



**THE EFFECT OF RISK AND RETURN ON MUTUAL FUND INVESTMENT
DECISIONS AT CIREBON CITY SECURITIES****Addin Zainul Adha¹****Universitas Swadaya Gunung Jati, Cirebon, Indonesia**addin.122020269@ugj.ac.id**Krisdiana²****³Universitas Swadaya Gunung Jati, Cirebon, Indonesia**krisdiana@ugj.ac.id**Benny Dhevyanto³****Universitas Swadaya Gunung Jati, Cirebon, Indonesia**Dhevyanto.benny@ugj.ac.id

Abstract

This study aims For study influence risk and return on decision investment mutual funds to investors who invest through company securities in Cirebon City, considering rapid development mutual funds that demand understanding balanced between level risk and potential return in taking decision investment . Research use approach quantitative with type of explanatory research, where primary data is collected through distributed questionnaires to 100 mutual fund investors in Cirebon City according to criteria research , then analyzed use Partial Least Squares–Structural Equation Modeling (PLS-SEM) method with help SmartPLS . Measurement model evaluation results show all over indicator has fulfil criteria validity and reliability , while structural model evaluation produce mark coefficient high determination , indicating that variables risk and return capabilities explain part big variation decision investment mutual funds . Testing hypothesis prove that risk and return influence positive and significant to decision investment , good in a way partial and simultaneously , so that can concluded that investor perception of risk as well as expected return holding role important in determine decision investment mutual funds , at the same time give contribution theoretical for development study investment and benefits practical for investors as well company securities in push taking decision rational and sustainable investment .

Keywords: Risk, Return, Investment Decisions, Mutual Funds, Investors



INTRODUCTION

Development sector finance in Indonesia in five years final experience considerable progress rapidly, especially in the capital market sector. Utilization digital technology in service finance has make it easier public For access various instrument investment through company securities digital- based. One of the many instruments in demand is mutual funds, because offer convenience investment, fund management by managers investment professional, as well as level relative risk spread so that in accordance for retail investors and beginners (Financial Services Authority, 2023).

In Cirebon City, the increase the number of capital market investors shows existence growth interest public to activity investment. Presence company securities and applications investment participate push public For start invest in products mutual funds. Mutual funds viewed as alternative practical investment Because can started with relatively small funds small, easy transaction process, and availability various choice products that can customized with profile investor risk.

However Thus, taking decision investment mutual funds No let go of two factors main, namely risk and return. Risk describes possibility occurrence difference between expected results with results current consequence change market conditions and factors economy others. Meanwhile that, return is level reward the results that investors expect as form profit on the invested funds. Both factor the each other related and become base investor considerations in determine choice investment mutual funds (Pradipta & Nugroho, 2021).

In in reality, some investors tend to more prioritize high return potential without take into account level the risks that accompany it. Conditions This potential cause decision underinvestment right, especially for investors who have not own adequate experience and understanding about characteristics product mutual funds. Research previously show that perception the risks that investors can have influence interests and decisions they in investing (Putri & Prasetyo, 2021).

Besides risk, return is one of the the factors that investors pay most attention to in evaluate performance mutual funds. Products mutual funds with attractive rate of return tend more is in demand by investors because considered capable give optimal profits. Research conducted by Sari and Putra (2022) found that that return has influence positive to decision investment mutual funds. Although thus, high returns generally followed by more risks large, so that



investors are required For understand balance between risk and return before take decision investment .

Securities company play a role important in provide clear and transparent information related product risk and return mutual funds to investors. Lack of information understood in a way comprehensive can influence quality decision investments taken , in particular for investors in areas that are still develop such as Cirebon City. Therefore that , understanding to risk and return become aspect important in push taking decision rational and sustainable investment (Rahman & Hidayat, 2023) .

Research result previously show existence difference findings about influence risk and return on investment mutual funds . Some studies state that risk influential negative to decision investment , while returns have an effect positive . On the other hand , there are research that shows that some investors are willing face greater risk tall For get more returns big . Difference results This indicates Still existence room necessary research reviewed more carry on .

Study related investment mutual funds with the focus of the Cirebon City area is still relatively limited . In fact , the characteristics of investors in the city develop can own difference compared to with investors in the city big , good from side experience investment and preference to risk . Therefore that , research This done For analyze influence risk and return on investment mutual funds in companies securities in Cirebon City.

