

Performance of Sharia Equity Funds and Conventional Equity Funds, Which one is better?

(Comparative Study on Equity Funds at Indonesia Stock Exchange-IDX, Period 2014 – 2016)

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ARTICLE INFO

ABSTRACT

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Currently equity funds are investment instruments that are very interested by investors, because are able to provide higher returns compared to other investment instruments. In Indonesia Stock Exchange (IDX) there are two types of equity funds traded, namely sharia equity funds and conventional equity funds. This study aims to find out which is better between the performance of sharia equity funds and conventional equity funds. The analytical method used is the comparative method using the average difference test of independent sample t-test and Sharpe method to determine the rank of the best equity funds. The result of the research shows that based on Sharpe method, the performance of sharia equity funds is better than conventional equity funds. And based on the average difference test proved there is a significant difference between the performance of sharia equity funds with the performance of conventional equity funds.

KEYWORDS: *Mutual Funds, Shariah Equity Funds, Sharpe Methods, Risk and Return*

1. Introduction

The development of capital markets in Indonesia shows a significant increase. Until the end of December 2016 the average value of market capitalization reached Rp 7,505 trillion with the Composite Stock Price Index (IHSG) reaching 5,296.71 (OJK, Dec.2016). This condition is increasingly inviting investors to invest in the stock. In recent years, sharia-based investment instruments have grown quite rapidly, including investment instruments in the form of sharia bonds, sharia equity and sharia mutual funds. The large variety of sharia investment shows this investment model can adjust to the development of the world economy and has the potential to grow rapidly in Indonesia.

Mutual funds are one of the investment alternatives for investors, especially small investors and investors who do not have much time and expertise to calculate the risks to their investment. In addition to capital market instruments, the development of mutual fund products is also very dynamic, which is marked by the increasing number of equity mutual fund issued by the Investment Manager (MI), one of which is the type of sharia equity funds. Sharia equity funds are a type of mutual fund whose investment portfolio consists of sharia shares and is included in the Jakarta Islamic Index (JII) stock group. Until now there are 40 types of stocks that meet the Sharia and Islamic principles.

Sharia equity funds first appeared in Indonesia in 1998 by PT Dana Reksa Investment Management. Shariah equity funds aim to guide investors who want to invest their funds in sharia. Sharia equity funds as stipulated by Bapepam and LK Rule Number IX.A.13 of 2009 are defined as equity funds which managed are not in conflict with the principles of sharia in the capital market. So sharial equity funds only invest in companies with halal category. The rapid growth of both conventional and sharia equity funds facing investors to the problem of how to choose an alternative of existing equity funds based on the performance of the equity fund.

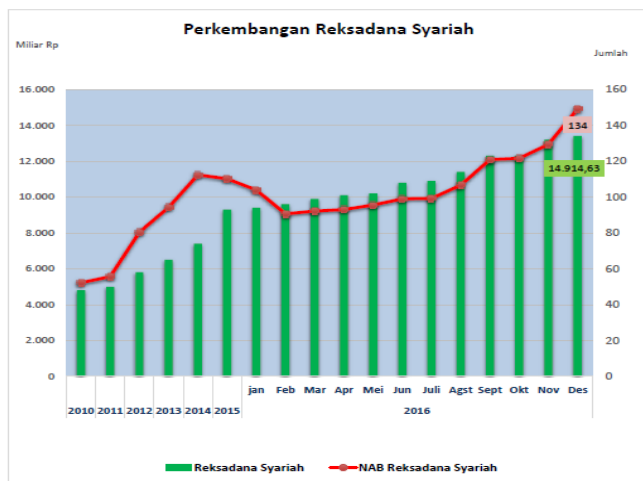


Figure 1.1 The Growth of Sharia Muual Fund

From Figure 1.1, the graph of sharia mutual fund development shows the performance trend of sharia mutual fund shows an increasing trend, both from the number of products and Net Asset Value (NAV). In fact, this shows that the emergence of sharia equity funds provide more investment options for people, especially Muslim investors, but there are still concerns that shariah equity funds are not able to provide better returns than conventional equity funds. Other concerns arise because of allegedly less optimal allocation in investment portfolio, due to investment restrictions only on products in accordance with Islamic based, while its own sharia investment products in Indonesia is still very limited in number. In the other side, society generally avoid

risk (risk adverse) to new products that have not seen its performance.

