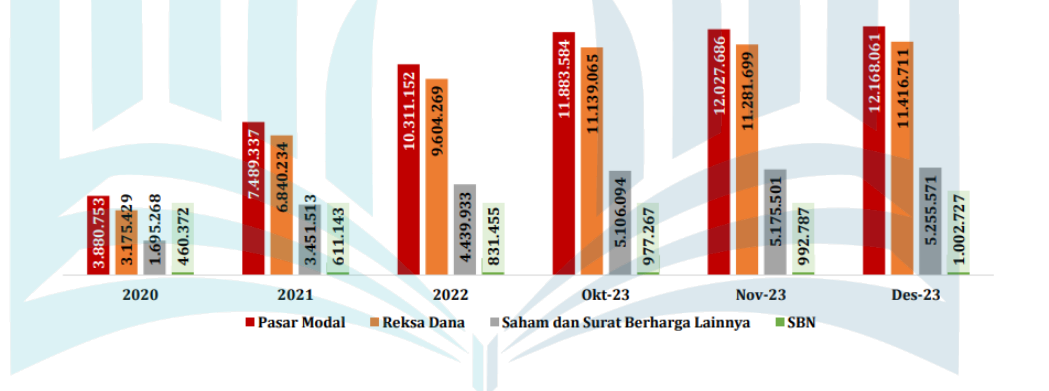


CHAPTER I

INTRODUCTION

A. Research Background

There are many options for everyone in choosing a source of funds for current and future consumption. Investment is the act of investing capital or money into a company or project with the aim of making a profit.¹ Investment is a better strategy than just exchanging money at the bank or just keeping money in the bank. Lately, the general public has increasingly realized the importance of investment, as evidenced by the significant growth of investment in Indonesia. the development of investors in the capital market has increased significantly. this can be seen in the following chart.



Based on the data listed that there has been a continuous increase for 4 years until the number of investors at the end of 2023 reaches 12,168,061 million. This shows that the capital market is one of the alternative choices for investors today. The capital market is one of the most important places for anyone who wants to invest, the Indonesian capital market has a big role in the country's economy.² The Islamic capital market can be defined as a capital market that

¹ Alfalisyanto Alfalisyanto and Ali Akbar Anggara, "Sharia-Compliant VS Conventional

² Eduardus Tandelilin, *Portofolio dan Investasi Teori dan Aplikasi*, (Yogyakarta: Kanisius Yogyakarta, 2010), p. 61

applies sharia principles in economic transaction activities and is free from things that are prohibited in Islam. The capital market offers mutually beneficial benefits for investors and businesses. There are various types of investments or securities traded in the Indonesian capital market, including stocks, bonds, warrant, right, and mutual funds.³ There are several sharia instruments traded in the capital market, including: sharia stocks, sharia bonds or sukuk, sharia mutual funds, sharia asset-backed securities, and sharia derivatives.⁴

Mutual funds are one of the financial instruments that can be traded on the Indonesian capital market. Mutual funds can be an alternative choice for people who want to become investors, especially those who lack the ability to estimate risk or do not have much time to manage these investments.⁵ Small investor who want to invest in the capital market can use mutual funds as solution. Investors will find it easier to deal with mutual funds because the person who will handle the funds is a professional investment manager, the investment manager will collect funds and reinvest them in the form of a portfolio.⁶

Mutual funds have advantages that other capital market instruments do not have, namely the cheapest investment instrument and an investment system that is easy to implement so that mutual fund investors are the most numerous compared to other instruments. In recent years, the development of mutual funds has occurred significantly because investment in mutual funds is very liquid, because mutual fund participation units can be traded every day.⁷ This can be seen from the data published by KSEI, that in 2021 there were 6,840,234 million investors in

³ Eduardus Tandelilin, *Portofolio dan Investasi Teori dan Aplikasi*, (Yogyakarta: Kanisius Yogyakarta, 2010), p. 30

⁴ Abdullah, Abdul Rahman Abdi, dan Manshur Razak, *Pasar Modal Syariah Di Indonesia*, (Makassar: Nobel Press, 2021), p. 67

⁵ Muhammad Fuad et al., *Memahami Lingkup Pasar Modal Syariah*, Cet. 1, (Purbalingga: CV.Eureka Media Aksara, 2022), p. 63

⁶ Rebiman and Ika Putera Waspada, "Analisis Kinerja Reksa Dana Saham Dengan Metode Sharpe, Jensen Dan Treynor Pada Bursa Efek Indonesia," *OIKOS: Jurnal Kajian Pendidikan Ekonomi dan Ilmu Ekonomi* 6, no. 2 (June 30, 2022), p. 133.

