

ABSTRACTS

of the scientific works under item 8, in Bulgarian and another language of Jordan Vasilev Jordanov, PhD, Associate Professor, Department of Finance, University of Economics - Varna for participation in the competition for the academic position "Professor"

Mills, T., Jordanov, J. The Size Effect and the Random Walk Hypothesis: Evidence from the London Stock Exchange Using Markov Chains. Applied Financial Economics, Abingdon : Taylor & Francis Ltd, 13, 2003, 11, 807 - 815.

This paper examines the predictability of size portfolio returns using a new database constructed from the London Stock Exchange for the period 1985–1995. Predictability of returns, both adjusted and unadjusted for risk, are examined and, because evidence of nonlinearity and nonnormality is found in these series, conventional autocorrelation analysis is supplemented with analysis using Markov chain processes. It is found that predictabilities appear for the largest size portfolios rather than the smallest, so that, although a size effect remains in the market, it is rather different to that which is usually thought to hold.

Jordanov, J. Trends in the supply of financial services on the financial markets in Bulgaria. Financial and accounting theory and practice in the process of accession to the European Union: Collection of reports from a scientific and practical conference, 17 - 18 September. 2004, Varna: Science and Economics, 2005, 228 - 240.

Financial services have undergone significant changes in recent years. The speed of these changes puts a number of financial service providers (FSPs) in a struggle to determine the appropriate strategy for the near future. A number of FSPs believe they are at a crossroads, and making the wrong decision can have fatal consequences. The purpose of this report is to classify, structure and outline the trends in the offer of financial services by investment intermediaries in Bulgaria.

Jordanov, J., Ivanova, M. Weather derivatives - nature, characteristics and possibility of hedging climate risks. Finance, Sofia: Bulgarian Financial Community Consortium, 2006, 1 (9), 20 - 35.

The article is an introduction to the history, principles and forms of so-called weather derivatives. The connection to classical options markets is illustrated. The features of the management of the risk caused by the instability and changes of the climate are analyzed. The possibilities for the application of weather derivatives in the conditions of Bulgaria were also considered.

Jordanov, J., Trends in Global Asset Management. Investments in the Future - 2007 : Sixth International Scientific Conference : Proceedings, October 18 - 20, 2007, Varna, Bulgaria : Scientific a. Techn. Unions - Varna, 2007, 215 - 220.

The main aim of this article is to define the nature, basic features and fundamental drivers of the Global Asset Management, (GAM). The first part emphasises on the global factors that bring about the rise of the contemporary GAM, during the last two decades. It depicts the financial funding in the global marketplace and defines the term Global Asset Management. The second part envisages the framework of the contemporary GAM - processes shaping the *nowadays diversification, as well as shortcomings and trends in supplying new financial products and services globally.*

Jordanov, J. Confidence and trust - their importance for personal investments, Investments in the Future : Proc. : Seventh Intern. Sci. Conf., Varna / Org. Com. Dimitar Rusev et al. – Varna: VSTU, 2009, c. 59 - 64.

The main hypothesis in this paper claims, that the development of the personal direct investments depends chiefly on consumer confidence and trust. The missing horizontal (interpersonal) trust and vertical (institutional) trust revolts personal investors from security markets (equity contract) and channels them to bank intermediaries (bond contract). The investigation of the consumer confidence and trust reveals low levels in Bulgaria compared to other countries. Corporate Governance should substitute for the missing confidence in trust, but its application in Bulgaria indicates various weaknesses. The high levels of ownership concentration exposed by the Bulgarian quoted companies evidence the missing confidence and trust.

Jordanov, J. and Svetoslav Stamenov, Venture Capital Funds – Necessary Instrument for the Development of Bulgarian Economy, Изв. Сп. Икон. унив. - Варна, 2012, № 1, с. 48 - 62

The aim of the present article is to study the importance of venture capital and outline its contribution to the ensuring of steady growth of the economy. There are presented comparisons following the example of developed countries such as the USA, Great Britain and Italy in various periods. It has been found that SMEs and in general companies supported by venture capital funds have higher growth in sales and revenues, a greater number of created workplaces, as well as higher competitiveness and export growth rate. Based on the identified problem areas of venture financing in Bulgaria there are outlined the opportunities offered by Operational programme (OP) „Development of the competitiveness of Bulgarian Economy 2007-2013" and the programme JEREMIE.

