To Study the Mutual Fund Investment Return Against the Rising Inflation in Malaysia

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Abstract
The primary objective in investment had been no doubt to overcome the inflation pressure within the economy over time to avoid losing out purchasing power as well as increasing the dollar value through investing and hence creating higher wealth for the individuals. The benchmark for the rising inflation rate in Malaysia had been concerning for the investors which triggered the motivation of the study to explore the study on mutual fund investment return in comparison against the inflation rate for the country. With this, the quantitative analysis had been introduced with the correlation analysis and regression analysis to test the significance of the relationship between the mutual fund investment return and the inflation rate in Malaysia. The results had shown existence of negative correlation between the two variables but remained not significant from inflation rate to influence the investment return of mutual fund. In addition, the comparative analysis conducted had been evidenced to show greater return on average for the past 11 years of study to surpass the inflation rate in Malaysia. With the higher return on investment for mutual as negative correlation against the inflation growth, it is recommended for the investors to invest in mutual fund especially in the time of recession in the country.

Keywords: inflation; mutual fund; investment; Malaysia; economy; investors

Introduction
The investment had brought the definition of the allocation of financial and non-financial resources that include in the form of money and time that transform into greater value of assets (Win, 2022). As an investor, the investment is deemed to be necessary for the investors to grow further the wealth over time to ensure the achievement of the objective in investments. The role and purpose of investment had been clear to provide the grow in monetary value over time but does not hold the only reason to invest (Mansor et al., 2020). Majority of the individuals choose to invest not to create the passive income only but also to ensure the value of dollar does not fall under depreciation over time (Yeoh, 2022). The depreciation refers to the loss of the value of dollar which
is caused by the inflation of the country. Therefore, the investors tend to invest to ensure the purchasing power remained unaffected over time to avoid the threat of losing the wealth over time due to the time value of money factor (Alwi et al., 2019).

The inflation is being defined as a sustained rise in the average price of goods and services over an extended period of time. The average cost of consumer goods, housing, services, and other commodities is increasing, which means that each unit of currency can buy fewer goods and services. Inflation is typically calculated as an increase in value over a predetermined time period, usually on an annual basis (Yeoh 2023). As a result, you eventually need more money to buy the same things. This is known as the purchasing power of money eroding.

Inflation can be brought on by a number of factors, such as rising demand for goods and services, disruptions in the supply chain, changes in the cost of production, and adjustments to the money supply (Mahdzan, Zainudin & Yoong, 2020). In order to maintain economic stability, central banks and governments closely monitor and make an effort to manage inflation (Bonab, 2017). The majority of healthy economies consider moderate inflation to be normal. However, high or hyperinflation can have very detrimental effects on an economy and its people causing further burden for the individuals and businesses as a result from rising inflation in the country (Huawei, 2022).

With this, it is no doubt that the inflation rate in the country often serve as the benchmark for the required rate of return for the investor which is reference as the minimum acceptable rate of return from the investment decision (Yeoh, 2022). This is to ensure the return on investment (ROI) is being observed to exceed the inflation rate to avoid losing out the value of dollar when comes to purchasing the goods and services in the market. In this perspective, the investors are slowly venturing into the ideal investment opportunity that promise good return over time. However, the uncertainty and risk in investment had pushed out the definition in determining the best investment for the investors (Win, 2022). In addition, majority of the investors these days are suffering from the economic recession and global uncertainty within the business outlook causing it extremely challenging to create an idea portfolio of investment (Huawei, 2022).

In the recent times, the usual stock equity market had not become ideal for the investment platform due to lack of stability of the company stocks in generating good return for the investors while the investment like fixed deposit (FD) is being very safe for the investment but failed to provide significant yield to surpass the inflation rate of the country leading to lower preference among the investors (Li, Li & Wei, 2020). Therefore, the attention for investors had slowly turned into the mutual fund investment where the mutual fund is referred as the ideal choice of portfolio that is constructed with multiple equity and debt investment depending on the risk tolerance suiting the needs of the investors (Basuki & Khoiruddin, 2018). In addition, the mutual fund is closely managed by fund managers who are referred as the expert when comes to investment decision putting investors in the peace of mind handling the investment decision in these safe hands (Alwi et al., 2019). This would also benefits the
investors from the time and cost in studying and researching about good investment opportunity as well as providing less headache for those individuals that knows very little about investment.

