

Mengchuan (Kitty) Wang

CONTACT INFORMATION	Goizueta Business School Emory University 1300 Clifton Road, Office 451 Atlanta, GA 30322 USA	Voice: 404-483-5207 E-mail: mengchuan.wang@emory.edu Website: Link to Website
ACADEMIC POSITIONS	Emory University, Goizueta Business School Post-doctoral Fellow of Finance, 2022-present	
EDUCATION	The University of Melbourne <i>Ph.D. in Finance</i> 2022, Melbourne, Australia Washington University in Saint Louis, Olin Business School <i>Master of Science in Finance</i> 2016, Saint Louis, USA Singapore Management University, LKCSB <i>Master of Science in Finance</i> 2016, Singapore Renmin University of China, School of Finance <i>Bachelor in Economics</i> 2015, Beijing, China	
RESEARCH INTERESTS	Empirical Asset Pricing Machine Learning Fund Performance Evaluation	
WORKING PAPERS	“Disentangling Market Timing from Stock Picking—A Machine Learning Based Approach” (with Michael Gallmeyer and Andrea Lu), Under Review at JF <i>Job Market Paper</i> Presentations: <i>FMA Annual Meeting 2023, University of Georgia (2023), Georgia Institute of Technology (2023), Emory University (2023), FMA European 2022, FMA Asia/Pacific 2022, AsianFA 2022, SFA 2022, AFBC 2021</i> Traditional performance attribution approaches may attribute mutual fund market timing to stock picking due to new risk factors, characteristics, and industry rotations. Our theoretical framework shows that successful timing (picking) strategies entail buying stocks with high future systematic (idiosyncratic) returns. Therefore the covariance between fund holding weights and future stock systematic (idiosyncratic) returns measures timing (picking) performance. Our regression tree approach accurately distinguishes systematic from idiosyncratic returns, accommodating complexities in the return structure. Novel to the literature, funds have significant and persistent timing and picking skills. By buying past winners, investors can achieve an annual risk-adjusted return of 2.93%. “UNexpected Returns” <i>Presentations: Emory University (2022)</i> This paper studies the partitioning of stocks into groups with distinctive expected returns based on ex-ante firm characteristics, which can be used as comparable groups to compute the abnormal part of returns, that is, UNexpected returns. In order for stock expected returns to be similar within groups and disperse across groups, I introduce a methodology to select characteristics that best distinguish expected returns, and cutoffs points where returns are most sensitive to the underlying characteristics. I show that: 1) the combination of chosen characteristics changes over time; 2) fewer fund managers are identified to be stock pickers once the time-variation in comparable groups is incorporated; 3) and the resulting portfolios exhibit desirable properties as basis assets.	

“Failure Mimicking Portfolios”(with Neal Galpin)

Presentations: Monash University (2023)*

Regressing a constant on a set of excess returns gives portfolio weights for the minimum-variance stochastic discount factor (SDF). We show that discounting returns by a given model, then applying the same procedure to these discounted returns gives portfolio weights to mimic SDF errors. We compare these *failure mimicking portfolios* for leading consumption-based asset pricing models. Models like habits or long-run risks do not perform substantially better than the simple consumption-CAPM in the cross-section of returns. Moreover, we show that all failure mimicking portfolios load substantially on earnings-related trading strategies, suggesting avenues for future consumption-based models.

“Which Portfolios are Most Important to Asset Pricing?” (with Neal Galpin and Lin Wu)

Presentations: The University of Melbourne (2017), Monash University (2017)*

We estimate a non-parametric stochastic discount factor (SDF) from a set of portfolios, then test whether excluding a portfolio changes the implied SDF. Though related to traditional asset pricing tests, our approach has several advantages: we test all portfolios jointly and can incorporate trading costs easily. We show four portfolios provide independent information about the SDF after accounting for trading costs: the Market and Profitability factors, an Investment-based portfolio, and the Value-Momentum-Profitability anomaly portfolio. The remaining portfolios are redundant. We show both the joint testing and transaction cost adjustments are important for inference, and provide a simple way to implement our tests.

(*denote coauthor presentations)

WORK IN PROGRESS	“Human-specific Components and Company Value in the Age of AI: Evidence Based on Textual Analysis”	
EDITORIAL ACTIVITIES	2023 – <i>Ad hoc</i> referee for Journal of Banking and Finance	
TEACHING AND TUTORING	Instructor for Business Economics	<i>Emory, 2024 (expected)</i>
	Instructor for Personal Financial Investing	<i>Emory, 2023</i>
	Teaching Assistant for Investments	<i>Melbourne, 2019</i>
	Teaching Assistant for Corporate Finance	<i>Melbourne, 2018</i>
	Teaching Assistant for International Finance	<i>Melbourne, 2019</i>
HONORS AND PRIZES	PhD scholarship, University of Melbourne	<i>2016-2022</i>
	AFA PhD Student Traveling Grant	<i>2020</i>
	Outstanding Finance Student Award, Washington University in St. Louis	<i>2016</i>
	Dean’s List, Singapore Management University	<i>2016</i>
	Prize for Excellent Course Performance, Renmin University in China	<i>2015</i>
SKILLS	Programming: <i>Matlab, SAS, Stata, R, Python, LaTeX</i> Machine Learning: <i>Regularized Regressions (LASSO, Ridge, Elastic Net), Trees, Neural Networks, Large Language Models (BERT, RoBERTA)</i> Database: <i>CRSP, Thomson Reuters, SEC Edgar, TRTH, etc.</i> Language: <i>Mandarin (native), English (advanced)</i> Passed CFA III test in 2017	
INTERESTS	Singing, Meditation, Yoga, Cats	

RESEARCH
REFERENCES

Narasimhan Jegadeesh
Dean's Distinguished Chair of Finance
Goizueta Business School
Emory University
Email: jegadeesh@emory.edu

Michael Gallmeyer
Consumer Bankers Association Eminent Professor of Commerce
McIntire School of Commerce
University of Virginia
Email: mgallmeyer@virginia.edu

Andrea Lu
Associate Professor of Finance
Faculty of Business and Economics
University of Melbourne
Email: andrea.lu@unimelb.edu.au

Jeffrey Busse
Goizueta Foundation Term Professor of Finance
Goizueta Business School
Emory University
Email: jbusse@emory.edu

Neal Galpin
Professor of Finance
Faculty of Business and Economics
Monash University
Email: neal.galpin@monash.edu

TEACHING
REFERENCE

Thomas Smith
Professor in the Practice of Finance
Goizueta Business School
Emory University
Email: tom.smith@emory.edu