Hedge Fund Flows to Name Gravitas*

January 19, 2019
Abstract

We document that investors allocate more flows to hedge funds whose names exhibit *gravitas*—defined as a combination of words from geopolitics and economics, or suggesting power. The economic effects are relatively large: averaging across our models, adding one more word with gravitas to the name of the average fund brings over $300,000 more in quarterly flows. We also document that having a name with gravitas is associated with abnormal negative performance: high name gravitas funds have lower returns, alphas, Sharpe ratios and manipulation-proof performance measures, higher volatilities and maximum drawdowns as well as higher probabilities of extinction than the funds with lower name gravitas. Although we find evidence that investors learn about the true investment abilities of their funds and respond less to gravitas as they do so, the gravitas-chasing behavior survives all these controls and totals more than 5% of the overall assets managed by hedge funds. From the point of view of hedge fund managers, we document that funds with more name gravitas report to fewer databases, suggesting that giving the fund a “good” name serves as an alternative form of marketing. Finally, we show that our results are robust to a generous battery of additional tests, including corrections for potential endogeneity issues or for whether the fund only accepts qualified investors.

*Keywords*: Hedge funds; Semantic content; Flows

*JEL Classification Codes*: G11, G14
Hedge Fund Flows and Names Gravitas

Some in clandestine companies combine,  
Erect new stocks to trade beyond the line:  
With air and empty names beguile the town,  
And raise new credits first, then dry 'em down:  
Divide the empty nothing into shares,  
To set the crowd together by the ears.

–Daniel Defoe - London

1 Introduction

Hedge funds manage currently around three trillion dollars of relatively unregulated capital from sophisticated investors. These investors are perceived to make informed decisions about the funds they consider to hold in their portfolios. This presumption is echoed in the financial economics literature, which considers the flows into hedge funds to be “smart money.”\(^1\) This view is further reinforced by the fact that these flows are supplied predominantly by the quintessential sophisticated investors, namely, by institutions.\(^2\)

In contrast to this idea of sophistication, we produce direct evidence that some hedge fund investors chase hedge fund names containing a special combination of words related to economics and geopolitics, or that convey power. These words are usually associated with weight, influence, authority, professionalism and good judgement - qualities we shall refer to as gravitas.\(^3\) While it is conceivable that hedge funds’ clients may desire their hedge fund managers to exude personal gravitas, what we document is the relatively puzzling fact that these investors chase gravitas in the name of the fund itself even after we control for the fund’s manager’s characteristics and for the fund’s performance. The size of this effect appears to be not only statistically significant and robust to a multitude of specifications and tests, but also economically significant: taking an average across the various models we explore, we estimate that adding one word with gravitas

\(^1\)Some very recent examples of studies asserting that flows into hedge funds are “smart” are Jacobs (2016) and Akbas, Armstrong, Sorescu, and Subrahmanyam (2015). The point that flows from hedge funds themselves are smart is made in the opening paragraph of the American Finance Association Presidential Address of Stein (2009) or, for example, by Ben-David, Franzoni, and Moussawi (2012) or Cao, Chen, Goetzmann, and Liang (2016). Of course, hedge funds deploy their investors’ money, implying that flows into hedge funds are also smart.

\(^2\)For example, the 2016 Deutsche Bank Alternative Investment Survey exclusively mentions institutions (including family offices which owned only 4% of the hedge funds assets) when presenting the types of investors owning hedge funds.

\(^3\)The notion of gravitas has been used, albeit scarcely, in the leadership literature. For example, Hewlett (2014) cites a survey according to which gravitas is the most sought-after quality of an executive. Su and Wilkins (2013) give advice on how to exude gravitas regardless of age and Corkindale (2007) shows how to train executives to improve their gravitas.
to the name will increase the flow into the average fund by $377,085 every quarter. In a less intuitive, but perhaps more standard comparison, an increase of one standard deviation in gravitas attracts $781,422 more in flows to the average fund every quarter.

Our choice to focus on name gravitas is not random, as we document that gravitas - considered as a semantic principal component - explains most of the variance in the content of hedge funds’ names. Having established the importance of gravitas as a principal component, individual funds’ name gravitas is then simply defined as the correlation between the fund’s name’s content and this principal component. Contrary to the belief that hedge funds names are random, we instead document that gravitas is also the principal component with the largest average hedge fund exposure - that is, hedge fund managers tend to prefer gravitas names over the other themes suggested by the rest of the principal components. While the gravitas principal component consists of weighted combinations of numerous semantic categories, our results hold when this principal component is replaced in our tests by a simple positive-weights combination of the main five semantic categories defining it.

Because the better hedge funds may need their investors’ cooperation in order to exploit sophisticated arbitrage opportunities, they may want to avoid those investors who behave irrationally. Consequently, if names with gravitas attract the wrong type of investor the better hedge funds will tend to avoid those names. This implies, in turn, that hedge funds with more name gravitas are among the less sophisticated. Indeed, investigating the relationship between fund characteristics and name gravitas appears to invalidate the idea that gravitas in name is positively associated with sophistication of the investment approach of the fund. For example, funds with more name gravitas tend to charge higher management fees and lower inventive fees, are less likely to use leverage and have fewer withdrawal restrictions. This suggests that these high gravitas funds employ less sophisticated, more liquid strategies. The propensity of a fund manager to choose a name with gravitas does not seem, therefore, to be a signal of the fund’s sophistication. A fact we document that may shed light on the managers’ motive is a negative association between name gravitas and the number of databases the hedge fund reports to. As reporting to databases is a form of marketing, this result suggests that naming the fund in a

---

4There is evidence, for example, of coordination risk between hedge funds and their investors. The latter may want to withdraw capital in ways that limit arbitrage opportunities for hedge funds, especially in a crisis (Liu and Mello (2011)). Hombert and Thesmar (2014) argue that hedge funds adjust their capital structure in order to better cope with limits to arbitrage. von Beschwitz, Lunghi, and Schmidt (2017) in addition document that hedge funds are (risk) capital constrained (potentially by their investors) and as such leave money on the table while trading. Irrationality on the part of investors would likely exacerbate these constraints.
way that appeals to investors is a (less labor-intensive) alternative to traditional indirect ways of marketing the fund.

The lack of sophistication of the investment process is not, however, a necessarily negative attribute of the fund in itself, as simple strategies may in fact exhibit good net performance. We therefore investigate whether funds exhibiting more name gravitas outperform. The evidence we uncover suggests strongly that just the opposite is true. More precisely, funds with more name gravitas consistently underperform those with the lowest exposure to gravitas. For example, the funds whose names are positively associated with gravitas have annualized alphas that are 0.97% (or 0.73%, when an alternative factor model is used) lower than those of the funds with negative gravitas exposures. Similarly, the annual Sharpe ratios of the high name gravitas funds are 0.18 lower, their average annualized returns are 0.82% lower, their manipulation-proof performance measures\(^5\) are 1.03 lower, the maximum drawdowns are 5.06% higher, and their volatilities are 0.57% higher than those of the funds whose names are negatively associated with gravitas. These differences are also statistically significant for alphas, Sharpe ratios and manipulation-proof performance measures. Although these differences are not statistically significant in the case of returns, for example, their sign is consistent with the assertion that high name gravitas funds underperform. Of course, underperforming strategies may benefit the hedge funds managers running them if they have large assets under management. However, we find it unlikely that a hedge fund manager would prefer to run such strategies: despite the fact that funds with gravitas receive more flows, we document that these funds have a higher propensity to fail than those with less name gravitas. For example, probit estimations suggest that the probability of attrition of the funds with the highest gravitas measure in our sample is 5.38% higher than that of the funds whose name has no gravitas.

Taken at face value, our results suggest the presence of certain hedge fund investors who irrationally chase fund names. Assuming these investors act irrationally, the better funds should avoid attracting them by choosing names with less gravitas. However puzzling their behavior is, we stop short of suggesting that investors allocate flows to funds solely based on their names’ gravitas and without learning about the manager’s true abilities. Indeed, we find that investors reduce, although not completely eliminate - their name gravitas sensitivity as they learn about the funds. More specifically, we show that flows’ response to name gravitas declines with the fund’s size as well as with the age of the fund. We also find evidence that as the minimum investment requirements are higher - consistent with the clientèle of that fund being wealthier and

\(^5\)These measures are defined in Goetzmann, Ingersoll, Spiegel, and Welch (2007).
potentially more sophisticated - flows respond to gravitas in a less sensitive manner. Furthermore, we show that flows’ sensitivity to gravitas is lower for funds whose investors are qualified purchasers. Finally, we additionally find evidence that flows’ sensitivity to gravitas declined in the later half of our sample - consistent with the hypothesis that investors became more familiar with hedge funds as an investment vehicle, and also with the idea that the means to perform due diligence and to estimate the quality of hedge funds have recently improved. However, even after controlling for these effects, we document that flows continue to respond statistically significantly to name gravitas. Adding these gravitas-chasing flows totals a staggering 5.70% of the asset under management in the hedge funds industry.

Our paper contributes to the literature in several ways. First, our study adds to the literature addressing the type of managers investors seek (or do not), represented by the recent finance papers directed at firm or manager names such as those of Kumar, Niessen-Ruenzi, and Spalt (2015), Kashmiri and Mahajan (2015), Itzkowitz, Itzkowitz, and Rothbort (2016) or Wu (2010), or by human resources studies such that of Huang and Murnighan (2010). Our paper is close in spirit to that of Cooper, Gulen, and Rau (2005), who, similarly to our study, suggest that “investors are irrationally affected by cosmetic effects.” While their paper addresses names of mutual funds, ours is about hedge funds, whose investors are sophisticated and vastly institutional, and thus less prone to behave irrationally.

Second, our paper contributes to the literature addressing determinants of hedge funds flows. The papers belonging to this literature document how investors respond to hedge funds performance (Agarwal and Naik (2004), Fung, Hsieh, Naik, and Ramadorai (2008), Jorion and Schwarz (2015) or Lim, Sensoy, and Weisbach (2015)) or how investors respond to certain fund characteristics (such as, for example, R-squareds as in Titman and Tiu (2011), operational risk measures such as in Brown, Goetzmann, Liang, and Schwarz (2008); Brown, Goetzmann, Liang, and Schwarz (2009); Bollen and Pool (2012); or changes in fees as documented by Agarwal and Ray (2012)). From this literature, our paper is close in spirit to that of Agarwal, Daniel, and Naik (2011), who suggest that hedge funds manage their reported returns to attract more flows. While these authors document that funds with more positive months attract more flows (which gives the managers an incentive to report more positive month-end returns) the study does not analyze whether the practice of managing returns by itself ends up attracting more flows.

---

6 Funds that are registered under the Section 3(c)(7) of the Investment Company Act cater to “qualified purchasers,” defined as investors with at least $5 million in investments. This is a higher category of sophistication than “accredited investors” who must satisfy a income threshold of at least $200,000 for the last two years ($300,000 together with a spouse), expect at least that income in the current year, and have net worth excluding primary residence in excess of $1 million.
In contrast, we document that name gravitas, a fund characteristic that remains unchanged during the life of the fund, attracts inflows despite being negatively associated with the fund’s performance.

Finally, our paper adds to the growing number of finance papers that are exploiting automation in deciphering semantic content, employing methods proposed by Tetlock (2007), Tetlock, Saar-Tsechansky, and Macskassy (2008) or Jegadeesh and Wu (2013) and further refined by authors such as Loughran and McDonald (2014) or Hoberg and Maksimovic (2015). Recently, such methods have been extended from the analysis of text to that of speech (Mayew and Venkat-achalam (2012)) or images (as in Graham, Harvey, and Puri (2016)). While, similar to these authors, we use automatic semantic interpretation, our task is vastly simplified because we only need to assign meaning to the name of a fund, which is only a combination of words rather than a complex document.

The rest of the paper is organized as follows. Section 2 describes the data and explains the notion of name gravitas and its construction. Section 3 documents that funds with name gravitas receive more flows. Section 4 presents evidence that funds with name gravitas underperform. Section 5 shows that investors learn and reduce their gravitas-chasing behavior as well as establishes the economic significance of our results, while Section 6 concludes.

2 Data

In this section we present the main data sources, consisting of hedge funds databases as well as dictionaries assigning meaning to the words in the names of hedge funds.

