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Management
Education

Activity Report 2018/2019

Allianz Endowed Chair of Finance
Center of Asset and Wealth Management
www.whu.edu/finance

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SUPPORTERS

CHAIR SPONSOR



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CENTER OF ASSET AND WEALTH MANAGEMENT FRIENDS



FOREWORD



Courage and Commitment

This 20th annual report of the Allianz Endowed Chair of Finance at WHU – Otto Beisheim School of Management provides you with information and updates about our activities in the academic year 2018/2019. In addition to the activities of the chair itself, since January 1, 2015, a substantial portion of the chair's resources have been dedicated to Professor Dr. Markus Rudolf's role as dean of WHU – Otto Beisheim School of Management.

WHU has been re-accredited by EQUIS for another 5 years and has again climbed in the recent Financial Times European Business School Ranking as number 23 in Europe, throughout the year WHU has been ranked as number 1 business school in Germany, the MBA programs have grown significantly, and the WHU researchers belong to the top 10 in Europe – thus, 2019 was a year of great success. But even more importantly, WHU has been able to strengthen the community spirit by achieving significantly more diversity. Never in the history of the school, WHU has had a more diverse composition of students across the programs, the faculty, and the administration. This shows that WHU increases the attractiveness to a much broader group of actual and potential stakeholders.

We welcomed 85 new Part-time MBA students, 80 new Full-Time MBA students - both an alltime high!, and 48 new Executive MBA students. We accepted 239 new Bachelor students, 86 new Master in Management students, 16 Master in Entrepreneurship students, and - for the first time - 32 new Customized Master in Management und Entrepreneurship students. WHU Executive Education delivered 46 programs (modules) on 176 days throughout the year with more than 1,200 participants.

Digital@WHU - Leading the way in digital development and thinking.

Since the inception of WHU, breaking the mold and looking towards the future has been an integral part of the school's pioneering attitude and identity. Alongside WHU's key characteristics of performance, practical relevance, international exposure, and personal development, technology plays a key role in driving its position as a top German business school. At the forefront of trends, research, and developments, WHU ensures that it consistently contributes intellectually, in methodology, and to thought leadership focused on digital themes. WHU enriches face-to-face learning with digital means and tools to offer the best learning experience for students.

At the Allianz Endowed Chair of Finance, we welcome Tobias Fischer and Konstantin Ignatov as new research assistants. During the academic year 2018/2019 Sebastian Seidens finished his dissertation "Essays on the Relationship between Idiosyncratic Volatility and Expected Returns". We congratulate him on earning his doctoral degree and we are glad that from May 2019 he assume the position of Ass.-Professor sponsored by Sparkasse Koblenz at the Center of Asset and Wealth Management.

We wish to thank all those at the chair and those associated with it who contributed to the success of WHU – Otto Beisheim School of Management and the Allianz Endowed Chair of Finance during the past academic year. Let me express my most sincere thanks to Marianne Diel and Kirsten Schmitz for their incredible effort and dedication. Their work is more valuable than ever due to the fact that the chair holder currently serves as dean of the school and regularly has to shift priorities.

In closing, we wish to express our gratitude to the sponsors of the chair as well as the sponsors of the Center of Asset and Wealth Management for their support and contributions. We especially thank Allianz SE and Mr. Stephan Theissing, member of the WHU Executive Board, for their support and their friendship with WHU.

Sincerely,

A handwritten signature in blue ink that reads "Mr. Rudolf". The signature is written in a cursive, flowing style.

Prof. Dr. Markus Rudolf



Team Allianz Endowed Chair of Finance and Center of Asset and Wealth Management

1. TEAM

1.1. MEMBERS OF THE CHAIR AND THE CAWM



Prof. Dr. Paul Achleitner

Paul Achleitner is the non-executive 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, where he teaches investment banking.



Nabil Alkafri, M.Sc.

Nabil Alkafri joined WHU – Otto Beisheim School of Management as a research assistant to the Allianz Endowed Chair of Finance and as a doctoral student in September 2017. He earned a B.Sc. in business management with a major in finance and a minor in business psychology from the Ludwig-Maximilians-University in Munich and a M.Sc. in Management from the University of Mannheim with a focus on finance. He has previously worked and gained experience at the quantitative asset management departments of Allianz Global Investors GmbH (Advanced Fixed Income), Joh. Berenberg, Gossler & Co. KG (Equity Selection), and Deka Investment GmbH (Quantitative Stock and Pension Funds). His research focuses on quantitative investment strategies and is being conducted in cooperation with Vontobel in Switzerland and Berenberg in Germany.



Tobias Burggraf, M.Sc.

Tobias Burggraf started as a research assistant and doctoral candidate at the Allianz Endowed Chair of Finance in August 2018. He earned his bachelor's degree in Economics with focus on Finance from Goethe University Frankfurt and his master's degree in Finance from WHU. He also spent a semester abroad at Bocconi University in Milan. He gained experience in the field of asset management while working for HSBC, AXA Investment Managers and Commerzbank. His research interests include robust portfolio optimization, behavioral finance and alternative investments.



Ralf Conen, M.Sc.

Ralf Conen joined the chair in October 2016 after graduating from WHU as a Member of the MSc Class of 2016. He further holds a BSc in Economics from the University of Mannheim and was a visiting scholar at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill as well as National Taiwan University, Taipei. As part of the EU-funded "VikoDiA" project, he focuses on the individualization of automated investment advice. His research is centered on behavioral finance and portfolio management.



Marianne Diel

Marianne Diel has been the personal assistant of Professor Dr. Markus Rudolf at the Endowed Chair of Finance since January 1999 and at the Dean's Office since January 2015.



Tobias Fischer, M.Sc.

Tobias Fischer joined WHU – Otto Beisheim School of Management as a research assistant and doctoral student at the Allianz Endowed Chair of Finance in July 2019. He earned a bachelor's degree in Management and Economics with a major in Finance from Johannes Gutenberg University Mainz and a master's degree in Finance from WHU. He spent a semester abroad at Jönköping University in Sweden and Washington University in St. Louis, USA. He previously gained work experience at Goldman Sachs, Morgan Stanley and Deutsche Boerse in London and Frankfurt. His research focuses on sustainable finance and behavioral finance.



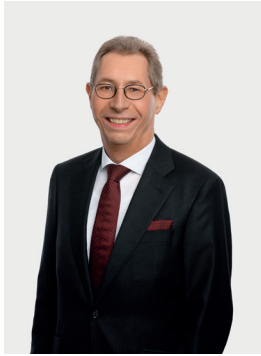
Konstantin Ignatov, M.Sc.

Konstantin Ignatov joined WHU – Otto Beisheim School of Management as a research assistant and doctoral student at the Allianz Endowed Chair of Finance in June 2019. He earned both a bachelor's and a master's degree in Business Administration with a major in Finance from Ludwig Maximilian University of Munich. During his master's studies, he spent a semester abroad at ESSEC Business School in Cergy-Pontoise Cedex, France. He previously gained work experience i.a. at Allianz Investment Management SE, Deutsche Beteiligungs AG, and Golding Capital Partners in Munich and Frankfurt. His research interests include machine learning applications for investment strategies, portfolio management, and behavioral economics.



Alex Kusen, M.Sc.

Alex Kusen started as a research assistant and doctoral candidate at the Allianz Endowed Chair of Finance in August 2016. He studied Economics at the University of Bonn with a specialization in Finance and Capital Markets and at San Diego State University. Having gained professional experience at HSBC INKA, DekaBank and Postbank among others, his research interests are international markets, assets and financial derivatives. He left the chair in July 2019.



Prof. Dr. Hartmut Leser

Hartmut Leser is the chief executive officer of Aberdeen Standard Investments Deutschland AG. Prior to this position, he held several high-ranking positions in the asset management industry and was managing partner of an investment consultancy firm. He lectures on asset management for the MSc program at WHU – Otto Beisheim School of Management.



René Maler, M.Sc.

Rene Maler started as a doctoral candidate at the Chair of Finance in October 2016. Previously, he completed his bachelor's degree at WHU in 2013, which included an exchange semester at Chinese University of Hong Kong in 2012, and in 2016 he graduated from the WHU's Master in Finance program. While his professional experiences is mainly in the field of investment banking and consulting, his dissertation project focuses on the analysis of long-term academic research productivity. He left the chair in December 2019.



Quynh Pham, M.Sc.

