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EDUCATION

Singapore Management University, Singapore 2016 – 2021 (expected)
PhD in Business (Finance)

Bocconi University, Italy Oct 2015
Bachelor of International Economics, Management and Finance – Major in Finance
Graduation grade: 108 / 110

Nanyang Technological University, Nanyang Business School, Singapore Jan – May 2015
Exchange Program

RESEARCH INTERESTS

Empirical Asset Pricing, Behavioral Finance, Retail Investors and Institutions, Market Microstructure, and Derivatives.

JOB MARKET PAPER

Retail Trading on Anomalies (with Ekkehart Boehmer)

Abstract:

We study retail investor activity in the extreme portfolios of well-known cross-sectional anomalies. We examine separately retail purchases, retail sales that close existing positions, and retail short sales. In general, retail investors tend to trade in the opposite direction of anomalies (buying stocks in the short portfolios and selling stocks in the long portfolios), both before and after the anomaly variables become public information. However, we do not find evidence that retail trading is the cause of mispricing and subsequent return predictability. Stocks with high retail participation do not appear to be more mispriced after controlling for firm size. Instead of pushing prices away from fundamentals, contrarian retail trades are likely to provide liquidity to arbitrageurs after firm announcements. In addition, we show that retail short sellers exploit anomaly information and help to correct mispricing of overvalued stocks in the short portfolios of value-versus-growth anomalies.

WORKING PAPERS

Who Profits from Trading Options? (with Jianfeng Hu, Seongkyu Gilbert Park, and Doojin Ryu)

Abstract:

Using account-level transaction data, we examine trading styles and profitability in a leading derivatives market. We find that retail investors tend to stick to one trading style. About 70% of retail investors predominantly hold simple positions such as long calls or long puts. Institutional investors are more likely to use multiple strategies with various levels of complexity. We use trading style complexity as an ex-ante measure of trading skills and show that it significantly affects investment performance. Specifically, retail investors using simple strategies lose to the rest of the market. For both retail and institutional investors, volatility trading is the most profitable strategy, although subject to large downside risk. After adjusting for risk, Greek-neutral strategies outperform. These style effects are persistent and cannot be explained by systematic risk exposure or known behavioral biases.

Presented at:

AFA 2020 Annual Meeting Ph.D. Student Poster Session

FMA 2019 Annual Meeting, Top 10 Session

Virtual Derivatives Workshop, watch presentation at the link below:

https://www.youtube.com/watch?v=kofBEQ5OsmY&ab_channel=VirtualDerivatives

Asian Finance Association 2019 Conference

Singapore Management University Summer Research Camp

National University of Singapore

The 2nd Sun Yat-Sen University Finance International Conference*

Korea Advanced Institute of Science and Technology*

Peking University*

(* signifies presentation by a co-author)

Rational Regulation Meets Irrational Investors (with Jianfeng Hu)

Abstract:

We show that irrational response to regulatory reforms aimed at investor protection can lead to these reforms having the opposite effect and hurting investors. After the August 2011 crisis in the Korean equity market, regulators increase the contract size of equity index options fivefold, hoping to limit retail participation and excessive speculation in the market. Contradicting the purpose of the reform, we find that investors' propensity to exit the market decreases after the reform. The dollar risk exposure of remaining investors significantly increases after the reform, consistent with investor inattention to the reform. Our estimation shows that it takes six months for risk taking activity to return to the pre-reform level but there is no significant decrease afterward. Heightened risk taking also leads to worse performance in the post-reform period. Although these effects are always stronger on retail investors, institutional investors are not spared either. In addition, we find that investors who are adversely affected by the reform exhibit self-attribution bias which causes them to extrapolate their performance into the future. They tend to outperform their peers before the crisis and their trading activity becomes more responsive to past performance after the crisis. However, limited attention to the market reform exacerbates their losses when their performance reverts to the mean. These results highlight the importance of considering behavioral biases in policy research and setting to avoid unintended consequences.

WORK IN PROGRESS

Conflicts of Interest Between Retail Investors and Their Brokers

Options Market Makers (with Jianfeng Hu and Dmitriy Muravyev)

AWARDS AND HONORS

AFA Annual Meeting Travel Grant	2020
FMA Annual Meeting Top 10 Session, Nomination for Best Paper Award	2019
Singapore Management University Doctoral Scholarship	2016 – 2020
Bocconi University Merit Award for Academic Excellence	2012 – 2015

TEACHING EXPERIENCE

Completion of the Graduate Instructor Foundations in Teaching (GIFT) Programme Certified by the Centre for Teaching Excellence, SMU	2019
Programming and Databases Camp (PhD) Instructor	2018, 2019
Financial Markets and Investments (Undergraduate) Teaching Assistant, responsible for teaching tutorials	2019, 2020
Financial Instruments, Institutions and Markets (Undergraduate) Teaching Assistant	2019
Hedge Funds (MBA) Teaching Assistant	2017, 2018

WORKING EXPERIENCE

Ferrero, Luxembourg Financial Controlling, Intern	Jan – Jul 2016
Societe Generale Expressbank, Bulgaria Back Office Department for Loans, Intern	Jul – Sep 2014
Deutsche Börse (Frankfurt Stock Exchange) and European Central Bank, Germany Short-term In-Company Training	May 2013

OTHER

Citizenship: Bulgaria / European Union

Languages: Bulgarian (Native), English (Fluent), Italian (Intermediate), French (Basic)

Programming skills: SAS, MATLAB, Stata, LATEX

REFERENCES

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