

616 Views | 4 CrossRef citations to date | 1 Altmetric

Original Articles

# Mutual Fund Alpha: Is It Managerial or Emotional?

Qiang Bu

Pages 46-55 | Published online: 25 Jan 2020

Cite this article <https://doi.org/10.1080/15427560.2020.1716361>

Check for updates

Sample our  
Economics, Finance,  
Business & Industry Journals

>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days

- Full Article
- Figures & data
- References
- Citations
- Metrics
- Reprints & Permissions
- [Read this article](#)
- Share

## We Care About Your Privacy

We and our 878 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

Show Purposes



mutual  
nt plays an  
of funds rises  
entiment  
ned by the  
s. Thus, the  
ating

Abstra  
This pap  
fund alp  
importan  
as invest  
level ca  
cum  
complet  
investor  
Q Keyword

# Notes

1 Mutual fund alpha is often used to measure manager skills. In academia, the literature with documented alphas is abundant. Many researchers have documented alpha in their studies, such as Ibbotson and Patel (2002), Avramov and Wermers (2006), Fama and French (2010), and Berk and Van Binsbergen (2015). Alpha is also used as one of the benchmarks to rank mutual funds in the industry.

2 Indro (2004) used sentiment indicators from the American Association of Individual Investors and Investors Intelligence.

3 Fund alpha is measured by a model's intercept term.

4 The BW index is multiplied by 5 to facilitate the comparison in Figure 1.

5 Brown and Cliff (2004) examined the relationship between investor sentiment and near-term stock returns. They found that sentiment measures differ from each other, though they are related to varying degrees. More research is needed on this topic.

6 The inclusion of an optional parameter could increase the variance of the parameter estimates and introduce bias into them.

7 The unreported test results indicate that the corrections between the BW index and the profit are significant.

8 The CD value is given to be 1. The DF is 1.

9 The output alpha is a statistical measure.



10 I use CAPM as the benchmark model.

11 This is an adjusted model.

12 According to the Fama-French 3-factor model, the alpha is the intercept term.

13 I use CAPM as the benchmark model.

## Related research

People also read

Recommended articles

Cited by  
4

### Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

### Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

### Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

### Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up

Register to receive updates by email



Sign up



Copyright

Accessibility

Registered  
5 Howick Place



Wiley & Francis Group  
Wiley is a John Wiley & Sons business