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Topics for bachelor theses

Date: October 28, 2019

Prof. Hillert offers bachelor theses in the field of asset management.

Topic Number	Title
1	The flow-performance relation of mutual funds – Evidence from Western Europe
2	The flow-performance relation of mutual funds – Evidence from Southern Europe
3	The flow-performance relation of mutual funds – Evidence from emerging markets
4	The flow-performance relation of mutual funds – Evidence from Latin America
5	A comparison of the determinants of fund flows for conventional and sustainable funds – Evidence from the U.S.
6	Do Morningstar ratings predict mutual fund performance? An analysis of U.S. equity funds
7	Do Morningstar ratings predict mutual fund performance? An analysis of German equity funds
8	Do Morningstar ratings predict mutual fund performance? An analysis of emerging market funds
9	The effect of Morningstar ratings on mutual fund flows – An analysis of U.S. equity funds
10	The effect of Morningstar ratings on mutual fund flows – An analysis of German equity funds
11	The effect of Morningstar ratings on mutual fund flows – An analysis of emerging market funds
12	Performance persistence of mutual funds – Evidence from developed markets
13	Performance persistence of mutual funds – Evidence from Western Europe
14	Performance persistence of mutual funds – Evidence from the U.S.

15	Performance persistence of mutual funds – Evidence from emerging markets
16	Which factors matter to mutual fund investors? Evidence from U.S. equity funds
17	Which factors matter to mutual fund investors? Evidence from German equity funds
18	Which factors matter to mutual fund investors? Evidence from Asia
19	Which factors matter to mutual fund investors? Evidence from emerging market funds

Description of topics

1. The flow-performance relation of mutual funds – Evidence from Western Europe

- Description:
  Sirri and Tufano (1998) find a convex flow-performance relation for U.S. mutual funds. The funds with the best past performance receive disproportionately large money inflows while the funds with the poorest past performance have hardly any outflows. This convex flow-performance relation has been confirmed in international mutual fund markets (Ferreira et al., 2012). However, there is recent evidence that the shape of the flow-performance relation in the U.S. has changed during the last decade and that the convexity decreased (e.g., Sialm et al. 2015). This bachelor thesis should analyze the flow-performance relation for mutual funds from Western Europe and compare different subperiods.
  In the first part of this thesis, the student should review the literature on the performance-flow relation with a focus on international evidence and evidence on variation over time. In the second part, the student should empirically analyze the flow-performance relation of mutual funds from a subsample of Western European countries and how the shape has changed over time.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Ferreira, M., A. Keswani, A. Miguel, and S. Ramos, 2012. The flow-performance relationship around the world. Journal of Banking and Finance 36, 1759–1780.
  Sialm, C., L. Starks, and H. Zhang, 2015. Defined Contribution Pension Plans: Sticky or Discerning Money? Journal of Finance 70, 805-838.

Sirri, E., and P. Tufano, 1998. Costly search and mutual fund flows. Journal of Finance 53, 1589-1622.

2. The flow-performance relation of mutual funds – Evidence from Southern Europe

- Description:
  Sirri and Tufano (1998) find a convex flow-performance relation for U.S. mutual funds. The funds with the best past performance receive disproportionately large money inflows while the funds with the poorest past performance have hardly any outflows. This convex flow-performance relation has been confirmed in international mutual fund markets (Ferreira et al., 2012). However, there is recent evidence that the shape of the flow-performance relation in the U.S. has changed during the last decade and that the convexity decreased (e.g., Sialm et al. 2015). This bachelor thesis should analyze the flow-performance relation for mutual funds from Southern Europe and compare different subperiods.
  In the first part of this thesis, the student should review the literature on the performance-flow relation with a focus on international evidence and evidence on variation over time. In the second part, the student should empirically analyze the flow-performance relation of mutual funds from a subsample of Southern European countries and how the shape has changed over time.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Ferreira, M., A. Keswani, A. Miguel, and S. Ramos, 2012. The flow-performance relationship around the world. Journal of Banking and Finance 36, 1759–1780.
  Sialm, C., L. Starks, and H. Zhang, 2015. Defined Contribution Pension Plans: Sticky or Discerning Money? Journal of Finance 70, 805-838.
  Sirri, E., and P. Tufano, 1998. Costly search and mutual fund flows. Journal of Finance 53, 1589-1622.

