

Research Seminar of the Luxembourg School of Finance, the Luxembourg Statistical Society and the Luxembourg Association of Wealth Managers

The Cross-Sectional Distribution of Fund Skill Measures

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Abstract

We develop a simple approach for estimating the entire distribution of skill across mutual funds. Our approach is non-parametric – as such, it avoids the challenge of correctly specifying the skill distribution. It also allows for a joint analysis of multiple measures – a key requirement for examining skill. Our empirical analysis reveals that most funds are skilled at detecting profitable trades, but unskilled at resisting capacity constraints.

These two skill dimensions exhibit strong heterogeneity both within and across fund groups. In addition, they are strongly correlated. Aggregating them using the value added reveals that 75% of the funds earn profits for a total of 7.8 mio. per year on average.

Monday 26 November 2018

17:00 – 18:15 pm

Location

Faculty of Law, Economics and Finance
JFK Building
29, avenue Kennedy
L-1855 Luxembourg
Ground Floor, Nancy-Metz Room

Langue

English

Registration

- Free seminar
- Registration by e-mail to lsf-events@uni.lu
(please specify full name and institution)

Before 19 November 2018

Contact

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