Report on **Bachelor / Master Thesis**

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

Student:	**Bc. Jiří Nosek**
Advisor:	**Mgr. Martin Hronec**
Title of the thesis:	**Do mutual funds offered in Czech Republic add value to investors?**

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

Contribution

The thesis focus on performance of mutual funds from the viewpoint of Czech investors, in particular whether their managers are able to outperform the market. The empirical analysis compare the performance of mutual funds with the random selection of exchange traded funds (ETFs). The author found out that the random selection of ETFs do not outperform the mutual funds on average. He further estimated the proportion of skilled funds and concluded that only minimum mutual funds could be considered as skilful. Moreover, the thesis suggests that country diversification is the key factor to construct portfolio of FTEs that would outperform. Finally, the thesis reveals a negative relationship between fund's performance and its costs.

Methods

In the first step, the author starts with the standard methodology to estimate funds' alphas. In the second step, the correction for the luck of obtained alphas via False Discovery rate adjustment is made. The employed methods are clearly described with the references to the relevant literature.

Literature

The relevant literature is provided. The author follow mainly Cavalcante Filho et al. (2021). They further control for lucky and unlucky funds in line with Barras et al. (2010). However, the author refers to a very few recent studies, most of the references are based on the papers published many years ago. Hence, it might be good to add some latest studies, if available, focusing on the same topic and comment on potential differences in results.

Manuscript form

The thesis is well written and structured providing clear messages. All charts and tables are formatted consistently. Perhaps, data sources could be added directly as descriptions of charts.

Summary and suggested questions for the discussion during the defense

The topic of the thesis contributes to the current debates on investment funds performance also in the context of capital market in Europe. The study uses a relevant methods and theory to address the investigated research hypotheses. Perhaps it could include more recent studies and show how the obtained results differ from other papers. Moreover, the current regulatory discussion on the Capital markets union 2020 action plan could be reflected.
Overall, in my view, the thesis fulfils the requirements for a diploma thesis at IES. Hence, I recommend it for the defence and suggest a grade B after responding the questions below.

1) Could this study somehow contribute to the current discussion on the Capital Market Union?
2) Is author aware of any recent studies investigating performance of mutual funds for other data sample. Are there any differences among results?

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3) Could the author elaborate on the role of the low yield environment and COVID crisis on the mutual funds' performance over time?
4) Based on the obtained results, could this study be used to draw any plolicy recommendation for supervisors and regulators?

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

CATEGORY		**POINTS**
Contribution	*(max. 30 points)*	25
Methods	*(max. 30 points)*	24
Literature	*(max. 20 points)*	13
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**81**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE: doc. PhDr. Ing et Ing. Petr Jakubík, Ph.D., Ph.D.

DATE OF EVALUATION: 10.09.2020

21.1.2022, Petr Jakubik
digitally signed

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Overall grading:

TOTAL	**GRADE**
91 – 100	**A**
81 - 90	**B**
71 - 80	**C**
61 – 70	**D**
51 – 60	**E**
0 – 50	**F**