

# Yicheng Liu

✉ [liu.9716@osu.edu](mailto:liu.9716@osu.edu)

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## EDUCATION

**The Ohio State University**

*Ph.D. in Finance*

2021 - present

**Duke University**

*M.A. in Economics*

2019 - 2021

**Nanjing University**

*B.A. in Finance, minor in Mathematics*

2015 - 2019

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## RESEARCH INTEREST

Asset pricing, macro-finance, intangible capital, market power

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## WORKING PAPERS

### **What Are Intangibles Worth? Production versus Market Power**

*(Job market paper)*

**Abstract:** Intangibles create value for firms by raising productivity and increasing market power. The first channel boosts growth, while the second could weaken competition. This paper quantifies both channels with a dynamic model in which firms invest in intangible capital to raise production and market power. I combine the model with data to decompose intangible value for each U.S. public firm. By 2024, intangibles derive more value from market power than from production, contributing 28% and 21% to aggregate market capitalization, respectively. Intangible value rises as market-power value grows within firms and firms with greater production-related intangible value gain market share. Over the firm life cycle, it shifts from production toward market power. Incorporating the value of intangible market power restores 60% of the decline in the value premium and explains firms' incentives to invest in intangibles.

### **Institutional Investors' Subjective Risk Premia: Time Variation and Disagreement**

*(with Spencer Coutts, Andrei Gonçalves, and Johnathan Loudis)*

**Abstract:** In this paper, we study the role of subjective risk premia in explaining subjective expected return time variation and disagreement using the long-term Capital Market Assumptions of major asset managers and investment consultants from 1987 to 2022. We find that market risk premia explain most of the expected return time variation, with the rest explained by alphas. The risk premia effect is almost entirely driven by time variation in risk quantities as opposed to risk price. Nevertheless, risk price explains about half of the transitory effect of risk premia on expected returns. Market risk premia also explain most of the expected return disagreement, but in this case alphas have a quantitatively significant effect, and risk price and risk quantities are roughly equally responsible for the risk premia effect. Our results provide benchmark moments that asset pricing models should match to be consistent with institutional investors' beliefs.

### **Investment-based Costs of Equity**

*(with Chen Xue and Lu Zhang)*

**Abstract:** This paper develops the  $q^5$ -characteristics model for estimating costs of equity as out-of-sample forecasts from cross-sectional predictive regressions. The  $q^5$ -characteristics model is competitive in evaluation tests, outperforming the accounting-based implied cost of equity in predicting returns in the cross section but underperforming in the time series. The  $q^5$  cost of equity is precise at the industry level and aligned with future realized factor premiums. Its firm-level distribution is weakly left-skewed, whereas the accounting cost of equity is weakly right-skewed. However, the accounting cost of equity substantially outperforms in time series predictability, especially for the equity premium.

## TEACHING EXPERIENCE

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### **The Ohio State University**

Instructor, Investments

Summer 2024

*Nominated for Outstanding Undergraduate Instructor Award*

Teaching assistant for Andrei Gonçalves, Investments

Fall 2025

### **Duke University**

Teaching assistant, Economic Principles

Summer 2020

## AWARDS

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René M. Stulz Scholar Development Award, The Ohio State University

2026

Bartels Fellowship, The Ohio State University

2025

Merit Scholar Award, Duke University

Fall 2019 and Spring 2020

Zhongli International Scholarship, Nanjing University

2017

## PROFESSIONAL EXPERIENCE

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**Referee:** Journal of Banking and Finance, Journal of Empirical Finance

## SKILLS

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**Programming:** Julia, R, MATLAB, STATA, SAS

**Languages:** English (fluent), Chinese (native), Japanese (intermediate)