Xiao Li

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Education

PhD in Finance, University of Arizona, May 2019 (expected)

MS in Statistics, University of Minnesota Duluth, May 2014

BA in Economics, Dongbei University of Finance and Economics, June 2012

Research Interest

Investment, Portfolio Allocation, Machine Learning, Anomalies, and Market Efficiency

Working Papers

1. **Aggregating Information for Optimal Portfolio Weights** (Job Market Paper)
   - Under review at the Journal of Financial and Quantitative Analysis
   - University of Arizona Peyton Finance Seminar 2018
   - Financial Management Association Annual Meeting 2018
   - American Financial Association Annual Meeting Ph.D. Poster Session 2019 (Scheduled)
   - SSRN's Top Ten download list: Econometric Modeling: Capital Markets - Portfolio eJournal.

   Abstract: I attempt to address an important issue of the portfolio allocation literature – none of the allocation rules developed in prior studies can consistently deliver good performance across different asset samples. I argue that information insufficiency is what drives this issue. That is, the information incorporated by each existing allocation rule is not rich enough to capture the noisy return profiles exhibited by different asset samples. Under this motivation, I develop an approach that aggregates information from a wide range of sources to make allocation decisions. This approach models the optimal portfolio weights as a function of a broad set of portfolio weights implied by prior allocation rules, and determines the relative contribution from each allocation rule through Elastic Net, a machine-learning technique. Out-of-sample tests suggest that my approach consistently achieves good performance across a variety of asset samples, whereas none of the alternative rules can match the consistency.

2. **Does Too Much Arbitrage Destabilize Stock Price? Evidence from Post Earnings Announcement Drift**
   - University of Arizona Peyton Finance Seminar 2016
   - Financial Management Association Annual Meeting 2017
   - Southern Financial Association Annual Meeting 2018
   - SSRN's Top Ten download list for: ERN: Behavioral Finance (Microeconomics)
     Microeconomics: General Equilibrium&Disequilibrium Models of Financial Markets eJournal

3. **Markowitz meets Talmud 2.0: A Two Stage Approach**
   - University of Arizona Peyton Finance Seminar 2017

Work in Progress

1. **Performance of Allocation Rules Revisit – Big Data Perspective** (with Scott Cederburg)
2. **Stock Portfolio and the Multitude of Firm Characteristics – Impact from Nonlinearity and Inter-Characteristic Arbitrage** (with Danqiao Guo)
3. **Deep Neural Networks and Pricing Factors** (with Zhaobin Kuang)

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Publication

Adaptation of the S&P 500 Index Effect (with Chan Wung Kim and Timothy T. Perry), 2017, *the Journal of Index Investing 8 (1) 29-36*

- Media Coverage: "Betting on new S&P 500 stocks ain't what it used to be" (**WSJ Blog**)
- Invited Interview: I.I. Journals Practical Application, with **Howard Moore**, Aug 7th, 2017

Conference Participation

Eastern Financial Association 2016 Discussant

Financial Management Association 2017, 2018

Southern Financial Association 2018

American Financial Association Annual Meeting Ph.D. Poster Session 2019 (Scheduled)

Teaching Experience

University of Arizona

Instructor

Principles of Financial Management	Summer 2015 (4.3/5.0)
Principles of Financial Management	Summer 2016 (4.2/5.0)
Principles of Financial Management	Summer 2018 (4.4/5.0)

Teaching Assistant

Corporate Financial Problems	Fall 2014

University of Minnesota Duluth

Teaching Assistant

Calculus I	Fall, Spring 2013 (4.8/5.0)
Calculus III Lab	Fall, Spring 2014 (4.9/5.0)

Awards

University of Arizona Graduate Assistantship	Sep. 2014 - present
University of Arizona Research Grant	Sep. 2016 - present
Outstanding Teaching Assistant (University of Minnesota)	May 2014
University of Minnesota Graduate Assistantship	Sep. 2012 - May 2014

Media Coverage

Wall Street Journal Blog (May 30 2017)

Software Skills

SAS, R, Mathematica, and Python

Reference

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