Identification of macroeconomic determinants for diversification and investment strategy for Islamic unit trust funds in Malaysia

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Abstract

The main objective of this paper is to investigate the impact of macroeconomic variables on the performance of Islamic unit trust funds in Malaysia. The study uses the vector autoregressive framework (VAR) and Granger causality test to determine the relationship between the macroeconomic variables and the performance of Islamic unit trust funds in Malaysia. The findings of this study show that there is a significant long-run relationship between the macroeconomic variables and the performance of Islamic unit trust funds in Malaysia. Additionally, the findings show that the different macroeconomic variables have different impacts on the performance of Islamic unit trust funds in Malaysia. The findings also indicate that the performance of Islamic unit trust funds in Malaysia is influenced by macroeconomic variables such as inflation, exchange rate, and interest rate.

Author keywords

macroeconomic variables, Islamic unit trust funds, VAR, Granger causality

References