

# Chen Wang | Curriculum Vitae

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## Employment

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**University of Notre Dame, Mendoza College of Business**

*Instructor*

*Assistant Professor of Finance*

**Notre Dame, IN**

2020

2021–

## Education

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**Yale School of Management**

*Ph.D. in Financial Economics*

*Dissertation Committee:*

*Nicholas Barberis (Chair), Stefano Giglio, Kelly Shue, Tobias Moskowitz*

**New Haven, CT**

2014–2020

**Columbia Business School**

*M.S. in Financial Economics*

**New York, NY**

2012–2014

**Peking University**

*B.A. in Finance (Honors), Guanghua School of Management*

**Beijing, China**

2008–2012

## Research Interests

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Asset Pricing, Behavioral Finance

## Research

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Working Papers.....

1. *Under- and Over-Reaction in Yield Curve Expectations* (2020)

*Abstract:* I study how professional forecasts of interest rates across maturities respond to new information. I document that forecasts for short-term rates underreact to new information while forecasts for long-term rates overreact. I propose a new explanation based on “autocorrelation averaging,” whereby, due to limited cognitive processing capacity, forecasters’ estimate of the autocorrelation of a given process is biased toward the average autocorrelation of all the processes they observe. Consistent with this view, I show that forecasters *over*-estimate the autocorrelation of the less persistent term premium component of interest rates and *under*-estimate the autocorrelation of the more persistent short rate component. A calibrated model quantitatively matches the documented pattern of misreaction. Finally, I explore the pattern’s implication for asset prices. I show that an overreaction-motivated predictor, the realized forecast error for the 10-year Treasury yield, robustly predicts excess bond returns.

2. *Factor Demand and Factor Returns* (2020), with Cameron Peng

*Abstract:* A mutual fund’s demand for a pricing factor, measured by the loading of the fund’s returns on the factor’s returns, is persistent over time. When stock characteristics are time-varying and change frequently, persistence in factor demand generates a need for rebalancing. This rebalancing motive, in turn, leads to predictable trading from mutual funds and contributes to cross-sectional return predictability. In particular, when there is a “mismatch” between a stock’s characteristic and the underlying funds’ demand for that characteristic, the “mismatched” stock will face selling

pressure from the underlying funds and subsequently earn lower returns. Double-sorting on stocks' characteristics and mutual funds' factor demand refines value and momentum strategies, generating abnormal returns that cannot be explained by subsequent fundamentals or retail trading flows.

3. *Rediscover Predictability: A Duration-Based Approach* (2019), with Ye Li

*Abstract:* The prices of dividends at alternative horizons contain critical information on the behavior of aggregate stock market. The ratio between prices of long- and short-term dividends, "price ratio" ( $pr$ ), predicts annual market return with an out-of-sample  $R^2$  of 19%.  $pr$  subsumes the predictive power of traditional price-dividend ratio ( $pd$ ). After orthogonalized to  $pr$ , the residuals of  $pd$  strongly predict dividend growth. Using an exponential-affine model, we show a one-to-one mapping between  $pr$  and the expected market return when the expectation of future cash flow is transient. Moreover, we find that return predictability is stronger after market downturns, and holds outside the U.S. As an economic test, shocks to  $pr$  are priced in the cross-section of stocks, consistent with ICAPM. Our measure of expected return declines during monetary expansions, and varies strongly with the conditions of macroeconomy, financial intermediaries, and sentiment.

4. *Delegation Uncertainty* (2019), with Ye Li

*Abstract:* Delegation bears an intrinsic form of uncertainty. Investors hire asset managers for their superior information, but delegation outcome is uncertain precisely because managers' information is unknown to investors. We model investors' delegation decision as a trade-off between asset return uncertainty and delegation uncertainty. Our theory explains several puzzles on fund performances. It also delivers asset pricing implications supported by our empirical analysis: (1) because investors partially delegate and hedge against delegation uncertainty, CAPM alpha arises; (2) the cross-section dispersion of alpha increases in uncertainty; (3) managers bet on alpha, engaging in factor timing, but factors' alpha is immune to the rise of their arbitrage capital – when investors delegate more, delegation hedging becomes stronger.

Work in Progress.....