Jordanov, J. and Valentini, M., Stock Market Indices and Sentiment Indicators. Икономически изследвания, Год. XXII, 2013, № 3, с. 3 - 24

This paper focuses on the possible causal relationships between the stock market indices and a set of sentiment indicators in seven European Union countries. The results are not univocal. In some countries, the local stock index seems to behave as a leading indicator with reference to most sentiment indicators, while in others the causal nexus seems to be reversed.

Jordanov, J., The issuance of corporate debt and the ex-ante potential against the interests of bondholders // Икономиката в променящия се свят: национални, регионални и глобални измерения : Сб. докл. от междунар. науч. конф. : Т. 2. - Варна : Унив. изд. Наука и икономика, 2015, с. 334 - 342.

The period 2004 - 2012 registered significant, although varying over the years, activity on the corporate bond market. The prospectus of the public issue of bonds formally acts as a contract between the borrower and the bondholders. The requirements for disclosure of information in the prospectuses in the Republic of Bulgaria are synchronized with those of the EU, but a number of additional parameters may generate the potential for future changes in the bond contract against the interests and at the expense of the bondholders. The lack of a ban on mergers and/or the purpose of fund allocation as well as a majority shareholder acting as executive pose concerns. Other clauses question the stated security. Last but not least, data on unfavorable financial performance or conflict of interest announced in the prospectuses create additional potential against the interests of the bondholders.

Jordanov, J., Dimensions of the Bulgarian Corporate Bond Market, Investments in the Future : Proc. : Tenth Intern. Sci. Conf., Varna / Org. Com. Dimitar Rusev et al. - Varna : VSTU, 2015, c. 75 - 80.

Soon after the second half of 1990-s, when the Bulgarian Stock market started its operation, the corporate bonds public offering begun. The main method of issue of corporate bonds (even nowadays) is the private placement to restricted number of professional investors. After that, the corporate bond issue is listed to the Stock Exchange, in order to gain a public status and liquidity.

The aim of this paper is to provide a cross-section, year-by-year, of main corporate bond attributes, such as: size of issue, industry, currency, collateral, convertibility and callability, restrictive covenants occurrence. Last but not least it analyses trends and patterns of the Bulgarian corporate bond market and their similarity to the European trends and patterns of corporate bond markets.

Jordanov, J., The corporate bond market in Bulgaria - mal-practices and ex-post status. Financial science - between dogmas and reality: Collection of studies, Varna: Science and Economics, 2016, 108 - 156.

Having a well-developed corporate bond market is fundamental to both the financing of the real economy and the efficient functioning of financial markets. Corporate bonds provide benefits to corporations, investors and the economy as a whole. Through bond financing, corporations obtain stable financing, lower the cost of capital, lower dependence on banks, and further reduce costs through disintermediation. Thanks to the corporate bond market, investors have the basis for better information and valuation of corporations and diversification against other forms of financing. Corporate bonds reduce the burden and strain on other forms of business financing, promote investor vigilance and reduce the vulnerability of the economy in times of crisis.

Corporate bonds are one of several primary methods, along with stocks and bank loans, by which companies finance their business needs and expansion. The importance of corporate bonds for issuing firms is increasing mainly because of the contraction in bank lending, which is likely to continue in the future (ICMA 2013: 4). Bonds are a key mechanism for establishing and operating an enterprise and business investment, as well as for accelerating economic growth. Corporate bonds also offer advantages to investors - private and institutional - looking

for predictable income and capital stability. Last but not least, corporate bonds help governments meet the challenges of aging populations while ensuring economic growth.

