

REFEREE'S REVIEW

Program:	Master in Corporate Finance Program
Student:	Nataliya Guk
Title of thesis:	Valuing corporate bonds with embedded options in Russia

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.	<u>5</u>	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	<u>4</u>	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.	<u>5</u>	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.	<u>5</u>	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.	<u>5</u>	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.	<u>5</u>	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.	<u>5</u>	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 valuation of structured corporate bonds, specifically bonds with embedded options with the emphasis on callable bonds. The author gives an extensive review of existing valuation techniques for different types of structured bonds and concentrates on options mostly used by Russian bond issuers: put and call. The topic is of high importance for Russian bond market taking into accounts its fast development during the last decade and increased interest from Russian companies to diversification of their debt sources.

The aims and objectives of the research are clearly defined and in line with analysis presented in the thesis. However the topic suggests a broader analysis of different types of embedded options, while the author mainly concentrates on call feature.

Overall the text is well structured, with reader-friendly layout and comprehensive explanations. The only omission is connected to the fact that sometimes it is not entirely clear which option feature (call or put) is analysed. It is also advisable to analyse embedded options from demand point of view: the author mostly concentrates on why the company willingly chooses to use the options omitting the fact that sometimes straight bonds may be difficult to place and the company has to include certain flexibility for potential investors (convertible or puttable features, for instance).

The layout of the thesis meets all the requirements and is “user-friendly”: well structured, consistent and quite clear with respect to tables, formulas and graphs, although some graphs require more attention to axis labelling.

Master thesis of **Nataliya Guk** meets the requirements of Master in corporate finance program, and deserves an “**excellent**” grade, thus the author can be given the desired degree.

Date: 16.06.2013

Referee:
Associate Professor,
Anna E. Loukianova

A handwritten signature in black ink, appearing to read 'A. Loukianova', written in a cursive style.