



*Lecture on*  
**“Carbon Emissions, Mutual Fund Trading,  
and the Liquidity of Corporate Bonds”**  
*by Professor Zhan Xintong*

*Professor of Finance, School of Management, Fudan University*



**Date: 27 June 2022 (Monday)**

**Time: 11:00 am – 12:15 pm HKT**

**Venue: Zoom**

**Language: English**

***Abstract:***

This paper provides a detailed investigation on how firms' carbon emission levels affect trading behaviors of mutual funds and liquidity conditions of corporate bonds. Our analysis is conducted with a full sample from 2007 to 2019 and causality is further established by exploiting the Paris Agreement. We find that mutual funds are more likely to sell corporate bonds in herds if the bonds' issuing firms have higher carbon emissions, driven by funds' concerns for carbon-related redemption risks and regulatory risks, rather than by a permanent change in investing ethics or preferences. We show that higher carbon exposures in mutual fund portfolios lead to more investor outflows, and bonds tend to experience more sell herding if their holding mutual funds have higher flow-to-carbon sensitivity. We also find that bonds issued by high-carbon firms experience worse liquidity conditions.

***About the Speaker:***

Xintong Zhan is currently a Professor of Finance and Li-Dasan Endowed Chair at Fudan University School of Management (FDSM). She was formally assistant professor at Erasmus University Rotterdam and The Chinese University of Hong Kong. Her research interests are in empirical asset pricing, sustainable finance, and derivatives. Her research has appeared in a variety of academic journals including the Journal of Financial Economics, the Review of Financial Studies, the Journal of Financial and Quantitative Analysis, and Management Science.

Prof. Zhan is the Principal Investigator of several Hong Kong competitive RGC grants and many other research grants from both academic and industry sponsors such as The Canadian Derivatives Institute (CDI) and Geneva Institute for Wealth Management. She has received various research awards such as AAM-CAMRI Prize in Asset Management by Asia Asset Management and NUS, the ETF Research Academy Award by the Paris-Dauphine House of Finance and Lyxor Asset Management, Chicago Quantitative Alliance (CQA) Academic Competition Award, and the best paper awards at various academic conferences.

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