3. The flow-performance relation of mutual funds – Evidence from emerging markets

- Description:
  Sirri and Tufano (1998) find a convex flow-performance relation for U.S. mutual funds. The funds with the best past performance receive disproportionately large money inflows, while the funds with the poorest past performance have hardly any outflows. This convex flow-performance relation has been confirmed in international mutual fund markets (Ferreira et al.,

2012). However, there is recent evidence that the shape of the flow-performance relation in the U.S. has changed during the last decade and that the convexity decreased (e.g., Sialm et al. 2015). This bachelor thesis should analyze the flow-performance relation for emerging market mutual funds and test for changes in the shape of the relation over time.
In the first part of this thesis, the student should review the literature on the performance-flow relation with a focus on international evidence and evidence on variation over time. In the second part, the student should empirically analyze the flow-performance relation of mutual funds from a subsample of emerging market countries and how the shape has changed over time.

- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Ferreira, M., A. Keswani, A. Miguel, and S. Ramos, 2012. The flow-performance relationship around the world. Journal of Banking and Finance 36, 1759–1780.
  Sialm, C., L. Starks, and H. Zhang, 2015. Defined Contribution Pension Plans: Sticky or Discerning Money? Journal of Finance 70, 805-838.
  Sirri, E., and P. Tufano, 1998. Costly search and mutual fund flows. Journal of Finance 53, 1589-1622.

4. The flow-performance relation of mutual funds – Evidence from Latin America

- Description:
  Sirri and Tufano (1998) find a convex flow-performance relation for U.S. mutual funds. The funds with the best past performance receive disproportionately large money inflows while the funds with the poorest past performance have hardly any outflows. This convex flow-performance relation has been confirmed in international mutual fund markets (Ferreira et al., 2012). However, there is recent evidence that the shape of the flow-performance relation in the U.S. has changed during the last decade and that the convexity decreased (e.g., Sialm et al. 2015). This bachelor thesis should analyze the flow-performance relation for mutual funds from Latin America and compare different subperiods.
  In the first part of this thesis, the student should review the literature on the performance-flow relation with a focus on international evidence and evidence on variation over time. In the second part, the student should empirically analyze the flow-performance relation of mutual funds from a subsample of Latin American countries and how the shape has changed over time.

- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Ferreira, M., A. Keswani, A. Miguel, and S. Ramos, 2012. The flow-performance relationship around the world. Journal of Banking and Finance 36, 1759–1780.
  Sialm, C., L. Starks, and H. Zhang, 2015. Defined Contribution Pension Plans: Sticky or Discerning Money? Journal of Finance 70, 805-838.
  Sirri, E., and P. Tufano, 1998. Costly search and mutual fund flows. Journal of Finance 53, 1589-1622.

5. A comparison of the determinants of fund flows for conventional and sustainable funds – Evidence from the U.S.

- Description:
  There is a large literature that analyzes the determinants of fund flows. Ivkovic and Weisbenner (2009) find that investors (irrationally) chase funds that outperformed in the past although there is barely any skill-induced performance persistence of funds in the long-term (e.g., Carhart 1997). Other determinants of mutual fund flows that have been investigated comprise, for example, fund expenses (Barber et al. 2005) and fund manager characteristics (e.g., Kumar et al. 2015).
  Benson and Humphrey (2008) compare the determinants of fund flows between conventional and socially responsible investment funds in the U.S. Their results suggest that fund flows to socially responsible investment funds are less sensitive to returns than conventional funds. This bachelor thesis should extend the analysis of Benson and Humphrey (2008), which ends in 2005.
  In the first part of this thesis, the student should review the literature on the determinants of fund flows as well as the literature on socially responsible investment funds. In the second part, the student should empirically compare the determinants of fund flows between conventional and sustainable investment funds in the U.S., in particular during the period after 2005.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds (incl. data on sustainability) can be obtained from Morning Direct, which is available at Goethe University Frankfurt.

Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:
  Barber, B., T. Odean, and L. Zheng, 2015. Out of Sight, Out of Mind: The Effects of Expenses on Mutual Fund Flows. Journal of Business 78, 2095-2119.
  Benson, K., and J. Humphrey, 2008. Socially responsible investment funds: Investor reaction to current and past returns. Journal of Banking and Finance 32, 1850-1859.
  Carhart, M. M., 1997. On Persistence in Mutual Fund Performance. Journal of Finance 52, 57-82.
  Ivkovic, Z., and S. Weisbenner, 2009. Individual Investor Mutual Fund Flows. Journal of Financial Economics 92, 223-237.
  Kumar, A., A. Niessen-Ruenzi, and O. Spalt, 2015. What's in a Name? Mutual Fund Flows When Managers Have Foreign-Sounding Names. Review of Financial Studies 28, 2281-2321.

6. Do Morningstar ratings predict mutual fund performance? An analysis of U.S. equity funds

- Description:
  There is a large literature on the persistence of mutual fund performance. For instance, while Brown and Goetzmann (1995) find that the relative risk-adjusted performance of mutual funds persists, Carhart (1997) shows that there is barely any skill-induced performance persistence of funds in the long-term. Furthermore, there are many studies analyzing the determinants of future fund performance. For example, Chen et al. (2004) find that fund size has a detrimental effect on performance.
  Motivated by the fact that Morningstar ratings are heavily used by investment management companies to advertise their funds, Blake and Morey (2000) analyze the predictive power of Morningstar ratings for fund performance and performance persistence. While they find that low ratings indicate poor future performance, funds with the highest rating do not perform significantly better than funds with an average rating. Furthermore, the predictive power of Morningstar ratings relative to other determinants of fund performance is quite weak.
  This bachelor thesis should follow Blake and Morey (2000) and test whether Morningstar ratings have any predictive power for fund performance and performance persistence for actively managed U.S. open-end equity mutual funds.
  In the first part of this thesis, the student should review the literature on the determinants and persistence of fund performance as well as the literature on fund ratings. In the second part, the student should empirically analyze whether Morningstar ratings have significant predictive power for future fund performance or performance persistence for actively managed U.S. open-end equity funds.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.

A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:
  Blake, C., and M. Morey, 2000. Morningstar ratings and mutual fund performance. Journal of Financial and Quantitative Analysis 35, 451-483.
  Brown, S., and W. Goetzmann, 1995. Performance persistence. Journal of Finance 50, p. 679-698.
  Carhart, M. M., 1997. On Persistence in Mutual Fund Performance. Journal of Finance 52, 57-82.
  Chen, J., H. Hong, M. Huang, and J. Kubik, 2004. Does Fund Size Erode Mutual Fund Performance? The Role of Liquidity and Organization. American Economic Review 94, 1276-1302.

7. Do Morningstar ratings predict mutual fund performance? An analysis of German equity funds

- Description:
  There is a large literature on the persistence of mutual fund performance. For instance, while Brown and Goetzmann (1995) find that the relative risk-adjusted performance of mutual funds persists, Carhart (1997) shows that there is barely any skill-induced performance persistence of funds in the long-term. Furthermore, there are many studies analyzing the determinants of future fund performance. For example, Chen et al. (2004) find that fund size has a detrimental effect on performance.
  Motivated by the fact that Morningstar ratings are heavily used by investment management companies to advertise their funds, Blake and Morey (2000) analyze the predictive power of Morningstar ratings for fund performance and performance persistence. While they find that low ratings indicate poor future performance, funds with the highest rating do not perform significantly better than funds with an average rating. Furthermore, the predictive power of Morningstar ratings relative to other determinants of fund performance is quite weak.
  This bachelor thesis should provide new evidence on these questions. Following the approach of Blake and Morey (2000), the student should test whether Morningstar ratings have any predictive power for fund performance and performance persistence in the German equity mutual fund market.
  In the first part of this thesis, the student should review the literature on the determinants and persistence of fund performance as well as the literature on fund ratings. In the second part, the student should empirically analyze whether Morningstar ratings have significant predictive power for future fund performance or performance persistence for actively managed German equity funds.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is

possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:
  Blake, C., and M. Morey, 2000. Morningstar ratings and mutual fund performance. Journal of Financial and Quantitative Analysis 35, 451-483.
  Brown, S., and W. Goetzmann, 1995. Performance persistence. Journal of Finance 50, p. 679-698.
  Carhart, M. M., 1997. On Persistence in Mutual Fund Performance. Journal of Finance 52, 57-82.
  Chen, J., H. Hong, M. Huang, and J. Kubik, 2004. Does Fund Size Erode Mutual Fund Performance? The Role of Liquidity and Organization. American Economic Review 94, 1276-1302.

8. Do Morningstar ratings predict mutual fund performance? An analysis of emerging market funds

- Description:
  There is a large literature on the persistence of mutual fund performance. For instance, while Brown and Goetzmann (1995) find that the relative risk-adjusted performance of mutual funds persists, Carhart (1997) shows that there is barely any skill-induced performance persistence of funds in the long-term. Furthermore, there are many studies analyzing the determinants of future fund performance, for example, Chen et al. (2004) find that fund size has a detrimental effect on performance.
  Motivated by the fact that Morningstar ratings are heavily used by investment management companies to advertise their funds, Blake and Morey (2000) analyze the predictive power of Morningstar ratings for fund performance and performance persistence. While they find that low ratings indicate poor future performance, funds with the highest rating do not perform significantly better than funds with an average rating. Furthermore, the predictive power of Morningstar ratings relative to other determinants of fund performance is quite weak.
  This bachelor thesis should provide new evidence on these questions. Following the approach of Blake and Morey (2000), the student test whether Morningstar ratings have any predictive power for fund performance and performance persistence for emerging market mutual funds.
  In the first part of this thesis, the student should review the literature on the determinants and persistence of fund performance as well as the literature on fund ratings. In the second part, the student should empirically analyze whether Morningstar ratings have significant predictive power for future fund performance or performance persistence for emerging market mutual funds.

- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required.
  Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Blake, C., and M. Morey, 2000. Morningstar ratings and mutual fund performance. Journal of Financial and Quantitative Analysis 35, 451-483.
  Brown, S., and W. Goetzmann, 1995. Performance persistence. Journal of Finance 50, p. 679-698.
  Carhart, M. M., 1997. On Persistence in Mutual Fund Performance. Journal of Finance 52, 57-82.
  Chen, J., H. Hong, M. Huang, and J. Kubik, 2004. Does Fund Size Erode Mutual Fund Performance? The Role of Liquidity and Organization. American Economic Review 94, 1276-1302.

9. The effect of Morningstar ratings on mutual fund flows – An analysis of U.S. equity funds

- Description:
  By its Star Rating Morningstar has become one of the leading companies to provide assessments of mutual funds. Many (retail) investors and financial advisors rely on Morningstar's ratings when making their investment decision. Given the high popularity of the Star Rating, it is natural to ask whether and how this rating impacts money flows in and out of mutual funds. Del Guercio and Tkac (2008) analyze this question and find that Morningstar has a significant influence on investors' investment decisions. After a rating upgrade (downgrade) there are economically and statistically significant positive (negative) abnormal fund flows. Furthermore, in contrast to the literature on the "standard" flow-performance relation (e.g. Sirri and Tufano 1998), Del Guercio and Tkac (2008) also document that investors punish poor performing funds by withdrawing money after rating downgrades.
  This bachelor thesis should follow the approach of Del Guercio and Tkac (2008) and test whether Morningstar ratings have a significant impact on fund flows for U.S. equity mutual funds.
  In the first part of this thesis, the student should review the literature on the determinants of fund flows as well as the literature on fund ratings. In the second part, the student should empirically analyze whether Morningstar ratings significantly impact fund flows for U.S. equity mutual funds.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do

not need to be fulfilled.
A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:
  Del Guercio, D., and P. Tkac, 2008. Star Power: The Effect of Morningstar Ratings on Mutual Fund Flow, Journal of Financial and Quantitative Analysis 43, 907-936.
  Sirri, E., and P. Tufano, 1998. Costly search and mutual fund flows. Journal of Finance 53, 1589-1622.

10. The effect of Morningstar ratings on mutual fund flows – An analysis of German equity funds

- Description:
  By its Star Rating Morningstar has become one of the leading companies to provide assessments of mutual funds. Many (retail) investors and financial advisors rely on Morningstar's ratings when making their investment decision. Given the high popularity of the Star Rating, it is natural to ask whether and how this rating impacts money flows in and out of mutual funds. Del Guercio and Tkac (2008) analyze this question and find that Morningstar has a significant influence on investors' investment decisions. After a rating upgrade (downgrade) there are economically and statistically significant positive (negative) abnormal fund flows. Furthermore, in contrast to the literature on the "standard" flow-performance relation (e.g. Sirri and Tufano 1998), Del Guercio and Tkac (2008) also document that investors punish poor performing funds by withdrawing money after rating downgrades.
  This bachelor thesis should follow the approach of Del Guercio and Tkac (2008) and test whether Morningstar ratings have a significant impact on fund flows for European mutual funds. In the first part of this thesis, the student should review the literature on the determinants of fund flows as well as the literature on fund ratings. In the second part, the student should empirically analyze whether Morningstar ratings significantly impact fund flows for a sample of German equity funds.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Del Guercio, D., and P. Tkac, 2008. Star Power: The Effect of Morningstar Ratings on Mutual Fund Flow, Journal of Financial and Quantitative Analysis 43, 907-936.

Sirri, E., and P. Tufano, 1998. Costly search and mutual fund flows. Journal of Finance 53, 1589-1622.

11. The effect of Morningstar ratings on mutual fund flows – An analysis of emerging market funds

- Description:
  By its Star Rating Morningstar has become one of the leading companies to provide assessments of mutual funds. Many (retail) investors and financial advisors rely on Morningstar's ratings when making their investment decision. Given the high popularity of the Star Rating, it is natural to ask whether and how this rating impacts money flows in and out of mutual funds. Del Guercio and Tkac (2008) analyze this question and find that Morningstar has a significant influence on investors' investment decisions. After a rating upgrade (downgrade) there are economically and statistically significant positive (negative) abnormal fund flows. Furthermore, in contrast to the literature on the "standard" flow-performance relation (e.g. Sirri and Tufano 1998), Del Guercio and Tkac (2008) also document that investors punish poor performing funds by withdrawing money after rating downgrades.
  This bachelor thesis should follow the approach of Del Guercio and Tkac (2008) and test whether Morningstar ratings have a significant impact on fund flows for emerging market funds. In the first part of this thesis, the student should review the literature on the determinants of fund flows as well as the literature on fund ratings. In the second part, the student should empirically analyze whether Morningstar ratings significantly impact fund flows for mutual funds that invest in emerging markets.
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Del Guercio, D., and P. Tkac, 2008. Star Power: The Effect of Morningstar Ratings on Mutual Fund Flow, Journal of Financial and Quantitative Analysis 43, 907-936.
  Sirri, E., and P. Tufano, 1998. Costly search and mutual fund flows. Journal of Finance 53, 1589-1622.

12. Performance persistence of mutual funds – Evidence from developed markets

- Description:
  Mutual fund investors search for fund managers with the skill to generate persistent positive risk-adjusted performance. An intuitive approach to identify such fund managers is to invest in

funds that performed best in the past. However, in the academic literature, there is a debate whether fund performance persistence actually exists. Goetzmann and Ibbotson (1994) report that performance persistence is present in raw and risk-adjusted returns of equity funds over intervals ranging from one month to three years. Brown and Goetzmann (1995) also find evidence for performance persistence. However, they show that performance persistence is concentrated among poor performaning funds. Carhart (1997) reports that a momentum factor explains the previously documented performance persistence to a large extend. After controlling for momentum, performance persistence is only found among the funds with the poorest performance. Carhart's (1997) results question the existence of skilled or informed fund managers.

This bachelor thesis should broadly follow the approach of Carhart (1997) and test whether performance persistence exists in developed market mutual funds. Does a momentum factor also explain performance persistence in countries other than the U.S.? Furthermore, cross-sectional differences in performance persistence should be analyzed.

In the first part of this thesis, the student should review the literature on fund performance and performance persistence. In the second part, the student should empirically analyze whether there is performance persistence in developed market mutual funds. Next, the student should investigate whether certain groups of funds (e.g., the ones with the poorest performance) and/or certain groups of countries show a stronger performance persistence.

- Requirements:

  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.

  A dataset of German mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.

  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:

  Brown, S. J., and W. N. Goetzmann, 1995. Performance persistence. Journal of finance 50, 679-698.

  Carhart, M. M., 1997. On persistence in mutual fund performance. Journal of Finance 52, 57-82.

  Goetzmann, W. N., and R. G. Ibbotson, 1994. Do winners repeat? Journal of Portfolio Management 20, 9-18.

13. Performance persistence of mutual funds – Evidence from Western Europe

- Description:

  Mutual fund investors search for fund managers with the skill to generate persistent positive risk-adjusted performance. An intuitive approach to identify such fund managers is to invest in funds that performed best in the past. However, in the academic literature, there is a debate

whether fund performance persistence actually exists. Goetzmann and Ibbotson (1994) report that performance persistence is present in raw and risk-adjusted returns of equity funds over intervals ranging from one month to three years. Brown and Goetzmann (1995) also find evidence for performance persistence. However, they show that performance persistence is concentrated among poor performaning funds. Carhart (1997) reports that a momentum factor explains the previously documented performance persistence to a large extend. After controlling for momentum, performance persistence is only found among the funds with the poorest performance. Carhart's (1997) results question the existence of skilled or informed fund managers.

This bachelor thesis should broadly follow the approach of Carhart (1997) and test whether performance persistence exists in Western European mutual funds. Furthermore, cross-sectional differences in performance persistence should be analyzed.

In the first part of this thesis, the student should review the literature on fund performance and performance persistence. In the second part, the student should empirically analyze whether there is performance persistence in Western European mutual funds. Are there differences in performance persistence across Western European countries? Next, the student should investigate whether certain groups of funds (e.g., the ones with the poorest performance) show performance persistence.

- Requirements:

  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.

  A dataset of Western European mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.

  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:

  Brown, S. J., and W. N. Goetzmann, 1995. Performance persistence. Journal of finance 50, 679-698.

  Carhart, M. M., 1997. On persistence in mutual fund performance. Journal of Finance 52, 57-82.

  Goetzmann, W. N., and R. G. Ibbotson, 1994. Do winners repeat? Journal of Portfolio Management 20, 9-18.

