

Exploring the role of domestic and foreign factors in Indonesian Islamic mutual funds

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ABSTRACT

Purpose — *This study aims to test and analyze domestic and foreign factors' effects on Islamic mutual funds' long-term and short-term Net Asset Value in Indonesia.*

Method — *The research is associative quantitative research. The data used is secondary data in the form of time series data for 2015-2022. Data sources were obtained from the Central Bank of Indonesia, the Financial Services Authority, and Yahoo Finance. Data analysis used time series econometrics with the Error Correction Model (ECM) approach.*

Result — *The ECM estimation results show that in the long run, the money supply, the Jakarta Composite Index (JCI), positively affects the Net Asset Value (NAV) of Islamic mutual funds, and World oil prices hurt the NAV of Islamic mutual funds in Indonesia. In contrast, the World gold price does not affect the NAV of Islamic mutual funds. In the short term, JCI positively affects the NAV of Islamic mutual funds, and the World gold price hurts the NAV of Islamic mutual funds in Indonesia. Conversely, money supply and World oil prices do not affect the NAV of Islamic mutual funds in Indonesia.*

Contribution — *This study makes a significant academic contribution by expanding the understanding of factors influencing the Net Asset Value (NAV) of Islamic mutual funds in Indonesia, addressing the research gap regarding the limited inclusion of variables, and suggesting the need for further exploration and comparative studies in different countries or regions.*

Keywords: *Net Asset Value, JCI, world oil price, world gold price, money supply*



INTRODUCTION

Investment is a form of allocation of funds or other sources of funds made at this time in an asset to obtain future profits. According to [Tandelilin \(2019\)](#), investment is an activity that involves the allocation of funds or other resources at this time to get future profits. Islam strongly recommends an investment. In Islam, investment is part of *mualamah*, where investing assets that are initially unproductive can become productive and benefit others. Investment, in general, can be divided into two, namely financial asset and real asset investment. Real asset investment can be made by buying productive assets, building factories, and others, while financial asset investment can be made in the money and capital markets ([Fitriyani et al., 2020](#)).

The development of the capital market in Indonesia, which has fluctuated, has made mutual funds the primary choice in several promising investments ([Chairani, 2020](#)). That can be seen by the increasing number of investors registered on the Indonesia Stock Exchange, which has reached 10.3 million. The capital market itself is a market that facilitates parties who have funds (lenders) in interacting with parties who need funds (borrowers) through trading securities instruments such as bonds, stocks, and mutual funds ([Sujana, 2017](#)).

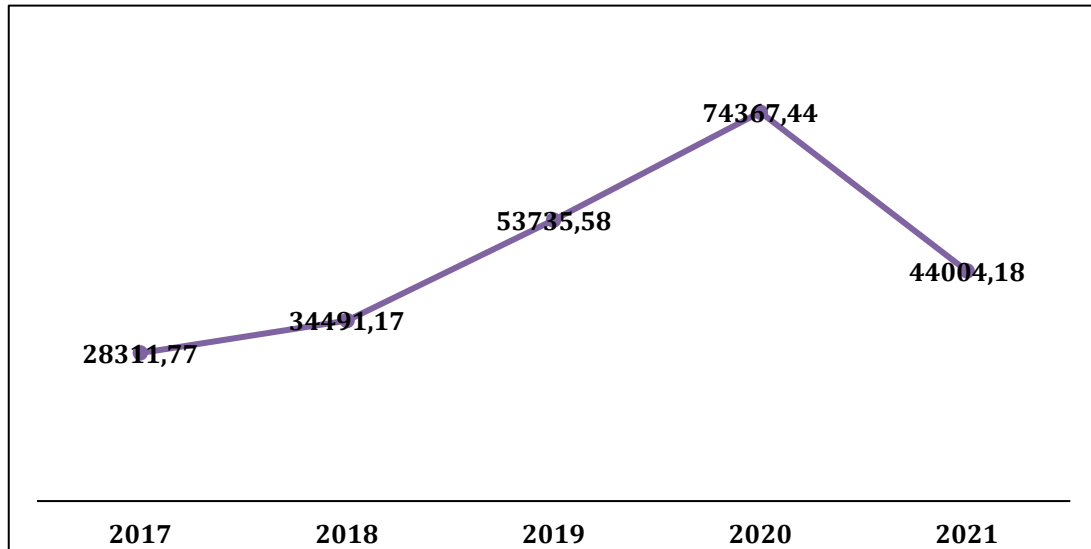
Mutual funds can be interpreted as a forum for raising funds from investors to be invested in a portfolio of stocks, bonds, or other securities by investment managers. Mutual funds are one of the investment instruments that are very popular with investors. Investing in mutual funds tends not to require significant capital, does not take much time, and the risks are not too significant ([Chairani, 2020](#)).

