

Internet Appendix

This Internet Appendix provides a variety of supplemental information for Antón, Cohen, and Polk (2021).

Table A.I: Performance of Best Ideas: Robustness to Different Maximum Tilts

This table reports coefficients from monthly regressions as in Table II, but here we show the results where we include those managers whose maximum position-level information ratio is in the top 100% (Panel A), the top 75% (Panel B), the top 50% (Panel C), the top 25% (Panel D), the top 12.5% (Panel E), or the top 5% (Panel F) of all corresponding information ratios at the time. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font. The sample period for the dependent variables is January 1983 - March 2019.

	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
PANEL A: Top 100% of Tilts										
$r_{1,t} - r_{f,t}$	0.80% (3.05)	0.19% (2.27)	0.07% (1.04)	1.09 (61.11)	0.20 (7.74)	-0.14 (-4.11)	-0.17 (-4.90)	-0.22 (-4.49)	0.22 (13.51)	94%
$r_{1,t} - r_{DGRW,t}$	0.04% (0.62)	0.10% (1.61)	0.02% (0.40)	0.05 (3.39)	0.06 (2.99)	-0.06 (-2.31)	-0.12 (-4.45)	-0.13 (-3.41)	0.15 (11.79)	44%
$spread_{1,t}$	0.05% (0.58)	0.20% (2.43)	0.07% (1.12)	0.04 (2.24)	0.02 (0.70)	-0.08 (-2.61)	-0.25 (-7.96)	-0.20 (-4.48)	0.23 (15.51)	55%
PANEL B: Top 75% of Tilts										
$r_{1,t} - r_{f,t}$	0.84% (3.14)	0.26% (2.89)	0.14% (1.83)	1.09 (56.28)	0.20 (7.17)	-0.16 (-4.45)	-0.21 (-5.79)	-0.22 (-4.25)	0.21 (12.22)	93%
$r_{1,t} - r_{DGRW,t}$	0.09% (1.13)	0.16% (2.30)	0.08% (1.26)	0.05 (3.15)	0.06 (2.58)	-0.08 (-2.61)	-0.15 (-5.03)	-0.13 (-3.06)	0.15 (10.77)	43%
$spread_{1,t}$	0.10% (1.01)	0.25% (2.91)	0.12% (1.74)	0.04 (2.06)	0.02 (0.68)	-0.08 (-2.53)	-0.27 (-8.19)	-0.19 (-3.91)	0.23 (14.71)	53%
PANEL C: Top 50% of Tilts										
$r_{1,t} - r_{f,t}$	0.90% (3.25)	0.34% (3.54)	0.23% (2.65)	1.10 (50.96)	0.19 (6.06)	-0.20 (-4.97)	-0.25 (-6.10)	-0.25 (-4.31)	0.20 (10.46)	92%
$r_{1,t} - r_{DGRW,t}$	0.13% (1.56)	0.22% (2.89)	0.14% (2.01)	0.06 (3.22)	0.04 (1.61)	-0.09 (-2.88)	-0.17 (-5.08)	-0.15 (-3.30)	0.14 (9.24)	40%
$spread_{1,t}$	0.14% (1.35)	0.30% (3.26)	0.17% (2.23)	0.04 (2.07)	-0.01 (-0.28)	-0.09 (-2.53)	-0.28 (-7.72)	-0.21 (-3.90)	0.23 (13.27)	49%
PANEL D: Top 25% of Tilts										
$r_{1,t} - r_{f,t}$	0.97% (3.19)	0.47% (4.09)	0.37% (3.45)	1.12 (41.87)	0.15 (4.02)	-0.26 (-5.10)	-0.35 (-6.99)	-0.23 (-3.11)	0.19 (8.11)	89%
$r_{1,t} - r_{DGRW,t}$	0.21% (2.05)	0.33% (3.56)	0.26% (2.91)	0.07 (3.31)	0.01 (0.36)	-0.13 (-3.08)	-0.24 (-6.06)	-0.13 (-2.13)	0.15 (7.44)	38%
$spread_{1,t}$	0.21% (1.79)	0.39% (3.52)	0.26% (2.71)	0.05 (2.10)	-0.05 (-1.34)	-0.11 (-2.35)	-0.32 (-7.31)	-0.17 (-2.54)	0.25 (11.54)	43%
PANEL E: Top 12.5% of Tilts										
$r_{1,t} - r_{f,t}$	0.95% (3.18)	0.44% (3.49)	0.35% (2.86)	1.11 (36.10)	0.14 (3.13)	-0.28 (-4.89)	-0.39 (-6.77)	-0.20 (-2.37)	0.17 (6.23)	85%
$r_{1,t} - r_{DGRW,t}$	0.18% (1.54)	0.30% (2.92)	0.23% (2.28)	0.07 (2.91)	0.02 (0.68)	-0.16 (-3.44)	-0.30 (-6.26)	-0.10 (-1.41)	0.14 (6.00)	33%
$spread_{1,t}$	0.18% (1.42)	0.35% (2.82)	0.22% (1.90)	0.05 (1.63)	-0.05 (-1.26)	-0.08 (-1.40)	-0.32 (-5.95)	-0.20 (-2.56)	0.25 (9.73)	32%
PANEL F: Top 5% of Tilts										
$r_{1,t} - r_{f,t}$	0.93% (3.07)	0.43% (2.81)	0.34% (2.29)	1.10 (29.13)	0.08 (1.57)	-0.31 (-4.42)	-0.44 (-6.11)	-0.08 (-0.76)	0.16 (4.62)	79%
$r_{1,t} - r_{DGRW,t}$	0.17% (1.28)	0.28% (2.22)	0.21% (1.70)	0.07 (2.30)	0.01 (0.11)	-0.23 (-3.98)	-0.30 (-5.14)	0.05 (0.58)	0.13 (4.57)	24%
$spread_{1,t}$	0.16% (1.01)	0.31% (1.95)	0.18% (1.17)	0.04 (1.05)	-0.10 (-1.94)	-0.12 (-1.63)	-0.29 (-4.14)	-0.09 (-0.91)	0.24 (7.15)	19%

Table A.II: Performance of All Ideas: Robustness to Different Maximum Tilts

This table reports coefficients from monthly regressions as in Table II Panel B (investment-weight portfolios of All ideas), but here we show the results where we include those managers whose maximum position-level information ratio is in the top 100% (Panel A), the top 75% (Panel B), the top 50% (Panel C), the top 25% (Panel D), the top 12.5% (Panel E), or the top 5% (Panel F) of all corresponding information ratios at the time. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font. The sample period for the dependent variables is January 1983 - March 2019.

	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
PANEL A: Top 100% of Tilts										
$r_{1,t} - r_{f,t}$	0.62% (3.16)	-0.05% (-1.93)	-0.05% (-1.76)	0.93 (140.90)	0.14 (14.94)	-0.03 (-2.53)	0.09 (7.27)	-0.01 (-0.81)	-0.01 (-1.23)	98%
PANEL B: Top 75% of Tilts										
$r_{1,t} - r_{f,t}$	0.62% (3.12)	-0.03% (-1.18)	-0.03% (-0.97)	0.93 (133.05)	0.14 (14.13)	-0.05 (-3.91)	0.07 (5.10)	-0.03 (-1.59)	-0.01 (-1.61)	98%
PANEL C: Top 50% of Tilts										
$r_{1,t} - r_{f,t}$	0.64% (3.13)	0.00% (-0.12)	0.00% (0.16)	0.93 (122.80)	0.15 (13.82)	-0.08 (-5.31)	0.04 (2.92)	-0.04 (-2.10)	-0.02 (-2.31)	98%
PANEL D: Top 25% of Tilts										
$r_{1,t} - r_{f,t}$	0.65% (3.09)	0.04% (1.12)	0.06% (1.55)	0.93 (102.42)	0.15 (11.26)	-0.11 (-6.40)	-0.02 (-1.13)	-0.06 (-2.23)	-0.03 (-3.48)	97%
PANEL E: Top 12.5% of Tilts										
$r_{1,t} - r_{f,t}$	0.66% (3.05)	0.07% (1.61)	0.09% (2.07)	0.94 (84.09)	0.14 (8.70)	-0.15 (-6.95)	-0.07 (-3.41)	-0.04 (-1.31)	-0.04 (-3.70)	96%
PANEL F: Top 5% of Tilts										
$r_{1,t} - r_{f,t}$	0.67% (3.01)	0.11% (1.97)	0.13% (2.32)	0.94 (69.15)	0.13 (6.67)	-0.14 (-5.64)	-0.14 (-5.62)	-0.04 (-1.13)	-0.03 (-2.82)	95%

Table A.III: Performance of Best Ideas in Expansions and Recessions

This table reports coefficients from monthly regressions as in Table II Panel A and Table IV, but for different subsample periods: Panel A reports results during NBER expansion periods while Panel B reports results during NBER recession periods. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font.

