

VITO D. GALA
5020 South Lake Shore Dr., Apt 1503 N
Chicago, IL 60615, USA
Cell: +1 (773) 817-0878/ Home: +1 (773) 324-5585
email: mv gala @gsb.uchicago.edu
web: home.uchicago.edu/~mv gala

Date of Birth: August 3, 1978

Citizenship: Italian

Education

University of Chicago, Graduate School of Business, Chicago, IL

Ph.D. in Finance and M.B.A, expected June 2006.

Dissertation: Investment and Returns

Support Area: Econometrics/Statistics; Coordinated Sequence: Mathematics.

Bocconi University, Milan, Italy

B. A. in Financial Economics, 2000.

Graduated with 110/110 Magna cum Laude and Double Honor (thesis' copyright). GPA: 30/30.

International Exchange Program with University of Chicago, Graduate School of Business, Fall 1999.

Research Interests

Theoretical and Empirical Asset Pricing; Investments; Macroeconomics; Financial Econometrics.

Working Papers

Investment and Returns (Job Market Paper) - November 2005

This paper constructs a general equilibrium production economy with heterogeneous firms and irreversible investment that rationalizes the value premium. Firm investments play a central role in explaining the cross-sectional variation of stock returns. Profitable and fast growing "growth" firms have low expected returns because they provide "consumption insurance" to investors, especially in bad times. Countercyclical consumption volatility generates a larger value premium during recessions. Large firms grow more slowly, so the value premium is larger for small stocks. The model can replicate the failure of the unconditional CAPM and the relative success of the conditional CAPM and Fama and French (1993) factor model.

Firm and Aggregate Level Investment - November 2005

This study examines the relation between investment and capital using panel data on publicly traded US firms during the period 1962 – 2002. Firm growth decreases with size, even after controlling for profitability. Cash flows and size play an economically significant role in explaining corporate investments. This evidence is inconsistent with the equivalence of firm marginal and Tobin's Q. At the aggregate level, the independence of growth and size is in line with the standard Q-Theory of investment. However, aggregate cash flows track the dynamics of aggregate investment far better than Tobin's Q. A simple decomposition of aggregate investment rate shed light on the impact that distributional dynamics of firm investment rate and relative size (firm capital relative to the aggregate capital) have on aggregate

economic growth. Consistently with the inverse growth-size relation at the firm level, I find that an increase in the cross-sectional dispersion of firm investment rate and relative size tend to depress aggregate investment. In particular, the cross-sectional dispersion of firm cash flows rather than Tobin's Q affects negatively aggregate investment.

Work in Progress

Success Builds on Success (with Rajnish Mehra) - July, 2005

Rare Events and the Cross-Section of Stock Returns - June, 2005

Presentations

American Finance Association, Boston, MA, January 2006 (Paper: Investment and Returns).

Lehman Brothers Fellowship for Research Excellence in Finance, November 2005.

Finance Faculty Lunch, University of Chicago, Graduate School of Business, October 2005.

Lehman Brothers Fellowship for Research Excellence in Finance, December 2004.

Finance Workshop, University of Chicago, Graduate School of Business, November 2004.

The University of Chicago, Dept. of Economics - Macro/Asset Pricing Lunch, September 2004.

London Business School - Transatlantic Doctoral Conference, May 2004.

Finance Lunch, University of Chicago, Graduate School of Business, October 2003.

Honors, Awards and Fellowships

Finalist, Lehman Brothers Fellowship for Research Excellence in Finance, November 2005.

The Sanford J. Grossman Fellowship, 2005-2006.

Teaching Assistant Distinction, Executive MBA program, Barcelona and Singapore, 2005.

Finalist, Lehman Brothers Fellowship for Research Excellence in Finance, December 2004.

Fondazione IRI Fellowship, 2004-2005.

Ente Luigi Einaudi Fellowship, 2003-2004.

Bocconi University Fellowship, 2001-2003.

The University of Chicago Graduate School of Business Fellowship, 2001-2005.

CRSP Research Award, September 2002.

Bocconi University gold medal as "Best Graduate Student in Economics" in the academic year 1999-2000 for academic excellence and age at graduation, November 2001.

Graduation committee recognition of copyright on the dissertation thesis, October 2000.

Bruno Lochis scholarship for academic excellence, 1999-2000.

Bain & Company scholarship for academic excellence and professional leadership, 1999.

Oscar e Giulia Zannini scholarship for academic excellence, 1998-1999.

Giuseppe De Finetto scholarship for academic excellence, 1997-1998.

INPDAP scholarship for academic excellence, 1996-2000.

Teaching and Research Experience

Teaching Assistant:

Ph.D. Courses:

Topics in Dynamic Asset Pricing, Prof. Pietro Veronesi - Spring, 2005

Topics in Asset Pricing, Prof. Monika Piazzesi - Winter, 2005

Topics in Empirical Finance, Prof. John Cochrane - Winter, 2003
Asset Pricing, Prof. John Cochrane - Fall, 2003

MBA courses:

Investment, Prof. Rajnish Mehra - Summer, 2005

Investment, Executive MBA program, Barcelona and Singapore, Prof. Rajnish Mehra - Spring, 2005

Financial Engineering: Mathematical Models of Option Pricing - Prof. Pietro Veronesi - Winter, 2005

Research Assistant:

Theoretical Asset Pricing, Prof. George Constantinides. Summer, 2004-present.

Empirical Asset Pricing, Prof. Pietro Veronesi. Winter, 2003-present.

Professional Activities

Member: American Finance Association

Referee: Journal of Political Economy

Professional Experience

Management Lab - The University of Chicago, Graduate School of Business Winter, 2005

Finance consultant for the Laboratory in New Product and Strategy Development, Prof. Jonathan Frenzen.

Credit Suisse First Boston, London, UK

Analyst – Financial Institutions Group July, 2000 – July, 2001

Developed and implemented pricing and sensitivity models for Mergers and Acquisitions, Equity and Debt Capital Markets transactions in the European banking and insurance sectors.

Bain & Company, Inc., Milan, Italy

Junior Consultant - Strategic and Corporate Finance Division January-April, 2000

Analyzed and developed firm strategies concerning investment, financing and restructuring decisions.

References

John H. Cochrane (Chair), University of Chicago, Graduate School of Business

Tel: (773) 702-3059 ; email: john.cochrane@gsb.uchicago.edu

George M. Constantinides, University of Chicago, Graduate School of Business

Tel: (773) 702-7258 ; email: gmc@gsb.uchicago.edu

Lars Peter Hansen, University of Chicago, Department of Economics

Tel: (773) 702-8170 ; email: l-hansen@uchicago.edu

John C. Heaton, University of Chicago, Graduate School of Business

Tel: (773) 702-7130 ; email: john.heaton@gsb.uchicago.edu

Rajnish Mehra, University of California Santa Barbara, Department of Economics

Tel: (805) 893-3238 ; email: mehra@econ.ucsb.edu

Monika Piazzesi, University of Chicago, Graduate School of Business
Tel: (773) 834-3199 ; email: mpiazzes@gsb.uchicago.edu

Pietro Veronesi, University of Chicago, Graduate School of Business
Tel: (773) 702-6348 ; email: pietro.veronesi@gsb.uchicago.edu