Information on issued corporate bonds from the non-financial sector of the economy dates back to 2000, when bonds were issued in the amount of 1.3% of the country's GDP. The rest of the corporate debt of non-financial companies varies, but was the largest in 2006 - 4%. A similar amount of funding for corporations is objectively insufficient. In principle, business financing in Europe with the help of bonds is weaker than in the USA. Europe has traditionally been dominated by bank-based capital borrowing. Nevertheless, in the post-crisis period in the EU, corporate bond financing has grown, while bank lending has stagnated (Kaya, O., T. Meyer, 2013: 3). Therefore, the present study concentrates on corporate debt issues for the period 2004-2014, emphasizing the nature of the issuers and the features of the issues. Taking into account the significant potential of a monetary resource (savings), its low yield and the tendency of Bulgarian entrepreneurs to use loans instead of equity capital, the author concentrates on the problem points and "bottlenecks" of the corporate bond market, the treatment of which would lead to flourishing of the corporate bond market, as well as more effective targeting of cash resources and removal from the market of incorrect issuers. The first part analyzes the nature of the issuers, the newly issued debt and its price. It also characterizes and summarizes the main parameters of the issuers and the loan included in the prospectuses for admission to trading on an organized market. Among them are the purpose of the loan, collateral, concentration of ownership of the issuer and the possibility of changing the main parameters of corporate bonds. The second part takes advantage of the fact that the analyzed period is 11 years (2004-2014) and comments on the development of servicing and repayment of issued corporate bonds. Of particular interest are the regular repayment of the debt, the presence of changes (restructuring) of issues, changes in interest rates and maturity, as well as last but not least - the presence of defaulted issues. Based on the gathered analysis and the examined specific cases, the conclusion outlines the main mal-practices and the ways to eradicate them.

Jordanov, J. Bulgarian Mutual Funds Industry Trends. Инвестиции в бъдещето - 2019 = Investments in the Future - 2019: Дванадесета научно-приложна конференция с международно участие, 3 - 4 октомври 2017 : Сборник доклади, Варна : НТС - Варна, 2019, 92 - 97.

The paper investigates trends in the Bulgarian mutual funds after the country's accession in the EU in 2007. In particular, these include the types of funds, the asset management families,

the proceeds allocation and dynamics among different groups of investors and cash flows. In addition, the characteristics of the Bulgarian investment funds are compared to investment funds in the EU countries.

Jordanov, J. Key Characteristics and Scope of the Bulgarian Corporate Bond Market. Economic Studies [Икономически изследвания], Sofia : Economic Research Institute at the Bulgarian Academy of Sciences, 28, 2019, 2, 138 - 160.

The aim of this paper is to investigate the main Bulgarian corporate bond attributes, such as: size of issue, industry, currency, maturity and floating rate occurrence, from 2004 to 2014. In addition, important parameters such as the object of allocations of funds, collateral and the ownership concentration of issuers are exposed. Examples of prospectus clauses undermining corporate bond safety and soundness are also detailed and evaluated.

Bulgaria's corporate bond legislation is analysed in relation to the potential of loopholes allowing for issuers' actions being taken against the interest of bondholders. The possibility of the former stems from loose norms of regulation permitting an ease alteration of base loan parameters. Finally, the sample corporate bond performance is analysed in terms of defaulted and restructured bond issues from 2016 perspective.

Jordanov, J. Bulgarian Investment Funds Return Profile – Fund Type, Asset Manager, Fund's Size and Management Fees. Economic Science, Education and the Real Economy: Development and Interactions in the Digital Age : Proceedings of the Jubilee International Scientific Conference dedicated to the 100th anniversary of the University of Economics - Varna : T. 1, Varna : Science and Economics Publ. House, 1, 2020, 419 - 430.

This paper estimates the average returns, earned by the Bulgarian investment funds from December 31, 2014 to December 31, 2019, i.e., a total of 5 years. The period is divided to 2 sub periods – the first, consisting of 2 years (2015, 2016) and the second, consisting of 3 years (2017, 2018 and 2019). Then it contrasts and compares the returns of the Bulgarian Investment funds based on their investment philosophy, asset manager, fund's size and management fees. In addition, realized fund returns are compared to the returns of SOFIX (The Bulgarian Stock Exchange Index) and interest rates of bank deposits.

Jordanov, J., The Development and Current State of the Bulgarian Capital Market, Годишник. Стопанска академия "Д. А. Ценов" - Свищов, Свищов: Акад. изд. Ценов, 123 [CXXIII], 2020, 7-56.

This paper investigates the development of the capital markets in Bulgaria, with an emphasis on stocks, from the new millennium to present days. The tasks are: to trace the stock market activity – market cap, turnover and IPOs; to compare similar indicators of other countries in the European Union (EU) and the world; to perform a literature review of the factors determining the development of the capital markets; to analyse those factors that hinder the development of the Bulgarian Stock Exchange (BSE); to compare and contrast cash balances (flows) of the financial assets in the country by economic entities; to review the structural changes on the basis of comparisons to EU countries; to outline the potential sources for the capital market growth.

