

# Hong ZHANG

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## Education

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1999.9-2004.7 PhD, Finance, Yale University, School of Management  
1997.9-1999.7 MS, Physics, New York University  
1993.9-1997.7 BS, Physics, Fudan University

## Academic Experience

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2016.7-current PBC School of Finance, Tsinghua University  
Phoenix Chair Professor of Finance  
2016.10-current Phoenix Healthcare Finance Research Center, Director  
Tsinghua University PBCSF-NIFR  
2016.7-current The PBC-Cornell joint MBA program, Academic Director  
2015.7-Present PBC School of Finance, Tsinghua University  
China Finance Case Center, Academic Director  
2014.9-2016.7 PBC School of Finance, Tsinghua University  
JD Capital Chair Associate Professor of Finance  
2014.9-2016.7 The PBC-Cornell joint MBA program, Academic Director  
2010.9-2012.6 CKGSB, Visiting Assistant Professor of Finance  
2010.9-2010.12 Yale School of Management, Visiting Scholar  
2004.5-2014.8 INSEAD, Assistant Professor of Finance

## Editorial Board

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2016 onwards The *Pacific-Basin Finance Journal*

## Research Interests

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Short selling. Institutions and cultural. Mutual funds. International Finance.

## Publications

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[1] Yawen Jiao, Massimo Massa, and Hong Zhang, 2016, “**Short Selling Meets Hedge Fund 13F: An Anatomy of Informed Demand**”, *Journal of Financial Economics*, forthcoming.

*The paper was listed on SSRN's Top Ten download list for: ERN: Efficient Market Hypothesis Models (Topic) and ERN: Hedging (Topic).*

[2] Massimo Massa, Yanbo Wang, and Hong Zhang, 2015, “**Benchmarking and Embedded Currency Risk**”, *Journal of Financial and Quantitative Analysis*, forthcoming.

[3] Massimo Massa, Wenlan Qian and Weibiao Xu, and Hong Zhang, 2015, “**Competition of the Informed: Does Short Selling Affect Insider Trading**”, *Journal of Financial Economics* 118: 268-288.

[4] Massimo Massa, Bohui Zhang, and Hong Zhang, 2015, “**The Invisible Hand of Short Selling: Does Short-Selling Discipline Earnings Management?**”, *Review of Financial Studies* 28: 1701-1736.

*The paper was listed on SSRN's Top Ten download list for: Governance, Incentives, & Compensation eJournal, International Accounting eJournal; International Corporate Finance eJournal; FEN: Financial Development & Governance (Topic); ERN: Econometric Studies of Capital Markets (Topic); Accounting, Corporate Governance, Law & Institutions eJournal; Financial Accounting eJournal.*

- ❖ *The paper also starts to attract attention from a broad base of readers, ranging from [Stephen Bainbridge](#), the William D. Warren Distinguished Professor of Law at the UCLA School of Law, to “[Silicon Investor](#)”, an online discussing board for stock investments.*
- ❖ *A post of the paper is solicited and featured at [Harvard Law School Forum on Corporate Governance and Financial Regulation](#) (<http://blogs.law.harvard.edu/corpgov/2015/02/26/does-short-selling-discipline-earnings-manipulation/>)*

[5] Chunmei Lin and Massimo Massa, and Hong Zhang, 2014, “**Mutual Funds and Information Diffusion: The Role of Country-Level Governance**”, *Review of Financial Studies*, 27: 3343-3387. *The paper was listed on SSRN's Top Ten download list for PSN: Other Political Economy: Comparative Political Economy (Topic); Other Political Economy: Comparative Political Economy (Topic); Bureaucratic Behavior (Topic); and for ERN: Other Political Economy: Structure & Scope of Government (Topic), Financial Market Volatility (Topic).*

- ❖ *A post of the paper is solicited and featured at [Harvard Law School Forum on Corporate Governance and Financial Regulation](#) on October 29, 2014 (<http://blogs.law.harvard.edu/corpgov/2014/10/29/mutual-funds-and-information-diffusion-the-role-of-country-level-governance/>).*

[6] Matt Spiegel and Hong Zhang, 2013, “**Mutual Fund Risk and Market Share Adjusted Fund Flows**”, *Journal of Financial Economics* 108-2: 506-528.

