When Funds Merge: What Happens to Fees? Evidence from Acquiring Mutual Funds and ETFs

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Abstract

This white paper explores how mergers of mutual funds and exchange-traded funds (ETFs) are associated with changes in the fees paid by investors in funds that acquired another fund through a merger (acquiring funds), specifically expense ratios, management fees, and 12b-1 fees. The analysis uses data from 2010 to 2023 and focuses on over 1,800 U.S. mutual fund mergers that occurred between 2011 and 2023, allowing for at least one year of pre-merger observations. The results suggest that mergers are generally associated with lower fees for investors in acquiring funds, and the size and type of those savings vary by fund type and the structure of the merger. Because acquired funds are absorbed and no longer report separately, the analysis does not estimate post-merger fee effects for those funds.

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Introduction

The mutual fund and ETF industry is one of the largest investment markets in the U.S., managing over $32.7 trillion in assets as of December 2024.[2] By 2030, that number is expected to grow to nearly $39 trillion.[3] Today, nearly 130 million Americans (about 40% of the population) own mutual funds, ETFs, or other registered investment companies.[4]

This white paper examines how fund mergers are associated with changes in the fees paid by investors in acquiring funds, specifically expense ratios, management fees, and 12b-1 fees. Using public data from 2010 to 2023, it analyzes over 1,800 mergers between 2011 and 2023 and breaks them down by fund type (equity, bond, or mixed) and merger type (within the same fund family, across fund families, or between share classes).

Mergers can lead to lower fees by exploiting economies of scale and streamlining operations.[5] But they could also reduce competition, which might result in higher fees. Prior studies have examined fee changes following fund mergers, generally finding that expense ratios decline, though the timing and magnitude vary.[6] This paper extends that work by analyzing more recent data and a broader dataset.

Importantly, this paper focuses only on fees, expense ratios, management fees, and 12b-1 fees, not on overall investor returns. While lower fees may benefit investors, they do not necessarily guarantee higher net returns, as performance can be affected by factors such as decreasing returns to scale or post-merger inefficiencies. The analysis below suggests that many mergers are associated with lower fees for investors in acquiring funds, and the size and nature of those associations vary by fund type and the structure of the merger. Bond and mixed funds tend to see the largest fee reductions, while equity funds show reductions primarily in cross-family mergers.

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[2] *See* U.S. Sec. & Exch. Comm'n, Div. of Inv. Mgmt., *Registered Fund Statistics: Form N-PORT Data, Period Ending December 2024 (May 8, 2025),* tbl. 2.3, https://www.sec.gov/files/investment/im-investment-registered-fund-statistics-20250508.pdf.

[3] PwC estimates that the size of the U.S. mutual fund industry will reach $38 trillion in 2030, while Mordor Intelligence projects this number to reach $39.22 trillion in 2023. *See* PricewaterhouseCoopers, *Mutual Funds 2030: Rising Expectations and Response* (2023), https://www.pwc.com/us/en/industries/financial-services/library/pwc-2030-mutual-fund-outlook.pdf; Mordor Intelligence, *U.S. Mutual Fund Industry Size & Share Analysis – Growth Trends & Forecasts (2025–2030)* (2025), https://www.mordorintelligence.com/industry-reports/us-mutual-funds-industry.

[4] These numbers include open-end mutual funds, ETFs, traditional closed-end funds, and unit investment trusts. *See Inv. Co. Inst., 2024 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry (2024), https://www.ici.org/system/files/2024-05/2024-factbook.pdf.*

[5] Joseph Chen et al., *Does Fund Size Erode Mutual Fund Performance? The Role of Liquidity and Organization*, 94 *Am. Econ. Rev.* 1276, 1276–1302 (2004), https://www.jstor.org/stable/3592823.

[6] *See* Narayanan Jayaraman, Ajay Khorana & Edward Nelling, *An Analysis of the Determinants and Shareholder Wealth Effects of Mutual Fund Mergers*, 57 *J. Fin.* 1521, 1521–61 (2002), https://www.jstor.org/stable/2697786; and Patrick McLemore, *Do Mutual Funds Have Decreasing Returns to Scale? Evidence from Fund Mergers*, 54 *J. Fin. & Quantitative Analysis* 1683, 1683–1711 (2019), https://doi.org/10.1017/S0022109018001023.

Data and Sample Construction

This white paper uses data from the Center for Research in Security Prices (CRSP) Survivor-Bias-Free U.S. Mutual Fund Database (updated in May 2025),[7] which provides detailed information on fund characteristics, performance, and organizational changes.[8] The analysis uses data from 2010 to 2023 and includes mergers from 2011 to 2023 to ensure at least one year of pre-merger data is available for each case.[9] The CRSP Survivor-Bias-Free U.S. Mutual Fund Database includes both active and inactive funds, preserving historical data on funds that were liquidated or merged.[10] This approach helps eliminate survivorship bias by ensuring that poorly performing or high-fee funds that exited the market are still represented in the data prior to becoming inactive. As a result, the analysis reflects the full distribution of fund outcomes over time, rather than only those of surviving funds.[11]

The analysis focuses on acquiring mutual funds and exchange traded funds.[12] It removes any records with clearly erroneous values, such as negative expense ratios or invalid portfolio allocation percentages.[13] These steps help produce a clean and consistent set of traditional mutual funds and ETFs.[14]

To identify mergers, this white paper tracks funds that became inactive and uses unique identifiers from the CRSP dataset to link them to the acquiring fund. To avoid confusion from overlapping events, the analysis includes only acquiring funds that completed a single merger during the sample period. While this restriction reduces the sample size, it helps focus on fee changes associated with a single merger and provides a more conservative, but cleaner, estimate of its impact.[15] Acquired funds are excluded from the regression analysis,[16] as are acquiring funds involved in multiple mergers. Similar funds that did not acquire another fund (non-acquiring funds) serve as the control group. This design helps approximate the effect of mergers on acquiring fund fees, though it does not capture the experience of acquired funds or the aggregate investor impact of mergers. While acquired funds cannot be tracked post-merger due to data

[7] Center for Research in Sec. Prices (CRSP), *Survivor-Bias-Free US Mutual Fund Database*, *available at* https://www.crsp.org/research/crsp-survivor-bias-free-us-mutual-funds/ (2025).

[8] For purposes of this paper, 'fund' refers to U.S. registered mutual funds and exchange-traded funds (ETFs). The CRSP Survivor-Bias-Free U.S. Mutual Fund Database includes both mutual funds and ETFs as well as other products such as exchange-traded notes (ETNs) and variable annuities.

[9] Although the May 2025 version of the CRSP database includes preliminary data for 2024, an examination of that data revealed it to be incomplete and not yet finalized. For this reason, 2024 data was excluded from the analysis to ensure accuracy and consistency.

[10] Center for Research in Sec. Prices (CRSP), *Survivor-Bias-Free US Mutual Fund Database*, *available at* https://www.crsp.org/research/crsp-survivor-bias-free-us-mutual-funds/ (2025).

[11] *Id.*

[12] In other words, the analysis excludes exchange-traded notes (ETNs) and variable annuities, which operate under different rules and fee structures than mutual funds and ETFs.

[13] Invalid portfolio allocation percentages refer to any allocation variable (e.g., percent in stocks, bonds, cash) that is less than zero.

[14] *See* Appendix A for more details on the data cleaning process.

[15] This restriction is conservative because it avoids potential bias from funds that engage in multiple mergers, which may be systematically different, such as being larger, more complex, or more aggressive in fee restructuring. By focusing only on single-merger events, the analysis reduces the risk of overstating the average fee impact and helps ensure that the estimated effect is not driven by unusually active acquiring funds.

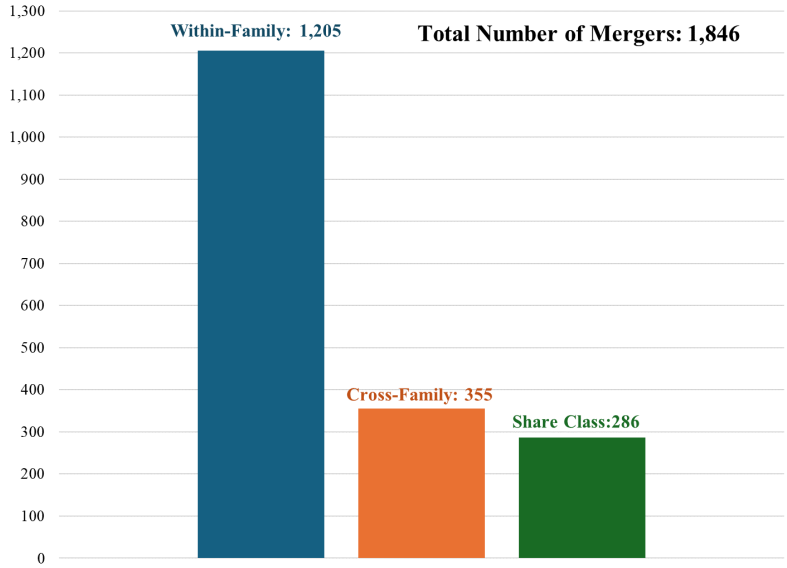
[16] Because acquired funds are absorbed and no longer report separately post-merger, their fee trajectories cannot be tracked and are excluded from the analysis.

limitations, future research could explore indirect methods, such as aggregating pre-merger characteristics of both funds, to estimate post-merger outcomes.

The analysis groups mergers into three categories based on the relationship between the acquiring and acquired funds.[17] "Within-family" mergers involve funds from the same fund family or fund complex and do not involve the consolidation of different share classes of the same fund. "Cross-family" mergers involve funds from different fund families. "Share class" consolidations represent the combination of different share classes within the same fund. The analysis does not explicitly adjust for fund conversions or the introduction of new share classes over time. While the CRSP dataset includes share class identifiers, distinguishing between organic share class creation and structural changes such as conversions or reclassifications is not always straightforward. Future work could explore this dimension more systematically.[18]

Figure 1 shows the number of mergers by type between 2011 and 2023. Within-family mergers are the most common, accounting for 65.3% of single-merger events, followed by cross-family mergers at 19.2% and share-class consolidations at 15.5%.

Figure 1. Number of Mergers by Type (2011-2023)



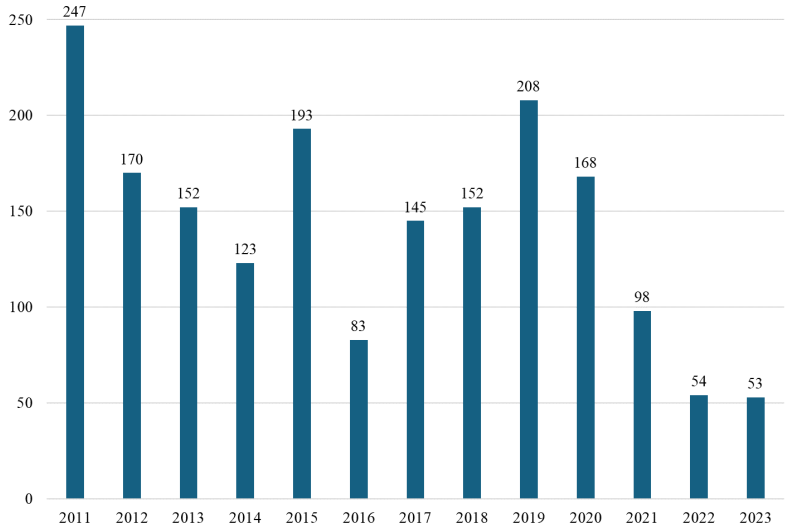
Author's calculations using data from the CRSP Mutual Fund Database.
Note: Numbers reflect single merger events; repeat acquisitions by the same fund during the period are not included.

[17] *See* Appendix B for more details on variable constructions, including the different merger variables discussed in this white paper.

[18] This analysis does not examine the impact of hybrid structures that combine mutual fund and ETF share classes, such as those historically used by Vanguard. While these structures were rare during the review period, they may influence fee dynamics and represent an interesting area for future research.

Figure 2 shows the number of fund mergers per year over the period 2011–2023. The annual average was approximately 142 mergers, with some variation across years. These numbers reflect single merger events and do not represent the total number of mergers in the mutual fund industry, as they exclude cases where a fund merged more than once during the period.

Figure 2. Number of Mergers by Year (2011-2023)



Author's calculations using data from the CRSP Mutual Fund Database.
Note: Numbers reflect single merger events; repeat acquisitions by the same fund during the period are not included.

This paper also classifies funds by investment style. "Equity" funds hold mostly stocks,[19] "bond" funds hold mostly fixed income assets,[20] and "mixed" funds hold a combination of both.[21] This classification allows the analysis to examine whether different types of funds experience different changes in fees after a merger. Table 1 presents the distribution of mergers across fund types and merger types.[22]

[19] Equity funds are defined as those that, on average over 2010–2023, hold at least 80% of assets in equities and less than 10% in fixed income. The 80% threshold aligns with the SEC Names Rule, while the <10% limit ensures clear separation from mixed funds.

[20] Bond funds are defined as those that, on average over 2010–2023, hold at least 80% of assets in fixed income (consistent with the SEC Names Rule) and less than 10% in equities to ensure clear separation from mixed funds.

[21] Mixed funds are defined as those that, on average over 2010–2023, do not meet the criteria for equity or bond funds—that is, they hold less than 80% in equities and less than 80% in fixed income. This category captures funds with more balanced or diversified allocations.

[22] The distribution of mergers by fund and merger type remained relatively stable for most categories. The share of pure equity funds declined from 56.8% in 2011–2016 to 49.0% in 2017–2023, while pure bond funds increased from 16.6% to 20.0%, and mixed funds from 26.5% to 30.9%. Share class consolidations rose from 12.2% to 19.1%. In contrast, cross-family mergers increased from 9.6% to 29.8%, and within-family mergers declined from 78.0% to 49.0%.

Table 1. Distribution of Mergers by Fund Type and Merger Type

	Equity [a]	Bond [b]	Mixed [c]	Total
Within-Family [d]	687	192	326	1,205
Cross-Family [e]	180	59	116	355
Share Class [f]	113	85	88	286
Total	**980**	**336**	**530**	**1,846**

[a] ≥80% average equity holdings and <10% fixed income over the period 2010-2023
[b] ≥80% average fixed income holdings and <10% equity over the period 2010-2023
[c] Funds not meeting equity or bond criteria
[d] Same fund family, different funds
[e] Different fund families
[f] Same fund, different share classes

To estimate fee changes associated with mergers, this analysis uses a statistical method called difference-in-differences (DiD). This approach compares fees over time for acquiring funds to fees over time for non-acquiring funds. The goal is to distinguish fee changes associated with mergers from broader market trends or differences between funds.