Novelty study This lies in the study empirical that focuses focus on the role risk and return as factor determinant investment mutual funds with object research on securities investors in Cirebon City. Research results This expected can give contribution academic in development study investment as well as become material consideration for investors and companies securities in increase quality decision investment .

LITERATURE REVIEW

Investment Risk Theory

According to Pradipta and Nugroho (2021), the risk investment is level uncertainty faced by investors regarding possibility difference between expected returns with actual returns accepted . In context investment mutual funds , risk can appear consequence market fluctuations , changes condition economy macro , as well as performance portfolio managed by a manager investment . Risk is one of the consideration main for investors before place funds in an product investment .



More Furthermore , Putri and Prasetyo (2021) explain that perception the risks that investors have greatly influence decision investment mutual funds . Investors with tolerance low risk tend choose product mutual funds with minimal risk , such as money market mutual funds , while investors with tolerance greater risk tall tend choose mutual funds share with potential reward more results big . Therefore that , understanding to risk investment mutual funds become factor important in determine decision rational and sustainable investment .

Investment Theory

According to Sari and Putra (2022), return on investment is level the profit that investors obtain from the funds invested in something instrument finance . Mutual fund returns can originate from improvement mark assets net (NAB) and distribution results investment received in period certain . Return to indicator the main thing that investors use to evaluate performance something product mutual funds .

Research by Wibowo and Santoso (2022) shows that return has influence positive to interests and decisions investment mutual funds . Investors tend to choose product mutual funds that show stable and competitive return performance . However thus , high returns generally followed by the level greater risk big , so investors need consider balance between potential benefits and risks borne before take decision investment .

Investment Decision Theory Mutual Funds

According to Rahman and Hidayat (2023), investment mutual funds is form fundraising from the next society invested in portfolio effects by managers investment . Mutual funds become alternative investment of interest Because give convenience access , diversification risks , as well as fund management professional . Investment decisions mutual funds influenced by various factors , including investor characteristics , market conditions , and information about product risk and return investment .

More Furthermore , Lestari and Kurniawan (2024) stated that decision investment mutual funds No only based on factors rational like risk and return, but also on investors' understanding of product investment said . Investors who have good understanding about characteristics mutual funds tend more believe self in take decision investment and capable adapt choice product with objective his finances .

Framework Thinking

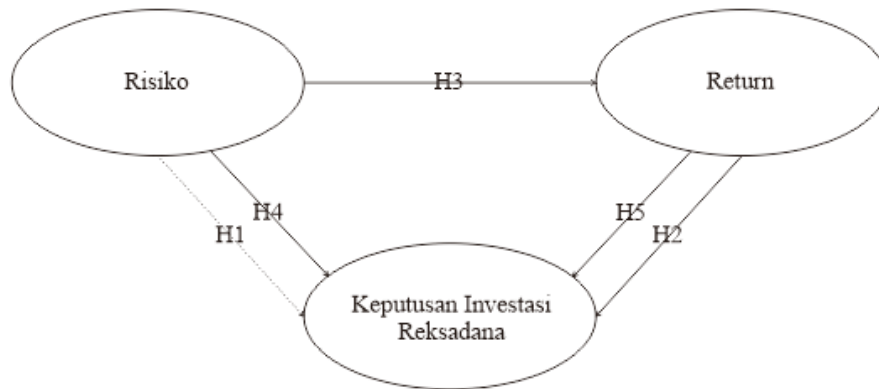


Figure 1
Framework Thinking
Source : Author , 2026

Hypothesis Study

H1: Risk has an effect negative to decision investment mutual funds in Cirebon City securities .

H2: Return has an effect positive to decision investment mutual funds in Cirebon City securities .

H3: Risk and return are simultaneous influential to decision investment mutual funds in Cirebon City securities .

H4: Risk is factor dominant influencing decision investment mutual funds in Cirebon City securities .

H5: Return is influencing factors significant to decision investment mutual funds in Cirebon City securities .

RESEARCH METHOD

Research Design

Study This use approach quantitative with type of explanatory research, because aim For explain as well as test connection cause and effect between risk and return on decision investment mutual funds for investors in Cirebon City securities . Approach quantitative chosen so that the phenomenon investment can analyzed in a way objective through numerical data processing , so that influence intervariable can measured and tested in a way empirical use technique statistics

According to Sugiyono (2021), research quantitative focus on testing hypothesis through structured data collection as well as analysis statistics to obtain conclusions that can be drawn generalized . In line with that , Creswell (2020) explains that explanatory research aims For identify and measure strength



connection intervariable as well as explain pattern the influence that occurs between variables research . Therefore that , approach This assessed appropriate For test How risk and return influence investor decisions in choose instrument mutual funds .