2.1 Hedge Funds

We form our consolidated hedge fund database by merging records obtained from the Barclay-Hedge, EurekaHedge, Hedge Fund Research, Lipper TASS, and Morningstar databases. To eliminate duplicates and maintain consistency we use the matching procedure proposed by Joenvääärä, Kosowski, and Tolonen (2015). While the hedge funds literature used merged multiple data sets since Fung and Hsieh (2000), Liang (2000) or Fung and Hsieh (2006), our motivation to follow these authors in using multiple data sets stems from the need to measure the propensity of a fund to indirectly market itself by reporting to multiple commercial databases. The sample period is from January 1994 through September 2013 and contains only hedge funds that report their returns net of fees on a monthly basis. We convert non-USD returns and asset under man-
agement values into U.S. dollars using spot rates obtained from Bloomberg. In order to retain a fund in our sample, we require that the respective fund reveals information on both its compensation structure (specifically, incentive fee and high-water mark); on share restrictions (lockup, notice, and redemption periods); and we also require the fund to have at least 24 monthly return observations. Applying these filters yields a sample that contains 17,766 distinct hedge funds, of which 5,898 are active and 11,868 are defunct.

Table I presents the time-series averages of the cross-sectional summary statistics for both time-varying (Panel A) and time-invariant (Panel B) fund characteristics. From the Panel A, we observe that the average fund has a flow of 6.5% per quarter (although the distribution of flows is skewed, with a median of 0.1% per quarter), manages $169.1 million (the distribution of size is also skewed, with a median of $36.4 million) and it is 5.32 years old. This average fund charges 1.5% in management fees, 18.1% in incentive fees and it requires a minimum investment of $3 million dollars. 10.3% of these funds have names starting with the letter “a” while 0.4% have names starting with a digit.\(^7\) Furthermore, the average fund reported to 1.48 databases at inception and has a name that belongs to 4.21 semantic categories, a notion we will detail in the next subsection.

[Insert Table Table I]

2.2 Dictionaries and semantic content

In order to assess meaning to the name of a hedge fund we use word categories borrowed from the Harvard IV Psychological dictionary. While using the entire set of 182 categories of words in the dictionary, we first exclude expressions having professional meaning in the hedge fund industry and whose use by finance professionals became commoditized. These words include terms such as “hedge” or “fund,” any strategy name or names of standard financial securities.\(^8\) For example, while the word “hedge” may have a negative connotation associated with setting boundaries and limitations to a person unfamiliar with financial vocabulary, it may mean sophistication and unexplained risk taking to the person moderately versed in financial concepts, and it may further mean low volatility, illiquid investment strategies and lack of investment constraints to the financial expert. The Harvard dictionary, however, was not built for financial experts and we are therefore careful not to have our results driven by misinterpretation of what particular words

\(^7\)According to a Google Books count reported in Norvig (2018), the frequency of names starting with "a" is close to the frequency of usage of words starting with "a" in the English language, which was 11.862%.

\(^8\)This list is available upon request. Our qualitative conclusions are however left unchanged by the inclusion of these words in our analysis.
mean. This elimination procedure is inspired by Loughran and McDonald (2014), who were the first to make the point that the Harvard IV dictionary categories may not be less useful to explain financial terms than to explain habitual, day-to-day words. While overall the dictionary assigns meaning to 8,661 different words of the English language (some of which belonging to multiple semantic categories), our exclusion procedure leaves 101 words out, thereby reducing the dictionary used in understanding the content in hedge fund names to 8,560 distinct words.

2.3 What’s in a hedge fund name?

In order to interpret the semantic content of hedge funds names, we rely on a technique proposed by Tetlock (2007). To begin with, for every hedge fund we create a vector whose elements correspond to the 182 categories of the augmented version of the Harvard IV Psychological dictionary. If one of these semantic categories is present in the name of the fund n times, we assign the value of n to the respective vector component. Our analysis reveals that on average, 0.92 words from the psychological dictionary appear in the name of a hedge fund. As one word may belong to more than one of the 182 categories in the dictionary, we count all the instances in which each category is represented in the name of the fund. We then normalize this vector by dividing each element by the sum of all the elements. We do so in order to treat funds whose name contain repetitions equally. Panel A of Table II describes the main word categories recorded in the names of hedge funds. From the panel, we observe that terms from economics, politics, verbs descriptive of actions, positive words and words indicating strength are the top five category choices.

Once every hedge fund is assigned its 182-long vector of semantic category weights, we proceed to extract principal components from all these vectors. The first five principal components (as sorted by their contribution to variance) explain 43.87% of the total variance in category

---

9 We find that when a fund’s name contains words from the psychological dictionary, that name registers 6.10 categories in total. It’s important to point out that we allow a category to be counted more than once - and this is evidence that funds use words belonging to multiple categories.

10 For example, normalizing ensures that two funds hypothetically named “The Awesome Investment Fund” and “The Awesome Awesome Investment Fund” are identically categorized. This is because “investment” and “fund” are professional terms, and hence they are first eliminated. Assuming that “awesome” belongs to out first dictionary category, counted categories produce the vectors v_1 = [1, 0, ...] and v_2 = [2, 0, ...] for the names of the first and respectively the second fund. Normalizing v_1 and v_2 assigns both hedge funds the same name category vector equal to [1, 0, ...]. The assumption is that repetition of a word does not change the reader’s “feelings.” Counting double words as different also opens up the possibility that an investor’s feelings about a fund will change as the investor reads the name of the fund multiple times, and such data on investors’ reading behavior are unavailable.
weights. Panel B of Table II presents the categories aggregating into these top principal components. From the panel we observe that the first component loads up to the POLIT category (words from politics), to ECON (which contains terms from economics), to NATION (a set of words containing country names), to NAME (a geographic extension of NATION which includes in addition continents and geographic regions) and POWTOT (consisting of words which suggest power and influence). We appreciate that this principal component exhibits a mixture of terms suggesting gravitas, that is, a combination of seriousness, respect, know-how in politics, exercise of power as well as globalization. The concept of gravitas, albeit referring to persons rather than company names, was highlighted and promoted by the leadership literature in studies such as Hewlett (2014), whose survey data makes gravitas the most desirable characteristic for an executive. In contrast to that literature, our analysis focuses exclusively on the names of the funds rather than on their managers’ personalities.

We then measure the exposure of each fund to the principal components (simply as the covariance between the principal component and the semantic weights vector for a fund). Summary statistics related to funds’ exposures to the top principal components are reported in Panel C of Table II. From the panel, we observe that in addition to explaining the most amount of variance of the semantic weights vectors, the first principal components also has (from far) the largest average hedge fund exposure (at 0.103, while the next average exposure to a principal component is 0.007). It thus appears that the first principal component describes the most popular concepts present in the names of funds.

Of course, one concern with principal component analysis is that the definition of the principal components (i.e. the weights defining them) can vastly change with the sample used to construct them. This does not appear to be the case with our analysis. More precisely, in unreported tests, we build the first principal component using only data from half of our hedge funds sample (the earliest in terms of inception dates), as well as, separately, from the latter half. In both cases, the first principal component has a semantic composition that is very close to that of the gravitas component we constructed using the entire sample of hedge funds.11

11 To understand intuitively what a high gravitas name looks like, it may be instructive to observe the following examples. To start with, the “Russia Infrastructure Equities Fund” loads high on gravitas because “Russia” is a name of a nation which also played a role in international politics, while the economics term “Infrastructure” describes the object of activity for the fund. Another example is “Fairfield Falcon Pacific Japan Equity Fund Ltd.” which contains the name of a nation (“Japan”) which also plays a role on the global economy and in the world politics, other geographical names (“Pacific”), as well words conveying power (“Falcon”). Furthermore, “Boston Company Microcap Portfolio LP” has a geographical name (“Boston”), as well as the economics terms “Company” and “Microcap” (“Portfolio,” being a technical term in hedge funds, is part of the list of excluded words.) “Contrarian European Fund” contains “Contrarian,” a word belonging both to the POWTOT category as well as to ECON, and “European” which is in the NAME category as a geographical region. “Elite International Fund” is an example where “Elite” belongs to the POWTOT, POLIT and ECON categories, while “International”
The variable *Gravitas*, defined as the fund’s semantic weights’ exposure to the first principal component, will be the focus of our study. It is worth contrasting the atheoretical approach used to identify *Gravitas* as an important semantic theme in hedge fund names with the theoretical approach consisting of analyzing name exposure to semantic categories such as positive or negative words. From this perspective, our approach “lets the data speak” in a manner similar to Calomiris and Mamaysky (2017). It seems remarkable, however, that this atheoretical approach identifies a similar most important theme whether we apply it to just part of our sample or the entire sample: what is important in a hedge fund name did not change significantly in time.

Naturally, since the founders decide the names of their funds as well as other fund characteristics (such as, for example, compensation schemes or share restrictions), we expect that name gravitas is related to other fund characteristics considered in the hedge funds literature, and the next subsection explores those relationships.

2.4 Gravitas and fund characteristics

In order to study the relationship between *Gravitas* and different fund characteristics, we regress *Gravitas* on a variety of fund-specific variables and report the results of these regressions in Table III. To begin with, a potential concern with investigating whether investors respond to hedge funds name gravitas is that the variable *Gravitas* is fully explained by other fund characteristics. The results in Table III show that this is not the case: the R-squareds of the models we investigate are all under 10%.

![Insert Table III](image)

The results are however useful to paint the picture of the fund whose name has gravitas. To begin with, higher management fees are consistently positively associated with name gravitas in all models explored. More precisely, on average, one standard deviation increase in *Gravitas* is associated with 0.20% more in management fees. Although in two of the eight models considered in Table III the relationship is not statistically significant, incentive fees and *Gravitas* are inversely related, with one standard deviation increase in *Gravitas* corresponding to a 1.69% decrease in incentive fees. If we accept that funds with higher management fees and lower incentive fees are less sophisticated and more likely to underperform\(^\text{12}\) then our results are...
consistent with the less sophisticated, more likely to underperform funds choosing names with more gravitas.

The assertion that less sophisticated funds choose names with more gravitas is further supported by the negative relationship between Lockups/Redemption terms and Gravitas,\textsuperscript{13} as well as by the negative relationship between Gravitas and the use of leverage by a fund.

In order to elucidate why funds elect to have gravitas-bearing names it is useful to consider the relationship between Gravitas and two particular variables. The first variable is intended to measure a way by which hedge funds market themselves (although indirectly,\textsuperscript{14} by getting exposure to potential investors) by reporting to commercially available databases (as argued in Agarwal, Fos, and Jiang (2013)). Since our dataset contains five such databases which do not overlap completely (Joenväärää, Kosowski, and Tolonen (2015)), we can measure the degree to which hedge funds attempt to capture investor attention by reporting to more than one database. This information is captured by the variable Number of DBs which represents the number of different databases (from one to five) that a hedge fund reports to.

We document that the relationship between name gravitas and the number of databases to which a fund reports is negative (and statistically significant). This suggests that hedge funds which prefer to report to fewer databases (either because they are resources-constrained or because they prefer to avoid scrutiny on the numbers they report) will elect to name themselves in a way that conveys gravitas. In other words, name gravitas and database reporting appear to be indirect marketing strategy substitutes.

To further strengthen the argument that funds may use their names as a marketing tool, we document a positive relationship between name gravitas and an indicator variable equal to 1 if the name of the fund starts with the letter “a.” Having the name listed higher up alphabetically may ensure that the fund gets more investor attention (just as Itzkowitz, Itzkowitz, and Rothbort (2016) document for the names of stocks). We document that funds which attempt to get investors’ attention by selecting a name that sits atop of alphabetical lists also prefer giving their name more gravitas. This relationship is statistically significant at higher than 1% significance levels. This result lends consistency to the idea of marketing funds through giving them a “good” name.

\textsuperscript{13}Aragon (2007) document that owing to illiquidity in their investments, funds with higher lockup periods outperform.

\textsuperscript{14}Hedge funds were not allowed to advertise directly before the Jumpstart Our Businesses (JOBS) Act, which was enacted in September 2013, which is the end of our sample.
Finally, among the possible variables to explain name gravitas we have included some whose relationship with name gravitas is unsurprising. Most notably, higher Gravitas is mechanically associated with the presence of a geographical region in the fund’s name. From this perspective, it is therefore unsurprising that the indicators Offshore and UCITS are positively correlated with name gravitas.\footnote{Geography is also related to hedge funds performance, whose relationship with Gravitas we also study. The relationship between geography and performance was pointed out by Teo (2009).}

We continue with the main object of our study, namely, with investigating whether more name gravitas is associated with higher flows.

3 Gravitas and flows

The objective of this section is to investigate whether flows into hedge funds respond to name gravitas. We begin by testing this relationship using various models of flows into hedge funds in which we add a new variable, namely, Gravitas.

