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APPOINTMENTS

Univ. of Kentucky, Gatton College of Business & Economics
Assistant Professor of Finance, 2019-present

EDUCATION

University of California, Berkeley
Ph.D. in Finance, 2013-2019

University of São Paulo
MASc in Economics, 2010-2012
B.A. in Mathematics, 2006-2009

RESEARCH INTERESTS

Corporate Finance, Entrepreneurship, Development Economics, and Asset Management

POSITIONS

JP Morgan Chase
Risk Analyst, 2011-2012

Nefin
Brazilian Center for Research in Financial Economics of the University of São Paulo
Researcher, 2012-2013

WORKING PAPERS

Crime Rates, Law Enforcement, and Business Activity
Can regions with prevalent violent and property crimes promote business by reducing crime rates through law enforcement? Using exogenous state-level police strikes in Brazil, I show that a short-term decrease in the police force leads to an increase in crime rates and a reduction in business activity. Taken together with the finding of the crime literature that lower business activity leads to more crimes, this implies a feedback loop between crime and business, suggesting the existence of multiple Pareto-ranked equilibria. I use the introduction of a law enforcement program called the Pacifying Police Units in the Rio de Janeiro city to provide evidence that a substantial (yet temporary) police shock can create a persistent reduction in crime and a persistent increase in entrepreneurship, consistent with a shift away from the undesirable high-crime low-business equilibrium.

Outrage by Compensation: Implications for Public Pension Performance (with Adair Morse and Alexander Dyck)
We model public pension funds that contract with investment managers and the resulting portfolio allocation and performance. Frictions in optimal contracting emerge from board members' sensitivity to employee and public outrage over high compensation. In global data covering $5.4 trillion in assets, we estimate a system of compensation and returns equations. Relaxing outrage

constraints by one standard deviation results in $81,000-$179,000 more compensation, and $13-32 million of incremental value-add annually for an average public pension fund (15-35 bps excess performance in alternatives and 8-18 bps in public equities). Outrage is orthogonal to distortions from underfunding and political payoffs to local investment.

Mutual Fund Portfolios: The Case of the Missing Value Funds (with Martin Lettau and Sydney Ludvigson)
This paper provides a comprehensive analysis of the cross-section of portfolios of active mutual funds, ETFs and hedge funds through the lens of risk (anomaly) factors that have been identified in the asset pricing literature. Mutual funds hold predominantly very large stocks and do not tilt their portfolios towards high momentum, high ROE or low investment growth stocks. In contrast, the distribution of mutual fund book-to-market (BM) ratios is strongly tilted towards low BM ratios. While there are many low-BM "growth" funds, there are virtually no high-BM funds. Even portfolios of "value" funds do not tilt towards high BM-stocks. In fact, "value" funds hold a higher proportion of their portfolios in low-BM ("growth") stocks than in high-BM ("value") stocks. These findings are robust with respect to different measures of "value/growth", data construction methodologies, as well as across time. We conclude that U.S. investors cannot use mutual funds or ETFs to construct high-BM portfolios.

Do Funds that Bet on Risk Factors Create Value?
I present the timing volatility, a measure of bets on systemic risks that is not affected by bets on idiosyncratic risks. I show that traditional measures of active management are excessively affected by the stock picking behavior of portfolio managers, making the timing volatility a valuable tool to measure how active mutual funds are in terms of bets on risk factors. Funds with high timing volatility have higher performance than funds with low timing volatility. Furthermore, mutual funds active on the dimension of systemic risks can add value through style rotation: the largest component of their alphas is generated by shifts on the exposure to risk factors. Funds with high timing volatility have poor stock picking abilities, suggesting that skilled managers specialize in either timing or stock picking.

AWARD AND GRANTS

The Carl Cheit Outstanding Teaching Assistant Award, 2017
Minder Cheng Research Fellowship, 2015-2017
Honors Diploma to the Academic Merit, University of São Paulo, 2009

TEACHING

Fall of 2019: Capital Investment and Financing Decisions (FIN 405)

TEACHING ASSISTANTSHIP

Spring of 2015, 2016 and 2017: Empirical Methods in Finance (Prof. Martin Lettau)
Summer of 2016 and 2018: Fixed Income Markets (Prof. Richard Stanton)
Fall of 2017 and 2018: Microeconomic Analysis for Business Decision (Prof. Aaron Bodoh-Creed)