JENNIFER (JIE) LI

E-mail: Jennifer.li@insead.edu

Website: https://jennifer-jieli.github.io/

Mobile: 65-8407-3689

Address: INSEAD, 1 Ayer Rajah Avenue, Singapore 138676

EDUCATION

09/2013-present   INSEAD   **France/Singapore**

- PhD in Finance, expected 2018
- **Job market paper: An Anatomy of Arbitrageurs: Evidence from Open-End Structured Funds**

09/2011-06/2013   Renmin University of China   **Beijing, China**

- School of Business
- MSc in Financial Management

09/2007-06/2011   Renmin University of China   **Beijing, China**

- School of Business
- BSc in Business Administration

01/2009-05/2009   Carleton University---Canada Capital University   **Ottawa, Canada**

- School of Business
- Exchange student in Distinction

RESEARCH INTERESTS

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

WORKING PAPERS

An Anatomy of Arbitrageurs: Evidence from Open-End Structured Funds

- Job market paper
- Scheduled presentation at AFA PhD Poster Session, 2018 (Philadelphia)
- Conference presentation at Paris Financial Management Conference 2016
- Wharton–INSEAD PhD Consortium, forthcoming Nov 2017
- Finance Brown Bag Seminars, INSEAD, 2016, 2017
- Finance Seminar, PBC School of Finance, Tsinghua University, 2017

This paper exploits a unique account-level dataset of structured funds to study how arbitrageurs trade during bubble periods (i.e., when large positive swings of mispricing occur in the structured funds). I find that arbitrageurs can both ride bubbles during the bubble-formation periods and make arbitrage trades during the bubble-crashing periods. In particular, arbitrageurs ride bubbles more aggressively when local unsophisticated investors start to trade in the direction of fueling bubbles, and quit this strategy when mispricing becomes too high. Identification tests based on the social contagion effect of unsophisticated investors supports a causal interpretation. Moreover, arbitrageurs who can ride bubbles make more trading profits than those who only conduct arbitrage trades. These results suggest that arbitrageurs do not always trade in the direction of eliminating mispricing, and that local information may play a pivotal role in shaping their trading motivations.

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

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
- Conference presentation at ABFER 2017, China International Conference in Finance 2017, Asian Finance Association Annual Conference 2017
- Under review at American Economic Review

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.

WORKING IN PROGRESS
Do Historical Unrealized Returns Affect Trading Behavior of Mutual Fund Investors?

ACADEMIA PRESENTATIONS
- Scheduled presentation at AFA PhD Poster Session, 2018 (Philadelphia)
- Paris Financial Management Conference , 2016
- Wharton–INSEAD PhD Consortium, forthcoming Nov 2017
- Finance Brown Bag Seminars, INSEAD, 2016, 2017
- INSEAD Brown Bag Lunch Seminar, 2017
- Finance Seminar, PBC School of Finance, Tsinghua University
- Finance Seminar, Hanqing Advanced Institute of Economics and Finance, Renmin University of China

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

FELLOWSHIPS, AWARDS AND HONORS

- Recipient, Full scholarship, INSEAD PhD scholarship, 2013–2018
- Silver Medal in National "Challenging Cup" Business Plan Competition in China 2011

PROFESSIONAL EXPERIENCE

12/2011-02/2012 **Huatai Securities** **Beijing, China**
- Investment Banking Analyst

09/2010-02/2011 **The Royal Bank of Scotland** **Beijing, China**
- Global Banking & Marketing Department, internship

PERSONAL INFORMATION

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