

Klemosky (1977) examined performance consistency of 158 fund managers for the period 1968-75. The ranking of performance showed better consistency between four-year periods and relatively lower consistency between closest two-year periods.

Ippolito's (1989) results and conclusions were relevant and consistent with the theory of efficiency of informed investors. He estimated that risk-adjusted return for the mutual fund industry was greater than zero and attributed positive alpha before load charges and identified that fund performance was not related to expenses and turnover as predicted by efficiency arguments.

Rich Fortin and Stuart Michelson (1995) studied 1,326 load funds and 1,161 no load funds and identified that, no-load funds had lower expense ratio and so was suitable for six years and load funds had higher expense ratio and so had fifteen years of average holding period. No-load funds offered superior results in nineteen out of twenty-four schemes. He concluded that, a mutual fund investor had to remain invested in a particular fund for very long periods to recover the initial front-end charge and achieve investment results similar to that of no-load funds.

Baur, Sundaram and Smith (1995) outlined the pricing fundamentals of open-end and close-end funds, and described the transaction cost of buying and selling funds. The U.S.A.'s experience of mutual funds described how these institutions could change a country's capital market and individual investment patterns. The study disclosed that the continuous redemption privilege of open-end funds had vulnerable consequences in the pricing of each type of fund, the assets held by each type of fund and the manner in which the transaction and management fees were collected.

Conrad S. Ciccotello and C. Terry Grant's (1996) study identified a negative correlation between asset size of the fund and the expense ratio. The results of the study brought out that, larger funds had lower expense ratios due to economies of

scale. Equity funds had spent heavily to acquire information for trading decision and were consistent with the theory of information pricing. The high beta, high expenses and high turnover in the aggressive growth group than in long-term growth funds and income funds suggested higher costs being associated with obtaining and using corporate information in emerging and volatile market.

Grubber (1996) attempted to study the puzzle relating to the fast growth of mutual funds in spite of inferior performance of actively managed portfolios. The study revealed that, mutual funds had negative performance compared to the market and provided evidence of persistence of under performance. Sophisticated clients withdrew money from mutual funds during the period of poor performance, where as mutual funds found money from disadvantaged clientele leading to the faster growth of funds.

Dellva, Wilfred L. and Olson, Gerard T. (1998) studied 568 mutual funds without survivorship bias. The results indicate that, informational competency of funds increased the efficiency, reduced expenses and provided for higher risk-adjusted returns. Redemption fees had positive and significant impact on expenses. International funds had higher expense ratios.

Grinblatt, Titman and Wermers (1995) analyzed the quarterly holding of 155 mutual funds for the period 1975-1984. Using multiple cross-sectional regressions of fund performance on fund characteristics they found that 77 percent of mutual funds tended to be momentum investors. This meant that funds tended to buy past winners and sell past losers. Momentum investing gave funds better returns than contrarian investors and the index.

Khorana, Ajay and Nelling, Edward (1998) using multinomial probit model identified that, funds with higher ratings had higher risk adjusted performance, lower systematic risk, greater degree of diversification, larger asset base, lower portfolio turnover, managers with longer tenures, lower front

load and expense ratios. Persistence in fund performance was statistically significant during short time horizons. Morningstar's mutual fund ratings were based on historic risk and reward. The ratings provided useful information while selecting mutual funds. Funds in the top 10 percent of risk-adjusted scores had five star rating; next 22.55 percent received four star rating; middle 35 percent were assigned three stars, and the last two categories represented the next 22.5 percent and 10 percent. High rated funds performed substantially better than low rated funds after the issue of ratings.

Statman, Meir (2000) emphasizes that, socially responsible investing has to be taken as a tool by the corporations. He further identified that, socially responsible stocks outperformed while socially responsible mutual funds under performed the S&P 500 Index during 1990-98.

Luboys Pastor, and Robert F. (2001) in their study, 'Investing in Equity Mutual Funds', constructed optimal portfolios of equity funds by combining historical returns on funds and passive indices with prior views about asset pricing and skill. By including both benchmark and non benchmark indices, he distinguishes pricing-model inaccuracy from managerial skill. Even modest confidence in a pricing model helps construct portfolios with high Sharpe ratios. Investing in active mutual funds can be optimal even for investors who believe active managers cannot outperform passive indices.

Michael C. Jensen (2002) studied the risk adjusted measure of portfolio performance. The study tried to research the fund managers forecasting ability, which contributes to the funds growth. The predictive ability of 115 mutual fund managers in the periods 1945-1964 is studied. The conclusion derived by the study on the basis of evidences of performance of 115 sample mutual funds was, on average funds were not able to predict security prices well enough to outperform the market. The study also concluded that there is no sufficient evidence that any individual fund was able to do significantly

sample of Portuguese stock funds. They identified that unconditional Jensen's alpha ensured superior performance till incorporation of public information variables. Alpha was not statistically different from zero while beta was related to public information variables. The literature survey of foreign studies revealed that mutual fund managers were not able to offer higher returns due to their inability in stock selection and market timing. For short periods fund managers were able to offer superior returns.

Paulo Armada Leite and Maria Ceu Cortez estimated and compared the performance of Portuguese mutual fund that invests in the domestic market and in the European market using unconditional and conditional models of performance evaluation. The study was conducted in the period of June 2000 to 2004. The impact of survivorship bias is also analysed in the study. The overall evaluation of the study was that mutual fund managers were not able to beat the market presenting negative or neutral performance. The study showed that the use of conditional models led to slight improvement in both mutual fund performance estimates and the explanatory power of the models. There was evidence of time-varying beta related to the information variables. The result suggested that survivorship bias had a small impact on performance estimates.

Yonggan Zhao studied 'A Dynamic Model of Active Portfolio Management and Mutual Fund Performance Evaluation'. He analyzed an optimal dynamic portfolio and asset allocation policy for investors who are concerned with the performances of their portfolios relative to a benchmark. He developed a dynamic model of active portfolio management, maximizing risk adjusted return over a well diversified benchmark. Unlike the case of constant proportional portfolio for the standard utility maximization, our optimal portfolio policy is state dependent, namely a function of time to investment horizon, the return on the benchmark portfolio, and the return on the investment

portfolio itself.

Based on the analysis in this research he defined a dynamic performance measure which relates portfolio's return to its risk sensitivity. Abnormal returns at each point in time are quantified as the difference between the realized and the model based returns. Risk sensitivity is estimated through a dynamic matching that minimizes the total fitted error of portfolio returns. He studied portfolio performances for a sample of U.S. mutual funds with the data from January 2001 to December 2003. To limit biases in the selection of a benchmark for portfolio evaluation, He found that majority of the mutual funds have substantially under-performed the chosen benchmark.

Joseph Chen, Harrison Hong, Ming Hauang, and Jeffrey D. Kubik, (2004) were selected 825 funds for study having total net assets US\$ 259 million dollar. Portfolio performance benchmark was used to study. The role of liquidity and organisation investigated the effect of scale on performance in the active money management industry. The study first highlighted on the fund growth, both before and after fees and expenses and then explored a number of potential explanations for this relationship between growth and expenses. Finally, the study explored the idea that large funds cannot maintain fund performance because of the interaction of liquidity and organizational diseconomies

Jan P. Krahnert, Frank A. Schmid and Rheinische Friedrich (2006) studied German open-end mutual fund for a time period of December 1986 to December 1998. In the study, the authors empirically investigated the relationship between investment performance and retail performance of selected mutual fund. The study evaluated 30 funds working in Germany. The base of the study rests on asset under management and labelled the AUM as absolute market share. According to the study, investors buy or sell funds certificates, capital flow into or out of fund, which mirrors the fund performance.

Ferreira, Mogul, and Ramos (2007) studied the relationship between mutual fund performance, fund attributes and country characteristics. Fund attributes are fund size, fund age, fund fees, management structure and management tenure. Country characteristics include economic development, financial development, the country's mutual fund industry age, and average correlation between a country's market growth and other countries market growth. The result of the study showed that fund size was positively related with the fund performance. Larger funds performed better, suggesting the presence of significant economies of scale in the mutual fund industry. Fund age negatively related with fund performance indicating that younger funds tend to perform better.

This finding seems mainly by the sample of U.S and other funds. The study revealed that fees were positively associated with performance. If fees were seen as the price that uninformed investors pay to managers to invest their money, when paying higher fees investors are paying the benefits associated to that investment, and obtain better performance. Mutual funds managed by an individual manager perform better. Management tenure is positively linked to performance and this finding supported the hypothesis that the benefits of management experience outweigh the costs, such as lack of effort and attention. There was positive relation between mutual fund performance and the country's level of financial development. The level of economic development was of particular importance for domestic funds. In countries with strong legal institutions tends to perform better.

Timo, Kuosmanen measured the 'Performance and Best-Practice Benchmarking of Mutual Funds'. In the study, he proposed a method for mutual fund performance measurement and best-practice benchmarking, which endogenously identifies a dominating benchmark portfolio for each evaluated mutual fund. Dominating benchmarks provide information about efficiency improvement potential as well as portfolio strategies for achieving them. Portfolio risk is accounted for in