Wentao Li

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Research Interests

Asset Pricing, Asset Management, Patents

Education

University of Oxford	**Oxford, UK**
DPhil in Finance, Advisors: Martin Schmalz, Mungo Wilson	*2020–2024*
University of California, Los Angeles	**Los Angeles, US**
Visiting Graduate Researcher	*2022–2023*
University of Cambridge	**Cambridge, UK**
MPhil in Economics, Pass with Distinction	*2019–2020*
University of Birmingham	**Birmingham, UK**
BSc in Money, Banking and Finance, First Class with Honours (Ranking: 1/273)	*2017–2019*
Sun Yat-sen University	**Zhuhai, China**
BEcon in Finance	*2015–2019*

Work Experience

Xiamen University	**Xiamen, China**
Assistant Professor of Finance, School of Management	*2024–present*

Working Papers

Beating the Index with ETFs
This paper uncovers a new source of tax efficiency for ETFs—using highly correlated ETFs to harvest capital losses without violating the wash-sale rule. By exploiting the tax loophole, investors can potentially earn a better return than the index. The study reveals that highly correlated ETFs have an average monthly tax-loss trading volume of 9.1% of their assets under management, which accounts for 20.7% of their total trading volume. Tax-loss harvesting is negatively related to past returns, especially for recent and negative ones. ETFs with high past volatility have higher tax-loss trading volumes, while smaller and less liquid ones have lower tax-loss trading volumes. This paper develops a parsimonious model to explain the relationship between tax-loss harvesting and past price movements. Simulations with the model predict an annual tax revenue loss of 0.52% of assets under management for highly correlated ETFs, equivalent to approximately 25 billion USD in 2021.

Term Structure of Equity Return Volatility
- Finding that volatility feedback effects of dividend strips decreasing with different horizons
- Explaining the pro-cyclical term structure of equity returns with the term structure of volatility
- Simulating and testing three leading macro-finance models according to empirical findings

Short-Duration Equity Return Puzzle
- Constructing the expectation of S&P 500 dividends from those of constituents with IBES data
- Calculating forward-looking required rates of return and Sharpe ratios for dividend strips
- Showing conditional Sharpe ratios during crises too high to be explained by mainstream models

Return Predictability from Industry Network Effects: Evidence from Rolling Window Adaptive Lasso
- Estimating industrial network effects with US monthly return data using the adaptive lasso

- Showing the inherent model instability of the industry network via rolling window regressions
- Examining out-of-sample predictability of the past returns by conducting non-parametric tests

Published Paper

Structural breaks, reserve currency and balance of payments constrained growth: a test of Thirlwall's Law in the UK (1950-2017), with Gunes Bebek, *Applied Economics*, 2021
- Applying Johansen cointegration and ARDL to estimate parameters in the extended model
- Assessing the existence of balance-of-payments constraint in the UK over time

Conferences and Seminars

Presenter
2024: World Federation of Exchanges, DKU, WKU, XMU seminars
2023: FMA Annual Meeting, UCLA, SYSU, Oxford seminars
2022: FMA Annual Meeting, Oxford seminar

Discussant
2022: FMA Annual Meeting

Academic Service

Referee: *Review of Asset Pricing Studies*, *Applied Economics*

Research Experience

University of Oxford   **Oxford, UK**
Research Assistant to Prof. Martin Schmalz and Marianne Andries   *2023*
- Coding in MATLAB for the Horizon-Dependent Risk Aversion (HDRA) model
- Numerically solving for the timing premium, the term structure, and other moments

University of California, Los Angeles   **Los Angeles, US**
Research Assistant to Prof. William Zame   *2022*
- Coding in MATLAB to solve equilibrium portfolio choices of an index fund model
- Providing economic interpretations for simulation results

University of Oxford   **Oxford, UK**
Research Assistant to Prof. Martin Schmalz   *2022*
- Coding for simulations of a common ownership model in MATLAB
- Providing economic interpretations for simulation results

University of Oxford   **Oxford, UK**
Research Assistant to İrem Güçeri   *2020–2021*
- Cleaning Bureau van Dijk Orbis Intellectual Property database
- Conducting statistical analysis based on research needs

Teaching Experience

Trine University   **Beijing, China**
Lecturer, NAIS International Summer School   *2024*
Microeconomics, Macroeconomics, Linear Algebra

Chang'an University   **Xi'an, China**
Lecturer, NAIS International Summer School   *2022, 2023*
Money and Banking, Public Finance, Microeconomics, Macroeconomics, Intermediate Microeconomics, Intermediate Macroeconomics, Labour Economics

University of Oxford   **Oxford, UK**
Tutor, Microeconomics   *2021–2023*
Tutor, Finance   *2022*

University of Birmingham	**Birmingham, UK**
Teaching Assistant, Final Revisions	*2019*
Sun Yat-sen University	**Zhuhai, China**
Teaching Assistant, Academic Writing	*2017*

Internship

China Construction Bank	**Guangzhou, China**
Investment Banking Intern	*Jun 2018–Jul 2018*
Yuekai Securities	**Huizhou, China**
Intern of Innovative Business Department	*Jul 2017*

Academic Awards

Graduate Award, St Peter's College	*2023*
DPhil Conference Fund, Saïd Business School	*2022–2024*
Saïd Business School Foundation Scholarship, Saïd Business School	*2020–2024*
Economics Undergraduate Extended Essay Prize (No.1), University of Birmingham	*2019*
Economics Undergraduate Final Year Prize (No.1), University of Birmingham	*2019*
Second-class Merit Scholarship (Top 10%), Sun Yat-sen University	*2017*
Honorable Award, Interdisciplinary Contest in Modeling (MCM/ICM)	*2017*
Second-class Merit Scholarship (Top 10%), Sun Yat-sen University	*2016*
First Prize, Guangdong Undergraduate Mathematics Competition	*2016*

Skills

Software

Stata, MATLAB, EViews, Python, SPSS, LaTeX, Office

Databases

Bloomberg, Datastream, WRDS, CRSP, IBES, OptionMetrics, ORBIS, Wind, CSMAR, Government Databases

Languages

English (fluent), Mandarin (mother tongue), Cantonese (mother tongue)

Certificates

CFA Program, Level III Pass

Certificate of Security Industry Qualification, China

Certificate of Accounting Profession, China

National Computer Rank Examination of China Level II