For example, simply comparing a fund's fees before and after a merger could be misleading if fees were already trending downward across the industry. The DiD approach used in this analysis addresses this by using a control group of non-acquiring funds that serve as a benchmark. If both acquiring and non-acquiring funds were on similar paths before the merger, any difference in their fee trends post-merger can be more plausibly linked to the merger. The empirical analysis employs fund-type-specific control groups, where treated funds are compared only to control funds of the same type: equity funds that undergo mergers are compared to non-acquiring equity funds, bond funds to non-acquiring bond funds, and mixed funds to non-acquiring mixed funds. This fund-type matching aims to improve comparability between treatment and control groups with respect to fundamental investment characteristics and regulatory constraints.[23]

[23] Within each fund type, the analysis does not further subdivide control groups by merger type (within-family, cross-family, and share class mergers). This decision reflects both economic and statistical considerations. From an economic perspective, there is no clear theoretical basis for why specific subsets of non-acquiring funds within a given fund type would provide more appropriate counterfactuals for different merger types. Unlike fund classifications based on objective portfolio holdings, merger type categories do not reflect inherent characteristics that would make certain non-acquiring funds more suitable controls. For instance, non-acquiring equity funds in unrelated families are not necessarily more comparable to cross-family equity merger participants than non-acquiring equity funds within the same family. From a statistical standpoint, subdividing control groups by both fund type and merger type would substantially reduce sample sizes, potentially leading to underpowered tests and imprecise estimates, particularly for less common combinations such as cross-family bond fund mergers. The current approach maximizes statistical power within each fund type while allowing merger effects to vary through interaction terms, providing robust estimates of differential impacts across merger types without imposing potentially arbitrary restrictions on control group composition beyond the economically meaningful fund-type matching. Regarding sectoral or geographic differences, these are often nested within fund type classifications and are not consistently disclosed across funds. By matching on fund type, the analysis already mitigates much of the heterogeneity in these dimensions. Future work could explore more granular market definitions where data availability permits.

The analysis includes fund fixed effects, which control for any unchanging characteristics of each fund, such as its investment strategy, management style, or brand reputation.[24] The model also includes year fixed effects, which account for broader industry-wide changes that affect all funds in a given year, such as regulatory shifts, market conditions, or technological improvements.

A key assumption behind the DiD approach is the "parallel trends assumption." It means that, in the absence of a merger, the fees of acquiring funds would have followed the same general trend as those of non-acquiring funds. If this assumption holds, then any divergence in trends after the merger can be interpreted as consistent with an effect of mergers, though caution is warranted.[25] The analysis tests this assumption by examining whether the two groups had similar fee trajectories before the merger, and the results support its validity (see Appendix D, Table D7 for estimation results).[26]

This combination of fund fixed effects, year fixed effects, and a carefully selected control group makes the DiD approach especially well-suited for assessing fee changes around mergers in a complex and evolving market. Because acquisition decisions may reflect unobservable factors, the estimates should be interpreted as associations rather than definitive causal effects.

Fee Changes Following Fund Mergers

Expense Ratios

Expense ratios represent the annual fees that mutual funds charge to cover their operating costs, expressed as a percentage of assets under management (AUM). These costs include management fees, 12b-1 fees, certain shareholder service expenses, custodial expenses, legal expenses, accounting expenses, transfer agent expenses, and other administrative expenses.[27]

These fees directly reduce investor returns. For example, a fund with a 1% expense ratio charges $10 annually for every $1,000 invested. That means that if the fund earns a 7% gross return, the investor receives a 6% net return. Over time, even small differences in expense ratios can significantly affect long-term wealth accumulation due to compounding.[28]

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[24] Fund fixed effects are likely to be effective in capturing investment strategy because the treated group in the estimation sample consists only of acquiring funds, which are classified based on their long-term average portfolio holdings (e.g., ≥80% equity). This helps ensure that each fund's core investment style remains stable over time. Moreover, treated funds are compared only to non-acquiring control funds of the same type (equity, bond, or mixed), which minimizes differences in investment strategy between groups. While some mergers may induce changes in strategy, particularly when the acquired fund has a different asset mix, these cases are likely limited given the exclusion of acquired funds and the fund-type-specific design. Nonetheless, potential post-merger strategy drift remains a limitation and a direction for future research.

[25] *See, e.g.*, Joshua D. Angrist & Jörn-Steffen Pischke, *Mostly Harmless Econometrics: An Empiricist's Companion* (Princeton Univ. Press 2009).

[26] *See* Appendix C for more details on this test and the models.

[27] *See* U.S. Sec. & Exch. Comm'n, *Mutual Fund and ETF Fees and Expenses – Investor Bulletin*, Investor.gov, https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/mutual-fund-and-etf-fees-and-expenses-investor-bulletin (July 23, 2025).

[28] *See* U.S. Sec. & Exch. Comm'n, Office of Inv. Educ. & Advocacy, *How Fees and Expenses Affect Your Investment Portfolio*, SEC Investor Bulletin, SEC Pub. No. 164 (Feb. 2014), https://www.sec.gov/investor/alerts/ib_fees_expenses.pdf.

In theory, mergers can reduce, increase, or leave the expense ratios of acquiring funds unchanged. For example, mergers may lower costs by increasing fund size and allowing the combined fund to benefit from economies of scale. Larger funds can spread fixed costs over a broader asset base,[29] and eliminate redundant operations.[30] In contrast, mergers may reduce competition in the market, potentially weakening the pressure to keep fees low.[31]

Previous research suggests that fund mergers are associated with reductions in expense ratios. However, these studies do not employ a DiD design, leaving open the possibility that selection and pre-existing trends contribute to the observed fee declines.[32] This paper builds on that literature by using a larger and more recent dataset (2011–2023), applying a DiD approach, and exploring heterogeneity by fund type and merger structure, providing new evidence on which mergers are associated with the greatest fee reductions.

Table 2 shows unweighted mean expense ratios for acquiring and acquired mutual funds involved in mergers between 2011 and 2023. The table organizes the data by fund type and merger timing. While these summary statistics do not establish causal relationships, they provide a descriptive view of fee levels before and after mergers. On average, acquired funds had higher expense ratios prior to the merger than the acquiring funds.[33] Although acquired funds are not observed after the merger (they are absorbed into the acquiring fund) the fact that post-merger acquiring funds (i.e., the consolidated funds) have lower expense ratios than pre-merger acquired funds suggests that investors in the acquired funds may have experienced lower fees,[34] assuming they remained invested in the merged structure. This pattern is consistent across all fund types, with the largest differences observed in equity and mixed funds.

Acquiring funds also experienced a modest decline in expense ratios following a merger. As shown in Table 2, the average expense ratio for acquiring funds decreased from 1.11% before a merger to 1.06% afterward. This downward trend is evident across all fund types, with the most notable reduction observed in mixed funds (from 1.00% to 0.89%). These changes may reflect cost efficiencies realized through consolidation or strategic fee adjustments to enhance competitiveness. From an expense standpoint, the

[29] There is empirical evidence documenting that larger funds tend to have lower expense ratios suggesting that funds may be able to enjoy the benefits of economies of scale. *See, e.g.,* Chen et al. (2004). *See supra* note 5.

[30] It is possible, however, that the fund might use the cost savings to increase marketing efforts instead of passing the savings on to investors in the form of lower expense ratios. *See* Jayaraman, et al. (2002). *See supra* note 6.

