RICHARD B. MAXWELL

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School: University of North Carolina, Kenan-Flagler Business School
Areas of Interest: private equity and venture capital, entrepreneurial finance, household finance
Entry Year: Fall 2020
Expected Completion: Spring 2026
Recommendation Letter: Gregory Brown, UNC

February 15, 2025

Dear Application Review Panel:

RE: NBER Entrepreneurship Research Boot Camp 2025

From the first time I learned of company valuation based on projected future cash flows in my first undergraduate finance class, I have had a love for the field of finance. Since then, I have developed a keen interest in the process of funding entrepreneurs who seek to create value in society through their innovations. In order to better understand the dynamics at play that allow private capital investors to gain returns on such investments, I have sought better training through both my education and experience.

Education. As a PhD student in Finance at the University of North Carolina, I have been able to deepen my understanding of the core economic theories that drive the choices of entrepreneurial finance, both through formal classes as well as interactions with prolific researchers during conferences and seminars. Additionally, I have begun to develop the toolkit needed to investigate these relationships through real-world data and aim to contribute to this growing literature.

Experience. During my time on Wall Street as an investment banking analyst working on equity offerings, such as IPOs, I had many opportunities to interact directly with venture capital and private equity backed companies as well as their sponsors. Additionally, I had internships with two private equity firms that focused on early to mid-stage investment. Through this I gained an appreciation for the funding process that an entrepreneur must go through, which will aid me in my approach to conducting research.

If I am fortunate enough to be selected to attend this boot camp, I very much look forward to the additional training and connections I will gain. I would be incredibly grateful for such an opportunity and I know it would have a major impact on my career. If there are any questions or follow-up requests, please feel free to reach out via email or phone at any time.

Also, please refer to a letter of recommendation from **Prof. Gregory Brown**, Weatherspoon Distinguished Professor of Finance and the Research Director for the Institute for Private Capital at The University of North Carolina at Chapel Hill.

Sincerely,

Richard Maxwell
PhD Candidate in Finance
UNC Chapel Hill, Kenan-Flagler Business School

Richard Maxwell

Contact Information

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Research Interests

Private Equity and Venture Capital, Entrepreneurial Finance, and Household Finance

Education

University of North Carolina, Kenan-Flagler Business School

Ph.D., Finance, May 2026 (expected)

Brigham Young University, Marriott School of Business

M.B.A., Finance Pre-PhD emphasis, May 2020
B.S., Finance, May 2014

Published Papers

"Should Defined Contribution Plans Include Private Equity Investments?" (with Greg Brown, Keith Crouch, Andra Ghent, Robert Harris, Yael Hochberg, Tim Jenkinson, Steven Kaplan, and David Robinson)

- *Financial Analysts Journal* (2022) 78: 4,5–17
- Abstract: This paper evaluates the pros and cons of including private equity fund investments in defined contribution plans. Potential benefits include higher returns and improved diversification as well as a relatively safe method for accessing investments previously only available to institutions and the very wealthy. Despite these enticing benefits, they need to be weighed against potential challenges and costs that may arise from creating this broader access to private funds. The complicated structure and uncertainty around the mechanism to provide required liquidity backstops may bring increased fees or even disrupt the private fund model.

Working Papers

"Optimal Allocation to Hedge Funds" (with Greg Brown, Juha Joenväärä, and Christian Lundblad)

"First Investments: Evaluating Strategic Capital Deployment in Private Equity" (Job Market Paper)

Works In Progress

"Returns to Scale in Private Equity" (with Elyas Fermand)

"Why do Venture Capitalists Voluntarily Disclose Proprietary Information about their Investments?" (with Brigham Brau and Stephen Glaeser)

Other Publications

"Scale, Scope, and Speed in Private Capital Funds" (with Gregory Brown, Elyas Fermand, Wendy Hu, and William Volckman)

- *Institute for Private Capital, White Paper* (2024)
- Abstract: The substantial growth in both size and scope of the private fund industry has resulted in much discussion about the effects of this growth on performance. In this white paper we examine how a range of size and growth characteristics are related to market-adjusted fund performance. More specifically, we use detailed MSCI-Burgiss data to investigate how private fund performance is related to total

capital committed to an investment strategy, fund size, and fund size growth from the previous fund, among other factors. Our analysis is the most comprehensive to date and utilizes a global sample of 10,276 buyout, venture capital, credit, infrastructure & natural resource, and real estate funds representing 8.7 trillion USD in committed capital.

"Performance Analysis and Attribution with Alternative Investments" (with Matteo Binfare, Gregory Brown, Andra Ghent, Wendy Hu, Christian Lundblad, Shawn Munday, and Lu Yi)

- *Institute for Private Capital, White Paper* (2022)
- Abstract: This white paper provides a summary of existing methods and current research on performance analysis and attribution for complex portfolios that include investments such as hedge funds and private investment funds. We summarize the main challenges of analyzing portfolios with illiquid assets and provide updated analysis for several important asset classes.