In addition, not all members of the community, especially individual investors are able to properly analyze the information presented by emiten or prospective issuers. In Pahlevi's study (2009), identify whether investors are acting as investors or speculators. When investors behave as financiers, it means expected dividends. Meanwhile, when investors behave as speculators, it means capital gain is expected. Performance appraisal of equity funds are not enough to only calculate based on total return (total return), but better if taking into account the risk factors. Performance measurements involving risk factors provide more in-depth information to investors about the extent to which an outcome or performance provided by the Investment Manager is associated with the risk taken to achieve that performance.

This study aims to assess the performance of syariah-based equity funds and compare them with the performance of conventional equity funds using the Sharpe Index method through the test stages of different simple independent t-test, then determine which is better the performance of sharia or conventional equity funds. The results are expected to provide an idea to potential investors about the performance of equity fund, before they decide whether to invest in sharia equity funds or conventional equity funds.

2. Framework and Empirical Studies Investment

Investation or investment is to make use of for futures benefits or to commit (money) in order to earn a financial return (Webster's Dictionary). Another definition, put forward by Arifin (1999), investment is defined as investing money or capital in a company or project for the purpose of obtaining profit. While, Tandelin (2001), argued that investment is defined as a commitment to a number of funds or other resources that are done now, with the aim of obtaining some benefits in

the future. Another opinion expressed by Jogyanto (2010), states that investment is a delay of consumption now to be put into productive assets for a certain period of time. So based on several definitions put forward above, it can be concluded that investment is an activity to delay consumption within a certain period of time to earn profits in the future.

To achieve investment objectives, it is necessary to consider some things in investment decision making. Sharpe (1995) argues that investment decision-making through several stages includes determining investment policy, securities analysis, portfolio formation, portfolio revision, and portfolio performance evaluation. In the portfolio performance evaluation stage, an assessment of portfolio performance is performed periodically, in the sense that not only the return is paid attention but also the risks faced. So needed the right measure of return and risk as well as relevant standards.

In Islamic concepts, investment meets the gradation process (*tadrij*) of the three stages (trichotomy) of knowledge, namely the stages of discourse (*'ilmu al yaqin*), implementation (*'ain al yaqin*), and the essence of a science (*haqq al yaqin*). It can be proven that the concept of investment other than as knowledge is also nuanced spiritual because it uses the norm of sharia, as well as the essence of a science and charity. Therefore, investment is highly recommended for every Muslim. This is as described in verse 18 of QS Al-Hashr: "*O you who believe! Fear Allah and keep your duty to Him, and let every person look to what he has sent forth for tomorrow (hereafter). And fear Allah, Verily, Allah is All-aware of what you do*".

This verse is interpreted, every human being should calculate and introspection before introspected, and see what you have invested for you from righteous deeds (after here investment) as your provision to the day of the calculation of righteous on the Judgemnet Day for self safety in front Allah SWT. (Katsir, 2000 in Satrio, 2005).
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Thus Almighty Allah commands all His believing servants to make an investment hereafter by doing righteous deeds early on as a provision facing the day of reckoning.

Risk and Return

Every investment decision always involves two things: risk and return. The risk of having a positive and linear relationship with the expected return of an investment, so the greater the expected return the greater the risk that must be borne by an investor (Huda, 2007). Another opinion, proposed by Jorion (2000), states that risk as the volatility of an unexpected outcome, in general the value of the assets or liabilities of interest. Gup (1998), argues that risk is a deviation from the expected return (return expected). Meanwhile, according to Jones (1996), the risk is the possibility of revenue received (actual return) in an investment will be different from the expected income (expected return). Brigham and Gapenski (1999), stated that the risk is the possibility of received profits smaller than expected profit. In portfolio theory, risk is expressed as a possible profit deviate from the expected. Therefore risk has two dimensions, ie deviate larger or smaller than expected return.

