

Frontiers of Factor Investing Conference

Lancaster University, UK
15th – 16th September 2022

PROGRAMME

Presentations: 25 minutes followed by 5 minutes general discussion. Speakers and session chairs should meet in the lecture theatre at least 5 minutes before their session.

Thursday, 15th September 2022

08:30- 09:00 Conference Registration – LT2 & 3 Breakout Space

09:00- **Welcome and Logistics:**

09:15 **Ingmar Nolte, Director Centre for Financial Econometrics, Asset Markets & Macroeconomic Policy, Lancaster University Management School**

Room: LT1 – Keynote – SESSION 1 (Plenary)
Chair: Harald Lohre, Support: Shifan Yu

09:15- **Keynote Speech**

10:15 **Markus Leippold, University of Zurich and Swiss Finance Institute**
"Finance, Climate Change, and Artificial Intelligence"

10:15- 10:30 Coffee Break

SESSION 2 (Parallel)

10:30- 12:30 **Parallel Session 2A: Factor Investing I**

Chair: Fabio Moneta, Support: Shifan Yu, Room: LT 1

Victor DeMiguel, London Business School

A Multifactor Perspective on Volatility-Managed Portfolios (with Alberto Martin-Utrera, Iowa State University and Raman Uppal, EDHEC Business School)

Amar Soebhag, Erasmus School of Economics/Robeco

Non-Standard Errors in Asset Pricing: Mind Your Sorts (with Bart Van Vliet, Erasmus School of Economics/Robeco and Patrick Verwijmeren (Erasmus School of Economics))

Fabio Moneta, University of Ottawa

Following the Crowd: Anomalies and crowding by Institutional Investors (with Ludwig Chincarini, University of San Francisco and Renato Lazo-Paz, University of Ottawa)

10:30- **Parallel Session 2B: Machine Learning**

12:30

Chair: Heiner Beckmeyer, Support: Alex Swade, Room: LT 2

Wei Wu, Texas A&M University

Competition Network: Distress Spillovers and Predictable Industry Returns (with Shane Johnson, Texas A&M University and Winston Dou, University of Pennsylvania)

Stefan Petry, Alliance Manchester Business School

Understanding Risk Disclosures and Exposures: Insights from a Novel Measure of Information Content (with Bruce Grundy, University of Melbourne)

Heiner Beckmeyer, University of Muenster

Recovering Missing Firm Characteristics with Attention-based Machine Learning (with Timo Wiedemann, University of Muenster)

10:30- **Parallel Session 2C: Climate Change**

12:30

Chair: Jieyan Fang-Klingler, Support: Kostas Stamatopoulos, Room: LT 3

Glen Gostlow, London School of Economics

Pricing Physical Climate Risk in the Cross-Section of Returns

Luca Taschini, University of Edinburgh

Nailing Down Volatile Temperatures: Examining their Effects on Asset Prices (with Leonardo Bortolan, University of Bologna and Atreya Dey, University of Edinburgh)

Simon Xu, University of California at Berkeley

Environmental regulatory risks, firm pollution, and mutual funds' portfolio choices

Jieyan Fang-Klingler, Quoniam Asset Management

Back to the future: The role of forward-looking climate metrics in decarbonization portfolios (with Maximilian Stroh and Frederik Visser, Quoniam Asset Management)

12:30- Lunch Break and **Poster Session I** – LT2 & 3 Breakout Space “Poster Area”

13:45

Room: LT1 – Keynote – SESSION 3 (Plenary)

Chair: Sandra Nolte – Support: Nikos Vasilas

13:45- **Keynote Speech**

14:45 **Weili Zhou, Robeco**

"Factor Investing: A Practitioner's Perspective"

14:45- Coffee Break

15:15

SESSION 4 (Parallel)

15:15- **Parallel Session 4A: Factor Timing**

17:15

Chair: Tom Zeissler, Support: Nikos Vasilas, Room: LT 1

Nikolas Vasilas, Lancaster University

Factor Timing with Portfolio Characteristics (with Anastasios Kagkadis, Ingmar Nolte and Sandra Nolte, Lancaster University)

Sebastian Stöckl, University of Liechtenstein

Factor Chasing and the Cross-Country Factor Momentum Anomaly (Merlin Bartel, University of Liechtenstein)

Alessandro Melone, The Ohio State University

Macro Trends and Factor Timing (with Carlo A. Favero, Innocenzo Gasparini Institute for Economic Research and Andrea Tamoni, Rutgers Business School)

Tom Zeissler, Vienna University of Economics & Business

Time-Varying Factor Allocation (with Stefan Vincenz, Vienna University of Economics & Business)

15:15- **Parallel Session 4B: Exchange Rates**

17:15

Chair: Robert Czech, Support: Alex Swade, Room: LT 2

Anthony Garratt, Warwick Business School

Currency Anomalies (with Sohnke M. Bartram, University of Warwick and CEPR and Leslie Djuranovik, Warwick Business School)