3.1 Baseline model

We start our analysis by running panel and Fama and MacBeth (1973) regressions of flows on Gravitas. Specifically, we consider the following model:

\[
\text{Flow}_{i,t} = \gamma_0 + \gamma_1 \text{Gravitas}_i + \gamma_2 \text{Alphabet}_i + \gamma_3 \text{Digit}_i + \gamma_4 \log(\text{Number of DBs}_{i,t-1}) \\
+ \gamma_5 \text{Offshore}_i + \gamma_6 \text{UCITS}_i \\
+ \gamma_7 \text{Gravitas}_i \times \text{LowRank}_{i,t-1} + \gamma_8 \text{Gravitas}_i \times \text{MidRank}_{i,t-1} + \gamma_9 \text{Gravitas} \times \text{HighRank}_{i,t-1} \\
+ \gamma_{10} \text{LowRank}_{i,t-1} + \gamma_{11} \text{MidRank}_{i,t-1} + \gamma_{12} \text{HighRank}_{i,t-1} \\
+ \gamma_{13} \text{TimeVaryingControls}_{i,t-1} + \gamma_{14} \text{TimeInvariantControls}_i + \varepsilon_{i,t}. 
\]

Our model includes a number of control variables. For example, Section 2.4 argues that funds may attempt to market themselves using names not only by giving their names gravitas but also by ensuring that the funds are listed higher up in the alphabetical order. For this reason we include controls for whether the fund has a name that begins with the letter “a” (the indicator variable Alphabet) or with a digit (the indicator Digit). Furthermore, in Section 2.4 we also argued that an alternative to use the name of the fund as a marketing tool, hedge funds may elect to report to commercially available databases. Since
flows may respond to this tactic we control for the number of databases a hedge fund reports to. Moreover, Aragon, Liang, and Park (2013) argue that flows into onshore funds and their offshore “twins” are different. In addition, gravitas in name tends to be correlated with the fund having a more global approach in its investment process and perhaps its investors. For these reasons it is important that we control for these effects, and we do so by adding the indicator variables Offshore as well as UCITS.

Although our goal is to test the relationship between gravitas and flows, the model we use builds on the large literature addressing determinants of flows. As in this literature Sirri and Tufano (1998) document that flows into mutual funds are a convex function of past performance and in order to accommodate for that functional relationship we include past performance separately for low, medium and high-performance rank funds. More precisely, as standard in the literature we include the variables LowRank\textsubscript{i,t−1}, MidRank\textsubscript{i,t−1} and HighRank\textsubscript{i,t−1} as controls.\textsuperscript{16} Just as they treat performance differently depending on whether the fund is a low, medium or a high performer, investors may also respond to gravitas in name differently depending on the past performance rank of the fund. For this reason, in addition to including the LowRank, MedRank and HighRank variables in our model we also include interactions between Gravitas and these performance indicators.

The convex shape of the flow-performance relationship for mutual funds exists partly because investors are free to move in and out from their investments. This is not the case for hedge funds, whose share restrictions may prevent investors from pulling out of their hedge funds. As argued by Getmansky, Liang, Schwarz, and Wermers (2015) the presence of share restrictions modifies the flow-performance relationship and for this reason we also include controls for lockups and redemption periods.

Furthermore, we control for funds’ age and assets under management, as well as past flows. In addition, Agarwal, Daniel, and Naik (2004) argued that incentives given to hedge fund managers affect flows, and we consequently control for management and incentive fees. We also control for heterogeneity in hedge funds investment styles by including strategy fixed effects. In addition, as our analysis is cross-sectional in nature, we further include time fixed effects, and cluster our panel standard errors by fund. Finally, as in Cooper, Gulen, and Rau (2005), it may be that hedge fund choose names reflecting strategies that are popular at the time when the

\textsuperscript{16}These variable are defined using a fractional rank (FRANK) representing a fund’s percentile performance relative to other funds. The lowest performance tercile (LowRank\textsubscript{i,t−1}) is defined as Min(0.2, FRANK\textsubscript{i,t−1}); the middle performance tercile (Mid\textsubscript{i,t−1}) is defined as Min(0.6, FRANK\textsubscript{i,t−1} − Low\textsubscript{i,t−1}); and the highest performance tercile (High\textsubscript{i,t−1}) is defined as FRANK\textsubscript{i,t−1} − Low\textsubscript{i,t−1} − Mid\textsubscript{i,t−1}.
funds are started. In order to control for this possibility, we add Strategy times Date fixed
effects to our analysis. These controls are represented by the two (multidimensional) variables
*TimeVaryingControls* and *TimeInvariantControls*.

[Insert Table Table IV]

The results of our analysis are presented in Table IV. From the table, we readily observe
that in all models considered we reject the null hypothesis of no relationship between flows
and name gravitas at significance levels higher than 1% in favor of the alternative that flows
respond positively to gravitas. Not only is this relationship statistically significant but it is
economically significant as well. For example, averaging the response of flows to gravitas across
all models considered, one standard deviation increase in gravitas attracts 0.462% more in flows
every quarter (to compare, quarterly average flow is 6.5%). In dollar terms, for the average fund
(which manages a little more than $169 million) this amounts to $781,722 more per quarter in
flows.

A less standard (but perhaps more intuitive) way to convey the magnitude of the economic
effect is to see the increased flow response to the addition of one more word with gravitas to
the name of the fund. First, we calculate the average number of words from the psychological
dictionary that are present in the name of a hedge fund, which as we mentioned is 0.924. In
addition, from Table II the average exposure to gravitas is 0.103, and thus adding one more term
to the name amounts to 0.103/0.924 = 0.111 more gravitas exposure. The average coefficient on
gravitas in the models considered in Table IV (which is built using quarterly flows) is 0.020, and
therefore adding one more term to the name of the average fund attracts 0.020 × 0.111 = 0.222%
more in quarterly flows. Multiplying further by average fund size, this amounts to $377,085
more in quarterly flows to the average fund.

As appealing as being listed high up alphabetically can be as a marketing technique, Table
IV documents no particular relationship between flows and the *Alphabet* or *Digit* indicators.\textsuperscript{17}
However, consistent with the idea that getting the fund on investors lists is useful, being listed
in several databases does appear to attract more flows.

Examining the interaction terms *Gravitas × Rank* reveals some interesting results. First, we
note that the positive relationship between flow and gravitas is weaker for those funds that are
the lowest performers, as the coefficient on *Gravitas × Low rank* is negative and statistically

\textsuperscript{17}It therefore comes as a no surprise that the frequency of hedge funds starting with "a" is not very different
than the frequency of words starting with "a" in the English language as reported by Norvig (2018). If starting
the name with an "a" could have attracted flows, in equilibrium hedge funds would have chosen these names.
significant at 1% confidence level. This is indicative that investors responding positively to name gravitas are doing it less enthusiastically for those funds that are low performers. For funds with intermediate past performance, however, the flow response to gravitas is stronger as performance increases. More precisely, absent powerful indicators that the fund is either clearly outperforming (such as having a high performance rank) or clearly underperforming, investors respond to gravitas stronger as the past performance of the fund was better while the fund remained in the mid performance rank category. This result hints that investors rely on name gravitas to infer potential information about the fund and when other available sources offer information that is equivocal or imprecise (as indicated by the fund being a mid-performer) investors put more reliance on name gravitas. Finally, for high performers, the interaction between rank and gravitas is statistically insignificant.

The coefficients on the control variables are consistent with the findings in the literature. For example, consistent with emerging managers outperforming (and thus attracting flows), such as documented by Aggarwal and Jorion (2010), size and fund age both have negative and significant coefficients in the flow regressions.

We continue by exploring the robustness of our results to the construction of the Gravitas variable.

3.2 Is it Gravitas, or a (principal) component?

Since we defined Gravitas as a principal component, and as a principal component it consists of a combination of multiple semantic categories (entering with positive as well as negative weights), our tests raise two important concerns. First, our results may be driven not by gravitas in its entirety but only by one semantic category that enters the definition of gravitas with a significant weight. For example, our results could be explained by the fact that funds whose name contains NATION names attract more flows, as these funds’ names will load up highly on Gravitas. In order to see if this is the case, for each of the main semantic categories defining gravitas (ECON, POLIT, NAME, NATION and POWTOT) we first regress Gravitas on one semantic category and then regress flows on the respective semantic category as well as on the residuals from the first regression. These residuals represent the component of Gravitas that is orthogonal to the semantic category currently considered. If the semantic category alone, rather than Gravitas, is responsible for our results, then the coefficient on the residuals should be indistinguishable from zero. However, as Panel A of Table V shows, for each main semantic category we can reject
(at better than 1% confidence) the hypothesis that a semantic category alone, rather than full \textit{Gravitas}, attracts flows.

[Insert Table V]

The second concern is with the weights that different semantic categories have in the (first) principal component used to construct our variable \textit{Gravitas}. While the five semantic categories reported in Panel A of Table II have an undeniably high apport to \textit{Gravitas}, it is conceivable that our results are generated not through the names being exposed to these five main categories but through the effect of the other entries of the principal component, including perhaps those whose weights are negative and are therefore more difficult to interpret. To alleviate this concern we construct an alternative to the first principal component that is the simple linear combination $0.54 \text{ POLIT} + 0.47 \text{ ECON} + 0.45 \text{ NATION} + 0.41 \text{ NAME} + 0.21 \text{ POWTOT}$ as suggested by the weights to semantic categories reported in Panel B of Table II. This simple notion of gravitas contains only five semantic categories, none of which is entering in the definition with negative weights. We then re-run our tests using this simple notion of gravitas and report the results in Panel B of Table V. From the panel it is apparent that the simple gravitas attracts flows and that this result is statistically significant. We may conclude that it is indeed the name gravitas that attracts flows, rather than different semantic categories through positive or negative loadings in the first principal component.

The third concern is that investors do not chase the gravitas theme, but simply popular words that may randomly show in hedge funds’ names. To address this possibility we re-run our test while controlling for the presence of the most popular words in a name. The results of these tests are reported in Panel C of Table V. From the panel, we observe that our variable \textit{Gravitas} remains statistically significant in the models including the most popular 5 or 50 words in hedge fund names. In fact, while gravitas remains statistically significant in all models we analyze, the relationship between popular words and flows is in some models statistically insignificant. We therefore conclude that investors chase gravitas in addition to chasing popular words in names.

Finally, while these results are presented for quarterly flows, they hold at annual levels as well. Furthermore, the coefficients of \textit{Gravitas} remain positive and significant when different models (in addition to those presented in Panel A of Table IV) are considered. We can then conclude that hedge fund with more name gravitas attract more flows.
3.3 Name gravitas or manager gravitas?

The results of the previous section associate positive name gravitas with more flows. However, one possibility is that investors do not react to the name of the fund per se, but to qualities of the fund manager that are likely to be reflected in the name of the fund. For example, it is conceivable that funds with gravitas in their name also have charismatic managers, with a magnetic personality that compels investors to trust them with their money. This possibility is realistic considering the survey results of Hewlett (2014), who claims that gravitas is the most desirable trait of an executive, and hedge funds executives should be no different. It may also be that managers domiciled in a particular location may understand the psychology of the local investors better than others, similar to Teo (2009). In this case, the effect documented in the previous section would be an investors’ reaction to people, rather than to fund names.

In order to control for this possibility, we reduce our data to a matched sample, where the matching is done by the fund manager. More precisely, for example, when we match by manager we only include pairs of fund-dates where the funds are managed by the same manager while the names are such that one is positively correlated with gravitas while the other has a negative correlation. If our result is caused by the magnetic personality of the managers rather than by the gravitas in the name of the fund itself, we should see no relationship between name gravitas and flows when we perform our analysis on the matched sample.

Another possibility is that our results are driven not by the name of the fund, but by the panache of the management company overseeing the fund. For example, Edelman, Fung, and Hsieh (2013) and Fung, Hsieh, Naik, and Teo (????) mention that hedge fund larger companies (that could be thought of as virtually money raising franchises) may appear as special to their investors. If funds these companies happen to have gravitas, the the effect we identify is that capital flows into large, well-known firms rather than into funds with more name gravitas. To control for this possibility we additionaly perform our analysis on a sample matched by hedge fund firms.

[Insert Table VI]

The results from this test are presented in Table VI. Although our matching procedure reduces the size of the dataset by more than seven times when we match by firm, and by more than 20 times when we match by manager, the results presented in Table VI are very strongly supportive of the assertion that investors’ flows respond not to the manager of the fund or to the firm but to the name of the fund itself.
One important possibility, however, is that the same manager gives the funds she manages different names, with the gravitas names being reserved for the flagship of the family. For this reason, it is very important to control for past performance in the matched sample regressions, and we certainly include those controls in our tests.

Taken at face value, the results of this section allude to investors behaving irrationally, in a way similar to responses to fund name changes in Cooper, Gulen, and Rau (2005) or to foreign-sounding manager names as in Kumar, Niessen-Ruenzi, and Spalt (2015). However, in contrast to mutual fund investors, hedge fund investors are sophisticated, and consist of mostly institutions.