[31] This concern is supported by Ordover, Sykes, and Willig (1982), who argue that mergers can increase market power not only by raising concentration, as measured by the Herfindahl-Hirschman Index (HHI), but also by reducing interfirm rivalry. They argue that changes in HHI can be informative about the effects of mergers, but only when interpreted alongside other evidence such as demand elasticity, the presence of a competitive fringe, and the nature of firm interactions. While this paper focuses on fund-level outcomes, future research could explore how changes in investor cost proxies (e.g., expense ratios, management fees) relate to changes in market concentration following mergers. *See* Janusz A. Ordover, Alan O. Sykes & Robert D. Willig, *Herfindahl Concentration, Rivalry, and Mergers*, 95 *Harv. L. Rev.* 1857, 1857–74 (1982), https://doi.org/10.2307/1340652.

[32] Jayaraman, et al. (2002), s*ee supra* note 6, find that expense ratios decline following mergers, but the effect becomes statistically significant only two years after the merger. Their study uses a sample of 742 mutual fund mergers between 1994 and 1997 and finds that poor past performance and high expense ratios are key drivers of within-family mergers. McLemore (2019), s*ee supra* note 6, analyzes mutual fund mergers from 2000 to 2014 and finds that acquiring funds experience a decline in expense ratios both before and after the merger. The study attributes the decline to economies of scale and liquidity constraints.

[33] All differences are statistically significant at the 1% level based on two-sample t-tests using unweighted means.

[34] All differences are statistically significant at the 1% level based on two-sample t-tests using unweighted means.

data suggest that mergers may benefit not only investors from acquired funds but also those already invested in the acquiring funds.

Table 2. Summary Statistics for Acquired and Acquiring Funds: Expense Ratios (Unweighted Means, Percentage)

	Acquired Before	Acquiring Before	Acquiring After
All	1.28	1.11	1.06
Equity	1.40	1.23	1.17
Bond	1.15	0.88	0.87
Mix	1.15	1.00	0.89

Numbers represent unweighted mean fee levels (in percentage) for mutual funds involved in mergers between 2011 and 2023. Acquired Before: Acquired funds in the pre-merger period. Acquiring Before: Acquiring funds in the pre-merger period. Acquiring After: Acquiring funds in the post-merger period. All differences in mean expense ratios between acquired funds (pre-merger) and acquiring funds (both pre- and post-merger) are statistically significant at the 1% level based on two-sample t-tests using unweighted means.

Table 3 presents the estimated effect of mergers on expense ratios in acquiring funds. On average, mergers reduce expense ratios by 0.0177 pp, or 1.77 basis points (bps).[35] For example, a fund with a 1.00% expense ratio would see it fall to 0.9823% after a merger. The largest reductions occur in mixed funds with a 2.85 bps decrease and bond funds with a decrease of 1.82 bps, while equity funds show a smaller decline of 1.27 bps. The weaker effect for equity funds may reflect the fact that they already operate at relatively efficient scales or that they face structural costs that are harder to reduce.

The results also vary by merger type. Cross-family and share class mergers produce the largest reductions in expense ratios in acquiring funds: a 2.26-bps fall in both cases, while within-family mergers show no statistically significant effect overall. The most pronounced reductions in expense ratios occur in cross-family mergers involving mixed funds (a decrease of 4.61 bps) and share class consolidations involving bond funds (a decrease of 5.03 bps).[36]

[35] The hypothesis of equal trends before acquisition between acquiring and non-acquiring funds cannot be rejected (*see infra* Table D7 in Appendix D).

[36] Because some mergers occur near the end of the sample period, the analysis may not fully capture their long-term effects. While this is a possibility, additional analysis, not reported here, indicates that most fee adjustments occur in the year of the merger and the following year, with little change thereafter. This suggests that the main effects are typically realized within a short window after the merger.

Table 3. Fee Changes Following Fund Mergers: Expense Ratio (Percentage Points)

	All Funds	Equity	Bond	Mixed
Acquisition	-0.0177	-0.0127	-0.0182	-0.0285
Cross-Family	-0.0226	-0.0143	-0.0150	-0.0461
Within-Family	–	–	-0.0135	–
Share Class	-0.0226	–	-0.0503	–

Numbers represent the average change, in percentage points (pp), in the expense ratio of acquiring funds after a merger, relative to funds that did not undergo a merger, controlling for observable fund characteristics and fixed effects. For example, a 0.0177 pp reduction in the expense ratio implies that funds with a 1% expense ratio would have an expense ratio of 0.9823% (= 1-0.0177) after a merger. All reported estimates are significant at least at the 5% significance level. The symbol "–" indicates no statistically significant effect at the 5% level. The regressions for all funds are based on 238,483 fund-year observations from 39,598 unique funds. The sample includes 132,808 observations for pure equity funds (20,202 funds), 51,401 observations for pure bond funds (8,771 funds), and 54,274 observations for mixed funds (10,625 funds).

While these reductions may seem modest, they provide evidence that mergers are associated with lower fees, which may benefit investors..[37] In an industry where expense ratios have already been trending downward,[38] fund consolidations can be associated with fee savings to investors, although the benefits depend on the type of fund and the structure of the merger. However, fee reductions alone do not guarantee improved investor outcomes. The net benefit also depends on post-merger fund performance and investor-facing policies, such as short-term trading restrictions or minimum holding periods imposed by fund families to discourage rapid turnover, which are not analyzed in this paper.[39]

Management Fees

Management fees are the portion of a fund's expenses paid to its investment adviser (or affiliated firms) for managing the portfolio.[40] These fees typically cover portfolio manager compensation, investment research, trading decisions, and risk management. They are one of the largest components of a fund's overall expense ratio.[41] Mergers may reduce management fees by eliminating overlapping functions, such as duplicative research teams or trading operations, especially when two funds with similar strategies are combined.

[37] For example, the estimated effect of -0.0285 pp on mixed funds from Table 2 means that an investor with a $100,000 invested in a mixed fund, with an annual return of 6%, would save about $1,400, $3,500, and $7,700 over a period of 20, 30, and 40 years respectively. Note that these estimates assume constant fund performance post-merger, but mergers may also decrease fund returns if they experience decreasing returns, potentially offsetting some of the benefits from lower fees. Therefore, the net effect on investors will ultimately depend on the balance between fees savings and performance changes.

[38] Duval & Johnson (2024) document that from 1996 to 2023, the expense ratios of equity mutual funds decreased by 60%, while for bond funds they declined by 56%. James Duvall & Alex Johnson, *Trends in the Expenses and Fees of Funds, 2023* 30 ICI Research Perspective, Vol. 30, No. 2 (Mar. 2024), *available at* https://www.ici.org/files/2024/per30-02.pdf.

[39] Some mutual fund families impose short-term trading fees or restrict investors from repurchasing shares within a certain period after redemption (e.g., 30–90 days), commonly referred to as round-trip or frequent trading restrictions. These are not formal redemption restrictions but may affect investor behavior. *See* U.S. Sec. & Exch. Comm'n, Office of Inv. Educ. & Advocacy, *Investor Bulletin: Mutual Fund Fees and Expenses*, SEC Pub. No. 162 (May 2014), https://www.sec.gov/files/ib_mutualfundfees.pdf.

[40] *See Investor Bulletin: Mutual Fund Fees and Expenses*, *supra* note 39.