The research thesis postulates that there is significant potential for the development of direct intermediation (stock market) in Bulgaria, but its development is hampered by a number of factors related to the institutional framework of property rights, corporate governance and high concentration of ownership of listed companies.

The main conclusions are that the Bulgarian capital market has low primary market activity, low turnover on the secondary market and low capitalization relative to GDP. The main part of equity is unquoted shares and other capital. The share of loans from financial assets is large. Obstacles to the development of the capital market are the protection of property rights, corporate governance, control of insider trading, lack of viable capital projects and the weak protection of minority shareholders in the highly concentrated shareholder ownership.

Jordanov, J., Estimating the Weak Form Efficiency of the Bulgarian Stock Exchange with a Runs Test, Икономически и социални алтернативи, София : Изд. комплекс УНСС, 27, 2021, 2, 60-71.

This paper aims to test the weak form of efficiency of a sample of public companies on the Bulgarian Stock Exchange (BSE) for the period from October 2000 to June 2020 on a weekly return basis. 9 companies and the SOFIX index meet the set criteria for inclusion in the sample. Descriptive statistics of weekly returns, autocorrelation and the Augmented Dickey and Fuller (ADF) test for stationarity are presented. The methodology of the Runs Test is reviewed. The results of the Runs test reject the weak form performance hypothesis for the SOFIX index and some of the companies. The presence of autocorrelation of returns is an additional argument for rejecting the weak form of efficiency.

Jordanov, J., Weak Form Efficiency and Market Risk Evaluation at the BSE (BULGARIAN STOCK EXCHANGE) Годишник на Икономически университет - Варна, Наука и Икономика, ИУ-Варна, 91, 2021, 91, 105-153.

The present study aims to test the weak form of efficiency of the BSE for the period from 30/10/2000 to 1/06/2020 on the basis of weekly returns and the system-specific risk relationship on the basis of monthly returns. Markov's chain model is used to test the "random walk" hypothesis by testing a random process in the time series of stock returns. Markov chains are defined in two states - positive and negative returns and second order. The "random walk" hypothesis limits the transition probabilities of Markov chains to be equal, regardless of the previous states. To determine the system-specific risk ratio, the beta parameter of the single-index model is evaluated and systemic risk is determined as a percentage of the total risk.

Jordanov, J., Attractiveness of investment funds in Bulgaria, Годишник. Стопанска академия "Д. А. Ценов" - Свищов, Свищов : Акад. изд. Ценов, 124 [CXXIV], 2021 г., стр. 77-107.

This paper addresses the issue of attractiveness of Bulgarian investment funds to various classes of investors over the last decade. It exploits data on AUM (assets under management), return, number of funds, risk profile of funds and fund managers in order to grasp trends in the investment fund sector. Also, the asset allocation in aggregate portfolio is traced, in order to determine the overall portfolio strategy.

It turns out, that the growth of AUM is not justified by the potential of household savings and nonbank financial institutions' asset base. The average equally weighted funds' return is below, while AUM weighted is slightly above benchmarks for 2015-2019.

The examination of the overall investment funds' portfolio shows a strong bias towards "Cash" and "Other Investment Funds" allocation of assets. In depth examination of the portfolios of specific funds reveals an unwholesome practice of deviation from declared portfolio strategy. In addition, the low level of AUM per fund is likely to hurdle Bulgarian investment funds to offer competitive fees.

Jordanov, J. The capital market as an alternative for personal investments, Известия на Икономически университет Варна, 2, 2022, 135-154.

The aim of the article is to review the investment alternatives that are opened to households, their historical profitability and the dynamics of the investment portfolio. The object of study is personal investments in Bulgaria, and the subject - the attractiveness of the capital market, compared to other investment alternatives. The reasons for the high degree of allocation of personal investments in low-income bank deposits are analyzed. In order to boost the share of personal investments in the capital markets requires a set of measures related to economic growth and capital markets, improving the corporate governance of public companies, mitigation of income inequalities, as well as tax incentives.

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