



Activity Report

Endowed Chair of Finance

Center of Private Banking

2011

1st October 2010 - 31st August 2011

Endowed Chair of Finance

Center of Private Banking

WHU – Otto Beisheim School of Management

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Coverpicture: (Front row) Marianne Diel, Markus Rudolf, Katrin Baedorf, Kirsten Schmitz (2nd row) Matthias Held, Michael Borß, Matthias Feldhues, Julia Kapraun, Mareen Benk, Katja Harder (Back row) Ruth Kümmerle, Johannes Frankenfeld

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Center of Private Banking Friends



Private Banking Evaluation Authority

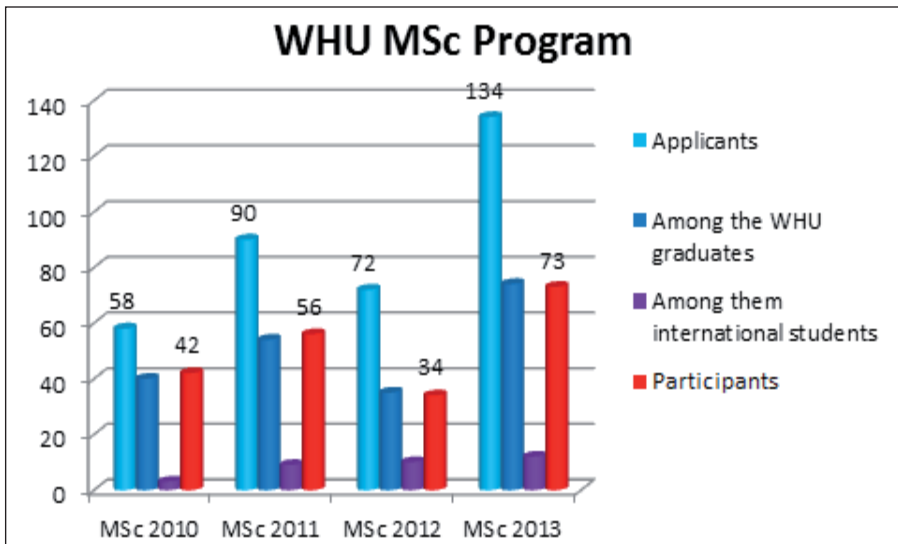


Foreword

Many of the chair's efforts emphasize two activity fields, namely the chairholder's associate deanship as well as the re-start of the Master of Science (MSc) program. The chairholder was elected as academic director of the MSc program in October 2010. The goal was to stabilize both the number of applicants and the number of participants in the program while simultaneously maintaining the quality of the students in the program. A stabilization of the MSc program has become necessary after an intake of only 34 students into the MSc 2012 which started in fall 2010. By summer 2011, 134 applications have been submitted to the MSc program office, among them 73 by WHU bachelor graduates and 59 by external students. In September 2011, 73 selected students

are enrolled in the MSc 2013 program.

In fall 2010, the Master of Science program had been for the first time ranked by Financial Times. On the spur of the movement, the program had been ranked number 12 among MSc programs worldwide. Other German universities such as Mannheim, HHL at Leipzig or Cologne are ranked below WHU. Very recently the new Financial Times Master Ranking indicates WHU's Masterprogram at Rank 6. The challenge for the next year will be to stabilize the current ranking position and to attract more international students as applicants, but also as program participants.



Current rank	Average of rank over 3 years (1)	School name	Country	Weighted salary (US\$)	Value for money rank	Employed at three months (%)
1	-	Universität St.Gallen	Switzerland	86,928	1	100 ⁽¹⁵⁾
2	2	Cems	See table note	60,650	5	96 ⁽¹³⁾
3	2	ESCP Europe	France, UK, Germany, Spain, Italy	64,453	37	94 ⁽³²⁾
4	3	HEC Paris	France	73,085	27	95 ⁽¹²⁾
5	5	EM Lyon Business School	France	56,955	46	98 ⁽¹³⁾
6	-	WHU - Otto Beisheim School of Management	Germany	97,635	4	94 ⁽⁹⁾

Financial Times Ranking, WHU MSc - rank 6, September 2011

At the endowed chair of finance, the following highlights can be mentioned:

1. Six new research assistants have been welcomed at the chair. Mareen Benk from WHU was re-hired as a research assistant. Matthias Feldhues, who obtained a Master in Business Administration and Economics from WHU in 2008, joined the chair as a research assistant on leave of absence from Accenture. Katja Harder is a graduate in Mathematics and Economics from the University of Leipzig. Julia Kapraun is a mathematician from the TU in Berlin. Tim Krume graduated at University of Maastricht as a Master of Science in International Business. And finally, Ruth Kümmerle joined the chair team. She is a

graduate from the TU Berlin in economics and worked with Sal. Oppenheim in Cologne, before taking a leave to work on her doctoral thesis at the chair.

2. The book "Private Banking" was issued in its second edition and edited by Markus Rudolf and –new– by Katrin Baedorf, the Commerzbank Assistant Professor of Private Banking. Moreover, a paper with the title "Service Quality in the Private Banking Business" has been published in the Journal „Financial Markets and Portfolio Management“. In addition to that, nine working papers have been accomplished and now circulate among corresponding conferences or have been submitted to journals. The working papers form the

pipeline for the publications in the coming years. The paper "The Efficiency of Ratio Models in Performance Measurement - The Case of Private Banking Portfolios" by Katrin Baedorf has been accepted by the DGF - 18th Annual Meeting of the German Finance Association in Regensburg and the FMA Financial Management Association conference in Porto for presentation.

3. The Center of Private Banking has continued to develop very well. The second Private Banking Day took place on March 31, 2011, and was again attended by many private banking professionals and academics. 110 participants attended compared to 83 for the first Private Banking Day 2010 and this marks a significant growth of the conference.

4. The following dissertation projects have been finalized during the expired business year:

- „Bank Earnings Management – Costs, Drivers, and Remedies“ by Valeria Biurrun
- "Bewertung von Exchange Traded Funds" by Marius I. Dethleffsen
- "Jurisdiction, Deviations from Absolute Priority, and their Impact on the Valuation of Defaulted Securities" by Marc-Olivier Lücke
- "Bindung von Vermögensnachfolgern im Private Banking: Eine empirische Analyse von Determinanten und Maßnahmen" by Benjamin Meiers
- "Kundenzufriedenheit im Private Banking - Eine empirische Analyse

der Zufriedenheit vermögenger Privatkunden" by Volker Seiler

5. The fifth class of the Bucerius/WHU Master of Law and Business – Joachim Herz Program, for which the chairholder acts as a co-head – was graduated in August 2011. 53 students out of 30 countries successfully reached the master's degree after one year of studying. The sixth MLB class starts in September 2011 with 48 students. The new students study under new study regulations with a significantly streamlined structure of course offering.

6. The Center of Private Banking collected new data for the second issue of WHU Private Banking Rating. The new sample compasses 324 new filled-in questionnaires in addition to last year's 270 data records of private banking clients.

7. Activities regarding the reverse generation contract have stepped forward significantly. All activities are managed under the guidance of Dr. Marco Vietor and Johannes Frankenfeld with 6 associates at Brain Capital GmbH. The acquired volume for financing tuitions in 2011 amounts to €9 Millions. Currently, there are 205 students receiving support from the reverse generation contract. The reverse generation contract allows students to replace tuition payments to their universities by an obligation to pay a pre-determined fraction of the later income. Brain Capital collects investment money in order to finance the tuition of these students in advance.

8. The twelfth Campus for Finance New Year's Conference will take place on January 12 and 13, 2012. As speakers we

expect – among many others - Sir John Major, Senior Advisor Credit Suisse & Former Prime Minister UK, Michael Heise, chief economist Allianz SE, Anne Richards, CIO of Aberdeen Asset Management, Andreas Schmitz, CEO HSBC Trinkaus and president of the German Banking Association.

I would like to express my sincere thanks to all those at the chair who contributed to the WHU – Otto Beisheim School of Management and its Endowed Chair of Finance. Ms. Marianne Diel has been closely associated to our chair over the past 13 years. So too, Ms. Kirsten Schmitz has established herself at the chair. I am glad about the achievements of the members of the chair and I would like to express my gratitude and appreciation to all of them for their cooperation.

Finally, I would like to express my sincere thanks to the sponsors of the chair as well as to the sponsors of the Center of Private Banking. Allianz SE remains a very close friend and a dependable supporter of our chair – cordial thanks for that.

Sincerely,
Markus Rudolf

A handwritten signature in black ink, appearing to read "Mr. Rudolf". The signature is written in a cursive, flowing style.

The Team



Professor Dr. Paul Achleitner

Paul Achleitner is a member of the board of management of Allianz SE and responsible for the finance division. From May 2012 on he will be appointed as chairman of the supervisory board of Deutsche Bank. Since February 2001, he has been an honorary professor at WHU – Otto Beisheim School of Management and represents the investment banking domain.



Dipl.-Kfm. Janis Back

Janis Back has been a research assistant at the Endowed Chair of Finance since June 2008. He studied Business Administration at the University of Mannheim with focus on banking and finance as well as statistics and accounting. Parallel to

his PhD studies, he spent several months at the finance department of the Stern School of Business (New York University) and in Princeton. His research is focusing on derivatives, commodities, fixed income and empirical asset pricing. In his dissertation, he is occupied with the assessment of commodity derivatives.



Commerzbank Assistant Professor Dr. Katrin Baedorf

Katrin Baedorf is Assistant Professor at the Center of Private Banking at WHU – Otto Beisheim School of Management. Her research focuses on asset management with particular interest on illiquid assets and behavioral finance as well as service quality within private banking. She studied Economics and Mathematics at “Rheinische Friedrich-Wilhelms-Universität” in Bonn. Upon graduating with two diplomas degrees in 2001, she joined McKinsey & Company, Inc. for more than four years. In her dissertation she was occupied with performance measurement of customer portfolios in private banking.



Dipl.-Kffr. Mareen Benk

At WHU – Otto Beisheim School of Management in Vallendar/Germany Mareen Benk completed her basic studies. Subsequently, she studied a semester abroad at Università degli Studi di Siena in Siena/Italy and another semester abroad at School of Economics and Commercial Law in Gothenburg/Sweden. At WHU – Otto Beisheim School of Management, she completed her main studies with degree majors in finance, macroeconomics and entrepreneurship. The topic of her diploma thesis is “Structural Models of Sovereign Risk”. She gathered practical experience at the savings bank Sparkasse Velbert, at the start-up companies ABE-Telematik GmbH and Abebooks, Inc. in Victoria/Canada, in the industry at Siemens AG and in consulting at Estin & Co. in Paris/France.



Dr. Valeria Biurrin

Valeria Biurrin started as a research assistant at the Endowed Chair of Finance in 2008. She obtained her bachelor’s degree from Maastricht University, the Netherlands and her Master’s degree from the University of Auckland, New Zealand. Next to her studies, she gained working experience at Intelligent Venture Capital Management, Aachen, Hewitt Associates, Paris, SSC-Consult, Cologne, PricewaterhouseCoopers, Frankfurt and the Inter-American Development Bank, Washington D.C. In her dissertation she was occupied with earnings management in banking.



Dipl.-Kfm. Michael Borß

Michael Borß started as a research assistant at the Center of Private Banking in May 2009. He studied Business Administration at the University of Münster and abroad in Strasbourg (France) and Illinois (USA). Michael Borß joined the Boston Consulting Group in 2006 and is currently on an educational leave. His research is focusing on behavioral finance and experimental economics.



Dr. Marius Iven Dethleffsen

Marius Dethleffsen studied Business Administration at WHU – Otto Beisheim School of Management and obtained his diploma degree in 2007. During this time, he spent two semesters abroad at the Jönköping International Business School, Sweden and the EOI Business School,

Spain. Subsequent to his studies, he joined the investment banking division of Goldman Sachs & Co. oHG in Frankfurt before pursuing a PhD at the Endowed Chair of Finance. In his dissertation he was occupied with the assessment of exchange traded funds.



