Austin Sobotka

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Education

- **Ph.D.** in Finance, Minor in Economics: University of Arizona — 2022 – 2027 (expected)
- **M.S.** in Finance: University of Arizona — Completed 2022
- **B.A.** in Philosophy: University of Arizona — Completed 2017

Research Areas

Asset Pricing, Investments, Investor Expectations, Political Polarization, Market Microstructure

Working Papers

"The Intersection of Expected Returns" [SSRN]

The premia of 163 cross-sectional anomalies are largely driven by shared exposure to a small set of overlapping stocks. The performance of these stocks appears to be attributable to mispricing arising from biases in investor expectations. Taken together, the results suggest that anomalies are largely not independent of one another and that they represent mispricing rather than systematic sources of risk.

- **Presentations:** Eastern Finance Association, Financial Management Association, American Finance Association (poster session), Chicago Quantitative Alliance Spring Conference, Financial Intermediation Research Society, University of Arizona
- **Accolades:** SSRN Top 10 Papers Lists (Behavioral & Experimental Finance eJournal, Capital Markets: Market Efficiency eJournal, Capital Markets: Asset Pricing & Valuation eJournal, Financial Economics Network Subject Matter eJournals, Financial Economics Network eJournal), AFA Travel Grant[$], CQA Travel Grant[$], FIRS Travel Grant[$]

"Political Polarization and Stock Market Expectations" [SSRN]

(with Marco Angrisani, Richard Sias, and Harry Turtle)

Political polarization interacted with the party of the president explains much of the heterogeneity in how individuals' perceptions of the distribution of stock returns evolve over time. Polarization has explanatory power beyond party, ideology, news source, and media trust. The effect persists around midterm election losses, influences trading decisions, and has become stronger as Americans have become more polarized.

- **Presentations:** University of Arizona, University of Toledo[c]
- **Accolades:** SSRN Top 10 Papers Lists (Behavioral & Experimental Finance eJournal), SSRN Editor's Choice (Behavioral & Experimental Finance eJournal)
- **Coverage:** Barrons, MSN

"Political Polarization and Partisan Economic Cycles" [SSRN]

(with Nathan Fernig and Richard Sias)

Partisanship and political polarization have a substantial impact on discretionary consumption and investment into equities: counties aligned with the party of the sitting president increase consumption and investment significantly more than unaligned counties. The effect size of political alignment is large relative to standard determinants of local economic activity and has grown over time as Democrats and Republicans have become increasingly polarized. Our results provide direct evidence that partisan economic expectations transmit into household financial decisions at magnitudes detectable in aggregate data.

- **Presentations:** Research in Behavioral Finance Conference[*], Southern Finance Association[*], Chicago Quantitative Alliance Spring Conference[c], Boulder Summer Conference on Consumer Decision Making (poster Session)[c], University of Arizona
- **Accolades:** CQA Travel Grant[$]
- **Coverage:** National Affairs

[c] Presented by coauthor, [*] Scheduled, [‡] Accepted/awarded but did not attend, [†] Draft available upon request, [$] Monetary award

Work in Progress

"Target Date Fund Glide Paths: Do Active Bets Enhance Retirement Outcomes?"[†]
(with David Brown and Shaun Davies)

Target Date Fund managers actively adjust their glide path allocations. We do not find evidence that these adjustments create value for investors—in the worst case, we estimate an annualized cost of over 1% on a risk-adjusted basis. We find that this underperformance is due primarily to poor timing of asset classes and return chasing rather than the selection of more expensive underlying funds or larger management fees.

- **Presentations:** Investment Company Institute, Vanguard[c], University of Kentucky[c], University of Colorado Boulder[c], Arizona State University[c], Australian National University[c], Baylor University[c], Claremont McKenna College[c], University of Arizona[c], University of Hawaii at Manoa[c], University of Melbourne[c], University of New South Wales[c], University of Sydney[c], University of Tennessee[c], Villanova University[c]
- **Accolades:** Investment Company Institute Paper Acceptance Award[$]
- **Coverage:** Rational Reminder Podcast

"Hidden Liquidity, Off-Exchange Trading, and Crash Risk"
(with Nathan Fernig)

We ask what a stock's hidden liquidity reveals about its future tail risk, using the SEC's MIDAS data on hidden executions for all U.S. stocks. A stock with a high rate of hidden trading is substantially less likely to crash the following month, and the protection concentrates ahead of scheduled earnings announcements. Dark-pool trading, which also conceals orders but executes them away from the exchange, predicts the opposite: more crashes. Hidden trading predicts no crash reduction in ETFs, which have no fundamentals to learn about. Our results suggest that hidden orders and dark pools are not substitutes from the perspective of market quality: the former incorporate information into prices while the latter do not.

Presentations & Conferences

American Finance Association Annual Meeting, Chicago Quantitative Alliance Spring Conference, Financial Intermediary Research Society Annual Meeting, Southern Finance Association Annual Meeting[*], Research in Behavioral Finance Conference[*], Financial Management Association Annual Meeting[*]	2026
Eastern Finance Association Annual Meeting, Investment Company Institute, Financial Management Association Annual Meeting	2025
University of Arizona	2023, 2024, 2025, 2026

Awards, Grants, and Invitations

American Finance Association Travel Grant[$], Investment Company Institute Paper Acceptance Award[$], Chicago Quantitative Alliance Travel Grant[$], Hong Kong University Next-Gen Finance PhD Workshop Funded Participant[$,‡], Financial Intermediary Research Society Travel Grant[$], Financial Management Association PhD Student Consortium

Teaching Experience

FIN 304, Real Estate Principles (Undergraduate), Instructor	2025
MSF 909, Master's in Finance Research Project (Graduate), Instructor	2023, 2024, 2025
FIN 421/521, Investments (Undergraduate/Graduate), TA	2022, 2023, 2024, 2025

Professional Activities

Referee: Financial Management (×2)

Discussant: Eastern Finance Association (2025), Financial Management Association (2025)

Organizer: Finance Department Internal Ph.D. Student Seminar (2024-2026)

[c] Presented by coauthor, [*] Scheduled, [‡] Accepted/awarded but did not attend, [†] Draft available upon request, [$] Monetary award

References

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