



Activity Report

Allianz Endowed Chair of Finance

Center of Private Banking

2013

1st September 2012 - 31st August 2013

Allianz Endowed Chair of Finance

Center of Private Banking

WHU – Otto Beisheim School of Management

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Coverpicture: (front row from left to right) Marianne Diel, Markus Rudolf, Kirsten Schmitz, Ruth Kümmerle, Jan Peter Schmütsch (back row from left to right) Johannes Frankenfeld, Matthias Held, Markus Duram, Katja Harder, Marcel Omachel, Julia Kapraun, Sören Pippart

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Center of Private Banking Friends



Private Banking Evaluation Authority



Foreword

This is the 14th annual report of the Allianz Endowed Chair of Finance at WHU and provides you with important information and updates regarding the academic year 2012/2013. In addition to the chair's activities, a significant portion of the resources are also absorbed by the chair holder's appointment as Associate Dean of WHU – Otto Beisheim School of Management for a term of three 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 family now consists of two programs, the Master in Management (MiM) and the Master in Finance (MiF). While the MiM can be considered the successor of the "old" Master of Science program, the introduction of the MiF is a new

milestone at WHU. This summer, the program received 183 applications from potential students, 103 of whom will be enrolled in the MiM and the MiF class of 2015. The recruiting process was influenced by the absence of the MSc program in the 2012 Financial Times ranking. In 2011, the program was ranked sixth among all MSc programs worldwide; unfortunately, however, WHU was not eligible to participate in the 2012 Master's in Management ranking, which only includes 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.

FT .com		Masters in Management 2013				
FINANCIAL TIMES		FT.com Business School Rankings				
Rank in 2013	Rank in 2012	Rank in 2011	Average of rank over 3 years	School name	Country	Programme name
1	1	1	1	University of St Gallen	Switzerland	Master of Arts in Strategy and International Management
2	2	3	2	ESCP Europe	France, UK, Germany, Spain, Italy	ESCP Europe Master in Management
3	-	6	-	WHU Beisheim	Germany	Master of Science in Management
4	4	4	4	HEC Paris	France	HEC Master of Science in Management
5	7	10	7	Rotterdam School of Management, Erasmus University	Netherlands	MSc in International Management
5	6	-	-	IE Business School	Spain	Master in Management
7	3	2	4	Cems	See table note	Masters in International Management
8	5	8	7	Essec Business School	France	Master of Science in Management
9	11	19	13	HHL Leipzig Graduate School of Management	Germany	Master of Science in Management
10	7	12	10	Esade Business School	Spain	MSc in International Management

In 2013, we are very happy that the program is ranked among the top three Master in Management programs worldwide. Information about the Financial Times rankings for Master's programs is available under rankings.ft.com/business-schoolrankings/rankings.



MSc Team with the Academic Director Prof. Dr. Markus Rudolf and the Program Director Dr. Steffen Löv

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

1. We welcomed one new research assistant to the chair in the past academic year. Dipl.-Wi.-Math. MAST Marcel Omachel, a graduate of Cologne University and of Cambridge University, joined us in March 2013.
2. During the preceding business year, two dissertations were completed: "Asset Allocation in Private Banking" by Marc Engelbrecht and "Private Banking Rating - Evaluating Private Banking Providers from a Customer's Perspective" by Tim Krume.
3. The fourth Private Banking Day was once again a success. 118 registered participants attended the event at WHU on April 17, 2013. 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. For the first time, the Private Banking Day was hosted on the new WHU campus in Düsseldorf. The next Private Banking Day will take place on March 28, 2014.
5. The results of the third issue of the WHU Private Banking Rating were presented and were well received by the press. The analysis is based on a unique dataset of 985 questionnaires completed by private banking clients from 93 different providers.
6. The chair holder continues to serve as co-director of the Bucerius Law School and WHU Master in Law and Business (MLB) - Joachim Herz program. This August 51 students obtained their Master's degree when the seventh MLB class graduated from Bucerius Law School and WHU. In the coming academic year, the eighth 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 €47.4 Million. Today, about 756 studen-

ts are supported by the reverse generation contract. In this innovative arrangement, Brain Capital pays students' university tuition fees; in return, the students pay a pre-determined percentage 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 students' tuition in advance.

8. The chair holder still plays an active role in the Campus for Finance initiative, which he co-founded together with a group of finance students in the year 2001. 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 fourteenth Campus for Finance New Year's Conference is scheduled to take place on January 8 and 9, 2014. On this occasion, international academics, professionals, and students will again convene at WHU to discuss highly relevant questions with high-profile speakers including Paul Achleitner, Chairman of the Supervisory Board of Deutsche Bank; Georg Fahrenschon, President of the German Savings Institutions system; and Michael Rüdiger, CEO of Deka Bank.

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 Allianz Endowed Chair of Finance during the past business year. I would also like to express my appreciation for the contributions of Ms. Marianne Diel, who has

been closely associated with the chair for 15 years, and of Ms. Kirsten Schmitz, a member of the chair for four 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. Rüdiger". The signature is written in a cursive, flowing style.

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.



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 explored performance measurement of customer portfolios in private banking. She is currently on maternity leave.



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. He left the center back to Boston Consulting Group in October 2011.



Marianne Diel

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



Dipl.-Kfm. Matthias Feldhues

Matthias Feldhues has been a research assistant and PhD candidate at the Allianz Endowed Chair of Finance since July 2011. In 2008 he obtained his 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. After graduation 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. He left the chair in July 2013.



Dr. Marc Engelbrecht

Marc Engelbrecht started as a research assistant at the Center of Private Banking in 2006. He studied Business Administration at the University Bayreuth and Leipzig Graduate School of Management. His dissertation addresses asset allocation in private banking. He left the center in June 2011.



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 experience in risk controlling. Katja Harder has been a research assistant and PhD candidate at the Allianz Endowed Chair of Finance since December 2010. Her research focus is 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 Allianz 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 Allianz

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 joining WHU, she was a Junior Risk Controller with Union Asset Management in Frankfurt and gained practical experience 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.



Dipl.-Vw. Ruth Kümmerle

Since April 2011 Ruth Kümmerle has been a research assistant and PhD candidate at the Allianz 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. Tim Krume

Tim Krume started as a research assistant at the Center of Private Banking in 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. In his dissertation he focused on service quality and customer satisfaction in private banking.



Dr. Hartmut Leser

Hartmut Leser is the Chief Executive Officer of Aberdeen Asset Management, Ger-

many. 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.



Dipl.-Wirtsch.-Math. Marcel Omachel

Marcel Omachel joined WHU as a research assistant to the Allianz Endowed Chair of Finance in March 2013. Prior to that he finished his Master's degree in mathematics at the University of Cambridge in 2009 and obtained his Diploma in business mathematics from the University of Cologne in 2010. Subsequently, he worked for two years at Deutsche Bank in New York. In his dissertation he focuses on the informativeness of the European sovereign CDS market.



