

# Asset management costs and financial performance of Dutch pension funds in 2011-2014

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# Main finding

- No empirical evidence that higher costs leads to higher financial performance
- In the abstract: The hypothesis that higher costs do not lead to better financial results cannot be rejected

## Main table: $Y = \text{Return on assets}$ [n = 120]

Regressor	Estimate (st.err.)
Log(size)	0.13 (0.1)
D2013	-0.07 (0.01)
D2014	0.02 (0.01)
Equity exposure	0.03 (0.1)
Costs (lagged)	-2.9 (3.3)
Constant	-1.2 (0.99)

1% increase in asset management costs leads to (confidence interval) [-9.5%, +3,7%] extra return → no evidence of positive effect

# Comments

- Paper is work in progress
- Link to mutual fund literature on cost-performance relationship
  - roughly: performance goes up at most by same amount as costs
  - survivorship bias
- You write to instrument costs by its lag, but table suggests you use lagged variable
- Units
- Cross sectional dependence returns
  - add market return instead of dummies for improved efficiency
- Make sure units are clear from table
- Where is the D2012 dummy (compare title)?