Marianne Diel

Marianne Diel has been the personal assistant of Professor Markus Rudolf at the Endowed Chair of Finance since January 1999. With respect to organizational matters she is also engaged at the Center of Private Banking.



Dipl.-Kfm. Marc Engelbrecht

Marc Engelbrecht is a PhD candidate at the Center of Private Banking. He joined the Center in 2006 after completing his

studies in Business Administration at the University of Bayreuth and Leipzig Graduate School of Management. Next to his studies he gained working experience at DaimlerChrysler, Stuttgart, PricewaterhouseCoopers, Düsseldorf and Commerzbank, Frankfurt. In his dissertation, he is occupied with asset allocation in private banking.



Dipl.-Kfm. Matthias Feldhues

Matthias Feldhues has been a research assistant and PhD candidate at the Endowed Chair of Finance since July 2011. In 2008, he obtained a master's degree in Business Administration and Economics (Dipl.-Kfm.) from WHU - Otto Beisheim School of Management with exchange terms at Kobe University (Japan) as well as Queen's University (Canada). Subsequent to his studies, he worked for two and a half years for Accenture's Strategy Consulting Practice in Germany, Switzerland and the U.S. before taking a leave of absence to pursue a PhD. Mr. Feldhues' industry experience is mainly in banking, natural resources and automotive.



Dipl.-Wirtsch.-Math. Katja Harder

Katja Harder studied from 2004 to 2010 Business Mathematics at the University of Leipzig, with Majors in Financial Mathematics and Stochastic Analysis. During this time she worked e.g. for the Landesbank Sachsen and gained first practical experiences in Risk Controlling. Since December 2010, Katja Harder has been a research assistant and PhD candidate at the Endowed Chair of Finance. Her focus of research interests lie in the area of Sovereign Risk.



Dipl.-Kfm. Matthias Held

During his studies of Finance and International Management at the University of Magdeburg, Matthias Held worked as

an intern at BayernLB's risk office. Since August 2010, he has been employed as a research assistant at the Endowed Chair of Finance, he currently researches into rank dependent pricing kernels derived from options and stock market indices.



Dr. Stefan Jentzsch

Stefan Jentzsch is a Partner at Perella Weinberg Partners in London and he was Chief Executive of Dresdner Kleinwort and a member of Dresdner Bank's Board of Managing Directors with responsibility for Investment Banking. Within the MLB Program, he teaches the course "Investment Banking".



Dipl.-Math. Julia Kapraun

Julia Kapraun is a research assistant and PhD candidate at the Endowed Chair of Finance since July 2011. Previously, she studied Mathematics with Majors in Mathematical Finance and Stochastic Analysis at the Technische Universität Berlin. Prior to WHU, she was a Junior Risk Controller at Union Asset Management in Frankfurt and gained practical experiences in Equity Derivatives at UBS Investment Bank in Frankfurt and BNP Paribas Arbitrage in Paris. Her focus of interest is on financial modeling and asset allocation.



M.Sc. Tim Krume

Tim Krume has been a research assistant and PhD candidate at the Center of Private Banking since October 2010. He studied International Business at Maastricht University and abroad at Bocconi in Milan. After receiving his Master of Science (graduated with distinction) in 2008, he joined the strategy practice of Accenture Management Consulting. Currently he is on an educational leave to pursue a PhD. His research is focusing on service quality and customer satisfaction in private banking.



Dipl.-Kfm. Friedrich Kruse

Friedrich Kruse started as a research assistant at the Endowed Chair of Finance in May 2008. He studied Business Admi-

nistration at the University of Passau and abroad at the School of Economics and Management in Lund, Sweden. In addition, he absolved a program at the "Baye-rische EliteAkademie in Munich. Next to his studies Friedrich Kruse gained working experience at B.Metzler seel. Sohn & Co, Dresdner Kleinwort and Ebner, Stolz & Partner. In his dissertation he is occupied with research on the economic value of nonlinear predictions in asset allocation.



Dipl.-Vw. Ruth Kümmerle

Since April 2011, Ruth Kümmerle has been a research assistant and PhD Candidate at the Endowed Chair of Finance. She studied Economics at the Technical University in Berlin and Business Administration at Toulouse Business School. After studying, she worked as a Portfolio Manager: first at Deutsche Bank in Frankfurt, managing commodity related portfolios and then at Sal. Oppenheim focusing on customized wealth management. Her research focus lie on portfolio management related subjects, especially on illiquid investments.



Dr. Hartmut Leser

Hartmut Leser is the Chief Executive Officer of Aberdeen Asset Management, Germany. Prior to this position, he held several high-ranking positions in the asset management industry and was partner at an investment consultancy firm. He lectures on asset management for the MBA program at WHU – Otto Beisheim School of Management.



Dr. Benjamin Meiers

Benjamin Meiers studied Business Administration at WHU - Otto Beisheim School of Management with exchange terms at the University of Michigan in Ann Arbor, USA and HEC Montreal, Canada. In addition to an apprenticeship in banking, he gained working experience at BASF, Mercer Management Consulting (Oliver

Wyman Consulting) and Bain & Company. In his dissertation he is occupied with research on succession planning in private banking.



Assistant Professor Dr. Marisa Nöldeke

Marisa Nöldeke is Assistant Professor of Finance at WHU – Otto Beisheim School of Management and Research Associate at the Swiss Banking Institute, University of Zurich. Organizationally she belongs to the Bucerius/WHU MLB Program. Her research focuses on Corporate Finance, Corporate Governance and Capital Markets. She studied Economics and Business Administration (with the major subject "Finance") at the Humboldt-Universität zu Berlin, Germany, the University of Zurich, Switzerland, and the Fisher College of Business, Ohio, USA. Marisa Nöldeke attained her doctorate degree in November 2006. She is currently on a maternity leave.



Dipl.-Kfm. Christoph Pavel, MSc

In 2005 and 2006 Christoph Pavel obtained his Diploma degree at WHU – Otto Beisheim School of Management and his Master's degree at EM Lyon, respectively. Subsequently, he worked for two years at McKinsey & Company, Inc. in Munich. Since 2008, he has been pursuing his PhD with research focus on credit portfolio management. Parallel to his PhD studies, he spent several months at the finance department of the Stern School of Business (New York University) as a visiting scholar.



Professor Dr. Markus Rudolf

Markus Rudolf is associate dean and full professor of the Endowed Chair of Finance at WHU – Otto Beisheim School of Management. He also heads WHU's Center of Private Banking. He earned his PhD degree in fall 1994 and his habilitation degree in May 1999, both at the University St. Gallen, Switzerland. His recent publications focus on Private Banking, on asset management, and on risk management. He is chairman of the "Campus for Finance Association" and co-editor of the journal „Financial Markets and Portfolio Management“. He acts as a research director at the German Financial Analysts Association (DVFA – Deutsche Vereinigung für Finanzanalyse und Asset Management). He holds supervisory board positions at BlackRock Asset Management Deutschland AG, at Brain Capital GmbH and at Boeker & Paul Kanzlei für Vermögensmanagement AG.



Kirsten Schmitz

Since 2009 Kirsten Schmitz is a secretary of the Endowed Chair of Finance and the Center of Private Banking.



Dr. Volker Seiler

Volker Seiler studied International Business at Paderborn University from 2001 till 2005. Subsequently, he obtained a Master's degree in International Economics at Paderborn University, in 2006. In addition to his studies, Volker Seiler gained working experience in various internships at PricewaterhouseCoopers and Deutsche Bank AG and as a working student at Fujitsu Siemens Computers GmbH. He started his PhD studies in 2006 at the Center of Private Banking with research focus on customer satisfaction in private banking.



Professor Dr. Axel Wieandt

Axel Wieandt is managing director of the investment banking division of Credit Suisse Germany. Prior to this position he was chief executive officer at Hypo Real Estate and managing director of Deutsche Bank's Corporate Center. Since 2005 he has been an honorary professor at WHU – Otto Beisheim School of Management and represents the field for financial intermediaries.



MCom. Christian Zaum

Christian Zaum gained his Bachelor's degree at Maastricht University, the Netherlands with an exchange term at Universidad Carlos III in Madrid, Spain. He obtained his Master's degree from the University of Auckland, New Zealand.

Parallel to his studies, Christian Zaum gained working experience in various internships at Metro Group, Accenture, PricewaterhouseCoopers and Deloitte. He started his PhD studies at the Center of Private Banking in 2008 with research focus on the assessment of customers in private banking.



Dipl.-Vw. Oxana Zhukova

Oxana Zhukova studied Economics at "Rheinische Friedrich-Wilhelms-Universität" in Bonn. Parallel to her studies she pursued a study in finance at the Finance Academy under the government of the Russian Federation. She gained working experience at „Deutsche Börse AG“, Frankfurt. Oxana Zhukova started her PhD studies in fall 2007 with research focus on risk management strategies regarding foreign direct investment in Russia.

The Center of Private Banking



The Center of Private Banking has its focus on the three core elements research, teaching/education and dialogue. Through this, the Center aims at sharpening WHU's research profile in the area of Private Banking, sensitizing the public community including wealthy private customers for this topic and institutionalizing an interactive communication with Private Banking practitioners.

In our research, we concentrate on the two building blocks Asset Management/ Products and Customer Relationship Management. We analyze the service quality and its effects, customer satisfaction and customer loyalty from the perspective of Private Banking suppliers as well as customers. In this context the regular observation on the rating of customer satisfaction in the private banking industry is a principle focus of the Center. This rating is based on a unique database containing customer information, which is updated on a yearly revolving basis. Within the asset management stream especially alternative asset classes, the measurement of customer preferences and investment performance are examined. Additionally we include aspects of behavioral finance.

Generally WHU students' attention is drawn to Private Banking in a Private

Banking lecture including talks with practitioners and the supply of Bachelor and Master topics. The huge number of participants in the Private Banking lecture shows high interest of WHU's students.

For members of the Center of Private Banking, an individually designed training program started in 2011 with the three modules Integrated Asset Management, Behavioral Finance and Performance Measurement. In 2012, the program will be completed by three additional modules (23.01., 19.03. and 04.06.).



After the success of the 1st edition of the Private Banking teaching book in 2008, the second completely revised edition has been published. The book covers all aspects of

Private Banking including chapters about legal and tax aspects, marketing and finance.

Due to the high practical relevance of research in the area of Private Banking, the Center organizes meetings with all members on a regular basis. In these meetings an intensive exchange between practitioners and researchers is generated. In 2011, we had two meetings on February, 18th and April, 8th, with talks by Michael Borß (Measurement of Risk Preferences), Tim Krume (Private Banking Rating) and

Dr. Jörg Richter (Pricing of Private Banking Services). The next meeting will take place on Oct, 21st.

Our research results are used to establish a rating system for the Private Banking market. In 2010 we started the data collection and created a data base including more than 250 customer evaluations for more than 60 different suppliers. This unique data base allows for a systematic analysis of relevant drivers for customer satisfaction and service quality in the Private Banking market as well as for an evaluation of strengths and weaknesses in the business models of different supplier groups. We do not publish a ranking of individual suppliers but benchmark reports that are only for internal use for a specific service provider can be created. These deliver additional important insights evaluating the relative position of a supplier compared to the peer group. The rating results for the market and different supplier groups of 2010 have been published on our homepage and were presented on several Private Banking conferences. In 2011 the rating data base

could be expanded further and now includes over 500 datasets of Private Banking customers. In late 2011 the new rating results - including a comparison with 2010 - will be published by the Center of Private Banking.

To further position the competence of the Center of Private Banking, we additionally carry out work on scientific publications, organize events and act as speakers at several events.

After two successful Private Banking Days in 2010 and 2011, at 20th April 2012 the 3rd Private Banking Day will take place at WHU where participants from practice as well as from the scientific community will find a platform for an inspiring exchange around aspects of Private Banking.

