# Macroeconomic Determinants of Sharia Equity Mutual Fund Performance in Indonesia



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***ABSTRACT***

*This study aims to analyze the effect of inflation, IDR exchange rate, and money supply on the performance of sharia equity mutual funds in Indonesia during the period of 2019–2023. Mutual fund performance is measured using Net Asset Value (NAV) as the main indicator. This study uses a quantitative approach with panel data regression methods. The data used is monthly secondary data obtained from the Financial Services Authority, Bank Indonesia, and the Central Statistics Agency, with a sample of 40 sharia equity mutual funds that were consistently active during the research period. The estimation model was selected through Chow tests, Hausman tests, and Lagrange Multiplier tests, which showed that the Random Effect Model was the best model. The results showed that inflation had a positive and significant partial effect on the NAV of sharia equity mutual funds, while money supply had a negative and significant effect, and the IDR exchange rate had no significant effect. Simultaneously, inflation, the IDR exchange rate, and the money supply have a significant effect on the NAV of sharia equity mutual funds. These findings emphasize the importance of macroeconomic stability in supporting the performance of the sharia equity mutual fund industry in Indonesia.*

***Keywords***: *IDR Exchange Rate, Inflation, Money Supply, Mutual Funds, Net Asset Value, Sharia Equity.*

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## INTRODUCTION

The Islamic capital market in Indonesia is growing, driven by rising public awareness of Sharia-compliant investments (Ayu, 2022; Damayanti, 2025). Islamic mutual funds, which primarily invest in Sharia-compliant equity, offer potential long-term returns but are influenced by macroeconomic conditions (Zohaib et al., 2024; Alqahtani & Bhatti, 2025). Fluctuations in inflation, the IDR exchange rate, and money supply can affect the stability and Net Asset Value (NAV) of sharia equity mutual funds, as inflation impacts purchasing power, currency depreciation raises market uncertainty, and increased money supply boosts liquidity and investment activity (Nafisah, 2020).

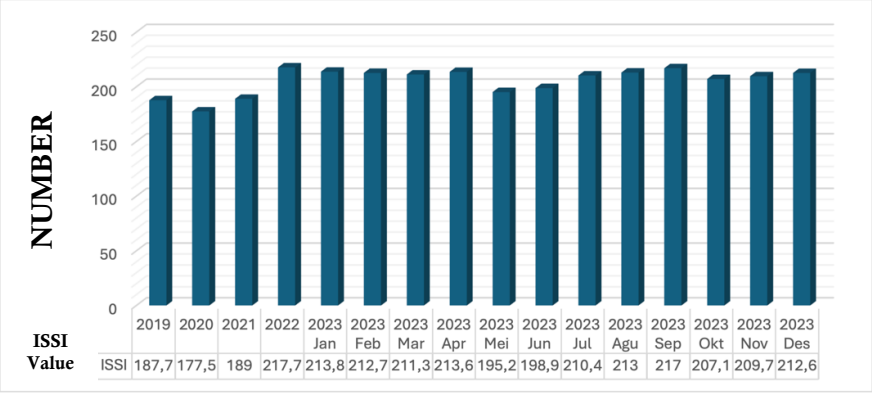


**Figure 1.** Fluctuations in the Indonesian Sharia Equity Index (ISSI) for the Period 2019-2023

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Figure 1 shows that the ISSI Sharia Equity Index fluctuated between 2019 and 2023, with a sharp decline in 2020 from 187.73 to 177.48 due to the COVID-19 pandemic. In 2023, the index dropped from 213.64 to 195.18 in May, rose until September, then fell in October before stabilizing in December. These fluctuations mirror the NAV of sharia mutual funds, which fell from IDR 74.37 trillion in 2020 to IDR 44.00 trillion in 2021 during ISSI volatility, and later increased from IDR 40.61 trillion in 2022 to IDR 47.29 trillion by Q3 2023 as the ISSI recovered above 210, showing that NAV movements follow sharia equity price trends.

Inflation, exchange rates, and money supply are key macroeconomic factors influencing the performance of sharia equity mutual funds, commonly measured by Net Asset Value (NAV). Pamungkas and Situngkir (2024) state that inflation can reduce company profitability and NAV by increasing production costs, while exchange rate stability supports a conducive investment climate. Hikmah et al. (2025) add that a higher money supply enhances market liquidity, strengthening mutual fund performance. Furthermore, Okon et al. (2023) explain that inflation, whether demand-pull or cost-push, raises commodity prices, affects purchasing power, and influences investment flows in the Islamic capital market.

