PERSISTENCE IN MUTUAL FUNDS IN LATIN AMERICAN EMERGING MARKETS: THE CASE OF MEXICO.

Luis Muga Caperos
Dpto. Gestión de Empresas.
Universidad Pública de Navarra.
Campus de Arrosadía s/n 31.006 Pamplona. Navarra.
E-mail: luis.muga@unavarra.es
Teléfono: 948 166 079

Adriana Rodríguez Montemayor
Dpto. Gestión de Empresas.
Universidad Pública de Navarra.
Campus de Arrosadía s/n 31.006 Pamplona. Navarra.
E-mail: adriana.rodriguez@unavarra.es

Rafael Santamaría Aquilué
Dpto. Gestión de Empresas.
Universidad Pública de Navarra.
Campus de Arrosadía s/n 31.006 Pamplona. Navarra.
E-mail: rafael@unavarra.es
Teléfono: 948 169 389

AREA D: finanzas y valoración
Persistence in Mutual Funds in Latin American emerging markets: The case of Mexico.

Abstract:

We find persistence in mutual fund performance both over consecutive time periods and in the multi-period setting. There is significant spread, persisting for at least 2 or 3 years, between the portfolio with funds from the top past return quintile and those from the bottom past return quintile. This spread remains unexplained by conventional risk factors. Finally, investors are observed to use information on persistence, since a significant positive relationship is shown to exist between fund flows and past returns, though this is a convex relationship, which is weaker in the region of bad returns.

Key words: Mutual Funds, Persistence, Performance, Performance-flow relationship