⁷ Alfalisyado and Anggara, "Sharia-Compliant VS Conventional Mutual Fund in Indonesia: An Evaluation Based on Portofolio Performance," *Riwayat: Educational Journal of History and Humanities* 6, no. 3 (August 31, 2023), p. 1655.

mutual funds, while the number of investors in stocks and other securities was 3,451,513. In 2022 there was an increase in the number of investors of 9,604,269 million investors, while the number of investors in stocks and other securities was 4,439,933 million investors. In 2023 there was also an increase in the number of investors in mutual funds by 11,416,711 million investors, while the number of investors in stocks and other securities was 5,255,571 million investors.⁸ Thus, it can be concluded that almost the entire number of investors in the capital market invests in mutual funds.

Sharia-based mutual funds emerged to meet the needs of investors who want to invest in accordance with Islamic law. Sharia mutual funds were first introduced in Indonesia in 1977 by PT Dana Reksa Investment Management.⁹ The purpose of sharia mutual funds is to help investors who want to make sharia-compliant investments. Islamic mutual funds are the same as conventional mutual funds that have been Islamized. Islamic mutual funds are mutual funds that only invest in businesses that are classified as halal, meaning that their management does not violate sharia standards. The types of Islamic mutual funds traded in the Indonesian capital market are Islamic money market mutual funds, Islamic fixed income mutual funds, Islamic equity mutual funds, Islamic mixed mutual funds, index-based Islamic mutual funds, Islamic ETF mutual funds.¹⁰ Although the risk is also quite high, Islamic equity mutual funds offer higher returns than other mutual funds, making it the most popular type of mutual fund.¹¹

Islamic mutual funds are not only for profit but also for social investment. Operationally, there are screening procedures that strictly follow sharia standards, such as taking into account the halalness of a product in addition to the amount of

⁸ Statistik Publik Desember 2023, [at 13.30], <https://www.ksei.co.id/>, accessed January 20, 2025

⁹ Abdullah, Abdul Rahman Abdi, dan Manshur Razak, *Pasar Modal Syariah Di Indonesia*, (Makassar: Nobel Press, 2021), p. 4

¹⁰ Miftahul Chair et al., "Lembaga Investasi Syariah," *Gunung Djati Conference Series* 42 (August 4, 2024), p. 287.

¹¹ Alfalisyado and Anggara, "Sharia-Compliant VS Conventional Mutual Fund in Indonesia: An Evaluation Based on Portofolio Performance," *Riwayat: Educational Journal of History and Humanities* 6, no. 3 (August 31, 2023), p. 1655.

profit and risk.¹² For example, choosing assets/shares of companies that do not have haram activities such as usury, gharar, gambling, and production of haram food/beverages such as pork, liquor, cigarettes, and so on. In addition, another main characteristic is the cleansing process of the income earned through the zakat payment method.¹³

Mutual funds may have uncertain returns and risks that require careful examination, just like other investment tools. The higher the possibility of risk the higher the rate of return on an investment result (*high risk, high return*) or the lower the possibility of risk the lower the rate of return on the results of an investment (*low risk, low return*).¹⁴ In assessing the performance of mutual funds must also pay attention to risk, information about risk is an important factor in comparing the performance of mutual funds.¹⁵ Diversification or the spread of the risk over several portfolios can minimize or avoid the risk.

Choosing the right mutual funds is necessary due to the numerous options available. Generally, the selection process for mutual funds is carried out by looking at the performance history of the mutual fund. Mutual fund performance is the capacity of mutual funds to generate profits (*returns*). The commonly used information standard to describe mutual fund performance is the net asset value per unit of participation (NAV/unit). In Indonesia, the index that benchmarks the performance of stock portfolios for conventional stock mutual funds is known as

¹² Izzuna Davi and Slamet Haryono, "Analisis Komparatif Kinerja Reksa Dana Syariah Dan Reksa Dana Konvensional Di Masa Pandemi," *Jurnal Ilmiah Ekonomi Islam* 8, no. 3 (November 2, 2022), p. 3357.

¹³ Abdullah, Abdul Rahman Abdi, dan Manshur Razak, *Pasar Modal Syariah Di Indonesia*, (Makassar: Nobel Press, 2021), p. 75

¹⁴ Linsye Linori Tanama and Indra Widjaja, "Analisis Perbandingan Kinerja Reksa Dana Saham Konvensional Dan Reksa Dana Saham Syariah Dalam Aplikasi Bibit Berdasarkan Metode Sharpe, Treynor, Dan Jensen Selama Masa Pandemi Covid-19 Periode 2020-2021," *Jurnal Manajemen Bisnis Dan Kewirausahaan* 7, no. 1 (January 29, 2023), p. 2.