PANEL A: NBER Expansions										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	1.04% (3.54)	0.47% (4.03)	0.29% (2.69)	1.10 (40.62)	0.12 (3.08)	-0.30 (-5.53)	-0.34 (-6.73)	-0.19 (-2.52)	0.25 (9.40)	89%
$r_{2,t} - r_{f,t}$	1.05% (3.49)	0.42% (3.73)	0.27% (2.51)	1.12 (41.37)	0.41 (10.51)	-0.22 (-4.00)	-0.31 (-6.15)	-0.14 (-1.92)	0.21 (8.06)	90%
$r_{1,t} - r_{DGTW,t}$	0.22% (2.18)	0.32% (3.46)	0.19% (2.15)	0.06 (2.82)	-0.01 (-0.44)	-0.16 (-3.66)	-0.23 (-5.63)	-0.08 (-1.39)	0.19 (8.66)	40%
$r_{2,t} - r_{DGTW,t}$	0.26% (2.54)	0.34% (3.73)	0.22% (2.52)	0.07 (3.21)	0.06 (1.82)	-0.16 (-3.62)	-0.22 (-5.36)	-0.06 (-0.99)	0.17 (7.96)	40%
$spread_{1,t}$	0.25% (2.07)	0.42% (3.81)	0.21% (2.18)	0.03 (1.38)	-0.07 (-1.92)	-0.14 (-2.80)	-0.33 (-7.20)	-0.17 (-2.56)	0.29 (12.41)	47%
$spread_{2,t}$	0.24% (1.95)	0.36% (3.54)	0.18% (2.01)	0.06 (2.59)	0.24 (7.22)	-0.08 (-1.74)	-0.31 (-7.26)	-0.12 (-1.96)	0.25 (10.94)	54%
$r_{1COMP,t} - r_{f,t}$	0.78% (2.12)	1.40% (5.03)	0.90% (3.68)	0.21 (3.42)	0.10 (1.08)	-0.62 (-5.05)	-1.03 (-8.96)	-0.85 (-4.99)	0.72 (11.86)	64%
$r_{2COMP,t} - r_{f,t}$	0.65% (1.82)	1.30% (4.89)	0.80% (3.50)	0.15 (2.59)	0.07 (0.79)	-0.78 (-6.77)	-1.11 (-10.2)	-0.52 (-3.28)	0.72 (12.52)	66%
$r_{1COMP,t} - r_{DGTW,t}$	0.68% (2.74)	1.00% (4.51)	0.68% (3.29)	0.13 (2.53)	-0.07 (-0.94)	-0.33 (-3.19)	-0.62 (-6.37)	-0.37 (-2.60)	0.47 (9.11)	43%
$r_{2COMP,t} - r_{DGTW,t}$	0.60% (2.37)	0.98% (4.44)	0.63% (3.15)	0.07 (1.35)	-0.07 (-1.01)	-0.47 (-4.66)	-0.73 (-7.69)	-0.13 (-0.94)	0.50 (9.95)	46%
$spread_{1COMP,t}$	0.76% (2.85)	1.13% (4.67)	0.74% (3.40)	0.13 (2.36)	-0.02 (-0.26)	-0.28 (-2.53)	-0.62 (-5.99)	-0.54 (-3.54)	0.55 (10.01)	44%
$spread_{2COMP,t}$	0.60% (2.31)	1.00% (4.33)	0.61% (2.96)	0.07 (1.35)	-0.01 (-0.13)	-0.39 (-3.73)	-0.70 (-7.17)	-0.29 (-2.04)	0.55 (10.68)	47%

Table A.III: Performance of Best Ideas in Expansions and Recessions
(continued)

PANEL B: NBER Recessions										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	0.09%	0.14%	0.20%	0.98	0.29	-0.12	-0.36	-0.32	0.03	97%
	(0.07)	(0.43)	(0.60)	(13.81)	(2.84)	(-1.34)	(-2.45)	(-1.94)	(0.65)	
$r_{2,t} - r_{f,t}$	0.43%	0.19%	0.16%	1.02	0.48	-0.14	-0.23	-0.33	-0.01	98%
	(0.29)	(0.62)	(0.50)	(14.65)	(4.83)	(-1.49)	(-1.64)	(-2.02)	(-0.27)	
$r_{1,t} - r_{DGTW,t}$	-0.11%	0.09%	0.17%	-0.07	0.17	-0.01	-0.37	-0.30	0.04	57%
	(-0.37)	(0.33)	(0.60)	(-1.21)	(2.01)	(-0.14)	(-2.96)	(-2.11)	(0.92)	
$r_{2,t} - r_{DGTW,t}$	0.01%	0.16%	0.16%	-0.06	0.17	-0.03	-0.30	-0.35	0.00	62%
	(0.02)	(0.60)	(0.57)	(-0.95)	(1.92)	(-0.39)	(-2.47)	(-2.48)	(0.03)	
$spread_{1,t}$	-0.40%	-0.30%	-0.20%	0.01	-0.05	-0.05	-0.08	-0.01	0.04	12%
	(-1.71)	(-0.98)	(-0.62)	(0.21)	(-0.48)	(-0.59)	(-0.56)	(-0.04)	(1.01)	
$spread_{2,t}$	-0.02%	-0.20%	-0.16%	0.08	0.19	-0.10	0.01	-0.02	0.02	33%
	(-0.06)	(-0.69)	(-0.51)	(1.18)	(1.94)	(-1.12)	(0.08)	(-0.11)	(0.44)	
$r_{1COMP,t} - r_{f,t}$	-0.56%	-1.14%	-0.43%	0.21	0.31	-0.67	-0.18	-0.71	0.31	58%
	(-0.54)	(-1.18)	(-0.45)	(1.00)	(1.13)	(-2.44)	(-0.43)	(-1.38)	(2.40)	
$r_{2COMP,t} - r_{f,t}$	-0.45%	-1.00%	-0.10%	0.18	0.29	-0.36	-0.24	-1.15	0.39	62%
	(-0.44)	(-1.04)	(-0.12)	(0.94)	(1.15)	(-1.41)	(-0.62)	(-2.37)	(3.26)	
$r_{1COMP,t} - r_{DGTW,t}$	-0.40%	-0.59%	0.02%	-0.15	0.38	-0.03	-0.60	-0.80	0.26	40%
	(-0.52)	(-0.70)	(0.02)	(-0.79)	(1.60)	(-0.11)	(-1.62)	(-1.75)	(2.33)	
$r_{2COMP,t} - r_{DGTW,t}$	-0.22%	-0.47%	0.27%	-0.13	0.35	0.17	-0.55	-1.18	0.32	47%
	(-0.29)	(-0.56)	(0.35)	(-0.73)	(1.57)	(0.76)	(-1.58)	(-2.76)	(3.05)	
$spread_{1COMP,t}$	-0.43%	-0.78%	-0.36%	0.15	0.07	-0.57	-0.04	-0.08	0.18	45%
	(-0.60)	(-1.08)	(-0.50)	(0.94)	(0.36)	(-2.68)	(-0.14)	(-0.21)	(1.81)	
$spread_{2COMP,t}$	-0.39%	-0.78%	-0.12%	0.16	0.14	-0.18	-0.08	-0.67	0.28	51%
	(-0.58)	(-1.09)	(-0.19)	(1.09)	(0.74)	(-0.94)	(-0.26)	(-1.85)	(3.18)	

