

# SHUHAO REN

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## EDUCATION

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**Arizona State University**

Ph.D. in Finance

2019 - 2024 (*Expected*)

**University of Maryland**

MS in Finance

2015 - 2017

**Dongbei University of Finance and Economics, China**

BS in Financial Engineering

2011 - 2015

## RESEARCH INTEREST

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Asset Pricing, Market Microstructure, Information Economics, and Textual Analysis

## WORKING PAPERS

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### **Decoding Anomalies through Alpha Dynamics (Job Market Paper)**

**Abstract:** This paper studies explanations of anomalies by analyzing how alphas of the characteristic-sorted portfolio *evolve* over a subset of months after the sorting period, referred to as the "alpha dynamic". In contrast, prior studies focus on the *average* of alphas after the sorting period. I find that alpha dynamics provide new insights in evaluating whether anomalies (1) exist, (2) are profitable after considering trading costs, and (3) are likely due to mispricing or rational expectations. Upon incorporating the impacts of alpha dynamics into these questions, an analysis of 205 anomalies reveals that relying solely on  $t$  tests may miss many real anomalies. This problem becomes more severe with higher  $t$  cutoff values (e.g., 3.0). Also, the after-cost profitability has been significantly underestimated. Further, in about 60% of anomalies, the observed alpha dynamic pattern conforms to existing behavioral models rather than rational models. The results for these anomalies are more consistent with mispricing. Examples of well-known categories include net share issuance, idiosyncratic volatility, and momentum.

**Presented at:** AFA Poster Session (2024, *scheduled*), SWFA (2024, *scheduled*), FMA Doctoral Student Consortium and Special PhD Paper Presentations (2023), ASU (2023)

### **Disagreement and Stock Liquidity**

**Abstract:** I empirically investigate how disagreement among investors relates to stock liquidity and why such a relationship exists. I find that the relationship varies across stocks. This is because when there is disagreement, the adverse selection component of liquidity increases, and the inventory component of liquidity decreases. The relationship between disagreement and liquidity then depends on the relative magnitudes of disagreement's associations with the adverse selection and inventory components. This provides a potential explanation for the mixed findings in prior studies. To understand why disagreement has such a relationship with the adverse selection component, I further examine two sources of disagreement, information asymmetry (IA) and differential interpretation (IN). Using a novel empirical design, I evaluate mechanisms through which IA and IN can affect liquidity. Results indicate that the relationship exists because the mechanisms of Easley and O'Hara (1992) and Glosten and Milgrom (1985) are more important than Kyle and Wang (1997).

**Presented at:** EasternFA (2023), SFA (2022), ASU (2021)

### **News Complexity and Short Sellers**

**Abstract:** Short sellers obtain an information advantage when information is complex. In this paper, I propose a new text-based measure to proxy for corporate news complexity. Using the measure, I show

that the profitability of short selling remains unaffected by the presence of news in a given quarter. However, short selling is more profitable when news complexity is higher. A portfolio that buys lightly-shortened stocks and shorts heavily-shortened stocks earns an alpha that is 0.48% larger per month during quarters of high news complexity compared to those with low news complexity. This difference persists for at least a quarter. Further, I find that short selling in quarters with high news complexity is more profitable when there is less analyst coverage or less total corporate news. Moreover, short selling is negatively correlated with future firm earnings surprises only in quarters with high news complexity.

*Presented at: SWFA (2024, scheduled), ASU (2020)*

## TEACHING EXPERIENCE

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**Instructor:**

FIN361 Advanced Managerial Finance, Undergrad 6.3/7.0  
Arizona State University

*Summer 2022*

**Teaching Assistant:**

FIN502 Managerial Finance, MSF/MBA  
Arizona State University

*Fall 2020, Fall 2021, Spring 2023*

## PROFESSIONAL SERVICE

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**Discussant:**

EasternFA 2023, SFA 2022

**Referee:**

Emerging Markets Review

**Program Committee:**

MFA 2024

## AWARDS, GRANTS, AND FELLOWSHIPS

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AFA Travel Grant Award

*2023*

ASU Graduate School Travel Award

*2022-2023*

ASU Department of Finance PhD Travel Grants

*2021-2022*

ASU Graduate Fellowship

*2019-2023*

## OTHER EXPERIENCE

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Equity Analyst at Global Equity Fund, University of Maryland

*2016-2017*

Equity Analyst Intern at Quantum Financial Advisors

*2017-2018*

## SKILLS

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**Programming:** Python, R, MATLAB, SAS, Stata, Big Data, HPC

**Certifications:** Passed CFA Level II

**Languages:** English (fluent), Mandarin (native)

## REFERENCES

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**Hendrik Bessembinder (Chair)**

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Arizona State University  
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