Lira Mota

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Nationality: Brazilian, US permanent resident

Appointments

2023 - Present | **Class of 1958 Career Development Professor**, Assistant Professor of Finance, MIT Sloan

2022 - Present | **Assistant Professor of Finance**, MIT Sloan

2021 - 2022 | Postdoctoral Research Associate, Julis-Rabinowitz Center for Public Policy & Finance at Princeton University

Education

2021 | PhD in Finance, Columbia Business School, USA

2016 | DSc and MSc in Economics, Graduate School of Economics, FGV, Brazil

2010 | Bachelor in International Relations, University of Brasília, Brazil

Research

Publications

1. "The Savings of Corporate Giants " with Olivier Darmouni. *Review of Financial Studies*, Accepted.
2. "Should Information be Sold Separately? Evidence from MiFID II" with Yifeng Guo. *Journal of Financial Economics*. October 2021, 97-126.
3. "The Cross-Section of Risk and Return" with Kent Daniel, Simon Rottke, and Tano Santos. *Review of Financial Studies*, 33(5), May 2020, 1927-1979.

Working Papers

3. "The Corporate Supply of (Quasi) Safe Assets" **R&R** at *The Journal of Finance* (September 2023)

   Investors value safety services in financial assets, such as the ability to serve as a store of value, to serve as collateral, or to meet mandatory capital and liquidity requirements. I present a model in which investors value safety services not only in traditional safe assets such as US Treasuries, but also in corporate debt. Shareholders thus maximize the value of the firm by complementing standard business operations with safe asset creation. Based on this theoretical framework, I use the CDS-bond basis to derive a measurement of the safety premium of corporate bonds. I document substantial cross sectional variation in the safety premium of corporate bonds, which allows me to test the model's predictions. I show that a high safety premium leads to a marked increase in debt issuance by relatively safer firms. These debt proceeds have a small impact on real investment and are largely used instead for equity payouts. This mechanism can explain why, in the aftermath of the financial crisis, non-financial investment grade companies significantly increased their debt issuance and equity payout while investment remained weak.

4. "Learning About Convenience Yields from Holdings" with Felix Corell and Melina Papoutsi (September 2024).

   The spread between corporate and sovereign bond yields cannot be explained by differences in default risk alone. Instead, there is a significant non-default component that has traditionally been associated with the "convenience" of holding a particular asset. We use comprehensive portfolio holdings data from the euro area corporate bond market to shed light on the asset-specific "services" that give rise to such convenience yields. Using precise proxies for four services — liquidity, duration, regulatory and collateral value — we find that, during the last decade, convenience yield has been overwhelmingly driven by insurance corporations' and banks' desire for bonds with low regulatory capital requirements. Moreover, we show that policy-induced shocks to such services significantly affected asset prices and allocations through the convenience yield component. Our results underscore the importance of asset-specific service flows in driving bond valuation and shaping monetary policy transmission.

5. "Financially Sophisticated Firms" with Kerry Siani (December 2024).

   Company capital structure extends far beyond the simple choice between debt and equity. In issuing publicly traded bonds, firms often employ complex entity structures, issuing diverse bond types with varying maturity, seniority, and covenants. In this paper, we document a significant heterogeneity in bond characteristics issued by firms that maps to heterogeneity in prices and investor composition. Using detailed portfolio allocation data, we find that firms, like financial intermediaries, engineer assets with cash flows that meet investors' demands. We show evidence that the complex bond issuance structure employed by firms serves a dual purpose: it helps complete the market while simultaneously reducing the costs of capital to the firm.

6. "Betting on Credit Betas " with Tomas Nobrega (December 2024).

