

ABSTRACT

The Net Asset Value (NAV) of equity mutual funds reflects investor's total net wealth through unit holdings. NAV fluctuations are highly affected by market dynamic and macroeconomics factors. Given the role of equity mutual funds as a popular investment choice for individual investors and institutional investors, this study aims to examine how macroeconomics volatility such as including interest rate volatility, rupiah exchange rate volatility, and competitor stock price volatility influences the NAV of equity mutual funds in Indonesia.

A quantitative method with monthly time series data was applied from January 2013 to December 2023. The data include the NAV of equity mutual funds, interest rates, rupiah exchange rates, and competitor stock prices. The analysis was conducted in two stages: first, the ARCH-GARCH model was used to generate the conditional variance of each macroeconomic variable; second, the conditional variance was regressed on the NAV using the Autoregressive Distributed Lag (ARDL) model.

The results show that interest rate volatility and competitor stock price volatility have a significant negative effect on the NAV of equity mutual funds, indicating that greater uncertainty tends to reduce the NAV. In contrast, rupiah exchange rate volatility does not significantly affect the NAV, suggesting that exchange rate risk does not strongly influence investors' decisions in Indonesia's equity mutual fund market. These findings are expected to be useful for fund managers, market regulators, and investors in formulating risk management strategies and more effective investment policies.

Keywords: Autoregressive Distributed Lag (ARDL), Equity Mutual Fund, Macroeconomic Volatility, Net Asset Value, Generalized Autoregressive Conditional Heteroscedasticity (ARCH-GARCH).

