

# Lawrence Hsiao

---

## CONTACT INFORMATION

Kellogg School of Management  
Northwestern University  
2211 Campus Drive  
Evanston, IL 60208

Phone: (773)681-2335  
E-mail: lawrence.hsiao@kellogg.northwestern.edu  
Web: <https://sites.google.com/view/lawrencehsiao>

## DOCTORAL STUDIES

**Kellogg School of Management, Northwestern University**, Evanston, IL  
Ph.D. in Finance, 2017-2022 (expected)

Dissertation: “Essays in Asset Pricing”

Committee: Robert Korajczyk (Co-Chair), Pietro Ortoleva (Co-Chair), Viktor Todorov, Charles Nathanson

## PRIOR EDUCATION

**Columbia University**, New York, NY

M.A. in Economics, 2015-2016

Rank: 1 of 33

**National Taiwan University**, Taipei, Taiwan

B.B.A. in Finance, 2012-2015

Rank: 1 of 116, Phi Tau Phi scholastic Honor Award

## RESEARCH INTERESTS

Empirical Asset Pricing, Behavioral Finance

## JOB MARKET PAPER

**“Ambiguity, Investor Disagreement, and Expected Stock Returns”**

Presentations: American Finance Association (AFA) Annual Meeting (scheduled), European Finance Association (EFA) Doctoral Tutorial, Yale SOM Lynne & Andrew Redleaf Foundation Graduate Student Conference, Dauphine Finance Ph.D. Workshop, University of Texas at Austin PhD Student Symposium, Wharton Inter-Finance PhD Seminar, Financial Markets and Corporate Governance Conference, Kellogg Brown Bag Seminar, Behavioral Research in Finance, Governance, and Accounting (scheduled)

Motivated by an implication of the model of market-trading with disagreement by Kandel and Pearson (1995), I measure investor disagreement (ID) as the correlation coefficient between trading volume and absolute price change, multiplied by  $-1$ . This leads to my main novel empirical findings: (1) stocks in the highest ID decile outperform stocks in the lowest ID decile by 9.24 percent annually, adjusted for exposures to the market return as well as size, value, momentum, and liquidity factors; (2) stocks in the highest ID decile prior to earnings announcements earn significantly higher earnings announcement returns. Furthermore, I develop a theory consistent with these findings by extending Kandel and Pearson (1995) to incorporate traders’ ambiguity aversion and their ambiguity about other traders’ interpretations. Specifically, my model generates a positive relation between ID and expected stock returns.

WORKING  
PAPERS

**“Joint Attention and Transmission of Return Shocks”**

I construct a model to explain the spillover effect of return shocks among two firms. In particular, I argue that the fraction of jointly attentive traders plays an important role in the information transmission process. The model predicts that if the joint attention fraction is higher, the abnormal return comovement is larger. In addition, if there exists no joint attention fraction, there should be no abnormal return comovement. The empirical results strongly support the predictions.

WORK IN  
PROGRESS

**“Trust Mutual Fund Managers, but the Other Way Around”**

Can mutual fund managers pick stocks? The answer is no. A self-financing strategy of buying stocks being least widely held by active mutual funds and shorting stocks that are most widely held by active mutual funds generates an annual risk-adjusted return of 10%, controlling for exposures to the market return, size, value, momentum, and liquidity factors. This phenomenon is most pronounced among “popular” stocks that are covered by more analysts or held by more active mutual funds. The results show that mutual funds managers lack stock-picking ability and in particular exert less effort in identifying profitable ones among high attention stocks.

**“Stealth-trading: To Split, or Not to Split?”**

I construct a model to analyze how the interactions between individuals (uninformed) and institutional traders (informed) in the stock market affect the informed traders’ trade size choices. Using a sample of NYSE stock data from TORQ database in the model simulation, I observe that when the fraction of “defensive informed traders” among informed traders and the splitting cost are not too small, medium-size trades are more preferred by institutional traders. This result is consistent with Barclay and Warner’s (1993) stealth-trading hypothesis.

FELLOWSHIPS,  
AWARDS, AND,  
HONORS

Taiwanese Overseas Pioneers Grants (TOP Grants) for PhD Candidates, 2021-2022  
Government Scholarship to Study Abroad by the Ministry of Education, 2019-2021  
Kellogg School of Management Doctoral Fellowship, 2017 - 2022  
Kellogg School of Management Research Grants, 2017 - 2022  
National Taiwan University Phi Tau Phi scholastic Honor Award, 2015  
National Taiwan University Presidential Award, 2012-2015  
Samsung Scholarship Award, 2013  
Taiwan Youth Delegation, APEC Voices of the Future in Bali, Indonesia, 2013

TEACHING  
EXPERIENCE

Teaching Assistant, Macroeconomics, Kellogg EMBA  
2021 Spring & Fall

Teaching Assistant, Macroeconomic Policy and Capital Markets, Kellogg MBA  
2019 Spring; 2020 Winter & Spring; 2021 Winter & Spring

Teaching Assistant, Finance II (Corporate Finance), Kellogg MBA  
2018 Fall; 2020 Winter & Spring; 2021 Winter & Spring

RESEARCH  
EXPERIENCE

2021 Summer: Research Assistant to Professor Robert Korajczyk  
2019 Summer: Research Assistant to Professor Charles Nathanson  
2018 Summer: Research Assistant to Professor Jacopo Ponticelli

DISCUSSANT

Behavioral Research in Finance, Governance, and Accounting (scheduled), Financial Markets and Corporate Governance Conference

PERSONAL

Citizenship: United States  
Languages: English (fluent), Chinese (native)  
Computer skills: SAS, STATA, MATLAB, R, LaTeX

REFERENCES

**Robert Korajczyk (Co-Chair)**  
Harry G. Guthmann Professor of Finance  
Northwestern University  
847-491-8336  
r-korajczyk@kellogg.northwestern.edu

**Pietro Ortoleva (Co-Chair)**  
Professor of Economics and Public Affairs  
Princeton University  
609-986-6895  
ortoleva@princeton.edu

**Viktor Todorov**  
Harold H. Hines Jr. Professor of Risk  
Management and Professor of Finance  
Northwestern University  
847-467-0694  
v-todorov@kellogg.northwestern.edu

**Charles Nathanson**  
Associate Professor of Finance  
Northwestern University  
847-467-5141  
nathanson@kellogg.northwestern.edu