

**David Bosch**

# Size and Book-to-Market Effects in the German Stock Market, 2005-2009

**Diploma Thesis**

# YOUR KNOWLEDGE HAS VALUE



- We will publish your bachelor's and master's thesis, essays and papers
- Your own eBook and book - sold worldwide in all relevant shops
- Earn money with each sale

Upload your text at [www.GRIN.com](http://www.GRIN.com)  
and publish for free



**Bibliographic information published by the German National Library:**

The German National Library lists this publication in the National Bibliography; detailed bibliographic data are available on the Internet at <http://dnb.dnb.de> .

This book is copyright material and must not be copied, reproduced, transferred, distributed, leased, licensed or publicly performed or used in any way except as specifically permitted in writing by the publishers, as allowed under the terms and conditions under which it was purchased or as strictly permitted by applicable copyright law. Any unauthorized distribution or use of this text may be a direct infringement of the author s and publisher s rights and those responsible may be liable in law accordingly.

**Imprint:**

Copyright © 2010 GRIN Verlag  
ISBN: 9783668445505

**This book at GRIN:**

<https://www.grin.com/document/364783>

**David Bosch**

**Size and Book-to-Market Effects in the German Stock Market, 2005-2009**

## **GRIN - Your knowledge has value**

Since its foundation in 1998, GRIN has specialized in publishing academic texts by students, college teachers and other academics as e-book and printed book. The website [www.grin.com](http://www.grin.com) is an ideal platform for presenting term papers, final papers, scientific essays, dissertations and specialist books.

### **Visit us on the internet:**

<http://www.grin.com/>

<http://www.facebook.com/grincom>

[http://www.twitter.com/grin\\_com](http://www.twitter.com/grin_com)

# **Size and Book-to-Market Effects in the German Stock Market, 2005 - 2009**

## **Diplomarbeit**

ZUR ERLANGUNG DES AKADEMISCHEN GRADES

DIPLOM-KAUFMANN (DIPL.- KFM.)

IN BETRIEBSWIRTSCHAFTSLEHRE

AN DER WIRTSCHAFTSWISSENSCHAFTLICHEN FAKULTÄT

DER HUMBOLDT-UNIVERSITÄT ZU BERLIN

VORGELEGT VON

**DAVID BOSCH**

BERLIN, 29. NOVEMBER 2010

# Preface

This thesis began on April 28, 2010 and was handed in on November 29, 2010 after the editing period of six months was prolonged by one month.

Roman Brückner distributed an overview of stocks that were relevant for my thesis. I collected data with Datastream and “Hoppenstedt Aktienführer,” which were provided by the Institute of Banking and Asset Markets, and on the websites of companies. Stefanie Otte and Roman Brückner assisted me with the collection of data.

I would like to thank Prof. Stehle, Ph.D. for entrusting me with an interesting topic and for his helpful suggestions; Roman Brückner for supporting me in a very kind way throughout the process of writing the thesis by giving advice and making himself available for discussion; and Patrick Lehmann for participating in the discussion of the pre-stage of my thesis. For proofreading I would like to thank Colin Adams.

I wish to particularly thank my parents Waltraud and Gerard for supporting me throughout my life and thus giving distinction to my education; my brother Jeroen and sister Saskia for experiencing enjoyable moments together. Last but not least I want to thank my girlfriend Anikó for being in my life.

MLA style for parenthetical references was partially used to quote a sentence period of a citation.

# Contents

<b>1. Introduction .....</b>	<b>1</b>
<b>2. Literature Review.....</b>	<b>4</b>
2.1. Validity of the CAPM- $\beta$ .....	4
2.2. Size .....	8
2.3. Book-to-Market.....	12
<b>3. Data .....</b>	<b>16</b>
3.1. Data Sources .....	16
3.2. Data Preparation .....	20
3.3. Data Problems .....	22
<b>4. Methodology and Empirical Results .....</b>	<b>26</b>
4.1. CAPM- $\beta$ .....	26
4.2. Size .....	30
4.3. Book-to-Market.....	41
4.4. Cross-Sectional Regressions .....	45
<b>5. Conclusions .....</b>	<b>49</b>
<b>Appendix.....</b>	<b>53</b>
<b>References.....</b>	<b>63</b>