

REFEREE'S REVIEW

Program:	Corporate Finance
Student:	Alexey Kotkov
Title of thesis:	Empirical study of CAPM variations on the Russian stock market

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	5	4	3	2
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	5	4	3	2
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	5	4	3	2
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.	5	4	3	2
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.	5	4	3	2
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	5	4	3	2
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	5	4	3	2

Each item above is evaluated on the following scale, as applicable: 5 = excellent, 4 = good, 3 = satisfactory, 2 = poor.

Additional comments:

The thesis under review examines different CAPM modifications and their applicability towards Russian stock market. With CAPM being one of the most popular models for research worldwide, the author give a very short and brief review of existing modifications of this model and their applicability: Literature review contains only a list of basic papers related to CAPM modifications examined in the thesis, while other modifications are ignored.

Aim and objectives of the research are defined vaguely, broadly and unclearly, implying a much more theoretical and profound research than the one defined by the thesis' title. Text is well structured, however lacks attention to details: there are lots of misprints, misuse of words ("article" instead of "thesis", "insufficient" instead of "insignificant", "MICAR" instead of "MIACR" is used everywhere except excerpts from Excel/statistics application output, etc.).

The research described in the thesis lacks interpretation and justification on all its stages from choosing CAPM variations and underlying assumptions to interpreting results. Choice of 5 investigated CAPM modifications (out of a dozen or more existing) is not justified, as well as assumptions regarding risk-free rate proxies, time period of data collection (2005-2012), replacement of index return statistics by company return statistics on certain time intervals, etc. Should these assumptions be properly justified, the proposed research could have been an important input in evaluation of Russian market efficiency and understanding its mechanics. However since such justification is missing, choice of analysed data together with questionable assumptions like those regarding risk-free rate proxy (MIACR) and weekly return calculation (Monday-to-Friday return vs. Monday-to-Monday which is conventionally used), make research result very questionable.

Results interpretation is also quite poor. In most instances application of a certain model to examined data set leads to conclusion that null hypothesis should (or could not) be rejected. No further interpretation is made neither in the respective chapter, nor in the conclusion. Conclusion itself is very general and not very much in line with defined goals and presented research. Practical application of CAPM is limited by the author to WACC estimation, but even this aspect is not aligned with results of the presented research. The layout of the thesis meets all the requirements and is "user-friendly": well structured, consistent and quite clear with respect to tables and statistics outputs.

Master thesis of **Alexey Kotkov** meets the requirements of Master in Corporate Finance program, and deserves a "**satisfactory**" grade, thus the author can be given the desired degree.

Date 23.09.2012

Referee:

Asc. Professor

Anna E. Loukianova

A handwritten signature in blue ink, appearing to be 'Anna E. Loukianova', is written over the printed name.