

Valentin Haddad

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Education

Ph.D. Joint Degree in Economics and Finance, 2007 - 2012 (expected)

University of Chicago Booth School of Business and Department of Economics

Polytechnicien (B.Sc., M.Sc.), Applied Mathematics and Economics, 2004-2008

Ecole Polytechnique, France

Research Interests

Asset Pricing, Macroeconomics with Financial Frictions

Working papers

Concentrated Ownership and Equilibrium Asset Prices (Job Market paper)

I study the dynamics of asset prices in an economy in which investors choose whether to hold diversified or concentrated portfolios of risky assets. The latter are valuable, as they increase the productivity of the corresponding enterprises. I capture the tradeoff between risk sharing and productivity gains by introducing what I call “active capital”: people who participate in such investments are restricted in their outside opportunities but receive extra compensation. In equilibrium, active and standard capital coexist. The willingness to provide active capital is mainly determined by risk considerations. Therefore, the quantity of active capital fluctuates jointly with risk premia, amplifying their variations. As a consequence, the price of volatility risk exposure can be large and return volatility is mainly induced by fluctuations in future expected returns. These results are particularly strong when fundamental volatility is low, because at such time, a large number of concentrated owners are likely to exit their positions and sell off their assets.

Seeing the Forest Through the Trees: The Impact of Aggregate Discount Rates on Buyout Activity (with Erik Loualiche and Matthew Plosser)

We provide a novel explanation of leveraged buyout (LBO) waves based on the role of aggregate discount rates. We develop a model in which an LBO eliminates agency costs that impede the firm’s growth but require investors to hold an undiversified position. Discount rates impact the value of a deal through two channels: the value of agency costs and the illiquidity premium demanded by buyout investors. We conclude that more LBOs should occur when risk-free rates are high and the risk premium is low. In a panel dataset of public companies from 1980 to 2009, we confirm that LBO activity is positively related to the risk-free rate and negatively related to expected excess returns. We find the aggregate discount rate explains a large portion of the time-series variation and is a more important determinant of activity than credit market factors. We find further support for our view in the cross-section; the model predicts firms with higher exposure to systematic shocks and higher idiosyncratic risk are less attractive LBO candidates. In the data, we find firms are less likely to privatize if they have a high market beta, residual variance, or cash flow volatility.

Work in Progress

Changing Risk: Volatility or Persistence?

Teaching Experience

MBA classes:

- “Investments”, T.A. for Pr. Stavros Panageas (2009)
- “The Analytics of Financial Crises”, T.A. for Pr. Anil Kashyap (2010)
- “Corporate Finance”, T.A. for Pr. Bilge Yilmaz (2008), Pr. Zhiguo He (2008), Pr. Per Stromberg (XP program, 2009)

PhD classes:

- “Theory of Financial Decisions I” (Booth), T.A. for Pr. Eugene Fama (2009, 2010)
- “Empirical Analysis II” (Economics), T.A. for Pr. Lars Hansen and Pr. Harald Uhlig (2009)
- “Learning, Filtering and Pricing” (Economics and Statistics), T.A. for Pr. Lars Hansen (2009)
- “Math Camp” (Booth), Lecturer (2009, 2010)

Fellowships & Awards

- Sanford J. Grossman Fellowship in Honor of Arnold Zellner, 2011-2012
- Stevanovich Fellowship in Quantitative Finance, 2011
- Katherine Dusak Miller PhD Fellowship, 2010-2011
- Lee Prizes for the best Econometrics and Macroeconomics Core Exam, 2008-2009
- CRSP Summer Paper Award, 2008
- Booth School of Business Doctoral Fellowship, 2007-2010
- Ecole Polytechnique, Full Fellowship, 2004-2008
- Ranked 2nd, National Competitive Exam for Ecole Normale Supérieure, 2004

Professional Activities & Presentations

- Referee: Journal of Empirical Finance
- Presentations: Northwestern University Macro Lunch (2011), London Transatlantic Doctoral Conference (2010, 2011)

Professional Experience

- Credit Suisse, London, UK: Quantitative Analyst (Intern), 2007, 2008
- Acheron Capital, London, UK: Intern, 2006
- College Moulin Joly (French Junior High School): Full-Time Pedagogic Assistant, 2004-2005

Personal Interests

- Guitar
 - Cycling, Squash, Soccer
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References:**Lars Peter Hansen** (Committee Co-Chair)

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Economics, Statistics and the College

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