

SHUHAO REN

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EDUCATION

Arizona State University *2019 - 2025 (Expected)*
Ph.D. in Finance
Committee: Hendrik Bessembinder (Chair), George Aragon, Seth Pruitt, Sunil Wahal

University of Maryland *2015 - 2017*
MS in Finance

Dongbei University of Finance and Economics, China *2011 - 2015*
BS in Financial Engineering

RESEARCH INTEREST

Asset Pricing, Investments, News and Social Media, Short Selling, Market Microstructure

WORKING PAPERS

Decoding Anomalies through Alpha Dynamics (Job Market Paper)

- Presentations (*: scheduled): FMA (2024)*, NFA (2024), EasternFA (2024), SWFA (2024), AFA Poster Session (2024), FMA Doctoral Student Consortium and Special PhD Paper Presentations (2023)

News Complexity and Short Sellers

- Presentations: SWFA (2024)

Disagreement and Stock Liquidity

- Presentations: EasternFA (2023), SFA (2022)

WORK IN PROGRESS

Short Sellers' Trades and Corporate Hedging Disclosures (with Yuri Tserlukevich)

Investor Demand and Dynamic Characteristic Compensations (with Rasoul Foughard)

TEACHING EXPERIENCE

Instructor:

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

Summer 2022

Teaching Assistant:

FIN502 Managerial Finance, MBA
Arizona State University

Fall 2020, Fall 2021, Spring 2023, Spring 2024

FIN502 Managerial Finance, MSF
Arizona State University

Fall 2020, Fall 2021

PROFESSIONAL SERVICE

Program Committee:

MFA 2024

Discussant:SWFA 2024 ($\times 2$), EasternFA 2023, 2024, SFA 2022**Referee:**Emerging Markets Review ($\times 2$)**AWARDS, GRANTS, AND FELLOWSHIPS**

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

Equity Analyst at Global Equity Fund, University of Maryland	2016-2017
Equity Analyst Intern at Quantum Financial Advisors	2017-2018

SKILLS

Programming: Python, MATLAB, SAS, Stata, Big Data, HPC**Certifications:** Passed CFA Level II**Languages:** English (fluent), Mandarin (native)**REFERENCES**

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ABSTRACTS

Decoding Anomalies through Alpha Dynamics (Job Market Paper)

This paper studies how alphas of the characteristic-sorted stock portfolios *evolve* over the months after the sorting date, which I refer to as "alpha dynamics". I develop new tests to examine the alpha dynamics predicted by economic theories. The results provide new insights relevant to assessing whether anomalies (1) are attributable to collective "data snooping" or are real, (2) can be attributed at least in part to mispricing, and (3) imply potential profits after considering trading costs. I study 205 published anomalies and find that t -tests of whether average alphas equal zero fail to detect many real anomalies, a problem that becomes more severe with higher t -statistic cutoffs. Further, the observed alpha dynamic pattern conforms to existing behavioral models rather than rational models for about thirty-two percent of characteristics, including accruals, investment, profitability, and momentum. Further, I show that after-cost profitability is significantly underestimated when alpha dynamics are not allowed for.

News Complexity and Short Sellers

I develop a new text-based measure of news complexity and find that stock return predictability of shorting flows increases with news complexity. Additionally, return predictability is lower than when there is no news. A portfolio strategy of buying lightly-shortened stocks and shorting heavily-shortened stocks earns an alpha that is 0.525% higher per month when past news complexity is high compared to when it is low. These findings remain robust when firm characteristics are controlled and alternative measures of news complexity are used. Overall, this paper shows the importance of the complexity of public information in understanding how releases of public information affect the information advantage of sophisticated investors.

Disagreement and Stock Liquidity

I study the relationship between investor disagreement and stock liquidity, and why this relationship exists. I find that disagreement is positively correlated to the adverse selection component of liquidity but negatively correlated to the inventory component, with the overall effect varying across stocks based on the relative strength of these correlations. The findings are robust to alternative measures of adverse selection and inventory components. To further understand the relationship between disagreement and adverse selection, I examine two sources of disagreement, information asymmetry (IA) and differential interpretation (IN). Using a novel empirical design, I show that IA mechanisms from Easley and O'Hara (1992) and Glosten and Milgrom (1985) have a greater impact on liquidity than the IN mechanism of Kyle and Wang (1997).

Short Sellers' Trades and Corporate Hedging Disclosures (with Yuri Tserlukevich)

This paper investigates the relation between short selling and corporate hedging. We examine how short sellers use hedging information to make trading decisions. We also investigate short selling around corporate hedging disclosures and analyze the predictability of these trades. The study focuses on the role of short sellers as informed traders and hypothesizes that firm hedging reduces their ability to exploit this information. Our empirical analysis reveals that short sellers tend to reduce their positions around corporate hedging disclosures when firms have high hedge ratios, reflecting a lower degree of return predictability. In contrast, short sellers' positions are more predictive of future returns when firms exhibit lower hedge ratios. Additionally, we argue that the role of short sellers extends to influencing managerial decisions.

Investor Demand and Dynamic Characteristic Compensations (with Rasoul Foughard)

Standard factor models and theories fail to explain the compensation discrepancy between persistent and transitory components of firm characteristics. We examine which drivers of investors' portfolio allocation choices contribute to the discrepancy by decomposing returns of characteristic-sorted portfolios into different demand-driven components: persistent demand shocks, which reflect idiosyncratic drivers such as emotion and liquidity needs, and demand for current and lagged characteristics, which reflect systematic drivers such as investment mandates and trading costs. We find that persistent demand shocks and demand for characteristics contribute significantly and oppositely to the discrepancy. Further, we provide new evidence that investors have a negative correlation between their demand for current and lagged characteristics.