Mutual funds

Mutual funds are a type of investment instrument that has been long enough, has been known since the 1920s, but its development and popularity in Indonesia began to increase since the last 10 years. Some terms about Mutual Funds, in America known as mutual fund. In the UK it is called unit trust, while in Japan it is known as investment trust.

In Indonesia Mutual funds were introduced in 1995, which is marked by the appearance of mutual funds of the company issued by PT BDNI Reksadana. According to Law No. 8 of 1995 concerning the Capital Market, Mutual Funds is a vessel used to raise funds from the investors to be invested in securities portfolio by the Investment

Manager. Meanwhile, Manurung (2006) defines Mutual Funds as a collection of public funds invested in stocks, bonds, time deposits, money markets, and so on. In addition, it can also be stated that Mutual Fund is a collection of funds from a number of investors managed by investment managers (fund managers) to be invested into securities portfolio. Meanwhile, Rumintang (2014), argues that Mutual Fund is a company that manages a collection of individual investor money. The company invests in purpose and issues a share (unit of participation) that entitles investors to a portion of the revenue generated by the funds invested.

Based on Bapepam Rule Number IV.C.3 Year 1997 concerning Guidelines for Daily Announcement of Net Asset Value of Open Mutual Funds, Indonesia Mutual Funds are divided into 4 (four) categories, Money Market Mutual Funds, Fixed Income Funds, Equity Mutual Funds, and Mixed Mutual Funds. Categorizing Mutual Funds is here based on the category of instruments in which Mutual funds invest. Meanwhile, based on the legal form of mutual funds there are two types, namely mutual funds in the form of Limited Liability Company (PT Reksadana), and mutual funds in the form of Collective Investment Contract (Reksadana KIK). Meanwhile, according to the nature of operations, mutual funds can be divided into two types: Open-end Mutual Funds and closed-end Mutual Funds. Currently most of the existing mutual funds in Indonesia are mutual funds in the form of KIK and open nature recorded and traded on the Indonesia Stock Exchange.

Sharia Mutual Funds

Sharia Mutual Funds were first introduced in 1995 by the National Commercial Bank in Saudi Arabia under the name Global Trade Equity with a capitalization value of US \$ 150 million. While in Indonesia, Syariah Mutual Fund was first introduced in 1998 by PT Danareksa Investment Management, at which time PT Danareksa issued 1038

Mutual Fund product based on Sharia Mutual Funds type Mixed with Danareksa Syariah Berimbang (Huda, 2014). In 2001, the National Sharia Council (DSN) issued Fatwa. 20/DSN-MUI/IV/2001, defines Islamic mutual funds as mutual funds operating under Islamic sharia principles and principles, both in the form of contracts between investors as owners of property (*shahib al-maal/rabb al-maal*) With the Investment Manager as the representative of sahib al-maal, or between the Investment Manager as the representative of shahib al-maal with the investment user.

Meanwhile, according to Soemitra (2009), that mutual funds sharia is a mutual fund management and investment policy refers to Islamic sharia. Sharia mutual funds will not invest their funds in bonds from companies whose management or products are in conflict with Islamic sharia, such as alcoholic beverages, pork industry, financial services involving usury in its operations and business that contains immorality. Based on this understanding, Sharia Mutual Fund can be interpreted as a container used to collect funds from the capitalist community as the owner of the property (*shahib al-maal/rabb al-maal*) to be invested in Securities Portfolio by the Investment Manager as the representative of *shahib al-maal* according to the provisions and Islamic Sharia principles.

The most visible difference between Sharia Mutual Funds and Conventional Mutual Funds lies in the screening process in constructing a portfolio. Filtering according to sharia principles will issue shares that have illicit activity, such as usury, liquor, gambling, pork, and cigarettes (Huda, 2014). For more details of the difference between sharia mutual funds and conventional funds as shown in Table 2.1.