   Duration is an important driver of bond return volatility and, consequently, animportant driver of market betas. In credit markets, we show that "betting againstbeta" (BAB) strategy closely resembles a betting against duration strategy. Weintroduce a new method to estimate conditional betas that more accurately capturethe effect of time-varying duration. Our findings reveal that long-short portfoliossorted on duration produce negative alphas, consistent with Frazzini and Pedersen(2014) BAB. However, when controlling for duration, long-short portfolios sortedon beta generate positive alphas of a comparable magnitude. These results arerobust to using Treasuries to hedge duration risk. A combined strategy of bettingagainst duration and betting on betas yields a market-orthogonal Sharpe ratio of 1.1,which is almost four times the 0.31 duration hedged market Shape ratio. Leverageconstraints alone cannot explain our results.

Work in Progress

6. "The Value of Moats: an Asset Pricing Approach " with Kent Daniel, Simon Rottke and Tano Santos.
7. "The Term Structure of Safety Premium" with Nick von Turkovich.

Conference and Seminar Presentations

Includes scheduled. (*) presented by co-author.

2025	**Seminars (Scheduled):** European Central Bank
	Conferences (Scheduled): BIS-CEPR-Gerzensee-SFI Conference(*), Midwest Finance Association, RSCF Puerto Rico, IMF-IDB Fiscal Policy and Sovereign Debt Conference
2024	**Seminars:** Federal Reserve Board, IESE Business School, INSPER Sao Paulo, Michigan Ross, Norges Bank, Porto University, Pompeu Fabra University, PUC Rio de Janeiro, Sao Paulo School of Economics (FGV EESP), University College London, USC.
	Conferences: The Backus Conference (UCLA)*, Bocconi Asset Pricing Conference, CEPR Asset Pricing Meeting Gerzensee, CEPR Winter Meeting in Paris (2×), Econometric Society European Meeting, FIRS, Junior Conference at UW-Madison, Midwest Finance Association*, NBER Corporate Finance Fall Meeting, Princeton Macrofinance Conference, SITE Financial Regulation Meeting*, Toronto Financial Economics Conference, Wharton Conference on Liquidity and Financial Fragility.
2023	**Seminars:** Cheung Kong Graduate School of Business*, Dartmouth, MIT Sloan, PUC Chile, Stanford GSB*, University of Georgia*
	Conferences: Booth Asset Pricing Conference, NBER Megafirms and the Economy, Junior Valuation Workshop, MIT Junior Finance Faculty Conference*, RCFS Winter Conference, WAPFIN
2022	*Maternity leave*

	Seminars: Insper, Princeton Macro Seminar, University of Cambridge, Virtual Corporate Finance*
	Conferences: NBER Summer Institute Capital Markets and the Economy
2021	**Seminars:** Anderson Business School UCLA, Berkeley Haas, BIS, Boston College, Chicago Booth, Columbia Business School, Macro Seminar at Columbia Business School, Darden Virginia University, Duke, EPGE, Federal Reserve of Chicago, Federal Reserve of New York, HEC Paris, Harvard Business School, Hong-Kong University, Kellogg Business School, London Business School, London School of Economics, MIT Sloan, Princeton University, Rice, Said Business School Oxford University, Stern NYU, Stanford Business School, Toronto University, University of British Columbia, University of Hamburg, University of Huston, University of Iowa, University of Washington, Utah University, Wharton Business School, Yale SOM
	Conferences: AEA*
2020	**Conferences:** SBE, Macro Finance Research Program of the Becker Friedman Institute Summer Session, AFA poster presentation
2019	**Conferences:** SFS Cavalcade*, EFA*, TCU Finance Conference, SQA Fuzzy Day Conference, poster presentation Diamond-Dybvig 36th Anniversary Conference
2018	**Conferences:** Kepos Capital, New Methods for the Cross Section of Returns Conference, EFA, EEA, AFA*, AQR, Stone Ridge AM, Bloomberg, Barclays
2017	**Conferences:** 12th Annual Hedge Fund Conference at Imperial College
2014	**Conferences:** VIII Luso-Brazilian Finance Meeting, Vale do Douro

