

Explanations of the Value Premium Puzzle

**Bachelor thesis
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Executive Summary

I derive the empirical existence of the value premium over the last 60 years and analyze the huge amount of its possible explanations. My thesis is based on the paper of Lettau and Wachter (2007), which gives a duration based explanation of the value premium puzzle. Thus, their model is specified and recomputed. The results of the model's simulation are analyzed and compared to other approaches.