Table 2.1: Differences in Sharia Mutual Funds and Conventional Mutual Funds

Different Aspects	Sharia	Conventional
Investment goal	Not solely return but also socially responsible investment	The highest return
Operational	There is a screening process	Without screening process
Return	The filtering process of illicit activities	No process
Supervision	Sharia Supervisory Board and BAPEPAM	BAPEPAM
Contract/ Akad	As long as it does not conflict with sharia	Emphasizes opportunities without halal and haram
Transaction	There should be no speculation that maghrib (maisir, gharar, usury)	During the transaction can provide benefits

Sharia may accept such Mutual Fund business as long as it does not conflict with sharia. Dr. Wahbah az-Zuhaily, said: ... and any conditions which are not contrary to the principles of Shari'a and can be equated with the law (qiyas-kan) under legitimate conditions (al-Fiqh al-Islamy wa Adillatuh).

The operational mechanism between investors and the Investment Manager (MI) in Sharia Mutual Funds uses Wakalah system. Where the financiers give the mandate to MI to carry out investment for the interests of investors, in accordance with the provisions listed in the prospectus. Investments are made only in financial instruments in accordance with Islamic sharia, which may include Sharia-compliant stocks, placements in deposits in Sharia Commercial Banks, and short-term and short-term debt in accordance with sharia principles. To ensure that Sharia Mutual Funds operate without violating the rules of harmony as stipulated in the DSN Fatwa, a Sharia Reksadana shall have a Sharia

Supervisory Board (DPS), which serves as an investment management advisor on matters related to sharia aspects and as a mediator between Mutual Funds DSN.

Mutual Fund Performance

Mutual Fund Performance is an analysis done in evaluating and knowing the development of Mutual Funds is managed for a certain period. Performance Mutual funds are important for investors in making a decision to invest. A Mutual Fund is said to have a good performance if since its launch is above the performance of Composite Stock Price Index (IHSG). Net Asset Value (NAV) per unit is the required data in assessing Mutual funds.

Some factors that may affect the performance of Mutual Funds include: (1) environmental factors such as government policy in the monetary sector, (2) managers factor (Investment Manager), mistakes in managing and allocating will greatly affect Mutual Fund performance, market timing factor. According to Rumintang (2014) there are four methods of measuring portfolio performance commonly used, namely: Sharpe Ratio, Treynor Ratio, Jensen Index, and Information Ratio.

Sharpe Ratio method is one method of measuring the performance of mutual funds that use the concept of Capital Markets Line as a benchmark or benchmark, that is by dividing the risk premium portfolio with the standard deviation. The risk premium is the difference between the average portfolio performance and the average performance of risk free investments (Jogiyanto, 2010). Sharpe ratio (Sharpe ratio) or also known as Reward to variability (RVAL) introduced by William F. Sharpe in 1966 (Hartono, 2010). Sharpe ratio is derived from calculating the excess return of a mutual fund, the excess return of the mutual fund is derived from the return of the mutual fund minus the risk-free return (BI rate). Then the excess return is divided by the standard deviation. The difference between

σ_p and β_p is if β_p only reflects systematic risk, whereas σ_p reflects both systematic and specific risks. Then the standard deviation reflects the overall risk of a mutual fund. The standard deviation calculation is obtained from using the Excel formula (= stdev (...)); Stdev (return mutual funds).

Assessment is determined if the value of Sharpe mutual funds is higher than Sharpe market, then the performance of mutual funds is considered good. The formula is as follows:

$$RV/s = \frac{RP - RF}{\sigma P}$$

Where :

RV/s= Sharpe ratio value

RP = Average return of period t mutual funds

RF = Average risk free rate

σP = Standard Deviation of return of mutual funds

From the above exposures, it can be illustrated the framework in this study as shown in Figure 2.1 below.