Although it appears irrational to chase fund names, this behavior may in fact be optimal if name gravitas positively predicts performance. In this case, their gravitas chasing behavior means that hedge fund investors are smart and allocate assets to future outperforming funds, whose good performance is predicted by their high name gravitas. This is a real possibility given the existence of hot hands among hedge fund managers (such as documented by Jagannathan, Malakhov, and Novikov (2010)). It is however questionable behavior, as Baquero and Verbeek (2009) document that investors are unable to systematically exploit the hot hands phenomenon persistently. In the next section, we investigate whether high name gravitas funds outperform.

4 Name gravitas and performance

Are the high gravitas funds better informed? In the imperfect markets terminology and context proposed by Gárleanu and Pedersen (2017), if investors chasing name gravitas are themselves better informed, then it may be that high name gravitas funds are skilled and outperform. If, on the other hand, the investors chasing name gravitas are noise allocators, then the high name gravitas funds they chase are in turn uninformed. Since hedge funds need their investors’ continuous cooperation in order to engage in more sophisticated, illiquid strategies, accepting uninformed investors not only suggests that the fund may be uninformed, but also increases the fund’s risk as uninformed investors may move in and out of the fund suboptimally (if not irrationally). Therefore, if chasing name gravitas is done by noise allocators, the high gravitas funds are likely to be uninformed and consequently to underperform. Furthermore, if chasing name gravitas is irrational behavior on the part of investors, the better informed hedge funds will avoid such irrational investors, in particular by avoiding names with gravitas.
The objective of this section is to analyze the relationship between name gravitas and subsequent hedge funds performance and risk. We will do so by regressing widely used measures of performance, such as excess returns or alphas, on name gravitas, by constructing portfolios of high and low gravitas funds and exploiting their performance differences, as well as by analyzing the survival probabilities of high and low gravitas funds.

4.1 Portfolio of funds with high and low name gravitas

In order to start our investigation of the relationship between name gravitas and fund performance, we sort funds based on their name gravitas and form three portfolios: that of the funds with high name gravitas, that of the funds whose name gravitas exposure is in the second (moderate) exposure tercile and the portfolio of the funds whose name gravitas exposure is in the lowest tercile. For these portfolios, we estimate excess returns, Fung and Hsieh 7 or 8-factor alphas as well as exposure to the specific Fung and Hsieh factors, volatilities, Sharpe ratios, the manipulation-proof performance measures of Goetzmann, Ingersoll, Spiegel, and Welch (2007) as well as maximum drawdowns from peak.\textsuperscript{18} We then calculate differences between each of these measures when applied to the high name gravitas and, respectively, to the low name gravitas portfolios. The tests statistics of the differences are then calculated using Newey and West (1987) for all the performance and risk measures except for R-squareds and maximum drawdowns, in which case we use bootstrapped statistics as in Politis and Romano (1994). These latter statistics are viewed in the literature as conservative. We present the results of this analysis in Table VII.

[Insert Table VII]

From Panel A, we first observe that portfolio differences are consistent with the thesis that funds with high name gravitas underperform. As seen in Panel A of Table VII, the portfolio of funds with the highest gravitas has 0.82% less average annual returns than then funds with the lowest gravitas. While this difference between returns is not statistically significant, the rest of Panel A conveys that high gravitas funds are riskier and underperform low gravitas funds on a risk-adjusted basis. For example, the portfolio of high gravitas funds has an annual volatility that is 0.57% higher than that of the portfolio of low gravitas funds (and the difference is statistically significant, with a t-statistic of 3.30). Moreover, the Sharpe ratio of the high

\textsuperscript{18}We use multiple performance measures as investors in hedge funds in turn use them - for example, Eling and Schuhmacher (2007) document 13 performance measures that are likely to be widely used.
gravitas portfolio is 0.18 lower (on annual terms) than that of the low gravitas portfolio and this difference is also statistically significant. Finally, the maximum drawdown of the high gravitas portfolio is 5.05% higher. All these results indicate that from the point of view of performance (either risk adjusted or not), and risk, funds with high name gravitas are inferior to those with low gravitas.

Panels B1 and B2 extend this conclusion to Fung and Hsieh alphas. We use alphas as measured first by the classical model of Fung and Hsieh (2004) as well as its version augmented with an Emerging Markets index from Fung and Hsieh (2001). The alpha differences between the portfolio of positive gravitas funds and the portfolio of negative gravitas funds are statistically significant. They are also economically significant at -0.97% per year and -0.78% per year, respectively, depending on whether we use a 7 or an 8-factor Fung and Hsieh model. The appraisal ratio differences are statistically significant as well, with the positive gravitas funds having lower appraisal ratios than the negative gravitas funds. These results are further consistent with the hypothesis that name gravitas predicts underperformance.

4.2 Regression analysis: name gravitas, returns, and alphas

While our univariate analysis finds that name gravitas predicts fund underperformance, it does not control for a variety of other variables known to predict hedge fund performance. This section fills the gap by performing a multivariate test on whether performance and names gravitas are related.

To perform this analysis, we regress excess quarterly returns on name gravitas, along with a variety of fund characteristics. Since our data is obtained by merging several datasets, we do not have information regarding the time a fund started to report and we are unable to solve the problem of backfilling bias completely. In addition to presenting results using the entire time series of available returns for each fund, therefore, we also follow Kosowski, Naik, and Teo (2007) and present results after we eliminate the first 12 months from each fund’s history. These tests are presented in Table VIII. The main takeaway from the table is that there appears to be no positive or significant relationship between name gravitas and excess returns. In fact, in all the models considered this relationship is negative — and in one model statistically significant.

---

19 We thank David Hsieh for making the relevant data available at https://faculty.fuqua.duke.edu/~dah7/HFRFD ata.htm.

20 However, in results available upon request, we replicate our results after eliminating 24 months and also for a subsample of funds for which the date at which they joined the databases is available. In these additional tests there are no qualitative changes of the results reported in this study.
at 5% confidence level. It appears therefore that high name gravitas at least does not predict subsequent higher excess returns.

[Insert Table VIII]

However, subtracting the riskfree rate from the returns of the hedge funds may not constitute a risk adjustment that is appropriate for every investor. To address this concern also consider Fung and Hsieh alphas. In the spirit of Agarwal, Daniel, and Naik (2009) we calculate quarterly alphas, by assuming that factor loadings are constant so that residuals and factor returns vary every month. The quarterly alpha is calculated as the sum of the alphas and the residuals of all the months of that quarter. Once we calculate the alphas, we regress them on the same variables as we did excess returns. The results, presented in Table IX, fail to find any positive correlation between name gravitas and hedge fund alphas. In fact, just as in our tests for excess returns, all the models exhibit negative correlations between gravitas and alphas. Furthermore, in one case (that when no return observations are dropped and when we calculate Fung and Hsieh (2004) 7-factors alphas) the correlation is also statistically significant at a 5% level.

[Insert Table IX]

In summary, in our regression analysis we find a negative –albeit nearly always insignificant–relationship between gravitas and performance. Controlling for other performance predictors does not appear to make the case for a positive relationship between performance and name gravitas.

Of course, these results fail to make a strong case that hedge funds with name gravitas are uninformed. As in Berk and Green (2004), it may be the case that these hedge funds are informed, but accept assets to the exhaustion of their performance-generating abilities. While the marginal investor in these funds will not make money, the managers of the funds themselves cash out in terms of larger management fees. To assess if this is the case, we continue our analysis by looking at whether the high name gravitas funds manage to stay in business longer.

4.3 Gravitas and survival

In this subsection we analyze the relationship between name gravitas and a fund’s propensity to survive (and continue to report to databases). In order to do so, we consider probit as well as Cox hazard models where the dependent variable is either an attrition indicator (equal to 1 if the fund reports to databases currently but stops reporting next month; this is presented
in Table X, Panel A) or an indicator of fund failure (equal to 1 if the fund failed according to the classification proposed by Liang and Park (2010); these results are presented in Panel B of Table X).

[Insert Table X]

The leftmost columns of both Panels A and B convey support to the hypothesis that high name gravitas funds are more likely to suffer both attrition and failure, regardless of whether the test ran is a probit regression or a Cox proportional hazards model. The statistical significance is much higher when the probit model approach is employed. Also, we observe that the relative effect of gravitas is nearly twice as important to predict failure of a fund (marginal effect equal to 9.0%) than it is to predict attrition (where the marginal effect is equal to 5.6%).

The result that funds with more name gravitas go out of business more frequently may seem at odds with our earlier finding that these funds raise more capital. In order to understand how name gravitas affects the probability of failure and attrition positively (despite at the same time positively affecting inflows), it is useful to add interaction terms between Gravitas and past performance to our analysis. This amounts to changing the functional form of the coefficient on Gravitas from a constant $\gamma_{const}$ to a conditional random variable equal to

$$\gamma_0 + \gamma_1 \text{Low Rank} + \gamma_2 \text{Mid Rank} + \gamma_3 \text{High Rank}.$$

To illustrate, in the case of estimating failure rates using the Cox proportional hazard model, the coefficient estimations are (as seen in the first and respectively third columns of Panel B) $\hat{\gamma}_{const} = 0.179$, $\hat{\gamma}_0 = -0.565$, $\hat{\gamma}_1 = 5.833$, $\hat{\gamma}_2 = -0.167$, and $\hat{\gamma}_3 = -5.840$. Of the last four estimations, only those for $\gamma_0$ and $\gamma_1$ are statistically significant. From here, we deduce that the overall positive effect of gravitas on failure rates (as implied by $\hat{\gamma}_{const} > 0$) comes solely from the funds in the worst performance quartile (as implied by $\hat{\gamma}_1 > 0$). In other words, the low performing, high gravitas funds tend to fail with such a high propensity that it appears that overall, funds with high name gravitas are more prone to fail. The same type of argument applies to both probit and Cox estimations for both attrition as well as failure rates. This result is important as it is suggestive of the actions of investors in high name gravitas funds when these funds underperform. First, as shown in Table IV, the flows response to name gravitas and bad performance (defined as the Low Rank tercile) is negative (and strongly statistically significant), suggesting that as the high gravitas funds underperform, their investors flee. Coupled with the
results in Table X, this suggests the presence of runs on the low-performing funds with high name gravitas. Documenting fund runs on high gravitas funds reinforces the view that their investors are irrational. In addition, it also highlights the perils of choosing to name a fund with gravitas: the fund may attract the type of investor who flees at the first sign of trouble, causing a run on the fund. As reputation in the hedge funds industry is important,\textsuperscript{21} it is also unlikely that shutting down failing funds to open new ones is a viable strategy for the managers of funds with high name gravitas.

However, we insist that the net underperformance on the part of high name gravitas funds does not immediately translate into lack of skill for their managers. Indeed, as in Berk and Green (2004), it is possible that the funds with high name gravitas consistently invest in the most popular strategies and attract flows that drive their net returns down. Since these funds also charge higher management fees, it is therefore plausible that despite their net underperformance, they are still profitable for their managers. However, as these funds also fail more often, it does not appear plausible that their managers are more skilled. The case however remains that regardless of whether the managers of these funds are skilled or not, their investors unequivocally appear to be suffering for their taste in name gravitas.

We can therefore conclude, given that high name gravitas funds underperform and, in addition, are more prone to fail, that investors in fact appear to behave irrationally by allocating capital to these funds.

5 Investors’ learning, robustness, and economic significance

Having justified that investors behave irrationally by selecting funds based on their high name gravitas, we turn to investigating whether our results are robust to hedge funds investors learning about the true investment abilities of these funds, and whether these effects are also economically important. After all, because the name rarely changes for hedge funds, name gravitas remains the same throughout the fund’s life — and the question is then whether investors’ response to gravitas is mitigated, or completely subsumed by learning.

Name changes, of course, are also a concern. However, while the hedge funds literature has documented returns restatements (Patton, Ramadorai, and Streatfield (2015)) or fee changes (Agarwal and Ray (2012)), anecdotal evidence suggests that name changes are actually rare. However, when such name changes happen, what we learned from private conversations is that

\textsuperscript{21}Brown, Goetzmann, and Park (2001) document that hedge fund managers have career concerns and therefore care about their reputation.
the changes are made to attract more flows by reflecting a hot strategy. For example, if a strategy is “hot,” funds may add a reference of that strategy or to their name if such a reference was previously missing. In fact, this is why we included strategy multiplied by time fixed effects in the tests presented in the previous section - we controlled for the possibility that funds may give themselves names reflecting the “strategy du jour.”

Furthermore, in addition to studying whether the effect we document disappears as investors learn, it is also instructive to address potential endogenous issues faced by our tests. This section addresses both robustness issues, those related to learning by investors as well as those pertaining to endogenesity.

5.1 Learning by investors

In order to analyze the impact of learning on flow response to name gravitas, we start with the baseline model (1) and add interaction terms between gravitas and fund characteristic that indicate either that investors know more about a fund as these characteristics improve (such as the fund’s age, or size); fund characteristics that suggest a more sophisticated clientele (such as minimum investment); or indicators for periods when investors are less (or more) prone to learn about the true investment abilities of the funds in which they invest (e.g., a bull market indicator). The results of these tests are presented in Table XI.

