Accepted Manuscript

All about fun(ds) in emerging markets? The case of equity mutual funds

Moritz Wagner, Dimitris Margaritis

PII: S1566-0141(17)30320-5
DOI: doi: 10.1016/j.ememar.2017.08.004
Reference: EMEMAR 516

To appear in:

Received date: 22 February 2016
Revised date: 5 August 2017
Accepted date: 25 August 2017

Please cite this article as: Moritz Wagner, Dimitris Margaritis, All about fun(ds) in emerging markets? The case of equity mutual funds, (2017), doi: 10.1016/j.ememar.2017.08.004

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
ALL ABOUT FUN(DS) IN EMERGING MARKETS? THE CASE OF EQUITY MUTUAL FUNDS

Moritz Wagner and Dimitris Margaritis

University of Auckland

This Version: July 2017

ABSTRACT

Using the most comprehensive to-date sample, we find that funds predominantly investing in EM equities have, on average, higher reward-to-risk ratios compared to benchmark indices. However, adjusted for risk factors EM funds outperform before costs but not after costs. Only growth and Chinese funds generate returns that more than recoup their costs. Local funds have an edge over their foreign counterparts, outperforming them by approximately 1.8% annually. Foreign funds tend to invest more cautiously in small-cap and growth stocks. We also show that most funds in EMs pursuing a market-timing strategy have rather poor market-timing skills negatively affecting risk-adjusted performance measures.

Keywords: Mutual funds, Emerging markets, Fund performance, Market efficiency

JEL Classification: G12, G14, G23

1 Introduction

Much of the finance literature suggests that most actively managed funds are not able to provide added value to investors (e.g. Sharpe (1966), Jensen (1968), Elton et al. (1993), Malkiel (1995), Carhart (1997), Cuthbertson et al. (2008), Barras et al. (2010) and Fama and French (2010)). Proponents of the efficient market hypothesis understand this as a natural consequence of correctly priced assets. By argumentum e contrario, active investing should be more beneficial in markets that are less efficient. In this paper, we examine the performance of actively managed mutual funds that invest in emerging market (EM) equities. There is ample evidence suggesting that stock markets in emerging economies (EMEs)
دریافت فوری
متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات