

## WINNING INVESTMENT STRATEGY FOR VENTURE DEVELOPMENT OF SMALL AND MEDIUM ENTREPRISE (SMES) IN INDONESIA IN FACING ASEAN ECONOMIC COMMUNITY (AEC) 2015

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**Abstract:** ASEAN Economic Community (AEC) 2015 was the realization of a free marketing Southeast Asia to enhance economic stability and solve the economic problems in ASEAN countries. AEC creates good opportunities for entrepreneurs to develop their business in ASEAN countries, especially for Small and Medium Enterprises (SMEs) in Indonesia. Small and medium enterprises (SMEs) are those enterprises that employ not more than 250 employees and work on small scale (Jasra et al, 2011). Competitiveness and dynamism of SMEs could be improved by facilitating their access to manage their fund. There are SMEs just hold their cash without invest their money in some investment product. So, this cash can not generate profit for the SMEs. This paper are trying to see whether the earnings generated from the SMEs business in Indonesia can be enhanced certain specific investment strategy, such as through mutual funds. This study aimstogive options for the investors, especially SMEs in choosing the winning investment strategy. This study discuss three strategies such as Buy and Hold Strategy, Installment Plan Strategy, and Asset Allocation with Rebalancing Strategy. Three rebalancing process are applied, which is quarterly, semi-annually, and annually. This study use 30 equity mutual funds that still active from 2007-2008 to calculate the optimal portfolio using Solver Software. This study use Sharpe Method to calculate the portfolio return. This study use simulation to show the return obtained from the three investment strategies. The research result shows that strategic asset allocation with rebalancing strategy is considered best done by an investor. This finding can be used by the SMEs as a reference to invest in equity mutual funds to improve the profit to develop their business.

**Keywords:** Venture Development; ASEAN Economic Community (AEC); SMEs; Investment Strategy

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## INTRODUCTION

Indonesia is one of member of ASEAN Economic Community (AEC). AEC 2015 was the realization of a free marketing Southeast Asia to enhance economic stability and solve the economic problems in ASEAN countries. AEC creates good opportunities for entrepreneurs to develop their business in ASEAN countries. Existing market share in Indonesia is 250 million people. At the AEC, ASEAN market share of 625 million people could be targeted by Indonesia. Thus, Indonesia has a greater opportunity to tap into a wider market. Exports and imports can also be done with a cheaper cost. Labor from other countries in ASEAN can be free to work in Indonesia. By contrast, Indonesia's labor can also be free to work in other countries in the ASEAN. Other positive impacts that can expand the investor Indonesia in investment without any limitation of space among ASEAN member countries. Similarly, it can attract investment from ASEAN investors. The entrepreneurs will be more creative because of tight competition and will further increase the level of professional skill, and professionalism of its competences.

AEC will be a region that has equitable economic development, with priority on Small and Medium Enterprises (SMEs). Small and medium enterprises (SMEs) are those enterprises that employ not more than 250 employees and work on small scale (Jasra et al, 2011). Competitiveness and dynamism of SMEs will be enhanced by facilitating their access to the latest information, market conditions, and the development of human resources in terms of capacity building, finance, and technology. The steps that have been prepared in anticipation of the Ministry of Cooperatives and SMEs to assist SMEs meet the ASEAN free trade era, among others, to increase insight into SMEs against AEC, increase production efficiency and business management, improvement in market absorption of SMEs products, creation of conducive business climate, etc.

SMEs usually face volatility in their financial condition. Volatility in revenues, earnings, and cash flows. There are SMEs that has many cash but they do not invest it in some investment product, so this cash will not generate profit for the SMEs. This paper are trying to see whether the earnings generated from the SMEs business can be enhanced certain specific investment strategy in equity mutual funds.