To start with, it goes without saying that investors will know more about funds that are older. Consistent with this assertion, we observe that the coefficient on $Gravitas \times Lagged\ age$ in Table XI is negative and statistically significant at 1% level. That is, the flows’ response to name gravitas declines with the fund’s age. It is interesting to investigate how old should the fund be, on average, for the flow response to name gravitas to be flat. In order to calculate that threshold age, we can make the conditional estimator of coefficient on gravitas equal to zero, that is, $0.018 - 0.002 \times age = 0$. This produces a threshold age of nine years, twice the median age of a fund in our data and quite a long time until learning completely nullifies the propensity to allocate capital because the name of the fund has gravitas.

Next, funds that are larger have more sophisticated clientele and arrived at their current size during some time period during which investors learn more about the fund. Examining Table XI, the interaction term is negative and significant at 1% level suggesting that the irrational response of flow to name gravitas declines as funds are larger. As with age, we can identify
the size threshold that makes the flows response to name gravitas equal to zero by solving the equation $0.039 - 0.008 \log(AUM) = 0$. Since $AUM$ is expressed in $\$ million, the solution to that equation produces a threshold size larger than that of any existing fund. We conclude that although the flow’s response to name gravitas is smaller as funds become larger, it does not disappear completely.

We then examine whether funds with more investment restrictions (such as lockups or longer redemption notice periods) experience a reduced flow response to their name gravitas. The corresponding estimation of the interaction term between $Gravitas$ and $Restriction$ is negative but it is however insignificant. While funds with more severe restrictions arguably have more sophisticated investors (because their investment strategies are also more sophisticated, requiring more liquidity management), studying the flows into and out of these funds is complicated by the very existence of the liquidity constraints themselves. This in turns makes the estimation of the model with interaction terms more difficult.

Minimum investment requirements are another signal that the fund has a more sophisticated clientèle, as argued by Aragon, Nanda, and Zhao (2018). Therefore, we expect that funds with higher minimum investment requirements experience a more subdued flow response to name gravitas. Indeed, examination of the coefficient on the interaction term $Gravitas \times Minimum\ investment$ in Table XI reveals that the estimation is negative and statistically significant at 10% confidence level. The minimum investment threshold past which flows will not positively respond to gravitas is estimated, based on the results reported in the table, to be over $\$50 million - a possible, but unusually high level.

In the previous tests we analyzed separately the funds that are larger, have more restrictions or have higher minimum investment requirements. Our rationale for separately considering these funds was to test if these funds’ clients - presumably sophisticated investors - still chase name gravitas, and we found support for this assertion. We will next focus on a direct control for sophisticated investors. More precisely, we consider running our tests controlling for, as well as interacting $Gravitas$ with whether the fund is registered under the Section 3(c)(7) of the Investment Company Act (“the Act”). The section stipulates that a fund may have up to 2,000 investors if they are “qualified purchasers” - that is, individuals or companies closely held having no less than $5 million in investments (a good discussion of the legal status of hedge funds can be found in Flood and Monin (2016)). Being registered under Section 3(c)(7) of the Act therefore serves as a proxy for having more sophisticated clients, at least more sophisticated than the accredited investor normally allowed to invest in a hedge fund. We therefore correct for the
fund being a 3(c)(7) entity by adding an indicator variable equal to 1 if the fund is registered as such, as well for the interaction between this indicator variable and Gravitas. Since not all of the databases report the legal status of the fund, the indicator variable for 3(c)(7) essentially reduces our panel in nearly half the number of observations, from 17,766 funds to 7,054 funds. Of the funds for which the data is available, 24.1% are registered using the Section 3(c)(7) of the Act. To the best of our knowledge, this is the first study using the 3(c)(7) variable.

From the analysis, we observe that even after controlling directly for the presence of sophisticated investors, the coefficient of Gravitas is positive and statistically significant at 1% confidence level. We also observe that the coefficient on the interacting term between the 3(c)(7) indicator and Gravitas is negative - consistent with the fact that the presence of sophisticated investors reduces the positive response of flows to name gravitas. However, we conclude that even the presence of very sophisticated investors does not eradicate the irrational chasing of gravitas in funds’ names.

We now turn our attention to variables indicative of time periods in which learning about funds’ investment abilities weakens or intensifies. One example is periods of bull markets. In bull markets, both funds with high market exposures and funds with lower market exposures but higher alphas experience overall positive performance, making it more difficult for investors to distinguish the funds with ability to generate positive alphas from the rest. Bull markets, therefore, are periods when it is more difficult to learn a fund’s true investment abilities and consequently we expect flows to respond even stronger to name gravitas during bull markets. As seen in the table, however, although the coefficient on the Gravitas × Bull is positive (that is, consistent with the idea that in bull markets the flow response to gravitas is more pronounced), it is statistically insignificant.

To continue with the discussion of periods in which investors learn about funds’ abilities differently we turn our attention to the second half of the sample. In the recent half of our sample, investors’ ability to learn about hedge funds increased considerably as hedge funds, consistent with the prediction of Stulz (2007), became more institutionalized and studied, as well as better understood. We therefore include in our analysis an indicator variable Late that is equal to 1 for the period post December 2005. The coefficient on the the interaction term between Gravitas and Late is negative and significant at 1% level, consistent with the assertion that in the latest period investors learned about funds and responded in a more muted way to name gravitas.
Finally, in the way of robustness checks for our main result that funds with more name gravitas attract more flows, we observe that after the inclusion of all the variables mentioned in this section as well as interaction terms between them and Gravitas, the coefficient of Gravitas remains positive and significant at 1% level. In addition to these robustness tests that were motivated by investors learning about funds, we also run a large battery of additional tests that are standard relative to what the literature suggests. In particular, we consider removing 24 months of returns when correcting for the backfilling bias, or running our analysis on smaller subsamples where we correct for backfilling using the precise dates at which funds join the databases. We also add or remove variables in a variety of ways, or we consider annual variables (such as flows) rather than their quarterly counterparts. In all these specifications, flows appeared to chase name gravitas. We can conclude the subsection affirming strong support in favor of our main result.

5.2 Endogeneity problems

So far, we have documented how the name of a hedge fund influences the fund’s investors. However, the hedge fund manager is likely to be himself influenced by that name. This constant influence may affect the manager’s investment style as well as the intensity with which the manager raises capital. This possibility allows for the alternative explanation that investors are attracted not by the fund’s name, but by actions the hedge fund manager undertakes as a result of the fund having a distinct name.

To control for this endogeneity problem, we re-run our flow-on-gravitas regressions but we first remove the entire history of the fund, keeping only its start-up date. At this point, the investors may not yet be persuaded by how the manager invests, as they had no chance to observe that process. We present the results of these tests in Table XII.

From the Table XII, we observe that initial flows respond to name gravitas and that the size of the economic effect is very large while its statistical significance is also . More precisely, we observe that in the baseline model, the coefficient on Gravitas is 0.404. Considering the standard

---

22. The results of these tests are available upon request.
23. This possibility is famously illustrated in a Simpsons episode in which Homer Simpson changes his name to Max Power, a change resulting in a high degree of personal and professional success.
24. It is possible that the manager operated another hedge fund before - however these case must be rare, as reputation is important in the hedge fund industry. Therefore, an unsuccessful manager whose fund close due to underperformance is highly unlikely to open a different fund, while a successful manager who closed a fund is also unlikely to reopen another. While there are exceptions, they tend to be few.
deviation of Gravitas, reported in Table I, one standard deviation more Gravitas corresponds to a change of by $0.404 \times 0.231 = 0.093$ in the log($AUM$) at inception, or $\exp(0.093) - 1 = 9.70\%$ more in the assets under management at inception. As the average fund starts with $55.083$ million, we conclude that one standard deviation more gravitas helps the fund start with $5.388$ million more in capital.

### 5.3 Economic significance

Our study documents that investors chase name gravitas in a behavior that appears to be irrational. While this result is interesting and surprising in itself - we after all expect hedge fund investors to be sophisticated and by extension to behave rationally - it would be important to assess the size of this effect and to document who these name-chasing investors are. In particular, it would be less concerning if they are all individuals.

In order to assess the magnitude of our effect, we start by accounting for the gravitas effect at fund inception. Table XII documents that the average coefficient on Gravitas is 0.404, while the average gravitas exposure is 0.103. As we used log($AUM$) in our regression analysis reported in Table XII (and the average fund starts at $55.083$ million), this translates in an average $\$[\exp(0.404 \times 0.103) - 1] \times 55.083$ million more per fund at inception due to the gravitas effect. With 17,766 funds in our sample, the average gravitas chasing effect at inception is equal to $41,580.82$ million.

This effect is followed by a continuous gravitas-chasing effect which we documented to last twice as long as the average life of a fund. On average, the flows response to gravitas as reported in Table IV is 0.020, and for an average gravitas name exposure of 0.103, this translates into an average gravitas-chasing flow of $[\exp(0.020 \times 0.103) - 1] \times 100\%$ per quarter. As the average fund in our sample manages $169.139$ million and lives 5.232 years, this translates into $129,680.82$ million total gravitas-chasing capital.

We add the inception effect as well as the rolling gravitas chasing capital to obtain a total of $171,261.64$ million of gravitas-chasing hedge fund capital. Considering our sample of 17,766 funds manging the average AUM, that amounts to 5.70% of the AUM in the industry. While this is in effect bad news - more than 5% of the (sophisticated) capital allocated to hedge funds chases pure semantics - it falls short to establish without doubt that in addition, institutional investors also are irrational in chasing gravitas. More precisely, Staff (2017), estimations from form PF attribute 14.1% of the assets under hedge fund management to individual investors,\textsuperscript{25}

\textsuperscript{25}More precisely, 11% is attributed to U.S. individuals and 3.1% to foreign individuals.
and it thus appears possible that these investors could be in principle entirely responsible for the gravitas-chasing effect we document. As some types of individual investors were documented to behave irrationally, our results may appear unsurprising.

However, it is highly unlikely that individuals invest in hedge funds in a manner similar to how they invest in stocks or mutual funds. In particular, the vast majority of the individual AUMs are probably run through family offices - a category of institutions form PF excludes. This view - that individuals in fact invest through institutions such as family offices - is further strengthened by evidence in industry reports that fail to mention individuals but allocate attention to family offices. Furthermore, in unreproted results that are qualitatively similar to those reported in the paper, we also document that our conclusions hold when we only analyze funds managing more than $500 million - these are funds whose assets are vastly institutional. While not beyond doubt, it seems nevertheless likely that institutions also irrationally chase name semantics.

In any case, the large size of the effect we document - more than 5% of the industry’s size - suggests that investors maximize a peculiar utility function in how they allocate capital to hedge funds. Just as Brown, Lu, Ray, and Teo (2016) document that hedge fund investors irrationally avoid hedge fund managers driving minivans in order to allocate more to the more “interesting” managers driving sports cars, we document that hedge fund investors derive some utility from holding funds with more name gravitas. While presumably a hedge fund manager driving sports cars may provide her investor with continuous personal entertainment, how a particular combination of words provides continued satisfaction to an investor certainly is more puzzling.

6 Conclusions

As The Economist pointed out in Schumpeter (2015), companies are continuously looking up for good names, as their name is the first impression they make upon a potential client. While this may be understandable for a company attempting to attract an individual who is relatively inexperienced and perhaps susceptible to be tricked by the cleverness of a name, it is, to say the least, a puzzling effect to be found with hedge funds investors.

The hedge funds industry’s clients are supposed to be, by contrast to individuals, sophisticated, and are mostly institutions, in theory more immune to behavioral decision making biases. Yet we document that behavioral sensitivities still exist. This is in sharp contrast with the null
hypothesis that virtually no variables derived from names alone should be in any way predictive of hedge funds flows.

Although our results are disconcerting, on a note of optimism we documented that investors also learn about the funds’ abilities, and that hedge funds with low performance and gravitas in names are eventually punished, oftentimes severely enough that they exit the sample altogether.

While some authors document that hedge fund managers themselves may be influenced by behavioral factors, a fact that is perhaps unsurprising given that the hedge funds industry has lower barriers of entry, and that hedge fund managers are people, our paper is the first to document the presence of a bias in the decision making process of (sophisticated and vastly institutional) hedge fund investors. We hope that uncovering this bias will open up the examination of actions of sophisticated investors in general.

\[^{26}\text{For example, Lu, Ray, and Teo (2016) document that managers with marital problems suffer from inattention that results in lower performance. Brown, Lu, Ray, and Teo (2016) document that managers who buy sport cars take more risk and have lower Sharpe ratios.}\]
References


Fung, William, and David A. Hsieh, 2000, Measuring the market impact of hedge funds, .


