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Topic R1: Institutional Investors and Corporate Sustainability
Advisor: Kai Maeckle

Topic R2: Presidents and Firm Performance
Advisor: Kai Maeckle

Topic R3: Information Asymmetries and Fire Sales
Advisor: Qi Zhang

Topic R4: Matching Skills with Jobs in Mutual Funds
Advisor: Qi Zhang

Topic R5: Monetary Momentum and the Zero-Shock Puzzle
Advisor: Paul Seidel

Topic R6: Anomaly Life-Cycle
Advisor: Paul Seidel

A general remark:

All topics focus on empirical analyses (as most seminar topics or master's thesis offered in the finance area). The empirical work requires obtaining data and the use of a statistical software program (such as STATA or Python) to process and analyze the data. Data can be retrieved from databases that are readily accessible for affiliates of the University of Mannheim or is provided by the advisors. You should be motivated to acquire necessary skills for databases, software, and econometric methods during the writing phase.

Topic R1: Institutional Investors and Corporate Sustainability

Classification: Empirical topic

Advisor: Kai Maeckle

Shareholders are increasingly expected to monitor a firm's financial and environmental and social (E&S) performance. However, the benefits of E&S performance for shareholders are debated. Research on the financial impact of improving E&S performance yields mixed results. Some argue that investments in E&S performance may indicate agency problems because managers could overinvest due to external pressures or personal gain. However, E&S investments can also provide valuable market differentiation and protection against risks.

Dyck, Lins, Roth, and Wagner (2019) investigated whether shareholders influence environmental and social (E&S) performance in firms globally. They find that greater institutional ownership was associated with higher firm-level E&S scores. These investors engage with their portfolio firms to improve their E&S performance.

This thesis has two goals. First, it aims to replicate the general findings of Dyck, Lins, Roth, and Wagner (2019). Do you also find evidence that institutional ownership is associated with better E&S performance? Are the results robust when the sample period is extended? Second, explore whether institutional ownership is associated with firm-level biodiversity risk. Do firms with higher institutional ownership also have lower biodiversity risk?

Requirements: The empirical work requires the use of large databases, i.e., Thomson Refinitiv, Thomson Global Ownership database, etc. The databases are readily accessible to affiliates of the University of Mannheim. The candidate should feel comfortable with the use of a statistical software program (such as STATA) and econometric methods.

Introductory Literature:

- Dyck, A., Lins, K. V., Roth, L., & Wagner, H. F. (2019). Do institutional investors drive corporate social responsibility? International evidence. Journal of Financial Economics, 131(3), 693-714.
- Giglio, S., Kuchler, T., Stroebel, J., & Zeng, X. (2023). Biodiversity Risk. NBER Working Paper.

Topic R2: Presidents and Firm Performance

Classification: Empirical topic

Advisor: Kai Maeckle

Historically, the average inflation-adjusted annual return of the S&P 500 has been significantly higher under Democratic presidents than under Republican presidents over the past few decades (11.06% vs. 3.53%). This difference in returns cannot be explained by business-cycle variables related to expected returns or possible risk factors and is not concentrated around election dates. Thus, the large difference in returns over the political cycle remains puzzling.

The aim of this thesis is as follows: first, the student is expected to replicate the main findings of Santa-Clara and Valkanov (2003). Second, since the U.S. economy performs better under a Democratic president than a Republican one, do you find that other firm outcomes, such as investments and cash flows, differ between Democratic and Republican presidencies?

Requirements: The empirical work requires the use of large databases, e.g., CRSP/Compustat. These databases are readily accessible to affiliates of the University of Mannheim. The candidate should feel comfortable with the use of a statistical software program (such as STATA) and econometric methods.

Introductory Literature:

- Belo, F., Gala, V. D., & Li, J. (2013). Government spending, political cycles, and the cross section of stock returns. Journal of Financial Economics, 107(2), 305-324.
- Santa-Clara, P., & Valkanov, R. (2003). The presidential puzzle: Political cycles and the stock market. The Journal of Finance, 58(5), 1841-1872.