Mutual funds are one of the investment instruments that are growing in the past few years. Mutual funds are one of the investment instruments used to collect funds from the community of investors who have the same investment objectives. Based on data from the *Otoritas Jasa Keuangan (OJK)* on the month of December 2014 there were 794 types of mutual funds. Based on the record of OJK during the year 2014, in March, recorded Asset Under Management (AUM) of mutual funds by IDR 188 trillion. Where in 2014, was IDR 182.8 trillion, increase 9.3% compared

to the AUM 2012 which amounted to IDR 163.15 trillion. Based on data taken from the OJK, the performance of mutual funds in 2013 had decreased, but increased again in the early 2014's. The return of the month January 2014 shows that mutual funds give a return by 3.97%, where it is able to transcend the return of Jakarta Composite Index (JCI) by 3.38%. Mutual funds recorded able to exceed the return of JCI is an equity fund and could not be separated from a change in strategy in the investment managing making the portfolio of mutual funds.

This study aims to get the winning investment strategy in equity mutual funds. There are three alternative strategies in this study, such as Buy and Hold Strategy, Installment Plan Strategy, and Asset Allocation with Rebalancing Strategy. Through this study, the authors will try to suggest the best portfolio strategy on equity mutual funds. Then, the authors also will try to suggest the best investment strategy in equity mutual funds into selected SMEs or other investors to increase their return, so it can enhance their profit.

## **THEORETICAL ANALYSIS**

### ***A. Portfolio Theory***

Portfolio is a collection of investment which is a combination of various assets, can include financial assets, securities and real assets. In other words, the portfolio is part of a money investment and risk strategy by diversifying investments by selecting multiple assets with a certain risk level desired. Portfolio theory places great emphasis on the search for the optimal combination of investments that provide a level of profit or maximum rates of return at particular level of risk. Below will be also described several theories related to portfolio theory with regard to the level of the desired benefits and risks.

In the real world almost all investments contain elements of uncertainty or risk. Investors do not know with certainty that the results will be obtained from its investments. In this situation, it is said that the investors at risk in any investment is doing. However, the thing that can be done is to estimate how the expected profit from the investment, and how far the possibility of future actual results may deviate from the expected results. If an investor expects a high return then he should be willing to bear higher risks (high risk-high return). Various methods are used to avoid losses, and at least the maximum profit with minimal risk. To anticipate this condition, then made an alternative to minimize losses through the investments portfolio (Anoraga, 2003). That is, investors can easily spread (diversify) investments in various investment opportunities. Because that is necessary to understand the investment process, which starts from the formulation of investment policy until the evaluation of the performance of these investments.

### ***B. Optimal Portfolio Selection***

The efficient portfolio is a portfolio that generates a certain profit level with the lowest risk, or certain risks with the highest profit level. Each portfolio that located on the efficient frontier is an efficient portfolio, but we can not tell which one is the best portfolio. The problem is, however, the investors ultimately have to choose one of the various portfolios. Thus, the question arises, where the portfolio will be selected?

The expected utility model states that investors will choose an investment opportunity that gives the highest expected utility. The highest expected utility is not always the same as the level of the highest expected profit.

### ***C. Performance of Mutual Funds***

Portfolio performance appraisal is done by using the Sharpe ratio method which is based on the risk premium method. Risk premium is the difference between the average performance generated by a mutual fund with the average performance of a risk-free investment (risk-free assets). Sharpe ratio measures risk premium for each unit of risk taken, thus, the higher the ratio, the better performance of mutual funds.

Based on the authors previous study, there are some mutual funds characteristics that can affect its performance, as below.

#### **1. The Influence of Asset Under Management / AUM on The Sharpe Index**

Based on the authors's previous study can be found that Asset Under Management has a positive effect on the performance of equity mutual fund. These results are consistent with the research conducted by Lamphun & Wongsurawat (2012) that shows that the larger Asset Under Management of a mutual fund will facilitate the creation of economies of scale that can decrease the total cost so that it could have positive influence on the performance of mutual funds. These findings reinforce the research conducted by Philipott et al. (1998) that size of mutual fund has a significant positive correlation to the performance of mutual funds.

