

Dear CEFS newsletter subscriber,  
you will find two short descriptions of CEFS projects and a selection of CEFS news in this issue of our newsletter.  
For complementary information, please visit our website at <http://www.cefs.de>.

## A Happy New Year

The CEFS team wishes you a very Happy New Year!

We are looking forward to an interesting year 2010 with many news and events for you. We will keep you informed on our development, research and projects. This year starts with several great events. The new index DAXplus Family has been launched in cooperation with Deutsche Börse, we honored three personalities with the title 'Honorary Professor of Technische Universität München' and many papers have been accepted at conferences or for publication. Please have a look at our latest news!

## Three new honorary professors at the TUM Business School

On December 18th, 2009, the TUM and TUM Business School had the honor to award the title honorary professor to three outstanding business people. Dr. Gerhard Plasonig, Dr. Christoph von Einem and Mr. Rudolf Faltermeier received the honor for their long time commitment to the TUM School of Management. All three had been teaching classes at the Chair in Entrepreneurial Finance for several years. The title honorary professor is bound to a teaching activity at the awarding university. It is thus no life long title, but lasts as long as the person who received it continues his or her teaching. The ceremony was held at the SiemensForum, near TUM. After a warm welcome from the host Mr. Peter Löscher, Prof. Achleitner held the laudation for Dr. Plasonig, Prof. Kaserer for Dr. von Einem and Prof. Reichwald for Mr. Faltermeier.



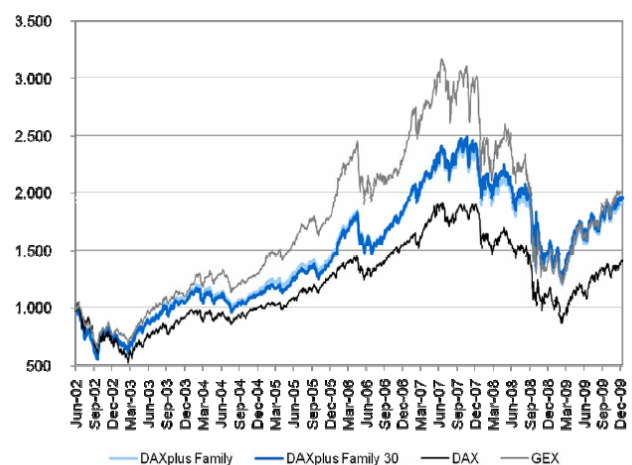
From left to right: Prof. Ralf Reichwald, Prof. Ann-Kristin Achleitner, Dr. Christoph von Einem, Mr. Rudolf Faltermeier, Dr. Gerhard Plasonig, Prof. Christoph Kaserer

## DAXplus Family - German Stock Exchange creates two new indices

On January 4th, 2010, Deutsche Börse launched a new index that tracks the performance of listed family businesses. The DAXplus family index comprises German and international companies from the Frankfurt Stock Exchange's Prime Standard in which the founding families hold at least a 25 percent share of the voting rights or sit on the management or supervisory board and hold at least a 5 percent share of the voting rights. 123 companies currently qualify for the index. The DAXplus Family 30 index comprises the 30 largest and most liquid shares of the DAXplus Family index. The DAXplus Family index is based on a cooperation project between Deutsche Börse and the Center for Entrepreneurial and Financial Studies (CEFS) of the Technische Universität München.

Further information can be found here: TUM press release ([English](#)), TUM film on the two new indices ([here](#)), Index presentation ([pdf](#)), Deutsche Börse Index data ([here](#)).

Index Performance of DAX, GEX and DAXplus Family, 2002 - 2009



## Projects

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### **New study on listed family firms**

Together with their team Prof. Achleitner and Prof. Kaserer conducted an extensive study on listed family firms in cooperation with Stiftung Familienunternehmen based on all non-financial firms listed in the CDAX from 1998 to 2008. According to a founding-family definition about half of all CDAX-listed non-financial firms in Germany can be classified as family firms. This firm type provides about one third of the market capitalization in the sample and differs distinctively from their non-family counterpart in terms of size, employee growth, capital structure and industry distribution. The study finds a weak positive family influence on operating performance and provides evidence that concerning stock market performance family firms are more sensitive to market movements compared to non-family firms.

