

# WILLIAM C. BEGGS

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## ACADEMIC APPOINTMENTS

Assistant Professor of Finance, University of San Diego, August 2019

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## EDUCATION

Ph.D. in Finance, University of Arizona, May 2019  
M.S. in Management with a Concentration in Finance, University of Arizona, May 2008  
B.S. in Mathematics, University of Illinois Urbana-Champaign, May 2004

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## RESEARCH INTERESTS

Investments, Asset Management, Institutional Investors, and Investor Behavior

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## WORKING PAPERS

### **“Pay to Play in Investment Management”** (with Thuong Harvison)

*Abstract:* From 2001 to 2016, using the population of all investment advisory firms registered with the U.S. Securities and Exchange Commission (SEC), we document that the presence of government clients (e.g., public pension plans) for an investment advisory firm is strongly associated with past owner and officer contributions to state government officials. To help establish a causal link, we use the adoption of the SEC’s pay to play rules for investment advisors in 2011. Post implementation of the SEC’s pay to play rules, we find that this relationship weakens considerably. Further consistent with a pay to play explanation, the results are driven by advisors whose political contributions are made by senior officers likely to be involved in capital raising for the firm including CEOs, owners/partners, and sales executives. The results are most pronounced for advisors offering pension consulting services, advisors catering to institutional accounts (e.g., institutional asset managers), and advisory firms headquartered in states with a high concentration of public pension plans and a culture of political corruption.

### **“Quantitative Investing and Financial Instability”** (with Jonathan Brogaard and Austin Hill-Kleespie)

*Abstract:* The May 2010 Flash Crash and August 2007 Quant Meltdown raised concerns about the impact of quantitative investment strategies on market stability. Theory is split on whether quantitative investing dampens or exacerbates market instability. To test the theory we focus on mutual fund fire sales. We find that quantitative fund fire sales have a much larger impact on market instability than fire sales by traditional mutual funds. For the same magnitude fire sale, quantitative funds’ impact is over five times as large. The evidence suggests this is due to quantitative funds’ reliance on similar trading signals and sensitivity to the time-series of returns.

### **“Retirement Plan Conflicts of Interest in Mutual Fund Management”**

*Abstract:* Form ADV regulatory disclosures made by mutual fund management firms indicate that nearly one-third of investment advisers to mutual funds offer pension consulting services to defined contribution plans. This practice presents inherent conflicts of interest and allows for the adviser’s mutual funds to be recommended by adviser personnel to defined contribution clients (e.g., 401(k) plans). I find that this conflict of interest materially affects the portfolio management of the conflicted adviser’s funds. Equity mutual funds managed by advisers with retirement plan conflicts of interest exhibit widespread underperformance and are actively managed to a significantly lesser extent. The magnitude of underperformance is more pronounced for target date mutual funds.

## **“The Company You Keep: Investment Manager Clientele and Mutual Fund Performance”**

*Abstract:* This paper examines how the composition of an investment adviser’s client base (identified via Form ADV filings) relates to the performance of its mutual funds. Investment advisers catering to institutional clients realize statistically and economically superior risk-adjusted mutual fund performance relative to retail-oriented advisers. The findings are consistent with the empirical predictions of the Gârleanu and Pedersen (2018) model for asset management markets. The results suggest that institutional clients can identify differences in investment manager skill, particularly in market segments where retail mutual fund investors face higher search costs.

## **WORK IN PROGRESS**

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**“Mutual Fund Advisor Connections and Portfolio Choice”** (with Luke DeVault)

**“The Impact of Non-mutual Fund Clientele on Mutual Fund Tax Efficiency”** (with Alice Liu)

## **INVITED SEMINARS AND CONFERENCE PRESENTATIONS**

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**“Pay to Play in Investment Management”**

- 14<sup>th</sup> Annual California Corporate Finance Conference at Loyola Marymount University

