

Master theses topics FSS 2021

Chair of Corporate Governance

Prof. Dr. Alexandra Niessen-Ruenzi, Mengqiao Du, Chia-Yi Yen



Organization



- All necessary information (including topic descriptions) can be found on our website
 - <https://www.bwl.uni-mannheim.de/niessen-ruenzi/>.
- Advisor:
 - Chia-Yi Yen, cyen@mail.uni-mannheim.de
 - Mengqiao Du, mengqiao.du@uni-mannheim.de

What are the prerequisites?

- You are a master student.
- You must have successfully completed a seminar at one of the finance chairs.
- Some knowledge of statistics and econometrics is useful and participants should be motivated to undertake empirical work.
- You are available in the time period from September to January.

Time-line

Process Guide and Schedule



Date	Event	Additional Information
01.03.2021	Topics Announcement	Topics will be uploaded to the individual websites of the participating chairs.
04.03.2021	Topics Presentation via Zoom	<p>Topics will be presented by the participating chairs (13.30 – 18.00). Schedule:</p> <ul style="list-style-type: none"> ■ 13.30 Theissen ■ 14.30 Ruenzi ■ 15.30 Spalt ■ 16.15 Niessen-Ruenzi ■ 17.00 Maug <p>The Zoom-Link will be provided here.</p>
08.03.2021 – 16.03.2021	Online Application	Students should submit an online application form indicating their preferences. The link for the Ilias group will be provided here .
23.03.2021	Topics Allocation Announcement	The allocation of topics will be published here
23.03.2021 – 30.03.2021	Registration Period	Ask your advisor to register your thesis at the student services office within this period.
30.03.2021	Starting Date	Formal starting date of the writing phase.
30.07.2021	Submission Deadline	Last day to hand in your thesis.

- Please pay attention to the deadlines on the website of Finance area!
 - <https://www.bwl.uni-mannheim.de/en/finance/teaching/master/masters-theses/>

Colloquia

- There will be two block seminars
 - Tue., May 11th, 2021
 - Mon., June 21th, 2021
- The block seminars provide a platform to discuss the structure of your thesis, present (first) empirical results, raise questions, and to further stimulate your research.
- The colloquia are not graded.
- Participation in the block seminars is mandatory for all students.

How to apply?

- Submit your priority list online.
- You can combine topics from different chairs, e.g.:
 - First preference: “3rd Topic, Chair of Prof. Niessen-Ruenzi”;
 - Second preference: “10th Topic, Chair of Prof. Weber”;
 - Third preference: “4th Topic, Chair of Prof. Theissen”
- Please only choose topics you are really willing to work on.
- The allocation of topics is based on the grade in one of the seminars of the Finance Area and your priority list from the master thesis application form.

How do we grade?

- Supervision of the thesis by Prof. Niessen-Ruenzi and the assigned advisor.
- 100% paper
- The colloquia are not graded.
- Plagiarism: no excuse policy

How should your thesis look like?

- ~50 pages (without appendix)
- Language: English
- Detailed formal requirements: see the guidelines provided on our website

TOPIC NR1: Mutual fund managerial ownership and the effect of capital gains tax

- Advisor: Chia-Yi Yen
- Background:
 - To align incentives of fund managers and fund investors: Managerial ownership
 - Ma and Tang (2018): ownership of fund manager → less agency-induced risk-taking in holdings
 - However, when taking into account capital gains tax, fund manager's decision may be distorted
 - For example: risk-taking due to “locked-in” effect, as in Yost (2017):
 - CEOs are reluctant to realize capital gain to avoid paying tax →
 - CEOs over-expose to firm-specific risk.
 - As a result, they will reduce firms' risk and hence limit their personal risk.
- Goals:
 - Conduct a literature review on the tax distortion effect and consequence on fund managers' decisions
 - Examine how unrealized tax burdens on fund managers influence fund-level activities, such as riskiness, performance, turnover, and flows.
 - Collect some data manually from SEC EDGAR

TOPIC NR2: Q&As at Earnings Conference calls and analyst forecasts

- Advisor: Mengqiao Du
- Background:
 - Earnings conference calls generate considerable intraday stock price movements, most of which occur during the discussion period (or Q&A) of the call (e.g., Frankel et al. (1999) and Matsumoto et al. (2011)).
 - Chen et al. (2018) find that an analyst's tone during these calls predicts his or her future price target, stock recommendation, and earnings forecast for the firm, which suggests that analysts are revealing their beliefs about the firm during the discussion.
- Goals:
 - conduct a literature review on informativeness of earnings conference calls, especially the Q&A session
 - empirically examine whether and what kinds of answers from the management improve analysts' forecast accuracy
- Introductory Literature:
 - Chen, J. V., Nagar, V., & Schoenfeld, J. (2018). Manager-analyst conversations in earnings conference calls. *Review of Accounting Studies*, 23(4), 1315-1354.
 - Frankel, R., Mayew, W. J., & Sun, Y. (2010). Do pennies matter? Investor relations consequences of small negative earnings surprises. *Review of Accounting Studies*, 15(1), 220-242.
 - Matsumoto, D., Pronk, M., & Roelofsen, E. (2011). What makes conference calls useful? The information content of managers' presentations and analysts' discussion sessions. *The Accounting Review*, 86(4), 1383-1414.

