on the data collected from Bloomberg.

In this stage the mean and standard deviation of those ethical and conventional funds, market portfolio and 20 assets simulated portfolio have been plotted in the graph to compare the financial performance of ethical funds with the rest for the period of 2010 to 2014-

Again, the risk-adjusted performances of the ethical funds have been compared with the conventional funds, simulated 20 assets portfolio and the market portfolio. To do that the sharp ratio of those has been plotted in the following graph-



Note: Graph made by the author which shows the sharp ratios of 4 (four) top performing ethical and conventional funds of UK, simulated portfolio and Market index (FTSE100)

From the graph, it is seen that the average of top performing ethical funds sharp ratio was 0.99 whereas the conventional funds sharp ratio was 0.995 which were quite same. However, simulated 20 assets sharp ratio was 5.02 time and the market portfolio's sharp ratio 0.95. Therefore, the findings are as below-

- Both the ethical funds and conventional funds' performance in the UK were same so the ethical funds did not sacrifice or getting the premium over conventional funds in the UK. Therefore, people should consider the ethical funds to invest for protecting the society and environment and also promoting the ethical business in the society. Kempf and Osthoff (2008) stated that investors may select ethical funds for social responsibility but not for return. This statements also support my above argument regarding the choice of investment.
- Ethical funds performing over the Market Portfolio so the ethical fund will consider to over the market portfolio to get a good return and ethical issue. In this situation, ethical funds getting the premium over the market portfolio.
- However, the simulated portfolio's sharp ratio was more than five (5) times higher than ethical funds' ratio. Therefore, if anyone want to invest in the securities by creating their own portfolio, he can earn better return over the ethical funds and conventional funds without spending any types of fees.

4.1.8 How Performance of Ethical Funds and Conventional Countries differ in UK:

One main research objective was to evaluate the difference between the performance of ethical funds and conventional funds in UK. Now I collected required information regarding this and the information are presented in the above section. Here return of simulated funds differs from 4% -23%. The market return was around 8%. Return from conventional funds shows that top performing conventional funds varies from 12%-16%. Return from ethical funds also concludes that return from ethical funds varies from 12%-16%. There is the similarity between the return from conventional funds and ethical funds. Both the ethical funds and conventional funds' performance in the UK were same so the ethical funds did not sacrifice or getting the premium over conventional funds in the UK.

So, the performance of ethical funds and conventional funds in UK is same.

Identifying the Reason behind similarity:

Another objective of the study was to identify the reason behind similarity or difference between the performance of ethical funds and conventional funds. Above mentioned section indicates that the performance of ethical funds and conventional funds are almost same in the UK. Now we can identify the reason behind this.

To evaluate the reason for the similarity of return we can check the information which has an impact on performance. Factors that affect return on mutual funds are mainly-

- Front Load Fees
- Management Fees
- Early Withdrawal Fees
- Allocation of Funds in Europe

Now the information regarding above-mentioned points in the context of both conventional funds and ethical funds are present below to have an overview about those funds.

Conventional Funds in UK				
Name of Funds	Front Load Fees	Management Fees	Early Withdrawal Fee	Allocation in Europe
Murray (MYI LN)	0.00%	0.50%	0.00%	35.98%
Trojan (CFTROJA LN)	5.00%	1.00%	0.00%	55%
JPMorgan (JMG LN)	0.00%	1.00%	0.00%	-
City of London (CTY LN)	0.00%	0.35%	0.00%	93.79%
Newton (NEWANNI LN)	0.00%	1.00%	0.00%	-
AXA (FRACATA LN)	5.25%	1.50%	0.00%	100%
Allianz (KLBHIYI)	4.00%	1.25%	0.00%	100%

LN)				
Franklin (FUKSGZA LN)	0.00%	0.95%	0.00%	98%
Aberdeen (ANW LN)	0.00%	1.00%	0.00%	0.00%

Note: The table made by the author based on the data collected from Bloomberg.

Ethical Funds in UK				
Name of Funds	Front Load Fees	Management Fees	Early Withdrawal Fee	Allocation in Europe
Alliance (NUSFUK2 LN)	0.00%	0.75%	0.00%	100%
Ecc. Amity (ALLAMYA LN)	2.00%	0.75%	0.00%	95%
Sovereign (SOVETHI LN)	0.00%	0.00%	0.00%	-
Henderson (HEGCUIZ LN)	0.00%	0.00%	0.00%	95%
Impax (IEM LN)	0.00%	1.00%	0.00%	38%
Halifax (HAETHCI LN)	0.00%	1.50%	0.00%	30.00%
Aberdeen (CSMPETA LN)	0.00%	1.60%	0.00%	36.00%
Kames (SCEETHI LN)	0.00%	0.75%	0.00%	96.00%
St. James's (SJPETHA LN)	5.00%	1.50%	0.00%	40.00%

Note: The table made by the author based on the data collected from Bloomberg.

Above mentioned tables indicate that the early withdrawal fee in case of both type of investments funds are zero. Besides front load fees are similar. Some conventional funds have front load fees where most of the conventional funds have zero load fees. This is also same in the case of ethical funds. Besides management fees in case of conventional funds varies from 0.5% to 1.5%. This is also same for ethical funds. Finally, allocations of funds in Europe by type of investment opportunities show similarity. These similarities might be the reasons behind the same performance of conventional funds and ethical funds in the UK.

4.2 Part-2: Fund Performance Analysis of Malaysia

4.2.1 Performance of Simulated Portfolio of Malaysia:

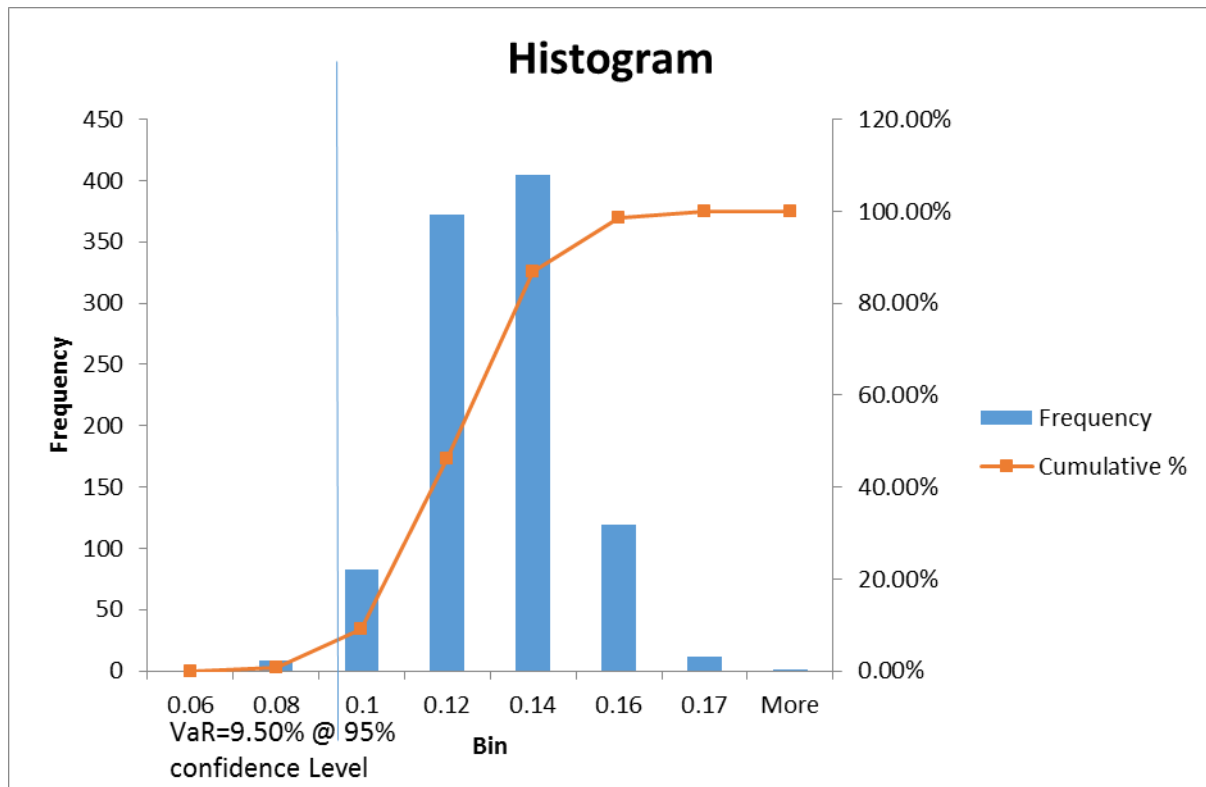
To determine the performance of the simulated portfolio of Malaysia, the financial performance of stocks of Kuala Lumpur Composite Index (FBMKLCI) were collected from the Bloomberg. The annual closing price and yearly dividend of stocks of FBMKLCI were collected from the Bloomberg for the period of 2009 to 2010. The annual returns were calculated by using Microsoft Excel for the period of 2010 to 2014 for FBMKLCI index 30 companies. Therefore, 25 companies were found among 30 companies which lead the annual return for those periods.

Monte Carlo Simulation using 20 Stocks Portfolio:

To measure the performance of the portfolio consists of stocks of the FBMKLCI Index, 1000 portfolios were formed consisting of 20 stocks selected from those 25 companies through the simulation method by using excel. Then average returns i.e, mean returns of those 1000 portfolios were also calculated for during that period. The annual average expected returns of those portfolios spread from 6.68% to 17.11%.

In this stage, the 5% worst possible performed portfolios among the 1000 portfolios had been selected by considering the 50 (1000 portfolio X 5%) lowest annual returns provided portfolios from the primarily formed 1000 portfolio. The 5% possible worst performed portfolio returns spread from 6.68% to 9.50%.

Now, the annual return of those 1000 simulated 20 assets portfolios by considering 95% confidence level (the worst possible 5%), have been plotted to the following histogram-



Note: Graph made by the author based on simulated data

From the above graph, it can be said that the minimum return of the simulated 20 assets portfolios was 6.68% and the highest return of the portfolio was 17.11%.

Again, if we calculate the Value at Risk (VaR) of those 1000 portfolio's return formed with 20 stocks of FBMKLCI Index at 95% confidence level the minimum return was 9.50% which means the simulated 20 assets portfolios returns were not less than 9.50%.

Risk Adjusted Performance of Simulated Portfolio:

The risk-adjusted performance of the simulated portfolio is calculated by the sharp ratio. Therefore, average return and standard deviation of 1000 simulated 20 assets portfolios of FBMKLCI Index has been calculated by using Microsoft Excel are shown below-

Average Return	0.121872
Standard Deviation	0.016724

Average Risk-Free Rate of Return of Malaysia (Source: MA3MAY Index, Bloomberg)	.030536
Sharp Ratio	5.461455

Note: The table made by the author based on the data collected from Bloomberg.

From the sharp ratio of 1000 simulated 20 assets portfolios of FBMKLCI Index, it is seen that for consuming extra one unit of risk the portfolio will provide 5.46 units of additional return. That means 5 times the return against 1 unit of risk.

4.2.2 Performance of Market portfolio of Malaysia:

To measure the performance of Malaysian Capital Market, FBMKLCI was considered. The FBMKLCI stands for FTSE Bursa Malaysia Kuala Lumpur Composite Index where 30 largest companies are included. Therefore, the annual return from 2010 to 2014 has been determined to measure the average performance.

FTSE Bursa Malaysia Kuala Lumpur Composite Index: FBMKLCI			
Date	Last Price	Annual Dividend	Annual Return
31/12/2010	1518.91	55.7713	0.237198
30/12/2011	1530.73	52.4761	0.04233
31/12/2012	1688.95	59.4531	0.142202
31/12/2013	1866.96	60.9856	0.141505
31/12/2014	1761.25	56.9872	-0.0261
Mean			0.107428
Standard Deviation			0.101584
Sharp Ratio			0.756925

Note: The table made by the author based on the data collected from Bloomberg.

From the table, it is seen that the average annual return of the market for the period of 2010 to 2014 was 10.74% and variation of the return for those periods was 10.16%. However, the risk-adjusted return i.e., sharp ratio, of the market portfolio was 0.77 which means that for one unit of the risk market portfolio provide 0.76times of return.

4.2.3 Performance of Conventional Funds of Malaysia:

KAF Vision Fund: MPVSNFD MK

This is an open-end unit trust in the Malaysia which aims to achieve medium to long-term capital growth by investing a minimum of 5% and the maximum of 40% in fixed income securities and liquid assets.				
Front Load Fees	6.50%			
Current management Fee	1.50%			
Minimum Investment	MYR1,000.00			
Early Withdrawal Fee	0.00%			
Total Assets	MYR 56.65 (mil) as on May 29, 2015			
Top Asset Allocation	Equity	83.58%	<div><div><div>Top Asset Allocation</div><div><div><div>16%</div><div>84%</div></div><div><div>Equity</div><div>Money Market</div></div></div></div></div>	
	Money Market	16.42%		
Top Geographic Allocation	Malaysia- 100%			

Note: Table made by the author based on data collected from Bloomberg

Performance of KAF Vision Fund:

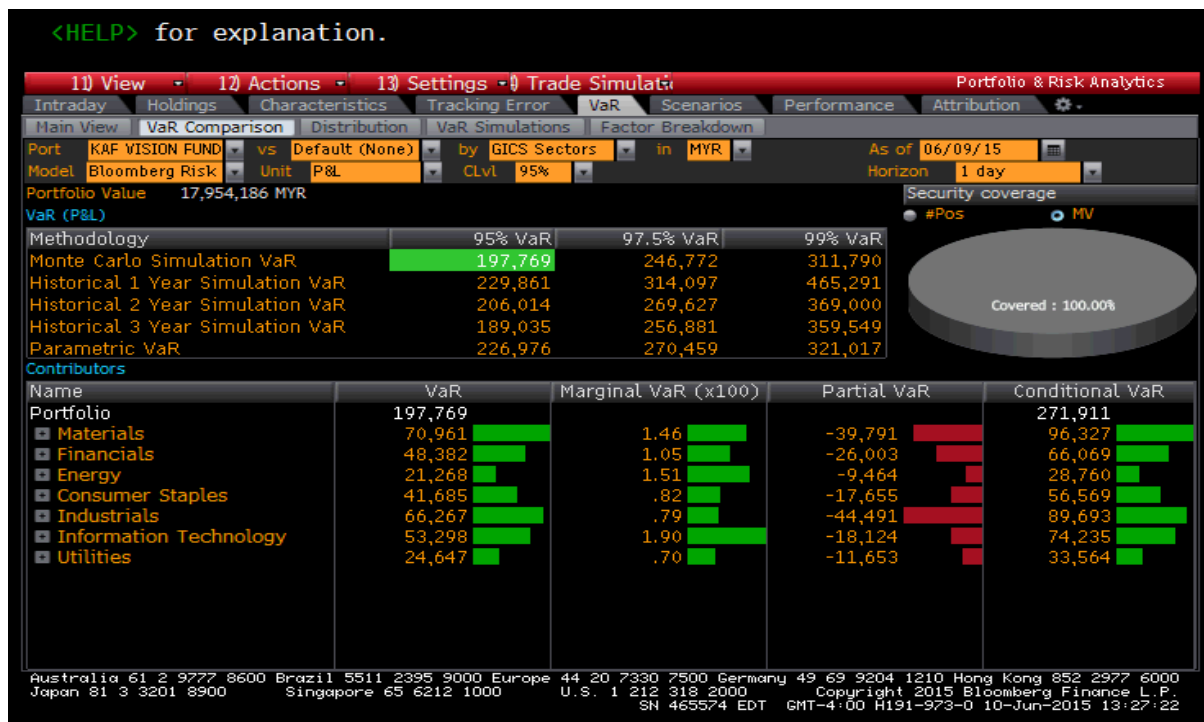
KAF Vision Fund: MPVSNFD MK				
Year	Fund Performance	FBMEMAS: IND	Peers	PCTL
2010	25.29	25.98	14.92	90

2011	-3.52	4.58	-3.79	50
2012	13.43	12.79	10.63	69
2013	35.6	15.88	11.18	95
2014	6.55	-3.27	-0.36	89
Mean	15.47	11.19	6.52	78.60
SD	15.38	11.14	8.11	
Sharp Ratio	0.81	0.73	0.43	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund KFA Vision Fund for those periods was 15.47% which was higher than the benchmark average return of 11.19% and the peers average return of 6.52%. The average performance was 79th percentile. Again, fund sharp ratio was 0.81 which was higher than benchmark's sharp ratio of 0.73 and the peers sharp ratio 0.43. This means the fund's risk-adjusted performance was above from both the benchmarks and the peers.

VaR of KAF Vision Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is MYR 229,861 as per the above VaR chart found in Bloomberg.

Eastspring Investments Asia Pacific Equity MY Fund: PRUAPEF MK

This is a unit trust incorporated in Malaysia which aims to achieve medium to long-term capital appreciation and to over perform the MSCI AC Asia Pacific Index by investing at least 80% of the assets in equity –related securities in the Asia Pacific markets.			
Front Load Fees	5.00%		
Current management Fee	1.80%		
Minimum Investment	MYR 5,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 77.77 (mil) as on May 29, 2015		
Top Asset Allocation	Equity	96.17%	<div><div><div>Top Asset Allocation</div><div><div><div>4%</div><div>96%</div></div><div><div>Equity</div><div>Government</div></div></div></div></div>
	Government	3.83%	
Top Geographic Allocation	Asia Pacific-100%		

Note: Table made by the author based on data collected from Bloomberg

Performance of Eastspring Investments Asia Pacific Equity MY Fund:

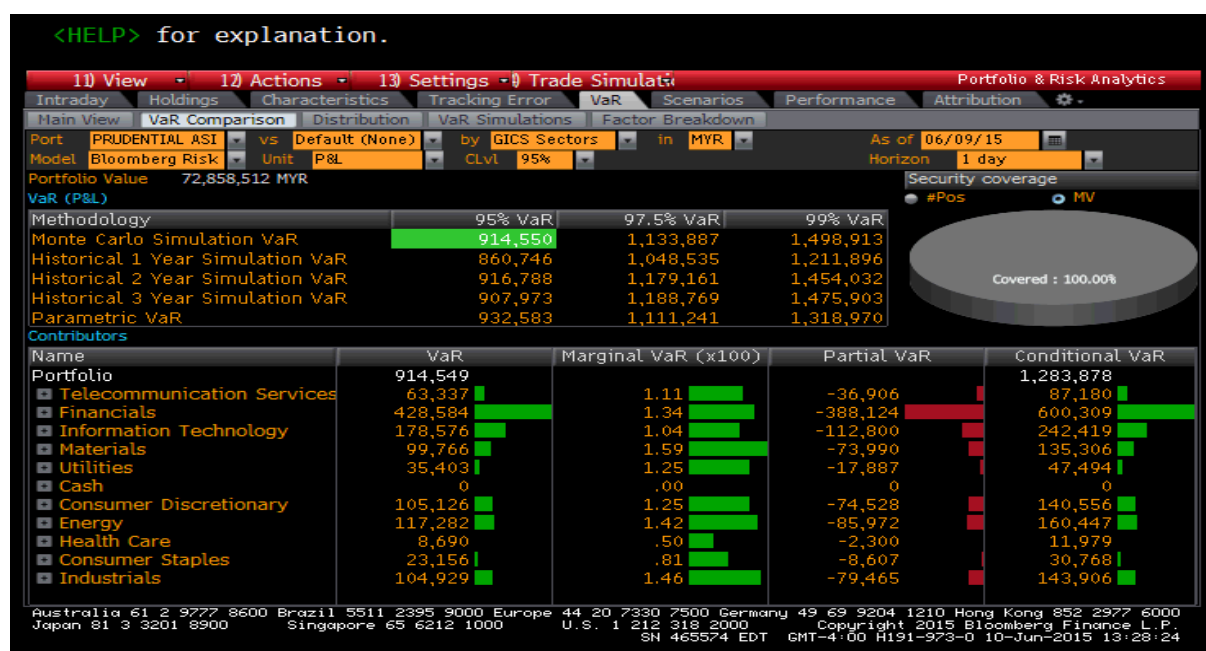
Eastspring Investments Asia Pacific Equity MY Fund: PRUAPEF MK				
Year	Fund Performance	MSCI AC ASIA PAC EX JAPN Index (Benchmark)	Peers	PCTL
2010	6.28	5.82	4.39	69
2011	-15.07	-12.04	-14.78	46

2012	11.67	18.74	9.57	64
2013	4.43	11.9	8.66	22
2014	11.68	10.04	5.92	78
Mean	3.80	6.89	2.75	55.80
SD	11.03	11.56	10.02	
Sharp Ratio	0.07	0.33	-0.03	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the Eastspring Investments Asia Pacific Equity MY Fund for those periods was 3.80% which was lower than the benchmark's average return of 6.89% but higher than the peers average return of 2.57%. Again, the fund sharp ratio was 0.07 which was significantly lower than the benchmark's sharp ratio of 0.33 but higher than the peers sharp ratio -0.03. This means the fund's risk-adjusted performance was below than the benchmark but higher than the peers.

