

# REVIEW

by Prof. Dr. Georgi Chobanov, Faculty of Economics and Business Administration, Sofia University "St. Kliment Ohridski "

of the scientific papers submitted for the competition for the academic position "Associate Professor"

in the professional field 3.8. Economics (Corporate Finance and Behavioral Finance - in Bulgarian, German and English language), announced in SG, issue 103 of 10.12.2021

of the candidate:

Bozhidar Lyudmilov Nedev, PhD in Economics 3.8 / Political Economy (05.02.01) with a defended dissertation on "Analysis of the effect of inertia of the Bulgarian Stock Exchange AD in the period 2004-2017 in terms of behavioral finance ", Chief Assistant Professor at the Department of Finance and Accounting / Faculty of Economics, Sofia University "St. Kliment Ohridski "

## **1. General assessment of the candidate's research and teaching activities.**

### **Research**

According to applications submitted, Dr. Bozhidar Nedev participates competition by following publications not used in the previous procedure for awarding the academic title chief assistant professor:

1. Недев, Б., 2021. Ефектът на инерцията на Българската фондова борса АД: анализ от гледна точка на поведенческите финанси. София: Университетско издателство „Св. Климент Охридски“ Стопански факултет. (ISBN:978-954-9399- 57-8) – monograph based on a defended PhD dissertation (161 pages)

2. Недев, Б., 2021. Поведенчески изследвания на международни капиталови пазари. София: Издателство Ес Принт ООД. (ISBN:978-619-7121-43-8) – monograph (150 pages)

3. Nedev, B., 2021. Cultural Specifics and the Momentum Effect on the Bulgarian Stock Exchange. *Journal of Business Accounting and Financial Perspectives*, 3(1). (ISSN (online): 2603-7475, <https://doi:10.35995/jbafp3010005>) – article

4. Nedev, B. & Bogdanova, B., 2021. Cross-sectional differences in the level of depression for elderly people in Europe. In: V. Pasheva, N. Popivanov & G. Venkov, eds. *AIP Conference Proceedings 2333*, AIP Publishing, 150011. (ISBN:978-0-7354- 4077-7, <https://doi.org/10.1063/5.0041786>, Scopus) – article

5. Bogdanova, B. & Nedev, B., 2021. The effect of activities as prevention tool for elderly people in Europe from depression. In: V. Pasheva, N. Popivanov & G. Venkov, eds. *AIP Conference Proceedings 2333*, AIP Publishing, 150010. (ISBN: 978-0-7354-4077-7, <https://doi.org/10.1063/5.0042807>, Scopus) – article

6. Nedev, B., 2020. Behavioural Studies on the Bulgarian Stock Exchange. *Knowledge – International Journal*, 43(1), pp.111-116. (ISSN (print): 1857-923X, ISSN (online): 2545-4439) – article

7. Недев, Б., 2020. Разпространение на алгоритмичната и високочестотната търговия на чуждестранните фондови пазари – имат ли те приложение и в България?. *Годишник на Софийския университет "Св. Климент Охридски". Стопански факултет*, 18, стр. 247-266. (ISSN (print):1311-8420, №1328 в Националния референтен списък на съвременни български научни издания с научно рецензиране към 08.12.2021 г.) – study (22 pages)

8. Богданова, Б. & Недев, Б., 2019. Анализ на цикличните компоненти на борсовия индекс S&P 500 чрез трансформация с вълнички. *Икономически и социални алтернативи*, 4, стр. 95-110. (ISSN (print):1314 – 6556, ISSN (online): 2534-8965, №441 в Националния референтен списък на съвременни български научни издания с научно рецензиране към 08.12.2021 г.) – article

9. Недев, Б., 2019. Исторически корени на поведенческата финансова мисъл. *Икономическа мисъл*, 3, стр. 33-50. (ISSN (print): 0013-2993, №428 в Националния референтен списък на съвременни български научни издания с научно рецензиране към 08.12.2021 г.) – study (23 pages)

10. Bogdanova, B. & Nedev, B., 2019. Stock market crashes through the lens of behavioural finance. *Scientific researches of the Union of Scientists in Bulgaria – Plovdiv. Series A. Public sciences, art and culture*, V, pp. 125-128. (ISSN (print): 1311-9400, ISSN (online): 2534-9368, №2492 в Националния референтен списък на съвременни български научни издания с научно рецензиране към 08.12.2021 г.) – article

11. Bogdanova, B. & Nedev, B., 2019. Volatility breakdown of the momentum effect observed at the New York Stock Exchange. In: V. Pasheva, N. Popivanov & G. Venkov, eds. AIP Conference Proceedings 2172, AIP Publishing, 080018. (ISBN:978- 0-7354-1919-3, <https://doi.org/10.1063/1.5133576>, Scopus) – article

12. Zlatinov, D., Nedev, B., Atanasov, I. & Kosev, N., 2019. Effects on the Economic Growth in Bulgaria During the Transition to Low-carbon Economy in the Energy Sector. *Ikonomicheski Izsledvania*, 28(6), pp.110-127 (ISSN (print):0205-3292, №434 в списъка на съвременните български научни издания, реферирани и индексирани в световноизвестни бази данни с научна информация, Scopus, SJR (0.20 - 2020), Quartile: Q2 (Economics, Econometrics, Finance)) – article

13. Nedev, B. & Bogdanova, B., 2018. Dynamics of the momentum effect on the NYSE from the perspective of behavioral finance. In: V. Pasheva, N. Popivanov & G. Venkov, eds. AIP Conference Proceedings 2048, AIP Publishing, 020018. (ISBN: 978-0-7354-1774-8, <https://doi.org/10.1063/1.5082036>, Scopus) – article