[7] Harry Mamaysky, Matt Spiegel, and Hong Zhang, 2008, “**Estimating the Dynamics of Mutual Fund Alphas and Betas**,” *Review of Financial Studies*, 21(1):233-264. *This paper was cited by The New York Times (May 18, 2003) and Financial Advisor Magazine (June 2004) as to "have solved a big problem for mutual fund rating systems." It had also been listed on SSRN's Top Ten download list for "AFA 2004 San Diego Meetings All Time Hits" and "European Finance Association Meetings (EFA) (Archive) All Time Hits."*

[8] Harry Mamaysky, Matt Spiegel, and Hong Zhang, 2007, “**Improved Forecasting of Mutual Fund Alphas and Betas**,” *Review of Finance* 11: 359-400 (the lead article of the issue).

## Working Papers in Research Themes

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Below I summarize them in research themes.

### **Theme 1: On the “Invisible Hand” of Short Selling**

[9] “**Governance Through Threat: Does Short-Selling Improve Corporate Governance?**” co-authored with Massimo Massa and Bohui Zhang, working paper 2013.

*The paper was listed on SSRN's Top Ten download list for: Corporate Governance: Internal Governance, Organization, & Processes eJournal; CGN: Internal Firm Organization (Topic).*

- ❖ *A post of the paper is solicited and featured at Harvard Law School Forum on Corporate Governance and Financial Regulation on Monday October 7, 2013 (<http://blogs.law.harvard.edu/corpgov/2013/10/07/governance-through-threat/>).*

[10] “**Saving Long-term Investment From Short-Termism: the Surprising Role of Short Selling**”, co-authored with Massimo Massa, Fei Wu, and Bohui Zhang, working paper 2013.

*The paper was listed on SSRN's Top Ten download list for: ERN: Other Microeconomics: Intertemporal Firm Choice & Growth, Investment, Financing, & Capacity (Topic); ERN: Other Microeconomics: General Equilibrium & Disequilibrium Models of Financial Markets (Topic).*

[11] “**Short-Sale Constraints and the Pricing of Managerial Skills: the Case of Mutual Funds**”, co-authored with Si Cheng and Massimo Massa, working paper 2012.

*The paper was listed on SSRN's Top Ten download list for: Other Microeconomics: Production, Market Structure & Pricing (Topic); Labor: Personnel Economics eJournal.*

### **Theme 2: On Institutions, Culture, and Incomplete Contracts**

[12] “**Investing in Low-trust Countries: Trust in the Global Mutual Fund Industry**”, co-authored with Massimo Massa, Chengwei Wang, and Jian Zhang, working paper, 2014.

**Winner of the 2015 Asian Finance Association Annual Meeting (AsFA) Best Paper Award, for the Best Paper in Banking and Financial Institutions.**

The paper was listed on SSRN's Top Ten download list for: ERN: Hedging (Topic).

[13] “**The New Lyrics of the Old Folks: Risk Diversification of Family Ownership through Innovation and Exploration**”, co-authored with Po-Hsuan Hsu, Sterling Huang (SMU), and Massimo Massa, working paper 2014.

*This paper has been included in the 2015 **European Finance Association Annual Meeting (EFA)**. The paper was listed on SSRN's Top Ten download list for: AARN: Corporations (Sub-Topic), Economic Anthropology (Topic); CGN: Family Firms (Topic); ERP: Econometric Studies of Corporate Governance (Topic), Family Business (Topic), Other Family Business (Sub-Topic); Firm (Topic); Innovation (Topic), Other Firm (Sub-Topic); SRPN: Corporate Governance (Topic), Innovation (Topic); Corporate Governance & Economics eJournal; Corporate Governance: Governance of Special Types of Firms eJournal; Econometric Modeling: Corporate Finance & Governance eJournal; Corporate Social Responsibility (CSR) eJournal; Entrepreneurship, Innovation, & Growth eJournal; Entrepreneurship & Management eJournal; and Sustainable Technology eJournal; Entrepreneurship, Innovation, & Growth eJournal.*

[14] “**Are LPs Funds of Funds? – Relationship Building in the Private Equity Industry**”, co-authored with Massimo Massa and Xiaolan Zhou, working paper 2013.

*This paper was included in the 2014 Western Finance Association (WFA) Meetings.*

*The paper was listed on SSRN's Top Ten download list for: **ERN: Econometric Studies of Private Equity, Venture Capital, Entrepreneurship, & Innovation (Topic)***

[15] “**Guru Dreams and Competition: An Anatomy of the Economics of Blogs**”, co-authored with Yi Dong and Massimo Massa, working paper, 2014.

