

Internet Appendix for

“Uncovering Hedge Fund Skill from the Portfolio Holdings They Hide”

Table IA.I
Abnormal Returns of Original and Confidential Holdings of Hedge Funds:
Alternative Hedge Fund List

This table repeats the analyses of Table V except using an alternative list of hedge funds using the Form ADV information as described in Section II.A. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

Panel A. Table V with alternative hedge fund list

	Return Horizons						
	2m	3m	4m	5m	6m	9m	12m
<i>Daily Four-factor Alphas</i>							
Conf. Holdings (in basis points)	6.16	4.50	4.29	4.23	4.10	3.76	4.27
Original Holdings (in basis points)	3.00	2.82	2.83	2.60	2.45	2.34	2.43
Diff: Conf. - Orig. (in basis points)	3.16***	1.68	1.46*	1.63	1.65**	1.42*	1.85**
Annualized Diff.	7.96%***	4.23%	3.67%*	4.10%	4.15%**	3.57%*	4.65%**
t-Stat.	3.45	1.43	1.77	1.38	2.27	1.76	2.54
# of Conf. Filings	73	29	118	23	136	89	262
# of Original Filings	10,434	10,434	10,431	10,428	10,426	10,423	10,417
<i>DGTW Benchmark-adjusted Returns</i>							
Conf. Holdings	6.15%	0.03%	0.74%	1.59%	2.06%	6.69%	8.63%
Original Holdings	0.24%	0.27%	0.15%	0.21%	0.16%	0.26%	0.59%
Diff: Conf. - Original	5.91%***	-0.24%	0.59%	1.38%	1.90%*	6.43%***	8.04%***
Annualized Diff.	35.46%***	-0.98%	1.76%	3.31%	3.79%*	8.58%***	8.04%***
t-Stat.	6.60	-0.29	0.64	0.90	1.78	3.63	4.04
# of Conf. Filings	71	28	116	18	138	83	277
# of Original Filings	10,415	10,415	10,415	10,415	10,415	10,415	10,415

Table IA.II
Abnormal Returns of Acquisition- and Disposition-Motivated Confidential Holdings: Forward-Looking Classification

This table repeats the analyses of Table VI except classifying acquisition- and disposition-motivated confidential holdings based on a forward-looking algorithm. For each stock in a confidential filing, we compare the position (adjusted for stock splits) at the current quarter-end (t) to that of the same stock by the same institution at the following quarter-end ($t+1$), and classify net increase (decrease) as acquisition (disposition). Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

Panel A: Daily four-factor alphas

	Return Horizons						
	2m	3m	4m	5m	6m	9m	12m
<i>Acquisition Sample</i>							
Conf. Holdings (in basis points)	9.03	7.46	4.38	9.93	3.32	4.10	4.05
Original Holdings (in basis points)	2.80	2.70	2.75	2.51	2.43	2.37	2.44
Diff: Conf. - Orig. (in basis points)	6.23***	4.76***	1.63**	7.42***	0.89	1.73**	1.61**
Annualized Diff.	15.69%***	11.98%***	4.11%**	18.69%***	2.24%	4.35%**	4.05%**
t-Stat.	6.94	4.66	1.99	6.90	1.19	2.17	2.27
# of Conf. Filings	49	51	103	30	97	72	215
# of Original Filings	14,000	14,000	13,997	13,992	13,990	13,986	13,976
<i>Disposition Sample</i>							
Conf. Holdings (in basis points)	2.28	0.09	3.94	3.24	3.16	3.17	3.34
Original Holdings (in basis points)	2.80	2.70	2.75	2.51	2.43	2.37	2.44
Diff: Conf. - Orig. (in basis points)	-0.52	-2.62**	1.19	0.73	0.73	0.80	0.90
Annualized Diff.	-1.31%	-6.59%**	2.99%	1.84%	1.84%	2.00%	2.28%
t-Stat.	-0.57	-2.37	1.47	0.61	0.98	1.00	1.35
# of Conf. Filings	58	32	92	23	122	91	258
# of Original Filings	14,000	14,000	13,997	13,992	13,990	13,986	13,976

Panel B: DGTW benchmark-adjusted returns

	Return Horizons						
	2m	3m	4m	5m	6m	9m	12m
<i>Acquisition Sample</i>							
Conf. Holdings	9.23%	3.69%	0.29%	8.66%	3.61%	10.96%	5.00%
Original Holdings	0.22%	0.26%	0.15%	0.19%	0.17%	0.29%	0.57%
Diff: Conf. - Original	9.01%***	3.43%***	0.14%	8.47%***	3.44%***	10.6%***	4.43%**
Annualized Diff.	54.07%***	13.71%***	0.42%	20.33%***	6.88%***	14.22%***	4.43%**
t-Stat.	10.49	4.33	0.17	5.73	2.96	5.64	2.47
# of Conf. Filings	46	24	111	15	105	67	251
# of Original Filings	13,973	13,973	13,973	13,973	13,973	13,973	13,973
<i>Disposition Sample</i>							
Conf. Holdings	1.34%	-2.42%	2.06%	-8.43%	1.37%	-4.98%	3.95%
Original Holdings	0.22%	0.26%	0.15%	0.19%	0.17%	0.29%	0.57%
Diff: Conf. - Original	1.12%*	-2.68%***	1.91%**	-8.62%***	1.20%	-5.27%***	3.38%*
Annualized Diff.	6.73%*	-10.71%***	5.74%**	-20.69%***	2.40%	-7.03%***	3.38%*
t-Stat.	1.76	-3.05	2.32	-5.37	1.16	-3.33	1.88
# of Conf. Filings	57	21	93	12	131	79	291
# of Original Filings	13,973	13,973	13,973	13,973	13,973	13,973	13,973

