

CASH HOLDINGS AND THE PERFORMANCE OF MUTUAL FUNDS

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ABSTRACT

This paper presents an empirical analysis of cash holdings and their impact on the profitability of mutual funds in Bolivia. Through the estimation of 26 econometric models of Auto Regressive Vectors, we verified that the level of liquidity did not have a significant impact on the return for most of the mutual funds studied; thus the idea that cash surpluses have a favorable impact on the portfolio performance was rejected.

Keywords: Cash holdings, Liquidity, Mutual Funds, Performance, Vector Auto Regressive.

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