

# Du Nguyen

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Ph.D. Candidate in Finance, Robert J. Trulaske, Sr. College of Business  
336 Cornell Hall · University of Missouri · Columbia, MO, USA 65211  
✉ [du.nguyen@missouri.edu](mailto:du.nguyen@missouri.edu) 🌐 [du-dnguyen.github.io](https://du-dnguyen.github.io) | Updated: Aug. 2024

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## EDUCATION

*University of Missouri, Columbia, Missouri, USA*

Ph.D. in Business Administration (Finance) 2019-current

M.A. in Economics 2023

*University of Exeter, Exeter, UK*

M.Sc. in Financial Analysis and Fund Management 2012

*Hanoi Foreign Trade University, Hanoi, Vietnam*

B.A. in Economics 2011

## RESEARCH INTERESTS

Investments, Asset Pricing, Behavioral Finance.

## JOB MARKET PAPER

1. [Incentive Misalignment and Market Efficiency: Evidence from Portfolio Manager Ownership in the Mutual Fund Industry](#), 2024.

*Abstract:* This paper examines the impact of agency-issue-induced incentive misalignment on the risk-return relation in the stock market. Using hand-collected data on portfolio manager ownership of U.S. active mutual funds, I construct a stock-level measure of exposure to incentives-induced trading and show that this measure is associated with the abnormally low returns of high-risk stocks. Across a comprehensive set of strategies that buy high-risk stocks and sell low-risk stocks, negative alphas concentrate only among stocks subject to high incentives-induced trading. This finding is consistent with the conjecture that incentives-induced trading entails excessive risk taking that distorts the risk-return relation. This pattern is not driven by other firm characteristics and does not extend to other groups of anomaly strategies. Overall, the paper highlights the role of incentive alignment mechanisms in improving market efficiency.

## WORKING PAPERS<sup>1</sup>

2. [Flow Hedging and Mutual Fund Performance](#), 2024.

*Abstract:* This paper studies hedging behavior of active mutual funds against flow volatility and its implications for fund performance. Recent evidence suggests that shocks to the common component of fund flows are a priced risk factor in expected stock returns. I find

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<sup>1</sup>† indicates presentation by co-author.

that nearly half of U.S. active equity funds tilt their portfolios toward stocks with higher exposure to common flows, suggesting that many funds do not hedge against flow risk. A model in which informed managers receive more precise private signals about common flows provides an explanation for this behavior. Using managers' portfolio tilt as a proxy for ability, I confirm the model's main prediction that funds having higher exposure to common flows generate better risk-adjusted performance. These funds also attract higher future flows.

*Presentations:* AFA Poster Session 2024, EFA 2024, SWFA 2024, FMA 2023, NFA Ph.D. Session 2023, SFA 2023.

3. **Out-of-Sample Performance of Factor Return Predictors**, 2024.

*Abstract:* In a factor timing context, recent studies have emphasized on developing techniques that reduce the factor dimension and demonstrated return predictability using only a few predictors with specific choice of estimation design. This focus inadvertently neglects the crucial issue of model instability that has been shown to plague the forecasting literature. Using almost a hundred equity factors and a broader set of predictor variables, I find that the forecasting performance of recent factor timing techniques is indeed sensitive to the choice of empirical design. Applying a variety of shrinkage methods on predictors and focusing on forecasting individual factors to better capture the dynamics between factor returns and predictive signals, I document robust evidence of out-of-sample predictability and more stable investment performance for factor timing strategies. The optimal timing portfolio has a 30% higher Sharpe ratio and generates more than twice the economic gains relative to the factor dimension-reduction approach.

*Presentations:* SWFA 2024, University of Missouri 2023.

4. **The Up Side of Being Down: Depression and Crowdsourced Forecasts**, 2024.

with [Sima Jannati](#) and [Sarah Khalaf](#).

*Abstract:* We examine the impact of non-severe depression on crowdsourced financial judgments using earnings forecasts from Estimote. Our findings reveal that an increase in the proportion of the U.S. population with depression is associated with improved forecast accuracy among users. This effect remains consistent across different measures and is distinct from the influence of temporary seasonal depression or other sentiment measures on decision-making. We identify two mechanisms, namely slow information processing and reduced optimism, that contribute to explaining our results. Overall, our research establishes a link between depression and crowdsourced financial evaluations.

