ALEXI SAVOV

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ACADEMIC APPOINTMENT:

New York University, Stern School of Business 2010—present
Assistant Professor of Finance

EDUCATION:

University of Chicago Booth School of Business 2005—2010
Ph. D. in Finance, MBA

Washington University in St. Louis 2001—2005
Bachelor of Arts in Mathematics and Economics, *summa cum laude*

RESEARCH INTERESTS:

- Asset pricing with asymmetric information; endogenous noise trading.
- Consumption-based asset pricing, especially non-market consumption.
- Empirical asset pricing.

WORKING PAPERS:

- Free for a Fee: The Hidden Cost of Index Fund Investing
  I build a rational expectations model consistent with the empirical finding that active funds underperform index funds by as much as their fees. Uninformed households receive privately observed wealth shocks that lead them to rebalance, thereby inducing noise in stock prices. As a result, they fail to attain the buy-and-hold index fund return. The equilibrium net buy-and-hold alpha of informed active funds is negative to make active and index funds equally attractive. I find in the data that high index fund flows forecast low returns and low index fund returns relative to active fund returns. This differential impact can account for most of the buy-and-hold advantage of index funds over active funds.

- Asset Pricing with Garbage (*The Journal of Finance*, February 2011)
  A new measure of consumption—garbage—is more volatile and more correlated with stocks than NIPA consumption expenditure. A garbage-based CCAPM matches the U.S. equity premium with risk aversion of 17 versus 81 and evades the joint equity premium-risk-free rate puzzle.

- The Puzzle of Index Option Returns (with George Constantinides and Jens Jackwerth)
  The leverage-adjusted returns on S&P 500 index calls and puts are decreasing in their strike-to-price ratio over 1986-2009, contrary to the prediction of the Black-Scholes-Merton model. We test a large number of plausible factor models in order to learn what drives the violations of the Black-Scholes-Merton model. For some factors, the premia estimated from the universe of equities are statistically different from those estimated from the universe of options and it is difficult to reconcile this difference with the notion that the equities and index options markets are integrated. Consistent with the picture that crisis-related factors operate across the equities and index options markets, the factors Jump and Liquidity and, to a lesser extent, Bid-Ask, are the only ones that work reasonably well in explaining the cross-section of index option returns, even when we impose the restriction that the premia are estimated from the universe of equities.

HONORS AND AWARDS:

- Sanford J. Grossman Fellowship in Honor of Arnold Zellner, 2009—2010.
- John Leusner Fellowship, 2010.
- CRSP Summer Paper Award, 2006
- University of Chicago Booth School of Business Student Fellowship, 2005—2009
- Phi Beta Kappa honorary academic society, 2005

PRESENTATIONS:

2010 USC Marshall School, Berkeley Haas, Washington University in St. Louis Olin School, ASU Carey School, Harvard Business School, NYU Stern, Wharton, MIT Sloan, UCLA Anderson, Stanford GSB, Wisconsin School of Business, Vanderbilt University Owen School
2009 Chicago Booth Finance Workshop
2008 Western Finance Association, Chicago Booth Student Brownbag

TEACHING:

- New York University Stern School of Business:
  Foundations of Financial Markets, Spring 2011

- University of Chicago Booth School of Business:
  TA for John Cochrane, *Asset Pricing*.
  RA and TA for George Constantinides, *Asset Pricing Theory* and *Financial Instruments*.
  RA and TA for Douglas Diamond, *Financial Markets and Institutions*.
  Taught Math Camp to incoming Ph.D. students, 2007—2008.