Data analysis in study This done with Partial Least Squares–Structural Equation Modeling (PLS-SEM). The PLS-SEM method is used Because capable test connection intervariable in a way simultaneous as well as suitable for research models that are predictive and exploratory . In addition , PLS-SEM is effective used in research with amount relative sample limited as well as latent constructs being measured through a number of indicators (Hair et al., 2019; Hair et al., 2022). With Thus , the use of PLS-SEM is expected capable give comprehensive overview about influence risk and return on decision investment mutual funds in Cirebon City securities .

Population and Sample

Population in study This is customers who do investment in Bank Sinarmas securities domiciled in Cirebon City, Customer securities be in range aged 17–45 years . However , research This in a way special limit respondents aged > 45 years , because group age the considered own ability in financial and relevant decision making with context Investment Mutual Funds . Based on OJK data (2025), the population Cirebon city is recorded as many as 53,098 people . The number sample determined with use Slovin's formula with level error 10% ($e=0.10$), so the calculation is :

$$n = \frac{N}{1 + N e^2} = \frac{53.098}{1 + 53.098 (0,1)^2} \approx 99,9$$

With Thus , the number minimum sample set as many as 100 respondents . For increase level representativeness and anticipation possibility the presence of invalid data or No complete , research This set amount sample as many as 100 respondents .

Taking technique The sample used is purposive sampling, with criteria as following :

1. Aged between 17– 45 years ;
2. Domiciled in Cirebon City;
3. Types of Mutual Funds that have been purchased

Data Types and Sources

Type of data used in study This includes primary data and secondary data . Primary data is obtained through distributed questionnaires to mutual fund investors in the company securities in Cirebon City for measure perception to risk



and return decisions investment mutual funds . As for secondary data sourced from journal scientific , research previously , and reports and publications relevant statistics with topic study .

Data collection technique

Primary data collected use questionnaire based five- point Likert scale , namely :

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

Questionnaire shared online using Google Forms to make it easier respondents answer in a way efficient .

Validity and Reliability Test

Validity and reliability test carried out on the measurement model (measurement model/outer model) using PLS-SEM approach with referring to Hair et al. (2021), includes :

1. Validity Convergence : outer loading (ideal ≥ 0.70) and AVE (≥ 0.50).
2. Reliability , assessed through Composite Reliability and Cronbach's Alpha (≥ 0.70).
3. Validity discriminant , using Heterotrait-Monotrait Ratio (HTMT), where the HTMT value

Data Analysis Techniques

Study This use SEM-PLS approach with help device soft SmartPLS . Procedure analysis includes :

1. Analysis Descriptive : Risk, Return and Investment Decisions Mutual funds .
2. Outer Model Evaluation : through outer loading and AVE, as well as validity discriminant using HTML. Reliability measured with Composite Reliability and Cronbach's Alpha, each with threshold ≥ 0.70 .
3. Inner Model Evaluation : Through coefficient path , R^2 value , and significance connection between construct using bootstrapping.

Hypothesis Testing : Based on mark coefficient path and P-Value of bootstrapping results .



RESULTS AND DISCUSSION

Analysis Descriptive

Before analysis conducted , research This serve description about respondents research . Information obtained of the 100 respondents who participated with fill in questionnaire research . Profile respondents displayed in table following .

Table 1.
Profile Respondents

Characteristics	Category	Amount	Percentage
Age	17-25	17	16.5%
	26-35	27	26.2%
	36-45	34	33%
	>45	22	24.3%
Types of securities used	Securities Sinarmas	100	100%
Investment Period Mutual Funds	<6 months	18	17.5%
	6-12 months	19	18.4%
	1-2 years	26	25.2%
	>2 years	37	38.8%
Types of Mutual Funds Purchased	Money market	25	24.3%
	Income still	25	24.3%
	Mixture	19	18.4%
	Share	33	35%

Source : Data Processing (2026)

Based on the table above , research This involving 100 mutual fund investor respondents in Cirebon City. In terms of age , majority respondents are in the range of 36–45 years (33%), followed by aged 26–35 years (26.2%), then age >45 years (24.3%), and at least aged 17–25 years (16.5%). This show that part big respondents be in a group age productive and mature in taking decision investment .