+++ SAVE THE DATE +++

The 3rd WHU Private Banking Day will take place on

April 20th, 2012

Advisory Board of the Center of Private Banking (CPB)



Andreas Brodtmann
Berenberg Bank
Personally liable partner



Dr. Thomas Lips
Centrum Bank Group
CEO



Prof. Dr. Günter Dufey
Prof. Emeritus of the University of
Michigan



Christoph Mauchle
Credit Suisse AG
Head Market Area Germany, Austria and
Luxembourg



Dr. Peter König
DVFA GmbH
Managing Director



Dr. Thorsten Reitmeyer
comdirect AG
CEO (left the CPB Board in 2010)



Björn H. Robens
BHF-BANK
Spokesman of the Board of Managing
Directors



Dr. Bernd Türk
Commerzbank AG
Head of the Advisory Board
Head Sales Management and
Head Asset Management



Prof. Dr. Markus Rudolf
WHU - Otto Beisheim School of
Management, Associate Dean
Head of the Center



Ralf Vielhaber
Fuchsbriefe/Dr. Hans Fuchs GmbH
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Dr. Steffen Tolle
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Frank Wieser
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Dr. Wolfgang Baums
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Dr. Peter König
DVFA GmbH, Managing Director



Prof. Dr. Thomas Burkhardt
Universität Koblenz-Landau, Campus
Koblenz



Dr. Daniel Kuehne
Bank Vontobel AG, Executive Director,
Head of Product Management Vontobel
Private Banking (left the Center in 2011)



Thomas Fehr
Commerzbank International S.A. Luxem-
bourg, Member of the executive board



Jürgen Lampe
firstfive AG, Frankfurt/M., CEO



Prof. Volkmar Liebig
Ulm University of Applied Sciences



Christian Müri
Centrum Bank (Switzerland) AG, Head Private Banking, Member of the Executive Board



Dr. Jörg Liesner
Berenberg Private Capital GmbH, Hamburg, CEO (left the center in 2011)



Christian Oertli
Centrum Bank AG, Member of the Executive Board, Head Private Banking



Melanie Monßen, CFP
Bank Vontobel Europe AG, Business Management Private Banking



Jürgen Raeke
Berenberg Private Capital GmbH, Hamburg, Managing Director (left the Center in 2011)



Dr. Jörg Richter, CFP, CEP
Institut für Qualitätssicherung und Prüfung von Finanzdienstleistungen GmbH (IQF), Hannover, CEO



Nicolas Steineke
Joh. Berenberg, Gossler & Co. KG,
Private Banking



Dr. Hendrik Sprenger
BHF Bank, Head Geschäftsbereichsentwicklung Private Banking and Asset Management, (left the Center in 2011)



Björn Strüwer
Credit Suisse AG, Managing Director

The 2nd WHU Private Banking Day



Welcoming speech Prof. Dr. Markus Rudolf

The WHU Private Banking Day was launched in 2010 and serves as a forum for high potentials contributing to the Private Banking Industry, selected students as well as academics to discuss recent developments and current topics related to Private Wealth Management.



On March 31st, 2011 the WHU Private Banking Day was held for the second time. About 110 interested participants therefore came to the WHU – Otto Beisheim School of Management. During stimulating speeches and discussion

rounds the participants debated various aspects of private banking with the high-calibre speakers.

The program was structured around the following topics:

- Private Banking Industry
- Market Perspectives from the point of view of a service provider
- Adding Value in the Private Banking
- Private Banking Business Models
- Dinner speech on the Banking Sector



Kai Kramer, Partner and Managing Director Boston Consulting Group

Kai Kramer spoke about the challenges in the Private Banking Industry in his presentation “Regaining Lost Ground: Resurgent Markets and New Opportunities”. With their presentation of a Private Banking Rating Assistant Prof. Dr. Katrin Baedorf and Prof. Dr. Markus Rudolf also dealt with recent developments in the Private Banking Industry.



Daniel Kalczynski, member of the Executive Board and the Executive Committee of the Private Wealth Management/Deutsche Bank AG

Daniel Kalczynski thereafter discussed the discretionary asset management as a future business model followed by Frank Wieser who spoke on market perspectives in the German Private Banking Sector from the point of view of a Swiss service provider. The value adding of the Private Banking Sector was the focus of the speech of Prof. Dr. Dres. h.c. Henner Schierenbeck. The topic of value adding was furthermore discussed by the participants of the discussion round Oliver N. Hagedorn, Axel Hörger, Dr. Martin Krause, Prof. Dr. Dres. h.c. Schierenbeck, Thomas Fehr and Assistant Prof. Dr. Katrin Baedorf. Thereafter, Axel Hörger presented the differences between integrated and focused business models in the Private Banking Industry.



Dinner speech Prof. Dr. Norbert Walter

In his dinner speech „Banking is important - banks ar not“ Prof. Dr. Norbert Walter discussed the challenges of the recent developments for the whole banking sector. A gala dinner to musical accompaniment provided by students from WHU brought this second Private Banking Day to a successful conclusion.

With this program capturing a broad range of aspects of the Private Banking Industry the participants especially honored the good mixture of theoretical and practical approaches. Furthermore, they enjoyed the discussions within the speeches as well as during the breaks. The appealing atmosphere as well as the good organization was repeatedly positively mentioned.

The next WHU Private Banking Day to which we are looking forward to welcoming you is scheduled for April 20th, 2012.



2. WHU Private Banking Day

31. März 2011

Das Center of Private Banking bietet Private Banking Professionals, führenden Akademikern und ausgewählten Studenten ein abwechslungsreiches Programm mit Vorträgen, Podiumsdiskussionen und Networkingmöglichkeiten rund um das Thema Private Banking/Wealth Management.

Wir möchten Sie einladen, sich mit hochkarätigen Rednern und Experten aus Wirtschaft und Wissenschaft über das herausfordernde Marktumfeld, attraktive Berufschancen und spannende Forschungsfragen auszutauschen. Als Referenten begrüßen wir unter anderem:



Dr. Peter Damisch
Partner &
Managing Director
BCG Zürich



Oliver Hagedorn
Vorstand
ivesco Financial Services



Axel Höger
CEO
UBS Deutschland



Daniel Kalczynski
Geschäftsführer
PWM Deutschland
Deutsche Bank



Dr. Martin Krause
Head Business
Development
Credit Suisse AG



Prof. Dr. Dres. h.c.
Henner Scherenbeck
Em. Universität Basel



Prof. Dr. Norbert Walter
Geschäftsführer
Walter & Töchter Consult



Frank Wesser
CEO
Vontobel Europa



Junior-Prof. Dr.
Katrin Bascdorf
WHU – Otto Beisheim
School of Management



Prof. Dr.
Markus Rudolf
WHU – Otto Beisheim
School of Management

Weitere Informationen zum Programm und den Rednern
sowie die Möglichkeit zu Ihrer Anmeldung/Bewerbung finden Sie unter

www.pbd.whu.edu

Für Studierende/Academics ist die Teilnahme kostenlos.

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Contributions to WHU



Prof. Dr. Dr. h.c. Klaus Brockhoff, member of the WHU Foundation Executive Committee and the Associate Dean
Prof. Dr. Markus Rudolf

Prof. Dr. Markus Rudolf continues to serve as Associate Dean of WHU, a position he has held since October 2009.

In his role as Associate Dean he has delivered addresses and given speeches on, amongst others, at the following occasions:

- WHU Private Banking Day 2011: “Private Banking Rating”
- Address on “Ethics in the Financial Industry” to pupils of different grammar schools in Rhineland-Palatinate
- Christmas celebrations of the Kellogg School of Management Alumni Network 2010 in Frankfurt on the Main
- Oliver Wyman Roundtable: panel discussion on Basel III
- Congress of the Gesellschaft für Finanzwirtschaft in der Unternehmensführung e.V. (Association of Chief Financial Officers Germany): “A systematic overview of the securitization market”
- Symposium of the Deutsche Vereinigung für Finanzanalyse und Asset Management (German Association for Financial Analysis and Asset Management)

In addition, Prof. Dr. Rudolf holds positions as Academic Director of the WHU Master of Science (MSc) program and as Co-Director of the Bucerius Law School and WHU Master in Law and Business (MLB) - Joachim Herz program, an office he assumed in 2006 and shares with Prof. Clifford Larsen (Bucerius Law School).

As a consecutive business science degree, the MSc program at WHU targets outstanding, performance-oriented students holding Bachelor degrees in the area of business studies, who are keen to expand into an international context. The program builds on existing business fundamentals and at the same time offers a pronounced focus on extensive practical experience.

The Bucerius/WHU Master of Law and Business aims to convey knowledge out of both branches of study in combined lectures on special topics. The program is primarily targeted towards international students whose first degree is in law or business with at least two years of prior working experience, but is open to students of other disciplines as well. Apart from maintaining the role of Co-Director of the MLB program, Prof. Dr. Rudolf is responsible for the conceptual design and planning of those parts of the program which focus on management studies. The business faculty contains professors of WHU and further German and foreign universities as well as notable corporate lecturers. Substantial parts of the MLB

program are taught on the campus of the Bucerius Law School in Hamburg. An additional two live-in weeks are scheduled on the WHU campus in Vallendar each year.

Moreover, Prof. Dr. Rudolf acts as Academic Director of the Campus for Finance Association and heads the Center of Private Banking, which is associated to the endowed Chair of Finance.

During the previous budget year, Prof. Dr. Rudolf was a member of five search committees for academic positions at WHU. He was a member of the search committees for three chairs within the finance group which resulted in the appointments of Prof. Dr. Burcin Yurtoglu, Prof. Dr. Mei Wang and Prof. Dr. Christian Andres.



Finance Group: Assistant Prof. Dr. K. Baedorf, Prof. Dr. L. Johanning, Prof. Dr. C. Andres, Prof. Dr. M. Rudolf, Prof. Dr. Mei Wang, Prof. Dr. B. Yurtoglu

In addition, he headed the search committees for the position of Assistant Professor of Family Offices as well as the Otto Beisheim endowed chair of Entrepreneurship, which led to the appointment of Prof. Dr. Malte Brettel and the appointment of Assistant Prof. Dr. Carolin Decker, respectively. Furthermore, Prof. Dr. Rudolf is a member of two ongoing search committees. He is in charge of the search committee for the Otto Beisheim endowed chair of Entrepreneurship and is a member of the commission tasked with appointing a new Professor of Innovation and Organization.

Allianz SE is a crucial sponsor of the endowed Chair of Finance while Commerzbank is the principal sponsor of the Center of Private Banking. Further sponsors of the Center include Bank Vontobel, Berenberg Bank, BHF Bank, Centrum Bank, Credit Suisse, DVFA and Wegelin & Co. Highly valued non-monetary contributions are made by firstfive AG and the independent evaluation entity Fuchsbriefer and IQF.

Advisory Board Endowed Chair of Finance



Dr. Karl-Georg Altenburg
JPMorgan Chase Bank
CEO Germany/Austria/Switzerland



Martin Korbmacher
Managing Partner, Event Horizon Capital
& Advisory GmbH



Prof. Dr. Günter Dufey
Prof. Emeritus of the University of
Michigan



Dr. Stephan Leithner
Deutsche Bank AG
Head of Global Country Coverage
Head of Global Banking Germany



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Deutsche Lufthansa AG
Member of the executive board



Rudolf Matter
Director of Schweizer Radio und
Fernsehen (SRF)



Dr. Thorsten Reitmeyer

comdirect bank AG
CEO



**Stephan Johannes
Theissing**

Allianz SE
Head of Corporate Finance
Chairman of the Advisory Board



Professor Dr. Markus Rudolf

WHU – Otto Beisheim School of
Management, Associate Dean



Johannes Züll

RTL Televizija
CEO

The Advisory Board consists of 10 nationally and internationally renowned experts out of science and practice. Its members support the Endowed Chair of Finance in strategic projects and ensure an active exchange between science and practice. This year, the Advisory Board met on 14th January, 2011 and on 27th May, 2011 at WHU.

