

# David Xiaoyu Xu

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## EDUCATION

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### McCombs School of Business, University of Texas at Austin

M.S., Ph.D. in Finance (expected)

2016–2022

Dissertation Committee:

**Sheridan Titman** (co-chair)

Professor of Finance

University of Texas at Austin

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**Daniel Neuhaus** (co-chair)

Assistant Professor of Finance

University of Texas at Austin

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**Aydoğan Altı**

Associate Professor of Finance

University of Texas at Austin

(512)-232-9374

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**Clemens Sialm**

Professor of Finance

University of Texas at Austin

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### Renmin University of China

M.Phil. in Finance

2016

### Shanghai University of Finance and Economics

B.A. in Economics

2013

## RESEARCH INTERESTS

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Primary: Financial Intermediation, Asset Management, Financial Regulation

Secondary: Corporate Finance, Market Microstructure

## JOB MARKET PAPER

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### Financial Market Structure and the Supply of Safe Assets: An Analysis of Leveraged Loan Market

Collateralized loan obligations (CLOs) produce long-term low-risk bonds backed by leveraged loans. To increase safe debt capacity, CLO contract obligates the manager to dynamically maintain portfolio quality through selling low-quality loans and buying high-quality loans. This paper develops an equilibrium model in which CLOs and other nonbanks endogenously arise and shows that the contract generates investment and financing externalities across asset managers in the leveraged loan market. As a result, the market has too many CLOs, but under-produces safe assets relative to a constrained efficient benchmark. Policies targeting only one side of intermediary balance sheets can exacerbate the welfare loss.

## Other Papers

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**The Geography of Information Acquisition** (with Honghui Chen, Yuanyu Qu, Tao Shen, and Qinghai Wang), *Journal of Financial and Quantitative Analysis*, forthcoming

Using detailed data on company visits by Chinese mutual funds, we provide direct evidence of mutual fund information acquisition activities and the consequent informational advantages mutual funds establish in local firms. Mutual funds are more likely to visit local and nearby firms both in and outside of their portfolios, but the ease of travel between fund and firm locations can substantially alleviate geographic distance constraints. Company visits by mutual funds are strongly associated with both fund trading activities and fund trading performance. Our results show that geographic constraints and costly information acquisition amplify information asymmetry in financial markets.

### **Fund Flows in the Shadow of Stock Trading Regulation** (with Xiang Kang)

We show that trading suspension, a widely adopted regulatory rule, prevents information from being incorporated into stock prices and generates stale mutual fund net asset values (NAVs). Using a sample of 3,205 long-lasting suspension events in China between 2004–2018, we find that opportunistic investors select funds based on firm-specific news: flows positively respond to suspended stocks’ unrealized impact on NAVs. Suspending trades creates predictable short-term fund returns at the cost of long-term investors, and portfolio disclosure plays a key informational role in distorting flows. Our findings suggest that regulating trading activities can impede liquidity transformation by financial intermediaries.

## **WORK IN PROGRESS**

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“Testing the Waters? The Feedback Between Investors and Corporate Investment” (with Xiaogang Bi and Sheridan Titman)

“Why So Many Mutual Funds: Organizational Structure of Mutual Fund Families” (with Jennifer Huang, Zhigang Qiu, and Yuehua Tang)

## **HONORS AND AWARDS**

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SYLFF Fellowship for International Business Research, 2021–2022

William W. and Ruth F. Cooper Endowed Presidential Fellowship in Business, 2019–2021

AFA Travel Grant, 2020

Dr. James C. Dolley Endowed Presidential Scholarship, 2018

Jastrow Fellowship Award, University of Texas at Austin, 2016

Guanghua Scholarship, Renmin University of China, 2015

Mark J. Bertus Best Paper Prize (runner-up), JURF, 2012

China National Scholarship, Ministry of Education of China, 2011

## **TEACHING EXPERIENCE**

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Instructor:

- Investment Management (Undergrad) 2019
- Evaluation: 4.6/5.0, McCombs teaching excellence award nomination

Teaching Assistant:

- Financial Modelling & Testing (MSBA) by Professor Sheridan Titman 2020
- Investment Theory & Practice (MSBA) by Professor Sheridan Titman 2019, 2020
- Advanced Corporate Finance (MSBA) by Professor Aydogan Altı 2020
- Corporate Finance Theory (PhD) by Professor Aydogan Altı 2019, 2021

- Investment Management (Undergrad) 2017–2019
- Money and Capital Markets (Undergrad) by Professor Tim Landvoigt 2016

## **PROFESSIONAL ACTIVITIES**

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2021: Princeton Young Economist Symposium, PhD Symposium on Financial Market Research & Policy Developments, FMA Doctoral Consortium Paper Session, AEA Poster Session, CICF, CAFM

2020: MFA, AFA Poster Session, AFBC PhD Forum

2019: Finance Theory Group Summer School, MIT Capital Markets Research Workshop, Mitsui Center Summer School on Structural Estimation in Corporate Finance

2018 and before: Professional Asset Management Conference, CICF, Energy and Commodity Finance Conference, FMA

## **ADDITIONAL INFORMATION**

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Programming: SAS, Julia, Mathematica, Matlab, Stata, T<sub>E</sub>X

Language: English (fluent), Chinese (native)

Passed level II of the CFA Program, 2014

Last update: November, 2021