Table A.III: Performance of Best Ideas in Expansions and Recessions
(continued)

PANEL C: Above-median PE										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	0.89% (2.76)	0.50% (4.02)	0.35% (3.05)	1.09 (37.62)	0.12 (3.02)	-0.18 (-3.27)	-0.41 (-7.64)	-0.31 (-3.98)	0.24 (8.68)	89%
$r_{2,t} - r_{f,t}$	0.93% (2.75)	0.45% (3.69)	0.32% (2.77)	1.12 (38.59)	0.41 (9.99)	-0.12 (-2.12)	-0.37 (-6.95)	-0.23 (-2.99)	0.20 (7.50)	90%
$r_{1,t} - r_{DGTW,t}$	0.22% (1.97)	0.35% (3.44)	0.23% (2.47)	0.05 (1.96)	0.00 (0.10)	-0.07 (-1.59)	-0.28 (-6.42)	-0.18 (-2.91)	0.18 (7.97)	39%
$r_{2,t} - r_{DGTW,t}$	0.24% (2.12)	0.34% (3.42)	0.24% (2.52)	0.06 (2.62)	0.07 (2.09)	-0.09 (-1.88)	-0.27 (-6.10)	-0.14 (-2.25)	0.16 (7.12)	40%
$spread_{1,t}$	0.23% (1.73)	0.41% (3.40)	0.22% (2.14)	0.03 (0.98)	-0.07 (-2.00)	-0.06 (-1.24)	-0.36 (-7.67)	-0.24 (-3.45)	0.29 (12.14)	47%
$spread_{2,t}$	0.24% (1.81)	0.35% (3.13)	0.19% (1.91)	0.06 (2.55)	0.23 (6.59)	-0.03 (-0.53)	-0.35 (-7.61)	-0.16 (-2.48)	0.25 (10.86)	55%
$r_{1COMP,t} - r_{f,t}$	0.76% (1.87)	1.27% (4.12)	0.74% (2.81)	0.24 (3.42)	0.11 (1.20)	-0.56 (-4.22)	-1.06 (-8.53)	-0.90 (-5.05)	0.75 (12.19)	65%
$r_{2COMP,t} - r_{f,t}$	0.71% (1.80)	1.24% (4.36)	0.74% (3.08)	0.18 (2.82)	0.12 (1.39)	-0.71 (-5.89)	-1.13 (-9.90)	-0.63 (-3.85)	0.71 (12.44)	68%
$r_{1COMP,t} - r_{DGTW,t}$	0.59% (2.15)	0.92% (3.71)	0.58% (2.55)	0.11 (1.76)	-0.03 (-0.33)	-0.23 (-2.03)	-0.69 (-6.43)	-0.46 (-3.03)	0.48 (9.04)	43%
$r_{2COMP,t} - r_{DGTW,t}$	0.63% (2.27)	0.99% (4.14)	0.65% (3.00)	0.06 (1.00)	-0.01 (-0.10)	-0.37 (-3.35)	-0.78 (-7.63)	-0.27 (-1.82)	0.48 (9.38)	47%
$spread_{1COMP,t}$	0.70% (2.38)	1.02% (3.86)	0.62% (2.63)	0.14 (2.15)	-0.02 (-0.20)	-0.25 (-2.11)	-0.65 (-5.79)	-0.56 (-3.51)	0.56 (10.11)	45%
$spread_{2COMP,t}$	0.63% (2.22)	0.96% (3.92)	0.58% (2.67)	0.10 (1.64)	0.04 (0.47)	-0.37 (-3.39)	-0.70 (-6.82)	-0.36 (-2.47)	0.54 (10.50)	50%

Table A.III: Performance of Best Ideas in Expansions and Recessions
(continued)

PANEL D: Below-median PE										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	1.32% (2.03)	-0.01% (-0.05)	0.01% (0.05)	1.22 (25.76)	0.22 (2.53)	-0.43 (-5.09)	0.00 (0.02)	0.12 (0.81)	0.07 (1.65)	93%
$r_{2,t} - r_{f,t}$	1.37% (2.14)	0.08% (0.40)	0.08% (0.40)	1.15 (27.13)	0.42 (5.46)	-0.37 (-4.93)	0.12 (0.94)	0.01 (0.05)	0.00 (0.04)	94%
$r_{1,t} - r_{DGTW,t}$	0.09% (0.52)	0.03% (0.17)	0.04% (0.24)	0.16 (4.17)	-0.04 (-0.58)	-0.29 (-4.29)	-0.08 (-0.67)	0.12 (1.04)	0.03 (1.03)	43%
$r_{2,t} - r_{DGTW,t}$	0.24% (1.53)	0.15% (1.04)	0.15% (1.04)	0.12 (3.68)	0.01 (0.12)	-0.24 (-4.12)	0.07 (0.69)	0.04 (0.36)	0.00 (0.07)	44%
$spread_{1,t}$	0.07% (0.37)	-0.08% (-0.40)	-0.05% (-0.26)	0.15 (3.56)	0.03 (0.40)	-0.19 (-2.55)	0.01 (0.09)	0.15 (1.15)	0.10 (2.78)	31%
$spread_{2,t}$	0.11% (0.63)	0.01% (0.08)	0.03% (0.16)	0.10 (2.58)	0.27 (4.03)	-0.16 (-2.40)	0.09 (0.73)	0.03 (0.26)	0.04 (1.35)	40%
$r_{1COMP,t} - r_{f,t}$	0.28% (0.49)	0.49% (1.01)	0.64% (1.36)	0.27 (3.14)	0.11 (0.61)	-0.65 (-3.73)	0.03 (0.10)	-0.53 (-1.72)	0.24 (2.79)	56%
$r_{2COMP,t} - r_{f,t}$	-0.09% (-0.16)	-0.28% (-0.52)	-0.10% (-0.19)	0.29 (2.98)	0.07 (0.34)	-0.36 (-1.89)	0.42 (1.18)	-0.52 (-1.52)	0.31 (3.27)	46%
$r_{1COMP,t} - r_{DGTW,t}$	0.62% (1.51)	0.72% (1.86)	0.83% (2.20)	0.23 (3.32)	-0.19 (-1.30)	-0.34 (-2.43)	-0.09 (-0.36)	-0.38 (-1.51)	0.18 (2.54)	44%
$r_{2COMP,t} - r_{DGTW,t}$	0.10% (0.22)	0.00% (0.00)	0.13% (0.31)	0.21 (2.62)	-0.17 (-1.02)	-0.15 (-0.91)	0.12 (0.42)	-0.44 (-1.53)	0.22 (2.77)	33%
$spread_{1COMP,t}$	0.54% (1.27)	0.57% (1.38)	0.68% (1.70)	0.21 (2.74)	-0.04 (-0.27)	-0.44 (-2.90)	0.03 (0.10)	-0.15 (-0.55)	0.19 (2.51)	40%
$spread_{2COMP,t}$	0.04% (0.08)	-0.22% (-0.47)	-0.08% (-0.18)	0.20 (2.32)	-0.05 (-0.26)	-0.05 (-0.31)	0.29 (0.92)	-0.31 (-1.01)	0.24 (2.74)	25%

Table A.IV: Cross-Sectional Forecasts of Idiosyncratic Volatility

This table shows statistics on various aspects of our forecasts of idiosyncratic volatility that used to compute our information ratio measures. Panel A shows the distribution of idiosyncratic volatilities for the full sample, and for subsample periods of five years. Panel B shows the average coefficients of the variables used to predict idiosyncratic volatilities: $IVOL_{t-1}$, the idiosyncratic volatility the previous quarter; $AvgIVOL_{t-1}$, the average idiosyncratic volatility over the last four quarters; and $IVOL_{t-5}$ the idiosyncratic volatility of one year before. Panel C shows the distribution of the predicted volatilities. We report t -statistics in parentheses.