[41] Inv. Co. Inst., *ICI Investor Awareness Series – Frequently Asked Questions About Mutual Fund Fees* (2024), https://www.ici.org/system/files/attachments/pdf/bro_mf_fees_faq_p.pdf.

Table 4 reports unweighted mean management fees for acquiring and acquired mutual funds involved in mergers between 2011 and 2023, segmented by fund type and merger timing. These descriptive statistics offer a snapshot of fee structures around the time of mergers, without implying causality. In general, acquired funds exhibited slightly higher management fees than acquiring funds prior to the merger.[42] The lower average fees in the post-merger acquiring funds (which represent the consolidated entities) suggest that investors from the acquired funds may have experienced modest fee reductions, provided they remained in the merged fund. The differences are most notable in equity and mixed funds, while bond funds show little to no difference.[43]

In addition to the observed fee reductions for investors from acquired funds, acquiring funds themselves also show a modest decline in average management fees following the merger. As shown in Table 4, the mean fee for acquiring funds decreased from 0.61% pre-merger to 0.57% post-merger. This pattern is consistent across fund types, with the most pronounced drop seen in mixed funds (from 0.54% to 0.43%). These reductions may reflect economies of scale or competitive pressures to align fees downward after consolidation. The data suggest that mergers may offer cost efficiencies not only to absorbed investors but also within the acquiring fund's broader fee structure.

Table 4. Summary Statistics for Acquired and Acquiring Funds: Management Fees (Unweighted Means, Percentage)

	Acquired Before	Acquiring Before	Acquiring After
All	0.60	0.61	0.57
Equity	0.68	0.70	0.65
Bond	0.45	0.45	0.43
Mix	0.55	0.54	0.43

Numbers represent unweighted mean fee levels (in percentage) for mutual funds involved in mergers between 2011 and 2023. Acquired Before: Acquired funds in the pre-merger period. Acquiring Before: Acquiring funds in the pre-merger period. Acquiring After: Acquiring funds in the post-merger period. All differences in mean management fees between acquired funds (pre-merger) and acquiring funds (both pre- and post-merger) are statistically significant at the 1% level based on two-sample t-tests using unweighted means, except for bond and mixed funds when comparing acquired funds to acquiring funds in the pre-merger period, where the differences are not statistically significant.

Table 5 presents the estimated effects of mergers on management fees of acquiring funds. On average, mergers reduce management fees by 0.0112 pp, or 1.12 bps.[44] The largest reductions are observed in mixed funds, with a decrease of 4.49 bps, followed by bond funds with a 1.41 bps decrease. In contrast, equity funds show no statistically significant change. This pattern closely mirrors the results for expense

[42] The differences are statistically significant at the 1% level based on two-sample t-tests using unweighted means for all and for equity funds.

[43] All differences are statistically significant at the 1% level based on two-sample t-tests using unweighted means.

[44] The hypothesis of equal trends before acquisition between acquiring and non-acquiring funds cannot be rejected (*see infra* Table D7 in Appendix D).

ratios and suggests that equity funds may already operate at efficient scale or face structural costs that are harder to reduce.

The effects also vary by merger type. Across all acquiring funds, share class consolidations produce the largest overall reduction in management fees: a decrease of 2.12 bps, followed by cross-family mergers with a 1.15-bps decrease and within-family mergers with a decrease of 0.79 bps. The most pronounced effect is for cross-family mergers involving mixed funds, which see a reduction of 5.72 bps. Another notable result is the 3.69 bps reduction in share class consolidations involving bond funds.

Table 5. Fee Changes Following Fund Mergers: Management Fees (Percentage Points)

	All Funds	Equity	Bond	Mixed
Acquisition	-0.0112	–	-0.0141	-0.0449
Cross-Family	-0.0115	–	–	-0.0572
Within-Family	-0.0079	–	-0.0162	-0.0262
Share Class	-0.0212	–	-0.0369	-0.0285

Numbers represent the average change, in percentage points, in management fees of acquiring funds after a merger, relative to other funds that did not undergo a merger, controlling for observable fund characteristics and fixed effects. All reported estimates are significant at least at the 5% significance level. The symbol "–" indicates no statistically significant effect at the 5% level. The regressions for all funds are based on 205,355 fund-year observations from 33,812 unique funds. The sample includes 116,150 observations for pure equity funds (17,542 funds), 46,553 observations for pure bond funds (7,979 funds), and 42,652 observations for mixed funds (8,291 funds).

These results are consistent with the possibility that mergers are associated with operational efficiencies that may benefit investors, particularly in bond and mixed funds. However, as with expense ratios, the benefits are not uniform across all fund types or merger types. Equity funds, in particular, appear less likely to experience fee reductions following a merger.

12b-1 Fees

12b-1 fees are annual charges that cover a fund's distribution and shareholder service expenses.[45] Under FINRA rules, 12b-1 fees are capped at 1% annually, with sub-limits of 0.75% for marketing and 0.25% for servicing (for no-load funds, FINRA rules cap the fee at 0.25%). These limits apply regardless of how the fees are allocated, and funds cannot exceed these thresholds. While most funds do not charge the maximum permitted amount, the cap constrains potential variation in these fees.[46] They help pay for

[45] *See* U.S. Sec. & Exch. Comm'n, *Mutual Fund and ETF Fees and Expenses – Investor Bulletin*, Investor.gov (July 23, 2025), https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/mutual-fund-and-etf-fees-and-expenses-investor-bulletin.

[46] These fees are capped by FINRA Rule 2341, which prohibits FINRA member broker-dealers from offering or selling the shares of a fund that imposes sales charges that are deemed excessive under the rule.

brokerage commissions, marketing and advertising, shareholder support, and platform access fees that make funds available through intermediaries.[47]

Mergers may reduce 12b-1 fees by giving the combined fund gains bargaining power or scale advantages in distribution. However, these fees are often governed by ongoing distribution arrangements that are embedded in fund structures and may be difficult to renegotiate.[48] In addition, as mentioned earlier, FINRA rules cap 12b-1 fees at 1% annually (0.75% for marketing and 0.25% for servicing), which limits the scope for fee reductions. In practice, most funds charge well below these limits, particularly no-load funds, so mergers have little room to affect these fees.

Table 6 shows unweighted mean 12b-1 fees for acquiring and acquired mutual funds involved in mergers between 2011 and 2023, categorized by fund type and merger timing. These descriptive statistics provide an idea on how 12b-1 fees differ across fund roles and time periods surrounding mergers. Prior to the merger, acquired funds consistently had higher 12b-1 fees than acquiring funds.[49] The lower average 12b-1 fees in the post-merger acquiring funds suggest that investors from the acquired funds may have seen a meaningful reduction in these fees, assuming they remained in the consolidated fund.[50]

Acquiring funds also experienced a slight reduction in 12b-1 fees following the merger. As shown in Table 6, the average 12b-1 fee for acquiring funds declined from 0.61% pre-merger to 0.57% post-merger. This trend is consistent across all fund types, with the most notable decrease observed in mixed funds (from 0.54% to 0.43%). These reductions may reflect post-merger cost rationalization or strategic fee alignment across the consolidated fund lineup. As such, the data suggest that mergers may be associated with modest fee benefits not only for investors from acquired funds but also for those already invested in the acquiring funds.

[47] 12b-1 fees took their name from the SEC rule that authorizes a fund to pay them. The rule allows a fund to pay distribution fees out of fund assets only if the fund has adopted a plan (12b-1 plan) authorizing their payment. *See Mutual Fund Fees and Expenses*, Investor.gov, https://www.investor.gov/introduction-investing/investing-basics/glossary/mutual-fund-fees-and-expenses (last visited Aug. 18, 2025).

