

# Report on Bachelor Thesis

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

Student:	Jan Matyáš
Advisor:	PhDr. Jakub Seidler, Ph.D
Title of the thesis:	Two-stage backtesting of Value-at-Risk models

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

This is an original, well-executed thesis, which deals with a backtesting of different VAR techniques in order to find the most suitable VAR method with the most robust estimates. Therefore, the two-stage backtesting procedure was used on four market indices. The result of the thesis is that the best performing model is supposed to be the historical method with a 99% confidence interval.

The author demonstrates very good understanding of Value-at-Risk concept and its empirical application. The thesis is well-written, has logical structure, neat form and uses relevant literature. The results of the thesis are well confronted with the relevant previous studies.

All relevant comments given by the supervisor were incorporated into the text during the process of writing. However, possible defense question could be concerned with the main value added of the thesis in the author's view and what is the main drawback of the VAR methodology.

I strongly recommend the thesis for the defense and suggest grade **excellent**.

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

CATEGORY	POINTS
Literature (max. 20 points)	19
Methods (max. 30 points)	28
Contribution (max. 30 points)	28
Manuscript Form (max. 20 points)	19
<b>TOTAL POINTS</b> (max. 100 points)	<b>94</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** PhDr. Jakub Seidler, Ph.D.

**DATE OF EVALUATION:** August 31, 2014

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**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.*

Strong                  Average                  Weak  
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.*

Strong                  Average                  Weak  
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.*

Strong                  Average                  Weak  
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.*

Strong                  Average                  Weak  
20                          10                          0

**Overall grading:**

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