

LIST OF CONTENTS

COVER	i
LIST OF CONTENTS	ii
ABSTRACT.....	v
ABBREVIATION LIST	xi
CHAPTER I INTRODUCTION	1
1.1. Research Background	1
1.2. Research Objectives	7
1.3. Research Questions	8
1.4. Research Benefits	10
1.4.1. Practical Contribution	10
1.4.2. Theoretical Contribution	11
1.5. Writing Systematic	12
CHAPTER II LITERATURE REVIEW	14
2.1. Relevant Ground Theories	14
2.2. Variable/Construct Concept	19
2.2.1 Outperform Return and Factors Affecting Outperform Return.....	19
2.2.2 Stock Selection Ability	21
2.2.3 Market Timing Ability	24
2.2.4 Macroeconomic Indicators	25
2.2.5 Other Factors Affecting Performance of Equity Mutual Funds	26
2.3. Hypotheses.....	28
2.3.1. Effective Investment Strategy to Outperform Market Return	28

2.3.2. Factors Affecting Outperform Return	30
2.3.2.1 Stock Selection and Market Timing Abilities	30
2.3.2.2 Macroeconomic Factors Affecting Performance of Equity Mutual Funds	32
2.3.2.3 Other Factors Affecting Performance of Equity Mutual Funds ..	34
2.3.3. Factors Impacting Stock Selection Abilities	34
2.3.3.1 Factors Impacting Stock Selection Ability.....	35
2.3.3.2 Factors Impacting Market Timing Ability	39
CHAPTER III RESEARCH METHODOLOGY.....	42
3.1. Design of Research Framework	42
3.2. Research Model and Variable Operationalization	43
3.2.1. Identification of Outperform and Underperform. An Interpretation to the Effective Investment Strategy to Generate Outperform Returns.....	45
3.2.2. Factors Affecting Performance of Equity Mutual Funds.....	47
3.2.3. Factors Affecting Abilities to Generate Outperform Returns	48
3.2.3.1. Factors Affecting Stock Selection Ability	48
3.2.3.2 Factors Affecting Market Timing Ability	49
3.3. Research Object	49
3.4. Unit of Analysis	50
3.5. Research Type	51
3.6. Population and Samples	51
3.6.1. Data Source	52
3.6.2. Sample Selection Procedure	52

3.7. Data Collection Method	53
3.8. Data Analysis Methodology	54
3.8.1. Econometrics Tools and Analysis	54
CHAPTER IV RESEARCH FINDING AND DISCUSSION	57
4.1. Model 1 - Identification of Outperform and Underperform.	
An Interpretation to the Most Effective Investment	
Strategy to Outperform Market Return	58
4.1.1. Analysis on Data Stationary	58
4.1.2. The Goodness of Fit Test	59
4.1.3. Robustness Test	59
4.1.4. Other Descriptive Test	60
4.1.5. Hypothesis Testing Related to Model 1	61
4.2. Model 2 - Factors Affecting Outperform Return	66
4.2.1. Analysis on Data Stationary	66
4.2.2. Goodness Fit of Test	67
4.2.3. Robustness Test	70
4.2.4. Other Descriptive Test	70
4.2.5. Hypothesis Testing Related to Model	71
4.3. Model 3 – Factors Affecting Stock Selection Ability	72
4.3.1. Analysis on Data Stationary and Robustness Test	72
4.3.2.. The Goodness of Fit Test	74
4.3.3. Descriptive Discussion	74
4.3.4. Hypotheses Testing Related to Stock Selection Ability	94

4.4. Model 4 – Factors Affecting Market Timing Ability (y)	99
4.4.1. Analysis on Data Stationary and Robustness Test	99
4.4.2. Goodness Fit of Test	101
4.4.3. Descriptive Discussion	101
4.4.4. Hypotheses Testing	117
4.5. Implementation of Effective Investment Strategy to Generate the Outperform Returns	123
4.5.1. Strategic Implementation in Indonesia	123
4.5.2. Strategic Implementation in Malaysia	125
4.5.3. Strategic Implementation in Singapore	127
4.5.4. Strategic Implementation in ASEAN	129
CHAPTER V CONCLUSION AND RECOMMENDATION	132
5.1. Conclusion	132
5.2. Managerial Implication	135
5.3. Theoretical Implication	137
5.3.1. Passive Investment Strategy	138
5.3.2. Active Investment Strategy	139
5.4. Limitation and Proposal for Future Research	140
Biography	142
APPENDIX 1 - Appendix 1 – FTSE Index Growth ($RM_{i,t}$)	154

LIST OF TABLES

Table 1.1 – Summary Phenomena from Recent Studies	1
Table 3. 1 – RF of ASEAN Countries	46
Table 3. 2 – Population and Samples	53
Table 4.1. – Summary of Descriptive Result Model 1	60
Table 4.2. – Number of Equity Mutual Funds Managed with Positive Stock Selection and/or Market Timing Ability	61
Table 4.3 – Equity Funds with Stock Selection Ability and Market Timing Ability	64
Table 4.4. – Regression Model 2 – Factors Affecting Outperform Return	67
Table 4.5. – Goodness Fit of Test	68
Table 4.6. – ADF Test for Model Stock Selection Ability	73
Table 4.7. – Hausman Test Model Alpha and Model Gamma	74
Table 4.8 – Descriptive Panel Data Indonesia	77
Table 4.9. – Causality Test Indonesia	79
Table 4.10 - Descriptive Panel Data Malaysia	82
Table 4.11 - Causality Test Malaysia	84
Table 4.12 – Descriptive Panel Data Singapore	87
Table 4.13 – Causality Test Singapore	89
Table 4.14 - Descriptive Panel Data ASEAN	92
Table 4.15 – Causality Test ASEAN	94
Table 4.16 – ADF Test Model Market Timing Ability (Y)	100

Table 4.17 – Hausman Test Model Gamma	100
Table 4.18 – Descriptive Result Indonesia Panel	103
Table 4.19 – Causality Test Indonesia	105
Table 4.20 – Descriptive Panel Data Malaysia	107
Table 4.21 – Causality Test Malaysia	109
Table 4.22. – Descriptive Result Singapore Panel Data	111
Table 4.23 – Causality Test Singapore	113
Table 4.24. – Descriptive ASEAN Panel Data	115
Table 4.25 – Causality Test ASEAN	117

LIST OF FIGURES

Picture 1.1 - Total Number of Worldwide Regulated Open-end Funds1