14. Performance persistence of mutual funds - Evidence from the U.S.

- Description:

  Mutual fund investors search for fund managers with the skill to generate persistent positive risk-adjusted performance. An intuitive approach to identify such fund managers is to invest in funds that performed best in the past. However, in the academic literature, there is a debate whether fund performance persistence actually exists. Goetzmann and Ibbotson (1994) report

that performance persistence is present in raw and risk-adjusted returns of equity funds over intervals ranging from one month to three years. Brown and Goetzmann (1995) also find evidence for performance persistence. However, they show that performance persistence is concentrated among poor performaning funds. Carhart (1997) reports that a momentum factor explains the previously documented performance persistence to a large extend. After controlling for momentum, performance persistence is only found among the funds with the poorest performance. Carhart's (1997) results question the existence of skilled or informed fund managers.

This bachelor thesis should follow the approach of Carhart (1997) and test whether performance persistence exists in U.S. mutual funds for the more recent period. Furthermore, cross-sectional differences in performance persistence should be analyzed.

In the first part of this thesis, the student should review the literature on fund performance and performance persistence. In the second part, the student should empirically analyze whether there is performance persistence in U.S. mutual funds. Have the results from the previous studies changed over the last ten to fifteen years? Are there time trends in fund performance? Furthermore, the student should investigate whether certain groups of funds (e.g., the ones with the poorest performance) show performance persistence.

- Requirements:

  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.

  A dataset of U.S. mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.

  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:

  Brown, S. J., and W. N. Goetzmann, 1995. Performance persistence. Journal of finance 50, 679-698.

  Carhart, M. M., 1997. On persistence in mutual fund performance. Journal of Finance 52, 57-82.

  Goetzmann, W. N., and R. G. Ibbotson, 1994. Do winners repeat? Journal of Portfolio Management 20, 9-18.

15. Performance persistence of mutual funds - Evidence from emerging markets

- Description:

  Mutual fund investors search for fund managers with the skill to generate persistent positive risk-adjusted performance. An intuitive approach to identify such fund managers is to invest in funds that performed best in the past. However, in the academic literature, there is a debate whether fund performance persistence actually exists. Goetzmann and Ibbotson (1994) report that performance persistence is present in raw and risk-adjusted returns of equity funds over

intervals ranging from one month to three years. Brown and Goetzmann (1995) also find evidence for performance persistence. However, they show that performance persistence is concentrated among poor performaning funds. Carhart (1997) reports that a momentum factor explains the previously documented performance persistence to a large extend. After controlling for momentum, performance persistence is only found among the funds with the poorest performance. Carhart's (1997) results question the existence of skilled or informed fund managers.

This bachelor thesis should broadly follow the approach of Carhart (1997) and test whether performance persistence exists in emerging market mutual funds. As there may be differences in market efficiency between developed markets (e.g., U.S., U.K., Germany) and developing markets (e.g., India, Brasil) one may expect to obtain different results for emerging markets. Furthermore, cross-sectional differences in performance persistence should be analyzed.

In the first part of this thesis, the student should review the literature on fund performance and performance persistence. In the second part, the student should empirically analyze whether there is performance persistence in emerging market mutual funds. Next, the student should investigate whether certain groups of funds (e.g., the ones with the poorest performance) show performance persistence. Furthermore, the student should test whether there are differences in performance between domestic and emerging market funds.

- Requirements:

  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.

  A dataset of emerging market mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt.

  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:

  Brown, S. J., and W. N. Goetzmann, 1995. Performance persistence. Journal of finance 50, 679-698.

  Carhart, M. M., 1997. On persistence in mutual fund performance. Journal of Finance 52, 57-82.

  Goetzmann, W. N., and R. G. Ibbotson, 1994. Do winners repeat? Journal of Portfolio Management 20, 9-18.

16. Which factors matter to mutual fund investors? Evidence from U.S. equity funds

- Description:

  Starting with the Fama and French (1993) three-factor model, there is an increasing number of asset pricing models that try to explain the cross-section of stock returns. For instance, popular recent factor models include the Fama and French (2016) five-factor model and the Hou et al. (2015) q-factor model. Which of the many factor models performs best is an ongoing debate.

Two recent papers, Berk and Van Binsbergen (2016) and Barber et al. (2016), propose a new approach to assess the performance of asset pricing models. The underlying idea of their approach is as follows. Mutual fund investors will invest additional money in funds that generate positive risk-adjusted returns while they will withdraw money from funds with poor risk-adjusted returns (e.g., Berk and Green, 2004). Thus, capital flows into and out of mutual funds reveal which risk model investors use. For the U.S., Berk and Van Binsbergen (2016) and Barber et al. (2016) find that fund investors rely on the CAPM and do not take into account other factors.