**“Quantitative Investing and Financial Instability”**

- Financial Management Association Annual Meeting 2019

**“Retirement Plan Conflicts of Interest in Mutual Fund Management”**

- Midwest Finance Association Annual Meeting 2019, American Finance Association Ph.D. Poster Session 2019, Financial Management Association Annual Meeting 2018

**“The Company You Keep: Investment Manager Clientele and Mutual Fund Performance”**

- University of San Diego, University of Central Florida, Northern Illinois University, University of Kansas, Rochester Institute of Technology, Marquette University, University of Arizona, Midwest Finance Association Annual Meeting 2018, Eller College Doctoral Student Research Workshop 2018, Financial Management Association Doctoral Consortium 2017, Financial Management Association Annual Meeting Special Ph.D. Paper Presentations 2017

## **PROFESSIONAL SERVICES**

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Conference Services

- Financial Management Association Annual Meeting 2019 (Session Chair and Discussant x 2)
- 14<sup>th</sup> Annual California Corporate Finance Conference (Discussant)
- Midwest Finance Association Annual Meeting 2018 (Session Chair and Discussant)

Service to the University of San Diego

- Faculty Advisor for the CFA Challenge 2019 – 2020
- Honors Thesis Advisor for Elisse Etcheverry 2019 – 2020

## **TEACHING EXPERIENCE**

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Courses taught at the University of San Diego

- Financial Modeling and Analytics (FINA 409), Undergraduate, Fall 2019

Courses taught at the University of Arizona

- Quantitative Financial Management (FIN 360), Undergraduate, Summer 2017  
Teaching evaluations: 4.9/5.0
- Quantitative Financial Management Lab (FIN 360L), Undergraduate, Summer 2017  
Teaching evaluations: 4.8/5.0

- Master's in Finance Research Project (FIN 909), Graduate, Summer 2016  
Teaching evaluations: 4.9/5.0
- Master's in Finance Research Project (FIN 909), Graduate, Summer 2015  
Teaching evaluations: 4.7/5.0

Teaching Assistant, University of Arizona

- Empirical Methods in Finance (Finance 525), Graduate, 2014 – 2019
- Investments (Finance 421), Undergraduate, 2014 – 2019

Adjunct Instructor, Seattle University

- CFA Level 1 and 2 Review Course, Portfolio Management, 2013 – 2014
- CFA Level 1 and 2 Review Course, Alternative Investments, 2013 – 2014

Mathematics Teacher, Glenbard Township H.S. District #87 and Community Unit School District #200  
Western Suburbs of Chicago, IL

- Geometry, Algebra, and Algebra 2, 2004 – 2007

## **HONORS, AWARDS, & FELLOWSHIPS**

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Midwest Finance Association Doctoral Student Travel Grant, 2019

Midwest Finance Association Doctoral Student Travel Grant, 2018

American Finance Association Doctoral Student Travel Grant, 2017

University of Arizona Graduate Assistantship, 2014 – 2019

## **MEDIA COVERAGE**

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*The Hill*, “Securities rule curbs ‘pay-to-play’ schemes for public pensions,” November 25, 2019

*Financial Times*, “Conflicts of interest in target-date funds catch SEC’s eye,” November 17, 2019

*Canadian Investment Review*, “Are U.S. investment advisors getting more contracts by contributing to political campaigns?” October 7, 2019

*Financial Standard*, “Evidence of ‘pay to play’ in US pension consulting,” September 25, 2019

*Institutional Investor*, “Study Points to Past Pay-to-Play in Public Pensions,” September 13, 2019

## **PROFESSIONAL EXPERIENCE**

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Senior Analyst, Cutler Investment Group, Seattle, WA, 2011 – 2014

- Cutler is an investment management firm. My role spanned several areas of the firm's operations and included investment research, institutional sales, and compliance.

Examiner, U.S. Securities and Exchange Commission, Washington, DC, 2008 – 2011

- I conducted examinations of investment advisers registered with the SEC to improve compliance, prevent fraud and monitor risk.

## **PROFESSIONAL CERTIFICATION**

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Chartered Financial Analyst (CFA), 2012