#### **2. The Influence of Fund Age / on The Sharpe Index**

Based on the authors's previous study can be found that there is a significant influence of fund age on the performance of equity mutual funds. Fund Age have a positive effect on the performance of equity mutual fund. The assumption states that the older the funds it will get better performance due to investment managers who manage it already has more experience when compared to younger mutual funds. This means that the fund manager can be trusted as an instrument for

investors and fund managers so the return will be higher.

### **3. The Influence of Past Performance / SHARPE t-1 on The Sharpe Index**

Based on the authors's previous study can be found that there is no significant influence of variables Past Performance on the performance of equity mutual fund. There is a positive correlation between past performances with Sharpe Index. This means that the past performance can be used as a factor in predicting the performance of mutual funds.

### **4. The Influence of Asset Allocation / PORTO on The Sharpe Index**

Based on the authors's previous study can be found that there is simultaneously a significant influence on the performance of the variable portfolio equity funds. There is a positive correlation between the portfolios with the Sharpe Index. It means that the better asset allocation policy, the better the performance of equity mutual fund.

### **5. The Influence of Turn of The Year / TOY on The Sharpe Index**

Based on the authors's previous study can be found that simultaneously there is a significant influence of variables turn of the year on the performance of mutual fund shares. There is a positive relationship between turn of the year with the Sharpe Index. Turn of the year effect is a situation where the yield (return) stock in December and January are usually better than the yields in previous months. Observations on the tour of the year this effect came from observations in the US capital markets. In the research results obtained show that stock returns in December and January showed better results.

### **6. The Influence of Exchange Rate on The Sharpe Index**

Based on the authors's previous study can be found that there is a significant influence on investor behavior variables on the performance of mutual fund shares. There is a positive relationship between the exchange rate with the Sharpe Index. Appreciation of the rupiah will have a positive impact on the domestic market-based companies with raw materials from abroad (imports) as it will reduce the cost of production inputs companies that enhance the ability of the company to make a profit, as a result of the company's shares will be more attractive in the investment world that affect the increase in demand for stocks the company.

### **7. The Influence of Blue Chip Stock on The Sharpe Index**

Based on the authors's previous study can be found that there is a significant influence of variables on the performance of blue chip equity funds. There is a

positive correlation between blue chip stocks with Sharpe Index. It means that the equity mutual fund with blue-chip stocks will give higher return than the return of second liner stocks. This condition can occur when the market is bearish (down). This is because the blue chip stocks have a small risk that if market conditions in a bearish, so the blue chip stocks can give higher return than the second liners. Blue chip stocks generally are issued by companies that are fundamentally strong and have good performance. However, if the condition of the market is bullish (up) then the shares of second liners can produce greater return than the blue chips. This is because if the investor invests in stocks of second liners that in fact contain higher risk than blue chip stocks, the return can be obtained by investors would be even greater.

#### **8. The Influence of Insurance Company on The Sharpe Index**

Based on the authors's previous study can be found that there is a significant influence of equity mutual funds managed by the insurance company on the performance of equity mutual funds. There is positive relationship between the insurance companies with Sharpe Index. Based on the results obtained results show the equity mutual funds managed by an investment manager which derives from an insurance company can give higher returns. Mutual funds are managed by the insurance company can give return equal even higher than equity mutual funds managed by non-insurance company. This can be caused because even though the investment manager is managed by the insurance company, but in practice the investment same with the investment managers in general.

#### **9. The Influence of Investors Behavior on The Sharpe Index**

Based on the authors's previous study can be found that there is a significant influence of investor behavior on the performance of equity mutual funds. There is a positive relationship between the investors behavior with the Sharpe Index. Positive or negative influence of the investor behavior on the performance of equity mutual fund can be affected by several things. Investor behavior shown by the attitude of investors who are not proportional to the profit than loss or in other words the attitude of investors are more reluctant to cut losses at the time of loss (loss retainer) and easy to carry out profit-taking at the time profit (Kahneman and Tversky, 1979; Shefrin and Statman, 1985).

#### ***D. Investment Strategy***

There are three investment strategy used in this study, as follow.

