

Appendix Table 1

Multivariate test of long-run returns, lottery-like preferences and investor sentiment

This table reports pooled OLS regressions of changes in institutional trading. The dependent variable is the one-year excess return starting in quarter q . *Change* is the aggregate quarterly change in institutional trading in quarter $q-1$. *High Skew* is an indicator equal to one if the stock return idiosyncratic skewness is above median at the beginning of quarter $q-1$ and zero otherwise. *Lottery* is an indicator equal to one if the stock is classified as a lottery-like stock according to Kumar (2009) at the beginning of quarter $q-1$ and zero otherwise. *High MAX* is an indicator equal to one if the stocks has above median MAX, where MAX is the average of the five highest daily stock returns for the month according to Bali *et al.* (2011). *Low Sent* is an indicator equal to one if the last month of quarter $q-2$ is a period of below median investor sentiment and zero otherwise. Firm control variables are defined in Table 3. Numbers in parentheses are P-values based on standard errors clustered by stock and quarter. Significance at the 1%, 5%, and 10% level are indicated by ***, **, and *, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
<i>Change</i>	0.020 (0.564)	0.047 (0.174)	0.120*** (0.000)	0.147*** (0.000)	0.093*** (0.005)	0.136*** (0.000)
<i>Change*High Skew</i>	0.206*** (0.000)	0.126** (0.015)				
<i>Change*High Skew*Low Sent</i>		0.242*** (0.002)				
<i>Change*Lottery</i>			0.161* (0.076)	-0.024 (0.816)		
<i>Change*Lottery*Low Sent</i>				0.415** (0.023)		
<i>Change*High MAX</i>					0.063 (0.187)	-0.037 (0.465)
<i>Change*High MAX*Low Sent</i>						0.225*** (0.004)
<i>High Skew</i>	0.005*** (0.000)	0.005*** (0.001)				
<i>Lottery</i>			-0.033*** (0.000)	-0.032*** (0.000)		
<i>High MAX</i>					0.005** (0.012)	0.004** (0.015)
<i>Low Sent</i>		0.084*** (0.000)		0.085*** (0.000)		0.084*** (0.000)
Constant	0.052*** (0.000)	0.037*** (0.000)	0.065*** (0.000)	0.049*** (0.000)	0.053*** (0.000)	0.037*** (0.000)
Firm Controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	373,265	373,265	373,265	373,265	373,265	373,265
R-squared	0.014	0.021	0.014	0.022	0.014	0.021