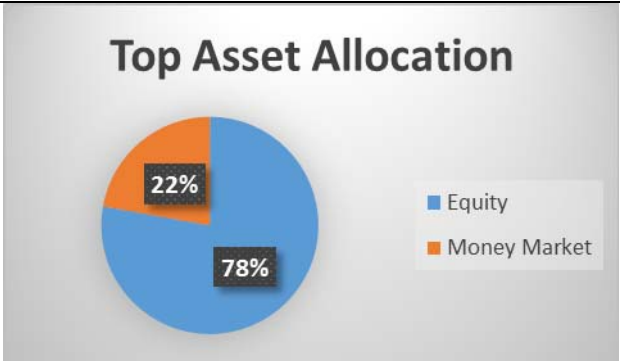
VaR of Eastspring Investments Asia Pacific Equity MY Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is MYR 860,746 as per the above VaR chart found in Bloomberg.

Kenanga Growth Fund: KUTNETF MK

This is an open-end unit trust established in Malaysia which aims to long-term capital growth and outperform over the Kuala Lumpur Stock Exchange Composite Index by investing primarily in Malaysian equities listed on KLCI index.

Front Load Fees	5.00%		
Current management Fee	1.50%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 388.54 (mil) as on May 29, 2015		
Top Asset Allocation	Equity	77.8%	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p>
	Money Market	22.2%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Kenanga Growth Fund:

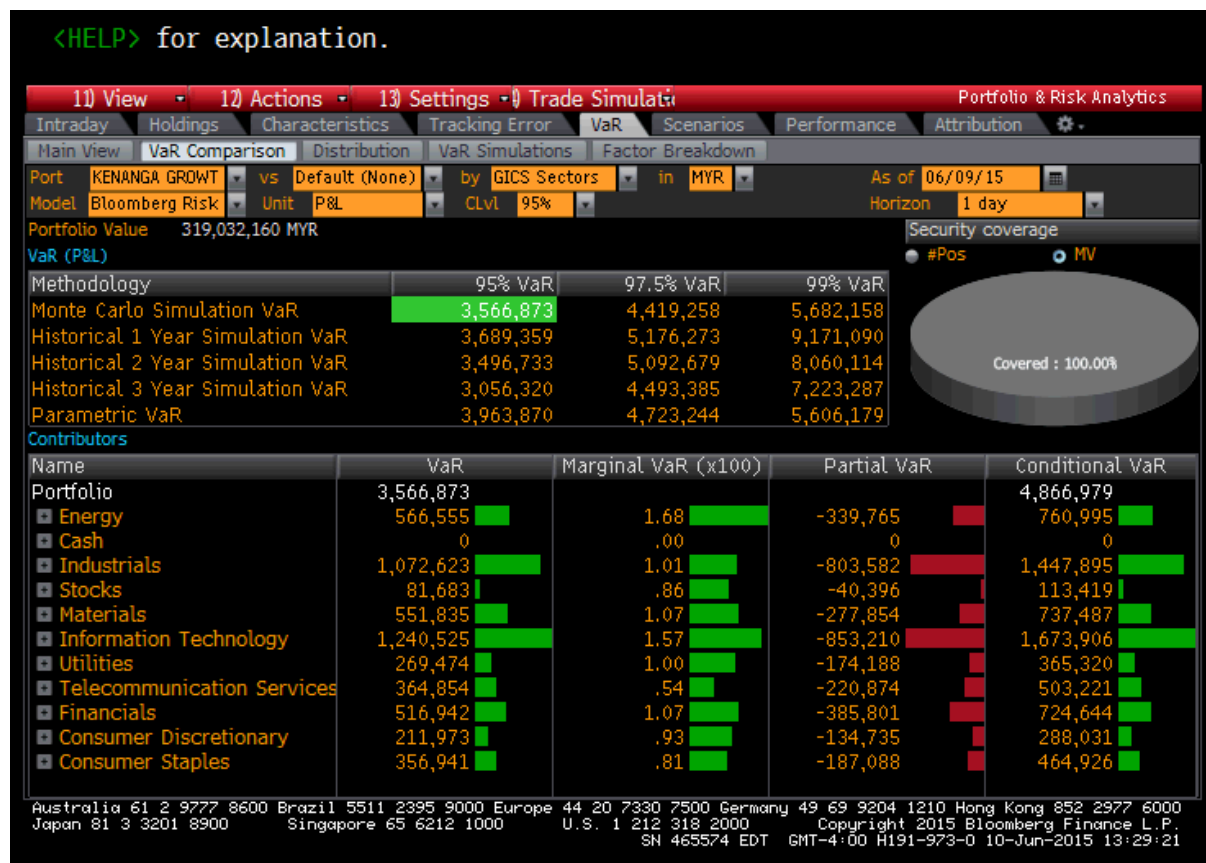
Kenanga Growth Fund: KUTNETF MK				
Year	Fund Performance	FTSE Bursa Malaysia Index (Benchmark)	Peers	PCTL
2010	32.71	23.37	20.89	94
2011	19.07	4.43	3.3	95
2012	7.29	14.27	11.86	16

2013	34.34	14.11	14.52	91
2014	8.95	-2.62	-0.02	95
Mean	20.47	10.71	10.11	78.20
SD	12.75	10.02	8.48	
Sharp Ratio	1.37	0.76	0.83	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the Kenanga Growth Fund for the said periods was 20.47% which was almost double than the benchmark and the peers average return of 10.71% and 10.11% respectively. The average performance of the fund was around 78th percentile. On the other hand, the sharp ratio was 1.37 of the fund and 0.76 of the benchmark and the peers sharp ratio 0.83. This means the fund's risk-adjusted performance was higher than both the benchmark and the peers.

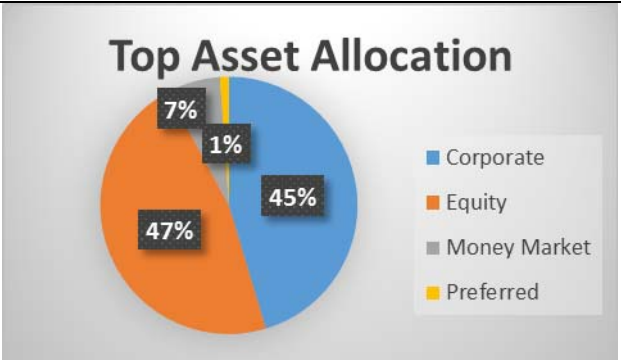
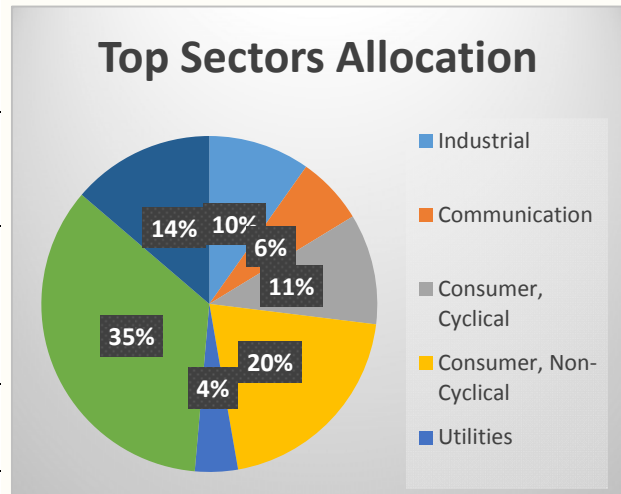
VaR of Kenanga Growth Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is MYR 3,689,359 as per the above VaR chart found in Bloomberg.

Affin Hwang Select Balanced Fund: HWABALA MK

This is an open-end unit trust incorporated in Malaysia which aims to achieve balanced growth and income from long-term capital growth and allocation by investing in the diversified portfolio containing a mixture of equities and fixed income securities.

Front Load Fees	6.00%		
Current management Fee	1.50%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 375.60 (mil) as on May 29, 2015		
Top Asset Allocation	Corporate	45.37%	 <p>Top Asset Allocation</p> <p>Legend: Corporate (Blue), Equity (Orange), Money Market (Grey), Preferred (Yellow)</p> <p>Data: Corporate 45%, Equity 47%, Money Market 7%, Preferred 1%</p>
	Equity	46.77%	
	Money Market	6.75%	
	Preferred	1.11%	
Top Sectors Allocation	Industrial	9.77%	 <p>Top Sectors Allocation</p> <p>Legend: Industrial (Blue), Communication (Orange), Consumer, Cyclical (Grey), Consumer, Non-Cyclical (Yellow), Utilities (Dark Blue)</p> <p>Data: Industrial 14%, Communication 10%, Consumer, Cyclical 6%, Consumer, Non-Cyclical 20%, Utilities 4%</p>
	Communication	6.51%	
	Consumer, Cyclical	10.66%	
	Consumer, Non-	20.32%	

	Cyclical		
	Utilities	4.12%	
	Financial	34.88%	
	Others	13.74%	
Top Geographic Allocation	Asia Pacific	83.27%	<p>Top Geographic Allocation</p> <ul style="list-style-type: none"> Asia Pacific: 83% Western Europe: 8% North America: 7% Others: 2%
	Western Europe	1.62%	
	North America	6.92%	
	Others	8.19%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Affin Hwang Select Balanced Fund:

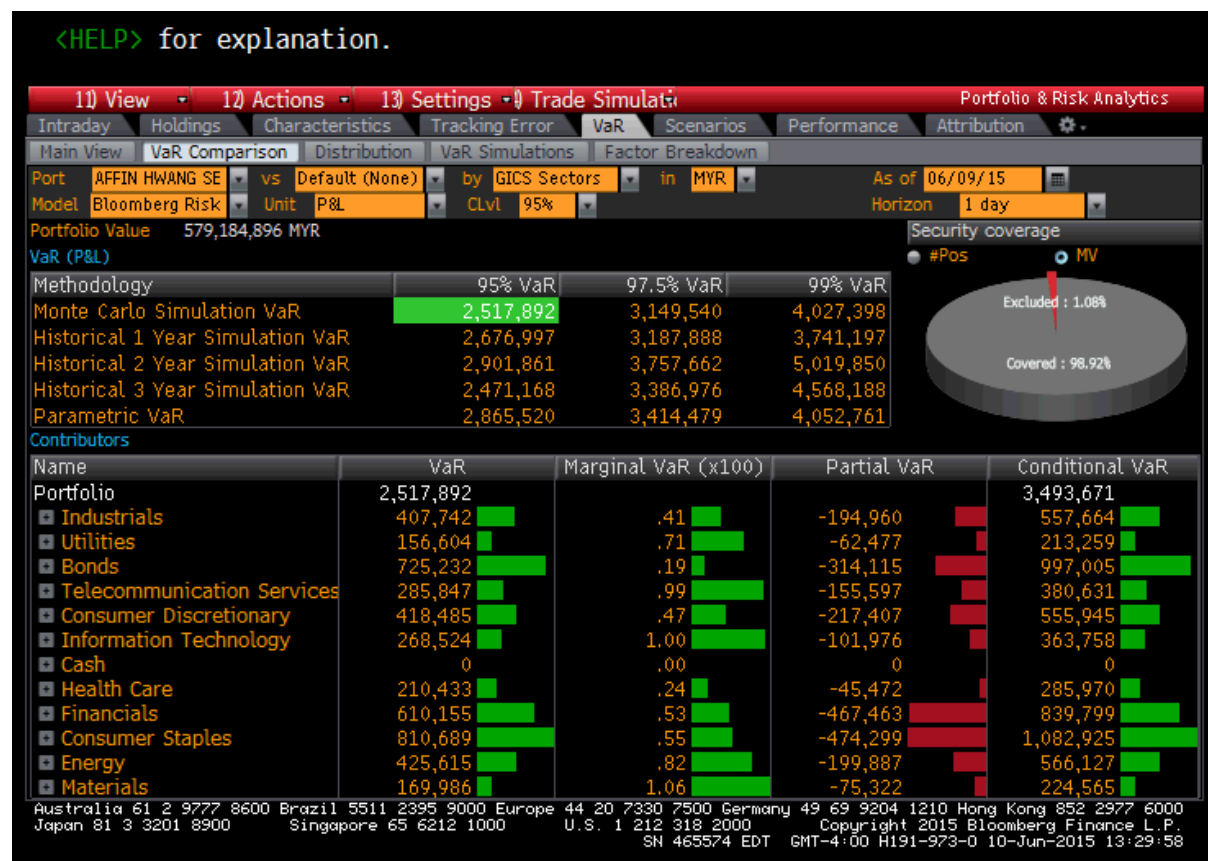
Affin Hwang Select Balanced Fund: HWABALA MK				
Year	Fund Performance	FTSE Bursa Malaysia KLCI Index (Benchmark)	Peers	PCTL
2010	19.46	23.37	11.72	91
2011	7.82	4.43	1.11	93
2012	13.67	14.27	8.38	83
2013	11.11	14.11	10.55	60
2014	0.15	-2.62	-0.06	44
Mean	10.44	10.71	6.34	74.20
SD	7.16	10.02	5.46	
Sharp Ratio	1.03	0.76	0.60	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the Affin Hwang Select Balanced Fund for those periods was 10.44% and the average return of the benchmark and the peers were 10.71% and 6.34% respectively. Again, the average performance

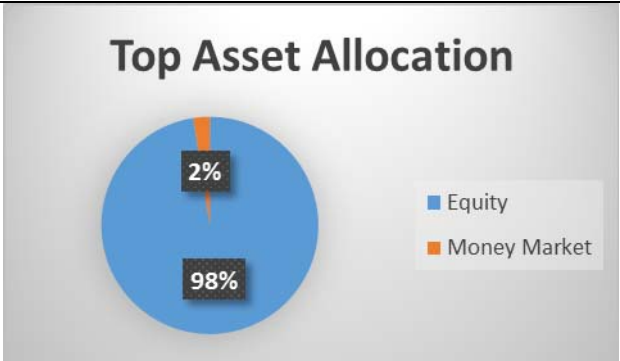
of the fund was around 74th percentiles. However, the sharp ratio of the fund was 1.03 which was higher than the both benchmark's sharp ratio of 0.76 and the peers sharp ratio 0.60. This means the fund's risk-adjusted performance was above than the index and the peers.

VaR of Affin Hwang Select Balanced Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is MYR 2,676,997 as per the above VaR chart found in Bloomberg.

RHB-OSK Global Equity Yield Fund: OSKGEYF MK

This is an open-end unit trust incorporated in Malaysia which aims to achieve capital growth through investments in securities of companies listed or traded in emerging and developed markets those offering an attractive dividend yield.			
Front Load Fees	5.26%		
Current management Fee	1.50%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 26.19 (mil) as on May 29, 2015		
Top Asset Allocation	Equity	97.58%	 <p>Top Asset Allocation</p> <p>98% Equity, 2% Money Market</p>
	Money Market	2.42%	

Note: Table made by the author based on data collected from Bloomberg

Performance of RHB-OSK Global Equity Yield Fund:

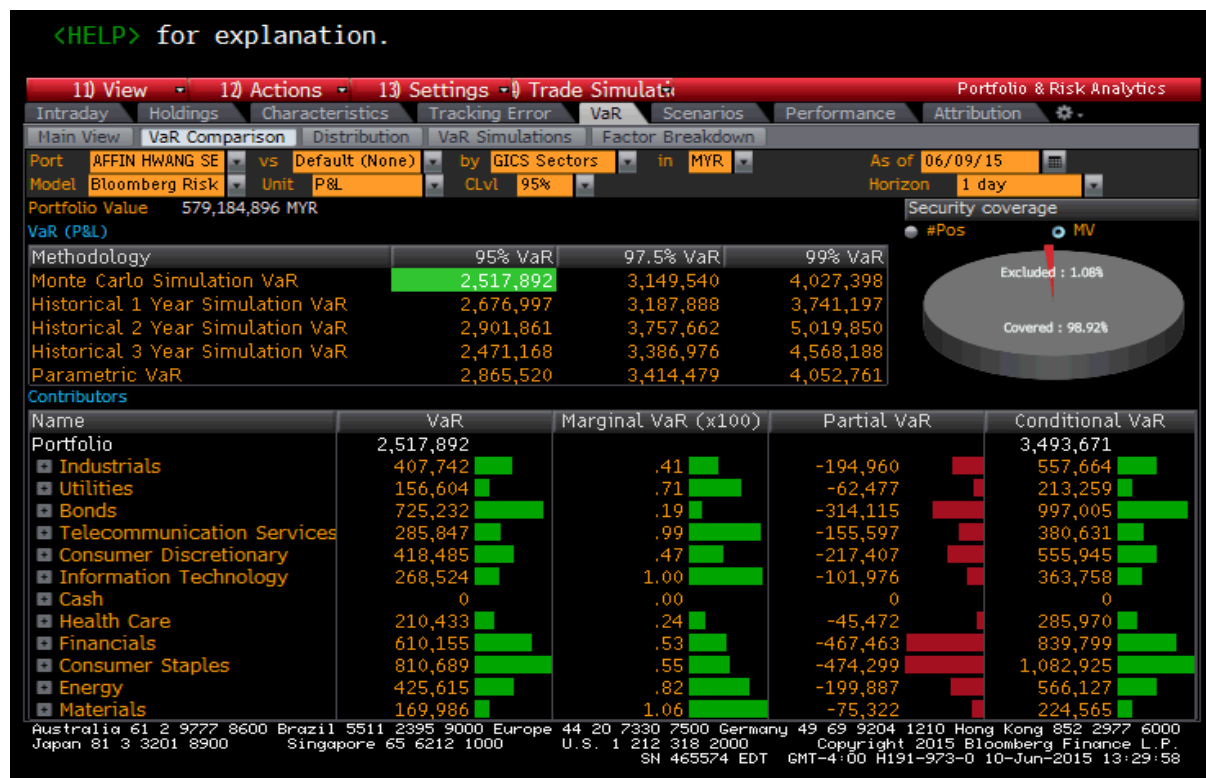
RHB-OSK Global Equity Yield Fund: OSKGEYF MK			
Year	Fund Performance	MSCI ACWI Index (Benchmark)	Peers
2010	0.58	0.87	4.95
2011	-5.36	-3.53	-9.43
2012	5.33	12.76	4.63
2013	31.16	32.8	13.75

2014	0.07	11.68	2.19
Mean	6.36	10.92	3.22
SD	14.37	14.08	8.32
Sharp Ratio	0.23	0.56	0.02

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 6.36% which significantly lower the benchmark but notably higher than the peers return of 3.22%. Again, fund sharp ratio was 0.23 which was lower than half of the benchmark's sharp ratio of 0.56 and around 11 times higher than the peers sharp ratio 0.02. This means the fund's risk-adjusted performance was lower than the benchmarks but significantly higher the peers.

VaR of RHB-OSK Global Equity Yield Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is MYR 2,676,997 as per the above VaR chart found in Bloomberg.

