

Research Article

Analysis of Net Asset Value-based Projected Performance of Sharia Mutual Funds Post Covid

Arif Rijal Anshori*, Ira Siti Rohmah Maulida, Neng Dewi Himayasari

Faculty of Sharia, UNISBA, Bandung City, Indonesia

ORCIDArif Rijal Anshori: <https://orcid.org/0000-00002-3738-340X>Ira Siti Rohmah Maulida: <http://orcid.org/0000-0001-8127-5716>**Abstract.**

As we know that the Covid-19 pandemic has affected the financial markets and banking sectors; however, it is different from the non-banking financial institutions having Sharia mutual funds. In 2019, the net asset value (NAV) of Sharia mutual funds were about 53,735.58, while in 2020 it increased to 74,367.44. Seeing the above phenomenon, mutual funds are one of the strategies that can be an investment opportunity and can be a safe investment alternative for capital owners, especially small capital owners and owners who do not have much time and expertise to calculate the return and risk on their investment. This study aims to examine the projections of the financial performance of Sharia mutual funds for the next 6 years. The method used is quantitative with a descriptive approach, data processing was done by projection analysis using Excel. The results of this study are the performance of Islamic mutual funds during the early post-Covid era, from May to the present, that has decreased to an asset value of 42,668.70 caused by withdrawal for Hajj funds, inflation, etc. The cause of the decline is in line with the theory above that Islamic mutual funds can be affected by unsystematic risk, which is impacted by the value of securities in the stock market that fluctuates according to general economic conditions. There is also a projected performance of Sharia mutual funds based on the NAV of the post-Covid era for the next 6 years that will continue to increase, reaching the highest point in 2027 of 102,054.28.

Keywords: mutual fund, Sharia, net asset value

1. Introduction

Some countries including Indonesia are experiencing the COVID-19 pandemic, this can have an impact and hamper all sectors of life. The government has also issued policies such as measures for isolation ranging from self-isolation of individuals, communities, and even entire cities known as Large-Scale Social Restrictions/PSBB and *lockdowns* [1]. One of the policies carried out in several government offices and companies is to

Corresponding Author: Arif Rijal
Anshori; email:
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implement a *work-at-home system* for employees called *Working from Home/WFH* . This also causes Indonesia’s economic growth in 2020 to experience negative growth [2]. One of the sectors affected by the pandemic is the financial sector, this pandemic depresses the position of financial markets and the global banking sector which can lower interest rates which in turn can reduce bank profitability [3]. This is different from non-bank financial institutions, namely mutual funds.

Based on data on the development of sharia mutual funds in Indonesia from 2016 to 2020, it shows a positive trend every year in terms of the number of mutual funds and the amount of NAV (net asset value in IDR Trillion), but sharia mutual funds will experience a decline in 2021, different from conventional mutual funds. which will increase in 2020 and 2021, as shown in the following table:

TABLE 1: Mutual Fund NAV.

Year	NAV Sharia
2016	14,914.63
2017	28,311.77
2018	34,491.17
2019	53,735.58
2020	74,367.44
2021	42,668.70

Data Source : OJK, 2021 [4]

The table 1.1 shows that at the beginning of the 2020 COVID-19 pandemic when national economic growth was disrupted, Islamic mutual funds could increase. Seeing the above phenomenon, mutual funds are one of the strategies that can be an investment opportunity and can be a safe investment alternative for capital owners, especially small capital owners and owners of capital who do not have much time and expertise to calculate the *return* and risk on their investment [5].

Based on the above background, the urgency of this research is to see how the performance of Islamic mutual funds during the post-pandemic, this is to help mutual fund companies in making strategies in the future and can assist investors in determining their policies in investing through mutual funds. This study aims to examine how the projection of the financial performance of Islamic mutual funds in the next 6 years through projection analysis using Microsoft Excel. The benefit of this research is as a means for investors to assess mutual funds for future investment, and as a reference for mutual funds to determine mutual fund management strategies.

1.1. Mutual Funds

Based on the Capital Market Law No. 8 of 1995 Article 1 paragraph 27 mutual funds are a forum used to collect funds from the investor community to be further invested in securities portfolios by investment managers. From the definition above, there are three important interrelated elements in mutual funds, including:

- a). A collection of public funds, mutual funds are a place to collect funds sourced from individual or institutional investors,
- b). Portfolios are funds collected from investors and then invested in several investment instruments (portfolios) such as stocks, bonds, SBI, and so on.
- c). The investment manager is the party who will manage the investors' funds [6].

