



## CERF Fellow Report

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

### 1. Personal Details

<b>Name and Faculty:</b>	Pedro Saffi Lecturer, Judge Business School
<b>Date:</b>	24-Jul-2014
<b>CERF Fellowship Period:</b>	2014-

### 2. Research Update

<b>Research Title and Abstract</b> Please tell us your CERF Funded Research Title and Abstract <b>(250 words max)</b>	<b>Deleveraging Risk</b> 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 from equity lending markets as a proxy for the degree of levered positions, we find large positive returns and reductions in short selling quantities around periods of funding capital availability for highly shorted stocks. For example, during the Quant crisis, the daily abnormal returns to a portfolio that
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	sells highly-shorter stocks and buys the least-shorter ones is -147 basis points, in contrast with +11 basis points during “normal” days.
<b>Key Research findings to date:</b> (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](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

#### **Conference presentations:**

INQUIRE Europe and INQUIRE UK Spring Seminar, Vienna, Austria.

#### **Invited seminars (scheduled for November 2014):**

University of New South Wales, Australia.

University of Sydney, Australia.

Singapore Management University, Singapore.

National University of Singapore (NUS), Singapore.

Nanyang Technological University (NTU), Singapore.

HKUST, Hong Kong



#### **4. Additional information**

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

*Please return completed form to The Administrator, [admin@cerf.cam.ac.uk](mailto:admin@cerf.cam.ac.uk)*