##### **1. Buy and Hold Strategy**



Buy and hold strategy is the investor putting a large amount of funds in the initial investment and let the money to move up and down follows the market developments, without additional investment (top up) until the investor decides to withdraw. This strategy provides a good investment results if done with the right timing, i.e when the price of the NAV (net asset value) of mutual funds were down at the lowest position (bottom) so the investors will gain more investment units at a cheaper price. The weaknesses of this strategy is investors cannot predict exactly when the NAV of mutual funds were at their lowest point. Besides, this strategy requires substantial capital so it will be difficult for investors who have limited funds.

## **2. Installment Plan Strategy**

The second strategy is the installment plan or investment strategy regularly and often also called Dollar Cost Averaging (DCA), the strategy of the investment made by purchasing investment products regularly (periodically), and preferably in the long term. Because it is done on a regular basis, regardless of the timing of whether the market is up or down, then the investor has the opportunity to acquire the average price (average).

The advantages of this periodic investment strategy is:

- More practical. Investors do not need to analyze timing, risks, potential benefits and so on.
- Invest more affordable because it can be done with a small nominal, so it can be an option for novice investors, or those who limited money for investment.
- The investment value is not too volatile because of the risk has been mitigated become better controlled through the purchase of product strategy at regular intervals.

## **3. Rebalancing Strategy**

Rebalancing is the act of restoring the portfolio composition as defined in the basic asset allocation. By doing rebalancing, investors can ensure that the portfolio is not overly focused on certain asset categories, and that the overall yield of the portfolio will be achieved at the level of acceptable risk. For example, suppose the basic asset allocation set a portion of shares equal to 60% of the total portfolio, while the rest (40%) in the form of money market instruments. After the stock market rise, the stock portion turns rise to 80% of the total portfolio while the portion of the money market fell to 20%.

In principle, there are three ways to do rebalancing towards portfolio:

1. Investors can sell the instrument of asset with over-weighted and use the proceeds to buy the instrument with underweighted.
2. Investors can buy a new instrument that has under-weighted.
3. If investors increase investment periodically then it can allocate the investment installment that has under-weighted to create back the original asset allocation.

Investors should hold the principle of “Buy Low Sell High”, which is to buy a mutual fund when prices are low and sell when the price is high.

## **METHODOLOGY**

### ***A. Data and Sample***

Mutual funds that will be examined to make optimal portfolio are equity mutual funds that have been approved effective from the FSA and has conducted emissions in the period 2008-2014, and has been issued an Asset Under Management (AUM) for 7 years until December 2014, and is widely traded in society. Therefore, the sample consist of 30 equity mutual funds. Type of data is secondary data that has undergone the processing of monthly data for 7 (seven) years that have been issued by PT. Indonesia Stock Exchange, *Otoritas Jasa Keuangan (OJK)*, and Bank Indonesia.

### ***B. Method***

This study uses simulations to show there turn obtained from the three investment strategies. The first step of the determination of this strategy is to create an optimal portfolio of top mutual fund shares used in the study by using the tool Solver add-in from Microsoft Excel, and by incorporating the conditioni. Emaximizing the Sharpe Ratio, the maximum return and minimum risk. Then the authors made the assumption that the investor has a fund of IDR100 million and will be simulated into three investment strategies: Buy and Hold Strategy, Installment Plan Strategy, and Asset Allocation with Rebalancing Strategy.

## **RESULTS AND ANALYSIS**

Based on the Solver’s result, there are 4 (four) equity mutual funds from 30 equity mutual funds as the best portfolio strategy with their respective weights as below:

- Panin Dana Maksima: 38.68%
- Primary Shares: 22:28%
- Mutual Dana Pratama Equity:20:06%



- Schroder Fund Performance Plus: 18.98%

Here is three simulation of investment starteg held by the authors.

