

THE ACTUAL LEVELS OF ACTIVITY OF THE MUTUAL FUNDS IN THE EUROZONE INDUSTRIES

AUTHORS:

LIDIA LOBAN ACERO.

PhD student. Facultad de Economía y Empresa. Gran vía 2, Zaragoza.

JOSE LUIS SARTO MARZAL

Associate Professor of Finance

Facultad de Economía y Empresa. Gran vía 2, Zaragoza.

LUIS ALFONSO VICENTE GIMENO

Associate Professor of Finance

Facultad de Economía y Empresa. Gran vía 2, Zaragoza.

AREA: Valoración y finanzas

KEYWORDS: #Active share #Mutual funds #Eurozone #Benchmark #Active management

THE ACTUAL LEVELS OF ACTIVITY OF THE MUTUAL FUNDS IN THE EUROZONE INDUSTRIES

ABSTRACT

This paper examines the significant differences in the active management present in the domestic Eurozone mutual funds industry between January 2007 and December 2016. Firstly we obtain the value of spurious active share and then we develop three different thresholds with a 90%, 95% and 99% level of confidence respectively with the goal to know the proportion which distort the accuracy of the original Active Share measure of Cremers and Petajisto (2009) by the confrontation between the domestic benchmark concentration and the Directive 2009/65/EC on risk of portfolio diversification in the Eurozone fund industry. Finally, our study provides evidence of significant differences in the actual levels of active management in the Eurozone.