



Department of Business and Economics

Behavioral Finance Research Group

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Seminar in Empirical Finance (M.Sc.)

What Drives Mutual Fund Demand? Flows, Fees, Ratings, and Competition in the Fund Industry

Winter term 2026/2027

Scope

In this empirical seminar, you will analyze the determinants of investor demand for mutual funds using a large panel dataset covering approximately 3,000 funds over a period of ten years. The seminar focuses on how investors allocate capital across mutual funds and how these decisions are shaped by signals such as ratings, fees, past performance, active management, product differentiation, and brand affiliation.

The mutual fund industry provides an ideal setting to study empirically relevant questions at the intersection of finance, marketing, and consumer choice. Mutual funds are complex products, and many of their key characteristics are not immediately transparent to investors. This raises a number of interesting research questions: Do investors respond to genuine product quality or to simple and salient signals such as Morningstar ratings? How price-sensitive are fund investors? Do strong brands or bank-affiliated providers attract flows even when fees are high or products are weakly differentiated? How does growing competition from ETFs affect demand for actively managed funds?

Students will develop and answer an original empirical research question related to these broader themes. Possible seminar topics include the effect of Morningstar ratings on fund flows, investor sensitivity to management fees and loads, differences in demand between affiliated and unaffiliated funds, the market appeal of truly active versus closet index funds, and the role of ETF competition in shaping the competitive position of active funds.

Upon successful completion of the seminar, you will have acquired several valuable competencies. You will learn how to identify and review the relevant academic literature, derive a focused empirical research question, structure and execute a data-driven project, and interpret results in a rigorous way. Moreover, you will gain hands-on experience in working with a real-world panel dataset and in conducting empirical analyses relevant to current debates in financial markets. The seminar also provides excellent preparation for writing an empirical Master's thesis. Finally, you will further develop your presentation and discussion skills by presenting both your research design and your final empirical findings to the seminar group.

Data

The empirical analyses in this seminar will be based on a proprietary panel dataset on mutual funds covering approximately **3,000 funds over a period of ten years**. The dataset contains detailed information on fund characteristics, including fund flows, returns, ratings, fees, active management measures, fund size, family characteristics, and product classifications. The data will be provided by the **Behavioral Finance Research Group**. Students are therefore not required to collect the raw data themselves but will instead focus on developing a research question, reviewing the relevant literature, and conducting their own empirical analysis based on the data made available in the seminar.

Research projects

Research projects will examine investor demand for mutual funds and related issues in fund competition and product positioning. The final list of seminar topics will be distributed after admission to the seminar. Potential themes include:

- Morningstar ratings as a driver of fund flows
- Investor sensitivity to fund fees, loads, and total shareholder cost
- Demand effects of bank affiliation and provider reputation
- Investor demand for truly active funds versus closet indexers
- ETF competition and its effect on active mutual fund flows
- The role of past performance in attracting investor capital
- Product differentiation and the market appeal of active management
- Whether strong branding can shield weak products from market discipline

Please apply for the course by submitting

- a short CV, and
- your Transcript of Records

to behavioralfinance@wiwi.uni-marburg.de no later than October 23rd, 2026.

After receiving an acceptance notification, you will receive a list of seminar topics. We will ask you to indicate your topic preferences. Please rank three topic preferences using the form circulated after admission. We will do our best to accommodate your preferences. However, indicating preferences does not create a claim to a specific topic.

Course requirements and grading scheme

- Term paper of 15 pages ($\pm 10\%$, excluding cover page, table of contents and appendix). For further guidelines, please refer to the information sheet [Formal guideline for writing term papers and theses](#) provided by the Behavioral Finance Research Group. You may write up the paper in English or German. Please submit a hard copy of your seminar paper to the Behavioral Finance Research Group and send a PDF file to behavioralfinance@wiwi.uni-marburg.de by no later than June 30th, 2026.
- Presentation of (i) your paper concept in the interim presentation (date tba) and (ii) your completed work on the assigned topic on July 2nd in the seminar. You are encouraged to seize the opportunity to present in English. As a minimum, your slides should be in English.
- Attendance and active participation in the seminar.

Core literature on mutual fund demand, flows, and investor response

Sirri, E. R., & Tufano, P. (1998). Costly search and mutual fund flows. *The Journal of Finance*, 53(5), 1589–1622.

Berk, J. B., & Green, R. C. (2004). Mutual fund flows and performance in rational markets. *Journal of Political Economy*, 112(6), 1269–1295.

Del Guercio, D., & Tkac, P. A. (2008). Star power: The effect of Morningstar ratings on mutual fund flow. *Journal of Financial and Quantitative Analysis*, 43(4), 907–936.

Barber, B. M., Huang, X., & Odean, T. (2016). Which factors matter to investors? Evidence from mutual fund flows. *Review of Financial Studies*, 29(10), 2600–2642.

Additional readings

1. Mutual fund performance and persistence

Carhart, M. M. (1997). On persistence in mutual fund performance. *The Journal of Finance*, 52(1), 57–82.

