

Master Thesis Topics HWS 2026

Chair of Finance – Prof. Dr. Erik Theissen



Chair of Finance

- **Address:**
 - L 9, 1-2
 - Secretary: third floor (“3. OG”)
 - Assistants: second and fourth floor
- **Office hours:**
 - By appointment
 - General questions: please visit our homepage first
 - Questions about specific topics: please feel free to contact the respective supervisor
- **Research at the Chair of Finance**
 - a) Market Microstructure
 - b) Empirical Asset Pricing
 - c) Blockchain & Cryptocurrency

Topic Allocation

- **Prerequisite:** You must have successfully completed one seminar of the area "Banking, Finance, and Insurance" (Prof. Maug, Prof. Niessen-Ruenzi, Prof. Ruenzi, Prof. Spalt, Prof. Theissen).
- The assignment of topics is carried out jointly by the finance area.
- Assignment to the topics will be based on your priority list and the grade in the respective seminar.

Time Schedule

- **Application period:** Thursday, 03.09.2026 – Thursday, 10.09.2026
- **Topics Allocation Announcement:** Tuesday, 15.09.2026
- **Registration Period:** Tuesday, 15.09.2026 – Tuesday, 22.09.2026
- **Starting Date:** Tuesday, 15.09.2026
- **Colloquium:** Friday, 27.11.2026 (in-person)
- **Submission Deadline:** Tuesday, 02.02.2027

Guide to Scientific Writing

- **An information sheet on writing a seminar paper or a master thesis is provided on our website.**
- **Most important rules:**
 - Your thesis should be 45 pages (+/- 10%).
 - 50 pages is the absolute maximum.
 - Tables and figures have to be included in the text (and count towards the page restriction).
 - Only supplementary material that is not needed to read and understand the thesis may be collected in an appendix.
 - Please only include literature that is either in English or German.

Important Remarks

- **Plagiarism policy:**
 - Your master thesis will be analyzed by plagiarism detection software (Turnitin).
 - Our chair has a **zero-tolerance policy** regarding plagiarism.
 - Students who submit plagiarized work will be graded with 5.0.
- **Language quality:**
 - Grading of your master thesis takes also into account the language quality.
 - Linguistic shortcomings negatively impact your final grade.
 - The master thesis can be either written in English or German.

- **Some topics look more difficult than others. Why should I choose a rather difficult topic?**

We take the difficulty of the topic into account when grading your thesis.

- **Can I do an internship during the writing process?**

We generally advise against doing an internship during the writing process.

- **My computer crashed and I lost all my progress on the thesis. Can I get an extension of the deadline?**

No, you are responsible to make enough backups of your work.

- **Can I submit earlier?**

Yes.

Master Thesis Topics

- **If you have any questions regarding one of the topics before applying for topics, please feel free to contact the respective supervisor!**
- **You can find contact information for each supervisor on the website of the Chair of Finance**

<https://www.bwl.uni-mannheim.de/en/theissen/team/>

T1. Decomposing the Size Effect

Prof. Dr. Erik Theissen

Topic Description

- The size effect, well known since the 1980s, is the observations that firms with high market capitalization (market value of equity) have lower returns. The market value of a firm's equity is the number of shares outstanding multiplied by the share price. This insight raises the question which of these components contribute how much to the size effect.
- The student should provide a brief review of the size effect and discuss possible reasons *why* share price and number of shares may contribute differently.
- The first empirical task is to uncover the relative importance of share price and number of shares outstanding for the size effect using standard empirical asset pricing methodology.
- The second empirical task is to analyze a sample of firms undergoing a stock split. A stock split changes the composition of the market value of equity (the change in the number of shares is offset by a corresponding change in share price). If share price and number of shares outstanding carry different risk premia, then stock splits should affect expected returns.

Requirements:

The candidate should feel comfortable in the use of appropriate software (such as STATA, R or Python) and econometric methods, and should be able to handle large data sets.

T1. Decomposing the Size Effect

Prof. Dr. Erik Theissen

Starting References

- Alquist, R., R. Israel and T. Moskowitz (2018): Fact, Fiction and the Size Effect. Journal of Portfolio Management Fall 2018, 3-30.
Downloadable at: <https://www.aqr.com/Insights/Research/Journal-Article/Fact-Fiction-and-the-Size-Effect>
- Ball, R., J. Gerakos, J. Linnainmaa and V. Nikolaev (2020): Earnings, Retained Earnings, and Book-to-Market in the Cross-Section of Expected Returns. Journal of Financial Economics 135, 231-154.

