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Stephen M. Ross School of Business
University of Michigan
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Academic Experience

Stephen M. Ross School of Business, University of Michigan

Professor of Finance, 2009 to present
Chair, Finance Department, 2009 to present
Associate Professor of Finance (with tenure), 2006 to 2009

National Bureau of Economic Research

Research Associate, Asset Pricing program, 2009 to present
Faculty Research Fellow, Asset Pricing program, 2005 to 2009

William E. Simon Graduate School of Business Administration, University of Rochester

Assistant Professor of Finance, 2002 to 2006

Education

Ph.D., Finance, The Wharton School, University of Pennsylvania, 2002
M.A., Finance, The Wharton School, University of Pennsylvania, 2000
M.A., Economics, Washington University in St. Louis, 1997
M.S., Finance, The Graduate School of the People's Bank of China, 1996
B.A., Economics, Jiangxi University of Finance and Economics, 1993

Honors, Awards, and Invited Lectures

Invited lecture on "A better three-factor model that explains more anomalies" at Society of Quantitative Analysts, New York City, 2009

The Inaugural Distinguished Referee Award, Review of Financial Studies, 2009

The 2007-08 NTT Research Fellowship Award, Stephen M. Ross School of Business at the

University of Michigan

Invited lecture on “Understanding anomalies: Is much of what we call alpha actually beta?”
Sanford C. Bernstein Conference on Controversies in Quantitative Finance and Asset
Management, New York City, March 2008

Gutmann Center Research Fellow, University of Vienna, 2007

First Prize, Smith-Breeden Award for 2005 from American Finance Association and Journal of
Finance for “The value premium”

Runner-up, Best Paper Award at the 2005 Utah Winter Finance Conference for “Anomalies”

Runner-up, Barclays Global Investors Award for the Best Conference Paper at the 2005 European
Finance Association Meetings for “The new issues puzzle: Testing the investment-based
explanation” (with Evgeny Lyandres and Le Sun, supersedes “Investment-based
underperformance following seasoned equity offerings”)

Richard L. Rosenthal Award for Innovation in Investment Management and Corporate Finance, 2005

Finalist, Lehman Brothers Fellowship for Research Excellence in Finance, 2001

Dean’s Fellowship for Distinguished Merits, The Wharton School, University of Pennsylvania, 1998
to 2002

Fellowship, Department of Economics, Washington University, 1997 to 1998

Research

Forthcoming Articles

“Investment-based expected stock returns” (with Laura Xiaolei Liu and Toni M. Whited), 2009,
forthcoming, **Journal of Political Economy** [Revision of NBER working paper 13024]

“The q -theory approach to understanding the accrual anomaly” (with Jin (Ginger) Wu and
X. Frank Zhang), 2009, forthcoming, **Journal of Accounting Research** [Revision of NBER
working paper 13525]

“A better three-factor model that explains more anomalies” (with Long Chen), 2009, forthcoming,
Journal of Finance [Featured in the October 2009 issue of SmartMoney magazine] [Revision of
NBER working paper 13282]

Publications

“Anomalies” (with Erica X. N. Li and Dmitry Livdan), 2009, **Review of Financial Studies** 22 (11)
4301-4334, lead article [Runner-up, Best Paper Award at the 2005 Utah Winter Finance
Conference] [Revision of NBER working paper 11322]