Presentations (including scheduled)

2025: Hedge Fund Research Conference †, Columbia Private Equity Research Conference, UNC PhD Seminar × 2

2024: UNC PhD Seminar × 2

2023: UNC PhD Seminar × 2

2022: UNC Finance Brown Bag, UNC PhD Seminar × 2

2021: UNC PhD Seminar × 2

†: co-author presentation

Academic Service

Ad Hoc Referee

Management Science
Journal of Entrepreneurial Finance
Journal of Finance and Data Science

Research Experience

University of North Carolina, Kenan-Flagler Business School

Institute for Private Capital & Kenan Institute of Private Enterprise, 2020 –
Research Assistant for Prof. Christian Lundblad, 2021 –
Research Assistant for Prof. Greg Brown, 2020 –

Brigham Young University, Marriott School of Business

Research Assistant for Prof. Ben Iverson, 2018 – 2020
Research Assistant for Prof. Taylor Nadauld, 2017 – 2020

Teaching Experience

University of North Carolina, Kenan-Flagler Business School

Guest Lecturer

- *Corporate Finance* (undergraduate), Spring 2023

Teaching Assistant for Prof. Greg Brown

- *Investments* (EMBA), Fall 2024
- *Luther Hodges Leadership Seminar* (undergraduate), Fall 2024

- *Alternative Investments* (MBA), Fall 2022 & Fall 2023

Brigham Young University, Marriott School of Business

Adjunct Professor

- *Principles of Finance* (undergraduate), Summer 2019 & Spring 2020*
  - median rating: 5.0/5.0, average rating: 4.5/5.0

Teaching Assistant for Prof. Karl Diether and Prof. Brian Boyer

- *Pre-Phd Finance Seminar* (undergraduate), Fall 2019

Teaching Assistant for Prof. Taylor Nadauld

- *Advanced Financial Management* (undergraduate), Fall 2013

*: virtual

Non-Academic Positions Held

Wells Fargo Securities, New York, NY

Investment Banking Analyst, 2014 – 2017

Corra Investment Fund, Provo, UT

Co-Founder and Partner, 2014 – 2016

Honors & Awards

2020 – current: UAI Foundation Fellowship in Private Equity Research

2018 – 2020: BYU MBA Pre-PhD Award (*awarded to promising pre-PhD students*)

2018: George E. Stoddard Prize in Finance (*awarded to top finance MBA students*)

2017 – 2019: Marriott School of Business Scholarships

2012 – 2014: Marriott School of Business Scholarships

Conferences Attended

2024: Alternative Investments Conference, Columbia Private Equity Conference, IPC Spring Research Symposium, Private Equity Research Symposium, Red Rock Finance Conference

2023: Alternative Investments Conference, IPC New York Research Symposium, IPC Spring Research Symposium, Market-Based Solutions for Reducing Wealth Inequality, Private Equity Research Symposium, UNC/Duke Corportate Finanance Conference

2022: Active Management Research Alliance Symposium NYC, AFA*, Alternative Investments Conference, AMRA Virtual Research Symposium*, Cavalcade, IPC Spring Research Symposium, Kenan Institute Frontiers of Entrepreneurship Conference*, Private Equity Research Symposium, Real Estate Research Symposium

2021: Active Management Research Alliance Symposium*, AFA*, IPC Spring Research Symposium* Miami Behavioral Finance Conference*, Private Equity Research Symposium, SoCal Private Equity Conference*

2020: Private Equity Research Symposium*

2019: Red Rock Finance Conference

*: virtual

Other

Programming Languages: Python, Stata, Matlab

References

Gregory Brown
Weatherspoon Distinguished Professor of Finance
Research Director, Institute for Private Capital
UNC Kenan-Flagler Business School
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Christian Lundblad
Richard Levin Distinguished Professor of Finance
Senior Associate Dean for Faculty and Research
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(updated February 2025)

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Current Research

For my job market paper, I investigate how private capital fund managers strategically make investments over the fund life in order to maximize both current fund returns and the chance of raising future funds. I find that funds with high returns on early investments subsequently have increased industry sector and geography concentration in later deals, while funds with low early returns show a decrease in concentration. Likewise, deals made in the later part of a fund by those with early high (low) returns are larger (smaller), held for longer (shorter), and ultimately underperform (overperform). These findings potentially suggest that funds with early low returns may attempt a "spray and pray" approach in later deals, while high early return funds try to coast to the finish. Although not impacting the overall fund return, the shift in incentives has meaningful implications for the outcome expectations of entrepreneurs, depending on when in the fund life they receive funding and how well the prior investments have performed.

