David K. Musto

Home
516 Woodland Terrace
Philadelphia PA, 19104
(215) 222-0954

Office
Finance Dept., Wharton School
University of Pennsylvania
Philadelphia, PA 19104-6367
(215) 898-4239

Academic Employment

The Wharton School
University of Pennsylvania

1995 - 2003 Assistant Professor of Finance

2003 – Associate Professor of Finance
Courses taught are *Financial Institutions*, a doctoral course, and *Funding Investments*, an MBA and undergraduate course that covers the economic and institutional issues that distinguish funding vehicles. The primary focus is on the economic roles of different debt contracts.

Research Interests

Principal research focuses on the financial decisions of individuals and the financial intermediaries that sell services to them. Current projects cover the portfolio risk of consumer credit, the market for corporate votes and the valuation of investment-advisory contracts

Education

Ph.D. 1995 **University of Chicago, Graduate School of Business**
Major Field: Finance
Dissertation: *Year-End Forces in Securities Markets*

B.A. 1987 **Yale University**
Major: Economics

Professional Activities

Referee *Journal of Business, Journal of Finance, Journal of Financial Intermediation, Review of Financial Studies, Journal of Financial and Quantitative Analysis, Journal of Financial Research, Journal of Economic Theory, Journal of Financial Economics, American Economic Review, Quarterly Review of Economics and Finance, Journal of Econometrics, Economics of Governance, WFA Program Committee, 2000-present.*
Programmer *Trout Trading Company*, Market Neutral Equity Group, 1993.
Junior Financial Analyst *Roll and Ross Asset Management*, 1987-89

Research Grants, Awards and Fellowships

Bank of Canada Research Award for "The Limits to Dividend Arbitrage: Implications for Cross-Border Investment"

Q Group grant awarded for "What are assets under management worth to managers?"

Q Group grant awarded for "Stocks are Special Too"

Rodney White grant awarded for "Stocks are Special Too"

Fellow of the Financial Institutions Center, 1997 – present

Nomination for 2002 Smith Breeden Prize for "Leaning for the tape: Evidence of gaming behavior in equity mutual funds" as best paper published by the *Journal of Finance*

Nomination for 1997 Smith Breeden Prize for "Portfolio Disclosures and Year-End Price Shifts" as best paper published by the *Journal of Finance*

Dimensional Fund Advisors Grant, 1995

Publications in Refereed Journals (Published and/or Accepted)

1. "Portfolio Disclosures and Year-End Price Shifts," Journal of Finance 52(4), September 1997, 1563-1588.

2. "Investment Decisions Depend on Portfolio Disclosures," Journal of Finance 54(3), June 1999, 935-952.

3. "Leaning for the Tape: Evidence of Gaming Behavior in Equity Mutual Funds," with Mark Carhart, Ron Kaniel, and Adam Reed, Journal of Finance 57(2), April 2002, 661-693.

4. "Demand Curves and the Pricing of Money Management," with Susan K. Christoffersen, Review of Financial Studies 15(5), Winter 2002, 1499-1524.

5. "Mutual Fund Survivorship," with Mark Carhart, Jennifer Carpenter and Anthony Lynch, Review of Financial Studies 15(5), Winter 2002, 1439-1463.

6. "Stocks are Special Too: An Analysis of the Equity Lending Market," with Chris Geczy and Adam Reed, Journal of Financial Economics 66(2-3), November/December 2002, 241-269.

7. "What Happens when Information Leaves a Market? Evidence from Post-Bankruptcy Consumers," Journal of Business, forthcoming.

8. "How Investors Interpret Past Fund Returns," with Anthony W. Lynch, Journal of Finance 58(5), October 2003, 2033-2058.

9. "Trading and Voting," with Bilge Yilmaz, Journal of Political Economy 111(5), October 2003, 990-1003.

10. "Cross-Border Dividend Taxation and the Preferences of Taxable and Non-Taxable Investors: Evidence from Canada," with Susan Christoffersen, Chris Geczy and Adam Reed, Journal of Financial Economics, forthcoming.