¹⁵ Legi Sufitri, Rosyetti, and Supriani Sidabalok, "Analisis Perbandingan Return, Risk Dan Nilai Investasi Reksa Dana Syariah Dan Reksa Dana Konvensional Di Indonesia," *Jurnal Tabarru': Islamic Banking and Finance* 6, no. 2 (November 30, 2023), p. 830.

the JCI (Composite Stock Price Index), and the index for Islamic stock mutual funds is the JII (Jakarta Islamic Index).¹⁶

In addition, the performance of Islamic equity mutual funds is also compared with the performance of the Jakarta Islamic Index (JII) *benchmark* to identify equity mutual funds that have *outperformed* and those that have performed poorly or poorly (*underperformed*). The mutual fund is classified as outperform when its performance exceeds the benchmark performance. Conversely, if the performance of the mutual fund is lower than the benchmark, then the mutual fund is categorized as underperforming.¹⁷ Investors must take into account a number of aspects when evaluating the performance of mutual funds, such as the level of risk, time period, use of benchmarks, and investment objectives.¹⁸

With the development of Islamic mutual funds increasing by 273 products by the end of 2023, thus creating a large selection of Islamic mutual funds, and encouraging investors to be able to choose mutual funds that are suitable and in line with their investment objectives.¹⁹ Before making an investment, it is crucial to assess and analyze a mutual fund's performance, because if investors are not careful in choosing a mutual fund, it can have negative consequences or even cause investor confidence to decline. These consequences include not matching

¹⁶ Bakri et al., "Analisis Komparatif Kinerja Reksa Dana Saham Syariah Dan Reksa Dana Saham Konvensional Pada Bursa Efek Indonesia Periode Tahun 2016-2019," *MANOR: Jurnal Manajemen Dan Organisasi Review* 4, no. 1 (May 30, 2022), p. 66.

¹⁷ Alfalisyanto and Anggara, "Sharia-Compliant VS Conventional Mutual Fund in Indonesia," *Riwayat: Educational Journal of History and Humanities* 6, no. 3 (August 31, 2023), p. 1656.

¹⁸ Eduardus Tandelilin, *Portofolio dan Investasi Teori dan Aplikasi*, (Yogyakarta: Kanisius Yogyakarta, 2010), p. 489

¹⁹ Anggraini and Risman, "Perbandingan Kinerja Reksa Dana Saham Konvensional Dengan Reksa Dana Saham Syariah Dengan Metode Indeks Sharpe, Indeks Treynor, Dan Alpha Jensen Yang Dilakukan Pada Periode Pandemi COVID-19," *Realible Accounting Journal* 3, no. 2 (February 23, 2024), p. 90.

the investment with the investor's goals, the possibility of investors losing money, the unprofessionalism of mutual fund managers, and so on.²⁰

One of the most crucial factors to take into account when selecting mutual funds for investing reasons is performance evaluation.²¹ In evaluating the performance of mutual funds, it must pay attention to the level of mutual fund returns obtained, which must be sufficient to cover the risks that must be borne. In other words, mutual fund performance evaluation must be based on risk-adjusted measures.²² In evaluating the performance of mutual fund products based on the performance of the asset portfolio in generating returns and risks (risk-adjusted return), there are 3 models that can be used, namely the Sharpe Ratio, Treynor Ratio, and Jensen Ratio.²³ The Sharpe method is the most thorough of the three approaches for evaluating the performance of mutual funds.

In this study, researchers used the Sharpe method. This Sharpe method has accommodated the needs of potential investors because it has taken into account the overall risk.²⁴ All mutual fund types may generally be measured using the Sharpe approach, which allows users to characterize how well investment managers handle mutual funds based on each unit of risk assumed. The Sharpe index was chosen because its performance measurement includes all existing risks, namely systemic risk and non-systematic risk.²⁵ The Sharpe index measures portfolio performance by dividing the excess return by the total risk of a portfolio

²⁰ Davi and Haryono, "Analisis Komparatif Kinerja Reksa Dana Syariah Dan Reksa Dana Konvensional Di Masa Pandemi," *Jurnal Ilmiah Ekonomi Islam* 8, no. 3 (November 2, 2022), p. 3358.

²¹ Riri Indriani and Triyani Budyastuti, "Analisis Kinerja Reksadana Konvensional Dan Reksadana Syariah Untuk Keputusan Investasi Investor," *Jurnal Akuntansi, Keuangan, Pajak Dan Informasi (JAKPI)* 1, no. 1 (July 1, 2021), p. 67.

