

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Daniel Šopov, MSc.</b>
<b>Advisor:</b>	<b>Petra Andrlíková, MSc.</b>
<b>Title of the thesis:</b>	<b>Modern way of calculation of CAPM coefficient: Beta hedging application</b>

The thesis is focused on estimating systemic risk in the CAPM model by various methods and consequently a comparison of these methods. The author managed to write a decent thesis, which is readable and understandable. However, the thesis has got several shortcomings that are described in following paragraphs.

The thesis' structure could be shrunk into a lower amount of chapters; it will be fine to have only Introduction, Literature Overview, Methodology presentation, Empirical results and Conclusion. The language of the thesis has got some shortcomings – there are two misspellings even in the abstract. Also, the author uses two different expressions for one issue (systemic and systematic risk).

The author managed to introduce an exhausting overview of literature; however, the literature overview itself is a bit massy. The author should focus more on a timeline of published research, i.e. should have started with the oldest research papers and continue to the most recent research related to his research topic.

The author used a dataset from US stock markets. He chose the most common stock indexes, the NASDAQ Composite and the NYSE Composite. Additionally, he also picked several stocks from these indexes. The choice of these should be also explained by their market capitalization as these are the larger companies traded at the stock exchanges.

My biggest concern relates to the OLS estimation. The author did not discuss the basic OLS assumptions and whether these are broken or not. If the estimator does not satisfy these assumptions, then the estimate might be biased and therefore inaccurate. This is also possibly a question for the defense.

Overall, the thesis definitely fulfills all requirements and therefore I recommend it for the defense with the grading **good**.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	17
<i>Contribution</i> (max. 30 points)	23
<i>Manuscript Form</i> (max. 20 points)	15
<b>TOTAL POINTS</b> (max. 100 points)	<b>75</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>2</b>

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**NAME OF THE REFEREE:** Petr Gapko

**DATE OF EVALUATION:** 18. 6. 2013

  
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**Referee Signature**