11. "Fund Families as Delegated Monitors of Money Managers," joint with Simon Gervais and Anthony Lynch, Review of Financial Studies, forthcoming.

Other Publications

"Equity Loans: How to Sell what you Do Not Own," *Financial Times*, Mastering Investment #3, 2001. Reprinted in James Pickford, ed.: *Mastering Investment* (Prentice Hall, London, 2002).

"The End of the Year Show," *Financial Times*, Mastering Finance #7, 1997. Reprinted in George Bickerstaffe, ed.: *The Complete Finance Companion* (Pitman Publishing, London, 1998)

Working Papers

"Failure is an Option: Impediments to Short-Selling and Option Prices," joint with Rich Evans, Chris Geczy and Adam Reed.

"Understanding Fee Structures in the Asset Management Business," joint with Anthony W. Lynch

"How and Why do Investors Trade Votes, and What does it Mean?" joint with Susan Christoffersen, Chris Geczy and Adam Reed.

Other Projects

"What are Assets under Management worth to Managers?" with Susan Christoffersen, Rich Evans and Rene Garcia.

"The Portfolio Risk of Consumer Credit," with Nicholas Souleles

Service

Friday brown-bag seminar coordinator, 2000-1
Director of PhD Admissions, 2003- present
Micro Finance Seminar Coordinator, 1995-6
Co-organizer (w/Roger Edelen), May 2002 WFIC Mutual-Fund Conference
Co-organizer (w/Russ Wermers), May 2004 WFIC Mutual-Fund Conference
MBA Curriculum Committee, 2003-4
Junior Faculty Recruiting Committee, 2003-present

Doctoral Students

Chair: Adam Reed
Committee: Eitan Goldman, Yuval Bar-Or, Javier Gil-Bazo (Univ. of the Basque Region), Farshad Mashayekhi, Klaas Baks, Lily Fang, Cesar Orosco (Econ Dept), Rich Evans, Lei Hua (Econ Dept), Zhaohui Chen, Omer Brav

Invited Presentations

University Seminars:
University of Illinois, Champaign-Urbana, Spring 1995
University of Michigan, Spring 1995
University of Pennsylvania, Spring 1995
Northwestern University, Spring 1995
Washington University in St. Louis, Spring 1995
Columbia University, Spring 1995
Yale University, Fall 1998
McGill University, Fall 1998
University of Washington, Fall 1998
London Business School, Fall 1998
Temple University, Fall 1998
University of Southern California, Fall 1999
University of Iowa, Fall 1999
University of Texas, Spring 2000
University of Pennsylvania Econ Dept., Fall 2000
New York University, Spring 2001
University of North Carolina, Fall 2001
UC Berkeley, Fall 2001
Northwestern University, Spring 2002
University of Illinois, Champaign-Urbana, Fall 2002
Columbia University, Fall 2002
University of Oregon, Spring 2003
Virginia Tech, Spring 2004
Notre Dame, Spring 2004

Other:
Western Finance Association, Summer 1998 (discussant)
Western Finance Association, Summer 1999 (presenter)
Securities Exchange Commission, Spring 2000
Western Finance Association, Summer 2000 (presenter)
Investment Company Institute, Fall 2000
Fund Democracy, Fall 2000
Q Group, Fall 2001
Goldman Sachs Asset Management, Fall 2001
Federal Reserve Bank of Philadelphia, Fall 2001
American Finance Association, Spring 2002 (discussant)
Federal Reserve Bank of Atlanta, Spring 2002
Quantitative Research Group, Palm Springs CA, Spring 2003
AIM Conference on Mutual Funds at UT Austin, Spring 2003
Federal Reserve Bank of Philadelphia, Spring 2003
Western Finance Association, Summer 2003 (discussant)
Inquire Europe, Barcelona Spain, Fall 2003 (keynote speaker)
American Finance Association, Spring 2004 (discussant)
Rodney L. White Annual Seminar, Spring 2004 (discussant)
WFIC Venture Capital Conference, San Francisco, Spring 2004 (discussant)
Western Finance Association, Summer 2004 (discussant)