TOPIC NR3: Closing decisions of Chinese mutual funds

- Advisor: Mengqiao Du
- Background:
 - Some mutual funds choose to close to new investments. Fund families typically claim that closing a fund protects the fund's superior performance by preventing it from growing too large to be managed efficiently.
 - Bris et al. (2006) show that funds close following a period of superior performance and abnormal fund inflows but find evidence consistent with the "cheap talk hypothesis": closing does not impose a cost on the fund because fund closing is accompanied by an increase in fees.
 - Zhao (2004) finds no evidence that closing a fund can protect its performance.
- Goals:
 - conduct a literature review on fund closing decisions
 - develop and test new hypotheses, and replicate the analyses in Bris et al. (2006) and Zhao (2004) with Chinese mutual fund data
- Introductory Literature:
 - Bris, A., Gulen, H., Kadiyala, P., & Rau, P. R. (2007). Good stewards, cheap talkers, or family men? The impact of mutual fund closures on fund managers, flows, fees, and performance. *Review of Financial Studies*, 20(3), 953-982.
 - Chen, H. L., Gao, S., & Hu, X. (2012). Closing and cloning in open-end mutual funds. *Journal of Banking & Finance*, 36(4), 1210-1223.
 - Zhao, X. (2004). Why are some mutual funds closed to new investors?. *Journal of Banking & Finance*, 28(8), 1867-1887.

TOPIC NR4: Stated investment styles in mutual funds' prospectus

- Advisor: Mengqiao Du
- Background:
 - Sensoy (2009) shows that a fraction of size and value/growth benchmark indices disclosed in the prospectuses of U.S. equity mutual funds do not match the fund's actual style.
 - Chen et al. (2019) find misclassification of bond funds.
 - perspectives other than the stated investment objective in the mutual fund prospectus should contain important information
- Goals:
 - conduct a literature review on fund (mis)classifications
 - investigate the mismatch of stated benchmarks among equity funds as in Sensoy (2009) using updated data, including downloading and checking fund prospectuses on SEC Edgar to investigate the use of language in prospectuses for funds with mismatched benchmarks
- Introductory Literature:
 - Sensoy, B. A. (2009). Performance evaluation and self-designated benchmark indexes in the mutual fund industry. *Journal of Financial Economics*, 92(1), 25-39.
 - Chen, H., Cohen, L., & Gurun, U. (2019). Don't take their word for it: The misclassification of bond mutual funds (No. w26423). National Bureau of Economic Research.

TOPIC NR5: In-group Bias at Earnings Conference Calls

- Advisor: Mengqiao Du
- Background:
 - In the setting of earnings conference calls, Mayew (2007) finds that the probability of an analyst asking a question during an earnings conference call is increasing in the favorableness of the analyst's outstanding stock recommendation.
 - Flam et al. (2020) find that managers are less likely to select minority analysts to participate in the Q&A session.
 - Jannati et al. (2020) show in-group bias among analysts in their earnings forecasts.
- Goals:
 - conduct a literature review on discrimination and favoritism in financial markets as well as on activities at earnings conference calls.
 - examine whether there is any in-group bias at earnings conference calls and how this influences analysts' earnings forecasts
- Introductory Literature:
 - Brown, L., Call, A., Clement, M., and Sharp, N. (2015). Inside the "black box" of sell-side financial analysts. *Journal of Accounting Research*, Vol. 53, pp. 1-47.
 - Flam, R. W., Green, J., Lee, J. A., and Sharp, N. Y. (2020). A Level Playing Field? Empirical Evidence That Ethnic Minority Analysts Face Unequal Access to Corporate Managers. Unpublished Working Paper, 06.08.2020.
 - Juergens, J. L., & Lindsey, L. (2009). Getting out early: An analysis of market making activity at the recommending analyst's firm. *Journal of Finance*, Vol. 64, pp. 2327-2359.
 - Mayew, W. J. (2008). Evidence of management discrimination among analysts during earnings conference calls. *Journal of Accounting Research*, Vol 46, No.3, pp. 627-659.

- Thank you for the attention.
- Any question?