CIMB Greater China Equity Fund: CIMGRCH MK

This is an open-end unit trust incorporated in Malaysia which aim to achieve medium to long-term capital appreciation through investments in equity securities of Taiwan, People’s Republic of China and Hong Kong SAR companies.					
Front Load Fees		0.00%			
Current management Fee		1.80%			
Minimum Investment		GBP 1,000.00			
Early Withdrawal Fee		0.00%			
Total Assets		MYR 163.89 (mil) as on May 29, 2015			
Top Asset Allocation		Equity	99.55%	<div>Top Asset Allocation</div> <div>■ Equity ■ Money Market</div>	
		Money Market	0.45%		
Top Geographic Allocation		Greater China -100%			

Note: Table made by the author based on data collected from Bloomberg

Performance of CIMB Greater China Equity Fund:

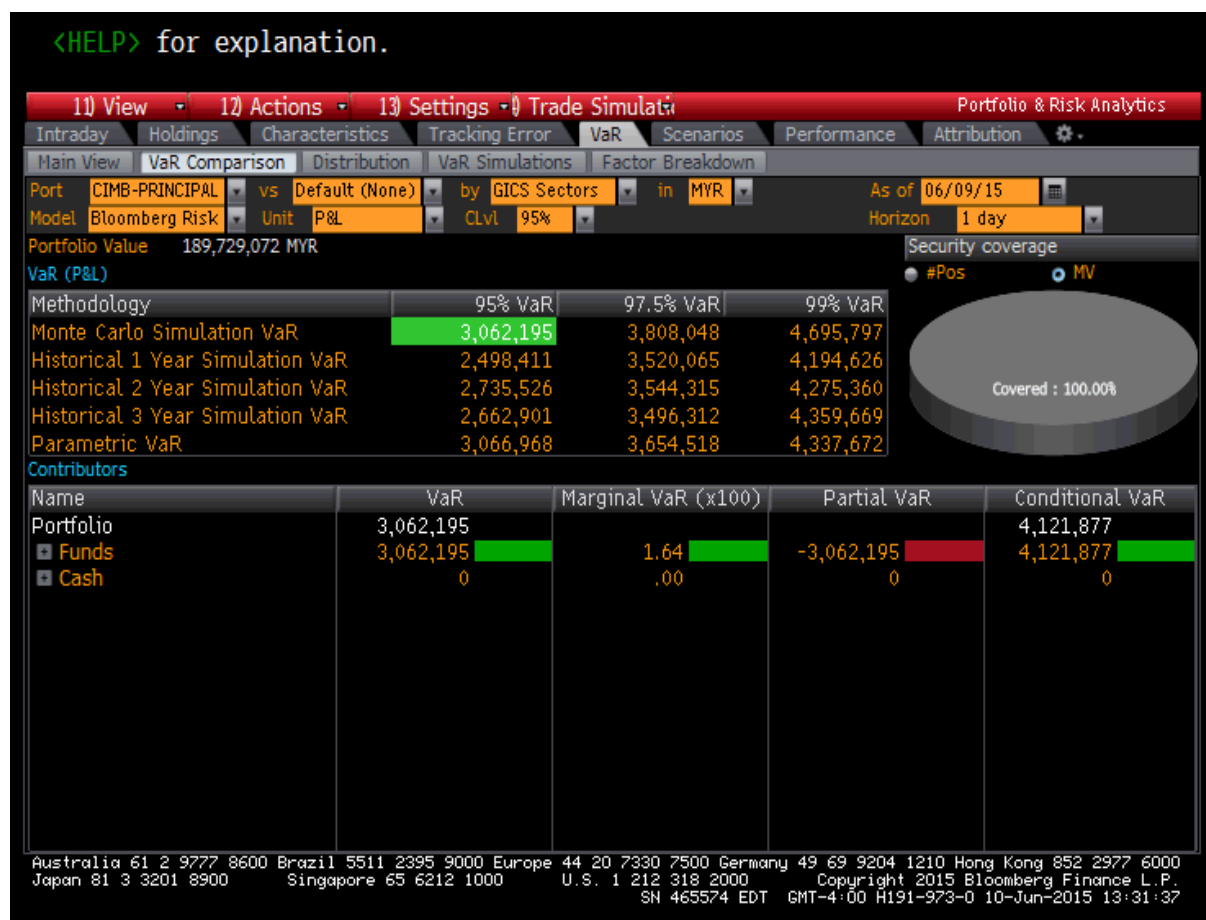
CIMB Greater China Equity Fund: CIMGRCH MK				
Year	Fund Performance	MSCI Golden Dragon Index (Benchmark)	Peers	PCTL
2010	-1.91	1.2	-2.01	
2011	-18.9	-15.46	-18.25	30

2012	14.92	18.25	10.82	80
2013	13.07	15.24	11.52	60
2014	14.87	15.39	9.85	80
Mean	4.41	6.92	2.39	62.50
SD	14.82	14.17	12.80	
Sharp Ratio	0.09	0.27	-0.05	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 4.41% which was lower than the benchmarks return of 6.92% but higher than the peers returns 2.39%. The average performance of the fund was around 63rd percentile. On the other hand, the sharp ratio of the fund, benchmarks, and its peers were 0.09, 0.27 and -0.05 respectively which means the fund was performing above the peers but lower than the benchmarks.

VaR of CIMB Greater China Equity Fund:



Note: The maximum loss at 95% confidence level in historical 1 year is MYR 2,498,411 as per the above VaR chart found in Bloomberg.

PB Growth Fund: PUBPBGF MK

This is an open-end unit trust incorporated in Malaysia which aims to achieve capital growth through investment in the diversified portfolio of primarily Malaysian growth equities and fixed income securities.	
Front Load Fees	5.50%
Current management Fee	1.50%
Minimum Investment	MYR 1,000
Early Withdrawal Fee	0.00%
Total Assets	MYR 872.52 (mil) as on May 29, 2015
Fund Geographic Focus	Malaysia- 100%

Note: Table made by the author based on data collected from Bloomberg

Performance of PB Growth Fund:

PB Growth Fund: PUBPBGF MK				
Year	Fund Performance	FTSE Bursa Malaysia KLCI Index (Benchmark)	Peers	PCTL
2010	13.85	23.37	19.08	17
2011	-1.75	4.43	-0.3	28
2012	7.97	14.27	10.21	26
2013	15.92	14.11	17.05	46
2014	-0.75	-2.62	-2.08	63
Mean	7.05	10.71	8.79	36.00
SD	8.12	10.02	9.71	
Sharp Ratio	0.49	0.76	0.59	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 7.05% which was lower than both the benchmark and the peers return of 10.71% and 8.79% respectively. Again, fund sharp ratio was 0.49 which was lower than benchmark's sharp ratio of 0.76 and the peers sharp ratio 0.59. This means the fund's risk-adjusted performance was lower than the peers and the benchmark.

Public Industry Growth Fund: KLINDFI MK

This is an open-end unit trust incorporated in Malaysia which aims to achieve capital growth over the medium to long-term period through investment in growth stocks on Bursa Securities.

Front Load Fees	5.50%
Current management Fee	1.50%
Minimum Investment	MYR 1,000.00
Early Withdrawal Fee	0.00%
Total Assets	MYR 275.5 (mil) as on May 29, 2015
Top Geographic Allocation	Malaysia -100%

Note: Table made by the author based on data collected from Bloomberg.

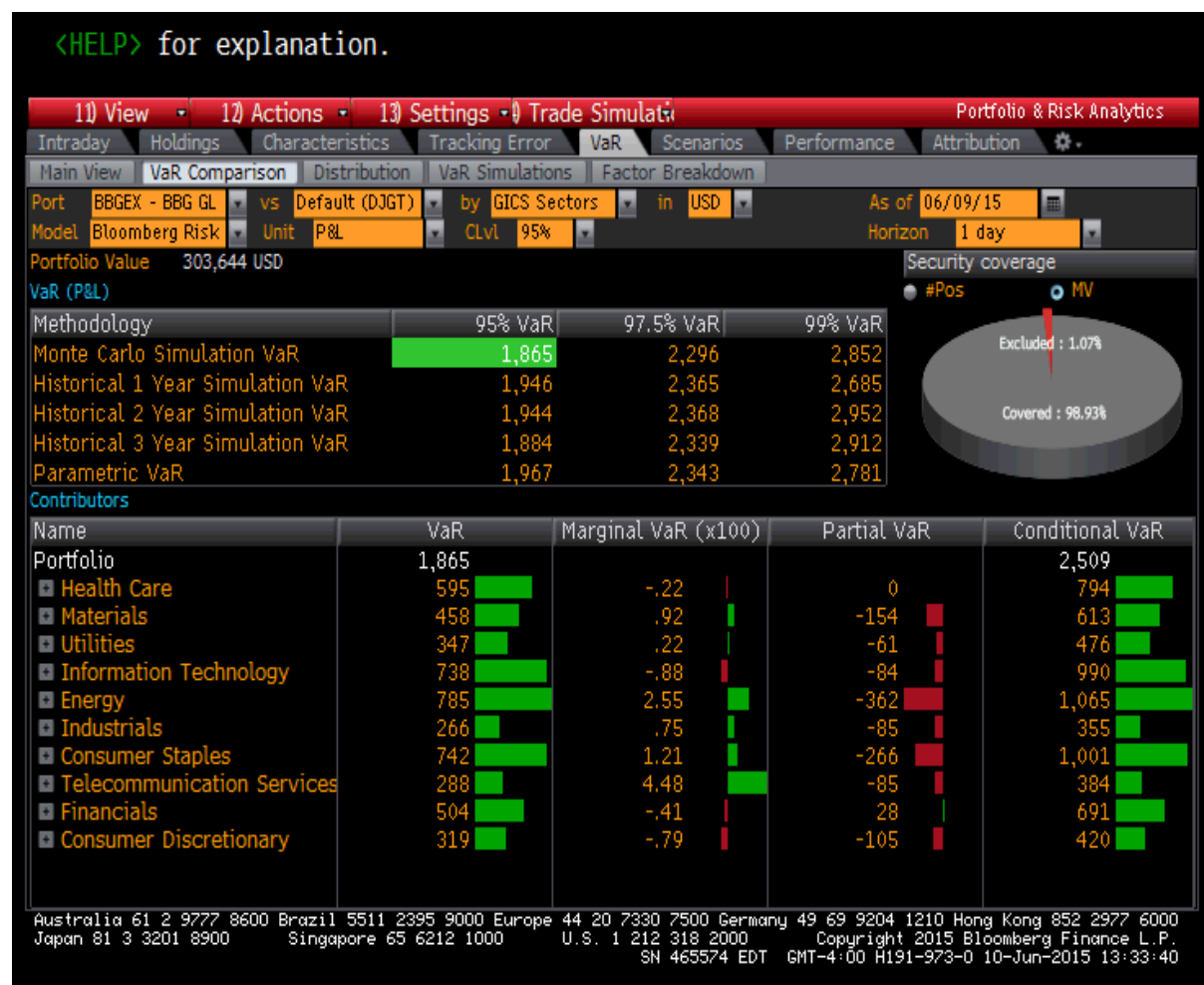
Performance of Public Industry Growth Fund:

Public Industry Growth Fund: KLINDFI MK				
Year	Fund Performance	FTSE Bursa Malaysia KLCI Index (Benchmark)	Peers	PCTL
2010	9.94	23.37	19.08	6
2011	3.31	4.43	-0.3	67
2012	11.71	14.27	10.21	62
2013	14.63	14.11	17.05	34
2014	-3.27	-2.62	-2.08	37
Mean	7.26	10.71	8.79	41.20
SD	7.21	10.02	9.71	
Sharp Ratio	0.58	0.76	0.59	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 7.26% which was lower than both the benchmark and the peers return of 10.71% and 8.79% respectively. Again, fund sharp ratio was 0.58 which was lower than benchmark's sharp ratio of 0.76 and the peers sharp ratio 0.59. This means the fund's risk-adjusted performance was lower than the peers and the benchmark.

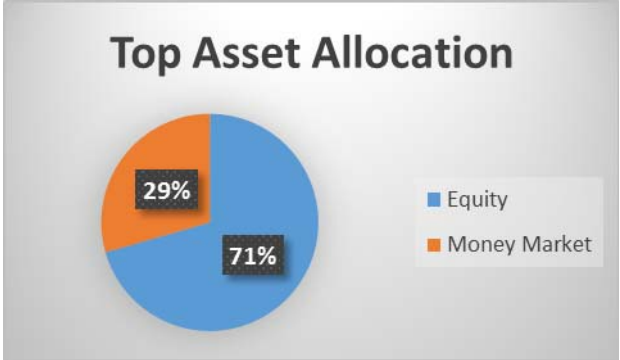
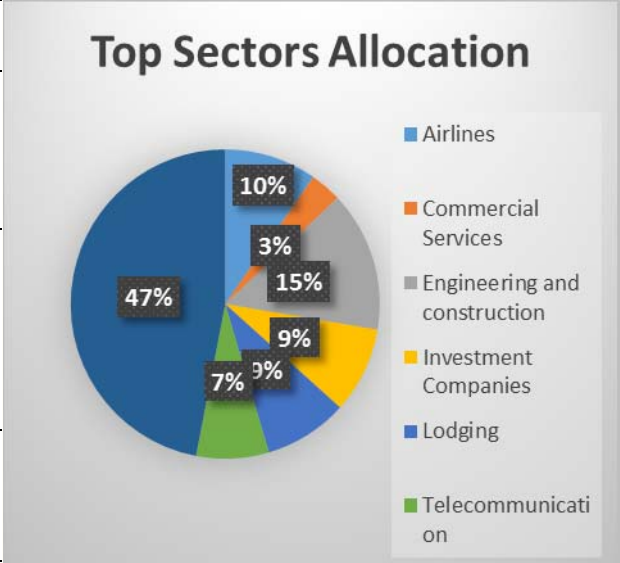
VaR of Public Industry Growth Fund:




Note: The maximum loss at 95% confidence level in historical 1 year is USD 1,946 as per the above VaR chart found in Bloomberg.

Libra EquityExtra Fund: PHIEQEX MK

This is a open-end unit trust incorporated in Malaysia which aims to maximize capital returns over the medium to long term period through the investment in equities and equity-related securities listed on the KLSE.

Front Load Fees	0.00%		
Current management Fee	1.65%		
Minimum Investment	MYR 5,000.00		
Early Withdrawal Fee	0.00%		
Top Geographic Allocation	Malaysia 100%		
Top Asset Allocation	Equity	70.56%	 <p>Top Asset Allocation</p> <p>Equity: 71%, Money Market: 29%</p>
	Money Market	29.44%	
Top Sectors Allocation	Airlines	9.67%	 <p>Top Sectors Allocation</p> <p>Airlines: 10%, Commercial Services: 3%, Engineering and construction: 15%, Investment Companies: 9%, Lodging: 9%, Telecommunication: 7%, Unlabeled: 47%</p>
	Commercial Services	3.30%	
	Engineering and construction	14.69%	
	Investment Companies	9.00%	
	Lodging		

	es		
	Lodging	8.78%	
	Telecom municati on	7.59%	
	Others	46.97%	
Top Geographic Allocation	Malaysi a	70.56%	<p>Top Geographic Allocation</p>  <p>■ Malaysia ■ Others</p>
	Others	29.44%	

Note: Table made by the author based on data collected from Bloomberg

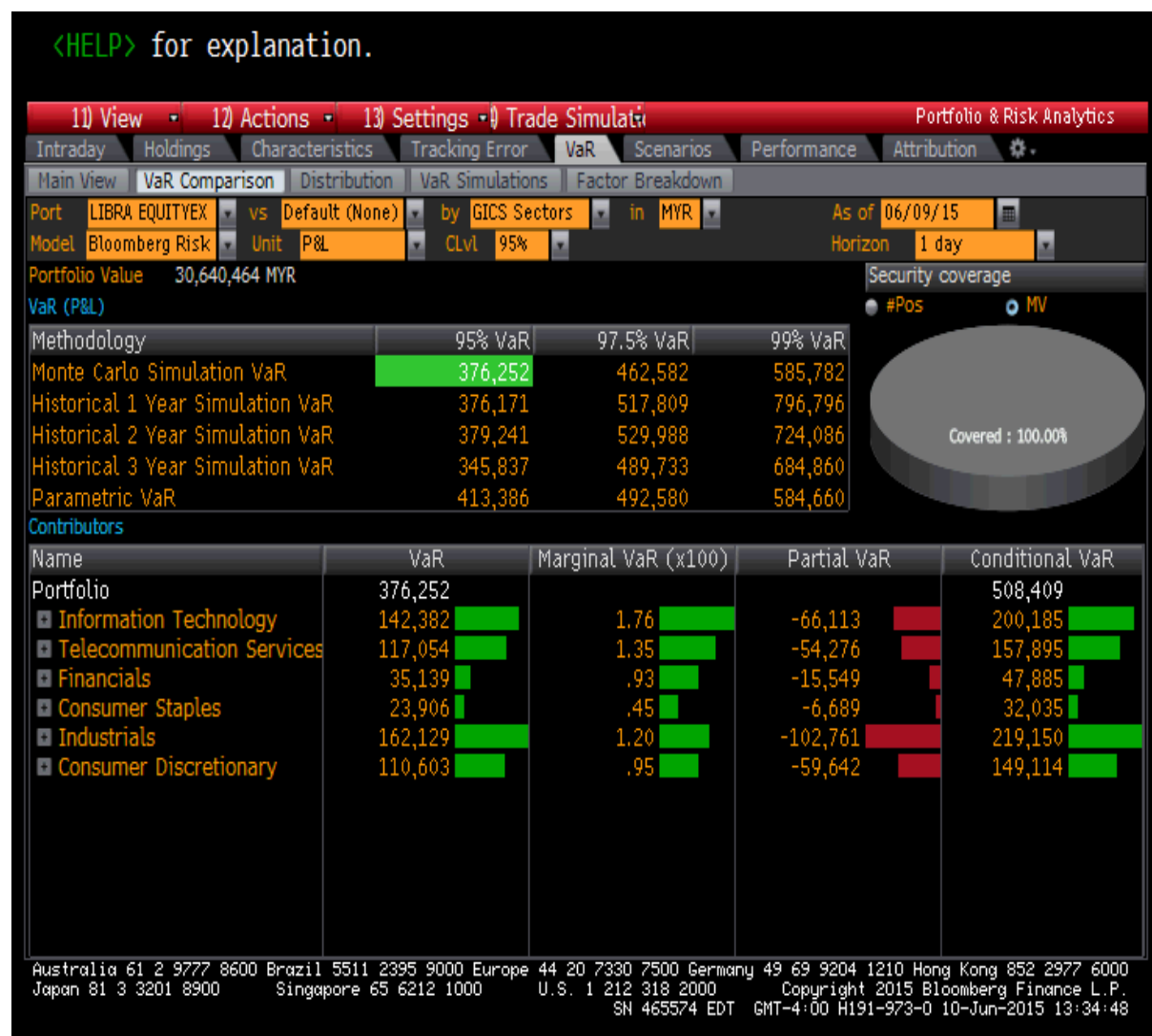
Performance of Libra EquityExtra Fund:

Libra EquityExtra Fund: PHIEQEX MK				
Year	Fund Performance	FTSE Bursa Malaysia KICL Index (Benchmark)	Peers	PCTL
2010	16.35	23.37	30.97	29
2011	1.4	4.43	2.3	32
2012	9.22	14.27	92.57	27
2013	20.77	14.11	28.39	79
2014	6.25	-2.62	-2.95	95
Mean	10.80	10.71	30.26	52.40
SD	7.77	10.02	37.98	
Sharp Ratio	1.00	0.76	0.72	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 10.80% which was slightly higher than the benchmark but significantly lower than the peers return of 10.71% and 30.26% respectively. Again, fund sharp ratio was 1.00% which was higher than benchmark's sharp ratio of 0.76 and the peers sharp ratio 0.59. This mean the fund's risk-adjusted performance was higher than the peers and the benchmark.

VaR of Libra EquityExtra Fund:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 376,171 as per the above VaR chart found in Bloomberg

4.2.4 Comparing Performance among the Conventional Funds of Malaysia:

The financial performance of nine Conventional funds of United Kingdom is given in the following table:

Year	Eastspring Investments Asia Pacific Equity MY Fund	Kenanga Growth Fund	Affin Hwang Select Balanced	RHB-OSK Global Equity Yield Fund	CIMB Greater China Equity Fund	KAF Vision Fund	PB Growth Fund	Public Industry Growth Fund	Libra EquityExtra Fund
2010	6.28	32.71	19.46	0.58	-1.91	25.29	13.85	9.94	16.35
2011	-15.07	19.07	7.82	-5.36	-18.90	-3.52	-1.75	3.31	1.40
2012	11.67	7.29	13.67	5.33	14.92	13.43	7.97	11.71	9.22
2013	4.43	34.34	11.11	31.16	13.07	35.60	15.92	14.63	20.77
2014	11.68	8.95	0.15	0.07	14.87	6.55	-0.75	-3.27	6.25
Mean	3.80	20.47	10.44	6.36	4.41	15.47	7.05	7.26	10.80
SD	11.03	12.75	7.16	14.37	14.82	15.38	8.12	7.21	7.77
Sharp Ratio	0.07	1.37	1.03	0.23	0.09	0.81	0.49	0.58	1.00

Note: The table made by the author based on the data collected from Bloomberg.

From the table, it is seen that the sharp ratio of the nine sample conventional funds of Malaysia spreads from 0.07 to 1.37. Therefore, the four top performance funds were Kenanga Growth Fund, Affin Hwang Select Balanced, Libra EquityExtra Fund and KAF Vision Fund and their sharp ratios were 1.37, 1.03, 1.00 and 0.81 times respectively.