T2. Which Mutual Fund Style Signal Do Investors Follow?

Hongting Jiang

Topic Description

- Mutual funds communicate their investment style through several layers of information. A fund name provides an immediate and highly visible signal, while the prospectus describes the fund's stated investment strategy and its portfolio reveals the strategy actually implemented. These signals need not coincide: prior research documents cases in which fund names, self-reported strategies, or benchmarks imply a different investment style from the fund's actual portfolio. Existing research also shows that investors respond strongly to fund names and other simple signals, even when these do not fully reflect the underlying portfolio.
- This thesis studies **how investors respond when these different signals about investment style agree or conflict**. Focusing on U.S. equity mutual funds, the student will compare the Value/Growth style suggested by fund names, prospectus disclosures, and portfolio holdings. Particular attention will be paid to whether prospectus information reinforces or corrects the signal contained in the fund name, and whether the strength of the stated strategy affects subsequent investor flows. Textual analysis, potentially incorporating NLP or LLM methods, may be used to extract investment style from prospectus disclosures.

Requirements

The empirical work requires mutual fund, portfolio-style, and prospectus data. The databases are readily accessible for affiliates of the University of Mannheim. The candidate should be comfortable with R, Stata, or Python and basic empirical methods. Experience with text analysis is helpful but not required.

T2. Which Mutual Fund Style Signal Do Investors Follow?

Hongting Jiang

Starting References

- Cooper, M. J., Gulen, H., and Rau, P. R. “Changing Names with Style: Mutual Fund Name Changes and Their Effects on Fund Flows.” *The Journal of Finance* 60, no. 6 (2005): 2825–2858.
- Sensoy, B. A. “Performance Evaluation and Self-Designated Benchmark Indexes in the Mutual Fund Industry.” *Journal of Financial Economics* 92, no. 1 (2009): 25–39.
- Abis, S., and Lines, A. “Broken Promises, Competition, and Capital Allocation in the Mutual Fund Industry.” *Journal of Financial Economics* 162 (2024): 103948.
- Chan, L. K. C., Chen, H.-L., and Lakonishok, J. “On Mutual Fund Investment Styles.” *The Review of Financial Studies* 15, no. 5 (2002): 1407–1437.
- Barber, B. M., Huang, X., and Odean, T. “Which Factors Matter to Investors? Evidence from Mutual Fund Flows.” *The Review of Financial Studies* 29, no. 10 (2016): 2600–2642.
- Birk, K., Jacob, S., and Wilkens, M. “What Attracts Sustainable Fund Flows? Prospectus versus Ratings.” *Journal of Asset Management* 26 (2025): 216–237.

T3. Can AI beat humans in financial decisions?

Dr. Thomas Johann

Topic Description

- Behavioral Finance has identified various biases that affect human investment behavior.
- In recent times, humans oftentimes use LLMs to check and consult their investment decisions.
- It is the purpose of this thesis to analyze whether LLMs, like humans, are also subject to behavioral biases
- To this end, the thesis shall:
 - ... provide a thorough literature review, structuring and evaluation of the existing papers on the use of LLMs in behavioral finance.
 - ... develop and conduct an experiment to analyze whether LLMs are affected by a specific behavioral bias.
- Since this is a relatively novel research question, this thesis is especially suited for those wanting to conduct original research.
- Some prior experience in working empirically (R, or Python) would be highly advisable.

T3. Can AI beat humans in financial decisions?

Dr. Thomas Johann

Starting References

- Bini, L., Cong, L. W., Huang, J., & Jin, X. (2026): Behavioral Economics of AI: LLM Biases and Corrections, Working Paper.
- Beck, N., et al. (2025): Bias in the Loop: How Humans Evaluate AI-Generated Suggestions, Working Paper
- Forcellini, M., & Gracikova, D. (2025): From Cognitive Bias to Algorithmic Influence, Journal of Behavioral Economics and Policy.