- “Financially constrained stock returns” (with Dmitry Livdan and Horacio Sapriza), 2009, **Journal of Finance** 64 (4), 1827-1862 [Revision of NBER working paper 12555]
- “Momentum profits, factor pricing, and macroeconomic risk” (with Laura Xiaolei Liu), 2008, **Review of Financial Studies** 21 (6), 2417-2448 [Revision of NBER working paper 11480]
- “The new issues puzzle: Testing the investment-based explanation” (with Evgeny Lyandres and Le Sun), 2008, **Review of Financial Studies** 21 (6), 2825-2855 [Runner-up, Barclays Global Investors Award for the Best Conference Paper at the 2005 European Finance Association Annual Meetings] [Revision of NBER working paper 11459]
- “Is the value spread a useful predictor of returns?” (with Naiping Liu), 2008, **Journal of Financial Markets** 11 (3), 199-227, lead article [Revision of NBER working paper 11326]
- “Expected returns, yield spreads, and asset pricing tests” (with Murillo Campello and Long Chen), 2008, **Review of Financial Studies** 21 (3), 1297-1338 [Revision of NBER working paper 11323]
- “The expected value premium” (with Long Chen and Ralitsa Petkova), 2008, **Journal of Financial Economics** 87 (2), 269-280 [Revision of NBER working paper 12183]
- “Asset pricing implications of firms’ financing constraints” (with Joao F. Gomes and Amir Yaron), 2006, **Review of Financial Studies** 19 (4), 1321-1356 [Revision of NBER working paper 9365]
- “Is value riskier than growth?” (with Ralitsa Petkova), 2005, **Journal of Financial Economics** 78 (1), 187-202 [featured in Bodie, Kane, and Marcus (2008, *Investments*, 7e, p. 437-439)]
- “The value premium,” 2005, **Journal of Finance** 60 (1), 67-103 [featured in Bodie, Kane, and Marcus (2008, *Investments*, 7e, p. 437-439)] [First Prize, Smith-Breedon Award for 2005 from American Finance Association and Journal of Finance]
- “Equilibrium stock return dynamics under alternative rules of learning about hidden states” (with Michael W. Brandt and Qi Zeng), 2004, **Journal of Economic Dynamics and Control** 28 (10), 1925-1954, lead article
- “Asset prices and business cycles with costly external finance” (with Joao F. Gomes and Amir Yaron), 2003, **Review of Economic Dynamics** 6 (4), 767-788 [Revision of NBER working paper 9364]
- “Equilibrium cross section of returns” (with Joao F. Gomes and Leonid Kogan), 2003, **Journal of Political Economy** 111 (4), 693-732, lead article [reprinted in *Stephen A. Ross, Mentor: Influence Through Generations* (ed. Mark Grinblatt), New York: McGraw-Hill Irwin, 2008]

Working Papers

- “Costly external finance: Implications for capital markets anomalies” (with Dongmei Li), 2009 [Revision of NBER working paper 14342]

“Value versus growth: Time-varying expected stock returns” (with Huseyin Gulen and Yuhang Xing), 2009

“The stock market and aggregate employment” (with Long Chen), 2009 [NBER working paper 15129]

“Do anomalies exist ex ante?” (with Jin (Ginger) Wu), 2009

Citation Analysis

242 cites in published or forthcoming papers (as of September 2009). Citation counts do not include cites in unpublished papers or self-citations, but include cites in published or forthcoming papers that reference my unpublished papers. Some papers are cited under different titles.

Teaching

Stephen M. Ross School of Business, University of Michigan

Derivative Securities, BBA
Capital Markets and Investment Strategy, MBA
Empirical Methodology in Finance, Ph.D.

William E. Simon Graduate School of Business Administration, University of Rochester

Investments, MBA
Corporate Finance, MBA
Advanced Topics in Capital Markets, Ph.D.

The Wharton School, University of Pennsylvania

Teaching assistant, Intertemporal Macroeconomics and Finance, Ph.D.
Teaching assistant, Macroeconomic Analysis and Public Policy, MBA
Teaching assistant, International Finance, Undergraduate

Department of Economics, Washington University in St. Louis

Intermediate Macroeconomics, Undergraduate
Teaching assistant, Elements of Econometrics, Ph.D.