Dipl.-Kfm. Sören Pippart

Sören Pippart joined WHU as a research assistant to the Allianz 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 Allianz 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 Allianz 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 Allianz 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

Axel Wieandt is the Chief Executive Officer of Valovis Bank. Since 2005 he has been an honorary professor at WHU – Otto Beisheim School of Management. His teaching is focused on the field of Financial Intermediation.

The Center of Private Banking

The Center of Private Banking focuses on the three core elements research, teaching/education, and dialogue. The center's goals include sharpening WHU's research profile in the area of private banking, sensitizing the public community including wealthy private customers to this topic, and establishing an ongoing exchange of ideas between the school and private banking practitioners.

In our research we concentrate on two key building blocks: asset management/products and customer relationship management. Our research focus includes, for example, service quality and its effects, including customer satisfaction and loyalty, from the perspective of both suppliers and customers in private banking. Another research project covers aspects of customer portfolio management. In the asset management area, we are especially interested in alternative asset classes, measurement of customer preferences, and investment performance. Our field of research additionally includes aspects of behavioral finance.

For members of the Center of Private Banking, an individually designed training program started for the third time in 2013. The program has two modules: Asset Management and Behavioral Finance for Private Investors. The current program will continue with the module Performance Measurement in September and ends after two additional modules and an exam

in 2014. In total, 28 Center members from different private banking areas took part in this year's program.

As research in the area of private banking has a high degree of practical relevance, the Center organizes meetings with all members on a regular basis. These meetings generate intensive exchange between practitioners and researchers. A meeting on February 25, 2013 included informative talks by Ruth Kümmerle (Illiquid Investments- Models and Implications) and Tim Krume (Private Banking Rating). The next meeting will take place in November.

Our research results are also used to establish a rating system for the private banking market. After the data collection between 2010 and 2012 the rating database was further expanded and now includes more than 985 datasets from private banking customers.

To further position the competence of the Center of Private Banking produce scientific publications, organize events, and act as speakers for several events. After four successful Private Banking Days between 2010 and 2013, the fifth Private Banking Day will take place at WHU on March 28, 2014. Participants from practice as well as from the scientific community will again find a platform for an inspiring exchange around aspects of private banking.

+++ SAVE THE DATE +++

The 5th WHU Private Banking Day will take place on

March 28th, 2014.

Advisory Board of the Center of Private Banking (CPB)



Johannes Baratta
Credit Suisse (Deutschland) AG
Chairman of the Management Board



Dr. Peter König
DVFA GmbH
Managing Director
(left the board in 2013)



Andreas Brodtmann
Berenberg
Personally liable partner



Dr. Thomas Lips
Centrum Bank Group
CEO (left the board in 2013)



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



Christoph Mauchle
Credit Suisse AG
Head Market Area Germany, Austria and
Luxembourg (left the board in 2012)



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



Ralf Vielhaber
Fuchsbriefe/Dr. Hans Fuchs GmbH
Managing Director



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



Frank Wieser
Vontobel Europe AG
CEO/Head of Private Banking Germany
(left the board in 2012)

Associated Members of the Center of Private Banking (CPB)



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



Dr. Peter König
DVFA GmbH, Managing Director
(left the center in 2013)



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



Jürgen Lampe
firstfive AG, Frankfurt/Main , CEO



Lisa Gerstner
Berenberg, HR Development, Graduate
Recruitment



Prof. Volkmar Liebig
Ulm University of Applied Sciences



Melanie Monßen, CFP

Bank Vontobel Europe AG, Director Private Banking



Dr. Jörg Richter

Institut für Qualitätssicherung und Prüfung von Finanzdienstleistungen GmbH (IQF), Hannover, CEO



Christian Oertli

Centrum Bank AG, Member of the Executive Board, Head Private Banking (left the center in 2013)



Nicolas Steineke

Joh. Berenberg, Gossler & Co. KG, Private Banking (left the center in 2012)



Thomas Paul

Böker & Paul AG, Member of the executive board



Matthias Zander

Credit Suisse (Deutschland) AG, Head of products, customer segments and sales control; Chief Representative and Member of the Executive Board

Fourth WHU Private Banking Day

The fourth WHU Private Banking Day took place on April 16, 2013. The conference was held for the first time on the newly opened WHU Campus in Düsseldorf. The discussions and presentations of the day reflected the immense challenges this industry is currently facing, especially the struggle to maintain a good reputation and level of trust.



Welcoming Speech Prof. Dr. Markus Rudolf

These issues were addressed in presentations by the following speakers:

- Ralf Vielhaber – Managing Director Fuchsbriefe/Dr. Hans Fuchs GmbH
- Matthias Vollbracht – Head of economic analysis, Media Tenor International
- Prof. Dr. Dr. h.c. Martin Weber – University of Mannheim
- Tim Krume - WHU – Otto Beisheim School of Management
- Prof. Dr. Markus Rudolf - WHU – Otto Beisheim School of Management
- Dr. Martin Deckert – Member of the Management Board, UBS Deutschland AG
- Gustav Holtkemper – Divisional Board Wealth Management, Commerzbank AG
- Dr. Olaf Huth – Member of the Management Board, HSBC Trinkaus & Burkhardt AG
- Ralf Lochmüller – Spokesman of the partners, Lupus alpha Asset Management AG
- Jochen Sauerborn - Entrepreneur



Networking of the participants

In his presentation, Mr. Vollbracht revealed that the public perception of the banking industry has deteriorated to the point that banks are now even considered to have a damaging effect. Mr. Vielhaber affirmed the quality improvements in the Private Banking Industry in recent years, but also identified stagnation in quality since the financial crisis. According to the WHU Private Banking Rating, presented by Tim Krume, customer satisfaction is currently at an average level and is especially influenced by the investment ad-

visor, by performance, and by the price-performance ratio.



Ralf Vielhaber, Managing Director Fuchsbriefe

Against this backdrop, the speakers focused on different specific aspects of private banking. Mr. Holtkemper identified the task of building an appropriate overview of the complex asset structures of HNWI clients as a core challenge. For Dr. Deckert, risk management will be a critical success factor in the future. In contrast, Dr. Huth explained how a client's trust can only be regained through a holistic corporate strategy founded on clear and understandable values. In addition, Mr. Lochmüller elaborated on how other branches might serve as an example for the finance industry. He stated while "Made in Germany" is seen as a seal of quality in the automotive industry, this is not yet true for the asset management industry.

Prof. Weber's speech stressed that all further developments in the banking sector have to focus on clients' needs. He pointed out that the explicit experience of risk, e.g. through simulations, leads to a better

understanding of risk and thereby to the improved satisfaction of banking clients. Mr. Sauerborn confirmed the necessity of focusing on clients' needs and warned his listeners not to ignore technological progress: "If universities such as Harvard or MIT reach thousands of students through online lectures, online advisory services will also gain importance in the banking industry."



Prof. Dr. Dr. h. c. Martin Weber, University of Mannheim

After this concluding dinner speech, the day ended with a joint dinner in the lounge of the WHU Campus in Düsseldorf. The participating students confirmed the conference was "worth visiting," and the corporate participants also experienced a day full of highlights.

