



## **Activity Report**

**Endowed Chair of Finance**

**Center of Private Banking**

**2012**

**1st September 2011 - 31st August 2012**

**Endowed Chair of Finance**

**Center of Private Banking**

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Coverpicture: (from left to right) Ruth Kümmerle, Marianne Diel, Jan Peter Schmütsch, Sören Pippart, Matthias Feldhues, Julia Kapraun, Matthias Held, Markus Rudolf, Tim Krume, Katja Harder, Katrin Baedorf, Kirsten Schmitz

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# Sponsors and Friends

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Center of Private Banking Friends



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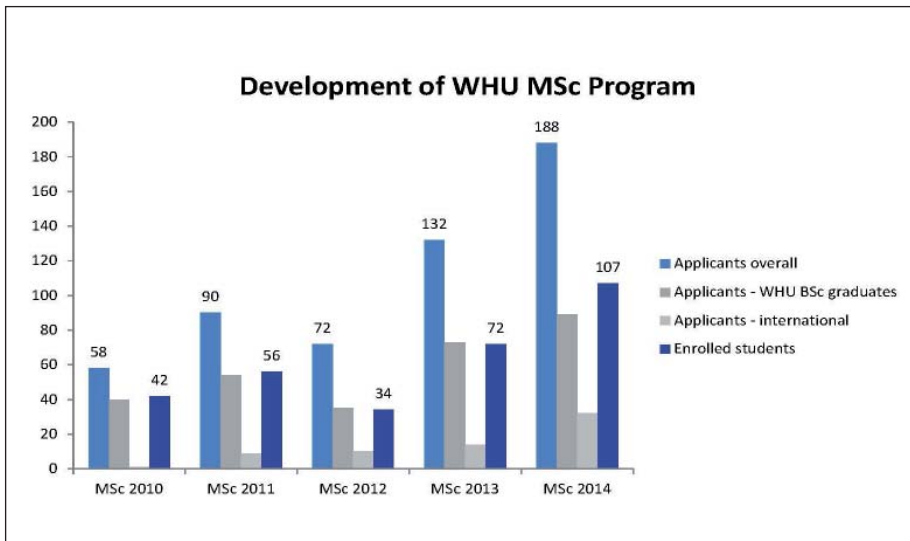
# Foreword

This is the 13th annual report of the Endowed Chair of Finance at WHU and provides you with all of the important information for the academic year 2011/2012. In addition to the chair's activities, a significant proportion of the chair's resources are also absorbed by the chairholder's appointment as Associate Dean of WHU – Otto Beisheim School of Management for 3 years starting in September 2011 and his continued role as Academic Director of the Master of Science (MSc) and Master of Law and Business (MLB) programs.

The MSc program has sustained its pattern of growth since 2011. This summer, the program received 188 applications from students, 107 of whom will be en-

rolled in the MSc class of 2014. This constitutes a remarkable increase compared to last year, when 132 applications were received and the intake amounted to 72 students. Compared to October 2010, when the chairholder assumed responsibility for the program with the objective of initiating future growth, the intake has more than tripled. Moreover, the synchronous increase in applications from non-WHU graduates and international students is particularly encouraging and emphasizes the attractiveness of the program in the market.

In recent years, the excellent performance of the MSc program in the Financial Times Masters in Management Ranking has been a testament to the quality



of the program and of the student body. As recently as 2011, the program was ranked number six among MSc programs worldwide. Unfortunately, the WHU is not eligible to participate in the 2012 Master's in Management Ranking since it surveys only Master's graduates from the year 2009. Due to the transition from the Diploma to the Bachelor and Master's programs in the course of the Bologna Process and the ensuing graduation of WHU's first MSc class under the newly established BSc/MSc structure in 2010, WHU did not graduate any MSc or diploma students in 2009. However, the MSc program will be again eligible for participation in the ranking in 2013, when WHU hopes to at least regain the outstanding position it achieved in last year's ranking.

In addition, the following developments and achievements at the Chair of Finance deserve special mention:

1. Two new research assistants joined the chair during the past academic year. Dipl.-Kfm. Sören Pippart, a graduate of Saarland University, was welcomed to the chair in October 2011. Jan Peter Schmötsch joined the chair in April 2012 after obtaining his MSc in Management from WHU.

2. During the preceding business year, five dissertation projects were completed:

"Essays on the Valuation of Commodity Derivatives" by Janis Back

"Asset and Liability Management with Jump Risks" by Mareen Benk

"Predictions, Nonlinearities and Portfolio

Choice - Applications of Artificial Neural Networks to German Market Indexes" by Friedrich Kruse

"Credit Portfolio Management - An Analysis of Credit Risk Drivers, Models and Risk Management Tools" by Christoph Pavel

"Customer Portfolio Management - An Application to Private Wealth Management" by Christian Zaum

3. The completion of the aforementioned dissertations also paved the way for some of the most recent publications and working papers at the chair. In August, a paper co-authored by Janis Back and Marcel Prokopczuk (Zeppelin University) entitled "Seasonality and the Valuation of Commodity Options" was accepted for publication by the Journal of Banking and Finance. Moreover, two further papers, "The Economic Value of Nonlinear Predictions in Asset Allocation" and "ETFs: Finding your Way Around Active Risk," were both published in different issues of Problems and Perspectives in Management. Finally, a paper with the title "Outcomes of Service Quality in Private Banking Business" was published in the International Journal of Business and Management. Furthermore, seven working papers were written and form the basis for future publications. Among them is a paper entitled "Seasonal Stochastic Volatility: Implications for the Pricing of Commodity Options," which was accepted for presentation at the Eastern Finance Association in Boston and is currently in "revise and resubmit" status at Management Science.

4. The third Private Banking Day was again a success. 106 participants came together at WHU on April 20, 2012. This continued last year's growth and indicates that the conference has established itself among private banking professionals, academics, and students in German-speaking countries. The next Private Banking Day will take place on April 16, 2013.

5. The results of the second issue of the WHU Private Banking Rating have been presented and were well received by the press. The analysis is based on a unique dataset of 559 questionnaires completed by private banking clients from 79 different providers.

6. The Chairholder continues to serve as co-director of the Bucerius Law School and WHU Master in Law and Business (MLB) - Joachim Herz program. This August over 40 students from 33 countries obtained their Master's degree when the sixth MLB class graduated from Bucerius Law School and WHU. They were the first to study under new study regulations and benefited from an improved course offering that enables students to better tailor their curriculum to their individual needs. In the coming academic year, the seventh MLB class - 51 students, 75% of whom come from abroad - will study at both universities while the program directors continue to explore options to further enhance the program.

7. Brain Capital GmbH has enjoyed further growth, as well. Dr. Marco Vietor and Johannes Frankenfeld, together with six associates, continue to direct the organization, which offers students a reverse

generation contract. The total amount of funds managed by Brain Capital amounts to €38 Million. Today, about 600 students are supported by the reverse generation contract and around 200 students have already entered the payback period. The reverse generation contract pays students' tuition fees to their universities. In exchange the students pay a pre-determined fraction of their later income to a tuition fund managed by Brain Capital. The company collects investment money from private and institutional investors in order to finance the tuition of these students in advance.

8. The chairholder plays an active role in the Campus for Finance initiative. He heads the academic board and in this role advises the organization teams of the Campus for Finance New Year's Conference, Research Conference, and Private Equity Conference on questions of content as well as the future development of the conferences. The thirteenth Campus for Finance New Year's Conference is scheduled to take place on January 17 and 18, 2013. On this occasion, international academics, professionals, and students will again convene at WHU to discuss highly relevant questions with high-profile speakers including Helmut Schmidt, former Chancellor of West Germany; Aleksander Kwaśniewski, former President of Poland; and Jürgen Fitschen, Co-Chairman of Deutsche Bank, Dr. Maximilian Zimmerer, Member of the Board of Management of Allianz SE, among others.

I wish to sincerely thank all those at the chair and associated with it who have contributed to the success of WHU – Otto Beisheim School of Management and

its Endowed Chair of Finance during the past business year. I would also like to express my appreciation for the contribution of Ms. Marianne Diel, who has been closely associated with the chair for 14 years. I equally value the input of Ms. Kirsten Schmitz, a member of the chair for three years now. I am very happy with the development of the chair and the achievements of its members and would like to express my gratitude and appreciation to all of them for their cooperation.

In closing, I wish to express my gratitude to the sponsors of the chair as well as the

sponsors of the Center of Private Banking for their support and contributions. I especially would like to thank Allianz SE, which has been a very close friend and supporter of the chair for many years.

Sincerely,

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

Markus Rudolf



## The Team



**Professor  
Dr. Paul Achleitner**

Paul Achleitner is the chairman of the supervisory board of Deutsche Bank AG. Since February 2001 he has been an honorary professor at WHU – Otto Beisheim School of Management and represents the investment banking domain.



**Dr. Janis Back**

Janis Back started as a research assistant at the Endowed Chair of Finance in 2008. He studied Business Administration at the University of Mannheim with a 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 Universi-

ty) and at Princeton. In his dissertation he was occupied with the assessment of commodity derivatives.



**Commerzbank Assistant  
Professor Dr. Katrin Baedorf**

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



### **Dr. Mareen Benk**

Mareen Benk started as a research assistant at the Endowed Chair of Finance in 2006. She studied Business Administration at WHU – Otto Beisheim School of Management with exchange terms at Università degli Studi di Siena in Siena and at the School of Economics and Commercial Law in Gothenburg, Sweden. She gained practical experience at the savings bank Sparkasse Velbert, at the startup companies ABE-Telematik GmbH and Abebooks, Inc. in Victoria, Canada, in the industry at Siemens AG and in consulting at Estin & Co. in Paris. In her dissertation she was occupied with asset and liability management.



### **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 and in Illinois. Michael Borß joined the Boston Consulting Group in 2006. His research focuses on behavioral finance and experimental economics.



### **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 the Leipzig Graduate School of Management. 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 Business Mathematics at the University of Leipzig from 2004 to 2010, with majors in Financial Mathematics and Stochastic Analysis. During this time she worked for the Landesbank Sachsen, among others, and gained first practical experiences in risk controlling. Katja Harder has been a research assistant and PhD candidate at the Endowed Chair of Finance since December 2010. Her research focus lies 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 research assistant at the Endowed Chair of Finance. Matthias currently researches market sentiment derived from option data.



### **Dr. Stefan Jentzsch**

Stefan Jentzsch is partner at Perella Weinberg Partners in London and was chief executive officer 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 "Leadership in Investment Banking."



### **Dipl.-Math. Julia Kapraun**

Julia Kapraun has been a research assistant and PhD candidate at the Endowed Chair of Finance since July 2011. Previously, she studied Mathematics at the Technische Universität Berlin with majors in Mathematical Finance and Stochastic Analysis. Prior to WHU, she was a Junior Risk Controller with 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 (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 focuses on service quality and customer satisfaction in private banking.



### **Dr. Friedrich Kruse**

Friedrich Kruse started as a research assistant at the Endowed Chair of Finance in 2008. He studied Business Administration at the University of Passau and

abroad at the School of Economics and Management in Lund, Sweden. In addition, he completed a program at the Bayerische Elite Akademie in Munich. During his studies Friedrich Kruse gained working experience at B.Metzler seel. Sohn & Co, Dresdner Kleinwort, and Ebner, Stolz & Partner. In his dissertation he was 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 Technische Universität Berlin and Business Administration at Toulouse Business School. After graduation 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 area is portfolio management, especially 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 of an investment consultancy firm. He lectures on asset management for the MBA program at WHU – Otto Beisheim School of Management.



### **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 and left WHU finally in December 2011.



### **Dr. Christoph Pavel**

Christoph Pavel started as a research assistant at the Endowed Chair of Finance in 2008. In 2005 Christoph Pavel obtained his Diploma degree at WHU – Otto Beisheim School of Management and in 2006 his Master’s degree at EM Lyon. Subsequently, he worked for two years at McKinsey & Company, Inc. in Munich. In his dissertation he was occupied with research on credit portfolio management.



### **Dipl.-Kfm. Sören Pippart**

Sören Pippart joined WHU as a research assistant to the Endowed Chair of Finance in October 2011. After completing his studies in Business Sciences at the University of Mannheim and Saarland University, he spent a semester abroad at the University of British Columbia in Vancouver, Canada. Sören gained firsthand practical experience during internships as a financial auditor at KPMG AG and as an equity derivatives sales trader at Natixis S.A. In his dissertation, he focuses on international finance, in particular, exchange rates.



### **Professor Dr. Markus Rudolf**

Markus Rudolf is associate dean and full professor at 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, asset management, and 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 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 has assisted the secretarial office of the Endowed Chair of Finance and the Center of Private Banking.



### **M. Sc. Jan Peter Schmütsch**

Jan Peter Schmütsch has been a research assistant and PhD candidate at the Endowed Chair of Finance since April 2012. He studied Business Administration at WHU – Otto Beisheim School of Management, the University of Texas at Austin, and New York University. During his studies, he gained work experience through internships with the credit risk management of Commerzbank, the M&A advisory of J.P. Morgan, and the corporate development practice of The Boston

Consulting Group. His research focuses on the temporal link of financial crises and market expectations.



### **Professor Dr. Axel Wieandt**

Since 2005 Axel Wieandt has been an honorary professor at WHU – Otto Beisheim School of Management. His teaching is focussed on the field of financial intermediation. Axel Wieandt has spent most of his career to date in the financial service sector. Until 2008, he served as Head of Corporate Development and Corporate Investments at Deutsche Bank, between 2008 and 2010 he was CEO of Hypo Real Estate, and most recently he served as a Managing Director in the Investment Banking Department of Credit Suisse.





### **Dr. Christian Zaum**

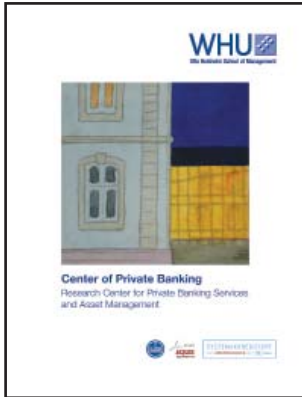
Christian Zaum started as a research assistant at the Center of Private Banking in 2008. He earned his Bachelor's degree at Maastricht University in the Netherlands with an exchange term at Universidad Carlos III in Madrid, Spain. He obtained his Master's degree from the University of Auckland, New Zealand. Parallel to his studies Christian Zaum gained work experience in various internships at Metro Group, Accenture, PricewaterhouseCoopers, and Deloitte. In his dissertation he was occupied with research on the assessment of customers in private banking.



### **Dipl.-Vw. Oxana Zhukova**

Oxana Zhukova studied Economics at the 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 work 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 focuses on three core areas of activity: research, teaching and education, and dialogue. The goals of the center are to enhance WHU's research profile in the area of Private Banking; to increase the awareness of the public community, including wealthy private customers, regarding this topic; and to promote collaborative communication between Private Banking practitioners.

In our research we concentrate on the two fundamental areas of Asset Management/Products and Customer Relationship Management. For example, we analyze service quality and its effects, customer satisfaction and customer loyalty, from the perspective of both Private Banking suppliers as well as customers. Another research project covers aspects of customer portfolio management. In the area of asset management, focal points of research include alternative asset classes, measurement of customer preferences, and investment performance.

We also examine aspects of behavioral finance.

We are able to increase the interest and enthusiasm of WHU students for Private Banking through lectures, talks with practitioners, and the supervision of Bachelor's and Master's theses.

For members of the Center of Private Banking, the individually designed training program has continued in 2012 with the three modules Private Banking Rating, Sovereign Risk, and Communication. The current program will end in September with an exam covering the modules of the course from 2011 and 2012. In total, 39 participants from different areas of the Private Banking units of the Center's members took part in this year's program.



Meeting Advisory Board of the CPB in April 2012

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. These meetings generate an intensive exchange between practitioners and researchers. The meeting held on February 10th, 2012 featured talks by Ruth Kümmerle (Illiquid Investments in a Portfolio Context) and

Tim Krume (Private Banking Rating). The next meeting will take place on September 14th.

Our research results are also used to establish a rating system for the Private Banking market. The underlying database already comprises 559 data sets of private banking customers, and will be further expanded to approximate 985 data sets for next year's rating.