[48] *See, e.g.,* Investment Company Institute, Comment Letter on Mutual Fund Distribution Fees; Confirmations (SEC File No. S7-15-10) (Nov. 5, 2010), https://www.sec.gov/comments/s7-15-10/s71510-1.pdf (discussing the rigidity of distribution agreements and the difficulty of renegotiating dealer contracts).

[49] All differences are statistically significant at the 1% level based on two-sample t-tests using unweighted means.

[50] All differences are statistically significant at the 1% level based on two-sample t-tests using unweighted means.

Table 6. Summary Statistics for Acquired and Acquiring Funds: 12b-1 Fees (Unweighted Means, Percentage)

	Acquired Before	Acquiring Before	Acquiring After
All	0.64	0.39	0.45
Equity	0.63	0.43	0.48
Bond	0.67	0.32	0.38
Mix	0.63	0.39	0.42

Numbers represent unweighted mean fee levels (in percentage) for mutual funds involved in mergers between 2011 and 2023. Acquired Before: Acquired funds in the pre-merger period. Acquiring Before: Acquiring funds in the pre-merger period. Acquiring After: Acquiring funds in the post-merger period. All differences in mean 12b-1 fees between acquired funds (pre-merger) and acquiring funds (both pre- and post-merger) are statistically significant at the 1% level based on two-sample t-tests using unweighted means.

Table 7 presents the estimated effects of mergers on 12b-1 fees in acquiring funds. Most of the results are not statistically significant, meaning there is no clear evidence of a consistent change in these fees after a merger. The one exception is for bond funds, which show a small but statistically significant increase of 0.36 bps (cross-family mergers primarily drive the increase in bonds' 12b-1 fees).

Table 7. Fee Changes Following Fund Mergers: 12b-1 Fees (Percentage Points)

	All Funds	Equity	Bond	Mixed
Acquisition	–	–	0.0036	–
Cross-Family	–	–	0.0044	–
Within-Family	–	–	–	–
Share Class	–	–	–	–

Numbers represent the average change, in percentage points, in 12b-1 fees of acquiring funds after a merger, relative to other funds that did not undergo a merger, controlling for observable fund characteristics and fixed effects. All reported estimates are significant at least at the 5% significance level. The symbol "–" indicates no statistically significant effect at the 5% level. The regressions for all funds are based on 115,146 fund-year observations from 18,429 unique funds. The sample includes 61,337 observations for pure equity funds (8,999 funds), 25,377 observations for pure bond funds (4,167 funds), and 28,432 observations for mixed funds (5,263 funds).

These results suggest that, unlike expense ratios and management fees, 12b-1 fees tend to remain unchanged after mergers. This means that the fee reductions observed in the raw data in Table 6 might be associated with differences in fund composition rather than a causal effect of the merger.

The persistence of 12b-1 likely reflects the contractual and structural nature of distribution arrangements, which are less flexible than other operational costs. While mergers may improve efficiency in other areas, they appear to have limited influence on how funds pay for distribution and marketing.

Summary and Conclusions

This white paper provides a comprehensive look at post-merger fee changes in acquiring funds. Using a dataset of 1,846 acquiring funds involved in mergers between 2011 and 2023, the analysis shows that fee changes associated with mergers vary widely depending on the type of fund and the structure of the merger.

The results show that mergers are generally associated with lower expense ratios and management fees. The largest reductions are for mixed funds involved in cross-family mergers and for bond funds that undergo share class consolidations. These cost savings may reflect economies of scale or the elimination of overlapping operations. In contrast, 12b-1 fees, used to cover distribution and shareholder service expenses, remain largely unchanged, with only a small increase observed in bond funds. This suggests that while operational costs may fall after a merger, distribution agreements are more resistant to change.

While the analysis shows that fee reductions occur in many cases, the magnitude and even the presence of these benefits vary by fund type and merger structure. Lower fees do not necessarily translate into higher net returns, because other factors can offset these savings. For instance, one study finds that while expense ratios fall, fund gross returns may also decrease due to liquidity constraints and diminishing returns to scale.[51] In addition, changes in investor-facing policies, such as short-term trading fees or round-trip restrictions imposed by some fund families to discourage rapid turnover, may also affect investor outcomes. These policies are not formal redemption restrictions but can influence investor behavior. Importantly, the experience of investors in acquiring and acquired funds may differ, making it difficult to generalize about aggregate investor benefits. For fund managers, the results suggest that mergers, particularly those involving bond or mixed funds, may be associated with improved efficiency and lower fees. Equity funds, by contrast, appear less likely to benefit from cost reductions.

It is also important to acknowledge the limitations of this analysis. Due to data limitations, the study cannot fully identify the mechanisms behind the observed fee reductions. While the savings likely result from a combination of operational efficiencies and scale advantages, the data do not allow us to determine which of these factors plays a larger role. Regardless of the exact mechanism, the data suggest that investors in acquiring funds often exhibit lower fees following certain types of mergers. While acquired funds are not observable after the merger, the lower average fees in the post-merger acquiring funds suggest that investors from acquired funds likely benefited as well (assuming they remained in the merged entity). Although this paper does not track absorbed funds directly, the fee reductions observed in acquiring funds provide indirect evidence of potential benefits for those investors.

Additionally, the findings are based on U.S. mutual funds and ETFs and may not generalize to other types of investment vehicles or to international markets. Finally, the statistical method used, DiD, relies on the assumption that mergers are not systematically driven by unobserved factors. The inclusion of fund fixed effects and control variables helps mitigate, but does not eliminate, this concern. In addition, the estimated effects reflect average changes in fees across all post-merger years, rather than isolating short-

[51] McLemore (2019).

term or long-term dynamics. As such, the analysis does not identify whether cost savings emerge immediately or gradually over time.

Despite these caveats, the evidence presented here suggests that fund mergers are often associated with cost savings for investors, particularly in the form of lower expense ratios and management fees for certain types of funds.

Future research could explore methods to estimate post-merger outcomes for acquired funds, such as aggregating the acquiring and acquired funds' characteristics before the merger and comparing them to the consolidated entity afterward. However, this approach would require strong identifying assumptions. Most notably, that any observed change in fees is attributable solely to the merger itself, rather than to other structural or market-driven changes.

Appendix A: Data and Sample Construction

Data Sources and Coverage

- Source: CRSP Mutual Fund Database
- Time Period: 2010-2023
- Mergers during 2011-2023 to allow for at least one year of pre-merger observations
- Final Sample Size: Varies by dependent variable due to data availability

Data Cleaning Procedures

Expense Ratios

- Format: Originally in decimal format
- Cleaning:
    - Removed negative values
    - Winsorized at 1st and 99th percentiles
    - Converted to percentage points for interpretation

Management Fees

- Format: Already in percentage format per CRSP documentation
- Economic Constraints Applied:
    - Negative values removed
    - Winsorized at 1st and 99th percentiles

12b-1 Fees

- Format: Decimal format requiring conversion
- Regulatory Constraints:
    - Capped at 1% regulatory limit (For no-load funds, FINRA rules cap the fee at 0.25%.)
    - Cannot exceed expense ratios
    - Winsorized at 1st and 99th percentiles

Sample Restrictions

- Excluded ETNs and variable annuity funds
- Required non-missing control variables for the period 2010-2023
- Focused on mergers occurring 2011 and 2023 to allow at least one year of pre-merger observations for mergers completed in 2011

Appendix B: Variable Construction

Fund Classification Based on Holdings

- Equity Funds: ≥80% average equity holdings AND <10% fixed income
- Bond Funds: ≥80% average fixed income holdings AND <10% equity
- Mixed Funds: All funds not meeting equity or bond criteria

Merger Variables

- Within-Family Mergers: Same management company, different funds
- Cross-Family Mergers: Different management companies
- Share Class Consolidations: Same fund group, different share classes

Appendix C: Econometric Model

Model Specification

The analysis uses a DiD framework with fund fixed effects to estimate fee changes associated with mergers. The identification strategy uses the staggered timing of mergers across funds, comparing acquiring funds before and after merger completion to a control group of non-acquiring funds. Acquired funds are excluded from the estimation sample due to the inability to observe their post-merger characteristics.

