

## SCIENTIFIC ADVISOR'S REFERENCE

<b>Program:</b>	Master in Corporate Finance
<b>Student:</b>	Liliia Bulatova
<b>Title of thesis:</b>	Stock market reaction to dividend surprises: evidence from the emerging markets of Russia, India and China

**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 Program to the aim and objectives.

There is a bunch of literature on the stock market reaction to dividend announcements, based on developed and emerging markets. There is some evidence on this relationships for the Russian market too, although rather scarce and mainly published in Russian journals. Fewer studies are devoted to comparative analysis of these relationships for different markets. This thesis investigates the stock market reaction for three emerging markets – Russia, India and China. This is the contribution of this paper to empirical studies in the field. But what is even more important – L. Bulatova chose for analysis a special aspect of this topic – market reaction not to dividend changes themselves but to dividend surprises, that is deviations from the analysts' consensus forecasts. The empirical evidence on this topic is rather scarce even for developed markets and, to the best of our knowledge, this topic is not investigated in the emerging markets context. This aspect definitely adds value to the research. The thesis bears both theoretical contribution and provides managerial implications.

The goal of the research is clearly defined - to investigate the average reaction of emerging BRICS markets of Russia, India and China to dividend surprises. A number of objectives stated are consistent with the goal. The topic is fully covered by the thesis content.

**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.

The structure is logical and consistent with the structure of academic paper. The first part contains literature review on dividend policy, relationship between dividend announcements and stock returns, as well as introduces the dividend surprises issue by reviewing relevant articles. Chapter 2 is devoted to the specifics of stock markets and dividend payments in emerging markets of Russia, India and China. In this chapter L. Bulatova also pays special attention to the stock markets' shifts during the post-crisis period. Empirical study is conducted in the chapter 3. The literature review and analysis of stock markets specifics is of a high academic level, well-written in terms of the style and contents.

The analysis of studies and markets is logically followed by the empirical research – hypotheses, methodology, data description and processing, estimation results and conclusions.

Theoretical and empirical parts are aligned. Estimation results, theoretical value and managerial implications are well substantiated.

**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 research are for the set objectives.

The quality of the thesis content could be evaluated as high. The thesis definitely has a research nature and contains practical implications. Goal and objectives are covered and fulfilled thoroughly. Research questions and hypotheses are defined properly. The author uses relevant methodology (event study and econometric analysis) for testing hypotheses, which is justified by the thorough literature review. Thus objectives, hypotheses, methodology are consistent with those used in academic literature. The analysis and conclusions made demonstrate high analytical skills of the author. In general the quality of analytical approach could be evaluated as high.

**Quality of data gathering and description.** Quality of selecting research tools and methods; data validity adequacy; adequacy of methodology chosen research tools and methods; completeness and relevance of the list of references.

Data are valid, relevant and collected from respective sources, i. e. Thomson Reuters and SKRIN databases. The methodology, research tools and methods are relevant for this research, processing the

data collected. Sampling criteria are well-grounded and clearly stated.

The author made a huge job in data gathering and processing. Analyst's forecasts are not easily available in databases for Russian companies, therefore the author should have manually gathered the data from different although reliable, resources.

The list of references is relevant, complete and contains recent reputable papers, as well as it includes fundamental publications in this area of research.

**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.

The thesis is conducted independently. The author demonstrated scientific thinking in solving research problem. L. Bulatova applied methodology used in existing studies, to meet objectives set. Empirical findings are substantiated and have references to existing studies. Empirical analysis provides support to the number of hypotheses stated, research results contribute to existing studies. Also the results are in line with some international studies. Given that there are no similar comparative studies for Russian and other BRIC countries companies, the paper makes a theoretical contribution. The author demonstrated herself as a qualified researcher.

**Empirical/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.

Theoretical background is related to the practice of dividend payments and stock markets of Russia, India and China. Empirical results are interpreted properly. The interpretation is made with the reference to not only classical dividend theories, but also through the prism of behavioral finance concept, which is relatively new and is of a growing interest in both academic and business worlds. Practical recommendations are based on empirical findings. Comparative analysis of results is given.

The advantage of the research is a thorough discussion part, where the author provides her own view and explanation of results obtained, referring to existing research and practices of companies and markets sectors. The mini-case of Amgen company is provided to support the results of empirical analysis.

**Quality of thesis layout.** Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of references.

The layout of the thesis meets the requirements for master thesis preparation and could be evaluated as of high level.

The Master thesis of Liliia Bulatova meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date:  
12.10.2015

Scientific Advisor:  
A. Prof. Yulia Ilina