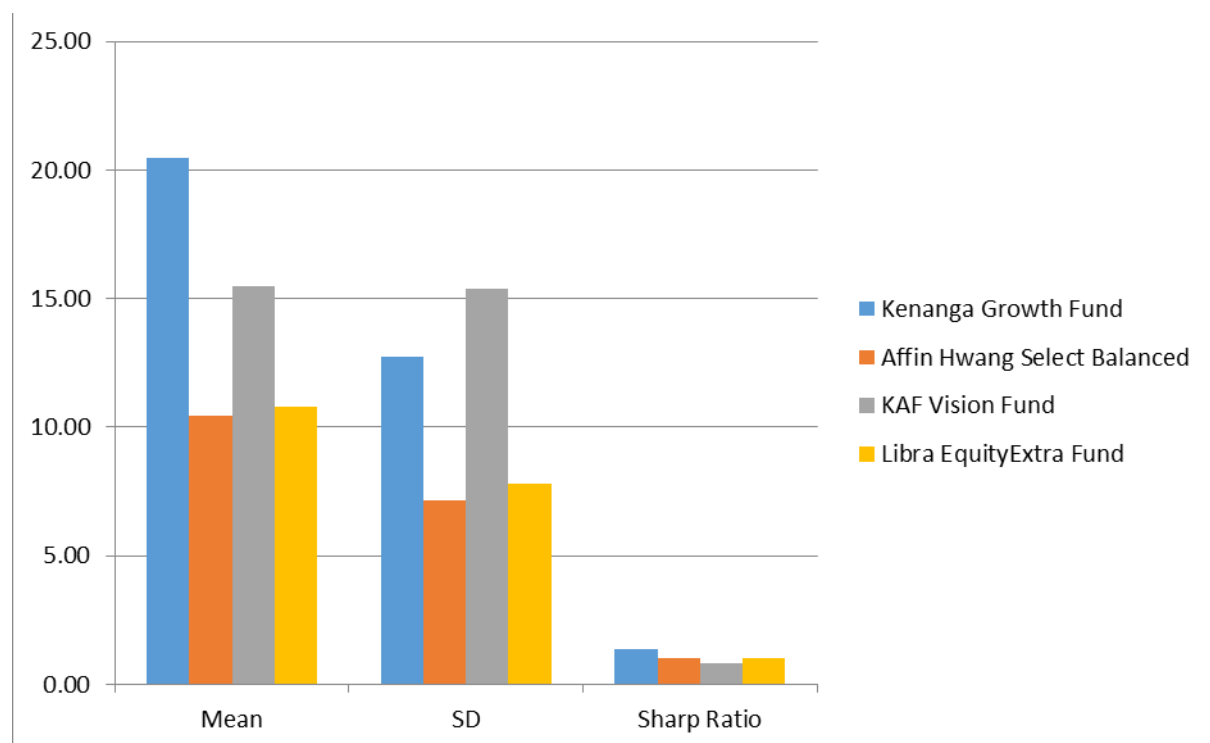
The Comparison among the peers and the corresponding index of those four top performing conventional funds of Malaysia are shown in the following table-

	Kenanga Growth Fund			Affin Hwang Select Balanced			KAF Vision Fund			Libra EquityExtra Fund		
	Fund	Index	Peers	Fund	Index	Peers	Fund	Index	Peers	Fund	Index	Peers
Mean	20.47	10.71	10.11	10.44	10.71	6.34	15.47	11.19	6.52	10.80	10.71	30.26
Standard Deviation	12.75	10.02	8.48	7.16	10.02	5.46	15.38	11.14	8.11	7.77	10.02	37.98
Sharp Ratio	1.37	0.76	0.83	1.03	0.76	0.60	0.81	0.73	0.43	1.00	0.76	0.72

Note: The table made by the author based on the data collected from Bloomberg.

From the above table, it is seen that the average return of all the funds were higher than their benchmarks except Affin Hwang Select Balanced Fund's return is slightly lower than the benchmark. On the other hand, in compare to peers return all the funds average return were higher except the Libra EquityExpert fund. Kenanga Growth Fund and KAF Vision fund beats their benchmark return and the peers return whereas Affin Hwang select Balanced Fund beats its Peers but lower than the benchmarks and Libra EquityExpert Fund's return is lower than both the benchmarks and except for the City of London Fund. That means, in compare to average return the Kenanga Growth Fund, KAF Vision fund and Libra EquityExpert funds performing above their benchmarks.

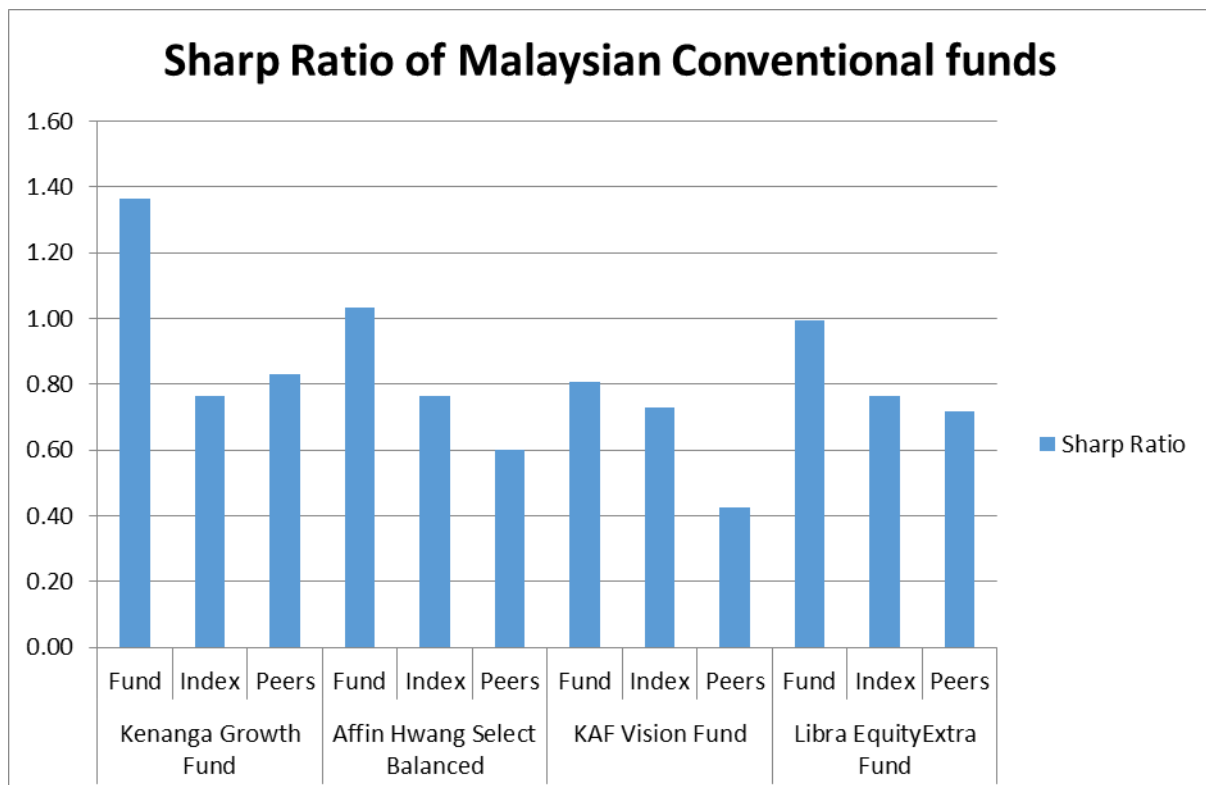
However, Kenanga Growth Fund, KAF Vision fund, and Affin Hwang Select Balanced Fund were better performing than their peers which shown in the following graph-



Note: Graph made by the author which shows the four top performing Malaysian conventional funds return, standard deviation and sharp ratio.

Again, the risk-adjusted performance i.e., sharp ratio of the Kenanga Growth Fund, Affin Hwang Select Balanced Fund, KAF Vision fund and Libra EquityExpert funds were 1.37, 1.03, 0.81 and 0.76 respectively which were

performing above their benchmarks and their peers. The comparative sharp ratio of the above four funds are shown in the following chart-



Note: Graph made by the author which shows the sharp ratios of 4 (four) top performing Malaysian conventional funds, corresponding benchmark and their peers

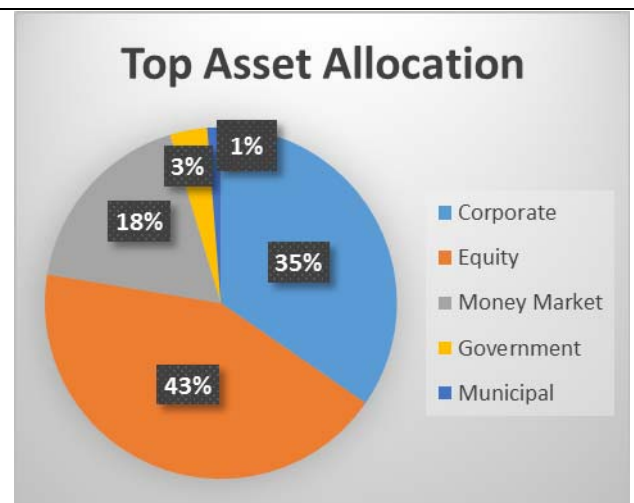
4.2.5 Performance of Ethical Fund of Malaysia:

Affin Hwang Aiiman Balanced Fund: AFFDANA MK

This is an open-end Fund unit trust which aims to achieve returns on income and capital growth by invest in undervalued and quality securities listed on Kuala Lumpur Syariah Index of Bursa Malaysia and money market and fixed income instruments approved by Syariah.

Front Load Fees	0.00%
Current management Fee	1.50%
Minimum Investment	0.00
Early Withdrawal Fee	0.00%
Total Assets	MYR 77.50 (million) as on May 19, 2015
Fund Market Cap Focus	Medium to Large

Top Asset Allocation	Corporate	34.50%
	Equity	42.81%
	Money Market	17.67%
	Government	3.38%
	Municipal	1.24%



Top Sectors Allocation	Basic Materials	6.17%	<p>Top Sectors Allocation</p> <ul style="list-style-type: none"> Basic Materials Communications Consumer, Cyclical Consumer, Non-Cyclical Industrial Financial Others
	Communications	6.45%	
	Consumer, Cyclical	9.22%	
	Consumer, Non-Cyclical	14.81%	
	Industrial	13.27%	
	Financial	14.46%	
	Others	35.62%	
Top Geographic Allocation	Italy	1.24%	<p>Top Geographic Allocation</p> <ul style="list-style-type: none"> Italy Malaysia Singapore Others
	Malaysia	75.01%	
	Singapore	6.08%	
	Others	17.77%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Affin Hwang Aiiman Balanced Fund:

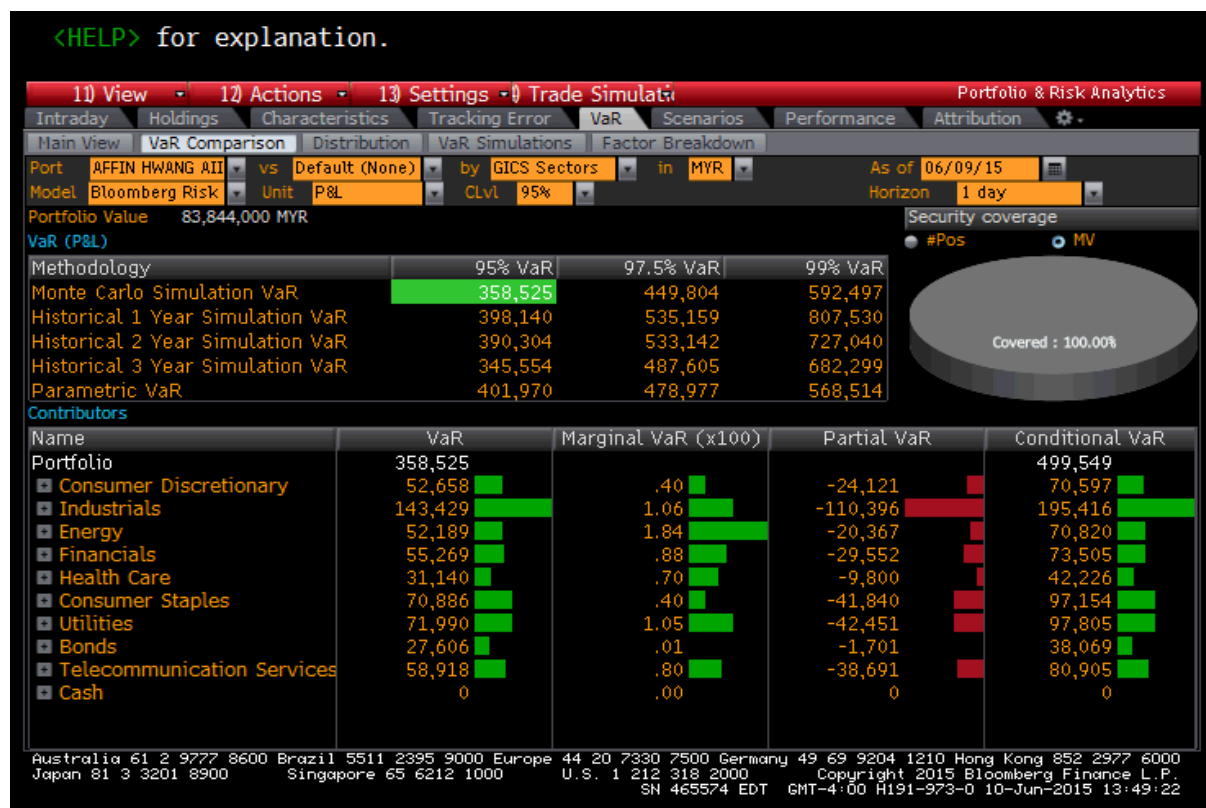
Affin Hwang Aiiman Balanced Fund: AFFDANA MK				
Year	Fund Performance	FTSE BM Hijrah Shariah Index (Benchmark)	Peers	PCTL
2010	0.0677	0.1589	0.1172	17
2011	0.0345	0.0897	0.0111	58
2012	0.0527	0.1893	0.0838	14

2013	0.0690	0.1626	0.1055	23
2014	-0.0142	0.0442	-0.0006	31
Mean	0.0419	0.1289	0.0634	28.6
Standard Deviation	0.0343	0.0600	0.0546	
Sharp Ratio	0.3320	1.6404	0.6022	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 4.19% which was significantly lower than the benchmark a slightly lower than the peers return of 12.89% and 6.34% respectively. Again, fund sharp ratio was 0.33 which was again significantly lower than the benchmark's sharp ratio of 1.64 and the peers sharp ratio 0.60. This means the fund's risk-adjusted performance was very low than the peers and benchmark.

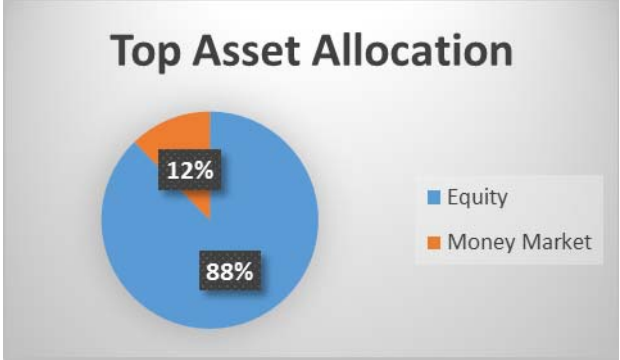
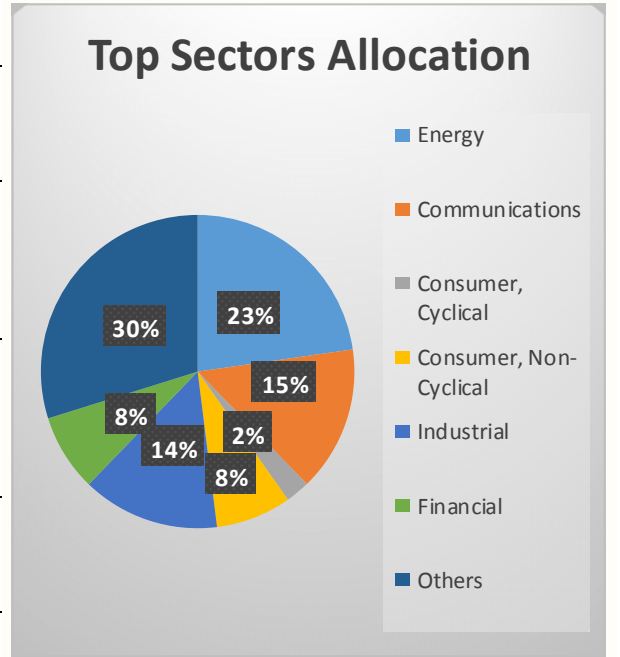
VaR of Affin Hwang Aiiman Balanced Fund:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 398,140 as per the above VaR chart found in Bloomberg.

Amlslamic Growth Fund: AMISGR MK

This is an open-end unit trust which objectives to achieve long term capital growth mainly investments in companies which follow the Syariah Principles and almost 95% of the net asset may be invested in equities.

Front Load Fees	6.00%		
Current management Fee	1.50%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 25.50 (million) as on May 19, 2015		
Top Asset Allocation	Equity	87.77%	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p>
	Money Market	12.23%	
Top Sectors Allocation	Energy	22.74%	 <p>Top Sectors Allocation</p> <p>■ Energy ■ Communications ■ Consumer, Cyclical ■ Consumer, Non-Cyclical ■ Industrial ■ Financial ■ Others</p>
	Communica-tions	14.99%	
	Consumer, Cyclical	2.50%	
	Consumer, Non-Cyclical	7.8%	
	Industrial	14.19%	

Top Geographic Allocation	Financial	7.95%	
	Others	29.83%	
	Malaysia	87.77%	
	Others	12.23%	

Top Geographic Allocation

A pie chart titled 'Top Geographic Allocation' showing the distribution of investments. The chart is divided into two segments: a large blue segment representing Malaysia at 88% and a smaller orange segment representing Others at 12%. A legend on the right side of the chart identifies the blue color with 'Malaysia' and the orange color with 'Others'.

Note: Table made by the author based on data collected from Bloomberg

Performance of Amlslamic Growth Fund:

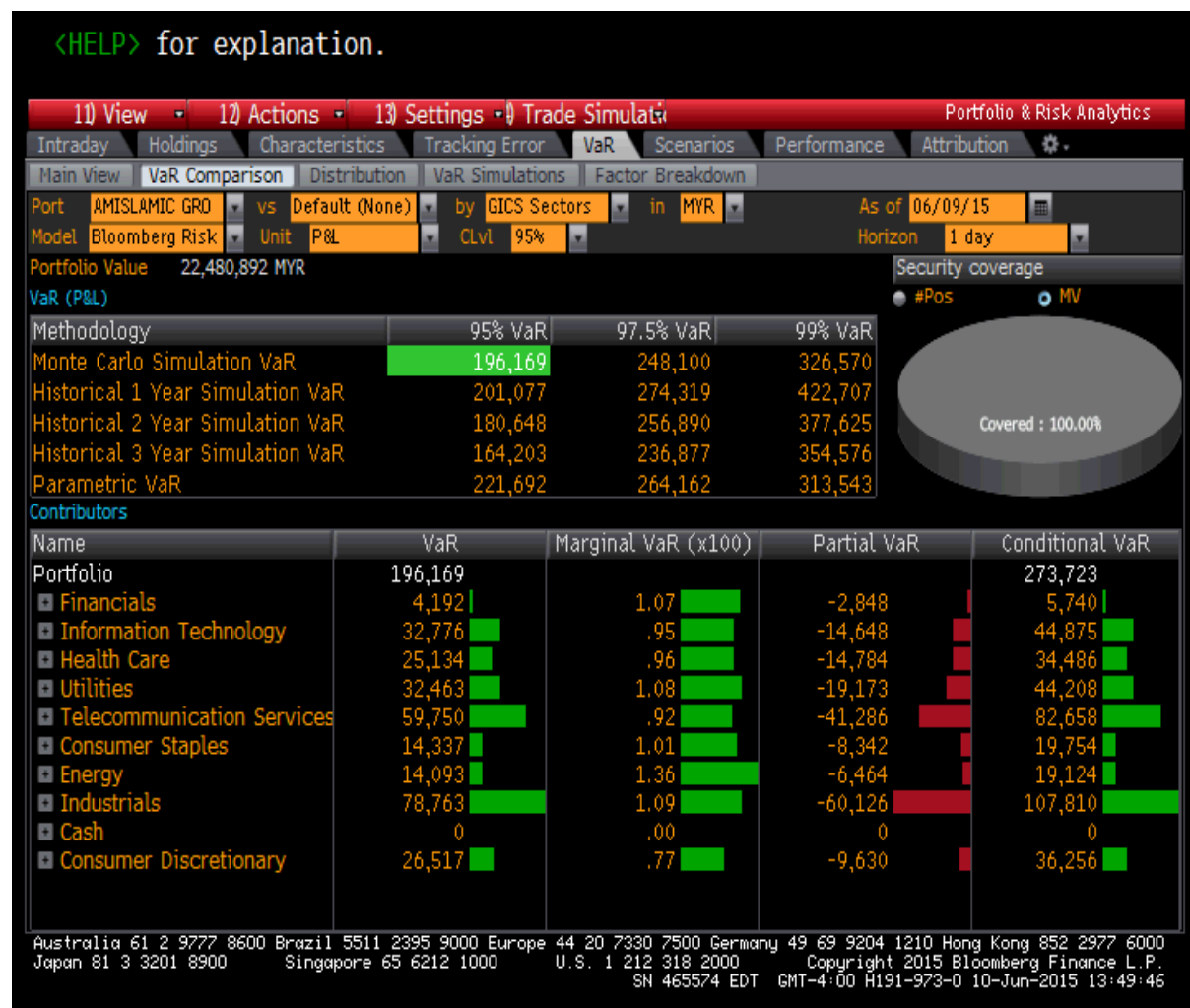
Amlslamic Growth: AMISGR MK				
Year	Fund Performance	FTSE BM Hijrah Shariah Index (Benchmark)	Peers	PCTL
2010	0.1930	0.1589	0.1908	42
2011	0.0595	0.0897	-0.0030	86
2012	0.1228	0.1893	0.1021	65
2013	0.2454	0.1626	0.1705	89
2014	-0.0398	0.0442	-0.0208	31
Mean	0.1162	0.1289	0.0879	62.6
SD	0.1120	0.0600	0.0971	
Sharp Ratio	0.7646	1.6404	0.5912	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund for those periods was 11.62% which was slightly lower than the benchmark and higher than the peers

average returns of 12.89% and 8.79% respectively. The overall fund performance for those periods was around 63rd percentile. Again, fund sharp ratio was 0.76 which was significantly lower than the benchmark's sharp ratio of 1.64 but higher than the peers sharp ratio 0.59. This means the fund's risk-adjusted performance was very low than benchmark while high from the peers.