*This paper has been included in the 2015 Asian Bureau of Finance and Economic Research (ABFER) conference.*

*The paper was listed on SSRN's Top Ten download list for: Management Research Network; CSN: Genre & Media (Topic), CSN: Social Media (Sub-Topic); CSN: Social Media (Sub-Topic) and Cognition & the Arts eJournal; Economics of Networks eJournal and eBusiness & eCommerce eJournal; CSN Subject Matter eJournals, Cognitive Science Network, ISN Subject Matter eJournals and Information Systems & eBusiness Network;*

### **Theme 3: On Mutual Funds and Delegated Portfolio Management**

[16] “**The Dark Side of ETF Investing**”, co-authored with Si Cheng and Massimo Massa, working paper 2013.

*This paper was presented at the 2013 Review of Financial Studies-McGill Global Asset Management Conference (as one of the final 10 out of 115 submissions).*

[17] “**Human Capital’s and the Structure of the Mutual Fund Industry**”, co-authored with Si Cheng, Massimo Massa, and Matt Spiegel, working paper 2013.

[18] “**Optimal Incentives and Matching of Heterogeneous Principals and Agents in the Mutual Fund Industry**”, coauthored with Henrich Greve, working paper 2012.

[19] “**How Fast Can the Market Get It? Evidence from Alliance Synergies**”, co-authored with Massimo Massa and Chengwei Wang, working paper, 2013.

*This paper has been included in the 2014 Asian Bureau of Finance and Economic Research (ABFER) conference.*

[20] “**On the Dynamics of Corporate Bond Ownership**”, co-authored with Massimo Massa and Weina Zhang, working paper 2014.

### **Theme 4: On Asset Pricing with Corporate Decisions**

[21] “**Firm-Level Investment Opportunity, Corporate Policy, and Asset Return**”, working paper 2006.

[22] “**Can Rational Investors Overreact – Evidence from Multiplicative risk and Asset Pricing Puzzles**”, working paper 2008.

## **Research Projects Under Development**

[23] “**How Skilled are Your Fund Managers? A new test based on Short Selling Information**”, co-authored with Massimo Massa and Yanbo Wang, ongoing research project, 2013.

[24] “**Are Delegated Portfolio Investments More Efficient than Real Investments? – Evidence from the global mutual fund industry**”, in discussing with Massimo Massa and Yanbo Wang, ongoing research project, 2012.

[25] “**Short Selling Contagion**”, in discussing with Pierre Hillion and Massimo Massa, ongoing research project, 2013.

## **Teaching and Executive Training**

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### MBA/Degree Programs(English):

[1] INSEAD MBA courses: *Financial Market Valuation* (the first finance core course for MBA, focusing on corporate finance); *Investment* (elective); *International Financial Management* (elective);

[2] INSEAD-Macquarie Master of Finance (Investment Banking; 2008-2010): *Capital Market I, Risk Management* (one day).

[3] INSEAD Master of Finance Program: *Capital Market* (the first finance core course for Master of Finance, focusing on investment).

[4] CKGSB MBA (2011-2012): *Investments; International Financial Management*;

[5] CKGSB Finance MBA (2011-2012): *Capital Market I* (four days in Chinese); *Risk Management* (3 days in Chinese).

[6] CKGSB Finance EMBA (2012-2013): *Risk Management* (2 days in Chinese). Evaluations in CKGSB for my Chinese lectures are typically around 4.8 (out of 5); highest at 4.97 (my lifetime hit).

[7] PBC School of Finance DBA (2015): *Institutions, Culture, and Finance* (2 days in Chinese). Evaluation: 4.92 out of 5.

### PhD Teaching:

[1] Information Economics (A) and (B): co-teach with Massimo Massa. 2012-2014.

### Executive Trainings:

[1] **INSEAD – ABN AMRO India:** topics include portfolio theory and hedge funds.

[2] **INSEAD: Master of Alternative Investments:** topics include portfolio theory.

[3] **INSEAD: McKinsey - INSEAD Business Basics Program:** topics include securitization and the financial crisis.

[4] **INSEAD: PwC Business Recovery Services:** topics include hedge funds and securitization.

[5] PBCSF (Program Director): Traditional Firms Meet Capital Market, 2015.

## **Case Development**

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### Theme 1: Blue Ocean Finance—the Evolution of Corporate Treasury Operations in the 21st Century

[1] “**Tyco International: Corporate Liquidity Crisis and Treasury Restructuring**,” 2011 (ECCH 111-028-1), co-authored with Gourang Shah, Managing Director and Head of Treasury Advisory at

Citi, and Anne Yang, Research Associate at INSEAD.