Quynh Pham has been a research assistant and doctoral candidate at the Allianz Endowed Chair of Finance since August 2017. She received a master's Degree in Financial Economics from BI Norwegian Business School and was an exchange student at Frankfurt School of Finance and Management in the winter semester 2015/16. Her research focus is on asset pricing, risk management, and portfolio management



Prof. Dr. Markus Rudolf

Markus Rudolf is dean of WHU and since 1998 full Allianz Professor of Finance at the WHU – Otto Beisheim School of Management. He also heads WHU's Center of Asset and Wealth Management. He earned his Ph.D. degree in fall 1994 and his habilitation degree in May 1999, both at the University St. Gallen, Switzerland. His recent publications focus on the Euro and sovereign risk crises, on banking, on asset and risk management, and on derivatives pricing. He is co-editor of the journal "Financial Markets and Portfolio Management" and acts as academic director for the Campus for Finance - WHU New Year's Conference. He holds a supervisory board position at Boeker & Paul AG and acted as a member of the supervisory board at BlackRock Asset Management Deutschland AG between June 2008 and March 2016.



Kirsten Schmitz

Since 2009 Kirsten Schmitz has assisted the secretarial office of the Allianz Endowed Chair of Finance and the Center of Asset and Wealth Management.



**Assistant Professor
Dr. Sebastian Seidens**

Sebastian Seidens received his Ph.D. in Finance from WHU – Otto Beisheim School of Management in 2019, where he was affiliated with the Allianz Endowed Chair of Finance as well as the Center of Asset and Wealth Management. Prior to joining WHU in 2016, Sebastian graduated with a MSc Finance from Durham University. During his master's and PhD studies, he held two visiting positions at Mannheim University in 2015 and Cambridge University Judge Business School in 2017. Sebastian's research interests lie particularly in the fields of asset pricing, behavioral finance, and sustainable finance. His most recent work also elaborates on the development of regional and interdisciplinary research productivity using social network analysis and topic modelling approaches.



Prof. Dr. Axel Wieandt

Axel Wieandt is a senior financial services professional with many years of management and restructuring experience in high profile executive roles in the European banking sector. He has led the execution of multi-billion USD transactions in Europe, the US, China, and Australia. Axel Wieandt has also managed the execution of large equity and debt capital markets transactions.

Until mid 2015 he was CEO of Valovis Bank AG. Other prior full-time positions he has held include Head of Corporate Development and Corporate Investments of Deutsche Bank AG, CEO of Hypo Real Estate Holding AG, and CEO of pbb Deutsche Pfandbriefbank AG, as well as Managing Director in Investment Banking with Credit Suisse Securities.

After graduating as a scholar of the Studienstiftung des Deutschen Volkes from WHU Otto-Beisheim School of Management (Diploma and Doctorate, both summa cum laude) and as a DAAD scholar from the J.L. Kellogg Graduate School of Management at Northwestern University (Master of Management with honors) Axel Wieandt began his career with McKinsey & Company in Düsseldorf and Boston, MA, and subsequently with Morgan Stanley Ltd. in London.

He is currently Professor for Financial Intermediation and Bank Management (Bachelor Program and Master of Finance) at WHU and lecturer for Bank Management (Part Time Master in Finance) at Goethe Business School, Frankfurt University. Since the spring of 2016 Axel Wieandt is serving as Adjunct Professor of Finance at the J.L. Kellogg School of Management where he has taught a thought leadership seminar on "European

Banking and the Financial Crisis" and a course on „Blockchain Technology, Digital Assets, and the Future of Finance". Axel Wieandt has published extensively throughout his career including in the leading German newspapers and international academic journals in the fields of business economics, banking and finance. He is the author of "Unfinished Business: Putting European Banking (and Europe) Back on Track".

Axel Wieandt is chairman of the advisory board of Hannover Leasing GmbH & Co, KG and chairman of the supervisory board of Hannover Leasing Investment GmbH, both in Pullach near Munich. He also serves on the board of auxmoney GmbH in Düsseldorf, the leading European consumer lending market place, and the advisory boards of Debitos GmbH in Frankfurt, the European online market-place for non-performing loans, and Exporo AG in Hamburg, the leading European digital real estate platform. He is also a senior advisor to Hamburg-based Deposit Solutions GmbH, the leading global open banking platform connecting banks and depositors, and to Mehrwerk GmbH in Bielefeld, the leading provider of value-added services in Germany. Axel Wieandt is regularly advising private equity funds on investments in the financial services sector. He has recently joined Speedinvest, the Vienna based VC firm as operating partner banking in their latest European and Emerging Markets fintech fund SiF.

Since 2010 Axel Wieandt serves on the Board of Trustees of the „Europäische Stiftung Kaiserdom zu Speyer". He is married with two children and lives near Frankfurt.



Marc Wierzbizki, M.Sc.

Marc Wierzbizki is a research assistant at the Allianz Endowed Chair of Finance at WHU – Otto Beisheim School of Management. He holds a BSc in Business Administration and an MSc in Finance from WHU. As part of the EU-funded VikoDiA project, he focuses on the identification of adequate and innovative mechanisms to report investment performance to private investors in digital settings. His research interests furthermore comprise personal investment strategies, the behavior of individual investors, and potential strategies to debias their financial decision-making. He left the chair in January 2019.

1.2. ADVISORY BOARD OF THE CAWM



Johannes Cremer
moneymeets
Founder and CEO



Michael Kohl
Commerzbank AG
Head of Product Management &
Asset Management



Professor Gunter Dufey, PhD
Professor Emeritus of the University of
Michigan



Robert Lempka
ayondo GmbH, CEO
He left the board in 01/2019



Christian U. Haas
PTV Group, CEO



Richard Manger
DZ PRIVATBANK
Member of the executive board
He left the board in 12/2018



Matthias Nester
Sparkasse Koblenz
Chairman of the Advisory Board



Dr. Egbert Scharck
d-fine GmbH, CEO



Thomas Paul
Böker & Paul AG
Member of the executive board
Kanzlei für Vermögensmanagement



Henning Gebhardt
Berenberg
Member of the extended
executive board
He left the board in 09/2019



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



Ralf Vielhaber
Fuchsbriefe/Dr. Hans Fuchs GmbH
Managing Director

1.3. ASSOCIATED MEMBERS/LECTURES OF THE CAWM



Sarah Brylewski
ayondo
Chief Marketing Officer
She left the members in 2019



Dr. Ruth Kümmerle
Digital Transformation
Allianz Global Investors GmbH



Prof. Dr. Thomas Burkhardt
University of Koblenz-Landau



Jürgen Lampe
firstfive AG, Frankfurt am Main, CEO



Prof. Dr. Lutz Johanning
WHU - Otto Beisheim School of
Management, Holder of the Chair of
Empirical Market Research



Prof. Volkmar Liebig
Ulm University of Applied Sciences



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



Dr. Borislav Stokic
Manager
d-fine GmbH



Claudia Spanier-Dönges
Deputy member of the Executive Board
Sparkasse Koblenz



Jörg R. Walter (Lecturer)
Senior Manager
d-fine GmbH

1.4. ADVISORY BOARD OF THE ALLIANZ ENDOWED CHAIR OF FINANCE



Dr. Karl-Georg Altenburg



Martin Korbmacher
Managing Associate, Event Horizon
Capital & Advisory GmbH



Prof. Gunter Dufey, PhD
Prof. Emeritus of the University of
Michigan



Rudolf Matter



Stephan Gemkow



Dr. Thorsten Reitmeyer
Kampmann, Berg & Partner,
Executive Partner



Michael Rüdiger
DekaBank
Chairman of the executive board
He left the board in 09/2019



Stephan Johannes Theissing
Allianz SE
Head of Corporate Finance
Chairman of the Advisory Board



Professor Dr. Markus Rudolf
WHU – Otto Beisheim School of
Management, Dean



Johannes Züll
Studio Hamburg Gruppe
Chairman of the management board

2. TEACHING

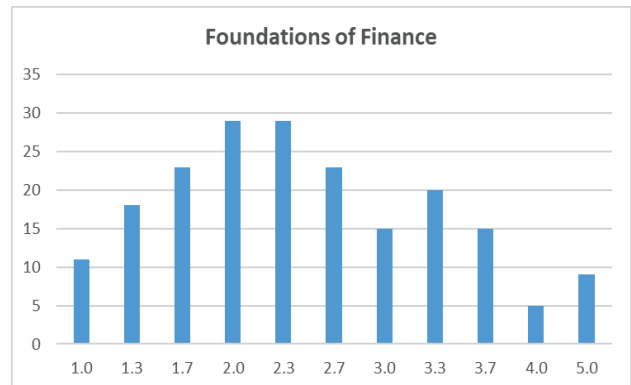
2.1. BACHELOR OF SCIENCE PROGRAM

2.1.1. FOUNDATIONS OF FINANCE

(PROF. DR. MARKUS RUDOLF & DR. KATRIN BAEDORF, 2 SWS, 2 GROUPS, BSC PROGRAM)

This course is a compulsory course for Bachelor students. 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.