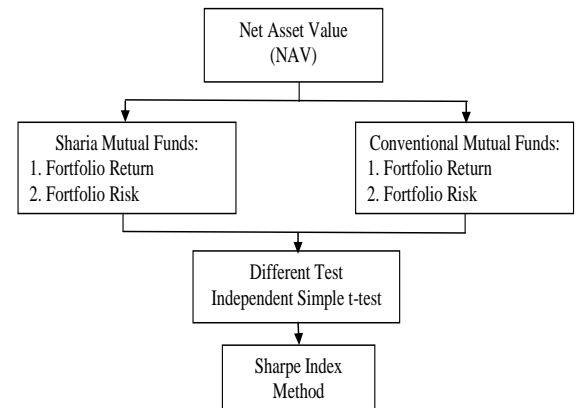


Figure 2.1 Research Framework

3. Methodology and Data

This research uses descriptive and comparative method, where this research answer two questions that is how and what. According Sugiyono (2012) states that the descriptive method is a method used to describe or analyze a research result but not used to make wider conclusions. While the comparative method is a study comparing the existence of one or more variables in two or different samples, or at different times.

Table 3.1 Variable Operationalisation

No	Variable	Concept	Indicator	Scale
1	Performance of Sharia equity funds and conventional equity funds.	Performance is intended is the profit gained from equity mutual fund.	1. Return of each mutual fund $R_i = \frac{NAB_t - NAB_{t-1}}{NAB_{t-1}}$ where: Ri = actual return from mutual fund i NABt = Net Asset Value at t time NABt-1 = NAV at before t time	Ratio
			2. Risk of mutual fund calculated base on standard deviation: $\sigma = \sqrt{\frac{\sum (R_i - R)^2}{N-1}}$ where: σ = standard deviation Ri = return ke i R = average of return N = number of observation	Ratio

	<p>3. Risk-free Return (SBI rate):</p> $R_f = \frac{R_{1t} + R_{2t} + R_{nt}}{N}$ <p>where: R_f = Risk-free Return of Investment R_{1t}, R_{2t}, R_{nt} = interest rate at observation period N = period number of observation</p>	Ratio
	<p>4. Performance of each mutual funds and benchmark with performance evaluation of mutual funds. Performance measurement of Sharpe :</p> $RV/s = \frac{RP - RF}{\sigma_P}$ <p>where: RV/s = Sharpe ratio value RP = Return average of mutual funds at t period RF = risk free rate average σ_P = Standard of Deviation of portfolio return</p>	Ratio

The population in this study are all Sharia Mutual Funds totaling 40 and Conventional Stock Funds totaling 183. While the sample is selected using purposive sampling method, which meets the criteria: (1) listed on the IDX during the period 2014-2016, and (2) was ranked 5 Net Asset Value (NAV). So the number of samples that meet the criteria are 10 Mutual Fund Shares (5 Sharia and 5 Conventional).

To test whether there is a difference in performance between Sharia Mutual Funds with Conventional Mutual Funds conducted using Different Average Test Independent Sample t-test with the formula:

$$Z = \frac{\hat{p}_1 - \hat{p}_2}{\sqrt{\hat{p}(1 - \hat{p}) \left(\frac{1}{n_1} + \frac{1}{n_2} \right)}}$$

4. Discussion on Empirical Results Performance of Sharia Equity Funds

Table 4.1 Net Asset Value (NAV), Return, and Risk Sharia Equity Funds at IDX, years 2014-2016

Equity Mutual Funds Product	2014			2015			2016			Average		
	NAV	Return	Risk	NAV	Return	Risk	NAV	Return	Risk	NAV	Return	Risk
MIAS	1111.50	-0,153	,152	1344.60	0,173	,053	1138.87	-0,181	0,098	1198,32	-0,053	0,101
MSSA	3140,87	-0,024	,183	3831.04	0,180	,117	3307.40	-0,158	0,067	3426,44	-0,001	0,122
CSE	1760.26	0,023	,075	2209.89	0,203	,035	1898.38	-0,164	0,040	1956,18	0,021	0,050
MNC	1997.43	0,031		2125.04	0,060		2290.	0,072	0,012		0,054	

Dana Syariah			,013			,002	96			2137,81		,009
BDSS	1958.10	0,154	,500	1992.20	0,017	,365	1683.43	-0,183	0,865	1877,91	-0,004	,577

In Table 4.1 shows that NAV sharia equity funds in 2014-2016 fluctuate. Mutual funds with the highest NAV in 2014-2016 are MSSA, which is an average of 3436.44, while the lowest NAV is MIAS with an average of 1198.32.

