

REFEREE'S REVIEW

Program:	MCF
Student:	Viacheslav Krivdin
Title of thesis:	Application of downside risk measures for managerial decisions: improvement of organization's financial effectiveness

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.			3	
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.		4		
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.		4		
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.		4		
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.		4		
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.			3	
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.			3	

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

Additional comments:

The title states that the paper studies applications of risk measures to improving organizational and financial efficiencies. I was not able to find formally stated goals and objectives of the research, however, I believe that the student attempts to analyse different measures of so-called "downside risk" and using them provide alternatives to basic CAPM formulation.

Master thesis starts with defining risk and describing different definitions and measurements of risk. The description is very detailed, but I believe it is too long.

The author collects both US and Russia data for 5 years for all (or most) listed companies. The author analyses the two datasets independently, the size of Russian dataset is approximately 150 companies, US dataset – 545 companies. The datasets are big enough to conduct various statistical analyses. The author partitions both datasets into industries and computes various risk measures for all of them. Then those risk measures are statistically compared to each other. After that, the author analyses the performance of each of those measures, by running an OLS regression similar to CAPM. Sometimes some measures performed better than others, thus the main conclusion of the research is quite unclear.

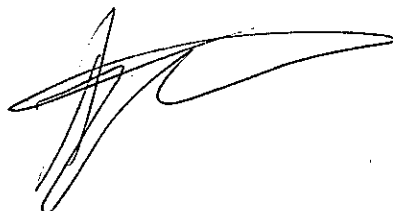
One mistake that I found is when creating a sample of returns the student does not take into account dividends. The formula $r_t = \frac{P_t}{P_{t-1}} - 1$ is provided on page 33 (unfortunately, there is no numbering). Unless P_t is the price, adjusted for dividends (it is explicitly stated that it is not) the final results cannot be trusted. Also I was not able to understand figures 3 6 because there no axes labelling and the description is unclear.

Master thesis of Viacheslav Krivdin meets the requirements of MCF program, and deserves a **good** grade. Thus, the author can be given the desired degree.

Date

June 18, 2013

Referee: (*academic title, name*)



Victor Archavski, PhD