PANEL A: Distribution of Idiosyncratic Volatilities										
Start	End	# Stocks	Mean	0%	1%	25%	50%	75%	99%	100%
1983	2019	7131	3.0%	0.0%	0.0%	1.4%	2.3%	3.8%	12.8%	61.5%
1983	1985	6024	2.7%	0.0%	0.0%	1.4%	2.2%	3.4%	9.8%	33.6%
1986	1990	7050	3.4%	0.0%	0.0%	1.7%	2.7%	4.2%	13.8%	63.5%
1991	1995	7652	4.0%	0.0%	0.0%	1.7%	3.0%	4.8%	19.4%	83.3%
1996	2000	8974	4.1%	0.0%	0.0%	2.0%	3.3%	5.2%	16.5%	78.9%
2001	2005	7295	3.1%	0.0%	0.0%	1.4%	2.4%	4.0%	13.3%	69.4%
2006	2010	6951	2.8%	0.0%	0.0%	1.4%	2.2%	3.5%	11.6%	55.6%
2011	2015	6966	2.0%	0.0%	0.0%	0.9%	1.5%	2.6%	9.2%	55.8%
2016	2019	7423	2.1%	0.0%	0.1%	0.7%	1.4%	2.6%	10.8%	81.7%

PANEL B: Summary Statistics of Rolling Regressions Predicting Idiosyncratic Volatilities										
Start	End	Variables	Intercept	IVOLt-1	AvIVOLt-1	IVOLt-5	RMSE	R-Sq	Nr Obs	
1983	2019	<i>Avg. Coeff</i>	0.3%	32.9%	52.8%	7.0%	1.3%	62%	7796	
		<i>Avg. t-Stat</i>	(9.45)	(21.77)	(24.32)	(5.56)				
1983	1985	<i>Avg. Coeff</i>	0.2%	27.1%	53.8%	9.8%	1.0%	57%	7184	
		<i>Avg. t-Stat</i>	(9.04)	(17.21)	(24.22)	(7.82)				
1986	1990	<i>Avg. Coeff</i>	0.3%	35.1%	54.9%	5.6%	1.4%	61%	7907	
		<i>Avg. t-Stat</i>	(9.14)	(22.44)	(23.98)	(4.18)				
1991	1995	<i>Avg. Coeff</i>	0.3%	50.8%	41.4%	2.6%	1.6%	71%	8393	
		<i>Avg. t-Stat</i>	(7.95)	(35.12)	(20.29)	(2.24)				
1996	2000	<i>Avg. Coeff</i>	0.4%	38.8%	49.0%	6.9%	1.6%	66%	10383	
		<i>Avg. t-Stat</i>	(12.74)	(28.77)	(25.38)	(6.04)				
2001	2005	<i>Avg. Coeff</i>	0.2%	30.7%	53.8%	4.0%	1.3%	64%	8734	
		<i>Avg. t-Stat</i>	(8.53)	(22.19)	(28.88)	(3.92)				
2006	2010	<i>Avg. Coeff</i>	0.3%	31.4%	56.4%	5.7%	1.3%	57%	7441	
		<i>Avg. t-Stat</i>	(10.78)	(19.98)	(24.25)	(4.70)				
2011	2015	<i>Avg. Coeff</i>	0.2%	25.6%	58.2%	8.9%	1.0%	61%	6348	
		<i>Avg. t-Stat</i>	(7.31)	(14.97)	(24.46)	(6.65)				
2016	2019	<i>Avg. Coeff</i>	0.2%	24.7%	54.8%	12.6%	1.1%	60%	5728	
		<i>Avg. t-Stat</i>	(8.77)	(13.94)	(22.51)	(8.85)				

PANEL C: Distribution of Predicted Idiosyncratic Volatilities										
Start	End	# Stocks	Mean	0%	1%	25%	50%	75%	99%	100%
1983	2019	7131	3.21%	0.00%	0.88%	1.75%	2.57%	3.95%	11.58%	29.11%
1983	1985	6024	2.5%	0.1%	0.8%	1.6%	2.2%	3.0%	6.8%	10.7%
1986	1990	7050	3.2%	0.0%	0.8%	1.9%	2.7%	4.0%	10.1%	17.9%
1991	1995	7652	3.9%	0.2%	0.9%	2.0%	3.1%	4.9%	14.9%	27.6%
1996	2000	8974	4.0%	0.6%	1.1%	2.3%	3.4%	5.0%	12.8%	23.3%
2001	2005	7295	3.3%	0.4%	0.9%	1.8%	2.6%	4.1%	11.5%	20.4%
2006	2010	6951	3.2%	0.2%	0.9%	1.8%	2.5%	3.8%	13.0%	29.1%
2011	2015	6966	2.3%	0.2%	0.8%	1.4%	1.9%	2.8%	6.6%	10.3%
2016	2019	7423	2.5%	0.3%	0.9%	1.5%	2.1%	3.1%	7.6%	12.6%

**Table A.V: Performance of Best Ideas and Composite Portfolio
Robustness to using current IVOL to forecast future IVOL**

This table is similar to Tables II and IV, but it reports the performance of best ideas and composite portfolios when we use current IVOL as the best forecast of future IVOL when computing our information ratio measures that serve to identify best ideas. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font.

Tilts computed using current IVOL as best forecast of future IVOL										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	0.89% (3.02)	0.42% (3.86)	0.32% (3.10)	1.10 (42.55)	0.18 (4.92)	-0.26 (-5.42)	-0.44 (-8.94)	-0.28 (-3.93)	0.20 (8.51)	90%
$r_{2,t} - r_{f,t}$	0.89% (2.87)	0.36% (3.30)	0.27% (2.58)	1.13 (43.46)	0.45 (12.12)	-0.21 (-4.33)	-0.42 (-8.62)	-0.24 (-3.44)	0.17 (7.37)	90%
$r_{1,t} - r_{DGTW,t}$	0.14% (1.33)	0.28% (3.21)	0.20% (2.40)	0.06 (3.11)	0.02 (0.65)	-0.13 (-3.39)	-0.31 (-7.83)	-0.16 (-2.89)	0.16 (8.44)	44%
$r_{2,t} - r_{DGTW,t}$	0.15% (1.39)	0.28% (3.14)	0.20% (2.39)	0.08 (3.71)	0.08 (2.66)	-0.15 (-3.66)	-0.32 (-7.84)	-0.14 (-2.33)	0.15 (7.57)	46%
$spread_{1,t}$	0.13% (1.15)	0.33% (3.20)	0.20% (2.22)	0.03 (1.45)	-0.04 (-1.19)	-0.10 (-2.26)	-0.37 (-8.58)	-0.20 (-3.19)	0.24 (11.58)	45%
$spread_{2,t}$	0.13% (1.05)	0.27% (2.71)	0.16% (1.75)	0.07 (3.00)	0.25 (7.77)	-0.07 (-1.76)	-0.37 (-8.70)	-0.15 (-2.53)	0.21 (10.18)	54%
$r_{1COMP,t} - r_{f,t}$	0.72% (2.02)	1.32% (4.78)	0.96% (4.01)	0.20 (3.35)	0.10 (1.18)	-0.69 (-6.07)	-0.98 (-8.58)	-0.79 (-4.84)	0.67 (12.36)	61%
$r_{2COMP,t} - r_{f,t}$	0.52% (1.43)	1.17% (4.35)	0.81% (3.51)	0.19 (3.26)	0.16 (1.93)	-0.79 (-7.21)	-1.15 (-10.50)	-0.63 (-3.99)	0.67 (12.93)	65%
$r_{1COMP,t} - r_{DGTW,t}$	0.61% (2.48)	0.97% (4.38)	0.73% (3.61)	0.12 (2.35)	-0.08 (-1.04)	-0.32 (-3.30)	-0.64 (-6.71)	-0.43 (-3.10)	0.44 (9.71)	41%
$r_{2COMP,t} - r_{DGTW,t}$	0.49% (1.88)	0.93% (4.11)	0.68% (3.31)	0.10 (1.90)	0.01 (0.11)	-0.45 (-4.61)	-0.81 (-8.36)	-0.31 (-2.24)	0.47 (10.09)	48%
$spread_{1COMP,t}$	0.75% (2.97)	1.07% (4.55)	0.81% (3.79)	0.11 (2.14)	-0.05 (-0.67)	-0.33 (-3.28)	-0.53 (-5.20)	-0.41 (-2.81)	0.49 (10.15)	39%
$spread_{2COMP,t}$	0.52% (2.01)	0.89% (3.88)	0.62% (3.02)	0.11 (2.20)	0.06 (0.77)	-0.42 (-4.36)	-0.68 (-6.95)	-0.32 (-2.27)	0.50 (10.89)	46%