Research and Publications

Publications

Wieandt Axel, Moenninghoff Sebastian C. [2011]: The Financial Crisis: Observations and Implications, in: zfbf, S. 508-530

Horn Carsten, Rudolf Markus [2011]: Service Quality in the Private Banking Business, in: Financial Markets and Portfolio Management, Volume 25 No. 2, S. 173-195

Baedorf Katrin, Rudolf Markus [2011]: Illiquidität als Besonderheit im Private Banking, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 237-266

Rudolf Markus [2011]: Ganzheitliche Asset Allocation, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 267-290

Baedorf Katrin, Rudolf Markus [2011]: Asset Management und Behavioral Finance, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 341-374

Baedorf Katrin, Rudolf Markus [2011]: Rating der Private Banking Dienstleistungsqualität, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 453-476

Rudolf Markus: [2011] Anlagestrategien von Stiftungen, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 491-503

Baedorf Katrin, Meiers Benjamin, Schilling Christian [2011]: Grundlagen des Private Banking - Akteure und Geschäftsmodelle, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 19-56

Baedorf Katrin [2011]: Fallstudie - Akteure und Geschäftsmodelle, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 57-86

Baedorf Katrin [2011]: Performance Messung von Kundenportfolios im Private, in: Private Banking, Rudolf Markus, Baedorf Katrin (Hrsg.), 2. Edition, Frankfurt School Verlag, S. 291-340

Wieandt Axel, Moenninghoff Sebastian C. [2011]: Too Big to Fail - Lessons from the financial crisis, in: Revue d'Économie Financière

Rudolf Markus [2010]: Private Banking Rating, in: Kapitalmarkt in Theorie und Praxis - Festschrift zum 50-jährigen Bestehen der DVFA, Fritz H. Rau und Peter Merk (Hsg.), Fritz Knapp Verlag, S. 259 - 271

Rudolf Markus [2010]: Eine Historie von Finanzmarktkrisen, in: Festschrift für Erich Samson, Wolfgang Joecks, Heribert Ostendorf und Thomas Rönnau (Hsg.), Verlagsgruppe Hüthig Jehle Rehm GmbH, S. 819 - 834

Rudolf Markus [2010]: Basel III - Wie die Leverage Ratio das globale Bankensy-

stem destabilisieren könnte, in: Going Public, „Kapitalmarktrecht 2010“, S. 26 - 28

Baedorf Katrin [2010]: Performance Messung von Kundenportfolios im Private Banking, in: Eul Verlag (thesis)

Working Papers

Back Janis, Prokopczuk Marcel, Rudolf Markus (WHU and University of Reading, ICMA Centre) [2011]: Seasonal Stochastic Volatility: Implications for the Pricing of Commodity Options

Horn Carsten, Rudolf Markus [2011]: Outcomes of Service Quality in Private Banking Business - Uncovering a chain of effects

Dethleffsen Marius, Rudolf Markus [2011]: ETFs: Finding your Way Around Active Risk

Baedorf Katrin [2010]: The Efficiency of Ratio Models in Performance Measurement - The Case of Private Banking Portfolios

Pavel Christoph, Rudolf Markus (WHU und McKinsey) [2010]: Systematic Credit Risk

Lücke Mark-Olivier, Rudolf Markus [2010]: Bankruptcy Codes, Bargaining, and the Valuation of Distressed Securities

Kruse Friedrich, Rudolf Markus [2010]: The Economic Value of Nonlinear Predictions in Asset Allocation

Rudolf Markus, Ulrici Valentin [2010]: Structural Model for Pricing Defaultable Sovereign Bonds

Back Janis, Prokopczuk Marcel, Rudolf Markus (WHU und Universität Mannheim) [2010]: Seasonality and the Valuation of Commodity Options

Biurrun Valeria, Rudolf Markus [2010]: The Costs of Bank Earnings Management

Books

Rudolf Markus, Baedorf Katrin [2011]: Private Banking, 2nd edition





CAMPUS FOR FINANCE

NEW YEAR'S CONFERENCE



Prof. Dr. Markus Rudolf welcomes Dr. Wolfgang Schäuble (Federal Minister of Finance, Germany) to this year's Campus for Finance – New Year's Conference

Financial vs. Real Economy: Two Sides of the Same Coin?

On January 13 & 14, the WHU campus was proud host to the 11th Campus for Finance – New Year's Conference. This year, the conference was centered on the recent financial crisis and the linkages between the real and financial sector.

Again, a highly committed team of WHU students organized an outstanding event that attracted more than 2,000 applica-

tions from students, academics and financial professionals from over 400 universities and close to 100 companies of the financial universe.

Those participants that were finally invited awaited an exciting two-day program tailored to students and professionals alike, with top-class speakers, workshops, panel discussions and company presentations.

During student workshops hosted by conference sponsors, attendees could gain insights into current best practices, whe-

reas corporate and academic participants were invited to join highly topical corporate workshops hosted by Aberdeen Asset Management, Deloitte and Shearman & Sterling as well as academic talks by Professor Dr. Sellhorn (WHU), Professor Dr. Veil (Bucerius Law School) and Professor Dr. Yurtoglu (WHU).



Professor Axel Weber, former president of the German Central Bank

Impressive speeches by Dr. Wolfgang Schäuble (German Federal Minister of Finance) and Professor Axel Weber (former president of the German Central Bank), insightful panel discussions and a fascinating talk given by Nobel laureate Professor em. Dr. Dr. h. c. mult. Reinhard Selten (University of Bonn) were followed by a gala dinner in the WHU's vaulted cellar, perfecting this year's Campus for Finance – New Year's Conference.

This year, the following speakers offered exciting insight into recent topics within the financial industry as well as cutting edge academic research, thereby again

emphasizing the Campus for Finance claim "Uniting the World of Finance":



Alexander Dibelius (CEO Germany, Austria, Russia and Central & Eastern Europe, Goldman Sachs)

Professor Carol Alexander (University of Reading), Professor Suleyman Basak (London Business School), Fabrizio Campelli (Head of Group Strategy and Planning, Deutsche Bank), Alexander Dibelius (CEO Germany, Austria, Russia and Central and Eastern Europe, Goldman Sachs), Brady Dougan (CEO, Credit Suisse), Jörg Dreisow (CEO Germany, Waterland), Joachim Faber (CEO, Allianz Global Investors), Heiner Flassbeck (Director of Globalization and Development, Strategies Division, UN Conference on Trade and Development), Professor Thierry Foucault (HEC Paris), Professor Günter Franke (University of Konstanz), Jörg Hashagen (Managing Partner Advisory Financial Services, KPMG), Timotheus Höttges (CFO, Deutsche Telekom), Professor Roman Inderst (Goethe University Frankfurt), Joe Kaeser (CFO, Siemens), Thomas King (Head of Investment Banking EMFA & Corporate Finance,

Barclays Capital), Richard Kushel (Head of Portfolio Management, BlackRock), Ulrich Leuschner (CEO, Santander Consumer Bank), Professor Alexander Ljungqvist (New York University), Frank Nagel (Managing Partner Transaction Services, KPMG), Dirk Notheis (CEO, Morgan Stanley Bank), Martin Reitz (Head of Investment Banking Germany, Austria & Switzerland, Rothschild), Dr. Wolfgang Schäuble (Federal Minister of Finance, Germany), Stefan Schilbe (Chief Economist, HSBC Trinkaus), Professor Reinhard Selten (University of Bonn), Daniel Stelter (Partner & Global Leader of Corporate Development Practice, The Boston Consulting Group), Nick Studer (Partner, Oliver Wyman), Professor Axel Weber (former president of the German Central Bank), Jan Weidner (Managing Director, Leonardo & Co.) and Harald Wilhelm (CFO, Airbus)



Nobel Laureate Prof. em. Dr. Dr. c. mult. R. Selten (University of Bonn) and Prof. Dr. Markus Rudolf

This year's Campus for Finance – New Year's Conference has been supported by Aberdeen Asset Management, Bar-

clays Capital, Credit Suisse, Deutsche Bank, KPMG, Waterland, HSBC Trinkaus, Leonardo & Co, and Rothschild.



Thomas King, Barclays Capital and Prof. Dr. Markus Rudolf

The Campus for Finance – New Year's Conference is a WHU student initiative supported by the Endowed Chair of Finance (Professor Dr. Rudolf as the academic director of the initiative). The conference has been organized by Christoph Bremen, Cornelius Korn, Daniel Lohrmann, Marcel Meuer, Hendrik Rossian, David Schreiber, Anju Karina Yu, Robin Zellmann and Xiaotian Zheng.

Next year's Campus for Finance – New Year's Conference will take place on January 12 and 13, 2012.

CAMPUS FOR FINANCE

RESEARCH CONFERENCE



Professor Dr. Rudolf awards the 2011 laureates the Campus for Finance Best Paper Award

Prior to the Campus for Finance – New Year’s Conference, the Campus for Finance – Research Conference took place on January 12 and 13 at WHU – Otto Beisheim School of Management.

More than 130 scientific works submitted to Professor Dr. Rudolf, Matthias Held and the rest of the team at the Endowed Chair of Finance which then went through a double blind peer review process. 62 papers were finally accepted for presentation and discussion at WHU campus.

Again, more than one hundred internationally renowned referees supported this conference by reviewing the papers submitted.

During presentation sessions covering virtually all topics in finance as well as during networking breaks, participants could exchange ideas and results and discuss actual topics in financial research.

During this year’s Campus for Finance – Research Conference, the WHU Finance

Award, granted for outstanding financial research by the Academic Board, has been awarded for the eighth time. The first prize amounting to €1,000 has been achieved by Octavio Amador (University of Linz, Austria), Martin Gächter (University of Innsbruck, Austria), Martin Larch (University of Innsbruck, Austria) and Georg Peter (University of Innsbruck, Austria) for their paper "Monetary policy and its impact on stock market liquidity. Evidence from the euro zone." The second prize, amounting to €500.00 has been achieved by Emily Haisley (Yale School of Management, USA), Christine Kaufmann (University of Mannheim, Germany) and

Martin Weber (University of Mannheim, USA) for their work titled "How much risk can I handle? The role of experience sampling and graphical displays on one's investment risk appetite and comprehension." The third prize, amounting to EUR 500 went to Peter Scholz (Frankfurt School of Finance and Management, Germany) for his paper "The Trend is not your Friend! The Parameter-Dependent Performance of Trend-Following Technical Timing Strategies".

The next Campus for Finance – Research Conference will take place January 11 and 12, 2012.



CAMPUS FOR FINANCE

PRIVATE EQUITY CONFERENCE



Welcoming speech Prof. Dr. Markus Rudolf

Value Creation: Exploiting this Decade's Opportunities

On April 7 & 8, the Campus for Finance – Private Equity Conference took place at WHU – Otto Beisheim School of Management. For the sixth time, the conference offered a platform for the exchange of ideas, views and knowledge between financial professionals. Keynote speeches and panel discussions by renowned professionals offered interesting insights and facts from the Private Equity industry, whereas, as a renewal, parts of this year's corporate workshops have been divided in two modules for senior and young professionals. Workshops for senior professionals have been conducted

by Brockhaus Private Equity, Deloitte and Wellensiek whilst workshops for young professionals have been offered by Bain Capital and General Atlantic.



Dr. Hanns Ostmeier, President BVK

The following speakers enriched the Private Equity Conference: Professor Ann-Kristin Achleitner (Technical University of Munich), Hans Albrecht (Managing Director, Nordwind Capital), Jörg Dreisow (Managing Director, Waterland), Ulf von Haacke (Partner, 3i), Tobias Habbig (Vice President, Morgan Stanley), Till Hafner (Senior Lawyer, Wellensiek Rechtsanwälte), Peter Hammermann (Managing Director, Barclays Private Equity), Frank Hermann (Partner, Cognetas), Arndt Kaminski (Partner, Bain & Company), Heinz Kasten (Principal, Mercer), Tobias Koester (Managing Director, Goldman

Sachs), Hanns Ostmeier (President, BVK), Daniel Pindur (Director, CVC Capital Partners), Matthias Rubner (Head of Alternative Investments, HSBC Trinkaus & Burkhardt), Dennis Schulze (Managing Director, The Carlyle Group), Bernd Sexauer (CEO, Heliad Equity Partners), Dirk Soehnholz (Managing Partner, Feri Institutional Partners), Helmut Vorndran (CEO, Ventizz Capital Partners), Jürgen von Wendorf (Member of the Board, Hannover Finanz), Marco Wulff (Private Equity Secondary Specialist) and Stefan Zuschke (Managing Director, BC Partners).