The Center of Private Banking additionally demonstrates its competence and

engagement by contributing to scientific publications, organizing events, and providing speakers for several events. After the success of the past three annual Private Banking Days (2010-2012), the fourth Private Banking Day will take place at WHU on April 16th, 2013. Participants, who include both practitioners as well as members of the scientific community, will once again be offered a forum for exchanging valuable perspectives and insights into various aspects of Private Banking.

**+++ SAVE THE DATE +++**

**The 4th WHU Private Banking Day will take place on**

**April 16th, 2013.**

# 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



**Björn H. Robens**  
BHF-BANK AG  
Spokesman of the Board of Managing  
Directors (left the board in 2012)



**Prof. Dr. Markus Rudolf**

WHU - Otto Beisheim School of  
Management, Associate Dean  
Head of the Center



**Dr. Bernd Türk**

Commerzbank AG  
Head of the Advisory Board  
Head Sales Management and  
Head Asset Management



**Dr. Steffen Tolle**

Wegelin & Co. Private Bankers  
Managing Partner with unlimited liability  
(left the board in 2011)



**Ralf Vielhaber**

Fuchsbriefe/Dr. Hans Fuchs GmbH  
Managing Director



**Frank Wieser**

Vontobel Europe AG  
CEO/Head of Private Banking Germany

# Associated Members of the Center of Private Banking (CPB)



**Dr. Wolfgang Baums**  
BHF-BANK AG, Head Asset Allocation  
Research, Private Banking (left the cen-  
ter in 2012)



**Dr. Peter König**  
DVFA GmbH  
Managing Director



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



**Jürgen Lampe**  
firstfive AG, Frankfurt/Main , CEO



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



**Prof. Volkmar Liebig**  
Ulm University of Applied Sciences

**Melanie Monßen, CFP**

Bank Vontobel Europe AG, Business  
Management Private Banking

**Christian Oertli**

Centrum Bank AG, Member of the Execu-  
tive Board, Head Private Banking

**Christian Müri**

Centrum Bank (Switzerland) AG, Head  
Private Banking, Member of the Executi-  
ve Board (left the center in 2011)

**Thomas Paul**

Böker & Paul AG, Member of the execu-  
tive board



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



**Björn Strüwer**  
Credit Suisse AG, Managing Director (left the center in 2012)



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



## Third WHU Private Banking Day in 2012



Welcoming Speech Prof. Dr. Markus Rudolf

Conducting a public dialogue about private banking related topics is one of the three core activities of the Center of Private Banking at WHU – Otto Beisheim School of Management. The WHU Private Banking day, launched in 2010, allows for this dialogue and provides private banking professionals, academics, and selected students with the opportunity to exchange information and insights about private banking and wealth management.

The third event in the successful Private Banking Day series took place on April 20th, 2012 at the WHU – Otto Beisheim School of Management in Vallendar. Fourteen well-known speakers discussed various current topics during eight presentations, a panel discussion, and a dinner speech.

The core issues discussed at the 3rd WHU Private Banking Day were regulatory requirements, increasing customer demands, pressure on earnings, and financial market uncertainty.

The first speech of the day was held by Andreas Brodtmann (Personally liable Partner at Berenberg Bank), who spoke on the topic “Concepts of a Private Bank in a Changing Environment”. According to Brodtmann, the financial crisis has left its mark: regulatory requirements as well as high-quality customer advice have become increasingly important. A change of private banking business models will be the consequence.



Andreas Brodtmann, Personally liable partner, Berenberg Bank

The following presentation, by Til Klein (Principal, The Boston Consulting Group), provided an overview of current developments in the private banking market according to the latest BCG Global Wealth Report. He pointed out that not only earnings, but also costs increased throughout 2010.

In his presentation “Debt Crises and Growing Economies - The World is Changing,” Dr. Josef Kaesmeier (Chief Economist at Merck Finck & Co, Privatbankiers) discussed different growth factors. He furthermore identified the links between politics and economy that favor the current

levels of global indebtedness. Dr. Jochen Eichhorn (Partner, Lachner Westphalen Spamer) followed with a detailed report on the legal and regulatory environment of today's Private Banking Industry.



Networking during one of the breaks

After lunch, Prof. Dr. Markus Rudolf (Head of WHU's Center of Private Banking) presented the WHU – Private Banking Rating. This report measures customer satisfaction solely based on customers' perceptions, independent of any banking institution. Prof. Rudolf highlighted the fact that customer satisfaction for the whole banking market only received an average grade. According to the 2011 report, private banks and independent wealth managers received the best ratings.

The CEO and Head of Private Banking Germany at Vontobel Europe, Frank Wieser, emphasized the necessity of a "culture of change" in private banking. According to Wieser this change is due to the pressure of client's expectations on the one hand and regulatory requirements on the other.



Frank Wieser, CEO and Head of Private Banking Germany, Vontobel Europe

The afternoon session opened with a lively panel discussion about "Customer advice during times of crisis – how is the sovereign debt crisis transforming the private banking industry?" Dr. Jörg Richter (IQF) chaired the discussion of the following panelists: Prof. Dr. Teodoro D. Cocca (Johannes Kepler University, Linz), Dr. Peter König (Managing Director, DVFA), Prof. Dr. Alexander Kolb (CIO, Bolle Fonds), Håkan Strångh (Head of Private Banking, J.P. Morgan Germany & Austria) and Dr. Bernd Türk (Head of WM Sales Management & Head of Asset Management at Commerzbank).



The panel discussion

The panel discussion was followed by a speech by Prof. Dr. Alexander Kolb (CIO, Bolle Fonds) about the competition between family offices, independent wealth advisors, and banks. He particularly stressed the fact that customers have to be aware of the trade-offs between seeking independent advice and the fact that the independent advisors are often smaller companies with only limited profitability.



Dr. Bernd Türk, Head of WM Sales Management & Head of Asset Management, Commerzbank AG

The final presentation was held by Dr. Bernd Türk (Head of WM Sales Management & Head of Asset Management at Commerzbank). He pointed out that discretionary portfolio management might become increasingly important in the mid-term due to the prevailing market conditions in the private banking industry.

The conference ended with a dinner speech by Michael Rüdiger (CEO Central Europe, Credit Suisse) entitled "Private Banking – Quo Vadis." For Rüdiger, further professionalization is essential for the whole private banking industry. In his speech he stated, "One has to decide

which part of the value chain to cover. In the private banking industry this decision is crucial to attract and to hold customers."



Dinner Speech of Michael Rüdiger, Chairman of the board of management, DekaBank

The successful day ended with a gala dinner in the business school's vaulted cellar with musical entertainment provided by WHU students. The conference offered an array of informative and stimulating addresses on current issues in the field. The participants especially appreciated the practical relevance of the topics as well as the good organization.



Gala Dinner

## Contributions to WHU



Prof. Dr. Markus Rudolf as a panelist at the WHU Family Business Conference 2012, together with Hans-Dietrich Genscher (former Federal Minister), Jürgen Fitschen (Co-Chairman of Deutsche Bank), Lutz Goebel (President of "Family Entrepreneurs") and Dr. Peter Bartels (Member of the Board of Management of PwC)

Prof. Dr. Markus Rudolf is the Associate Dean of WHU, a position he has held since October 2009. In September 2011, the senate of WHU re-elected Prof. Dr. Rudolf for a further term of office of three years.

In his role as Associate Dean he has delivered addresses and given speeches on several occasions. At the WHU Private Banking Day 2012, he gave a speech on "Private Banking Rating". Prof. Dr. Rudolf was also a panelist at the WHU Family Business Conference in April 2012, where he discussed the stability, solidity and sustainability of family enterprises

against the backdrop of the Euro debt crisis with former Federal Minister Hans-Dietrich Genscher as well as Jürgen Fitschen (Co-Chairman of Deutsche Bank's Management Board), amongst others.

Moreover, Prof. Dr. Rudolf continues to serve 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).

The WHU MSc program is designed as a consecutive business science degree. It is tailored towards 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.



MLB Team with the two directors of the program Prof. Clifford Larsen, Bucerius Law School and Prof. Dr. Markus Rudolf, WHU

The Bucerius/WHU Master of Law and Business is most suitable for 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. The program aims to convey knowledge out of both branches of study in combined lectures on special topics. In addition to his role as 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.

