

**Xavier University Bhubaneswar**  
**University Dialogue Series (UDS)**

**Date:** 18 Aug 2017

**Time:** 11.00 pm

**Venue:** Class Room 129

**Persistence of Actively Managed Equity Mutual Fund Performance:  
New Indian Evidence**

**Speaker:**

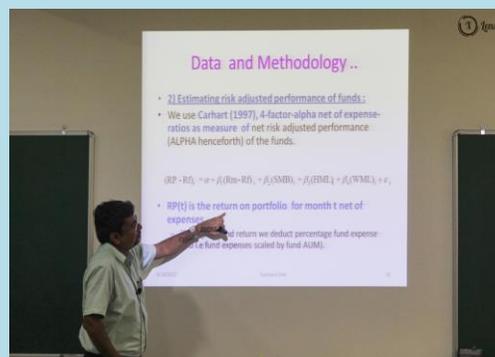
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This paper examines the persistence in performance of actively managed Indian equity mutual funds over short and long time horizons after controlling for factors like market risk, size, value, momentum and expenses. The paper also explores whether such performance persistence depends on investor's holding period, fund size, age, style or expense-ratio.

Using monthly returns of a sample of 263 actively managed Indian equity mutual funds which continuously existed between January 2000 and December 2014, we generate their 4-factor-alphas (Carhart,1997) adjusted for fund-expenses scaled by recent most inflation-adjusted assets under management (AUM) as net risk adjusted performance measure of funds. We then test the persistence in fund performance using non-parametric 'contingency table' and 'quartile-transition-matrix' approaches. We find overall evidence of persistence, especially over shorter time horizons. This pattern is more or less uniform and independent of the calendar years in our study period. We find that larger, older and high-expense-ratio funds are marginally more persistent, although no discernible pattern is identifiable within style partitions. However, a considerable part of persistence observed is due to the relatively poor performers in the group. Only exceptions are the older funds, which exhibit short as well as long term persistence, and this comes mostly from the winners rather than the losers. We affirm the robustness of our results using a number of robustness tests.



The findings indicate that past performance of managed portfolios, at least in emerging market like India, can have some useful information for investors.

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**Keywords:** Mutual Funds, Alpha, Performance, Persistence

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