

FIND Faculty, publications, topics

FACULTY RESEARCH FEATURED TOPICS ACADEMIC UNITS

## NORKING PAPER | 2008 Inexperienced Investors and Bubbles

by Robin Greenwood and Stefan Nagel

- PRINT
- EMAIL

## Abstract

We use mutual fund manager data from the technology bubble to examine the hypothesis that inexperienced investors play a role in the formation of asset price bubbles. Using age as a proxy for managers' investment experience, we find that around the peak of the technology bubble, mutual funds run by younger managers are more heavily invested in technology stocks, relative to their style benchmarks, than their older colleagues. Furthermore, young managers, but not old managers, exhibit trend-chasing behavior in their technology stock investments. As a result, young managers increase their technology holdings during the run-up, and decrease them during the downturn. Both results are in line with the behavior of inexperienced investors in experimental asset markets. The economic significance of young managers' actions is amplified by large inflows into their funds prior to the peak in technology stock prices.

Keywords: Investment; Stocks; Technology; Price Bubble; Asset Management; Experience and Expertise;

Language: English Format: Print

SSRN

## Citation:

Greenwood, Robin, and Stefan Nagel. "Inexperienced Investors and Bubbles." NBER Working Paper Series, No. 14111, June 2008.

Export Citation

Contact Division of Faculty & Research

Harvard Business School Soldiers Field Boston, MA 02163 infoservices@hbs.edu

Map/Directions

Related Links

Christensen Center for Teaching and Learning Global Research Centers



Robin Greenwood Finance

VIEW PROFILE » VIEW PUBLICATIONS »

About the Author

Global Research Centers Asia-Pacific Research Center Japan Research Center (English) Europe Research Center Latin America Research Center India Research Center

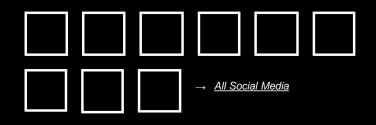
Intiatives & Projects

Initiatives & Projects Business & Environment Business History Entrepreneurship (Rock Center) Forum for Growth & Innovation Global Healthcare Institute for Strategy & Competitiveness Leadership Networked Business Public Education Leadership Project Social Enterprise U.S. Competitiveness

×



Harvard Business School Soldiers Field Boston, MA 02163



<u>Map & Directions</u> More Contact Information

Site Map Jobs Harvard University Trademarks Privacy Policy

Copyright © President & Fellows of Harvard College