Contributions to WHU



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

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. Markus 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. Among others, Prof. Dr. Markus Rudolf contributed significantly to the Dialogue Days 2013: together with WHU Dean Prof. Dr. Michael Frenkel he gave a presentation putting the Euro crisis into macroeconomic and financi-

al perspective. He also gave a keynote address at the 4th WHU Private Banking Day, which took place on the Düsseldorf Campus for the first time this year.

Moreover, Prof. Dr. Markus Rudolf continues to serve as Academic Director of the WHU Master in Management (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). Additionally, he has taken over

responsibility as Academic Director for the newly created Master in Finance (MSc).

The WHU MSc program is designed as a consecutive business science degree. It is tailored towards outstanding, performance-oriented students who hold Bachelor's degrees in the area of business studies and who are keen to expand into an international context. The program builds on existing business fundamentals and, at the same time, offers a strong focus on extensive practical experience. While the Master in Finance seeks to develop students' specialized expertise in finance and related fields, the Master in Management prepares its participants for a wider variety of positions.

The Bucerius/WHU Master of Law and Business is most suitable for international students whose first degree is in law or business and who have at least two years of prior working experience, although it is open to students of other disciplines as well. The goal of the program is to convey knowledge from both branches of study in combined lectures on special topics. In addition to his role as Co-Director of the MLB program, Prof. Dr. Markus Rudolf is responsible for the conceptual design and planning of the management studies-focused aspects of the program.

The business faculty includes professors from WHU and other 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. Markus Rudolf acts as Academic Director of the Campus for Finance Association and heads the Center of Private Banking, which is associated with the Allianz Endowed Chair of Finance. During the previous budget year, Prof. Dr. Markus Rudolf headed the search committee for the chair of Finance and Capital Markets, which led to the appointment of Prof. Dr. Nihat Aktaş.

Allianz SE is a crucial sponsor of the Allianz 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 entities firstfive AG, Fuchsbriefe, IQF and the independent wealth manager Böker & Paul AG.

Advisory Board Allianz Endowed Chair of Finance



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



Martin Korbmacher
Managing Associate, Event Horizon Capital & Advisory GmbH



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



Dr. Stephan Leithner
Deutsche Bank AG
Member of the executive board



Stephan Gemkow
Franz Haniel & Cie. GmbH
Chairman of the executive board



Rudolf Matter
Director of Schweizer Radio und Fernsehen (SRF)



Dr. Thorsten Reitmeyer

comdirect bank AG
CEO



Professor Dr. Markus Rudolf

WHU – Otto Beisheim School of
Management, Associate Dean



Stephan Johannes Theissing

Allianz SE
Head of Corporate Finance
Chairman of the Advisory Board



Johannes Züll

RTL Hrvatska
CEO

The Advisory Board consists of 10 nationally and internationally renowned experts from the fields of research and practice. Its members support the Allianz Endowed Chair of Finance in strategic projects and ensure an active exchange between the academic and corporate worlds. This year, the Advisory Board met on January 9, 2013 and on May 16, 2013 at WHU.

Research and Publications

Publications

Back Janis, Prokopczuk Marcel, Rudolf Markus [2013]: Seasonality and the Valuation of Commodity Options, in: Journal of Banking and Finance, Volume 37, Issue 2, p. 273-290.

Krume Tim, Rudolf Markus [2013]: Die Performance ist verbesserungswürdig, in: Bank und Markt, Volume 42, Issue 2, p. 35-38.

Krume Tim, Rudolf Markus, Seiler Volker [2013]: The Influence of Socio-Demographic Variables on Customer Satisfaction and Loyalty in the Private Banking Industry, in: International Journal of Bank Marketing, Volume 31, Issue 4, p. 235-258.

Lücke Marc-Olivier, Rudolf Markus [2013]: Bankruptcy Codes, Bargaining, and the Valuation of Distressed Securities, in: Problems and Perspectives in Management, Volume 11, Issue 2, p. 7-23.

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.

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

International Conference on the Restructuring of the Global Economy (ROGE), London [2013]: Schmütsch Jan Peter, Rudolf Markus, Rülke Jan Christoph [2013]: Euro Stoxx 50 and the Business Cycle: Revisiting Rationality.



Prof. Dr. Markus Rudolf holding the welcome speech during the Campus for Finance New Year's Conference 2013.

Financial Markets, Politics & Media: Who Rules the World?

On January 17-18, 2013 WHU – Otto Beisheim School of Management was proud host of the 13th Campus for Finance – New Year's Conference. The two-day conference was aimed at students, academics, young professionals and corporates alike and offered each group a tailor-made program. The conference attracted more than two thousand

applications from all over the world, more than 300 of whom were invited. The conference provided a platform to socialize, share insights, and discuss new ideas.

The corporate talks, academic presentations, and panel discussions centered around the two main questions of this year's conference: "Who follows and who leads in today's financial markets?" and "Who rules the world: politicians, institutional investors and bankers, or journalists?"

Corporate guests of this year's conference were offered a workshop titled "Banking on Regulation – A Confidence Game" by Dr. Martin Neuhaus (Partner, M&A Corporate Group, Shearman & Sterling) and an academic workshop on "Seven Years of IFRS Reporting in Europe – Did it Work?" by Professor Thorsten Sellhorn (Professor of Accounting, WHU – Otto Beisheim School of Management). Student workshops were hosted by Bank of America Merrill Lynch, The Boston Consulting Group, Deutsche Bank, HSBC Trinkaus, Leonardo & Co., Oliver Wyman and Rothschild. Young professionals participated in the workshop "Banks in the Crossfire of Regulation – Opportunity or Obligation for a Re-Design of the Banking Strategy?" hosted by KPMG.



Sandra Navidi (Founder and CEO, Beyond Global) during her talk

The Campus for Finance – New Year's Conference 2013 was enriched by the following speakers: Karl-Georg Altenburg

(CEO Germany/Austria/Switzerland, J.P. Morgan), Rudolf Apenbrink (Head, German Speaking Countries, Global Financial Advisory, HSBC Trinkaus & Burkhardt), Lorne Campbell (Head of Equity in Germany, Member of German/Austrian Management Committee, Credit Suisse), Alexander Dibelius (CEO Germany, Austria & CEE, Goldman Sachs), Professor Edwin J. Elton (Nomura Professor of Finance, NYU Stern), Professor Lars P. Feld (Professor of Economic Policy, Albert Ludwig University of Freiburg), Jürgen Fitschen (Co-Chairman of the Management Board and the Executive Committee, Deutsche Bank AG), Professor Roman Inderst (Professor of Finance and Economics, Goethe University Frankfurt), Professor Takatoshi Ito (Professor of Economics and Dean Graduate School of Public Policy, University of Tokyo), Ted Moynihan (Partner and EMEA Head of Oliver Wyman – Financial Services practice and Global Head of the Corporate & Institutional Banking Practice, Oliver Wyman), Henrik Müller (Deputy Editor-in-Chief, Manager Magazin), Sandra Navidi (Founder and CEO, Beyond Global), Martin Reitz (Head, German Speaking Countries, Global Financial Advisory, Rothschild), Christian Veith (Head of Germany, The Boston Consulting Group), Professor Anthony Saunders (John M. Schiff Professor of Finance, NYU Stern), Zeno Staub (CEO, Vontobel Group), Jan Weidner (Blackstone), Theodor Weimer (CEO, UniCredit Bank), Axel Wieandt

(CEO, Valovis Bank AG), Alex Wilmot-Sitwell (President, Europe & Emerging Markets (ex-Asia), Bank of America Merrill Lynch), and Maximilian Zimmerer (CFO, Allianz SE).