14. Недев, Б., 2016. Тенденции в развитието на електронната търговия на международните капиталови пазари - до каква степен са навлезли в България. В: С. Башева, О. Симеонов, Ст. Стоянов, Н. Николова, Е. Миланова, Б. Славков, Гр. Вазов, С. Трифонова, Р. Пожаревска, Пр. Ненкова, ред. Дванадесета международна научна конференция на младите учени на тема "Икономиката на България и Европейския съюз: наука и бизнес" - Сборник с доклади, Издателство на ВУЗФ „Св. Григорий Богослов”, стр. 162-171. (ISBN:978-954- 8590-41-9) - article

## **Teaching activity**

Bozhdar Nedev conducts classes on:

Corporate finance - exercises

Introduction to Finance (in English) - lectures and exercises

Introduction to Behavioral Finance (in English) - lectures and exercises

Financial institutions and markets - lectures and exercises

Finance (in English) - lectures

Finance - lectures

Behavioral economics and finance - lectures

Analysis of financial markets - lectures

The research and educational activities of Dr. Bozhidar Nedev are distinguished by achievement of serious results published in a series scientific studiesq elaborated and presented in specialized courses. He has significant teaching experience. His publications support in a large extend preparing and conducting of educational process.

## **2. Main scientific results and contributions**

The basic thematic areas of the scientific contributions include corporate and behavioral finance and can be grouped as follows:

- Behavioral economics and finance (№№ 1, 2, 3, 6, 9, 10, 11, 13).
- Classic finance and capital markets (№№ 7, 8, 14)
- Problems of economic growth in Bulgaria in connection with the transition to a low-carbon economy (№ 12).
- Econometric research on the mental health of Europe's aging population and public policies in the field (№№ 4, 5).

The scientific contributions are considered with respect of their theoretical and practical aspects.

### **2.1 Contributions with theoretical aspects**

- Based on comparative analysis basic theoretical differences are derived between the traditional finance and the comparatively new behavior finance from the point of view of economic theories, the rational behavior principle, theory of expected utility.
- Basic characteristics of the Daniel Kahnemann and Amos Twersky are described in contrivers with the theory of expected utility.
- Theoretical issues of basic propensities in behavior of investors which could lead to wrong decisions are elaborated. The connection between cognitive properties of brain and impact of emotions on the decision-making process and possible deviation of the rational behavior, are investigated.
- Critical analysis of concepts connected with the nature of the propagation and the variety of the market anomaly know as the momentum effect, has been done.
- The application of the usual cubic spline-functions was grounded as method for interpolation of missing historical data of prices on the Bulgarian Stock Exchange for

its applicability for resolving the market liquidity in investigating the inertia and contrarian effects.

- Theoretical overview of characteristics of the usual cubic spline-functions was elaborated.
- The specificity of fundamental theoretical concepts in behavior finance are described from the point of view of behavioral portfolio theory.
- A systematic literature overview as elaborated with respect to the development of algorithmic and high-frequency trade on the financial markets in their international dimensions.
- Based on systematic literature review the formation of the behavioral financial thought was investigated

## **2.2 Contributions with practically applicable aspects**

- The possibility is investigated for forecasting return of capital instruments at the Bulgarian Stock Exchange.
- The possibility for short term forecasting of the return at American and Chinese stock markets is tested by conducting simplified strategy of inertia in the period 1997-2018.
- The presence of the controversy effect at the Bulgarian Stock Exchange in the period January 2004 – July 2017 is tested, considering the development of the processes at the Bulgarian capital market.
- Possible behavioral reasons for the inertia effect occurrence at the Bulgarian Stock Exchange in the period January 2004 – July 2017 are analyzed by applying the six-dimensional culture model of Geert Hofstede.
- Analysis of the mental health of over 50-years old population in 12 European countries including Bulgaria in dependence of the geographic location is conducted, using data from the project SHARE (Survey of Health, Ageing, and Retirement).
- Possibilities for electronic trade at the Bulgarian Stock Exchange are investigated, particularly considering criteria for applying algorithmic and high-frequency trade at the Bulgarian capital market.
- Time-frequency characteristics of changes in monthly values in the period of 65 years (January 1950 – March 2015) in the stock exchange index S&P 500 are investigated by applying one-dimensional analysis.

- Behavioral analysis of the possibilities for appearance of endogenous instability at stock markets has been conducted by using data from New York and American Stock Exchange in the period January 1995 – April 2018.
- Time series volatility analysis of profits at the American Stock Market for a period of more than 20 years (January 1995 – April 2018) has been conducted by applying continuous transformation with “waves”.
- Possible macroeconomic effects in connection with investment activities and employment as consequence of transition to low-carbon economy in Bulgaria have been recognized.
- The traditional cross-sectional strategy of inertia at New York Stock Exchange in the period January 1995 – April 2018 has been tested.
- The electronic platforms for bond trade offered by Bulgarian investment intermediators were analyzed, particularly concerning their characteristics for electronic trade in Bulgaria.

### **3. Critical remarks and recommendations**

Some critical remarks can be made, not changing the significance of the achieved scientific contributions. These remarks were discussed in working manner and were suggested to Bozhidar Nedev.

### **4. Conclusion**

The teaching and research activities of Bozhidar Nedev are on a higher methodological level. He has deeper knowledge in his areas of competence which allows him to solve significant theoretical and practical problems.

Herewith, I propose to the Scientific Jury to reward Dr. Bozhidar Lyudmilov Nedev the academic position of "Associate Professor" in the professional field 3.8. Economics.

Sofia, March 30, 2022,

Reviewer:

Prof. Dr. Georgi Chobanov