178 students passed the exam in Spring Term 2018 with an average grade of 2.18. The overall grading is shown in the figure on the right. (Grades are module grades of the "Finance" module.)

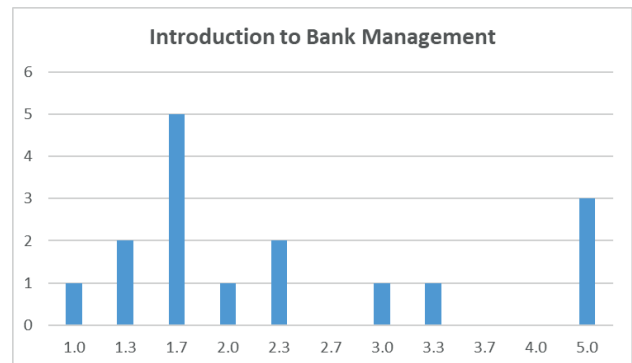


2.1.2. INTRODUCTION TO BANK MANAGEMENT

(PROF. DR. AXEL WIEANDT, 2 SWS, BSC PROGRAM)

This course is an optional course for Bachelor students. The lecture covers essential aspects of financial intermediation, banking, and the functions, products, and services of banks. A special focus lies on two points: on the one hand, analyzing the economic structures of the banking sector; and on the other hand, developing a basic knowledge of the activities, structure, and functions of banks. Descriptive case studies are used to devise tendencies and strategies in the financial services sector.

12 students passed the exam in Spring Term 2019 with an average grade of 1.92. The overall grading is shown in the figure on the right.

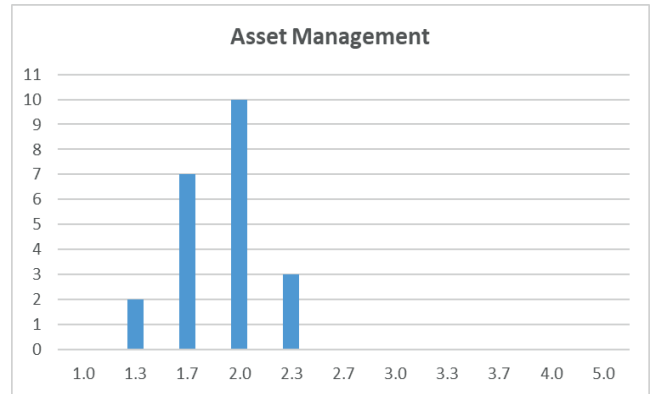


2.2. MASTER OF SCIENCE PROGRAM

2.2.1. ASSET MANAGEMENT

(PROF. DR. HARTMUT LESER, 2.5 SWS, MSc PROGRAM)

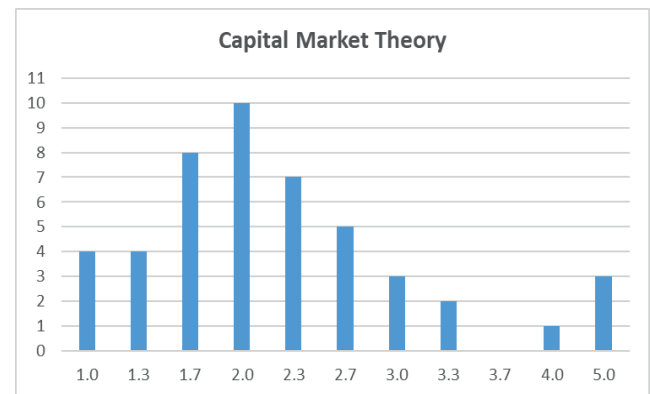
This class enables students to understand the structure and current issues of the market for active and passive asset management services and their relationship to a number of concepts of capital market theory. After completing the course, students are familiar with the various styles, tools, and techniques of real-life asset management. 22 students passed the exam in Spring Term 2019 with an average grade of 1.88. The overall grading is shown in the figure on the right.



2.2.2. CAPITAL MARKET THEORY

(PROF. DR. MARKUS RUDOLF, 2.5 SWS, MSc PROGRAM)

This class is a core module of the WHU M.Sc. Finance program. It provides the theoretical background for the main topics in finance, namely Option Pricing, State Preference Theory and Behavioral Finance. The course provides the students with the tools and knowledge they need for the remaining finance courses in the M.Sc. program, which are Valuation, Capital Structure, Derivatives, Financial Risk Management, Asset Management and Behavioral Finance. 44 students passed the exam in Fall Term 2018 with an average grade of 2.09. The overall grading is shown in the figure on the right.

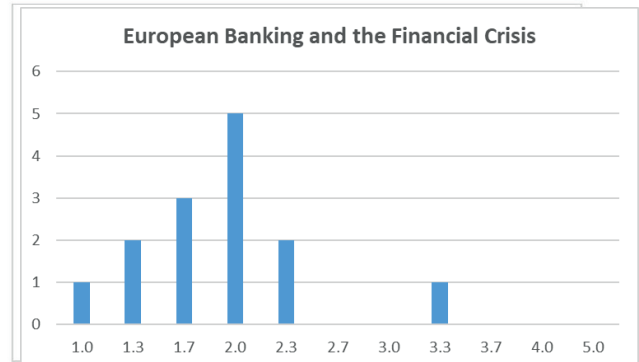


2.2.3. EUROPEAN BANKING AND THE FINANCIAL CRISIS

(PROF. DR. AXEL WIEANDT, 2.5 SWS, MSc PROGRAM)

This course studies key concepts and issues in bank management using Jean Dermine's book on bank valuation and value-based management. To heighten interest, the course highlights current challenges by analyzing the financial crisis of 2007-2009 (including a detailed case study on the near failure and rescue of HRE) and the ensuing tightening in bank regulation. A general framework for bank valuation then provides the background for a discussion of value-based bank management. Topics covered include the drivers of bank value and a detailed examination of the ongoing regulatory reform agenda. The course concludes with an introduction to strategic challenges and illustrates opportunities for European banks.

14 students passed the exam in Spring Term 2019 with an average grade of 1.90. The overall grading is shown in the figure on the right.



3. 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. Grading is from 1 ("strongly agree") to 5 ("strongly disagree").

Prof. Dr. Rudolf's course also obtained a good grade: their lecture "Capital Market Theory" in the MSc Program was graded 2.13 in Fall Term 2018.

Furthermore, the compulsory lecture "Foundations of Finance," which was jointly taught by Prof. Dr. Rudolf and Dr. Katrin Baedorf in the BSc Program, received an average grading of 1.96 in Spring Term 2019.

4. COURSE OFFERINGS FINANCE GROUP

4.1. BSc PROGRAM

Fall Term 2018

- Asset Management (Dr. Gaston Michel, 2 SWS)
- Business Taxation (Prof. Dr. Martin Jacob, 2.0 SWS)
- Cases in Business Taxation (Sven Westphälinger, 2.0 SWS)
- Cases in International Accounting (Prof. Dr. Edgar Löw, 2.0 SWS)
- Financial Statements (Jun.-Prof. Kathleen Andries 2.0 SWS)
- International Accounting (Prof. Dr. Martin Glaum, 2.0 SWS)
- International Markets and Derivatives (Prof. Dr. Mei Wang, 2.0 SWS)
- Introduction to Financial Accounting (Jun.-Prof. Dr. Anna Alexander Vincenzo, 2.0 SWS)

Spring Term 2019

- Asset Management, (Ass.-Prof. Dr. Nic Schaub, 2 SWS)
- Business Taxation (Prof. Dr. Martin Jacob, 2.0 SWS)
- Cases in Business Taxation (Sven Westphälinger, 2.0 SWS)
- Cases in International Accounting (Prof. Dr. Edgar Löw, 2.0 SWS)
- Corporate Finance (Prof. Dr. Nihat Aktas, 2.0 SWS)
- Financial Statement Analysis (Prof. Dr. Maximilian Müller, 2.0 SWS)
- Foundations of Finance (Prof. Dr. Markus Rudolf and Dr. Katrin Baedorf, 2.0 SWS)
- International Accounting (Prof. Dr. Martin Glaum, 2.0 SWS)
- International Markets and Derivatives (Prof. Dr. Mei Wang, 2.0 SWS)
- Introduction to Bank Management (Prof. Dr. Axel Wieandt, 2.0 SWS)
- Seminar in Financial Accounting, (Prof. Dr. Martin Glaum, 2.0 SWS)
- Seminar in Finance and innovation (Ass.-Prof. Dr. Magdalena Pisa, 2.0 SWS)