Inflation in Indonesia fluctuated over the past five years, falling from 3.03% in 2019 to 1.56% in 2021, rising to 4.21% in 2022, and easing to 3.69% in 2023, with September 2023 inflation recorded at 1.84% year-on-year still within the 2.5% ±1% target range. According to Rangkuty et al. (2024), such fluctuations influence investor decisions by affecting returns and portfolio values. Meanwhile, the IDR depreciated from IDR 13,901 (2019) to IDR 15,439 (2023), potentially triggering imported inflation and reducing purchasing power, thereby influencing investment flows into capital markets, including sharia equity mutual funds. The exchange rate, measured using Bank Indonesia's Central Exchange Rate indicator, also competes with other instruments, such as deposits, in attracting investors (Efrinal & Putriani, 2020).

Sharia mutual funds are influenced by the amount of money in circulation (JUB M2), which reflects overall economic liquidity. M2 measures the total money supply, including cash, savings, negotiable deposits, and certain short-term securities. Data show that M2 has steadily increased, from IDR 6,136 trillion in December 2019 to IDR 8,826 trillion in December 2023, reaching IDR 9,044.9 trillion in September 2024 with a year-on-year growth of 7.2%, driven by M1 growth of 6.9% and quasi-money of 5.3%. This stable expansion supports investment activity and positively impacts the performance of sharia mutual funds. However, excessive monetary growth without proper risk management may trigger inflationary pressures that reduce purchasing power and affect Islamic capital market assets. Wildaniyati et al. (2022) define JUB M2 broadly as encompassing M1, quasi-money (savings, IDR time deposits, and foreign currency demand deposits), and short-term monetary securities held by the domestic private sector (≤1 year maturity).

Based on a review of previous literature and macroeconomic data, previous research indicates that factors such as inflation, the IDR exchange rate, and the money supply influence the performance of Islamic mutual funds. However, most studies only examine one variable or are descriptive in nature, without examining all three factors simultaneously. Furthermore, previous research has not focused on the recent period, which includes significant fluctuations such as the COVID-19 pandemic and Islamic market volatility. Therefore, this study aims to comprehensively analyze the simultaneous influence of inflation, the IDR exchange rate, and the money supply on the performance of Islamic equity mutual funds in Indonesia during the 2019–2023 period, thereby providing a more up-to-date understanding of the relationship between macroeconomic dynamics and Islamic investment performance.

## LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

### The Effect of Inflation on Net Asset Value

A general increase in prices is known as inflation, which lowers purchasing power and has a big impact on how investors allocate their assets. Increased inflation reduces the real worth of money, which makes fixed-income instruments less appealing and encourages investors to look for assets that may increase or maintain purchasing power. Empirical research confirms that inflation has a significant effect on the performance of equity funds, indicating that rising prices can shape investor allocation decisions and fund outcomes (Christiandi & Colline, 2020). According to Rangkuty et al. (2024), rising inflation can reduce real returns on investments, but some investors may respond by shifting their portfolios toward equity-based instruments, including Sharia-compliant equities, as a hedge against inflationary pressures. This behavior highlights how inflation not only affects the nominal returns but also influences strategic investment choices, particularly in markets where investor sensitivity to price fluctuations is high, and Sharia-compliant investment options are available.

There is also conflicting empirical evidence regarding the connection between inflation and Sharia equities fund performance. Fitriyani et al. (2020) found that inflation negatively impacts the NAV of Islamic equity funds, suggesting that price increases reduce fund returns and investor confidence. In contrast, Nurrahmawati et al. (2021) observed a positive effect, indicating that some funds, depending on their portfolio composition, may benefit from inflation as companies in certain sectors adjust prices or generate higher revenues. These contrasting results imply that the impact of inflation on Sharia equity funds is not uniform and may depend on factors such as sector allocation, risk management strategies, and investor behavior, making it crucial to consider fund-specific characteristics when analyzing inflationary effects (Hazami & Endri, 2024).

H1: Inflation has a significant effect on net asset value.

