

[E-BOOK] The Mutual Fund Industry: Competition and Investor Welfare (Columbia Business School Publishing)

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R. Glenn Hubbard, Glenn Hubbard, Michael F. Koehn, Michael Koehn, Stanley I. Ornstein, Stanley Ornstein, Marc Van Audenrode, Jimmy Royer
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The
**MUTUAL
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Competition and Investor Welfare



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Marc Van Audenrode, and Jimmy Royer

 Columbia Business School
Publishing

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R. Glenn Hubbard, Glenn Hubbard, Michael F. Koehn, Michael Koehn, Stanley I. Ornstein, Stanley Ornstein, Marc Van Audenrode, Jimmy Royer : The Mutual Fund Industry: Competition and Investor Welfare (Columbia Business School Publishing) before purchasing it in order to gage whether or not it would be worth my time, and all praised The Mutual Fund Industry: Competition and Investor Welfare (Columbia Business School Publishing):

0 of 0 people found the following review helpful. Good arguments weakened by a poorly written last chapter
By Jason H
The first part of the book is an interesting history of mutual fund pricing case history and a good argument for why prior views of pricing competition held by the courts were misguided. Unfortunately, chapter 7 goes a step too far. The authors try to hoodwink the viewers with a poor argument construction. In quick summary, they try to claim that the low-cost funds of Vanguard and TIAA-CREF provide no advantage versus higher priced funds from other mutual fund families, because they don't have as high an investment return. They then analyze these low-cost funds vs. market index, and find that they don't generate 'alpha', meaning above index returns. This isn't unexpected, because the market index has no investment cost/fees, all funds start at a disadvantage. They then claim that because the low cost funds don't "beat the market", the fee level is immaterial. But they ignore that the other funds underperform the market returns even further, presumably because they have a higher level of fees. The counter-proof to their argument is contained in the data they present. Logically their argument is basically $A = B$ when they ignore that $B > A$.
C.1 of 5 people found the following review helpful. A choice collection that shouldn't be missed
By Midwest Book Review
Mutual funds have become a financial juggernaut in today's world, and understanding them is simply good business. "The Mutual Fund Industry: Competition and Investor Welfare" discusses mutual funds and how they work. Mutual funds can be profitable to all those involved and can serve as a powerful resource when needed. Outlining how investors make their money and the strategies one should understand before tossing in their own money, "The Mutual Fund Industry" is a choice collection that shouldn't be missed for anyone using their money wisely.

Mutual funds form the bedrock of retirement savings in the United States, and, considering their rapid growth, are sure to be more critical in the future. Because the size of fees paid by investors to mutual fund advisers can strongly affect the return on investment, these fees have become a contentious issue in Congress and the courts, with many arguing that investment advisers grow rich at the expense of investors. This ground-breaking book not only conceptualizes a new economic model of the mutual fund industry, but also uses this model to test for price competition between investment advisers, evaluating the assertion that market forces fail to protect investors' returns from excessive fees. Highly experienced authors track the growth of the industry over the past twenty-five years and present arguments and evidence both for and against theories of adviser malfeasance. The authors review the regulatory history of mutual fund fees and summarize leading case decisions addressing excessive fees. Revealing the extent to which the governance structure of mutual funds truly impacts fund performance, this book provides the best understanding of today's mutual fund industry and is a vital tool for investors, money managers, fund directors, securities lawyers, economists, and anyone concerned with the regulation of mutual funds.