[2] ***“The Financial Globalization of Lenovo,”*** 2012 (ECCH 112-029-1), co-authored with Gourang Shah, Managing Director and Head of Treasury Advisory at Citi, Damian Glendinning, Lenovo Global Treasurer, and Anne Yang, Research Associate at INSEAD.

[3] ***“We Innovate Corporate Treasury: The In-house Bank of Roche,”*** 2012 (ECCH 112-030-1), co-authored with Gourang Shah, Managing Director and Head of Treasury Advisory at Citi, Martin Schlageter, Head of Treasury Operations, F. Hoffmann-La Roche Ltd, and Anne Yang, Research Associate at INSEAD.

[4] ***“Blue-Ocean Finance: The Evolution of Corporate Treasury in the 21st Century,”*** 2014(INS796), co-authored with Gourang Shah, Managing Director and Head of Treasury Advisory at Citi, Martin Schlageter, Head of Treasury Operations, F. Hoffmann-La Roche Ltd, and Anne Yang, Research Associate at INSEAD. This case is developed under the supervision of INSEAD Blue Ocean Strategy Institution with special recognition to Dr Mi Ji, Institute Senior Executive Fellow.

#### Theme 2: Challenges and Opportunities about China

[1] ***“The Globalization of the Renminbi: Feeling the Stones on the River Bed”***, 2014 (INS674), co-authored with Gourang Shah, Managing Director and Head of Treasury Advisory at Citi, and Anne Yang, Research Associate at INSEAD.

## **Book Chapters**

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*“Tyco International: Corporate Liquidity Crisis and Treasury Restructuring”*, reprinted in *“The Handbook of Global Corporate Treasury”* by John Wiley & Sons, edited by Rajiv Rajendra. This is the first comprehensive textbook that aims at Corporate CFOs and Treasurers/Treasury Managers around the world to give them a practical and hands-on approach to managing treasury in an international context. I was invited to contribute one chapter based on my Tyco case.

## **Public Media Interviews**

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*Financial Times*, Jun 23, 2013, “Asia-Pacific: Off-the-peg model does not suit”, by Emma Boyde (<http://www.ft.com/intl/cms/s/2/1378ea54-cdc9-11e2-8313-00144feab7de.html>).

I was interviewed by the Financial Times journalist to comment on the practices and training of portfolio managers in the Asia-Pacific area.

## **Awards and Honors**

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- ✧ Winner of the *Best Paper Award*, for the *Best Paper in banking and Financial Institutions*, The *Asian Finance Association Annual Meeting (AsFA)*: “Investing in Low-trust Countries: Trust in the Global Mutual Fund Industry”

- ✧ Winner of the *CFA Society Toronto Award, Northern Finance Association Annual Conference*: “The Invisible Hand of Short Selling”, 2013.
- ✧ Winner of the *TCW Best Paper Award, The China International Conference in Finance (CICF)*: “The Invisible Hand of Short selling”, 2013.
- ✧ Winner of the *JUFE Best Paper Award, The Asian Finance Association Annual Meeting (AsFA)*: “The Invisible Hand of Short Selling”, 2013
- ✧ Yale University Fellowship, 1999-2002.
- ✧ Meyer Fellowship, New York University, 1998.
- ✧ Dr. T.D.Lee (1957 Nobel Prize Winner) Physics Gold Medal, 1994.
- ✧ National Gold Medal, *8<sup>th</sup> Chinese Physics Olympics* (also National Campaign for the Experiment part), 1991
- ✧ National 1<sup>st</sup> Grade Award, 1991 *Chinese Mathematics Olympics*, 1991.

## Refereeing

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*Journal of Finance*

*Review of Financial Studies*

*Review of Finance*

*Journal of Empirical Finance*

## PhD Committee

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Lei Zhang (Thesis committee): placed at Nanyang Tech University, Singapore.

Vijay Yadav (Thesis committee): placed at ESSEC, Singapore.

David Schumacher (Thesis committee): placed at McGill, Canada.

Yanbo Wang (Co-Chair of Thesis Committee): ongoing.

Ling Yue (Co-Chair of Thesis Committee): ongoing.

Chengwei Wang (PhD Advisor and Thesis Committee): ongoing.

## Professional Affiliations

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American Finance Association; Western Finance Association; Asian Finance Association.