The development of mutual funds in the Indonesian capital market shows a positive direction with the emergence of various mutual funds, including Islamic mutual funds. According to fatwa No. 20/DSN-MUI/IV/2001, Islamic mutual funds are a type of mutual fund that follows Islamic principles and provisions. Islamic mutual funds operate using contracts between investors as property owners (*Shahib al-mal*) and investment managers as representatives of *Shahib al-mal*, or between investment managers and investment users (owners of invested assets), by Islamic principles.

Mutual fund investment can be measured by its performance through Net Asset Value (NAV). Net Asset Value is the value of mutual fund net assets after deducting liabilities or debts. Mutual fund assets include cash, deposits, SBI, gas stations, commercial paper, stocks, bonds, etc. Liabilities in mutual funds can be in the form of manager fees, custodian bank fees, broker fees, taxes, and

securities that have not been repaid (Nandari, 2017). The following is the development of Indonesia's Islamic mutual funds NAV in 2020-2021.

Figure 1. Development chart of NAV of Islamic mutual funds in Indonesia during 2017 - 2021 (in Billion Rupiah)



Source: The Financial Service Authority (2022)

The performance of Islamic mutual funds in the capital market is quite volatile due to economic, social, cultural, and political conditions at home and abroad. According to Nurrahmawati et al. (2021), the factors that influence the NAV of Islamic mutual funds are BI rate, inflation, rupiah exchange rate, Jakarta Composite Index (JCI), money supply, Islamic Bank Indonesia Certificates (SBIS). Then, Rusdiansyah & Septriani (2018) and Rahmawati & Nuris (2018) stated that world gold and World oil prices could also influence the level of NAV of Islamic mutual funds. This study combines both factors to get an accurate picture of the factors that influence the NAV of Islamic mutual funds in Indonesia. This study uses variables of money supply, JCI, World gold prices, and World oil prices.

The money supply in a broad sense (M2) includes currency and demand deposits (M1), quasi-money (such as savings, time deposits in rupiah and foreign currency, and current accounts in foreign currency), and securities issued by the domestic private sector with a maturity of less than one year (Chusnul et al., 2022). If the amount of money circulating in the community increases, the ability of the community to invest will also increase. That can increase demand for investment instruments, including Islamic mutual funds, so the NAV value of

Islamic mutual funds can increase. Conversely, if the amount of money in circulation decreases, the demand for investment instruments and the NAV of Islamic mutual funds may also decrease (Wirman, 2020).

The Jakarta Composite Index or commonly called JCI, is an index that shows the performance of all stocks listed on the main board and development board of the Indonesia Stock Exchange. JCI can also be information to monitor the condition of the Indonesian capital market is experiencing an increase or decrease. According to Wadi (2020), the JCI and NAV of Islamic mutual funds go in the same direction. When JCI rises, the NAV of Islamic mutual funds tends to increase and vice versa. That makes JCI a vital indicator to monitor capital market performance and help investors make investment decisions in Islamic mutual funds.

The world gold price also affects the NAV of Islamic mutual funds. Gold is used economically as a country's foreign exchange reserve and financial standard. Gold is often classified as a risk-free investment instrument, where gold prices tend to increase over time and have a minimal possibility of falling. People will tend to choose gold as an investment instrument when the price rises compared to other investment instruments in the capital market. A decrease generally follows an increase in gold prices in the NAV of Islamic mutual funds and vice versa. A decrease in gold prices tends to be followed by an increase in the NAV of Islamic mutual funds (Prasetyo & Widiyanto, 2019).