Topic R3: Information Asymmetries and Fire Sales

Classification: Empirical topic

Advisor: Qi Zhang

Fire sales are defined as situations when stocks have to be quickly sold by mutual funds due to outflows the fund faces. This can lead to those stocks trading well below market value and make stock prices remain depressed for prolonged periods of time following fire sales. However, there is relatively little empirical evidence on the determinants of fire sale discounts.

In a more recent study, Dow and Han (2018) propose an information-based model using a noisy rational expectation equilibrium framework to interpret fire sale discounts. They argue that if fund managers know more about the fundamental value of their holdings than other investors, then potential buyers may be reluctant to purchase these assets even when the fund manager is forced to sell some of them. As a result, asset prices must fall for the market to clear.

Subsequent work by Huang et al. (2023) provides empirical evidence for the influence of information asymmetries on asset prices following fire sales. They use short interest and future earnings surprises as proxy variables for managers' unobservable negative signals and decompose fund manager trades into expected and discretionary components. They show that discretionary trades contain more negative information than expected trades. Discretionary trades are correlated with large price drops, and these prices remain low for several years. By contrast, expected trades experience much smaller price drops that quickly reverse.

The aim of this thesis is as follows: first, the student is expected to replicate the main findings of Huang et al. (2023). Can the price pressure following fire sales be explained by negative information? Are the discretionary trades of mutual fund managers associated with significant price drops? Second, the student should extend the analysis to also cover the most recent years.

Requirements: The empirical work requires the use of large databases, e.g., Compustat/CRSP. The databases are readily accessible to affiliates of the University of Mannheim. The candidate should feel comfortable with the use of a statistical software program (such as STATA) and econometric methods.

Introductory Literature:

- Dow, J., & Han, J. (2018). The paradox of financial fire sales: The role of arbitrage capital in determining liquidity. The Journal of Finance, 73(1), 229-274.
- Huang, S., Ringgenberg, M. C., & Zhang, Z. (2023). The information in asset fire sales. Management Science, 69(9), 5066-5086.

Topic R4: Matching Skills with Jobs in Mutual Funds

Classification: Empirical topic

Advisor: Qi Zhang

The investment style followed by a mutual fund determines a specific investment universe, and different style-defined investment universes exhibit distinct return properties. However, when fund managers start their careers, the investment styles that best match their skills are unknown. They need to try out different jobs and finally find their best matching.

In a recent study, Cici et al. (2025) show the importance of the matching between fund managers and their jobs. They find that the performance gains of fund managers after match finding are economically significant and fund companies will response rationally to it. To maximize firm value, fund companies increase assets under the management of their matched managers and charge higher fees for these managers' funds. Furthermore, fund companies also spread the expertise of their matched managers to other managers so that other managers can acquire similar skills.

The aim of this thesis is as follows: first, the student is expected to replicate the main findings of Cici et al. (2025). Are the performance gains of fund managers after match finding economically significant? Will fund companies take actions to utilize the matching? Second, the student should extend the analysis to also cover the most recent years.

Requirements: The empirical work requires the use of large databases, e.g., CRSP/Morningstar. The databases are readily accessible to affiliates of the University of Mannheim. The candidate should feel comfortable with the use of a statistical software program (such as STATA) and econometric methods.

Introductory Literature:

- Cici, G., Gehde-Trapp, M., Göricke, M. A., & Kempf, A. (2018). The investment value of fund managers' experience outside the financial sector. The Review of Financial Studies, 31(10), 3821-3853.
- Cici, G., Hendriock, M., & Kempf, A. (2025). Finding your calling: Matching skills with jobs in the mutual fund industry. Management Science.

Topic R5: Monetary Momentum and the Zero-Shock Puzzle

Classification: Empirical topic

Advisor: Paul Seidel

Traditional asset-pricing theory holds that only *unexpected* monetary news commands a return reaction, because investors should price in anything that is fully anticipated. U.S. equities rally most when the Federal Reserve delivers no surprise at all—the target rate lands exactly where futures had predicted, a situation they label a "Zero Shock.'' Thirty trading days after such meetings, the Russell 3000 outperforms contractionary-shock dates by roughly two percentage points, a pattern standard models cannot reconcile. Whether this premium is a Fed-specific anomaly or a broader feature of modern central-bank communication remains an open question.