*Presentations:* SWFA 2021<sup>†</sup>, World Finance Conference 2021<sup>†</sup>, University of Missouri 2020.

*Media Coverage:* [St. Louis Business Journal](#) (Oct 2020).

## WORKS IN PROGRESS

5. Do Financial Innovations Expand the Investment Opportunity Set? Evidence from Active ETFs.

## SEMINARS AND CONFERENCE PRESENTATIONS<sup>2</sup>

### 2024:

American Finance Association (Poster Session)  
Eastern Finance Association  
Southwestern Finance Association (x2)

### 2023:

Financial Management Association  
Northern Finance Association (Ph.D. Session)  
Southern Finance Association  
University of Missouri

### 2021:

Southwestern Finance Association<sup>+</sup>  
World Finance Conference<sup>+</sup>

### 2020:

University of Missouri

## ACADEMIC SERVICES

### Ad Hoc Referee:

Emerging Markets Review  
Financial Innovation  
Applied Financial Economics Letters

### Paper Discussions:

(Not) Everybody's Working for the Weekend: A Study of Mutual Fund Manager Effort (Boone Bowles and Richard B. Evans). 2024  
Does Partisanship Affect Mutual Fund Firm-level Information Processing? Evidence from Textual Analysis on Earnings Calls (Wanyi Wang). 2024  
The Real Effects of Sentiment and Uncertainty (Justin Birru and Trevor Young). 2023  
From Stock Return Predictability to Mutual Fund Performance: A Machine-learning Approach (Tengjia (Jasmine) Shu). 2023  
Mutual Funds' Fire Sales and the Real Economy: Evidence from Hurricanes (Roberto Tubaldi). 2023

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<sup>2+</sup> indicates presentation by co-author.

## PROFESSIONAL MEMBERSHIPS

CFA Charterholder

## TEACHING

*Instructor, University of Missouri, Columbia, Missouri, USA* 2022-2023  
FINANC 4310: Financial Modeling and Databases (Undergraduate)  
Spring 2023 (Student Evaluations: 4.60/5.00)  
Fall 2022 (Student Evaluations: 4.55/5.00)  
*Lecturer in Finance, Hanoi University, Hanoi, Vietnam* 2013-2019

## HONORS AND AWARDS

### Conference Research Awards

American Finance Association Ph.D. Travel Grant	2023, 2024
Northern Finance Association Ph.D. Travel Grant	2023
Southwestern Finance Association Ph.D. Travel Grant	2024

### University Research Awards

E. Allen Slusher Business Scholarship	2023
Raymond and Susan Chen International Ph.D. Scholarship	2022
Graduate Research Assistant Award	2022
Trulaske College of Business Ph.D. Scholarship	2019-current
Strategic Priority Scholarship	2019-current
Graduate Finance Fellowship Fund	2019
Exeter Dean's Commendation Award and Exeter Award	2012
Dissertation Prize, Hanoi Foreign Trade University	2011

## DOCTORAL DISSERTATION COMMITTEE

Michael S. O'Doherty (Chair), Professor of Finance, University of Missouri  
Frederick (Fred) L. Bereskin, Associate Professor of Finance, University of Missouri  
Kuntara Pukthuanthong, Professor of Finance, University of Missouri  
Adam S. Yore, Associate Professor of Finance, University of Missouri

## REFERENCES

### **Michael S. O'Doherty (Advisor)**

Charles Jones Russell Distinguished Professor  
Professor of Finance

Trulaske College of Business

University of Missouri

(+1)-573-882-2733

[odohertym@missouri.edu](mailto:odohertym@missouri.edu)

### **Frederick (Fred) L. Bereskin**

Richard G. Miller Professor of Finance

Associate Professor of Finance

Trulaske College of Business

University of Missouri

(+1)-573-882-7596

[bereskinf@missouri.edu](mailto:bereskinf@missouri.edu)

### **Adam S. Yore**

Stephen Furbacher Professor

Associate Professor of Finance

Trulaske College of Business

University of Missouri

(+1)-813-786-1966

[yorea@missouri.edu](mailto:yorea@missouri.edu)

## LANGUAGES

Computer: R, Stata, SAS,  $\text{\LaTeX}$

Human: Vietnamese (native), English (proficient)