

# **Impact of covid-19 pandemic on fixed income unit trust fund and equity unit trust fund performance: a comparative analysis in Malaysia**

## **ABSTRACT**

The shock of the global COVID-19 pandemic is critical even compared to the great financial crisis of 2007–2008 (Sansa, 2020). This study emphasizes the performances of equity unit trust funds and fixed income unit trust funds during the COVID-19 pandemic, applying daily data from January 2020 to June 2020. A total of 32-unit trust funds are selected for the study, consisting of 16 fixed income funds and 16 equity funds. The performance of the unit trust funds is examined by using the Sharpe ratio measure, Treynor ratio measure, and Jensen's alpha measure to analyses the impact of COVID-19 on the funds. The findings of this research suggest a mixed result of performance, where some funds outperformed the market benchmark while others underperformed it. For the fixed income unit trust funds, both the average standard deviation and average beta underperformed the benchmark index. On the contrary, the total risk of equity funds is higher than the market benchmark, while systematic risk is lower than the market benchmark. Besides, based on the results of Jensen's alpha, only a few unit trust funds have a positive alpha, implying that some of the fund managers are either good in market timing or in selecting unit trust funds. Investors and fund managers can benefit from this study when making decisions to enhance their portfolios' performances during the crucial period. This study will also provide a general outlook on the behaviour and performance of unit trust funds in Malaysia during the selected period of the COVID-19 crisis.