4.2. MSc PROGRAM

Fall Term 2018

- Accounting and Financial Analysis (Prof. Dr. Maximilian Müller, 2.5 SWS)
- Advanced Corporate Finance (Prof. Dr. Burcin Yurtoglu, 2.5 SWS)
- Capital Market Theory (Prof. Dr. Markus Rudolf and Jun.- Prof. Dr. Julia Kapraun, 2.5 SWS)
- Corporate Governance (Prof. Dr. Christian Andres, 2.5 SWS)
- Financial Valuation (Prof. Dr. Nihat Aktas, 2.5 SWS)
- International Financial Reporting (Prof. Dr. Martin Glaum, 2.5 SWS)

Spring Term 2019

- Accounting for M&A Transactions (Prof. Dr. Martin Glaum, 2.5 SWS)
- Asset Management (Prof. Dr. Hartmut Leser, 2.5 SWS)
- Emotional Finance (Prof. Dr. Lutz Johanning, 2.5 SWS)
- European Banking and the Financial Crisis (Dr. Axel Wieandt, 2.5 SWS)
- Financial Modeling with Excel (Jun.-Prof. Dr. Magdalena Pisa, 2.5 SWS)
- Current Topics in Accounting (Prof. Dr. Andreas Barckow and Prof. Dr. Martin Glaum, 2.5 SWS)
- Financial Risk Management (Dr. Thomas Ridder, 2.5 SWS)
- Financial Statement Analysis and Valuation (Dr. Dennis Jullens, 2.5 SWS)
- Financial Technologies (Prof. Dr. Burcin Yurtoglu, 2.5 SWS)
- Behavioral Finance (Prof. Dr. Mei Wang, 2.5 SWS)
- Capstone Course Abroad (Prof. Dr. Burcin Yurtoglu, 2.5 SWS)
- Investment Banking (Jan Casper Hoffmann, 2.5 SWS)
- Financial Reporting and Capital Markets: Current Challenges (Prof. Dr. Martin Glaum, 2.5 SWS)

4.3. FULL-TIME MBA PROGRAM

Fall Term 2018

- Corporate Finance (Prof. Dr. Christian Andres, 2.5 SWS)
- Financial Accounting (Prof. Dr. Garen Markarian, 2.5 SWS)
- Investment Banking (Prof. Dr. Nihat Aktas and Jan Caspar Hoffmann, 2.0 SWS)
- Managerial Finance (Prof. Dr. Burcin Yurtoglu, 2.5 SWS)
- Private Equity (Prof. Dr. Garen Markarian, 2.0 SWS)

Spring Term 2019

- Corporate Finance (Prof. Dr. Christian Andres, 2.5 SWS)
- Financial Accounting (Prof. Dr. Garen Markarian, 2.5 SWS)
- Managerial Finance (Prof. Dr. Burcin Yurtoglu, 2.5 SWS)
- Mergers & Acquisitions (Prof. Dr. Nihat Aktas, 2.0 SWS)
- Private Equity (Prof. Dr. Garen Markarian, 2.0 SWS)
- Financial Technologies (Prof. Dr. Burcin Yurtoglu, 2.0 SWS)

4.4. PART-TIME MBA PROGRAM

Fall Term 2018

- Corporate Finance (Prof. Dr. Christian Andres, 2.5 SWS)
- Financial Accounting (Prof. Dr. Garen Markarian, 2.5 SWS)
- Managerial Finance (Prof. Dr. Burcin Yurtoglu, 2.5 SWS)
- Mergers & Acquisitions (Prof. Dr. Nihat Aktas, 2.0 SWS)
- Private Equity (Prof. Dr. Garen Markarian, 2.0 SWS)

Spring Term 2019

- Corporate Finance (Prof. Dr. Christian Andres, 2.5 SWS)

5. THESES

This year, the Allianz Endowed Chair of Finance supervised the theses of 9 BSc students and 4 MSc students at WHU. Research topics are proposed by members or company sponsors and partners of the Chair and the Center of Asset and Wealth Management, or by students themselves.

5.1. BSc PROGRAM



Fabian Fischer

Topic: *Rent Growth and Return Predictability in the German Housing Market*

Tutor: Quynh Pham

In this thesis I make use of empirical and quantitative research methods in order to analyze whether housing market returns and/or rent growth in Germany can be predicted by using the price-rent ratio. Significant predictability can be of value for interpreting price and rent developments and is therefore of importance for both investors and economists. To investigate the German housing market, I analyze the major cities by economic and demographic factors and apply OLS regressions based on prices and rents in the period of 1990 to 2017 with the result of non-or just limited predictability. My research finds that predictability increases with the time span covered in the regression. Furthermore, I find that the current upward trends in prices and rents are well justified by population and economic developments combined with the inelasticity of housing supply.



Adrian Lepers

Topic: *Cryptocurrencies as an Asset Class: Holding Cryptos in a Portfolio*

Tutor: Tobias Burggraf

The development of cryptocurrencies raises questions about the capacity of this new digital asset to become a sustainable solution to diversify investment portfolios. As the background for our analysis, we go back to the history of blockchain, Bitcoin, Ripple, and Ethereum, currently the most valuable cryptocurrencies. Then, we compare three S&P500 portfolios including different amounts of cryptocurrencies. The main finding of our analysis is that cryptocurrencies have the potential to become a viable diversification option for investors. However, risk awareness is necessary about such a new asset and the limited data available to fully evaluate it.



Tim Niemann

Topic: *Founding-family Ownership and Firm Performance: Evidence from Germany*

Tutor: Sebastian Seidens

By using panel data on 67 DAX and MDAX firms for the periods from 2004 to 2006 and also 2010 to 2016, we examine the relationship between family involvement in companies and firm performance. In line with the prevailing opinion of leading scientists, we find clear indications that support the hypothesis of performance superiority of family firms compared to widely held enterprises in the context of the German social and legal environment. Moreover, the availability of two separate datasets, one for a period prior to the global financial crisis and one for the time after the crisis, allows for further investigations of changes in the underlying mechanics of family firms due to economic shocks. Despite limitations in the statistical significance of the results, we find preliminary evidence for the theory that a financial crisis temporarily attenuates family firms' advantage.



David Pfennig

Topic: The Suitability of Traditional Asset Pricing Models for Infrastructure Equity Returns in Asia

Tutor: Tobias Burggraf

Infrastructure as an asset class is becoming increasingly important, and long-term institutional investors are especially attracted by stable returns and inherent inflation protection. While empirical studies have so far focused on analyzing the applicability of asset pricing models for infrastructure equities in the developed markets, the majority of funding need stems from the Asian market, which also differs in important aspects. We are the first to test traditional asset pricing models such as the Capital Asset Pricing Model (CAPM), the Fama/French three-factor model as well as a five-factor model including bond-market factors in the Asia-Pacific (ex-Japan) infrastructure sector. While the explanatory power of the CAPM is lower than in developed markets and almost non-existent, both the Fama/French three-factor model and a three-factor bond-market model show a sufficient explanatory power, in line with results from developed markets. Specifically, we confirm the assumption of a positive but defensive market beta, positive factor loadings for the size and value factor, and the absence of a term and default premium, which supports the expected stability and inflation protection of infrastructure investments. However, a substantial part of the variance remains unexplained. We conclude that other risks must be inherent in infrastructure companies, such as regulatory risk, which subsequent research could examine. This could also provide interesting input to governmental decision makers to fine-tune regulation to attract a more competitive cost of capital



Christin Sanders

Topic: The Effect of Weather Variables on Stock Market Returns – A Comparison of Emerging and Developed Markets

Tutor: Alex Kusen and Sebastian Seidens

Research suggests that weather and air quality can affect stock market returns. It is argued that emerging markets, being less efficient than developed markets, are more severely affected by the influence that weather phenomena exert on traders' moods. However, the results of this study analyzing the financial markets of Hong Kong, Singapore, Germany, the UK, and the US disprove this view, as no link between extreme weather events, air pollution, and stock returns can be established. Since the majority of trades are performed by algorithm-based trading, the causal chain of weather, sentiment, distorted decision-making, and stock returns is no longer prevalent. The findings imply that the efficiency of the financial markets is increasing thanks to the emergence of new technologies.

