Benjamin David: Cover Letter

This letter is to provide my contact information and the name of my letter writer. Please find attached my resume (with completed Ph.D courses) and statement of motivation below.

Contact Information

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Letter Writer

Professor Winston Wei Dou.

Assistant Professor of Finance

The Wharton School, University of Pennsylvania

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BENJAMIN DAVID

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Born 1997, French citizenship

CURRENT AFFILIATION

University of Pennsylvania, The Wharton School Since September 2021

Ph.D Candidate, Finance Department.

2022: Miller, Anderson & Sherrerd Fellowship for highest score in the preliminary examination.

2023: Hodges Prize for best second-year paper.

EDUCATION

Ecole Normale Supérieure, Paris 2016-2021

Major in Economics, Minor in Mathematics.

Four-year scholarship and one gap year abroad.

Princeton University 2019-2020

Jane Eliza Procter Fellowship awarded for a one-year exchange at Princeton. Nondegree coursework.

PAST PROFESSIONAL EXPERIENCE

Collège de France, Paris June 2020-March 2021

Research Assistant to Philippe Aghion and Antonin Bergeaud.

Among others, I worked on PatentCity, studying the geography of innovation.

French Embassy in Canada, Ottawa (ON) Summer of 2018

Summer internship within the Economic Affairs Department of the French Embassy.

I wrote economic policy notes and assisted the Embassy's officials.

French Prudential Supervision Authority, Paris Summer of 2017

Summer internship. I worked on a synthetic writing report about the liquidity risk and its management by the regulatory authorities within the French banking system.

SPECIFIC SKILLS

Languages	French (native); English (fluent); German (intermediate).
Programming and Data	Bloomberg; Excel; Matlab; MorningstarDirect; Python; R; SQL; Stata.

DOCTORAL TRAINING

Summer 2023: NBER Entrepreneurship Research Bootcamp

TEACHING EXPERIENCE

At the Finance Department at Wharton:

Fall 2023: The Finance of Buyouts and Acquisitions (Undergraduate)

Teaching Assistant for Prof. Burcu Esmer.

Fall 2023: Macroeconomics and the Global Economic Environment (MBA)

Teaching Assistant for Prof. Tim Landvoigt.

Spring 2023: Venture Capital and the Finance of Innovation (Undergraduate)

Teaching Assistant for Prof. Sylvain Catherine.

Fall 2022: Honors Corporate Finance (Undergraduate)

Teaching Assistant for Prof. Krishna Ramaswamy.

COMPLETED DOCTORAL COURSES

- Financial Economics, Professor Winston Wei Dou (A+)
- Microeconomic Theory I, Professors Steven Matthews and Andrew Postlewaite (B+)
- Intertemporal Macro Finance, Professor Joao Gomes (A)
- Econometrics I, Professors Karun Adusumilli and Xu Cheng (A)

- Corporate Finance and Financial Institutions, Professor Itay Goldstein (A+)
- Econometrics II, Professor Frank Schorfheide (A)
- Microeconomic Theory II, Professor George Mailath (B+)
- Empirical Methods in Finance, Professor Nikolai Roussanov (A)

- Macroeconomics of Financial Markets, Professor Guillermo Ordonez (A)
- Continuous-Time Financial Economics, Professor Domenico Cuoco (A)
- Topics in Macro Finance, Professors Itamar Drechsler and Tim Landvoigt (A)

- Empirical Methods in Corporate Finance, Professors Sylvain Catherine, Daniel Garrett, Marius Guenzel, Sasha Indarte, Michael Roberts and Luke Taylor (A)
- Financial Economics Under Imperfect Information, Professor Richard Kihlstrom (A)
- Research Seminar in Finance (A)

PERSONAL INTERESTS

Violin Performance, Chamber Music, Orchestra. Since 2023: Penn Chamber Music program.

2019-2020: Member of the Princeton University Orchestra (PUO).

Soccer, Tennis.

Dear Committee,

I am currently a third-year Finance Ph.D. candidate at the Wharton School of the University of Pennsylvania, and I would love to participate in the 2024 doctoral training workshop that you are organizing. Over the course of my program, I have developed an interest in corporate governance and in the way that firms design contract with their executives, as well as in the provision of incentives within financial institutions.