T4. Stablecoins and Market Fragmentation

Dr. Stefan Scharnowski

Topic Description

- Whether trading in an asset should be concentrated in a single market or spread across several is a classic question in financial economics. Some theories predict that liquidity attracts liquidity, so that a single consolidated market offers tighter spreads and greater depth. Others argue that competition between trading venues disciplines liquidity providers and that splitting orders across markets can reduce price impact.
- Evidence from stock markets is hard to interpret because trading venues also differ in fees, speed, and technology, and because markets rarely consolidate. Cryptocurrency markets provide a cleaner setting. Until July 2022, Coinbase ran two order books for several cryptocurrencies: One denominated in US dollars and one in the stablecoin USD Coin (USDC). On 13 July 2022, the exchange merged each USDC book into the corresponding USD book. Two markets for the same asset on the same platform became one.
- The aim of this project is to study how this consolidation affected liquidity and market quality, for example bid-ask spreads, order book depth, trading volume, and price efficiency. One possible approach is to compare the affected cryptocurrencies with similar ones that always traded in a single order book. High-frequency order book and trade data will be provided.

Requirements

The candidate should feel comfortable in the use of a statistical software program (such as Python or Stata).

T4. Stablecoins and Market Fragmentation

Dr. Stefan Scharnowski

Starting References

- Foucault, T., & Menkveld, A. J. (2008). Competition for order flow and smart order routing systems. *The Journal of Finance*, 63(1), 119-158.
- Lyons, R. K., & Viswanath-Natraj, G. (2023). What keeps stablecoins stable? *Journal of International Money and Finance*, 131, 102777.
- Makarov, I., & Schoar, A. (2020). Trading and arbitrage in cryptocurrency markets. *Journal of Financial Economics*, 135(2), 293-319.
- O'Hara, M., & Ye, M. (2011). Is market fragmentation harming market quality? *Journal of Financial Economics*, 100(3), 459-474.
- Pagano, M. (1989). Trading volume and asset liquidity. *The Quarterly Journal of Economics*, 104(2), 255-274.

T5. The Intraday Predictability Puzzle

Ziheng Sun

Topic Description

- Intraday return dynamics provide insights into how information, liquidity, and institutional trading interact at high frequency. Heston, Korajczyk, and Sadka (2010) document a striking periodicity in individual stock returns: stocks that perform well during a given half-hour interval tend to outperform during the same interval on subsequent days, with the predictability persisting for up to 40 trading days. They show that this pattern is distinct from conventional daily momentum and is closely related to periodic institutional trading activity rather than standard microstructure effects.
- This thesis will investigate whether this intraday return periodicity persists in more recent data and whether its magnitude and structure have changed with the rise of algorithmic trading and evolving market structures. The analysis will construct interval-level returns, test cross-sectional predictability across fixed intraday intervals, and examine how the pattern varies with stock characteristics such as liquidity, institutional ownership, and algorithmic trading intensity. The student is encouraged to explore additional explanations and extensions.

Requirements

- Ability to work with APIs and the LSEG Workspace Add-in for Excel. Access to financial databases (e.g., LSEG Workspace, WRDS, etc.). Proficiency in basic programming skills (R, Stata, or Python) is required. The student should be familiar with cross-sectional asset pricing models (Fama–MacBeth regressions, factor models).

T5. The Intraday Predictability Puzzle

Ziheng Sun

Starting References

- Baltussen, Guido, Zhi Da, and Amar Soebhag. "End-of-Day Reversal." FEB-RN Research Paper 77 (2025).
- Heston, Steven L., Robert A. Korajczyk, and Ronnie Sadka. "Intraday patterns in the cross-section of stock returns." The Journal of Finance 65.4 (2010): 1369-1407.
- Heston, Steven L., et al. "Are you trading predictably?." Financial Analysts Journal 67.2 (2011): 36-44.
- Lou, Dong, Christopher Polk, and Spyros Skouras. "A tug of war: Overnight versus intraday expected returns." Journal of Financial Economics 134.1 (2019): 192-213.

Publicly Accessible Database:

- Kenneth R. French - Data Library:
https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
- TradingView: <https://www.tradingview.com/>

T6. Analyst Forecasting under Political Uncertainty

Daniel Weiß

Topic Description

- Financial analysts who publish reports, forecasts, and opinions on companies and stocks play a vital role as information intermediaries in capital markets. When (political) uncertainty is high, investors find it harder to assess firm valuations making analyst output more valuable. However, higher uncertainty makes analysts' tasks harder and little is known about analysts' research quality in times of high (political) uncertainty. Do they forecast less accurately, disagree more, revise less frequently, herd more, or go quiet? How do investors respond to analyst output when uncertainty is high?
- This thesis investigates the performance of financial analysts in times of high and low political uncertainty. The student relates several measures of the quality of analyst output (e.g., forecast accuracy, recommendation profitability, forecast dispersion etc.) including earnings forecasts, target prices, and stock recommendations to several measures of political uncertainty (e.g., economic policy uncertainty, geopolitical uncertainty, firm-level political risk, elections etc.) as well as economic uncertainty (for comparison). Additionally, the student should analyze the market's reaction to forecast revisions in times of high and low political uncertainty.

