

*Replications of Contemporary*  
**FINANCE AND INVESTMENT  
STUDIES IN MALAYSIA**

**EDITED BY  
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## Preface

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“... for results to warrant our trust, they need to be replicable.”

Stuart Ritchie

“Published and true are not synonymous.”

Brian Nosek, Jeffrey Spies and Matt Motyl

“Only by ... repetitions can we convince ourselves that we are not dealing with isolated ‘coincidence’.”

Karl Popper

Three short quotes. The message is clear - research replication is undoubtedly important. Replication is fundamentally important for the reputation of science. We have a problem if there is a high incidence of replication fails and we cannot find reasonable explanations that avoid any suggestion of fraud; bias; negligence and hype (Ritchie, 2020). There are worrying signs across many disciplines, and it is now time to act.

Positive action can take many forms and, in my mind, such action will always be on firm ground if the principles of “responsible science” are followed. There are three pillars - research should be *credible* – i.e. reliable; research should be *relevant* – i.e. useful; and research should be *independent* – i.e. unbiased. I am a little embarrassed to admit that it has taken me many years to come to this realisation, and now I am so convinced that the research ecosystem needs to change, I am devoting all of my “spare time” to try and make a difference - to bring us closer to responsible science.

And so, when I think of this book, it is a small but important piece of the puzzle on the road to achieving responsible science. Having the privilege and distinct honour of being the Chairholder of the Tun Ismail Mohamed Ali Distinguished Chair, has presented a fantastic opportunity to facilitate an important milestone for finance research in Malaysia. It is important to know “does it work here?”.

Replications and replicability are becoming an increasingly important part of the modern view of responsible science. Most notably, responsible research is about producing research that is applicable to a diversity

setting, both across jurisdictions and across time. However, often the main evidence in finance and investment is rigorously documented for the US market, with an implicit assertion that such knowledge will be highly relevant and reliable to all other markets and settings. While this “generalizability” view is likely to be justified in many cases, in many others it will need some type of nontrivial modification or even more dramatically, a complete overhaul. The problem is that without explicit testing, we can never be sure which case is which.

Accordingly, this book embarks on a journey of discovery – a journey that seeks to establish whether and to what extent the key findings of selected recent US studies identified in the world’s leading finance journals do “work” in contemporary Malaysian financial markets. Broadly speaking, the topics covered include: the efficacy of safe-haven assets; the role of asset pricing factors; the effect of mood on investing; the general market predictability of precious metals; the role of skewness; left-tail risk and the value of CSR. Such carefully executed replication evidence will present a landmark reference point for the key stakeholders in Malaysia for years to come – whether they are academics, research students, coursework students, corporations, fund managers, regulators, government, exchanges or industry practitioners.

Finally, there are many whom I would like to formally thank. Thank you to Permodalan Nasional Berhad and the Faculty of Economics and Management at the University of Kebangsaan Malaysia. You have shown great faith in me and I hope that I have delivered, despite the adversity we faced in 2020. While there are too to mention by name at UKM, special thanks go to Farah and Norazlan.

And, the very final *thank you* go to the researchers who delivered their chapters herein, on time and with great cheer. Clearly this project could not have happened without you!

To Cheema, Kenneth, Daniel, Mardy, Angel, Robert, Suichen, Huong, Mingyi, Olena, Jing, Jin, Fang, Xinfeng, Amirul, Jiexiang, Yongxian, Hailong - thank you!

Finally, a word of caution. The guidance in this book is general, indicative and purely educational only. Moreover, the contents of the book should not be construed in any way, shape or form as investment advice. Before taking any actions, readers should seek contemporary advice from an experienced investment professional.

*Robert Faff*