Other current research consists of coauthored research projects across private equity, venture capital, and alternative assets. In one project, we seek to understand how scale and scope activities impact the returns of private capital funds, contrasting the findings between buyout and VC. In a different paper, my coauthors and I explore why venture capitalists choose to disclose information on investment reasoning. Using web-scraped and hand-collected "Why We Invested" articles published by VC firms, we investigate the relationship between article characteristics—such as timing and the quantity/quality of information—and outcomes for both the entrepreneur and the VC fund.

Potential Future Projects

A topic of interest is the impact of cheap capital on venture capital and entrepreneurship performance. Recent years have seen a dramatic increase in the amount of capital coming into VC firms, to the point that capital is no longer considered a scarce resource. There is a push and pull on the obligations of a fund to both put capital to use and to make a solid investment. A key consideration is the danger of overfunding on the future success and returns of both the VC fund and the entrepreneurs being funded. Another question of interest is the impact of failed IPOs on venture capital investment. Components of this question include how lagged the impact is, how valuation metrics shift in importance, and how long it takes for funding levels to return to prior levels. One idea would be to use a method similar to Bernstein (2015) and use the timing of S-1A filings and NASDAQ fluctuations during book building to identify failed IPOs, and then quantify the impact on venture capital funding levels in the related industry. The potential creation of periods where access to capital for entrepreneurs is limited may pose interesting implications for innovation.

Reason for Wanting to Attend the Boot Camp

This boot camp provides an unparalleled opportunity to learn and network with leaders in entrepreneurship research. In conversations with a number of professors, such as Michael Ewens, Minmo Gahng, and David Robinson, I have been told of the great benefits this experience will provide me and the boost to my career as an academic. I would be forever grateful if I were allowed the chance to attend.

KENAN-FLAGLER BUSINESS SCHOOL

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Prof. Gregory W. Brown
Weatherspoon Distinguished Professor of Finance
Research Director, Institute for Private Capital
Faculty Advisor, Luther Hodges Scholars
(919) 962-9250
Email: gregwbrown@unc.edu

February 15, 2025

Dear Sir or Madam,

I am delighted to provide a letter of recommendation for **Richard Maxwell** who is applying to the NBER entrepreneurship boot camp. I am an enthusiastic supporter of Richard and believe he would benefit greatly from the bootcamp as well as be a valued contributor to the discussion. Richard has been my student for four years at UNC and was recruited by me under a fellowship for the Institute for Private Capital. He is a dedicated student in the area of private investment including early stage venture and seed capital.

Richard's job market paper seeks to understand how private capital fund managers strategically make investments over a fund's life cycle. In particular he investigates how the success of early investments in a fund impacts risk-taking in later deals. Fund managers have incentives to earn higher performance fees today as well as increase the chance of raising their next fund, and thus will prefer higher returns as early as possible. Utilizing the exclusive MSCI-Burgiss dataset of portfolio company level return, he finds that funds achieving high early returns subsequently attempt to play it safe by increasing the sector and geographical concentration of later investments, relative to low early return funds. In addition, these more concentrated deals tend to make up a larger proportion of the fund's total size and have longer duration. Ultimately, these later deals underperform, while funds with low early returns do the opposite. While not effecting the overall return of the total fund, his findings provide insight into expected outcomes for companies and entrepreneurs receiving funding at different points in a fund life cycle.

Richard has also done extensive work exploring how the private capital and alternative assets landscape has evolved over prior decades. In an effort to understand how growth in private capital impacts returns, Richard created a novel approach to both fund-level and strategy-level quarterly returns, benchmarked against custom-made strategy by geography appropriate indices, and size-growth relative to total market growth. Using this dataset, we were able to investigate dynamics on how investors would fare investing in different groupings of private capital funds, including based on fund size, fund-over-fund size growth rate, and a GP's scale and scope activity. In regards to alternative assets more broadly, Richard created and implemented an optimization process to evaluate portfolio allocations to hedge funds based on varying levels of alpha. Using hedge fund strategy indices as a combination of available commercial datasets, we found allocations are very

sensitive to alpha, while at the same time, can be driven by diversification benefits based on risk-aversion and utility preferences. He then created simulations using comprehensive fund-level data and discovered that inclusion of these hedge funds may have a negative impact on portfolio returns and utility, depending on the time period and number of hedge funds included.

As you can tell from his accomplishments to date, Richard is well on his way to becoming a first rate empirical researcher in private markets and I recommend him for the bootcamp without any reservations.

I hope you find these insights useful. Please do not hesitate to contact me if I can provide further information.

Sincerely,

Greg Brown

Gregory W. Brown, Ph.D.