







▶ Volume 14, Issue 4 ▶ Framing and the disposition effect: evid

Ouantitative Finance >

Volume 14, 2014 - Issue 4: Special Issue on Behavioral Finance

803 9

Views CrossRef citations to date Altmetric

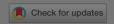
Research Papers

Framing and the disposition effect: evidence from mutual fund investor redemption behaviour

Greg Niehaus 🔀 & David Shrider

Pages 683-697 | Received 14 Dec 2012, Accepted 18 Jun 2013, Published online: 10 Sep 2013

66 Cite this article https://doi.org/10.1080/14697688.2013.819114



Sample our Business & Industry Journals to the latest two volumes for 14 days

Full Article

Figures & data

References

66 Citations

Metrics

Repri

Abstra

Researc

use simi

portfolio

effect

investor

redempt

within th that fran

effect.

Keywords

We Care About Your Privacy

We and our 891 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting I Accept enables tracking technologies to support the purposes shown under we and our partners process data to provide. Selecting Reject All or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the Show Purposes link on the bottom of the webpage . Your choices will have effect within our Website. For more details, refer to our Privacy Policy. Here

We and our partners process data to provide:

Use precise geolocation data. Actively scan device

I Accept Reject All uals often Show Purpose spect to rs) and

disposition

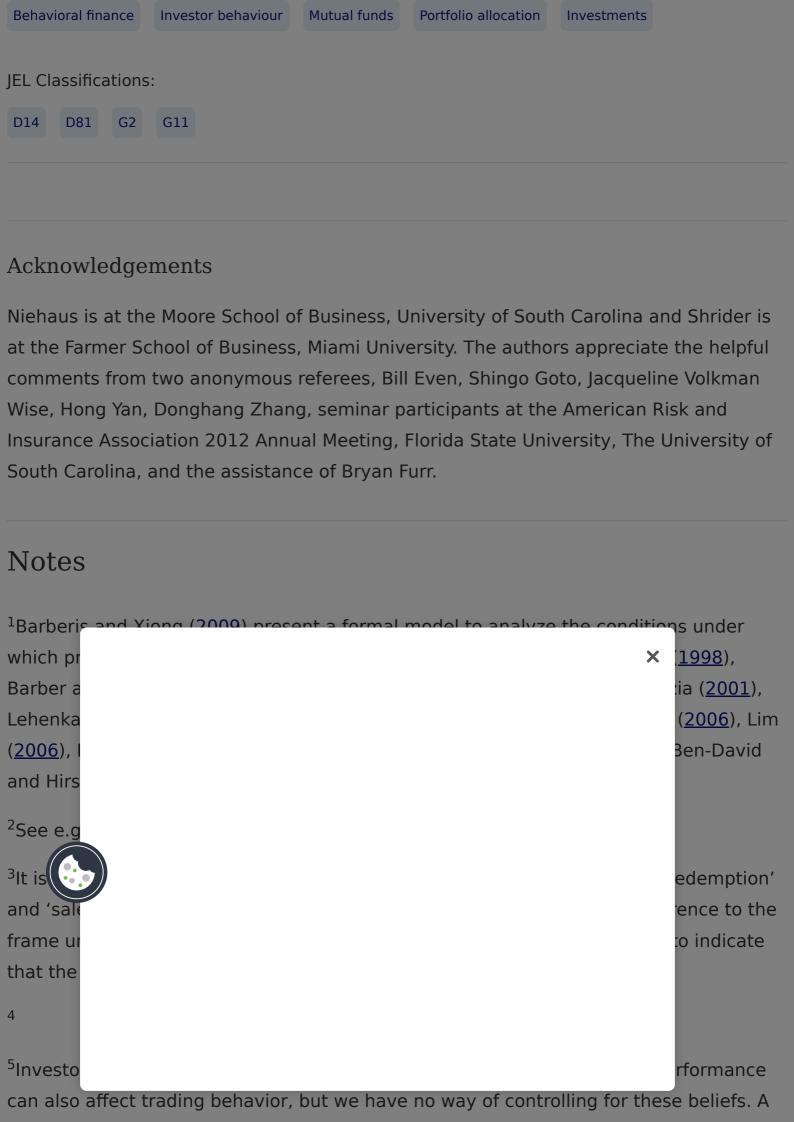
utual fund

draw the

proceeds

ypothesis

disposition



belief in performance persistence will cause investors to be more likely to redeem poor performing funds than funds that have performed well. On the other hand, a belief in mean reversion will cause investors to be more likely to redeem good performers than poor performers. For discussion and analysis of mutual fund performance persistence, see Grinblatt and Titman (1992), Brown and Goetzmann (1995), Carhart (1997), and Bollen and Busse (2005).