In the light of the mutual fund investment, as good as it is being mentioned in the recent time of investment, there is still no solid evidence to proof the ability of the mutual fund performance to yield good investment return over time. Therefore, it will be a crucial address to reference to the mutual fund performance against the rising inflation rate in the country of Malaysia to provide the significant contribution to the academic in closing the gap in research as well as drawing the recommendation to the investors who are interested in investing into the mutual fund for in the market. This will draw the objective of the research to further investigate the relationship between the mutual fund return against the inflation rate in Malaysia as well as determining the performance of the mutual fund investment with reference to the rising inflation rate of the country.

**Literature Review**

The uncertainty within the economic condition of a country had been observing the ups and downs over time resulting in the economic cycle that transform from recession to boom and vice versa. In addition, the economic growth and development in the country had result in the growth of the inflation rate for the country over time which will trigger the rising cost of living for the individuals and businesses (Yeoh, 2022). As mentioned previously, this had motivated the objective and purpose in investing the monetary value with the intention to grow the wealth and investment value to exceed the inflation rate of the country to avoid losing out in terms of the purchasing power for the individuals and businesses (Yeoh, 2023). The factor of the time value of money would become the source of encouragement for the investors to continue in seeking to venture into more attractive investment opportunity to hedge the risk and return for the investment especially in preferring into investing into low risk but yet rewarding investment return over time (Win, 2022).

Based on the previous studies, there is suggestion arises to provide the reflection on the benefits of investing in mutual fund within the financial market. The research had identified the mutual fund as the preferred choice by many investors leading to majority of financial investment studies to explore the performance of the investment return for mutual fund (Mahdzan, Zainudin & Yoon, 2020). The previous suggestion had emphasized the mutual fund as the good investment hedging against the uncertainty in the economy as the mutual fund provide the right diversification within the definition of the investment strategy which often offers better return over the investment risk (Yeoh, 2022). The concept of investing in mutual fund had been offering lower risk of investment for the investors rather than emphasizing to maximize the return on the investment.

Shifting the focus back to the investment return for the mutual funds, the historical record for the mutual fund had been encouraging providing consistence return overtime for the initial investment (Yeoh, 2023). The recommendation for the mutual fund had been highlighting the diversification technique applied for the investment strategy which allow the investors to achieve the ideal investment portfolio management (Basuki &
Khoiruddin, 2018). The structure for the mutual fund offers the diversity of the options within the financial securities where the coverage will likely to represent the average return within the financial market (Huawei, 2022). With reference to this, investment return through mutual fund will not be likely to share major discrepancies from the expected return based on the current economic situation of the country.

In order for investors to generate a consistent return on their investments, it has been suggested on numerous occasions that a portfolio of investments be built. According to Antonakakis, Gupta, and Tiwari (2017), portfolio returns were more likely to produce positive returns for investors even during recessions, indicating that using a portfolio investment strategy typically produced favorable results. This demonstrates portfolio investments' capacity to spread out risk in investment portfolios while giving investors steady returns. Rising inflation can be halted by a steady return that ultimately cancels out the decline in the purchasing power of money (Yeoh, 2022). Salisu, Sikiru, and Vo (2020) emphasized that even though portfolio investments might not maximize the potential return on investment, they still offer a steady and consistent return equal to the time value of money.

Since stock performance is typically favorable, particularly during economic upswings, previous publications have argued that stock investments are the best types of investments based on prior knowledge (Kwofie and Ansah, 2018). The economic climate frequently had an impact on the company's success, and this development could be seen in the share price development on the stock market. As the economic environment changes over time, as shown by GDP growth, stock market performance is anticipated to have a positive relationship with economic growth (Yismaw, 2019). Consequently, purchasing stock gave the impression that its value would rise sharply over time. As a result, when investors look at fixed assets and the country's inflation rate, the growth of their stock portfolio investments will typically outpace the inflation rate as a whole (Salisu, Akanni, & Raheem, 2020). Additionally, due to their diversification, stock market portfolio investments should produce positive returns during a recession, but inflation is predicted to decline (Bonab, 2017).

