



TABLE OF CONTENTS

Title	i	
Approval	ii	
Declaration	iii	
Preface	iv	
Table of Content	v	
List of Table	viii	
List of Figures	ix	
List of Appendices	x	
Abstract	xi	
Intisari	xii	
CHAPTER I	INTRODUCTION	
1.1	Background	1
1.2	Problem Formulation	4
1.3	Problem Restriction	5
1.4	Research Objectives	5
1.5	Research Contribution	6
1.6	Research Systematic Report	6
CHAPTER II	THEORITICAL BACKGROUND AND LITERATURE REVIEW	
2.1	Mutual Fund	8
2.2	Modern Portfolio Theory	11
2.3	Portfolio Performance Evaluation	12
2.3.1	Risk Adjusted Performance	13
2.3.1.1	Treynor Performance Measure	15
2.3.1.2	Sharpe Performance Measure	16
2.3.1.3	Jensen Performance Measure	17
2.3.2	Security Selection and Market Timing	18

2.3.2.1	Treynor and Mazuy Measurement	20
2.3.2.2	Henriksson and Merton Measurement	20
2.4	Previous Research	22

CHAPTER III RESEARCH METHOD

3.1	Data and Sources	26
3.2	Testing Procedure	28
3.2.1	Portfolio Risk and Return	28
3.2.2	Risk-Adjusted Measures of Performance	30
3.2.2.1	Treynor Performance Measure	30
3.2.2.2	Sharpe Performance Measure	31
3.2.2.3	Jensen Performance Measure	32
3.2.3	Security Selection and Market Timing	33
3.2.3.1	Treynor and Mazuy Measurement	33
3.2.3.2	Henriksson and Merton Measurement	34

CHAPTER IV EMPIRICAL ANALYSIS

4.1	Data Selection	36
4.2	Unadjusted Return	37
4.2.1	Unadjusted Return of Equity Fund	37
4.2.2	Unadjusted Return of Fixed Income Fund	38
4.2.3	Unadjusted Return of Mixed Fund	39
4.3	Risk Adjusted Return	40
4.3.1	Risk Adjusted Return of Equity Fund	40
4.3.2	Risk Adjusted Return of Fixed Income Fund	42
4.3.3	Risk Adjusted Return of Mixed Fund	44
4.4	Security Selection and Market Timing	46
4.4.1	Security Selection and Market Timing of Equity Fund	46
4.4.2	Security Selection and Market Timing of Fixed Income Fund	48
4.4.3	Security Selection and Market Timing of Mixed Fund	50



CHAPTER V	RESEARCH SUMMARY	
5.1	Conclusion	51
5.2	Implication	52
5.3	Limitation	53
5.4	Suggestion	53
	Bibliography	54
	Appendices	56



LIST OF TABLE

Table 3.1	Equity Fund List	26
Table 3.2	Fixed Income Fund List	27
Table 3.3	Mixed Fund List	27
Table 4.1	Mutual Fund Characteristic and Market Index Return	38
Table 4.2	Equity Fund Average Annual Return	39
Table 4.3	Fixed Income Fund Average Annual Return	40
Table 4.4	Mixed Fund Average Annual Return	40
Table 4.5	Mutual Fund Risk Summary	41
Table 4.6	Risk Adjusted Return of Equity Fund	42
Table 4.7	Risk Adjusted Return of Fixed Income Fund	44
Table 4.8	Risk Adjusted Return of Mixed Income Fund	46
Table 4.9	Security Selection and Market Timing of Equity Fund	48
Table 4.10	Security Selection and Market Timing of Fixed Income Fund	50
Table 4.11	Security Selection and Market Timing of Mixed Fund	51



LIST OF FIGURES

Figure 2.1	Mutual Fund transaction process	10
Figure 2.2	Security Market Line (SML)	15
Figure 2.3	Capital Market Line (CML)	16
Figure 2.4	Superior Security Selections	19
Figure 2.5	Superior Market Timing	19



LIST OF APPENDICES

APPENDIX 1	The weekly data of the market	56
APPENDIX 2	The weekly data of mutual fund NAV	57
APPENDIX 3	Multiple regression between portfolio excess return, market excess return, and square of market excess return (for TM)	69
APPENDIX 4	Multiple regression between portfolio excess return, market excess return, and market excess return with market condition adjustment (for HM)	88
APPENDIX 5	Scatter diagrams of portfolio excess return and market excess return	107