Fung, William, David A. Hsieh, Narayan Y. Naik, and Melvyn Teo, ????, Hedge fund franchises, .


Getmansky, Mila, Bing Liang, Christopher Schwarz, and Russ Wermers, 2015, Share restrictions and investor flows in the hedge fund industry, *working paper*.


Joenväärä, Juha, Robert Kosowski, and Pekka Tolonen, 2015, Hedge fund performance: What do we know?, Available at SSRN 1989410.


Kashmiri, Saim, and Vijay Mahajan, 2015, The name’s the game: Does marketing impact the value of corporate name changes?, *Journal of Business Research* 68, 281–290.


Kumar, Alok, Alexandra Niessen-Ruenzi, and Oliver G. Spalt, 2015, What is in a name? mutual fund flows when managers have foreign sounding names, *Review of Financial Studies* 28, 2281–2321.


Staff, S.E.C., 2017, U.s. securities and exchange commission annual staff report relating to the use of form pf data, *S.E.C. Reports*.


Table I: Summary Statistics

This table presents summary statistics of fund characteristics. Panel A (and respectively, Panel B) presents time-varying (time-invariant) fund characteristics. “N” is number of quarterly observations (that are time-varying) or number of funds (that are time-invariant). “Mean” (Std) is the cross-sectional average (standard deviation) of a particular fund characteristic. “Median” is the 50th percentile of that characteristic. “Return” is the quarterly average of a hedge fund’s excess return. “Flow” is the fund’s quarterly flow measured in percentage of total assets. “Size” is the fund’s assets under management, measured in millions U.S. dollars. “Age” is the fund’s age, measured in years from inception date. “Number of DBs (dynamic)” is the number of databases a fund reports at a given month. “Alive” refers to the portion of funds that are still reporting at the period’s end. “High-water mark” indicates the percentage of funds imposing a high-water mark provision. “Management fee” gives the management fee charged by the funds, while “Incentive fee” is the performance-based fee charged by the funds. “Lockup dummy” is an indicator variable that takes on a value of 1 if the fund has a lockup period and 0 otherwise. “Restriction” is defined as the sum of redemption period and notice period. “Minimum investment” is the minimum amount of money in U.S. dollars that has to be invested in the fund. “Qualified Purchasers” is an indicator variable that takes value of 1 when the fund is registered under the Section 3(c)(7) of the Investment Company Act (“the Act”) and otherwise 0. “Alphabet” is an indicator variable that is 1 if the fund name starts with the letter ‘a’ and 0 otherwise. “Digit” is an indicator variable that is 1 if the fund name starts with a digit and 0 otherwise. “UCITS” is an indicator variable that is 1 if the fund is UCITS-compliant, and 0 otherwise. “Offshore” is an indicator variable that is 1 if the fund is domiciled in offshore location and 0 otherwise. “Number of DBs (at inception)” is the number of databases a fund reports at the fund inception. “Number of words” refers to the number of words a fund name contains. “Initial fund size” is the fund size at the fund inception date.

<table>
<thead>
<tr>
<th>Panel A: Time-varying Fund Characteristics</th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>Std</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return</td>
<td>303,331</td>
<td>0.024</td>
<td>0.020</td>
<td>0.111</td>
</tr>
<tr>
<td>AUM</td>
<td>303,331</td>
<td>169.139</td>
<td>36.400</td>
<td>673.131</td>
</tr>
<tr>
<td>Flow</td>
<td>303,331</td>
<td>0.065</td>
<td>0.001</td>
<td>0.341</td>
</tr>
<tr>
<td>Age</td>
<td>303,331</td>
<td>5.232</td>
<td>3.917</td>
<td>4.528</td>
</tr>
<tr>
<td>Number of DBs (dynamic)</td>
<td>303,331</td>
<td>1.753</td>
<td>1.000</td>
<td>1.141</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Panel B: Time-invariant Fund Characteristics</th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>Std</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alive</td>
<td>17,766</td>
<td>0.332</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High-water mark</td>
<td>17,766</td>
<td>0.800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fee</td>
<td>17,766</td>
<td>0.015</td>
<td>0.015</td>
<td>0.006</td>
</tr>
<tr>
<td>Incentive fee</td>
<td>17,766</td>
<td>0.181</td>
<td>0.200</td>
<td>0.060</td>
</tr>
<tr>
<td>Lockup dummy</td>
<td>17,766</td>
<td>0.287</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restriction</td>
<td>17,766</td>
<td>0.282</td>
<td>0.179</td>
<td>0.267</td>
</tr>
<tr>
<td>Leverage dummy</td>
<td>17,766</td>
<td>0.577</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum investment</td>
<td>16,554</td>
<td>2.985</td>
<td>0.250</td>
<td>55.136</td>
</tr>
<tr>
<td>Qualified Purchasers</td>
<td>7,054</td>
<td>0.241</td>
<td>0.000</td>
<td>0.428</td>
</tr>
<tr>
<td>Alphabet</td>
<td>17,766</td>
<td>0.103</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digit</td>
<td>17,766</td>
<td>0.004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UCITS</td>
<td>15,000</td>
<td>0.043</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offshore</td>
<td>17,766</td>
<td>0.434</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of DBs (at inception)</td>
<td>17,766</td>
<td>1.481</td>
<td>1.000</td>
<td>0.914</td>
</tr>
<tr>
<td>Number of words</td>
<td>17,766</td>
<td>4.213</td>
<td>4.000</td>
<td>1.469</td>
</tr>
<tr>
<td>Initial fund size</td>
<td>15,820</td>
<td>55.08</td>
<td>9.82</td>
<td>379.98</td>
</tr>
</tbody>
</table>
Table II: Summary Statistics of Fund Name Principal Components

This table presents the information on hedge funds names content. Panel A presents the top word categories. Panel B presents the category weights of principal components. Panel C presents the summary statistics for hedge fund names exposures to principal components.

Panel A: Top Word Categories

<table>
<thead>
<tr>
<th>Rank</th>
<th>Category</th>
<th># of instances</th>
<th>What is it</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ECON</td>
<td>6,617</td>
<td>510 words of an economic, commercial, industrial, or business orientation, including roles, collectivities, acts, abstract ideas, and symbols, including references to money. Includes names of common commodities in business.</td>
</tr>
<tr>
<td>2</td>
<td>POLIT</td>
<td>5,298</td>
<td>507 words having a political character, including political roles, collectivities, acts, ideas, ideologies, and symbols.</td>
</tr>
<tr>
<td>3</td>
<td>IAV</td>
<td>4,665</td>
<td>1,947 verbs giving an interpretative explanation of an action, such as “encourage, mislead, flatter”.</td>
</tr>
<tr>
<td>4</td>
<td>POSITIV</td>
<td>4,358</td>
<td>1,915 words of positive outlook. (It does not contain words for yes, which has been made a separate category of 20 entries.)</td>
</tr>
<tr>
<td></td>
<td>PSTV</td>
<td>3,269</td>
<td>(A more restricted category for positive)</td>
</tr>
<tr>
<td>5</td>
<td>STRONG</td>
<td>4,335</td>
<td>1902 words implying strength.</td>
</tr>
<tr>
<td>6</td>
<td>POWTOT</td>
<td>4,112</td>
<td>1,226 words of a valuing of having the influence to affect the policies of others.</td>
</tr>
<tr>
<td>7</td>
<td>ACTIVE</td>
<td>4,096</td>
<td>2045 words implying an active orientation.</td>
</tr>
<tr>
<td>8</td>
<td>VIRTUE</td>
<td>3,525</td>
<td>719 words indicating an assessment of moral approval or good fortune, especially from the perspective of middle-class society.</td>
</tr>
<tr>
<td>9</td>
<td>ENDSLW</td>
<td>3,140</td>
<td>270 words of desired or undesired ends or goals.</td>
</tr>
<tr>
<td>10</td>
<td>WLTTOT</td>
<td>2,822</td>
<td>378 words related to wealth.</td>
</tr>
</tbody>
</table>

Panel B: Category Weights of Top Principal Components (PC)

<table>
<thead>
<tr>
<th></th>
<th>PC1</th>
<th>PC2</th>
<th>PC3</th>
<th>PC4</th>
<th>PC5</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLIT</td>
<td>0.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECON</td>
<td>0.47</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NATION</td>
<td>0.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAME</td>
<td>0.41</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POWTOT</td>
<td>0.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Panel C: Statistics for Name Exposure to Principal Components (PC)

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>Std</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC1</td>
<td>17,766</td>
<td>0.103</td>
<td>0.000</td>
<td>0.231</td>
<td>-0.147</td>
<td>0.931</td>
</tr>
<tr>
<td>PC2</td>
<td>17,766</td>
<td>0.003</td>
<td>0.000</td>
<td>0.056</td>
<td>-0.149</td>
<td>0.414</td>
</tr>
<tr>
<td>PC3</td>
<td>17,766</td>
<td>0.007</td>
<td>0.000</td>
<td>0.037</td>
<td>-0.222</td>
<td>0.418</td>
</tr>
<tr>
<td>PC4</td>
<td>17,766</td>
<td>-0.004</td>
<td>0.000</td>
<td>0.047</td>
<td>-0.35</td>
<td>0.428</td>
</tr>
<tr>
<td>PC5</td>
<td>17,766</td>
<td>0.003</td>
<td>0.000</td>
<td>0.057</td>
<td>-0.219</td>
<td>0.514</td>
</tr>
</tbody>
</table>
Table III: Determinants of Name Gravitas

This table presents results from cross-sectional regressions in which Gravitas, the fund names' exposure to the first principal component of fund name content, is regressed on time-invariant fund characteristics. We include strategy fixed effects among the independent variables (we report the coefficients of the strategy dummies with self-explanatory names as well as an Other strategy). The fixed effect coefficients for the short bias style cannot be estimated due to degeneracy, and is not shown. The definitions of the fund characteristics are from Table I. The t-statistics (presented in parenthesis) are calculated using White standard errors.