The world oil price is the last variable influencing Islamic mutual funds' NAV. World oil prices have an essential role in a country's economy. Oil is still the primary source of energy used in the production process. An increase in oil prices will impact investor behavior, shifting their investment to sectors oriented toward oil and mining commodities (Mawarni & Widiasmara, 2018). The shift in public investment will affect the decline in the NAV of Islamic mutual funds. Rising oil prices also cause increased operational costs, affecting share prices in the Indonesian capital market (Nurwulandari, 2022).

Previous studies have been carried out related to the present study. Wadi (2020) explain that inflation, JCI, and returns affect the Net Asset Value of Islamic mutual funds. Findings by Wirman (2020) explain that money supply and inflation have a positive and significant effect on the Net Asset Value of Islamic mutual funds. Research by Chusnul et al. (2022) explains that the money supply and the Jakarta Islamic Index affect the Net Asset Value of Islamic mutual funds for 2015-2020. Nurrahmawati et al. (2021) explain that the BI rate, Inflation, Composite Stock Price Index, and Exchange Rate variables partially and simultaneously affect the Net Asset Value of Islamic mutual funds in Indonesia.

Research conducted by [Chairani \(2020\)](#) contradicts several studies by [Chusnul et al. \(2022\)](#), [Fitriyani et al. \(2020\)](#), and [Nurrahmawati et al. \(2021\)](#), which states that the Jakarta Islamic Index and or JCI do not affect the Net Asset Value of Islamic mutual funds. The results of research by [Benget \(2021\)](#) state that the money supply hurts NAV, but the findings contradict the opinions of [Miha & Laila \(2017\)](#) and [Nandari \(2017\)](#), which state that the money supply has a positive effect on the NAV of Islamic mutual funds. [Nugraha et al. \(2023\)](#) state that in the long term, World oil prices affect mutual funds and align with the results of research from [Rahmawati & Nuris \(2018\)](#). However, in the short term, World oil prices have not been proven to influence mutual funds. The findings of [Garg et al. \(2020\)](#) state that gold price movements hurt mutual funds in India, contrary to research conducted by [Nandari \(2017\)](#), which discovered that World gold prices hurt the NAV of Islamic mutual funds in Indonesia.

Based on the empirical findings above, macroeconomic variables expected to affect capital market performance sometimes have an effect and follow the theory that explains the relationship between macroeconomic variables and capital market performance indicators. In addition, global commodities such as World oil prices and World gold prices also affect the performance indicators of a country's capital market. However, there are also empirical results that need to fit the theory. Due to the differences in the results of these studies, it is necessary to re-conduct research using domestic factors (money supply and JCI) and foreign factors (World oil prices and World gold prices). These indicators can describe the condition of the Indonesian economy from 2015-2022.

The study aimed to test and analyze the effect of money supply, Jakarta Composite Index, World oil prices, and World gold prices, both long-term and short-term, on the net value assets of mutual funds in Indonesia.

METHOD

This research is quantitative research which is classified as associative research. [Sugiyono \(2019\)](#) explains that research whose problem formulation is associative is research whose questions ask about the relationship between two or more variables. The data used in the study is secondary data obtained from various sources, namely Bank Indonesia, the Financial Services Authority, and Yahoo Finance. The data is collected as a monthly time series from 2015-2022 (96 months). The data were analyzed using time series econometrics with the Error Correction Model (ECM) approach. [Widarjono \(2018\)](#) explains that time series data often produce false regressions due to non-stationary data. Non-stationary data often show an imbalanced relationship for the short term, but

there is also a tendency for the long term to have an equilibrium relationship. Therefore, the Error Correction Model (ECM) is a model that is still used in this study because, generally, time series data is often not stationary.

The equation model built in this study is as follows:

$$NAB_t = \beta_0 + \beta_1 JUB_t + \beta_2 IHSG_t + \beta_3 HED_t + \beta_4 HMD_t + \varepsilon_t$$

Description:

NAB_t : Net Asset Value at the time t

JUB_t : Money supply at the time t

$IHSG_t$: Jakarta Composite Index at the time t

HED_t : World gold price at the time t

HMD_t : World oil price at the time t

ε_t : error term

The first step in this study is to detect whether the data is stationary. Data is said to be stationary if it meets three criteria, namely, if the average and variance are constant over time and the covariance between two-time series data depends only on the lag between the two time periods. The unit root test, the Augmented Dickey-Fuller (ADF) test, is used in this study to detect stationarity. If the absolute value of the ADF statistic is greater than the Mackinnon critical value, the data is said to be stationary or vice versa. The degree of integration test is needed to determine the degree of integration the data will be stationary if the observed data still needs to be stationary ([Basuki & Prawoto, 2017](#)).