The conference has been supported by Atheneum Partners, Bain Capital, Bain & Company, CVC Capital Partners, Deloitte, European Founders Fund, General Atlantic, Goldman Sachs, Heliad Equity Partners, i-potentials, Waterland and Wellensiek.

The Campus for Finance – Private Equity Conference is a WHU student initiati-

ve supported by the Endowed Chair of Finance (Professor Dr. Markus Rudolf as the academic director).



Next year's Private Equity Conference will take place March 29 and 30, 2012.

Bucerius/WHU Master of Law and Business – Joachim Herz Program



Keynote Speech by Georgiana Ianus, MLB Alumna 2008 during the MLB Graduation ceremony

The Chairholder Prof. Dr. Markus Rudolf is Academic Co-Director of the Master of Law and Business Program. He is responsible for the business & management curriculum of the Master's Program, which was launched in August 2006 and which is jointly managed with the Bucerius Law School in Hamburg.

The Bucerius/WHU Master of Law and Business-Joachim Herz Program aims to convey both law studies and business studies areas of knowledge in combined lectures on special topic areas. The target group consists of international students whose first degrees are primarily in law or business studies with at least two years of working experience.

The jurisprudence part of the program deals with all key legal questions confronting an internationally operating company. By applying a comparative law approach, the participants learn to judge international legal questions by integrating the different perspectives of different legal systems. The business studies part of the program is initially concerned with basic business management knowledge that is particularly relevant to commercial lawyers. The life cycle-approach and complementary law and business courses which provide an interdisciplinary approach to central issues in international business form the specific focus of the Program. The Program is also unique in that internationally and comparatively-oriented

classroom instruction with teaching staff from many countries, an internship, a Studium Generale, the drafting of a Master's thesis, a Capstone course and a Social Project all take place within one – very intensive – calendar year.

In addition to the jurisprudence and business studies courses, the participants are taught practical competencies. The students receive writing courses in how to draw up English-language contracts, letters and memos as well as courses in negotiation skills.

The students of the program are characterized by their high degree of internationalism and diversity, e.g. the participants in Class of 2011 represent 30 countries on five continents. The Program primarily takes place on the campus of the Bucerius Law School in Hamburg. But the participants also spend time on the WHU campus – for example, for two Live-in weeks and perhaps during the writing of the master's thesis, and for some student events.

With the successful completion of the program, students are both graduates of the WHU and graduates of the Bucerius Law and they are very welcome to join both alumni networks.

The commitment of the Joachim Herz Stiftung deserves particular mention; this is a German non-profit foundation, which has provided generous financial support

to the MLB Program since 2009 in order to improve even further the Program's already-acquired profoundly international character.

Second Live-in Week of the Bucerius/WHU Master of Law and Business Class of 2011 at the WHU

From May 8th to 14th 2011, the WHU welcomed 53 students of the Bucerius/WHU MLB class of 2011 (fifth MLB Class) to the WHU Campus in Vallendar for the second time. The Live-in week consisted of diverse lectures as well as a social program.



MLB Class of 2011 during the second Live-in Week at the WHU Campus in Vallendar

The following lectures were offered to the students: "Decision Theory" with Prof. Dr. Jost, "Corporate Strategy" with Prof. Dr.

Hutzschenreuter, “Industrial Economics” with Prof. Dr. Weigand and “Labor Law” with Prof. Neal of the University of Warwick.

In addition to the lectures, the students met the MBA Class of 2012 and learned about the activities of “In Praxi e.V.”, the WHU Alumni Association, during their presentation. The program ended with a boat trip to the Rhine- valley village of Boppard, followed by a hiking tour through the vineyards and a dinner at a brewery. This enabled the students get to know a part of the UNESCO World Heritage site „Upper Middle Rhine Valley“.



MLB Class of 2011 at graduation date

Graduation Ceremony of the MLB Class of 2011

The fifth class of the Bucerius/WHU Master of Law and Business – Joachim Herz program donned their caps and gowns

on August 31, 2011 for the MLB Graduation Ceremony. Georgiana Ianus, MLB Alumna, Allen & Overy Fellow of the MLB Class of 2008 and currently a lawyer in the European Commission in Brussels was the keynote speaker.

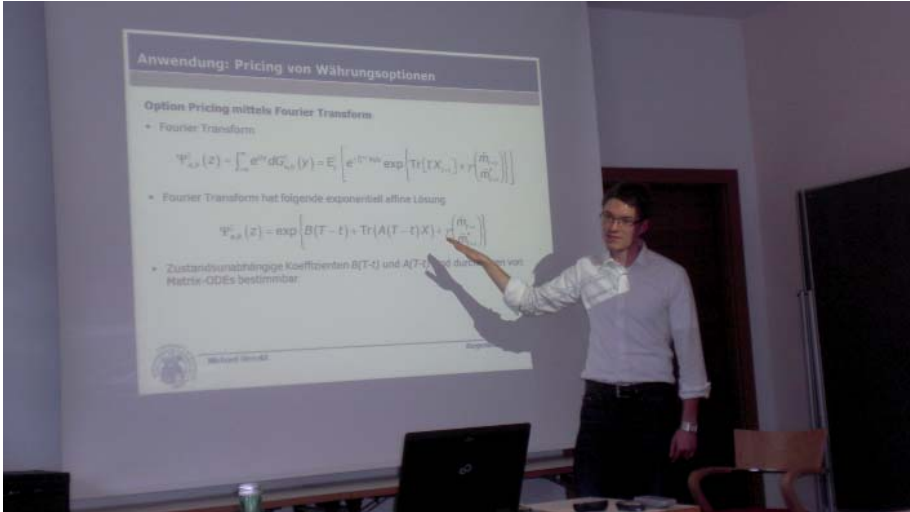
In addition to the conferral of diplomas to the 53 graduates, the DAAD Prize for Excellence in Service and Engagement went to María José Rojas of Chile. Professor Dr. Jürgen Weigand of the WHU – Otto Beisheim School of Management received the “Best Teacher Award Law and Business” for business instruction and Professor Dr. Dres. h.c. Karsten Schmidt and Dr. Carsten Jungmann of Bucerius Law School for the legal instruction.

Student representatives María José Rojas (Chile) and Torben Teichler (Germany) spoke on behalf of their classmates about their experiences over the past 12 months.

The WHU Medal of Honor was awarded to Rainer Heydenreich, Vice Chairman UBS AG, Germany. It is thanks to Mr. Heydenreich that the program was strongly supported by UBS from the beginning.

At the end of the ceremony, the participants of the new MLB Class, 49 students from 34 countries were enrolled in the MLB Book. As the class of 2011 departed, they wished the incoming class of 2012 a successful and productive year ahead.

Doctoral Seminar Burgenland 2011



Michael Herold (University of Bamberg) while presenting his research project

In established tradition, the Finanznetzwerk e.V. organizes a doctoral seminar at the Vila Vita Pannonia in Austria on an annual basis. This year the event took place from July 21st till July 24th 2011. Among the 15 participants were professors, doctoral candidates and alumni from the Endowed Chair of Finance and the Center of Private Banking from WHU – Otto Beisheim School of Management as well as from the DekaBank Chair of Financial Control from University of Bamberg.

As in previous years, the primary goal of this year's event lay in the presentation and discussion of research projects. Additionally, participants received the opportunity to exchange ideas and opinions regarding their respective research projects.

portunity to exchange ideas and opinions regarding their respective research projects.

The participants' arrival was planned for Thursday, July 21st. After check-in and a general meeting of the Finanznetzwerk e.V., a joint dinner was provided at the Vila Vita. The Friday was reserved for presentations. Eight research projects were presented throughout the day, while for each presentation enough time was allocated for an elaborate discussion and feedback. The Saturday was primarily reserved for social activities and the opportunity to explore the charming landscape

of Austria's Burgenland. The seminar ended on Sunday after a joint breakfast.



Joint dinner on Friday, July 22nd

The following research projects were presented on Friday, July 22nd:

- Weisheit, Stefan (University of Bamberg): Optimale Portfoliobildung und stochastische Korrelation
- Harder, Katja (WHU): Staatsausfall in der Euro-Zone: Eine empirische Analyse der Determinanten
- Held, Matthias (WHU): International Study of Option Implied Probability Weighting
- Herold, Michael (University of Bamberg) Währungsoptionen und stochastische Korrelation
- Borß, Michael (WHU): The Skewness Puzzle, Prudence and Cumulative Prospect Theory - an Experimental Study
- Krume, Tim (WHU): Private Banking Rating: An empirical method to assess private banking providers from a client perspective
- Mirsberger, Frank (University of Bamberg): Online- vs. Beratungskunden - Eine empirische Analyse des Anlageverhaltens von Privatinvestoren einer deutschen Retail-Bank
- Frankenfeld, Johannes (WHU): Bildungsfinanzierung als Anlageklasse

Doctoral Seminar Eltville 2010

On an annual basis a doctoral seminar is organized under the umbrella of the endowment fund of HypoVereinsbank (member of UniCredit) at the training center for the Deutsche Bundesbank in Eltville. The goal of the seminar is to connect researchers in the field of finance and to provide a platform for presenting current research projects as well as the opportunity for discussion. Last year's seminar took place from November 12th till November 13th 2010. The group of parti-

cipants consisted of selected professors and doctoral candidates from various finance chairs from the region Rhein-Main. On the part of the Endowed Chair of Finance from WHU – Otto Beisheim School of Management Professor Dr. Markus Rudolf, Assistant Professor Dr. Katrin Baedorf, and two doctoral candidates attended the seminar. Assistant Professor Dr. Katrin Baedorf presented her research project "Performance Messung von Kundenportfolios im Private Banking".

Course Offerings of the Endowed Chair of Finance

BSc Programm:

MSc Programm

Fall Term 2010:

- Foundations of Finance (2 SWS, two groups, Prof. Dr. Rudolf, Assistant Prof. Dr. Baedorf)
- Investment Banking (2 SWS, Prof. Dr. Achleitner)
- Asset Pricing (2 SWS, Dr. Gaston Michel)
- Private Banking (2 SWS, Assistant Prof. Dr. Baedorf)
- International Capital Markets and Derivatives (2 SWS, Dr. Gaston Michel)

Spring Term 2011:

- Corporate Finance (2 SWS, two groups, Prof. Dr. Andres)
- International Capital Markets and Derivatives (2 SWS, Dr. Gaston Michel)
- Alternative Investments (2 SWS, Assistant Prof. Dr. Schweizer)
- Empirical Asset Management (2 SWS, Prof. Dr. Johanning)
- Introduction to Modern Banking (2 SWS, Prof. Dr. Wieandt)

Fall Term 2010:

- Capital Market Theory (2 SWS, Prof. Dr. Rudolf)
- Advanced Corporate Finance (2 SWS, Prof. Dr. Yurtoglu)
- Advanced Valuation (2 SWS, Prof. Dr. Walker)

Spring Term 2011:

- Financial Risk Management (2 SWS, Prof. Dr. Johanning)
- Financial Derivatives (2 SWS, Prof. Dr. Wang)
- Business Game (2 SWS, Assistant Prof. Dr. Schweizer)
- Behavioral Finance (2 SWS, Assistant Prof. Dr. Baedorf)

Full-Time MBA Programm

Fall Term 2010:

- Corporate Finance (2 SWS, Dr. Marinc)

Spring Term 2011:

- Managerial Finance (3 SWS, Prof. Dr. Yurtoglu)
- Risk Management in Corporates and Financial Institutions (2 SWS, Prof. Dr. Johanning)

Part-Time MBA Programm

Fall Term 2010:

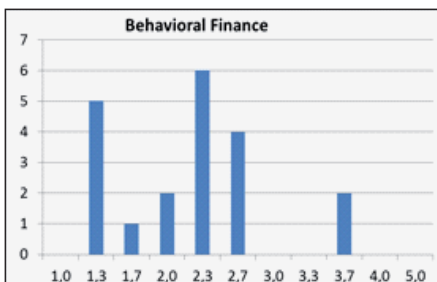
- Managerial Finance (2 SWS, Prof. Dr. Rudolf)

The Lectures

Behavioral Finance (Assistant Prof. Dr. Baedorf, MSc Program)

...is a lecture offered in the course of the Master Program. The aim of the course is to introduce the students to fundamental theories and applications of Behavioral Finance. These take the influence of psychology on the behavior of financial practitioners and the subsequent effect on markets into account. At the end of the course, students will be able to describe the differences to the neoclassical approach in finance, they will be familiar with the most important models of Behavioral Finance, e.g. Prospect Theory, and will be able to apply these to important practical areas such as portfolio optimization, asset pricing or wealth management processes.

