

## MAZIAR M. KAZEMI

### AFFILIATION

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Ph.D. Candidate in Financial Economics  
Massachusetts Institute of Technology  
Sloan School of Management  
Finance Group  
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Starting Fall 2022:  
Assistant Professor of Finance  
Arizona State University  
W. P. Carey School of Business  
300 East Lemon Street,  
Tempe, AZ 85287

### PERSONAL INFORMATION

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Gender: Male  
Citizenship: U.S.A

### EMPLOYMENT

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07/2022 - Assistant Professor of Finance, W.P. Carey School of Business, Arizona State University

### EDUCATION

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08/2015- Ph.D., Financial Economics at Massachusetts Institute of Technology, Sloan School of Management

05/2013: Bachelor of Arts at Vassar College. Mathematics and Economics

### RESEARCH INTERESTS

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Asset Pricing, Labor and Finance, Macro-Finance, Investment

### RESEARCH – WORKING PAPERS

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Intangible Investment, Displacement Risk, and the Value Discount. 2022

**Abstract:** Composition matters. The composition of assets in place and growth opportunities affect risk premia. Firms with growth opportunities in the form of intangible investments exposed to displacement risk have larger expected returns than firms with growth opportunities in the form of tangible investments. I develop a production-based asset pricing model showing that a firm's exposures to priced productivity and displacement risk depend on multiple firm characteristics. None of these characteristics alone can capture the firm's total exposure. Empirically, intangible investment positively predicts returns, and firms undertaking more intangible investment are more exposed to proxies for displacement risk. I develop six proxies to measure displacement risk shocks: three based on sorting firms into portfolios and three based on aggregate variables. A portfolio double-sorted on two key firm characteristics, the book-to-market ratio (including intangible capital) and the difference between the intangible and tangible investment rates, produces large excess returns that existing models cannot explain. This double-sort can explain the decline of the Value Premium.

Identification of Factor Risk Premia (with Peter G. Hansen). 2021.

**Abstract:** This paper develops a novel statistical test of whether individual factor risk premia are identified from return data in multi-factor models. We give a necessary and sufficient condition for population identification of individual risk premia, which we call the kernel-orthogonality condition. This condition is weaker than the standard rank condition commonly assumed for linear factor models. Under misspecification, our condition ensures point identification of the risk premium with minimal pricing error. We show how to test this restriction directly in reduced-rank models. Finally, we apply our test methodology to assess identification of risk premia associated with consumption growth and intermediary leverage.

Semi-Parametric Estimation of Factor Risk-Premia. 2018.

**Abstract:** We show that factor risk premia can be consistently estimated using a semi-parametric estimate of the stochastic discount factor without requiring a correctly specified linear factor model. We use a minimum discrepancy objective function to construct a stochastic discount factor from asset returns. In simulations, the method proposed outperforms classic estimation strategies when the model is misspecified and performs equally well even when the model is correctly specified. Empirical estimates of popular traded factors are close to their mean excess returns. For non-traded factors, we find that intermediary leverage and consumption growth carry risk-premia, while employment growth does not.

Returns to Active Management: The Case of Hedge Funds (with Ergys Islamaj). 2016.

**Abstract:** Do more active hedge fund managing strategies generate higher returns than the less active ones? We develop a novel approach to measuring activeness for hedge funds by estimating the dynamics of risk exposure of a large sample of live and dead equity long-short funds. We find that higher activeness is positively correlated with raw excess returns, but not with risk-adjusted returns. Furthermore, the relationship between risk-adjusted returns and activeness is likely non-linear and some specifications suggest evidence of a negative association. The results suggest that a strategy that exposes hedge funds to more frequent

changes in market risk exposures comes at the expense of higher risks that are not necessarily justified by better performance.

