Report on Bachelor / Master Thesis

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

Student:	**Bc. Viktória Tesárová**
Advisor:	**Petr Gapko**
Title of the thesis:	**Value at Risk: GARCH vs. Stochastic Volatility Models: Empirical Study**

The author dedicated her thesis to the back-testing of two different approaches for modeling volatility – the GARCH with Student's t distribution and the stochastic volatility model (again t-distributed). The thesis is well written and the author proved that is able to deal with mathematically rather difficult issues. Back-testing is quite complicated procedure as the author had to estimate considered models and then perform real back-testing on out-of-sample data part.

I must say that the author managed all problems without any major problems and considered all my comments. Additionally, the author coded all necessary computations by her own, which in case of more complicated mathematical methods should be treated as an extraordinary effort.

As I have no additional comments, I recommend the thesis for the defense with grading 1 (excellent, výborně). Additionally, I suggest awarding the author a Dean's recognition for an extraordinarily excellent Master thesis.

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

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

NAME OF THE REFEREE: Petr Gapko

DATE OF EVALUATION: ***6. 9. 2012***

Referee Signature