Mutual funds are also divided into 2, namely sharia mutual funds and conventional mutual funds. Sharia mutual funds have existed since 1997 in Indonesia, this can give investors a choice in investing so that Muslim investors can participate in investing safely. As an investment instrument, Islamic mutual funds have different criteria from conventional mutual funds in general. The difference lies in the selection of investment instruments and investment mechanisms, which must not conflict with sharia principles. Another difference is that the entire portfolio management process is *screened* and *cleaned* from non-halal aspects [7].

1.2. Net Asset Value (NAV)

NAV (*Net Asset Value*) is several assets minus liabilities or existing assets, or NAV can be interpreted as cash and all existing investments and then deducting debt expenditures from operations that must be paid [8]. NAV is the *fair market value* of a security and is another asset of the mutual fund with fewer liabilities (debt). NAV is a benchmark for reviewing the results of a mutual fund [9]. Net Asset Value per unit of investment is a fair price of the portfolio of a mutual fund after deducting operating costs and then divided by the number of shares per unit of participation that have been outstanding (owned by investors) at that time [10].

Several factors can affect the Net Asset Value (NAV) of Islamic equity mutual funds [11]. These factors can influence the Net Asset Value (NAV) of Islamic equity mutual funds, namely the BI Rate and market *unsystematic risk*. If the BI Rate is raised, investors will choose investment alternatives that provide them with a higher *return*. As a result, capital market instruments such as shares are not in demand and are even sold and switched to banks, besides that the stock price also decreases so that the profit of

stock mutual funds also decreases. Meanwhile, market *unsystematic risk* is influenced by the value of securities in the stock market which fluctuates according to general economic conditions. These factors are expected to be used as indicators for investors in investing [12].

1.3. Post Covid Era

The post-COVID-19 era marks the era that emerged after the global health and socio-economic crisis due to the COVID-19 pandemic which accelerated development towards the fourth industrial revolution [13]. Seeing the level of losses caused by this covid pandemic, economically it appears right the statement that we can coexist with the virus through a new normal order of life. This can be started with the stage of national economic recovery. The whole community must be doing all activities in this post covid era. The process toward new living habits during the corona pandemic is not easy [14]. People must adapt and maintain their mental and physical health. On the other hand, operational and service activities, *physical distancing practices*, providing *hand sanitizers*, providing hand washing facilities, measuring temperature, and wearing masks are *standard operating procedures* that will be continued [15].

2. Methodology

This study projects mutual fund performance over the next 6 years. Performance is seen through the net asset value (NAV) of sharia mutual funds contained in the Mutual Funds Report from the Otoritas Jasa Keuangan (OJK). Population of this study is mutual fund in Indonesia and sample are net asset value of mutual fund from 2016 – 2021, sample technique of this study use purposive sample that we choose sample base our needed. The materials for this research are mutual fund performance reports and Microsoft Excel for data processing. Data collection techniques are carried out using documentation through mutual fund performance reports. Data analysis was performed using Microsoft Excel for data processing and then analyzed descriptively.

The following are the stages in this research:

TABLE 2

Early Identification Stage
Data collection stage Data collection Net Asset Value Sharia NAV
Stages of Analysis and Model Design
Conclusion and Report Stage

