Report on Bachelor / Master Thesis

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

Student:	**Diana Zigraiova**
Advisor:	**Mgr. Magda Pecena, PhD.**
Title of the thesis:	**Portfolio investment for individual investors**

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

The thesis of Diana Zigraiova presents an application of various approaches to portfolio theory on the selection of portfolio for three potential investors in Slovakia. The thesis is well-written, properly structured and the work with literature and other external resources follows the rules.

The first parts of this bachelor thesis give an overview: first, the author presents a huge list of various alternative investment instruments that can be included within ones portfolio. Then, she reviews the modern portfolio theory and finally she moves to the discussion of behavioral finance and its implications for the selection of portfolio. These parts are not very original, they follow more-less a dictionary style, and there is a very little value added there. However, what I've liked, the author admits it and at the beginning of each section, she writes the magic formula „This section follows…". I wish I could see it in other theses, too.

The following parts present the investment policy statements and recommendations for the individual investors. I found the selected examples as realistic and persuasive. Also, the then derived investment recommendations were in line with the methodology presented in a previous section and they were reasonable. The argumentation is at a very good level and I've liked that the author focused on the investors with „lower than average" willingness to take risk.

My objections to the thesis are mainly minor. From time to time the statements of the author are rather to strong, for example on p. 39 that speculative bubbles „are a striking example of (…) behavioral biases". There is a large uncertainty about the causes of bubbles and I'm not sure whether we can state it like this. Also it wouldn't take many hours to create own graphs and plots and it will look much more professional than the presented copy-pasted scans (the good is that the source is always quoted). The only major comment I have, that the work should have been more ambitious. Here, the real content with the analysis is pretty low comparing to the other bachelor theses. It would be great to see let's say how these portfolios eveolved during the past turmoil on the market. Or even during the robust growth in the period before. That would be interesting.

But as far as professional skills presented here, I strongly believe the author deserves A grade.

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	25
Contribution (max. 30 points)	20
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	**83**
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *Jaromir Baxa*

DATE OF EVALUATION: *May, 9th.*

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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	**1**	= excellent	= výborně
61 – 80	**2**	= good	= velmi dobře
41 – 60	**3**	= satisfactory	= dobře
0 – 40	**4**	= fail	= nedoporučuji k obhajobě