Furthermore, 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 two search committees for academic positions at WHU. He headed the search committee for the Otto Beisheim Endowed Chair in Entrepreneurship and New Business Development, which led to the appointment of Prof. Dr. Christoph Hienerth. Prof. Dr. Rudolf was also a member of the search committee for the Roehling Assistant Professor of International Innovation Management, which resulted in the appointment of Assistant Prof. Dr. Anna Dubiel.

In addition, Prof. Dr. Rudolf is a member of three ongoing search committees. He is in charge of the search committee for the chair of finance and capital markets and is a member of the committees tasked with appointing the new Professor of Innovation and Organization as well as

the Assistant Professor of Production Management.



Prof. Dr. Michael Frenkel (right side), Dean of the WHU - Otto Beisheim School of Management and the Associate Dean Prof. Dr. Markus Rudolf (left side)

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, Centrum Bank, Credit Suisse and DVFA. Highly valued non-monetary contributions are made by independent evaluation entity entities firstfive AG, Fuchsbriefe and IQF.

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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 13th January, 2012 and on 24th May, 2012 at WHU.



# Research and Publications

## Publications

Back Janis, Prokopczuk Marcel, Rudolf Markus (WHU and Zeppelin University): Seasonality and the Valuation of Commodity Options, forthcoming in Journal of Banking and Finance

Dethleffsen Marius, Rudolf Markus [2012]: ETFs: Finding your Way Around Active Risk, in: Problems and Perspectives in Management, Volume 10, Issue 2, p. 29-41

Kruse Friedrich, Rudolf Markus [2012]: The Economic Value of Nonlinear Predictions in Asset Allocation, in: Problems and Perspectives in Management, Volume 10, Issue 1, p. 66-81

Wieandt Axel, Moeninghoff Sebastian C. [2012]: Für eine baldige Einführung des Abwicklungsregimes für systemrelevante Banken, in: Börsen-Zeitung, Issue 38, p. 4

Horn Carsten, Rudolf Markus [2012]: Outcomes of Service Quality in Private Banking Business - Uncovering a chain of effects, in: International Journal of Business and Management, Volume 7, Issue 4, p. 44-55

Rudolf Markus [2012]: Alternative Konzepte zur Rettung angeschlagener Banken, in: Modell "Bad Bank": Hintergrund - Konzept - Erfahrungen (ed. Markus Bolder and Matthias Wargers), Gabler Verlag, p. 31-57

Cremers Martijn, Leser Hartmut [2011]: Die Active-Share-Kennzahl als Maßstab für ein aktives Portfoliomanagement, in: Kreditwesen, Issue 16, p. 51-52

## Working Papers

Rudolf Markus, Seiler Volker (WHU and University of Paderborn) [2012]: Kundenzufriedenheit im Private Banking

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

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

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

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

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

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

Biurrun Valeria, Rudolf Markus [2010]: Mitigating Bank Earnings Management - The Role of Regulation and Supervision

## Conference Presentations

Eastern Finance Association, Boston [2012]: Back Janis, Prokopczuk Marcel, Rudolf Markus (WHU and Zeppelin University) [2011]: Seasonal Stochastic Volatility: Implications for the Pricing of Commodity Options

European Finance Association, Frankfurt [2011]: Back Janis, Prokopczuk Marcel, Rudolf Markus (WHU and Zeppelin University) [2010]: Seasonality and the Valuation of Commodity Options



# CAMPUS FOR FINANCE

## NEW YEAR'S CONFERENCE



Prof. Dr. Markus Rudolf giving the welcome speech to the Campus for Finance – New Year's Conference 2012.

## Sustainable Finance – How to Benefit from Global Mega Trends?

On January 12 & 13, the Endowed Chair of Finance enjoyed supporting the Campus for Finance – New Year's Conference for the twelfth time. This year's conference addressed the increasing importance of a stable financial sector as well as the challenges and opportunities connected to sustainable investing. The Campus for Finance team once again received more

than two thousand applications from high-potential young professionals, academics, and corporate representatives from all over the world. In the end more than 300 attendees were invited to enjoy stimulating discussions, exchange ideas, and socialize.

The Campus for Finance – New Year's Conference offered highly relevant presentations from renowned leaders and scholars as well as programs tailored to young professionals, corporate managers, and entrepreneurs. Corporate workshops were hosted by Aberdeen Asset

Management, KPMG, and Shearman & Sterling; accompanying academic workshops were held by Professor Andres (WHU) and Professor Goncharov (WHU). For the first time, the New Year's Conference offered a program exclusively designed for young professionals, which was provided by the Boston Consulting Group and centered, amongst other things, on M&A transactions in the light of behavioral finance.



Rt. Hon. John Major giving the opening speech

Impressive speeches were given by the Rt. Hon. John Major (former UK prime minister), Professor Finn Kydland (recipient of the 2004 Nobel Memorial Prize in Economics), and Thomas Mirow (President of the European Bank for Reconstruction and Development). Two panel discussions further enhanced the conference: one on the rise of BRICs, green energy, and technology, and a second on the sovereign debt crisis. As always, a gala di-

ner in the WHU's vaulted cellar completed the event.



Professor Richard Brealey during a panel discussion on sovereign debt.

The Campus for Finance – New Year's Conference 2012 was enriched by the following speakers: Professor Viral V. Acharya (New York University Stern School of Business), Michael Baldinger (CEO, Sustainable Asset Management), Professor Richard A. Brealey (London Business School), Stephan Gemkow (CFO, Deutsche Lufthansa AG), Jörg Hashagen (Partner Financial Services, KPMG), Professor Michael Heise (Chief Economist, Allianz SE), Professor Finn E. Kydland (University of California at Santa Barbara), Thomas Mayer (former Chief Economist, Deutsche Bank AG), Christian Meissner (Co-head of Global Corporate & Investment Banking, Bank of America Merrill Lynch), Thomas Mirow (President of the European Bank for Reconstruction and Development), Professor Holger Müller (New York University Stern School

of Business), Dirk R. Notheis (CEO Germany & Austria, Morgan Stanley), Thorsten Polleit (Chief Economist Germany, Barclays Capital), Martin Reitz (Head of German Speaking Countries Global Financial Advisory, Rothschild), Anne Richards (CIO and Member of the Board, Aberdeen Asset Management), Andreas Schmitz (Chairman of the Management Board, HSBC Trinkaus & Burkhardt AG and President of the Association of German Banks), Robin Stalker (CFO, Adidas Group), Daniel Stelter (Global Leader of Corporate Development and Practice, The Boston Consulting Group), Michal Straub (Head of Communications, DE-SERTEC Foundation), Stephan Sturm (CFO, Fresenius SE & Co. KGAA), Professor Sheridan Titman (President Elect of the American Finance Association, University of Texas at Austin), Jan P. Weidner (Managing Director Advisory Germany, Leonardo & Co.), Barrie Wilkinson (Partner Finance & Risk Domain, Oliver Wyman), and Frank Witter (CEO, Volkswagen Financial Services AG).



Professor Finn Kydland holding the Nobel laureate speech.

This year's Campus for Finance – New Year's Conference has been supported by Aberdeen Asset Management, Barclays Capital, Credit Suisse, Deutsche Bank, KPMG, Waterland, HSBC Trinkaus, Leonardo & Co, and Rothschild.

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 17 and 18, 2013.



# CAMPUS FOR FINANCE

## RESEARCH CONFERENCE

On January 11 & 12, 2012, one day prior to the New Year's Conference, WHU – Otto Beisheim School of Management was proud host to the Campus for Finance – Research Conference. This two-day conference offered over a hundred scholars and practitioners from all over the world a platform to present their latest research.

could connect and discuss current topics in research. The Research Conference was further enriched by a lecture by Nobel Laureate Professor Reinhard Selten and Robin Pope (Bonn University) who presented experimental research on “Prominent Numbers, Indices, and Ratios in Exchange Rate Determination”.



Prof. Dr. Markus Rudolf during the opening speech

With nearly a hundred internationally renowned scholars volunteering as referees, 69 out of 150 submitted papers were accepted for presentation and discussion at WHU. The academic organization was conducted by Prof. Dr. Markus Rudolf, Matthias Held, and Sören Pippart of the Endowed Chair of Finance.

