

Invitation

You are cordially invited to the public defense to obtain the academic degree of

DOCTOR OF ECONOMICS

by Kobra (Ayrin) Ahmadpour

**Essays in Behavioral Finance: Investor Response to Oil Spills, and
Hedge Fund and CTA Managers' Risk Shifting Behavior**

Supervisor: Prof. dr. Michael Frömmel

Thursday, 16 December 2021 at 17hrs

In the Ceremony Hall of Campus Aula, Voldersstraat 9, 9000 Ghent
(Entrance: wooden doors to the right of the stone pillars)

Please confirm your attendance no later than 3 December by email to
Kobra.Ahmadpour@UGent.be

EXAMINATION BOARD

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Abstract

This dissertation mainly intended to offer a broader approach on issues in the context of the unexpected shocks in the oil industry, risk management policy by hedge fund and CTA managers, and explaining the market participants' behavior in line with the theory of market efficiency. The thesis proceeds as follows: the introductory chapter details the general background, motivation, and briefly explains the outline and contributions of this dissertation to literature. It will be followed by the first empirical research article that examines the impact of oil spills on firm market returns. Then, we will jump up to the second research article that investigates the association between managers' features and their motivation to engage in tournament behavior. Third research article document the differences between the hedge fund and CTA managers' risk-shifting choices. The final chapter concludes and summarizes and also provides some practical implications, limitations, and suggestions for future research. The purpose of this dissertation is to answer the questions to what extent investors react rationally to exogenous shocks and how fund manager adjusts their risk after the weak performance. Even though this thesis can be summed up under the scope and context of risk management and the theory of market efficiency, however, the methodologies and databases shift from using event study methodology to investigate the effect of oil spills on the market value of oil companies in the first paper to using panel regression analysis to examine the risk-shifting policy in hedge funds and CTAs in the second and these essays.

The first research investigates the impact of a large sample of oil spills on the stock price of oil industry portfolio and alternative energy industry portfolio by using the event study methodology. The event study methodology is formed on the cumulative assessment of investors who consider all available information in evaluating each firm's stock price. This essay attempts to answer, the question, to which extent oil spills, in general, affect stock prices in the oil sector and alternative energy industry, and which characteristics matter for a potential impact of oil spill accidents. The second research attempt to seek how tournament behavior is related to hedge fund and CTA manager's features including location, total asset under management, and gender. This chapter also addresses the response of investors' flow to performance and explores whether manager location, gender, and total asset under management have any significant influence on the flow-performance relationship. In the fourth chapter, we conduct an in-depth comprehensive survey to investigate risk-shifting policy from various aspects. First, we investigate the probability of a non-linear relation between risk shifting and mid-year performance. Second, we identify the main factors for hedge fund and CTA managers when making decisions about their level of risk. Third, we explore the relation between the time span of poor performance and fund managers' risk-shifting policy. We are eager to see to what extent the duration of past performance can change the severity of tournament behavior among fund managers.

Curriculum vitae

Kobra (Ayrin) Ahmadpour born in Bukan in Kurdistan region of Iran. She obtained her Master's degree in Finance from Shahid Beheshti University (2011) and was accepted in this university by acquiring the rank 14 out of 22000 in the master's national entrance exam in the finance and business field. After working as a financial analyst and investment advisor from 2009 at Pasargad Bank Brokerage Company, Civil Pension Fund Investment Company (the biggest pension fund of the country), senior investment advisor at Nour Dena Investment Company, and Manager of Investment Banking Unit at MESCO Brokerage Firm, she joined the research group of Banking and Finance at Ghent University (Faculty of Economics and Business Administration) in September 2017 as a Ph.D. student. Kobra (Ayrin) presented her research at several international conferences such as the World Finance & Banking Symposium (2020), Analytics for Management and Economics Conference (2020), World Finance Conference (2021), 14th RGS Doctoral Conference in Economics (2021), Analytics for Management and Economics Conference (2021). Her Papers were also accepted in RSEP International Conferences on Social Issues and Economic Studies (2021) and the 15th Economics & Finance Conference (2021) in Prague which was organized by the International Institute of Social and Economic Sciences. She also presented her work on Ph.D. research day (2021) at Ghent University.

