

Instructions: Application Bachelor and Master Thesis
Chair Prof. Dr. Thorsten Hens

Regulations

To all thesis supervised by the chair of Prof. Dr. Thorsten Hens the official study regulations of the Dean's office apply as well as the following instructions of this document: (http://www.oec.uzh.ch/studies/general/regulations_en.html).

Thesis Subjects

The chair of Prof. Dr. Thorsten Hens supervises thesis in the following research fields:

- Financial Economics

Financial Economics analyzes how individual decisions interact on financial markets. Central questions are whether markets are efficient. I.e. whether they allocate risks in a way that exhausts all possible gains from trade and whether prices reflect all available information. Thesis in this area can be theoretical or empirical or both.

- Asset Pricing

Asset pricing investigates the determinants of asset prices and expected returns. Theoretical work seeks to make predictions about these quantities both in the time-series (when should expected returns on a particular asset be high and when should they be low) and in the cross-section (which assets should have high expected returns and which ones should have low expected returns).

- Empirical Asset Pricing:

Empirical Asset Pricing studies the behavior of asset prices, such as stock or bond returns, exchange rates or commodity prices. The research focuses on time-series predictability of asset returns over different horizons as well as cross-sectional tests of asset pricing models. According to Cochrane (2005), asset prices equal expected discounted payoffs which should capture the fundamental and macroeconomic risks underlying each security's value. While Fama wrote numerous empirical studies examining the efficiency of different asset prices, Shiller believes market participants have irrational expectations and asset prices form bubbles. Based on these return fundamentals, portfolios (and investment strategies) can be formed to investigate the cross-section of asset prices. The methods used in empirical asset pricing research are (mostly time-series) linear regression models, generalized methods of moments, volatility models and portfolio construction techniques. To write a thesis in this field, you should be able to find the relevant data to answer your research question and apply the empirical methods mentioned to your data set.

Literature:

Cochrane (2005), „Asset Pricing“, Princeton University Press.

Campbell (2014), „Empirical Asset Pricing: Eugene Fama, Lars Peter Hansen, and Robert Shiller“, *Scandinavian Journal of Economics* 116 (3), 593-63

- Behavioral Finance

Behavioral finance studies financial decision making detached from the classical rational utility paradigm. The goal is to understand the investment behavior of (unsophisticated) individual investors and its impact on economic outcomes. Many stylized facts of individual investors have been discovered in empirical studies that typically use stock prices, brokerage data, mutual fund flows, or experiments to discover anomalies that cannot be explained in the rational utility framework (for a review, see Barber Odean, 2013). To explain these anomalies theoretical studies often borrow concepts from psychology and extend existing theories of rational behavior. We mainly supervise empirical thesis in behavioral finance aiming to extend existing research.

- Evolutionary Finance

This is a new field of research in finance that advances on the CAPM by endogenizing returns of assets and the wealth of investors. See the lecture notes of the bachelor course "Financial Economics". Good analytical knowledge is required.

- Real Estate Finance

A big part of the wealth of a nation is typically hold in form of real estate - both for private use (housing) as well for commercial use (offices, factories, retail stores, hotels, etc.). In contrast to equities markets markets for real estate are illiquid and subject to a lot of regulation, e.g. on the yield (rent restriction) and on the financing (mortgage rules). Since the bubble in the US housing market was at the center of the great financial crisis 2007/2008 real estate finance has moved to the center of interest in finance. Valuation of real estate, its sensitivity to interest rates and structuring mortgages are topics that need to be understood.

Industry cooperations

Writing a thesis in cooperation with a company is possible. These thesis must satisfy the same requirements as all other thesis.

Moreover, the following aspects need to be considered:

- The exact thesis topic is given by the supervisor of the chair of Prof. Dr. Thorsten Hens and not by the student or the company.
- The assessment, and in particular the grade of the thesis is based on the scientific benchmarks of the chair.
- The supervision of the thesis is not a consulting service of the chair to the company.
- The composition of the thesis shall imply no claims on the part of the student to the company.

Requirements of writing the Thesis

Students interested in writing their thesis at the chair of Prof. Dr. Thorsten Hens are expected to have comprehensive knowledge in the relevant area of studies. Bachelor students are strongly advised to have successfully completed the lecture "Financial Economics".

Application

The following documents have to be included in the application:

- Application form
- Research Proposal
- Transcript of Records
- CV

The **Research Proposal** shall

- describe the research question at hand and explain why the research question is relevant in the context of the current literature
- **or** describe the motivation and research interests of the student

Applications without a research proposal will be rejected. All documents shall be sent at least one month before the desired starting date to arbeiten.hens@bf.uzh.ch.

Registration of the Thesis

Immediately after the student and supervisor have agreed on a specific topic, the specific subject of the thesis will be sent to the Dean's office for retrieval. The supervisor formulates the specific subject of the thesis. The student will be informed about the final formulation of the thesis subject once he/she retrieves it from the Dean's office. The official start of the thesis composition is the day at which the student retrieves the thesis topic from the Dean's office.

Requirements of the Thesis

A Bachelor thesis can be a literary or empirical work. The empirical work can be a replication of existing studies with different or own data.

Whereby a Master thesis have to deal with a new hypothesis, so the student have to do internal research. The student can choose to do an empirical, analytical or experimental study.