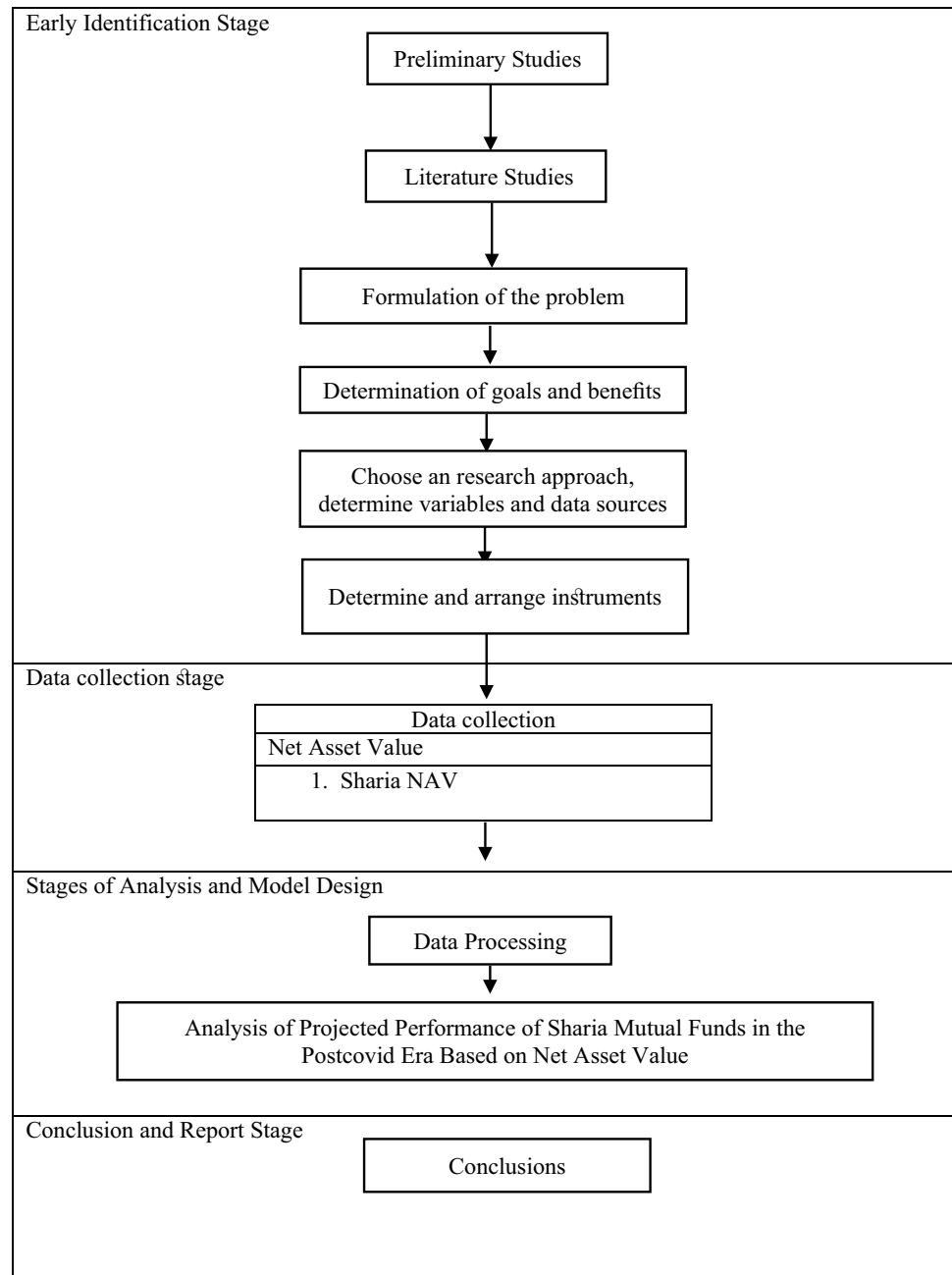


Figure 1: Research Stages.

The stage of this research start from identification from literature studies and then formulation problem of this research, after that we determine and arrange the instrument. Next step is data collection that we take Net Asset Value from mutual fund report by Otoritas Jasa Keuangan (OJK). After collecting data we will processing data net asset value in forecast method on microsoft excel and analisis projected performance and last make the conclusions.

3. Result and Discussion

3.1. Result

Performance of Islamic and Conventional Mutual Funds in the Early Post COVID Era

TABLE 3: NAV Performance 2016-2021.

Year	NAV Sharia
2016	14,914.63
2017	28,311.77
2018	34,491.17
2019	53,735.58
2020	74,367.44
2021	42,668.70

Data Source : OJK, 2021

Table 3.1 show that obtained from the net asset value of Islamic Mutual Funds from 2016 to November 2021. Based on the above projection results, shows the projected performance of Sharia Mutual Funds for the next 6 years from 2022-2027 based on net asset value (NAV). From 2016 to 2020, Islamic mutual funds experienced an increase in NAV every year, but in 2021 it decreased by 74%.

The following is a graph of the performance growth of sharia mutual funds from 2016 to 2021:

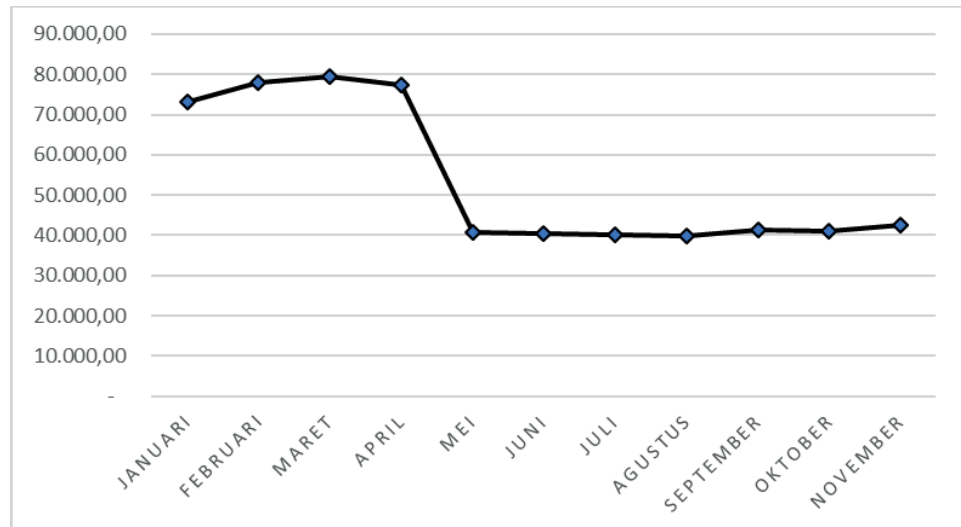
TABLE 4: Sharia Mutual Fund Performance Growth.

