

MAKERERE UNIVERSITY

TRADING SYSTEMS AND DECISION MAKING BY INSTITUTIONAL INVESTORS

BY

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**A DISSERTATION SUBMITTED TO SCHOOL OF GRADUATE STUDIES IN
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DECLARATION

I hereby declare that this study is my original work and that it has never been submitted for any award in any university.

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APPROVAL

This is to certify that this dissertation has been submitted with our approval as university supervisors.

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DEDICATION

I dedicate this work to my Uncle Godfrey Lubulwa and my Father Dr. B.D. Mpandey who offered their financial support. Finally, to my Mother who always prayed for me and kept encouraging me to strive for greater heights

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May God Bless you

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ABSTRACT

The study sought to examine the relationship between trading systems and decision making of institutional investors of listed companies on the Uganda Securities Exchange. According to Tharp (2010), a trading system is a set of procedure, trading parameters and trading indicators. The objectives of the study were to examine the relationship between; i) set of procedure and decision making, ii) trading indicators and decision making ,iii) trading parameters and decision making , iv) set of procedure, trading indicators and trading parameters.

The methodology used was a cross sectional survey design with a descriptive approach to ascertain the relationship between trading systems and decision making by institutional investors. Analysis of data was done using the Statistical Package for Social Scientists (SPSS). Findings indicated a positive relationship between the study variables: set of procedure, trading indicators and decision making ($r = 0.45, p \leq .01$), trading parameters and decision making ($r = 0.34, p \leq .01$), set of procedure, trading indicators and trading parameters ($r = 0.32, p \leq .01$). General findings showed that trading parameters were the most significant explainers of decision making ($B = .40, p = .05$).

The study therefore recommended that if Institutional investors are to trade effectively, they should trade within financial capability, with quality advice, base on past stock performance, and design trading systems that are compatible with the corporate strategy of their organization.