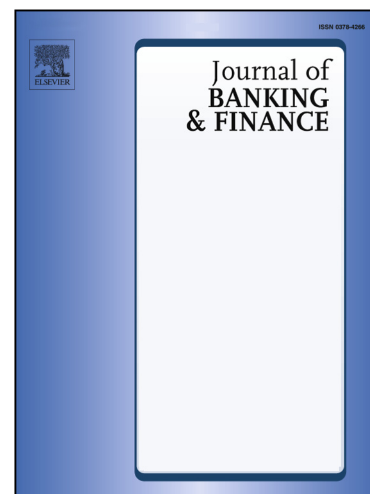
Accepted Manuscript



The Impact of More Frequent Portfolio Disclosure on Mutual Fund Performance

Sitikantha Parida, Terence Teo

PII: S0378-4266(15)00026-6
DOI: http://dx.doi.org/10.1016/j.jbankfin.2015.01.018
Reference: JBF 4655

To appear in: *Journal of Banking & Finance*

Received Date: 3 July 2012
Accepted Date: 29 January 2015

Please cite this article as: Parida, S., Teo, T., The Impact of More Frequent Portfolio Disclosure on Mutual Fund Performance, *Journal of Banking & Finance* (2016), doi: http://dx.doi.org/10.1016/j.jbankfin.2015.01.018

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.

ACCEPTED MANUSCRIPT

The impact of more frequent portfolio disclosure on mutual fund performance

Sitikantha Parida[a], Terence Teo[b,*]

[a]Clark University, Graduate School of Management, Worcester, MA, USA

[b] Maybank Kim Eng Securities Pte. Ltd, Singapore

This version: Jan, 2015

Abstract

This paper analyzes the impact of more frequent portfolio disclosures on performance of mutual funds. Since 2004, SEC requires all U.S. mutual funds to disclose their portfolio holdings on a quarterly basis from semi-annual previously. This change in regulation provides a natural setting to study the impact of frequency of disclosure on performance of mutual funds. Prior to the policy change, we find that successful semi-annual funds outperform successful quarterly funds by 17-20 basis points a month. After 2004, their performance goes down and they no longer outperform successful quarterly funds. This reduction in performance is higher for semi-annual funds holding illiquid assets. These results support our hypothesis that the performance of funds with more frequent disclosure, particularly of those holding illiquid assets, suffer more from front running activities. We also find complementary evidence that the profitability of a hypothetical front running strategy based on public disclosures goes up with the frequency of portfolio disclosures.

JEL classification: G11; G23; G28

Key Words: Portfolio disclosure frequency; Mutual fund performance; Front running; Free riding; SEC regulation; Difference-in-Difference Test; Illiquid Funds

* Corresponding author. Tel.:+1 508 421 3818; fax: +1 508 793 8822

E-mail address: sparida@clarku.edu (S. Parida), terenceteo@maybank-ke.com.sg (T. Teo)

ACCEPTED MANUSCRIPT

Download English Version:

https://daneshyari.com/en/article/7356752

Download Persian Version:

https://daneshyari.com/article/7356752

Daneshyari.com