<table>
<thead>
<tr>
<th>Gravitas</th>
<th>0.016</th>
<th>0.006</th>
<th>0.017</th>
<th>0.008</th>
<th>0.018</th>
<th>0.007</th>
<th>0.012</th>
<th>0.004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(3.60)</td>
<td>(1.52)</td>
<td>(3.89)</td>
<td>(1.77)</td>
<td>(3.81)</td>
<td>(1.54)</td>
<td>(2.70)</td>
<td>(0.96)</td>
</tr>
<tr>
<td>High-water mark</td>
<td>1.099</td>
<td>0.804</td>
<td>1.115</td>
<td>0.824</td>
<td>1.075</td>
<td>0.672</td>
<td>0.768</td>
<td>0.628</td>
</tr>
<tr>
<td></td>
<td>(4.27)</td>
<td>(3.20)</td>
<td>(4.33)</td>
<td>(3.28)</td>
<td>(3.86)</td>
<td>(2.47)</td>
<td>(2.98)</td>
<td>(2.48)</td>
</tr>
<tr>
<td>Management fee</td>
<td>-0.112</td>
<td>-0.046</td>
<td>-0.108</td>
<td>-0.043</td>
<td>-0.081</td>
<td>-0.02</td>
<td>-0.121</td>
<td>-0.055</td>
</tr>
<tr>
<td></td>
<td>(-4.00)</td>
<td>(-1.69)</td>
<td>(-3.86)</td>
<td>(-1.58)</td>
<td>(-2.63)</td>
<td>(-0.67)</td>
<td>(-4.32)</td>
<td>(-2.04)</td>
</tr>
<tr>
<td>Lockup dummy</td>
<td>-0.043</td>
<td>-0.037</td>
<td>-0.043</td>
<td>-0.037</td>
<td>-0.042</td>
<td>-0.035</td>
<td>-0.035</td>
<td>-0.033</td>
</tr>
<tr>
<td></td>
<td>(-11.49)</td>
<td>(-10.07)</td>
<td>(-11.39)</td>
<td>(-9.99)</td>
<td>(-10.00)</td>
<td>(-8.47)</td>
<td>(-9.47)</td>
<td>(-8.84)</td>
</tr>
<tr>
<td>Restriction</td>
<td>-0.051</td>
<td>-0.047</td>
<td>-0.051</td>
<td>-0.047</td>
<td>-0.045</td>
<td>-0.042</td>
<td>-0.049</td>
<td>-0.045</td>
</tr>
<tr>
<td></td>
<td>(-7.87)</td>
<td>(-7.33)</td>
<td>(-7.91)</td>
<td>(-7.36)</td>
<td>(-6.09)</td>
<td>(-5.71)</td>
<td>(-7.72)</td>
<td>(-7.14)</td>
</tr>
<tr>
<td>Leverage dummy</td>
<td>-0.007</td>
<td>-0.001</td>
<td>-0.008</td>
<td>-0.001</td>
<td>-0.006</td>
<td>0.001</td>
<td>-0.011</td>
<td>-0.003</td>
</tr>
<tr>
<td></td>
<td>(-2.09)</td>
<td>(-0.25)</td>
<td>(-2.14)</td>
<td>(-0.31)</td>
<td>(-1.46)</td>
<td>(0.18)</td>
<td>(-3.07)</td>
<td>(-0.99)</td>
</tr>
<tr>
<td>Log(Number of DBs)</td>
<td>-0.008</td>
<td>-0.007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-2.04)</td>
<td>(-1.90)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alphabet</td>
<td>0.025</td>
<td>0.022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4.11)</td>
<td>(3.82)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digit</td>
<td>0.009</td>
<td>0.007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.29)</td>
<td>(0.23)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UCITS</td>
<td>0.036</td>
<td>0.025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.32)</td>
<td>(2.42)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offshore</td>
<td>0.05</td>
<td>0.033</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(13.73)</td>
<td>(9.16)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(cont'd on the next page)
<table>
<thead>
<tr>
<th>Category</th>
<th>Coefficients</th>
<th>T-values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CTA</strong></td>
<td>-0.044</td>
<td>(-2.41)</td>
</tr>
<tr>
<td></td>
<td>-0.044</td>
<td>(-2.37)</td>
</tr>
<tr>
<td></td>
<td>-0.044</td>
<td>(-2.16)</td>
</tr>
<tr>
<td></td>
<td>-0.041</td>
<td>(-2.25)</td>
</tr>
<tr>
<td><strong>Emerging Markets</strong></td>
<td>0.170</td>
<td>(8.88)</td>
</tr>
<tr>
<td></td>
<td>0.170</td>
<td>(8.84)</td>
</tr>
<tr>
<td></td>
<td>0.172</td>
<td>(8.08)</td>
</tr>
<tr>
<td></td>
<td>0.163</td>
<td>(8.52)</td>
</tr>
<tr>
<td><strong>Event Driven</strong></td>
<td>-0.012</td>
<td>(-0.65)</td>
</tr>
<tr>
<td></td>
<td>-0.012</td>
<td>(-0.62)</td>
</tr>
<tr>
<td></td>
<td>-0.013</td>
<td>(-0.61)</td>
</tr>
<tr>
<td></td>
<td>-0.014</td>
<td>(-0.73)</td>
</tr>
<tr>
<td><strong>Global Macro</strong></td>
<td>-0.036</td>
<td>(-1.93)</td>
</tr>
<tr>
<td></td>
<td>-0.036</td>
<td>(-1.91)</td>
</tr>
<tr>
<td></td>
<td>-0.034</td>
<td>(-1.63)</td>
</tr>
<tr>
<td></td>
<td>-0.038</td>
<td>(-2.07)</td>
</tr>
<tr>
<td><strong>Long Only</strong></td>
<td>0.024</td>
<td>(1.13)</td>
</tr>
<tr>
<td></td>
<td>0.025</td>
<td>(1.14)</td>
</tr>
<tr>
<td></td>
<td>0.022</td>
<td>(0.96)</td>
</tr>
<tr>
<td></td>
<td>0.028</td>
<td>(1.29)</td>
</tr>
<tr>
<td><strong>Long/Short</strong></td>
<td>0.035</td>
<td>(1.92)</td>
</tr>
<tr>
<td></td>
<td>0.036</td>
<td>(1.93)</td>
</tr>
<tr>
<td></td>
<td>0.038</td>
<td>(1.84)</td>
</tr>
<tr>
<td></td>
<td>0.036</td>
<td>(1.95)</td>
</tr>
<tr>
<td><strong>Market Neutral</strong></td>
<td>0.004</td>
<td>(0.22)</td>
</tr>
<tr>
<td></td>
<td>0.006</td>
<td>(0.30)</td>
</tr>
<tr>
<td></td>
<td>0.004</td>
<td>(0.18)</td>
</tr>
<tr>
<td></td>
<td>0.006</td>
<td>(0.33)</td>
</tr>
<tr>
<td><strong>Multi-Strategy</strong></td>
<td>-0.022</td>
<td>(-1.22)</td>
</tr>
<tr>
<td></td>
<td>-0.022</td>
<td>(-1.20)</td>
</tr>
<tr>
<td></td>
<td>-0.019</td>
<td>(-0.91)</td>
</tr>
<tr>
<td></td>
<td>-0.023</td>
<td>(-1.25)</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>-0.016</td>
<td>(-0.84)</td>
</tr>
<tr>
<td></td>
<td>-0.016</td>
<td>(-0.83)</td>
</tr>
<tr>
<td></td>
<td>-0.017</td>
<td>(-0.81)</td>
</tr>
<tr>
<td></td>
<td>-0.018</td>
<td>(-0.94)</td>
</tr>
<tr>
<td><strong>Relative Value</strong></td>
<td>-0.023</td>
<td>(-1.24)</td>
</tr>
<tr>
<td></td>
<td>-0.021</td>
<td>(-1.16)</td>
</tr>
<tr>
<td></td>
<td>-0.025</td>
<td>(-1.20)</td>
</tr>
<tr>
<td></td>
<td>-0.022</td>
<td>(-1.21)</td>
</tr>
<tr>
<td><strong>Sector</strong></td>
<td>-0.031</td>
<td>(-1.68)</td>
</tr>
<tr>
<td></td>
<td>-0.031</td>
<td>(-1.63)</td>
</tr>
<tr>
<td></td>
<td>-0.036</td>
<td>(-1.73)</td>
</tr>
<tr>
<td></td>
<td>-0.029</td>
<td>(-1.57)</td>
</tr>
<tr>
<td><strong>Short Bias</strong></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Intercept</strong></td>
<td>0.122</td>
<td>(18.61)</td>
</tr>
<tr>
<td></td>
<td>0.095</td>
<td>(5.12)</td>
</tr>
<tr>
<td></td>
<td>0.125</td>
<td>(19.06)</td>
</tr>
<tr>
<td></td>
<td>0.097</td>
<td>(5.17)</td>
</tr>
<tr>
<td></td>
<td>0.117</td>
<td>(15.89)</td>
</tr>
<tr>
<td></td>
<td>0.091</td>
<td>(4.33)</td>
</tr>
<tr>
<td></td>
<td>0.112</td>
<td>(16.98)</td>
</tr>
<tr>
<td></td>
<td>0.090</td>
<td>(4.83)</td>
</tr>
<tr>
<td><strong>Adj. R²</strong></td>
<td>1.7 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9.3 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.7 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9.2 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.6 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9.5 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.7 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9.7 %</td>
<td></td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>17,766</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,766</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,766</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,766</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,766</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,766</td>
<td></td>
</tr>
</tbody>
</table>
Table IV: Fund Flows and Name Gravitas

This table presents results from regressions in which quarterly fund flows are regressed on Gravitas and a set of control variables. Past performance controls consists of the variables Low rank, Mid rank and High rank that are defined using a fractional rank (FRANK) representing a fund’s percentile performance relative to other funds in the same investment strategy during the quarter. The lowest performance tercile (Low rank) is defined as Min (1/3, FRANK); the middle performance tercile (Mid rank) is defined as Min (1/3, FRANK - Low rank); and the highest performance tercile (High rank) is defined as Min (1/3, FRANK - Low rank - Mid rank). The rest of the variables are defined in Table I. The regressions ran are panel (Panel) with style and time fixed effects and standard errors clustered at the fund level, as well as Fama-MacBeth (FM) with style fixed effects; fixed effects are not shown in the tables. All variables, except Gravitas, are winsorized at 1% and 99% levels. T-statistics are shown in parenthesis.

<table>
<thead>
<tr>
<th>Quarterly Flow</th>
<th>Panel</th>
<th>Panel</th>
<th>FM</th>
<th>Panel</th>
<th>Panel</th>
<th>Panel</th>
<th>Panel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gravitas</td>
<td>0.010</td>
<td>0.011</td>
<td>0.016</td>
<td>0.044</td>
<td>0.010</td>
<td>0.010</td>
<td>0.008</td>
</tr>
<tr>
<td></td>
<td>(3.44)</td>
<td>(3.65)</td>
<td>(2.75)</td>
<td>(4.53)</td>
<td>(3.47)</td>
<td>(3.24)</td>
<td>(2.84)</td>
</tr>
<tr>
<td>Alphabet</td>
<td>-0.000</td>
<td>0.000</td>
<td>-0.002</td>
<td>-0.000</td>
<td>0.000</td>
<td>-0.001</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>(-0.09)</td>
<td>(0.04)</td>
<td>(-0.56)</td>
<td>(-0.07)</td>
<td>(-0.12)</td>
<td>(-0.36)</td>
<td>(-0.19)</td>
</tr>
<tr>
<td>Digit</td>
<td>0.020</td>
<td>0.021</td>
<td>0.004</td>
<td>0.019</td>
<td>0.019</td>
<td>0.028</td>
<td>0.020</td>
</tr>
</tbody>
</table>
|                | (1.53) | (1.56) | (0.27) | (1.45) | (1.49) | (2.31) | (1.59) | 0.006
|                |        |        |        |        |        |        | (4.95) |
| Log(Number of DBs) |       |        |        | 0.025  |        |        |        |
|                |        |        |        |         |        |        | (4.70) |
| UCITS          |        |        |        | 0.010  |        |        |        |
|                |        |        |        | (6.79) |        |        |        |
| Offshore       |        |        |        |        |        |        |        |
| Gravitas × Low rank |    |        |        | -0.294 |        |        |        |
|                |        |        |        | (-4.81)|        |        |        |
| Gravitas × Mid rank |   |        |        | 0.066  |        |        |        |
|                |        |        |        | (4.06) |        |        |        |
| Gravitas × High rank |  |        |        | -0.048 |        |        |        |
|                |        |        |        | (-0.63)|        |        |        |
| Low rank       | 0.206  | 0.209  | 0.223  | 0.237  | 0.207  | 0.195  | 0.205  |
| Mid rank       | 0.152  | 0.152  | 0.172  | 0.146  | 0.152  | 0.149  | 0.152  |
|                | (41.66)| (41.41)| (18.14)| (36.72)| (41.61)| (38.54)| (41.72)|
| High rank      | 0.053  | 0.052  | 0.038  | 0.057  | 0.053  | 0.065  | 0.055  |
|                | (2.80) | (2.75) | (1.09) | (2.75) | (2.78) | (3.21) | (2.87) |

(cont'd on the next page)
### Table IV (cont'd)

