

REFEREE'S REVIEW

Program:	Master in Corporate Finance
Student:	Anna Nikiforova
Title of thesis:	Predicting Russian exchange rates under behavioral uncertainty

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.	<u>5</u>	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	<u>4</u>	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	<u>4</u>	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.	5	<u>4</u>	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 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

Additional comments:

The author gives clear, concise and comprehensive overview of the topic, theoretical concepts analysed in the research and their practical implications. The only issue that one might want to additionally cover with this respect is why the 5 specific biases analysed in the research are chosen over others.

Another issue that caused certain confusion of the reviewer is interpretation of over/under confidence bias. This bias is defined in Chapter 1 as investor's belief in knowing future price movements for overconfident (and the opposite for underconfident) investor. But in modelling section this translates into investor expecting returns to be close to mean return for overconfidence and distant to mean in the opposite case. This might be the case when market is supposed to be efficient, however the analysis suggests otherwise.

In all other aspects theoretical analysis, model construction and approach to incorporating behavioural uncertainty into exchange rate modelling looks very thorough and deep. Empirical data analysis is also accurate and definitely requested a lot of time, attention and commitment on author's side. However some aspects of this part of the thesis could be discussed in more details:

- When constructing the input for analysis the author divided the whole timeline into uneven periods. However basis of this division is unclear: if it is connected to different phases of Russian economy, based on what specific indicator are they defined? For instance, Period 2 is defined as crisis and lasts from October 2007 to January 2009. However based on nominal GDP measures 2008 showed growth compared to 2007 and only 2009 resulted in a drop to 2008 (which means the start of the crisis was later and it didn't end early 2009). More detailed discussion of period division would very much help in understanding the

logic behind it. It would also be interesting to evaluate if results of the research would substantially change should the period division be done otherwise.

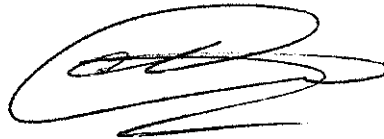
- Some managerial applications of the research are controversial: it is suggested that the model might help in managing exchange risk of non-financial market players (companies having exchange risk exposure as side effect of their one-off contracts, for example). Given the research results (substantial difference in model variables in different periods, uncertainty about which factors should be incorporated into the model on current economic stage) this seems to overestimate an average decision maker in such cases.

The layout meets the requirements of the Regulations for master thesis preparation and defense, text is well structured, reader-friendly and clear, although some minor misprints in references are sometimes confusing.

Master thesis of Anna Nikiforova meets the requirements of the Master in Corporate Finance program, and according to the reviewer's opinion deserves an excellent (B) grade, thus the author can be given the desired degree.

Date

02.06.2018



Referee:

Anna Ossinskaya, Deputy head of Corporate restructure division, Property department, Rosneft Oil Company

Анна Осинская, Заместитель начальника управления оптимизации корпоративной структуры Департамента собственности, ПАО «НК «Роснефть»