

Investing in Security Price Informativeness: The Role of IPO Underpricing

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Online Appendices

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1 Alternative Measures of Future Informed Trading

While the measure of informed trading used in the main analyses is theoretically justified, other alternative measurements may be equally justified and provide a means of testing the robustness of the main results. In this section, I repeat the main analyses using alternative measures of informed trading, and show that the main results are robust to these alternatives.

1.1 Adjusting *Informed* for Allocation Size

Using a percentage threshold to calculate *Informed* introduces a concern that funds with larger reported holdings at the end of the quarter following the IPO (proxy for allocations) will be less likely to satisfy the threshold due to larger-sized trades' being more difficult to complete (and conversely, smaller holdings will be more likely to satisfy the threshold). First, I show that this concern is apparent in the data, as very large allocations have lower proportions of $Informed = 1$ while very small allocations have higher proportions. Second, I use two alternative measures of *Informed* to show that the results are qualitatively unchanged when the size of the initial allocation is taken into account in the thresholds used to determine informed trading.

I analyze the relation between *Informed* and initial allocations by calculating the mean value of *Informed* for each of twenty quantiles based on funds' number of shares held at the end of the quarter following the IPO. As shown in Table 1, the mean value of *Informed* tends to be high for low share quantiles, and low for high share quantiles. This is consistent with funds' being less likely to substantially increase their positions after receiving larger allocations (or possibly increasing their positions before the end of the quarter). As a result, the main results of the paper could be driven by biasing large allocations against being regarded as subsequently informed.

To develop an alternative measure of *Informed*, I first construct a variable, *MaxPctChange*, measuring the maximum position increase over quarters 2, 3 and 4 following the IPO. Formally,

$$MaxPctChange = Max \left(\frac{Shares_{Q2}}{Shares_{Q1}} - 1, \frac{Shares_{Q3}}{Shares_{Q2}} - 1, \frac{Shares_{Q4}}{Shares_{Q3}} - 1, 2.5 \right) \quad (1)$$

and note that $Informed = 1$ when $MaxPctChange \geq 0.5$.¹ I then use *MaxPctChange* to set thresholds separately for each share quantile, thereby ensuring the same proportion of trades in each quantile are classified as indicative of information production. Specifically, as 26.25% of allocations have $Informed = 1$, I calculate the 26.25th percentile for each share quantile, and then set $Informed_SizeAdj = 1$ if *MaxPctChange*

¹*MaxPctChange* is capped at 2.5 to prevent very large outliers from driving the results. The cap at 2.5 does not affect the thresholds used in each quantile.

Table 1: Summary Statistics by Allocation-Size Quantiles. Twenty quantiles are formed based on the number of shares reported at the end of the quarter following an IPO (proxy for allocations). Thresholds for determining informed trading (indicated by *Informed.SizeAdj*) in each quantile are given by the 26.25th percentile of *MaxPctChange*. Variable definitions are provided in the appendix.

Quantile	Maximum of <i>Shares</i>	Mean of <i>Informed</i>	Mean of <i>MaxPctChange</i>	26.25 Percentile <i>MaxPctChange</i>	Mean of <i>Informed.SizeAdj</i>
1	1,650	0.3813	5.2753	2.3913	0.2625
2	5,000	0.3005	2.7725	1.0000	0.2683
3	10,000	0.2713	1.6950	0.6139	0.2626
4	12,565	0.2931	1.5239	0.7662	0.2625
5	16,500	0.2671	1.3029	0.5333	0.2631
6	20,725	0.2582	1.0779	0.5000	0.2665
7	26,000	0.2734	1.1538	0.5913	0.2626
8	33,000	0.2642	1.0114	0.5112	0.2625
9	41,000	0.2611	0.8751	0.5000	0.2648
10	50,000	0.2443	0.7810	0.4379	0.2625
11	62,824	0.2816	0.8980	0.6150	0.2626
12	78,250	0.2616	0.7775	0.5000	0.2629
13	100,000	0.2499	0.6927	0.4696	0.2625
14	121,046	0.2696	0.7499	0.5219	0.2627
15	152,300	0.2557	0.6243	0.4846	0.2625
16	200,000	0.2436	0.6067	0.4405	0.2626
17	270,000	0.2481	0.5995	0.4586	0.2626
18	395,500	0.2367	0.5684	0.4260	0.2625
19	683,300	0.2141	0.5613	0.3751	0.2625
20	300,000,000	0.1902	0.4619	0.3260	0.2626

exceeds the threshold for the allocations share quantile (thresholds are listed in Table 1). Note that the mean values of *Informed_SizeAdj* are approximately equal across share quantiles (slight differences are due to quantiles where multiple observations are equal to the threshold value, leading to more observations' being indicative of information production).

The main results are not qualitatively changed when the measurement of information production accounts for the initial allocation size. Table 2 shows the results from estimating the probability of future trading activity using the same set of control variables as in the main analysis, but substituting an alternative measure of funds' history of informed trading, *AvgInformed_SizeAdj*, which is constructed analogously to *AvgInformed* using funds' historic values of *Informed_SizeAdj*. As in the main analysis, funds' reputations for information production are positively related to future informed trading actively, as is funds' amount of money left on the table received. Also consistent with the main analysis, the coefficient reflecting the interaction between information production reputation and money left on the table is negative. While *Informed_SizeAdj* does account for the initial allocation size based on share quantiles, the initial allocation size is still negatively related to future informed trading, consistent with larger allocations' being less likely to reach the trading thresholds within share quantiles.

Given the relation between initial allocation size and future informed trading present after controlling for share quantiles, I conduct an additional test utilizing a linear adjustment of trading thresholds based on initial allocation size. I first regress *MaxPctChange*, the measure used to determine thresholds, on *Shares* and save the predicted residuals, which represent the incremental buying percentages not explained by the size of the initial allocation. I then consider those in the top 26.25th percentile as being informed trades, and define this measure of information production as *Informed_LinearAdj*.

Table 3 shows the results from estimating the probability of future trading activity using the linearly-adjusted measure of informed trading. The first specification utilizes *AvgInformed* to measure funds' reputations for information production, while the second specification uses *AvgMaxPctChange* (calculated analogously to *AvgInformed*, but using *MaxPctChange* instead of *Informed*). Similar to the previous tests, the results are qualitatively unchanged from the main analysis. However, in these tests, the relations between future information production and the initial allocation sizes are much weaker, and in the second specification, are only significant at the 10% level. Taken together, the previous two tables provide confidence that measuring informed trading as a percentage is not driving the main results. Furthermore, using *AvgInformed_SizeAdj* and *AvgProbability_SizeAdj* in the other analyses does not alter the main results (see Tables 4, 5, and 6).

Table 2: Probit Estimation of Future Informed Trading Using *AvgInformed_SizeAdj*. *AvgInformed_SizeAdj* is based on *Informed_SizeAdj*, which considers position increases over initial-allocation-size-based thresholds (available in Table 1) as being indicative of information production. “Established Funds” observations have a value for *AvgInformed_SizeAdj* while “New Funds” observations do not due to an insufficient data history. Variable definitions are available in the appendix. Standard errors, clustered at the IPO and fund levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Informed_SizeAdj</i>		
	New Funds	Established Funds	Established Funds
<i>UnderwriterRank</i>	-0.0186** (0.0094)	-0.0092 (0.0063)	-0.0090 (0.0063)
<i>UWInfoProd</i>	0.0063 (0.0046)	0.0163*** (0.0032)	0.0168*** (0.0032)
<i>OneTime</i>	-0.0359 (0.0259)	-0.0015 (0.0130)	-0.0021 (0.0129)
<i>MultipleTimes</i>	0.0561 (0.0481)	0.0472*** (0.0154)	0.0371** (0.0151)
<i>FirstNumAnalysts</i>	-0.0032 (0.0075)	-0.0177*** (0.0056)	-0.0184*** (0.0057)
<i>OneYearNumAnalysts</i>	0.0037 (0.0043)	0.0212*** (0.0032)	0.0218*** (0.0032)
<i>VCBacked</i>	0.0685*** (0.0246)	0.0350** (0.0142)	0.0380*** (0.0142)
<i>90DayReturn</i>	0.1277*** (0.0342)	0.2830*** (0.0201)	0.2823*** (0.0200)
<i>Spread</i>	-3.7536* (1.9545)	-6.0338*** (1.1201)	-5.9282*** (1.1163)
<i>AvgVolume</i>	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)
<i>6MonthReturnStdDev</i>	-0.4595 (1.2005)	-0.0625 (0.7077)	-0.0730 (0.7076)
<i>IndustryOverweight</i>	0.0529*** (0.0103)	0.0621*** (0.0083)	0.0616*** (0.0082)
<i>IndWeightStdDev</i>	-0.0546 (0.0449)	-0.0828* (0.0447)	-0.0796* (0.0462)
<i>NumPrevIPOs</i>	-0.0066 (0.0085)	0.0002* (0.0001)	0.0002 (0.0001)
<i>AllocationPct</i>	-1.0452** (0.4192)	-0.4011 (0.2729)	-0.3867 (0.2685)
<i>Shares</i>	-0.0031 (0.0056)	-0.0220*** (0.0035)	-0.0181*** (0.0034)
<i>Churn</i>	-1.2561*** (0.1185)	-1.3181*** (0.0872)	-1.3320*** (0.0850)
<i>Log(FundValue)</i>	0.0718*** (0.0187)	0.0132 (0.0091)	0.0103 (0.0093)
<i>Log(FundAge)</i>	-0.0023*** (0.0009)	-0.0006 (0.0006)	-0.0005 (0.0006)
<i>AvgFlipped</i>		-0.6977*** (0.1318)	-0.6446*** (0.1318)
<i>AvgSystematicSell</i>		0.5008*** (0.1240)	0.4384*** (0.1179)

<i>AvgIPOHoldTime</i>		0.0198*** (0.0039)	0.0169*** (0.0040)
<i>MoneyLeft</i>	0.0284*** (0.0107)	0.0976*** (0.0131)	0.0957*** (0.0112)
<i>AvgInformed_SizeAdj</i>		1.4499*** (0.1248)	
<i>AvgInformed_SizeAdj</i> × <i>MoneyLeft</i>		-0.1454*** (0.0409)	
<i>AvgMaxPctChange</i>			0.7759*** (0.0641)
<i>AvgMaxPctChange</i> × <i>MoneyLeft</i>			-0.0836*** (0.0198)
Constant	-1.9180*** (0.3771)	-1.0835*** (0.2408)	-1.0429*** (0.2379)
Year Dummy Variables	Yes	Yes	Yes
Pseudo R^2	3.37%	8.26%	8.34%
Observations	22,936	106,453	106,453

Table 3: Probit Estimation of Future Informed Trading Using *Informed_LinearAdj*. *Informed_LinearAdj* considers abnormal position increases beyond those predicted based on the fund’s initial allocation size as being indicative of information production. “Established Funds” observations have a value for *AvgInformed_LinearAdj* while “New Funds” observations do not due to an insufficient data history. Variable definitions are available in the appendix. Standard errors, clustered at the IPO and fund levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Informed_LinearAdj</i>		
	New Funds	Established Funds	Established Funds
<i>UnderwriterRank</i>	-0.0193** (0.0093)	-0.0136** (0.0063)	-0.0134** (0.0063)
<i>UWInfoProd</i>	0.0055 (0.0047)	0.0171*** (0.0031)	0.0177*** (0.0031)
<i>OneTime</i>	-0.0295 (0.0261)	0.0007 (0.0130)	0.0001 (0.0129)
<i>MultipleTimes</i>	0.0686 (0.0431)	0.0513*** (0.0162)	0.0393** (0.0155)
<i>FirstNumAnalysts</i>	0.0001 (0.0071)	-0.0207*** (0.0056)	-0.0215*** (0.0057)
<i>OneYearNumAnalysts</i>	0.0040 (0.0042)	0.0223*** (0.0032)	0.0230*** (0.0032)
<i>VCBacked</i>	0.0810*** (0.0246)	0.0433*** (0.0141)	0.0465*** (0.0141)
<i>90DayReturn</i>	0.1447*** (0.0319)	0.2839*** (0.0203)	0.2836*** (0.0202)
<i>Spread</i>	-3.3413* (1.9347)	-5.6328*** (1.1503)	-5.5558*** (1.1458)
<i>AvgVolume</i>	0.0000*** (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)
<i>6MonthReturnStdDev</i>	0.3540 (1.1909)	0.4434 (0.7278)	0.4299 (0.7295)
<i>IndustryOverweight</i>	0.0429*** (0.0102)	0.0513*** (0.0085)	0.0501*** (0.0081)
<i>IndWeightStdDev</i>	-0.1009** (0.0443)	-0.0630 (0.0476)	-0.0577 (0.0412)
<i>NumPrevIPOs</i>	0.0022 (0.0083)	0.0002* (0.0001)	0.0002 (0.0001)
<i>AllocationPct</i>	-1.6499*** (0.4189)	-1.3761*** (0.2764)	-1.3404*** (0.2708)
<i>Shares</i>	0.0051 (0.0054)	-0.0101*** (0.0036)	-0.0061* (0.0034)
<i>Churn</i>	-1.3831*** (0.1142)	-1.3778*** (0.0926)	-1.4002*** (0.0872)
<i>Log(FundValue)</i>	0.0683*** (0.0181)	0.0078 (0.0093)	0.0031 (0.0089)
<i>Log(FundAge)</i>	-0.0025*** (0.0009)	-0.0006 (0.0005)	-0.0004 (0.0005)
<i>AvgFlipped</i>		-0.9635*** (0.1378)	-0.9071*** (0.1343)
<i>AvgSystematicSell</i>		0.5715*** (0.1247)	0.5688*** (0.1157)
<i>AvgIPOHoldTime</i>		0.0198***	0.0167***

<i>MoneyLeft</i>	0.0164	(0.0038) 0.0889***	(0.0036) 0.0901***
<i>AvgInformed_SizeAdj</i>	(0.0103)	(0.0136)	(0.0113)
		1.4257***	
<i>AvgInformed_SizeAdj</i> × <i>MoneyLeft</i>		(0.1228) -0.1360***	
<i>AvgMaxPctChange</i>		(0.0446)	0.8291***
<i>AvgMaxPctChange</i> × <i>MoneyLeft</i>			(0.0644) -0.0838***
Constant	-1.8132***	-0.9202***	(0.0216) -0.9049***
	(0.3647)	(0.2439)	(0.2248)
Year Dummy Variables	Yes	Yes	Yes
Pseudo R^2	3.78%	8.81%	9.04%
Observations	22,936	106,453	106,453