⁶For December of 2002 (the 24th and final month of the sample period), only 281 (4.3%) of the 6,496 accounts in our sample have purchases in the prior 23 months for all of the funds in the account, and the average ratio of shares purchased over the prior 23 months to shares held at the beginning of the month across all account-fund observations in these 281 accounts is 0.46. Moreover, in only seven of the 281 accounts do all of the funds have a ratio of shares purchased over the prior 23 months to shares held at the beginning of the 24th month greater than 0.75. Simply stated, very few of the accounts have enough prior purchase data available to reliably calculate the purchase price.

⁷If an account has three funds of more than 25 shares and one or more additional funds of less than 25 shares, we treat the funds with less than 25 shares as being part of the portfolio.

⁸Full-service ved fund supporte family a ⁹By requ funds. For this rest stors who of what we dispropo find, i.e. ceeds or they We have no reaso. ¹⁰The m ne indepen nd the of the explanat model th probability. We also sers sold

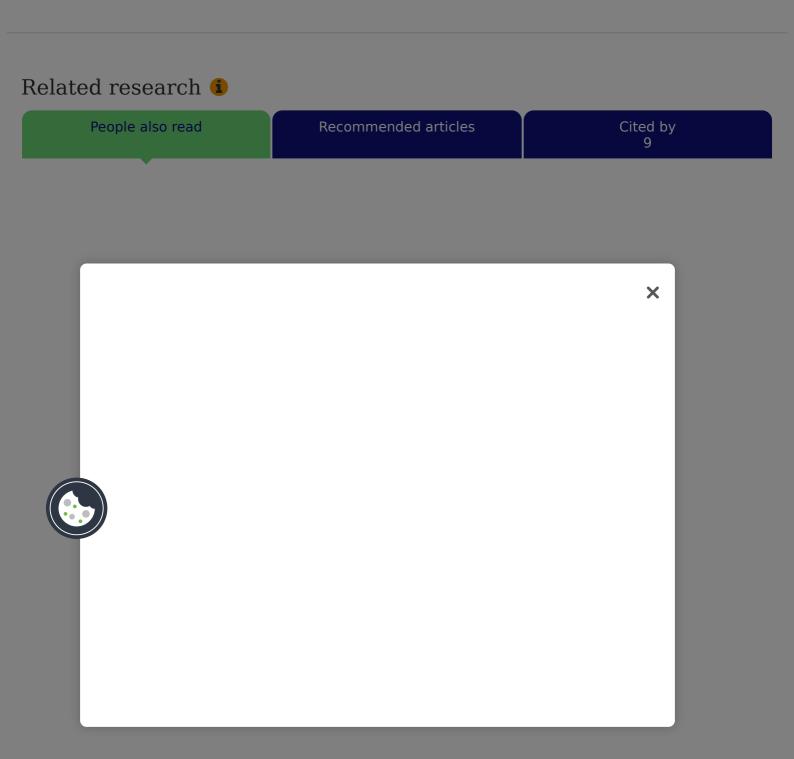
with all of the same explanatory variables. In these models, we would expect a

coefficient on the random choice probability variable to be close to one. This is what we find, although the coefficient is typically statistically significantly different from one.

¹¹An account can have both winners and losers, which means accounts in the loser analysis can also appear in the winner analysis.

¹²If an investor made multiple redemptions in a month and some of the proceeds are withdrawn and some reallocated within the account, we classify the investor as being under a sale frame.

¹³We are unable to describe the fixed effects as it would potentially identify the broker-dealer that provided the data. The number of fixed effects included in the analysis varies between 702 and 867.



Information for Open access Authors Overview R&D professionals Open journals Editors **Open Select** Librarians **Dove Medical Press** Societies F1000Research Opportunities Help and information Reprints and e-prints Advertising solutions Newsroom Accelerated publication Corporate access solutions Books Keep up to date Register to receive personalised research and resources by email Sign me up X or & Francis Group Copyright