### The Effect of Exchange Rate on Net Asset Value

The IDR exchange rate plays a pivotal role in maintaining stability in Indonesia's capital market, as fluctuations can directly affect corporate performance and investor confidence (Napitupulu et al., 2024; Aprilliantoni & Jimale, 2024; Kustanti & Dinata, 2024; Mustofa, 2025). A depreciation of the IDR raises the cost of imported goods and raw materials, potentially squeezing profit margins for companies that rely on imports. This, in turn, may influence equity valuations and the performance of equity-based investments, including Sharia mutual funds (Qazzafi, 2025). Paryudi (2021) emphasizes that exchange rate movements are a critical macroeconomic indicator, affecting both domestic and foreign investment decisions, as investors often adjust portfolios to mitigate currency risk or capitalize on exchange rate trends. The IDR's volatility can also trigger shifts in capital allocation, particularly in sectors sensitive to import costs or foreign debt exposure, highlighting the broader implications of currency fluctuations on market stability and fund performance.

Empirical studies, however, present mixed evidence regarding the impact of exchange rates on Sharia mutual funds. Priyandini and Wirman (2021) found a significant relationship, suggesting that changes in the IDR's value directly affect the NAV of Islamic equity funds, possibly through corporate earnings or investor behavior. In contrast, Nurrahmawati et al. (2021) reported no significant effect, implying that other factors such as global capital flows, investor sentiment, or fund-specific characteristics may moderate the influence of currency movements. This inconsistency indicates that the IDR exchange rate's effect on Sharia fund performance is conditional and may vary depending on broader economic contexts and the composition of fund portfolios, emphasizing the need for comprehensive, context-aware analyses (Sari, 2024).

H2: The exchange rate has a significant effect on net asset value.

**The Effect of Money Supply on Sharia Equity Mutual Funds**

Money supply, particularly broad money (M2), serves as a key indicator of economic liquidity, encompassing currency in circulation, demand deposits, savings, and quasi-money (Wang, 2024; Wenye & Jinyang, 2025). Changes in M2 reflect the availability of funds for consumption and investment, influencing overall economic activity. Expansionary monetary policy, which increases the money supply, can stimulate investment in capital markets, including Sharia equity mutual funds, by providing investors with greater liquidity to allocate toward productive assets (Uddin et al., 2024). However, if the growth of money supply outpaces economic output, it may generate inflationary pressures, eroding purchasing power and affecting asset valuations. Ardhani et al. (2020) highlight that variations in money supply have a significant impact on the NAV of mutual funds, indicating that liquidity conditions directly shape fund performance and investment strategies within the capital market.

Despite this, empirical findings on M2's influence remain inconsistent. Fitriyani et al. (2020) reported that money supply had an insignificant effect on mutual fund NAV, suggesting that other factors, such as fund management strategies, sector allocation, or investor behavior, may mitigate the direct impact of liquidity fluctuations. These contrasting results indicate that the role of M2 in Sharia equity fund performance is not uniform and may vary depending on fund characteristics and broader economic conditions (Sari, 2019; Al Rahahleh & Bhatti, 2023). Consequently, a focused examination of M2 is essential to better understand its relationship with Sharia mutual fund performance, providing insights for investors and policymakers seeking to optimize investment outcomes in a dynamic economic environment.

H3: Money supply has a significant effect on net asset value.

**Simultaneous Effect on Net Asset Value**

Several empirical studies examining Islamic mutual funds in Indonesia have found that macroeconomic variables such as inflation, exchange rate, and money supply exert a simultaneous influence on NAV (Ardhani, 2020; Sholeha & Fadhillah, 2023; Diana, 2023). For example, Wirman (2020) reported that inflation, the money supply, and the exchange rate jointly and significantly affect the NAV of Sharia mutual funds, as evidenced by significant F-test results, indicating that changes in key macroeconomic indicators collectively explain variations in fund performance. Similarly, Nafisah and Supriyono (2020) found that the IDR exchange rate, inflation, and the Jakarta Islamic Index (JII) jointly affect the NAV of Sharia mutual funds, reinforcing the idea that multiple macroeconomic factors can concurrently shape investment outcomes in the Islamic capital market. These findings align with theoretical expectations from multi-factor asset pricing models, which posit that systemic economic conditions influence asset returns through joint mechanisms rather than isolated channels (Cheng & Dewi, 2020; Lusiana, 2024).