**Table A.VI: Performance of Best Ideas and Composite Portfolios
Robustness to a 12-month Holding Period**

This table reports coefficients from monthly regressions as in Table II Panel A but keeping best ideas in the portfolio for 12 months instead of three months. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font.

Holding period 12 months instead of 3 months for Best Ideas and Composite Portfolio										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	0.89% (3.21)	0.36% (4.38)	0.29% (3.67)	1.10 (56.05)	0.18 (6.47)	-0.29 (-7.80)	-0.27 (-7.34)	-0.24 (-4.51)	0.14 (7.72)	93%
$r_{2,t} - r_{f,t}$	0.88% (3.06)	0.29% (3.78)	0.22% (3.03)	1.12 (60.86)	0.45 (17.05)	-0.21 (-5.99)	-0.27 (-7.69)	-0.20 (-4.06)	0.13 (7.87)	94%
$r_{1,t} - r_{DGTW,t}$	0.14% (1.78)	0.23% (3.65)	0.18% (3.01)	0.05 (3.49)	0.06 (2.94)	-0.15 (-5.16)	-0.17 (-5.94)	-0.12 (-2.92)	0.08 (6.08)	46%
$r_{2,t} - r_{DGTW,t}$	0.15% (1.84)	0.23% (3.73)	0.18% (3.05)	0.06 (4.23)	0.12 (5.88)	-0.15 (-5.19)	-0.19 (-6.78)	-0.10 (-2.40)	0.09 (6.61)	52%
$spread_{1,t}$	0.14% (1.39)	0.32% (3.70)	0.20% (2.69)	0.04 (2.29)	-0.03 (-1.20)	-0.14 (-3.99)	-0.28 (-8.11)	-0.24 (-4.72)	0.23 (13.69)	55%
$spread_{2,t}$	0.13% (1.21)	0.25% (3.23)	0.14% (2.11)	0.07 (4.30)	0.26 (11.10)	-0.10 (-3.16)	-0.28 (-9.19)	-0.19 (-4.27)	0.21 (14.26)	68%
$r_{1COMP,t} - r_{f,t}$	0.30% (0.98)	0.77% (3.93)	0.58% (3.15)	0.25 (5.37)	0.20 (3.06)	-0.75 (-8.66)	-0.73 (-8.34)	-0.78 (-6.20)	0.35 (8.45)	68%
$r_{2COMP,t} - r_{f,t}$	0.10% (0.36)	0.58% (3.35)	0.38% (2.43)	0.22 (5.57)	0.20 (3.47)	-0.75 (-10.1)	-0.81 (-10.74)	-0.61 (-5.68)	0.36 (10.15)	73%
$r_{1COMP,t} - r_{DGTW,t}$	0.25% (1.36)	0.49% (3.39)	0.39% (2.76)	0.13 (3.75)	0.06 (1.22)	-0.37 (-5.44)	-0.44 (-6.57)	-0.34 (-3.47)	0.19 (5.89)	48%
$r_{2COMP,t} - r_{DGTW,t}$	0.07% (0.42)	0.33% (2.47)	0.22% (1.70)	0.13 (3.95)	0.08 (1.80)	-0.39 (-6.37)	-0.52 (-8.49)	-0.23 (-2.60)	0.20 (7.09)	54%
$spread_{1COMP,t}$	0.31% (1.46)	0.58% (3.38)	0.41% (2.57)	0.15 (3.72)	0.07 (1.14)	-0.40 (-5.19)	-0.42 (-5.51)	-0.48 (-4.34)	0.31 (8.51)	50%
$spread_{2COMP,t}$	0.11% (0.56)	0.38% (2.55)	0.21% (1.56)	0.15 (4.36)	0.10 (2.07)	-0.40 (-6.30)	-0.49 (-7.67)	-0.35 (-3.75)	0.31 (10.07)	58%

**Table A.VII: Performance of Best Ideas and Composite Portfolios
Robustness to Different Factor Models**

This table is similar to Tables II and IV, but it reports the performance of best ideas and composite portfolios when evaluated against different benchmarks: CAPM alpha, the Fama-French three-factor model, and the Fama-French-Carhart four-factor model. We report t -statistics in parentheses and denote regression intercepts (Mean, α_1 , α_3 , and α_4) that are statistically significant at the 5% level in bold font.

Robustness of Best Ideas and Composite Portfolio with different Benchmarks									
	Mean	α_1	α_3	α_4	RMRF	SMB	HML	UMD	R ²
$r_{1,t} - r_{f,t}$	0.97% (3.34)	0.11% (0.82)	0.28% (2.54)	0.15% (1.44)	1.18 (46.85)	0.25 (6.99)	-0.42 (-11.16)	0.16 (6.81)	0.88
$r_{2,t} - r_{f,t}$	1.01% (3.36)	0.12% (0.87)	0.26% (2.51)	0.16% (1.56)	1.18 (48.06)	0.52 (14.84)	-0.33 (-8.96)	0.13 (5.72)	0.89
$r_{1,t} - r_{DGTW,t}$	0.20% (2.03)	0.11% (1.12)	0.20% (2.30)	0.10% (1.24)	0.11 (5.50)	0.08 (2.91)	-0.23 (-7.54)	0.12 (6.47)	0.31
$r_{2,t} - r_{DGTW,t}$	0.24% (2.47)	0.14% (1.48)	0.23% (2.71)	0.15% (1.77)	0.12 (5.75)	0.15 (5.14)	-0.22 (-7.34)	0.11 (5.70)	0.33
$spread_{1,t}$	0.20% (1.77)	0.13% (1.12)	0.23% (2.26)	0.07% (0.70)	0.11 (4.66)	0.05 (1.49)	-0.24 (-7.00)	0.22 (10.17)	0.35
$spread_{2,t}$	0.22% (1.91)	0.11% (0.98)	0.20% (2.13)	0.06% (0.73)	0.12 (5.64)	0.34 (11.23)	-0.18 (-5.62)	0.18 (8.89)	0.45
$r_{1COMP,t} - r_{f,t}$	0.68% (1.94)	0.28% (0.85)	0.75% (2.80)	0.34% (1.35)	0.44 (7.33)	0.42 (4.96)	-1.16 (-13.15)	0.55 (9.63)	0.54
$r_{2COMP,t} - r_{f,t}$	0.57% (1.67)	0.21% (0.64)	0.67% (2.60)	0.26% (1.09)	0.38 (6.69)	0.44 (5.40)	-1.15 (-13.58)	0.54 (9.95)	0.55
$r_{1COMP,t} - r_{DGTW,t}$	0.60% (2.52)	0.39% (1.69)	0.64% (3.03)	0.26% (1.81)	0.25 (5.27)	0.16 (2.32)	-0.58 (-8.15)	0.36 (7.90)	0.34
$r_{2COMP,t} - r_{DGTW,t}$	0.53% (2.22)	0.35% (1.49)	0.61% (2.88)	0.32% (1.61)	0.21 (4.35)	0.21 (3.07)	-0.61 (-8.52)	0.38 (8.29)	0.36
$spread_{1COMP,t}$	0.67% (2.65)	0.46% (1.85)	0.73% (3.28)	0.41% (1.96)	0.26 (5.26)	0.17 (2.41)	-0.64 (-8.57)	0.42 (8.87)	0.37
$spread_{2COMP,t}$	0.52% (2.13)	0.33% (1.38)	0.60% (2.77)	0.27% (1.37)	0.23 (4.71)	0.24 (3.43)	-0.61 (-8.50)	0.42 (9.23)	0.38

