YIMING ZHANG

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EDUCATION

08/2019 – Now	**Hong Kong University of Science and Technology** PhD in Finance Supervisor: Yan Ji
09/2018 – 06/2019	**London School of Economics and Political Science** MSc in Finance and Economics
09/2014 – 06/2018	**Tianjin University** Bec in Finance

RESEARCH

The Implicit Government Guarantee as a Spillover Channel: Evidence from Chinese Local SOE Bond Markets
With Kai Li
We demonstrate that the implicit government guarantee (IGG) can produce a spillover effect, transforming an idiosyncratic shock into a systemic shock. A model has been developed to illustrate the mechanism. The pivotal channel is that, when investors are unable to distinguish between an idiosyncratic default and a policy regime shift, they will revise their beliefs regarding the IGG for all default cases. We provide empirical evidence for the model by examining the unforeseen default event of Yongcheng Coal Group in November 2020. This event is regarded as an exogenous shock that eroded investors' confidence in the IGG, particularly that of local governments in precarious financial positions. Employing difference-in-differences regression analysis, we observe a 50-basis-point increase in the credit spread for SOE bonds in a weak financial condition relative to those in a strong financial condition, which represents a significant 30% of the average credit spread. Further analysis indicates that the shifts in IGG-related beliefs prompted by the Yongcheng default are more pronounced for bonds with lower ratings, aligning with our model's predictions. Our results echo the great effort made by the Chinese central government to reduce the IGG provided by local governments.

Do Mutual Funds Perform Worse When They Get Larger? Anticipated Flow versus Unanticipated Flow
Single Author
Berk and Green (2004) posit that funds tend to underperform as they grow larger, although the empirical evidence is mixed. In this paper, I examine the diseconomies of scale using a novel method by employing Morningstar ratings as a proxy for fund flow shocks and implementing a regression discontinuity approach. I find strong evidence of decreasing returns to scale for mutual funds. In addtion, I study the different effects of anticipated versus unanticipated flows, which sheds light on the mechanisms behind the diseconomies of scale. I find that experienced fund managers generate more investment ideas in anticipation of fund flow shocks, which helps them mitigate the negative implications of diseconomies of scale.

AWARDS

05/2023	RedBird Academic Excellent Award
05/2020	Hong Kong PhD Fellowship Scheme
11/2017	China National Scholarship for Undergraduate Students
10/2015	Tier 1 Merit Scholarship of Tianjin University

LANGUAGES

Mandarin (Native), English