Weiming (Elaine) Zhang, CFA

Contact Information

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Education

The Chinese University of Hong Kong, Shatin, Hong Kong SAR

Ph.D. in Finance, 2017 - 2022
Ph.D. courses taught by Vikas Agarwal (Georgia State); Zhi Da (Notre Dame); Andrew Ellul (Indiana-Bloomington); Tarun Chordia (Emory); Amit Goyal (HEC-Lausanne); Allaudeen Hameed (NUS); Bing Han (Toronto); Kewei Hou (Ohio State); Neil Pearson (UIUC); Jay Ritter (Florida); Neng Wang (Columbia), etc.

B.Sc. in Quantitative Finance and Risk Management (First Class Honors), 2012 - 2016

The University of Glasgow, UK

Exchange Undergraduate Student, 2015

Research Interests

Empirical Asset Pricing: return predictability, investments, short selling, derivatives, fixed income

Sustainable Finance: socially responsible investing, climate finance

Research Papers

1. Green or Brown, Which Overpriced Stock to Short Sell? (*Job Market Paper*)

– *NFA (2021), FMA (2021)*

2. ESG Preference, Institutional Trading, and Stock Return Patterns (with Jie Cao, Sheridan Titman, and Xintong Zhan).

– *Conditionally accepted at* ***Journal of Financial and Quantitative Analysis***

– *Featured at NBER Working Paper Series, WFA (2020), FIFI (2020), NFA (2019)*

3. Unlocking ESG Premium from Options (with Jie Cao, Amit Goyal, and Xintong Zhan)

– *AFA (2022), Melbourne Asset Pricing Meeting (2021)*

4. Carbon Emissions, Institutional Trading, and the Liquidity of Corporate Bonds (with Jie Cao, Yi Li, Xintong Zhan, and Linyu Zhou)

Teaching Experience

Instructor, Department of Finance, The Chinese University of Hong Kong
– Financial Management (Undergraduate), summer 2019
Raw Score: 5.69/6; Adjusted Score: 5.83/6

Teaching Assistant, Department of Finance, The Chinese University of Hong Kong
– Investment Analysis & Portfolio Management (Undergraduate), 2017 - 2020
– Empirical Asset Pricing (PhD), 2020 & 2021
– Asset Pricing Theory (PhD), 2021

Presentations

Selected Presentations (*by coauthor)

- American Finance Association Annual Meeting, US (online) 2022
- Northern Finance Association Annual Meeting, Canada (online) 2021
- FMA Annual Conference, US (online) 2021
- 4^{th} Annual GRASFI Conference, Beijing (online) 2021
- Western Finance Association Annual Meeting, US (online)* 2020
- Fixed Income and Financial Institutions Conference, Columbia, US (online)* 2020

- FMA Annual Conference, US (online) 2020
- FMA Consortium on Asset Management, Cambridge, UK 2020
- American Finance Association Annual Meeting Poster Session, US 2020
- Northern Finance Association Annual Meeting, Vancouver, Canada* 2019
- 8^{th} Luxembourg Asset Management Summit, Luxembourg 2019
- CSR, the Economy and Financial Markets, Duesseldorf, Germany 2019
- Finance Down Under, Melbourne, Australia* 2019
- China International Conference in Finance (CICF), Guangzhou, China 2019
- Inquire Europe Fall Seminar, Budapest, Hungary* 2018
- 31^{st} Australasian Finance and Banking Conference, Sydney, Australia 2018
- 4^{th} Geneva Summit on Sustainable Finance, Geneva, Switzerland* 2018
- Annual Deutsche Bank Global Quantitative Strategy Conference, New York, US* 2018
- 26^{th} Conference on the Theories and Practices of Securities and Financial Markets, Taiwan 2018
- CQAsia and Bank of America Merrill Lynch Quant Conference, Hong Kong 2017

Honors and Awards

- General Research Fund (Co-Investigator), Hong Kong Research Grant Council 2021
- GIWM Research Grant, Geneva Institute for Wealth Management 2020
- Best Paper Prize, FMA Consortium on Asset Management by University of Cambridge 2020
- AFA Student Travel Grant 2020
- AAM-CAMRI Prize in Asset Management, Asia Asset Management and NUS 2019
- Alternative Risk Premia Research Award of Paris-Dauphine House of Finance and Unigestion 2019
- Best Paper Award, Conference on Theories and Practices of Securities and Financial Markets 2018
- Postgraduate Fellowship, The Chinese University of Hong Kong 2017-
- CIMA Scholarship for CIMA Global Business Challenge, CIMA 2014

