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**THE INFLUENCE OF FUND AGE, MARKET TIMING ABILITY,
SELECTION SELECTION AND FUND SIZE ON SHARIA EQUITY
MUTUAL FUNDS PERFORMANCE (2017-2019 PERIOD)**

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Abstract:

The purposive research is to examine the influence of fund age, market timing, stock selection, and fund size on sharia equity funds performance (period 2017-2019). The method used in this study was purposive sampling using 30 samples of sharia stock mutual funds. This research uses secondary data, namely the sharia stock mutual fund performance report in the form of JCI, SBI, Profile, and monthly NAV in each sharia stock mutual fund. The performance of stock mutual funds as a dependent variable using the Sharpe Ratio Method proxy. This study used a panel data method with a significant rate of 5% or 0.05 to test 4 Hypotheses using the Eviews program. Based on the results of the t (partial) test, it results that the age and selection of shares have no effect while the timing and size of funds have a positive effect on the performance of Islamic stock mutual funds. This study used the pane data method; with a significant rate of 5% or 0.05 to test 3 Hypotheses by using the Eviews program. Based on the results of the t (partial) test, it results that the fund age and selection of shares have no effect while the timing and size of funds have a positive effect on the performance of Islamic stock mutual funds.

Keywords: *performance of sharia equity mutual funds, fund age, market timing ability, stock selection, and fund size*



Background

Nowadays, the development of the times makes human needs also develop. Economic problems in the form of meeting needs and economic instability support increased community activity in investing. Real investors do not all understand how to invest well. For initial investors or lay beginners who lack investment knowledge and investors who are busy at work but have funds. The development of mutual funds up to 2019 shows that in the last three years mutual funds have experienced an increase where in 2017 the number of products increased by 352 products from 2016. Meanwhile in 2018 there were 334 products, up to 2019 the total number of mutual fund products recorded was 2,181 or up 12.15%. Likewise with the NAB of mutual funds in the last three years, where in 2017 it increased by 118,756.76 while in 2016 it was 66,780.81, and by 2019 the total NAV of mutual funds had reached IDR. 542,196.36 or an increase of 9.91%. NAV stands for Net Asset Value which describes the amount of mutual fund capitalization. The size of funds in mutual funds has an influence on mutual fund performance, where large or small funds will affect market capitalization (Sampurno & Wicaksono, 2017). Investing in mutual funds is an increasingly popular choice because it provides relatively high returns compared to deposits. Indonesia is a country with a Muslim majority, of course, has a society that adheres to Islamic teachings and rules.

The development of NAB of Islamic mutual funds in Indonesia in the last three years has experienced a high increase. The increase can be seen in 2017, the total NAV reached IDR. 505,390.30 continued in 2018 to increase to Rp. 542,196.36 until 2019 reaching Rp. 547,841.49. Sharia mutual fund products also reached 2,181 in the last three years until 2019 (OJK, 2020). Sharia Stock Mutual Funds are one of the investments that are in highest demand by investors. In providing investors with a sense of security in the world of investment, investment managers should evaluate the performance of investment instruments in sharia mutual funds. Trisnopati's research (2015) shows that timing has a significant negative influence on mutual fund performance. The reason we can see is that when an investment manager has good timing, it will result in the performance of mutual funds decreasing because the manager will be very careful in selling and buying, which is less efficient or takes a long time in making decisions. The opposite was expressed by Rachmah & Juniar (2018) by stating that timing has no influence on mutual fund performance. The reason is because the significant value in this study is 0.582, which is greater than 0.05, which shows that the investment manager's ability in this study in forming his asset portfolio by buying or selling has not been able to predict the time to face changes in stock prices that will occur. Supported by research conducted by Sampurno & Wicaksono (2017) where timing has no effect on the performance of sharia mutual funds. The reason is that the results of the regression coefficients and significant values of 0.003 and 0.668 are greater than 0.05, which shows that investment managers at Islamic mutual funds in Indonesia in determining the time period for purchasing shares have not produced high portfolio returns in this research period because predicting is not easy and not bad. hard to do.

Putri (2014) in Rachmah & Juniar (2018) states that when an investment manager has the ability to select the right stocks to include or remove from a stock portfolio, it will provide a good return that exceeds market returns and the performance of mutual funds. Based on research conducted by Sampurno & Wicaksono (2017) states that Stock Selection has a positive and significant effect on the performance of Mutual funds. Other research was revealed by Rachmah & Juniar (2018) with a different opinion which in his research stated that Stock Selection has no effect on the performance of Mutual funds. The size of a company's funds illustrates the amount of assets owned by a company, Trisnopati (2015). Fund size variable has a positive and significant influence on the performance of mutual funds (Sampurno &



Wicaksono, 2017). With this research can be developed on Mutual funds with Sharia principles by analyzing "The Influence of Fund Age, Timing Ability, Stock Selection and Fund Size on the Performance of Islamic Stock Mutual Funds".