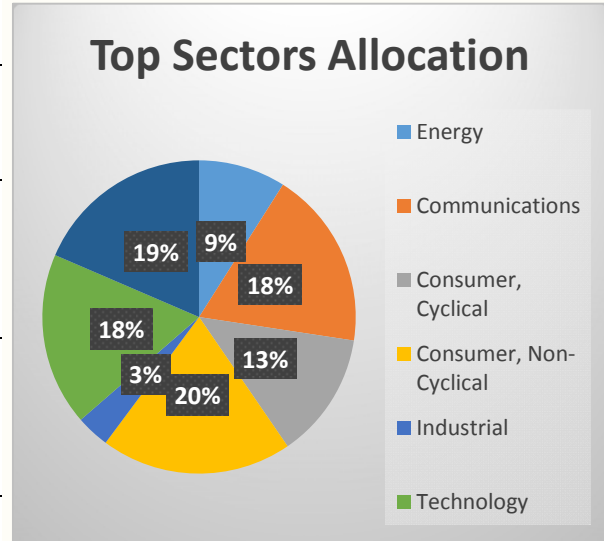
VaR of Amlslamic Growth Fund

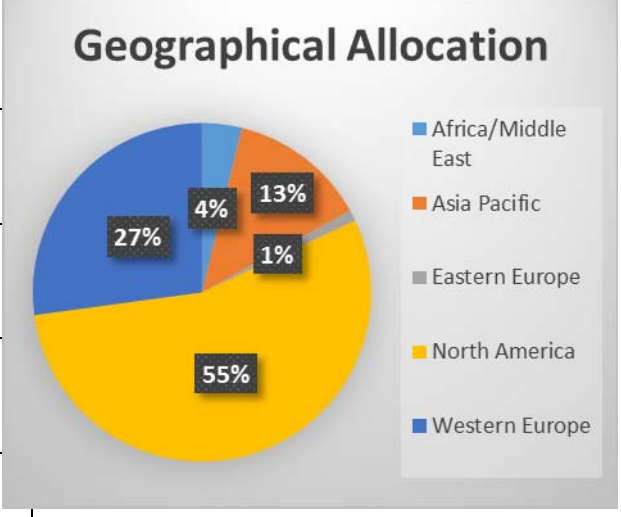


Note: The maximum loss at 95% confidence level in historical 1 year was MYR 201,077 as per the above VaR chart found in Bloomberg.

AmOasis Global Equity Fund: AMOAGIS MK

This is an open-end unit trust which aims to achieve moderate capital and income growth and outperform over the DJ Islamic Market Index by invest in at least 95% of the Fund's NAV in Crescent Global Equity Fund and in shares of global Syariah complaints companies.

Front Load Fees	5.00%		
Current management Fee	1.80%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	0.00		
Total Assets	MYR 12.33 (million) as on May 18, 2015		
Asset Allocation	Equity	89.76%	 <p>Top Asset Allocation</p> <p>90% Equity, 10% Money Market</p>
	Money Market	10.24%	
Sectors Allocation	Energy	8.99%	 <p>Top Sectors Allocation</p> <p>Energy: 9%, Communications: 18%, Consumer, Cyclical: 19%, Consumer, Non-Cyclical: 20%, Industrial: 3%, Technology: 18%</p>
	Communica tions	18.42%	
	Consum er, Cyclical	13.03%	
	Consum er, Non-Cyclical	19.73%	
	Industria	3.44%	

	I		
	Technology	17.86%	
	Others	18.53%	
Geographical Allocation	Africa/Middle East	3.42%	 <p>Geographical Allocation</p> <ul style="list-style-type: none"> Africa/Middle East Asia Pacific Eastern Europe North America Western Europe
	Asia Pacific	11.83%	
	Eastern Europe	0.94%	
	North America	49.20%	
	Western Europe	24.37%	

Note: Table made by the author based on data collected from Bloomberg

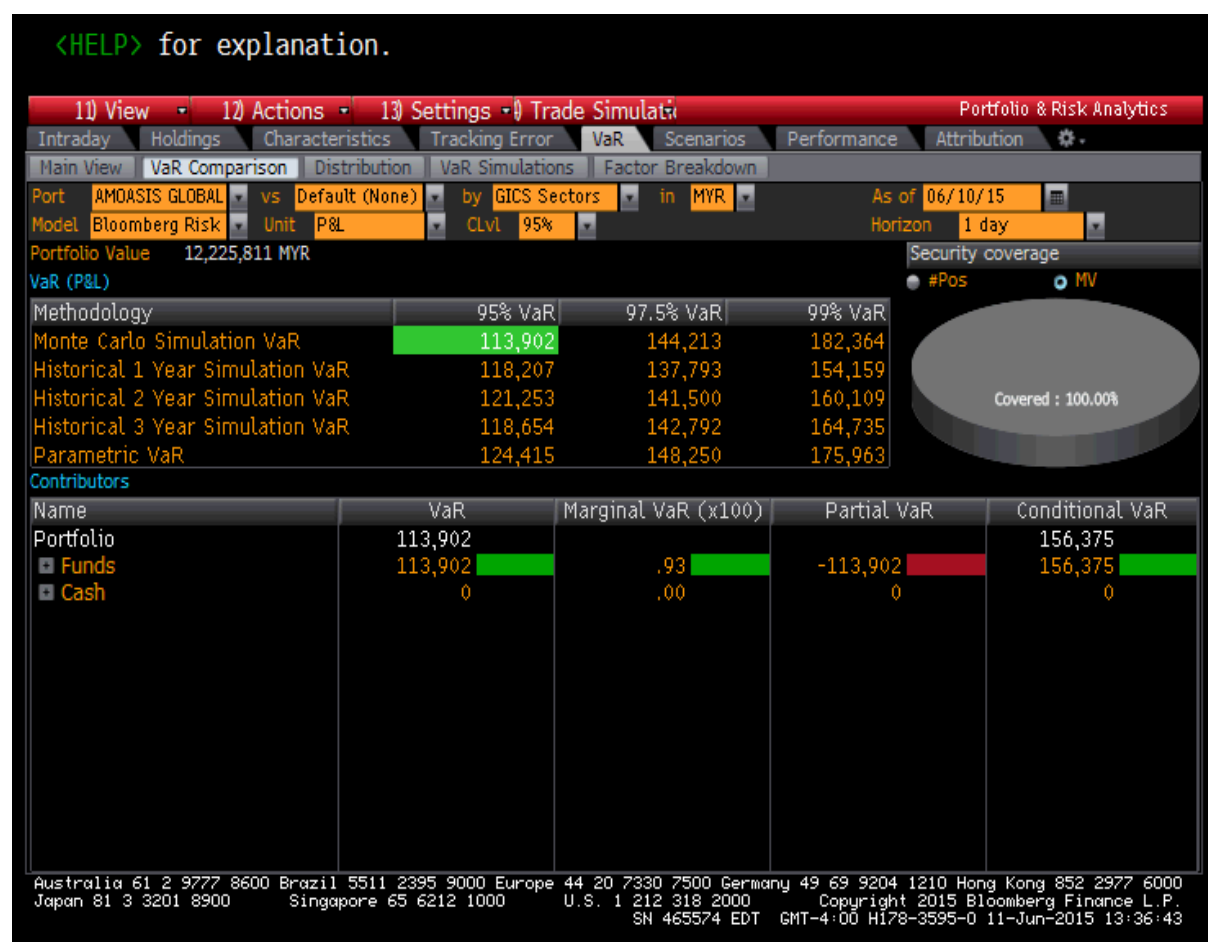
Performance of AmOasis Global Islamic Equity:

AmOasis Global Islamic Equity: AMOAGIS MK				
Year	Fund Performance	DJIM World Index(Benchmark)	Peers	PCTL
2010	-0.0617	0.0253	0.1437	0
2011	-0.0687	-0.0171	-0.0314	22
2012	-0.0438	0.0973	0.0975	5
2013	0.2879	0.3110	0.1522	87
2014	0.0862	0.1382	-0.0050	93
Mean	0.0400	0.1109	0.0714	41.4
SD	0.1523	0.1272	0.0849	
Sharp Ratio	0.0620	0.6323	0.4812	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From the table, it is said that the average return of the fund was 4% which was lower than the benchmark's average return of 11.09% and the peers average return of 7.14%. The overall performance of the fund for those periods was around 41st percentile. Again, the sharp ratios of the fund were 0.062 which is around 10 times lower than benchmark's sharp ratio of 0.63 and significantly lower than the peers sharp ratio of 0.48. This means the fund's risk-adjusted performance was 10 times lower than its benchmark and significantly lower than the peers.


VaR of AmOasis Global Islamic Equity:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 118,207 as per the above VaR chart found in Bloomberg

AmPrecious Metals: AMPRECM MK

This is an open-end unit trust which aims to achieve capital growth through invests in global equity and equity-related securities of companies engaged in the business of precious metals by complaint Shariah.

Front Load Fees	0.00%		
Current management Fee	1.08%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	1.00%		
Total Assets	MYR 309.05 (million) as on May 19, 2015		
Fund Market Cap Focus	Medium to Large		
Top Asset Allocation	Equity	100.02 %	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p>
	Money Market	- 0.02 %	

Note: Table made by the author based on data collected from Bloomberg

Performance of AmPrecious Metals:

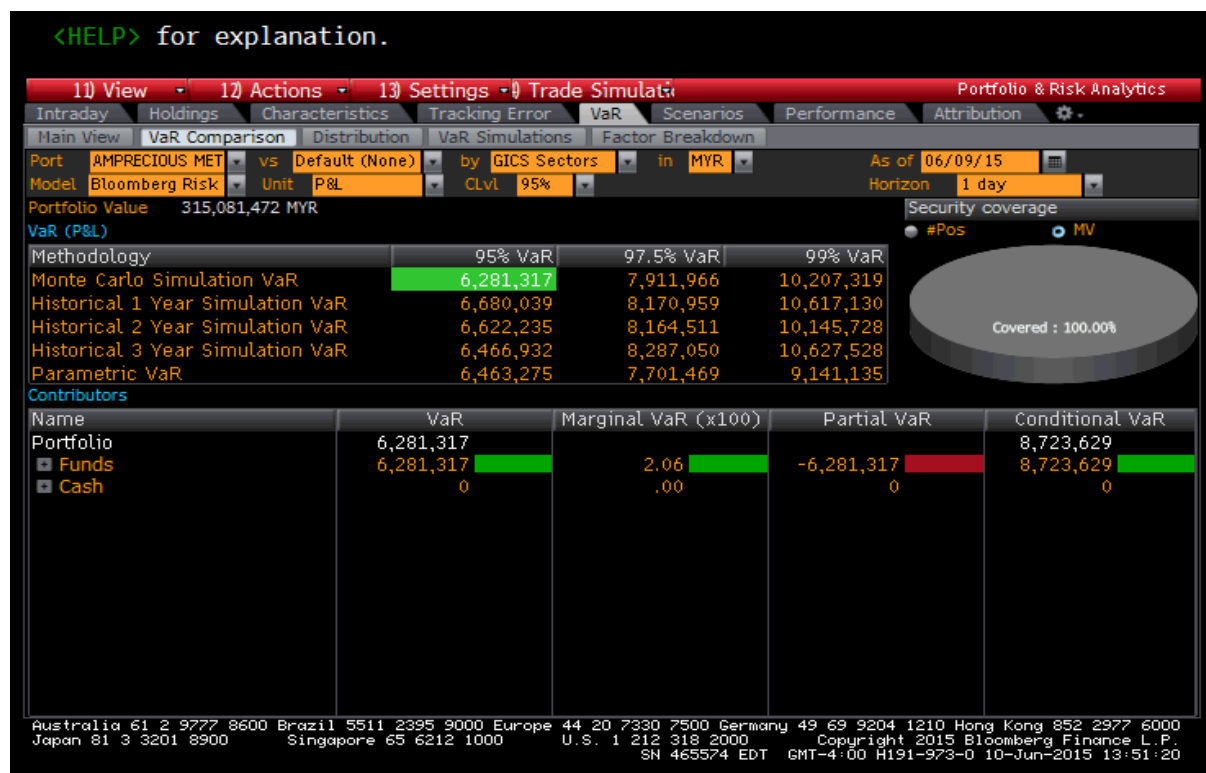
AmPrecious Metals: AMPRECM MK			
Year	Fund Performance	FTSE Gold Mines Index (Benchmark)	Peers
2010	0.1394	0.1527	0.0495
2011	-0.2212	-0.1209	-0.0943

2012	-0.1484	-0.1708	0.0463
2013	-0.4121	-0.4867	0.1375
2014	-0.1135	0.0855	0.0219
Mean	-0.1512	-0.1080	0.0322
Standard Deviation	0.1993	0.2515	0.0832
Sharp Ratio	-0.9118	-0.5511	0.0198

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

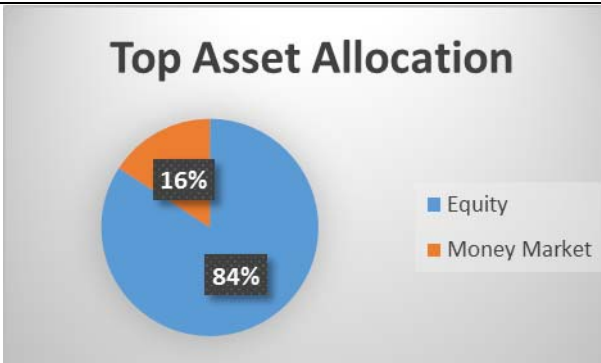
From Table, the average return of the fund and the benchmark's for those periods were negative -15.12% and -10.80% whereas the peers return was positive 3.22%. Again, the sharp ratios of the fund, the benchmarks, and the peers were -0.91,-0.51 and 01.98 respectively. This means the fund's risk-adjusted performance was very negative though the benchmarks performance of was also negative. So, for consuming 1 unit of risk the fund provide minus 0.91 times of return.

VaR of AmPrecious Metals:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 6,680,039 as per the above VaR chart found in Bloomberg.

Amlikal: ABMLTII MK

This is an open-end unit trust which aims is to produce halal income through investment up to 95% of its assets in equity and minimum 5% in cash and cash equivalents which strictly follow Syariah compliance.			
Front Load Fees	6.00%		
Current management Fee	2.52%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 254.74 (million) as on May 19, 2015		
Fund Market Cap Focus			
Top Asset Allocation	Equity	84.20%	<div><h3>Top Asset Allocation</h3><p>A pie chart titled 'Top Asset Allocation' showing the distribution of assets. The chart is divided into two segments: a large blue segment representing 'Equity' at 84%, and a smaller orange segment representing 'Money Market' at 16%. A legend on the right side of the chart identifies the colors: blue for Equity and orange for Money Market.</p></div>
	Money Market	15.80%	
Geographical Location	Malaysia 100%		

Note: Table made by the author based on data collected from Bloomberg

Performance of Amlttikal:

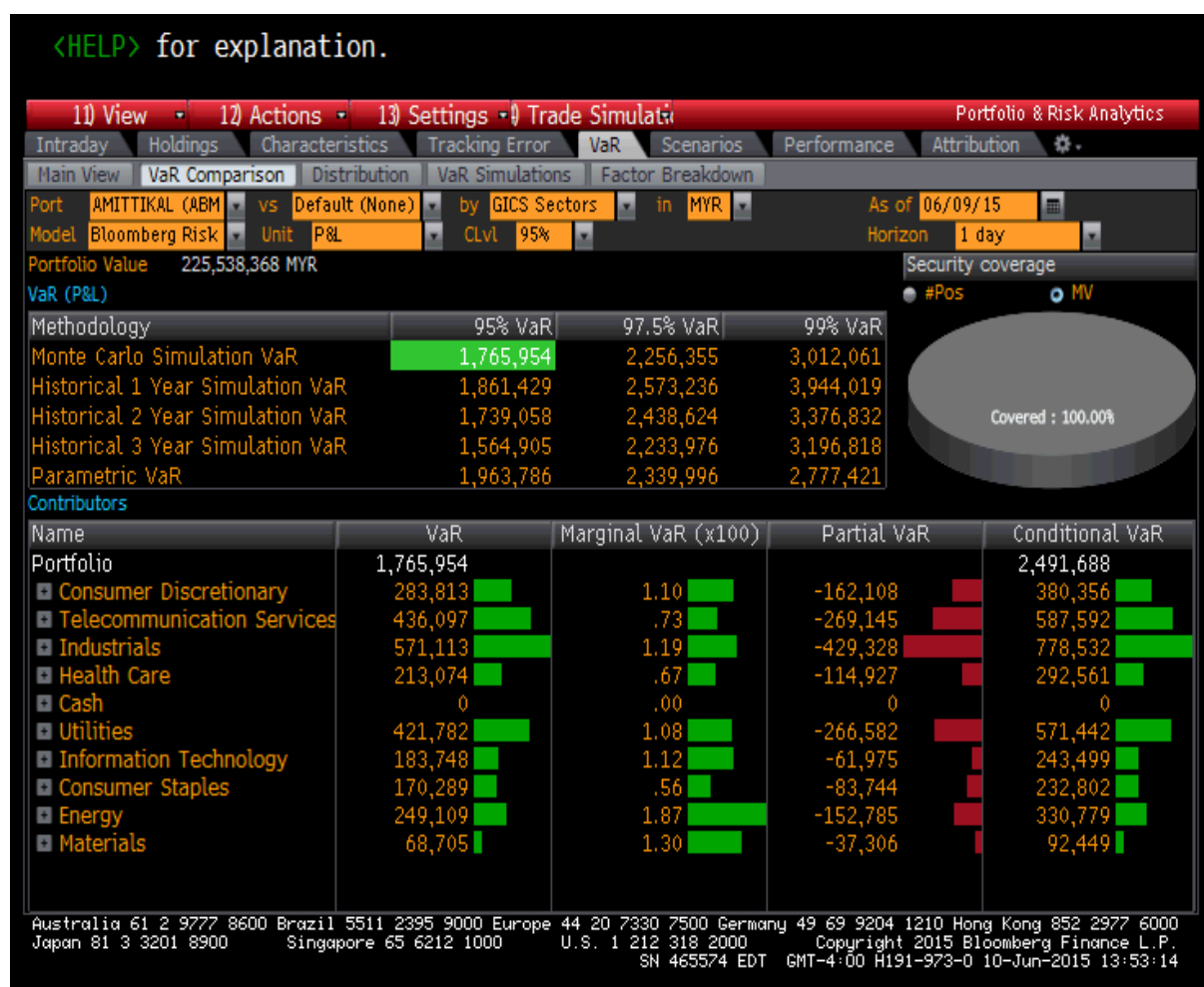
Amlttikal: ABMLTII MK				
Year	Fund Performance	FTSE BM Hijrah Shariah Index (Benchmark)	Peers	PCTL
2010	0.1598	0.1589	0.1437	50
2011	0.0536	0.0897	-0.0314	83
2012	0.1147	0.1893	0.0975	57

2013	0.1937	0.1626	0.1522	71
2014	-0.0211	0.0424	-0.0050	43
Mean	0.1001	0.1286	0.0714	60.8
Standard Deviation	0.0857	0.0606	0.0849	
Sharp Ratio	0.8120	1.6173	0.4812	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund was 10.01% which was lower than the benchmark's average return of 12.86% but higher than peers average return of 7.14%. The overall performance of the fund for those periods was around 61st percentile. Again, the sharp ratios of the fund were 0.81 which as around half of benchmark sharp ratio of 1.62 but almost double from the peers sharp ratio. This means the fund's risk-adjusted performance was around half of it benchmark but around double of it peers sharp ratio.