Table A.VIII: Summary Statistics of the Hedge Fund Sample

This table reports year-end summary statistics sampled every five years from 1983 to 2018 for all hedge fund portfolios detailed on Thompson that contain at least five stocks. Panel A contains information about all positions. Column 1 reports the number of all hedge funds while columns 2 to 8 focus on characteristics of only active equity hedge funds, those funds whose maximum position-level information ratio is in the top 25% of all corresponding information ratios at the time. Columns 4-8 report the median decile portfolio for the Fama and French (2014) characteristics for all stocks in those portfolios. Panel B details summary statistics for the best idea of the 25% most active hedge funds. MCAP fraction for a given date is the sum of the market capitalization of all best ideas over the sum of the market capitalization of all common stocks. Owner fraction is the average share of ownership held by a manager's best idea. AUM fraction is the weight that managers allocate to their best idea, averaged across funds. Panel C shows the same statistics as in Panel B, but for the top five best ideas within these portfolios.

PANEL A: All Positions								
Year	Number of Funds	Number of Active Funds	Avg Fund Size (\$b)	Stocks Per Fund	Size Decile	BM Decile	OP Decile	INV Decile
1983	59	59	0.9	162	4.4	4.7	5.7	6.1
1985	88	87	0.9	146	4.3	4.6	5.8	6.2
1990	148	146	0.7	120	4.6	4.8	5.7	6.2
1995	223	218	1.8	154	3.9	5.1	5.1	6.1
2000	439	428	2.3	150	4.5	4.8	4.8	6.0
2005	766	741	2.1	138	3.6	5.1	4.8	6.0
2010	875	818	3.1	122	4.1	5.3	5.0	5.9
2015	723	673	6.4	144	4.7	4.9	5.0	6.0
2018	615	568	8.3	154	4.9	4.9	5.0	6.1

PANEL B: Top Best Idea Among Top 25% Active Tilters								
Year	Unique Best Ideas	Owner Fraction	AUM Fraction	Size Decile	BM Decile	OP Decile	INV Decile	
1983	15	13.8%	20%	7.4	4.6	6.7	7.1	
1985	20	9.3%	19%	7.6	4.1	6.0	6.3	
1990	33	6.0%	32%	8.1	3.6	6.6	5.6	
1995	50	7.6%	26%	6.8	3.3	5.4	5.9	
2000	94	4.4%	26%	7.7	2.8	5.1	7.1	
2005	153	5.1%	23%	6.5	3.8	5.2	5.8	
2010	166	6.5%	26%	6.8	4.5	5.7	6.4	
2015	145	9.4%	29%	6.8	4.4	5.3	6.2	
2018	130	8.5%	28%	6.7	4.6	5.2	6.0	

PANEL C: Top Five Best Ideas Among Top 25% Active Tilters								
Year	Unique Best Ideas	Owner Fraction	AUM Fraction	Size Decile	BM Decile	OP Decile	INV Decile	
1983	62	8.2%	29%	7.3	4.7	6.1	6.5	
1985	95	5.0%	28%	7.4	3.8	6.0	6.2	
1990	148	4.0%	37%	7.5	3.7	6.3	6.0	
1995	220	4.7%	36%	6.6	3.5	5.7	6.0	
2000	364	2.8%	35%	7.4	3.3	5.2	6.5	
2005	557	4.4%	33%	5.8	4.4	5.1	5.9	
2010	610	5.1%	40%	5.9	4.8	5.4	5.9	
2015	546	6.1%	39%	6.3	4.5	5.4	6.2	
2018	464	5.8%	38%	6.6	4.6	5.3	6.0	

**Table A.IX: Performance of Hedge Fund Best Idea
Robustness to Different Maximum Tilts**

This table reports coefficients from monthly regressions as in Table V, but here we show the results where we include those managers whose maximum tilt is in the top 100% (Panel A), the top 75% (Panel B), the top 50% (Panel C), the top 25% (Panel D), the top 12.5% (Panel E), or the top 5% (Panel F) of all maximum tilt at the time. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font. The sample is January 1983 - March 2019.

