



CERF Fellow Report

Please note this information will be published on the CERF website.

1. Personal Details

Name and Faculty:	Pedro Saffi Lecturer, Judge Business School
Date:	01-April-2018
CERF Fellowship Period:	2016-2018

2. Research Update

Research Title and Abstract Please tell us your CERF Funded Research Title and Abstract (250 words max)	Deleveraging Risk Deleveraging risk is the risk attributable to investing in a security held by levered investors. When there is an aggregate negative shock to the availability of funding capital, securities with a greater presence of levered investors experience extreme return realizations as these investors unwind their positions. Using data on equity loans as a proxy for the degree of levered positions in a given stock, we find robust evidence of deleveraging risk. Stocks with a high degree of levered investors experience large positive returns and a decrease in short selling activity around periods of funding capital scarcity.
Key Research findings to date: (250 words max)	See abstract above



3. Weblinks to your work

We would like to provide CERF Managers with weblinks to the research output of CERF Funded Projects and the following information:

- links to your research outputs
<http://www.pedrosaffi.com/Research/research.html>
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2180785
- publications generated during the CERF fellowship
- seminars, conference presentations, press releases and other academic activities

Working papers:

1. “Short Sales Constraints and the Diversification Puzzle”, 2015, with Adam Reed (UNC) and Edward Van Wesep (Colorado). Under review at Management Science and presented at the 2017 FIRS conference in Hong Kong.
2. “The Rise of the Equity Lending Market: Implications for Corporate Financial Policies”, 2015, with Murillo Campello (Cornell University). Presented at the EFA 2015 and AFA 2016. R&R, Review of Financial Studies JFE and presented at the 2017 FIRS conference in Hong Kong.

Organizer,
2018 FMA Consortium on Institutional Investing and Hedge Funds, Cambridge, UK.

4. Additional information

Is there any other information you would like to share with us about your work to date?

The paper was published at the JFQA in December 2017. Here is the link:
<https://doi.org/10.1017/S0022109017001077>



Please return completed form to The Administrator, admin@cerf.cam.ac.uk