

ABSTRACT

With the decline in deposit rates of banking sector, alternative financial investment began to turn to capital markets because it can provide greater benefits eventhough with a greater risk too. For investors who do not dare to take risks to invest directly into the capital markets, mutual funds is the right choice, because it is managed by investment managers that are reliable. Capital will be invested into the market, so expect the performance of mutual funds will be equal to the performance of its benchmark. Many factors must be considered in choosing a mutual fund products. The amount of capital, performance, expense ratio, is a factor that might be a consideration. So, the purpose of this study is to analyze the comparative performance and expense ratios on large and small of mutual funds sizes so that it can be a reference for investors in choosing a mutual fund.

The population in this study is mutual funds product listed in Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam-LK) from 2009 to 2010. With the purposive sampling method of 73 equity funds that are still active and meets the criteria, data obtained were 41 equity mutual fund. With the observed time series data for 2 years and cross section data of 41 equity mutual fund, the number of samples obtained 82 observations. With Independent sample t-test analysis, will compare performance and expense ratios on large and small mutual funds sizes and compare both, which one is better.

With a significance of 5%, the analysis showed that there was no a significant difference to performance, between large and small fund size. And So for the expense ratio, there are no significant differences between large and small fund size, too. This indicates, that the investment manager does not consider amount of fund, for determining operational expenses, because the greater of fund should be more efficient in cost, so it should be in line with the economic of scale's theory.

Keywords : Size of Mutual Funds, Mutual Fund Performance, Mutual Fund Expense Ratio