

Cao Fang

Finance Department
Sam M. Walton College of Business
University of Arkansas, Fayetteville, AR, USA
Email: caofang@uark.edu

Cell: 479-304-9542 (CST)

Professional Experience

2017-2022 Senior Graduate Assistant, Finance Department., University of Arkansas, AR
2014-2015 Financial Representative, Service Credit Union, Tilton, NH
2013 & 2010 Tax Preparer and Consultant, VITA. Manchester, NH & Pittsburgh, PA, USA

Education

2017-2022 PhD in Finance University of Arkansas, AR
2012-2014 M.S., Finance Southern New Hampshire University, NH
2006-2009 M.S., Organic Chemistry Nankai University, China
2002-2006 B.S., Chemistry Tianjin University, China

Law School Education

Business Organizations, Cryptocurrency transaction regulations, Property Law

Teaching & Student Advising

Investments

Likert Scale: 4.62/5.00, Response Rate: 20/34 Spring 2021
Likert Scale: 4.62/5.00, Response Rate: 30/48 Fall 2020

Financial Modeling

Likert Scale: 4.50/5.00, Response: 30/52 Spring 2020
Likert Scale: 4.21/5.00, Response: 34/57 Fall 2019

Faculty Leader for Student Competition Team - National Community Bank Case Study Competition, With Dr. Tim Yeager

Made into 2nd round top 16 Teams Spring 2022

Faculty Co-leader for Student Competition Team - National Community Bank Case Study Competition, sponsored by Conference of State Bank Supervisors

2nd Place Winning Team among 35 Teams Spring 2021
Made into 2nd round top 20 Teams Spring 2020

Research Interests

Information in Financial Markets, Investment, Empirical Asset Pricing, ETFs
Green Finance
Experimental Finance

Peer Reviewed Publication

C. Fang, T. J. Yeager. September 2020. [A Historical Loss Approach to Community Bank Stress Testing](#). *Journal of Banking and Finance*, 118, 105831.

Policy Paper Publications

1. T. J. Yeager, C. Fang. (Summer 2020) [Community Bank Stress Testing for the COVID-19 Shock](#). *The Arkansas Banker Magazine*.
2. Ahrendsen, Bruce L., Timothy J. Yeager, and Cao Fang. May 2020. "COVID-19 Impacts on Agricultural and Non-Agricultural Banks." AgEcon Search, *Research in Agricultural & Applied Economics*. DOI: 10.22004/ag.econ.303669. <https://ageconsearch.umn.edu/record/303669>

Research Papers

1. Do ETFs Have a Bright Side? Price Discovery and the Primary Market Activity of Authorized Participants.

Co-authors: Wayne Y. Lee and Craig G. Rennie. 2020. University of Arkansas.

Award: EFMA 2021 Conference Capital Markets Research Award Winner

Conference Presentations: CAFM, EFMA 2021¹, FMA 2021, WFC 2021

Abstract: Prevailing empirical evidence shows ETF ownership impairs price informativeness. The migration of individual investors from stock to ETF ownership, however, simply shifts the secondary market venue for noise trading. We define the liquidity impact of the primary market activities of APs, *PMLIQ*, as the dollar volume of purchases or sales necessary to maintain an orderly market in ETF shares. We show *PMLIQ* creates space for acquiring and trading on firm-specific information and more significantly on stocks with high ETF ownership concentration. Future excess returns and cumulative abnormal returns around earnings announcements are higher on stocks where *PMLIQ* are more significant.

2. Migration of Uninformed Investors to ETFs: An Experimental Analysis

Co-author: Peter J. McGee. 2021. University of Arkansas.

Conference Presentation: Economic Science Association (ESA) Annual Meeting 2021¹, Southern Economic Association (SEA) Annual Meeting 2021¹, FMA 2022²

Grant: Walton College Behavioral Business Research Lab Subject Payment Grant
Proposal: Immigrant of Investors in Financial Markets in the mid of Covid-19
PI: Peter McGee; Co-PI: Cao Fang
Total award: \$1,500

Abstract: ETFs have seen drastic inflows over the last two decades begging the question of what is driving those inflows. Using a laboratory experiment, we find that liquidity traders respond to asymmetric information and adverse selection in underlying stocks by migrating to ETF markets even in the absence of diversification benefits. Meeting liquidity demands induces a significant migration, and strongest when learning from order flows is easiest for the uninformed. Information efficiency is improved on both markets: in ETF markets due to higher liquidity, while the remaining traders in the common stock market extract smaller intensive margins from liquidity traders.

3. Stocks through a Looking Glass: Can Style Segment-Adjusted Mutual Fund Stock Holdings Predict Stock Returns?

Co-author: Wayne Y. Lee. 2021. University of Arkansas.

Abstract: Using stock characteristics to classify fund holdings into style segments, and peer group holdings as benchmarks to define active fund holdings, we introduce a new measure, namely stock investment quality, to infer information on future stock return from the active fund holdings by skilled managers. Stocks ranked high on investment quality generate significantly higher excess market returns that persist through the ensuing year. The positive investment quality–future return relationship is robust to fund quality proxied by GVA or management fees. Future returns are highest on stock holdings of skillful and patient fund managers who exploit long term market mispricing.

Conference Presentations: Conference on Asia-Pacific Financial Markets (CAFM) 2020, SWFA 2021, EFMA 2021, Asian FA 2021, World Finance Conference (WFC) 2021, Pacific Basin Finance, Economics, Account and Management (PBFEM) 2021, FMA 2021, New Zealand Finance Meeting (NZST) 2021, SFA.

Invited Conference Presentations

2022 FMA²

¹ Presentations by co-authors.

² Scheduled

2021 Asian FA, CAFM, 2 X EFMA, ESA¹, 2 X FMA, NZST, PBFEM 2021, SEA¹, SFA, SWFA, 2 X WFC
2020 CAFM

Awards

2021 Graduate-Professional Student Congress (GPSC) Travel Grant \$500
2021 University of Arkansas Graduate School Student Travel Grant \$1,000
2021 Dean's Office Doctoral Student Travel Grant \$1,000
2021 EFMA Conference 2021 Capital Markets Research Award Winner
2018 Emerging Scholar in Community Banking Award
Community Banking in the 21st Century Research and Policy Conference.
2017-current Richard E. & Tamara Greene Doctoral Academy Fellowship
University of Arkansas
2017-2021 Walton Fellowship
Walton College of Business, University of Arkansas

Peer Reviewed Publications in Chemistry

1. Liu Bing, Dong Zhi-Bing, Fang Cao, etc. 2008. 3-Substituted BINOL schiff bases and their reductive products for catalytic asymmetric addition of diethylzinc to aldehydes. *Chirality*, 20(7), 828-832.
2. Dong Zhi-Bing, Liu Bing, Fang Cao, Li Jin-Shan. 2008. A facile synthesis and the asymmetric catalytic activity of BINOL-based thiazole (thiadiazole) thiter ligands. *Journal of Organometallic Chemistry*, 693, 17-22.
3. Liu Bing, Fang Cao, etc. 2008. A facile synthesis and asymmetric catalytic activity of new 3-substituted chiral BINOL ligands. *Applied Organometallic Chemistry*, 22, 55-58.
4. Liu Bing, Fang Cao, etc. 2007. New BINOL schiff base as a trident ate ligand for catalytic asymmetric addition of diethylzinc to aldehydes in the presence of titanium tetraisopropoxide. *Letters in Organic Chemistry*, 4, 172-174.