

Report on Bachelor / Master Thesis

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

Student:	Aleksa Radosavčević
Advisor:	PhDr. Michael Princ
Title of the thesis:	Risk factor modeling of Hedge Funds' strategies

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

A master thesis is aimed at main driving market risk factors of different strategies implemented by hedge funds. The thesis implemented Principal Component Analysis, a stepwise regression based on iteration process and finally the Bayesian Model Average method.

Literature:

The master thesis has used relevant domestic and foreign literature including the most recent studies. Methodology is supported by proper scientific sources. The author fulfilled standards of scientific works and maintained quality consistent with other diploma theses at Charles University in Prague.

Methodology:

The master thesis has used multiple advanced econometric methods, which resulted into a synergetic effects and more robust conclusions. A structure of the work is clear and straightforward. The thesis has come through a substantial revision during the last semester, when a Bayesian Model Average has been incorporated. The author tried to analyse assumptions of analysed models in order to fulfil their conditions. Some parts of the work could be even published in EconLit journals, but they would have needed some prior revision.

Contribution:

Although a contribution of the work is clearly visible; it includes a synergy of advanced econometric models, unique data sample, interesting findings, testing of hypothesis affecting economical rationing; author did not properly discussed the value added. A final discussion could be more thorough and punctual e.g. conclusions based on testing of hypotheses could have been linked with more sources which had been already mentioned during the thesis. A main contribution can be perceived in a stepwise practical application of advanced models. While appendices usually include only redundant outputs, in this case they should be also taken into account, because they can help with a more straightforward interpretation of conclusions. The discussion can be improved during upcoming defence.

Manuscript Form:

A form of the work has come through a sufficient revision during the last semester. This version is much more "user-friendly" than the previous one. A length of the work was substantially extended. Many interesting facts found during research have been moved into appendices and thus should be regarded as standalone chapters enriching value added of the thesis. While the work includes even the full data sets it can be re-evaluated and confirmed by other unbiased scientists.

In the case of successful defence, I recommend "výborně" (excellent, 1). While the contribution of the work was revealed to me during various discussions with the student, but it was not fully reflected in the work, I recommend that student should focus on description of his diligent work on the project. He can describe his work on initial data set analysis, proper model selection and also economic reasoning.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	24
<i>Contribution</i> (max. 30 points)	23
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	84
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: MICHAEL PRINC

DATE OF EVALUATION: 3.2.2017



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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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