## RESEARCH – WORKS IN PROGRESS

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### Skilled Labor and Intangible Investment (with Bledi Taska)

Summary: This paper explores the connection between intangible investment and human capital accumulation by using high-quality skilled labor demand data from Burning Glass Technologies. Skilled labor demand predicts the rate of intangible investment but not the stock of intangibles. Proxies for creative destruction risk that lowers the marginal value of intangibles negatively predict demand for skilled labor. We develop a general equilibrium model with skilled labor, intangibles, and labor market frictions to rationalize these findings. The model implies a connection between the high-skill wage and the marginal value of investment and creative destruction risk. We confirm these results in the data.

[More results coming soon]

Heterogeneous pass through of stock returns to worker earnings: Evidence from the universe of listed firms in the US (with Leonid Kogan, Dimitris Papanikolaou, and Lawrence Schmidt)

Abstract: To what extent are workers' labor earnings exposed to firm- and industry-specific stock returns, and for whom are these exposures the largest? These questions have important implications for optimal portfolio choice, characterizing the nature of insurance provided through the firm, and understanding sources of cross-sectional variation in income risk across different groups of workers. To address this question, we link long panels of employer-employee matched administrative earnings records from the United States with financial characteristics and stock return data for the universe of publicly traded companies. These rich data allow us to study in detail the extent to which workers' future earnings trajectories are linked with returns of their employers as well as firms in related industries and to estimate heterogeneous effects depending on predetermined worker (e.g., education, income, age, future worker mobility) and firm characteristics (e.g., size, leverage, profitability, idiosyncratic volatility, etc.) and to uncover important nonlinearities in these relationships

[Results have not been disclosed but will be available soon].

### Using Machine Learning to Measure Hedge Fund Activeness (with Xiaohui Yang)

[Description coming soon]

Do Skilled Managers Improve Welfare? (with Ali Kakhbod). 2020.

**Abstract:** We propose a parsimonious equilibrium model of active managers and investors. We allow feedback effects from optimal fee-setting by managers on the expected mean returns of the manager benchmark. We show that using a standard model of the SDF from the negative performance puzzle literature, that alpha will be positive when managers add value over the benchmark asset. However, we also show that the sign of alpha is not sufficient for determining investor value, but that alpha needs to exceed some positive threshold to determine whether the existence of managers is value improving for investors. In empirical exercises, we show that this cutoff is non-trivial, and that a number of U.S. domestic equity mutual funds fall on either side of the line.

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#### CONFERENCE/SEMINAR PRESENTATIONS (\*INDICATES PRESENTATION BY CO-AUTHOR)

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2021	MIT Finance Seminar; World Finance Conference; SoFie Annual Conference*
2020	MIT Finance Lunch
2019	MIT Finance Lunch; UMass Amherst Brownbag
2018	MIT Finance Lunch; SoFiE Financial Econometrics Summer School at the University of Chicago, Yale SOM Finance Doctoral Conference at Yale SOM
2015	Georgetown Center for Economic Research Biennial Conference*; MIT Finance Lunch.
2014	Federal Reserve Board RA Research Roundtable.

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#### REFeree, EDITOR, AND REVIEWER ACTIVITIES

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Research Grants Council of Hong Kong;

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#### AWARDS AND FELLOWSHIPS

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03/2021:	Golub (1978) Fellowship from MIT Sloan
03/2018:	Golub (1978) Fellowship from MIT Sloan
03/2017:	Golub (1978) Fellowship from MIT Sloan
03/2016:	Golub (1978) Fellowship from MIT Sloan
08/2015:	MIT Sloan PhD Fellowship from MIT Sloan
05/2015:	Emilie Louise Wells Fellowship from Vassar College
05/2013:	Honors in Economics from Vassar College.
05/2013:	Overall Honors from Vassar College

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#### RECENT PUBLISHED WORKS OF FICTION

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“Waiting for the Sign” *34<sup>th</sup> Parallel*. 2021

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#### SOFTWARE KNOWLEDGE

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MATLAB, Dynare, R, Mathematica, Stata, SAS

## LANGUAGES

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Fluent in English, Farsi. Conversational in French.