The seminar thesis tackles that gap in two consecutive steps. Step 1 replicates the U.S. finding by Neuhierl and Weber (2024) including zero shocks over the extended 1994-2024 sample. Surprises are quantified with the fed-funds-futures method of Kuttner (2001); abnormal returns are computed in an event-study framework and compared across expansionary, contractionary and zero categories. Step 2 is for additional extensions. For example, the student explores external validity and international transmission. Using identical identification rules, the analysis tests whether zero surprises by the ECB, the Bank of England or the Bank of Japan generate similar drifts in their home markets. It further examines whether a U.S. zero shock propagates to at least twenty foreign equity indices, following the spillover methodology of Ehrmann and Fratzscher (2009).

Requirements: The empirical work requires the use of databases, e.g., CRSP. The databases are widely accessible to affiliates of the University of Mannheim. The candidate should feel comfortable with the use of a statistical software program (such as Python) and econometric methods.

Introductory Literature:

- Bernanke, B. S. & Kuttner, K. N. (2005). "What Explains the Stock Market's Reaction to Federal Reserve Policy?" Journal of Finance 60(3), 1221-1257.
- Kuttner, K. N. (2001). "Monetary Policy Surprises and Interest Rates: Evidence from the Fed Funds Futures Market." Journal of Monetary Economics 47(3), 523-544.
- Lucca, D. O. & Moench, E. (2015). "The Pre-FOMC Announcement Drift." Journal of Finance 70(1), 329-371.
- Ehrmann, M. & Fratzscher, M. (2009). "Global Financial Transmission of Monetary Policy Shocks." Oxford Bulletin of Economics and Statistics 71(2), 739-759.
- Neuhierl, A. & Weber, M. (2024). "Monetary Momentum." Chicago Booth Research Paper 20-39.

Topic R6: Anomaly Lifecycle

Classification: Empirical topic

Advisor: Paul Seidel

Most asset-pricing research assumes that the return spreads linked to familiar signals—value, momentum, investment, profitability—apply uniformly to every firm. Any residual premium left after standard factor adjustments is dubbed an anomaly or a reward for hidden risk. This view overlooks a basic fact: companies change. Their cash-flow mix, funding choices, and information environments morph predictably as they journey from inception to maturity and eventual decline. The forces that generate factor payoffs may therefore be rooted in specific life-cycle stages rather than in a universal law.

Dickinson (2011) provides an elegant, purely sign-based classification of the three key cash-flows—operating (CFO), investing (CFI), and financing (CFF). Depending on their sign combination, every firm-year observation is mapped to one of five stages: Introduction, Growth, Mature, Shake-out, and Decline. Each stage entails distinct financing needs, risk profiles, and valuation uncertainty. It is therefore plausible that the return premia of common factors vary across these stages as well. If, for instance, high-accrual firms cluster in Introduction and Decline, the celebrated "accrual premium'' may simply be a life-cycle premium.

This study therefore asks in which life-cycle phases the returns of the most important equity factors actually arise, and whether they persist when the comparison is made strictly within the same stage. First, we replicate the monthly long–short returns of several prominent factors. Second, each CRSP/Compustat firm observation is assigned to a Dickinson life cycle stage using cash-flow signs to reveal whether the aggregate premium is confined to specific stages or spans the full life-cycle.

Requirements: The empirical work requires the use of databases, e.g., CRSP. The databases are widely accessible to affiliates of the University of Mannheim. The candidate should feel comfortable with the use of a statistical software program (such as Python) and econometric methods.

Introductory Literature:

- Dickinson, Victoria (2011). "Cash-Flow Patterns as a Proxy for Firm Life Cycle." The Accounting Review, 86 (6), 1969-1994.
- Hou, Kewei; Chen Xue; and Lu Zhang (2020). "Replicating Anomalies." Review of Financial Studies, 33 (5), 2019-2133.
- Konstantinidi, Theodora (2022). "Firm Life Cycle, Expectation Errors and Future Stock Returns." Journal of Banking & Finance, 143, 106591.