After knowing the NAV of each equity fund, it can be known the return value of each equity fund. Mutual Fund returns should increase every year in line with the increase in NAV, but the return of 5 Equity funds studied was experiencing a fluctuating movement of this which indicates that the increase in Net Asset Value of equity funds are not always followed by the increase of

return of each equity fund. The highest average return of MNC Syariah Fund is 0.054, while the lowest is MIAS of -0.053.

Performance Equity mutual funds can also be seen from how small the possibility of risks faced by investors. The smaller the risk, the performance of Equity mutual funds the better. Based on the average risk, the Sharia Mutual Fund is the biggest risk in Mutual Funds BDSS, which is 0.577. As for the smallest average risk, MNC of Shariah Funds recorded has a risk of 0.009 during 2014-2016

Performance of Conventional Equity Funds

Table 4.2: Net Asset Value (NAV), Return, and Risk Conventional Equity Funds at IDX, years 2014-2016

Equity Mutual Funds Product	2014			2015			2016			Average		
	NAV	Return	Risk	NAV	Return	Risk	NAV	Return	Risk	NAV	Return	Risk
PDP	2841.80	0,028	0,312	3483.08	0,184	0,108	2889.25	-0,206	0,203	3071,38	0,002	0,208
MSA	1564.19	-0,057	0,290	1972.83	0,207	0,085	1627.77	-0,212	0,205	1721,60	-0,021	0,193
MDE	3126.78	-0,047	0,010	3611.68	0,134	0,255	3288.08	-0,098	0,265	3342,18	-0,004	0,177
SDI	5340.73	-0,006	0,388	6811.68	0,216	0,217	6191.35	-0,100	0,172	6144,59	0,036	0,259
BDS	42773.79	0,044	0,223	54091.09	0,209	0,067	47216.36	-0,146	0,157	48027,08	0,036	0,149

From Table 4.2 above it can be seen that the NAV of each conventional stock mutual fund fluctuated during the period of 2014-2016. The conventional stock mutual fund with the highest NAV is BDS with an average of 48027.08. While the lowest NAV is MSA with an average value of 1721.60. As mentioned earlier, that the high NAB is not necessarily followed by the return value. Based on

table 4.2 it can be seen that there are 2 mutual funds shares that have the same return as well as the highest, namely SDI and BDS equally earn return 0.036. While the smallest average is Mutual Fund MSA of -0.021.

Furthermore, based on the average risk, Mutual Funds that have the smallest average risk

is BDS that is equal to 0.149, while the largest average risk is obtained SDI of 0.259.

Data Processing

Normality Test

Table 4.3 Tests of Normality

Jenis_RD		Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	Df	Sig.	Statistic	df	Sig.
Return	Reksadana Syariah	.199	15	.113	.891	15	.069
	Reksadana Konvensional	.118	13	.200*	.938	13	.430

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Based on the above table, Kolmogorov-Smirnov test results on Sharia equity mutual funds show a probability (sig) of 0.113. While on the Mutual Funds conventional stocks show the probability

(sig) of 0.200. Thus the data in this study normal distribution, and can be used to do Homogeneity because the value of probability (sig) both mutual funds stock > 0.05.

Independent Test

Table 4.4 Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	99% Confidence Interval of the Difference	
								Lower	Upper
Return Equal variances assumed	.002	.967	-.062	26	.951	-.003359	.054391	-.154496	.147778
Return Equal variances not assumed			-.062	25.173	.951	-.003359	.054523	-.155252	.148534

Based on the calculation on table t-test can be seen the value of F on Levenes's test of 0.002 with probability (sig) of 0.967 > 0.05 then it can be

concluded H1 accepted or Performance Sharia Mutual Fund Unlike the performance of conventional Mutual Fund.