During 24 sessions and Wednesday's dinner in WHU's vaulted cellar, participants



Nobel laureate Professor Reinhard Selten again attended the Campus for Finance - Research Conference

The WHU finance award – granted by the academic board of the Campus for Finance conference – was once again awarded to the three best papers presented at the conference. The first prize of € 1,000 was awarded to Marc Martos-Vila (University of California at Los Angeles) and Matthew Rhodes-Kropf (Harvard University) for their paper on “Waves of Financial Buyers vs. Strategic Buyers.”

The second prize, amounting to € 500, was awarded to David Hobson and Martin Klimmek (both University of Warwick) for their paper “Model Independent Hedging Strategies for Variance Swaps.” Third prize, also € 500, went to Thomas Etheber, Dominik Hennen, Steffen Meyer, and Tilman Rochow (all Goethe University of Frankfurt) for their paper “Earnings Announcements, Miller’s Stock Ration and Private Investors - Trading Patterns and Performance.”

The next Campus for Finance – Research Conference will take place on January 16 & 17, 2013.



From left to right: Prof. Dr. Markus Rudolf, Marc Martos-Vila (winner of the 1st prize Best Paper Award), Thomas Etheber (winner of the 2nd prize Best Paper Award) and Matthias Held (academic assistant to the Campus for Finance – Research Conference).



## Private Equity 2.0 – Redefining the Industry’s Chess-board

On March 29 & 30, the Campus for Finance – Private Equity Conference took place at WHU – Otto Beisheim School of Management in Vallendar. For the seventh time, students, young professionals, and industry representatives were invited to participate in presentations and discussions of the latest trends in private equity. In keynote speeches and panel discussions, renowned professionals offered interesting insights and perspectives from the Private Equity industry. The current financial environment, shaped by the sovereign debt crisis and highly volatile markets, defined this year’s topic; both the impacts of the current crisis and the future of the industry were at the center of the discussion.

Workshops for young and senior professionals were conducted by Oliver Wyman, Professor Dr. Bernhard Schwetzler (HHL Leipzig), Wellensiek Rechtsanwälte, and Hauck & Aufhäuser. Workshops for students and academics were offered by Auctus Capital Partners, Bain & Company, Project A Ventures, and Waterland.



Panel Discussion on “Corporate Raider vs. White Knight – Who Profits from Private Equity?”

The following speakers enriched the Private Equity Conference: Hans Albrecht (Founder and Managing Director, Nordwind Capital), Richard Burton (Head of Private Equity, PwC), Juan Campos (Vice President, Goldman Sachs), Tobias Eichner (Partner, Oliver Wyman), Thorsten Gladiator (Managing Director, Commerzbank), Professor Oliver Gottschalg (Associate Professor of Strategy and Business Policy, HEC School of Management), Tobias Habbig (Executive Director, Morgan Stanley), Till Hafner (Senior Lawyer, Wellensiek Rechtsanwälte), Arndt Kaminski (Partner, Bain & Company), Ingo Krocke (CEO, Auctus Capital Partners), Magnus Graf Lambsdorff (Partner, Egon Zehnder International), Mario Schmidt (Managing Partner, Willkie Farr & Gallagher), Pro-



professor Bernhard Schwetzler (Professor of Finance, HHL – Leipzig Graduate School of Management) and Hans-Dietrich Winkhaus (former CEO, Henkel/Rhône Group).

This year's Campus for Finance – Private Equity Conference was also supported by Altira Group, Autheneum Partners, Bryan Cave, Commerzbank, Goldman Sachs, KKR, KPMG, Morgan Stanley, PwC, Quadriga Capital, Rochus Mummert, Rocket Internet and SevenVentures.



Hans Albrecht giving a speech on the current state of the Private Equity industry



Thorsten Gladiator during his speech at the PEC 2012

The Campus for Finance – Private Equity Conference is an initiative entirely organized by WHU students and supported by the Endowed Chair of Finance (with Professor Dr. Markus Rudolf as the academic director).

We are very much looking forward to the next year's Campus for Finance – Private Equity Conference, which will take place on April 11 & 12, 2013.

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



MLB Class of 2012 at graduation date

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

The Bucerius/WHU Master of Law and Business -Joachim Herz Program aims to provide students with preparation in the fields of law and business studies by offering combined lectures on special topic areas. The target group consists of international students whose first degree is primarily in law or business and who have at least two years of work experience.

The program's legal component deals with all key legal challenges confronting an internationally operating company. By applying a comparative law approach, the participants learn to analyze international legal questions by integrating the different perspectives of different legal systems. The business studies component of the program is primarily concerned with basic business management knowledge that is particularly relevant to commercial lawyers.

The specific focus of the program is to offer complementary law and business courses, taking an interdisciplinary approach to central issues in international business and using a lifecycle-based

method. The program is also unique in offering internationally focused, comparatively-oriented classroom instruction with teaching staff from many countries as well as an internship, Studium Generale, Master's thesis, a Capstone course and a Social Project. All of these elements are integrated into one – very intensive – calendar year.

In addition to their law and business courses, the participants are taught practical skills, as well. The students receive writing courses in drafting English-language contracts, letters, and memos as well as courses in negotiation skills.

The program's students are characterized by their high degree of internationalism and diversity. The participants in the class of 2011 represent 30 countries on five continents. The program primarily takes place on the campus of Bucerius Law School in Hamburg, but the participants also spend time on the WHU campus – for example, for two live-in weeks, in some cases while writing the master's thesis, and for some student events.

With the successful completion of the program, the students are graduates of both WHU and Bucerius Law and they are very welcome to join both alumni networks. The commitment of the Joachim Herz Stiftung deserves particular mention; the German non-profit foundation has provided generous financial support to the MLB Program since 2009 to even further

improve the program's already international character.



MLB Class of 2012 with the MLB team during the second Live-in Week at the WHU Campus in Vallendar

## **The Two Live-in Weeks of the Bucerius/WHU Master of Law and Business Class of 2012 at the WHU**

From September 11th until 17th, 2011 and from May 6th until 11th, 2012 WHU welcomed the students of the Bucerius/WHU MLB Class of 2012 in Vallendar. The Live-in Weeks consisted of diverse lectures as well as a social program rich in variety. Throughout the two weeks, the students could choose from a variety of Business and Law courses. 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 the two weeks in September and May the students experienced the lands-

cape of castles in the Rhine Valley with a guided tour and a knights' banquet at the Marksburg in Braubach as well as a boat trip to the Rhine village of Boppard and a hiking tour through the vineyards. These events framed the get together of both students and the whole MLB-team from Bucerius Law School and WHU.

## Graduation Ceremony of the MLB Class of 2012

The sixth class of the Bucerius/WHU Master of Law and Business – Joachim Herz program donned their caps and gowns on August 28, 2012 for the MLB Graduation Ceremony. Jan Gackenholtz, Alumnus of the MLB Class of 2009, was the keynote speaker.

This year more than 40 students successfully completed the Master of Law and Business Program and received their diplomas. In addition to the conferral of diplomas, the DAAD Prize for Excellence in Service and Engagement went to Dana Poder-O'Born. Dr. Stefan Jentzsch, Partner at Perella Weinberg Partners in London, received the "Best Teacher Award Law and Business" for business instruction and Michael Friedman, associate at the Max Planck Institute for Comparative and International Private Law, for legal instruction.

Student representative Dana Poder-O'Born (Canada/Estonia) spoke on be-

half of her classmates about their experiences over the past 12 months. At the end of the ceremony, the participants of the new MLB Class, 51 students from 30 countries, were enrolled in the MLB Book. As the class of 2012 departed, they wished the incoming class of 2013 a successful and productive year ahead.



