Sicong Li

Contact Information	Room 1256, Cheng Yu Tung Building 12 Chak Cheung Street Shatin, New Territories, Hong Kong SAR	Email: sicongli@cuhk.edu.hk Website: www.sicong-allen-li.com Phone: (852) 3943 5301		
Employment	The Chinese University of Hong Kong, Hong Kong S.Assistant Professor of Finance	AR 2024 – present		
Education	London Business School, London, UKPh.D., Management Science and Operations	2018 - 2024		
	Columbia University, New York, NY, USAM.S., Operations Research	2016 - 2018		
	Central University of Finance and Economics, Beijin,B.A., Mathematical Economics and Finance	g, China 2012 – 2016		
Research Interests	Empirical Asset Pricing, Financial Econometrics, Machine I	Learning		
PUBLICATION	Comparing Factor Models with Price-Impact Costs , with Victor DeMiguel and Alberto Martin-Utrera			
	 Journal of Financial Economics, 162, 1–26, (2024) Finalist at the 2020 INFORMS Finance Student Paper competition Semi-finalist for the 2021 FMA Best Paper Award in Investment 			
	We propose a formal statistical test to compare asset-pricing models in the presence of price- impact. In contrast to the case without trading costs, we show that in the presence of price- impact costs different models may be best at spanning the investment opportunities of different investors depending on their absolute risk aversion. Empirically, we find that the five-factor model of Hou, Mo, Xue, and Zhang (2021), the six-factor model of Fama and French (2018) with cash-based operating profitability, and a high-dimensional model are best at spanning the investment opportunities of investors with high, medium, and low absolute risk aversion, respectively.			
Working Papers	Asset-Pricing Factors with Economic Targets , wi DeMiguel, and Markus Pelger	ith Svetlana Bryzgalova, Victor		
	- Bates-White Best Paper Prize at 2023 Annual Meeting of the Society of Financial Econometrics - Winner of the 2023 INFORMS Finance Student Paper competition			
	We propose a novel method to estimate latent asset-pricing factors that incorporate economic structure. Our estimator generalizes principal component analysis by including economically motivated cross-sectional and time-series moment targets that help to detect weak factors. Cross-sectional targets may capture monotonicity constraints on the loadings of factors or their correlation with fundamental macroeconomic innovations. Time-series targets may reward explaining expected returns or reducing mispricing relative to a benchmark reduced-form model. In an extensive empirical study, we show that these targets nudge risk factors to			

better span the pricing kernel, leading to substantially higher Sharpe ratios and lower pricing

errors than conventional approaches.

Low-Frequency Risk Factors and Their Fundamental Drivers

There is a "zoo" of factors that capture systematic risk premia and a large number of economic variables that explain their time variation, which poses a doubly high-dimensional challenge to understanding how economic fundamentals relate to the time-varying dynamics of risk premia. I propose a method to regularize this problem by identifying low-frequency risk factors, whose risk premia are driven by latent low-frequency state variables. Empirically, one below-business-cycle-frequency factor and one business-cycle-frequency factor, whose variation concentrates on cycles longer than eight years and between 1.5 and eight years, explain the expected returns of individual stocks and characteristic-managed portfolios. The below-business-cycle-frequency factor has a high Sharpe ratio, and stocks whose current size is small compared to their long-term average load on it. Moreover, selected macroeconomic and financial variables have statistically and economically significant out-of-sample predictive power for the returns of the two low-frequency factors.

INVITED
 2024: AFA, Fourth Frontiers of Factor Investing Conference at Lancaster University*, Hong Kong Joint Finance Research Workshop, Hong Kong Conference for Fintech, AI, and Big Data in Business, RUC, Antai College at SJTU, FISF at FDU, CUHK, SMU, School of Management at FDU, SUFE, SAIF, University of South Carolina, University of Delaware, CUHK-SZ, Imperial College London (cancelled), City University of Hong Kong*, HKU*, HKUST*, Tilburg University*, Maastricht University*

2023: INFORMS (two sessions), NFA, EFA, CICF, WFA, SoFiE^{*}, TOM European Seminar Series, Lancaster Financial Econometrics Conference, London Business School, Université Catholique de Louvain, Hunan University

2022: INFORMS, FMA, CFE-CMStatistic

2021: FMA, AFA PhD Student Poster Session, INFORMS, LBS Trans-Atlantic Doctoral Conference, 7th International Young Finance Scholars' Conference

2020: INFORMS (two sessions), London Business School

- * Presentations by co-authors
- TEACHING London Business School

EXPERIENCE Graduate Teaching Assistant

• Financial Analytics (Masters, MBA)	2021 - 2023
• Business Analytics (MBA)	2020 - 2023
• Applied Python Programming (Masters, MBA)	Summer 2020

Columbia University

Graduate Teaching Assistant

• Topics in IEOR - Computational Discrete Optimization (Masters) Spring 2017

Academic	Referee:	Management	Science
Service			

Honors and Awards	Cecilia Reyes Award for Research Students, London Business School Winner, 2023 INFORMS Finance Student Paper competition Winner, Bates-White Best Paper Prize, SoFiE Annual Meeting Semi-finalist, 2021 FMA Best Paper Award in Investment Finalist, 2020 INFORMS Finance Student Paper competition London Business School Doctoral Tuition Waiver and Scholarship		2023 2023 2023 2021 2020 2018 - 2024	
LANGUAGES	Languages: Mandarin (native), English (fluent)			
AND SKILLS	Skills: Python, R, Matlab, C++, Stata, SQL, Gurobi			
Personal Interests	Basketball, guitar, swimming, photography			
References	Svetlana Bryzgalova (advisor) Assistant Professor London Business School +44 (0)20 7000 8292 sbryzgalova@london.edu	Victor DeMiguel (advisor) Professor London Business School +44 (0)20 7000 8831 avmiguel@london.edu		
	Alberto Martin-Utrera Assistant Professor Ivy College of Business Iowa State University +1 (515)-294-5007 amutrera@iastate.edu	Markus Pelger Associate Professor Management Science and Enginee Stanford University +1 (510)-859-5151 mpelger@stanford.edu	rring	