The second step is to conduct a cointegration test for the data used in this study. Cointegrated data means that there is a long-term relationship or equilibrium between the two variables. In the short term, there may be disequilibrium, which often occurs in economic behavior. This study uses the Johansen test to test for cointegration. Johansen statistics can be used to see the amount of cointegration between variables ([Rosadi, 2012](#)). Compared to their critical values, the Johansen test is based on the trace statistic and maximum eigenvalue statistic values. If the trace statistic value and maximum eigenvalue statistic are more significant than the critical value, the data are cointegrated and vice versa.

RESULT AND DISCUSSION

Unit root test

Unit root testing uses the Augmented Dickey-Fuller (ADF) test. An ADF statistic value more significant than the Mackinnon Critical value indicates that the research data is stationary. Conversely, an ADF statistical value smaller than the Mackinnon Critical value indicates that the research data is not stationary (Widarjono, 2018). The unit root test results at the level show that all variables have an ADF statistical value smaller than the Mackinnon Critical value. That means the data is not stationary, so the unit root test is carried out at the first different level and shows that the data is stationary. The following are the results of the ADF test at the first different level.

Table 1. Augmented Dickey-Fuller (ADF) test at the first different level

| Variable | ADF t-statistic | Mackinnon's Critical Value | | | Description |
|----------|--------------------|----------------------------|---------|---------|-------------|
| | | 1% | 5% | 10% | |
| NAB | -8.6736 | -3.5122 | -2.8972 | -2.5858 | Stationery |
| JUB | -2.8940 | -3.5178 | -2.8996 | -2.5871 | Stationery |
| JCI | -7.8930 | -3.5122 | -2.8972 | -2.5858 | Stationery |
| HED | -9.5787 | -3.5122 | -2.8972 | -2.5858 | Stationery |
| HMD | -7.4660 | -3.5133 | -2.8976 | -2.5861 | Stationery |

Source: data processed (2022)

Based on the results of the ADF test at the first different level, all variables have an ADF statistical value more significant than the Mackinnon Critical value. That indicates that all research data have been stationary at the first different level.

Cointegration test

A cointegration test determines the long-term relationship between two or more variables. Cointegration testing uses the Johansen Cointegration Test by looking at the Trace Statistic and Maximum Eigenvalue Statistic values. The results of the Johansen Cointegration Test can be seen in the following table.

Table 2. Johansen Cointegration Test (Trace)

| Hypothesized No. of CE(S) | Eigenvalue | Trace Statistic | 0.05 Critical Value | Prob.** |
|------------------------------|------------|--------------------|------------------------|---------|
| None * | 0.3865 | 84.3353 | 69.8188 | 0.0023 |
| At most 1 | 0.2609 | 44.7529 | 47.8561 | 0.0950 |
| At most 2 | 0.1874 | 20.2618 | 29.7970 | 0.4053 |

| | | | | |
|-----------|--------|---------|---------|--------|
| At most 3 | 0.0373 | 3.45131 | 15.4947 | 0.9427 |
| At most 4 | 0.0045 | 0.36528 | 3.84146 | 0.5456 |

Source: data processed (2022)

Table 2 above shows that the data used in this study has a long-term relationship. That is evidenced by the Trace Statistic value being more significant than the Critical Value of 5%.