The basic specification is:

$$Y_{it} = \beta_0 + \beta_1 Acquisition_{it} + \gamma X_{it} + \alpha_i + \delta_t + \varepsilon_{it}$$

where:

- Y_{it} is the outcome variable for fund i in year t (for example, the expense ratio)
- $Acquisition_{it}$ is an indicator equal to 1 for acquiring funds in the year of the acquisition and all years after that
- X_{it} is a set of time-varying fund controls
- α_i represents fund fixed effects
- δ_t represents year fixed effects
- ε_{it} is the error term, which is assumed to be correlated within funds[52]

The fund controls include total net assets, the portfolio turnover ratio, the age of the fund (in years), and the number of funds in the family (all in logs). These variables control for observable heterogeneity in cost structures and scale economies that may be correlated with fees. Total net assets proxy for economies of scale, as larger funds may spread fixed costs over a broader asset base and negotiate lower service fees (Chen et al., 2004).[53] The turnover ratio captures trading intensity and portfolio rebalancing activity, which may correlate with transaction costs and active management expenses (Carhart, 1997).[54] Fund age reflects potential reputation effects, legacy pricing, and survivorship dynamics (Elton et al., 1996).[55] The number of funds in the family proxies for the scale of the fund complex, which may influence internal cross-subsidization, shared infrastructure, and bargaining power with intermediaries (Gaspar et al., 2006).[56] Including these controls helps reduce confounding factors when estimating fee changes associated with mergers..

[52] For this reason, the analysis estimates standard errors and t-stats using clustering at the fund level.

[53] *See supra* note 29.

[54] Mark M. Carhart, *On Persistence in Mutual Fund Performance*, 52 *J. Fin.* 57, 57–82 (1997). https://doi.org/10.1111/j.1540-6261.1997.tb03808.x.

[55] Edwin J. Elton, Martin J. Gruber & Christopher R. Blake, *The Persistence of Risk-Adjusted Mutual Fund Performance*, 69 *J. Bus.* 133, 133–57 (1996), https://www.jstor.org/stable/2353461.

[56] José-Miguel Gaspar, Massimo Massa & Pedro Matos, *Favoritism in Mutual Fund Families? Evidence on Strategic Cross-Fund Subsidization*, 61 *J. Fin.* 73, 73–104 (2006), https://doi.org/10.1111/j.1540-6261.2006.00831.x.

To examine heterogeneous effects by merger type, the analysis also estimates a disaggregated specification:

$$Y_{it} = \beta_0 + \beta_1 Post\_Cross_{it} + \beta_2 Post\_Within_{it} + \beta_3 Post\_Share_{it} + \gamma Xit + \alpha_i + \delta_t + \varepsilon_{it}$$

where $Post\_Cross_{it}$, $Post\_Within_{it}$, and $Post\_Share_{it}$ are interactions between merger type indicators (cross-family, within family, and cross-share class) and the post-merger period ($Acquisition_{it}$).

The estimated post-merger effects reflect average changes in fees across all years following the merger. The model does not separately estimate short-term versus long-term dynamics. As such, if cost savings from mergers emerge gradually due to integration costs or operational frictions, the current specification would capture the average effect over that adjustment period. Future work could explore dynamic treatment effects to better understand the timing of fee changes.

Parallel Trends Test

The validity of the DiD approach relies on the parallel trends assumption—that acquiring and non-acquiring funds would have followed similar trajectories in the absence of mergers. This paper tests this assumption by examining the significance of a linear pre-treatment trend (Pre_Trend_{it}):

$$Y_{it} = \theta_0 + \theta_1 Pre\_Trend_{it} + \gamma Xit + \alpha_i + \delta_t + \varepsilon_{it}$$

where $Pre\_Trend_{it} = Treated_i \times Time\ to\ Merger_{it}$

- $Treated_i$ = 1 if fund *i* acquired a fund at any year during 2011-2023
- $Time\ to\ Merger_{it}$ = Number of years until acquisition

A significant θ_1 would indicate violation of the parallel trends assumption.

Appendix D: Detailed Econometric Results

Expense Ratios

Table D1. Fee Changes Following Fund Mergers: Expense Ratio (Percentage Points)

	All Funds	Equity	Bond	Mixed
Acquisition	-0.0177*** (0.0040)	-0.0127** (0.0051)	-0.0182*** (0.0067)	-0.0285*** (0.0106)
Total Net Assets	-0.0087*** (0.0004)	-0.0095*** (0.0005)	-0.0048*** (0.0008)	-0.0050*** (0.0012)
Turnover Ratio	0.0234*** (0.0023)	0.0322*** (0.0033)	0.0123** (0.0048)	0.0162*** (0.0037)
Age (Years)	0.0100*** (0.0015)	0.0127*** (0.0019)	-0.0006 (0.0024)	-0.0006 (0.0042)
Family Size	-0.0018** (0.0008)	0.0023** (0.0010)	-0.0010 (0.0012)	-0.0095*** (0.0023)
Observations	238,483	132,808	51,401	54,274
Number of Funds	39,598	20,202	8,771	10,625
R-squared	0.090	0.162	0.070	0.016

Dependent variable: Expense ratio in percentage points. Fixed effects regressions with standard errors clustered by fund. Year dummy variables included but not reported. Controls include log total net assets, log turnover ratio, log fund age (in years), and log fund family size (number of funds in the family). Standard errors in parentheses. ** p<0.05, *** p<0.01.

Table D2. Fee Changes Following Fund Mergers: Expense Ratio by Merger Type (Percentage Points)

	All Funds	Equity	Bond	Mixed
Cross-Family	-0.0226*** (0.0048)	-0.0143** (0.0060)	-0.0150** (0.0075)	-0.0461*** (0.0129)
Within-Family	-0.0079 (0.0042)	-0.0086 (0.0056)	-0.0135** (0.0059)	0.0077 (0.0082)
Share Class	-0.0226*** (0.0073)	-0.0206 (0.0112)	-0.0503*** (0.0150)	-0.0164 (0.0130)
Total Net Assets	-0.0087*** (0.0004)	-0.0095*** (0.0005)	-0.0048*** (0.0008)	-0.0050*** (0.0012)
Turnover Ratio	0.0233*** (0.0023)	0.0322*** (0.0033)	0.0124*** (0.0048)	0.0161*** (0.0037)
Age (Years)	0.0099*** (0.0015)	0.0126*** (0.0019)	-0.0005 (0.0024)	-0.0008 (0.0042)
Family Size	-0.0019** (0.0008)	0.0023** (0.0010)	-0.0010 (0.0012)	-0.0098*** (0.0023)
Observations	238,483	132,808	51,401	54,274
Number of Funds	39,598	20,202	8,771	10,625
R-squared	0.090	0.162	0.070	0.017

Dependent variable: Expense ratio in percentage points. Fixed effects regressions with standard errors clustered by fund. Year dummy variables included but not reported. Controls include log total net assets, log turnover ratio, log fund age (in years), and log fund family size (number of funds in the family). Standard errors in parentheses. ** p<0.05, *** p<0.01.