	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
PANEL A: Top 100% of Tilts										
$r_{1,t} - r_{f,t}$	0.86% (3.47)	0.21% (2.87)	0.13% (2.02)	1.06 (63.02)	0.25 (10.27)	0.01 (0.36)	-0.12 (-3.67)	-0.19 (-4.17)	0.14 (9.12)	94%
$r_{1,t} - r_{DGRW,t}$	0.05% (0.78)	0.12% (2.01)	0.06% (1.17)	0.02 (1.54)	0.04 (2.23)	-0.02 (-0.71)	-0.11 (-4.48)	-0.14 (-3.80)	0.10 (8.12)	31%
$spread_{1,t}$	0.07% (0.88)	0.20% (2.82)	0.11% (1.83)	0.01 (0.81)	0.04 (1.66)	-0.02 (-0.63)	-0.21 (-6.97)	-0.22 (-5.19)	0.16 (11.51)	44%
PANEL B: Top 75% of Tilts										
$r_{1,t} - r_{f,t}$	0.85% (3.42)	0.20% (2.61)	0.13% (1.83)	1.06 (58.19)	0.26 (10.11)	0.00 (-0.07)	-0.14 (-3.95)	-0.15 (-2.94)	0.13 (7.88)	93%
$r_{1,t} - r_{DGRW,t}$	0.04% (0.61)	0.11% (1.80)	0.06% (1.06)	0.02 (1.29)	0.03 (1.55)	-0.03 (-0.97)	-0.13 (-4.68)	-0.12 (-2.89)	0.09 (6.83)	26%
$spread_{1,t}$	0.06% (0.77)	0.18% (2.45)	0.10% (1.49)	0.02 (0.93)	0.03 (1.14)	-0.03 (-1.00)	-0.21 (-6.49)	-0.18 (-3.83)	0.16 (10.24)	38%
PANEL C: Top 50% of Tilts										
$r_{1,t} - r_{f,t}$	0.92% (3.63)	0.28% (3.22)	0.22% (2.63)	1.05 (49.77)	0.28 (9.40)	0.00 (0.10)	-0.19 (-4.70)	-0.11 (-1.94)	0.11 (5.69)	91%
$r_{1,t} - r_{DGRW,t}$	0.09% (1.29)	0.18% (2.44)	0.14% (1.93)	0.02 (0.96)	0.01 (0.49)	-0.04 (-1.23)	-0.17 (-5.01)	-0.08 (-1.61)	0.07 (4.61)	18%
$spread_{1,t}$	0.13% (1.45)	0.26% (2.95)	0.18% (2.17)	0.02 (0.72)	0.00 (0.13)	-0.04 (-1.00)	-0.24 (-6.12)	-0.14 (-2.45)	0.15 (8.04)	28%
PANEL D: Top 25% of Tilts										
$r_{1,t} - r_{f,t}$	1.00% (3.83)	0.39% (3.46)	0.33% (3.03)	1.03 (36.88)	0.35 (8.90)	0.07 (1.30)	-0.24 (-4.53)	-0.13 (-1.75)	0.10 (3.84)	85%
$r_{1,t} - r_{DGRW,t}$	0.19% (2.04)	0.28% (3.05)	0.25% (2.67)	0.01 (0.53)	0.03 (0.92)	-0.01 (-0.24)	-0.21 (-4.77)	-0.09 (-1.41)	0.07 (3.28)	13%
$spread_{1,t}$	0.32% (2.74)	0.46% (3.86)	0.37% (3.27)	0.02 (0.62)	0.00 (0.09)	0.03 (0.48)	-0.27 (-5.03)	-0.18 (-2.35)	0.15 (5.97)	17%
PANEL E: Top 12.5% of Tilts										
$r_{1,t} - r_{f,t}$	0.98% (3.54)	0.28% (1.91)	0.25% (1.71)	1.05 (28.55)	0.39 (7.36)	0.10 (1.37)	-0.18 (-2.63)	0.00 (-0.03)	0.05 (1.57)	76%
$r_{1,t} - r_{DGRW,t}$	0.20% (1.58)	0.26% (1.96)	0.23% (1.74)	0.02 (0.71)	0.05 (1.06)	0.01 (0.14)	-0.22 (-3.46)	0.01 (0.10)	0.05 (1.77)	6%
$spread_{1,t}$	0.48% (2.66)	0.55% (2.95)	0.48% (2.58)	0.07 (1.44)	0.08 (1.14)	0.11 (1.23)	-0.24 (-2.72)	-0.22 (-1.71)	0.13 (3.14)	7%
PANEL F: Top 5% of Tilts										
$r_{1,t} - r_{f,t}$	0.76% (2.39)	-0.13% (-0.60)	-0.13% (-0.61)	1.11 (20.89)	0.52 (6.76)	0.06 (0.61)	0.06 (0.56)	0.23 (1.57)	0.01 (0.14)	61%
$r_{1,t} - r_{DGRW,t}$	0.00% (-0.02)	-0.06% (-0.32)	-0.10% (-0.48)	0.08 (1.49)	0.08 (1.09)	-0.05 (-0.50)	-0.14 (-1.51)	0.25 (1.84)	0.06 (1.41)	4%
$spread_{1,t}$	0.11% (0.35)	0.06% (0.17)	0.08% (0.25)	0.10 (1.23)	0.26 (2.18)	-0.10 (-0.66)	-0.28 (-1.76)	0.32 (1.40)	-0.05 (-0.63)	5%

**Table A.X: Performance of All Hedge Fund Ideas
Robustness to Different Maximum Tilts**

This table reports coefficients from monthly regressions as in Table II Panel B (investment-weight portfolios of All ideas), but here we show the results where we include those managers whose maximum position-level information ratio is in the top 100% (Panel A), the top 75% (Panel B), the top 50% (Panel C), the top 25% (Panel D), the top 12.5% (Panel E), or the top 5% (Panel F) of all corresponding information ratios at the time. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font. The sample period for the dependent variables is January 1983 - March 2019.

	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
PANEL A: Top 100% of Tilts										
$r_{1,t} - r_{f,t}$	0.55% (3.24)	-0.05% (-1.71)	-0.05% (-1.71)	0.80 (106.26)	0.12 (11.15)	-0.01 (-1.01)	0.10 (7.13)	0.02 (0.96)	0.00 (0.08)	97%
PANEL B: Top 75% of Tilts										
$r_{1,t} - r_{f,t}$	0.55% (3.27)	-0.03% (-1.09)	-0.03% (-1.09)	0.80 (102.70)	0.14 (12.37)	-0.01 (-0.77)	0.08 (5.57)	0.01 (0.67)	0.00 (0.05)	97%
PANEL C: Top 50% of Tilts										
$r_{1,t} - r_{f,t}$	0.56% (3.32)	-0.01% (-0.36)	-0.01% (-0.27)	0.78 (94.27)	0.16 (13.90)	0.00 (-0.32)	0.06 (3.73)	0.01 (0.62)	-0.01 (-0.74)	97%
PANEL D: Top 25% of Tilts										
$r_{1,t} - r_{f,t}$	0.55% (3.25)	-0.01% (-0.22)	0.00% (-0.03)	0.77 (81.09)	0.19 (14.14)	0.02 (1.26)	0.02 (0.89)	0.02 (0.90)	-0.01 (-1.59)	96%
PANEL E: Top 12.5% of Tilts										
$r_{1,t} - r_{f,t}$	0.56% (3.08)	-0.05% (-0.82)	-0.02% (-0.42)	0.80 (55.90)	0.22 (10.73)	0.06 (2.17)	0.02 (0.84)	0.06 (1.45)	-0.04 (-3.42)	91%
PANEL F: Top 5% of Tilts										
$r_{1,t} - r_{f,t}$	0.57% (2.65)	-0.15% (-1.38)	-0.13% (-1.15)	0.90 (32.35)	0.26 (6.59)	0.12 (2.30)	0.07 (1.39)	0.12 (1.64)	-0.05 (-1.92)	77%

Table A.XI: Performance of Top Three and Top Five Best Ideas in Hedge Funds

This table is similar to Table V, but it reports the performance of the top-three and top-five best ideas, instead of just the best idea. We report t -statistics in parentheses and denote regression intercepts (Mean, α_5 , and α_6) that are statistically significant at the 5% level in bold font.

PANEL A: Performance of top Three Best Ideas										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	0.85% (3.69)	0.21% (3.03)	0.18% (2.65)	0.98 (57.15)	0.32 (12.93)	0.06 (1.72)	-0.13 (-4.10)	-0.05 (-1.02)	0.05 (3.35)	92%
$r_{2,t} - r_{f,t}$	0.88% (3.59)	0.25% (2.88)	0.21% (2.48)	1.00 (46.67)	0.40 (13.24)	0.05 (1.22)	-0.18 (-4.38)	-0.06 (-1.10)	0.07 (3.52)	90%
$r_{3,t} - r_{f,t}$	0.86% (3.71)	0.22% (3.00)	0.20% (2.80)	0.97 (53.40)	0.29 (11.26)	0.06 (1.68)	-0.09 (-2.54)	-0.11 (-2.29)	0.03 (1.54)	91%
$r_{1,t} - r_{DGTW,t}$	0.11% (2.07)	0.15% (2.88)	0.14% (2.62)	0.01 (0.57)	0.04 (1.95)	0.01 (0.54)	-0.11 (-4.44)	-0.05 (-1.36)	0.03 (2.13)	11%
$r_{2,t} - r_{DGTW,t}$	0.16% (2.30)	0.23% (3.32)	0.20% (2.92)	0.00 (0.16)	0.04 (1.44)	0.00 (-0.11)	-0.16 (-5.05)	-0.05 (-0.99)	0.05 (3.51)	13%
$r_{3,t} - r_{DGTW,t}$	0.11% (2.41)	0.13% (2.67)	0.12% (2.48)	0.01 (0.67)	0.02 (1.09)	0.02 (0.92)	-0.04 (-1.71)	-0.06 (-1.76)	0.02 (1.45)	4%
$spread_{1,t}$	0.16% (2.31)	0.25% (3.53)	0.18% (2.74)	-0.01 (-0.34)	0.00 (0.00)	0.01 (0.29)	-0.15 (-4.97)	-0.10 (-2.28)	0.13 (9.08)	23%
$spread_{2,t}$	0.17% (1.95)	0.22% (2.69)	0.16% (2.02)	0.01 (0.34)	0.15 (5.19)	0.02 (0.47)	-0.14 (-3.75)	-0.08 (-1.53)	0.12 (6.48)	23%
$spread_{3,t}$	0.14% (2.02)	0.24% (3.24)	0.18% (2.54)	-0.03 (-1.49)	-0.07 (-2.83)	0.00 (-0.12)	-0.10 (-3.15)	-0.11 (-2.28)	0.11 (7.21)	16%