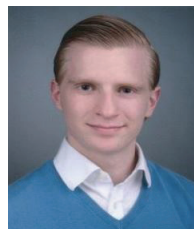


Astrid Schulte-Huermann

Topic: *Impact of Weather on the Stock Market Returns of Different Industries in Germany*

Tutor: Alex Kusen and Sebastian Seidens

Weather affects people's mood, according to psychological studies. For example, low temperature can cause aggression, whereas high temperature can induce apathy. Therefore, it may be possible that weather-influenced mood, driven by mood's impact on decision-making, exerts an influence on investment decisions and risk-taking behavior; thus, it might also impact stock market returns. I examine the market returns of nine industries in Germany. Empirical results illustrate two findings. First, I find a statistically significant, negative correlation between market returns and temperature; second, I identify a different effect of weather on industrial sectors. A significant correlation can be found for six out of nine sectors.



Alexander Wellpott

Topic: *The Optimal Rebalancing Level of a Portfolio with Regards to The Strategic Asset Allocation*

Tutor: Alexander Deneke

The rebalancing of asset weights within a portfolio is a known strategy to keep a portfolio's risk aligned with investors' risk tolerance. The aim is to maintain, through periodic rebalancing, the initial level of diversification. Literature has shown that there is no globally optimal level of rebalancing, but individual optimal solutions are feasible. Further, changes in the covariance matrix, through changes in market environments, give reason to believe that the initially chosen strategic asset allocation, over time, might not reflect the correct risk tolerance of investors anymore. In this paper, I test a new method of portfolio rebalancing that is developed based on Evolutionary Strategy with Hall of Fame, a metaheuristic to empirically search for an optimal level of portfolio rebalancing. This active portfolio rebalancing is modeled as an optimization problem that aims to maximize portfolio returns by actively selecting new strategic asset allocation on the basis of a given level of rebalancing. The chosen benchmarks did not indicate a clear optimal rebalancing frequency for both methods of rebalancing. The comparison to traditional frequency only rebalancing showed that active rebalancing was able to outperform its counterpart in terms of risk-adjusted returns and risk. In terms of returns, traditional rebalancing exceeded active rebalancing on average.



Daniel Zidon

Topic: *Does Factor Shrinkage of Parametric Portfolio Weights improve Portfolio Performance?*

Tutor: Nabil Alkafri

In this paper, we evaluate the impact of factor shrinkage of parametric portfolio weights applied to the NASDAQ 100. Throughout our research, we implement Brandt and Santa-Clara (2006)'s approach of dynamic portfolio selection, using academically established factors, to our selected asset universe. We compute the optimal parametric portfolio as well as the shrinkage portfolio, performing a ridge regression on the parametric portfolio weights, which we assess through traditional performance indicators against the parametric portfolio, the equal weighted portfolio, the minimum variance portfolio, and the risk parity portfolio. Our empirical findings show that average returns, while constantly above the risk-free rate, did not manage to compete with other portfolios. Nevertheless, we found strong evidence that our approach performs well when markets are changing, as we managed to reduce the volatility of our portfolio significantly below all compared.



Johannes Zobel

Topic: *Risk Parity Portfolios for the German Stock Market*

Tutor: Nabil Alkafri

Second moment-based allocation heuristics are experiencing growing popularity in academia and practice. Motivated by the continuing low yield environment, this thesis examines the suitability of risk parity strategies for German equity investors. In an out-of-sample approach across a timespan from 2001 to 2018, four risk parity heuristics are used to construct portfolios from historical MDAX constituents. Compared to other common allocations, hierarchical risk parity is found to consistently exhibit superior risk-return characteristics. The performance of risk-based heuristics is found to be sensitive to changes in estimation period length, holding period length, and weight constraints. In conclusion, risk parity is recommended as allocation heuristic.

4.2. MSc PROGRAM



Lena Hoof

Topic: *Corporate Diversification of Business Models in the Bundesliga*

Tutor: Marc Wierzbitzki



Eike-Christoph Pülm

Topic: *Robo-Advisor Business Models in Private Banking and Wealth Management*

Tutor: Alex Kusen

Despite the ever-increasing complexity in financial decision-making, only few investors engage with a financial advisor. One reason may be due to missing alignment with changing client needs. Providing low-cost, user-friendly online automated investment services, the recently emerged robo-advisors may offer a solution. Examining the responses of 141 largely emerging investors regarding their perceptions and willingness to use digital financial advice, this thesis suggests that investors, especially male, lower-wealth and advice seeking ones, show a high affinity for automated financial advice solutions. However, they still often advocate human involvement in the advisory process. Hence, wealth managers are recommended to adopt a hybrid advice model.



Neil Schmodde

Topic: *Asset management companies – Challenging the efficacy of six European cases*

Tutor: Prof. Dr. Axel Wieandt

As a response to the financial crisis of 2007 to 2013, bank managers and regulators decided to establish asset management companies (“AMC”), or bad banks, to support ailing banks in winding down toxic assets. Just recently, Germany’s biggest bank, Deutsche Bank, followed this trend. This paper reviews six European cases, evaluates their success in setting up an AMC, examines how these AMCs have affected their underlying banks, and determines how shareholders have reacted to the announcement of the AMC. As a result, this thesis finds that AMCs are indeed a feasible tool to wind down distressed assets. We show that their impact on the underlying bank is generally positive, but that shareholders react ambiguously to the announcement of AMCs. As an outcome, this thesis provides a comprehensive recommendation on how to design a successful AMC, based on the findings.



Alexander Weber

Topic: *ESG, SRI, and MRI Investments: An Analysis*

Tutor: Nabil Alkafri

This study analyzes SRI, ESG, and MRI investments from two perspectives. First, the three investment approaches are analyzed based on existing academic literature. Inconsistent theoretical findings indicating the existence or absence of significant performance differences in relation to conventional investment alternatives are contrasted. Moreover, ESG and MRI strategies are conceptualized as subcategories of the overarching SRI concept. Second, a back-testing analysis of stereotyped portfolios covering the years 1991 to 2018 supplements existing literature by indicating the absence of a systematic, universally valid performance impact caused by the tested screens which is robust for different periods, rebalancing, and portfolio-weighting strategies.

4.3. DOCTORAL PROGRAM



Nabil Alkafri

Topic: *Advancements in Quantitative Investments: Shedding Light on the Risk Parity Portfolio*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Jürgen Weigand

Ever since the financial crisis in 2008, risk-based portfolios, especially risk parity strategies, have been gaining massive popularity in practice due to their significant outperformance of traditional weighting techniques such as equal- and value-weighting, among others. Such approaches also enjoy increasing interest in research, as it empirically results in very attractive portfolio characteristics. Generally, risk parity strategies distribute portfolio risk equally across assets, so that each asset's contribution to the total portfolio volatility is equalized, thus maximizing the risk diversification of a portfolio. This technique typically yields portfolios with a lower overall volatility and a higher risk-adjusted return. Moreover, risk parity strategies can be adjusted to achieve certain target portfolio risk levels, match investors' risk preferences, and even achieve specific target portfolio returns. Nonetheless, Lee (2011) argues that despite the very attractive risk-return characteristics of risk parity strategies, they lack a theoretical foundation that helps to explain their properties and performance relative to other portfolio weighting strategies. The aim of this dissertation is to investigate risk parity strategies in more detail in order to shed more light on their properties and risk-return characteristics.



Tobias Burggraf

Topic: *Cryptocurrencies & Blockchains*

Referee: Prof. Dr. Markus Rudolf
Second Referee: Prof. Dr. Mei Wang



Ralf Conen

Topic: *Essays on Innovations in Finance*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Mei Wang

Among today's most predominant trends in finance are an orientation towards sustainable investment solutions and the emergence of online investment services. Theoretical and empirical research on the relationship between ESG (Environmental, Social and Governance) and stock returns has produced mixed results. Furthermore, there is no study that takes a coherent cross-border approach. This makes a strong case to revisit the issue using innovative, more accurate proxies and to develop novel frameworks and approaches. Similarly, digital investment solutions (i.e. Robo-advisors) play an increasingly important role in household finance. However, there is a lack of research that systematically brings together academic literature and the particularities how individuals make financial decisions in the online sphere. Regarding the ESG-return relationship, we revisit the topic using widely accepted factor approaches and an innovative ESG proxy in an unprecedented large, global sample. Second, we are the first to simultaneously relate momentum of ESG scores to the overall level. In an event-study we test our hypothesis that holding portfolios solely tilted towards absolute ESG scores bear ESG related return risks rooted in the cyclicity of these ratings. Regarding digital financial advice, we focus on the initial risk-profiling of investors. We collect latest findings from the fields of Behavioral Finance and Decision Making and embed them in a blueprint for a digital risk-profiling that complies with latest regulation.



