LINGFEI KONG

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ACADEMIC EMPLOYMENT

Washington University in St Louis, Olin School of Business, St Louis, MO **July 2021-present**
Postdoctoral Research Associate in Finance

EDUCATION

University of North Carolina at Charlotte, Charlotte, NC **Aug 2016-May 2021**
Ph.D. in Business Administration (Finance) | GPA: 3.89/4

Hunan University, Changsha, China **Sept 2013-May 2016**
M.S. in Finance | GPA: 3.70/4, Rank: 2/19

Hunan University, Changsha, China **Sept 2009-May 2013**
B.A. in Accounting | GPA: 3.55/4, Rank: 18/249

RESEARCH INTERESTS

Empirical asset pricing, behavioral finance, fintech, corporate finance, corporate governance

WORKING PAPERS

"The lead-lag relations in commodity futures returns: A machine learning approach", with Yufeng Han (job market paper)

- **Presentation**: 2020 Symposium on Commodity Market Development and Risk Management (10/11/2020); 2020 Financial Management Association (FMA) Annual Meeting (10/20/2020); 2020 9th International Conference on Futures and Other Derivatives (12/5/2020); 2021 Miami Herbert Business School Winter Research Conference on Machine Learning and Business (2/12/2021); 5th Annual J.P. Morgan Center for Commodities (JPMCC) International Symposium (8/15/2022); 2022 Southern Finance Association (SFA) Annual Meeting (11/19/2022)
- **Abstract:** This paper uses machine learning tools to study the lead-lag relations in commodity futures returns. We use LASSO to select the predictors because the number of predictors is large relative to the number of observations. We find significant full-sample and out-of-sample predictability. In the full sample, we find that LASSO can identify a sparse set of predictors that either come from economically linked commodities or are likely driven by excessive speculative trading. The out-of-sample forecasts based on LASSO generate statistically and economically large gains. When we use more complex machine learning models such as regression trees and neural networks to forecast commodity futures returns, the out-of-sample performance is worse than LASSO portfolios, suggesting that nonlinearities and interactions do not appear substantial in the data. Finally, we find that index trading due to financialization drives the excess comovement among commodity futures.

"Information Risk and Stock Return of Companies Going Public by Merging with SPACs", with Brian M. Burnett and **Al Ghosh**

- **Presentation**: 2022 American Accounting Association (AAA) Annual Meeting (8/3/2022)
- **Abstract:** SPAC-related regulatory efforts suggest that information risk may be unusually high for companies merging with SPACs ("SPAC-IPOs"). We empirically examine this information risk hypothesis. Using several information risk proxies, we find that relative to traditional IPOs, SPAC-IPOs are more likely to: (1) be associated with lower financial statement quality, (2) retain a non-Big 4 auditor, (3) be associated with lower earnings persistence, (4) be smaller in size, and (5) avoid listing on NYSE for the IPO-year and for at least two subsequent years. A composite risk score confirms a larger information risk score for SPAC-IPOs than for non-SPAC-IPOs. We find that SPAC-IPOs underperform and that our information risk score also explains SPAC-IPO underperformance. Evidence from the first trading day returns suggests SPACs overpay for de-SPACs. Our results suggest that SPAC-IPO investors are likely to be the beneficiaries of the SPAC regulation.

PUBLICATIONS

[1] Han, Yufeng, and Lingfei Kong. **"A trend factor in commodity futures markets: Any economic gains from using information over investment horizons?."** ***Journal of Futures Markets*** 42, no. 5 (2022): 803-822.

- To be featured in *JPMorgan Global Commodities Applied Research Digest 2022 Autumn Issue*
- This paper identifies a trend factor that exploits the short-, intermediate-, and long-run moving averages of settlement prices in commodity futures markets. The trend factor generates statistically and economically large returns during the post-financialization period 2004-2020. It outperforms the well-known momentum factor by more than nine times the Sharpe ratio and has less downside risk. The trend factor cannot be explained by the existing factor models and is priced cross-sectionally. Finally, we find that the trend factor is correlated with funding liquidity measured by the TED spread. Overall, the results indicate that there are significant economic gains from using the information on historical prices in commodity futures markets.