**Table 1**  
**Buy and Hold Strategy Simulation**

Types of Mutual Funds	Proportion	Investment 100,000,000	Januari 2008		31 Des 2014		Value
			NAV	Unit	NAV	NAV	
<b>Panin Dana</b>							
Maksima	38.68%	38,680,000	15,571.43	2,484.04	73,705.76	183,087,837.78	
Pratama Saham	22.28%	22,280,000	2,362.51	9,430.66	Rp5,981.33	56,407,864.05	
<b>Reksa Dana Dana</b>							
Pratama Ekuitas	20.06%	20,060,000	4,104.43	4,887.40	9,023.26	44,100,254.50	
<b>Schroder Dana</b>							
Prestasi Plus	18.98%	18,980,000	12,939.00	1,466.88	27,155.51	39,833,950.87	
Total	100.00%	100,000,000				323,429,907.20	
<b>RETURN</b>						223%	

Based on the simulation above, the portfolio mutual funds has total value at the end of December 2014 is IDR 323,429,907.20. Using this value, can be found the total return can be reached if the investor choose the buy and hold strategy by 223%.

**Table 2**  
**Installment Plan Strategy Simulation**

Portfolio Mutual Funds	Proportion	Investment Value Per Year	Total Unit of Mutual Funds								Ending Value Portfolio
			Januari 2008	Januari 2009	Januari 2010	Januari 2011	Januari 2012	Januari 2013	Januari 2014	Desember 2014	
<b>Panin Dana</b>											
Maksima	38.68%	6,625,557.03	425.49	613.73	252.29	143.24	120.84	108.28	108.01	1771.89	130,598,243.47
<b>Pratama Saham</b>											
Pratama Saham	22.28%	3,816,375.66	1615.39	3550.60	1299.91	1050.69	1052.49	956.07	833.86	10359.02	61,960,659.43
<b>RD Dana Pratama Ekuitas</b>											
RD Dana Pratama Ekuitas	20.06%	3,436,108.43	837.17	1768.05	743.62	616.01	617.70	583.59	517.49	5683.62	51,284,814.20
<b>Schroder Dana Prestasi Plus</b>											
Schroder Dana Prestasi Plus	18.98%	3,251,113.56	251.26	416.38	204.22	171.55	150.00	143.81	145.23	1482.46	40,257,021.89
TOTAL	100.00%	17,129,154.67									284,100,739.00
<b>RETURN</b>											184.10%

**Table 3**  
**Annually Rebalancing Strategy Simulation**

Jenis Reksa Dana	Proporsi	Investasi 100.000.000	Januari 2008		Jan '09	Jan '10	Jan '11	Jan '12	Jan '13	Jan '14	December 2014	
			NAB	Unit							NAB	Rebalancing
Fann Dana Maksima	38,68%	38.680.000	15.571,43	2.484,04	26.045.475,30	55.219.349,39	78.690.036,62	86.402.833,12	93.942.031,61	104.575.012,68	73.705,76	126.177.689,76
Pratama Saham Reksa Dana Ekuitas	22,28%	22.280.000	2.362,51	9.430,66	15.002.409,24	31.806.802,08	45.326.112,10	49.768.746,69	54.111.387,39	60.236.072,46	5.981,33	72.679.393,17
Pratama Dana Ekuitas	20,06%	20.060.000	4.104,43	4.887,40	13.507.555,18	28.637.542,63	40.809.775,97	44.809.742,30	48.719.678,24	54.234.093,96	9.023,26	65.437.550,58
Schroder Dana Prestasi Plus	18,98%	18.980.000	12.939,00	1.466,88	12.780.328,88	27.095.740,73	38.612.639,48	42.397.253,69	46.096.684,59	51.314.212,53	27.155,51	61.914.492,03
<b>Total</b>	<b>100,00%</b>	<b>100.000.000</b>			<b>67.335.768,60</b>	<b>142.759.431,83</b>	<b>203.438.564,17</b>	<b>223.378.575,79</b>	<b>242.869.781,84</b>	<b>270.359.391,63</b>		<b>326.209.125,55</b>

Based on the simulation above, the portfolio mutual funds has total value at the end of December 2014 is IDR 284,100,739.00. This value is lower than the value reached by using buy and hold strategy. The return obtained by this simulation is 184.10% still lower than the return obtained by the buy and hold strategy by 223%.