Table 4: Probit Estimation of IPO Allocations Using *AvgInformed_SizeAdj*. *AvgInformed_SizeAdj* is based on *Informed_SizeAdj*, which considers position increases over initial-allocation-size-based thresholds (available in Table 1) as being indicative of information production. “Established Funds” observations have a value for *AvgInformed_SizeAdj* while “New Funds” observations do not due to an insufficient data history. Variable definitions are available in the appendix. Standard errors, clustered at the IPO and fund levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>ReAllocation</i>		
	New Funds	Established Funds	Established Funds
$\text{Log}(\text{FundValue})$	0.1062*** (0.0064)	0.0920*** (0.0063)	0.0778*** (0.0071)
$\text{Log}(\text{FundAge})$	-0.0082*** (0.0004)	-0.0020*** (0.0004)	-0.0021*** (0.0004)
<i>Churn</i>	0.1721*** (0.0280)	0.1651*** (0.0313)	0.1012*** (0.0364)
<i>OneTime</i>	0.6684*** (0.0133)	0.5163*** (0.0090)	0.4912*** (0.0113)
<i>MultipleTimes</i>	1.2378*** (0.0302)	0.8990*** (0.0163)	0.8479*** (0.0189)
<i>NumPrevIPOs</i>	0.0067** (0.0033)	0.0026*** (0.0001)	0.0023*** (0.0001)
<i>AvgSystematicSell</i>		0.4632*** (0.0702)	0.5616*** (0.0748)
<i>AvgFlipped</i>		-0.4486*** (0.0737)	-0.5545*** (0.0831)
<i>AvgIPOHoldTime</i>		0.0070** (0.0035)	0.0137*** (0.0036)
<i>AvgInformed_SizeAdj</i>		0.4234*** (0.0675)	0.3875*** (0.0752)
<i>HighUP</i>			-0.3900*** (0.1351)
<i>HighUP</i> × $\text{Log}(\text{FundValue})$			0.0261*** (0.0065)
<i>HighUP</i> × $\text{Log}(\text{FundAge})$			0.0000 (0.0004)
<i>HighUP</i> × <i>Churn</i>			0.1131*** (0.0352)
<i>HighUP</i> × <i>OneTime</i>			0.0348*** (0.0131)
<i>HighUP</i> × <i>MultipleTimes</i>			0.0708*** (0.0179)
<i>HighUP</i> × <i>NumPrevIPO</i>			0.0007*** (0.0001)
<i>HighUP</i> × <i>AvgSystematicSell</i>			-0.1653** (0.0691)
<i>HighUP</i> × <i>AvgFlipped</i>			0.1750** (0.0756)
<i>HighUP</i> × <i>AvgIPOHoldTime</i>			-0.0117*** (0.0030)
<i>HighUP</i> × <i>AvgInformed_SizeAdj</i>			0.0663 (0.0577)
Constant	-4.2123***	-3.9268***	-3.8106***

Year Dummy Variables	(0.2124)	(0.1529)	(0.1689)
	Yes	Yes	Yes
Pseudo R^2	9.84%	19.00%	19.56%
Observations	2,940,445	1,777,725	1,777,725

Table 5: OLS Estimation of Total Future Informed Trading Using *TotalInformed_SizeAdj*. *TotalInformed_SizeAdj* is based on *Informed_SizeAdj*, which considers position increases over initial-allocation-size-based thresholds (available in Table 1) as being indicative of information production. Variable definitions are available in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>TotalInformed_SizeAdj</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	0.0124 (0.0432)	0.0222 (0.0431)	0.0151 (0.0431)	0.0228 (0.0403)
<i>LogProceeds</i>	-0.9625*** (0.0929)	-0.8799*** (0.0951)	-0.9423*** (0.0946)	-0.7084*** (0.0883)
<i>UnderwriterRank</i>	-0.1463*** (0.0318)	-0.1575*** (0.0319)	-0.1488*** (0.0318)	-0.1245*** (0.0304)
<i>VCBacked</i>	0.0873 (0.1003)	0.0812 (0.1002)	0.0859 (0.1002)	-0.0122 (0.0916)
<i>NumConcurrentIPO</i>	0.0010 (0.0036)	0.0013 (0.0036)	0.0008 (0.0036)	-0.0001 (0.0032)
<i>AvgUPConcurrentIPO</i>	-0.0193*** (0.0046)	-0.0234*** (0.0048)	-0.0210*** (0.0047)	-0.0150*** (0.0042)
<i>TechFirm</i>	0.0808 (0.1024)	0.0801 (0.1024)	0.0859 (0.1023)	0.0629 (0.0936)
<i>OfferPriceRevision</i>	-0.7075** (0.3231)	-1.2646*** (0.3296)	-0.8651*** (0.3149)	-0.6324** (0.2945)
<i>PercentSold</i>	-1.0696*** (0.2552)	-0.9841*** (0.2533)	-1.0392*** (0.2544)	-0.6559*** (0.2372)
<i>PercentInst</i>	-0.3227 (0.2055)	-0.3432* (0.2058)	-0.2715 (0.2079)	-0.3854** (0.1904)
<i>UWAvgUP</i>	-0.9023** (0.4018)	-1.4095*** (0.4215)	-1.0306** (0.4058)	-0.7667** (0.3871)
<i>UWInfoProd</i>	0.1271*** (0.0230)	0.1336*** (0.0233)	0.1299*** (0.0233)	0.0508** (0.0217)
<i>NumInstInv</i>	0.3201*** (0.0065)	0.3166*** (0.0065)	0.3166*** (0.0069)	0.3050*** (0.0061)
<i>AvgIndOverweight</i>	0.0987 (0.0971)	0.0721 (0.0970)	0.0945 (0.0973)	-0.0506 (0.0917)
<i>Spread</i>	-18.1259*** (4.4746)	-17.3491*** (4.4724)	-18.1248*** (4.4729)	1.8772 (4.3965)
<i>AvgVolume</i>	2.5968*** (0.4929)	2.4093*** (0.5020)	2.3670*** (0.5301)	2.2195*** (0.4666)
<i>ReturnStdDev</i>	-9.9530** (4.1199)	-11.7769*** (4.0911)	-10.0015** (4.1121)	-7.4900* (3.9335)
<i>FirstNumAnalysts</i>	-0.2781*** (0.0701)	-0.2628*** (0.0703)	-0.2726*** (0.0703)	-0.2201*** (0.0656)
<i>OneYearNumAnalysts</i>	0.3274*** (0.0406)	0.3191*** (0.0406)	0.3233*** (0.0407)	0.2314*** (0.0381)
<i>Underpricing</i>		0.8907*** (0.2801)		
<i>TotalMoneyLeft</i>			0.0036 (0.0025)	
<i>AvgProbability_SizeAdj</i>				23.7848*** (0.7433)

Constant	6.0470*** (0.7176)	5.9298*** (0.7151)	6.0869*** (0.7215)	-2.5328*** (0.7643)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	81.19%	81.27%	81.21%	83.97%
Observations	5,216	5,216	5,216	5,216

Table 6: OLS Estimation of Underpricing Using *TotalInformed_SizeAdj*. *TotalInformed_SizeAdj* is based on *Informed_SizeAdj*, which considers position increases over initial-allocation-size-based thresholds (available in Table 1) as being indicative of information production. Variable definitions are available in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Underpricing</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0099*** (0.0027)	-0.0110*** (0.0027)	-0.0111*** (0.0027)	-0.0109*** (0.0027)
<i>LogProceeds</i>	-0.0612*** (0.0065)	-0.0921*** (0.0071)	-0.0876*** (0.0072)	-0.0890*** (0.0071)
<i>UnderwriterRank</i>	0.0078*** (0.0026)	0.0125*** (0.0026)	0.0132*** (0.0026)	0.0128*** (0.0026)
<i>VCBacked</i>	0.0014 (0.0074)	0.0068 (0.0073)	0.0064 (0.0073)	0.0056 (0.0073)
<i>NumConcurrentIPO</i>	-0.0006* (0.0003)	-0.0004 (0.0003)	-0.0005 (0.0003)	-0.0005 (0.0003)
<i>AvgUPConcurrentIPO</i>	0.0045*** (0.0005)	0.0043*** (0.0005)	0.0044*** (0.0005)	0.0044*** (0.0005)
<i>MktReturn</i>	5.8031*** (2.1308)	5.6935*** (2.0878)	5.6276*** (2.0907)	5.6364*** (2.0857)
<i>MktStdDeviation</i>	1.3487 (1.4397)	1.6339 (1.4030)	1.2335 (1.4112)	1.4236 (1.4005)
<i>TechFirm</i>	0.0012 (0.0083)	0.0005 (0.0081)	0.0001 (0.0081)	0.0002 (0.0081)
<i>OfferPriceRevision</i>	0.6960*** (0.0290)	0.6256*** (0.0291)	0.6284*** (0.0290)	0.6263*** (0.0291)
<i>PercentSold</i>	-0.0869*** (0.0162)	-0.0952*** (0.0162)	-0.0902*** (0.0161)	-0.0902*** (0.0162)
<i>PercentInst</i>	0.1110*** (0.0148)	0.0222 (0.0173)	0.0239 (0.0173)	0.0216 (0.0172)
<i>UWAvgUP</i>	0.5708*** (0.0405)	0.5706*** (0.0401)	0.5746*** (0.0400)	0.5721*** (0.0399)
<i>UWInfoProd</i>	-0.0049*** (0.0018)	-0.0072*** (0.0018)	-0.0078*** (0.0018)	-0.0081*** (0.0018)
<i>AvgIndOverweight</i>	0.0223*** (0.0081)	0.0297*** (0.0081)	0.0293*** (0.0081)	0.0280*** (0.0081)
<i>Spread</i>	-0.7984** (0.3845)	-0.8629** (0.3749)	-0.7798** (0.3728)	-0.6213* (0.3744)
<i>AvgVolume</i>	0.2956*** (0.0418)	0.2070*** (0.0433)	0.1952*** (0.0433)	0.2026*** (0.0432)
<i>ReturnStdDev</i>	1.9203*** (0.3465)	2.1005*** (0.3410)	2.1464*** (0.3408)	2.1299*** (0.3416)
<i>FirstNumAnalysts</i>	-0.0186*** (0.0045)	-0.0173*** (0.0045)	-0.0160*** (0.0045)	-0.0166*** (0.0045)
<i>OneYearNumAnalysts</i>	0.0111*** (0.0027)	0.0094*** (0.0027)	0.0079*** (0.0027)	0.0083*** (0.0027)
<i>NumInstInv</i>		0.0040*** (0.0004)	0.0025*** (0.0006)	0.0038*** (0.0004)
<i>TotalInformed_SizeAdj</i>			0.0046*** (0.0015)	

<i>AvgProbability_SizeAdj</i>				0.2880*** (0.0621)
Constant	0.0858 (0.0550)	0.1125** (0.0570)	0.0894 (0.0575)	0.0112 (0.0618)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	58.85%	59.91%	60.08%	60.08%
Observations	5,216	5,216	5,216	5,216

1.2 Including Significant Selling Activity

The main analyses utilize a measure of informed trading that relies on only buying activity in quarters following the IPO. This is due to the common and systematic selling activity of many funds in the first year following an IPO. If this selling is not informationally motivated, then classifying this selling as informed may add noise to the measure. Conversely, ignoring all selling necessarily ignores some informed selling, and it may be the case that information is the strongest determinant of post-IPO selling and the noise from other selling motivations is minimal. Accordingly, I consider an alternative measure of informed trading that considers position increases of more than 50% or position decreases by more than 50% as informationally motivated. Formally,

$$Informed_BuyOrSell_{i,j} = \begin{cases} 1 & \text{if fund } j\text{'s position in firm } i \text{ increased or decreased} \\ & \text{by at least 50\% in Q2, Q3 or Q4} \\ 0 & \text{otherwise.} \end{cases} \quad (2)$$

Tables 7, 8, 9 and 10 repeat the main analyses of the paper using the alternative measure of information production and information production reputation incorporating significant selling activity in the quarters following the IPO. While the sign and statistical significance of the coefficients of interest in the probit regressions of Tables 7 and 8 are qualitatively unchanged, other coefficients change substantially, suggesting *Informed_BuyOrSell* is capturing different behavior than *Informed*. For example, funds with high values of *AvgFlipped* and *Churn* are more likely to trade following the IPO using the *Informed_BuyOrSell* measure, and those with large portfolio concentrations in the IPO firm's industry are less likely to trade following the IPO. Economically, one would expect the opposite relations for true information producers, suggesting *Informed* is the more appropriate measure. Additionally, Tables 9 and 10 show *AvgProbability_BuyOrSell* negatively predicts total future informed trading and underpricing, in contradiction to the results of the main analyses. This is consistent with *Informed_BuyOrSell* capturing behavior that may be inconsistent with information production. However, the relations between total number of allocations to institutional investors and both total future informed trading and underpricing are unchanged from the main analyses. These tests suggest an alternative method of accounting for potentially informed selling activity may be more appropriate.