Year	Increase in NAV	
	Nominal	Percentage
2017	13,397.14	31%
2018	6,179.40	18%
2019	19,244.41	36%
2020	20,631.86	28%
2021	(31,698.74)	-74%

Data Source : Researcher Processed Data, 2021.

The performance growth of sharia mutual funds from 2016 to 2020 has increased, namely from 2016 to 2017 it increased by 31%, in 2018 it increased by 18%, to 2019 it increased by 36%, to 2020 it increased by 28% and to 2021 experienced a drastic decrease of 74%. The increased in value of net assets in Islamic mutual funds has increased even though the increase in value varies each year. Meanwhile, the performance growth of conventional mutual funds from 2016 to 2021 is as follows:

The following is the growth of sharia mutual funds during 2021:



Data Source : Researcher Processed Data, 2021.

Figure 2: Sharia Mutual Fund Growth in 2021.

Based on the Figure 3.3 above, shows that the growth of Islamic mutual funds from the beginning of the year to April has increased, but has decreased, especially from May 2021 until November has not experienced a significant increase. The highest growth was in March and the lowest was in May.

3.2. Performance of Sharia Mutual Funds for the Next 6 Years

TABLE 5: Comparison of Sharia and Conventional NAV Projections.

Year	NAV Projection	Nominal	Percentage
2022	71,033.06	28,364.36	38.14%
2023	76,645.04	5,611.98	13.15%
2024	81,919.80	5,274.76	7.43%
2025	84,340.10	2,420.30	3.16%
2026	89,151.88	4,811.78	5.87%
2027	102,054.28	12,902.39	15.30%

Data Source : Researcher Processed Data, 2021.

Based on table 3.3 above, a projection of the performance of sharia mutual funds for the next 6 years can be taken, namely in the post-covid era. The projection results area sharia mutual funds have good performance for the next 6 years, where the NAV of sharia mutual funds increases every year even greater than the previous 6 years and reaches the highest point in 2027 with a value of 102,054.28. The following is a graph 3.4.of the performance growth of sharia mutual funds for the next 6 years:

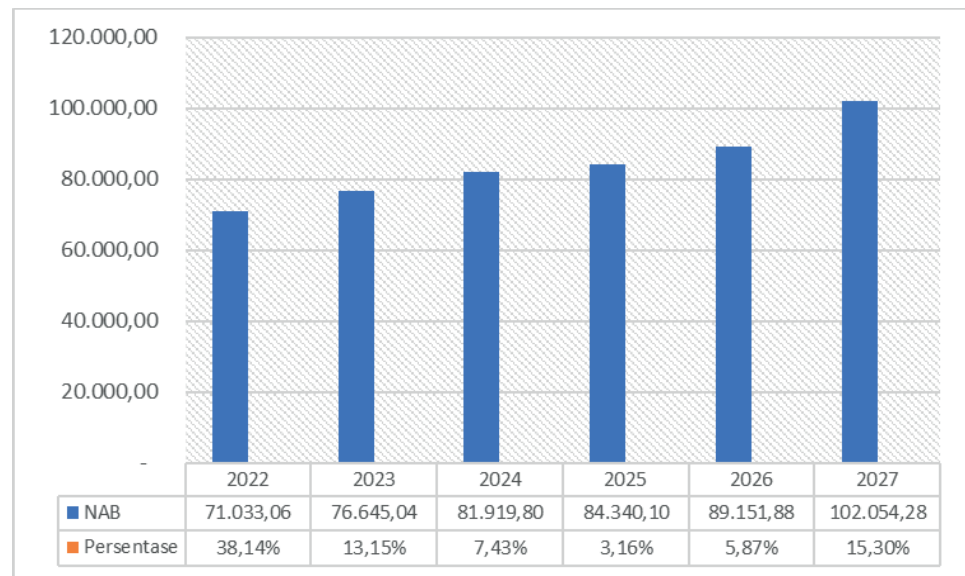


Figure 3: Projected Growth of Islamic Mutual Funds.

