# Components of the Thesis

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## 1 Motivation & Importance

- Investor activism

- Corporation (sample selection) - (Collin-Dufresne, Pierre; Fos, Vyacheslav)

- 13D Filings (Collin-Dufresne, Pierre; Fos, Vyacheslav)

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## 2 Descriptive Introduction

- HNA - Deutsche Bank

## 3 Sample Selection

- Sample selection criteria

- CRSP share code filter - what shares (Collin-Dufresne, Pierre; Fos, Vyacheslav)

- Outlook on what could have been done to filter more

## 4 Summary Statistics for the sample - Investor & Target

- Characteristics of the Investor/Target (size, key figures) (Coffee Jr., John C.; Palia, Darius)

- Distribution of the Filings

# 5 Financial Condition

## 5.1 Investor

- Control variables - implementation?

- Measurements (variables) for the financial condition

  - industry multiples
  - Balance sheet ratios
  - ROE, ROA, accruals
  - Fundamental analysis
  - Working capital adequacy
  - Asset performance
  - Capitalization structure

- Evaluation of the financial strength

  - Interpretation of the variables
  - Group investors based on the properties
  - Pitroskis'f-score as a proxy for financial strength
    * unstable leverage outlook (Deangelo, Harry; Roll, Richard)
    * components of the f-score (Ball, Ray; Gerakos, Joseph; Linnainmaa, Juhani T.; Nikolaev, Valeri)
  - Average return over the last xx years

## 5.2 Target

# 6 Underlying Justification for using the given measures as a proxy for financial strength

- Information Availability to the Market

- 10-K Filings?

- Data availability

- Why would they use the data?

- Readability: financial information is definitely available - is it readable? (Loughran, MacDonald)

- Because information is incorporated in a given manner, we can use several variables as proxies for financial strength observed by the market in the form of abnormal returns (they know what we know)

# 7 Abnormal Returns - Event Study

- event window

- mathematics behind it

- Computation etc.

- Power functions

# 8 Investor-Target Ratio

- What are the characteristics of the targets?

- What kind of companies are the targets (Coffee Jr., John C. Palia, Darius)

- relation between ratio and the market

# 9 Data

## 9.1 COMPUSTAT - Financial Condition

### 9.1.1 Screening Variables

1. What consolidation level? - Consolidated

2. What industry? No financial services (FS)

3. What data format? - Standardized

4. Population source? - Domestic

5. Currency? - USD

6. Company Status? - Active & Inactive

### 9.1.2 Variables

1. Identifying Information

   - Company name
   - CIK number

2. Identifying Information cont.

   - GIC variables - GIC sectors etc.
   - NAICS - in addition to GIC?

- SIC - in addition to GIC?

3. Company Descriptor

   - Acquisition method? - ACQMETH filter by takeover?
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4. Balance Sheet Items

   - Current Assets total (ACT)
   - Total Assets (AT)
   - Account receivables total (ARTFS)
   - Cash (CH)
   - Liabilities total (LT)
   - Long term debt total (DLTT)

## 9.2 CRSP - Event Study Abnormal Returns

# 10 Literature

- Kothari, S. P., and J. B. Warner. 2007. Econometrics of Event Studies. In B. E. Eckbo (ed.), Handbooks of Corporate Finance: Empirical Corporate Finance, Chapter 1. Amsterdam: Elsevier/North-Holland.

- Journal of Financial and Quantitative Analysis (JFQA)

- Fama, E. F., and K. R. French. 2006. Profitability, Investment and Average Returns. Journal of Financial Economics 82: 491-518. (page 496)

- Mohr, J-H.M., 2012. Utility of Piotroski's F-score for predicting growth stock returns. Working paper, MFIE Capital.

- The econometric of Financial Markets - Campbell, Lo and MacKinaly 1997

- signs for takeover?