

Report on Master Thesis

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

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|-----------------------------|---|
| Student: | Ira Saktor |
| Advisor: | Jozef Baruník |
| Title of the thesis: | Are realized moments useful for stock market returns analysis? |

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

Contribution

The thesis contributes to a large literature searching for a proper factor approximating a risk from the decision between investing to a stock instead of consuming her wealth. From the many factors proposed by the literature, moments of the returns seem to characterize the problem well, and work empirically. Recently, few authors have used high frequency data in this endeavor, and the thesis under the review belongs to this strand. It extends the cross-sectional analysis commonly done in the literature to the time series analysis, it formally evaluates the quality of several pricing models based on the realized moments and compares their performance. The main finding of the thesis is that realized moments are very useful in the analysis of stock market returns.

Methods

Ira proved good command of methods needed to capture the complex dependence structures of the yield curve. While working with high frequency data demanding, realized moments are advanced methodology that Ira mastered well. Ira used classical asset pricing analysis as a main workhorse of his analysis combined with high frequency data, and he showed deep level of knowledge in the rigorous analysis.

Literature

Ira demonstrates a good understanding of the current literature, and works with state of the art methods. Relevant literature is discussed in the text and used for developing own novel approach to asset pricing.

Manuscript form

The text is logical, well written, connects findings to the existing literature well. Ira worked consistently to obtain the results for a long period, and we have discussed the results and text on a regular basis during the year. Although the manuscript is on very high level, better connection between some sections could provide smoother reading. Still, this is very minor comment on the style.

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Summary and suggested questions for the discussion during the defense

In conclusion, I believe that during the work Ira proved himself to be an independent researcher, obtained interesting original results, and mastered advanced techniques. Hence thesis deserves to be defended. In case Ira is confident in presenting the details of the work during the defense, and mainly present economic motivation, why he believes the results are important for us economically, as well as where he views his work in comparison to the current literature in finance, I suggest to award the work with grade "A" without doubts.

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

| CATEGORY | POINTS |
|---|---------------|
| <i>Contribution</i> (max. 30 points) | 30 |
| <i>Methods</i> (max. 30 points) | 30 |
| <i>Literature</i> (max. 20 points) | 20 |
| <i>Manuscript Form</i> (max. 20 points) | 18 |
| TOTAL POINTS (max. 100 points) | 98 |
| GRADE (A – B – C – D – E – F) | A |

NAME OF THE REFEREE: Jozef Baruník

DATE OF EVALUATION: June 10, 2019

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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 |

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 |

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 |

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 | GRADE |
|----------|-------|
| 91 – 100 | A |
| 81 - 90 | B |
| 71 - 80 | C |
| 61 – 70 | D |
| 51 – 60 | E |
| 0 – 50 | F |