1.3 Accounting for Systematic Selling

An alternative to considering all significant buying and selling activity as information motivated is to selectively exclude selling activity that fits a pattern of systematic selling. As the average fund only holds

Table 7: Probit Estimation of IPO Allocations Using *AvgInformed_BuyOrSell*. *AvgInformed_BuyOrSell* is based on *Informed_BuyOrSell*, which considers position increases or decreases of more than 50% as being indicative of information production. “Established Funds” observations have a value for *AvgInformed_BuyOrSell* while “New Funds” observations do not due to an insufficient data history. Variable definitions are provided in the appendix. Standard errors, clustered at the IPO and year levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>ReAllocation</i>		
	New Funds	Established Funds	Established Funds
<i>Log(FundValue)</i>	0.1062*** (0.0064)	0.0904*** (0.0063)	0.0779*** (0.0071)
<i>Log(FundAge)</i>	-0.0082*** (0.0004)	-0.0020*** (0.0004)	-0.0020*** (0.0004)
<i>Churn</i>	0.1721*** (0.0280)	0.1636*** (0.0315)	0.1029*** (0.0366)
<i>OneTime</i>	0.6684*** (0.0133)	0.5162*** (0.0090)	0.4911*** (0.0113)
<i>MultipleTimes</i>	1.2378*** (0.0302)	0.8971*** (0.0164)	0.8475*** (0.0189)
<i>NumPrevIPOs</i>	0.0067** (0.0033)	0.0026*** (0.0001)	0.0023*** (0.0001)
<i>AvgSystematicSell</i>		0.0544 (0.0778)	0.2189** (0.0870)
<i>AvgFlipped</i>		-0.4420*** (0.0742)	-0.5470*** (0.0837)
<i>AvgIPOHoldTime</i>		0.0101*** (0.0035)	0.0156*** (0.0038)
<i>AvgInformed_BuyOrSell</i>		0.5213*** (0.0772)	0.3896*** (0.0819)
<i>HighUP</i>			-0.4472*** (0.1367)
<i>HighUP</i> × <i>Log(FundValue)</i>			0.0231*** (0.0065)
<i>HighUP</i> × <i>Log(FundAge)</i>			0.0001 (0.0004)
<i>HighUP</i> × <i>Churn</i>			0.1075*** (0.0347)
<i>HighUP</i> × <i>OneTime</i>			0.0347*** (0.0131)
<i>HighUP</i> × <i>MultipleTimes</i>			0.0680*** (0.0179)
<i>HighUP</i> × <i>NumPrevIPO</i>			0.0007*** (0.0001)
<i>HighUP</i> × <i>AvgSystematicSell</i>			-0.2833*** (0.0672)
<i>HighUP</i> × <i>AvgFlipped</i>			0.1745** (0.0754)
<i>HighUP</i> × <i>AvgIPOHoldTime</i>			-0.0095*** (0.0031)
<i>HighUP</i> × <i>AvgInformed_BuyOrSell</i>			0.2343*** (0.0664)
Constant	-4.2123***	-4.0514***	-3.9070***

Year Dummy Variables	(0.2124)	(0.1585)	(0.1740)
	Yes	Yes	Yes
Pseudo R^2	9.84%	19.03%	19.60%
Observations	2,940,445	1,777,725	1,777,725

Table 8: Probit Estimation of Future Informed Trading Using *AvgInformed_BuyOrSell*. *AvgInformed_BuyOrSell* is based on *Informed_BuyOrSell*, which considers position increases or decreases of more than 50% as being indicative of information production. “Established Funds” observations have a value for *AvgInformed_BuyOrSell* while “New Funds” observations do not due to an insufficient data history. Variable definitions are provided in the appendix. Standard errors, clustered at the IPO and year levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Informed_BuySell50</i>	
	New Funds	Established Funds
<i>UnderwriterRank</i>	0.0075 (0.0112)	-0.0060 (0.0066)
<i>UWInfoProd</i>	0.0130** (0.0055)	0.0135*** (0.0033)
<i>OneTime</i>	0.0599** (0.0294)	0.0008 (0.0156)
<i>MultipleTimes</i>	-0.0242 (0.0587)	-0.0335* (0.0204)
<i>FirstNumAnalysts</i>	-0.0017 (0.0587)	0.0059* (0.0204)
<i>OneYearNumAnalysts</i>	0.0075 (0.0112)	-0.0060 (0.0066)
<i>VCBacked</i>	0.0127 (0.0282)	0.0513*** (0.0159)
<i>90DayReturn</i>	0.0121 (0.0347)	-0.0284 (0.0255)
<i>Spread</i>	-3.5533* (1.8244)	-3.4462*** (1.1052)
<i>AvgVolume</i>	0.0000** (0.0000)	0.0000*** (0.0000)
<i>6MonthReturnStdDev</i>	12.3566*** (1.3673)	12.7643*** (0.9362)
<i>IndustryOverweight</i>	-0.0257** (0.0104)	-0.0076 (0.0122)
<i>IndWeightStdDev</i>	0.2593*** (0.0430)	-0.0011 (0.0387)
<i>NumPrevIPOs</i>	-0.0078 (0.0079)	0.0002 (0.0002)
<i>AllocationPct</i>	-4.6754*** (0.4186)	-5.2272*** (0.2847)
<i>Shares</i>	-0.0386*** (0.0059)	-0.0366*** (0.0040)
<i>Churn</i>	3.0735*** (0.1657)	2.0862*** (0.1322)
<i>Log(FundValue)</i>	0.0270** (0.0127)	0.0441*** (0.0105)
<i>Log(FundAge)</i>	-0.0036*** (0.0008)	-0.0006 (0.0006)
<i>AvgFlipped</i>		0.3815** (0.1557)
<i>AvgSystematicSell</i>		-0.2236 (0.1561)

<i>AvgIPOHoldTime</i>		-0.0178*** (0.0059)
<i>AvgInformed_BuyOrSell</i>		1.1619*** (0.1339)
<i>MoneyLeft</i>	0.0216* (0.0126)	0.1186*** (0.0346)
<i>AvgInformed_BuyOrSell</i> × <i>MoneyLeft</i>		-0.1160*** (0.0398)
Constant	-0.6038** (0.2815)	-1.4096*** (0.2460)
Year Dummy Variables	Yes	Yes
Pseudo R^2	13.29%	12.06%
Observations	22,936	106,453

Table 9: OLS Estimation of Total Future Informed Trading Using *TotalInformed_BuyOrSell*. *TotalInformed_BuyOrSell* is based on *Informed_BuyOrSell*, which considers position increases or decreases of more than 50% as being indicative of information production. Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>TotalInformed_BuyOrSell</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.1134*** (0.0417)	-0.1046** (0.0417)	-0.1116*** (0.0417)	-0.0965** (0.0392)
<i>LogProceeds</i>	-0.8264*** (0.0886)	-0.7531*** (0.0902)	-0.8130*** (0.0893)	-0.9607*** (0.0844)
<i>UnderwriterRank</i>	0.1557*** (0.0276)	0.1458*** (0.0274)	0.1541*** (0.0275)	0.1395*** (0.0265)
<i>VCBacked</i>	0.1504* (0.0904)	0.1449 (0.0903)	0.1494* (0.0903)	-0.0385 (0.0851)
<i>NumConcurrentIPO</i>	-0.0023 (0.0031)	-0.0019 (0.0031)	-0.0023 (0.0031)	-0.0009 (0.0028)
<i>AvgUPConcurrentIPO</i>	0.0000 (0.0036)	-0.0036 (0.0038)	-0.0011 (0.0037)	0.0010 (0.0034)
<i>TechFirm</i>	0.2104** (0.0874)	0.2097** (0.0873)	0.2137** (0.0874)	0.1167 (0.0826)
<i>OfferPriceRevision</i>	4.0870*** (0.2835)	3.5931*** (0.2916)	3.9828*** (0.2812)	3.1099*** (0.2633)
<i>PercentSold</i>	-0.7650*** (0.2692)	-0.6893** (0.2693)	-0.7449*** (0.2690)	-0.5914** (0.2492)
<i>PercentInst</i>	-1.9390*** (0.1864)	-1.9573*** (0.1858)	-1.9052*** (0.1889)	-1.8295*** (0.1765)
<i>UWAvgUP</i>	-0.4458 (0.3910)	-0.8955** (0.4168)	-0.5307 (0.3977)	-0.7158* (0.3730)
<i>UWInfoProd</i>	0.0746*** (0.0217)	0.0803*** (0.0217)	0.0765*** (0.0217)	0.0503** (0.0200)
<i>NumInstInv</i>	0.8519*** (0.0062)	0.8487*** (0.0062)	0.8495*** (0.0066)	0.8463*** (0.0059)
<i>AvgIndOverweight</i>	0.1007 (0.0895)	0.0771 (0.0893)	0.0979 (0.0894)	0.0418 (0.0868)
<i>Spread</i>	-12.1179*** (3.7217)	-11.4293*** (3.7081)	-12.1172*** (3.7149)	-4.5446 (3.7166)
<i>AvgVolume</i>	2.0098*** (0.3789)	1.8436*** (0.3800)	1.8578*** (0.3999)	1.6919*** (0.3676)
<i>ReturnStdDev</i>	43.6959*** (3.2693)	42.0790*** (3.2233)	43.6639*** (3.2624)	8.9306*** (3.3944)
<i>FirstNumAnalysts</i>	0.0017 (0.0536)	0.0152 (0.0537)	0.0053 (0.0537)	-0.0015 (0.0497)
<i>OneYearNumAnalysts</i>	0.0411 (0.0278)	0.0338 (0.0279)	0.0384 (0.0279)	0.0256 (0.0258)
<i>Underpricing</i>		0.7897*** (0.1928)		
<i>TotalMoneyLeft</i>			0.0024 (0.0019)	
<i>AvgProbability_BuyOrSell</i>				-19.5309*** (0.7175)

Constant	-1.2852** (0.6283)	-1.3891** (0.6271)	-1.2588** (0.6300)	6.4554*** (0.6897)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	97.39%	97.40%	97.39%	97.71%
Observations	5,216	5,216	5,216	5,216

Table 10: OLS Estimation of Underpricing Using *TotalInformed_BuyOrSell*. *TotalInformed_BuyOrSell* is based on *Informed_BuyOrSell*, which considers position increases or decreases of more than 50% as being indicative of information production. Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively

	<i>Underpricing</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0099*** (0.0027)	-0.0110*** (0.0027)	-0.0105*** (0.0027)	-0.0109*** (0.0027)
<i>LogProceeds</i>	-0.0612*** (0.0065)	-0.0921*** (0.0071)	-0.0878*** (0.0072)	-0.0933*** (0.0071)
<i>UnderwriterRank</i>	0.0078*** (0.0026)	0.0125*** (0.0026)	0.0117*** (0.0026)	0.0124*** (0.0026)
<i>VCBacked</i>	0.0014 (0.0074)	0.0068 (0.0073)	0.0060 (0.0073)	0.0051 (0.0073)
<i>NumConcurrentIPO</i>	-0.0006* (0.0003)	-0.0004 (0.0003)	-0.0004 (0.0003)	-0.0004 (0.0003)
<i>AvgUPConcurrentIPO</i>	0.0045*** (0.0005)	0.0043*** (0.0005)	0.0044*** (0.0005)	0.0044*** (0.0005)
<i>MktReturn</i>	5.8031*** (2.1308)	5.6935*** (2.0878)	5.5474*** (2.0852)	5.5590*** (2.0867)
<i>MktStdDeviation</i>	1.3487 (1.4397)	1.6339 (1.4030)	1.6161 (1.4019)	1.6215 (1.4010)
<i>TechFirm</i>	0.0012 (0.0083)	0.0005 (0.0081)	-0.0006 (0.0081)	-0.0004 (0.0081)
<i>OfferPriceRevision</i>	0.6960*** (0.0290)	0.6256*** (0.0291)	0.6046*** (0.0295)	0.6165*** (0.0296)
<i>PercentSold</i>	-0.0869*** (0.0162)	-0.0952*** (0.0162)	-0.0913*** (0.0162)	-0.0936*** (0.0162)
<i>PercentInst</i>	0.1110*** (0.0148)	0.0222 (0.0173)	0.0322* (0.0175)	0.0233 (0.0172)
<i>UW AvgUP</i>	0.5708*** (0.0405)	0.5706*** (0.0401)	0.5729*** (0.0403)	0.5681*** (0.0402)
<i>UW InfoProd</i>	-0.0049*** (0.0018)	-0.0072*** (0.0018)	-0.0076*** (0.0018)	-0.0074*** (0.0018)
<i>AvgIndOverweight</i>	0.0223*** (0.0081)	0.0297*** (0.0081)	0.0292*** (0.0080)	0.0292*** (0.0081)
<i>Spread</i>	-0.7984** (0.3845)	-0.8629** (0.3749)	-0.8009** (0.3728)	-0.7926** (0.3757)
<i>AvgVolume</i>	0.2956*** (0.0418)	0.2070*** (0.0433)	0.1968*** (0.0435)	0.2041*** (0.0432)
<i>ReturnStdDev</i>	1.9203*** (0.3465)	2.1005*** (0.3410)	1.8750*** (0.3438)	1.7759*** (0.3594)
<i>FirstNumAnalysts</i>	-0.0186*** (0.0045)	-0.0173*** (0.0045)	-0.0173*** (0.0045)	-0.0173*** (0.0045)
<i>OneYearNumAnalysts</i>	0.0111*** (0.0027)	0.0094*** (0.0027)	0.0092*** (0.0027)	0.0093*** (0.0027)
<i>NumInstInv</i>		0.0040*** (0.0004)	-0.0004 (0.0011)	0.0039*** (0.0004)
<i>TotalInformed_BuyOrSell</i>			0.0051*** (0.0013)	

<i>AvgProbability_BuyOrSell</i>				-0.1817*** (0.0613)
Constant	0.0858 (0.0550)	0.1125** (0.0570)	0.1193** (0.0569)	0.1847*** (0.0611)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	58.85%	59.91%	60.07%	59.98%
Observations	5,216	5,216	5,216	5,216

30% of its initial allocation one year after the IPO (Chemmanur, Hu and Huang 2010), there seems to be a large amount of systematic selling of IPO allocations that occurs. To account for systematic selling that is not likely to be informationally motivated, I develop an indicator for when a position is systematically sold. Specifically, $SystematicSell = 1$ when the position is completely sold by the end of the fourth quarter following the IPO, and there is no buying activity in the second or third quarter following the IPO, and $SystematicSell = 0$ otherwise. I then exclude systematic selling from a new information production measure by defining $Informed_NoSysSell = 1$ if there is a position increase or decrease of at least 50% in the three quarters following the IPO and $SystematicSell = 0$, and otherwise $Informed_NoSysSell = 0$.

Tables 11, 12, 13 and 14 display the results of repeating the main analyses using $Informed_NoSysSell$ in place of $Informed$. The results are qualitatively similar and supportive of the main results.

1.4 Minimum of Past Buying or Selling

While the previously used measures attempt to capture informed trading in several ways, the measures focused on buying may capture other motivations for buying, and those incorporating selling may simply be adding noise. Theoretically, funds that produce information should both buy and sell on their information, so we would expect relatively symmetric trading coming from information producers. On the other hand, systematic sellers are not likely to buy after the IPO, and if some funds are habitual buyers without information motivations, then they are not likely to sell following IPOs. To rule out the possibility that the reasons for buying are not informationally motivated, I create an additional measure of the trading history based on the minimum of a fund's buying or selling activity in its previous IPOs. Mechanically, the measure $Informed_MinBuySell$ is constructed as the lesser of $Informed$ or a measure analogous to $Informed$ calculated using only selling activity greater than 50%.

Tables 15, 16, 17 and 18 show the results from repeating the main analyses: these results are generally consistent (although weaker) with those of the main analyses with one exception. The coefficient on the interaction term between $AvgInformed_MinBuySell$ and $MoneyLeft$ is not significantly negative in the probit estimation of the future trading activity of individual funds (the point estimate is negative). The requirement of both strong buying and selling activity may make $Informed_MinBuySell$ a noisier measure of information production, leading to weaker results. Nonetheless, the results are generally consistent with the main results, providing confidence that neither non-informationally-motivated buying nor selling alone are driving the main results.

Table 11: Probit Estimation of IPO Allocations Using *AvgInformed_NoSysSell*. *AvgInformed_NoSysSell* is based on *Informed_NoSysSell*, which considers position increases or decreases of more than 50% as being indicative of information production, provided the fund does not “systematically sell” the entire position before the end of the fourth quarter following the IPO (i.e., no position increases occurred in either the second or third quarter following the IPO). “Established Funds” observations have a value for *AvgInformed_NoSysSell* while “New Funds” observations do not due to an insufficient data history. Variable definitions are provided in the appendix. Standard errors, clustered at the IPO and year levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>ReAllocation</i>		
	New Funds	Established Funds	Established Funds
<i>Log(FundValue)</i>	0.1062*** (0.0064)	0.0903*** (0.0063)	0.0778*** (0.0071)
<i>Log(FundAge)</i>	-0.0082*** (0.0004)	-0.0020*** (0.0004)	-0.0021*** (0.0004)
<i>Churn</i>	0.1721*** (0.0280)	0.1644*** (0.0315)	0.1034*** (0.0366)
<i>OneTime</i>	0.6684*** (0.0133)	0.5160*** (0.0090)	0.4910*** (0.0113)
<i>MultipleTimes</i>	1.2378*** (0.0302)	0.8970*** (0.0164)	0.8474*** (0.0189)
<i>NumPrevIPOs</i>	0.0067** (0.0033)	0.0026*** (0.0001)	0.0023*** (0.0001)
<i>AvgSystematicSell</i>		0.5731*** (0.0785)	0.6067*** (0.0821)
<i>AvgFlipped</i>		-0.4353*** (0.0740)	-0.5418*** (0.0836)
<i>AvgIPOHoldTime</i>		0.0105*** (0.0036)	0.0159*** (0.0038)
<i>AvgInformed_NoSysSell</i>		0.5309*** (0.0717)	0.3972*** (0.0776)
<i>HighUP</i>			-0.4489*** (0.1367)
<i>HighUP</i> × <i>Log(FundValue)</i>			0.0231*** (0.0065)
<i>HighUP</i> × <i>Log(FundAge)</i>			0.0000 (0.0004)
<i>HighUP</i> × <i>Churn</i>			0.1080*** (0.0348)
<i>HighUP</i> × <i>OneTime</i>			0.0346*** (0.0131)
<i>HighUP</i> × <i>MultipleTimes</i>			0.0681*** (0.0179)
<i>HighUP</i> × <i>NumPrevIPO</i>			0.0007*** (0.0001)
<i>HighUP</i> × <i>AvgSystematicSell</i>			-0.0492 (0.0752)
<i>HighUP</i> × <i>AvgFlipped</i>			0.1772** (0.0754)
<i>HighUP</i> × <i>AvgIPOHoldTime</i>			-0.0093*** (0.0031)

<i>HighUP</i> × <i>AvgInformed_NoSysSell</i>			0.2398*** (0.0677)
Constant	-4.2123*** (0.2124)	-4.0496*** (0.1571)	-3.9046*** (0.1729)
Year Dummy Variables	Yes	Yes	Yes
Pseudo R^2	9.84%	19.03%	19.60%
Observations	2,940,445	1,777,725	1,777,725

Table 12: Probit Estimation of Future Informed Trading Using *AvgInformed_NoSysSell*. *AvgInformed_NoSysSell* is based on *Informed_NoSysSell*, which considers position increases or decreases of more than 50% as being indicative of information production, provided the fund does not “systematically sell” the entire position before the end of the fourth quarter following the IPO (i.e., no position increases occurred in either the second or third quarter following the IPO). “Established Funds” observations have a value for *AvgInformed_NoSysSell* while “New Funds” observations do not due to an insufficient data history. Variable definitions are provided in the appendix. Standard errors, clustered at the IPO and year levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Informed_NoSysSell</i>	
	New Funds	Established Funds
<i>UnderwriterRank</i>	-0.0192** (0.0084)	-0.0044 (0.0055)
<i>UWInfoProd</i>	0.0066 (0.0043)	0.0134*** (0.0029)
<i>OneTime</i>	-0.0042 (0.0256)	-0.0028 (0.0124)
<i>MultipleTimes</i>	0.0926** (0.0400)	0.0488*** (0.0149)
<i>FirstNumAnalysts</i>	0.0042 (0.0400)	0.0170*** (0.0149)
<i>OneYearNumAnalysts</i>	-0.0192** (0.0084)	-0.0044 (0.0055)
<i>VCBacked</i>	0.0505** (0.0236)	0.0142 (0.0134)
<i>90DayReturn</i>	0.1237*** (0.0300)	0.2612*** (0.0186)
<i>Spread</i>	-3.8427** (1.7117)	-6.7007*** (1.0242)
<i>AvgVolume</i>	0.0000*** (0.0000)	0.0000*** (0.0000)
<i>6MonthReturnStdDev</i>	-0.4251 (1.0569)	-0.0267 (0.6552)
<i>IndustryOverweight</i>	0.0390*** (0.0098)	0.0441*** (0.0087)
<i>IndWeightStdDev</i>	-0.0990** (0.0408)	-0.0859** (0.0376)
<i>NumPrevIPOs</i>	0.0061 (0.0074)	0.0002 (0.0001)
<i>AllocationPct</i>	-0.1485 (0.4054)	0.1058 (0.2471)
<i>Shares</i>	-0.0117** (0.0056)	-0.0165*** (0.0029)
<i>Churn</i>	-1.3514*** (0.1026)	-1.4169*** (0.0883)
<i>Log(FundValue)</i>	0.0567*** (0.0159)	-0.0010 (0.0087)
<i>Log(FundAge)</i>	-0.0019** (0.0008)	-0.0003 (0.0005)
<i>AvgFlipped</i>		-0.9394*** (0.1333)
<i>AvgSystematicSell</i>		0.8665***

		(0.1178)
<i>AvgIPOHoldTime</i>		0.0212***
		(0.0033)
<i>AvgInformed_NoSysSell</i>		1.5831***
		(0.1186)
<i>MoneyLeft</i>	0.0268***	0.1148***
	(0.0089)	(0.0146)
<i>AvgInformed_NoSysSell</i> × <i>MoneyLeft</i>		-0.1781***
		(0.0382)
Constant	-1.3389***	-0.9167***
	(0.3236)	(0.2088)
Year Dummy Variables	Yes	Yes
Pseudo R^2	3.28%	7.61%
Observations	22,936	106,453

Table 13: OLS Estimation of Total Future Trading Activity Using *TotalInformed_NoSysSell*. *TotalInformed_NoSysSell* is based on *Informed_NoSysSell*, which considers position increases or decreases of more than 50% as being indicative of information production, provided the fund does not “systematically sell” the entire position before the end of the fourth quarter following the IPO (i.e., no position increases occurred in either the second or third quarter following the IPO). Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>TotalInformed_NoSysSell</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	0.0562 (0.0473)	0.0630 (0.0473)	0.0587 (0.0472)	0.0612 (0.0449)
<i>LogProceeds</i>	-0.9873*** (0.1016)	-0.9307*** (0.1031)	-0.9688*** (0.1031)	-0.7703*** (0.0986)
<i>UnderwriterRank</i>	-0.1639*** (0.0336)	-0.1716*** (0.0336)	-0.1661*** (0.0336)	-0.1442*** (0.0321)
<i>VCBacked</i>	0.0201 (0.1085)	0.0159 (0.1085)	0.0188 (0.1084)	-0.0198 (0.1010)
<i>NumConcurrentIPO</i>	0.0040 (0.0039)	0.0042 (0.0039)	0.0038 (0.0039)	0.0010 (0.0036)
<i>AvgUPConcurrentIPO</i>	-0.0257*** (0.0052)	-0.0285*** (0.0055)	-0.0272*** (0.0054)	-0.0233*** (0.0049)
<i>TechFirm</i>	0.0565 (0.1129)	0.0560 (0.1130)	0.0611 (0.1128)	0.0564 (0.1051)
<i>OfferPriceRevision</i>	-1.0273*** (0.3409)	-1.4086*** (0.3518)	-1.1712*** (0.3336)	-0.8860*** (0.3163)
<i>PercentSold</i>	-0.8693*** (0.2808)	-0.8108*** (0.2805)	-0.8416*** (0.2804)	-0.6099** (0.2657)
<i>PercentInst</i>	-0.2290 (0.2257)	-0.2431 (0.2263)	-0.1822 (0.2287)	-0.2326 (0.2120)
<i>UWAvgUP</i>	-1.0854** (0.4357)	-1.4326*** (0.4595)	-1.2026*** (0.4364)	-1.0044** (0.4178)
<i>UWInfoProd</i>	0.1214*** (0.0250)	0.1258*** (0.0252)	0.1239*** (0.0252)	0.0711*** (0.0239)
<i>NumInstInv</i>	0.4120*** (0.0068)	0.4096*** (0.0069)	0.4088*** (0.0073)	0.3994*** (0.0066)
<i>AvgIndOverweight</i>	-0.0937 (0.1075)	-0.1120 (0.1077)	-0.0976 (0.1076)	-0.1976* (0.1018)
<i>Spread</i>	-18.1054*** (5.0841)	-17.5736*** (5.0968)	-18.1043*** (5.0853)	2.6634 (4.9345)
<i>AvgVolume</i>	2.4476*** (0.5469)	2.3193*** (0.5539)	2.2377*** (0.5716)	2.2621*** (0.5279)
<i>ReturnStdDev</i>	-11.4352** (4.6129)	-12.6838*** (4.6104)	-11.4794** (4.6058)	-8.2395* (4.4543)
<i>FirstNumAnalysts</i>	-0.2254*** (0.0753)	-0.2150*** (0.0755)	-0.2204*** (0.0756)	-0.2071*** (0.0731)
<i>OneYearNumAnalysts</i>	0.3114*** (0.0442)	0.3057*** (0.0443)	0.3076*** (0.0445)	0.2620*** (0.0431)
<i>Underpricing</i>		0.6098** (0.3089)		
<i>TotalMoneyLeft</i>			0.0033	

			(0.0028)	27.8100***
<i>AvgProbability_NoSysSell</i>				(0.9891)
Constant	5.7196***	5.6394***	5.7561***	-5.1384***
	(0.8529)	(0.8499)	(0.8517)	(0.9295)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	85.91%	85.94%	85.92%	87.48%
Observations	5,216	5,216	5,216	5,216

Table 14: OLS Estimation of Underpricing Using *TotalInformed_NoSysSell*. *TotalInformed_NoSysSell* is based on *Informed_NoSysSell*, which considers position increases or decreases of more than 50% as being indicative of information production, provided the fund does not “systematically sell” the entire position before the end of the fourth quarter following the IPO (i.e., no position increases occurred in either the second or third quarter following the IPO). Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Underpricing</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0099*** (0.0027)	-0.0110*** (0.0027)	-0.0112*** (0.0027)	-0.0110*** (0.0027)
<i>LogProceeds</i>	-0.0612*** (0.0065)	-0.0921*** (0.0071)	-0.0894*** (0.0072)	-0.0902*** (0.0071)
<i>UnderwriterRank</i>	0.0078*** (0.0026)	0.0125*** (0.0026)	0.0130*** (0.0026)	0.0127*** (0.0026)
<i>VCBacked</i>	0.0014 (0.0074)	0.0068 (0.0073)	0.0068 (0.0073)	0.0065 (0.0073)
<i>NumConcurrentIPO</i>	-0.0006* (0.0003)	-0.0004 (0.0003)	-0.0005 (0.0003)	-0.0005 (0.0003)
<i>AvgUPConcurrentIPO</i>	0.0045*** (0.0005)	0.0043*** (0.0005)	0.0044*** (0.0005)	0.0044*** (0.0005)
<i>MktReturn</i>	5.8031*** (2.1308)	5.6935*** (2.0878)	5.6492*** (2.0915)	5.6185*** (2.0887)
<i>MktStdDeviation</i>	1.3487 (1.4397)	1.6339 (1.4030)	1.3697 (1.4100)	1.5166 (1.4013)
<i>TechFirm</i>	0.0012 (0.0083)	0.0005 (0.0081)	0.0003 (0.0081)	0.0005 (0.0081)
<i>OfferPriceRevision</i>	0.6960*** (0.0290)	0.6256*** (0.0291)	0.6281*** (0.0291)	0.6267*** (0.0291)
<i>PercentSold</i>	-0.0869*** (0.0162)	-0.0952*** (0.0162)	-0.0928*** (0.0163)	-0.0930*** (0.0162)
<i>PercentInst</i>	0.1110*** (0.0148)	0.0222 (0.0173)	0.0230 (0.0173)	0.0223 (0.0173)
<i>UWAvgUP</i>	0.5708*** (0.0405)	0.5706*** (0.0401)	0.5735*** (0.0401)	0.5712*** (0.0400)
<i>UWInfoProd</i>	-0.0049*** (0.0018)	-0.0072*** (0.0018)	-0.0075*** (0.0018)	-0.0076*** (0.0018)
<i>AvgIndOverweight</i>	0.0223*** (0.0081)	0.0297*** (0.0081)	0.0300*** (0.0081)	0.0289*** (0.0081)
<i>Spread</i>	-0.7984** (0.3845)	-0.8629** (0.3749)	-0.8139** (0.3735)	-0.6860* (0.3764)
<i>AvgVolume</i>	0.2956*** (0.0418)	0.2070*** (0.0433)	0.2004*** (0.0433)	0.2055*** (0.0433)
<i>ReturnStdDev</i>	1.9203*** (0.3465)	2.1005*** (0.3410)	2.1317*** (0.3418)	2.1271*** (0.3422)
<i>FirstNumAnalysts</i>	-0.0186*** (0.0045)	-0.0173*** (0.0045)	-0.0167*** (0.0045)	-0.0172*** (0.0045)
<i>OneYearNumAnalysts</i>	0.0111*** (0.0027)	0.0094*** (0.0027)	0.0086*** (0.0027)	0.0090*** (0.0027)
<i>NumInstInv</i>		0.0040***	0.0028***	0.0038***

		(0.0004)	(0.0007)	(0.0004)
<i>TotalInformed_NoSysSell</i>			0.0027**	
			(0.0014)	
<i>AvgProbability_NoSysSell</i>				0.2374***
				(0.0788)
Constant	0.0858	0.1125**	0.1001*	0.0213
	(0.0550)	(0.0570)	(0.0573)	(0.0659)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	58.85%	59.91%	59.98%	59.98%
Observations	5,216	5,216	5,216	5,216

Table 15: Probit Estimation of IPO Allocations Using *AvgInformed_MinBuySell*. *AvgInformed_MinBuySell* is the minimum of *AvgInformed* and *AvgInformed_Sell*. “Established Funds” observations have a value for *AvgInformed_MinBuySell* while “New Funds” observations do not due to an insufficient data history. Variable definitions are provided in the appendix. Standard errors, clustered at the IPO and year levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>ReAllocation</i>		
	New Funds	Established Funds	Established Funds
$\text{Log}(FundValue)$	0.1062*** (0.0064)	0.0932*** (0.0065)	0.0799*** (0.0073)
$\text{Log}(FundAge)$	-0.0082*** (0.0004)	-0.0022*** (0.0004)	-0.0022*** (0.0004)
<i>Churn</i>	0.1721*** (0.0280)	0.1752*** (0.0315)	0.1101*** (0.0365)
<i>OneTime</i>	0.6684*** (0.0133)	0.5160*** (0.0090)	0.4909*** (0.0113)
<i>MultipleTimes</i>	1.2378*** (0.0302)	0.9006*** (0.0167)	0.8498*** (0.0193)
<i>NumPrevIPOs</i>	0.0067** (0.0033)	0.0026*** (0.0001)	0.0023*** (0.0001)
<i>AvgSystematicSell</i>		0.3782*** (0.0814)	0.4652*** (0.0885)
<i>AvgFlipped</i>		-0.3995*** (0.0735)	-0.5146*** (0.0827)
<i>AvgIPOHoldTime</i>		0.0100*** (0.0035)	0.0157*** (0.0036)
<i>AvgInformed_MinBuySell</i>		0.3431*** (0.0897)	0.2649*** (0.1005)
<i>HighUP</i>			-0.3890*** (0.1348)
<i>HighUP</i> × $\text{Log}(FundValue)$			0.0244*** (0.0066)
<i>HighUP</i> × $\text{Log}(FundAge)$			0.0000 (0.0004)
<i>HighUP</i> × <i>Churn</i>			0.1153*** (0.0352)
<i>HighUP</i> × <i>OneTime</i>			0.0347*** (0.0131)
<i>HighUP</i> × <i>MultipleTimes</i>			0.0701*** (0.0179)
<i>HighUP</i> × <i>NumPrevIPO</i>			0.0007*** (0.0001)
<i>HighUP</i> × <i>AvgSystematicSell</i>			-0.1455** (0.0676)
<i>HighUP</i> × <i>AvgFlipped</i>			0.1916** (0.0757)
<i>HighUP</i> × <i>AvgIPOHoldTime</i>			-0.0099*** (0.0031)
<i>HighUP</i> × <i>AvgInformed_MinBuySell</i>			0.1401** (0.0686)

Constant	-4.2123*** (0.2124)	-3.9151*** (0.1502)	-3.7993*** (0.1651)
Year Dummy Variables	Yes	Yes	Yes
Pseudo R^2	9.84%	18.96%	19.52%
Observations	2,940,445	1,777,725	1,777,725

Table 16: Probit Estimation of Future Informed Trading Using *AvgInformed_MinBuySell*. *AvgInformed_MinBuySell* is the minimum of *AvgInformed* and *AvgInformed_Sell*. “Established Funds” observations have a value for *AvgInformed_MinBuySell* while “New Funds” observations do not due to an insufficient data history. Variable definitions are provided in the appendix. Standard errors, clustered at the IPO and year levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Informed</i>	
	New Funds	Established Funds
<i>UnderwriterRank</i>	-0.0174* (0.0094)	-0.0119* (0.0063)
<i>UWInfoProd</i>	0.0061 (0.0047)	0.0168*** (0.0031)
<i>OneTime</i>	-0.0324 (0.0263)	0.0004 (0.0133)
<i>MultipleTimes</i>	0.0664 (0.0436)	0.0615*** (0.0174)
<i>FirstNumAnalysts</i>	0.0041 (0.0436)	0.0216*** (0.0174)
<i>OneYearNumAnalysts</i>	-0.0174* (0.0094)	-0.0119* (0.0063)
<i>VCBacked</i>	0.0750*** (0.0246)	0.0385*** (0.0140)
<i>90DayReturn</i>	0.1522*** (0.0320)	0.2818*** (0.0202)
<i>Spread</i>	-4.2088** (1.9523)	-5.9793*** (1.1499)
<i>AvgVolume</i>	0.0000*** (0.0000)	0.0000*** (0.0000)
<i>6MonthReturnStdDev</i>	0.2960 (1.2091)	0.5440 (0.7189)
<i>IndustryOverweight</i>	0.0440*** (0.0103)	0.0624*** (0.0093)
<i>IndWeightStdDev</i>	-0.1107** (0.0447)	-0.0841 (0.0512)
<i>NumPrevIPOs</i>	0.0022 (0.0084)	0.0002 (0.0001)
<i>AllocationPct</i>	-0.8691* (0.4553)	-1.0393*** (0.3083)
<i>Shares</i>	-0.0232*** (0.0063)	-0.0415*** (0.0042)
<i>Churn</i>	-1.4245*** (0.1180)	-1.2850*** (0.0930)
<i>Log(FundValue)</i>	0.0664*** (0.0187)	0.0171 (0.0115)
<i>Log(FundAge)</i>	-0.0024*** (0.0009)	-0.0013 (0.0008)
<i>AvgFlipped</i>		-0.7627*** (0.1408)
<i>AvgSystematicSell</i>		0.0708 (0.1582)

<i>AvgIPOHoldTime</i>		0.0310*** (0.0054)
<i>AvgInformed_MinBuySell</i>		0.6871*** (0.2276)
<i>MoneyLeft</i>	0.0199* (0.0108)	0.0631*** (0.0162)
<i>AvgInformed_MinBuySell</i> × <i>MoneyLeft</i>		-0.0454 (0.0566)
Constant	-1.7113*** (0.3756)	-0.7303*** (0.2631)
Year Dummy Variables	Yes	Yes
Pseudo R^2	4.01%	8.40%
Observations	22,936	106,453

Table 17: OLS Estimation of Total Future Informed Trading Using *AvgInformed_MinBuySell*. *AvgInformed_MinBuySell* is the minimum of *AvgInformed* and *AvgInformed_Sell*, and is used to estimate each fund's probability of future informed trading based on allocation, fund and offering characteristics. Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>TotalInformed</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	0.0146 (0.0440)	0.0263 (0.0439)	0.0183 (0.0439)	0.0141 (0.0415)
<i>LogProceeds</i>	-1.2344*** (0.0959)	-1.1365*** (0.0976)	-1.2067*** (0.0976)	-0.9374*** (0.0918)
<i>UnderwriterRank</i>	-0.1191*** (0.0327)	-0.1323*** (0.0327)	-0.1224*** (0.0327)	-0.1109*** (0.0314)
<i>VCBacked</i>	0.1296 (0.1024)	0.1224 (0.1022)	0.1277 (0.1023)	0.0149 (0.0946)
<i>NumConcurrentIPO</i>	0.0014 (0.0036)	0.0019 (0.0036)	0.0012 (0.0036)	0.0003 (0.0033)
<i>AvgUPConcurrentIPO</i>	-0.0207*** (0.0048)	-0.0255*** (0.0051)	-0.0229*** (0.0050)	-0.0168*** (0.0044)
<i>TechFirm</i>	0.0545 (0.1042)	0.0536 (0.1042)	0.0614 (0.1041)	0.0327 (0.0959)
<i>OfferPriceRevision</i>	-0.2646 (0.3322)	-0.9246*** (0.3406)	-0.4801 (0.3241)	-0.3759 (0.3054)
<i>PercentSold</i>	-1.2181*** (0.2631)	-1.1168*** (0.2608)	-1.1765*** (0.2618)	-0.7783*** (0.2474)
<i>PercentInst</i>	-0.5028** (0.2118)	-0.5272** (0.2122)	-0.4328** (0.2154)	-0.3452* (0.1981)
<i>UWAvgUP</i>	-0.9375** (0.4147)	-1.5384*** (0.4356)	-1.1130*** (0.4167)	-0.7838** (0.3936)
<i>UWInfoProd</i>	0.1381*** (0.0234)	0.1457*** (0.0237)	0.1418*** (0.0237)	0.0702*** (0.0221)
<i>NumInstInv</i>	0.3260*** (0.0067)	0.3218*** (0.0067)	0.3212*** (0.0072)	0.3086*** (0.0063)
<i>AvgIndOverweight</i>	0.0149 (0.0986)	-0.0166 (0.0984)	0.0092 (0.0987)	-0.0874 (0.0935)
<i>Spread</i>	-19.5562*** (4.5875)	-18.6359*** (4.5780)	-19.5546*** (4.5832)	1.2801 (4.4996)
<i>AvgVolume</i>	2.9516*** (0.5236)	2.7295*** (0.5322)	2.6373*** (0.5557)	2.6686*** (0.4991)
<i>ReturnStdDev</i>	-7.6958* (4.2249)	-9.8565** (4.1977)	-7.7620* (4.2150)	-7.4738* (4.0337)
<i>FirstNumAnalysts</i>	-0.2914*** (0.0731)	-0.2733*** (0.0734)	-0.2840*** (0.0734)	-0.2283*** (0.0691)
<i>OneYearNumAnalysts</i>	0.3332*** (0.0426)	0.3234*** (0.0426)	0.3276*** (0.0427)	0.2459*** (0.0404)
<i>Underpricing</i>		1.0552*** (0.2955)		
<i>TotalMoneyLeft</i>			0.0050* (0.0026)	
<i>AvgProbability_MinBuySell</i>				22.6306***

Constant	7.2193*** (0.7958)	7.0804*** (0.7949)	7.2739*** (0.8037)	(0.7481) -1.1673 (0.8440)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	80.95%	81.06%	80.98%	83.53%
Observations	5,216	5,216	5,216	5,216

Table 18: OLS Estimation of Underpricing Using *AvgInformed_MinBuySell*. *AvgInformed_MinBuySell* is the minimum of *AvgInformed* and *AvgInformed_Sell*, and is used to estimate each fund's probability of future informed trading based on allocation, fund and offering characteristics. Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Underpricing</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0099*** (0.0027)	-0.0110*** (0.0027)	-0.0111*** (0.0027)	-0.0110*** (0.0027)
<i>LogProceeds</i>	-0.0612*** (0.0065)	-0.0921*** (0.0071)	-0.0855*** (0.0072)	-0.0884*** (0.0071)
<i>UnderwriterRank</i>	0.0078*** (0.0026)	0.0125*** (0.0026)	0.0131*** (0.0026)	0.0126*** (0.0026)
<i>VCBacked</i>	0.0014 (0.0074)	0.0068 (0.0073)	0.0061 (0.0073)	0.0054 (0.0073)
<i>NumConcurrentIPO</i>	-0.0006* (0.0003)	-0.0004 (0.0003)	-0.0005 (0.0003)	-0.0005 (0.0003)
<i>AvgUPConcurrentIPO</i>	0.0045*** (0.0005)	0.0043*** (0.0005)	0.0045*** (0.0005)	0.0044*** (0.0005)
<i>MktReturn</i>	5.8031*** (2.1308)	5.6935*** (2.0878)	5.6653*** (2.0892)	5.6152*** (2.0847)
<i>MktStdDeviation</i>	1.3487 (1.4397)	1.6339 (1.4030)	1.1885 (1.4103)	1.4134 (1.4002)
<i>TechFirm</i>	0.0012 (0.0083)	0.0005 (0.0081)	0.0001 (0.0081)	0.0002 (0.0081)
<i>OfferPriceRevision</i>	0.6960*** (0.0290)	0.6256*** (0.0291)	0.6265*** (0.0291)	0.6240*** (0.0291)
<i>PercentSold</i>	-0.0869*** (0.0162)	-0.0952*** (0.0162)	-0.0887*** (0.0161)	-0.0897*** (0.0162)
<i>PercentInst</i>	0.1110*** (0.0148)	0.0222 (0.0173)	0.0251 (0.0174)	0.0243 (0.0173)
<i>UWAvgUP</i>	0.5708*** (0.0405)	0.5706*** (0.0401)	0.5754*** (0.0399)	0.5724*** (0.0398)
<i>UWInfoProd</i>	-0.0049*** (0.0018)	-0.0072*** (0.0018)	-0.0079*** (0.0018)	-0.0080*** (0.0018)
<i>AvgIndOverweight</i>	0.0223*** (0.0081)	0.0297*** (0.0081)	0.0297*** (0.0081)	0.0285*** (0.0081)
<i>Spread</i>	-0.7984** (0.3845)	-0.8629** (0.3749)	-0.7600** (0.3721)	-0.6036 (0.3747)
<i>AvgVolume</i>	0.2956*** (0.0418)	0.2070*** (0.0433)	0.1915*** (0.0433)	0.2036*** (0.0432)
<i>ReturnStdDev</i>	1.9203*** (0.3465)	2.1005*** (0.3410)	2.1415*** (0.3401)	2.1027*** (0.3405)
<i>FirstNumAnalysts</i>	-0.0186*** (0.0045)	-0.0173*** (0.0045)	-0.0158*** (0.0045)	-0.0165*** (0.0045)
<i>OneYearNumAnalysts</i>	0.0111*** (0.0027)	0.0094*** (0.0027)	0.0077*** (0.0027)	0.0083*** (0.0027)
<i>NumInstInv</i>		0.0040*** (0.0004)	0.0022*** (0.0006)	0.0037*** (0.0004)
<i>TotalInformed</i>			0.0053***	

			(0.0015)	0.2823***
<i>AvgProbability_MinBuySell</i>				(0.0607)
Constant	0.0858	0.1125**	0.0796	0.0106
	(0.0550)	(0.0570)	(0.0579)	(0.0618)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	58.85%	59.91%	60.14%	60.08%
Observations	5,216	5,216	5,216	5,216

2 Institutional Holdings as a Proxy for Allocations

Quarterly holdings data are a coarse proxy for the true allocations made in an IPO due to funds' opportunities to trade in the secondary market prior to reporting their holdings. This can lead to either under or over-reporting as some funds may flip out of their allocations soon after the IPO, while others may acquire additional shares. However, as flipping activity is often monitored over the first month of trading (Aggarwal 2003), and acquiring large positions in a stock may take place over several days or weeks, reporting done soon after the IPO may more accurately reflect true allocations. Accordingly, I repeat the analyses reported using an alternative sample including only those IPOs occurring within the last month of the quarter that have reporting data as of that quarter.² Tables 19, 20, 21 and 22 display the results.

In general, the results are consistent with those conducted on the full sample. The probit estimations of allocations and future information production are very similar to those of the full sample; however, high reputations for information production are not significantly associated with more allocations in highly underpriced IPOs for this sub-sample, possibly due to reduced sample size and consequently larger standard errors. In the OLS estimations, *AvgProbability* remains very strongly related to underpricing and total future information production, but underpricing and total money left on the table are not significantly related to total future informed trading nor is *TotalInformed* significantly related to underpricing. While this result is also partially attributable to the reduced sample size, the smaller point-estimates of the coefficients suggest that allocations retained for several months after the IPO may better reflect informationally-motivated allocations.³

²Using a one month cut-off is also likely to avoid any bias due to the origination of analyst coverage at the end of the quiet period (which usually ends 40 days after the IPO, but can end as early as 25 days after the IPO).

³Capturing more allocations to non-information-producers could add noise to the measurement of future information production and total money left on the table, possibly resulting in the smaller magnitude coefficient estimates.

Table 19: Probit Estimation of IPO Allocations Using Last Month of Quarter. Only IPOs occurring in the last month of the quarter are included in this sub-sample. “Established Funds” observations have a value for *AvgInformed* while “New Funds” observations do not due to an insufficient data history. Variable definitions are available in the appendix. Standard errors, clustered at the IPO and fund levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>RecAllocation</i>		
	New Funds	Established Funds	Established Funds
<i>Log(FundValue)</i>	0.0893*** (0.0076)	0.0666*** (0.0082)	0.0574*** (0.0088)
<i>Log(FundAge)</i>	-0.0092*** (0.0006)	-0.0025*** (0.0005)	-0.0024*** (0.0005)
<i>Churn</i>	0.2421*** (0.0373)	0.1823*** (0.0413)	0.1270*** (0.0485)
<i>OneTime</i>	0.7610*** (0.0214)	0.5513*** (0.0135)	0.5036*** (0.0192)
<i>MultipleTimes</i>	1.2765*** (0.0354)	0.8941*** (0.0215)	0.8140*** (0.0273)
<i>NumPrevIPOs</i>	0.0086** (0.0040)	0.0028*** (0.0002)	0.0025*** (0.0002)
<i>AvgSystematicSell</i>		0.3430*** (0.0858)	0.4447*** (0.0895)
<i>AvgFlipped</i>		-0.1184 (0.0986)	-0.2048* (0.1084)
<i>AvgIPOHoldTime</i>		-0.0070 (0.0043)	0.0032 (0.0042)
<i>AvgInformed</i>		0.3646*** (0.0848)	0.2834*** (0.0937)
<i>HighUP</i>			-0.1695 (0.1912)
<i>HighUP</i> × <i>Log(FundValue)</i>			0.0171* (0.0088)
<i>HighUP</i> × <i>Log(FundAge)</i>			-0.0003 (0.0005)
<i>HighUP</i> × <i>Churn</i>			0.1055* (0.0541)
<i>HighUP</i> × <i>OneTime</i>			0.0722*** (0.0234)
<i>HighUP</i> × <i>MultipleTimes</i>			0.1224*** (0.0319)
<i>HighUP</i> × <i>NumPrevIPO</i>			0.0007*** (0.0002)
<i>HighUP</i> × <i>AvgSystematicSell</i>			-0.1792* (0.0970)
<i>HighUP</i> × <i>AvgFlipped</i>			0.1466 (0.1046)
<i>HighUP</i> × <i>AvgIPOHoldTime</i>			-0.0183*** (0.0043)
<i>HighUP</i> × <i>AvgInformed</i>			0.1376 (0.0889)
Constant	-4.1647***	-3.3886***	-3.3933***

Year Dummy Variables	(0.1626)	(0.1977)	(0.2171)
	Yes	Yes	Yes
Pseudo R^2	10.99%	16.88%	17.43%
Observations	966,325	587,577	587,577

Table 20: Probit Estimation of Future Informed Trading Using Last Month of Quarter. Only IPOs occurring in the last month of the quarter are included in this sub-sample. “Established Funds” observations have a value for *AvgInformed* while “New Funds” observations do not due to an insufficient data history. Variable definitions are provided in the appendix. Standard errors, clustered at the IPO and year levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Informed</i>	
	New Funds	Established Funds
<i>UnderwriterRank</i>	-0.0497*** (0.0159)	-0.0235*** (0.0089)
<i>UWInfoProd</i>	0.0013 (0.0085)	0.0157*** (0.0050)
<i>OneTime</i>	0.0213 (0.0464)	0.0061 (0.0242)
<i>MultipleTimes</i>	0.0961 (0.0625)	0.0285 (0.0245)
<i>FirstNumAnalysts</i>	-0.0004 (0.0625)	0.0145*** (0.0245)
<i>OneYearNumAnalysts</i>	-0.0497*** (0.0159)	-0.0235*** (0.0089)
<i>VCBacked</i>	0.0241 (0.0426)	0.0644*** (0.0221)
<i>90DayReturn</i>	0.0673 (0.0443)	0.2342*** (0.0285)
<i>Spread</i>	-6.0069* (3.2055)	-7.6043*** (1.7434)
<i>AvgVolume</i>	0.0000 (0.0000)	0.0000*** (0.0000)
<i>6MonthReturnStdDev</i>	1.2707 (2.0308)	0.3299 (1.1558)
<i>IndustryOverweight</i>	0.0477*** (0.0171)	0.0526*** (0.0115)
<i>IndWeightStdDev</i>	-0.0848 (0.0671)	-0.0293 (0.0571)
<i>NumPrevIPOs</i>	-0.0016 (0.0105)	0.0003** (0.0001)
<i>AllocationPct</i>	-1.5612** (0.7837)	-0.6123 (0.4099)
<i>Shares</i>	-0.0189 (0.0130)	-0.0323*** (0.0075)
<i>Churn</i>	-1.5679*** (0.1683)	-1.1523*** (0.1083)
<i>Log(FundValue)</i>	0.0763*** (0.0232)	-0.0060 (0.0117)
<i>Log(FundAge)</i>	-0.0038*** (0.0012)	-0.0007 (0.0007)
<i>AvgFlipped</i>		-0.7624*** (0.1678)
<i>AvgSystematicSell</i>		0.2663* (0.1534)
<i>AvgIPOHoldTime</i>		0.0175***

		(0.0064)
<i>AvgInformed</i>		1.4176***
		(0.1599)
<i>MoneyLeft</i>	0.0506**	0.1298***
	(0.0228)	(0.0228)
<i>AvgInformed</i> × <i>MoneyLeft</i>		-0.1760**
		(0.0724)
Constant	-1.6864***	-0.3925
	(0.5066)	(0.2864)
Year Dummy Variables	Yes	Yes
Pseudo R^2	4.67%	7.56%
Observations	6,831	31,500

Table 21: OLS Estimation of Total Future Informed Trading Using Last Month of Quarter. Only IPOs occurring in the last month of the quarter are included in this sub-sample. Variable definitions are available in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>TotalInformed</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	0.0005 (0.0588)	0.0044 (0.0589)	0.0002 (0.0587)	0.0250 (0.0532)
<i>LogProceeds</i>	-0.6575*** (0.1252)	-0.6322*** (0.1266)	-0.6583*** (0.1252)	-0.4028*** (0.1175)
<i>UnderwriterRank</i>	-0.2056*** (0.0450)	-0.2082*** (0.0449)	-0.2057*** (0.0450)	-0.1857*** (0.0431)
<i>VCBacked</i>	0.3575** (0.1469)	0.3567** (0.1470)	0.3570** (0.1469)	0.2227* (0.1340)
<i>NumConcurrentIPO</i>	-0.0023 (0.0058)	-0.0020 (0.0059)	-0.0023 (0.0058)	-0.0025 (0.0052)
<i>AvgUPConcurrentIPO</i>	-0.0129** (0.0064)	-0.0140** (0.0067)	-0.0127* (0.0066)	-0.0090 (0.0057)
<i>TechFirm</i>	-0.0783 (0.1437)	-0.0762 (0.1438)	-0.0788 (0.1438)	-0.1528 (0.1304)
<i>OfferPriceRevision</i>	-0.2600 (0.5046)	-0.5047 (0.5067)	-0.2272 (0.4829)	-0.3080 (0.4528)
<i>PercentSold</i>	-1.1272*** (0.3259)	-1.0882*** (0.3223)	-1.1340*** (0.3257)	-0.9132*** (0.2955)
<i>PercentInst</i>	-0.4632 (0.3063)	-0.4507 (0.3067)	-0.4730 (0.3116)	-0.2601 (0.2816)
<i>UWAvgUP</i>	-1.4533** (0.6401)	-1.6466** (0.6743)	-1.4357** (0.6533)	-1.4682** (0.5863)
<i>UWInfoProd</i>	0.1189*** (0.0367)	0.1218*** (0.0371)	0.1187*** (0.0368)	0.0723** (0.0340)
<i>NumInstInv</i>	0.2897*** (0.0095)	0.2880*** (0.0098)	0.2903*** (0.0102)	0.2721*** (0.0088)
<i>AvgIndOverweight</i>	-0.1645 (0.1434)	-0.1817 (0.1461)	-0.1627 (0.1448)	-0.2385* (0.1343)
<i>Spread</i>	-28.5109*** (6.6923)	-28.1205*** (6.7285)	-28.5023*** (6.6873)	-3.1121 (6.2101)
<i>AvgVolume</i>	1.4723** (0.5893)	1.4254** (0.5910)	1.4992** (0.6016)	1.1356** (0.5152)
<i>ReturnStdDev</i>	2.3892 (5.6529)	1.7229 (5.6887)	2.4105 (5.6601)	-0.3939 (5.1514)
<i>FirstNumAnalysts</i>	-0.0912 (0.0885)	-0.0839 (0.0881)	-0.0925 (0.0884)	-0.0316 (0.0809)
<i>OneYearNumAnalysts</i>	0.1812*** (0.0464)	0.1763*** (0.0462)	0.1823*** (0.0465)	0.1139*** (0.0422)
<i>Underpricing</i>		0.3826 (0.4286)		
<i>TotalMoneyLeft</i>			-0.0007 (0.0038)	
<i>AvgProbability</i>				19.7330*** (1.1391)

Constant	7.3323*** (1.7624)	7.2540*** (1.7678)	7.3193*** (1.7644)	0.5693 (1.7421)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	77.88%	77.90%	77.88%	81.32%
Observations	1,754	1,754	1,754	1,754

Table 22: OLS Estimation of Underpricing Using Last Month of Quarter. Only IPOs occurring in the last month of the quarter are included in this sub-sample. Variable definitions are available in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Underpricing</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0109** (0.0043)	-0.0109** (0.0043)	-0.0109** (0.0043)	-0.0106** (0.0043)
<i>LogProceeds</i>	-0.0364*** (0.0102)	-0.0665*** (0.0115)	-0.0646*** (0.0118)	-0.0630*** (0.0115)
<i>UnderwriterRank</i>	0.0025 (0.0043)	0.0067 (0.0043)	0.0073* (0.0043)	0.0070 (0.0043)
<i>VCBacked</i>	-0.0029 (0.0119)	0.0026 (0.0118)	0.0016 (0.0120)	0.0008 (0.0119)
<i>NumConcurrentIPO</i>	-0.0009* (0.0005)	-0.0008 (0.0005)	-0.0008 (0.0005)	-0.0008 (0.0005)
<i>AvgUPConcurrentIPO</i>	0.0033*** (0.0009)	0.0030*** (0.0009)	0.0030*** (0.0009)	0.0030*** (0.0009)
<i>MktReturn</i>	3.0909 (3.8112)	3.1607 (3.7166)	3.2730 (3.7167)	3.5625 (3.7001)
<i>MktStdDeviation</i>	-5.0250 (3.3350)	-4.3465 (3.2514)	-4.5918 (3.2467)	-4.4780 (3.2467)
<i>TechFirm</i>	-0.0042 (0.0135)	-0.0062 (0.0133)	-0.0060 (0.0133)	-0.0073 (0.0132)
<i>OfferPriceRevision</i>	0.7380*** (0.0482)	0.6336*** (0.0495)	0.6341*** (0.0495)	0.6327*** (0.0494)
<i>PercentSold</i>	-0.0901*** (0.0276)	-0.1032*** (0.0268)	-0.1000*** (0.0270)	-0.1002*** (0.0267)
<i>PercentInst</i>	0.0726*** (0.0238)	-0.0324 (0.0328)	-0.0310 (0.0331)	-0.0297 (0.0329)
<i>UWAvgUP</i>	0.5166*** (0.0637)	0.5038*** (0.0630)	0.5080*** (0.0632)	0.5039*** (0.0624)
<i>UWInfoProd</i>	-0.0046 (0.0032)	-0.0076** (0.0032)	-0.0079** (0.0033)	-0.0082** (0.0033)
<i>AvgIndOverweight</i>	0.0385*** (0.0132)	0.0455*** (0.0130)	0.0460*** (0.0130)	0.0444*** (0.0131)
<i>Spread</i>	-1.0801 (0.6803)	-1.0732 (0.6614)	-0.9925 (0.6623)	-0.7239 (0.6635)
<i>AvgVolume</i>	0.1746*** (0.0673)	0.1251* (0.0687)	0.1210* (0.0686)	0.1205* (0.0684)
<i>ReturnStdDev</i>	1.6699*** (0.5383)	1.7877*** (0.5290)	1.7829*** (0.5290)	1.7527*** (0.5270)
<i>FirstNumAnalysts</i>	-0.0189** (0.0079)	-0.0186** (0.0079)	-0.0183** (0.0079)	-0.0178** (0.0079)
<i>OneYearNumAnalysts</i>	0.0123*** (0.0045)	0.0128*** (0.0044)	0.0123*** (0.0044)	0.0119*** (0.0044)
<i>NumInstInv</i>		0.0045*** (0.0009)	0.0036*** (0.0013)	0.0043*** (0.0009)
<i>TotalInformed</i>			0.0029 (0.0030)	

<i>AvgProbability</i>				0.2726** (0.1133)
Constant	0.2239*** (0.0679)	0.2437*** (0.0718)	0.2245*** (0.0778)	0.1512* (0.0851)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	59.45%	60.63%	60.68%	60.80%
Observations	1,754	1,754	1,754	1,754

3 Investors' Long-Term Holding

(Banerjee, Hansen and Hrnjić 2012) proposes a model in which firms underprice IPO shares to secure long-term shareholding from investors. My measure of informed buying is likely highly correlated with holding, as investors who make large purchases in the quarters following the IPO are also likely to hold the positions for above-average periods. To distinguish my measure from a measure of holding, I create several new variables that only reflect holding behavior. First, I consider an investor to be a long-term holder of an allocation if the allocation is held for at least 4 quarters. Formally,

$$LongHolder_{i,j} = \begin{cases} 1 & \text{if fund } j \text{ reports holdings in each of the four quarters after firm } i\text{'s IPO} \\ 0 & \text{otherwise.} \end{cases} \quad (3)$$

I then create two measures, $TotalLongHolder_i$ and $AvgLongHolder_{j,t}$, which are analogous to $TotalInformed_i$ and $AvgInformed_{j,t}$, respectively. I then sum $AvgLongHolder_{j,t}$ at the IPO level to generate a measure of expected long-term holding, $ExpectedLongHolder$. Tables 23 and 24, repeat the probit analyses while including a control for long-term holding, while Tables 25 and 26, and 27 and 28 repeat the OLS regressions for total future informed trading and underpricing, using $ExpectedLongHolder$ and $TotalLongHolder$, respectively. The main results of the empirical analysis are not qualitatively changed by including any variables that control for long-term holding. In fact, the control variables' coefficients are significantly negative in the underpricing regressions. This evidence suggests that allocations and underpricing are used to encourage future information production and not simply long-term holding.

Table 23: Probit Estimation of IPO Allocations Controlling for Long-Term Holding. *AvgLongHolder*, a measure of a fund’s propensity to hold IPO allocations at least one year in previous IPOs, is included as a control variable. “Established Funds” observations have a value for *AvgInformed* while “New Funds” observations do not due to an insufficient data history. Variable definitions are available in the appendix. Standard errors, clustered at the IPO and fund levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>RecAllocation</i>		
	New Funds	Established Funds	Established Funds
<i>Log(FundValue)</i>	0.1062*** (0.0064)	0.0857*** (0.0064)	0.0706*** (0.0072)
<i>Log(FundAge)</i>	-0.0082*** (0.0004)	-0.0019*** (0.0004)	-0.0020*** (0.0004)
<i>Churn</i>	0.1721*** (0.0280)	0.1767*** (0.0313)	0.1186*** (0.0363)
<i>OneTime</i>	0.6684*** (0.0133)	0.5165*** (0.0090)	0.4915*** (0.0113)
<i>MultipleTimes</i>	1.2378*** (0.0302)	0.8952*** (0.0163)	0.8445*** (0.0189)
<i>NumPrevIPOs</i>	0.0067** (0.0033)	0.0026*** (0.0001)	0.0023*** (0.0001)
<i>AvgSystematicSell</i>		0.5451*** (0.0726)	0.6242*** (0.0762)
<i>AvgFlipped</i>		-0.1705** (0.0834)	-0.1768* (0.0924)
<i>AvgIPOHoldTime</i>		0.0044 (0.0036)	0.0097*** (0.0037)
<i>AvgLongHolder</i>		0.2984*** (0.0645)	0.4106*** (0.0771)
<i>AvgInformed</i>		0.5314*** (0.0725)	0.4179*** (0.0794)
<i>HighUP</i>			-0.3302** (0.1382)
<i>HighUP</i> × <i>Log(FundValue)</i>			0.0276*** (0.0067)
<i>HighUP</i> × <i>Log(FundAge)</i>			0.0000 (0.0004)
<i>HighUP</i> × <i>Churn</i>			0.1035*** (0.0351)
<i>HighUP</i> × <i>OneTime</i>			0.0346*** (0.0131)
<i>HighUP</i> × <i>MultipleTimes</i>			0.0698*** (0.0179)
<i>HighUP</i> × <i>NumPrevIPO</i>			0.0007*** (0.0001)
<i>HighUP</i> × <i>AvgSystematicSell</i>			-0.1300* (0.0744)
<i>HighUP</i> × <i>AvgFlipped</i>			0.0083 (0.0838)
<i>HighUP</i> × <i>AvgIPOHoldTime</i>			-0.0092*** (0.0030)

<i>HighUP</i> × <i>AvgLongHolder</i>			-0.1893*** (0.0716)
<i>HighUP</i> × <i>AvgInformed</i>			0.2028*** (0.0657)
Constant	-4.2123*** (0.2124)	-4.0954*** (0.1540)	-4.0195*** (0.1690)
Year Dummy Variables	Yes	Yes	Yes
Pseudo R^2	9.84%	19.07%	19.63%
Observations	2,940,445	1,777,725	1,777,725

Table 24: Probit Estimation of Future Informed Trading Controlling for Long-Term Holding. *AvgLongHolder*, a measure of a fund’s propensity to hold IPO allocations at least one year in previous IPOs, is included as a control variable. “Established Funds” observations have a value for *AvgInformed* while “New Funds” observations do not due to an insufficient data history. Variable definitions are available in the appendix. Standard errors, clustered at the IPO and fund levels, are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Informed</i>	
	New Funds	Established Funds
<i>UnderwriterRank</i>	-0.0192** (0.0084)	-0.0039 (0.0055)
<i>UWInfoProd</i>	0.0066 (0.0043)	0.0134*** (0.0029)
<i>OneTime</i>	-0.0042 (0.0256)	-0.0028 (0.0124)
<i>MultipleTimes</i>	0.0926** (0.0400)	0.0433*** (0.0148)
<i>FirstNumAnalysts</i>	0.0055 (0.0400)	-0.0125** (0.0148)
<i>OneYearNumAnalysts</i>	0.0042 (0.0041)	0.0172*** (0.0029)
<i>VCBacked</i>	0.0505** (0.0236)	0.0141 (0.0134)
<i>90DayReturn</i>	0.1237*** (0.0300)	0.2616*** (0.0186)
<i>Spread</i>	-3.8427** (1.7117)	-6.8222*** (1.0207)
<i>AvgVolume</i>	0.0000*** (0.0000)	0.0000*** (0.0000)
<i>6MonthReturnStdDev</i>	-0.4251 (1.0569)	0.0402 (0.6546)
<i>IndustryOverweight</i>	0.0390*** (0.0098)	0.0429*** (0.0087)
<i>IndWeightStdDev</i>	-0.0990** (0.0408)	-0.0778** (0.0370)
<i>NumPrevIPOs</i>	0.0061 (0.0074)	0.0002* (0.0001)
<i>AllocationPct</i>	-0.1485 (0.4054)	0.1165 (0.2498)
<i>Shares</i>	-0.0117** (0.0056)	-0.0159*** (0.0029)
<i>Churn</i>	-1.3514*** (0.1026)	-1.3925*** (0.0879)
<i>Log(FundValue)</i>	0.0567*** (0.0159)	-0.0130 (0.0091)
<i>Log(FundAge)</i>	-0.0019** (0.0008)	-0.0002 (0.0005)
<i>AvgFlipped</i>		-0.3078* (0.1621)
<i>AvgSystematicSell</i>		0.9331*** (0.1200)

<i>AvgIPOHoldTime</i>		0.0165*** (0.0035)
<i>AvgLongHolder</i>		0.6304*** (0.1177)
<i>AvgInformed</i>		1.5911*** (0.1175)
<i>MoneyLeft</i>	0.0268*** (0.0089)	0.1155*** (0.0147)
<i>AvgInformed</i> × <i>MoneyLeft</i>		-0.1765*** (0.0382)
Constant	-1.3389*** (0.3236)	-1.1940*** (0.2149)
Year Dummy Variables	Yes	Yes
Pseudo R^2	3.28%	7.70%
Observations	22,936	106,453

Table 25: OLS Estimation of Total Future Informed Trading Controlling for Expected Long-Term Holding. *ExpectedLongHolder* reflects the number of initial investors expected to hold their position for at least one year. Variable definitions are available in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>TotalInformed</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	0.0238 (0.0436)	0.0356 (0.0435)	0.0286 (0.0435)	0.0219 (0.0413)
<i>LogProceeds</i>	-1.1377*** (0.0956)	-1.0390*** (0.0969)	-1.1016*** (0.0973)	-0.8843*** (0.0917)
<i>UnderwriterRank</i>	-0.1392*** (0.0324)	-0.1526*** (0.0324)	-0.1437*** (0.0324)	-0.1226*** (0.0312)
<i>VCBacked</i>	0.1184 (0.1013)	0.1110 (0.1011)	0.1157 (0.1011)	0.0093 (0.0941)
<i>NumConcurrentIPO</i>	0.0019 (0.0036)	0.0024 (0.0036)	0.0017 (0.0036)	0.0006 (0.0033)
<i>AvgUPConcurrentIPO</i>	-0.0212*** (0.0047)	-0.0260*** (0.0050)	-0.0239*** (0.0049)	-0.0172*** (0.0044)
<i>TechFirm</i>	0.0468 (0.1027)	0.0459 (0.1027)	0.0552 (0.1026)	0.0273 (0.0951)
<i>OfferPriceRevision</i>	-0.5660* (0.3269)	-1.2310*** (0.3347)	-0.8377*** (0.3207)	-0.5928* (0.3030)
<i>PercentSold</i>	-0.9903*** (0.2598)	-0.8880*** (0.2578)	-0.9344*** (0.2585)	-0.6656*** (0.2465)
<i>PercentInst</i>	-0.9268*** (0.2102)	-0.9520*** (0.2106)	-0.8490*** (0.2127)	-0.6199*** (0.1990)
<i>UWAvgUP</i>	-0.8591** (0.4053)	-1.4640*** (0.4271)	-1.0739*** (0.4072)	-0.7638* (0.3902)
<i>UWInfoProd</i>	0.1193*** (0.0229)	0.1269*** (0.0232)	0.1236*** (0.0232)	0.0627*** (0.0219)
<i>NumInstInv</i>	0.1942*** (0.0177)	0.1898*** (0.0177)	0.1856*** (0.0183)	0.2234*** (0.0170)
<i>AvgIndOverweight</i>	0.2380** (0.0993)	0.2067** (0.0991)	0.2355** (0.0994)	0.0642 (0.0954)
<i>Spread</i>	-22.0759*** (4.5638)	-21.1533*** (4.5527)	-22.1245*** (4.5551)	-0.6642 (4.4849)
<i>AvgVolume</i>	3.3372*** (0.5155)	3.1142*** (0.5241)	2.9575*** (0.5475)	2.8905*** (0.4960)
<i>ReturnStdDev</i>	-8.9171** (4.2179)	-11.0945*** (4.1884)	-9.0234** (4.2049)	-8.2869** (4.0342)
<i>FirstNumAnalysts</i>	-0.3033*** (0.0712)	-0.2851*** (0.0715)	-0.2943*** (0.0714)	-0.2341*** (0.0680)
<i>OneYearNumAnalysts</i>	0.3243*** (0.0415)	0.3145*** (0.0415)	0.3172*** (0.0416)	0.2415*** (0.0398)
<i>Underpricing</i>		1.0625*** (0.2911)		
<i>TotalMoneyLeft</i>			0.0061** (0.0026)	
<i>AvgProbability</i>				21.8947*** (0.7554)
<i>ExpectedLongHolder</i>	0.2592***	0.2596***	0.2644***	0.1687***

	(0.0316)	(0.0315)	(0.0318)	(0.0305)
Constant	6.4372***	6.2962***	6.4889***	-1.3048
	(0.7596)	(0.7601)	(0.7666)	(0.8231)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	81.42%	81.53%	81.47%	83.74%
Observations	5,216	5,216	5,216	5,216

Table 26: OLS Estimation of Total Future Informed Trading Controlling for Total Long-Term Holding. *TotalLongHolder* is the number of initial investors that hold their position for at least one year. Variable definitions are available in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>TotalInformed</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0251 (0.0396)	-0.0121 (0.0395)	-0.0211 (0.0396)	-0.0193 (0.0376)
<i>LogProceeds</i>	-1.1571*** (0.0859)	-1.0466*** (0.0873)	-1.1274*** (0.0875)	-0.9211*** (0.0831)
<i>UnderwriterRank</i>	-0.0368 (0.0288)	-0.0514* (0.0285)	-0.0403 (0.0287)	-0.0385 (0.0278)
<i>VCBacked</i>	0.1268 (0.0916)	0.1186 (0.0913)	0.1247 (0.0914)	0.0307 (0.0861)
<i>NumConcurrentIPO</i>	0.0011 (0.0031)	0.0017 (0.0031)	0.0010 (0.0031)	0.0002 (0.0029)
<i>AvgUPConcurrentIPO</i>	-0.0134*** (0.0039)	-0.0188*** (0.0041)	-0.0158*** (0.0040)	-0.0110*** (0.0037)
<i>TechFirm</i>	-0.0310 (0.0904)	-0.0324 (0.0902)	-0.0237 (0.0903)	-0.0398 (0.0847)
<i>OfferPriceRevision</i>	0.9052*** (0.2916)	0.1676 (0.2982)	0.6761** (0.2837)	0.6529** (0.2750)
<i>PercentSold</i>	-0.7679*** (0.2382)	-0.6522*** (0.2362)	-0.7232*** (0.2372)	-0.4766** (0.2272)
<i>PercentInst</i>	-0.6996*** (0.1919)	-0.7278*** (0.1921)	-0.6251*** (0.1964)	-0.5405*** (0.1816)
<i>UWAvgUP</i>	-0.7520** (0.3663)	-1.4272*** (0.3828)	-0.9390** (0.3651)	-0.6694* (0.3490)
<i>UWInfoProd</i>	0.1066*** (0.0211)	0.1150*** (0.0213)	0.1106*** (0.0213)	0.0564*** (0.0201)
<i>NumInstInv</i>	0.1617*** (0.0091)	0.1563*** (0.0093)	0.1564*** (0.0096)	0.1669*** (0.0087)
<i>AvgIndOverweight</i>	0.0211 (0.0880)	-0.0143 (0.0878)	0.0151 (0.0881)	-0.0614 (0.0843)
<i>Spread</i>	-12.7426*** (3.8874)	-11.6797*** (3.8625)	-12.7365*** (3.8773)	3.9696 (3.7996)
<i>AvgVolume</i>	2.9155*** (0.4407)	2.6655*** (0.4479)	2.5802*** (0.4758)	2.6534*** (0.4274)
<i>ReturnStdDev</i>	10.5631*** (3.5789)	8.2066** (3.5092)	10.5041*** (3.5649)	8.5576** (3.4240)
<i>FirstNumAnalysts</i>	-0.1428** (0.0625)	-0.1218* (0.0629)	-0.1347** (0.0627)	-0.1050* (0.0602)
<i>OneYearNumAnalysts</i>	0.2062*** (0.0363)	0.1948*** (0.0364)	0.2002*** (0.0364)	0.1481*** (0.0351)
<i>Underpricing</i>		1.1870*** (0.2575)		
<i>TotalMoneyLeft</i>			0.0053** (0.0023)	
<i>AvgProbability</i>				18.6890*** (0.6708)
<i>TotalLongHolder</i>	0.2528***	0.2538***	0.2529***	0.2226***

	(0.0114)	(0.0114)	(0.0115)	(0.0111)
Constant	4.7312***	4.5649***	4.7879***	-1.8134**
	(0.7522)	(0.7500)	(0.7592)	(0.7871)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	84.64%	84.77%	84.68%	86.32%
Observations	5,216	5,216	5,216	5,216

Table 27: OLS Estimation of Underpricing Controlling for Expected Long-Term Holding. *ExpectedLongHolder* reflects the number of initial investors expected to hold their position for at least one year. Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Underpricing</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0106*** (0.0027)	-0.0110*** (0.0027)	-0.0112*** (0.0027)	-0.0111*** (0.0027)
<i>LogProceeds</i>	-0.0850*** (0.0068)	-0.0922*** (0.0072)	-0.0859*** (0.0073)	-0.0885*** (0.0072)
<i>UnderwriterRank</i>	0.0113*** (0.0026)	0.0126*** (0.0026)	0.0133*** (0.0026)	0.0128*** (0.0026)
<i>VCBacked</i>	0.0057 (0.0073)	0.0068 (0.0073)	0.0062 (0.0073)	0.0052 (0.0073)
<i>NumConcurrentIPO</i>	-0.0005 (0.0003)	-0.0004 (0.0003)	-0.0005 (0.0003)	-0.0005 (0.0003)
<i>AvgUPConcurrentIPO</i>	0.0044*** (0.0005)	0.0043*** (0.0005)	0.0045*** (0.0005)	0.0044*** (0.0005)
<i>MktReturn</i>	5.8894*** (2.0920)	5.6863*** (2.0874)	5.6193*** (2.0902)	5.5482*** (2.0844)
<i>MktStdDeviation</i>	1.4177 (1.4084)	1.6409 (1.4048)	1.2192 (1.4113)	1.4307 (1.4008)
<i>TechFirm</i>	0.0004 (0.0081)	0.0005 (0.0081)	0.0002 (0.0081)	0.0002 (0.0081)
<i>OfferPriceRevision</i>	0.6280*** (0.0296)	0.6259*** (0.0294)	0.6285*** (0.0294)	0.6253*** (0.0294)
<i>PercentSold</i>	-0.0881*** (0.0162)	-0.0954*** (0.0163)	-0.0900*** (0.0162)	-0.0907*** (0.0162)
<i>PercentInst</i>	0.0245 (0.0174)	0.0227 (0.0174)	0.0279 (0.0176)	0.0272 (0.0175)
<i>UWAvgUP</i>	0.5726*** (0.0401)	0.5705*** (0.0401)	0.5750*** (0.0399)	0.5718*** (0.0398)
<i>UWInfoProd</i>	-0.0073*** (0.0018)	-0.0072*** (0.0018)	-0.0078*** (0.0018)	-0.0080*** (0.0018)
<i>AvgIndOverweight</i>	0.0344*** (0.0082)	0.0295*** (0.0082)	0.0283*** (0.0082)	0.0270*** (0.0082)
<i>Spread</i>	-0.9182** (0.3764)	-0.8603** (0.3754)	-0.7407** (0.3724)	-0.5488 (0.3752)
<i>AvgVolume</i>	0.2299*** (0.0428)	0.2066*** (0.0434)	0.1886*** (0.0434)	0.2003*** (0.0432)
<i>ReturnStdDev</i>	2.0445*** (0.3418)	2.1017*** (0.3413)	2.1501*** (0.3406)	2.1097*** (0.3407)
<i>FirstNumAnalysts</i>	-0.0178*** (0.0045)	-0.0173*** (0.0045)	-0.0156*** (0.0045)	-0.0163*** (0.0045)
<i>OneYearNumAnalysts</i>	0.0095*** (0.0027)	0.0094*** (0.0027)	0.0077*** (0.0027)	0.0082*** (0.0027)
<i>NumInstInv</i>		0.0041*** (0.0010)	0.0030*** (0.0011)	0.0045*** (0.0010)
<i>TotalInformed</i>			0.0055*** (0.0015)	
<i>AvgProbability</i>				0.3192***

				(0.0615)
<i>ExpectedLongHolder</i>	0.0066***	-0.0003	-0.0017	-0.0016
	(0.0008)	(0.0018)	(0.0018)	(0.0018)
Constant	0.0908	0.1132**	0.0831	0.0029
	(0.0563)	(0.0572)	(0.0581)	(0.0617)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	59.75%	59.91%	60.14%	60.12%
Observations	5,216	5,216	5,216	5,216

Table 28: OLS Estimation of Underpricing Controlling for Total Long-Term Holding. *TotalLongHolder* is the number of initial investors that hold their position for at least one year. Variable definitions are provided in the appendix. Heteroscedasticity-robust standard errors are reported in parentheses. ***, **, * indicate significance at the 1%, 5% and 10% levels, respectively.

	<i>Underpricing</i>			
	(1)	(2)	(3)	(4)
<i>LogFirmAge</i>	-0.0109*** (0.0027)	-0.0109*** (0.0027)	-0.0107*** (0.0027)	-0.0108*** (0.0027)
<i>LogProceeds</i>	-0.0751*** (0.0069)	-0.0923*** (0.0071)	-0.0838*** (0.0072)	-0.0881*** (0.0071)
<i>UnderwriterRank</i>	0.0110*** (0.0027)	0.0123*** (0.0026)	0.0125*** (0.0026)	0.0122*** (0.0026)
<i>VCBacked</i>	0.0040 (0.0073)	0.0068 (0.0073)	0.0059 (0.0073)	0.0051 (0.0073)
<i>NumConcurrentIPO</i>	-0.0005* (0.0003)	-0.0004 (0.0003)	-0.0005 (0.0003)	-0.0005 (0.0003)
<i>AvgUPConcurrentIPO</i>	0.0045*** (0.0005)	0.0043*** (0.0005)	0.0044*** (0.0005)	0.0044*** (0.0005)
<i>MktReturn</i>	5.7756*** (2.1135)	5.6861*** (2.0875)	5.6309*** (2.0882)	5.5735*** (2.0833)
<i>MktStdDeviation</i>	1.2478 (1.4220)	1.7045 (1.3998)	1.2365 (1.4121)	1.4906 (1.3971)
<i>TechFirm</i>	-0.0002 (0.0082)	0.0008 (0.0081)	0.0010 (0.0081)	0.0006 (0.0081)
<i>OfferPriceRevision</i>	0.6755*** (0.0289)	0.6216*** (0.0293)	0.6145*** (0.0293)	0.6169*** (0.0293)
<i>PercentSold</i>	-0.0857*** (0.0161)	-0.0968*** (0.0163)	-0.0910*** (0.0162)	-0.0915*** (0.0162)
<i>PercentInst</i>	0.0664*** (0.0164)	0.0229 (0.0173)	0.0283 (0.0174)	0.0258 (0.0173)
<i>UWAvgUP</i>	0.5727*** (0.0402)	0.5700*** (0.0402)	0.5753*** (0.0399)	0.5714*** (0.0399)
<i>UWInfoProd</i>	-0.0063*** (0.0018)	-0.0071*** (0.0018)	-0.0079*** (0.0018)	-0.0080*** (0.0018)
<i>AvgIndOverweight</i>	0.0260*** (0.0081)	0.0297*** (0.0081)	0.0296*** (0.0081)	0.0283*** (0.0081)
<i>Spread</i>	-0.7515** (0.3803)	-0.8860** (0.3723)	-0.7926** (0.3693)	-0.5858 (0.3734)
<i>AvgVolume</i>	0.2529*** (0.0426)	0.2071*** (0.0433)	0.1858*** (0.0434)	0.2026*** (0.0432)
<i>Return.StdDev</i>	2.2169*** (0.3509)	2.0379*** (0.3491)	1.9599*** (0.3445)	2.0011*** (0.3470)
<i>FirstNumAnalysts</i>	-0.0163*** (0.0045)	-0.0178*** (0.0045)	-0.0168*** (0.0045)	-0.0171*** (0.0045)
<i>OneYearNumAnalysts</i>	0.0088*** (0.0027)	0.0098*** (0.0027)	0.0083*** (0.0027)	0.0088*** (0.0027)
<i>NumInstInv</i>		0.0045*** (0.0007)	0.0033*** (0.0007)	0.0046*** (0.0007)
<i>TotalInformed</i>			0.0074*** (0.0016)	
<i>AvgProbability</i>				0.3364***

				(0.0607)
<i>TotalLongHolder</i>	0.0029***	-0.0009	-0.0027***	-0.0014*
	(0.0005)	(0.0008)	(0.0008)	(0.0008)
Constant	0.0729	0.1202**	0.0908	0.0050
	(0.0563)	(0.0571)	(0.0575)	(0.0614)
Year Dummy Variables	Yes	Yes	Yes	Yes
R^2	59.30%	59.93%	60.28%	60.16%
Observations	5,216	5,216	5,216	5,216

4 Summary Statistics

Funds' summary statistics suggest that funds with a reputation for informed trading have characteristics consistent with information production capabilities and benefit from their reputation in future allocations. Table 29 displays fund-quarter characteristics for the full sample, new funds (those receiving an allocation in quarter t without sufficient data to calculate $AvgInformed_{j,t}$), and quarterly terciles formed on $AvgInformed_{j,t}$. Funds ranked in the highest tercile for informed trading tend to be older, larger funds that potentially have more resources to direct towards information production (t-tests of the differences between the top tercile and other two terciles are significant at the 0.01% level). In addition, funds in the highest tercile of informed trading activity tend to receive more IPO allocations in the following quarter, and their portion of the total money left on the table tends to be greater (differences between the top tercile and other two terciles are significant at the 0.01% level). However, allocations do not appear to be larger on average for funds with a reputation for more informed trading.

Table 29: Summary Statistics for Fund-Quarter Classifications. *AvgInformed* is a measure of the fund's history of informed trading. *FundAge*, in years, is based on the first quarter of reporting in the 13F data, which can be as early as March 31, 1980. *FundValue* is given in billions of year 2000 dollars. *Churn* measures trading activity and is calculated following Yan and Zhang (2009). Num Portfolio Positions is the total number of unique positions reported in the 13F data. Num Allocations Next Quarter is the number of allocations a fund receives in the quarter following the quarter of measurement for *AvgInformed*. *AllocationPct* is the number of shares held by the fund at the end of the quarter divided by the total number of shares sold in the IPO. *MoneyLeft*, or money left on the table, is calculated at the fund level and is equal to the number of shares held at the end of the quarter times the offer price times the underpricing percentage. The number of observations in each tercile varies slightly as quarterly terciles can be uneven due to repeat observations being placed in the same tercile.

	Full Sample	New Funds	Bottom Tercile	Middle Tercile	Top Tercile
<i>AvgInformed</i>	22.0%	N/A	7.7%	20.3%	37.9%
<i>FundAge</i>	9.5	8.2	10.5	12.2	12.5
<i>FundValue</i>	\$6.52	\$1.96	\$4.74	\$11.40	\$27.00
<i>Churn</i>	14%	13%	19%	16%	13%
Num Portfolio Positions	386	213	396	604	1050
Num Allocations Next Qtr	1.4	0.4	1.9	3.3	4.2
Mean of <i>AllocationPct</i>	3.47%	3.88%	3.48%	2.93%	3.2%
Median of <i>AllocationPct</i>	1.28%	0.85%	1.31%	1.78%	1.74%
Avg. <i>MoneyLeft</i> / Fund-Qtr	\$730,123	\$178,633	\$870,626	\$1,836,348	\$2,333,540
Observations (Fund-Qtr)	96,434	61,145	11,563	11,960	11,766

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