**Project Update**

On 9th March 2020, I presented my work on the main chapter, titled ‘Determinants on ETF Launching Decisions’, during the CERF seminar. Changes have been made on the contents following the valuable advices I received. On 20 May 2020, I would be presenting this chapter on the CERF Cavalcade. I have been invited to pitch at the Trinity Forum on 24th March 2020, unfortunately it was delayed due to the outbreak of COVID-19. My supervisor and I will discuss on further disseminations.

For the co-authored chapter with David, Pedro and Julia on MF subadvisors, we decided to let go of the data on subadvisor fees, which has been troublesome. Now we are working on the other perspectives of the story.

**Outputs**

Main Chapter (solo project)

**Title:** Determinants on ETF Launching Decisions

**Abstract:** This paper studies the decision to launch an exchange-traded fund (ETF). Using U.S. data, I find that ETF launches are more likely to be driven by investor demand, rather than based on past performance. The likelihood of ETF launches is positively related to profit maximization motives by fund families through both revenue generation and cost reduction. Furthermore, both economies of scale and scope are present in the ETF initiations: families with smaller scope face the pressure to expand the breadth of offerings, while more established families benefit from specialization. Smaller-sized families have a propensity to follow the market leader, although are less likely to launch in markets with higher switching costs or dominated by the three largest families. Finally, a time-to-event analysis shows that ETFs launched by larger families, those charging higher fees, and whose initiations are not driven by capital flows into the families are more likely to survive for longer.

Chapter 2 (co-authored with David, Pedro and Julia)

**Title:** Competition in Sub-advised Mutual Funds

Main Findings to date:

1. The Mutual Fund advisors do not seem to possess skills in picking sub-advisors when making hiring/firing decisions, in that the past performance of the subadvisor cannot persist post-event.

2. Probit regressions show that funds experiencing continuous poor performance are more inclined to make turnover decisions on sub-advisors. Subadvisors with outstanding past performance are more likely to be hired, while underperforming subs are more likely to be fired.

3. Following turnovers, fund performance improves slightly at the beginning, but the abnormal performance soon becomes insignificant after a year.

4. By constructing variables based on their factor loadings, we find that the fund advisors, when making the hiring/firing decisions, do not pay much attention into whether the subadvisor is closely following the investment mandate of the fund, so long as they are generating reasonable returns.