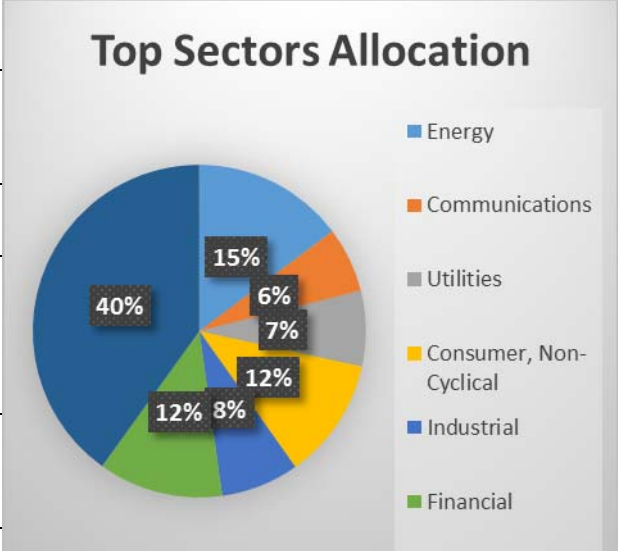
VaR of AmIttikal:

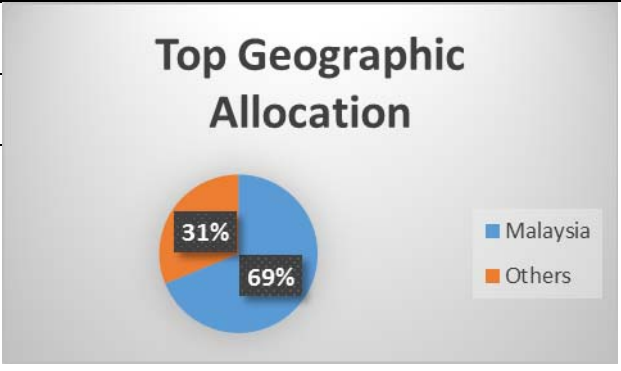


Note: The maximum loss at 95% confidence level in historical 1 year was MYR 1,861,429 as per the above VaR chart found in Bloomberg.

Apex Dana Aslah: APXSCAP MK

This is an open-end unit trust which invests stocks under Shariah Principle in Malaysia Main market with minimum investment of 40% of the NAV in stocks or fixed income instruments or any other types of investment which provide regular dividend payments.

Front Load Fees	0.00%		
Current management Fee	1.95%		
Minimum Investment	MYR 2,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 14.99 (million) as on May 20, 2015		
Fund Market Cap Focus	Small-capital		
Top Asset Allocation	Equity	68.86%	 <p>Top Asset Allocation</p> <p>■ Equity ■ Money Market</p>
	Money Market	31.14%	
Top Sectors Allocation	Energy	14.75%	 <p>Top Sectors Allocation</p> <p>■ Energy ■ Communications ■ Utilities ■ Consumer, Non-Cyclical ■ Industrial ■ Financial</p>
	Communications	6.34%	
	Utilities	7.34%	
	Consumer, Non-Cyclical	11.78%	
	Industrial	7.59%	

Top Geographic Allocation	Financial	12.12%	 <p>Top Geographic Allocation</p> <p>31% 69%</p> <p>■ Malaysia ■ Others</p>
	Others	40.08%	
	Malaysia	68.86%	
	Others	31.14%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Apex Dana Aslah:

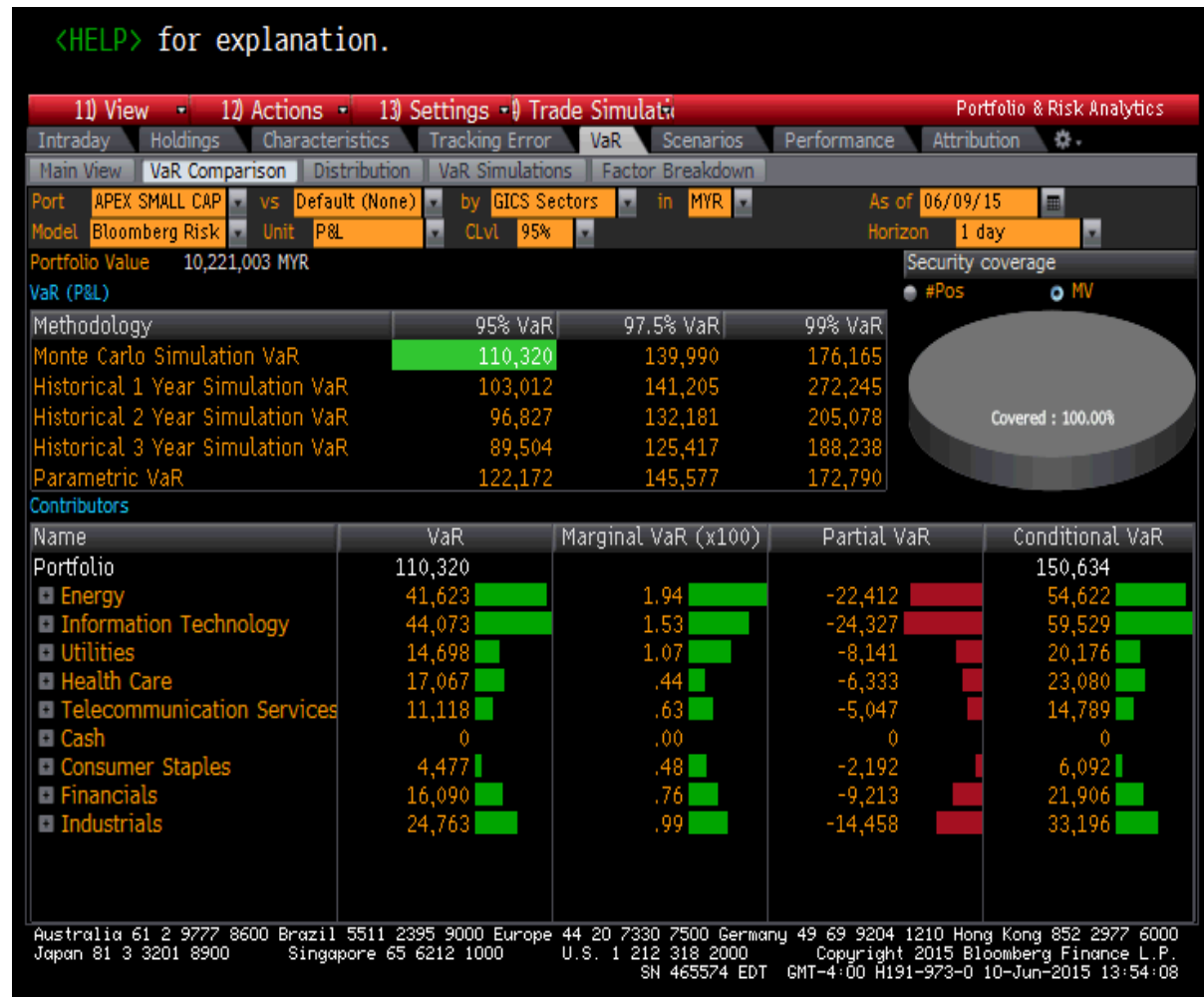
Apex Dana Aslah: APXSCAP MK			
Year	Fund Performance	FTSE Bursa Malaysia KLCI (Benchmark)	Peers
2010	0.1194	0.2337	0.1961
2011	0.0172	0.0443	0.0076
2012	0.1330	0.1427	0.1693
2013	0.2673	0.1411	0.3288
2014	-0.0545	-0.0262	-0.0045
Mean	0.0965	0.1071	0.1395
Standard Deviation	0.1226	0.1002	0.1397
Sharp Ratio	0.5379	0.7643	0.7797

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund was 9.65% which was lower than both the benchmark and the peers average return of 10.71% and 13.95% respectively. Again, the sharp ratios of the fund was 0.54 which was lower than the both benchmarks and peers sharp ratio of 0.76 and 0.80 times

respectively which means that the fund's risk-adjusted performance was poor than the benchmark and the peers for those periods.

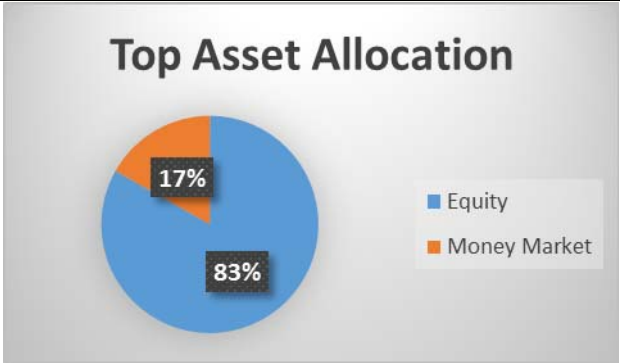
VaR of Apex Dana Aslah:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 103,012 as per the above VaR chart found in Bloomberg.

Apex Dana Al-Sofi-I: APXISIF MK

This is an open-end unit trust which aims for capital growth through the investment in up to 95% in Syariah compliant equities and the rest in liquid assets.

Front Load Fees	5.26%%		
Current management Fee	1.50%		
Minimum Investment	MYR 2,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 78.08 (million) as on May 20, 2015		
Top Asset Allocation	Equity	83.20%	 <p>Top Asset Allocation</p> <p>83% Equity 17% Money Market</p>
	Money Market	16.80%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Apex Dana Al-Sofi-I:

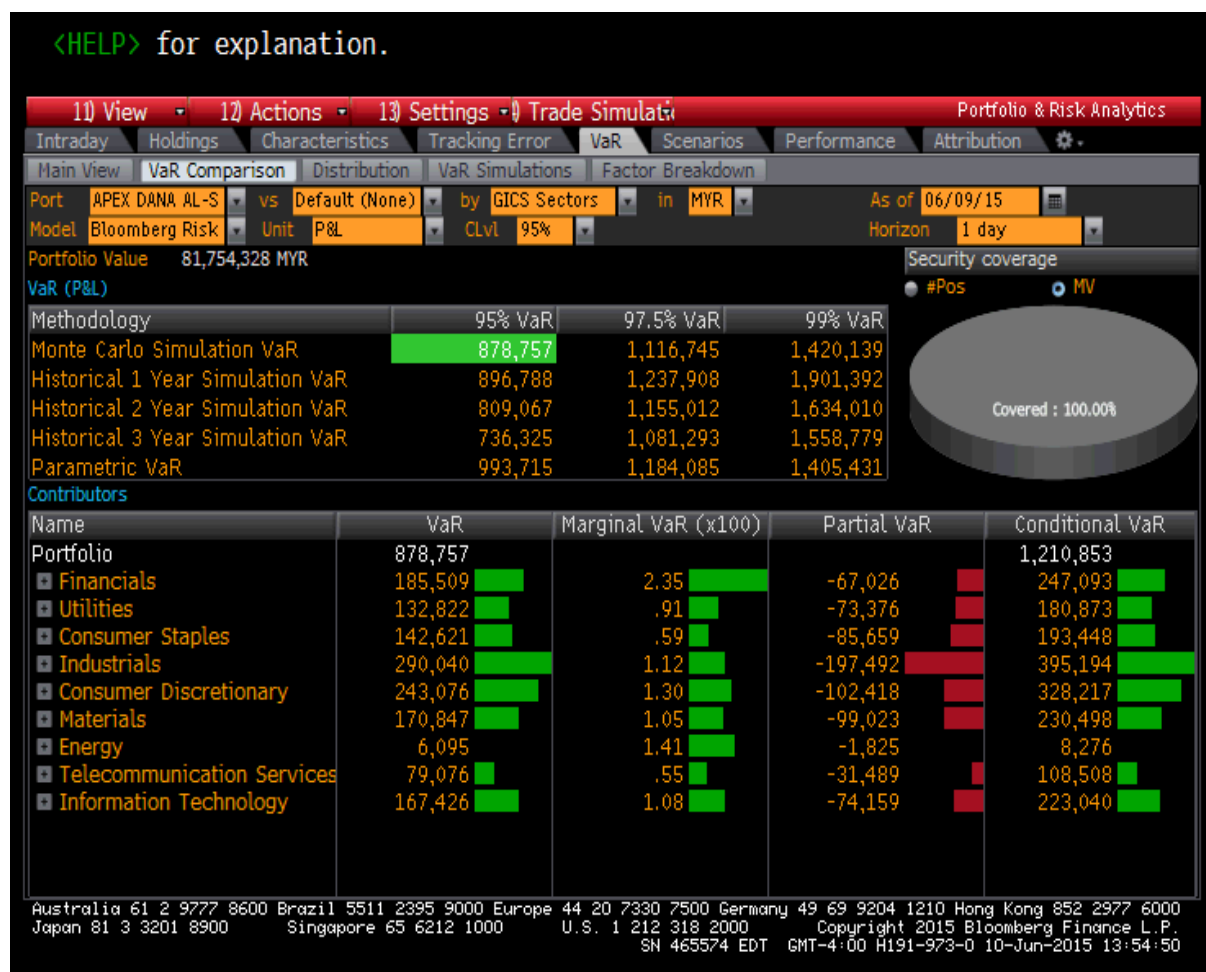
Apex Dana Al-Sofi-I: APXISIF MK				
Year	Fund Performance	FTSE MALAYSIA EMASSHARI (Benchmark)	Peers	PCTL
2010	0.1775	0.2183	0.1437	65
2011	0.0103	0.0572	-0.0314	51
2012	0.0655	0.1551	0.0975	14
2013	0.2543	0.1645	0.1522	82
2014	-0.0712	-0.0143	-0.0050	13

Mean	0.0873	0.1162	0.0714	45
Standard Deviation	0.1300	0.0932	0.0849	
Sharp Ratio	0.4366	0.9182	0.4812	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund was 8.73% which was lower than the benchmark's return of 9.32% but higher than the peers return of 8.49%. The overall performance of the funds was 45th percentile. Again, the sharp ratios of the fund was 0.43 unit which was lower than the both benchmarks and peers sharp ratio of 0.92 and 0.48 units respectively which means that the fund's risk-adjusted performance was poor than the benchmark and the peers for those periods.

VaR of Apex Dana Al-Sofi-I:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 896,788 as per the above VaR chart found in Bloomberg.

CIMB Islamic Equity Fund: SBBIKLS MK

This is an open-end unit trust which aims for the long-term capital growth by investing in 70% of its assets into the approved Syariah principle.

Front Load Fees	6.50%		
Current management Fee	1.64%		
Minimum Investment	MYR500.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 58.29 (million) as on May 19, 2015		
Top Asset Allocation	Equity	91.57%	<div><div><div>Top Asset Allocation</div><div><div><div><div></div><div>8%</div></div><div><div>92%</div></div></div><div><div>Equity</div><div>Money Market</div></div></div></div></div>
	Money Market	8.43%	
Top Geographic Allocation	Malaysia 100%		

Note: Table made by the author based on data collected from Bloomberg

Performance of CIMB Islamic Equity Fund:

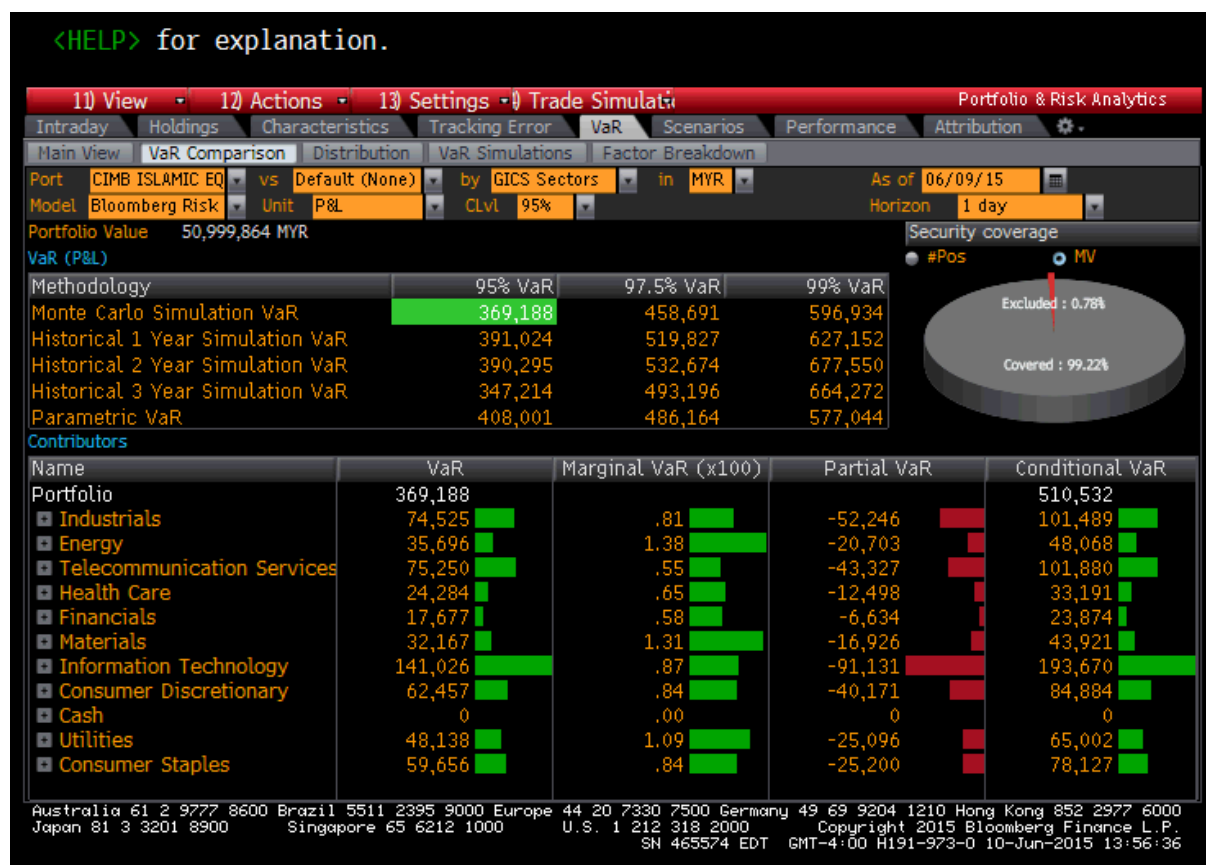
CIMB Islamic Equity Fund: SBBIKLS MK				
Year	Fund Performance	FTSE BM Hijrah Shariah (Benchmark)	Peers	PCTL
2010	0.1030	0.1589	0.1908	8
2011	-0.0615	0.0897	-0.0030	13
2012	0.1392	0.1893	0.1021	84

2013	0.1348	0.1626	0.1705	25
2014	0.0315	0.0424	-0.0208	83
Mean	0.0694	0.1286	0.0879	42.6
Standard Deviation	0.0849	0.0606	0.0971	
Sharp Ratio	0.4576	1.6172	0.5912	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund was 6.94% which was lower than the benchmark's return of 12.86% and the peers return of 8.79%. The overall performance of the funds was 43rd percentile. Again, the sharp ratios of the fund was 0.46 unit which was lower than the both benchmarks and peers sharp ratio of 1.62 and 0.59 units respectively which means that the fund's risk-adjusted performance was poor than the benchmark and the peers for those periods.

VaR of CIMB Islamic Equity Fund:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 391,024 as per the above VaR chart found in Bloomberg.

Hong Leong Islamic Income Management Fund: HLGISIM MK

This is an open-end unit trust which aims is to provide its investors with regular and stable stream of income with complaint of Shariah principle by investing in short to medium-term Islamic income securities and money market instruments.