Tabel 3. Johansen Cointegration Test (Max- Eigen)

| Hypothesized No. of CE(S) | Eigenvalue | Max-Eigen Statistic | 0.05 Critical Value | Prob.** |
|---------------------------|------------|---------------------|---------------------|---------|
| None * | 0.38655 | 39.5824 | 33.8768 | 0.0094 |
| At most 1 | 0.26092 | 24.4910 | 27.5843 | 0.1185 |
| At most 2 | 0.18741 | 16.8105 | 21.1311 | 0.1811 |
| At most 3 | 0.03738 | 3.08602 | 14.2646 | 0.9408 |
| At most 4 | 0.00450 | 0.36528 | 3.84146 | 0.5456 |

Source: data processed (2022)

Table 3 above shows that this research data has a long-term relationship, as evidenced by the Max-Eigen Statistic value more significant than the Critical Value of 5%. Based on the Johansen Cointegration Test results, the Trace Statistic and Maximum Eigenvalue Statistic are more significant than the Critical Value of 5%, which explains that all of the data in this study have a long-term relationship between variables.

ECM estimation results

Long-term

The Error Correction Model estimation analyzes short-term and long-term relationships between variables. The following are the results of the ECM model estimation for the long term.

Table 4. Long-term estimation result

| Variable | Coefficient | Std. Error | t-Statistic | Prob |
|----------|-------------|------------|-------------|--------|
| C | -36.8377 | 3.14521 | -11.7122 | 0.0000 |
| LOG_JUB | 2.15965 | 0.38312 | 5.63688 | 0.0000 |
| LOG_IHSG | 1.74814 | 0.47270 | 3.69816 | 0.0004 |
| LOG_HED | 0.56909 | 0.42971 | 1.32436 | 0.1892 |
| LOG_HMD | -0.68571 | 0.18960 | -3.61665 | 0.0005 |

| | |
|-----------------------|---------|
| R-squared | 0.8236 |
| Adjust R ² | 0.8147 |
| F-statistic | 92.2308 |
| Prob (F-statistic) | 0.0000 |

Source: data processed (2022)

From the estimation results of the long-term ECM model, the ECM model equation can be formulated as follows:

$$NAB_t = -36.8377 + 2.15965JUB_t + 1.74814IHSG_t + 0.56909HED_t - 0.68571HMD_t$$

Based on the estimation results of the long-term ECM model, the following conclusions are obtained:

First, the coefficient value of the money supply variable is 2.15965, and the probability value of 0.000 is smaller than the actual level value of 10% (0.000 < 0.1). It can be concluded for the long term that the Money Supply (JUB) has a positive and significant effect on the Net Asset Value of Islamic mutual funds.

Second, the Jakarta Composite Index (JCI) shows a coefficient value of 1.74814 and a probability value of 0.000, less than the actual level value of 10% (0.000 < 0.1). That shows that in the long term, the Jakarta Composite Index (JCI) positively and significantly affects the Net Asset Value of Islamic mutual funds.

Third, the World gold price variable has a coefficient value of 0.56909 and a probability value of 0.189, more significant than the value of the actual level of 10% (0.189 > 0.1). So, the World gold price does not affect the Net Asset Value of Islamic mutual funds in the long term.

Fourth, the coefficient value of the World oil price variable is -0.68571, and the probability value of 0.0005 is less than the actual level value of 10% (0.0005 < 0.1). Indicates that the World oil price negatively and significantly affects the Net Asset Value of Islamic mutual funds in the long term.

Short-term

Table 5. Short-term estimation result

| Variable | Coefficient | Std. Error | t-Statistic | Prob |
|----------|-------------|------------|-------------|--------|
| C | 0.02102 | 0.0118 | 1.7673 | 0.0811 |

| | | | | |
|-----------------------|----------|--------|---------|--------|
| D(LOG_JUB) | -0.19892 | 0.3866 | -0.5144 | 0.6084 |
| D(LOG_IHSG) | 0.54579 | 0.3147 | 1.7342 | 0.0869 |
| D(LOG_HED) | -0.57512 | 0.2865 | -2.0069 | 0.0483 |
| D(LOG_HMD) | -0.13511 | 0.0847 | -1.5947 | 0.0114 |
| ECT(-1) | -0.07125 | 0.0404 | -1.7597 | 0.0824 |
| R-squared | 0.12644 | | | |
| Adjust R ² | 0.0697 | | | |
| F-statistic | 2.2291 | | | |
| Prob (F-statistic) | 0.0597 | | | |

Source: processed data (2022)

The estimation results of the ECM model for the long run obtained the following equation:

$$DNAB_t = 0.021 - 0.198DJUB_t + 0.545DIHSG_t - 0.575DHED_t - 0.135DHMD_t - 0.071ECT(-1)$$

Based on the estimation results of the ECM model for the short term, the following conclusions are obtained:

First, the coefficient value of the money supply variable is -0.198. The probability value of 0.608 is greater than the actual level value of 10% ($0.608 > 0.1$), so it can be concluded that in the short term, the Money Supply (JUB) does not affect the Net Asset Value of Islamic mutual funds.

