

## Abstract

We estimate the proportions of skilled, unskilled, and zero-alpha funds prevalent in the mutual Funds population easily accessible by Czech Investors. We estimate alphas from a regression against a concise set of Exchange Traded Funds and control for luck using False Discovery rate. We design a straightforward ETF selection algorithm and find that if investors adhere to simple diversification rules, they can outperform a large proportion of mutual funds. We further document a negative relationship between the performance of mutual funds and its Total Expense ratio, suggesting that portfolio managers are on average unable to compensate their costs with better performance.

**JEL Classification** C12, C20, G12, G23

**Keywords** Mutual Funds, Exchange Traded Funds, Performance evaluation

**Title** Do mutual funds offered in Czech Republic add value to investors?