



DOMINANT STOCKS ON ASEAN-5 MARKET

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ABSTRACT

Three stock exchange markets from Thailand, Malaysia and Singapore are linked together through the ASEAN Trading Link project. This is to attract foreign investors around the world to invest in the ASEAN market. In this study, we construct portfolios of ASEAN-5 stocks and investigate the stocks that dominate the others. Our portfolio construction follows Markowitz's Modern Portfolio Theory in which we use the minimum variance portfolio (MVP) model. From the empirical result, we found that most dominant stocks are from Bursa Malaysia. These dominant stocks are mainly from telecommunication service sector and food/beverages sector. All of our portfolios have lower risk and higher return per risk ratio than ASEAN Stars index portfolios in the research period.

Keywords: Dominant stocks, ASEAN-5 market, Markowitz, MVP