

SOURCES OF SYSTEMATIC RISKS IN BRICS STOCK MARKETS: A SURVEY OF INVESTMENT ANALYSTS AND MARKET EXPERTS

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ABSTRACT

Investments are undertaken with a view to earn return and risk is an essential aspect of it. Unsystematic risk can be eliminated by holding a diversified portfolio but systematic risk cannot be diversified away. This paper examines the opinion of 84 stock analysts, mutual fund managers and chief investment officers regarding various sources of systematic risks in BRICS emerging markets through a structured questionnaire. We also analyze if there is any association between stock market experience, investment analysis techniques and investment in different countries with those systematic risk factors. We find that the most important systematic risk factor is market volatility followed by foreign investment risk whereas domestic slowdown risk is the least important factor. The study findings provide important insights into the understanding of systematic risk in emerging markets.

KEYWORDS: Systematic Risk, Emerging Markets, Chi Square Test, Market Volatility, Foreign Investment Risk, Mutual Fund Managers, Stock Market.

JEL CLASSIFICATION: G12, G14

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