Alexander Deneke

Topic: *Essays on the Performance and Behavior of Retail Investors on Online Trading Platforms*

First Referee: Prof. Dr. Markus Rudolf
Second Referee: Prof. Dr. Mei Wang

In the recent past, individual investors have tended to move away from letting large institutions such as banks make investment decisions for them (Van Rooij et al., 2011). However, these individual investors still do not enjoy making financial investment decisions on their own (Guercio and Reuter, 2014). This might be due to the fact that investors tend to blame others for bad investment decisions, rather than admitting to their own mistakes (Chang et al., 2016). The authors consider this to be a form of cognitive bias. One beneficiary is online trading platforms, which are increasingly used by individual retail investors to manage their portfolios (Barber and Odean, 2002; Choi et al., 2002; Breitmayer et al., 2018). This leads to two motivating factors for this dissertation. First, online trading platforms will most likely gain more market relevance in the future (Hirshleifer, 2015; Pelster and Hofmann, 2018). Second, researchers are incentivized to investigate the performance and behavior of individual investors (Hoffmann et al., 2013). Investigations into individual retail investors have been rare in the literature so far due to a lack of data. In particular, social finance is of increasing interest to the research community (Hirshleifer, 2015), and social trading is one of the most topical additions to the FinTech industry. This dissertation analyses the performance and behavior of individual retail investors on one of the largest social trading platforms in Germany.



Markus Duram

Topic: *Shadow banking - structure and systemic risks*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Christian Andres

Shadow banking, commonly defined as "credit intermediation involving entities and activities outside the regular banking system" (FSB, 2011), was at the center of the financial crisis 2007-2009. Therefore, academic research on shadow banking has grown in recent years and the regulation of shadow banking has become a critical part of the political agenda of the G20. This research project analyzes structure and systemic risks of shadow banking. In particular, empirical analysis conducted in this project should improve the understanding of runs in the shadow banking sector.



Dipl.-Kfm. Matthias Feldhues

Topic: *The Allure of Investing at Home: On Drivers of Equity Home Bias and International Portfolio Diversification*

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. It contributes to the literature by analyzing whether 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.



Tobias Fischer

Topic: *Sustainable Finance*

Referee: Prof. Dr. Markus Rudolf
Second referee: NN



Sascha Hahn

Topic: *European Banking Sector: Impact of Bail-In Regulation on the value of Implicit Government Guarantees – An Economic Analysis*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Lutz Johanning
Third referee: Prof. Dr. Axel Wieandt

The global financial crisis of 2007 sharpened awareness of the economic issue of implicit government guarantees for bank debt. In the EU, despite a number of bank failures, almost no unsecured creditor or depositor incurred losses. Financial institutions, especially too-big-to-fail (TbTF) institutions, benefit from an implicit government subsidy – at the expense of taxpayers, bank competition, allocation of resources, and the entire economy. In response, the European Commission formed various resolutions to make bank debt bail-in able and to prevent public support bailouts. However, these measures lack uniform implementation and do not completely remove the prospect of bailouts. This project examines implicit government guarantees and analyzes their development with a focus on the impact of European bail-in regulation, sovereign intervention, and bail-in and bailout measures.

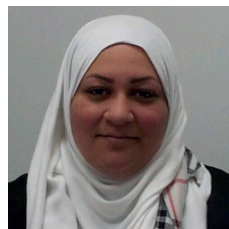


Markus Hüren

Topic: *The Role of Corporate Reputation in the Financial Services Industry*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Dr. h.c. Jürgen Weber

Corporate reputation has long been recognized as a valuable intangible asset by academics as well as practitioners. The resource-based view of the firm proposes that corporate reputation is a resource that positively impacts firms in numerous ways, ultimately leading to superior performance. While multiple studies have investigated this relationship, little attention has been paid specifically to the role of corporate reputation in the financial services industry. Given the special nature of financial services and the threat of reputational risks to financial intermediaries, the concept of corporate reputation is of high importance in this industry, and may arguably be of greater relevance for firms in the financial services industry than for firms in traditional industries. In light of the recent financial crisis, the topic of corporate reputation in the financial services industry is highly relevant, as the crisis - alongside numerous scandals - has had a tremendous effect on the industry's reputation, which is now suffering from a lack of trust and esteem among the general public. This project investigates the hypotheses that corporate reputation affects stock-price performance, and that corporate reputation is of high relevance in the financial services industry in comparison to other industries



Samah Adel Ahmed 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 investigating the factors that preclude the success of a derivatives market and adopting derivatives instruments as hedging tools in the Egyptian market. It will utilize the extracted variables from the literature and apply exploratory qualitative techniques to build a framework for assessing the viability of a successful introduction and the probability of contracts' success from two perspectives, a macro-level and a micro-level.

On the macro level, data from other selected countries besides Egypt is collected for variables such as market size, liquidity, volatility, hedging effectiveness and derivatives contracts trading volumes. The collected data will be analyzed to validate the proposed relationships through multiple regression models, and the findings are used to set a common ground for comparison between Egypt and other countries to assess the viability of success for derivatives in Egypt. On the micro level, we use a self-developed survey to assess the factors that might affect the decision of potential users of derivatives in the light of several decision-making behavioral theories. The results of the survey are analyzed through structural equation models and the findings are used to assess the most affecting factors and set policies and procedures to overcome them to enhance the use and awareness about derivatives in Egypt. Building on the findings of the previous multi-approach framework, the appropriate derivatives markets and instruments that proved a preliminary success during the analysis are introduced. This is in addition to the estimation of the needs regarding different risk exposures and the demand for specific derivatives contracts.



Konstantin Ignatov

Topic: *Sentimental Sustainability: ESG Corporate Information Sentiment and Market Perception of Companies*

Referee: Prof. Dr. Markus Rudolf
Second referee: NN



Gerhard Kosinowski

Topic: *The Member Value of Cooperative Banks*

Referee: Prof. Dr. Jane Le
Second referee: Prof. Dr. Markus Rudolf

Being a “pracademic,” the author combines his academic experience with insights from his employment at a cooperative bank. In this context, the research work focuses on the shareholder value of cooperatives, the so-called member value. Concern for the well-being of both the members and the local community has been a part of the cooperative DNA since inception. Taking the banking sector as an example, this dissertation aims at showing how this mission is reflected in the governance structure of modern cooperatives. Against this background, the studies target the following research topics, which have to some extent already been examined through case illustrations for academic conferences and papers:

- member value and the cooperative social responsibility
- the redefinition of the cooperative value creation model
- the effects of the digitalisation and the consolidation process on the governance structure of cooperative banks

From 2018 Prof. Dr. Jane Le will be the first supervisor of this thesis.



Alex Kusen

Topic: *Trading Strategies and Dynamic Interactions under Long-term Volatility*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Mei Wang

Stock market anomalies have long been recognized to be inconsistent with standard asset pricing models due to market inefficiencies. Certainly, interest in the predictability of stock returns is substantial and has been growing over recent years. Multiple studies focus on anomalies in order to identify stock return patterns, because trading strategies count as triggers while market conditions change over time. So far, little attention has been paid to reasons for investors' behavior and interactions of trading decisions, despite a fast-growing literature. Hence, an integration of capital market theory with behavioral finance should offer meaningful conclusions and provide explanations for irrational financial decisions.

My research project aims to investigate trading strategies by taking interdependencies into consideration. In order to achieve an accurate understanding, autocorrelation patterns have to be explored first because considered trading decisions are based on market conditions. On this basis, feedback and currency carry trading as widespread anomalies are part of the further investigation. In contrast to previous work, the project introduces dynamic interactions between countries, assets, and trading strategies under long-term volatility by using state of the art econometric models. The link to behavioral finance theory is of high interest and sets out to find advantageous investment opportunities as well as to understand mutual effects arising from beneficial trading decisions within the scope of this dissertation.