Table IA.III**Abnormal Returns of Original and Confidential Holdings without accompanying option positions**

This table repeats the analyses of panel A of Table V except excluding the stocks positions accompanied with call/put option positions in the original and confidential holdings. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

	Return Horizons						
	2m	3m	4m	5m	6m	9m	12m
<i>Daily Four-factor Alphas</i>							
Conf. Holdings (in basis points)	5.29	4.72	3.79	1.91	4.00	3.73	4.08
Original Holdings (in basis points)	2.82	2.72	2.77	2.54	2.45	2.38	2.44
Diff: Conf. - Orig. (in basis points)	2.48***	2.00*	1.03	-0.62	1.55**	1.35*	1.64**
Annualized Diff.	6.24%***	5.03%*	2.59%	-1.57%	3.91%**	3.40%*	4.13%**
t-Stat.	2.89	1.95	1.32	-0.51	2.19	1.78	2.46
# of Conf. Filings	81	34	143	22	160	112	301
# of Original Filings	14,000	14,000	13,997	13,992	13,990	13,986	13,976
<i>DGTW Benchmark-adjusted Returns</i>							
Conf. Holdings	4.98%	1.05%	0.64%	-0.55%	2.36%	4.28%	7.58%
Original Holdings	0.22%	0.26%	0.15%	0.19%	0.17%	0.29%	0.57%
Diff: Conf. - Original	4.76%***	0.79%	0.50%	-0.74%	2.19%**	4.00%**	7.01%***
Annualized Diff.	28.58%***	3.14%	1.49%	-1.77%	4.39%**	5.33%**	7.01%***
t-Stat.	6.09	1.06	0.62	-0.51	2.16	2.45	3.97
# of Conf. Filings	78	34	142	17	163	102	325
# of Original Filings	13,973	13,973	13,973	13,973	13,973	13,973	13,973

Table IA.IV
Abnormal Returns of Original and Confidential Holdings of Investment Companies or Advisors

This table repeats the analyses of panel A of Table V except focusing on the confidential and original holdings of investment companies or advisors. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

	Return Horizons						
	2m	3m	4m	5m	6m	9m	12m
<i>Daily Four-factor Alphas</i>							
Conf. Holdings (in basis points)	2.89	1.04	2.29	3.40	5.23	2.37	3.81
Original Holdings (in basis points)	2.47	2.54	2.80	2.71	2.55	2.68	2.72
Diff: Conf. - Orig. (in basis points)	0.42	-1.50	-0.50	0.69	2.68***	-0.31	1.09
Annualized Diff.	1.06%	-3.77%	-1.27%	1.75%	6.75%***	-0.79%	2.74%
t-Stat.	0.58	-1.50	-0.62	0.76	3.29	-0.38	1.59
# of Conf. Filings	93	22	105	22	110	67	209
# of Original Filings	31,953	31,952	31,951	31,949	31,946	31,945	31,935
<i>DGTW Benchmark-adjusted Returns</i>							
Conf. Holdings	2.11%	0.63%	-1.02%	2.83%	1.50%	2.75%	1.83%
Original Holdings	0.07%	0.06%	0.14%	0.09%	0.12%	0.18%	0.34%
Diff: Conf. - Original	2.04%**	0.57%	-1.15%	2.73%*	1.38%	2.57%	1.49%
Annualized Diff.	12.23%**	2.27%	-3.46%	6.56%*	2.76%	3.42%	1.49%
t-Stat.	2.56	0.64	-1.23	1.92	0.99	1.29	0.70
# of Conf. Filings	94	24	104	21	107	65	217
# of Original Filings	31,876	31,876	31,876	31,876	31,876	31,876	31,876

Table IA.V
Abnormal Returns of Original and Confidential Holdings of Hedge Funds excluding Caxton and D.E. Shaw

This table repeats the analyses of panel A of Table V except excluding Caxton Corporation and D.E. Shaw & Co. Inc. from the sample of hedge funds. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

	Return Horizons						
	2m	3m	4m	5m	6m	9m	12m
<i>Daily Four-factor Alphas</i>							
Conf. Holdings (in basis points)	5.39	5.04	4.36	3.75	4.38	3.74	4.57
Original Holdings (in basis points)	2.82	2.73	2.77	2.54	2.45	2.38	2.44
Diff: Conf. - Orig. (in basis points)	2.57***	2.31**	1.59**	1.21	1.93***	1.36*	2.13***
Annualized Diff.	6.48%***	5.83%**	4.01%**	3.04%	4.86%***	3.42%*	5.36%***
t-Stat.	3.02	2.22	2.05	1.04	2.72	1.75	3.17
# of Conf. Filings	80	35	143	23	160	110	290
# of Original Filings	13,952	13,952	13,950	13,945	13,943	13,940	13,930
<i>DGTW Benchmark-adjusted Returns</i>							
Conf. Holdings	5.55%	2.19%	0.89%	4.07%	2.75%	5.13%	8.41%
Original Holdings	0.21%	0.26%	0.14%	0.18%	0.15%	0.27%	0.56%
Diff: Conf. - Original	5.34%***	1.93%***	0.75%	3.89%***	2.60%**	4.86%***	7.85%***
Annualized Diff.	32.04%***	7.73%***	2.24%	9.34%***	5.19%**	6.48%***	7.85%***
t-Stat.	6.82	2.64	0.94	2.64	2.53	2.91	4.34
# of Conf. Filings	77	33	142	18	162	100	312
# of Original Filings	13,930	13,930	13,930	13,930	13,930	13,930	13,930