

CEFS Newsletter Spring 2015

26.05.2015

Dear Dr. Svenja Jarchow,

in this issue of our newsletter you will find news, information on a selection of current CEFS projects, publications, conference contributions, CEFS member news as well as a variety of announcements. For additional information, please visit our website at <http://www.cefs.de> or contact us at contact@cefs.de.

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NEWS:

→ Paper accepted for 2015 Western Finance Association Meeting

The paper "Employee Representation and Financial Leverage" by Chen Lin, Thomas Schmid and Yuhai Xuan has been accepted for the 2015 WFA Meeting.

The paper addresses the question of whether and how employee power influences a company's financial leverage. It can be shown that employee power increases financial leverage which is explained by the side effect of reduced agency conflicts between firm and debt providers. The argument is supported by evidence from bank ownership data.

A working paper version can be found here: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2544223

→ Paper accepted for presentation at the 2015 FMA Asian Conference

The paper "Jet-lagged? Travel Distance and Firm Valuation" by Marc Steffen Rapp, Thomas Schmid, and Daniel Urban will be presented at the 2015 FMA Asian Conference.

Abstract: Board members often have to cover large travel distances when they simultaneously serve in several firms. Based on a novel board dataset covering 35,000 firms across 54 countries, we hypothesize and provide consistent evidence with the notion that travel distance serves as an empirical proxy of board member quality. We find that higher travel distances are accompanied by a valuation premium. For identification, we exploit natural retirements of busy board members. We also show that travel distances affect firm value through three channels: extraordinary abilities, a good fit between firms and board members, and higher board independence. We further document that busyness on average reduces firm valuation. Distant board members, however, more than compensate for negative effects of busy board members. Firms with distant board members also exhibit lower M&A activity.

The conference will take place in Seoul on June 24-25, 2015.

→ Paper accepted for presentation at the annual FMA meeting in Orlando

The paper "Two Sides of the Same Coin: Disentangling the Coinsurance Effect and the Diversification Discount in M&A Transactions" by Patrick Bielstein, Mario Fischer, and Professor Dr. Christoph

Kaserer will be presented at the annual meeting of the FMA as part of the session "Organizational Form, Internal Control, and Finance".

This paper contributes to the vast literature on the effects of corporate diversification by showing that there always coexists a bright side (coinsurance effect) and a dark side (diversification discount) of internal capital markets. By analyzing the effect of the combined firm in U.S.-based M&A transactions

on the cost of capital, we show that it can be split up in two offsetting components. Furthermore, we show that which of the two effects dominates in a given transaction is contingent on whether the acquiring firm has a track record on how to efficiently handle internal capital markets.

The conference will take place in Orlando/FL from October 14th to October 17th, 2015 (<http://www.fma.org/Orlando/OrlandoProgram.htm>)

→ Paper accepted for 8th Private Equity Findings Symposium

The paper "The Leverage, Pricing and Return Puzzle in Leveraged Buyouts: The Impact of Competition" by Reiner Braun, Nicolas G. Crain and Anna Gerl will be presented at the 8th Private Equity Findings Symposium in London, UK.

Abstract: We investigate how the competition for buyout targets between private equity funds drives the relationship between deal leverage and performance. For targets acquired through investment bank auctions, a higher level of debt measured with respect to fundamentals (Debt / EBITDA) is associated with a higher purchase price and lower returns. This is consistent with the view that improving credit market conditions decrease the relative advantages between private equity fund managers and, thus, the sellers of the target firm ultimately benefit from easy credit. Our results are distinct from changes in deal prices driven by private equity fundraising and the results are robust to alternative proxies for the competitiveness of deals. Finally, we show that the choice to pursue auction deals in particularly loose credit markets, when expected returns are low, is positively related to proxies for agency conflicts between fund managers and fund investors.

The conference will take place in London on June 01-02, 2015.