Second, the Jakarta Composite Index (JCI) shows a coefficient value of 0.545 and a probability value of 0.086, more minor than the actual level value of 10% ($0.086 < 0.1$), indicating that for the short term, the Jakarta Composite Index has a positive and significant effect on the Net Asset Value of Islamic mutual funds.

Third, the World gold price variable has a coefficient value of -0.575 and a probability value of 0.048, more minor than the actual level value of 10% ($0.048 < 0.1$). It can be concluded that the World gold price has a negative and significant effect on the Net Asset Value of Islamic mutual funds for the short term.

Fourth, the coefficient value of the World oil price variable is -0.135, and the probability value of 0.114 is greater than the actual level value of 10% ($0.114 > 0.1$). The World oil price for the short term does not affect the Net Asset Value of Islamic mutual funds.

Fifth, the ECT coefficient value is -0.071, and the probability value is 0.082, which means it is smaller than the actual level value of 10% ($0.082 < 0.1$). That indicates an imbalance in the data used in this study. The ECT coefficient is harmful and is in the range of 0 and 1, namely (- 0.071), meaning that the value of the ECT

coefficient is far from 1, causing this model to be slow in adjusting to the long term.

Discussion

Money supply

The public owns the amount of money in circulation in the form of currency, chiral money, and quasi-money. Money circulation in society also needs to be regulated by the government (Bank Indonesia) through the authority and policies set to maintain capital market stability (Etawati et al., 2022).

The results of the long-term ECM analysis show that the money supply has a positive and significant effect on the NAV of Indonesian Islamic mutual funds with a coefficient value of 2.15965, meaning that if the money supply increases by one unit, the NAV of Indonesian Islamic mutual funds will also increase by 2.15965 units. This study's results align with Wirman's research (2020) explaining that the development of money supply is in line with economic development. A growing economy will increase the amount of money circulating in the community. This results in investment instruments increasing so that the NAV of Islamic mutual funds will also increase. These results also align with the findings of Miha & Laila (2017) and Febriyani et al. (2021), which found that the money supply has a positive and significant effect on the NAV of Islamic mutual funds in Indonesia in the long term.

Based on the short-term ECM estimation, the opposite result is obtained where the amount of money in circulation does not significantly influence the NAV of Islamic mutual funds in Indonesia. That can occur due to unstable economic growth in Indonesia in the last two years due to the pandemic COVID-19. This year the money supply experienced an unstable and insignificant increase and decrease. This study's results align with the findings of Etawati et al. (2022) and Fitriyani et al. (2020).

Jakarta Composite Index (JCI)

The Jakarta Composite Index positively and significantly influences the long-term and short-term. In the long term, the JCI coefficient value is 1.74814, which means that every one-unit increase in JCI will increase the NAV of Islamic mutual funds by 1.74814 units in the long term. While in the short term, the JCI coefficient value is 0.545, which means that every one-unit increase in JCI will increase the Islamic mutual funds NAV by 0.545 units in the short term.

The results of this study are supported by [Sari et al. \(2017\)](#), where JCI has a positive and significant influence on mutual fund NAV. That can happen because JCI reflects the development of Indonesia's capital market and is often a benchmark for stock price movements ([Tricahyadinata, 2016](#)). JCI movements tend to have the same influence on mutual funds. An increase in JCI will likely result in an increase in Mutual Fund NAV and vice versa. That makes JCI a benchmark for investors in making decisions investing ([Wadi, 2020](#)).

World gold price

Gold is one of the most stable and almost risk-free investment instruments. Gold prices tend to increase over time and rarely experience a significant decline from the previous price. Gold is also the most liquid form of investment because it can be used in any region and country ([Agestiani & Arif Sutanto, 2019](#)). Gold prices significantly influence stock investment; high prices encourage people to invest in gold commodities rather than stocks because it is more profitable ([Prasetyo & Widiyanto, 2019](#)).