Rudolf Apenbrink (HSBC Trinkaus), Jan Weidner (Blackstone), Robert Landgraf (Senior Correspondent, Handelsblatt), Professor Anthony Saunders (NYU Stern) and Henrik Müller (Deputy Editor-in-Chief, Manager Magazin) during Thursday's panel discussion on a "European Banking Union"

The conference was supported by Bank of America Merrill Lynch, Blackstone, The Boston Consulting Group, Credit Suisse, Deutsche Bank, HSBC Trinkaus, KPMG, Leonardo & Co., Oliver Wyman, and Rothschild.

The Campus for Finance – New Year's Conference is a student initiative supported by the Allianz Endowed Chair of Finance; Professor Dr. Markus Rudolf serves as the Academic Director of the initiative. The organizing students were: Shikha Ahluwalia (Corporate Speakers), Stephan Duwe (Academic Speakers), David Esau (Budget & Communication), Robin Klemm (Participants), Lucas Kollmann (Sponsoring), Cornelius Korn (IT), Johannes Rehberger (Organization), Pascal Schäfer (Young Professionals), Nicole Stein (Public Relations), and Jan Wodzinski (Corporates).

The next Campus for Finance – New Year's Conference will take place on January 8- 9, 2014 at WHU – Otto Beisheim School of Management in Vallendar, Germany. Due to the envisioned expansion of the conference, the event will for the first time also partly be hosted in the Rhein-Mosel-Halle Convention Center in Koblenz.



CAMPUS FOR FINANCE

RESEARCH CONFERENCE



From left to right: Prof. Dr. Markus Rudolf (academic director of the Campus for Finance association), Christopher Fink and Thomas Johann (receivers of the Best PhD Paper award), Julian Thimme and Patrick Konermann (receivers of the Best Paper Award 1st Price) and Sören Pippart (academic assistant to the Campus for Finance – Research Conference).

This year, the Campus for Finance Research Conference, starting one day ahead of the New Year's Conference, took place for the tenth time. The two-day conference offered one hundred scholars and practitioners from all over the world the opportunity to present and discuss their latest research ideas.

For the first time, the Research Conference offered a workshop for outstanding PhD students, hosted by Professor Edwin J. Elton (NYU Stern), Professor Martin Jacob (WHU – Otto Beisheim School of

Management), Professor Anthony Saunders (NYU Stern), Professor Thorsten Sellhorn (WHU – Otto Beisheim School of Management), and Professor Mei Wang (WHU – Otto Beisheim School of Management).

57 out of 110 papers were accepted for presentation and discussion at WHU; the papers were evaluated by nearly a hundred internationally renowned scholars serving as referees. The academic organization was conducted by Professor Dr. Markus Rudolf, Matthias Held, and

Sören Pippart of the Allianz Endowed Chair of Finance.

During 18 sessions and a dinner in WHU's vaulted cellar, participants connected and discussed current topics in research. The Research Conference was further enriched by two keynote lectures. Professor Anthony Saunders (NYU Stern) discussed the question "Are Banks Still Special?" and Professor Edwin J. Elton (NYU Stern) presented his research "Does Mutual Fund Size Matter?".

Once again, the WHU Finance Award – granted by the academic board of the Campus for Finance conference – was rewarded to the best papers. Two of the regular conference papers and one of the PhD workshop papers were selected for the award. The first prize of € 1,000 went

to Nicole Branger, Patrick Konermann, and Julian Timme (all University of Münster) for their paper "Returns on Cyclical and Defensive Stocks in Times of Scarce Information about the Business Cycle." The second prize of € 500 was awarded to Christian Curac, Sebastian Lobe, and Christian Walkshäusl (all WHL – Graduate School of Business and Economics) for their paper "Yes, Value Investors Do Recommend Value Stocks, and They Are Profitable, too!". The best PhD paper award went to Christopher Fink and Thomas Johann (both University of Mannheim) for their paper "May I Have Your Attention, Please: The Market Microstructure of Investor Attention."



Heading for New Shores – Crisis as a Chance



Professor Dr. Markus Rudolf during his opening speech at the Campus for Finance - Private Equity Conference 2013

On April 11 & 12, 2013 the Campus for Finance – Private Equity Conference took place at WHU – Otto Beisheim School of Management in Vallendar. For the eighth time, students, young professionals, and industry representatives were offered a platform for presentations and discussions of the latest trends in Private Equity. In keynote speeches and panel discussions, renowned industry professionals offered fascinating insights and updates from the Private Equity industry. The ongoing sovereign debt crisis and resulting market uncertainties defined this year's conference topic. Participants passio-

nately discussed how the Private Equity industry could strengthen its business in the aftermath of the financial crisis and effectively face new challenges.

Workshops for corporate representatives were conducted by Wellensiek Rechtsanwälte, Oliver Wyman, and Atheneum Partners, while young professionals participated in workshops by Quadriga Capital, Bryan Cave, and Wieland Capital. Workshops for students and academics were offered by Bain & Company and Deloitte & Touche.



Participants at the workshop given by Christof Dreiholz and Kerstin Niedernolte from Deloitte

The following speakers enriched the Private Equity Conference: Cai Berg (Vice President, Lazard & Co.), Michael Brigl (Principal, The Boston Consulting Group), Wolfgang Biedermann (Managing Di-

rector, H.I.G. Capital), Marco Brockhaus (Managing Director, Brockhaus Private Equity), Marcus Brüning (Senior Director, Alvarez & Marsal), Juan Campos (Vice President, Goldman Sachs), Christof Dreibholz (Partner, Deloitte), Tobias Eichner (Partner, Oliver Wyman), Marcel Günther (Senior Vice President, Commerzbank AG), Torsten Grede (Spokesman of the Board, Deutsche Beteiligungs AG), Till Hafner (Senior Lawyer, Wellensiek Rechtsanwälte), Tobias Habbig (Executive Director, Morgan Stanley), Rainer Husmann (Managing Director, Allianz Capital Partners), Arndt Kaminski (Partner, Bain & Company), Christoph D. Kauter (Managing Partner, Trigon Equity Partners), Markus Mentz (Partner, Oliver Wyman), Kerstin Niedernolte (Director, Deloitte), Daniel Pindur (Director, CVC Capital Partners), Jürgen Pinker (Principal, The Blackstone Group), Oliver Räuscher (Partner, Roland Berger Strategy Consultants), Ralf Schnell (CEO, Siemens Venture Capital), Felix Treptow (Investment Director, Orlando Management), Jürgen von Wendorff (Member of the Board, Hannover Finanz), and Martin Weckwerth (Partner, Permira).