More recent research also supports the hypothesis that combined macroeconomic dynamics play a role in fund performance. Kusumawardhani et al. (2022) demonstrated that inflation, the IDR exchange rate, and total money supply jointly affect the NAV of Islamic equity mutual funds, underscoring the importance of considering multiple risk factors simultaneously in performance analysis. This evidence suggests that inflation, exchange rate, and money supply have a simultaneous positive effect on NAV is supported in the Indonesian context, particularly when macroeconomic stability contributes to favorable investment conditions and enhanced investor confidence (Wulandari & Linda, 2024).

H4: Inflation, exchange rate, and money supply have a simultaneous positive effect on net asset value.

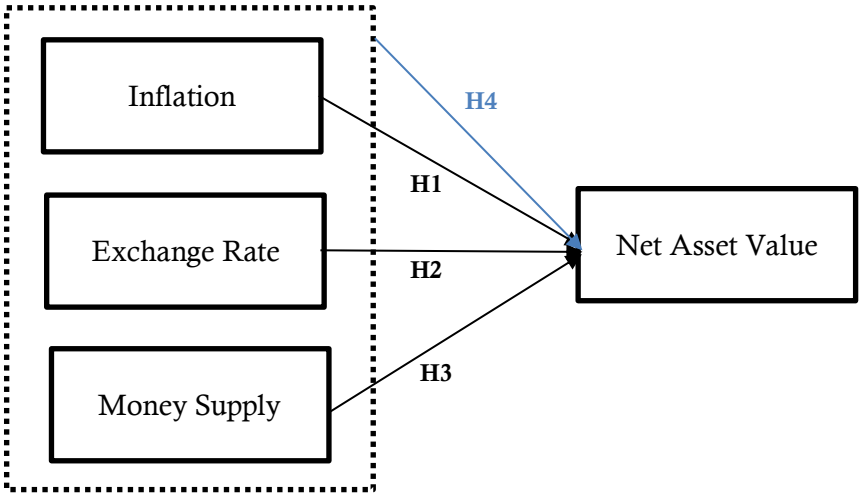


**Figure 1.** Conceptual Framework

The conceptual framework is presented in Figure 1, which also illustrates how the money supply, inflation, and exchange rate all have an impact on the NAV of Sharia mutual funds at the same time. It demonstrates how shifts in key economic factors have an overall impact on fund performance.

## RESEARCH METHODS

This study uses panel data regression analysis as a quantitative method to look at the factors affecting the performance of Sharia equity mutual funds in Indonesia. The research utilizes monthly secondary data covering the period 2019–2023, providing a comprehensive temporal and cross-sectional perspective that allows for the examination of both time-based and fund-specific variations. According to Sugiyono (2016), secondary data are obtained through systematic collection, review, and analysis of existing sources, including literature, books, and official company or institutional documents. This approach ensures that the study leverages reliable and validated data while minimizing the costs and time associated with primary data collection. The research population consists of all Sharia mutual funds registered with the Financial Services Authority, while the sample was selected using purposive sampling based on the criteria of actively operating funds that were not liquidated during the study period, resulting in a sample of 40 Sharia mutual funds. This sampling method ensures the inclusion of funds with consistent operations, allowing for more accurate and meaningful analysis of macroeconomic impacts on fund performance.

The dependent variable in this study is the NAV of Sharia equity mutual funds, reflecting their market performance and investor confidence. The independent variables include inflation, measured by the Consumer Price Index (CPI); the IDR exchange rate, measured using Bank Indonesia's middle rate; and money supply, measured by the M2 monetary aggregate. These macroeconomic indicators are selected based on their theoretical and empirical relevance to fund performance. Data analysis was conducted using EViews software, starting with descriptive statistics to summarize data characteristics, followed by the selection of the appropriate panel data regression model that combines time series and cross-sectional dimensions (Agung, 2013). Model selection involved the Chow test, Hausman test, and Lagrange Multiplier test to determine whether the fixed-effect or random-effect model was most suitable, ensuring robust estimations. F-tests and t-tests were employed to evaluate the overall model significance and the significance of each explanatory variable. This methodological framework allows the study to provide precise insights into how inflation, exchange rates, and money supply collectively and individually influence Sharia mutual fund NAV, offering practical

implications for investors, fund managers, and policymakers seeking to understand and enhance Islamic investment performance in Indonesia.

## RESULTS

Descriptive statistical analysis in this study is conducted to provide an overview of the variables, namely sharia equity mutual fund (Y), inflation (X1), IDR exchange rate (X2), and money supply (X3). This analysis helps describe data characteristics, including the mean, standard deviation, maximum values, and overall distribution, offering a preliminary understanding before further analysis is performed.