Graduation Ceremony of the MLB Class 2012

## Graduation of the MSc Class of 2012



Graduation ceremony

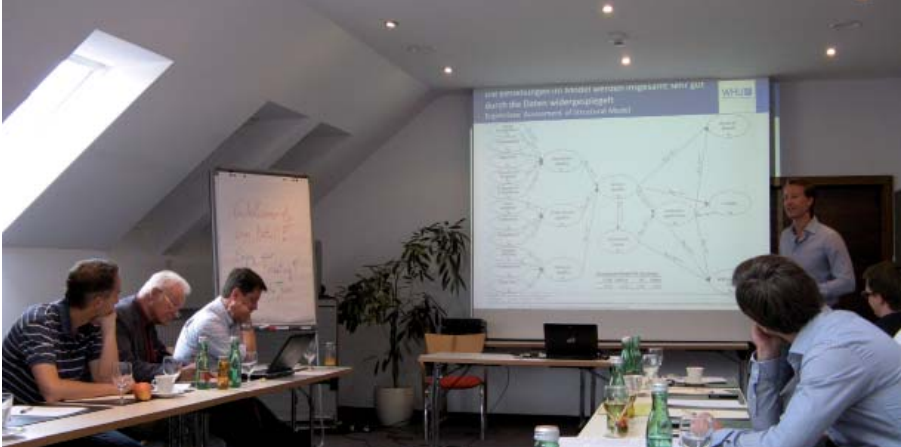
On September 22, 2012 a total of 33 graduates from the Master of Science (MSc) class of 2012 received their diplomas at the Kulturhalle Ochtendung. Framed by an address from the Academic Director of the program, Prof. Dr. Markus Rudolf, and a key note from the Director and Professor of Management Studies at the University of Cambridge, Prof. Dr. Christoph H. Loch, the students enjoyed their commencement at the Kulturhalle Ochtendung. The celebrations went on at the Kurhaus Wiesbaden, this year's location of the WHU Ball.

Fortunately, the future of the program looks just as promising. With an intake of

107 MSc students, the class of 2014 is proud to welcome more than 26 participants with an international background.

Certainly, this is at least partially due to three "virtual information days", during which Prof. Dr. Markus Rudolf offered insights into administrative and academic cornerstones of the program. Hitherto adds, that for the first time we saw an alternative selection process for international students in order to further encourage applications from countries outside of Europe, which in many cases would otherwise not have been feasible.

# Doctoral Seminar Burgenland 2012



Tim Krume (WHU) while presenting his research project

Continuing its tradition, the Endowed Chair of Finance accepted the invitation of the Finanznetzwerk e.V. to participate in its annual doctoral seminar in Burgenland, Austria. This year's event took place from July 12th-14th, 2012. Among the 18 participants were professors and doctoral candidates from WHU – Otto Beisheim School of Management and the University of Bamberg, as well as WHU alumni. Additional participants were Dr. Hartmut Leser (Aberdeen Asset Managers) and Prof. Dr. Otto Loistl (Professor Emeritus of Vienna University of Economics and Business). 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.

The participants' arrival was planned for Thursday, July 12th. After check-in and a general meeting of the Finanznetzwerk e.V. a joint dinner was organized in a local restaurant. Friday was reserved for presentations and discussions. Eleven research projects were presented throughout the day; enough time was allocated for elaborate discussion and feedback after each presentation. The seminar ended on Saturday after a joint breakfast.

# Course Offerings of the Finance Group

## BSc Programm

### Fall Term 2011:

- Foundations of Finance (2 SWS, two groups, Assistant Prof. Dr. Baedorf)
- Investment Banking (2 SWS, Prof. Dr. Achleitner)
- Asset Pricing (2 SWS, Dr. Gaston Michel)
- International Capital Markets and Derivatives (2 SWS, Prof. Dr. Mei Wang)
- Literature Seminar "Recent Topics in Corporate Finance and Corporate Governance" (2 SWS, Prof. Dr. Yurtoglu)

### Spring Term 2012:

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

## MSc Programm

### Fall Term 2011:

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

### Spring Term 2012:

- Financial Risk Management (2 SWS, Prof. Dr. Johanning)
- Financial Derivatives (2 SWS, Prof. Dr. Wang)
- Asset Management (2 SWS, Dr. Lesser)
- Business Game (2 SWS, Assistant Prof. Dr. Schweizer)
- Behavioral Finance (2 SWS, Prof. Dr. Wang)
- Sovereigns as Counterparties (2 SWS, Prof. Dr. Rudolf)

## Full-Time MBA Programm

## Doctoral Program

### Fall Term 2011:

- Corporate Finance (2 SWS, Prof. Dr. Andres)

### Spring Term 2012:

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

### Fall Term 2011:

- Research in Behavioral Finance (2 SWS, Prof. Dr. Wang)
- Advanced Econometrics I (2 SWS, Prof. Dr. Johanning)

## Part-Time MBA Programm

### Spring Term 2012

- Corporate Finance (2 SWS, Prof. Dr. Andres)
- Managerial Finance (2 SWS, Prof. Dr. Yurtoglu)
- Risk Management (2 SWS, Assistant Prof. Dr. Schweizer)

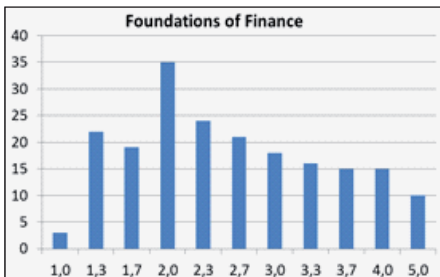


# The Lectures

## Foundations of Finance (Assistant Prof. Dr. Baedorf 2 SWS, 2 groups, BSc Program)

... is a compulsory course for 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.

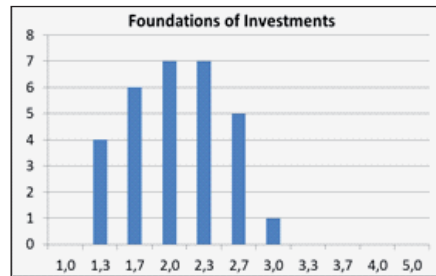
188 students passed the exam in Fall Term 2011 with an average grade of 2,49. The overall grade distribution is shown in the figure below.



## Foundations of Investments (Prof. Dr. Rudolf 2 SWS, MLB Program)

... is a lecture of the MLB Program. The course covers the foundations of financial decision making. The theoretical guidelines of the course are inspired by paradigms, neoclassical economics, and behavioral economics. The course provides an introduction to the basic concepts of finance. Investments under certainty, the valuation and risk assessment of bonds, and behavioral biases are all considered.

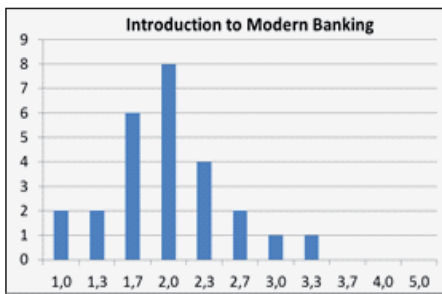
In Spring Term 2012, 30 students of the MLB program passed the exam with an average grade of 2,07. The overall grade distribution is shown in the figure below.



## Introduction to Modern Banking (Prof. Dr. Wieandt 2 SWS, 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. The course focus lies on two complementary objectives: analyzing the economic structures of the banking sector and communicating a basic knowledge of the activities, structure, and functions of banks. Descriptive case studies are used to deduce tendencies and strategies in the financial services sector. The lectures are held in English.

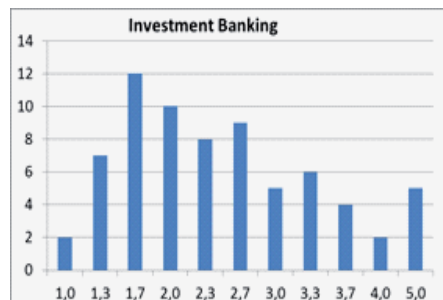
26 students of the BSc Program passed the exam in Spring Term 2012 with an average grade of 1,99. The overall grade distribution is shown in the figure below.



## Investment Banking (Prof. Dr. Achleitner 2 SWS, BSc Program)

... is a course offered by Prof. Dr. Paul Achleitner for students in the third or fifth semesters 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, capital market drivers, and company-specific drivers of the M&A business. The course furthermore deals with the market for company controls.

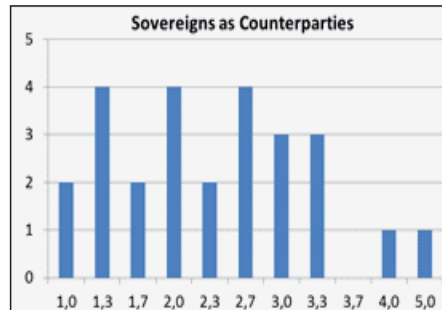
In Fall Term 2011 there were 65 students of the BSc Program who passed the exam with an average grade of 2,34. The overall grade distribution is shown in the figure below.