All over respondents (100%) use Sinarmas Securities as company securities in invest mutual funds . In terms of investment duration , the majority respondents has invest during more than 2 years (38.8%), followed by range 1–2 years (25.2%), then 6–12 months (18.4%), and less than 6 months (17.5%). This data show that part big respondents own experience quite a long investment .

Based on type mutual funds that have ever purchased , the most product in demand is mutual funds stocks (35%), followed by money market mutual

funds (24.3%) and mutual funds income fixed (24.3%), and mutual funds mixed (18.4 %). general , characteristics respondents This show that the majority of investors have own experience relative investment good and tend to choose instrument with potential reward more results high , so that relevant For analyze behavior and decisions investment mutual funds in Cirebon City.

Outer Model Evaluation

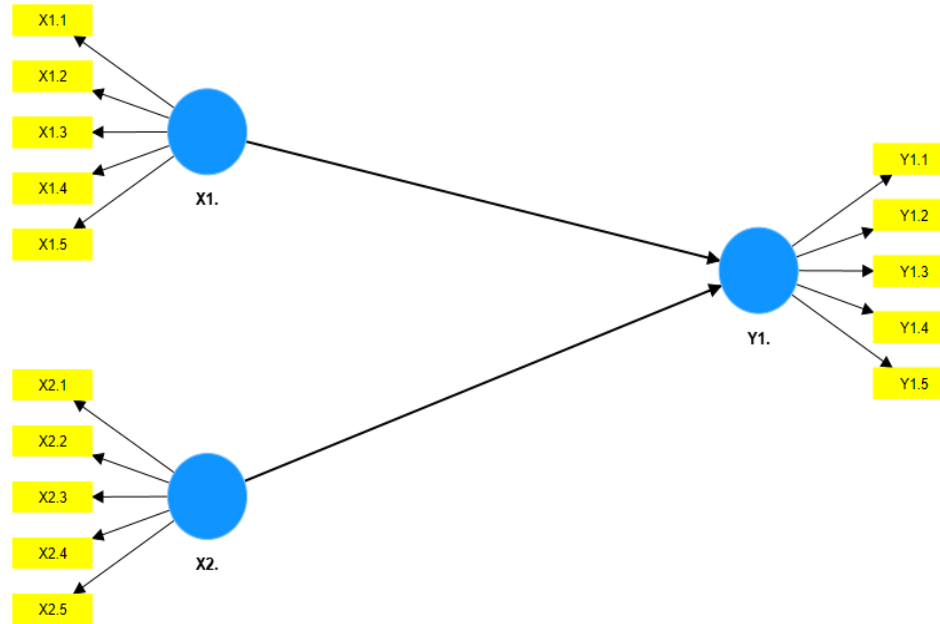


Figure 2.

Convergent Validity Results Based on Outer Loadings

Source : Data Processing (2026)

Outer model analysis is used For define every related variables with variables latent in the test conducted on the outer model.

Validity Test Convergent

**Table 2.
Convergent Validity Test**

Variables	Item	Loading Factor	Ave	Description
Risk	X1.1	0.748	0.607	Valid
	X1.2	0,793		Valid
	X1.3	0,799		Valid
	X1.4	0,755		Valid
	X1.5	0,797		Valid



Return	X2.1	0,758	0,593	Valid
	X2.2	0,806		Valid
	X2.3	0,736		Valid
	X2.4	0,775		Valid
	X2.5	0,775		Valid
Investment Decision Mutual Funds	Y1	0,772	0,604	Valid
	Y2	0,804		Valid
	Y3	0,793		Valid
	Y4	0,765		Valid
	Y5	0,749		Valid

Source: Data Processing (2026)

Based on results outer loading testing on the SEM-PLS measurement model, all indicators on variables X1, X2, and Y1 show the loading factor value is above the minimum limit of 0.70, so that can stated that each indicator own level good contribution in represent the construct it measures . The indicators in variable X1 have loading value ranges between 0.748 to 0.799, while The indicator on variable X2 is in the range of 0.736 to 0.806, and the indicator on variable Y1 has loading values between 0.749 and 0.804. These results show that all over indicator has fulfil criteria validity convergent and not need deletion indicators , so that the measurement model stated worthy For used at the stage analysis structural furthermore.

