IMESS DISSERTATION

Note: Please email the completed mark sheet to Year 2 coordinator

(cc Chiara Amini chiara.amini@ucl.ac.uk **and**   fiona.rushworth@ucl.ac.uk**)**

Please note that IMESS students are not required to use a particular set of methods (e.g. qualitative, quantitative, or comparative) in their dissertation.

Student:	Qihao Su
Dissertation title:	Testing CAPM, Three Factor Model and Volatility in Emerging Market: Evidence from China and Poland

	70+	69-65	60-64	59-55	54-50	<50
	A	B	C	D	E	F
Knowledge *Knowledge of problems involved, e.g. historical and social context, specialist literature on the topic. Evidence of capacity to gather information through a wide and appropriate range of reading, and to digest and process knowledge.*			60			
Analysis & Interpretation *Demonstrates a clear grasp of concepts. Application of appropriate methodology and understanding; willingness to apply an independent approach or interpretation recognition of alternative interpretations; Use of precise terminology and avoidance of ambiguity; avoidance of excessive generalisations or gross oversimplifications.*					54	
Structure & Argument *Demonstrates ability to structure work with clarity, relevance and coherence. Ability to argue a case; clear evidence of analysis and logical thought; recognition of an argument´s limitation or alternative views; Ability to use other evidence to support arguments and structure appropriately.*					50	
Presentation & Documentation *Accurate and consistently presented footnotes and bibliographic references; accuracy of grammar and spelling; correct and clear presentation of charts/graphs/tables or other data. Appropriate and correct referencing throughout. Correct and contextually correct handling of quotations.*						5
Methodology *Understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.*				57		

ECTS Mark:	47	**Charles Mark:**	F	**Marker:**	Vilém Semerák, Ph.D.
Deducted for late submission:				**Signed:**	Vilém Semerák
Deducted for inadequate referencing:				**Date:**	September 2nd 2020

MARKING GUIDELINES

A (UCL mark 70+) = A (Charles mark- excellent): *Note: marks of over 80 are given rarely and only for truly exceptional pieces of work.*
Distinctively sophisticated and focused analysis, critical use of sources and insightful interpretation. Comprehensive understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.

B (UCL mark 69-65) = B (Charles mark – very good)
C (UCL mark 64-60) = C (Charles mark – good): A high level of analysis, critical use of sources and insightful interpretation. Good understanding of techniques applicable to the chosen field of research,

showing an ability to engage in sustained independent research. 65 or over equates to a B grade.

Please provide substantive and detailed feedback!

Comments, explaining strengths and weaknesses (_at least 300 words_):

In my opinion, there are two main problems of the thesis.

One of them is more general, but quite severe: the author either did not have time or did not understand the need for adequate final editing and proof-reading (ideally by a native speaker). The resulting text thus contains not only contains unwieldy and large tables, typos (the author repeatedly writes about "Amendeus database" – e.g. p. 39, 62), or badly formatted parts of text (e.g. section title on p. 90, stub on p. 29), but the literature-review-like parts of the text are relatively poorly organized. The list of references does not include some texts cited in the introduction and in the literature review (Markowitz, 1952; Merton, 1973; Rubinstein, 1974), which is also rather strange. But perhaps most importantly: the language problems run so deep that it is often difficult to evaluate whether the author understands the models and previous research correctly. Indeed, the reader is often left the guess, what exactly the author wanted to convey. My evaluation in the above table is therefore based more on "in dubio pro reo" – if one takes into account the differences between Chinese and English language and typical translation errors, it often seems to me that the author understands (at least) the mechanics of the models, but fails to explain the relevant facts sufficiently clearly and unequivocally. In short, the submitted text resembles more a log or research notes which might be turned into a significantly more convincing text after additional editing.

The second problem is perhaps less visible, but deeper and perhaps more serious from the methodological point of view. The author focuses on relatively mechanical tests of two models on different sets of data than (mostly) used previously. The author seems to be able to master the technical side relatively well and calculate the results, but it seems to me that research work should have a bit higher ambitions. In other words: what do we know about the two markets? Is it logical to assume that they should function in the same way as markets analyzed by Fama, Markowitz and others? Indeed, there is literature which suggests that while Chinese financial markets might resemble US/UK market superficially, but that there are (or at least were) substantial deeper differences. I was therefore really missing a non-technical section that would compare the two markets with the benchmark US case. Such a comparison might have provided the author with quite a lot of additional inspiration for possible additional modifications of his tests.

Some additional issues:

- US Treasury risk rates were used as a proxy for the risk-free rates (p. 40). This is not unusual in similar papers, but more attention should be paid to such a choice. For example: China and esp. Poland have their own currencies - actual investment of "Polish" investors into US assets can have rather different actual returns than for US investors. Similarly, some types of Chinese investors had relatively limited opportunities for investing in the past (regulated interest rates, restrictions on investing abroad). While it is true that such issues might not be fully relevant for the data/timeframe analyzed in the thesis, I would expect the author to discuss them.

- While the author presents some explanation for the decision to split the sample into three subsamples (p. 43), this explanation remains relatively short and too convincing. Perhaps some sensitivity tests (with different delimitation of the subsamples) might have been tried?

The author seems to be able to get data and apply available techniques on them and possibly obtain own results, but does not appear to be so good in asking critical questions about the methodology and its application.

The final rather negative result was significantly influenced by too many visible formal errors, the incidence of which is simply too high.

Specific questions you would like addressing at the oral defence (_at least 2 questions_):

1. Outline and compare the structure of agents (types, experience, other relevant characteristics) active in the Polish and Chinese stock markets. Also briefly comment on available research concerning the role of additional factors which might influence the development of the stock markets (the role of insider-trading, availability and reliability of information about companies) and compare them with the US market.

2. Explain the role of the risk-free rates in the models you were testing. Explain why you consider the use of the US rate to be an acceptable assumption in your tests.

3. Outline and explain what happened in Chinese stock market in June 2015 (and in the months before and after June 2015). Can this have any implications for the logic of your approach?