Thomas Hellmann

University of British Columbia

Sauder School of Busines

2053 Main Mall, Vancouver, BC

Canada, V6T 1Z2

Dear Professor Hellmann,

I am applying for a place in the NBER Entrepreneurship Research Booth Camp 2014. Please find my application package attached, which includes my academic CV, a list of PhD classes I have taken, as well as an application essay that described my interests and motivation. Professor Steve Kaplan at Chicago Booth will write me a recommendation letter and send to Brett Maranjian directly.

My contact information is below

Rui Cui

University of Chicago

1215 E Hyde Park Blvd, Apt 507

Chicago, IL 60615

Email: rcui@chicagobooth.edu

Tel: +1 7732515295

Yours,

Rui

Rui Cui

Tel: 773-251-5295
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Office Contact Information
1126 E. 59th Street, Rosenwald Hall Rm 305E
Chicago, IL 60637

Home Contact Information
1215 E Hyde Park Blvd, Apt 507
Chicago, IL, 60615

Personal Information: Born Oct 1st, 1985. Gender: Male. Citizenship: China.

Undergraduate Studies:

B.B.A., The Hong Kong Polytechnic University, First Class Honors, 2008

Graduate Studies:

The University of Chicago, Booth School of Business and Department of Economics, 2008 to present
Ph.D. Candidate in Financial Economics
Thesis Title: "Essays on Macroeconomics and Financial Economics"
Expected Completion Date: Jun 2014

Dissertation Committee:

Professor Douglas W. Diamond (Co-Chair)
Merton H. Miller Distinguished Service Professor of Finance
University of Chicago Booth School of Business
Tel: 773-702-7283
Email: douglas.diamond@chicagobooth.edu

Professor Lars Peter Hansen (Co-Chair)
David Rockefeller Distinguished Service Professor in Economics, Statistics and College
University of Chicago Department of Economics
Tel: 773-702-3908
Email: lhansen@uchicago.edu

Professor Steven N. Kaplan
Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance
University of Chicago Booth School of Business
Tel: 773-702-4513
Email: steven.kaplan@chicagobooth.edu

Professor Randall S. Kroszner
Norman R. Bobins Professor of Economics

University of Chicago Booth School of Business
Tel: 773-702-8779
Email: randy.kroszner@chicagobooth.edu

Professor Zhiguo He
Associate Professor of Finance
University of Chicago Booth School of Business
Tel: 773-834-3769
Email: zhiguo.he@chicagobooth.edu

Research Fields:

Primary fields: Banking, Financial Regulation, Macroeconomics, Asset Pricing

Secondary fields: Entrepreneurship, Empirical Finance

Selected Academic Presentations:

2014(scheduled) American Finance Association Annual Meeting Philadelphia, PA

2013	A Conference in Honor of Professor Lars Peter Hansen	Chicago, IL
2013	Emory University	Atlanta, GA
2013	University of Chicago Booth School of Business	Chicago, IL
2013	National Bureau of Economic Research (NBER) Summer Institute	Cambridge, MA
2013	Chicago-MIT Conference on Development and Finance	Chicago, IL
2012	Australian Finance and Banking Conference	Sydney, Australia

Professional Experiences

2011-2011	Committee on Capital Markets Regulation, Academic Consultant	Cambridge, MA
2008-2008	UBS Investment Bank, Risk Analyst Intern	Hong Kong

Honors, Scholarships, and Fellowships:

2013	Macroeconomic Modeling and Systemic Risks Research Initiative Dissertation Fellowship, Alfred P. Sloan Foundation, Becker Friedman Institute and MIT Sloan
2013	Stevanovich Student Fellowship in Quantitative Finance, University of Chicago
2012	Best Paper Award (First Prize), Australian Finance and Banking Conference PhD Forum
2012	Katherine Dusak Miller PhD Fellowship in Finance, Chicago Booth
2008	The Center for Research in Securities Prices (CRSP) Summer Paper Award
2008-2012	University of Chicago Booth School of Business Doctoral Fellowship
2005	Best Debater and First Runner-up, Hong Kong Inter-Varsity Debating Competition
2004-2008	Hong Kong Government Scholarship for Outstanding Mainland Students (four years tuition and stipends)