- o *Mapping out the Macro-Finance State Space without Big Data* (2019), with Hoyong Choi and Ye Li

**Conferences and Seminars**

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2021	AFA Annual Meeting*, Cambridge*, MFA Annual Meeting
2020	Hong Kong University of Science and Technology, Cheung Kong Graduate School of Business, University of Hong Kong, National University of Singapore, Chinese University of Hong Kong, Notre Dame ×2, Michigan Ross, University of Florida, Cornerstone Research
2019	RCFS/RAPS Conference at Baha Mar (×2, one by coauthor), LSE*, USI Lugano*, ASU Sonoran Winter Finance Meeting*, European Winter Finance Summit*, MFA Annual Meeting*, SGF Conference*, CICF*, Stanford SITE*, Yale SOM
2018	North America Summer Meeting of the Econometric Society, CEPR ESSFM Gerzensee*, Geneva Workshop on Financial Stability in a New Era*, NFA Annual Meeting, UT Dallas Fall Finance Conference, Orebro Workshop on Predicting Asset Returns, Chinese University of Hong Kong*, HKUST Finance Symposium*, INSEAD*, 16th Paris December Finance Meeting*, University of Zurich*
2017	Yale SOM
2016	LBS Trans-Atlantic Doctoral Conference, Yale SOM

(including scheduled; \* indicates presentation by coauthor)

## Invited Discussions

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3. *Loan Choice of Local Governments in the United Kingdom*, Davide Avino and Dennis De Widt, FMA Annual Meeting, 2020
2. *Index Investing and Asset Pricing under Information Asymmetry and Ambiguity Aversion*, David Hirshleifer, Chong Huang, and Siew Hong Teoh, SFS Cavalcade North America, 2019
1. *The Term Structure of Short Selling Costs*, Gregory Weitzner, LBS Trans-Atlantic Doctoral Conference, 2016

## Professional Services

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Ad-hoc Referee.....  
*Journal of Finance, Management Science, Journal of Empirical Finance, Journal of Banking & Finance*

Conference Reviewer.....  
*Midwest Finance Association Annual Meeting 2021*

Conference Organizer.....

- o *Whitebox Advisors Graduate Student Conference 2019*
- o *Lynne & Andrew Redleaf Foundation Graduate Student Conference 2020*

## Honors and Awards

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- o 16th Paris December Finance Meeting Award for the Best Paper, 2018
- o Whitebox Advisors Fellowship, Yale International Center for Finance, 2019
- o Lynne & Andrew Redleaf Foundation Fellowship, Yale International Center for Finance, 2020
- o Whitebox Research Grant, Yale International Center for Finance, 2018 and 2019
- o AFA Doctoral Student Travel Grant, 2019
- o Yale University Fellowship, 2014-2019
- o Robin Li (Baidu) Scholarship, Peking University, 2010
- o International Exchange Student Scholarship, Peking University and York University, 2010
- o Academic Excellence Award, Peking University, 2009

## Experiences

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Teaching.....

**University of Notre Dame** **Notre Dame, IN**  
*Instructor* 2021-

- o FIN40660: Fixed Income Investment Strategies

**Yale School of Management** **New Haven, CT**  
*Teaching Assistant* 2015-2020

- o (PhD) Financial Economics II: Asset Pricing Theory (Prof. Alan Moreira)
- o (MBA) Behavioral Finance (Prof. Nicholas Barberis)
- o (MBA) Corporate Finance × 4 (Professors James Choi, Heather Tookes and Kelly Shue)
- o (MBA/Undergraduate) Next China × 2 (Prof. Stephen Roach)
- o (MBA/EMBA) Portfolio Management × 3 (Prof. William Goetzmann)

**Columbia Business School**  
*Research Assistant to Prof. Kent Daniel*

**New York, NY**  
2013–2014

**Professional**.....

**Goldman Sachs**  
*Quantitative Investment Strategies*

**New York, NY**  
2013 Summer

**Citigroup Global Markets**  
*Fixed Income & Currencies Trading*

**Shanghai, China**  
2011 Summer

## **Invited Participation**

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- o 5th PhD Summer School in Dysfunctional Finance 2014
- o MIT Capital Markets Research Workshop 2015
- o Princeton Initiative 2015
- o Yale Behavioral Finance Summer School 2017
- o NBER Summer Institute 2016, 2017, 2018
- o NBER Behavioral Finance Meetings

## **Additional**

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**Programming Languages:** Python, R, Matlab, SAS, Stata, Mathematica, Julia, C++

*Last Update: March, 2021*