REFEREE'S REVIEW

Program:	Master in Corporate Finance
Student:	Egor Evstafev
Title of thesis:	Application of Monte Carlo Simulation in Residual Earning Model for IPO-Prices Estimation

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**			
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**			
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.	**5**			
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**			
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.		**4**		
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	**5**			

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 master's thesis is devoted to analysis of Initial Public Offering (IPO) prices on London Stock Exchange and London AIM Stock Exchange by application of Monte Carlo simulation (MC simulation) in Residual Earning model (RE model). Incorporation of MC simulation in the RE model for IPO prices estimation makes the thesis work quite unique as the MC simulation is the most modern approach to uncertainty analysis.

The first chapter of the thesis is devoted to theoretical background and consists of overview of an IPO process and related anomalies, approaches to valuation, and methods for uncertainty analysis.

The second chapter of the thesis defines the methodology of how MC simulation can be applied in RE model and discusses the results of the empirical research and their interpretation.

The data used for the research is obtained from Zephyr and Thompson Reuters data bases. All the computations and visualizations needed for the empirical research were made in the open-source R programming language, which is broadly used for data analysis and statistical modeling.

Master thesis of *Egor Evstafev* meets the requirements of the Master in Corporate Finance program, and according to the reviewer's opinion deserves a/an *excellent A* grade, thus the author can be given the desired degree.

Date 1/06/2017

Referee:
Vladimir Koptsev
Partner, 9bcapital