[2] Kong, Lingfei, Gunratan Lonare, and Ahmet Nart**. "Industry tournament incentives and corporate innovation strategies."** ***Journal of Financial Research*** 45, no. 1 (2022): 124-161**.**

- This paper examines how the tournament-like progression in the CEO labor market influences corporate innovation strategies. By exploiting a text-based proxy for product innovation based on product descriptions from 10-Ks, we find a significant positive relation between industry tournament incentives (ITIs) and product innovation. We then explore the trade-off effects of ITIs on product innovation created through long-term patenting technologies and short-term "routine" product development. We discover that ITIs strengthen routine product development activities but decrease patent-based innovation. Further analyses show that the effect of ITIs on product innovation is stronger when the product market is more competitive and when CEO characteristics indicate a higher probability of winning the tournament prize.

[3] Lingfei Kong and Liu Yi. **"The Impact of Individual and Institutional Investor Sentiment on Sell-side Analysts' Earnings Forecast Optimism: Evidence from Chinese A-share Stock Market."** ***South China Journal of Economics*** 2016,06: 66-81. (in Chinese)

- Funded by National Natural Science Foundation of China (71473200)

WORK IN PROGRESS

"Anomaly volatilities and the stock market return", with Yufeng Han, Jan 2021-Present

- Robustness check stage.
- There is ongoing debate in the literature about the relation between stock market risk and return, and the extent to which stock market volatility moves stock prices. This paper provides new evidence on the risk-return relation by estimating the volatilities of stock anomalies, then we use them to predict the stock market return (S&P 500 index return or CRSP value weighted return) via various machine learning models. We find that anomaly volatilities contain predictability in the market return with sizable monthly out of sample R squares larger than 1%.

"Short interest and stock market anomalies", with Yufeng Han and **Dayong Huang, April 2020-Present**

- Empirical analysis stage.
- In this study, we use elastic net models to identify the anomaly signals traded by short sellers, and use those anomalies combined with short interest in double sort to predict the market return (S&P 500 index return or CRSP value weighted return) via various machine learning models such as PCA, PLS, LASSO, Elastic Net, Combination LASSO/Elastic Net.

TEACHING EXPERIENCE

Instructor, Washington University in St Louis, Aug 2021-present

- FIN 500Q **Quantitative Risk Management** (MS in Finance; BSBA-Second Major in Financial Engineering) in Fall 2021 and Spring 2022
- FIN 550G **Seminar in Fintech** (MS in Business Analytics) in Fall 2022

Instructor, University of North Carolina at Charlotte, Jan 2019-May 2021

- FINN 3120 **Financial Management** (Upper Division Undergraduate Course) in Spring 2019, Summer 2019, Fall 2019, Fall 2020, and Spring 2021
- FINN 3222 **Financial Theory and Practice** (Upper Division Undergraduate Course) in Summer 2020

Teaching Assistant, University of North Carolina at Charlotte, Aug 2016-May 2021

- FINN 3222 Financial Theory and Practice in Fall 2016 and Spring 2017
- FINN 3226 Investment in Fall 2017, Spring 2018, Fall 2018, and Spring 2019
- MBAD 6152 Financial Management (MBA) in Fall 2018

PROFESSIONAL SERVICES

Ad-hoc referee: *Managerial Finance*, *Research Policy*

Session chair: 2022 FMA European Conference; 2020 FMA Annual Meeting (x2); 2020 SFA Annual Meeting (x2)

Discussant: 2022 FMA European Conference; 2021 FMA Annual Meeting; 2020 FMA Annual Meeting; 2020 SFA Annual Meeting; 2020 Symposium on Commodity Market Development and Risk Management; 2020 9th International Conference on Futures and Other Derivatives (x2)

AWARDS AND GRANTS

AFA Student Travel Grant, American Finance Association, **Jan 2019**

Summer Research Grant Award, University of North Carolina at Charlotte, **June 2017 and June 2018**

Excellent Graduate Student Award, Hunan University, **Nov 2015**

National Encouraging Scholarships, The Ministry of Education in China, **Sept 2012 and Oct 2010**

WORKING EXPERIENCE

Internship, Bosch Automotive Products (Changsha) Co. Ltd., Changsha, China **Oct 2012-Dec 2012**

- Calculated external and internal transfer prices of windshield blades and wipers
- Updated detailed material information in SAP system
- Analyzed cost and updated the standardized cost for the fiscal year 2013

PROFESSIONAL CERTIFICATION

Certificate of Passing All the Required Subjects of the Professional Stage of the National Uniform CPA Examination of P.R. China, *Chinese Institute of Certified Public Accountants* **Dec 2014**

REFERENCES

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