

Abstract

Nancy Ali Youssif

The Effect of Board Structure on Mutual Funds' Performance and Fee Structure in the Egyptian Stock Market and The Effect of Board Structure on Stock Picking and Market Timing Abilities of the Egyptian Mutual Fund Managers: Evidence from Financial Crisis

The purpose of this thesis is to investigate whether mutual fund governance has an effect on fund performance, fee structure, and stock Selection and market timing of the Egyptian fund managers' pre-and-post 2007-2008 financial crises. The thesis includes three separate but inter-connected studies on the effect of the board structure and ownership in the mutual fund industry. The first two studies investigate the impact of board structure on mutual funds' performance and mutual fund fee structure in the Egyptian Stock Market, whereas the third one investigates the impact of board composition on the two skills of stock picking and market timing of the Egyptian fund managers' pre-and-post 2007-2008 financial crisis. Using a final sample of 82 mutual funds between 2004 and 2013, this thesis first determines the fund performance and fund fees, and tests whether corporate governance characteristics such as board composition and ownership affect the fund performance and fund fees. The thesis further investigates the effect of mutual fund board composition and ownership on stock picking and market timing abilities of the Egyptian mutual fund managers' pre and post financial crisis. This research applies a Structural Equation Modelling technique to solve the potential endogeneity problem between internal governance measures, fund performance, fee structure, and stock Selection and market timing of the Egyptian fund managers. The results find no evidence on a significant relation neither between the corporate governance index of the Management Company and performance, nor between the governance index of the Management Company and fees. The thesis further finds no evidence on a significant relation neither between the corporate governance index of the fund Management Company and stock Selection, nor between the corporate governance index of the fund management company and market timing of the Egyptian fund managers' pre and post the crisis. The results are relevant to the misconduct of corporate governance rules in Egypt, especially the weaknesses in board composition in mutual fund industry. Overall, the financial crisis demonstrates a need for enforcing the application of the regulations of the Egypt Code of Corporate Governance to increase the firm value.