Validity Discriminant

**Table 3.
Validity Discriminant**

	Risk	Return	Investment Decision Mutual Funds
X1.	0,779		
X2.	0,919	0,770	
Y1.	0,941	0,927	0,777

Source: Data Processing (2026)

Based on results SEM-PLS analysis , value connection intervariable show level strong correlation . Variable X1 has strong relationship with Y1, reflected



from mark coefficient of 0.941, and show high correlation with X2 of 0.919. In addition , the relationship between X2 and Y1 is also considered very strong with value 0.927. The diagonal value represents The root of the Average Variance Extracted (AVE) for each variable , namely X1 is 0.779, X2 is 0.770, and Y1 is 0.777, indicating that every construct has fulfil criteria validity discriminant . With thus , it can concluded that the research model own quality good measurement and relationship intervariable in the model stated strong as well as worthy For analyzed more carry on .

Reliability Test

**Table 4.
Reliability Test**

Variable	Cronbach’s Alpha	Composite Reliability
Risk	0,838	0,885
Return	0,829	0,879
Investment Decisions Mutual Funds	0,836	0,884

Source: Data Processing (2026)

Based on results measurement model testing using SEM-PLS, all construct in study This show level good reliability and validity . The Cronbach's alpha values for variables X1, X2, and Y1 are each above the minimum limit of 0.70, which indicates that instrument study own adequate internal consistency . In addition , the composite reliability value is good. rho_a and rho_c on all variables also exceed mark required threshold , so can concluded that indicators used capable measure construct in a way reliable . Meanwhile that is , the Average Variance Extracted (AVE) value for every variables is above 0.50 , which shows that each construct has fulfil criteria validity convergent . With Thus , the measurement model in study This stated worthy and able used For analysis structural more carry on .

Structural Model Evaluation (Inner model)

**Table 5.
R Square**

Variables	R-square	R-square adjusted
Investment Decisions Mutual Funds	0.911	0.909

Source : Data Processing (2026)

Based on results SEM-PLS analysis , the R-square value for variable Y1 is 0.911, indicating that 91.1 % of the variation in variable Y1 can be explained by



the variables independent that exists in the research model . While that , the adjusted R-square value of 0.909 indicates that after consider amount variables predictor , the ability of the model in explain variable Y1 remains constant is at a very high level . With thus , it can concluded that the structural model used own Power explain the strong and capable explain phenomenon study optimally , while the rest 8.9 % is influenced by other factors outside the research model .

Hypothesis Testing

**Table 6.
Hypothesis Testing**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (IO/STDEV)	P Values
X1. -> Y1.	0,573	0,568	0,101	5,679	0,000
X2. -> Y1.	0,401	0,407	0,102	3,936	0,000

Source : Data Processing (2026)

Based on results testing connection structural using SEM-PLS, variable X1 is proven own influence positive and significant to variable Y1, which is indicated by the value coefficient track of 0.573 with the t-statistic value is 5.679 and p-value of 0.000 . This result indicates that an increase in variable X1 will followed by an increase in the Y1 variable significant . In addition , the variable X2 also shows influence positive and significant against Y1, with mark coefficient track of 0.401, t-statistic of 3.936, and p-value of 0.000. With thus , it can concluded that second variables independent in a way partial own significant influence to variables dependent in the research model.

CONCLUSION

Based on results research that has been done with use Partial Least Squares–Structural Equation Modeling (PLS-SEM) method , can concluded that the research model that was built has fulfil criteria eligibility Good from measurement model side and structural models . All indicators on variables risk , return, and decision investment mutual funds proven valid and reliable , which shows that instrument study capable measure construct in a way accurate and consistent .

Structural model test results show that variables risk and return have very strong ability in explain variation decision investment mutual funds . Coefficient value high determination indicates that part big decision investment mutual fund investors can explained by both variables said , while the rest influenced by other factors outside the research model .



Next, the results of the hypothesis test prove that risk and return influence positive and significant to decision investment mutual funds. Findings This show that investor perception of level risk as well as return expectations become consideration main in taking decision investment mutual funds. With thus, it can concluded that the more Good investor understanding of risk and increasingly tall the expected potential return, then trend For investing in mutual funds will also increase.

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