

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	David Pergl
Advisor:	Petr Gapko
Title of the thesis:	Using CAPM for assessment of efficiency of managed portfolios-mutual funds

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

The bachelor thesis focuses on testing performance of investment funds by constructing a panel from investment funds focused on US equity markets. The author used the CAPM model to explore whether the investment funds were able to systematically outperform their benchmarks. The research question as such is very interesting and not easy to handle at a bachelor level. The author, in my opinion, managed to perform the econometric analysis correctly and achieved interpretable results. This makes the thesis fully defensible on the bachelor degree. The key shortcomings of the thesis are the unbalanced English and slightly weaker interpretation of results.

Methods

The author used the panel analysis, which reaches beyond the bachelor studies. As one might argue that the analysis might have been done in a more elegant way, I appreciate the author's effort put into the econometrics and the correctness of its use.

Literature

The literature overview part contains the key research papers on CAPM, however, it might have contained a little bit more recent research results on measuring mutual funds performance by CAPM, e.g. Jow-ran ChangMao-wei HungCheng-few Lee: An Intertemporal CAPM Approach to Evaluate Mutual Fund Performance, *Review of Quantitative Finance and Accounting* (2003) 20: 415.

Manuscript form

The thesis is correctly structured with the key research question outlined in both abstract and introduction. It was written in English, which, in my opinion, would need in some parts significant improvements. To outline several shortcomings, the author switched between singular and plural at some places. This should be unified throughout the thesis. Additionally, the thesis contains phrases, which are grammatically not fully correct (i.e. in the introduction: ... active management really pays.). On the other hand, e.g. the literature overview was written more correctly, which makes the thesis unbalanced.

The section 4.1 (methodology) unnecessarily combines the theoretical approach and partial results (mainly test statistics and data issues). This shouldn't appear in an academic text, where first the theoretical concept should be clearly described and only then the results should be discussed.

In the results section I would expect one summary table with the key results (alpha and beta coefficients) and a clear response to the research question. The author chose to spread the results to several pages and combine them with the interpretation of own expectations, which makes them more difficult to follow.

Summary and suggested questions for the discussion during the defense

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Overall, despite the several proposed improvements, I assess the thesis to be fully defensible and fulfilling all requirements imposed to a bachelor degree. The author proved full ability to perform an independent research with intermediate econometric tools. I suggest grading „B“. For the defense, I suggest the author first to explain why his research results were in line with his expectations and then also explain more in detail the choice of bull and bear periods, especially their alignment with the macroeconomic cycle.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	15
<i>Manuscript Form</i> (max. 20 points)	11
TOTAL POINTS (max. 100 points)	82
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Petr Gapko

DATE OF EVALUATION: May 28th, 2019



Referee Signature