THEORETICAL FRAMEWORK

Portfolio Theory

Portfolio Theory Portfolio selection was first coined by (Markowitz, 1952), known as Markowitz's Portfolio Theory. This theory discusses returns and risks from investment results. Makowitz expressed his thoughts with a concept where the fund owner or investor will invest in more than one investment instrument. A good portfolio is a portfolio that is managed optimally by paying attention to trade offs. Investors will choose to invest with high returns and low risk

Mutual fund performance

Performance measurements are of course carried out to evaluate portfolios which will illustrate the success of a manager in managing investments. Mutual fund performance is the performance of a portfolio which is not only seen from the level of return the portfolio produces, but must also consider other factors such as the risk level of the portfolio. Mutual fund performance is an assessment of a portfolio of securities that means investment does not always provide definite profits, so it is necessary to estimate the performance or expected results (Z. Alwi, 2003). In evaluating performance, Samsul (2018) explains in his book that to understand the evaluation model of mutual fund performance, it is processed using three models, namely the Sharpe method based on the risk between excess return and standard deviation, the Treynor method which is a systematic risk using beta as a divider and the Jensen method. by carrying out measurements based on CAPM.

Fund Age

The age of a mutual fund describes how a mutual fund begins to trade on the capital market. Asriwahyuni (2017) states that the age of a mutual fund is an illustration that shows when a mutual fund started. Furthermore, Sampurno & Wicaksono (2017) said that Fund Age shows the age of a Mutual Fund since the date the Mutual Fund was effectively traded. Likewise, according to research by Maya & Cintyawati (2015), the age of a mutual fund is a reflection of when the mutual fund is traded on the stock market. From these theories we can conclude that Mutual Fund Age shows how Mutual Funds operate and shows the Fund Age of a mutual fund being effectively traded, where Mutual funds that have a longer life provide a better working picture. Fund age is measured from the time the fund begins to trade effectively

Timing Ability

The investment literature generally says that market timing is very difficult when it is done, so many investment managers often rely on the ability to choose stocks to get abnormal (Superior) performance. According to Samsul (2018) Timing is paying attention to market conditions in determining when to sell and buy or when to alternate in predicting portfolio composition. Investors pay for the ability possessed by investors in choosing an investment instrument, planning asset allocation, and the timing of which investors do not have this ability by using the services of investment managers. So it can be concluded that Timing is the ability of the



investment manager to make adjustments to the investment-instrument asset portfolio, by buying or selling shares in a timely manner to anticipate changes in market prices that can cause losses or profits for the Mutual Funds they manage.

Share Selection

To convince investors to hand over their funds to the investment manager, the investment manager must have the ability to place the right stocks in the portfolio as evidenced by his ability to select stocks. Furthermore, according to Wijaya (2016) in his book, it states that Stock Selection is the ability of investment managers to choose the right securities in their portfolio so as to provide high returns. Stock Selection selects stocks with good performance that will be selected as investments (Samsul, 2018). Stock selection is the ability of investment managers to choose the right securities in their portfolios so as to provide high returns (Manurung, 2018). From some of the research above on stock selection, we can see that stock selection is an indicator of the ability of investment managers to measure mutual fund performance by forecasting the movement of stocks on equity used in selecting stocks that assist investment managers in forming portfolios to meet investor expectations. How to calculate Stock Selection and Timing using the Treynor & Mazuy Model and can also use the previous model, namely Henriksson & Merton which was developed in research (Dass & Nanda, 2013).

Fund size

The size of a mutual fund or the number of assets is an important part that investors need to consider when making an investment. Mutual fund size is a measuring tool for the size of a mutual fund for the funds it manages (Asriwahyuni, 2017). The greater the size of an asset being managed reflects the high flexibility in mutual funds. So it can be concluded that the size of the fund is the total/or total assets of the Mutual Fund which is one of the measuring instruments for the size of the Mutual Fund. The greater the number of total assets owned by a company, gives an idea of how big the size of the company is and tends to have a lower expense ratio which has an impact on the performance of mutual funds.