- In this bachelor thesis, the student should first replicate the main results of Barber et al. (2016) and Berk and Van Binsbergen (2016). Next, the student should focus on the time-horizon over which investors measure performance. Do investors assess fund performance over short horizons (e.g., three or six months) or over longer horizons (e.g., three or five years)?
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of actively managed U.S. equity mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt. Data on asset pricing factors (e.g., excess return of the market, small-minus-big, momentum) are available in Kenneth French's data library (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html).
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Barber, B. M., X. Huang, and T. Odean, 2016. Which factors matter to investors? Evidence from mutual fund flows. Review of Financial Studies 29, 2600-2642.
  Berk, J. B., and R. C. Green, 2004. Mutual fund flows and performance in rational markets. Journal of Political Economy 112, 1269-1295.
  Berk, J. B., and J. H. Van Binsbergen, 2016. Assessing asset pricing models using revealed preference. Journal of Financial Economics 119, 1-23.
  Fama, E. F., and K. R. French, 1993. Common risk factors in the returns on stocks and bonds. Journal of financial economics 33, 3-56.
  Fama, E. F., and K. R. French, 2016. Dissecting anomalies with a five-factor model. The Review of Financial Studies 29, 69-103.
  Hou, K., C. Xue, and L. Zhang, 2015. Digesting anomalies: An investment approach. The Review of Financial Studies 28, 650-705.

17. Which factors matter to mutual fund investors? Evidence from German equity funds

- Description:
  Starting with the Fama and French (1993) three-factor model, there is an increasing number of asset pricing models that try to explain the cross-section of stock returns. For instance, popular recent factor models include the Fama and French (2016) five-factor model and the Hou et al.

(2015) q-factor model. Which of the many factor models performs best is an ongoing debate. Two recent papers, Berk and Van Binsbergen (2016) and Barber et al. (2016), propose a new approach to assess the performance of asset pricing models. The underlying idea of their approach is as follows. Mutual fund investors will invest additional money in funds that generate positive risk-adjusted returns while they will withdraw money from funds with poor risk-adjusted returns (e.g., Berk and Green, 2004). Thus, capital flows into and out of mutual funds reveal which risk model investors use. For the U.S., Berk and Van Binsbergen (2016) and Barber et al. (2016) find that fund investors rely on the CAPM and do not take into account other factors. This bachelor thesis should broadly follow the idea of Barber et al. (2016) and Berk and Van Binsbergen (2016) and assess which asset pricing model best explains the investment behavior of German equity fund investors.

In the first part of this thesis, the student should introduce commonly used asset pricing models and discuss the literature on the relation between fund performance and fund flows. In the second part, the student should empirically analyze the performance of selected asset pricing models. Which asset pricing model is closest to the model that German mutual fund investors use when making their investment decisions?

- Requirements:

  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.

  A dataset of German mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt. Data on asset pricing factors (e.g., excess return of the market, small-minus-big, momentum) are available in Kenneth French's data library (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html).

  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.

- Literature:

  Barber, B. M., X. Huang, and T. Odean, 2016. Which factors matter to investors? Evidence from mutual fund flows. Review of Financial Studies 29, 2600-2642.

  Berk, J. B., and R. C. Green, 2004. Mutual fund flows and performance in rational markets. Journal of Political Economy 112, 1269-1295.

  Berk, J. B., and J. H. Van Binsbergen, 2016. Assessing asset pricing models using revealed preference. Journal of Financial Economics 119, 1-23.

  Fama, E. F., and K. R. French, 1993. Common risk factors in the returns on stocks and bonds. Journal of financial economics 33, 3-56.

  Fama, E. F., and K. R. French, 2016. Dissecting anomalies with a five-factor model. The Review of Financial Studies 29, 69-103.

  Hou, K., C. Xue, and L. Zhang, 2015. Digesting anomalies: An investment approach. The Review of Financial Studies 28, 650-705.