The study can be downloaded via [SSRN](#).

### **Study on equity finance in small and medium enterprises**

With the recent financial crisis, the importance of equity finance has received increased attention by both businesses and the general public. A joint study by the Center for Entrepreneurial and Financial Studies, Ernst & Young and Deutsche Börse investigates the reasons for this trend towards a higher level of equity finance. The authors also analyze the relevance of public offerings of equity to a company's development and to the national economy.

[Further information \(in German\)](#)

### **New CEFS study on value creation drivers in private equity transactions**

A team of CEFS led by Prof. Dr. Dr. Ann-Kristin Achleitner conducted a detailed value creation analysis using a dataset of over 200 completed private equity (PE) transactions in the period 1989 to 2006. The dataset was made available by the cooperation partner Capital Dynamics, a large PE fund of fund. Key findings are that two thirds of value creation can be attributed to operational and market effects, i.e. EBITDA and cash flow growth as well as multiple expansion. The remaining third is due to the use of leverage. The analysis further shows that, compared to publicly listed benchmarks, PE-backed companies create an operational alpha of 6 percentage points in this sample. For further information about the study please contact [Nico Engel](#).

### **Economists develop reporting standard for social enterprises**

Fostering disadvantaged groups instead of maximizing profits - social entrepreneurs like the nobel prize laureate Muhammad Yunus want to improve people's living conditions. Economists of the Technische Universität München (TUM) and the Universität Hamburg (UHH) have now developed a social reporting standard which will help social entrepreneurs attract investors.

[Press release \[PDF in German\]](#)

### **IPO Sentiment Indicator for Winter 2009/2010**

The quarterly conducted IPO Sentiment Indicator shows a slight but stable upward trend after a strong increase in the last quarter. Yet, the indicator is slightly above the third quarter, which is a strong sign for a strengthening IPO activity, although two IPOs were cancelled in the fourth quarter. For the second quarter 2010 an increase of IPO activity is expected.

[Further Information](#)

## News

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### **CEFS becomes "Special place in the land of ideas 2010"**

We are proud to announce that the CEFS was voted among more than 2,200 applications as one of the '365 Orte im Land der Ideen' ('365 places in the land of ideas') 2010. The competition is an initiative of the German government in cooperation with Deutsche Bank. The patron is Germany's federal president Horst Köhler. CEFS won with its unique profile against many competitors and was able to convince the highly ranked jury.



### **TU München ranked fourth as top-university of entrepreneurship education**

The LMU chair on economic geography and tourism research conducted the ranking 'From student to Entrepreneur: Which university provides highest chances?' for the fifth time. The study compares 59 German universities on various measurements, such as offered entrepreneurship courses and support of young entrepreneurs. TUM ranked 4th with 257 of 400 points, closely after the Universität Potsdam (285), the Bergische Universität Wuppertal (273), and the Technische Universität Dresden (262).

For further information (in German): [www.wigeo-muenchen.de](http://www.wigeo-muenchen.de)

Download the study [here](#)

### **Prof. Achleitner hands FGF-chairmanship over to Prof. Witt**

Prof. Achleitner retired from her seat as chairman of the FGF - the leading and the largest scientific association for entrepreneurship in the German speaking community. She handed over to Prof. Witt from the Chair of Innovation- und Gründungsmanagement at the Technische Universität Dortmund. For further Information can be found [here](#).

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## News

### **Prof. Achleitner hands over the chairmanship of Beruf und Familie to Prof. Allmendinger**

Prof. Achleitner also handed over her seat at the initiative Beruf und Familie to Prof. Jutta Allmendinger from the Chair for "Bildungssoziologie und Arbeitsmarktforschung" ("Sociology of education and labor market research") at the HU-Berlin.

[Further information on Beruf und Familie.](#)

### **Prof. Kaserer spoke on private retirement arrangements on tv**

Prof. Kaserer spoke on October 27th, 2009 in the BR-Rundschau on private retirement arrangements. He explained why private investors draw back from retirement arrangements and how the government could work against this trend.