René Maler

Topic: *Essays on Research Productivity in Business and Economics: Growing Interconnectedness or High Degree of Separation?*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Jürgen Weigand

The increasing pressure for higher education institutions to produce excellent research has an impact on the academic landscape. Thus, this research project investigates the development of long-term research productivity in a global setting for 29 leading journals in Business and Economics over the three decades between 1988 and 2017. The project looks at research productivity from various angles. First, I outline the development of regional and interdisciplinary research output over time and present changes in concentration in the academic market. Second, a social network analysis unveils hidden connections between affiliations, countries, regions, and disciplines. Development of network centrality measures over time further emphasize heterogeneity between different fields of research. Third, the use of Latent Dirichlet Allocation (LDA), a widely applied topic modeling algorithm, on abstracts of publications reveals connections between research topics and allows us to track the popularity of research topics over time. Results of the LDA analysis will be used to test predictions of the most likely journal to publish a paper on a certain topic. This will help (young) researchers to better allocate their resources and tackle the 'best' journal for their field of research.



Quynh Pham

Topic: *On the Predictability of Industry Stock Returns*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Mei Wang

Stock return predictability has been a topic of interest in the asset pricing literature for a long time. Academics and practitioners have carried out considerable research to identify useful factors forming forecasts. Most of them focus on return predictability at the market level. Taking a different angle, this thesis studies long-term and short-term return predictability across industries. Addressing this research question is important because in practice, investors do not always hold well-diversified market portfolios. Instead, investors often pursue an industry rotation strategy and/or concentrate their holdings on sectors where they have more personal experience or private advantages. Given information on return predictability across industries, this thesis assists investors with optimizing their portfolios, allocating capital, and managing risks. Gaining more knowledge on this matter potentially promotes enhanced financial theories and models.



Sebastian Seidens

Topic: *Essays on the Relationship between Idiosyncratic Volatility and Expected Returns*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Mei Wang

In traditional financial literature, risk and return are positively linked to each other. If theory holds, greater risk results in higher expected returns. Furthermore, the CAPM states that only systematic risk matters, while idiosyncratic risk does not affect returns. Previous empirical evidence on the relation between idiosyncratic risk and expected returns is diverse. While many authors find a significant positive relation, others do not find any or even a significant negative relation. This dissertation does not only aim to investigate the effect of idiosyncratic risk on expected returns but also to reconcile the conflicting empirical evidence. For the purpose of my research, I focus on two of the most widely studied methods for computing idiosyncratic risk, namely the unconditional volatility proposed by Ang et al. (2006) and the conditional volatility proposed by Fu (2009). I replicate the study by Ang et al. (2006), extend their dataset and consider improvements regarding the testing methodology. While Ang et al. (2006) find a negative relation, Fu (2009) finds a positive relation. Therefore, I compare both studies and the different measures of idiosyncratic risk. I investigate the conflicting evidence from the perspective of non-perfect parameter knowledge. Overall, I aim to provide an independent assessment and some novel empirical results in order to offer a deeper understanding of the theory underlying the idiosyncratic risk and help to explain the conflicting empirical evidence. He graduated from the Doctoral Program in April 2019.



Marc Wierzbitzki

Topic: *Understanding and Debiasing Investor Behaviour – The Disposition Effect*

Referee: Prof. Dr. Markus Rudolf
Second referee: Prof. Dr. Mei Wang

This dissertation focuses on three gaps in the academic literature of the disposition effect: First, it exploits the unique characteristics of a social trading platform to investigate the proposition made by Chang et al. (2016) that the disposition effect is founded in cognitive dissonance (Festinger (1957)). Second, I argue that goal theory (Locke (1968)) can provide an unobtrusive and practical framework with which the disposition effect can be debiased in an experimental setting. Third, previous experiments find that there is substantial heterogeneity respect to the magnitude of subjects' disposition effects. Consequently, I set out to investigate how the disposition effect is related to subjects' financial behaviour and attitudes (Fünfgeld and Wang (2009)) by building on the experimental setup from Frydman et al. (2014). In summary, this dissertation particularly contributes to our understanding of the roots of the disposition effect, examines why some investors are more prone to it than others, and identifies potential ways to mitigate it.

6. RESEARCH AND PUBLICATIONS

6.1. PUBLICATIONS

Kümmerle Ruth and Wierzbitzki Marc [2019]: Visualising customer-centric digital investment performance reports, in: Journal of Digital Banking.

Kusen Alex and Rudolf Markus [2019]: Feedback trading strategies during day and night with global interconnectedness, in: Research in International Business and Finance.

6.2. WORKING PAPERS

Seiler Volker, Rudolf Markus and Borß Michael [2018]: On skewness and prudence.

Deneke Alexander [2018]: Social Trading at a Glance – A Performance Analysis of Top Traders.

Alexander Deneke and Seidens Sebastian [2018]: Skill among Social Traders – A Bootstrap Analysis.

Wierzbitzki Marc, Seidens Sebastian and Rudolf Markus [2018]: Financial Attitudes, Behaviours, and the Disposition Effect.

Seidens Sebastian and Ryll Lukas [2018]: Evaluating the Performance of Machine Learning Algorithms in Financial Market Forecasting: A Comprehensive Survey.

Pham Quynh [2019] Stock Return Predictability: Evidence across U.S. industries.

Pham Quynh [2019]: Gold, platinum, and industry stock returns.

Maler Rene and Seidens Sebastian [2019]: Dynamics of long-term Research Productivity for Researchers in Business and Economic Sciences.

Maler Rene and Seidens Sebastian [2019]: Co-Authorship Patterns in Business and Economics: A Social Network Analysis.

Maler Rene and Seidens Sebastian [2019]: Topic Modeling in Business and Economics Using Latent Dirichlet Allocation Techniques.

Alkafri Nabil and Molleyres Josephine [2019]: Diversification Benefits for Risk Parity.

Alkafri Nabil and Seidens Sebastian [2019]: The

Value-Drivers of Risk Parity and its Component Portfolios.

Conen Ralf [2019]: The Hidden Risks of ESG Conformity - Benefiting from the ESG Life Cycle.

Conen Ralf and Kapraun Julia [2019]: The impact of financial advice on investor portfolio performance and behaviour in social networks.

6.3. CONFERENCE PRESENTATIONS

Society of Interdisciplinary Business Research (SIBR): Seidens Sebastian: Dynamics of long-term Research Productivity for Researchers in Business and Economic Sciences, won the “Best Paper Award”.

1st LUMS / TSM / WHU Doctoral Workshop: Alkafri Nabil: Shrinkage in Risk Parity Portfolios.

7. SERVICE PROVIDED TO THE UNIVERSITY

7.1. CONTRIBUTIONS TO WHU



Prof. Dr. Markus Rudolf, Dean

Since January 2015, Professor Dr. Markus Rudolf has been serving as the Dean of WHU – Otto Beisheim School of Management. In March 2017, he was reelected to serve as Dean for the term from 2018 until 2020 for three years. In his role as Dean, Professor Dr. Markus Rudolf represents our business school on a variety of occasions, delivers speeches and keynotes, and is a sought-after interview partner.

Professor Dr. Markus Rudolf has also held the Allianz Endowed Chair of Finance since 1998 and heads the Center of Asset and Wealth Management. In his capacity as Chair Holder of the Allianz Endowed Chair of Finance, Professor Dr. Markus Rudolf and his team offer students advice, guidance, and hands-on support in many areas.

Additionally, Professor Dr. Markus Rudolf chairs or is a member of numerous committees, including those that were active in the past year to recruit new professors for the following positions:

- Assistant Professor of Economics
- Assistant Professor of Family Business (Merck Finck)
- Assistant Professor of International Business and Supply Management
- Assistant Professor of Retail Analytics
- Professor of Diversity

Professor Dr. Markus Rudolf is the Academic Director of the Campus for Finance – WHU New Year's Conference. The 19th Campus for Finance – WHU New Year's Conference took place on January 16-17, 2019. It was a large success and offered leading corporate representatives and academics to meet engaged international

students to debate important questions and exchange innovative ideas surrounding the topic of the conference "Next Generation Finance – The landscape is changing, are you?".

Allianz SE is the key sponsor of the Allianz Endowed Chair of Finance. Sponsors of the CAWM include Berenberg, Böker & Paul, Commerzbank, d-fine, moneymeets and Sparkasse Koblenz. First-five, Verlag Fuchsbriefe, and IQF make highly appreciated contributions to the CAWM. All of our sponsors' generous contributions and support ensure the ongoing promotion, research, and education in finance as well as asset and wealth management.

