

**Mutual Fund Performance: Measuring the Effects of Funds'
Characteristics on the Performance of Egyptian Mutual
Funds**

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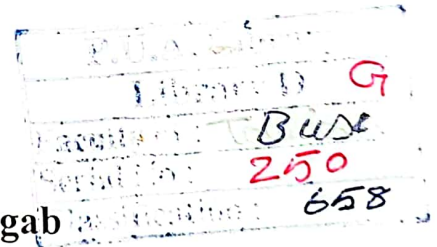
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ABSTRACT

The rate of growth of investment in mutual funds has increased dramatically over the past decade. Many studies have developed models for performance evaluation and have examined whether mutual fund characteristics can be used in predicating its performance. Most of these studies, however, have focused on the developed markets and only a few examined emerging markets. This thesis specifically investigates mutual funds in one of the emerging economies, Egypt.

The main purpose of this thesis is to explore the relationship between fund performance and fund characteristics, in order to help investors in finding fund characteristics that can influence return and give the investors indicators about future performance to help them in making their decision in choosing the right fund that matches their risk profile. It also aims to analyze the performance of mutual fund in Egypt, examine the effect of fund characteristics on fund performance, and investigate whether some fund characteristics can help investors in predicting fund's return.

This study examines and evaluates the performance of twelve equity mutual funds in Egypt for the four year period starting 2006 and ending 2009 using multiple regression models, where Sharpe Ratio, Treynor ratio, and Jensen alpha was used as risk adjusted performance measures, while the funds characteristics examined were systematic risk, unsystematic risk, expenses, age, and size. The results show that systematic risk and unsystematic risk have a significant negative influence on fund's performance. However, fund age, fund size, and fund expenses do not have a significant effect on mutual fund performance in Egypt.