### **Prof. Achleitner speaks at Social Entrepreneurship conference in Heidelberg**

On 17/09/2009 Ann-Kristin Achleitner was giving the keynote address at the 2009 CSI MLS Symposium on "The Global Crisis: What's next for Social Investment, Nonprofits and Philanthropy". The symposium was organized by the Centre for Social Investment (CSI) at the University of Heidelberg. In her address Ann-Kristin Achleitner focused on the current trends in the social sector and discussed concepts to evolve out of the crisis in a strong condition. [Further information.](#)

## Awards and Scholarships

### **Matthias Hanauer wins Reuschel Award**

Matthias Hanauer won the "Reuschel Wissenschaftspreis 2009" for his diploma thesis on "Risk Factors and Multi Factor Models for the German Stock Market". The thesis was appointed by a jury of the privat bank "Reuschel & Co" in cooperation with the department of "Unternehmensführung, Logistik und Produktion". Dr. Marc Rapp and Florian Bitsch supervised the thesis. For more information refer to <http://www.reuschel.com/wissenschaftspreis/>.

### **Thomas Vockinger wins Reuschel Award**

Thomas Vockinger received the „Reuschel Wissenschaftspreis 2009“ for his diploma thesis on „Financial Covenants in Leveraged Buyout Transactions - Lender Control, Bank Monitoring and Private Equity Reputation“. The thesis had been supervised by Prof. Achleitner and Mr. Florian Tappeiner.

### **Christoph Jäckel wins EAM Award**

Christoph Jäckel won the 2nd prize for an investment idea that he developed in his diploma thesis. His idea, which helps to determine the optimal private equity weight in a global portfolio, was appointed by a renowned jury including four asset management companies (Union Investment, Berlin & Co, Metzler Asset Management, Lupus alpha), the DVFA and Prof. Maurer of the Goethe university. Henry Lahr supervised the thesis. For more information refer to [www.nachwuchspreis-eam.de](http://www.nachwuchspreis-eam.de).

## Publications

### **Case study 'New Look: Going Private with Private Equity Support' forthcoming in JBS**

We are happy to announce that the case study 'New Look: Going Private with Private Equity Support' by Ann-Kristin Achleitner (CEFS), Eva Lutz (CEFS), Kerry Herman (HBS) and Josh Lerner (HBS) was accepted for publication in the Journal of Business Strategy (JBS). It is forthcoming in early 2010. The case study analyzes New Look as a European public-to-private transaction with support of private equity. It offers rich evidence on the impact of private equity on issues such as corporate governance, employment and leverage. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1120230](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1120230)

### **Paper accepted for European Journal of Finance**

The Paper 'Wealth effects of private equity investments on the German stock market' (by Achleitner / Andres / Betzer and Weir) has been accepted at the European Journal of Finance. It investigates the wealth effects of private equity (PE) investor purchases of shares in German quoted companies. It is the first study to analyze these effects for the German market which is particularly interesting due to its distinct characteristics with regard to the ownership structure of publicly listed companies and the protection of minority shareholders. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1086598](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1086598)

### **Paper accepted for publication in European Financial Management Journal**

The paper 'Investment Rationales of Hedge Funds and Private Equity Funds in the German Stock Market', by Achleitner/Betzer/Gider was accepted for publication in the European Financial Management Journal. The paper analyzes the investment strategies of hedge funds and private equity fund in public equity markets. It provides empirical evidence for substantial differences in the investment strategies. The CEFS is happy to announce the forthcoming publication in this well renowned journal. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1292896](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1292896)



## Publications

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### **Paper accepted for publication in The Journal of Private Equity**

The paper 'Value Creation Drivers in Private Equity Buyouts: Empirical Evidence from Europe', by Achleitner/Braun/Engel/Figge/Tappeiner was accepted for publication in The Journal of Private Equity. The paper analyzes value creation drivers in European (Continental Europe and the UK) buyouts from the perspective of private equity sponsors using a new value creation framework. The CEFS is happy to announce the forthcoming publication in this well renowned journal. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1496239](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1496239)

### **Paper published in The Journal of Private Equity**

The paper 'Organizational Forms and Risk in Listed Private Equity', by Lahr/Herschke has been published in The Journal of Private Equity 13(1). This paper investigates the stock performance of listed private equity vehicles which are grouped into subsamples according to their organizational structure. We identify 274 liquid listed private equity entities in the period from 1986 to 2008. Listed private equity shows an aggregate Dimson beta of 1.7 without any significant excess return on a value-weighted basis in an international CAPM context. Entities differ strongly dependent on their organizational form. Market risk is high in internally managed vehicles but low in externally managed ones. We conclude that different sources of cash flow such as management fees and carried interest can account for these risk characteristics. Precautions must therefore be taken when using listed private equity as a proxy for traditional private equity funds.

