COVER LETTER

Contact information

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Recommendation letter (to be submitted separately)

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RUSTAM ABUZOV

University of Lausanne, Extranef 253 ◇ Switzerland CH-1015 Lausanne
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Education

2016-present	**University of Lausanne,** Switzerland Swiss Finance Institute (SFI) Doctoral Program in Finance Ph.D. Student in Finance (2nd year)
2012-2014	**National Research University Higher School of Economics,** Russia MSc in Finance, *Distinction*
2008-2012	BSc in Economics, *Distinction*

Research Interests

Empirical Corporate Finance, Contract Design, Entrepreneurship and Venture Capital

Working Papers

How Are Loan Covenants Designed? An Empirical Evidence *with Christoph Herpfer and Roberto Steri*

Work In Progress

Venture Capital Fund Performance: Implications For Entrepreneurs

Awards and Fellowships

2016-2017	Swiss Finance Institute PhD Program Fellowship
2012-2013	Oxford Russia Fund Scholarship for Outstanding Academic Achievements

Teaching Experience

Spring 2018	TA, Derivatives I (MSc in Finance, HEC Lausanne)
Spring 2018	TA, Financial Markets (BSc in Economics, HEC Lausanne)

Work Experience

2015-2016	Consultant, Transaction Advisory, Ernst & Young (EY)
2014-2015	Chief Specialist, Corporate Finance, Pokrovka Finance LLC
2013-2014	Strategy Analyst, Branan LLC Researcher, Corporate Finance Center, NRU Higher School of Economics

Skills and Certificates

Computer	Stata, Matlab, Python (Scraping SEC Edgar), CapitalIQ, VentureXpert
Language	English (fluent), Russian (native), French (basic)
Certificates	Passed CFA Level 1 (2016)

List of Completed PhD Courses

Corporate Finance

Empirical Corporate Finance *by Norman Schürhoff and Rüdiger Fahlenbrach*

Empirical Methods in Corporate Finance *by Philip Valta and Boris Nikolov*

Theoretical Corporate Finance *by Erwan Morellec and Boris Nikolov*

Asset Pricing

Asset Pricing *by Pierre Collin-Dufresne*

Empirical Asset Pricing *by Michael Rockinger*

Information and Asset Pricing *by Semyon Malamud*

Other

Financial Mathematics *by Semyon Malamud*

International Finance *by Harald Hau*

Game Theory *by Tobias Dieler*

Financial Econometrics *by Eric Jondeau*

Motivation Letter

March 19, 2018

Dear Sir/Madam,

I am applying to the NBER Entrepreneurship Research Boot Camp 2018.

I am in my 2nd year of PhD studies at the University of Lausanne (Swiss Finance Institute Doctoral Program in Finance). My research interests include contract design, entrepreneurship and venture capital. I have started to work on the entrepreneurial finance relatively recently, and the Boot Camp would be an excellent opportunity for me to learn more about the research in this field from the leading professors.

Current research

Currently I am working on a project studying how banks decide which financial covenants to put into a loan contract. Our findings suggest that heterogeneity in the choice of covenants is associated with differences in borrower characteristics, e.g. high growth companies with large R&D spending tend to receive covenant specifying minimum level of tangible net worth. Lenders do not seem to have strong preferences regarding covenant types, and they tend to combine covenants to span the borrower's state space. While about 12% of loans contain covenants-substitutes, we interpret this observation by intention of lenders to implement approximation of complete contract when firms bear higher risk of default and are not financially constrained. Finally we demonstrate that the covenant choice might be the link between fast expansion in the loan market and lender's subsequent poor performance. In order to establish causality we plan to use a quasi-natural experiment based on staggered interstate banking deregulation.

Future research

Recently I have started my own project studying performance of venture capital (VC) funds and I plan to focus on entrepreneurship and innovation in my future research. Given the importance of entrepreneurs in job creation and productivity in the economy it is crucial to learn more about what makes start-up companies succeed. And I aim to contribute to the understanding of this basic question.

I. Venture Capital Fund Performance: Implications For Entrepreneurs

In my project I hypothesize that the poor performance of VC funds has a negative impact on their portfolio companies in terms of innovation and successful exits. I see several potential channels through which past losses to the VC portfolio affect venture fund's behavior.

a) First, losses might change investor's orientation from long-term growth to short-term profitability. To cover losses venture capitalists (VCs) can prematurely exit from their investments selling them to other companies. I

expect that this negative effect is most pronounced when VC firm fails to raise new funds (case of so-called "Zombie VC firms").

b) Second, the recent empirical evidence shows that on-site involvement of VCs with their portfolio companies has a significantly positive impact on innovation and successful exit. VCs which suffered significant losses to their portfolios might prefer to reduce costly monitoring of their portfolio companies.

c) Third, it is important to keep in mind that start-up companies typically have more than one investor. In such a case, negative impact of losses comes from coordination frictions among members of VC syndicate, induced by differences in performance and, therefore, in priorities.