Comparison of Sharia Equity Funds with Conventional Equity Funds Uses Sharpe Ratio

Table 4.5: Sharpe Ratio Sharia Equity Funds and Conventional Equity Funds at IDX, years 2014-2016

Sharia Equity Funds	Sharpe Ratio	Conventional Equity Funds	Sharpe Rasio
MIAS	6,180	PDP	2,911
MSSA	4,594	MSA	3,249
CSE	13,964	MDE	7,122
MNC Dana Syariah	-3,203	SDI	2,517
BDSS	-0,281	BDS	3,973

Based on the above table, Sharia mutual fund which has the highest sharpe value is CSE (Cipta Syariah Equity) with the acquisition value of 13,964 compared to other Mutual Funds, and for the lowest in BDSS Mutual Fund (Batavia Dana Saham Syariah) with value -3.203.

Furthermore, based on the figure above, the conventional stocks with the highest Sharpe value is the MDE (MNC Dana Ekuitas) of 7,122. While the lowest is SDI (Schroder Dana Istimewa) of 2517.

Comparison of Performance of Sharia Equity Funds with Conventional Equity Funds

Table 4.6 : Comparison of Sharia Equity Funds with Conventional Equity Funds
At IDX, years 2014-2016.

Types of Mutual Funds	Return	Risk	Sharpe Ratio
Sharia Equity Funds	0,054	0,577	13.964
Conventional Equity Funds	0.036	0,259	7.122

Based on the calculation on portfolio return, Shariah mutual fund that has the highest value is MNC Syariah Fund of 0.054. While on the return of conventional stock Mutual value of SDI (Schroder Dana Istimewa) and BDS (Batavia Dana Saham). The two mutual funds of each share earn 0.036. For the risk of Sharia Mutual Funds MNC Islamic Fund has the highest value of 0.577, for the highest conventional mutual funds the highest risk in mutual funds While the largest average risk is obtained SDI (amounting to 0.259).

Based on the calculation of Sharpe Ratio, CSE Mutual Fund (Cipta Syariah Equity) got the highest value of 13,964, while for Mutual Funds conventional stock is Mutual Fund of MDE (MNC Dana Ekuitas) of 7,122. This shows that the performance of Sharia-based Mutual Funds based on returns, risks, and Sharpe Ratio is better than conventional Mutual Funds. In addition, based on the calculation in the table t-test can be seen the value of F on Levenes's test of 0.002 with probability (sig) of $0.967 > 0.05$ then it can be concluded H1 accepted or there is a difference in performance between Sharia mutual funds with the performance of conventional Mutual Funds.

5. Conclusion

Based on calculations, tests, and discussion in the previous section, it can be concluded as follows:

1. Based on the performance appraisal of Sharia Rupiah Mutual Funds and Conventional Mutual Funds using Sharpe Ratio, return and risk rating, it can be concluded that Sharia Rupiah Funds performance is better than Conventional Mutual Fund performance. This is demonstrated by Sharpe Ratio Sharia Equity Funds of 13.964 is greater than Conventional Equity Funds of 7.122 listed on the Indonesia Stock Exchange (IDX) during the period 2014-2016. This shows that the performance of Sharia-based Mutual Funds based on returns, risks and sharpe ratios is better than conventional Mutual Funds.
2. Based on the results of Different Tests Average independent sample t-test, shows there are differences in performance between Sharia Mutual Funds with Conventional Mutual Funds, which is indicated by the value of F on Levenes's test of 0.002 with probability (sig) of $0.967 > 0.05$, it can concluded H1 accepted or there is a difference in performance between Sharia Equity Funds with the performance of Conventional Equity Funds.

In this study there are some limitations of research results that have been disclosed, it can be given some suggestions as follows:

1. For investors who prioritize Islamic Sharia in investing, the Sharia Funds Mutual Fund is an investment option, which in implement offer investors cleansing and screening system. If investors favor profits regardless of whether or not Mutual Funds are concerned, Conventional Mutual Funds can be an investment option.
2. For further research, it is expected to expand the sample for other types of Mutual Fund and / or increase the period of its research. Furthermore, it is also expected to use other performance measurement methods, such as Treynor & Jensen models, or Multifactors that can be used as a comparison for all three methods.

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