

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Ševinský Robert</b>
<b>Advisor:</b>	<b>Křišťoufek Ladislav</b>
<b>Title of the thesis:</b>	<b>Portfolio selection based on hierarchical structure of its components</b>

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

The thesis evaluates three portfolio selection models and covariance matrix models using data on 160 companies from S&P 500 index. The thesis finds that the model based on network analysis outperforms the market. The thesis is well written and competently executed. The author should be applauded for his effort.

### Minor issues:

- Main shortcoming of the thesis seems to be the fact that not enough attention is devoted to the comparison with the existing literature. Consequently, for the reader who does not know the detailed literature, it is not clear what the value added of the thesis is over the existing approaches. If there is no separate chapter with literature review, it is good practice to incorporate brief survey of the literature and point out the value added in the introduction.
- It would be nice if the precise period which was used in estimations was more clearly stated in abstract and introduction. Current description is little bit vague.
- The thesis would be more transparent if the Matlab scripts of the computations for the thesis were included.

Overall, the thesis is of high quality and therefore I recommend grade 1.

### A question suggested for the defense:

- Survivor bias is mentioned but not taken into account in the design of the empirical exercise. The author could discuss during the defense how this issue could be addressed, what are the data needs, and how would it affect the design of the empirical exercise.

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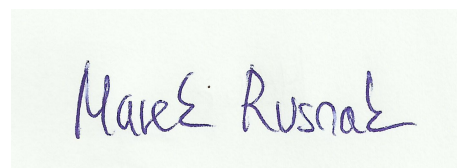
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**SUMMARY OF POINTS AWARDED** (for details, see below):

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	28
<i>Manuscript Form</i> (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>93</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** **Marek Rusnak**

**DATE OF EVALUATION:** **6/5/2015**



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**Referee Signature**

**EXPLANATION OF CATEGORIES AND SCALE:**

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

Strong                  Average                  Weak  
20                          10                          0

**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.*

Strong                  Average                  Weak  
30                          15                          0

**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.*

Strong                  Average                  Weak  
30                          15                          0

**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.*

Strong                  Average                  Weak  
20                          10                          0

**Overall grading:**

TOTAL POINTS	GRADE		
81 – 100	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě