How Did Money Market Fund Perform In Its Earlier Years Of Inception In Developing Economies: A Case Of Kenya Fund Market

Mohamed Shano Dawe
Meru University of science and technology, Kenya mohamedsdawe@gmail.com

Abstract
This research evaluates the performance of money market fund in Kenya for the period 2005 to 2009. The choice of the period was to demonstrate how the fund has been performing in early years when the product was perceived to be new in Kenya and Africa at large. The objective of the study was to compare performance of different funds. This research was motivated by the fact that there was hardly any research on money market funds carried out in less developed economies. The target population was all money market funds in Kenya. The research mainly used secondary data on daily returns and annual reports for the period 2005 to 2009 so as to calculate the net asset value and hence the performance evaluation models proposed by Sharpe (1966), Jensen (1968) and Treynor and Mazuy (1966). In order to establish consistency of performance over the research period using different performance models, a normality test was carried out using Koglomorov-Smirnov and Q-Q plot to establish whether parametric or non-parametric test were to be used. However, as the population was small, Kendall tau-b was used. Over the research period, the finding was that the funds did not perform better than the market on a risk- adjusted basis using various performance measures.

Keywords: Money market fund, Risk adjusted returns, Net asset values, performance