²² Eduardus Tandelilin, *Portofolio dan Investasi Teori dan Aplikasi*, (Yogyakarta: Kanisius Yogyakarta, 2010), p. 489

²³ Eduardus Tandelilin, *Portofolio dan Investasi Teori dan Aplikasi*, p. 489

²⁴ Lira Sonia et al., "Pengukuran Kinerja Reksa Dana Syariah Campuran Dengan Metode Sharpe Ratio Dan M2 Measure," *Journal of Applied Islamic Economics and Finance* 4, no. 1 (October 30, 2023), p. 52.

²⁵ Sonia et al. "Pengukuran Kinerja Reksa Dana Syariah Campuran Dengan Metode Sharpe Ratio Dan M2 Measure," p. 52.

expressed by standard deviation.²⁶ Therefore, the Sharpe method is more suitable for a well-diversified portfolio of mutual fund products, because this method is more accurate in calculating the risk of mutual fund products.²⁷ This research also compares the results of mutual fund performance with market performance or benchmarks. Additionally, the Jakarta Islamic Index (JII), which is used in Islamic mutual funds as a benchmark to reflect the performance of the Islamic stock market, is compared with the results of mutual fund performance with market performance or benchmarks.²⁸

This study compares the performance results of Islamic stock mutual funds with the performance of the Jakarta Islamic Index (JII) benchmark to determine which Islamic stock mutual funds are classified as outperforming or underperforming.²⁹ An Islamic stock mutual fund that outperforms benchmark performance is considered an outperform condition and is worth considering as an investment vehicle. Vice versa, Islamic equities mutual funds are categorized as underperforming and are not a desirable option for investors if their performance is lower than the benchmark performance.

Based on the above background, this research determines the object to be studied specifically on Islamic stock mutual funds for the 2021-2023 period. Information on the results of measuring mutual fund performance is very important for investors and investment managers, because the results of this study will provide information for investors to choose good mutual funds (outperform) and provide information to investment managers for evaluation materials. Based

²⁶ Nurul Isra Sari and Hedwigis Esti Riwayati, "Analisis Perbedaan Kinerja Reksa Dana Saham Konvensional Dengan Reksa Dana Saham Syariah," *Prosiding Seminar Nasional* 1, no. 1 (July 25, 2021), p. 96.

²⁷ Mahardika Agustinus, "Comparative Analysis of the Performance between Sharia and Conventional Equity Mutual Funds Using Sharpe and Treynor Method," *International Journal of Innovative Science and Research Technology* 6, no. 11 (November 2021), p. 204.

²⁸ Anggraini and Risman, "Perbandingan Kinerja Reksa Dana Saham Konvensional Dengan Reksa Dana Saham Syariah Dengan Metode Indeks Sharpe, Indeks Treynor, Dan Alpha Jensen Yang Dilakukan Pada Periode Pandemi COVID-19," *Realible Accounting Journal* 3, no. 2 (February 23, 2024), p. 86.

²⁹ Bakri et al., "Analisis Komparatif Kinerja Reksa Dana Saham Syariah Dan Reksa Dana Saham Konvensional Pada Bursa Efek Indonesia Periode Tahun 2016-2019" *MANOR: Jurnal Manajemen Dan Organisasi Review* 4, no. 1 (May 30, 2022), p. 66.

on the description above, it encourages the author's desire to conduct research on the performance of Islamic stock mutual funds and is compiled in a thesis entitled 'Analysis of Islamic Stock Mutual Fund Performance using the Sharpe method for the period 2021-2023'.

B. Research Problem

Based on the background previously described, the problem formulation in this study is which Islamic stock mutual fund products have positive performance using the Sharpe method during the 2021-2023 period?

C. Research Objective

Based on the problem formulation previously described, the purpose of this study is to analyse and explain Islamic stock mutual funds that consistently have positive performance using the Sharpe method during the 2021-2023 period.

D. Problem Limitation

This research has problem restrictions, namely this research only focuses on 20 Islamic equity mutual fund products that have the following criteria: mutual fund products that are active and publish NAV in print media during the 2021-2023 period, registered with OJK during the 2021-2023 period, and have the highest NAV per unit as of the end of December 2023. This research only uses the Sharpe method as an analysis method and uses the Jakarta Islamic Index (JII) as a benchmark.

E. Benefit of Research

1. Academic Benefits

It is anticipated that this study would increase expertise, knowledge, and provide references and insights into the performance of Islamic stock mutual funds in Indonesia using the Sharpe technique of computation. Additionally, it is anticipated that this research will serve as a reference, analysis, comparison, evaluation, and advancement toward a more favorable course for future investigations.

2. Practical Benefits

It is anticipated that this study will assist investors in selecting the best Islamic stock mutual fund. Information from this study is also anticipated to help investment managers maximize the performance of the Islamic stock mutual funds they oversee in the future.