This year's Campus for Finance – Private Equity Conference was supported by Alvarez & Marsal, Atheneum Partners, Auctus Capital Partners, AXA Private Equity, Bain & Company, Brockhaus Private Equity, Bryan Cave, Deloitte, General Atlantic, Lazard, Oliver Wyman, Quadriga Capital, Rantum Capital, The Boston

Consulting Group, Venture Capital Magazine, Wellensiek Rechtsanwälte, and Wieland Capital.



Jürgen Pinker from The Blackstone Group sharing his views on the Private Equity industry

The Campus for Finance – Private Equity Conference is an initiative entirely organized by WHU students and supported by the Allianz Endowed Chair of Finance with Professor Markus Rudolf as its academic director. The organizing students were: Felix Bauch (Speakers), Daniel Franke (Organization), Frank Kubasch (Corporate Program), Rene Maler (Budget & Communication), Christopher May (Sponsoring), and Elena Zabert (Press).

We very much look forward to next year's Campus for Finance – Private Equity Conference which will take place in Valendar on March 27 & 28, 2014.

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



MLB Class of 2013 at graduation date

Chair holder Prof. Dr. Markus Rudolf is the Academic Co-Director of the Master of Law and Business Program, a joint program with the Bucerius Law School in Hamburg, which was launched in 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 studies with at least two years of working experience. The program's legal component deals

with the key legal challenges that confront internationally operating companies. By applying a comparative law approach, the participants learn to evaluate international legal challenges by integrating different perspectives from multiple legal systems. The business studies component of the program is primarily concerned with the kinds of basic business management knowledge that are particularly relevant to commercial lawyers. The special features of the program are that it offers complementary law and business courses, takes an interdisciplinary approach to central issues in international business, and uses a lifecycle-based method. The program is also unique in offering internationally focused, comparatively oriented classroom

instruction with teaching staff from many countries. An internship, the General Studies curriculum, a Master's thesis, a Capstone course and a Social Project round out the degree program. All of these elements are integrated into one – very intensive – calendar year.

In addition to the business and law studies courses, the participants gain 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 students in the program are characterized by a high degree of internationalism and diversity: the participants in the Class of 2013 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 two live-in weeks, for some student events, and, in some cases, while they are writing their Master's thesis.

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

profoundly international character even further.

The two Live-in Weeks of the Bucerius/WHU Master of Law and Business Class of 2013 at the WHU

From September 23-29, 2012 and from May 12-17, 2013, WHU welcomed the students of the Bucerius/WHU MLB Class of 2013 in Vallendar. During the two live-in weeks, the students enjoyed diverse lectures as well as a lively and diverse social program. The students could choose from a variety of business and law courses. In addition to the lectures, they were also invited to participate in company presentations by the Deutsche Bank and in the Career Day organized by the career service of WHU. They got to know the members of the MBA Class of 2013 and gained a positive first impression of In Praxi, the alumni association of WHU.

During the two weeks in September and May the students were invited to experience some cultural highlights of the region: they viewed the landscape of castles in the Rhine Valley, including a guide tour and a knights' banquet at the Marksburg in Braubach; enjoyed a boat trip to the Rhine village of Boppard and a hiking tour through the vineyards; and took a guided tour through the Ehrenbreitstein Fortress, including a cable car ride to the German corner. These events successfully esta-

blished a sense of community between the students and the MLB team from Bucerius Law School and WHU.



MLB Class of 2013 during the second Live-in Week at the WHU Campus Vallendar

Graduation Ceremony of the MLB Class of 2013

The seventh class of the Bucerius/WHU Master of Law and Business – Joachim Herz program donned their caps and gowns on September 3, 2013 for the MLB Graduation Ceremony. Prof. Dr. Axel Wiewandt, chairman of the executive board, Valovis Bank was the keynote speaker.

This year more 51 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 Etai Biran from Israel. The “Best Teacher Award Law and Business” went to Dr. Stefan Jentzsch, Partner at Perella Weinberg Partners in London, for business instruction and to Prof. Dr. Stefan Kröll, arbitrator for inter-

national contract law in Cologne, for the legal instruction.

Student representative Kimberly Ewton from the US spoke on behalf of her classmates about their experiences over the past 12 months. At the end of the ceremony, the participants of the new MLB Class, 52 students from 31 countries, were enrolled in the MLB Book. As the class of 2013 departed, they wished the incoming class of 2014 a successful and productive year ahead.

Doctoral Seminar Burgenland



Prof. Dr. Markus Rudolf while leading a discussion on the current financial crisis in 2012

This year's doctoral seminar will be held in Burgenland, Austria, from October 3rd till October 5th, 2013. At the moment of writing the annual report the seminar has therefore not yet taken place.

Doctoral Seminar Burgenland 2012

Continuing the tradition, the Allianz Endowed Chair of Finance followed the invitation of the Finanznetzwerk e.V. to participate at the annual doctoral seminar in Burgenland, Austria. Last year's event took place from July 12th till July 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 (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 projects.

The participant's 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. The Friday was reserved for presentations and discussions. Eleven research projects were presented throughout the day, while for each presenta-

tion enough time was allocated for an elaborate discussion and feedback. The seminar ended on Saturday after a joint breakfast.

The following research projects were presented on Friday, July 13th 2012:

- Feldhues, Matthias (WHU): Equity home bias
- Kaufmann, Tobias (University of Bamberg): Valuation of EFSF/ESM Bonds
- Schmütsch, Jan Peter (WHU): Financial Analysts' Forecasts: Lessons from the Crisis
- Harder, Katja (WHU): Staatsausfallrisiko in der EURO-Zone – Eine empirische Analyse der Determinanten
- Krume, Tim (WHU): Private Banking Rating
- Kümmerle, Ruth (WHU): Illiquid Investments in a Portfolio Context
- Pippart, Sören (WHU): The Exchange Rate Disconnect Puzzle
- Herold, Michael (University of Bamberg): Stochastic Discount Factors and Currency Options
- Held, Matthias (WHU): Option Implied Sentiment
- Frankenfeld, Johannes (WHU): Tuition funds as asset class
- Kapraun, Julia (WHU): Volatility as an asset class



Tim Krume (WHU) while presenting his research project in 2012

Course Offerings of the Finance Group

BSc Program

Fall Term 2012:

- Asset Pricing (2 SWS, Dr. Michel)
- Literature Seminar “Recent Topics in Corporate Finance and Corporate Governance” (2 SWS, Prof. Dr. Yurtoglu)
- International Capital Markets and Derivatives (2 SWS, Prof. Dr. Mei Wang)

Spring Term 2013:

