

# **MARKET TIMING PERFORMANCE MEASUREMENT AND EQUITY FUNDS**

## **INVESTMENT MANAGER SELECTIVITY IN INDONESIA**

### **AT BEARISH CONDITION**

**(JULY-DECEMBER 2008)**

**By**

**Aria Aldini**

Capital market as one of the pillars of the economy, which describes the economy of a country, need to be built and developed. Characteristics of investments in securities of one of them is easy to set up its investment portfolio.

Today, with the global financial crisis which the market is experiencing bearish conditions, ie the price of stocks or other investment instruments has decreased very drastic in stock prices in BEI directly impact the value of portfolio equity funds.

Thus, the ability of investment managers posted positive returns during the global financial crisis depends on the expertise of investment managers, namely expertise in terms of selectivity and market timing of investment instruments.

Problems that would like raised in this study are:

"Is the equity fund investment manager in Indonesia have the ability to measure time in the market (market timing) and selecting (selectivity) good securities during bearish conditions?"

The objective of this study was to measure the ability of investment managers in Indonesia in the bearish period, during July to December 2008.

This study tested the ability of selectivity and market timing of mutual fund shares are actively traded in the period July to December 2008 using computer models of Treynor-Mazuy. Based on the estimated average value of  $\alpha$  in the period of this study, showed that managers investment have the selectivity ability which can't increase return of equity funds and exchange-value estimate of a positive  $\beta_2$  ( $\beta_2 > 0$ ), this implies the existence of market timing ability of well investment managers that is equal to 10,218.