**Table 1.** Results of Descriptive Statistical Analysis

| Items | Inflation (X1) | Exchange Rate (X2) | Money Supply (X3) | NAV (Y) |
|---|---|---|---|---|
| Mean | 0.002750 | 14647.25 | 7196803. | 1.22E+11 |
| Maximum | 0.011700 | 16,367.01 | 8826531. | 1.05E+12 |
| Minimum | -0.001400 | 13,662.00 | 5644985. | 5022.060 |
| Std. Dev. | 0.002463 | 560.4829 | 948,133.5 | 1.60E+11 |
| Observations | 2400 | 2400 | 2400 | 2400 |

Based on the descriptive statistical analysis in Table 1, the study used 2,400 observations, derived from 40 sharia equity mutual funds over a five-year period from 2019 to 2023. The inflation variable (X1) averaged 0.275% per month with minimal fluctuations, as indicated by a standard deviation of 0.25% and values ranging from -0.14% to 1.17%. The IDR exchange rate (X2) averaged IDR 14,647.25 per USD, showing moderate variation with a standard deviation of IDR 560.48 and a range from IDR 13,662 to IDR 16,367. The money supply (X3) averaged IDR 7,196,803 billion, with significant growth reflected in a standard deviation of IDR 948,133.5 and a range from IDR 5,644,985 billion to IDR 8,826,531 billion. The NAV of sharia equity mutual funds (Y) averaged IDR 122 trillion, fluctuating considerably between IDR 5,022.06 billion and IDR 1,050 trillion, with a standard deviation of IDR 160 trillion, highlighting the sensitivity of fund values to market dynamics and broader economic conditions.

**Table 2.** Chow & Hausman Test

| Effects Test | Chow Test | | | Hausman test | | |
|---|---|---|---|---|---|---|
| | Statistic | d.f. | Prob. | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
| Cross-section F | 210.441156 | (39.2357) | 0.0000 | - | - | - |
| Cross-section Chi-square | 3600.196282 | 39 | 0.0000 | - | - | - |
| Cross-section random | - | - | - | 0.000000 | 3 | 1.0000 |

According to Table 2's results, the Fixed Effect Model (FEM) may be appropriate because the Chi-square test yielded a value of 3,600.196 at a significance level of 0.000, meaning that H0 is rejected and H1 is accepted. But when the next test yields a p-value of 1.000, which is higher than 0.05, H0 is accepted, and H1 is rejected. This suggests that the Random Effect Model (REM) is a better fit for the data analysis.

**Table 3.** Results of the Lagrange Multiplier (LM) Test

| Items | Cross-section | Test Hypothesis Time | Both |
|---|---|---|---|
| Breusch-Pagan | 42316.71 (0.0000) | 0.123365 (0.7254) | 42316.84 (0.0000) |
| Honda | 205.7103 (0.0000) | 0.351234 (0.3627) | 145.7075 (0.0000) |
| King-Wu | 205.7103 (0.0000) | 0.351234 (0.3627) | 159.8348 (0.0000) |
| Standardized Honda | 208.1358 (0.0000) | 0.735859 (0.2309) | 143.4072 (0.0000) |
| Standardized King-Wu | 208.1358 (0.0000) | 0.735859 (0.2309) | 157.7044 (0.0000) |
| Gourieroux et al. | --- | --- | 42316.84 (0.0000) |

According to the findings in Table 3, the REM outperforms the Pooled OLS model, as indicated by the Lagrange Multiplier (LM) test for cross-section, which produced a value of 42,316.71 with a p-value of 0.000. The Hausman test showed that REM is more appropriate than FEM, but the Chow test initially suggested that the FEM was superior to Pooled OLS when taking into account all of the model selection tests. REM performs better than Pooled OLS, which was further supported by the LM test. Consequently, it is concluded that the REM is the best model for this investigation based on the aggregate findings of these experiments.

The REM is the best model, according to the panel data regression analysis. With a probability value of 1.000 (>0.05), the Hausman test indicates that REM is more appropriate, even though the Chow test indicates that the FEM is better than Pooled OLS. The choice of REM is also supported by the LM test, whose p-value of 0.0000 (<0.05) attests to its appropriateness. Table 4 is a presentation of the estimation results based on REM.