Professional Activities

Professional Leadership

Financial Management, Associate Editor, January 2009 to present
Management Science, Associate Editor, January 2009 to present
Review of Financial Studies, Associate Editor, July 2009 to June 2012

Referee Service

American Economic Review
Economic Inquiry
Economica
Econometrica
Financial Management
Finance Research Letters
International Economic Review
Journal of Accounting and Economics
Journal of Banking and Finance
Journal of Business and Economic Statistics
Journal of Business Finance and Accounting
Journal of Econometrics
Journal of Economic Dynamics and Control
Journal of Empirical Finance
Journal of Finance
Journal of Financial and Quantitative Analysis
Journal of Financial Econometrics
Journal of Financial Economics
Journal of Financial Intermediation
Journal of Financial Markets
Journal of International Money and Finance
Journal of Monetary Economics
Journal of Money, Credit, and Banking
Journal of Political Economy
National Science Foundation
Review of Economic Dynamics
Review of Economics and Statistics
Review of Finance
Review of Financial Studies
Quarterly Journal of Economics
Quarterly Review of Economics and Finance

University Service at Stephen M. Ross School of Business at the University of Michigan

Chair, Finance Department, 2009 to present
Finance Department Faculty Communication Committee (Chair), 2007 to 2009
Finance Department Investments Courses Task Force (Chair), 2008 to 2009
Finance Department Ph.D. Committee, 2007 to 2008
Finance Department Rookie Recruiting Committee, 2006 to 2007
Finance Department Faculty Communication Committee, 2006 to 2007
Business School Community Values Committee, 2007 to 2008
University Faculty Investment Task Force, 2007 to 2008

University Service at University of Rochester's William E. Simon Graduate School of Business Administration

Ph.D. Committee, 2003 to 2006

Co-organizer, Finance Seminar, 2004 to 2005

Program Committees for Professional Conferences

The 2009 6th Annual Napa Conference on Financial Markets
The Asian Finance Association Annual Conference, 2008, 2009
15th Mitsui Symposium on Credit Risk: Implications for Macroeconomy and Financial Markets
Financial Intermediation Research Society (FIRS) Academic Program Committee, 2008, 2009
AFA Annual Meetings, 2007 (session chair of “The Cross-Section of Returns”)
WFA Annual Meetings, 2007, 2008, 2009 (session chair of “Dynamic Risk”), 2010
Financial Management Association, Best Dissertation in Investments Award Committee 2005
and Investments Track Chair of the 2009 Annual Meetings

Ph.D. Students Supervised

Ryan Israelsen, 2009, Stephen M. Ross School of Business, University of Michigan, “Investment based valuation,” Kelley School of Business, Indiana University

Xiaoji Lin, 2008, Carlson School of Management, University of Minnesota, “Endogenous technological progress and the cross section of stock returns,” Department of Finance, London School of Economics and Political Science

Erica Xuenan Li, 2007, William E. Simon Graduate School of Business Administration, University of Rochester, “Corporate governance, the cross section of returns, and financing choices,” Stephen M. Ross School of Business, University of Michigan

Laura Xiaolei Liu, 2005, William E. Simon Graduate School of Business Administration, University of Rochester, “Do firms have target leverage ratios? Evidence from historical market-to-book and past return,” HKUST Business School

Horacio Sapriza, 2005, Economics Department, University of Rochester, “Sovereign default and interest rates in emerging market economies.” Federal Reserve Board and Rutgers University

Ralitsa Petkova, 2003, William E. Simon Graduate School of Business Administration, University of Rochester, “Do Fama-French factors proxy for innovations in predictive variables?” Mays Business School, Texas A&M University

Invited Conference Presentations and Academic Seminars

(*: presentation by a coauthor)

Public lecture on “The anomalies literature: Implications for capital markets in China” at Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University, Shanghai, 2009

“Do anomalies exist ex ante?” (with Wu)

Western Finance Association Annual Meetings in 2009 *

“Investment-based expected stock returns” (with Liu and Whited):