Industry Experience

- Quantitative Research Analyst, LIM Advisors Limited (Hong Kong), July-December, 2017
- Global Strategy Intern, Cigna International Corporation (England), June-December, 2015

other information

- Chartered Financial Analyst (CFA) Charterholder since July 2021
- Computer Skills: SAS, SQL, STATA, R, VBA, MS, Office, LaTeX
- Languages: Chinese (Native); English (Fluent); Cantonese (Fluent)
- Hobbies: Travel, Piano, Diving, Hiking
- Hong Kong Permanent Resident

References

Jie Cao (Supervisor), Associate Professor of Finance and Ph.D. Program Coordinator
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Sheridan Titman, Professor of Finance and McAllister Centennial Chair in Financial Services
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Amit Goyal, Professor of Finance and SFI Senior Chair
Department of Finance, University of Lausanne and Swiss Finance Institute
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Board of Governors of the Federal Reserve System
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PAPER ABSTRACT

Green or Brown: Which Overpriced Stock to Short Sell? (*Job Market Paper*)

I document a negative relationship between firms ESG performance and short selling demand among overpriced stocks. Such relationship is not driven by known short-sale constraints such as fewer lendable shares or higher lending fees. Instead, shorting overpriced stocks with high ESG scores is exposed to higher 1) synchronization risk—the long-side investors are reluctant to sell the overpriced stocks with better ESG performance; 2) short squeeze risks associated with ESG sentiment—high ESG stocks experience sentiment-driven positive price jumps when public attention to ESG spikes; and 3) ESG reputation risk—short sellers who publicly disclose large positions on high ESG stocks may get a bad reputation. I further document overpriced stocks with high ESG scores have more negative returns next month, partially due to insufficient short selling demand.

ESG Preference, Institutional Trading, and Stock Return Patterns (with Jie Cao, Sheridan Titman, and Xintong Zhan)

Socially responsible (SR) institutions tend to focus more on the ESG performance and less on quantitative signals of value. Consistent with this difference in focus, we find that SR institutions react less to quantitative mispricing signals. Our evidence suggests that the increased focus on ESG may have influenced stock return patterns. Specifically, abnormal returns associated with these mispricing signals are greater for stocks held more by SR institutions. The link between SR ownership and the efficacy of mispricing signals only emerges in recent years with the rise of ESG investing, and is significant only when there are arbitrage-related funding constraints.

Unlocking ESG Premium from Options (with Jie Cao, Amit Goyal, and Xintong Zhan)

We find that option expensiveness, as measured by implied volatility, is higher for low-ESG stocks, showing that investors pay a premium in the option market to hedge ESG-related uncertainty. Using delta-hedged option returns, we estimate this ESG premium to be about 0.3% per month. All three components of ESG contribute to option pricing. The effect of ESG performance heightens after the announcement of Paris Agreement, after speeches of Greta Thunberg, and in the aftermath of Me-Too movement. We find that investors pay ESG premium to hedge volatility, jump, and other higher moment risks. The influence of ESG on option premia is stronger for firms that are closer to end-consumers, facing severer product competition, with higher investors ESG awareness, and without corporate hedging activity.

Carbon Emissions, Institutional Trading, and the Liquidity of Corporate Bonds (with Jie Cao, Yi Li, Xintong Zhan, and Linyu Zhou)

This paper provides a detailed investigation on how firms' carbon emission levels affect institutional investors' trading behaviors and liquidity conditions of corporate bonds. Our analysis is conducted with a full sample from 2007 to 2019 and causality is further established by exploiting two carbon-related shocks: The Paris Agreement and the election of U.S. President Trump. We find that both mutual funds and insurance companies are more likely to sell corporate bonds in herds if the bonds issuing firms have higher carbon emissions. We show that mutual fund flows negatively respond to the fund's carbon exposures and that mutual funds are more likely to sell high-carbon bonds in the face of investor redemptions. We also find that bonds issued by high-emission firms experience worse liquidity conditions.