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Education

Since Sept. 2009 PhD Finance, London School of Economics
June. 2009 M.Sc. Financial Markets and Intermediaries, *très bien* (first class honours) Toulouse School of Economics
Jan. 2006 - June 2008 M.Sc. Economics and Finance, 110/110 *cum laude* and special mention (in the School Annals), Rome Tor Vergata University
Sept. 2002 - Dec. 2005 B.Sc. Economics and Management, 110/110 *cum laude*, Rome Third University

Research Interests

Institutional Investors, Corporate Finance, Corporate Governance, Credit Rating Agencies

Job Market Paper

Do Institutional Investors Improve Capital Allocation?

Working Papers

The Wall Street Walk when Blockholders Compete for Flows, with Amil Dasgupta, June 2012
Investment Mandates and the Downside of Precise Credit Ratings, with Jason R Donaldson, May 2012
Overrating Agencies: Competition, Collusion, and Regulation, with Jason R Donaldson, June 2011

Teaching Experience at the LSE

2012 and 2013 Class teacher for FM212 Principles of Finance (undergraduate B.Sc.)
2011 to 2013 Course Support Manger for FM422 Corporate Finance (executive M.Sc.)
Summer 2010 and 2011 Class teacher for AF250 Finance (summer school)

Awards, Scholarships and Fellowships

June 2012 Granted the renewal of the Deutsche Bank Fellowships to finance my PhD studies
June 2011 Awarded one of the two Deutsche Bank Fellowships to finance my PhD studies
June 2010 Granted the renewal of the scholarships “Giovanna Crivelli” sponsored by the largest Italian bank, Unicredit Group won in 2009
June 2009 Awarded with “Tor Vergata - Sebastiano e Rita Raeli” prize for top performance
Jan. 2009 Awarded with one of the two scholarships “Giovanna Crivelli” sponsored by Unicredit Group. The scholarship provides a grant for being enrolled in a PhD in Finance or Economics in a foreign country
April 2008 Awarded with a prize by Unicredit - Banca di Roma, for being one of the top students of Tor Vergata University
Dec. 2007 Selected as one of the best 40 students of Tor Vergata University to take part in the Tutorship Program
Sept. 2005 Awarded with a prize equal to the university fees for completion of first university degree in due time and *cum laude*

References

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Paper Abstracts

“Do Institutional Investors Improve Capital Allocation” (Job Market Paper)

Delegated portfolio managers have replaced individual investors as the main owners of public equity. It is well understood that such managers respond to different incentives than individuals: They are motivated by career-concerns rather than by portfolio returns alone. With the prevalence of professionals investing on behalf of investors comes the concern that agency problems may hinder the efficient flow of capital to firms. Despite their being the main owners of public equity, their role in channeling funds efficiently has been neglected. Since capital may not flow to firms efficiently due to adverse selection and poor industry fundamentals, speculators’ information acquisition and capital provision are crucial to mend the market: They decrease good firms’ cost of capital allowing them to invest. But often only career-concerned speculators can help. When there is a feedback loop between prices and investment (via the price of equity), individual investors have weak incentives to acquire: They must hide their private information to profit from it and thus inhibit investment. Career-concerned speculators, instead, want to show-off their information and thus promote good firms’ investment.

“The Wall Street Walk when Blockholders Compete for Flows” with Amil Dasgupta

An important recent theoretical literature argues that the threat of exit can be an effective form of governance when the blockholder is a principal. However, delegated portfolio managers hold a significant fraction of equity blocks. How do agency frictions arising from such delegation affect the ability of blockholders to govern via the threat of exit? Fund managers are often subject to short-term flow-performance relationships and differ in their relative flow-sensitivities. We show that when blockholders are sufficiently flow-sensitive, exit will fail as a disciplining device. Our result generates testable implications across different classes of funds: only those funds who have relatively high powered incentives will be effective in using exit as a governance mechanism. We also show that the threat of exit can complement shareholder voice, and thus provide a potential explanation for the empirically observed variation across different types of portfolio managers’ use of voice.

“Investment Mandates and the Downside of Precise Credit Ratings” with Jason R Donaldson

In a problem of delegated portfolio choice, competitive risk-averse agents offer a risk-averse investor contracts depending on portfolio weights and final wealth as well as a public signal—for example an asset’s credit rating. The optimal contract is affine in wealth and implements both efficient investment and optimal risk-sharing for each realization of the public signal, but agents’ competition drives them to write the public signal into their contracts and prevent risk-sharing over it, a result reminiscent of Hirshleifer (1971). We comment on applications to asset managers’ investment mandates and advocate regulation of credit rating agencies to prohibit their publishing information in forms conducive to inclusion in rigid contracts.

“Overrating Agencies: Competition, Collusion, and Regulation” with Jason R Donaldson

Firms issue securities to fund projects in an opaque market in which investors cannot infer the value of assets. As a result, good firms, unable to differentiate themselves, bypass profitable investment opportunities: informational inefficiency leads to allocational inefficiency. A rating agency enters the market, providing certification for a fee; it not only fails to inform investors and encourage investment, but also captures a tidy share of firms’ rents. With two agencies competing in fees and disclosure rules, though, problems disappear—information is complete and investment efficient. When the agencies interact repeatedly they are prone to collusion. When investment opportunities are plentiful they rate honestly, but charge fees so high that some positive NPV projects go unfunded. On the other hand, when there are few investment opportunities in the economy they overrate and good firms don’t invest. Regulatory prescriptions of bundling ratings with CDS issues and flooring fees solve the problem.