

PERFORMANCE AND TIMING ABILITIES OF MUTUAL FUNDS DURING BULL AND BEAR MARKET: EVIDENCE FROM PAKISTAN

Lubna Marouf¹, Attiya Yasmin Javid² and Rehman U. Mian³

Abstract

The mutual fund managers cannot remain indifferent to the stock market fluctuations and their correlation determines the return which investors are looking for. This article is making an attempt to investigate the variation of performance and timing abilities of 84 Pakistani mutual funds for the period 2007 to 2014 during bull and bear market. The results reveal that funds perform significantly well during market downturns. The funds exhibit selectivity timing ability during bull period while market timing and volatility timing abilities are evident in bear market. However, we do not find any evidence for style timing abilities among the fund managers. The implications come up from the results are that the funds perform well in bear market. The managers have the capability to adjust their investment portfolio according to the market movements by utilizing superior information.

Keywords: Mutual Fund Performance, Market Timing, Volatility Timing, Style iming, Market Fluctuations.

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¹ PhD Scholar, NUST Business School, NUST University, Islamabad, Pakistan. Email: lubna.marouf@gmail.com

² Professor, Pakistan Institute of Development Economics, Islamabad, Pakistan. Email: attiyajavid@pide.org.pk

³ Assistant Professor, NUST Business School, NUST University, Islamabad, Pakistan. Email: r.mian@nbs.nust.edu.pk