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**Gu Wang** and **Jiaxuan Ye\*** (jye@wpi.edu). *Mutual Funds' Competition for Investment Flows based on Relative Performance.*

N mutual funds compete for fund flows based on relative performance over their average returns, by choosing between an idiosyncratic and a common risky investment opportunities. The unique constant equilibrium is derived in closed form, which implies that funds generally decrease the investments in their idiosyncratic risky assets under competition, in order to lower the risk of the relative performance. It pushes all funds to herd and hurts their after-fee performance. However, the sufficiently disadvantaged funds with poor idiosyncratic investment opportunities or highly risk averse managers may take excessive risk for a better chance of attracting new investments, and their performance may improve comparing to the case without competition and benefits the investors. (Received January 15, 2021)