

Return and variance parities of ASEAN-5 country funds and international equity index investments

Abstract

Returns and variances for NYSE-traded closed-end country funds and Amex-traded *iShares Malaysia* and *iShares Singapore* are compared with those from convert-invest-convert strategies in the five original ASEAN countries using daily data. Simple mean-variance tests reveal that the no-arbitrage condition between the two alternative international investment strategies yield different dominance results. Empirical results suggest that the convert-invest-convert strategy seems to dominate the straight closed-end country fund and the iShares MSCI investments in the Markowitz sense. Currency control imposed by Malaysia government made the return-variance pattern of open-end *iShares MSCI Malaysia* closer to that of the closed-end *Malaysia Fund*.