The results of the long-term ECM estimation show that the World gold price does not significantly influence the NAV of the Indonesian Islamic Mutual Fund. However, in the short-term ECM estimation, the World gold price shows a negative and significant influence on the NAV of the Indonesian Islamic Mutual Fund, where the coefficient value of the World gold price is -0.575, which means that an increase in the World gold price by one unit will reduce the NAV of the Islamic Mutual Fund by 0.575 units in the short term. This research is supported by the findings of [Rusdiansyah & Septiarini \(2018\)](#) and [Prasetyo & Widiyanto \(2019\)](#), where the price of gold has a negative and significant effect on the NAV of Indonesian Islamic mutual funds. That can occur because the lack of stability of the capital market makes investors switch to investment instruments in the form of safer gold, thus making mutual funds NAV fall.

World oil price

Oil is one of the primary energy commodities in producing goods and services. Oil prices significantly impact all aspects of economic activity ([Miha & Laila, 2017](#)). The increase in oil prices can increase the company's operating costs, which results in the company's performance decreasing ([Nurwulandari, 2022](#)). The decline in company performance will affect the company's share price, which makes investors divert their investments to other more profitable investment instruments so that the NAV of mutual funds also decreases.

Short-term ECM estimation results show that World oil prices do not affect the NAV of Islamic mutual funds. However, in the long run, the increase in World oil prices negatively and significantly affects the NAV of Islamic mutual funds in Indonesia. These results align with [Rahmawati & Nuris's \(2018\)](#) research, where World oil prices affect the NAV of mutual funds because almost all company operations use oil as the primary energy source.

CONCLUSION

Net Asset Value is one of the indicators used to measure the performance of Islamic mutual funds in the capital market. This NAV will be a reference for investors considering investing in the capital market. Macroeconomic variables that reflect a country's economy include interest rates, exchange rates, inflation, money supply, economic growth, etc. Indices used in the Indonesian capital market, such as JCI, Jakarta Islamic Index, LQ45, and other indices, can also reflect the condition of the Indonesian economy. Global commodities such as world oil, world gold, and world nickel prices are also crucial in influencing the Indonesian capital market.

Based on the estimation results with ECM for the long term, it is known that domestic factors, namely money supply and Jakarta Composite Index, have a positive effect on the NAV of Islamic mutual funds in Indonesia. ECM estimation results for the long term from foreign factors, namely, the World gold price has a negative effect, while the World oil price does not affect the NAV of Islamic mutual funds in Indonesia. ECM estimation results for the short term from domestic factors obtained results, namely the Jakarta Composite Index, has a positive effect. In contrast, the money supply does not affect the NAV of Islamic mutual funds in Indonesia. Foreign factors for short-term ECM estimation results are known that World oil prices have a negative effect, while World gold prices do not affect the NAV of Islamic mutual funds in Indonesia.

This research is also helpful for developing science, especially related to capital market investment in Indonesia. Investors need to learn the science of investment decision-making in minimizing investment risk; there are two primary analyses that investors should master in investing: fundamental analysis and technical analysis. Fundamental analysis considers all aspects affecting companies and capital markets, such as financial statements, economic balance, and political, social, and cultural conditions. Technical analysis is an analysis that considers decisions through the movement of capital market charts. Both of these analyses need to be learned by investors to avoid herding behavior.

Recommendations that can be given based on the results of this study is the government must continue to maintain economic stability to maintain the investment climate in Indonesia. In addition, the government can consider and maintain the stability of macroeconomic variables nationally and internationally in setting fiscal and monetary policies. The last, investment managers need to know the composition of the investment portfolio to reduce the risk for Islamic mutual funds investors.

Future research is expected to add other variables not contained in this study, such as changes in the time value of money, currency exchange rates, foreign capital market indices, and others. Future researchers should also use analytical tools and econometric models such as VECM, VAR, GARDH, ARDL, and others. Future research can use time series data with a more extended period or panel data types to describe in detail the factors that affect the Net Asset Value of Islamic mutual funds in Indonesia, as well as an expanded scope of research, for example, within ASEAN and so on.

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