Front Load Fees	0.00%		
Current management Fee	0.50%		
Minimum Investment	MYR 1,000.00		
Early Withdrawal Fee	0.00%		
Total Assets	MYR 35.55 (million) as on May 20, 2015		
Top Asset Allocation	Equity	1.28%	<div>Top Asset Allocation</div> <div>■ Equity ■ Money Market</div>
	Money Market	98.72%	

Note: Table made by the author based on data collected from Bloomberg

Performance of Hong Leong Islamic Income Management Fund:

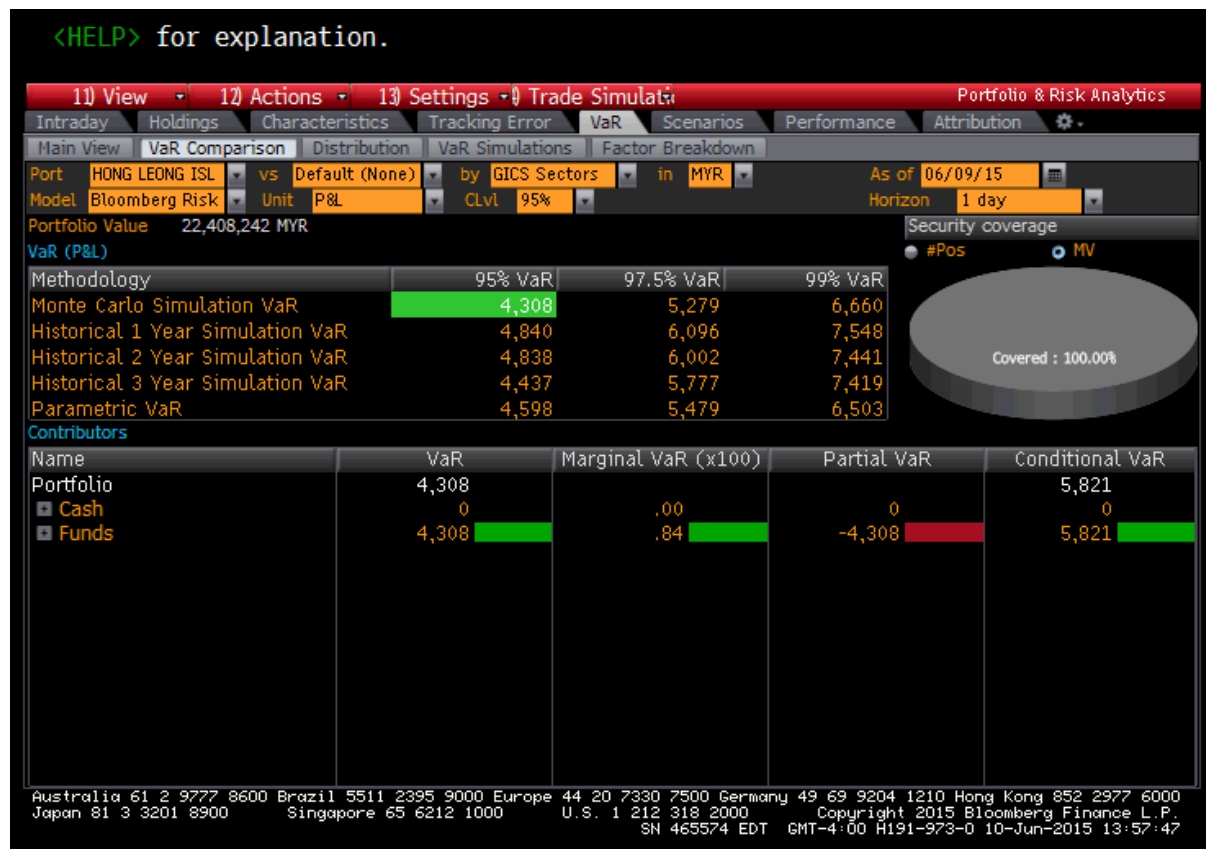
Hong Leong Islamic Income Management Fund: HLGISIM MK				
Year	Fund Performance	Malaysia Malayan Banking Depo (Benchmark)	Peers	PCTL
2010	0.0233	0.3750	0.0583	5
2011	0.0284	0.0909	0.0485	13
2012	0.0290	0.0000	0.0460	7

2013	0.0273	0.0000	0.0267	52
2014	0.0267	0.0500	0.0226	23
Mean	0.0269	0.1032	0.0404	20
Standard Deviation	0.0022	0.1567	0.0152	
Sharp Ratio	-1.6158	0.4637	0.6511	

Note: The table made by the author, based on the data collected from Bloomberg, which shows the performance of the fund, corresponding benchmark and its peers for the period of 2010 to 2014.

From Table, the average return of the fund was 2.69% which was significantly lower than the benchmark's return of 10.32% and the peers return of 4.04%. The overall performance of the funds was 20th percentile. Again, the sharp ratios of the fund were -1.62 unit which was lower than the both benchmarks and peers sharp ratio of 0.46 and 0.65 units respectively. That means, for taking one unit of risk the fund provided minus 1.62 units of return.

VaR of Hong Leong Islamic Income Management Fund:



Note: The maximum loss at 95% confidence level in historical 1 year was MYR 4,840 as per the above VaR chart found in Bloomberg.

4.2.6 Comparing Performance among the Ethical Funds of Malaysia:

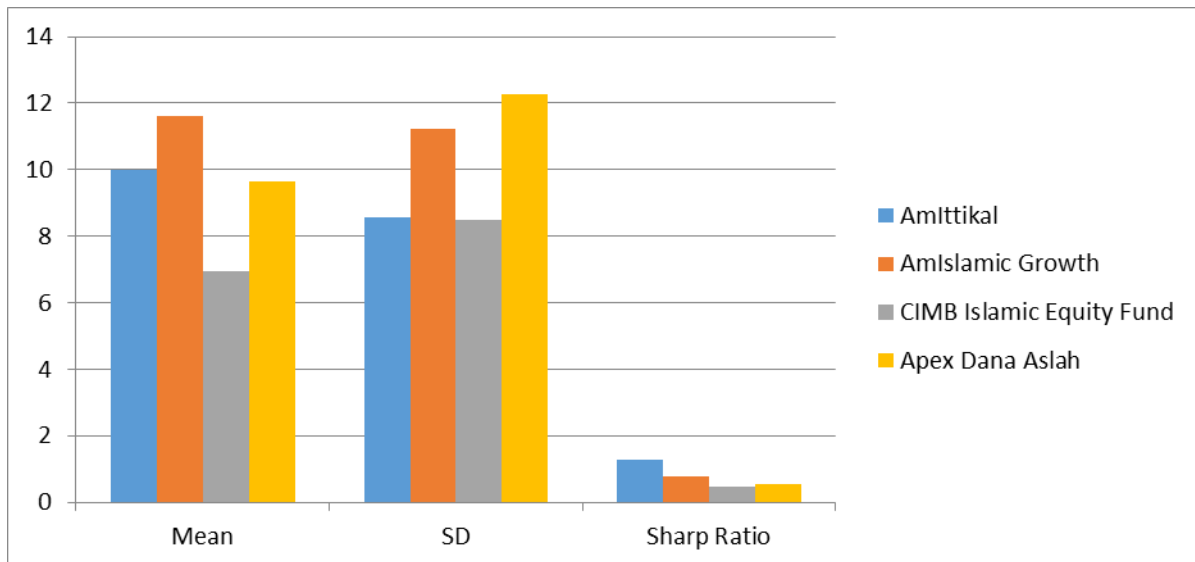
The financial performance of nine ethical funds of Malaysia is given in the following table:

Comparative Performance of Ethical funds of Malaysia									
Year	Affin Hwang Aiman Balanced Fund	AmIslamic Growth	AmOasis Global Islamic Equity	AmPrecious Metals	AmIltikal	Apex Dana Aslah	Apex Dana Al-Sofi-I	CIMB Islamic Equity Fund	Hong Leong Islamic Income Management Fund
2010	0.0677	0.1930	-0.0617	0.1394	0.1598	0.1194	0.1775	0.1030	0.0233
2011	0.0345	0.0595	-0.0687	-0.2212	0.0536	0.0172	0.0103	- 0.0615	0.0284
2012	0.0527	0.1228	-0.0438	-0.1484	0.1147	0.1330	0.0655	0.1392	0.0290
2013	0.0690	0.2454	0.2879	-0.4121	0.1937	0.2673	0.2543	0.1348	0.0273
2014	-0.0142	-0.0398	0.0862	-0.1135	-0.0211	- 0.0545	- 0.0712	0.0315	0.0267
Mean	0.0419	0.1162	0.0400	-0.1512	0.1001	0.0965	0.0873	0.0694	0.0269
SD	0.0343	0.1120	0.1523	0.1993	0.0857	0.1226	0.1300	0.0849	0.0022
Sharp Ratio	0.3320	0.7646	0.0620	-0.9118	0.8120	0.5379	0.4366	0.4576	-1.6158

Note: The table made by the author based on the data collected from Bloomberg.

From the table, it is seen that the sharp ratio of Malaysian ethical funds spread from -1.62 to 0.81. From these sharp ratios, AmPrecious Metals, and Hong Leong Islamic Income Management Fund was negative which was -0.91 and -1.62 unit respectively. This means these two firms provide minus return for per unit of risk which shows that these ethical funds performance was extremely bad for those periods.

Again, the four top performance ethical funds of Malaysia were AmIltikal, AmIslamic Growth, Apex Dana Aslah and CIMB Islamic Equity Fund from the sample nine ethical funds and their average return were 10.01%, 11.62%, , 9.65% and 6.94% respectively. The mean, standard deviation and sharp ratio of those ethical funds are shown below-



Note: Graph made by the author which shows the mean, standard deviation and sharp ratios of top performing ethical funds of Malaysia.

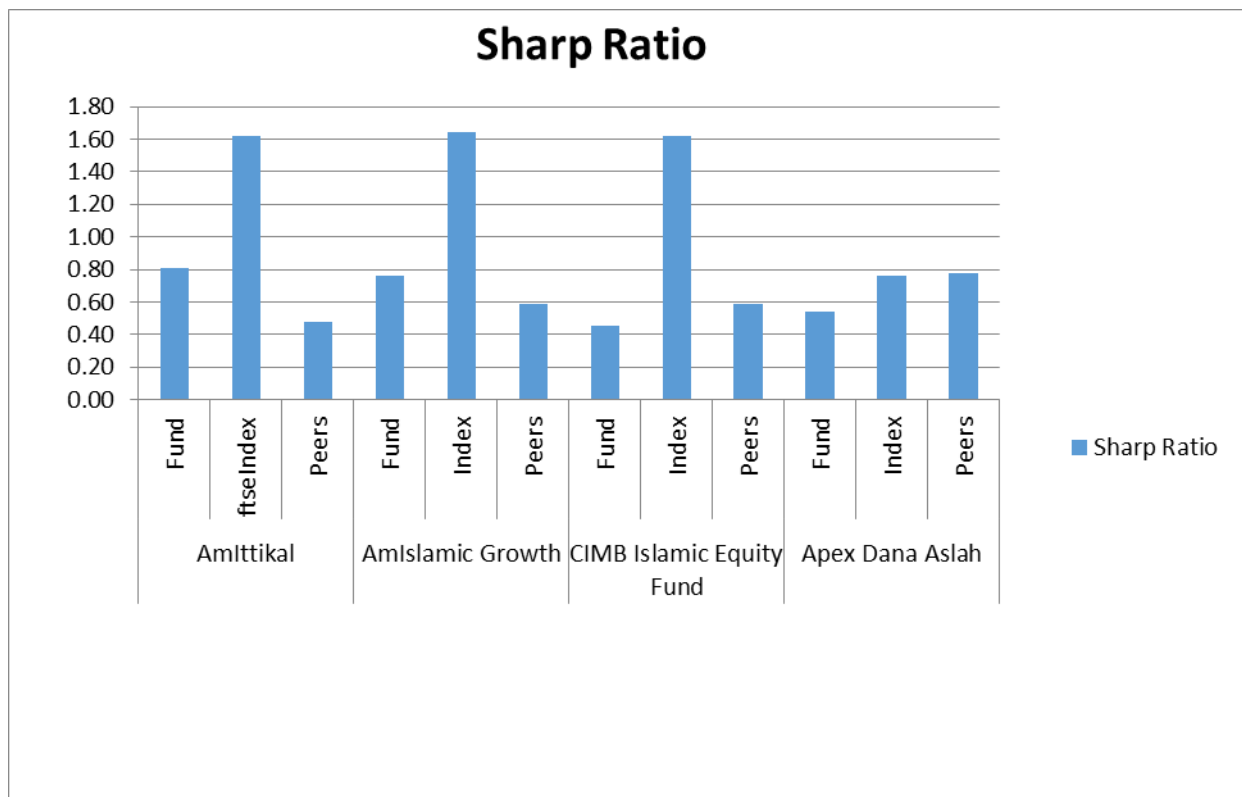
The Comparison among the peers and the corresponding index of those top performing funds are shown in the following table-

	Amlttikal			Amlslamic Growth			CIMB Islamic Equity Fund			Apex Dana Aslah		
	Fund	Index	Peers	Fund	Index	Peers	Fund	Index	Peers	Fund	Index	Peers
Mean	10.01%	12.86%	7.14%	9.65%	10.71%	13.95%	6.94%	12.86%	8.79%	9.65%	10.71%	13.95%
Standard Deviation	8.57%	6.06%	8.49%	12.26%	10.02%	13.97%	8.49%	6.06%	9.71%	12.26%	10.02%	13.97%
Sharp Ratio	0.81	1.62	0.48	0.54	0.76	0.78	0.46	1.62	0.59	0.54	0.76	0.78

Note: The table made by the author based on the data collected from Bloomberg.

Again, the risk-adjusted performance of Amlttikal, Amlslamic Growth, Apex Dana Aslah and CIMB Islamic Equity Fund were 0.81, 0.76, 0.46 and 0.54 respectively whereas the sharp ratio of those fund's benchmarks were 1.62, 1.64, 1.62 and 0.76 respectively. That means the four top performing ethical funds of Malaysia were performing below than the corresponding benchmarks. On the other hand, Amlttikal and Amlslamic Growth funds sharp ratio is higher than the peers but Apex Dana Aslah and CIMB Islamic Equity Fund sharp ratio was lower than its peers. So, Amlttikal and Amlslamic

Growth funds performed well then its peers but Apex Dana Aslah and CIMB Islamic Equity Fund performed poorly than its peers. This is shown in the following chart-



Note: Graph made by the author which shows the four top performing ethical funds sharp ratios, corresponding benchmark, and their peers

Overall, it can be said that the performance of ethical funds of Malaysia was poor than the benchmarks. Moreover, some fund's risk-adjusted performance were negative which shows the extremely worst performance of ethical funds of Malaysia.

4.2.7 Position of Ethical Funds Performance among other funds in Malaysia:

In this stage, the four (04) top performing ethical funds have been chosen from the randomly selected nine ethical funds to compare the performance of these ethical funds. To do this, the top performing four (04) conventional funds has been selected from the randomly selected nine conventional funds and the average performance of 1000 simulated portfolios consists of 20 securities from the list of FBMKLCI. Moreover, the market overall performance was measured from the average performance of FBMKLCI. The summary of all these are shown in the following table-

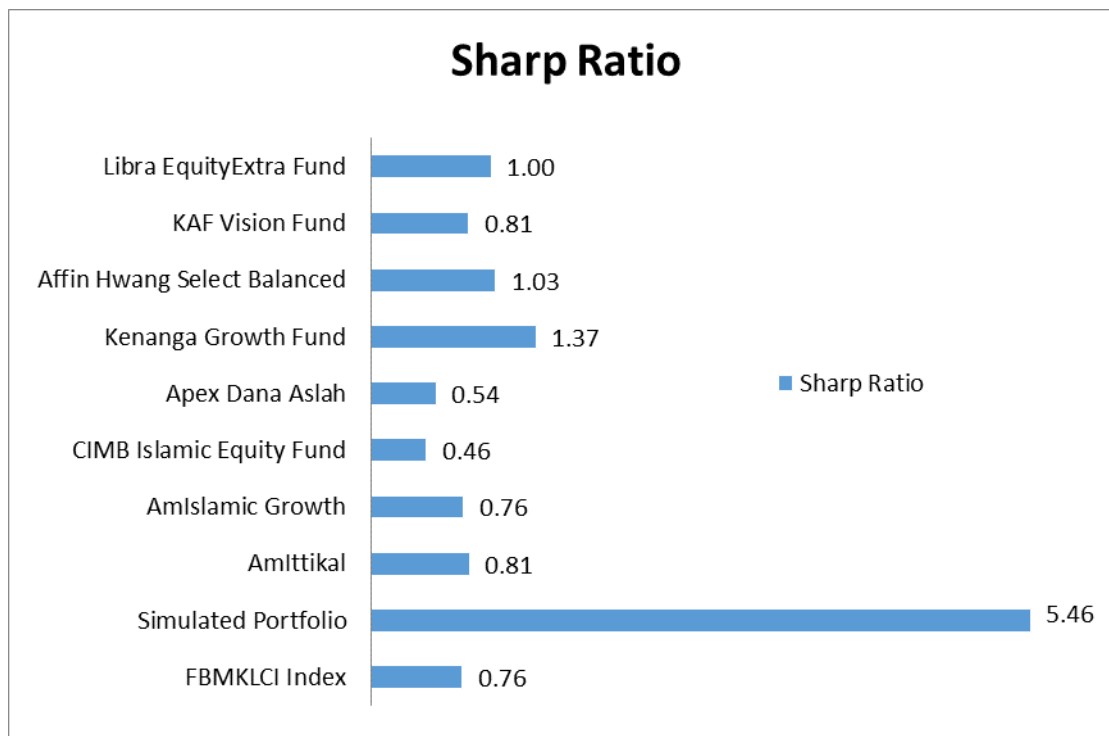
	FBMKLCI Index	Simulated Portfolio	Ethical Funds Performance				Conventional Fund Performance			
			Amlttikal	Amlslamic Growth	CIMB Islamic Equity Fund	Apex Dana Aslah	Kenanga Growth Fund	Affin Hwang Select Balanced	KAF Vision Fund	Libra EquityExtra Fund
Mean	10.74%	12.19%	10.01%	11.62%	6.94%	9.65%	20.47%	10.44%	15.47%	10.80%
Standard Deviation	10.16%	1.67%	8.57%	11.20%	8.49%	12.26%	12.75%	7.16%	15.38%	7.77%
Sharp Ratio	0.76	5.46	0.81	0.76	0.46	0.54	1.37	1.03	0.81	1.00

Note: The table made by the author based on the data collected from Bloomberg.

It is seen that the mean of those top performing ethical and conventional funds spread from 6.94% to 11.62% and 10.44% to 20.47% and their standard deviation spread from 8.49% to 12.26%. Whereas, the market portfolio comes from the performance of FBMKLCI and simulated portfolio's mean return were 10.74% and 12.19% respectively and their standard deviation were 10.16% and 1.67% respectively. From this, it is seen that the highest annual return comes from the conventional portfolio that is 20.47% and the lowest average annual return comes from the ethical portfolio which was 6.94%.

To, measure the actual performance of the ethical funds of Malaysia, the risk-adjusted performance of the ethical funds have been compared with the

conventional funds, simulated 20 assets portfolio and the FBMKLCI. To do that the sharp ratio of those has been plotted in the following graph-



Note: Graph made by the author which shows the sharp ratios of 4 (four) top performing ethical funds, 4 (four) top performing conventional funds, simulated portfolio and Malaysian market index (FBMKLCI Index)

From the graph, it is seen that the average of top performing ethical funds sharp ratio was 0.64 whereas the average of top performing conventional funds sharp ratio was 1.05 which was quite higher than the ethical fund's sharp ratio. However, simulated 20 assets portfolio's sharp ratio was 5.46 and the market sharp ratio 0.76. Therefore, the findings are as below-

- The ethical funds performance in Malaysia is poor than the conventional funds performance. So, ethical funds sacrifice their performance in Malaysia in compared to conventional funds.
- Ethical funds performing below the Market Portfolio. In this situation, ethical funds again sacrifice their performance over the market portfolio.

- However, the simulated portfolio's sharp ratio was more than eight (8th) times higher than ethical funds' sharp ratio. Therefore, if anyone wants to invest in the securities by creating their own portfolio from the list of FBMKLCI to save the fund manager's fees, he can far earn better return over the ethical funds but no ethical/Shariah complaints will follow in this situation. In short, the ethical funds sacrifice their performance over the own created 20 assets portfolio from the securities listed in FBMKLCI.

Finally, it can be said that ethical funds sacrifice their performance over other investment options in Malaysia. Therefore, the only reason to invest in the ethical/Shariah funds in Malaysia is the ethical, social, environmental and Shariah issue rather than the consideration of return from the investment.

4.2.8 How Performance of Ethical Funds and Conventional Countries differ in Malaysia:

Another research objective was to evaluate the difference between the performance of ethical funds and conventional funds in Malaysia. Now I collected required information regarding this and the information are presented in the above section. Here collected information shows that Sharp ratio of two ethical funds is in negative position and the average sharp ratio of ethical funds are lower than those conventional funds. More return from conventional funds in Malaysia is higher in compared to that of ethical funds. The ethical funds performance in Malaysia is poor than the conventional funds performance. So, ethical funds sacrifice their performance in Malaysia in compared to conventional funds. Ethical funds performing below the Market Portfolio. In this situation, ethical funds again sacrifice their performance over the market portfolio.

So, ethical funds sacrifice their performance compared to conventional funds in Malaysia.