20 students of the MSc Program passed the exam in Spring Term 2011 with an average grade of 2.2. The overall grading is shown in the figure below.



Capital Market Theory (Prof. Dr. Rudolf, MSc Program)

... Capital Market Theory is the foundation of the Finance elective at the WHU MSc program. It is offered in the first semester (study section 1) and the first quarter of the program. It covers the theoretical background of the main topics in finance, namely Option Pricing, State Preference Theory, and Behavioral Finance. The course provides the students with the tools and knowledge for the remaining finance courses in the M.Sc. program, which are Valuation, Capital Structure, Derivatives, Financial Risk Management, Asset Management, and Behavioral Finance.

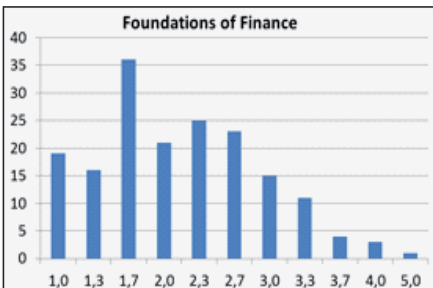
In Fall Term 2010 there were 28 students of the MSc Program who passed the exam with an average grade of 2.3. The overall grading is shown in the figure below.



Foundations of Finance (Assistant Prof. Dr. Baedorf and Prof. Dr. Rudolf , BSc Program)

... is a compulsory course for the Bachelor students. The lectures are held in English. The course covers the foundations of financial decision-making. It focuses on investment decisions first under certainty and then under uncertainty. It presents solutions to the optimal combination of risky assets in a portfolio and the determination of the market price of risk.

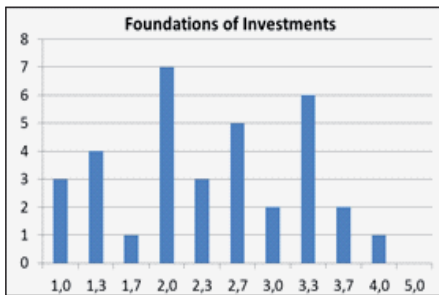
173 students passed the exam in Fall Term 2010 with an average grade of 2.1. The overall grading is shown in the figure below.



Foundations of Investments (Prof. Dr. Rudolf, MLB Program)

... is a lecture of the MLB Program. The course covers the foundations of financial decision making. It focuses on investment decisions first under certainty and then under uncertainty. The theoretical guideline of the course is inspired by both paradigms, neoclassical economics as well as behavioral economics. In the first part of the lecture, investment under certainty is discussed; especially discounting and present value mathematics is considered. The second part of the lecture covers the seminal paradigm of Harry Markowitz (1952). It demonstrates how risk and return can be measured and calculated under neoclassical assumptions. Then the concept of the efficient frontier is introduced and finally, the process of individual selection out of efficient portfolios based on expected utility maximization is shown. The third part of the lecture introduces a rather recent development in financial theory: behavioral finance. Behavioral finance helps explaining deviations from behavior postulated by the neoclassical approach with respect to individual decision making. Behavioral biases are highlighted by in-class experiments and solutions are presented for how to account for irrationality.

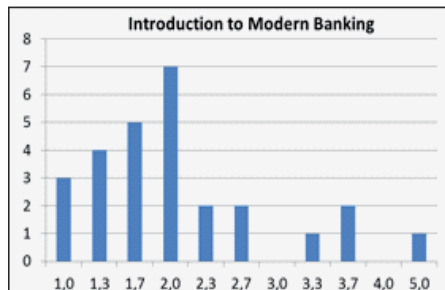
In Fall Term 2010, 34 students of the MLB program passed the exam with an average grade of 2.4. The overall grading is shown in the figure below.



Introduction to Modern Banking (Prof. Dr. Wieandt, BSc Program)

... is an optional course for Bachelor students. The course is offered by Prof. Dr. Axel Wieandt. The lectures cover essential aspects of financial intermediation, banking and the functions, products and services of banks. A special focus lies on the following two points: on the one hand, the economic structures of the banking sector are analyzed on the other hand, a basic knowledge of the activities, the structure and the functions of banks is taught. Descriptive case studies are used to work out tendencies and strategies in the financial services sector. The lectures are held in English.

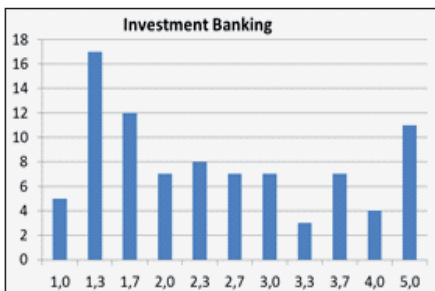
26 students of the BSc Program passed the exam in Spring Term 2011 with an average grade of 2.0. The overall grading is shown in the figure below.



Investment Banking (Prof. Dr. Achleitner, BSc Program)

... is a course offered by Prof. Dr. Paul Achleitner for students in the third and in the fifth semester of their Bachelor studies. The products and services as well as the actual trends in the M&A business are presented. The focus lies on the analysis of the strategic drivers, the capital market drivers and the company specific drivers of the M&A business. Furthermore the market for company controls is dealt with.

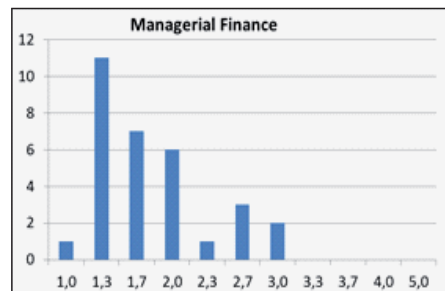
In Fall Term 2010, 77 students of the BSc Program passed the exam with an average grade of 2.2. The overall grading is shown in the figure below.



Managerial Finance (Prof. Dr. Rudolf, PMBA Program)

... is a course for the students of the WHU Part-time MBA Program. The course covers the foundations of financial decision making and of global financial markets. The theoretical guideline of the course is inspired by both paradigms, neoclassical economics as well as behavioral economics. The topics of the course focus on value, financial instruments, portfolio theory and behavioral finance.

In Fall Term 2010 Managerial Finance was passed by 31 students with an average grade of 1.8. The overall grading is shown in the figure below.



Private Banking (Assistant Prof. Dr. Baedorf, BSc Program)

... is a course for students in their third semester of the Bachelor Program at WHU. The lecture is offered by Assistant Prof. Dr. Katrin Baedorf and provides the students with the fundamental concepts of Private Banking. The courses cover, amongst others the topics, players and business models, rating of private banking services, integrated asset management and aspects of behavioral finance. High ranked private banking practitioners illustrate the theory presented in the lectures and point out new trends in private banking. In Fall Term 2010, those Business Talks were held by Karsten Junge, Director Sales Strategy Wealth Management at Commerzbank, Jean-Claude Nobili, CEO of Berner Kantonalbank and Björn H. Robens, Spokesman of the Board of Managing at BHF-BANK.

51 students successfully passed the Private Banking exam in Fall Term 2010 with an average grade of 2.1. The overall grading is shown in the figure below.



Course Evaluations - (DOBES)

Course evaluations are carried out each semester for the continuous enhancement of the teaching. The students are able to evaluate anonymously the quality of the courses after each lecture period via the system DOBES (DOzentenBE-wertungsSystem).

The evaluation of the courses is based on a questionnaire checking the quality of different course criteria (lecturer, course structure, student input, reasonable requirements). Generally, courses with 15 or more attendees are evaluated.

For the BSc- and the MSc-Programs grading is from 1 meaning "strongly agree" to 5 meaning "strongly disagree". For the Part-Time MBA Program, grading is designed vice versa. That means grading reaches from 5 meaning "excellent" until 1 meaning "non-satisfactory".

The lecture "Investment Banking" for the BSc Program held by Prof. Dr. Achleitner was graded 1.47 in Fall Term 2010.

The courses of Prof. Dr. Rudolf also reached a very good grading. His lecture "Capital Markets Theory" in the MSc Program obtained a grading of 1.83.

In the Part-time MBA Program his lecture "Managerial Finance" got a 4.16 with 5.0 being the best grade.

Furthermore, the lecture "Foundations of Finance" in the BSc Program which he hold together with Assistant Prof. Dr. Baedorf was graded 1.85.

In addition, Assistant Prof. Dr. Baedorf obtained a 2.09 for her lecture "Private Banking" in the BSc Program and a 1.94 for her lecture "Behavioral Finance" in the MSc Program.

Not for all the courses held in Spring Term 2011, were results available at the editorial deadline.

Course (Lecturer)	DOBES
Investment Banking (Prof. Dr. Achleitner)	1,47
Capital Market Theory (Prof. Dr. Rudolf)	1,83
Foundations of Finance (Prof. Dr. Rudolf and Assistant Prof. Dr. Baedorf)	1,85
Private Banking (Assistant Prof. Dr. Baedorf)	2,09
Behavioral Finance (Assistant Prof. Dr. Baedorf)	1,94
Managerial Finance - Part-Time MBA (Prof. Dr. Rudolf)*	4,16

*for grading in the Part-Time MBA Program 5,0 is the best mark

Dissertations



Volker Anger

Thema: The Pricing and Hedging of Volatility Derivatives

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Olaf Korn



Janis Back

Research assistant at WHU until May 2011

Topic: Essays on the Valuation of Commodity Derivatives

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Christian Koziol

The dissertation focuses on the valuation of commodity derivatives. Commodity options pricing models are extended for

time-varying volatility and the importance of seasonal volatility is analyzed in empirical studies of commodity options markets.



Mareen Benk

Research assistant at WHU

Topic: Asset and Liability Management with Jump Risks

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Dr. h.c. Jürgen Weber

The dissertation conceptually transfers the asset and liability management approach to the needs of individual investors. An intertemporal portfolio selection model with jump risks is developed in order to protect an investor against systemic risk and idiosyncratic jump risk.



Dr. Valeria Biurrun

Research assistant at WHU until December 2010

Topic: Bank Earnings Management

Referee: Prof. Dr. Markus Rudolf

Second referee: Juniorprof. Dr. Nöldeke-Wilde

The dissertation analyses the costs bank earnings management imposes on society by affecting bank cost of equity and trading volume of bank stocks. In addition, the role ownership structure plays in explaining cross-sectional differences in bank earnings management is assessed. Finally, institutional and regulatory factors that explain cross-country differences in bank earnings management and may contribute to limiting it are examined.

The dissertation was completed in 2011.



Michael Borß

Research assistant at WHU until May 2011

Topic: Third Order Moment Preferences in Decision Making – An Experimental Approach

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Frauke Lammers

The objective of this research project is to analyze risk preferences in a laboratory experiment. Experiments with about 100 participants have been conducted in the WHU Behavioral Lab and in the BonnE-conLab in order to gain a deeper understanding of third-order risk preferences such as preferences for skewness and prudence. A preference for skewness is relevant for example in a portfolio context, as returns of most asset classes are not normally distributed - as traditionally assumed - but skewed. The chosen experimental approach ensures that the analysis is not just based on economic theory but comprises empirical data obtained by

individual decision making under uncertainty.



