

LOUIS Z. YANG

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EDUCATION

University of Southern California, Marshall School of Business, Los Angeles, CA

Ph.D. Finance and Business Economics

2015 - Present

University of Pennsylvania, Wharton School of Business, Philadelphia, PA

B.S. Economics

2010 - 2015

Minor in Mathematics

RESEARCH

Working Papers

1. **The Great Divorce Between Investment and Profitability: A Duration-Based Explanation** with Mete Kilic and Ben Zhang

(Under review at Journal of Finance)

Abstract: We document novel facts about the U.S. stock market during the past forty years which show opposing characteristics to the prior decades: a negative cross-sectional correlation between firms' investment and profitability, and strong premia of investment and profitability factors which are positively correlated. A model of firms with heterogeneous cash flow duration explains these findings: firms with higher duration have lower discount rates, leading them to invest more despite having lower current profitability. An influx of high-duration firms boosted investment and profitability premia due to the duration premium. These nuances do not exist in countries where long-term investments are scarce.

2. **Aggregate Underreactions to Public Information**

Abstract: Publicly available accounting data forecasts aggregate stock market returns both in and out-of-sample. A predictive factor constructed from a panel of accounting variables obtains out-of-sample R^2 statistics of up to 3.05% on month-ahead market returns, and mean-variance investors would be willing to pay an annual fee of up to 6.81% to access its forecasts. The predictive power is consistent with slow-information processing due to investor inattention. The predictability is concentrated in short-horizon market returns, and the factor predicts cash flow news but not expected returns. Using the Google search index to proxy for investor attention, I find that the predictive power of public information is low when investor attention is high.

Work in Progress

1. **Employee 401(k) Holdings and Expected Returns** with Don Keim and Ben Zhang
2. **Clean q and Expected Returns** with Yingguang Zhang

INDUSTRY EXPERIENCE

Quantitative Research Intern at Citadel, Chicago, IL

Jun 2020 - Aug 2020

Investment Research Intern at Highland Consulting Associates, Cleveland, OH

Jun 2013 - Aug 2013

CONFERENCE PRESENTATIONS

Midwest Finance Association (MFA)

Aug 2020

Presented by coauthor: **The Great Divorce Between Investment and Profitability**

SFS Cavalcade	<i>May 2020</i>
Presented by coauthor: The Great Divorce Between Investment and Profitability	
Midwest Finance Association (MFA)	<i>Mar 2019</i>
Presented by coauthor: The Great Divorce Between Investment and Profitability	
Financial Management Association (FMA)	<i>Oct 2018</i>
Presented: Aggregate Underreactions to Public Information	
Trans-Atlantic Doctoral Conference (TADC)	<i>May 2017</i>
Presented: Aggregate Underreactions to Public Information	

AWARDS

USC Graduate School Summer Grant	<i>Mar 2019</i>
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SERVICE

<i>Organizing Committee</i> for 6th Annual USC Finance Ph.D. Conference	<i>Nov 2017 - Jun 2018</i>
<i>Discussant</i> at Trans-Atlantic Doctoral Conference	<i>May 2017</i>

RESEARCH AND TEACHING POSITIONS

<i>Instructor</i> for Business Finance (Undergraduate)	<i>May 2019 - Aug 2019</i>
<i>Instructor</i> for Academy of Finance (High School)	<i>Aug 2017 - Aug 2018</i>
<i>Research Assistant</i> for Wayne Ferson, Los Angeles, CA	<i>Jul 2016 - Present</i>
<i>Teaching Assistant</i> for Wayne Ferson, Asset Pricing II (Ph.D.)	<i>Aug 2017 - May 2018</i>
<i>Teaching Assistant</i> for Fernando Zapatero, Asset Pricing I (Ph.D.)	<i>Aug 2017 - May 2018</i>
<i>Research Assistant</i> for Fernando Zapatero, Los Angeles, CA	<i>Aug 2015 - May 2016</i>
<i>Research Assistant</i> for Donald Keim, Philadelphia, PA	<i>Aug 2014 - July 2015</i>

SKILLS

Programming & Computing	R, Python, cloud computing (AWS), SQL, MATLAB, Julia, SAS, Stata
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