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
    - Use the expected returns of the investors as a proxy for company strength???? If so, the components to measure the expected return can be used to form different groups of investors. Another possibility could be to calculate the expected returns and then form groups of investors?
        * 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?