

Independent Study Title	DOES DIVERSIFICATION AMONG THAI MUTUAL FUND FAMILIES PAY-OFF?
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ABSTRACT

In this paper, I find that the correlation of funds within fund family is higher than funds across families. This implies that the level of product differentiation within family is less than across families. Investing across fund families can reduce portfolio risk by 1.89 %. Moreover, I find that there are high positive correlations between funds by objective. Except for combinations of conservative allocation with another different objective fund, the correlation is low because the asset allocation of conservative allocation is in fixed income and cash while others are invested in equity securities.

In addition, I simulate portfolio return and standard deviation, and find that highest rewards to risk ratios are obtained from Sharpe ratio and Treynor ratio of investment in 15 different fund families. As a result, I would suggest to invest across fund families to reduce the portfolio risk.

Keywords: Thai mutual fund, Asset allocation, Equity investment, Fund correlation, Fund family, Fund return and risk simulation