

OPINION

From: Prof. D.Sc. Rumen Mladenov Georgiev, retired lecturer at Sofia University "St. Kliment Ohridski"; scientific specialties: "Economics and Management (by industry)" and "Organization and management outside the field of material production".

Subject: *competition for associate professor in Professional field 3.8. Economics (Corporate Finance and Behavioral Finance, in Bulgarian, English and German), announced for the needs of the Sofia University "St. Kliment Ohridski" - Sofia, SG, issue 103 of 10.12.2021.*

I participate in the scientific jury of the competition, according to the Order of the Rector of Sofia University "St. Kliment Ohridski" - Sofia.

1. General characteristics of the educational and research and applied activities of the candidate

One candidate participates in the competition, namely chief assistant Dr. Bozhidar Lyudmilov Nedev

The candidate has graduated from Sofia University "St. Kliment Ohridski" - Faculty of Economics (Bachelor of Business Administration - 2013, Master of Economics - 2015). In 2019 he defended his doctoral dissertation in 3.8 Economics (PhD) at Sofia University "St. Kliment Ohridski" on the topic "Analysis of the momentum effect of Bulgarian Stock Exchange (BSE) AD in the period 2014-2017 in terms of behavioral finance.":

The candidate has been working for over 7 years as an assistant and chief assistant in Corporate Finance and Behavioral Finance at the Department of Finance and Accounting at the Faculty of Economics, Sofia University "St. Kliment Ohridski".

He is an active researcher, for which he has twice (2019 and 2020) been a Recognised Researcher (R2). He is actively involved in the organization and implementation of teaching activities at the Faculty of Economics as the head of the Master's programs "Finance and Banking" and "Finance, Investment and Fintech", a member of the Faculty Council, and responsible for the Faculty of Economics' relations with German higher education institutions (from 2020 to 2021). Dr. Nedev is a member of a number of committees and teams at the faculty. As a chief assistant, he conducts lectures and seminars in a wide range of disciplines in corporate finance, financial markets and behavioral finance, including in German and English. Dr. Nedev's level of proficiency in German and English is C2 and B2.

2. Compliance with the obligatory conditions and the national minimum requirements under Art. 2b of the Act on Development of the Academic Staff in the Republic of Bulgaria

The mandatory conditions required of candidates are:

- 1) To have acquired an educational and scientific degree "Doctor" or a scientific degree "Doctor of Science";
- 2) to have held the academic position of "assistant", "chief assistant" for at least two years, or have been lecturers, including part-time teachers, in a higher school or scientific organization;
- 3) To have submitted a published monographic work or equivalent publications in specialized scientific journals, which should not repeat those presented for the acquisition of the educational and scientific degree "Doctor" and for the acquisition of the scientific degree "Doctor of Science".

The candidate in the competition for "Associate Professor" - Dr. Bozhidar Nedev meets the necessary level of the above legal requirements.

The candidate has submitted a total of 14 publications for review (5 of which are in reputable journals, referenced and indexed in world-renowned databases of scientific information) including a monograph. A significant part of the submitted publications are devoted to behavioral problems in international financial markets and BSE AD, and also to some issues from frontier areas in behavioral finance and economics.

The reference submitted by the candidate in connection with the national minimum requirements shows that the total mandatory volume of points required by the Act on Development of the Academic Staff in the Republic of Bulgaria for participation in the competition for the academic position of "Associate Professor" has been exceeded, while all specific requirements under the sections are met or exceeded.

Regarding the level of pedagogical training and activity of Dr. Nedev, the feedback from colleagues and trainees is positive. He is distinguished by the active application of new methods of training, as well as by the thoroughness of reasoning in his lectures and exercises, and this allows successful learning of the material by students.

3. Main contributions

The candidate justifies scientific contributions, which are reflected both in theoretical-methodological and practical-applied aspects. The contributions are specified in relation to these two aspects. References to the individual publications to which they refer are also provided.