18. Which factors matter to mutual fund investors? Evidence from Asia

- Description:
  Starting with the Fama and French (1993) three-factor model, there is an increasing number of asset pricing models that try to explain the cross-section of stock returns. For instance, popular recent factor models include the Fama and French (2016) five-factor model and the Hou et al. (2015) q-factor model. Which of the many factor models performs best is an ongoing debate. Two recent papers, Berk and Van Binsbergen (2016) and Barber et al. (2016), propose a new approach to assess the performance of asset pricing models. The underlying idea of their approach is as follows. Mutual fund investors will invest additional money in funds that generate positive risk-adjusted returns while they will withdraw money from funds with poor risk-adjusted returns (e.g., Berk and Green, 2004). Thus, capital flows into and out of mutual funds reveal which risk model investors use. For the U.S., Berk and Van Binsbergen (2016) and Barber et al. (2016) find that fund investors rely on the CAPM and do not take into account other factors. This bachelor thesis should broadly follow the idea of Barber et al. (2016) and Berk and Van Binsbergen (2016) and assess which asset pricing model best explains the investment behavior of Asian fund investors. Are there differences between the asset pricing model used by Asian and U.S. fund investors?
  In the first part of this thesis, the student should introduce commonly used asset pricing models and discuss the literature on the relation between fund performance and fund flows. In the second part, the student should empirically analyze the performance of selected asset pricing models. Which asset pricing model is closest to the model that Asian fund investors use when making their investment decisions?
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of Asian mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt. Data on asset pricing factors (e.g., excess return of the market, small-minus-big, momentum) are available in Kenneth French's data library (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html).
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Barber, B. M., X. Huang, and T. Odean, 2016. Which factors matter to investors? Evidence from mutual fund flows. Review of Financial Studies 29, 2600-2642.
  Berk, J. B., and R. C. Green, 2004. Mutual fund flows and performance in rational markets. Journal of Political Economy 112, 1269-1295.
  Berk, J. B., and J. H. Van Binsbergen, 2016. Assessing asset pricing models using revealed preference. Journal of Financial Economics 119, 1-23.
  Fama, E. F., and K. R. French, 1993. Common risk factors in the returns on stocks and bonds.

Journal of financial economics 33, 3-56.
Fama, E. F., and K. R. French, 2016. Dissecting anomalies with a five-factor model. The Review of Financial Studies 29, 69-103.
Hou, K., C. Xue, and L. Zhang, 2015. Digesting anomalies: An investment approach. The Review of Financial Studies 28, 650-705.

19. Which factors matter to mutual fund investors? Evidence from emerging market funds

- Description:
  Starting with the Fama and French (1993) three-factor model, there is an increasing number of asset pricing models that try to explain the cross-section of stock returns. For instance, popular recent factor models include the Fama and French (2016) five-factor model and the Hou et al. (2015) q-factor model. Which of the many factor models performs best is an ongoing debate. Two recent papers, Berk and Van Binsbergen (2016) and Barber et al. (2016), propose a new approach to assess the performance of asset pricing models. The underlying idea of their approach is as follows. Mutual fund investors will invest additional money in funds that generate positive risk-adjusted returns while they will withdraw money from funds with poor risk-adjusted returns (e.g., Berk and Green, 2004). Thus, capital flows into and out of mutual funds reveal which risk model investors use. For the U.S., Berk and Van Binsbergen (2016) and Barber et al. (2016) find that fund investors rely on the CAPM and do not take into account other factors. This bachelor thesis should broadly follow the idea of Barber et al. (2016) and Berk and Van Binsbergen (2016) and assess which asset pricing model best explains the investment behavior of emerging market fund investors. Do investors use a different asset pricing model when assessing the performance of emerging market funds?
  In the first part of this thesis, the student should introduce commonly used asset pricing models and discuss the literature on the relation between fund performance and fund flows. In the second part, the student should empirically analyze the performance of selected asset pricing models. Which asset pricing model is closest to the model that emerging market fund investors use when making their investment decisions?
- Requirements:
  It is recommended to write an empirical thesis on this topics. However, a literature review is possible, too. In this case, the second part will be dropped and the following requirements do not need to be fulfilled.
  A dataset of emerging market mutual funds can be obtained from Morning Direct, which is available at Goethe University Frankfurt. Data on asset pricing factors (e.g., excess return of the market, small-minus-big, momentum) are available in Kenneth French's data library (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html).
  Basic knowledge (or ability/willingness to acquire basic knowledge) in econometrics is required. Previous experience with statistic software (e.g., Stata, R) is helpful.
- Literature:
  Barber, B. M., X. Huang, and T. Odean, 2016. Which factors matter to investors? Evidence from

mutual fund flows. Review of Financial Studies 29, 2600-2642.
Berk, J. B., and R. C. Green, 2004. Mutual fund flows and performance in rational markets. Journal of Political Economy 112, 1269-1295.
Berk, J. B., and J. H. Van Binsbergen, 2016. Assessing asset pricing models using revealed preference. Journal of Financial Economics 119, 1-23.
Fama, E. F., and K. R. French, 1993. Common risk factors in the returns on stocks and bonds. Journal of financial economics 33, 3-56.
Fama, E. F., and K. R. French, 2016. Dissecting anomalies with a five-factor model. The Review of Financial Studies 29, 69-103.
Hou, K., C. Xue, and L. Zhang, 2015. Digesting anomalies: An investment approach. The Review of Financial Studies 28, 650-705.