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Active Mutual Fund Performance: A Review of Active Management Measures

Tanvi Joshi
NMIMS School of Business Management
Mumbai, India
Email: joshi.tanvi04@nmims.edu.in

Abstract: This paper synthesises empirical evidence on the performance of actively managed mutual funds. It examines key measures of active management, including Active Share, Tracking Error, Portfolio Concentration, and Portfolio Turnover. The literature suggests that outcomes depend less on whether a fund is active and more on how that activeness is implemented. Some studies find that highly differentiated stock pickers add value, while others document weak or negative net performance once costs are considered. Overall, the evidence is mixed, and this paper highlights key gaps in the literature and directions for future research.

Keywords: Active Share, Tracking Error, Mutual Funds, Portfolio Concentration, Active Management

JEL Classification Number: G11, G23