

# **Competition and Cooperation in the Mutual Fund Industry**

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**ABSTRACT:** The economic literature provides evidence of both intra-firm competition and cooperation within mutual fund families. While these alternative strategies may seem at odds, economic theory provides conditions under which each incentive mechanism is optimal for different firms. Using these conditions to guide our analysis, we find evidence consistent with fund families encouraging intra-firm competition earlier in the firm's life-cycle, but focusing on cooperation as the firm becomes more established. This draft is highly preliminary and the authors welcome comments and suggestions.

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