Alexander Belyakov

Contact information

The Wharton School,
University of Pennsylvania,
3620 Locust Walk
Philadelphia, PA 19104

E-mail: belyakov@wharton.upenn.edu
Phone: (267) 690-8392
Website: https://fnce.wharton.edu/belyakov

Education

The Wharton School, University of Pennsylvania, 2015–2020
PhD in Finance

New Economic School, 2011–2015
B.A. in Economics

Research Interests

Private Equity

Job Market Paper

Economics of Leveraged Buyouts: Theory and Evidence from the UK Private Equity Industry

Empirical analysis of a sample of companies with private equity (PE) ownership in the UK shows that PE firms act as deep-pocket investors for their portfolio companies, rescuing them if they fall in financial distress. In contrast, external financing is expensive for companies without PE-ownership in financial distress. The paper builds a model that shows how companies form rational expectations about the costs of financial distress, and how these expectations affect ex-ante policies. The model explains the empirically-observed differences in how companies with and without PE-ownership invest, pay dividends, and issue debt. In particular, the model fully explains the difference in leverage of companies with and without PE-ownership. The model shows that greater tax-shield benefits and superior growth of PE-backed companies can explain 6.4% of the abnormal return of PE firms. The conclusion that follows from the paper, however, is that abnormal returns PE firms cannot be replicated by other investors.

Work in Progress

Omitted Variable in Capital Structure Regressions, *available on SSRN*

This paper addresses two puzzling empirical results in the capital structure literature: why leverage and profitability are negatively correlated, and why investments are explained by the cash flow in a regression controlled for the market-to-book ratio. The paper derives a model, in which firms are heterogeneous in the quality of their investment opportunities. Firms with ex-ante better investment opportunities 1) issue less debt that is not dedicated to finance invest- ments, and 2) are able to raise debt at a smaller rate conditioning on the leverage, which results in a smaller leverage over time in this group of firms. Firms with ex-ante better investment opportunities also invest more, have greater ex-post profitability and greater cash flows. The model presented in the paper is simple and tractable, yet it gives a very good quantitative fit to the data.

Leverage and Financing in Distress, *available on SSRN*

Very few firms issue equity to refinance their debt in distress. This simple observation has an important effect on the predictions of capital structure models. A model in which highly-levered firms needing external finance must issue debt explains the overall underleverage puzzle, fully replicates the fat right tail of cross-sectional leverage distribution, and produces realistic default probabilities across firms with different leverage values. The model succeeds even if bankruptcy costs are only 10% of firms assets, whereas the model that allows for equity issuance requires bankruptcy costs to exceed 60% in order to generate plausible average leverage.

Teaching Assistance

Finance in Europe (Executive MBA, Wharton), 2018-2019
Prof. J. Gomes, Prof. B. Gultekin, and Prof. B. Yilmaz

Behavioral Finance (MBA/Undergraduate, Wharton), 2017-2019
Prof. N. Roussanov

Empirical Methods in Finance (PhD, Wharton), 2017
Prof. A. Yaron

Fellowships and Awards

Rodney L. White Center for Financial Research Grant, 2019

Mack Institute for Innovation Management Research Grant, 2019

Jacob Levy Equity Management Fellowship, 2018

John Hodges PhD Prize in Finance for the best second-year paper, 2018
Awarded for the paper "Leverage and Financing in Distress"

Best Corporate Finance Paper Award, Australasian Finance and Banking Conference, 2017
Awarded for the paper "Leverage and Financing in Distress"

Conferences

INSEAD-Wharton Doctoral Consortium, 2018

Australasian Finance and Banking Conference, 2017

Referee

Economics Letters, Journal of Monetary Economics

Previous Experience

VC Fund Runa Capital, Intern, 2014

Trained Military Officer, Lieutenant

Languages

English, Russian

References

Joao F. Gomes (Chair)
Howard Butcher III Professor of Finance
The Wharton School,
University of Pennsylvania
Phone: (215) 898-3666
E-mail: gomesj@wharton.upenn.edu

Nikolai Roussanov
Moise Y. Safra Associate Professor of Finance
The Wharton School,
University of Pennsylvania
Phone: (215) 746-0004
E-mail: nroussan@wharton.upenn.edu

Bilge Yilmaz
Wharton Private Equity Professor
The Wharton School,
University of Pennsylvania
Phone: (215) 898-1163
E-mail: yilmaz@wharton.upenn.edu