Elton, E. J., Gruber, M. J., & Blake, C. R. (1996). Survivorship bias and mutual fund performance. *The Review of Financial Studies*, 9(4), 1097–1120.

Fama, E. F., & French, K. R. (2010). Luck versus skill in the cross-section of mutual fund returns. *The Journal of Finance*, 65(5), 1915–1947.

Pástor, L., Stambaugh, R. F., & Taylor, L. A. (2015). Scale and skill in active management. *Journal of Financial Economics*, 116(1), 23–45.

2. Fees, pricing, and investor demand

Gil-Bazo, J., & Ruiz-Verdú, P. (2009). The relation between price and performance in the mutual fund industry. *The Journal of Finance*, 64(5), 2153–2183.

Berk, J. B., & Green, R. C. (2004). Mutual fund flows and performance in rational markets. *Journal of Political Economy*, 112(6), 1269–1295.

This entry is valid, but it is a duplicate of the core-list item above.

3. Fund choice, investor behavior, and clienteles

Ivković, Z., & Weisbenner, S. (2009). Individual investor mutual fund flows. *Journal of Financial Economics*, 92(2), 223–237.

Bailey, W., Kumar, A., & Ng, D. (2011). Behavioral biases of mutual fund investors. *Journal of Financial Economics*, 102(1), 1–27.

Müller, S., & Weber, M. (2010). Financial literacy and mutual fund investments: Who buys actively managed funds? *Schmalenbach Business Review*, 62(2), 126–153.

Bergstresser, D., Chalmers, J. M. R., & Tufano, P. (2009). Assessing the costs and benefits of brokers in the mutual fund industry. *The Review of Financial Studies*, 22(10), 4129–4156.

4. Ratings, advertising, naming, and other marketing-related signals

Jain, P. C., & Wu, J. S. (2000). Truth in mutual fund advertising: Evidence on future performance and fund flows. *The Journal of Finance*, 55(2), 937–958.

Cooper, M. J., Gulen, H., & Rau, P. R. (2005). Changing names with style: Mutual fund name changes and their effects on fund flows. *The Journal of Finance*, 60(6), 2825–2858.

Kumar, A., Niessen-Ruenzi, A., & Spalt, O. G. (2015). What's in a name? Mutual fund flows when managers have foreign-sounding names. *The Review of Financial Studies*, 28(8), 2281–2321.

Niessen-Ruenzi, A., & Ruenzi, S. (2019). Sex matters: Gender bias in the mutual fund industry. *Management Science*, 65(7), 3001–3025.

This is the stronger citation to use instead of the older “working paper” version.

5. Index funds, styles, and product differentiation

Elton, E. J., Gruber, M. J., & Busse, J. A. (2004). Are investors rational? Choices among index funds. *The Journal of Finance*, 59(1), 261–288.

Brown, S. J., & Goetzmann, W. N. (1997). Mutual fund styles. *Journal of Financial Economics*, 43(3), 373–399.

Chan, L. K. C., Chen, H.-L., & Lakonishok, J. (2002). On mutual fund investment styles. *The Review of Financial Studies*, 15(5), 1407–1437.

6. Special topics on fund managers and management structure

Pool, V. K., Stoffman, N., & Yonker, S. E. (2012). No place like home: Familiarity in mutual fund manager portfolio choice. *The Review of Financial Studies*, 25(8), 2563–2599.

Pool, V. K., Stoffman, N., & Yonker, S. E. (2015). The people in your neighborhood: Social interactions and mutual fund portfolios. *The Journal of Finance*, 70(6), 2679–2732.

Bär, M., Kempf, A., & Ruenzi, S. (2011). Is a team different from the sum of its parts? Evidence from mutual fund managers. *Review of Finance*, 15(2), 359–396.

Karagiannidis, I. (2010). Management team structure and mutual fund performance. *Journal of International Financial Markets, Institutions and Money*, 20(2), 197–211.

Timeline

✓ Application deadline	October 23 rd	Hand in a short CV and your ToR to behavioralfinance@wiwi.uni-marburg.de and register in MARVIN for the seminar.
✓ Admission to seminar	October 24 th	Email notification on the admission to our seminar.
✓ Kick-off	October 29 th	04: 00 p.m. – 05:00 p.m. (AP2)
Deadline topic preferences	November 3 rd	You will receive an application form to indicate your topic preferences. Documents must be sent to behavioralfinance@wiwi.uni-marburg.de And mandatory MARVIN registration
Topic assignment	November 5 th	Email notification
Deadline for deregistration	tba	You have the option to deregister in MARVIN from the module if you do not wish to complete the course. Otherwise, you will be automatically registered for the examination.
Interim presentation of your research topic)	tba	You will have an interim alignment with your individual assigned supervisor; timing to be defined individually
Submission deadline paper	January 24 th	Send paper as PDF to behavioralfinance@wiwi.uni-marburg.de
Final presentation	January 29 th	9:00 am – 1 p.m. (AP2)

Registration for the Seminar in Empirical Finance at the Behavioral Finance Research Group

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Last name: _____ First name: _____

Email-address: _____

Student ID: _____ Semester: _____

Signature: _____