- Foundations of Finance (2 SWS, two groups, Prof. Dr. Rudolf)
- Corporate Finance (2 SWS, two groups, Prof. Dr. Andres)
- International Capital Markets and Derivatives (2 SWS, Prof. Dr. Mei Wang)
- Alternative Investments (2 SWS, Assistant Prof. Dr. Schweizer)
- Asset Management (2 SWS, Prof. Dr. Johanning)
- Introduction to Banking (2 SWS, Prof. Dr. Wieandt)
- Investment Banking (2 SWS, Prof. Dr. Achleitner)

MSc Program

Fall Term 2012:

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

Spring Term 2013:

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

Full-Time MBA Program

Fall Term 2012:

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

Full-Time MBA Program

Fall Term 2012:

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

Spring Term 2013

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

Part-Time MBA Programm

Spring Term 2013

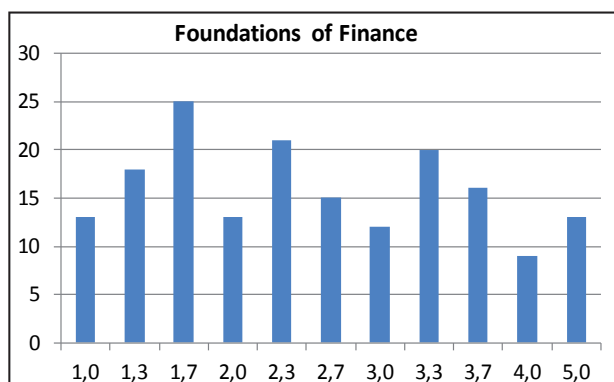
- Corporate Finance (2 SWS, Prof. Dr. Andres)
- Managerial Finance (2 SWS, Prof. Dr. Yurtoglu)
- Risk Management (2 SWS, Prof. Dr. Johanning)

The Lectures

Foundations of Finance (Prof. Dr. Rudolf) 2 SWS, 2 groups, 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.

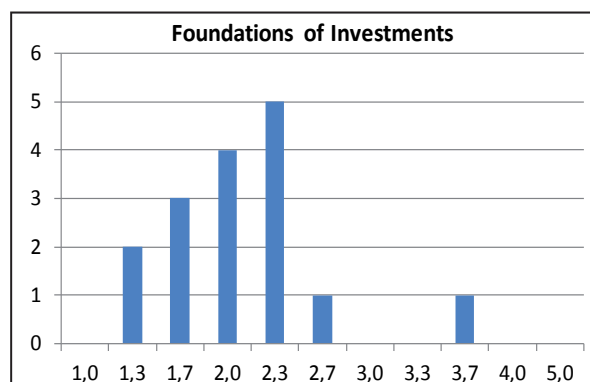
162 students passed the exam in Spring Term 2013 with an average grade of 2.41. The overall grading is shown in the figure below.



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 guideline of the course is inspired by paradigms, neoclassical economics as well as behavioral economics. The course provides an introduction to the basic concepts of finance. Investments under certainty, the valuation and risk assessment of bonds as well as behavioral biases are considered.

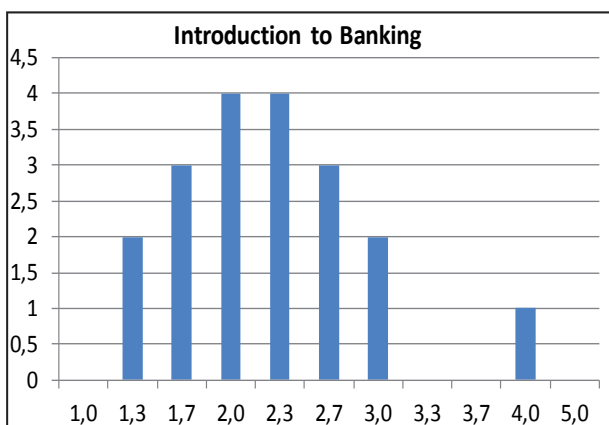
In Fall Term 2012 there were 16 students of the MLB program who passed the exam with an average grade of 2.1. The overall grading is shown in the figure below.



Introduction to Banking (Prof. Dr. Wieandt 2 SWS, BSc Program)

... is an elective course for Bachelor's 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 is placed on the following two points: (1) analyzing the economic structures of the banking sector and (2) 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.

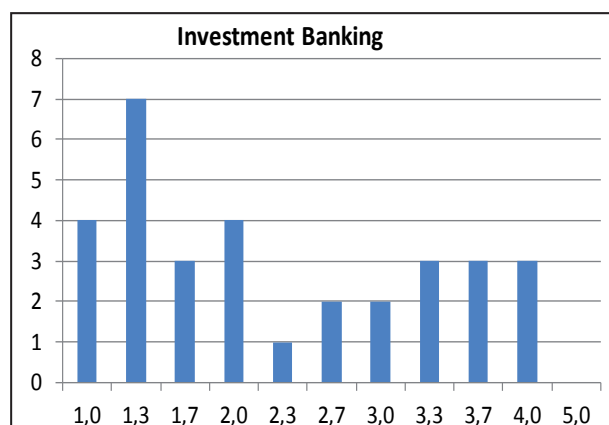
19 students of the BSc Program passed the exam in Spring Term 2013 with an average grade of 2.26. The overall grading is shown in the figure below.



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 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 markets drivers, and the company-specific drivers of the M&A business. Furthermore the market for company controls is dealt with.

In Spring Term 2013, 32 students of the BSc Program passed the exam with an average grade of 2.28. The overall grading is shown in the figure below.

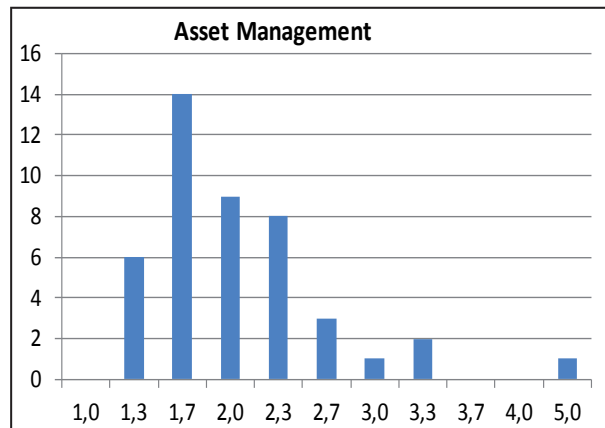


Asset Management (Dr. Leser, 2 SWS, MSc Program)

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

Part I of the lecture 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.

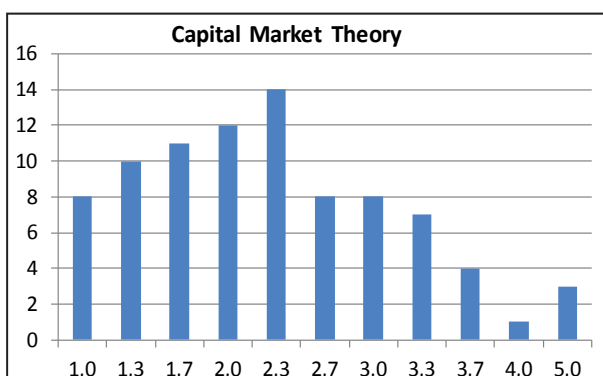
In Spring Term 2013, 43 students passed this lecture with an average grade of 1.99. The overall grading is shown in the figure below.



