Report on **Master Thesis**

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

Student:	Bc. Martin Hronec
Advisor:	doc. PhDr. Jozef Baruník, Ph.D.
Title of the thesis:	Portfolio selection in factor investing

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

Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.

The thesis provides a horserace of factor-based models for portfolio selection. Apart from the horserace itself, the author focuses on detection of most important factors. At the end, and quite expectedly, it is pretty much the simplest model that performs the best, here specifically the most diversified portfolio.

Contribution

Apart from the horserace described in the introducing paragraph of this report, I believe that an additional contribution of the thesis is nicely written Methodology section, specifically its "issues" parts where the author focus on the biggest issues of specific models. From the technical perspective, the utilizes a rather large portfolio of factor models but also a quite large selection of comparison techniques with different specifics and focuses. The results are then quite robust.

Methods

Methodology is described in sufficient detail. The level of applied methodology is well in hand with the standard techniques taught at IES, probably slightly above as some of the methods can be taken as advanced ones. Either way, the methods themselves are not the most contributive parts of the thesis.

Literature

The thesis works with a sufficient amount of literature and uses it properly. The literature review itself being a part of the Introduction section is in a way disturbing and dilutes the motivation itself. A separated Literature review section would be more appropriate here.

Manuscript form

The thesis structure is clear and logical. Apart from the Literature review as noted in the previous section, there are no important issues here. There are two tiny things. First, the Conclusion section is not in the table of contents. And second, some sub(sub)sections seem out of place, e.g. there is section 2.1.1 but no 2.1.2, i.e. there is no need for the splitting, or sections 4.0.1, etc. without sections of the previous level.

Overall, it would label the thesis as a "standard A thesis", i.e. interesting topic, mainly empirical, with properly done analysis, but nothing extraordinary. Therefore, I happily suggest the grade A (with a total of 89 points) for the defense.

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	27
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	18
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**89**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: doc. PhDr. Ladislav Krištoufek, Ph.D.

DATE OF EVALUATION: 6.9.2017

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