

# Report on Master Thesis

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

<b>Student:</b>	<b>Bc. Mirela Kruja</b>
<b>Advisor:</b>	<b>prof. Roman Horvath</b>
<b>Title of the thesis:</b>	<b>Alternative Investment in Art</b>

## **OVERALL ASSESSMENT:**

### **Short summary**

The thesis deals with a very interesting and generally attractive topic, which was actually addressed by investors (often kings and rulers) many centuries ago in the past. The beauty of these investments is that they bring us non-material pleasure. Moreover, if we buy the "right" works of art (and that's what it's all about from an investor's point of view), the money we invest will visibly appreciate. This dissertation examines the impact of market uncertainty on investment in alternative asset classes, specifically art collectibles, wine, and stamps, during the 50 years leading up to the economic downturn of the 2000s, from 1960 to 2007. It explores the premise that such investments can provide risk in times of financial instability, thus complementing traditional investment strategies.

The thesis is divided into six parts. After a well-written introduction, the author summarizes conclusions and interesting findings from the literature on investing in art. The referee likes the division of the literature review into sections (investments into collectibles, factors influencing the price of art, other collectibles and future point of view on investments in collectibles), which makes the thesis easier to navigate. The third chapter concentrates on data and methods used in this thesis. The fourth chapter deeply discusses data description (descriptive statistics, unit root tests, granger causality and finally cointegration tests) and results for art price index, wine price index, stamp price index. The following part discusses the results of the analysis and formulate some recommendations. This thesis was focused on the UK. Last chapter concludes findings and proposes possible extensions of the topic.

### **Contribution**

The author presents quite interesting empirical work on the topic, demonstrating an understanding of the topic, with critical thinking and the ability to draw conclusions based on the knowledge of relevant literature and empirics. She does not explicitly comment on the contribution within her thesis. The referee assesses the contribution of the thesis as occurring around the average.

### **Methods**

The tools used are relevant to the research question, but perhaps slightly below the usual level for master's theses at IES, Faculty of Social Sciences, Charles University. For greater robustness of the results, it would be useful to perform the analysis on quarterly data. Was there any reason why it was not done?

### **Literature**

The literature review is above a standard level, i.e. includes both original sources of literature and current applied studies oriented on analysed countries. The author quotes relevant literature in a proper way.

### **Manuscript form**

The manuscript form is around a standard level. The text itself is quite understandable. In some parts of the thesis there are more typos, see e.g. the Czech version of the abstract. By the way, the title of the thesis is "Alternative Investment in Art", but the thesis also deals with alternative investments in stamps and archival wine, which does not correspond to the title of the thesis.

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## Overall evaluation and suggested questions for the discussion during the defense

Overall, this master thesis is generally quite well-balanced; it consists interesting empirical parts. However, the methods applied are slightly below the usual level for master's theses at IES. Results are interesting and also, as I mentioned before, literature survey is quite detailed. Questions and comments, which may be answered during the defence:

### Questions:

1. *According to the author, how would the results change if the costs associated with the protection of these assets (especially arts and stamps), the costs of insuring them, etc. were included in the results?*
2. *Could your analysis be generalized, i.e., when is the best time (e.g., in terms of the business cycle) to buy art, stamps, and archival wine?*
3. *In your thesis on page 49 you conclude: "On the other hand, the only major difference is the relationship between some selected markets and the interest rate, which was identified to be positive compared to the traditionally observed negative relationship for the case of other more conservative markets." Do you think that this result could be due to the fact that for a longer period of time central banks (including the Bank of England) kept interest rates very close to zero and applied so-called unconventional monetary policy (in the pre-covid period)?*
4. *Each art object is unique; it is an "original". In your opinion, what is the value of a work of art, a stamp, a wine that would motivate plagiarists to produce fakes?*

In my view, the thesis fulfils the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University, **I recommend it for defence and suggest a grade C.**

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

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution (max. 30 points)</i>	21
<i>Methods (max. 30 points)</i>	21
<i>Literature (max. 20 points)</i>	17
<i>Manuscript Form (max. 20 points)</i>	15
<b>TOTAL POINTS (max. 100 points)</b>	<b>74</b>
<b>GRADE (A – B – C – D – E – F)</b>	<b>C</b>

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***NAME OF THE REFEREE: Prof. Luboš Komárek***

***DATE OF EVALUATION: 21.1.2024***

Digitálně podepsáno (21.1.2024)  
Luboš Komárek

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***Referee Signature***

**EXPLANATION OF CATEGORIES AND SCALE:**

**CONTRIBUTION:** *The author presents original ideas on the topic, demonstrating critical thinking and the ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added in the thesis.*

**METHODS:** *The tools used are relevant to the research question being investigated, and adequate to the author's level of study. The thesis topic is comprehensively analyzed.*

**LITERATURE REVIEW:** *The thesis demonstrates the 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 contains 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