7.2. CENTER OF ASSET AND WEALTH MANAGEMENT

In April 2014 the focus of the former Center of Private Banking was expanded to include Asset Management, while at the same time the focus area of Private Banking was integrated into the contemporary term “Wealth Management.” The thereby-established Center of Asset and Wealth Management (CAWM) continues to carry out the activities of the Center of Private Banking and expands its activities in the directions of trading and asset management. The CAWM is affiliated with the Allianz Endowed Chair of Finance at WHU – Otto Beisheim School of Management, where Prof. Dr. Markus Rudolf is the current Dean. Since May 2019 Sebastian Seidens assume the position of the Assistant Professor sponsored by Sparkasse Koblenz. The CAWM focuses on three aspects: research, teaching and training, and dialogue.

Research:

Until the foundation of the center, Germany had lacked an independent scientific center studying asset management with a special focus on wealth management and private banking. WHU is helping to fill this gap with its activities at the CAWM, which enjoys significant industry support. WHU and the sponsors of the CAWM jointly define research projects that allow them to solve profound problems that practitioners cannot address during the normal course of business. The CAWM’s team of academics and researchers supply the scientific background and research expertise needed to tackle these problems and derive concrete solutions. The CAWM’s core areas of research include asset and wealth management, customer satisfaction and service quality in the banking industry, and behavioral finance. Since the former Center of Private Banking was founded in 2006, 19 dissertations have been produced at the center. This includes the successful monograph “Private Banking,” which has appeared in a second edition.

Teaching/Training:

Several lectures and seminars in the area of asset and wealth management are offered in the degree programs at WHU. An important development was the opening in 2015 of a new FIS trading room (B-201) with a FIS trade, order, and billing system that was available to all students at WHU. After an in-depth analysis of the tools and data sources available in the trading room, the CAWM decided in 2018 to change the setting towards Thomson

Reuters EIKON supported by the trading software ByteWorx. The newly designed trading room enables a new level of financial education at WHU and was inaugurated in 2019.

Dialogue:

The partners of the CAWM engage in an ongoing and open dialogue about highly relevant topics pertaining both to financial practice as well as to research developments. Additionally, the CAWM sharpens WHU’s profile by institutionalizing contacts to the asset and wealth management practice, especially in Germany, Switzerland Liechtenstein, Austria, and Luxembourg.

7.3. TRADING ROOM/ FINANCE LAB



Finance Lab

Since January 2015, WHU students and other visitors have had access to the FIS trading room located in B-201. The real-time market data and state-of-the-art trading tools provided by FIS allow for deep market analysis, simulated trading, and portfolio monitoring.

In spring 2018, WHU and the CAWM evaluated the current situation regarding the tools and data sources available. As a consequence, the trading room was equipped by 12 Thomson Reuters EIKON terminals and the trading software ByteWorx that can be used (after registration) at the Center of Asset and Wealth Management (CAWM).

Each terminal consists of a PC with two monitors provided with standard WHU software and EIKON as well as ByteWorx software. Additionally, the trading room has two large screens on the walls that show consolidated real-time market data. Instructors can use their own laptops to log in to the applications. The Thomson Reuters EIKON database provides an extensive universe of real-time market data for a variety of financial instruments. Furthermore, it is a very powerful tool for chart, technical, and fundamental analysis. In addition, users are able to obtain news on the respective underlyings and instruments. ByteWorx is a state-of-the-art trading tool that delivers simulated electronic trading and active position management infrastructure across all asset classes and business lines. It allows pricing, trading and position management, real-time profit and loss calculations, as well as risk and sensitivity analysis.

The newly designed trading room is a significant contribution to WHU. It enables the implementation

of innovative teaching concepts in lectures and seminars. In the last year, the tools were applied in several Bachelor and Master classes: Foundation of Finance (BSc, 2nd Semester, Professor Dr. Markus Rudolf and Dr. Katrin Baedorf), Trading and Real-Time Data Interpretation (BSc, 6th Semester, Dr. Katrin Baedorf), and Capital Market Theory (MSc/MiF, 1st Semester, Professor Dr. Markus Rudolf).

Beyond teaching activities, interested students and visitors can obtain an individual login for the applications. For this purpose, introductions and demonstrations of the applications are offered on a regular basis by the Allianz Endowed Chair of Finance, CAWM, and Thomson Reuters. Further, the trading room is ideally suited for presentations and other events related to the topic of financial markets.

On September 18, 2019 WHU – Otto Beisheim School of Management and the Center of Asset and Wealth Management invited finance experts, students, and longtime companions of WHU to Campus Vallendar to celebrate the inauguration of the new WHU Finance Lab.

8. COMMUNITY OUTREACH

8.1. CAMPUS FOR FINANCE

NEW YEAR'S CONFERENCE FINEXT GENERATION FINANCE: THE LANDSCAPE IS CHANGING – ARE YOU?



Opening Speech by Prof. Markus Rudolf

This January, we once again rang in the financial year with the Campus for Finance – WHU New Year's Conference. For the first time, the conference took place in the new Town Hall in Vallendar, where the academic, political, industrial, and financial spheres meet. More than 350 participants from around the globe gathered to discuss current issues in finance and the broader economy.

The conference topic was "Next Generation Finance: The Landscape is Changing – Are You?" The finance sector is being profoundly influenced by numerous upheavals and recent developments; these offer new opportunities for creating value, but also generate new risks. As part of the Campus for Finance – WHU New Year's Conference 2019, we provided participants with a tour of today's changing financial world, the impacts of digitalization, changes in the labor market, the unforeseeable future of globalization, and implications for the future.

Speakers at this year's conference included, among others, Johannes Teyssen (CEO, E.ON SE), Jan Kemper (former CFO, ProSiebenSat.1 Media SE), Jans Meckel (Managing Director, Goldman Sachs) and Harald Klug (Managing Director, BlackRock).



Jan Kemper, former CFO, ProfSiebenSat 1 Media SE

Next year, the WHU New Year's Conference 2020 will take place on January 15-16 and will address the topic "Big Banks, Low Margins – What is the Future of Banking?"



Jans Meckel, Managing Director, Goldman Sachs

8.2. DOCTORAL SEMINAR BURGENLAND

Continuing the tradition, several members of the Allianz Endowed Chair of Finance at the WHU – Otto Beisheim School of Management, the Chair of Banking and Financial Control at the University of Bamberg, and other members of the Finanznetzwerk für Deutschland e.V. happily accepted the Finanznetzwerk für Deutschland e.V.'s invitation to join a doctoral seminar at Hotel Nationalpark in Illmitz in Austria. The seminar took place from July 11-13, 2019.



Seminar participants

The seminar participants included Professor Dr. Markus Rudolf, Professor Dr. Matthias Muck, Professor Dr. Hartmut Leser, Ass.- Prof. Sebastian Seidens, and Dr. Michael Herold as well as nine doctoral students from WHU – Otto Beisheim School of Management. The objectives of the seminar were for the doctoral students to present their research projects and obtain constructive feedback on their projects, as well as the exchange of research ideas among the seminar participants.

The seminar started with arrival at Hotel Nationalpark and dinner at the restaurant Hosenhof. On the second day, some seminar participants (listed below) presented their research and enjoyed answering the audience's questions. The debate was lively. The second day ended with dinner at Das Fritz. Prior to the return journey on the third day, some seminar participants went sailing on Neusiedler See.



Dinner at restaurant "das Fritz"

- Tobias Burggraf
Political News and Stock Prices - Evidence from Trump's Trade War
- Quynh Pham
Stock return predictability: Evidence across US industries
- Ralf Coneni
How Green Writes Black - ESG portfolio choices
- Nabil Alkafri
Diversification Benefits of Risk Parity
- Michael Herold
The Opening and Closing Behavior of Intraday Commodity Futures Returns
- René Maler
Social Network Analysis of Business and Economic Institutions

8.3. SUSTAINABILITY

The Allianz Endowed Chair of Finance lives up to and employs the principles of sustainability in numerous processes. We strive to reduce the use of natural resources in every day operational matters, for example by our full commitment to maintain a paperless office principle. We aspire to minimize the carbon footprint in our daily work and encourage these principles to the student body. We strongly support ethical and sustainable behavior, and our conviction is that social responsibility and corporate governance are important determinants of financial performance. Our research, teaching, and business engagement, is orientated towards stable and sustainable solutions concerning numerous aspects of finance. Topics related to sustainability, corporate governance, and green finance, among others, have a huge presence in our lectures, assignments as well as research seminars, where they are presented and discussed with fellow researchers and students. We strongly support research projects in this area of research and encourage students to select such topics for their bachelor and master theses. Our goal is to further expand our research in the field of sustainable investments.



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