METHOD

The research approach used in this research is a quantitative approach using panel data analysis containing a combination of time series and cross sections. This research is aimed at determining the influence and direction between the independent (free) variable and the dependent (dependent) variable. The data obtained will later be processed and analyzed using Microsoft Office tools and also the Eviews 9 application. The objects studied in this research are mutual funds registered on the Financial Services Authority (OJK) website during the period 2017 to 2019. The time of this research is starting from November to May 2023 by examining the performance of Sharia Stock Mutual Funds for three years, namely 2017-2019. In determining the sample, this research used non-probability sampling with a side purposive sampling technique. The research location is not mentioned because this research uses secondary data. Where this research was taken from addresses such as the websites www.ojk.go.id, www.finance.yahoo.com, www.bareksa.com www.bi.go.id as well as the company websites of each mutual fund studied.



RESULT

This study has 30 sample data (n), 4 dependent variables (k), degree of freedom (df) of 85 ($n-k-1 = 90-4-1$) and sig. 0.05. Based on these criteria, a ttable of 1.66298 can be obtained.

T TEST RESULTS TABLE

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.826862	1.190232	-5.735740	0.0000
Fund Age	-0.013664	0.032927	-0.414974	0.6797
Timing	-1.694499	0.386236	-4.387213	0.0001
Stock Selection	-0.004982	0.011449	-0.435197	0.6651
Fund Size	0.949642	0.152914	6.210294	0.0000

Based on the results of the t test which are presented in Table 4.7, the hypothesis results that emerge one by one (partially) between each independent and dependent variable can be explained as follows:

Hypothesis 1: Fund Age Has a Positive Influence on the Performance of Sharia Equity Mutual Funds

Based on Table 4.7, it shows that the Fund Age variable has a t value of 0.414974 which is smaller than the t table which is 1.66298 or ($0.414974 < 1.66298$). The Fund Age variable also shows a probability value of 0.6796 or exceeding the value of 0.05 ($0.6797 > 0.05$). The results of this test show that the Fund Age variable does not affect the performance of Sharia Stock Mutual Funds so it can be concluded that the first hypothesis (H1) which states that Fund Age does not have a positive influence on the Performance of Sharia Stock Mutual Funds is rejected.

Hypothesis 2: Timing has a Positive Influence on the Performance of Sharia Equity Mutual Funds

Based on Table 4.7, it shows that the Time Determination variable has a tcount value of 4.387213 which is greater than the ttable value of 1.66298 or ($4.387213 > 1.66298$). The Timing Variable also shows a Prob value of 0.0001 or less than 0.05 ($0.0001 < 0.05$). The results of this test show that the Timing variable influences the Performance of Sharia Stock Mutual Funds so it can be concluded that the second hypothesis (H2) which states that Timing has a positive influence on the Performance of Sharia Stock Mutual Funds is accepted.

Hypothesis 3: Stock Selection Has a Positive Influence on the Performance of Sharia Stock Mutual Funds

Based on Table 4.7, it shows that the Stock Selection variable has a tcount value of 0.435197, which is smaller than the ttable value of 1.66298 or ($0.435197 < 1.66298$). The Stock Selection variable also shows the prob value. equal to 0.6651 or greater than the value of 0.05 ($0.6651 > 0.05$). The results of this test show that the Stock Selection variable does not affect the Performance of Sharia Stock Mutual Funds so it can be concluded that the third hypothesis (H2) which states that Stock Selection does not have a significant positive effect on the Performance of Sharia Stock Mutual Funds is rejected.



Hypothesis 4: Fund size has a positive effect on the performance of Islamic equity mutual funds

Based on Table 4.7, it shows that the fund size variable has a tcount value of 6.210294, which is greater than the ttable value of 1.66298 or $(6.210294 > 1.66298)$. The fund size variable also shows the prob value. of 0.000 or smaller than the value of 0.05 $(0.000 < 0.05)$. The results of this test show that the fund size variable influences the performance of Sharia Stock Mutual Funds so it can be concluded that the fourth hypothesis (H2) which states that fund size has a positive influence on the Performance of Sharia Stock Mutual Funds is accepted.