## Conference Contributions

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### **Paper accepted for Symposium of European Financial Management**

The paper 'Structure and Determinants of Financial Covenants in Leveraged Buyouts - Evidence from an Economy with Strong Creditor Rights' by Achleitner / Braun / Tappeiner has been accepted for presentation at the 2010 Symposium of the European Financial Management on 'Entrepreneurial Finance and Venture Capital Markets'. The Symposium is of high reputation in the scientific world, hosting Josh Lerner and Alexander Ljungqvist. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1523264](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1523264)

### **CEFS members as speakers at 8<sup>th</sup> Conference on Applied Infrastructure Research in Berlin**

Florian Bitsch and Eva Kasper participated in the 8<sup>th</sup> Conference on Applied Infrastructure Research taking place 9.-10. October 2009 in Berlin. They presented their research on the market of listed infrastructure funds. By concentrating on business concept, investment strategies, corporate finance and risk-return analyses they also addressed the topic from a practitioner's point of view. More information about the conference can be found [here](#).

### **Two papers accepted at the 2010 MFA conference and the Eastern Finance Association conference**

We are happy to announce that the papers 'Investment Rationales of Hedge Funds and Private Equity Funds in the German Stock Market' by Betzer / Achleitner / Gider and 'Private Equity Investors as Corporate Governance Mechanism in Continental Europe' by Achleitner / Betzer / Hinterramskogler have been accepted at 2010 conferences of the Midwest Finance Association and the Eastern Finance Association.

## CEFS Speaker Series

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### **CEFS welcomes Dr. Martin Halusa (Apax Partners) at the Speakers Series**

Dr. Martin Halusa, CEO of Apax Partners, one of the world's largest private equity firms, spoke at the Technische Universität München (Audimax) on November 26th, 2009 on "A Few Learnings from the Recession". He described the problems of Private Equity Investments during the crises, current developments and the necessary changes the market of Private equity investment will face in the next years. He underlined this facts with the experience he made with Apax Partners and the precautionary measures they took in advance of the crises. The topic provoked an amount of questions from the auditorium regarding Private Equity in general and Apax Partners in detail.

We are proud to announce **Mr. Jürgen Grossmann**, CEO of RWE as our next speaker for the speaker series on June 21st, 2010. You will receive an invitation before the event.



## New CEFS Members

### Sarah Volk

We welcome Sarah Volk as new CEFS member. Sarah joined our team in September 2009. Sarah finished her studies of Business Administration at the Universität Mannheim in 2007. Then she worked for two years for the investment bank Morgan Stanley in Frankfurt where she gained practical experience in the capital markets division. We are happy that Sarah joined our team. She was already involved in the creation of the new family index and will concentrate her studies on family businesses and social entrepreneurship.



## CEFS Member news

The CEFS team congratulates Dr. Eva Lutz (former Nathusius) to her marriage! We send our best wishes and herewith announce her changed last name.

## CEFS e.V.

**In 2008, the CEFS e.V. was founded to ensure a better promotion of CEFS's young scientists, The goal of this nonprofit e.V. is to help CEFS's young scientists with small research funds and scholarships during the development, presentation and publication of their research work.**

CEFS is interested in developing long-term partnerships with friends and patrons of the CEFS e.V.. CEFS can offer e.g. project studies to find hands-on solutions in co-work with dedicated students of the TUM economics studies, guest lectures within our study program as well as workshops together with the sponsor. Friends and patrons are also invited to the CEFS Speaker Series, which can offer a great variety of highly renown international speakers (such as David Swensen, Stephen Schwarzman or Dr. Josef Ackermann).

### We thank you for your support!

Donations can be made to: CEFS Förderverein e.V., Kontonr.: 0508227400, BLZ: 70080000 (Dresdner Bank).

For further questions, please contact: [spenden@cefs.de](mailto:spenden@cefs.de) or +49-(0)89-289-25440