It has been suggested numerous times that investors should build a portfolio of investments in order to consistently generate a return on their investments. The portfolio returns were more likely to produce positive returns for investors even during recessions, according to Antonakakis, Gupta, and Tiwari (2017), indicating that employing a portfolio investment strategy typically produced positive outcomes. This demonstrates the ability of portfolio investments to distribute risk within investment portfolios while generating consistent returns for investors (Yeoh, 2023). A steady return that eventually cancels out the decline in the purchasing power of money can stop rising inflation. Despite the fact that portfolio investments might not maximize the potential return on investment, Salisu, Sikiru, and Vo (2020) emphasized that they still provide a steady and consistent return equal to the time value of money.

According to prior publications, stock investments are the best types of investments because their performance is typically positive, especially during economic upswings (Kwofie and Ansah, 2018). The company's success was frequently impacted by the economy, and this development could be seen in the share price development on the
stock market. The performance of the stock market is expected to be positively correlated with economic growth as the economic environment changes over time, as demonstrated by GDP growth (Yismaw, 2019). Consequently, buying stock created the impression that its value would rapidly increase over time. Because of this, when investors consider fixed assets and the nation's inflation rate, the growth of their stock portfolio investments will typically outpace the inflation rate overall (Salisu, Akanni, and Raheem, 2020). Additionally, because of their diversification, stock market portfolio investments ought to generate positive returns throughout a recession, even though inflation is anticipated to decline (Bonab, 2017).

With reference to the previous studies, there is a strong suggestion to reflect the ability for the portfolio stock investment to provide good investment return in average with the assistance of the diversification strategy creating a consistence achievement in the return on investment for the investors (Mahdzan, Zainudin & Yoong, 2022). The required rate of return or known as the benchmark investment return for the investors definitely is crucial to address which most cases will observe the reference being designed against the inflation rate of the country (Yeoh, 2022). The objective of the investors had been clear in addressing the investment strategy that provide consistent achievement in greater return that will be able to yield higher than the inflation rate of the economy at the minimum level (Yeoh, 2023). As this will ensure the investors not losing out the purchasing power as well as hedging for the wealth protection over time to ensure the investors are able to grow higher monetary value and wealth moving forward (Bonab 2017).

Based on the suggestion from the findings in previous research, the return generated from the mutual fund is defined as stable with low risk per one percent of return. However, in another outlook, the performance for the mutual fund had been highly depending on the economic conditions as well as the business growth which indicate that there is a potential alignment within the growth rate between the mutual fund return against the inflation rate of the economy (Yeoh, 2023). In other words, the literature review had created the expectations in the quantitative findings to suggest the existence of the significant positive relationship being observed from the mutual fund investment depending on the potential growth of the inflation rate within the local economy (Huawei, 2022). With this, the hypothesis is being developed where the hypothesis is target to study and explore the relationship of the inflation rate in economy being the independent variable against the mutual fund growth and return being the dependent variable forming the research framework for the current study.

H0: The inflation rate of the economy is not positively impacting the mutual fund investment return.
H1: The inflation rate of the economy is positively impacting the mutual fund investment return.

Research Methodology

The study's research methodology will make it possible to apply the quantitative analysis method, which is crucial in light of the current state of research, in which quantitative data from historical data on mutual fund performance
against the past trend of the inflation rate growth in the country of Malaysia. This prompts a comparison analysis. Pitkowski (2020) defines comparative analysis as a technique whereby two or more variables that provide a consistent measurement are systematically compared and contrasted to improve understanding of the similarities and differences and to provide greater visibility of the quantitative measurement results. It is a crucial tool for a variety of academic disciplines, such as economics, business administration, sociology, politics, literature, and more (Roig-Tierno, Gonzalez-Cruz, and Llopis-Martinez, 2017). It's critical to keep in mind that the complexity and level of detail of a comparative analysis can vary greatly depending on the circumstances and the objects being compared (Fainshmidt et al., 2020). Additionally, according to Ezejiofor, Olise, and John-Akamelu (2017), it is crucial to make sure that the comparison criteria are pertinent to and appropriate for the specific analysis context. The baseline from the current study had targeted to address the direct comparison on the average return from the mutual fund investment performance based on the past growth in the inflation rate to understand the growth of the investment value against the comparison on the time value of money factor for the investors.