The comprehensive review of the presented scientific works of Dr. B. Nedev confirms the following **contributions of theoretical and methodological nature**

- a) The main theoretical differences between traditional financial science and the relatively new science of behavioral finance from the standpoint of economic theories, the principle of rational behavior, accounting for probabilistic events, the theory of expected utility, models for estimating the value of financial assets and the hypothesis of efficient markets; in this regard, the prospect theory of Daniel Kahneman and Amos Tversky is outlined as the main alternative to the expected utility theory; The main tendencies in the behavior of investors have been revealed, which could lead to irrational decisions, taking higher risks and achieving suboptimal returns.
- b) Concepts related to the nature, distribution and varieties of the market anomaly called the momentum effect are further developed.
- c) The application of the natural cubic spline functions as a method for interpolation of missing historical data for the stock prices of the traded securities on the Bulgarian Stock Exchange (BSE) is proposed and approbated with a view to its applicability for dealing with the problem of low market liquidity in the study of the momentum effect and the contrarian effect in frontier capital markets such as the Bulgarian one. No similar methodology has been applied to the momentum effect or the contrarian effect ; A theoretical review of the characteristics of natural cubic spline functions is also developed;
- d) The specifics of the underlying theoretical concepts in the science of behavioral finance are outlined in terms of behavioral portfolio theory, the behavioral asset pricing model, the adaptive markets hypothesis, and the main varieties of market anomalies;
- e) The existing scientific literature has been supplemented with an analysis of the Bulgarian experience in terms of conducting behavioural finance research on the Bulgarian capital market of BSE AD as a frontier capital market;

- f) A systematic literature review has been developed regarding the development of algorithmic and high-frequency trading in financial markets internationally in terms of its distribution, types of algorithms, legal factors and transaction costs;
- g) Based on a systematic literature review, the emergence of behavioural finance thought is traced historically. The genesis of the formation of the science of behavioural economics and finance from the 17th to the 20th century is highlighted;

I also confirm the specification of the candidate's contributions in a practical-applied aspect, noting the following contributions as particularly relevant for a wide range of users:

- Co-authored analysis of mental health in terms of geographic location of the population over 50 years of age in 12 European countries including Bulgaria;
- The study of the criteria that need to be met in order to be able to implement applications for algorithmic and high frequency trading on the Bulgarian capital market;
- The analysis of the characteristics of the electronic platforms for securities trading, which Bulgarian investment intermediaries offer to their clients, and a picture of the opportunities for electronic trading in Bulgaria is drawn;

I believe that the scientific production presented by the candidate creates a good educational and methodological basis for the development of the training of students in the field of corporate finance and behavioral finance. At the same time, the presented scientific production of the candidate gives a systematic view of the current state of knowledge and problems in the field of behavioural finance and contains detailed bibliographical descriptions of the main information sources.

4. Comments and recommendations to the candidate

Some insignificant remarks can be made to the scientific production submitted for evaluation, which in no way change the relevance and significance of the contributions obtained in them. These remarks are of a purely routine and technical nature or relate mainly to the future work of the candidate. This gives me reason not to draw the attention of the distinguished jury to them and shall acquaint the candidate with their contents in a personal interview.

5. Conclusion

I know the candidate personally. The impressions of his work can be summarized as follows: organized, efficient, hard-working, with a modern format of thinking, expert in the field of finance and behavioral economics; has a very good teaching-methodological and professional training; has a broad general culture, deep and lasting scientific interests. These personal impressions add to my view of the candidate, formed on the basis of his works, as a useful teacher, expert and researcher.

I express my definite opinion that the candidate for "Associate Professor" in Professional field 3.8. Economics (Corporate Finance and Behavioral Finance, in Bulgarian, English and German), Dr. Bozhidar Nedev meets the explicit legal requirements and provisions, has the necessary publications and outstanding contributions, which allows me to recommend the members of the distinguished scientific jury to vote with "yes" for his election. This is also my personal decision.

Date: 05.03.2022
Sofia

Signature:.....
(Prof. D.Sc. Rumen Mladenov Georgiev)