

Reallocation of Mutual Fund Managers and Capital Raising Ability

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Abstract : This paper establishes the fund manager's capital raising ability as an important managerial skill that fund firms exploit to generate higher firm revenues. Fund firms reallocate fund managers with high capital raising ability to other funds with large outflows. Investors demand the capital raising ability of managers and reward it by investing more capital despite lower future alphas. A team with a larger experience difference between reallocated managers and existing managers attracts more capital inflows, suggesting that there is a synergy effect on the fund manager's capital raising ability.

Keywords : mutual fund, manager, fund firm, reallocation, revenue

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