Discussions

2024	NBER Summer Institute, Capital Markets and the Economy, *“Intermediary Balance Sheet Constraints, Bond Mutual Funds’ Strategies, and Bond Returns"* by Giannetti, Jotikasthira, Rapp, and Waibel
2024	Kentucky Finance Conference, *“Can U.S. Treasury Market Add and Subtract?"* by Gomez-Cram, Kung, and Lusting.
2024	AFA, *“Heterogeneous Intermediaries and Bond Characteristics in theTransmission of Monetary Policy"*, by Holm-Hadulla and Leombroni
2023	Colorado Finance Summit, *“How do Flows Affect Prices? Evidence from an Experiment on the U.S.Stock Market"*, by Gallen and Gallen
2022	Cavalcade, *“Institutional Corporate Bond Pricing"*, by Bretscher, Schmid, Sen and Sharma
2022	UNC Junior Finance Roundtable, *“Discount Rates: Measurement and Implications for Investment"*, by Gormsen and Huber
2021	EFA, *“Quantitative Easing and the Safe Asset Illusion"*, by Bechtel, Eisenschmidt, Ranaldo and Ventula
2020	Dauphine Finance PhD Workshop, *“Unbundling Research and Brokerage: Implications on Information Acquisition and Welfare"*, by Zhao and Zhao.

Referee

Journal of Banking and Finance, Journal of Finance, Journal of Financial Econometrics, Journal of Financial Economics, Management Science, Review of Economic Dynamics, The Review of Economic Studies, and Review of Financial Studies.

Distinctions and Awards

2023	EFA Head Fund Junior Faculty Research Award
2021	AQR Top Finance Graduate Award
	Best Paper Award at Copenhagen Macro Days Conference for *"The Corporate Supply of (Quasi) Safe Assets"*
2015	Brazilian Econometric Society best paper award in Finance for *"Short-Selling Restrictions and Returns: a Natural Experiment"*
2014	Anbima Prize of Capital Markets for best Brazilian Ph.D. thesis project in finance

Grants

2024	Junior Faculty Research Assistance Program
2023	Research Support by the Wade Fund
2023	Kritzman Goreman Fund
2021	Arora-Naldi Fellowship for job market candidate
2020	Chazen Research Grant for promising research projects that have implications for global business and the economy (second time)
2019	Deming Doctoral Fellowship to support research projects in partnership with a company
	Chazen Research Grant for promising research projects that have implications for global business and the economy
2017	AFA Student Travel Grant
2016	Paul and Sandra Montrone Doctoral Fellowship
2012 - 2016	CAPES Fellowship for DSc. Program in Economics
2013 - 2014	National Institute of Science and Technology Education Development and Social Inclusion grant
	CAPES Fellowship for Master's Program in Economics

Workshops and Summer Schools

2019	Mitsui Center Summer School in Structural Estimation
2018	Summer Workshop in Financial Economics of Insurance, Princeton University
2017	Wells Fargo Summer School in Liquidity in Financial Markets and Institutions
2017	Summer School in Behavioral Finance at Yale University

Teaching Experience

2022 - 2024 **MIT Sloan**

- Asset Pricing, PhD course (15.470), Fall 2022 (shared with Larry Schmidt)

2023 **MIT Sloan**

- Managerial Finance (15.401), Fall 2023 (×2)

2019 - 2020 **Columbia Business School Teaching Positions:**

- Big Data in Finance, PhD course, Spring 2019 and Spring 2020 (2.5 lectures)
- Python Bootcamp, MS and PhD course, Summer 2019 and Summer 2020

Professional Experience

2012 - 2013	Research Consultant at BM&FBovespa Brazilian Stock and Derivatives Exchange
2010	Project Assistant at National Confederation of Industry, Brazil

Languages

Portuguese (Native), English (Fluent), Italian (Intermediate), Spanish (Intermediate).

Computer Skills

Python, R, MySQL, GIT, Matlab, Office.