UBC PH&N Summer Finance Conference in 2006 (Three-Slide Session)
American Finance Association Annual Meetings in 2007
Carnegie-Mellon University
Stern School of Business, New York University
Tilburg University
University of Vienna
Erasmus University at Rotterdam
University of Lausanne
Hong Kong University of Science and Technology
Purdue University
INSEAD
London Business School
London School of Economics and Political Science
Brigham Young University
Emory University
University of Arizona
Florida State University
Renmin University of China
Society of Economic Dynamics Annual Meetings in 2006 *
The 2007 China International Conference in Finance *
Economics Department, Boston University
Georgetown University
CEPR Asset Pricing Week in Gerzensee, 2009
Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University
Marshall School of Business, University of Southern California

“A better three-factor model that explains more anomalies” (with Chen):

UBC PH&N Summer Finance Conference in 2007
Barclays Global Investors *
Rutgers Business School
University of California, San Diego
Tel Aviv University
The Financial Intermediation Research Society Conference on Banking, Corporate Finance, and
Intermediation for 2008
Renmin University of China
National University of Singapore
Singapore Management University
Case Western Reserve University
Pennsylvania State University
University of Washington
CRSP Forum 2008
American Finance Association Annual Meetings in 2009
CEPR Asset Pricing Week in Gerzensee, 2009
Society of Quantitative Analysts, 2009

“Anomalies”:

The Johnson-Simon Joint Finance Conference in 2004

NBER Asset Pricing Fall Meeting in 2004
Utah Winter Finance Conference in 2005
U. of Wisconsin at Madison
Vanderbilt University
University of North Carolina
Arizona State University
Ohio State University
University of Minnesota
Yale School of Management
Federal Reserve Bank of Minneapolis
University of Rochester
MIT Sloan School of Management
University of California, Berkeley

“Costly external finance: Implications for capital markets anomalies” (with Li):

Renmin University of China
UBC PH&N Summer Finance Conference in 2008 (Three-Slide Session)
The 2008 China International Conference in Finance *
University of Florida

“The q -theory approach to understanding the accrual anomaly” (with Wu and Zhang):

Emory University (Accounting) *
18th Annual Conference on Financial Economics and Accounting (NYU) *
CRSP Forum 2008

“Value versus growth: Time-varying expected stock returns” (with Gulen and Xing):

American Financial Association Annual Meetings in 2006 *
The 2005 China International Conference in Finance *

“The expected value premium” (with Chen and Petkova):

American Finance Association Annual Meetings in 2007 *
University of Texas at Austin *
Texas A&M University *

“The rational expectations approach to the cross-section of returns” guest lecture, PhD program in Economics, University of Minnesota

“The new issues puzzle: Testing the investment-based explanation” (with Lyandres and Sun):

UBC PH&N Finance Conference in 2005 (Three-Slide Session)
Queen’s University
Texas A&M University
Stephen M. Ross School of Business at University of Michigan
University of Rochester
Duke University

University of Texas at Austin
University of Georgia
University of Toronto
European Finance Association Annual Meetings in 2005 *
Financial Management Association Annual Meetings in 2005 *
Finance and Accounting in Tel-Aviv 10th Annual Conference in 2005 *
CRSP Forum 2006 *
Rice University *
Goldman Sachs Asset Management *

“Momentum profits, factor pricing, and macroeconomic risk” (with Liu):

Finance Summit I in 2004
Western Finance Association Annual Meetings in 2004
CRSP Forum 2006
University of Illinois at Urbana-Champaign
Michigan State University
University of Rochester
University of California at Berkeley

“Optimal market timing” (with Li and Livdan):

Utah Winter Finance Conference in 2006
NBER Summer Institute, Asset Pricing Workshop, July 2006
University of Colorado at Boulder
Federal Reserve Bank of St. Louis

“Is value riskier than growth?” (with Petkova):

American Finance Association Annual Meetings in 2004
UBC Summer Finance Conference in 2003
NBER Summer Institute, Asset Pricing Workshop, 2003
Carnegie-Mellon University
University of Rochester

“Expected returns, yield spreads, and asset pricing tests” (with Campello and Chen):

American Finance Association Annual Meetings in 2005
Federal Reserve Board Conference on Financial Market Risk Premiums: Time-Variation and Macroeconomic Links in 2005