The quantitative study for the current research will be determined to explore the past trend of the financial data input for the mutual fund return against the inflation rate growth in Malaysia. The longitudinal study will be deployed for the research where the data focusing into the 2013 to 2023 covering 11 years’ period to ensure the seasonality and the development of the investment growth is being captured over the timeline which is sufficient to further understand the pattern and trend of the historical performance (Yeoh, 2022). The sampling of the data is based on five major mutual funds which is selected from the top performing fund developed by Public Mutual. The reason for selecting the mutual fund from the public mutual had been clear to understand the most significant and yet popular preference of the mutual fund investment remained in Malaysia to assess the relevance towards the investor’s attention (Yeoh, 2023).

Moving forward, quantitative analysis is not limited to using comparative analysis as the only quantitative analysis method for the study, but also deals with the application of correlation analysis and regression analysis to conduct tests on the relationship between the independent variable and the dependent variable based on the research framework established as part of the study (Sekaran and Bougie, 2016). The Pearson Correlation Coefficient, used to determine the strength of the correlation, is used to evaluate the potential presence of correlations between two variables in correlation analysis, which is an essential aspect of the quantitative approach (Sekaran and Bougie, 2016). To summarize the findings and results of the quantitative study, regression analysis is also used to test the presence of a significant relationship between the variables as defined in the research framework (Apuke, 2017). The results of the quantitative analysis are then used to test the hypothesis derived from the study's literature review.
Results and Findings

Table 1: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Mutual Fund Return</th>
<th>Inflation Rate</th>
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</thead>
<tbody>
<tr>
<td>Mutual Fund Return</td>
<td>1</td>
<td>-0.415109578</td>
</tr>
<tr>
<td>Inflation Rate</td>
<td>-0.415109578</td>
<td>1</td>
</tr>
</tbody>
</table>

The Table 1 started off with the introduction of the correlation analysis as the first step in the quantitative study for the research. The goal for correlation analysis had been clear which is to further understand the correlation exist between the two variables, where for the current study will be emphasizing on the mutual fund investment growth and the inflation rate growth in Malaysia. As a result, the Table 1 shown the past trend of historical data had agreed the existence of the negative correlation between the two variables for the study. The strength for the moderate negative correlation had been supported by the Pearson Correlation Coefficient which achieved only -0.41511 which fell between the range of 0.4 to 0.6. This would mean that the growth of the inflation rate will likely to observe the fall in the mutual fund investment and vice versa.

Table 2: Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>Coefficients</th>
<th>Standard Error</th>
<th>t Stat</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>0.137941693</td>
<td>0.063699442</td>
<td>2.16550867</td>
<td>0.058540084</td>
</tr>
<tr>
<td>Inflation Rate</td>
<td>-3.667842566</td>
<td>2.679532119</td>
<td>-1.368836947</td>
<td>0.204240124</td>
</tr>
</tbody>
</table>

The Table 2 had move forward the focus into exploring the regression analysis where the regression model had been constructed with the intention to test the relationship of the inflation rate growth in Malaysia as the independent variable against the growth of the mutual fund investment return as the dependent variables as derived from the research framework for the study. The regression analysis output as reference to Table 2 had shown the results where the p-value recorded for the variable of inflation rate had achieved 0.20424 which surpass the benchmark of the 5% tolerance level. In other words, the higher p-value being achieved reflecting little or no evidence to suggest the existence of the significant in the relationship between the inflation rate against the mutual fund investment return. In other words, the growth of the pricing of goods and services as well as rising living cost play no major impact to influence the mutual fund investment performance in the financial market of Malaysia.
Table 3: Comparative Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mutual Fund Return</th>
<th>Inflation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average (%)</td>
<td>6.60%</td>
<td>1.96%</td>
</tr>
</tbody>
</table>

The Table 3 had been the final step into venturing of the quantitative analysis study for the research where the results in Table 3 demonstrated the outcome in assessing the comparative analysis for the study. With reference to the previous methodology, the comparative analysis holds the purpose to develop the clear comparison to allow the observation on the discrepancies in the performance between the variables included for the study which in the current study will be assessing the average percentage for both inflation rate and the mutual fund investment return for the past 11 years of data input. Despite there is suggestion of moderate negative correlation being exist between the two variables, the outcome for the comparative analysis had proven the fact that the mutual fund had constantly performing above the rising inflation rate in the Malaysian economy resulting in surplus of 4.64% (6.60% - 1.96%). This showed that the investment in mutual fund will turn favourable for the investors to overcome the rising inflation pressure within the economy of Malaysia.