Several past experiences have prompted my interest in these topics. As a first-year student, I enjoyed taking Professor Itay Goldstein's class on financial institutions and wrote a term paper to examine if one should expect higher CEO turnover in more innovative industries. After that, I started working on another paper also addressing corporate governance questions. More precisely, my project asks: what kind of dynamic compensation contract should a firm offer to an overconfident CEO? I familiarized myself with the literature on executive compensation contracts and decided to adopt a framework inspired from Edmans, Gabaix, Sadzik and Sannikov (2012). I also considered different ways of modelling overconfidence. I found that the firm should offer a contract with flatter pay-performance sensitivity when the CEO's overconfidence leads her to overestimate the returns on the projects she undertakes. By contrast, the board's prior on the quality of investment opportunities determines if a CEO who overestimates the quality of her private information receives a contract with higher or lower pay-performance sensitivity (compared to an unbiased one). While working on this project, I have received useful feedback from Professors Luke Taylor and Marius Guenzel. At Wharton, I took Professor Richard Kihlstrom's class on asymmetric information and finance to strengthen my understanding of modelling tools used to describe agency problems. Another class I took provided me with a good understanding of structural estimation techniques, which recent papers on executive compensation have interestingly used[1]. Hence, the doctoral workshop would complement my training and set me up well to keep working on exciting corporate governance questions.

In another recent project, I am interested in understanding how the change in the composition of publicly traded US firms can be related to the (relative) equilibrium size of active equity funds. I explore the idea that incentives for incurring the cost of active management have weakened as the average public US firm is now larger and older than in the 1990s. In turn, potential IPO candidates anticipate worse price discovery on the public market and stay private longer, leading to a feedback effect. I am convinced that a solid understanding of the incentives faced by active fund managers and associated career concerns would help improve my project. More generally, I enjoy thinking though the lens of models involving strategic interactions and incentive problems. In a recent project with Professors Winston Dou and Itay Goldstein, we explore how the incentives of large traders to coordinate can explain the post-announcement drift phenomena observed in several asset markets. Overall, I am eager to deepen my knowledge of recent advances in research on managerial incentives, both in terms of the economic questions being asked and methods being used. Attending the doctoral workshop would not only help me improve my current projects but would also give me the opportunity to think of new research avenues and meet future co-authors. I realize that the workshop's faculty organizers have produced especially impactful research and I look forward to learning from them.

I thank you for considering my application.
Sincerely,
Benjamin

[1] For example, Taylor (2013), Jung and Subramanian (2017) and Page (2018).

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Winston Wei Dou
Assistant Professor of Finance

Dear Colleague, March 3, 2024

I am writing to recommend **Benjamin David** for the Doctoral Training Workshop on Economics of Executive Compensation (June 17-18, 2024) **in the strongest terms**. Ben is a 3rd year doctoral candidate in the Department of Finance at the University of Pennsylvania (Wharton). He is an extraordinary young scholar who is strong in both theory and empirical research. He has received comprehensive training in contract theory, game theory, organizational economics, and labor economics. His first-year research paper examined optimal contracting strategies for firms dealing with overconfident CEOs. Ben is the smartest doctoral student I have seen in recent years at Wharton and Penn Economics. Two years ago, he received the **Best Student Award** in the finance qualifying examination, covering four key areas of financial economics. Last year, his second-year research paper was awarded the **John Hodges Best Paper Prize at Wharton**.

I am very impressed by his passion in research, learning ability, communication skills, strong analytical background, and hardworking. He took my first-year PhD course on financial economics during his first year at Wharton, and he easily stood out as the best student among the 15 PhD students from finance, economics, and accounting departments. Specifically, not only was he the highest-score student in the final exam, but he also was very interactive in the classroom, often raising interesting questions, which was beneficial to other and added a lot of value to my course. I give him my **strongest possible recommendation**.

Ben has been working on a research project with Prof. Itay Goldstein and myself. As a co-author, I am impressed by how independent, down to the earth, and persistent he is when it comes to tackling the hurdles in the progress of our research. Different from other student co-authors, whenever we discuss an interesting idea, Ben always voluntarily surveyed the

literature and summarized the existing works around the idea. Moreover, he is very competent in empirical methods and data analysis. He has been extremely careful about each single step of variable construction and each piece of economic design in our analysis.

In sum, Ben is a super smart, creative, hardcore financial economist who has good economic intuition, strong skills, and very high potential. As an emerging scholar, he has a keen interest in research topics concerning the economics of executive and talent compensation and their interplay with capital market dynamics. The Doctoral Training Workshop on Economics of Executive Compensation offers the perfect opportunity for young scholars like Ben to systematically learn the existing literature and the research frontier, exchange ideas, and receive valuable advice from the leading experts. I am confident that Ben is precisely the kind of young scholar you would like to have at the workshop. He is a thoughtful, humble, and warmhearted gentleman. He would be an outstanding participant in the workshop. Once again, I recommend him to you very strongly and without any reservations.

Sincerely,



Winston Wei Dou