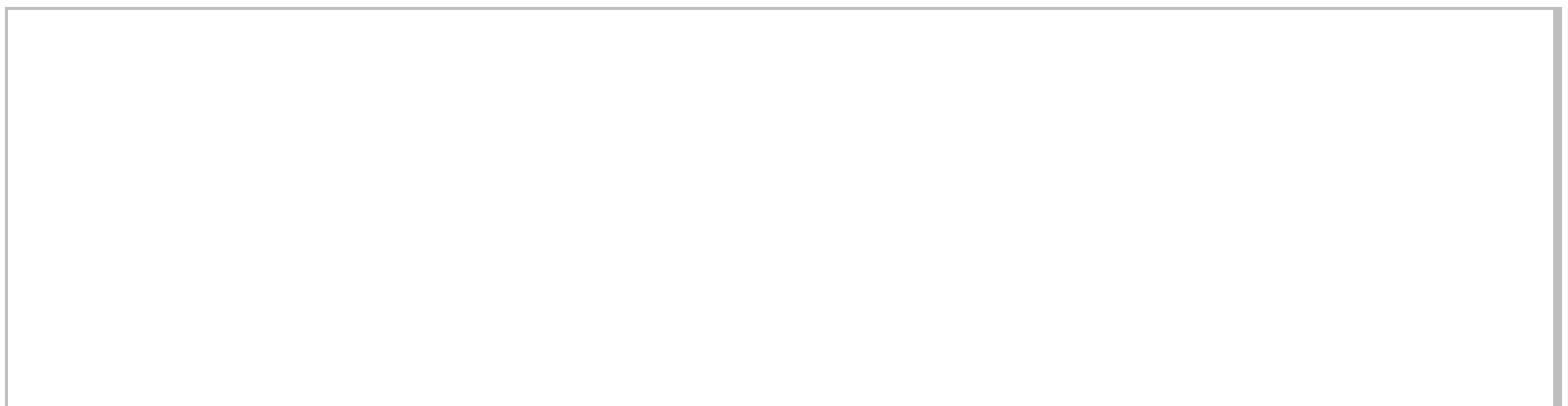
→ Paper accepted for 2015 European Academy of Management Conference

The paper "Venture Capitalists and Success: A meta-analysis on the impact of various non-financial venture capitalists' characteristics" by Carolin Bock and Anna Gerl will be presented by Anna Gerl at the 2015 European Academy of Management Conference.

Abstract: Numerous empirical studies investigate the effect of venture capitalists (VCs) providing different non-financial resources to their start-up firms, but it remains unclear so far which of these resources are to what extent beneficial. In order to evaluate past findings, we examine by means of a meta-analysis the focal relation between different categories of venture capital success and venture capitalists' characteristics such as experience, reputation, as well as social capital in terms of network effects and syndication. Based on a unique dataset of 98 primary studies, we integrate prior findings in order to both interpret potential relations and to explain divergent findings of the primary studies by taking moderating effects such as cultural determinants, different levels of performance measurement, and study quality criteria into account. As a first study on this research topic, we are able to derive important theoretical and practical implications.

The conference will take place in Warsaw on June 17-20, 2015.

→ Social Entrepreneurship Akademie launches Social Entrepreneurship program for universities all over Europe





The Social Entrepreneurship Akademie and the KfW Stiftung officially agreed to set up an intensive two-days kick-off program on Social Entrepreneurship for universities all over Europe. This interactive workshop called „ZGI:kompakt“ introduces interdisciplinary students to the field of Social Entrepreneurship and supports them in generating their own social start-up ideas. Based on approved methods and instruments, the students get to know existing Social Enterprises and learn what it takes to set up own innovative solutions for the social and environmental challenges of our time.

Together with the KfW Stiftung, the Social Entrepreneurship Akademie is now looking for universities across Europe that are interested in implementing the program and becoming part of a growing ecosystem for early stage social entrepreneurs.

For more information, please refer to: <http://en.zgi-kompakt.de>.

(The Social Entrepreneurship Akademie is a joint initiative of the four university-based entrepreneurship centers in Munich and was co-founded by Prof. Dr. Dr. Achleitner)

PUBLICATIONS:

→ Paper published in “Corporate Finance”

The paper „Alternative Indexation on the German Stock Market“ by Jochim Lauterbach and Maximilian Overkott has been published in the professional journal “Corporate Finance”.