## Sovereigns as Counterparties (Prof. Dr. Rudolf 2 SWS, MSc Program)

... is an optional course for Master's students. The lectures examine the course of the financial and economic crises from with the subprime crises in 2007 until the sovereign debt crises starting in 2010. This entails analyzing several different types of risks that seemed to be very unlikely to happen, but which then occurred very unexpectedly. The first risk that materialized was in the subprime mortgage market and the associated structured products such as CDO's and MBS's; the market for these structured products is the starting point of the lectures. Then the financial system became increasingly unstable, raising questions about the adequacy of financial regulation and about system stability in general. Therefore, regulatory as well as systemic issues are next addressed in the lectures. Finally, some countries and their respective currencies became unstable as well – starting with Iceland and the UK, and spreading very quickly to the Eurozone countries Ireland, Greece, Portugal, Spain, and Italy. Therefore, the series of lectures will wrap up with an overview of measuring and calculating sovereign risks.

25 students of the MSc Program passed the exam in Spring Term 2012 with an average grade of 2,28. The overall grade distribution is shown in the figure below.



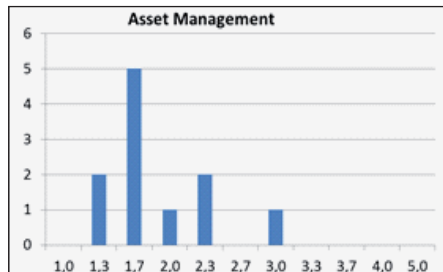
## Asset Management (Dr. Lesser 2 SWS, MSc Program)

... enables students to understand the structure of, and current issues in, active and passive asset management services and their relationship to a number of concepts of capital market theory. After completing the course, students will be familiar with the various styles, tools, and techniques of real-life asset management.

Part I of the lecture series revisits important elements of capital market theory with a special emphasis on those aspects of model architecture which are not usually covered in textbooks. Part II explains the basic structure of the asset management industry by deviations from the perfect world of theory. It analyses the tools and techniques applied by real world asset managers as well as the role of investment consultants. In addition, the demand side of the market is analyzed by describing the methodologies and tools of institutional investors.

In Spring Term 2012 the lecture Asset Management was succeeded by 11 students with an average grade of 1,88.

The overall grade distribution is shown in the figure below.



## Course Evaluations - (DOBES)

Student course evaluations are carried out each semester in order to encourage the continuous improvement of teaching quality. Students are able to anonymously evaluate the quality of the courses after each lecture period via the DOBES system (DOzentenBEwertungsSystem).

The evaluation of the courses is based on a questionnaire that measures 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 MSc Programs grading is from 1 (“strongly agree”) to 5 (“strongly disagree”).

The courses offered by the Endowed Chair of Finance all received a very good rating in the range between 1,36 and 2,28.

The “Investment Banking” lecture for the BSc Program, held by Prof. Dr. Achleitner in Fall Term 2011, was graded 1,36. The lecture “Introduction to Modern Banking” offered for the BSc Program in Spring Term 2012 by Prof. Dr. Wieandt received a 1,61.

Due to his sabbatical term Prof. Rudolf only held the lecture “Sovereigns as Counterparties” during this reporting period. This course was offered to students in the MSc Program for the first time in Spring Term 2012 and obtained a grade of 1,74.

Moreover, Assistant Prof. Dr. Baedorf held the compulsory course “Foundations of Finance” for the first time completely for both groups of the BSc Program and was thereby graded with 2,28.

For the remaining courses held in Spring Term 2012, DOBES results were not yet available at the editorial deadline.

2012

Course (Lecturer)	DOBES
Foundations of Finance (Assistant Prof. Dr. Baedorf)	2,28
Introduction to Modern Banking (Prof. Dr. Wieandt)	1,61
Investment Banking (Prof. Dr. Achleitner)	1,36
Sovereigns as Counterparties (Prof. Dr. Rudolf)	1,74

# Dissertations



## Volker Anger

Topic: The Pricing and Hedging of Volatility Derivatives

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Olaf Korn



## Dr. 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

This 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.

The dissertation was completed in 2011.



## Dr. Mareen Benk

Research assistant at WHU until May 2012

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 applies 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.

The dissertation was completed in 2012.



## 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 Lamers

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.



## Dennis Dlugosch

Research assistant at WHU since May 2011

Topic: On Home Bias and Knightian Uncertainty

Referee: Prof. Dr. Mei Wang

Second referee: Prof. Dr. Markus Rudolf

According to Obstfeld & Rogoff (2001, "The six major puzzles in international macroeconomics: is there a common cause?" in: Bernanke, Rogoff (eds.): NBER Macroeconomics Annual 2000, Vol. 15. MIT Press, pp. 339-412.), home bias is one of the "six major international macroeconomics puzzles." There is growing behavioral evidence that the fear of the unknown plays a role in investors' portfolio decisions. Whereas the empirical literature used proxies for perceived ambiguity, attitudes towards ambiguity are overlooked. Hence, with data from a worldwide survey, we fit a three-way fixed effects panel model to investigate

whether investors have aversion-to-ambiguity preferences. Further expanding on this point, the second project uses an experiment to shed light on the question of whether variables frequently used to proxy for perceived ambiguity, such as familiarity (measured via the distance between two countries) or patriotism, reduce investors' perceived ambiguity or if there are preferences for familiarity/patriotism per se.



## 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: Determinants of equity home bias of international portfolio investors

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Mei Wang

In financial research, the prevalence of equity home bias - i.e. the observation that domestic investors hold too little of their financial assets in foreign equities - is oftentimes considered irrational or suboptimal. This research project aims to collect empirical evidence on the equity home bias exhibited by portfolio investors around the world. A float adjustment is carried out to assess both, the extent and development of bilateral home bias on an international basis. Furthermore, the impact of concepts from the neoclassical and behavioral finance literature on equity home bias is tested.



## Johannes Frankenfeld

Topic: Higher Education Financing Funds as an Asset Class

Referee: Prof. Dr. Markus Rudolf

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

Any type of education is associated with costs. From an economic point of view it is fair for the one who benefits from the education to personally cover 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 investor's 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

Referee: Prof. Dr. Dietmar Grichnik

Second referee: Prof. Dr. Markus Rudolf

The dissertation was completed in 2011.



### **Katja Harder**

Research assistant at WHU since December 2010

Topic: Sovereign Risk in the Euro Area – An Empirical Analysis of the Determinants

Referee: Prof. Dr. Markus Rudolf

Second referee: Juniorprof. Dr. Achim Czerny

A specialty of the debt crisis in Europe, in contrast to the earlier debt crises, is the financial integration of the European states by one common currency. The objective of this thesis is to identify the underlying economic determinants that drive the debt crisis in Europe. This PhD project therefore develops a quantitative empirical model that allows an investigation of the influence of relevant determinants on the default risk of a country in the Euro zone. Because of the variety of considered economic and political risk determinants, the analysis of the risk factors is carried out using a structural equation model.



### **Matthias Held**

Research assistant at WHU since August 2010

Topic: Option Implied Sentiment

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Mei Wang

As securities markets aggregate the preferences and beliefs of heterogeneous investors, prices not only incorporate fundamentals but also investor sentiment. Thus, securities prices reflect investors'

over- and under-estimation of future (state) probabilities. Evaluating robust option implied state probabilities across markets and time, this thesis aims at developing a novel option implied sentiment index and examining its characteristics across industries and across time. Further, this index will be compared to other forms of sentiment indices not directly derived from financial time series but, for example, from questionnaires. Another part of the research will center on the question of whether an investment in options exhibiting a strong sentiment will exhibit inferior returns.



## Julia Kapraun

Research assistant at WHU since July 2011

Topic: Volatility as an Asset Class - The Benefits of Volatility Investments in Equity Portfolio Management

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Lutz Johanning

The focus of this dissertation is to provide a formal analysis of the benefits of volatility investments in equity portfolio

management. The fundamentals and characteristics of volatility are considered and analyzed regarding their contribution to the attractiveness of the volatility as an own asset class. The results are taking into account to construct an optimal portfolio strategy with volatility derivatives for a European investor in the mean-variance as well as in the stochastic volatility frameworks.