Reason behind the Sacrifice of Ethical Funds:

To evaluate the reason for the sacrifice of ethical funds in Malaysia we can check the information which has the impact on performance as stated earlier in the study.

Conventional Funds in Malaysia				
Name of Funds	Front Load Fees	Management Fees	Early Withdrawal Fee	Allocation in Asia Pacific
KFA VISION (MPVSNFD MK)	6.50%	1.50%	0.00%	100.00%
Eastspring (PRUAPEF MK)	5.00%	1.80%	0.00%	100.00%
Kenanga (KUTNETF MK)	5.00%	1.50%	0.00%	100.00%
Affin Hwang (HWABALA MK)	6.00%	1.50%	0.00%	83.00%
RBH-OSK (OSKGEYF MK)	5.26%	1.50%	0.00%	-
CIMB (CIMGRCH MK)	0.00%	1.80%	0.00%	100.00%
PB Growth (PUBPBGF MK)	5.50%	1.50%	0.00%	100.00%
Public Industry (KLINDFI MK)	5.50%	1.50%	0.00%	100.00%
Libra (PHIEOEX MK)	0.00%	1.65%	0.00%	100.00%

Note: The table made by the author based on the data collected from Bloomberg.

Ethical Funds in Malaysia					
Name of Funds	Front Load Fees	Management Fees	Early Withdrawal Fee	Allocation in Asia Pacific	Ethical Side
Affin Hwang (AFFDANA MK)	0.00%	1.50%	0.00%	82.00%	Shariah Base
AmIslamic (AMISGR MK)	6.00%	1.50%	0.00%	100.00%	Shariah Base
AmOasis (AMOAGIS MK)	5.00%	1.80%	0.00%	11.83%	Shariah Base

AmPrecious (AMPRECM MK)	0.00%	1.08%	1.00%	83.00%	Shariah Base
Amittikal (ABMLTII MK)	6.00%	2.52%	0.00%	100.00%	Shariah Base
Apex Dana Aslah (APXSCAP MK)	0.00%	1.95%	0.00%	100.00%	Shariah Base
Apex Dana Al-sofi (APXISIF MK)	5.26%	1.50%	0.00%	100.00%	Shariah Base
CIMB Islamic (SBBIKLS MK)	6.50%	1.64%	0.00%	100.00%	Shariah Base
Hong Leong (HLGISIM MK)	0.00%	0.50%	0.00%	100.00%	Shariah Base

Note: The table made by the author based on the data collected from Bloomberg.

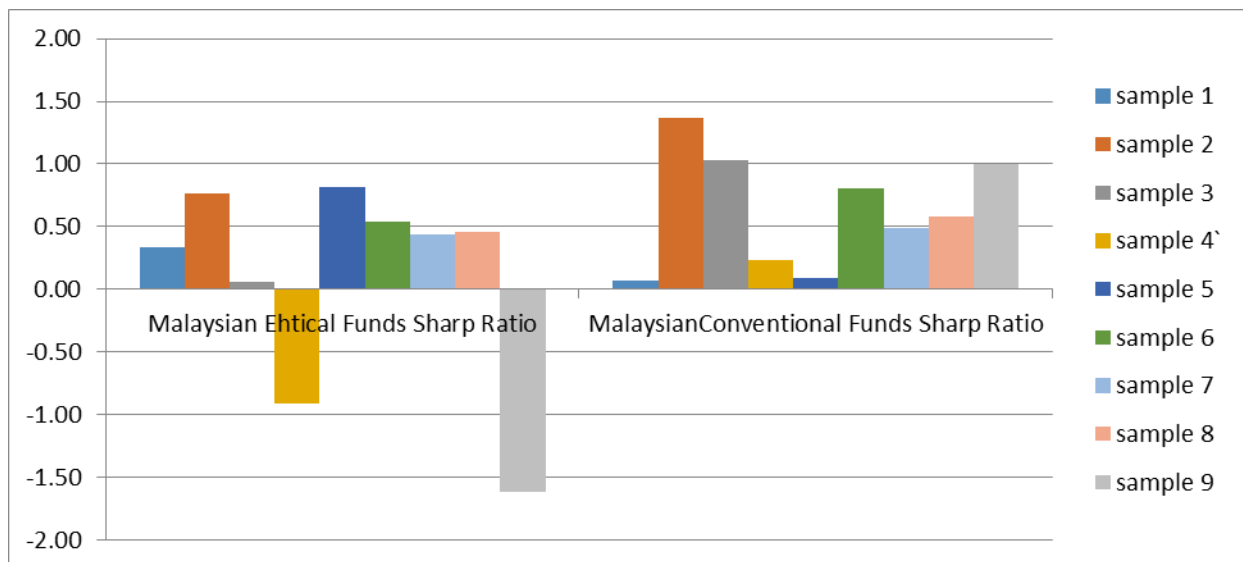
Findings behind performance sacrifice of ethical funds in Malaysia can be stated by following points-

- First of all Shariah-based investment is the main concern of ethical funds in Malaysia. All funds are invested in shariah based opportunities. This might be the main reason behind performance sacrifice as investors may want less return for investments in shariah based activities.
- Front load fees vary in case ethical funds, but it is almost same in case of conventional funds.
- Moreover, ethical funds in Malaysia consider other than Asia Pacific region and return in those funds are poor. One reason might be the investment outside Asia Region.
- Finally, management fee in case of ethical funds in Malaysia is not consistent as conventional funds.

These are prime reasons identified for poor performance of ethical funds in Malaysia, but Shariah-based investment should be considered as the main reason for performance sacrifice in Malaysia.

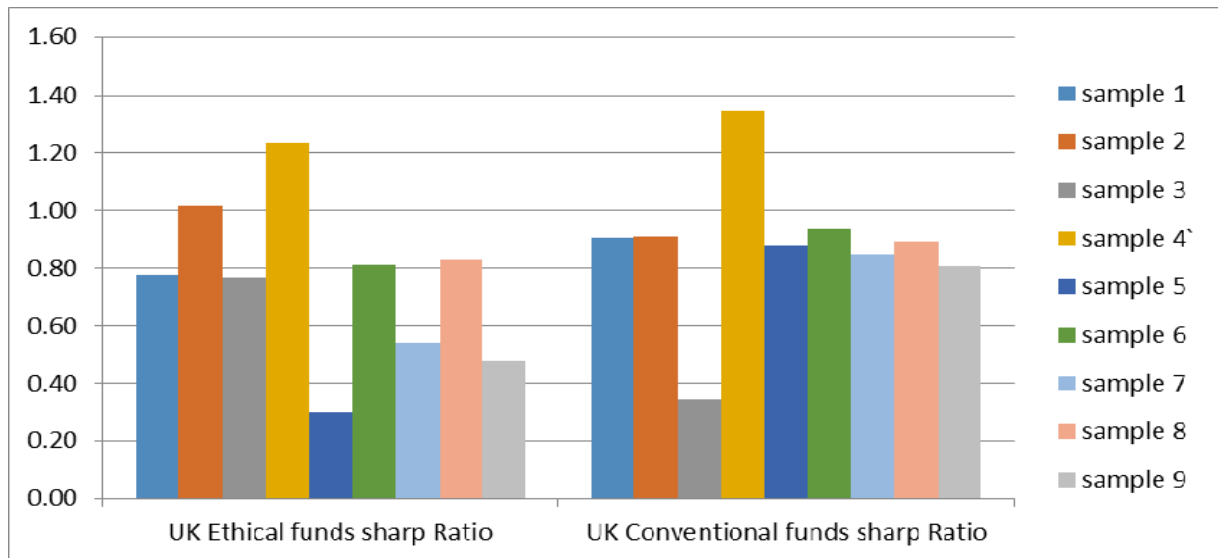
4.3 Comparing Ethical funds performance between UK and Malaysia:

In this stage, the performance of ethical funds in Malaysia and UK has been analyzed. To do this, the sharp ratios of sample ethical funds and conventional funds of Malaysia have been compared. It is seen that on average the ethical funds sharp ratio was 0.10 and the average sharp ratio of conventional funds was 0.63. Moreover, some ethical funds sharp ratios are negative. Finally, it can be said that the ethical funds performing poorly than the conventional funds in Malaysia which shown in the following graph-



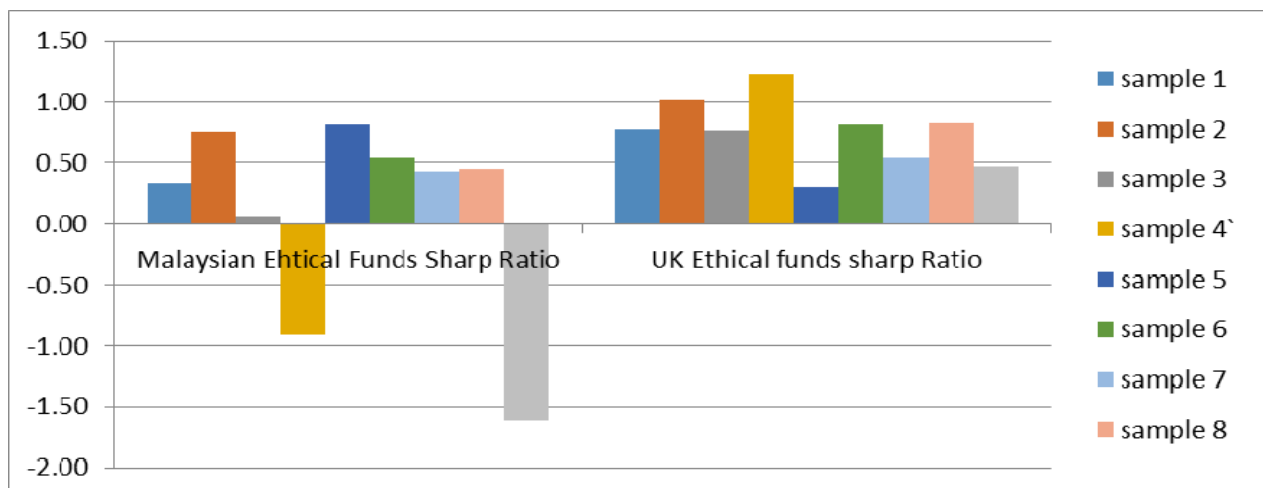
Note: Graph made by the author which shows the sharp ratios of Malaysian ethical funds and conventional funds.

Now, the sharp ratios of nine sample ethical funds and nine conventional funds of UK have been compared. It is seen that on average the ethical funds sharp ratio was 0.75 and the average sharp ratio of conventional funds was 0.86. So, it can be said that the ethical funds performing very close to the conventional funds in the UK which shown in the following graph-



Note: Graph made by the author which shows the sharp ratio of UK's ethical funds and conventional funds.

Now, the sharp ratios of nine sample ethical funds of Malaysia and nine ethical funds of UK have been compared. It is seen that on average the ethical funds sharp ratio of Malaysia was 0.10 and the average sharp ratio of ethical funds was 0.75. So, it can be said that the ethical funds of UK performing well above the ethical funds of Malaysia which shown in the following graph-



Note: Graph made by the author which shows the sharp ratios of ethical funds of UK and Malaysia

Finally, it can be said that, the ethical funds of the UK performing well in compare to the ethical funds of Malaysia however in both countries the ethical funds sacrificed their performance in compare to their respective countries conventional funds. Moreover, the sacrifice of ethical funds

performance of Malaysia was around 6th times and the conventional funds of Malaysia while in the UK the sacrifice of ethical funds over Malaysian funds was negligible.

4.4 How Performance of Ethical Funds differ between UK and Malaysia:

To evaluate the reason for the worst performance of ethical funds in UK and Malaysia, we can check the following information which has the impact on performance the funds performance.

	Ethical Funds in UK				Ethical Funds in Malaysia			
	Henders on Global	Kames E. Equity	Ecc Amity	Alliance Trust	Amlttikal	Amlslamic	CIMB Islami c	Apex Dana Aslah
Front Load Fees	0.00%	0.00%	2.00%	0.00%	6.00%	6.00%	6.50%	0.00%
Management Fees	0.00%	0.75%	0.75%	0.75%	2.52%	1.50%	1.64%	1.95%
Early Withdrawal Fee	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allocation	95% in UK & Europe	96% in UK & Europe	95% in UK & Europe	100% in UK & Europe	100% in Asia Pacific	100% in Asia Pacific	100% in Asia Pacific	100% in Asia Pacific
Ethical Side	Social and environm ent	Ethical guideli ne	Comm unity life and enviro nment	ESG grounds	Shariah Base	Shariah Base	Sharia h Base	Shariah Base

Note: The table made by the author based on the data collected from Bloomberg.

From the above table, it is seen that the front load fees of four top performing ethical funds of Malaysia is much higher than UK's top performing ethical funds. Besides these, management fees of Malaysian ethical funds are much higher than UK's ethical funds through the early withdrawal fees of both countries ethical funds are 0%. As, the fees are higher in Malaysia than UK so investors of ethical fund chose UK's ethical

fund to Malaysian funds. This higher fees of ethical fund may be one reason for worst performance of Malaysian ethical funds.

Moreover, more than 95% of asset of UK funds were allocated in UK & Europe whereas 100% assets of Malaysian funds were allocated in Asia Pacific. The UK's ethical funds choose to invest a major portion of the fund in the developed market whereas Malaysian ethical funds choose to invest completely in developing market. This may a reason for the worst performance of Malaysian ethical funds than the ethical funds of UK. McLachlan and Gardner (2004) in their study concluded that, allocation of funds across the country or continent has impact on the performance of mutual funds which is reflected here.

Besides this, investor of Malaysia may not aware of ethical funds and their importance due to the information asymmetry. Whereas, the investor of ethical funds of UK get the opportunity of access all the required information so they are much conscious about the ethical funds and their performance. This may be another reason of outperforming of ethical funds of UK over the Malaysian ethical funds. Kreander et al. (2005) stated that, information asymmetry may make investors not concerned about fees and actual return from the investments. Malaysian investors of ethical fund may suffer from similar situation.

Beside these, the economic growth is the main concern of developing countries irrespective of ethical issue whereas the ethical, social and environmental issues were come forward for developed countries as they already reach the peak of economic growth.

Finally, it can be said that higher funds maintenance fees, inefficient market, only Shariah-based selection criteria and economic condition of Malaysian funds allocation area causes the poor performance of Malaysian ethical funds than the ethical funds of UK.

5 Chapter Five- Conclusion

This chapter of study has been designed to provide concluding remarks regarding the study. Here overall findings of the study will be matched with various empirical evidence and discussions. An overall discussion of the chapter will help to have critical review regarding the study.

My research study was designed to understand the comparative performance of ethical funds, conventional funds, Simulated Portfolio and market portfolio (index) in UK & Malaysia. The overall discussion of the study shows that the performance of ethical funds and conventional funds are almost similar in the UK. This means that there is no performance sacrifice or premium by ethical funds in the UK. Investors are likely to have similar return from investments regardless nature of the funds. This finding has been strongly recommended by Renneboog et al. (2008). Renneboog et al. (2008) in their study tried to find the differences between performance of ethical funds and conventional funds collecting data from 13 countries and they concluded that, there is no significant difference between performance of ethical funds and conventional funds. This statement was also supported by various researchers like Kempf and Osthoff (2008), Gregory and Whittaker (2007) etc. However, ethical funds performing poorly (sacrifice) compared the simulated portfolio but beats the market index (i.e., getting premium). Kempf and Osthoff (2008) stated that investors may select ethical funds for social responsibility but not for return.

Here I tried to find the reason behind the similarity of performance between ethical funds and conventional funds. To have an idea about this, I examined various fees associated with ethical funds and conventional funds in UK and investment allocation of ethical funds and conventional funds. Here collected data show that both conventional funds and ethical funds have the same pattern of fees and investment allocation. This might be the reason for the similarity of investment return. Kreander et al. (2005) in their study concluded that size and age of funds do not affect performance rather fees associated with investments are important. Grinblatt and Titman (1994) stated that the allocation of fund across the countries may have an impact on

the performance of mutual funds. So, findings from the study are supported by empirical researches. Here fees associated with mutual funds and allocation funds across the country were similar in case of both ethical funds and conventional funds in the UK thus return which causes no performance sacrifice and premium of ethical funds over conventional funds.

Next I tried to have a comparative overview of performance between ethical funds, conventional funds, simulated portfolio and market portfolio in Malaysia. The findings regarding this statement show that ethical funds in Malaysia are sacrificing performance compared to conventional funds, simulated portfolio and market portfolio. That means ethical funds are providing less return compared to conventional funds, simulated portfolio and market portfolio. I tried to have the idea about the possible reason behind this. To have an idea about differences of performance, I analyzed fees associated with funds and selection of ethical side. Here I found that load fees vary among ethical funds and there were withdrawal fees in case of some ethical funds. But there were no withdrawal fees in case of conventional funds in Malaysia. This might be one reason behind poor performance by ethical funds in the Malaysia as stated by empirical evidences of Kreander et al. (2005) and Bollen and Cohen (2005).

Now, I tried to compare the ethical funds' performance between UK and Malaysia. Here, Malaysian ethical funds are performing poorly than the ethical funds of UK. The fees associated with the ethical funds in Malaysia is higher than the fees associated in the UK which may be one of causes of poor performance of Malaysian ethical funds. As Malaysia is Islamic country and its main ethical concern is Shariah-based investment, this Shariah-based investment has been identified as the main reason behind the poor performance of ethical funds in Malaysia. Abdelsalam et al. (2014) conducted study on Islamic and Socially responsible funds. Their findings show that ethical funds in Islamic countries are poor performers as investors do not consider fees associated with this, the actual return from investments and past performance. According to them Islamic mutual funds or the term

'Halal' works in their mind and they are ready for less return. Asutay (2012) also supported findings of the present study. He stated that when Shariah-based investments become the main concern of ethical funds then scope for investment decreases. This might be the reason behind less performance of ethical funds in Malaysia. Besides these, 95% of asset of UK funds were allocated in UK & Europe whereas 100% assets of Malaysian funds were allocated in Asia Pacific which may cause the poor performance of Malaysian funds. Moreover, information asymmetry of Malaysian investor than the UK investors may be another causes of poor performance of Malaysian ethical funds.

Considering overall discussion of the present chapter it can be concluded that investors may select both ethical investments and conventional investments for same return but they must be concerned and justify their interests while investing in Shariah-based ethical mutual funds, asset allocation and funds associated fees.

6 Chapter Six-Recommendations of the Study

Considering overall data collected for the present study following points can be stated as recommendations of the present study while further research required in those recommendations.

- Both the ethical funds and conventional funds' performance in the UK were same so the ethical funds did not sacrifice or getting the premium over conventional funds in the UK. Therefore, people should consider the ethical funds to invest for protecting the society and environment and also promoting the ethical business in the society. But further research can be conducted to identify whether positive screening or negative screening process are performing better. To have this information study can be conducted on investment concentration considered by various mutual funds and their performance over the time.
- Findings of the study show that ethical funds performing over the Market Portfolio so the ethical funds will consider to over the market portfolio to get a good return and ethical issue. But here study has been conducted on the basis of nine different ethical funds. Further research may be carried to identify the criteria of mutual funds which can be selected to have more return than the market return.
- This study shows that management fee, load free, and early withdrawal fee is almost same in the case of ethical funds and conventional funds in the UK. Research can be conducted to identify the reason behind this and impact of imposing any early withdrawal fee on investment returns.
- Investors in Malaysia may prefer conventional funds over ethical funds because ethical funds performance in Malaysia is poor than the conventional funds performance. Besides ethical funds has less return compared to the market return. But researcher can conduct study to identify the specific reasons behind less performance.
- Another finding of the study recommend that investors may avoid shariah-based ethical funds investment as all ethical funds in Malaysia select fund consider only shariah related ethical issues. There might be

other co-factors for which ethical funds are less performer in Malaysia compared to conventional funds which can be identified through research.

Finally, the impact of various fees can influence return from a fund and investors must consider those. Research can be conducted to understand the relation between return and fees. In that case, investor can easily check the amount of fees and the expected return.

Scope for further research:

Present research study tried to provide comparative view regarding performance among ethical funds, conventional funds, simulated portfolio and local market portfolio in context of UK and Malaysia. This study suffered from some limitations which created scope for further research. First of all further research can be conducted considering the factors which are reason behind poor performance of ethical funds in Malaysia. Next research can be conducted on allocation choice of mutual funds managers and impact of allocation selection on performance. Further research can be conducted on choice of allocation in developed countries and developing countries. Here an Islamic country has been selected as representative of developing countries to have overview of performance in developed countries and developing countries but further research can be conducted selecting other than Islamic countries. Research can be conducted on performance of all conventional funds and ethical funds in all continentals. This study has been conducted collecting data on nine different conventional funds and ethical funds as representative of both but further research can be conducted collecting data on whole population.

Going through overall findings and limitation of the present study it can be concluded that this study created new scope for further research study.

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