Peng Wei, University of Edinburgh

Deep Learning in Modelling Exchange Rate (with Yi Cao and Yizhe Dong, University of Edinburgh)

Robert Czech, Bank of England

FX Option Volume (with Pasquale Della Corte, Imperial College London & CEPR, Shiyang Huang, Hong Kong University and Tianyu Wang, Tsinghua University)

15:15- **Parallel Session 4C: Climate Change / ESG**

17:15

Chair: Simon Xu, Support: Kostas Stamatopoulos, Room LT 3

Mathijs Cosemans, Erasmus University

Climate Change and Long-Horizon Portfolio Choice: Combining Insights from Theory and Empirics (with Xander Hut and Mathijs van Dijk, Erasmus University)

Emanuele Chini, EDHEC Business School

Time-varying Environmental Betas and Latent Green Factors

Jerry Sun, Invesco Quantitative Strategies

Increasing Gender Diversity in Corporate Boards: Are Firms Catering to Investor Preferences? (with Chinmoy Ghosh, University of Connecticut, Milena Petrova, Syracuse University and Yihong Xiao, Bridgewater State University)

Simon Xu, University of California at Berkeley

Every emission you create—every dollar you'll donate: The effect of regulation-induced pollution on corporate philanthropy (with Raphael Jonghyeon Park and Seungho Choi, University of New South Wales)

Conference Dinner

17:45 Coach departs promptly outside LUMS for [The Midland Hotel](#)

18:30 Welcome Drinks & Canapes

19:00 **Dinner Speech: Bernhard Langer, Invesco Quantitative Strategies**

"The Signal and the Noise - 30 Years in the Quant Business"

19:30 **Best Paper Awards:**

Invesco Factor Investing Prize - Presented by Bernhard Langer, Invesco

Robeco Sustainable Investing Prize - Presented by Harald Lohre, Robeco

19:45 Conference Dinner

22:15 Coach Departs back to LUMS

Friday, 16th September 2022

Room: LT1 – Keynote – SESSION 5 (Plenary)

Chair: Chelsea Yao, Support: Shifan Yu

09:00- **Keynote Speech**
10:00 **Amit Goyal, University of Lausanne and Swiss Finance Institute**
"Are Equity Option Returns Abnormal? IPCA Says No"

10:00- Coffee Break
10:15

SESSION 6 (Parallel)

10:15- **Parallel Session 6A: Asset Pricing**

12:15

Chair: Benjamin Holcblat, Support: Alex Swade Room: LT 1

Dennis Umlandt, University of Innsbruck

Score-Driven Asset Pricing: Predicting Time-Varying Risk Premia based on Cross-Sectional Model Performance

Markus Ibert, Copenhagen Business School

Equity Return Expectations and Portfolios: Evidence from Large Asset Managers (with Magnus Dahlquist, Stockholm School of Economics)

Benjamin Holcblat, University of Luxembourg

Anomaly or Possible Risk Factors? Simple-To-Use Tests (with Abraham Lioui, EDHEC Business School and Michael Weber, Booth School of Business)

10:15- **Parallel Session 6B: Volatility & Options**

12:15

Chair: Manh Pham, Shifan Yu: Room: LT 2

Leonidas Rompolis, Athens University of Economics & Business

Pricing Event Risk: Evidence from Concave Implied Volatility Curves (with Lykourgos Alexiou, University of Liverpool Management School, Amit Goyal, University of Lausanne and Alex Kostakis, University of Liverpool)

Eghbal Rahimikia, Alliance Manchester Business School

Realised Volatility Forecasting: Machine Learning via Financial Word Embedding (with Stefan Zohren, University of Oxford and Ser-Huang Poon, Alliance Manchester Business School)

Manh Pham, Lancaster University

Dynamics of the limit order book and the volume-volatility relation (with Heather Margot Anderson, Huu Nhan Duong and Paul Lajbcygier, Monash Business School)

10:15- **Parallel Session 6C: Risk Management**

12:15

Chair: Hening Liu, Support: Kostas Stamatopoulos,
Room: LT 3

Richard Luger, Université Laval

Regularizing stock return covariance matrices via multiple testing of correlations

Massimiliano Caporin, University of Padova

On the Ordering of Dynamic Principal Components and the Implications for Portfolio Analysis (with Giovanni Bonaccolto, University of Enna)

Jiayu Jin, Alliance Manchester Business School

Estimating and Forecasting Long-Horizon Dollar Return Skewness (with Kevin Aretz and Yifan Li, Alliance Manchester Business School)

Hening Liu, Alliance Manchester Business School

Estimating and Testing Long Run Risk Models: International Evidence (with Andras Fulop, ESSEC Business School, Junye Li, Fudan University and Cheng Yan, Essex Business School)

12:15-13:30 Lunch Break and **Poster Session II** – LT2 & 3 Breakout Space “Poster Area”

Room: LT1 – Keynote – SESSION 7 (Plenary)
Chair: Mark Shackleton – Shifan Yu

13:30-14:30 **Keynote Speech**
Lin William Cong, Cornell University
“Panel Trees, Uncommon Factors and Bayesian Asset Cluster”

14:30-15:00 Coffee Break

SESSION 8 (Parallel)

15:00-17:00 **Parallel Session 8A: Factor Investing II**
Chair: Daniele Bianchi, Support: Alex Swade, Room: LT 1

Thu Nguyen, University of Amsterdam
Overlapping Factors (with Aleksandar Andonov and Esther Eiling, University of Amsterdam)

Gerrit Liedtke, University of Bremen
Characteristics are Covariances? A Comment on Instrumented Principal Component Analysis (with Lars Hornuf, Christian Fieberg and Thorsten Poddig University of Bremen)

Markus Sihvonen, Bank of Finland Research Unit
Yield Curve Momentum

Daniele Bianchi, Queen Mary University of London
A Factor Model for Cryptocurrency Returns (with Mykola Babiak, Lancaster University Management School)

15:00-17:00 **Parallel Session 8B: Portfolio Optimization**
Chair: Filip Basic, Support: Filip Basic, Room: LT 2

Geatan Bakalli, Emlyon Business School
A penalized two-pass regression to predict stock returns with time-varying risk premia (with Oliver Scaillet, University of Geneva & Swiss Finance Institute and Stephane Guerrier, University of Geneva)

Marco Salerno, Healthcare of Ontario Pension Plan
Factor-targeted Asset Allocation: A Reverse Optimisation Approach (with Jacky S.H. Lee, Healthcare of Ontario PP Trust Fund)

Iason Kynigakis, University College Dublin
Machine Learning and Factor-Based Portfolio Optimization (with Thomas Conlon and John Cotter, University College Dublin)

Filip Basic, Lancaster University
The risk of falling short: Implementation Shortfall variance in portfolio construction (with Alberto Martin-Utrera, Iowa State University, Ingmar Nolte and Sandra Nolte, Lancaster University)

15:00- **Parallel Session 8C: Funds & Flows**

17:00

Chair: Mathis Moerke, Support: Kostas Stamatopoulos, Room LT 3

David Feldman, UNSW Business School

Fund Flows, Performance and Exit Under Dynamic Unobservable Managing Ability (with Jingrui Xu, Xiamen University)

Nick Guest, Cornell University

A Tale of Two Index Funds: Full Replication vs. Representative Sampling (with Travis Dyer, Brigham Young University)

Alex Weissensteiner, Free University of Bozen-Bolzano

Conservative Holdings, Aggressive Trades: Learning, Equilibrium Flows, and Risk Premia (with Thomas Dangl, Vienna University of Technology and Lorenzo Garlappi, University of British Columbia)

Mathis Moerke, Swiss Institute of Banking & Finance

Liquidity Provision to Leveraged ETFs & Equity Options Rebalancing Flows (with Andrea Barbon, Swiss Institute of Banking & Finance, Heiner Beckmeyer, University of Munster and Andrea Buraschi, Imperial College)

17:00 **End of Conference**

POSTER SESSION I

Thursday, 15th September 2022

Lijie Yu, University of Manchester

Advisor-hedge fund connections and their role in M&A (with Michael Bowe and Olga Kolokolova, University of Manchester)

Sana Hassan, University of Bremen

Feature Importance and Extensibility for Predicting Loan Defaults in Marketplace Lending using BiLSTM (with Sebastian Huhn, Lars Hornuf and Rolf Drechsler, University of Bremen)

Conall O'Sullivan, University College Dublin

Option-Implied Asymmetry and Market Returns (with Yan Wang, University College Dublin)

Nathan Lassance, UCLouvain

Shrinking Against Sentiment: Exploiting Behavioural Biases in Portfolio Optimization (with Alberto Martin-Utrera, Iowa State University)

Alexander Swade, Lancaster University Management School

Why do Equally Weighted Portfolios Beat Value-weighted Ones?

POSTER SESSION II

Friday, 16th September 2022

Yu Li, University of Minnesota

Risk for Price: Using Generalized Demand System for Asset Pricing

Maxime Auberson, University of Geneva & Swiss Finance Institute

Equilibrium expectation errors and asset pricing anomalies

Alexander Valentin, Goethe University

The Post-ECB Announcement Drift

David Feldman, UNSW Business School

Endogenous Dynamic Concentration of the Active Fund Management Industry (with Jingrui Xu, Xiamen University)

Oluwaseun Dada, Brunel University

Factor Based Pension Portfolio Strategies for Sustainable Withdrawals

Simon Xu, University of California at Berkeley

Environmental regulation, pollution, and shareholder wealth