“Financially constrained stock returns” (with Livdan and Sapriza):

American Finance Association Annual Meetings in 2005

“Asset pricing implications of firms’ financing constraints” (with Gomes and Yaron):

American Economic Association Annual Meetings in 2004
American Finance Association Annual Meetings in 2003

Utah Winter Finance Conference in 2002 *
NBER Asset Pricing Fall Meeting in 2001 *
NBER Capital Markets in the Economy Meeting, Summer Institute in 2001 *

“Asset prices and business cycles with costly external finance” (with Gomes and Yaron):

Western Finance Association Annual Meetings in 2003
Society of Economic Dynamics Annual Meetings in 2003 *
C.V. Starr/RED Conference on Finance and Macroeconomy in 2002 *

“The value premium”

Emory University
Pennsylvania State University
University of Maryland
Northwestern University
New York University
University of Rochester
University of Washington
UCLA
Washington University in St. Louis
Wharton

“Is the value spread a useful predictor of returns?” (with Liu):

Western Finance Association Annual Meetings in 2005

“Equilibrium cross section of returns” (with Gomes and Kogan):

Western Finance Association Annual Meetings in 2001
NBER Asset Pricing Fall Meeting in 2000 *

“Equilibrium stock return dynamics under alternative rules of learning about hidden states” (with Brandt and Zeng):

Western Finance Association Annual Meetings in 2001 *
NBER Asset Pricing Fall Meeting in 2000 *

Invited Conference Discussions

“Reallocating and pricing illiquid capital: Two productive trees” (by Eberly and Wang), American Finance Association Annual Meetings, 2010

“The long and the short of asset prices: Using long run consumption-return correlations to test asset pricing models” (by Yu), University of Minnesota Macro-Finance Conference, 2009

“What’s vol got to do with it?” (by Drechsler and Yaron), The 19th Annual Utah Winter Finance Conference, 2009

- “Long-run productivity risk: A new hope for production-based asset pricing” (by Croce), UBC PH&N Finance Conference, 2008
- “Durability of output and expected stock returns” (by Gomes, Kogan, and Yogo), NBER Summer Institute, Asset Pricing Workshop, 2008
- “Can investor heterogeneity be useful in explaining the cross-section of average stock returns in emerging markets?” (by Jung, Lee, and Park), China International Conference in Finance, 2008
- “Why do aggressive payout policies reduce fund discounts: Is it performance or investor naiveté?” (by Nanda and Wang), The Financial Intermediation Research Society Conference on Banking, Corporate Finance, and Intermediation, 2008
- “Limited arbitrage between equity and credit markets” (by Kapadia and Pu), Caesarea Center Fifth Annual Conference on “Recent Advances in Financial Economics Research,” The Arison School of Business, IDC Herzliya, 2008
- “Financial distress and the cross-section of equity returns” (by Garlappi and Yan), American Finance Association Annual Meetings, 2008
- “Asset pricing in a production economy with Chew-Dekel preferences” (by Campanale, Castro, and Clementi), NBER Asset Pricing Fall Meeting, 2007
- “Levered returns” (by Gomes and Schmid): Duke/UNC Asset Pricing Conference, 2007
- “In search of distress risk” (by Campbell, Hilscher, and Szilagyi), The Credit Risk and Credit Derivatives Conference, Federal Reserve Board, 2007
- “Technological revolutions and stock prices” (by Pastor and Veronesi), UBC PH&N Finance Conference, 2006
- “Technological growth, asset pricing, and long run risk” (by Panageas and Yu), Western Finance Association Annual Meetings, 2006
- “International asset pricing: Evidence from the cross section of implied cost of capital” (by Lee, Ng, and Swaminathan), Western Finance Association Annual Meetings, 2005
- “Industry concentration and average stock returns” (by Hou and Robinson), Western Finance Association Annual Meetings, 2005
- “Asset prices under habit formation and reference-dependent preferences” (by Yogo), Simulation Based and Finite Sample Inference in Finance II, 2005
- “Pay for expanding firm size” (by Bebchuk and Grinstein), The Johnson-Simon Conference, 2005
- “Simple forecasts and paradigm shifts” (by Hong and Stein), American Finance Association Annual Meetings, 2005
- “Corporate investment and asset price dynamics: Implications for SEO event studies and long run

performance” (by Carlson, Fisher, and Giammarino), NBER Asset Pricing Fall Meeting, 2004