Based on the result of Annually Rebalancing Simulation above, the total value of portfolio mutual fund at the end of December 2014 is IDR 326.209.492,55.

**Table 4**  
**Semi Annually Rebalancing Simulation**

Type of Mutual Funds	Proporsi	100.000.000	Januari 2008		Juli 2008			
			NAB	Unit	NAB	Nilai	Rebalancing	Unit
Panin Dana Maksima	38,68%	38.680.000	15.571,43	2.484,04	17.208,14	42.745.661,77	35.821.157,21	2.081,64
Pratama Saham	22,28%	22.280.000	2.362,51	9.430,66	2.155,27	20.325.619,67	20.633.282,90	9.573,41
Reksa Dana Pratama Ekuitas	20,06%	20.060.000	4.104,43	4.887,40	3.700,19	18.084.301,49	18.577.363,33	5.020,65
Schroder Dana Prestasi Plus	18,98%	18.980.000	12.939,00	1.466,88	7.807,99	11.453.406,76	17.577.186,24	2.251,18
	100,00%	100.000.000				92.608.989,69	92.608.989,69	

  

Januari 2010				Juli 2010			
NAB	Nilai	Rebalancing	Unit	NAB	Nilai	Rebalancing	Unit
26.261,24	60.460.389,01	56.451.577,93	2.149,62	36.325,22	78.085.278,21	68.365.813,28	1.882,05
2.935,89	30.464.569,01	32.516.575,91	11.075,56	Rp 3.184,64	35.271.688,40	39.379.274,04	12.365,37
4.620,77	26.881.846,50	29.276.593,93	6.335,87	4.964,14	31.452.164,19	35.455.486,41	7.142,32
15.919,67	28.138.329,74	27.700.386,48	1.740,01	18.355,10	31.938.059,67	33.546.616,75	1.827,65
	145.945.134,25	145.945.134,25			176.747.190,48	176.747.190,48	

  

Januari 2011				Juli 2011			
NAB	Nilai	Rebalancing	Unit	NAB	Nilai	Rebalancing	Unit
46.255,86	87.055.751,51	79.853.251,36	1.726,34	59.512,74	102.739.094,96	96.193.624,25	1.616,35
3.632,26	44.914.231,53	45.996.133,41	12.663,23	4.110,54	52.052.677,70	55.408.323,38	13.479,58
5.578,02	39.840.026,33	41.413.035,73	7.424,32	6.255,03	46.439.365,15	49.887.386,31	7.975,56
18.951,07	34.635.831,78	39.183.420,65	2.067,61	22.953,90	47.459.721,18	47.201.525,03	2.056,36
	206.445.841,15	206.445.841,15			248.690.858,98	248.690.858,98	

  

Januari 2012				Juli 2012			
NAB	Nilai	Rebalancing	Unit	NAB	Nilai	Rebalancing	Unit
54.827,41	88.620.474,75	87.584.364,25	1.597,46	56.829,71	90.782.957,52	87.928.928,60	1.547,24
3.626,03	48.877.427,99	50.449.318,40	13.913,08	3.532,00	49.141.040,74	50.647.790,31	14.339,68
5.562,79	44.366.345,26	45.422.501,21	8.165,42	5.389,96	44.011.309,12	45.601.197,20	8.460,40
21.673,69	44.568.958,44	42.977.022,58	1.982,91	21.881,31	43.388.706,57	43.146.097,85	1.971,82
	226.433.206,45	226.433.206,45			227.324.013,95	227.324.013,95	

  

Januari 2013				Juli 2013			
NAB	Nilai	Rebalancing	Unit	NAB	Nilai	Rebalancing	Unit
61.191,02	94.676.896,09	95.271.489,25	1.556,95	65.814,93	102.470.702,59	104.455.524,90	1.587,11
3.991,71	57.239.885,04	54.877.165,99	13.747,77	4.621,34	63.533.166,18	60.167.246,50	13.019,43
5.887,84	49.813.450,86	49.409.153,94	8.391,73	6.652,27	55.824.052,28	54.172.125,89	8.143,40
22.606,79	44.576.617,17	46.749.039,97	2.067,92	23.319,35	48.222.556,98	51.255.580,73	2.197,98
	246.306.849,16	246.306.849,16			270.050.478,03	270.050.478,03	

