



MSc. in Finance 2002/03

What were the factors that influenced mutual fund  
growth in Trinidad and Tobago over the period  
1997-2002?

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## ABSTRACT

Mutual funds grew significantly throughout the 1900's not only in more established industries like the United States, but also in emerging industries like Trinidad and Tobago. Previous studies on the Trinidad and Tobago mutual fund industry identified legislative framework and some macroeconomic variables, primarily declining commercial bank interest rates, as the main contributors to successful growth of this industry. Unlike any of its kind, this study investigated growth in the Trinidad and Tobago mutual fund industry from a quantitative stand point. While this study also examined the effect of fund performance and macroeconomic variables on mutual fund growth, it also considered the effect of fund opening decisions on growth. Growth here was measured by the increase in funds under management, more specifically, net fund flows. It was determined that the main contributors to growth in the Trinidad and Tobago mutual fund industry were excess returns, interest rate spreads on both foreign currency and local currency deposits, USD weighted average exchange rate, inflation rates and the returns on the Composite Share Price Index.