The graph above Figure 3.4 shows that the projected growth of sharia mutual funds in the next 6 years in the post-covid era will continue to increase, as seen from the projected net asset value which continues to increase every year, and reaches its highest point in year 6, namely in 2027 with a net asset value of 102,054.28 which is the highest point in the last 12 years. *Analysis*

In 2021 is the post-covid era where people have to start adapting to new living habits so that behavior changes occur. In the post-covid era, Islamic mutual funds have decreased in terms of net asset value (NAV). Funds managed by sharia mutual funds were observed to decrease significantly in 2021, one of the factors that caused the decline in managed funds of sharia-protected mutual funds was the decision of the Hajj Financial Management Agency (BPKH) to withdraw the funds [16]. Data from the Financial Services Authority (OJK) at the end of the first half of this year showed that the accumulated net asset value (NAV) in industrial mutual funds was IDR 536.11 trillion. The NAV when viewed has decreased by 6.53 percent compared to the end of December 2020 which was Rp. 573.54 trillion. The most drastic monthly decline occurred in May 2021 [17].

Another factor that can cause mutual funds to decline is inflation, which causes the purchasing power of people’s money to generally decline. This is because when inflation the real income level of the community will decrease. Instability in public prices shows that the inflation rate is fluctuating, so people will prefer to hold money in cash rather than invest because of uncertain conditions due to fluctuations in the inflation rate [9].

In the first quarter of 2021, inflation was assessed to be lower than 2020 in the same month, but inflation was relatively higher in August 2021 than in 2020 as explained in the following data:

TABLE 6: Inflation.

Month	2020	2021
August	1.32%	1.59%
September	1.42%	1.60%
October	1.44%	1.66%
November	1.59%	1.75%

Data Source : Researcher Processed Data, 2021 :[18].

In addition to inflation, some things can affect consumers' confidence in investing their funds in mutual funds.

Confidence in consumers when the situation will begin to improve in the following year can reduce public interest in investing in mutual funds. This is because people will prefer to allocate their funds to the real sector which according to him is considered to be more profitable than investing in mutual funds. On the other hand, if consumer confidence in the economy in the following year is not good, then people will tend to choose to invest in mutual funds rather than allocating their funds to the real sector [19].

Based on the explanation above, the performance of Islamic mutual funds during the early post-covid era has decreased from May to the present, namely with a large asset value of 42,668.70, this can be caused by withdrawn Hajj funds, inflation, etc. [20].

The projection results show that the average sharia mutual fund will increase in the next 6 years. If we look at the next 6 years, Islamic mutual funds will be more stable, this is because mutual funds are not projected to experience a decrease in their net asset value. The factor of sharia mutual funds increase in the next 6 years can be due to the increasing size of sharia mutual funds, this is as in the results of research which states that hypothesis testing in this study proves that the size of sharia mutual funds has a positive and significant effect on the performance of sharia mutual funds in Indonesia. So from this statement, it can be concluded that in Indonesia there are conditions where the size of an asset will affect asset diversification which in turn will affect the performance of Islamic mutual funds [20].

The results of this projection are also in line with the results of research from Jepryansyah based on calculations on the rate of return and risk stating that the rate of return of a sharia mutual fund is better than that of conventional mutual funds, besides that Islamic mutual funds also have a smaller risk. than conventional mutual funds. This proves that although investment in Islamic mutual funds is limited to portfolios, the

returns obtained will still be better than conventional mutual funds that invest in all portfolios. This lower risk of sharia mutual funds is because sharia mutual funds only invest in portfolios that comply with Islamic law and the ratio of debt to capital of the company to be invested does not exceed 82%. This provides oversight on mutual fund investments which makes their value better [21]. Based on the results of the research above, the projected performance of Islamic mutual funds based on the net asset value (NAV) of the post-covid era for the next 6 years will continue to increase by reaching the highest point in 2027 of 102,054.28.

4. Conclusion

Based on the results of the research above, the conclusions of this study are the performance of Islamic mutual funds during the early post-covid era has decreased from May to the present, with asset value of 42,668.70 that caused by withdrawn Hajj funds, inflation, etc. The cause of the decline is in line with the theory above that Islamic mutual funds can be affected by unsystematic risk, which is impact by the value of securities in the stock market that fluctuates according to general economic conditions. There is also a projected performance of sharia mutual funds based on the net asset value (NAV) of the post-covid era for the next six years will continue to increase by reaching the highest point in 2027 of 102,054.28.

Suggestions for further research are we hope so that researchers can project mutual fund performance from variables other than net asset value (NAV).

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