The paper investigates for the first time a variety of different smart beta strategies for the German DAX 30 and MDAX stocks sample. All strategies show a superior Sharpe-Ratio thanks to a higher return or lower volatility compared to the market index. Furthermore, the authors find a significant Carhart-four-factor alpha for almost all alternative strategies for the time span from 2000 to 2013. For an annual rebalancing, the outperformance still remains after controlling for transaction costs.

A working paper version of the paper (in German) can be found here: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2536411.



AWARDS AND SCHOLARSHIPS:

→ Thomas Grauvogl and Matthias Hanauer win ACATIS Value Price

ACATIS Investment GmbH awards once a year prizes for the best value investing papers. The article "Adding value to value: Which quality measure works best?" by Thomas Grauvogl and Matthias Hanauer won the first prize this year!

For further information please visit: <http://www.acatis.de/de/value-investing/value-preis/acatis-value-preis-2014/>.

EVENTS:

→ CPEA – Certified Private Equity Analyst: Second year is now nearing completion

The second class of the "Certified Private Equity Analyst" CPEA, the certificate program organized by the Executive Education Center of the TUM School of Management in cooperation with the Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (BVK), has already passed 4 of 5 modules. The last module will deal with "management audits" and "negotiation skills" and will finish with a final exam. The participants will then be "Certified Private Equity Analysts".

The 23 members of the second year, 3 women and 20 men, went through a multifaceted program. All relevant aspects of private equity and venture capital business have been examined – from the deal-flow up to the successful exit strategies.

By creating the CPEA, TUM School of Management sets new standards in the private equity training and creates a uniform quality framework for advanced training for the heterogeneous group of investment managers. The program is dedicated to managers of funds in private equity firms, buy-out companies and other financial service firms searching for a recognized qualification.

The program is structured in five modules comprising of three days each. The third course 2015/2016 starts in October 2015, registration is possible now.

Furthermore, TUM School of Management awards 2 partial scholarships (50 % of the participant's fee). For all further information, please visit our website (<http://www.eec.wi.tum.de/certificate-programs/certified-private-equity-analyst-cpea/>)

For further details about registration and schedule please contact:
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CEFS MEMBER NEWS:

→ CEFS congratulates Matthias Hanauer on the completion of his dissertation

The CEFS congratulates Matthias Hanauer on the successful completion of his dissertation. Matthias's work focused on risk factors and capital market anomalies in the cross-section of common stock returns.

In the meantime, Matthias started working in the Quantitative Research Team at Robeco, a pioneer in the field of quantitative stock selection.



→ CEFS welcomes Sarah Theinert

The Chair in Entrepreneurial Finance welcomes Sarah Theinert as a new research assistant. Sarah joined the team on January 1, 2015. Her research focuses on financing emerging companies, incubators and venture capital.

Sarah graduated with a Master's degree in Management and Entrepreneurship from the University of Bayreuth. Throughout the past years, Sarah has gained work experience during internships at Rocket Internet, PayPal, Allianz and BMW.



→ CEFS welcomes Vitor Azevedo

Vitor joined the team on January 12, 2015 and his research focuses on Asset Pricing Models. Vitor graduated with a Master's degree in Production Engineering from the Federal University of Santa Catarina. Vitor has seven years of experience in the capital market, where, between 2010 and 2012, he held the post of portfolio manager at Somma Investments. He owns the certification of Technical Analyst of Investments (CNPI-T) by APIMEC (Association of Investment Analysts and Professionals of Capital Markets) and CPA-20 by ANBIMA (Brazilian Association of Financial and Capital Entities). From 2012 to 2014 Vitor worked as Assistant Professor at Federal University of Santa Catarina in the department of Production Engineering.



→ CEFS welcomes Daniel Huber

The CEFS welcomes Daniel Huber as a new research assistant. Daniel joined the team in February, 2015. His research focuses mainly on Risk Management of banks and corporations as well as Asset Pricing in international markets.

Daniel graduated with a Master's degree in Management and Technology from the Technical University of Munich. In the past, Daniel has gained work experience at various prestigious firms in the fields of banking, consulting and engineering.

Newsletter im Web-Browser ansehen - Vom Newsletter abmelden

Impressum

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