

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)
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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
 - 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.

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.
- signs for takeover?