

Aaron P. Henrichsen

Department of Finance
Smeal College of Business
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Education

Smeal College of Business, Penn State University Ph.D., Business Administration: Finance	(University Park, PA) Expected May, 2017
Arizona State University M.S., Statistics	(Tempe, AZ) 2012
Brigham Young University B.S., Chemical Engineering, Statistics (double major), minor: English Literature	(Provo, UT) 2005

Interests

Research: Mutual Funds, Exchange Traded Funds, Hedge Funds, Commodity Markets, Asset Pricing
Teaching: Security Markets and Derivatives, Investment, Corporate Finance, Personal Finance

Experience

Ph.D. Student — Finance Department — Penn State University (2012-present)
Course Instructor: Corporate Finance (twice), Derivative Markets Average Teaching Rating: **6.52/7.00**
Research Assistant: Professors Joel Vanden, Heber Farnsworth, Charles Cao, and Jingzhi Huang
Teaching Assistant: Derivative Markets, Fundamentals of Financial Markets (MBA), and Security Analysis

Naval ROTC Instructor — U.S. Navy — Arizona State University (2010-2012)
Taught three university courses: Naval Engineering, Naval History (twice), and Introduction to Naval Science.

Nuclear Submarine Officer — U.S. Navy — USS Henry M. Jackson (2005-2010)
Officer of the Deck responsible for the safe operation and maintenance of a United States nuclear submarine.
Top Secret Security Clearance

Working Papers

Do Large Investors Anticipate Market Movements? (Job Market Paper) *abstracts at the end of CV*
Commodity Futures and Equity Market Correlation Around the Financial Crisis
Board Expertise and Bankruptcy
Time Varying Closed-End Mutual Fund Manager Skill and Fund Characteristics

Honors & Awards

The Frank P. and Mary Jean Smeal Endowment Fund Scholarship (2012, 2013)
Penn State University Graduate Fellowship (2012)
Navy Commendation Medal (2012)
Navy & Marine Corps Achievement Medal (2008, 2010)
BYU Statistics Department Quality Science Scholarship (2004-2005)
BYU National Merit Scholarship (1998-2004)
Bingham High School Alumni Scholarship (1998)

Service and Presentations

Presentation: *“Is it Worthwhile to Diversify into Commodities Anymore?”* Smeal College of Business Student Scholar Symposium, Pennsylvania State University, May 2014
Ad hoc referee: Pacific Basin Finance Journal

Teaching Ratings

Term	Course	Rating	Cohort Average [†]
Summer 2013	Corporate Finance (FIN 305W)	6.25 / 7.00	6.18
Summer 2015	Corporate Finance (FIN 305W)	6.64 / 7.00	6.05
Summer 2016	Derivative Markets (FIN 410)	6.67 / 7.00	5.75

[†] Cohort Average is compared to all other finance instructor ratings during that same term.

Skills and Miscellanea

Computer: SAS, Stata, Matlab, Mathematica, R, Perl, Python, Visual Basic, L^AT_EX
Languages: English (native), Korean (literate and conversant)
Citizenship: U.S. Citizen, honorably discharged U.S. military veteran

References: Research

Jingzhi (Jay) Huang
Professor of Finance
Phone: 814-863-3566
E-mail: jxh56@psu.edu

Tim Simin
Associate Professor of Finance
Phone: 814-865-3457
E-mail: tts3@psu.edu

David Haushalter
Associate Professor of Finance
Phone: 814-863-7969
E-mail: gdh12@psu.edu

References: Teaching

Steven Borden, CAPT, USN. (Ret.)
Professor of Naval Science
Phone: 480-272-5226
E-mail: saborden@asu.edu

Erich Schmidt, CMDR, USN. (Ret.)
Associate Professor of Naval Science
Phone: 757-270-9583
E-mail: erich.schmidt68@gmail.com

Personal

Aaron was born outside of Philadelphia, PA and lived there until he was 13 years old. He attended high school in South Jordan, UT where he participated in cross country, track, band, orchestra, and choir. From July 1999 to July 2001 Aaron volunteered as a religious missionary in Busan, South Korea. He is literate and conversant in Korean. Following his undergraduate studies, Aaron served for seven years in the United States Navy. He was an officer on the USS Henry M. Jackson (SSBN 730G), a nuclear submarine, as well as a plank-owning officer and instructor at Naval ROTC Unit–Arizona State University. He is in his fifth year as a Ph.D. student at Penn State. Aaron is married to Christine Henrichsen, née Baker, and he is the father of two daughters and two sons. Avocations include investing, running, reading, cooking, personal finance, ultimate frisbee and board games.

Working Paper Abstracts

Smart Money and Leveraged ETFs (Job Market Paper)

Are ETF flows smart? Existing literature using long-horizon returns and flows concludes they are not; but using daily data, I find that flows to leveraged ETFs predict subsequent benchmark returns. These results remain significant to a lesser extent at the weekly level, but disappear for monthly returns. Separating ETFs into commodity, debt, domestic equity, foreign equity, and real estate sectors, I find that predictability is limited to foreign equity. This suggests that though there is not smart money in the domestic market sectors, investors do anticipate market movements in foreign markets where there are higher transaction costs or less efficiency.

Commodity Futures and Equity Market Correlation Around the Financial Crisis

The correlation of commodity futures returns and equity returns peaked at unprecedentedly high levels during the 2008 financial crisis. Unlike previous economic downturns where equity returns dropped but commodity futures returns largely stayed positive, following the financial crisis equity and commodity futures returns showed much higher than normal levels of co-movement. Using mean-variance spanning tests, I find that though diversification from a portfolio of equities into a portfolio of equities and commodities generally improves an investor's efficient frontier, it did not yield any significant improvement from 2008 to 2010 and little to no improvement in 2007 and 2011. Frontiers post crisis starting in 2012 are again benefited from diversification into commodities. Using quality of predictive power for several factors, I find that the levels of global supply and demand, and to a lesser extent commodity relevant hedge fund assets under management, and market-wide levels of commodity index investment aid in predicting future commodity-equity correlation.

Board Expertise and Bankruptcy

This paper examines the associations of various types of director expertise on a distressed firm's ability to avoid bankruptcy. Since the advent of the Sarbanes Oxley Act of 2002 there have been significant increases in the percentage of board members with accounting, investment banking and legal expertise. In a study of US firms during the period between 1996 and 2011, I find that the percentages of bankers and lawyers on boards are associated with significant changes in the likelihood that a firm will enter bankruptcy. No similar effect is observed for other board member expertise. These results support the idea that board members can act as on-hand consultants to affect management's decisions during distress. Banker board members may aid distressed firms in renegotiating their debt, enabling them to avoid bankruptcy, while lawyer board members may steer the firm to resolve distress through legal proceedings such as bankruptcy.