# JENNIFER(JIE) LI

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## EDUCATION

**09/2013-present     INSEAD**                                                                        **France/Singapore**
- Ph.D. in Finance (Expected June 2018)

**09/2011-06/2013     Renmin University of China**                                          **Beijing, China**
- MSc in Financial Management

**09/2007-06/2011     Renmin University of China**                                          **Beijing, China**
- BSc in Business Administration

**01/2009-05/2009     Carleton University---Canada Capital University (Exchange Student)**     **Ottawa, Canada**

## RESEARCH INTERESTS

Behavioral Finance, Mutual Fund, Financial Intermediation, Empirical Asset Pricing

## WORKING PAPERS

*An Anatomy of Arbitrageurs: Evidence from Open-End Structured Funds*
- Job market paper
- Conference presentation at Paris Financial Management Conference 2016

This paper uses an ideal laboratory setting to study the trading behavior of arbitrageurs. Under the open-end structured fund setting, I can clearly observe mispricing between identical assets and identify two groups of investors: arbitrageurs and unsophisticated investors. Taking advantage of the account-level investor trading data, I find that arbitrage flows are higher when there are more unsophisticated investors participating in the market. In addition, I provide evidence that arbitrageurs were strategically riding bubbles to earn higher returns before a price peak and eliminating mispricing after a price peak, which is consistent with the theoretical implication from Abreu and Brunnermeier (2012). Local arbitrageurs gather information from local unsophisticated investors or other local arbitrageurs, thus helping them decide when to stop riding bubbles. I further show that among unsophisticated investors there are two factors that cause mispricing: positive feedback trading and social contagion.

*Culture vs. Bias: Can Social Trust Mitigate the Disposition Effect?*
- Joint with Massimo Massa and Hong Zhang
- Conference presentations at FMA Asia Pacific Conference 2017, Asian Finance Association Annual Conference 2017
- Scheduled presentation at AFA 2018 (Philadelphia)

We examine whether behavior bias related to mutual fund investment can be influenced by the social norms to which they are exposed. A higher level of social trust may elicit stronger investor reactions by increasing the *perceived* credibility of fund-reported performance. This effect enhances flow-performance sensitivity, which mitigates investors' disposition effect. Alternatively, societal trust may reduce concerns about expropriation, thereby weakening investors' need to react to poor performance. The resulting lower flow-performance sensitivity increases the disposition effect. Based on a proprietary dataset of complete account-level trading information for all investors in a large mutual fund family in China, we find compelling evidence 1) of a significant disposition effect among fund investors; 2) that a higher degree of social trust is associated with higher flow-performance sensitivity; and 3) that (high) trust-induced flows mitigate the disposition effect. Our results suggest that, in addition to cognitive biases, investor behavior is also strongly influenced by social norms.

*Behavioral Bias in Haze: Evidence from Air Pollution and the Disposition Effect in China*
- Joint with Massimo Massa, Hong Zhang and Jian Zhang
- Conferences presentations at ABFER 2017, China International Conference in Finance 2017, Asian Finance Association Annual Conference 2017

Inspired by the recent health-science findings that air pollution affects mental health and cognition, we examine whether air pollution can intensify cognitive bias observed in the financial markets. Based on a proprietary dataset obtained from a large mutual fund family in China, which contains the complete trading information of over 773,198 accounts covering more than 200 cities, we find that air pollution significantly increases the disposition effect of investors. Analysis based on two plausible exogenous variations in air quality (the Huai-river policy and the vast dissipation of air pollution especially due to strong winds) supports a causal interpretation. Our results have important normative implications that air pollutions may incur severe indirect (social) costs associated with enhanced cognitive biases.

## TEACHING
09/2017-10/2017    Financial Accounting Tutorial (MBA Core Course)
- Teaching Evaluation: 4.1/5.00

09/2015-10/2015    Financial Markets and Valuation Tutorial (MBA Core Course)

08/2015    Excel Workshop (Financial modeling)
- Teaching Evaluation: 4.63/5.00

## ADDITIONAL INFORMATION
- Languages: Chinese (native), English (fluent)
- Computer Skills: Matlab, SPSS, STATA, SAS, Word, Excel and Access PowerPoint
- 2013 Level III CFA Candidate