

**Paulo Martins Manoel**  
345N Gatton College  
Lexington, KY 40506  
Paulo.manoel@uky.edu  
(859) 562 2520

## **ACADEMIC APPOINTMENTS**

Univ. of Kentucky, Gatton College of Business & Economics  
Assistant Professor of Finance, 2019-present

## **EDUCATION**

University of California, Berkeley  
Ph.D in Finance, 2013-2019

University of São Paulo  
MS in Economics, 2010-2012  
B.S. in Mathematics, 2006-2009

## **RESEARCH INTERESTS**

Corporate Bankruptcy, Entrepreneurship, Public Pension Funds

## **POSITIONS**

JP Morgan Chase  
Risk Analyst, 2011-2012

Nefin  
Brazilian Center for Research in Financial Economics of the University of São Paulo  
Researcher, 2012-2013

## **WORKING PAPERS**

**Outrage by Compensation: Implications for Public Pension Performance** (with Adair Morse and Alexander Dyck)  
**The Review of Financial Studies**, vol. 35, 2928–2980

Public pension boards fear stakeholder outrage if they were to compensate internal investment managers with market-level salaries. We derive implications theoretically in an agency-portfolio choice model motivated by inequality-aversion. In a global sample, relaxing the effect of outrage on contracting leads to an average annual incremental value-add of \$49 million generated through 11 bps in higher excess returns from risky assets, at the cost of \$302,429 in additional compensation. Governance reforms that address outrage by reducing political appointees or requiring independent skills-based boards can increase the annual value-add. These findings are orthogonal to costly political distortions from underfunding and pay-to-play schemes.

### **The Real Effects of Politicians' Compensation** (with Igor Cunha)

We study how politicians' compensation affects entrepreneurship and local labor markets by examining the impacts of population-based wage caps for elected municipal officials in Brazil. We find that higher wages for local elected offices are associated with increases in firm creation, job generation, and initial capital contributions for new establishments. We show that higher wages for municipal elective offices induce more accountability through increased political competition. Better-paid officials improve public administration's efficiency by reducing patronage use and increasing access to state funding. Our evidence highlights the positive spillovers of higher political wages on local economic activity, particularly in economically vulnerable settings.

### **Gender Gap in Corporate Reorganizations** (with Vinicius Augusto Brunassi Silva)

We study how gender affects renegotiation with creditors. Using reorganization filings in the state of São Paulo in Brazil, we document that female-led debtor companies are less likely to have their reorganization plans approved by creditors. Using claim-level voting data in a regression with filing fixed effects, we show that male creditors are less likely than female creditors to approve the same plan if the debtor is female-led. This behavior doesn't exist for male-led debtors and is more salient for female-led debtors facing high losses. If reorganized, female-led debtors achieve higher survival rates and higher return on assets than male-led debtors, suggesting a gender-based double standard for plan approval. Our findings are consistent with a model of male creditors overextrapolating past losses of female-led debtors.

### **Crime Rates, Law Enforcement, and Business Activity**

Can regions with prevalent violent and property crimes promote business by reducing crime rates through law enforcement? Using exogenous state-level police strikes in Brazil, I show that a short-term decrease in the police force leads to an increase in crime rates and a reduction in business activity. Taken together with the finding of the crime literature that lower business activity leads to more crimes, this implies a feedback loop between crime and business, suggesting the existence of multiple Pareto-ranked equilibria. I use the introduction of a law enforcement program called the Pacifying Police Units in the Rio de Janeiro city to provide evidence that a substantial (yet temporary) police shock can create a persistent reduction in crime and a persistent increase in entrepreneurship, consistent with a shift away from the undesirable high-crime low-business equilibrium.

### **Mutual Fund Portfolios: The Case of the Missing Value Funds** (with Martin Lettau and Sydney Ludvigson)

#### ***R&R, The Review of Asset Pricing Studies***

This paper provides a comprehensive analysis of portfolios of active mutual funds and ETFs. We find that there are almost no high-BM funds while there are many low-BM “growth” funds. Most “value” funds hold a higher proportion of their portfolios in low-BM (“growth”) stocks than in high-BM (“value”) stocks. The bias towards “growth” is present in other price-multiples and is stable across the sample. Moreover, most “value”/ “growth” indices are based on combinations of price multiples and fundamental growth rates and do not resemble “value”/ “growth” portfolios that are typically studied in academic research.

## **CONFERENCE PRESENTATIONS** (\* indicates presentations by co-author)

### **The Real Effects of Politicians' Compensation**

Luso-Brazilian Finance Network (Lubrafin) Annual Meeting, June 2021

Midwest Finance Association (MFA) Annual Meeting, March 2021

American Finance Association (AFA) Annual Meeting, January 2021

European Finance Association (EFA) Meeting, August 2020

### **Outrage by Compensation: Implications for Public Pension Performance**

\*Red Rock Finance Conference, September 2019

Financial Intermediation Research Society (FIRS) Annual Meeting, June 2019

\*NBER Law & Economics Program Meeting, February 2019

\* American Finance Association (AFA) Annual Meeting, January 2018

### **Crime Rates, Law Enforcement, and Business Activity**

Joint Berkeley-Stanford Finance Seminar, October 2016 and 2018

### **Mutual Fund Portfolios: The Case of the Missing Value Funds**

\*NBER Asset Pricing Program Meeting, November 2019

## **AWARD AND GRANTS**

The Carl Cheit Outstanding Teaching Assistant Award, 2017

Minder Cheng Research Fellowship, 2015-2017

Honors Diploma to the Academic Merit, University of São Paulo, 2009

## **TEACHING AND TEACHING ASSISTANTSHIP**

Fall of 2019 and 2020: Capital Investment and Financing Decisions (FIN 405)

Spring of 2015, 2016 and 2017: Empirical Methods in Finance (Prof. Martin Lettau)

Summer of 2016 and 2018: Fixed Income Markets (Prof. Richard Stanton)

Fall of 2017 and 2018: Microeconomic Analysis for Business (Prof. Bodoh-Creed)

## **PROFESSIONAL SERVICES**

2021 EFA Annual Meeting Program Committee

2021 FMA Annual Meeting Program Committee

Editorial Board, Estudos Econômicos: 2019 – 2020