Past performance could also change VCs attitude towards new investments, namely: (1) the selection of portfolio companies, (2) the contracting behavior (preferred shares v. convertible debt, inclusion of restrictive covenants), (3) the choice of partners for VC syndication. While it is reasonable to analyze those changes through the lens of risk-aversion, it is not clear whether losses to the portfolio decrease or increase (case of risk-shifting) the amount of risk the VC fund is willing to take.

To test my hypotheses I plan to construct the database based on VentureXpert (data on VC investments), Burgiss and Cambridge Associates (data on VC performance), the NBER Patent Data Project (data to measure the innovation before 2006) and the Google Patents (data to measure the innovation after 2006), Capital IQ and SDC Platinum (data to determine successful exits). At present I do matching of the company names from the two aforementioned patent databases.

This is my current research topic regarding entrepreneurship and innovation. I strongly believe that the Boot Camp will help me to gain better understanding of the research in the area of entrepreneurial finance. I am grateful for considering my application and I am looking forward to participate in your Research Boot Camp in July.

Kind regards,

Rustam Abuzov

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Lausanne, 03/27/2018

To Whom It May Concern:

it is my great pleasure to offer a letter in support of Rustam Abuzov, who is applying to 11th Entrepreneurship Research Boot Camp (ERBC). Rustam is a finance PhD candidate at the Swiss Finance Institute. I know Rustam well. I first met him when he entered our PhD program in September 2016. After Rustam successfully completed his year of coursework, I accepted to be his main academic advisor. I have interacted with him on at least a weekly basis ever since. Moreover, Rustam is currently the teaching assistant (TA) for the advanced Derivatives class I regularly teach in the MSc in Finance at HEC Lausanne. Rustam is a pleasant and hardworking young man with a lot of potential. While Rustam is still in the early stages of his PhD, he is on the right track to become a tooled-up and creative empiricist. It is thus a great pleasure to write on his behalf.

Rustam started his research activity as a research assistant (RA) for a project I am working on with Christoph Herpfer at Emory University. His RA duties consisted in some preliminary empirical analysis too gain insights of what drives the massive heterogeneity in covenant packages in syndicated loan data. Rustam's task proved to be very challenging, with no clear patterns emerging from the data. Rustam, however, showed great curiosity and despite the initially inconclusive results put a lot of effort in the project, and autonomously learned how to use a set of empirical methods. Christoph and I were impressed by his genuine interest for the topic and his hardwork, and we eventually decided to add him as a coauthor. Rustam contribution to the project, which is still in progress, is essential. Rustam's role goes beyond the execution. Rustam has a solid economic intuition and actively participates to the creative parts of the project, including the design of the identification strategy.

In parallel, Rustam developed an interest for the fields of entrepreneurship and venture capital. Rustam started collecting data from different sources to study spillovers from VC fund performance to the real economy though their portfolio holdings. For this reason, I believe he would greatly benefit from attending the NBER research boot camp. This would be a fantastic opportunity for him to hit the ground running and connect with other talented students.

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Despite he is just in his second year of studies, he is already a self-starter who generates his own research ideas. Rustam thinks hard about which data to collect, get access to, or merge to test interesting research hypothesis. He is disciplined, he confronts himself with the theory literature, and he thinks carefully about the identification strategy. In his cohort, Rustam is well integrated and I often observe other students asking him for suggestions. Our PhD program continuously produces talented researchers who placed in top-tier schools as, for example, Duke, UCLA, Rochester, LSE and Maryland. I believe Rustam has the potential to become a talented empiricist and eventually reach that level.

To sum up, I hope this letter has suggested that Rustam is talented and hardworking PhD student with a lot of creativity and energy. He is outgoing and likes to talk about research and collaborate with others. Given his genuine interest for entrepreneurship and venture capital, I believe that attending the boot camp in the early stages of his PhD would bring tremendous long-term benefits to his career and his research output. Given his passion and hardworking attitude, I am absolutely sure he would prepare seriously for the boot camp and read carefully the papers in the syllabus. For these reasons, I believe his application deserves a serious look from your side.

Please do not hesitate to contact me if you need more information.

Sincerely,

Roberto Steri

