



ABSTRACT

This paper is aimed to (i) analyze performance Equity Fund, Fixed Income, and Mixed Fund during period 2004 up to 2007, (ii) prove the ability of security selection and market timing on the Equity Fund, Fixed Income, and Mixed Fund performance.

This research will select total of 39 funds with the highest Asset Under Management, consist of 10 fund from Equity Fund, 16 fund from Fixed Income Fund, and 13 fund from Mixed Fund. Fund performance will be examine using three measurement including Sharpe Index, Treynor Index, and Jensen Alpha. Next, two model of security selection and market timing ability will be employed, including Treynor and Mazuy model and Henriksson and Merton model.

The result of this study for Equity Fund under Sharpe Index, Treynor Index, and Jensen Alpha showed that performance of 9 funds was higher than the market and 1 below the market. The best fund performance for Equity Fund is Fortis Ekuitas. Furthermore, since Indonesia do not have bond index and proper benchmark for bond index was difficult to capture, than Sharpe Index become the most appropriate employed for Fixed Income Fund and Mixed Fund. For Fixed Fund under Sharpe Index, 3 fund above the market benchmark and 10 below the benchmark. TRIM Dana Tetap becomes the best one. For Mixed Fund under Sharpe Index, 7 fund above the market benchmark and 6 funds below the benchmark. Mr Flex was in the first rating. This research also captured that majority fund have ability of security selection even it was small, but in term of market timing, the ability was negative. For additional conclusion, both security selection and market timing ability give small contribution on Mutual Fund performance. Related with Fixed Income Fund and Mixed Fund, market timing analysis cannot reflect the real condition since the problem of proper benchmark for bond index.

Keywords : *mutual fund performance, Sharpe, Treynor, Jensen, security selection, market timing, Treynor and Mazuy, Henriksson and Merton*