CHAPTER V

CONCLUSION AND SUGGESTION

A. CONCLUSION

This research analyzes equity funds from the result of monthly Net Asset Value for period January 2008 – December 2012. The objective of the study is to explain the equity fund performance by using risk adjusted return method, risk ratio method, and snail trail method. The other objective is to compare between equity funds performance and market performance. The data analysis of this research ends up with some conclusions which are stated as follows:

1. Performance analysis of equity funds by using Risk Adjusted Return (RAR) in Sharpe Ratio method shows There are 18 equity funds with positive result and there 4 equity funds shows negative result of RAR. Equity funds show a good performance because they have higher value of risk adjusted return value compare to Jakarta Composite Index (JCI) as the benchmark with 0.08861%. It means that the investment manager is able to adjust the funds even with the risk involvement of the risk. The higher Risk Adjusted Return (RAR) value means higher result done by investment manager for each risk taken. The other 12 equity funds still show positive result but with lower value of risk adjusted return compare to the benchmark. It means that investment managers are still unable to execute a right adjustment to get the return and they still have a good performance but they show an underperform performance because the value is lower than the benchmark. The other 4 equity funds show negative result, means that these equity funds are really risky because the investment manager unable

to adjust the funds they manage. The equity funds with lower value of RAR compare to the benchmark still own an opportunity cost in managing their investment. If they do better performance, it is possible to create higher value compare to the benchmark, because in fact, there are several equity funds with higher value of benchmark. In outline, most of the equity funds show positive result but with lower value than the benchmark.

2. Higher value of risk ratio is better because it shows the better ability of investment manager facing the market risk. There are 12 equity funds are above the JCI as benchmark with 0.8822%, while the other 10 equity funds are below the benchmark. The equity funds with outperform performance means that the investment managers are ready to face the market risk, while the equity funds with underperform performance means that the investment managers are less ready to face the market risk. The equity funds with lower value of RR compare to the benchmark still own an opportunity cost in managing their investment. If they do better performance, it is possible to create higher value compare to the benchmark, because in fact, there are several equity funds with higher value of benchmark. In outline, all of the equity funds show positive value of risk ratio and most of them are above the benchmark.
3. Performance analysis of equity funds by using Snail Trail method mostly in quadrant 2 which means high risk and high return. There are some of equity funds in quadrant 3 which means high risk low return such as GMT Dana Ekuitas, Grow-2-Prosper, Reksadana Dana Ekuitas Andalan, and Trim Kapital. This condition is avoided by the investors. The best performance based on snail trail method is owned by Reksadana Dana Simas Danamas Saham with most of its dots in quadrant 1 while the lowest

performance is owned by Trim Kapital with most of its dots in quadrant 3. In outline, most of equity funds appear on the second quadrant, which means high risk and high return. This is considerable because equity funds is the type of mutual fund which give high return and high risk as well, if it is compared to other type of mutual fund. In outline, most of the equity funds are in the third quadrant which means high risk and high return.

From the three methods used we can see that most of the equity funds are adjusted well and ready to face the risk. In fact, there are still some equity funds with underperform performance compare to the benchmark in both risk and return. The calculation of risk adjusted return, risk ratio, and snail trail are connected with the result which stated that equity funds shows a high return and high risk as well.

B. SUGGESTION

This research is only limited to performance analysis of equity funds using three methods, which are risk adjusted return, risk ratio, and snail trail method. The next research is expected to expand the method by using other methods such as expected rates of return, sub period rate of return, Treynor's performance index, and Jensen index.

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