PANEL B: Performance of top Five Best Ideas										
	Mean	α_5	α_6	RMRF	SMB	HML	RMW	CMA	UMD	R ²
$r_{1,t} - r_{f,t}$	0.81% (3.59)	0.18% (2.83)	0.15% (2.43)	0.96 (60.43)	0.30 (12.98)	0.04 (1.25)	-0.13 (-4.25)	-0.04 (-1.00)	0.05 (3.43)	93%
$r_{2,t} - r_{f,t}$	0.87% (3.65)	0.23% (3.10)	0.20% (2.70)	0.98 (51.59)	0.39 (14.36)	0.04 (1.06)	-0.15 (-4.06)	-0.06 (-1.23)	0.06 (3.52)	91%
$r_{3,t} - r_{f,t}$	0.82% (3.64)	0.18% (2.77)	0.17% (2.56)	0.96 (58.49)	0.27 (11.63)	0.05 (1.67)	-0.07 (-2.25)	-0.11 (-2.38)	0.02 (1.59)	93%
$r_{1,t} - r_{DGTW,t}$	0.11% (2.34)	0.16% (3.28)	0.14% (3.00)	0.01 (0.93)	0.03 (1.55)	0.00 (0.16)	-0.11 (-4.99)	-0.05 (-1.40)	0.02 (2.24)	14%
$r_{2,t} - r_{DGTW,t}$	0.15% (2.65)	0.22% (3.78)	0.19% (3.38)	0.00 (0.08)	0.04 (1.92)	0.00 (-0.12)	-0.13 (-4.86)	-0.07 (-1.68)	0.04 (3.46)	15%
$r_{3,t} - r_{DGTW,t}$	0.10% (2.69)	0.13% (3.27)	0.12% (3.04)	0.01 (0.51)	0.01 (0.54)	0.02 (1.24)	-0.05 (-2.58)	-0.07 (-2.64)	0.02 (1.86)	6%
$spread_{1,t}$	0.10% (1.48)	0.18% (2.76)	0.11% (1.82)	0.00 (-0.02)	0.01 (0.49)	0.00 (0.01)	-0.17 (-6.03)	-0.07 (-1.67)	0.14 (10.33)	29%
$spread_{2,t}$	0.15% (2.01)	0.19% (2.72)	0.14% (2.04)	0.01 (0.47)	0.20 (8.35)	0.02 (0.76)	-0.11 (-3.33)	-0.09 (-1.90)	0.10 (6.73)	31%
$spread_{3,t}$	0.10% (1.50)	0.17% (2.56)	0.12% (1.81)	-0.02 (-1.06)	-0.08 (-3.40)	0.01 (0.23)	-0.08 (-2.48)	-0.11 (-2.47)	0.11 (7.47)	17%

Table A.XII: Performance of Hedge Fund Best Ideas based on Stock/Fund Characteristics

This table reports coefficients from monthly six-factor regressions, $r_{p,t}^{excess} = a_6 + bRMRF_t + sSMB_t + hHML_t + rRWM_t + cCMA_t + mUMD_t + \varepsilon_{p,t}$, where $r_{p,t}^{excess}$ is $r_{p,t} - r_{f,t}$ the equal-weight excess return on the portfolio of the stocks that represent the best idea of each active manager. The best idea, p , is determined within each fund as the stock with the maximum value of one of three possible information ratio estimates: 1) $\alpha_{ift}^{market} = \sigma_{it}(\lambda_{ift} - \lambda_{iMt})$, 2) $\alpha_{ift}^{portfolio} = \sigma_{it}(\lambda_{ift} - \lambda_{iVt})$, or 3) $\alpha_{ift}^{conviction} = \lambda_{ift}$ where λ_{ift} is manager f 's portfolio weight in stock i , λ_{iMt} is the weight of stock i in the market portfolio, λ_{iVt} is the value weight of stock i in manager f 's portfolio, and σ_{it} is the most-recent forecast of a stock's CAPM-idiosyncratic volatility. Explanatory variables are from Ken French's website. We restrict the analysis to those managers whose maximum position-level information ratio is in the top 25% of all corresponding information ratios at the time. We report decompositions of the resulting a_6 estimates based on the following stock and fund characteristics – illiquidity (ILLIQ) is the bid-ask spread; growth (GROWTH) is the market-to-book ratio; momentum (MOM) is the past 12-month return skipping the most recent month; alpha (ALPHA) is the fund's Carhart alpha, using rolling windows of 36 months, composite (COMP) is a combination of the percentile rankings of the previous characteristics, and orthogonal composite (COMP-O) is the combination of the percentile rankings of those characteristics, after first being orthogonalized to each other. We report t -statistics in parentheses and denote regression intercept (α_6) that are statistically significant at the 5% level in bold font. Differences across the High and Low portfolios are shaded. The sample period for the dependent variables is January 1983-March 2019.

Performance of Best Ideas Based on Characteristics						
	ILLIQ	GROWTH	MOM	ALPHA	COMP	COMP-O
$r_{1LOW,t} - r_{f,t}$	0.23% (1.97)	0.40% (2.51)	0.14% (0.88)	0.06% (0.40)	0.10% (0.74)	-0.07% (-0.39)
$r_{1MED,t} - r_{f,t}$	0.26% (1.91)	0.08% (0.58)	0.28% (2.09)	0.48% (2.77)	0.39% (2.58)	0.31% (2.07)
$r_{1HIGH,t} - r_{f,t}$	0.48% (1.94)	0.53% (2.46)	0.60% (2.53)	0.26% (1.31)	0.48% (2.15)	0.84% (3.71)
$r_{1H} - r_{1L}$	0.25% (0.94)	0.13% (0.50)	0.46% (1.59)	0.20% (0.81)	0.38% (1.47)	0.91% (3.20)
$r_{2LOW,t} - r_{f,t}$	0.24% (2.10)	0.26% (1.52)	0.22% (1.38)	0.26% (1.74)	0.16% (1.16)	-0.04% (-0.23)
$r_{2MED,t} - r_{f,t}$	0.27% (1.76)	0.33% (2.24)	0.29% (2.06)	0.35% (1.89)	0.48% (3.28)	0.01% (0.09)
$r_{2HIGH,t} - r_{f,t}$	0.51% (2.00)	0.42% (1.98)	0.59% (2.46)	0.27% (1.35)	0.39% (1.73)	1.18% (5.10)
$r_{2H} - r_{2L}$	0.27% (0.95)	0.17% (0.61)	0.37% (1.29)	0.01% (0.04)	0.23% (0.92)	1.23% (4.22)
$r_{3LOW,t} - r_{f,t}$	0.05% (0.39)	0.36% (2.33)	0.10% (0.63)	0.15% (1.01)	0.13% (0.91)	0.24% (1.36)
$r_{3MED,t} - r_{f,t}$	0.18% (1.39)	0.05% (0.36)	0.16% (1.21)	0.32% (2.11)	0.23% (1.64)	0.15% (0.90)
$r_{3HIGH,t} - r_{f,t}$	0.70% (3.14)	0.43% (2.00)	0.52% (2.72)	0.38% (2.15)	0.60% (2.95)	0.66% (3.43)
$r_{3H} - r_{3L}$	0.65% (2.55)	0.07% (0.27)	0.43% (1.67)	0.22% (0.99)	0.47% (1.96)	0.42% (1.53)