**Table 4.** Panel Data Regression Results for the Random Effect Model (REM)

| Variable | Coefficient | Std. Error | t-statistic | Prob. |
|---|---|---|---|---|
| Constant | 249,765,304,169 | 6.19E+10 | 4.035425 | 0.0001 |
| Inflation (X1) | 3.59E+12 | 6.45E+11 | 5.573173 | 0.000 |
| Exchange Rate (X2) | 1,450,963. | 3,324,919. | 0.436390 | 0.6626 |
| Money Supply (X3) | -22,142.94 | 1998.728 | -11.07852 | 0.0000 |
| Effects Specification | | | | |
| | | | S.D. | Rho |
| Cross-section random | | | 1.41E+11 | 0.7773 |
| Idiosyncratic random | | | 7.57E+10 | 0.2227 |
| Weighted Statistics | | | | |
| R-squared | 0.076064 | Mean dependent var | | 8.38E+09 |
| Adjusted R-squared | 0.074907 | S.D. dependent variable | | 7.87E+10 |
| S.E. of regression | 7.57E+10 | Sum of squared residuals | | 1.37E+25 |
| F-statistic | 65.75106 | Durbin-Watson statistic | | 0.095523 |
| Probability of F-statistic | 0.0000 | | | |
| Unweighted Statistics | | | | |
| R-squared | 0.018330 | Mean dependent variable | | 1.22E+11 |
| Sum of squared residuals | 6.05E+25 | Durbin-Watson statistic | | 0.021665 |

Based on Table 4, the panel data regression equation can be formulated as follows: Y = 249,765,304,169 + 3.59e+12X1 + 1,450,963X2 – 22,142.94X3. Based on the estimation results presented in Table 4, the interpretation of each independent variable in the model is as follows: if all independent variables (inflation, exchange rate, and money supply) are held constant, the NAV of sharia equity mutual funds is estimated at IDR 249.76 trillion. The inflation variable has a coefficient of $3.59 \times 10^{12}$, indicating that a 1% increase in inflation is associated with an increase in NAV of IDR 3.59 trillion. The IDR exchange rate against the US dollar has a positive coefficient of 1,450,963, meaning that for every IDR 1 increase in the exchange rate, with other variables held constant, NAV is estimated to rise by approximately IDR 1.45 million. Meanwhile, the money supply variable has a negative coefficient of -22,142.94, suggesting that an increase of IDR 1 billion in the money supply is associated with a decrease in NAV of IDR 22.14 million.

**Table 5.** Partial Test Results

| Variable | Coefficient | Std. Error | t-statistic | Prob. |
|---|---|---|---|---|
| Constant | 249,765,304,169 | 6.19E+10 | 4.035425 | 0.0001 |
| Inflation (X1) | 3.59E+12 | 6.45E+11 | 5.573173 | 0.000 |
| Exchange Rate (X2) | 1450963. | 3,324,919. | 0.436390 | 0.6626 |
| Money Supply (X3) | -22,142.94 | 1998.728 | -11.07852 | 0.0000 |

Based on Table 5, the hypothesis testing shows that inflation has a statistically significant positive effect on NAV, with a p-value of 0.0000 (<0.05), indicating that rising inflation is associated with higher NAV. The IDR exchange rate, with a p-value of 0.6626 (>0.05), does not have a significant effect on NAV, suggesting that exchange rate fluctuations do not meaningfully impact sharia equity mutual fund performance in this study. Meanwhile, the money supply has a significant negative effect on NAV, with a p-value of 0.0000 (<0.05), implying that increases in money supply may create economic instability that adversely affects mutual fund performance.

**Table 6.** F Test & Coefficient of Determination

| Test | Value |
|---|---|
| R-squared | 0.076064 |
| Adjusted R-squared | 0.074907 |
| S.E. of regression | 7.57E+10 |
| F-statistic | 65.75106 |
| Probability (F-statistic) | 0.000000 |

The Prob (F-statistic) value is 0.000000, which is below the 0.05 significance level, according to the F-test results in Table 6. This suggests that the NAV of sharia equity mutual funds is significantly affected by inflation, the IDR exchange rate, and the money supply simultaneously. These three factors together account for 7.61% of the variation in NAV, according to the R-squared value of 0.0761, with other factors not covered in this study influencing the remaining 92.39%.

