To-Do

Leopold Ingenohl

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- [x] Frame the problem
- [ ] Print Components and Kube Mail
- [ ] How can we compare the financial strength of the investor with that of the target?
- [ ] Literature on signs for a takeover
- [ ] Motivation of the investor - studies?
- [ ] Topics: Conglomerate Discount, Asymmetric Information
- [ ] Read a few SC13D filings of the sample to understand what is going on
- [ ] Preparation of the final sample (all further analysis will be based on it)

1 Main objective of the paper

The importance of the investor's financial strength in activist corporate cross-holdings

1.1 Investors

1. Determine abnormal returns generated by the filing of SC13D. Sample will be corporations only.
2. Ranking/grouping of investors by their financial strength/condition.
3. Grouping of returns by financial strength of the investor.
4. Cross-sectional regression of financial strength components with regards to the returns

1.2 Target

1. Characteristics of the target

1.3 Investor-Target relation

1. Industries
2. Comparison of financial conditions
3. Grouping the returns with regards to the above factors

2 Preparation fo the base sample

1. SC 13D & SC 13D/A Filings?
2. Period
3. Sample of all filings
4. Filter with 10k reports
5. COMPUSTAT & CRSP Data availability
6. Manual Selection

3 Activism

1. Since our focus is on portfolio investments, we restrict our sample by cross-referencing the 13D filings with a list of investment managers that have filed a Schedule 13F holdings report at some point in their history. We do this so as not to confuse corporate cross-holdings with *activism from portfolio investors*. This restriction limits our data somewhat, because only institutions holding more than dollar 100 million in US stocks file 13F reports. Greenwood2009
2. No investor activism

4 Expected Return Proxy

1. The accounting fundamentals used as explanatory variables in the proxies for expected profitability and investment include lagged values of Bt/Mt, a dummy variable for negative earnings, profitability (Yt/Bt) for firms with positive earnings, accruals relative to book equity for firms with positive (+ACt/Bt) and negative (ACt/Bt) accruals, investment (dAt/At?1), a dummy variable for firms that do not pay dividends (No Dt) and the ratio of dividends to book equity (Dt/Bt).Fama2006
2. What is the result of the calculation?!
3. read paper again

5 Identifying Information

1. GIC variables - will merge them with the current sample - based on the PERMCO and CIK
2. Those the right ones?
3. NAICS, GIC or SIC

6 Cross-Section Regression

1. Dummy variables
2. year, industry, strength etc.

7 title