Dr. Marius Dethleffsen

Research assistant at WHU until October 2010

Topic: Pricing of Exchange Traded Funds

Referee: Prof. Dr. Markus Rudolf

Second referee: Juniorprof. Dr. Schweizer

This dissertation analyses the drivers of market imperfections in the ETF market such as tracking error and deviations of market prices from net asset values. The research is based on a broad selection of European ETFs replicating different kinds of benchmark indices. The objective of this project has been to provide a set of indicators facilitating better investment and structuring decisions.

The dissertation was completed in 2011.



Jan Eiben

Topic: The Financing of Family Enterprises in Germany

Referee: Prof. Dr. Peter Witt

Second referee: Prof. Dr. Markus Rudolf



Marc Engelbrecht

Topic: Asset Allocation in the field of Private Banking

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Rolf-Uwe Fülbier

The dissertation looks at strategic asset allocation for high net-worth individuals and the characteristics of (alternative) asset classes relevant to them. Risk is described in a more accurate way than from

a normal distribution by considering fat tails and asymmetry as well as adjusting for illiquid/smoothed returns (autocorrelation). Expectations deviating from the historic development are flexibly included into robust return estimates using „entropy pooling“. Additionally the approach approximates the long-term portfolio development and analyzes scenarios like a crisis on the stock market.



Matthias Feldhues

Research assistant at WHU since July 2011

Topic: NN

Referee: Prof. Dr. Markus Rudolf

Second referee: NN



Johannes Frankenfeld

Topic: Higher Education Financing Funds as an Asset Class

Referee: Prof. Dr. Markus Rudolf

Second referee: NN

Any type of education is associated with costs. From an economic view it is fair that the one who benefits covers the associated costs.

However financing options are limited or unattractive for students. Alternative financing options could solve the at least some issues and give investors new return and diversification options. The aim of this research project is to evaluate alternative financing options from an investors perspective and highlight the possible implications of alternative financing options as new asset class on the asset allocation of an investor.



Dr. Markus Freiburg

Topic: Investitionsverhalten institutioneller Anleger in Venture-Capital-Gesellschaften

Referent: Prof. Dr. Dietmar Grichnik

Korreferent: Prof. Dr. Markus Rudolf

The dissertation was completed in 2011.



Katja Harder

Research assistant at WHU since December 2010

Topic: NN

Referee: Prof. Dr. Markus Rudolf

Second referee: NN



Matthias Held

Research assistant at WHU

Topic: Rank Dependent Pricing Kernels

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Mei Wang

This dissertation analyses the extent to which behavioral biases propagate to aggregate financial data such as stock market indices. If, for example, the absence of probability weighting can be rejected under certain distributional assumptions, then equilibrium asset pricing models will have to be based on a representative investor featuring non-expected utility. Further, such evidence could help solving the pricing kernel puzzle brought forward in the literature.



Julia Kapraun

Research assistant at WHU since July 2011

Topic: NN

Referee: Prof. Dr. Markus Rudolf

Second referee: NN



Silke Krieg

Thema: Vertrauen in der Finanzdienstleistungs-industrie

Referent: Prof. Dr. Martin Fassnacht

Korreferent: Prof. Dr. Markus Rudolf



Tim Krume

Research assistant at WHU since October 2010

Topic: Private Banking Rating - An empirical method for assessing private banking providers from a client perspective

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Sabine Klein

This research project is concerned with the development of a qualitative rating method of private banking providers. The conceptualization of the underlying model is conducted in accordance with literature on service quality and customer satisfaction. The empirical examination is administered by means of structural equation modeling with data directly obtained from private banking clients.



Friedrich Kruse

Research assistant at WHU until December 2010

Topic: Optimized Asset Allocation - Application of Artificial Neural Networks

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Lutz Johanning

The contribution of this study to the portfolio choice literature is twofold. First, motivated by the evidence of linear predictability, the impact of nonlinear predictions on portfolio performances is analyzed. Second, a solution to the dynamic programming problem for inter-temporal portfolio choice is presented. The method is based on functional approximations of the investor's value function with artificial neural networks. This method is computationally less demanding than the often-used method of discretized state space. As such, the proposed approach is rather capable of handling multiple state variables.



Ruth Kümmerle

Research assistant at WHU since April 2011

Topic: NN

Referee: Prof. Dr. Markus Rudolf

Second referee: NN



Dr. Marc-Olivier Lücke

Topic: Jurisdiction, Deviations from Absolute-Priority, and their Impact on the Valuation of Distressed Securities

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Christian Koziol

The studies the effect that differences in creditor rights across jurisdictions have on the valuation of debt and equity securi-

ties of defaulted companies. An empirical study surprisingly finds that firm and debt recovery rates are much lower for firms incorporated in the creditor-friendly U.K. than in the equity friendly U.S. jurisdiction.

The dissertation was completed in 2011.



Jan Miczaika

Topic: Value Drivers in Buyout Transactions

Referee: Prof. Dr. Peter Witt

Second referee: Prof. Dr. Markus Rudolf



Dr. Benjamin Meiers

Research assistant at WHU until December 2010

Topic: Intergenerational Retention of High Net Worth Individuals in Private Banking – an empirical analysis

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Dietmar Grichnik

The goal of the research project is to theoretically and empirically analyze the determinants of intergenerational client retention and loyalty. We develop a model of intergenerational customer retention based on the existing literature, taking into account the special characteristics of the Private Banking industry and the intergenerational context. The model is then empirically tested, using structural equation modeling techniques and surveying in total 343 relationship managers in Private Banking in Germany, Austria, Switzerland and Luxemburg. The empirical analysis shows the main drivers of intergenerational customer retention and appropriate measures to increase retention rates.

The dissertation was completed in 2011.



Sebastian C. Moeninghoff

Topic: The Regulation and Supervision of Systemically Relevant Banks following the Financial Crisis of 2008 - An Economic Analysis

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Lutz Johanning

Third referee: Prof. Dr. Axel Wieandt

The thesis aims to derive policy recommendations for the regulation of systemically relevant banks. It examines the evolution of the concept of systemic relevance of banks both in theory and practice, analyzes the regulatory policy choices to limit systemic risk and the Too-Big-to-Fail doctrine, and evaluates the suitability of the recently proposed regulation for systemically relevant banks developed by the Financial Stability Board and the Basel Committee for Banking Supervision.



Umut Ordu

Thema: Cross Market Analysis - Option Implied Information for Quantitative Equity Portfolio Management

Referent: Prof. Dr. Lutz Johanning

Korreferent: Prof. Dr. Markus Rudolf



Christoph Pavel, MSc

Topic: Credit Portfolio Management - Tool, Incentives, and Optimization

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Christian Koziol

The dissertation explores to which extent the credit risk of corporates is systematic or idiosyncratic. The systematic credit risk is split into overall market risk, industry risk and country risk. The dissertation

analyzed traditional diversification strategies. The empirical evaluation is based on CDS and compares the results with preceding research on credit risk that are based on other data sources (e.g., bond prices).



Nicolas Schmidt

Topic: Determinants of corporate success for Asset Managers in Germany

Referee: Prof. Dr. Lutz Johanning

Second referee: Prof. Dr. Markus Rudolf



Dr. Volker Seiler

Research assistant at WHU until December 2010

Topic: Customer Satisfaction in Private Banking. An Empirical Investigation of Satisfaction of HNWIs

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Ove Jensen

The thesis focuses on the modification of existing customer satisfaction models. A customer satisfaction index is developed and applied in the private banking industry. The model is estimated using a partial least squares (PLS) approach and implications for service providers in the private banking industry are outlined.

The dissertation was completed in 2011.



Gerhard Weihl

Topic: Capacity planning in the automotive industry: The business value of excess capacity and chaining in a global factory network underdemand and exchange-rate risk

Referee: Prof. Dr. Huchzermeier

Second referee: Prof. Dr. Markus Rudolf



Christian Zaum

Research assistant at WHU until December 2010

Topic: Customer Portfolio Management - An Application to Private Wealth Management

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Dr. h.c. Jürgen Weber

The study develops a comprehensive Customer Portfolio Management model that enables a firm to identify the shareholder value-maximizing customer portfolio and guides managers in their resource allocation decisions regarding customer acquisition and retention strategies.



Oxana Zhukova

Research assistant at WHU until December 2010

Topic: Risk Management Strategy by FDI in Russia

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Ralf Fendel

This dissertation project focuses on analyzing the influence of political, economic and financial risk management on the performance of multinational companies operating in Russia. Since the topic is approached empirically, the valuation of risk management strategies is based on the results of an online questionnaire and personal in-depth interviews with executives of foreign companies in Russia. The data were acquired in cooperation with large international business associations in Russia. The results show the connection between the applied risk management strategies used by foreign companies and the firm performance. Furthermore, an efficient risk management policy for coping with country-specific risks in Russia is proposed.

BSc, MSc and MBA Thesis Abstracts



Veit Albert

BSc

Supervisor: Assistant Prof. Dr. Katrin Baerdorf

Topic: Alternative Energy as an Asset Class

This paper examines the attractiveness of alternative energy as an asset, with a main focus on debt financing for alternative energy projects. An analysis of alternative energy projects with respect to their risks and ability to fulfill their debt service obligations will lead to conclusions about the attractiveness of alternative energy. These findings are also supported by a case study conducted on the basis of the data of two alternative energy funds.

In addition, it is established that the importance of CDOs and bond issues on the SPV-level for alternative energy financing will increase in the future as a result of the Basel III regulations, as these regulations will lead to fewer bank loans being financed by banks' own funding. Moreover, alternative energy is attractive for

investors when compared to other asset classes. Alternative energy can also be favorably compared with other asset classes with respect to interest rates. Finally, this paper concludes that alternative energy is an attractive asset class for both retail investors as well as institutional investors, particularly because the revenues of alternative energy projects seem to be uncorrelated with other asset classes and investment opportunities.



Maximilian Bär

BSc

Tutor: Matthias Held

Topic: Risk Management in Banking - Regulatory And Organizational Requirements After Basel III

In a first step, this paper analyses causes of the U.S. subprime crisis and how it became a global financial crisis with systemic impact. An interplay of low credit standards, political support and lax monetary policy reduced credit quality and as housing prices started to fall, collateral lost its value. Most lenders failed in monitoring their borrowers, because most

loans were securitized and risk was shifted to other investors. Banks all around the world had invested in those products before and as investors could not determine the risk associated with highly complex CDOs and other structured products, short term refinancing and interbank markets broke down. Media focused on recklessness of bank managers, but misconception of regulatory system and weak risk management stronger contributed to the spread of toxic papers. In a second step, the new regulatory system Basel III was analyzed. It was compared with weaknesses of the previous framework and causes of the financial crisis. It was found that many weaknesses of the previous framework were addressed and Basel III is much more robust, though there are drawbacks as well. Last, impact on risk management was examined and concrete measures for a robust risk management were given to improve bank's stability above regulatory requirements.



Christoph Basner

BSc

Supervisor: Assistant Prof. Dr. Katrin Baendorf

Topic: Alternative Energy as an Asset Class

The thesis deals with the attractiveness of renewable energy projects in the solar and wind sector for investors. Initially, an analysis of the current wind and solar markets reveals the attractive environment for investments in these sectors and points out their current and future risks. Subsequently, the structure of project financings used for solar and wind projects as well as the project stakeholders and their contractual relationships in the different project phases are presented as the fundament and major benefit for investors. This is followed by a comprehensive analysis of exogenous and endogenous risks inherent to solar and wind projects and approaches to their mitigation. These risk factors are subsequently quantified in a self-developed, simplified cash-flow model with the data of two current solar

funds showing their effects on the funds' returns on equity. This allows for a first evaluation of the asset class in the thesis' focus. Finally, this attractiveness is substantiated by an analysis of products with similarly underlying assets (e.g. shares of wind turbine and solar panel manufacturers) or with a lower risk profile (e.g. bonds) that display higher volatilities and/or lower returns with comparable risk.