## DISCUSSION

The findings of this study indicate that macroeconomic variables affect the performance of sharia equity mutual funds in different ways. Specifically, inflation has a positive and statistically significant effect on NAV, suggesting that sharia equity mutual funds tend to perform better during periods of rising prices. This indicates that investors may perceive sharia equity mutual funds as a hedge against inflation, particularly because these funds are largely invested in real-sector companies whose revenues can adjust to increasing price levels. This result aligns with previous studies by Nurrahmawati et al. (2021) and Maulida et al. (2023), which argue that moderate inflation can encourage a portfolio shift from fixed-income instruments toward equity-based investments, including sharia-compliant equities.

Another factor contributing to the resilience of Sharia equity mutual funds against inflation is the principle of prudence in investment. These funds avoid equities from companies engaged in speculative sectors or those based on usury, making them more attractive to investors, especially amid uncertain economic conditions caused by inflation. This finding is supported by previous research. Nurrahmawati et al. (2021) found that controlled inflation positively influences the NAV of sharia equity mutual funds, as it encourages public interest in investing. Similarly, Sagantha (2021) reported comparable results in her study of the Premier ETF JII Sharia mutual fund. Additionally, Maulida et al. (2023) concluded that investors tend to shift their assets into equities during periods of inflation to avoid a decline in the real value of their investments, ultimately increasing the NAV of sharia equity mutual funds. Therefore, during the research period, inflation acted as a driving factor in the improved performance of sharia equity mutual funds, as investors increasingly favored instruments offering higher returns and resilience to economic pressures.

Meanwhile, the IDR exchange rate does not exhibit a significant effect on NAV, suggesting that sharia equity mutual funds are relatively resilient to short-term currency fluctuations. This resilience is likely due to the domestic orientation of sharia-compliant companies and the long-term investment horizon adopted by fund managers, as also noted by Nurrahmawati et al. (2021). In contrast, the money supply (M2) has a negative and significant effect on NAV, indicating that excessive liquidity does not necessarily

translate into better mutual fund performance. This may reflect inflationary pressures and market inefficiencies caused by rapid monetary expansion, which can erode asset values and increase uncertainty in the capital market. This finding supports the argument of Setiawan and Qudziyah (2021) that uncontrolled growth in money supply may weaken investment performance despite increased liquidity.

Moreover, when tested simultaneously, the combined effect of inflation, exchange rate, and money supply shows an overall positive influence on NAV, indicating that favorable macroeconomic conditions collectively support fund performance (Maulida et al., 2023). This highlights that even if individual variables have mixed effects, the overall macroeconomic environment can reinforce the growth of sharia equity mutual funds. These results suggest that macroeconomic stability, particularly controlling inflation and prudent monetary policy, is crucial for sustaining the growth of the sharia equity mutual fund industry. Although the model's explanatory power is relatively low, the significant combined effect of inflation, money supply, and exchange rate underscores the important role of macroeconomic conditions in shaping investor behavior and fund performance.

## CONCLUSION

The study finds that macroeconomic variables affect the performance of sharia equity mutual funds in different ways. Inflation has a positive and significant effect on NAV, as investors tend to shift funds from fixed-income instruments to equity-based instruments during periods of rising prices. Sharia equity mutual funds invest mainly in real-sector companies, such as energy, consumer goods, and raw materials, which remain stable and can adjust prices to maintain profitability. Meanwhile, the IDR exchange rate does not significantly affect NAV, indicating resilience to short-term currency fluctuations, whereas money supply negatively impacts NAV, reflecting that excessive liquidity can reduce performance due to market inefficiencies. The combined effect of inflation, exchange rate, and money supply is overall positive, suggesting that favorable macroeconomic conditions collectively support fund performance.

These findings have practical implications. Investors and fund managers should closely monitor inflation and money supply when developing investment strategies for sharia equity mutual funds. Regulators and policymakers are encouraged to maintain macroeconomic stability and support the development of domestic sector-based Islamic capital market instruments to strengthen investor confidence and market resilience. This study has limitations, including its relatively low explanatory power and the focus on only a few macroeconomic variables. Future research should incorporate additional macroeconomic and fund-specific factors, such as interest rates, foreign investment flows, and internal fund characteristics, to provide a more comprehensive understanding of sharia equity mutual fund performance. Comparative studies across different fund types and sectors are also recommended to validate and generalize these findings.

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