Capital Market Theory (Prof. Dr. Rudolf, 2 SWS, MSc Program)

. . . is the foundation of the Finance elective in the 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. Additionally, the course discusses the analysis of Sovereign Credit Risk. The course provides the students with the tools and knowledge for the remaining finance courses in the MSc program, which are Valuation, Capital Structure, Derivatives, Financial Risk Management, Asset Management, and Behavioral Finance.

In Fall Term 2012, 83 students passed the exam with an average grade of 2.21.



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”). For the MLB Program the grading scale is inverted; this means that grading ranges from 5 (“strongly agree”) to 1 (“strongly disagree”).

The BSc Program lecture “Investment Banking” held by Prof. Dr. Achleitner received a 1.5 in Spring Term 2013.

The BSc Program lecture “Introduction to Banking” offered in Spring Term 2013 by Prof. Dr. Wieandt received a 1.61.

The courses of Prof. Dr. Rudolf were also very positively reviewed. In the MLB Program his lecture “Foundations of Investments” received a 4.64 (5.0 is the best grade). His lecture “Capital Markets Theory” in the MSc Program received a 2.1 in Fall Term 2012. Furthermore, the compulsory BSc lecture “Foundations of Finance” received a 1.85 in Spring Term 2013.

Moreover, Dr. Leser obtained a 2.07 for his lecture “Asset Management” in the MSc Program in Spring Term 2013.

Course (Lecturer)	DOBES
Foundations of Finance (Prof. Dr. Rudolf)	1,87
Capital Market Theory (Prof. Dr. Rudolf)	2,1
Investment Banking (Prof. Dr. Achleitner)	1,5
Asset Management (Dr. Leser)	2,07
Foundations of Investments (Prof. Dr. Rudolf)	4,64
Introduction to Banking (Prof. Dr. Wieandt)	1,61

*for grading in the MLB Program 5,0 is the best mark

Dissertations



Volker Anger

Topic: The Pricing and Hedging of Volatility Derivatives

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Olaf Korn

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.



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



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 uses proxies for perceived ambiguity, attitudes towards ambiguity are overlooked. Using data from a worldwide survey, we fit a three-way fixed effects panel model to investigate whether investors have aversion-to-ambiguity preferences. Further investigating this area, 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



Dr. Marc Engelbrecht

Topic: Asset Allocation in the field of Private Banking

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Rolf-Uwe Fülbier

This dissertation look at strategic asset allocation for high net-worth individuals and the characteristics of alternative asset classes relevant to them. Risk is de-

scribed 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.

The dissertation was completed in 2013.



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 often considered irrational or suboptimal. This research project aims to collect em-

pirical evidence on the equity home bias exhibited by portfolio investors around the world. It contributes to the literature by analyzing if potential sources of diversification benefits such as country and industry effects translate to visible patterns in international equity investment. Moreover, the impact of foreign exchange risk and additional 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 view it is fair that the person who benefits also 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 the investors' perspective and highlight the possible implications of alternative financing options as a new asset class on the asset allocation of an investor.



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 a common currency. The basic question is: what are the underlying economic determinants driving the debt crisis in Europe? The objective of the PhD project is to develop a quantitative empirical model that enables 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

Following the option implied sentiment theory of Shefrin (2008), this thesis estimates the time series of sentiment from actively traded S&P 500 index options and the index itself. The time series properties of the sentiment factor are examined and their potential contribution to the cross section of stock returns is assessed.



Samah Adel Ibrahim

Topic: Assessing the readiness of the Egyptian market for derivatives: A proposed derivatives market in Egypt.

Referee: Prof. Dr. Markus Rudolf

Second referee: Prof. Dr. Burcin Yurtoglu

This study aims at providing an analysis of the factors that might hinder or slow the introduction of derivatives in Egypt and assesses the requirements of a successful introduction and implementation of such a financial tool. Factor analysis will be implemented for the factors and the requirements to reach the most effective ones to the Egyptian context then will both be fed into structural equation model (SEM) to estimate the weights and effect of their interrelationships. Using the results of the previous analysis and SEM, the appropriate derivatives market and tools will be proposed.



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 the 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



Dr. 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.

The dissertation was completed in 2013.



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 of illiquidity cannot be fully captured by traditional portfolio optimization. Therefore, this thesis project aims to analyze the special characteristics of illiquidity in depth and tries to answer the following questions: How can one measure illiquidity? How does one model illiquidity? What are the implica-

tions for portfolio optimization with illiquid investments? The results of the research project will provide a better understanding of illiquidity and of its implications for portfolio optimization. These results can be of interest for theoreticians and practitioners alike who deal with illiquid investments in a portfolio context.



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.



Marcel Omachel

Research assistant at WHU since March 2013

Topic: The informativeness of the European sovereign CDS market - price discovery, systemic risk and short sale constraints

Referee: Prof. Dr. Markus Rudolf

Second referee: NN

European sovereign CDS spreads have become a widely used indicator of financial market stability. Using sovereign CDS spreads to deduce information about the stability of financial markets presumes that prices are sufficiently efficient. Recent empirical studies on the price discovery relationship between CDS spreads and bond yields have verified superior informational efficiency of CDS over bond

markets. It is therefore all the more important to understand the impact of the EU short selling regulation (“Regulation (EU) No 236/2012”), which, inter alia, bans naked short positions on sovereign CDS contracts. This research project analyzes the informational efficiency of the sovereign CDS market and the impact of the EU short selling regulation on the price discovery relationship between CDS, bond and equity markets. Thereby emphasis is put on systemic risk. In particular, it will be studied how systemic risk propagates between CDS, bond and equity markets. In addition, the European sovereign CDS market denominated in EUR is investigated on the basis of which an indicator of the systemic importance of individual Eurozone countries will be constructed.



Dr. 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

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: Prof. Dr. Ralf Fendel

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 aims to describe how economic crises and biases in financial analysts' forecasts interact and how this could be attuned with standard and alternative concepts of rationality. In the first part, the loss functions of analysts delivering prognoses for companies listed in Europe and the U.S. are estimated using a method by Elliott et al. (2005). Relying on the ingenious herding detection method of Bernhardt (2006), the second part uncovers and compares forecast biases in Germany and the U.S. over time and quantifies the impact of the bias on forecast accuracy.

BSc Theses Abstracts



Philip Grosse-Natrop

BSc

Tutor: Matthias Feldhues

Topic: On Drivers of International Stock Return

In my thesis, I review the development of country and industry effects as drivers of international stock returns. In order to do so, I discuss fixed-effect models and mean-variance spanning tests and review the primary literature of the last 40 years.

A clear trend that emerged in the past is the increasing significance of industry effects, which are now similar in magnitude to country effects. From a portfolio perspective, research has shown that mixed and industrially diversified portfolios perform better than geographically diversified portfolios. These findings force both asset managers and private investors to rethink their strategy.



Philipp Klais

BSc

Tutor: Katja Harder

Topic: Markowitz in der heutigen Zeit

The use of Markowitz's mean-variance optimization as a tool for asset allocation has been both praised and criticized by academics as well as practitioners. Considering existing alternatives and the historical development, this article shows that Markowitz's theory is still a proper and particularly practical tool. Additionally, questions arising from the current use of such a tool are answered and an optimization model for the Wealth Management department of Commerzbank is developed, which is based on Markowitz's optimization but significantly improves its practical applicability by increasing portfolio weights' stability and continuity to avoid structural breaks in the wealth allocation.



Cornelius Korn

BSc

Tutor: Sören Pippart

Topic: Exchange Rate Determination – A Model Review

The foreign exchange market is changing. Besides the growing daily market turnover, volatility of exchange rates increased in recent history. The evolving question is, to what extent classical exchange rate models are still able to explain and predict currency market movements. I will examine this question, by looking at different exchange rate regimes and classical exchange rate models, describing how they work, and assess their quality in capturing nowadays foreign exchange market. Due to existing limitations of the classical models, concluding new ideas and approaches are presented and possibilities for further research are pointed out.



Alexandra von Bernstorff

BSc

Tutor: Ruth Kümmerle

Topic: Die Forfaitierung als Instrument der Liquiditätsbeschaffung im Mittelstand sowie zur Risikoabsicherung im Export

When exporting to foreign countries, German small and medium-sized enterprises (SMEs) are faced with a risk of late payment and payment defaults which can result in severe liquidity shortages. This paper examines the role of forfaiting for SMEs depending on size and age of the company and the macroeconomic environment. It is concluded that forfaiting can be an effective financial instrument for any SME, independent of its capital structure, to ensure a cash-inflow, especially if the company is in immediate need of liquidity or wants to sell receivables from a high-risk country.

MSc Theses Abstracts



Veit Albert

MSc

Topic: Investment in studentisches Wohnen – Chancen und Risiken – Abgrenzung zu „normalen“ Wohnimmobilien – Als Kapitalanlage geeignet?

Tutor: Matthias Feldhues

This paper examines student housing regarding its underlying risks, delimits student housing from other property types, and identifies investors for whom student accommodation is a suitable asset class. The thesis shows that student housing is driven by characteristics that differ from other property types and is therefore of interest for investors to diversify portfolios. However, not every type of investment fits investors' requirements, since there are differences in the risk-return profile of projects. These differences are mostly based on the environment in the respective cities. This insight is supported by a study using an investment model in 79 German cities.



Christoph Basner

MSc

Tutor: Ruth Kümmerle

Topic: Strategic Market Entry Options for the German Private Banking Market – The Case of Swiss Private Banks

Focusing on Swiss private banks, this paper examines strategic options for an entry into the German Private Banking market. For this purpose a market entry framework is developed. It provides options and guidance for the two major strategic choices of market entry – the entry mode choice and the business strategy choice. For the former, potential market entry modes are elaborated, hypotheses on determinants of market entry mode choice are derived, and a potential quantitative research set-up for hypotheses testing on a private bank sample is designed. For the latter, a customer-centric business strategy framework is derived from strategic management literature and options for calibrating its major strategic variables are developed. In addition, semi-structured interviews are conducted

with decision-makers of Swiss private banks to gain qualitative, exploratory insights from Private Banking practice on the validity of the hypotheses and the business strategy framework.



Pedro Borges

MSc

Tutor: Matthias Feldhues

Topic: Home Bias and Sovereign Debt Risk

This paper analyzes the impact of sovereign risk on equity and bond home bias in light of the two last financial crises. I build unilateral and bilateral measures of home bias for 19 developed economies and test their relationship with four different proxies of sovereign risk: credit default swaps spreads, country ratings, yield-to-maturity rates of government bonds and a junk dummy. Results in this study provide two key insights: (1) sovereign risk does play a significant role on international portfolio selection choices; (2) the impact of sovereign risk on home

bias shows substantial differences depending on the specific variable and the asset class tested.



Norman Kasten

MSc

Tutor: Matthias Held

Topic: Basel III – Achieving stability or the first step into a new crisis?

The Master's thesis "Basel III – Achieving stability or the first step into a new crisis?" analyzes the new banking regulations developed in response to the financial crisis. It gives a summary of the financial crisis and why the old regulatory framework did not prevent it. The quantitative part of the thesis consists of a model which estimates the impact on bank lending due to the higher capital requirements. Finally, the strength and weaknesses of the new measurements are discussed, also with regards to the economic costs of implementation. The conclusion is that, although Basel III has its weaknesses, it is a step in the right direction.



Viktoria Schäfer

MSc

Tutor: Prof. Dr. Sabine Rau

Topic: In which way do different institutional logics influence an institution's behavior in response to a threat?

This thesis makes use of institutional theory in order to investigate and find strategic responses to communication conflicts between two organizations from different organizational fields. The thesis argues that these communication conflicts arise from competing logics, which the organizations follow. Built on recent research on institutional logics, a theoretical framework is introduced in order to analyze the communication conflict and to provide a set of seven propositions about the strategic responses' likelihood of choice, which is argued to depend on the power balance between the organizations. The findings are illustrated with the special case of family firms and private banks.



Stephan Struwe

MSc

Tutor: Julia Kapraun

Topic: Volatility Models and Their Predictive Power for Volatility Indices

With the emergence of volatility indices, volatility has increasingly established itself as a distinctive asset class. Accordingly, the benefits of having volatility models with high predictive power for volatility, and in particular for volatility indices, are substantial.

Therefore, primarily on the basis of a literature review, this thesis firstly, describes empirically observed properties of volatility; secondly, discusses a selection of volatility models; and thirdly, provides an overview of currently disseminated implied volatility indices. A subsequent brief empirical application complements the literature review by evaluating the relative forecast performance of common volatility models for the VIX and VSTOXX.

Sustainability in Finance

We at the Allianz Endowed Chair of Finance at the WHU – Otto Beisheim School of Management live up to the principles of sustainability in many ways. Most importantly, we initiated a number of research projects, e.g., a Master thesis entitled “Basel III – Achieving stability or the first step into a new crisis?” concerned with regulatory measures targeted at the soundness and thus sustainability of the financial system. The findings underscore the importance of a reformed framework and explain the shortcomings of the past to an audience of practitioners and scholars alike. We acknowledge the enduring and growing meaningfulness of this stream of literature and therefore will stick to our goal of further expanding our research in the field of sustainable asset management.

We wish you a Merry Christmas...

Marcel Amadé
G. Kappmann

Fritz Kamm

Mr. Rumm

Mariaem Diel

J.P. met

Katja Koda

Küh Shih

Matthias G



H. Dorem

Johannes Frankfeld

...and a Happy New Year