ABSTRACT

This study aims to analyze the effect of asset allocation, especially on 4 (four) asset classes consisting of investments in Time Deposits, Government Securities, Stocks, and Corporate Bonds on the Return on Investment of Pension Funds in Indonesia from 2018 to 2022.

The quantitative approach used is testing using panel data regression analysis with EViews software. Data sources are obtained internally from OJK. The type of data used is secondary data based on the Pension Fund financial report. Based on the sample selection method, the data successfully collected in this study includes 106 data per year or a total of 530 data for five years, namely from 2018 to 2022.

The results of the study show that the Adjusted R Square in explaining Return on Investment is still low, which is 15.5567%, this shows that other variables not used in this study have a greater influence on Return on Investment. The periodization in this study was an extraordinary situation, namely the occurrence of the Covid-19 pandemic in 2020 which caused the economic conditions in Indonesia to deteriorate as happened in the world. There are several government policies that have also resulted in a decline in investment performance. This causes 2 (two) hypotheses to be unproven, namely investment in Time Deposits has a positive effect on the Return on Investment of Pension Funds in Indonesia and investment in Stocks has a positive effect on the Return on Investment of Pension Funds in Indonesia.

The researcher assessed that the reason for the unproven hypothesis was because: 1) there was a decrease in the interest rate on Time Deposits along with a decrease in the BI rate reference interest rate as a form of monetary policy in order to support and encourage the recovery of the economic impact of the Covid-19 pandemic which has caused the economy to deteriorate in Indonesia and 2) there was a sharp decline in the IDX Composite as a market reaction due to investor fear and wait and see behavior over the Covid-19 pandemic. Monetary policy takes time to influence stock market conditions and fiscal policy reduces the adverse effects of the pandemic on the capital market.

This is actually different from investment in Government Securities and Corporate Bonds, Government policies such as the burden sharing carried out by Bank Indonesia, namely the purchase of Government Securities in the primary market, have a significant impact on the condition of the Government Securities market in the long term. Including the existence of incentives for relief from PPh on bond interest and countercyclical policies in the form of delayed market price assessment (mark to market) or the use of acquisition value during the Covid-19 pandemic, which have also strengthened Corporate Bonds. Thus, the other 2 (two) hypotheses are proven, namely investment in Government Securities has a positive effect on the Return on Investment of Pension Funds in Indonesia and investment in Corporate Bonds has a positive effect on the Return on Investment of Pension Funds in Indonesia.

The researcher suggests adding other variables such as type, size of Pension Fund, pre- and post-Covid-19 periodization, and other objects outside the Pension Fund industry in future research so that the research results are more optimal.

Keywords : Asset Allocation, Financial Performance, Pension Fund in **Indonesia**