

# Report on Bachelor / Master Thesis

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

Student:	Zuzana Rusá
Advisor:	Radovan Parrák, Msc.
Title of the thesis:	Scrutinizing Parametric Value-at-Risk Measure under Real-World Assumptions

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

The thesis is a nice balanced work, which equally put together theory and practice. I appreciate that the student work with real data namely three stock indices covering three geographically different markets, i.e. USA (S&P 500), Great Britain (FTSE), Eurozone/Germany (DAX). There is very little to say to chapters one (Introduction) and two (Theoretical Framework), which essentially describe the VaR model, its parameters, the purpose of the model and set up the examined model. I acknowledge that Zuzana pick the core of the model description and did not go too much in detail in the descriptive part. However, I would recommend using more sources of literature.

In the third part Zuzana applies econometric techniques of VaR model on the real data, which proves her qualification to deploy econometric knowledge in the real environment. The methods used in the paper are above the level of author's bachelor study at IES. Both the VaR model and the method of Monte Carlo simulation are the subjects of master level studies. Zuzana proved comprehensive knowledge of the examined methodology and ability to work with data. The main contribution of the paper is empirical study, which answers the questions set in the introduction. Moreover, Zuzana comes to reasonable conclusions. On the other hand, all employed VaR methodologies represent the elemental approach to risk theory.

Regarding manuscript form, the paper is nice clearly written, well-organized, easy to understand and follows academic format. However, Zuzana is using "we" form, which does not correspond with the work of one author.

### Suggested questions are:

- Imagine you are portfolio manager, how would adopt the results of the paper in managing the risk of the portfolio in practice?
- Following the information you have about the parametric VaR model, try to propose changes to parameters or distribution of the returns of parametric VaR model to approach better results measured by exceed rate for the portfolio/individually examined indices in risky (volatile) / no risky (no volatile) environment, long term / short term.

In case of successful defense, I recommend "výborně" (excellent, 1).

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

CATEGORY	POINTS
Literature (max. 20 points)	15
Methods (max. 30 points)	28
Contribution (max. 30 points)	28
Manuscript Form (max. 20 points)	15
<b>TOTAL POINTS</b> (max. 100 points)	<b>86</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

NAME OF THE REFEREE: MICHALA MORAVCOVA

DATE OF EVALUATION: 1.9.2015

  
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

**Overall grading:**

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