Research Papers:

"What is Cyclical in Credit Cycles?", 2013

Abstract: I study the causes and consequences of systematic variation in the credit quality of marginal borrowers over the credit cycle in a general equilibrium framework with a financial sector. My model features dynamic, stochastic movements in the composition of both the asset and liability sides of the banks' balance sheets. Since banks are levered, a positive macroeconomic shock induces lower risk discount when the banking sector evaluates potential loans. Overtime, low-quality, high-risk loans accumulate on their balance sheets. This buildup process tilts the production frontier of the aggregate economy to be more prone to future shocks. On the other hand, during distress period, banks optimally substitute risky, high-yield loans with safe, low-yield ones. This clean-up process hurts their return on equity and prolongs the distress itself. The model also offers fresh insight on volatility paradox by endogenizing both financial and real volatilities.

"Quantifying Liquidity and Default Risks of Corporate Bonds over the Business Cycle", 2013

with Hui Chen (MIT Sloan), Zhiguo He (Chicago Booth) and Konstantin Milbradt (Northwestern Kellogg)

Abstract: We introduce time-varying liquidity frictions into a structural model of corporate bond pricing. We feature a combination of procyclical liquidity conditions and countercyclical macroeconomic fundamentals in characterizing the risks of corporate bonds over the business cycle. When calibrated to the historical moments of default probabilities and empirical measures of bond liquidity, our model matches the observed credit spreads of corporate bonds as well as

measures of non-default components including Bond-CDS spreads and bid-ask spreads. Our paper improves upon the existing literature in both cross-sectional matching across high-grade to high-yield ratings and time-series matching over business cycle. In addition, we propose a novel structural decomposition scheme that captures the interaction between liquidity frictions and corporate default decisions via the rollover channel. We use this framework to quantitatively evaluate the effects of liquidity-provision policies during crisis time. Our structural approach identifies important economic forces that were previously overlooked by empirical researches in corporate bonds.

"Durable Matters? An Alternative Measure of Consumption Risks of Financial Assets", 2011

Abstract: Empirical proxies for permanent shocks to durables consumption growth are shown to generate strong pricing implications for both one-period and long-run risk return tradeoff in a cross-section of test assets. This factor is identified as an additional source of consumption risk in a structural model where investors are endowed with recursive preferences over consumption of both durable and nondurable goods whose growth rates are predictable. In the data, small stocks, value stocks and treasury bonds with longer maturities covary more strongly with this factor than big stocks, growth stocks and treasury bonds with shorter maturities, thus generating higher expected return. My estimation implies reasonable magnitude of risk aversion. In addition, I apply dynamic value decomposition method in conjunction with my economic model to analyze cash flows from value and growth portfolios. Incorporating durable consumption identifies significant heterogeneity in the stationary component of these cash flows, but only negligible difference in their martingale component. This suggests higher risk premium associated with holding the near end, rather than far end, of cash flow components from value portfolio could be an important contributor to the well-known value premium.

Lists of PHD Classes I have taken

Rui Cui

University of Chicago

1. Economics PhD Classes
   Price Theory I, II, III (First year micro sequence)
   Theory of Income I, II, III (First year macro sequence)
   Empirical Analysis I, II, III (First year econometrics sequence)

2. Finance PhD classes
   Theory of Financial Decisions I, II, III (Sequence of corporate finance and banking)
   Asset Pricing I,II, III (Sequence of Asset Pricing)

I have also worked as a teaching assistant for Prof. Lars Peter Hansen in his first year econometrics PhD classes and for Prof. Doug Diamond and Luigi Zingales for their second year corporate finance PhD classes.

Application Essay

Rui Cui

University of Chicago

I am a PhD candidate in financial economics at Chicago Booth expected to graduate in summer 2014, I am in the final stage of finishing up my dissertation. My committee members are Doug Diamond (co-chair), Lars Peter Hansen (co-chair), Steve Kaplan, Randy Kroszner and Zhiguo He.

Upon graduation, I have joined a Chicago- and Shanghai- based start-up formed by Mr. Richard Daley to build a business that capitalizes on the cross-border technological and capital flows between China and the United States. This job gives me a unique exposure to the entrepreneurial sector in China and consistently feeds me with questions, ideas, stories and data that are worth exploring from a research perspective. And I am indeed very interested in exploring such opportunities. Given this, Professor Steve Kaplan offered me a research fellowship at Polsky Center for Entrepreneurship and Innovation and I happily accepted the invitation.

Most of my existing researches are in macro-finance and asset pricing (see my CV for details). In my dissertation, I explored the general equilibrium causes and consequences of systematic variation in the credit quality of marginal borrowers over the credit cycles in a dynamic framework. I show the co-variation in credit quality and quantify gives rise to interesting conditional dynamics that resembles a “risks build-up” process in the good time and a “slow recovery” process in the bad time.

I am exposed to empirical research in entrepreneurial finance by working as a research assistant for Professor Steve Kaplan on his recent paper “Private Equity Performance: What do we know?” where we looked at a comprehensive dataset of nearly 1400 buyout and VC fund from Burgiss. I implemented a number of performance metric calculation and they gave us an improved understanding of the VC fund performance in the past two decades. I also worked as

a teaching assistant for Prof. Kaplan in his popular case-based MBA class on VC financing and sat in the class for the material.

In my future work, I would like to focus on studying entrepreneurship and entrepreneurial financing in emerging markets. Most of existing literature on entrepreneurship is based on US data or experiences. Emerging markets posts interesting and unique questions or settings that can deepen our understanding of a number of important topics including the cultural difference in engaging in entrepreneurship, the interaction between entrepreneurship and economic growth, and financial frictions in entrepreneurial financing markets.

Therefore, I would like to join the Summer Camp in summer 2014 to get a solid grasp of the literature on entrepreneurship economics and entrepreneurial finance. I will carefully prepare for the workshop to get the most out of it. This will be a very rewarding experience to me so I sincerely hope my application will be approved.

CHICAGO BOOTH
The University of Chicago Booth School of Business

University of Chicago Booth School of Business
5807 South Woodlawn Avenue, Chicago, Illinois 60637
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E-mail: skaplan@uchicago.edu
April 15, 2014

Steven N. Kaplan
Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance

Professor Thomas Hellman
NBER Kauffman Entrepreneurship Boot Camp
By email: maranjian@nber.org

Dear Thomas:

I am writing to recommend Rui Cui for the NBER Entrepreneurship Research Boot Camp.

Rui is an unusual candidate in that, by the time of the boot camp, Rui likely will have completed his Ph. D. in finance at the University of Chicago Booth School of Business. If he had gone on the academic job market, he would have been one of our two strongest finance Ph. D. candidates. He worked with Doug Diamond and Lars Hansen, both of whom thought very highly of Rui. Rui has chosen to wait to go on the academic job market. Rui has a very unusual combination of creative, technical and practical skills. I strongly believe that Rui will be very successful at the interface of entrepreneurship, economics and China.

Post Ph. D., Rui is hoping to do research on entrepreneurship issues in economics, particularly related to China, as well as work in an entrepreneurial firm. Next year, he will spend some time working with the Polsky Center for Entrepreneurship and Innovation. I also expect he will spend some time on one of Gary Becker's research efforts. He also has a strong relationship with ShanghaiTech University, a new research university in Shanghai that is focused on technology and entrepreneurship.

On non-research dimensions, Rui is extremely personable and extremely smart. I am sure he will interact well with the other boot camp attendees.

Overall, then, I highly recommend Rui to you for the boot camp. He is very well-trained in finance and economics, and an unusual and terrific talent. If there is anything else I can do to support Rui or if you need more information, please let me know.

Sincerely,