Management Fees

Table D3. Fee Changes Following Fund Mergers: Management Fees (Percentage Points)

	All Funds	Equity	Bond	Mixed
Acquisition	-0.0112*** (0.0038)	0.0007 (0.0047)	-0.0141** (0.0063)	-0.0449*** (0.0105)
Total Net Assets	0.0161*** (0.0005)	0.0156*** (0.0007)	0.0120*** (0.0008)	0.0237*** (0.0014)
Turnover Ratio	-0.0013 (0.0024)	-0.0072* (0.0038)	-0.0104*** (0.0037)	0.0058 (0.0044)
Age (Years)	0.0149*** (0.0017)	0.0147*** (0.0023)	0.0121*** (0.0027)	0.0111** (0.0045)
Family Size	0.0051*** (0.0009)	0.0069*** (0.0012)	0.0007 (0.0015)	0.0065*** (0.0024)
Observations	205,355	116,150	46,553	42,652
Number of Funds	33,812	17,542	7,979	8,291
R-squared	0.057	0.064	0.093	0.047

Dependent variable: Management fees in percentage points. Fixed effects regressions with standard errors clustered by fund. Year dummy variables included but not reported. Controls include log total net assets, log turnover ratio, log fund age (in years), and log fund family size (number of funds in the family). Standard errors in parentheses. ** p<0.05, *** p<0.01.

Table D4. Fee Changes Following Fund Mergers: Management Fees by Merger Type (Percentage Points)

	All Funds	Equity	Bond	Mixed
Cross-Family	-0.0115**	0.0028	-0.0086	-0.0572***
	(0.0045)	(0.0055)	(0.0069)	(0.0130)
Within-Family	-0.0079	0.0015	-0.0162**	-0.0262***
	(0.0041)	(0.0054)	(0.0063)	(0.0085)
Share Class	-0.0212***	-0.0197	-0.0369**	-0.0285**
	(0.0079)	(0.0131)	(0.0150)	(0.0126)
Total Net Assets	0.0161***	0.0156***	0.0120***	0.0238***
	(0.0005)	(0.0007)	(0.0008)	(0.0014)
Turnover Ratio	-0.0013	-0.0072	-0.0103***	0.0057
	(0.0024)	(0.0038)	(0.0037)	(0.0044)
Age (Years)	0.0149***	0.0147***	0.0122***	0.0110**
	(0.0017)	(0.0023)	(0.0027)	(0.0046)
Family Size	0.0051***	0.0070***	0.0007	0.0062***
	(0.0009)	(0.0012)	(0.0015)	(0.0024)
Observations	205,355	116,150	46,553	42,652
Number of Funds	33,812	17,542	7,979	8,291
R-squared	0.057	0.064	0.093	0.047

Dependent variable: Management fees in percentage points. Fixed effects regressions with standard errors clustered by fund. Year dummy variables included but not reported. Controls include log total net assets, log turnover ratio, log fund age (in years), and log fund family size (number of funds in the family). Standard errors in parentheses. ** p<0.05, *** p<0.01.

12b-1 Fees

Table D5. Fee Changes Following Fund Mergers: 12b-1 Fees (Percentage Points)

	All Funds	Equity	Bond	Mixed
Acquisition	0.0000 (0.0014)	-0.0019 (0.0019)	0.0036** (0.0015)	0.0006 (0.0038)
Total Net Assets	0.0013*** (0.0002)	0.0013*** (0.0003)	0.0013*** (0.0004)	0.0014*** (0.0005)
Turnover Ratio	-0.0003 (0.0008)	0.0008 (0.0015)	-0.0013 (0.0014)	-0.0012 (0.0011)
Age (Years)	0.0028*** (0.0008)	0.0040*** (0.0012)	0.0015 (0.0013)	0.0014 (0.0016)
Family Size	-0.0012*** (0.0004)	-0.0016*** (0.0005)	-0.0009 (0.0008)	-0.0006 (0.0006)
Observations	115,146	61,337	25,377	28,432
Number of Funds	18,429	8,999	4,167	5,263
R-squared	0.009	0.010	0.009	0.008

Dependent variable: 12b-1 fees in percentage points. Fixed effects regressions with standard errors clustered by fund. Year dummy variables included but not reported. Controls include log total net assets, log turnover ratio, log fund age (in years), and log fund family size (number of funds in the family). Standard errors in parentheses. ** p<0.05, *** p<0.01.

Table D6. Fee Changes Following Fund Mergers: 12b-1 Fees by Merger Type (Percentage Points)

	All Funds	Equity	Bond	Mixed
Cross-Family	-0.0005 (0.0019)	-0.0024 (0.0025)	0.0044*** (0.0017)	-0.0010 (0.0054)
Within-Family	0.0002 (0.0015)	-0.0018 (0.0020)	0.0028 (0.0029)	0.0023 (0.0026)
Share Class	0.0013 (0.0012)	-0.0011 (0.0013)	0.0016 (0.0013)	0.0030 (0.0028)
Total Net Assets	0.0013*** (0.0002)	0.0013*** (0.0003)	0.0013*** (0.0004)	0.0014*** (0.0005)
Turnover Ratio	-0.0003 (0.0008)	0.0008 (0.0015)	-0.0013 (0.0014)	-0.0012 (0.0011)
Age (Years)	0.0028*** (0.0008)	0.0040*** (0.0012)	0.0015 (0.0013)	0.0013 (0.0016)
Family Size	-0.0012*** (0.0004)	-0.0016*** (0.0005)	-0.0009 (0.0008)	-0.0007 (0.0006)
Observations	115,146	61,337	25,377	28,432
Number of Funds	18,429	8,999	4,167	5,263
R-squared	0.009	0.010	0.009	0.008

Dependent variable: 12b-1 fees in percentage points. Fixed effects regressions with standard errors clustered by fund. Year dummy variables included but not reported. Controls include log total net assets, log turnover ratio, log fund age (in years), and log fund family size (number of funds in the family). Standard errors in parentheses. ** p<0.05, *** p<0.01.

Table D7. Test of Parallel Linear Trends for All Fees

	Expense Ratio	Management Fee	12b-1 Fee
Trend	-0.0020 (0.0012)	-0.0002 (0.0010)	-0.0003 (0.0003)
Observations	230,140	197,430	110,133
R-squared	0.086	0.056	0.009

Dependent variable: Fees in percentage points. Fixed effects regressions with standard errors clustered by fund. Year dummy variables included but not reported. Controls include log total net assets, log turnover ratio, log fund age (in years), and log fund family size (number of funds in the family). The trend variable is the interaction between the treatment group indicator (acquisition) and a variable measuring the number of years prior to the treatment implementation. It measures the difference in trends between treated and control funds in the pre-treatment period. The control funds serve as the baseline group against which the pre-treatment trajectory of treated funds is compared. Standard errors in parentheses. ** p<0.05, *** p<0.01.