

Quoniam

QUANTITATIVE INVESTMENT ENGINEERING

ABSTRACT – DISSERTATION

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AN ANALYSIS OF THE MUTUAL FUND INDUSTRY: MUTUAL FUND INVESTORS, MUTUAL FUND MANAGERS AND MUTUAL FUND COMPANIES

In this dissertation I investigate the mutual fund industry, especially the three most important participants within this industry: mutual fund investors, mutual fund companies and mutual fund managers. Mutual fund investors are persons who purchase and redeem fund shares. Mutual fund companies are financial service providers which are responsible for fund administration, e.g. setting up the fund, bookkeeping, collecting fees and preparing annual reports, and they also hire mutual fund managers to manage funds. Mutual fund managers are professionals who are responsible for the portfolio management. They make the actual portfolio decisions, e.g. which stocks are bought and sold, and are therefore mainly responsible for the performance of mutual funds. These three main participants have already been the subject of investigation in the existing literature. The aim of this dissertation is to examine new research questions in terms of the three main participants in order to obtain a deeper understanding of the mutual fund industry.

1. The main research questions of this dissertation are: Does rapid trading exist among German equity mutual fund investors? What are the determinants of rapid trading? Does rapid trading have a negative impact on mutual fund performance?
2. Do mutual fund investors, as a whole, have asset allocation abilities regarding their mutual fund investments? Are there differences in asset allocation ability among different mutual fund sales channels, especially between investors buying funds via nonproprietary and proprietary brokers?
3. Do fund companies allocate their fund managers to market segments in an efficient way, i.e. such that fund managers work in market segments in which their skills are rewarded best?
4. What are the characteristics and behavior of would-be entrepreneurs in the mutual fund industry? Do entrepreneurial fund managers change their behavior after they start their own firm?