## Silke Krieg

Topic: Vertrauen in der Finanzdienstleistungsindustrie

Referee: Prof. Dr. Martin Fassnacht

Second referee: 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 client.



## Dr. 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.

The dissertation was completed in 2012.



## Ruth Kümmerle

Research assistant at WHU since April 2011

Topic: Illiquid Investments in a Portfolio Context

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. B. Burcin Yurtoglu

The special risks arising from illiquidity cannot be fully captured by traditional portfolio optimization. Therefore, this thesis project aims to analyze the special characteristics of illiquidity in greater depth and tries to answer the following questions: How should illiquidity be measured? How should illiquidity be modeled? And what are the implications for portfolio optimization with illiquid investments? The results of the research project will provide a better understanding of illiquidity and its implications for portfolio optimization. These results may be of interest for theoreticians and practitioners alike who deal with illiquid investments in a portfolio context.



## Jan Miczaika

Topic: Value Drivers in Buyout Transactions

Referee: Prof. Dr. Peter Witt

Second referee: Prof. Dr. Markus Rudolf



## Sebastian C. Moenninghoff

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**

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

Referee: Prof. Dr. Lutz Johanning

Second referee: Prof. Dr. Markus Rudolf



### **Dr. Christoph Pavel**

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

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Christian Koziol

The dissertation explores the extent to which 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).

The dissertation was completed in 2012.



## Sören Pippart

Research assistant at WHU since October 2011

Topic: Exchange Rate Determination – The Role of Financial Crises

Referee: Prof. Dr. Markus Rudolf

Second referee: NN

The objective of this research project is to reassess the exchange rate disconnect puzzle by focusing on the financial rather than the macroeconomic facets. The puzzle describes the phenomena that exchange rates cannot be adequately determined by macroeconomic fundamentals. Within the analysis the explanatory power of selective financial market data is investigated. Thereby special attention is paid to the most recent developments on the financial markets, in particular to the crisis of the EMU.



## Nicolas Schmidt

Topic: Determinants of corporate success for Asset Managers in Germany

Referee: Prof. Dr. Lutz Johanning

Second referee: Prof. Dr. Markus Rudolf



## Jan Peter Schmütsch

Research assistant at WHU since April 2012

Topic: Financial Analysts' Forecasts – Lessons from the Crisis

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Ralf Fendel

This research project strives to describe the temporal link between economic turmoil and market expectations expressed

through the forecasting behavior of financial analysts. It is divided into two parts. Part A examines the herding bias in financial data from the U.S. and Germany and how it is impacted through times of economic distress using an innovative herding detection method introduced by Bernhardt et al. (2006). Part B aims to understand how herding biases in qualitative and quantitative forecasts interact with each other and with realized values by employing classical VAR analysis methods.



### **Dr. Volker Seiler**

Research assistant at WHU until December 2010

Topic: Customer Satisfaction in Private Banking. An Empirical Investigation of Satisfaction of HNWI's

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Ove Jensen

This 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 churning in a global factory network underdemand and exchange-rate risk

Referee: Prof. Dr. Huchzermeier

Second referee: Prof. Dr. Markus Rudolf





## **Dr. 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.

The dissertation was completed in 2012.



## **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 Thesis Abstracts



**Dario Claus**

### Cesar de Sousa Freitas

BSc

Tutor: Matthias Feldhues

Topic: Measuring the Cost of Equity Capital – A Call for Approaches Beyond the CAPM

Measuring the cost of equity capital plays an important role in finance theory and practice. Practitioners rely heavily on the Capital Asset Pricing Model (CAPM), although the evidence suggests that it does not provide reliable estimates of the cost of equity capital. Based on an extensive review of the CAPM, we introduce several alternative and more sophisticated methods that comprise CAPM-related as

well as implied-cost-of-capital methods. While such models seem to provide more accurate estimates, no method is seen as dominant. We conclude that practitioners are advised to employ more sophisticated models and that further practical research in this field is required.



**Robin Godenrath**

BSc

Tutor: Matthias Held

Topic: Determination of Robust Portfolio Structures – Asset Allocation in a “New World Order”

The Markowitz mean-variance optimization framework clearly constitutes one of the most important theoretical, quantitative portfolio construction methods in modern asset allocation. However, several weaknesses associated with the approach have prevented its extensive application in practice to date. The main shortfall is the high sensitivity of both the portfolio structure and the portfolio performance to estimation errors in input parameters. The bachelor thesis presents, evaluates, and compares different

robust portfolio construction methods which have the objective to mitigate these weaknesses of the mean-variance framework. Finally, a conclusion is derived with regard to the effectiveness of the different approaches.



## Maximilian Hegel

BSc

Tutor: Sören Pippart

Topic: Effectiveness of Quantitative Easing

Based on an extensive literature review, the unconventional monetary policy approach of the U.S. Federal Reserve during the recent financial crisis, also known as quantitative easing, seems to indeed have lowered long-term interest rates mainly by reducing supply of safe and non-substitutable assets such as U.S. Treasuries. Whereas historic interventions, e.g. in the U.S. during the early 1960s or in Japan during the 2000s, were not viewed as a success, time will tell whether the Federal Reserve is able to avoid inflationary tendencies inflicted by such expansionary measures by unwin-

ding their massive private and public debt holdings.



## Victor von Kries

BSc

Tutor: Katja Harder

Topic: Country Debt Crises in the Past: A Literature Review

This thesis uses data on the country debt crises of the last seven centuries in order to create the basis for a literature review on the most common causes of external debt crises. The literature review introduces five relevant approaches, which together illustrate the diversity of factors that can induce a country to default on its external debt. Despite this plurality of causes, I conclude that the fragility of investor confidence in the creditworthiness of emerging countries directly or indirectly led to the majority of country debt crises in the past and thus needs to be strengthened.



## Fred Przymusinski

BSc

Tutor: Julia Kapraun

Topic: Volatility as an Asset Class – A Literature Review with Implication for Modern Portfolio Management

In the aftermath of the financial crisis in 2008 investors became much more sensitive to risk associated with their exposure in capital markets. As a kind of natural reaction they sought new ways to diversify their investment portfolios. Volatility as a new asset class contains some characteristics which make it a suitable investment object in order to contribute to more stable portfolio returns. Within this bachelor thesis those characteristics are studied and ways to participate in volatility are explained. Moreover, the diversification potential of volatility is demonstrated by mean-variance optimized portfolios.



## Maximilian Rödder

BSc

Tutor: Ruth Kümmerle

Topic: Welche nicht korrelierten Anlageklassen gibt es? – Was eignet sich für private Kapitalanleger? – Was sind mögliche Alternativen?

This Bachelor's thesis aims to identify and describe asset classes that lack correlation with the wider financial markets. In addition, it presents a discussion of portfolio theory in order to explain the reason why a search for uncorrelated asset classes might make sense in the process of portfolio selection. Finally, it tries to evaluate whether the identified asset classes are interesting for wealthy private investors and which special aspects have to be considered in this context.



## **Julian Scheffler**

BSc

Tutor: Sören Pippart

Topic: Welche Sachwerte bringen den besten Inflationsschutz? – Bringen Sachwerte überhaupt Inflationsschutz? – Beispiele aus der Historie

It is a widespread belief that exotic tangible assets are a good hedge against inflation, outperforming traditional investment classes. However, most empirical research suggests that exotic tangible assets indeed protect against inflation but do not achieve higher yields than equities. One explanation is that art and other collectibles carry an aesthetic yield. As a result, the financial yield is lower compared to purely financial investments. Most papers examine the hedging potential against inflation of only one asset class. Therefore, this paper intends to offer the reader a broad overview of the inflation hedging potential of various exotic and traditional tangible assets.

**We wish you a peaceful  
Christmas season...**

*Kamauh*

*Khh*

*P. K. ...*

*S. Dippard*

*R. ...*

*B.R.*

*Matt &*

*Markus  
Rudolf*

*K. Nader*

*John  
M. Diel*

*J. P. ...*

**...and a happy New Year**