

Report on Bachelor / Master Thesis

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

Student:	Ha Phuong Hoang
Advisor:	prof. Ing. Michal Mejstřík CSc.
Title of the thesis:	Fundraising and Investment in Private Equity in Europe

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

The author has focused on one of the relatively new capital market participants – private equity. These intermediaries are not firmly regulated, not thoroughly monitored, but are quite flexible and generate strong incentives for accelerated development of many promising companies. Simultaneously they gather funds through diversified fundraising subject to obvious future risks. Their investment and divestment are often unreported and are disclosed only with some time gap.

In spite of limited availability of comprehensive data set, the author put together rather robust data base and processed it with sophisticated approaches.

Methods

Data base was exposed to the extreme bounds analysis (“EBA”), a sensitivity test that investigates the degree of robustness of the dependent variable on large variety of possible determinants, and solves the problem of model selection under uncertainty. The underlying idea is to run a whole range of possible specification models and analyse to what extent are the estimated parameters sensitive to the inclusion of an additional regressor. Using a panel data analysis, empirical models with fixed and random effects were built on a data set covering 20 European countries over the period 2007-2018 provided by Invest Europe. Using appropriate testing techniques, the most suitable models were selected while checking for any violations in the assumptions (e. g. the presence of homoskedasticity, absence of serial correlation) using robust standard errors.

Literature

The author had considered both older and recent literature that was properly quoted.

Manuscript form

It is adequately structured, with proper citations and written in fluent English.

Summary and suggested questions for the discussion during the defense

The authors approach was quite reasonable and systemic. E.g. the first three sets of estimated models examined fundraising activity. Each model was specified with a different number of predictors for all types of funds, then specifically for venture capital and buy-out. A set of explanatory variables included for fundraising was different from that of investment. The remaining three presented models were focused on investment. EBA identified divestment by trade sale (normalised and lagged by one period) as robustly associated with investment.

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I would specifically point out the study results documenting a strong and positive relationship of tertiary education attainment about fundraising. Persuading investors to commit their capital without having any track record (experience) is not an easy task, however, graduating from an academic institution seems to matter as an indicator for superior performance. This could be explained by their competitive advantage in sense of possessing a better equipped skill set (that universities often recognize in the admission phase) and consequent development in academic training.

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A.

The results of the Urkund analysis do not indicate significant text similarity with other available sources

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	29
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	97
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *prof. Michal Mejstřík*

DATE OF EVALUATION: 30.8.2020

Digitally signed 30.8.2020
Michal Mejstřík

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.*

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.*

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

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.*

Overall grading:

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