

Performance of mutual funds in saudi



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CONCLUSION All in all we see how this study effectively evaluates the performance of mutual funds in Saudi Market. We see how the crucial gap in the Saudi mutual fund market is filled through the effective comparison of the mutual funds on basis of their performance which in effect leads to a clear distinction between superior and inferior performing funds for the benefit of investors and fund managers. The work of Jensen (1967), Carhart (1997), Wermers (2000) and Sharpe (1994) aims to do just that. The methodologies of three well-regarded industry surveys: Morningstar, Standard & Poor's and Value Line were summarized to form a basic survey platform for the analysis of the industry. Furthermore several international mutual fund markets were reviewed for the sole purpose of learning and adopting from the performance surveys of several countries, such as developed markets like those of the US, UK, Hong Kong and Singapore, which are active participants of industry associations of investment professionals in the promotion and evaluation of mutual funds. The industry practices of the Emerging markets, such as Pakistan, Malaysia and India, depict the fact that practically all industry surveys do not check against actual deviations from the declared investment policies. The Data and Methodology developed was to facilitate the calculation of Risk-adjusted returns and excess returns, based on the Sharpe's (1996) Ratio method, of mutual funds that are registered for sale in Saudi Arabia. Whereas the dozen benchmark's provided in the study, eight being internationally practiced by global fund managers and four being Saudi benchmarks that cover local investment styles, aid investors in terms of not only easy replication of performance and investment styles but also effective imitation of portfolio indices. Furthermore these benchmarks are used to control the returns generated by Saudi mutual funds as well as to estimate

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the excess returns of each investment style. This shows prospective investors how mutual fund performance in the Saudi would benefit the market in terms of efficient risk- return balance in ordinary investments. The research objectives are, in terms of learning about the mutual fund performance and boosting the local investor's morale for the mere facilitation of promoting a healthy competitive expansion of the mutual fund management industry, made possible through providing the performance statistics over the years of mutual funds registered in Saudi Arabia. These results show that these mutual funds have positive risk-adjusted returns and a domination and account of 41% of market value. These findings are further reinforced through the use of Panel Regression and Multiple Benchmark Regression results which show the comparative performance of mutual funds by applying standard performance metrics on all Saudi mutual funds. Lastly, the recommendations aim to help the Professional fund managers in the Saudi market improve their performance and skills as well as underscore a successful mutual fund performance survey. These range from addressing issues regarding data quality, control and sharing to guidelines for motivation and advice for performers.