

## **ABSTRACT**

*This research aims to assess the capabilities of Market Timing and Stock Selection in the context of the performance of equity mutual funds, with a focus on return risk factors such as inflation and Exchange Rate. The Treynor-Mazuy Model is adopted as the main analytical framework, allowing researchers to consider the impact of these risk factors on the variables of Market Timing and Stock Selection in the performance of equity mutual funds.*

*The Treynor-Mazuy Model is utilized to measure the extent to which macroeconomic risk factors, specifically inflation and Exchange Rate, influence Market Timing and Stock Selection in the portfolio of equity mutual funds. This model provides coefficients for alpha, beta, and gamma, offering in-depth insights into the contribution of these risk factors to the performance of equity mutual funds. The macroeconomic values included in this model serve as controls that can explain variations in Market Timing and Stock Selection.*

*In the execution of the research, data collection is conducted using secondary data from mutual fund companies in Indonesia, covering the period from 2018 to 2023. This data is then processed using multiple regression analysis with the Eviews software. Through this approach, the research aims to provide a holistic understanding of the capabilities of Market Timing and Stock Selection, as well as the impact of return risk factors on the performance of equity mutual funds during the research period.*

*The results of this research show that Market Timing ability does not have a significant effect on the performance of stock mutual funds, while stock choice has a significant effect on the performance of stock mutual funds. Market Timing ability has a significant effect on the performance of stock mutual funds when inflation acts as a moderator; Market Timing ability has a significant effect on the performance of stock mutual funds when the Exchange Rate acts as a moderator; stock choice ability does not have a significant effect on the performance of stock mutual funds when inflation is chosen as a moderator; Stock Selection ability has a significant effect on mutual fund performance when the Exchange Rate acts as a moderator*

*These findings underscore the importance of considering macroeconomic factors in mutual fund investment decisions. Investment managers need to focus on Stock Selection to enhance mutual fund performance and leverage favorable macroeconomic conditions to optimize Market Timing strategies. Understanding the role of inflation and Exchange Rates as moderators in the relationship between investment decisions and mutual fund performance can aid in developing more adaptive strategies in response to changing market conditions.*

**Keywords: Market Timing, Stock Selection, Inflation, Exchange Rate, Mutual Fund Performance, Treynor-Mazuy Model**