Gloria Bäuerlein

MSc

Tutor: Katja Harder

Topic: How does a Country's Business Environment Relate to the Social and Financial Performance of Microfinance Institutions

Using multiple regression models, this paper examines the relationship between a country's business indicators and the social and financial performance of microfinance institutions (MFIs). It finds that the social performance is closely linked to business environment indicators such as governance standards and transparency. Moreover, the relationship between

the MFIs' financial performance and the main business environment indicators is also significant but at a lower level. Nonetheless, the paper provides evidence that policy makers can strongly influence the development of a sustainable and socially viable microfinance industry by targeting some key pillars of the economic and legal framework.



Florian Betzinger

MSc

Tutor: Tobias Luhmer

Topic: The Impact of Forecasting Correlations on Asset Allocation

The purpose of this paper is to analyze the impact of forecasting correlation on asset allocation. I present several methodologies of correlation forecasts and evaluate their differences in an empirical investigation. The correlation forecasts are part of a portfolio optimization process which is applied to cross-asset data ranging from 1979 to 2010. This makes it possible to imply the out-of-sample accuracy of forecasts and measure any potentially exploitable economic value. The re-

sults show that active trading bears value in contrast to static portfolios. Compared to a trading strategy with naïve correlation expectation, differences in realized utility much depend on the respective forecast method which is applied. I find exploitable economic value from active correlation forecasting under standard conditions. However, I arrive at mixed results when I test for robustness against different levels of risk aversion, different levels of transaction costs and trading constraints. Furthermore, most of the economic value appears to arise from the period from March 1984 to July 1997.



Moritz Döring

BSc

Tutor: Michael Borß

Topic: Prospect Theory and Modeling Preferences in a Non-Expected Utility World

This Bachelor Thesis seeks to outline the development towards a theoretically sound and descriptively accurate framework of decision-making under risk and uncertainty in a Non-Expected Utility

world. First, the development of Expected Utility Theory and its descriptive flaws are depicted. Second, Prospect Theory and how it accounts for these flaws is presented. Its theoretical shortcomings are examined and Cumulative Prospect Theory is introduced. The advancements made in this framework are pointed out and its errors analyzed. Important theoretical enhancements that drove preference modeling from an Expected Utility towards a Non-Expected Utility world, such as Rank-dependent Utility, are identified. Ultimately, this Thesis presents ways Non-Expected Utility Theory, especially Prospect Theory and its concepts are applied across various disciplines.



Zhen Alice Feng

Fulltime MBA

Tutor: Tim Krume

Topic: The influence of culture on asset allocation in private banking – comparison between Germany and China

Along with China's fast growing economy, the population of Chinese High Net Wealth

Individuals has increased more than 30% from 365,000 in 2008 to 477,000 in 2009, which constitutes an attractive market for German private banking service providers. Deutsche Bank has launched its private banking service in China in March, 2007. However, the High Net Wealth Individual clients in China have grown up and have lived in a different cultural environment from German culture. Based on Hofstede's four famous cultural dimensions, this paper examines whether cultural difference impacts on High Net Wealth Individuals' economic behavior. Academic research was utilized in this study, both qualitative and quantitative. The main conclusion of this study is that observable cultural differences exist between Germany and China; different cultural traits unavoidably exert influence upon High Net Wealth Individuals' economic behavior. Finally, this article recommends that the German private banking service providers take into consideration of the cultural value orientation which has important practical significance, and adjust their services to take advantage of the cultural biases.



Tobias Gaertner

BSc

Tutor: Ruth Kümmerle

Topic: Implementation and Outlook of the Family Office Business Model from the Perspective of Major Banks

Due to the increasing complexity of the individual's wealth and the financial markets more and more wealthy clients express the need for Family Office solutions. Family Offices provide a holistic range of services for the private clients' complex wealth which includes not only wealth management but also family governance and lifestyle services as well as legal advice and tax consultancy. The major objective of this study is to analyze the different business models and approaches used by Major Banks in order to satisfy the family's need for the exclusive and highly individualized service and to provide the reader with an outlook of how the banks' Family Office business model is (most) likely to evolve in the near future. Thereby, the work derives a general definition of the Family Office concept from

the literature and compares it with the concept implemented by Major Banks. In order to gain valuable information about bank-related Family Offices nine depth interviews with leading experts from Major Banks were held. Finally this study shall act as further contribution to the still very limited knowledge concerning the Family Office market in Germany.



Raphael Geggus

BSc

Supervisor: Assistant Prof. Dr. Katrin Baedorf

Topic: Behavioral biases and their relevance during the financial crisis

This thesis presents behavioral biases that have been found to be relevant on financial markets in the past. Possible influences during the financial crisis are derived from an analysis of several characteristics of this crisis. Qualitative and quantitative models are applied during this analysis and support the hypotheses that are proposed. The characteristics of the crisis, on which a possible influence is analyzed, are the housing bubble, incre-

ased subprime lending, overleveraging of assets by private households as well as financial institutions and the development of commodity prices. Six biases and heuristics are analyzed. The present thesis finds a possible relevance of four of them, namely representativeness heuristic, overconfidence bias, overreaction bias and availability heuristic. Hence, this thesis offers an explanation for several characteristics of the financial crisis from a behavioral perspective.



Johannes Glugla

MSc

Tutor: Michael Borß

Topic: The Risk-Return Relation Revisited from a Behavioral Perspective

Johannes' Master Thesis deepens the understanding of the risk-return relationship. Whereas Expected Utility Theory predicts a positive relation, empirical evidence has accumulated that reality is more complicated. Almost all foundations of modern financial science, such as Portfolio Theory and the Capital Asset Pricing Model, are based on Expected Utility Theory

and consequently the assumption of risk aversion. Prospect Theory is a popular replacement of Expected Utility Theory. This work will show that a U-shaped risk-return relation emerges from Prospect Theory under the assumption that decision makers group outcomes. Furthermore, it is shown that oversight can alter the risk-return relation. The hypothesis is advanced that this oversight has a stronger influence for financial than for operational risk-taking. An empirical analysis strongly supports the presence of a U-shaped risk-return relation. Differences between operational and financial risk taking are supported to a lesser degree.



Eva Gresser

BSc

Tutor: Michael Borß

Topic: There is More to Risk Than Risk Aversion

In economics, the understanding of human decisions is very important because the individual's ability in making the right choices when confronted with risk influences the effectiveness of the whole eco-

nomy. It has been found that the effect of uncertainty on decisions is too important to be ignored. This paper will deal with a characterization of higher order risk preferences and will focus on the third-order preference called prudence.

Up to this point, the prominent concept of risk aversion exclusively has tried to explain decisions under uncertainty. However, there is more to risk than risk aversion – as the title of this paper already suggests. Whereas risk aversion can explain that an individual dislikes any kind of risk, it fails to explain other behaviors traits stemming from higher risk preferences.

Precautionary savings and the attitude that drives this precaution, called prudence, is the most prominent example. It is defined as the saving occurring when deviation of income around the expected future value is present. Prudence has been intensively studied to obtain a more complete picture of individual's risk preferences and it is increasingly becoming subject to formal treatment and empirical testing as will be shown. Additionally, some practical applications of prudence will be illustrated which verify the usefulness of prudence in explaining behavior under uncertainty.



Theresa Kosminski

BSc

Tutor: Janis Back

Topic: The architecture of the banking system in the BRIC countries as a Facilitator for Sustainable Economic Growth – Theory and some Evidence

There has been an ongoing debate about the stability of the banking systems of future leading countries in the world economy (Brazil, Russia, India, China). In light of this debate, the following paper first reviews the existing literature regarding main factors which impact on the development of banking systems and their influence on economic growth, respectively the effects of liberalization of these systems. Secondly, the paper summarizes the main characteristics of the BRIC countries banking system with respect to the factors in the existing literature and finally suggests some directions for future development on the issue.



Freya Oehle

BSc

Tutor: Tim Krume

Topic: Forests as an Asset – An Analysis of the Reasons of Involvement and the Investment Process

Real assets, defined as assets that are intrinsically valuable due to their utility, often serve as means of low-risk value preservation with an investor's portfolio. Forests also form part of the asset class of real alternative assets and may, as such, have a positive, risk-reducing influence on an investor's portfolio. And although they still appear to be exotics among the common components of financial portfolios, a new interest in forest investments has evolved during the last few years, driven by a more risk-averse attitude of the investor as well as by a first understanding of the asset's performance. Hence, in financial terms, forests are no longer associated with the atavistic and aristocratic private land ownership of historically privileged and noble families but they have emerged as a solid and well-performing means

of portfolio diversification for the wealthy private investor.

As found out in the course of the thesis, forest returns, in the long run, outperform other assets in terms of risk relative to return, they substantially lower the overall portfolio risk and thus lever overall performance due to their anti-cyclical value development, and they offer relevant tax advantages to their owners, especially when it comes to heritage. Still, an engagement with forest remains uncommon and also hard to execute as the market place is neither defined nor structured, as capacities are limited and as the capital tie-up is enormous due to the long-term investment horizon and the high degree of illiquidity linked to the asset. Furthermore, additional entry barriers are created by the over average degree of discretion, by the intransparent pricing system, as well as by the scattered market of service providers that occurs with forest acquisitions.

As a result, the market for forest investments is not yet driven by financial efficiency considerations, as could be found in the course of several expert interviews, but by the emotional attachment to forests that the wealthy private forest investors interviewed revealed and that can be backed by various heuristics identified in the field of behavioral finance. Thus, until recently, a personal interest in the ownership of forests has been essential in order to seriously consider a financial engagement with forests and it will pro-

bably remain the most driving force behind forest investments if the market mechanisms linked to forest acquisitions do not change - regardless of all missed opportunities linked to the objection of forest investments.



Andreas Sassong

MSc

Tutor: Dr. Marco Vietor

Topic: The Impact of Legislature and Governance on Asset Allocation, Performance and Risk Management of Institutional Investors

The study examines the legislative situation and best practice corporate governance for institutional investors in the USA and Germany. Hypotheses about the influence of regulation on investment behavior are set up based on current scientific literature and tested empirically. First, differences in the regulated asset allocation between both countries are shown. Subsequently, it is demonstrated that the stricter regulation in Germany has had no negative impact on investors' performance while it reduces the realized

risk measured by depreciation. A principal component regression analysis determines a strong relation between the asset allocation and performance and depreciation of investments in Germany. Thus, it can be concluded that the German investment regulation reaches a significant risk reduction with few downsides. Interviews with institutional asset managers confirm this relation.



Viktoria Schäfer

BSc

Supervisor: Assistant Prof. Dr. Katrin Baedorf

Topic: Status des Private Banking Marktes und Ausblick auf zukünftige Geschäftsmodelle

The market for private-banking services in Germany has changed a lot during the past few years. Customer requirements have shifted, partly due to the negative experiences caused by the financial crisis. As a matter of fact, suppliers of private-banking products and services face challenges that also deliver new chances for customer-centred companies in this mar-

ket. This thesis looks at the current status of the private-banking market in Germany and tracks the historical changes during the last years in a systematic way. Based on this research, requirements for private banking suppliers are outlined. This is followed by an analysis of their business models and answers the question if they are prepared for future challenges. As a result, courses of action will be proposed in order to further develop these business models.



Axel Neumann &

Benedikt Voller

MSc

Tutor: Dr. Marco Vietor

Topic: Financial vs. Real Economy – Two
Sides of the Same Coin?

The authors present an extensive review of related research from three different perspectives and perform own analyses on latest developments in financialized commodity markets. On market level, the disproportional growth of aggregated financial assets is identified as distinctive feature in the recent past. On asset level, underlying changes in supply and demand are found to be the main driver for price developments, while the influence of speculation appears negligible. At firm level, financial derivatives usage is observed as common risk management practice, though the value impact varies, depending on the type of risk hedged and the firm's experience in hedging.

Merry Christmas...

Kapraunf 
K. Lüh 
Lohard Dap 
K. Dief
M. Runny
Keller G 
K. Wiede 

Nauen, Beck 

...and a Happy New Year