“The cross-section of volatility and expected returns” (by Ang, Hodrick, Xing, and Zhang), The Johnson-Simon Conference, 2003

“Consumption, dividends, and the cross-section of equity returns” (by Bansal, Dittmar, and Lundblad), Western Finance Association Annual Meetings, 2002

Short-Term Visiting Experience

Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University, August 2009

Hanqing Advanced Institute of Economics and Finance, Renmin University, June 2008

Hong Kong University of Science and Technology, June 2007

Institute of Banking and Finance, University of Lausanne, May 2007

Research Department, Federal Reserve Bank of Minneapolis, February 2006

Policy Research Department, The People’s Bank of China, 1995 to 1996

Professional Affiliations

American Finance Association

Western Finance Association

American Economic Association

Consulting Activities

AllianceBernstein LP

Personal Data

Born on August 31, 1972

Citizen of China, U.S. Permanent Resident

Married to Yiqing Zhang, 章奕清, with one cat (Kiddy) and two parrots (Mango and Green)

Biography

Dr. Lu Zhang is Professor of Finance and Chair of Finance Department at Stephen M. Ross School of Business at the University of Michigan, Research Associate at the National Bureau of Economic Research (Asset Pricing program), as well as Associate Editor of *Review of Financial Studies*, one of the top three academic journals in finance. Before joining Michigan as Associate Professor of Finance (with tenure) in 2006, he taught for four years at University of Rochester's William E. Simon Graduate School of Business Administration. Dr. Zhang has broad-ranging research interests in financial economics, with specialty in asset pricing, in connection with corporate finance, macroeconomics, and capital markets research in accounting. Expanding efficient markets hypothesis and new classical macroeconomics, his research elaborates a simple conceptual framework that deepens our understanding of the driving forces behind the cross-sectional variation of expected stock returns. Dr. Zhang has published widely at leading academic journals including *Journal of Accounting Research*, *Journal of Finance*, *Journal of Financial Economics*, *Journal of Political Economy*, and *Review of Financial Studies*. One chapter of his doctoral thesis "The value premium" won a Smith-Breeden Award (First Prize) for 2005 from American Finance Association and *Journal of Finance*.

Recent research includes "Investment-based expected stock returns" (with Liu and Whited), forthcoming, *Journal of Political Economy*; "The q -theory approach to understanding the accrual anomaly" (with Wu and Zhang), forthcoming, *Journal of Accounting Research*; "A better three-factor model that explains more anomalies" (with Chen), forthcoming, *Journal of Finance*; "Financially constrained stock returns" (with Livdan and Sapriz), *Journal of Finance*, 2009; "Anomalies" (with Li and Livdan), *Review of Financial Studies*, 2009; "Momentum profits, factor pricing, and macroeconomic risk" (with Liu), *Review of Financial Studies*, 2008; and "The new issues puzzle: Testing the investment-based explanation" (with Lyandres and Sun), *Review of Financial Studies*, 2008.

Dr. Zhang has extensive teaching interests and experience at the undergraduate, MBA, and PhD levels. He has taught a variety of courses including Derivative Securities, Capital Markets and Investment Strategy, Corporate Finance, and Advanced Topics in Capital Markets.

Jiangxi University of Finance and Economics, BA in Economics, 1993, University High Honors; The Graduate School of the People's Bank of China, MS in Finance, 1996; Washington University in St. Louis, MA in Economics, 1997; The Wharton School, University of Pennsylvania, MA in Finance, 2000, PhD in Finance, 2002 (dissertation: "Essays on the cross-section of returns").