DISCUSSION

The Influence of Fund Age on the Performance of Sharia Equity Mutual Funds

The way to find out how long the life of a Sharia Stock Mutual Fund is by looking at the period when the Mutual Fund started actively trading. Fund Age Theory in research by Rao (2000) in Rachmah & Juniar (2018) Fund Longevity (age) where a longer age will have a longer track record, so it can depict better performance to investors, is not in line with the results of research. What has been done is that Fund Age has no influence on the performance of Islamic Mutual Funds. Fund age does not have a significant influence on the performance of Sharia Stock Mutual Funds in line with previous research conducted by (Asriwahyuni, 2017) where young Mutual Fund age makes Investment Managers more careful in choosing products with high return expectations, young age shows better results. good for older Mutual Funds on the market because they are young, the capitalization level is still small so portfolio formation tends to be easy and the liquidity level of young Mutual Funds is still small. This research is also supported by Sampurno & Wicaksono (2017) with the results of their research that Fund Age does not have a significant influence where Mutual funds with a younger age tend to show good performance and be careful in compiling portfolio instruments to produce high returns so that they can attract the attention of investors in making investments

The Influence of Timing on the Performance of Sharia Equity Mutual Funds

In this research, the Time Determining Ability of Investment Managers in Sharia Stock Mutual Funds has contributed to the increase in the rate of return resulting from portfolio returns. This is in line with previous research conducted by Murhadi (2010) and Putri & Haryanto (2014) which stated that the Timing variable influences Mutual Fund Performance. Where Timing is significantly positive on Mutual Fund Performance. This shows that the investment manager's ability to determine timing is very much needed to increase returns.

The results of this research are also in line with research by Samsul (2018) which states that timing has a significant effect where the ability to determine timing is very important for an investment manager because this analysis is used as the basis for decision making for "buy time" and "sell time" which is used to prevent changes in market prices that cause market prices that can cause profits or losses for managed Mutual Funds.

The findings of this research are also supported by research (Maulana & Ardiansari, 2018) which states that timing has a significant effect, where timing ability is needed in the investment manager's active strategy in obtaining abnormal returns which will increase by paying attention to market conditions which determine the return results. It can be concluded that the Investment Manager's abilities are good in obtaining increased returns because the Investment Manager, as the party who has the trust of investors, is able to read and anticipate price changes that occur in the market.



The Influence of Stock Selection on the Performance of Sharia Stock Mutual Funds

Other research results that support that stock picking does not have a significant influence were carried out by (Dhar, n.d) "results showed that fund managers have failed to show consistent stock picking abilities, be due to lack of diversification of the sample portfolio." This means that the results show that the manager failed to demonstrate consistent Stock Selection abilities, due to the lack of diversification of the sample portfolio. This research is also in line with the results of research conducted by (Rachmah & Juniar, 2018) stating that stock selection does not have a significant effect, where the investment manager in the research conducted did not have the right ability to select and manage a portfolio to produce the returns expected by investors. Further research conducted by (Maulana & Ardiansari, 2018) supports the research results that stock selection does not have a significant influence on the performance of Sharia stock mutual funds, where efforts in stock selection carried out by investment managers actually have an impact on reducing portfolio returns due to their ability to assess undervalued stocks. still weak.

The Influence of Fund Size on the Performance of Sharia Equity Mutual Funds

The research results are in line with the theory regarding Fund Size, where the larger the size of an asset being managed, which reflects the high flexibility of Mutual Funds in providing good service to investors and creating economies of scale which has an impact on reducing the costs received by investors so that it has an impact positive impact on the performance of Sharia Equity Mutual Funds (Asriwahyuni, 2017). This is also supported in research conducted by Z. Alwi (2003) stating that fund size has a significant influence on the performance of Islamic equity mutual funds in terms of NAV. The reason why Fund Size is important to note in evaluating the Performance of Sharia Equity Mutual Funds is because where the good or bad performance of an investment managed by the Investment Manager is seen from the strategies and policies used in implementation, where the development of a Mutual fund investment value is seen from the increase in the NAV.

CONCLUSION

Based on the results of the hypothesis and research objectives, the conclusions that can be drawn are as follows.

1. Fund age has been identified as having no influence on the performance of equity mutual funds. This shows that the longer the age of the fund cannot be used as a reference for investors in considering investment interests, because mutual funds with a young age will usually try to compete with older mutual funds by innovating to attract the attention of potential investors.
2. Timing has been identified as having a positive effect on the performance of Sharia Equity Mutual Funds. This shows that the ability possessed by an Investment Manager in determining the right time in entering or removing the investment portfolio is needed in avoiding risks and increasing the returns expected by investors.
3. Stock selection has no impact on the performance of Sharia Stock Mutual Funds. Investment managers of Sharia Equity Mutual Funds do not only have the ability to select the right stocks for their stock portfolios, but also must pay attention to market conditions.
4. Fund size has been identified as having a positive effect on the performance of Sharia Equity Mutual Funds. The performance of a portfolio in mutual funds can be seen from NAV. Where the good or bad performance of a managed investment is seen from the strategies and policies used in implementation, where the development of a mutual fund investment value is seen from the increase in the NAV (Z. Alwi, 2003).



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