Dan Luo

Fox School of Business, Temple University
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EDUCATION

Temple University August 2017 – May 2022 (expected)
Fox School of Business
Ph.D. in Finance

Case Western Reserve University August 2015 – January 2017
Weatherhead School of Management
M.S. in Finance

Chongqing Technology and Business University August 2011 – June 2015
B.S. in Finance

RESEARCH INTERESTS

Empirical Asset Pricing, Financial Econometrics, Investments

WORKING PAPERS

Conditional Mimicking Portfolios (Job Market Paper)

Regularized Mimicking Portfolios (with Oleg Rytchkov and Xun Zhong)
- Accepted for presentation at the 2021 Financial Management Association Meeting
- Presented at Temple University Interdisciplinary Brown Bag Seminar

Trading Activity and Fund Performance – Evidence from Bond Mutual Funds
- Presented at 2019 Temple University Finance Seminar

TEACHING EXPERIENCE AND TRAINING

Instructor, Temple University

Financial Management (Undergraduate) Summer I, 2021
– *Instructor rating: 4.8/5.0 (Department Average:4.1/5.0)*

Teaching Assistant, Temple University

Business Econometrics III (Ph.D.) Fall, 2019; Fall, 2020; Fall, 2021
Financial Management (Undergraduate) Fall, 2020; Spring, 2021
Business Econometrics II (Ph.D.) Spring, 2020
Management of Financial Institutions (Undergraduate) Fall, 2018

Training, Temple University

Fox PhD Summer Teaching Academy Summer I, 2019
Fox Online Teaching Certificate Spring, 2020

HONORS AND AWARDS

High Pass Achievement in the Ph.D. Program Temple University, 2019
Merit-Based Scholarship Case Western Reserve University, 2015
Chongqing Outstanding University Student Chongqing Education Bureau, 2015

CERTIFICATION

Passed Level III of the Chartered Financial Analyst (CFA) examination 2017
Securities Practice Qualification Secondary Certificate 2013

SKILLS

Computer Skills: Python, MATLAB, SAS, Stata, Latex, and MS Office
Databases: Compustat, CRSP, Thomson Reuters Institutional Holdings, FactSet, DataStream, OptionMetrics, Bloomberg

ADDITIONAL INFORMATION

Gender: Female
Languages: English (fluent), Chinese (native)

REFERENCES

Oleg Rytchkov (Chair)
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Gurdip Bakshi
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ABSTRACTS OF WORKING PAPERS

Conditional Mimicking Portfolios

In this paper, I propose a new approach to constructing mimicking portfolios for non-tradable shocks that take advantage of the conditioning information available to investors (conditional mimicking portfolios). I reformulate the conditional portfolio problem as a conditional GMM estimation problem, find optimal instruments as non-parametrically specified functions of asset characteristics and macroeconomic variables, and construct portfolio weights that explicitly depend on the conditioning information. Using simulations, I demonstrate that the conditioning information helps improve the portfolio performance, especially when asset betas vary with the macroeconomic information. I apply the proposed methodology to six macroeconomic shocks and find that in most cases, conditional mimicking portfolios better track the shocks than their unconditional counterparts.

Regularized Mimicking Portfolios (with Oleg Rytchkov and Xun Zhong)

We propose new approaches to constructing mimicking portfolios for non-tradable shocks from a large set of base assets. The key element of our procedure is the imposition of regularization constraints on portfolio strategies that help mitigate the overfitting problem caused by a large number of statistical moments that determine optimal portfolio weights. We empirically explore the out-of-sample performance of mimicking portfolios for nine macroeconomic and uncertainty shocks obtained by applying the proposed techniques. In all cases, our mimicking portfolios have less extreme weights than those produced by standard methods without sacrificing the portfolio performance. When shocks can be mimicked by stock returns, the performance of our portfolios is superior to the performance of their unregularized counterparts.

Trading Activity and Fund Performance – Evidence from Bond Mutual Funds

We construct a holding-based measure, weight shift, to capture the trading intensity of bond mutual funds from 2002 to 2018. This measure represents the share of portfolio holdings that differ from the buy-and-hold strategy. We investigate the predictability of weight shift on fund performance in time series and cross-section and find that, on average, funds with higher weight shift generate negative fund performance. This negative relationship is more

pronounced in high-yield bond funds. We also find that this measure predicts future fund inflows, which motivates managers to trade more, and retail investors are more responsive to the changes in trading intensity. Lastly, we find that this measure captures the inferior managerial skill and reacts to macro uncertainty.