Requirements

This topic is more exploratory as there is no single "benchmark" paper to replicate. Hence, the student should be motivated and interested in conducting original research. The empirical work requires the use of large databases (i.e., I/B/E/S, CRSP, Compustat). The databases are readily accessible for affiliates of the University of Mannheim. The candidate should feel comfortable in the use of a statistical software program (i.e., STATA, R, Python) and econometric methods.

T6. Analyst Forecasting under Political Uncertainty

Daniel Weiß

Starting References

- Baker, S. R., Bloom, N., & Davis, S. J. (2016). Measuring economic policy uncertainty. *The Quarterly Journal of Economics*, 131(4), 1593-1636.
- Boubakri, N., Bouslimi, L., & Zhong, R. (2022). Political uncertainty and analysts' forecasts: International evidence. *Journal of Financial Stability*, 59, 100971.
- Caldara, D., & Iacoviello, M. (2022). Measuring geopolitical risk. *American Economic Review*, 112(4), 1194-1225.
- Hassan, T. A., Hollander, S., Van Lent, L., & Tahoun, A. (2019). Firm-level political risk: Measurement and effects. *The Quarterly Journal of Economics*, 134(4), 2135-2202.
- Kothari, S. P., So, E., & Verdi, R. (2016). Analysts' forecasts and asset pricing: A survey. *Annual Review of Financial Economics*, 8(1), 197-219.
- Loh, R. K., & Stulz, R. M. (2011). When are analyst recommendation changes influential? *The Review of Financial Studies*, 24(2), 593-627.
- Loh, R. K., & Stulz, R. M. (2018). Is sell-side research more valuable in bad times?. *The Journal of Finance*, 73(3), 959-1013.

T7. High-end IPO pricing and initial returns

Mengnan Wu

Topic Description

- IPO offer prices are determined through a price-discovery process in which new information may only be partially incorporated into the final offer price. Hanley (1993) documents that upward revisions relative to the preliminary price range predict higher initial returns, while Mueller and Verwijmeren (2026) show that U.S. IPOs priced exactly at the upper bound of the initial range exhibit particularly high first-day returns.
- In Europe, investor feedback obtained before formal bookbuilding already influences the indicative price range and the final offer price (Jenkinson et al., 2006; Divakaruni et al., 2026). The European setting differs from the U.S. because indicative price ranges may already incorporate substantial investor information before formal bookbuilding begins. This makes Germany an interesting setting for studying whether pricing at the upper bound of the range conveys the same information as in the U.S.
- The aim of this thesis is to study high-end IPO pricing and initial returns in the German market. The student should document how final offer prices are distributed relative to indicative price ranges and how this distribution has evolved over time. Following Hanley (1993) and Mueller and Verwijmeren (2026), the empirical analysis should examine the continuous relation between offer-price revisions and initial returns and test whether IPOs priced exactly at the high end exhibit unusually high initial returns. Local comparisons of IPOs priced at versus just below the upper bound, alternative cutoffs for defining the comparison sample, and tests using other salient pricing points such as the midpoint could be used to assess the robustness and interpretation of the results.

Requirements

The empirical work requires the use of large databases (i.e. LSEG Datastream). The databases are readily accessible for affiliates of the University of Mannheim. The candidate should feel comfortable in the use of a statistical software program (such as STATA) and econometric methods.

T7. High-end IPO pricing and initial returns

Mengnan Wu

Starting References

- Mueller, C., & Verwijmeren, P. (2026). High-end IPO prices. *Review of Finance*, rfag016.
- Jenkinson, T., Morrison, A. D., & Wilhelm Jr, W. J. (2006). Why are European IPOs so rarely priced outside the indicative price range?. *Journal of Financial Economics*, 80(1), 185-209.
- Divakaruni, A., Jones, H., & Pezier, E. (2026). Early Price Discovery in IPOs, *Available at SSRN*: <https://ssrn.com/abstract=5260016>
- Hanley, K. W. (1993). The underpricing of initial public offerings and the partial adjustment phenomenon. *Journal of Financial Economics*, 34(2), 231-250.