  

Januari 2014				Juli 2014				Desember 2014			
NAB	Nilai	Rebalancing	Unit	NAB	Nilai	Rebalancing	Unit	NAB	Nilai	Rebalancing	Unit
61.339,85	97.353.083,09	100.651.904,15	1.640,89	70.258,52	115.286.439,47	121.815.026,55	1.733,81	73.705,76	127.791.894,94	126.741.555,45	1.719,56
4.576,77	59.586.905,76	57.976.329,49	12.667,53	Rp 5.838,60	73.960.591,76	70.166.463,07	12.017,69	Rp 5.981,33	71.881.732,18	73.004.184,47	12.205,35
6.639,99	54.072.122,24	52.199.513,89	7.861,38	8.660,21	68.081.243,24	63.175.011,19	7.294,86	9.023,26	65.823.396,23	65.729.979,38	7.284,51
22.386,33	49.204.807,62	49.389.171,17	2.206,22	26.108,90	57.601.990,67	59.773.764,32	2.289,40	27.155,51	62.169.872,85	62.191.176,90	2.290,19
	260.216.918,70	260.216.918,70			314.930.265,13	314.930.265,13			327.666.896,20	327.666.896,20	

Based on the result of Semi-Annually Rebalancing Simulation above, the total value of portfolio mutual fundat the end of December 2014 is IDR 327,666,896.20. This value is higher than the value obtained from annually rebalancing simulation by IDR 326.209.492,55.



Based on the result of Semi-Annually Rebalancing Simulation above, the total value of portfolio mutual fund at the end of December 2014 is IDR 345,941,722.52. This value is higher than the value obtained from annually rebalancing simulation by IDR 327,666,896.20.

Here is the conclusion of three simulation of Rebalancing Strategy.

**Table 6**  
**Conclusion of Rebalancing Strategy**

<i>Type</i>	<i>Investment</i>	<i>Value</i>	<i>Return</i>
Annually	100,000,000.00	326,209,125.55	226%
Semi-annually	100,000,000.00	327,666,896.20	228%
Quarterly	100,000,000.00	345,941,722.52	246%

Based on the three simulation results above showed that Quarterly rebalancing gives the best return result among all portfolios than annually and semi-annually. It means that the higher frequency of rebalancing, the return will be generated also will be higher.

### **The Comparison Between Three Strategies**

If we compare between three simulation of three investment strategy, can be found that allocation strategy with rebalancing strategy gives a better return than the buy and hold strategy and the installment plan strategy. The return of quarterly rebalancing strategy has the highest return by 246% than buy and hold strategy's return by 223% and installment plan's return by 184.10%

### **CONCLUSION**

Based on the calculation, authors give a recommendation about portfolio strategy for investors, especially for SMEs. The portfolio strategy recommended to enhance SMEs's return in mutual funds are: Schroder Dana Prestasi Plus: 18.98%, Reksadana Dana Pratama Ekuitas: 20.06%, Pratama Saham: 22.28%, and Panin Dana Maksima: 38.68%. This investment strategy can be applied to enhance return SMEs to increase the business profit.

Then, based on the result of simulation of the three investment strategy: Buy and Hold Strategy, Installment Plan Strategy, and Asset Allocation with Rebalancing Strategy (Annually, Semi-Annually, and Quarterly) can be found that asset allocation with rebalancing strategy give the highest return. Asset allocation strategy can improve return of investment portfolio. It can be concluded that the asset allocation investment strategy with regular rebalancing process can apply effectively the "buy low and sell high" principle.

So, the authors give recommendation for the investors, especially Small and Medium Enterprise (SMEs) to choose the asset allocation with rebalancing strategy in invest their funds to enhance the highest profit for their business to reach venture development in facing ASEAN Economic Community (AEC) 2015.

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