With reference to the completion of the quantitative analysis study, the outcome had provide a good view of evidence to understand the pattern of the development for the inflation rate and mutual fund investment return within the country of Malaysia. This would bring back the result to test against the hypothesis as developed from the initial assessment through the previous literature review study. Based on the findings, there is suggestion on moderate strength of negative correlation exist between the two variables of inflation rate growth against the mutual fund investment return, but the relationship failed to show any significant impact from the inflation rate to really affecting the growth of the mutual fund investment within the sample study. Therefore, the insufficient evidence to suggest the significant relationship between the two variables would provide disagreement with the initial expected findings as drawn in the hypothesis resulting in the rejection of the alternate hypothesis in H1 and accepting the null hypothesis as drawn in H0.

H0: The inflation rate of the economy is not positively impacting the mutual fund investment return.
H1: The inflation rate of the economy is positively impacting the mutual fund investment return.

Discussion on Findings

The outcome of the study is crucial to achieve the significant and objective of the research study where the results and findings derived from the quantitative study had been very informative providing fresh information and knowledge to understand between on the relationship between the growth of the inflation rate in Malaysia as well as assessing the pattern of the impact towards the mutual fund performance in Malaysia. The results had provide
the suggestion on the movement of the inflation growth rate is likely to move in the opposite direction against the mutual fund investment return for the investors but remained insignificant over time where the inflation rate growth will not directly affecting the exact development of the mutual fund investment return. In other words, the inflation rate should not become the benchmark to determine or even to predict the performance of the mutual fund investment in Malaysia as the inflation rate in the Malaysian economy remained irrelevance towards the investment potential.

With the significant findings, the research had concluded that the economic growth through inflation rate will only affect the burdening situation for the rising living cost for the individuals, but the objective remained the same for the investors to seek for the perfect investment to overcome the inflation pressure from the economy. The comparative analysis had studied the trend of the growth for the mutual fund investment for the past 11 years where the mutual fund investment had steadily contributed the return greater than the rising inflation rate in the Malaysian economy. Therefore, without a doubt the decision to invest into the mutual fund would appear to be considerable perfect where the mutual fund investment had been proven to yield better than the rising prices of the living cost which result in improving the purchasing power as well as growing the wealth of the investors over time.

With reference to the quantitative findings, there may not be significant in the relationship between the inflation rate against the mutual fund investment in Malaysia but there suggestion on the existence for the negative correlation between the two variables reflecting the opposite growth of the mutual fund investment against the development of the economic inflation growth. Therefore, the mutual fund investment will be highly recommended at the time of recession where the mutual fund investment return will likely to become more attractive for the investors offering greater return. This could be supported by the fact where the recession within the economic condition will likely to produce challenging times for the business resulting in lower interest rates as well as creating lack of business growth reducing the return from the stock market investment. Therefore, the diversification risk through the mutual fund investment strategy could become ideal in the situation where the mutual fund provide higher consistency and stability for the investment return during the hard times of the economy cycle.

Conclusion

After reflecting on the quantitative analysis that was accomplished throughout the research study, the research had come to a successful conclusion. According to the study's findings, relevant parties had made a significant contribution to the topic under study. The results of the current study will add value and make a contribution to the field of academic research papers, which will benefit from the lack of exploration in the relevant area of study.
When conducting future research studies, this will serve as inspiration for future researchers to expand their areas of interest in the study.

Another important component drawn from the outcome of the study had been crucial in addressing the investment advice for the investors in Malaysia. As mentioned when introducing the problem statement and objective of the study, the goal in investment is primarily to overcome the rising inflation rate from the economy to avoid losing out the value of dollar representing the purchasing power as well as improving the wealth of the investors over time. With the strong suggestion of the mutual fund investment return over the past years, it is no doubt that the investors can highly depending into the mutual fund investment strategy to allow the investment to generate greater yield for the investors to overcome the inflation pressure within the Malaysian economy. More importantly, the negative correlation observed from the data input between the inflation rate growth against the mutual fund investment return provide the recommendations drawn for the investors to suggest into investing on the mutual fund during the time of recession in the local economy. This is mainly triggered by the reasoning where the mutual fund had been deemed to perform better when the economic remained uncertain and facing downfall in the economic condition.

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Data availability: From the author

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