

Topics for Bachelor Theses

Below you find a list of possible topics for theses at our chair. However, we do encourage you to propose your own topics. Generally the precise elaboration of a topic is free, due to the main targets to develop your own thoughts and an independent problem solution.

The procedure of writing a thesis is as follows. First of all, the candidate presents the problem that is treated in the thesis and the proposed structure of the thesis to the supervising research assistant. After at most half of the handling time the introduction, structure and first results are presented in a colloquium at the chair.

We would like to ask you to follow our formal instructions on writing a thesis at our chair.

Which Blockholders are Successful Shareholder Activists?

Advisor: Prof. Dr. Denis Schweizer and Lars Helge Haß

It is well known that the separation of ownership and control causes agency problems when managers use investor funds to finance investment projects [Coase (1937), Jensen and Meckling (1976)]. Because managers control the capital, they may expropriate their investors if the company does not impose a concentrated ownership structure. Numerous studies address this problem and provide mechanisms for managing it. One solution comes from Grossman and Hart (1980) and Shleifer and Vishny (1986), who suggest that large shareholders take on a monitoring role. Prior research has analyzed the effectiveness of large shareholders' monitoring activities as well as their ability to directly influence corporate policy. While large investors can be very effective in solving agency problems in theory, empirical research finds ambiguous evidence of successful changes in corporate policy. Previous research usually distinguishes between active and passive blockholders when considering their effect on corporate policies. However, Cronqvist and Fahlenbrach (2007) argue that activist shareholders differ from each other, and show that changes in investment and financial policy as well as in operations are greater in the presence of specific groups of active blockholders. They conclude that it is necessary to consider large and active shareholders, but it may be even more important to determine who they are. The aim of this thesis is to identify which blockholders (pension funds, insurance companies, mutual funds and banks) have the appropriate skill set and motivation to become successful shareholder activists.

Literature:

Coase, Ronald, 1937, The Nature of the Firm, *Economica* 4, 386-405.

Cronqvist, Henrik, and Rüdiger Fahlenbrach, 2007, Large Shareholders and Corporate Policies, *AFA 2007 Chicago Meetings Paper*.

Grossman, Sanford J., and Oliver D. Hart, 1980, Takeover Bids, the Free-Rider Problem, and the Theory of the Corporation, *The Bell Journal of Economics* 11, 42-64.

Jensen, Michael C., and William H. Meckling, 1976, Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure, *Journal of Financial Economics* 3, 305-360.

Shleifer, Andrei, and Robert W. Vishny, 1986, Large Shareholders and Corporate Control, *Journal of Political Economy* 94, 461-488.

Sovereign Wealth Funds – Danger or an important Liquidity Provider?

Advisor: Prof. Dr. Denis Schweizer and Lars Helge Haß

Sovereign Wealth Funds (SWFs) have recently attracted high media attention because of concerns about their large size (USD 2.5 trillion, and growing extremely rapidly), high growth rates and lack of transparency. Therefore, the aim of this thesis is to analyze the investment behavior of SWFs in stock of listed companies around the world. The thesis should focus in particular on the short as well the long term effects and its determinants. Remark: Programming skills are recommended.

Literature:

Beck, Roland and Fidora, Michael, The Impact of Sovereign Wealth Funds on Global Financial Markets (July 2, 2008). ECB Occasional Paper No. 91. Available at SSRN: <http://ssrn.com/abstract=1144482>

Fotak, Veljko, Bortolotti, Bernardo and Megginson, William L., The Financial Impact of Sovereign Wealth Fund Investments in Listed Companies (September 18, 2008). Available at SSRN: <http://ssrn.com/abstract=1108585>

Investment Strategies of Hedge Fund Managers in the Special Purpose Acquisition Companies Market

Advisor: Prof. Dr. Denis Schweizer and Lars Helge Haß

Special Purpose Acquisition Companies (SPACs) represent a new asset class that is fundamentally distinct from other types of publicly traded equities. SPAC shareholders consistently approve value-destroying transactions despite being given voting rights not found in any other U.S. equity instrument, raising theoretical questions about optimal voting mechanisms. Furthermore, SPACs' highly predictable lifecycle yields highly predictable returns, with a monthly four-factor portfolio alpha of approximately 3% following the announcement of an acquisition and -2% after an acquisition has been completed (see Lewellen (2008)). Therefore, the aim of this thesis is to detect investment opportunities for hedge funds in this quite new asset class. Remark: Programming skills are recommended.

Literature:

Jenkinson, Tim and Sousa, Miguel, Why SPAC Investors Should Listen to the Market (January 21, 2009). Available at SSRN: <http://ssrn.com/abstract=1331383>

Lewellen, Stefan M., SPACs as an Asset Class (October 13, 2008). Available at SSRN: <http://ssrn.com/abstract=1284999>