<table>
<thead>
<tr>
<th></th>
<th>Lagged size</th>
<th>Lagged age</th>
<th>Lagged flow</th>
<th>High-water mark</th>
<th>Management fee</th>
<th>Incentive fee</th>
<th>Lockup dummy</th>
<th>Restriction</th>
<th>Leverage dummy</th>
<th>Style FEs?</th>
<th>Time FEs?</th>
<th>Style x Time FEs?</th>
<th>Adj. R²</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lagged size</td>
<td>-0.019</td>
<td>-0.019</td>
<td>-0.021</td>
<td>-0.019</td>
<td>-0.019</td>
<td>-0.019</td>
<td>-0.019</td>
<td>-0.019</td>
<td>-0.019</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>10.10 %</td>
<td>284,975</td>
</tr>
<tr>
<td></td>
<td>(-42.40)</td>
<td>(-42.51)</td>
<td>(-17.56)</td>
<td>(-42.39)</td>
<td>(-42.35)</td>
<td>(-39.04)</td>
<td>(-42.33)</td>
<td>(-42.39)</td>
<td>(-42.35)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lagged age</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>(-34.85)</td>
<td>(-34.96)</td>
<td>(-13.20)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-34.90)</td>
<td>(-34.93)</td>
<td>(-31.80)</td>
<td>(-33.90)</td>
<td>(-33.90)</td>
<td>(-33.90)</td>
<td>(-33.90)</td>
<td>(-33.90)</td>
<td>(-33.90)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lagged flow</td>
<td>0.176</td>
<td>0.173</td>
<td>0.166</td>
<td>0.176</td>
<td>0.176</td>
<td>0.179</td>
<td>0.176</td>
<td>0.176</td>
<td>0.176</td>
<td>(51.75)</td>
<td>(51.17)</td>
<td>(22.46)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(51.74)</td>
<td>(51.72)</td>
<td>(47.85)</td>
<td>(51.80)</td>
<td>(51.80)</td>
<td>(51.80)</td>
<td>(51.80)</td>
<td>(51.80)</td>
<td>(51.80)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High-water mark</td>
<td>0.014</td>
<td>0.013</td>
<td>0.012</td>
<td>0.014</td>
<td>0.013</td>
<td>0.018</td>
<td>0.013</td>
<td>0.018</td>
<td>0.013</td>
<td>(6.79)</td>
<td>(6.10)</td>
<td>(4.17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fee</td>
<td>0.466</td>
<td>0.557</td>
<td>0.428</td>
<td>0.466</td>
<td>0.468</td>
<td>0.421</td>
<td>0.421</td>
<td>0.421</td>
<td>0.421</td>
<td>(3.25)</td>
<td>(3.87)</td>
<td>(2.04)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.26)</td>
<td>(3.27)</td>
<td>(2.75)</td>
<td>(2.80)</td>
<td>(2.80)</td>
<td>(2.80)</td>
<td>(2.80)</td>
<td>(2.80)</td>
<td>(2.80)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentive fee</td>
<td>-0.007</td>
<td>-0.008</td>
<td>-0.002</td>
<td>-0.007</td>
<td>-0.011</td>
<td>-0.020</td>
<td>-0.011</td>
<td>-0.020</td>
<td>-0.011</td>
<td>(-0.49)</td>
<td>(-0.57)</td>
<td>(-0.13)</td>
<td>(-1.33)</td>
<td>(-0.74)</td>
</tr>
<tr>
<td></td>
<td>(-0.50)</td>
<td>(-0.77)</td>
<td>(-1.33)</td>
<td>(-1.33)</td>
<td>(-1.33)</td>
<td>(-1.33)</td>
<td>(-1.33)</td>
<td>(-1.33)</td>
<td>(-1.33)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lockup dummy</td>
<td>-0.008</td>
<td>-0.007</td>
<td>-0.007</td>
<td>-0.008</td>
<td>-0.008</td>
<td>-0.008</td>
<td>-0.008</td>
<td>-0.008</td>
<td>-0.008</td>
<td>(-5.27)</td>
<td>(-4.91)</td>
<td>(-3.39)</td>
<td>(-5.12)</td>
<td>(-4.34)</td>
</tr>
<tr>
<td></td>
<td>(-5.26)</td>
<td>(-5.46)</td>
<td>(-5.12)</td>
<td>(-4.34)</td>
<td>(-4.34)</td>
<td>(-4.34)</td>
<td>(-4.34)</td>
<td>(-4.34)</td>
<td>(-4.34)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restriction</td>
<td>0.008</td>
<td>0.008</td>
<td>0.006</td>
<td>0.008</td>
<td>0.008</td>
<td>0.010</td>
<td>0.010</td>
<td>0.010</td>
<td>0.010</td>
<td>(3.11)</td>
<td>(3.22)</td>
<td>(1.32)</td>
<td>(3.57)</td>
<td>(3.70)</td>
</tr>
<tr>
<td></td>
<td>(3.11)</td>
<td>(3.18)</td>
<td>(3.57)</td>
<td>(3.70)</td>
<td>(3.70)</td>
<td>(3.70)</td>
<td>(3.70)</td>
<td>(3.70)</td>
<td>(3.70)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage dummy</td>
<td>0.000</td>
<td>0.000</td>
<td>0.001</td>
<td>0.000</td>
<td>0.000</td>
<td>0.002</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>(0.09)</td>
<td>(0.25)</td>
<td>(0.35)</td>
<td>(1.35)</td>
<td>(-0.34)</td>
</tr>
<tr>
<td></td>
<td>(0.17)</td>
<td>(0.10)</td>
<td>(1.35)</td>
<td>(-0.34)</td>
<td>(-0.34)</td>
<td>(-0.34)</td>
<td>(-0.34)</td>
<td>(-0.34)</td>
<td>(-0.34)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Style FEs?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time FEs?</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Style x Time FEs?</td>
<td>N</td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. R²</td>
<td>10.10 %</td>
<td>10.30 %</td>
<td>10.00 %</td>
<td>10.10 %</td>
<td>10.10 %</td>
<td>10.40 %</td>
<td>10.10 %</td>
<td>10.40 %</td>
<td>10.10 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>246,003</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table V: Components of Gravitas and Flows

This table presents results from regressions in which quarterly fund flows are regressed on the modified versions of Gravitas named Orthogonal Gravitas and a set of control variables. Orthogonal Gravitas is obtained by regressing Gravitas on one semantic category separately (ECON, POLIT, NAME, NATION and POWTOT). Quarterly Flows are regressed on the respective semantic category and the residuals from the first regression. Residuals are representing the component of Gravitas that is orthogonal on the semantic category currently considered. Panel A reports results for the six versions of Orthogonal Gravitas. The simple linear combination of five semantic categories are used to construct an alternative to the first principal component (baseline Gravitas) as follows: 0.54 POLIT + 0.47 ECON + 0.45 NATION + 0.41 NAME + 0.21 POWTOT. The weights to semantic categories come from Panel B of Table II. Panel A reports only Panel regressions as in Table IV. Panel B reports both panel and Fama-MacBeth regression results as in Table IV.

Panel A: Flows and Orthogonal Gravitas

<table>
<thead>
<tr>
<th>Quarterly Flow</th>
<th>Orthogonal Gravitas on ECON</th>
<th>Orthogonal Gravitas on POLIT</th>
<th>Orthogonal Gravitas on NATION</th>
<th>Orthogonal Gravitas on NAME</th>
<th>Orthogonal Gravitas on POWTOT</th>
<th>Orthogonal Gravitas on NAME and NATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.011</td>
<td>0.005</td>
<td>0.018</td>
<td>0.010</td>
<td>0.009</td>
<td>0.016</td>
</tr>
<tr>
<td></td>
<td>(3.15)</td>
<td>(1.39)</td>
<td>(5.01)</td>
<td>(2.00)</td>
<td>(2.92)</td>
<td>(2.93)</td>
</tr>
<tr>
<td>ECON</td>
<td>0.002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.31)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POLIT</td>
<td></td>
<td>0.005</td>
<td></td>
<td>-0.004</td>
<td>-0.011</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(3.48)</td>
<td></td>
<td>(-1.26)</td>
<td>(-3.31)</td>
<td></td>
</tr>
<tr>
<td>NATION</td>
<td></td>
<td></td>
<td>-0.004</td>
<td>-0.011</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(-1.26)</td>
<td>(-3.31)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAME</td>
<td></td>
<td></td>
<td>0.006</td>
<td>0.010</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2.81)</td>
<td>(4.23)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POWTOT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.003</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1.97)</td>
<td></td>
</tr>
<tr>
<td>Controls?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>10.1%</td>
<td>10.1%</td>
<td>10.1%</td>
<td>10.1%</td>
<td>10.1%</td>
<td>10.1%</td>
</tr>
<tr>
<td>N</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
</tr>
</tbody>
</table>
Panel B: Flows and Linear Combination Gravitas

<table>
<thead>
<tr>
<th></th>
<th>Panel</th>
<th>FM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Linear Combination Gravitas</strong></td>
<td>0.003</td>
<td>0.006</td>
</tr>
<tr>
<td></td>
<td>(2.61)</td>
<td>(2.84)</td>
</tr>
<tr>
<td><strong>Alphabet</strong></td>
<td>0.000</td>
<td>-0.002</td>
</tr>
<tr>
<td></td>
<td>(-0.05)</td>
<td>(-0.52)</td>
</tr>
<tr>
<td><strong>Digit</strong></td>
<td>0.020</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>(1.52)</td>
<td>(0.26)</td>
</tr>
<tr>
<td><strong>Low rank</strong></td>
<td>0.206</td>
<td>0.223</td>
</tr>
<tr>
<td></td>
<td>(13.89)</td>
<td>(8.14)</td>
</tr>
<tr>
<td><strong>Mid rank</strong></td>
<td>0.152</td>
<td>0.172</td>
</tr>
<tr>
<td></td>
<td>(41.64)</td>
<td>(18.13)</td>
</tr>
<tr>
<td><strong>High rank</strong></td>
<td>0.054</td>
<td>0.040</td>
</tr>
<tr>
<td></td>
<td>(2.81)</td>
<td>(1.13)</td>
</tr>
<tr>
<td><strong>Lagged size</strong></td>
<td>-0.019</td>
<td>-0.021</td>
</tr>
<tr>
<td></td>
<td>(-42.32)</td>
<td>(-17.53)</td>
</tr>
<tr>
<td><strong>Lagged age</strong></td>
<td>-0.006</td>
<td>-0.006</td>
</tr>
<tr>
<td></td>
<td>(-34.83)</td>
<td>(-13.26)</td>
</tr>
<tr>
<td><strong>Lagged flow</strong></td>
<td>0.176</td>
<td>0.166</td>
</tr>
<tr>
<td></td>
<td>(51.74)</td>
<td>(22.48)</td>
</tr>
<tr>
<td><strong>High-water mark</strong></td>
<td>0.014</td>
<td>0.012</td>
</tr>
<tr>
<td></td>
<td>(6.78)</td>
<td>(4.14)</td>
</tr>
<tr>
<td><strong>Management fee</strong></td>
<td>0.475</td>
<td>0.444</td>
</tr>
<tr>
<td></td>
<td>(3.32)</td>
<td>(2.11)</td>
</tr>
<tr>
<td><strong>Incentive fee</strong></td>
<td>-0.007</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>(-0.48)</td>
<td>(0.00)</td>
</tr>
<tr>
<td><strong>Lockup dummy</strong></td>
<td>-0.008</td>
<td>-0.008</td>
</tr>
<tr>
<td></td>
<td>(-5.42)</td>
<td>(-3.48)</td>
</tr>
<tr>
<td><strong>Restriction</strong></td>
<td>0.008</td>
<td>0.006</td>
</tr>
<tr>
<td></td>
<td>(3.04)</td>
<td>(1.28)</td>
</tr>
<tr>
<td><strong>Leverage dummy</strong></td>
<td>0.000</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>(0.14)</td>
<td>(0.41)</td>
</tr>
<tr>
<td><strong>Adj. R^2</strong></td>
<td>10.1 %</td>
<td>10.0 %</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>284975</td>
<td>284975</td>
</tr>
</tbody>
</table>
Panel C: Most Popular Words in Gravitas

<table>
<thead>
<tr>
<th></th>
<th>Panel</th>
<th>FM</th>
<th>Panel</th>
<th>FM</th>
<th>Panel</th>
<th>FM</th>
<th>Panel</th>
<th>FM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gravitas</td>
<td>0.008</td>
<td>0.013</td>
<td>0.010</td>
<td>0.016</td>
<td>0.003</td>
<td>0.005</td>
<td>0.004</td>
<td>0.005</td>
</tr>
<tr>
<td></td>
<td>(2.56)</td>
<td>(2.19)</td>
<td>(3.35)</td>
<td>(2.68)</td>
<td>(2.44)</td>
<td>(2.56)</td>
<td>(1.84)</td>
<td>(1.17)</td>
</tr>
<tr>
<td>Top 50 Words</td>
<td>0.002</td>
<td>0.003</td>
<td>0.004</td>
<td>0.004</td>
<td>0.004</td>
<td>0.005</td>
<td>0.004</td>
<td>0.005</td>
</tr>
<tr>
<td></td>
<td>(1.11)</td>
<td>(1.37)</td>
<td>(1.67)</td>
<td>(0.89)</td>
<td>(1.84)</td>
<td>(1.17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top 5 Words</td>
<td>0.002</td>
<td>-0.002</td>
<td>0.000</td>
<td>-0.002</td>
<td>0.000</td>
<td>-0.002</td>
<td>0.000</td>
<td>-0.002</td>
</tr>
<tr>
<td></td>
<td>(-0.07)</td>
<td>(-0.55)</td>
<td>(-0.09)</td>
<td>(-0.58)</td>
<td>(-0.02)</td>
<td>(-0.50)</td>
<td>(-0.06)</td>
<td>(-0.52)</td>
</tr>
<tr>
<td>Alphabet</td>
<td>0.02</td>
<td>0.004</td>
<td>0.02</td>
<td>0.004</td>
<td>0.02</td>
<td>0.003</td>
<td>0.02</td>
<td>0.003</td>
</tr>
<tr>
<td></td>
<td>(1.51)</td>
<td>(0.26)</td>
<td>(1.53)</td>
<td>(0.28)</td>
<td>(1.49)</td>
<td>(0.19)</td>
<td>(1.52)</td>
<td>(0.23)</td>
</tr>
<tr>
<td>Low rank</td>
<td>0.206</td>
<td>0.224</td>
<td>0.206</td>
<td>0.224</td>
<td>0.206</td>
<td>0.225</td>
<td>0.205</td>
<td>0.225</td>
</tr>
<tr>
<td>Mid rank</td>
<td>0.152</td>
<td>0.172</td>
<td>0.152</td>
<td>0.171</td>
<td>0.152</td>
<td>0.171</td>
<td>0.152</td>
<td>0.17</td>
</tr>
<tr>
<td></td>
<td>(41.66)</td>
<td>(18.12)</td>
<td>(41.65)</td>
<td>(18.17)</td>
<td>(41.64)</td>
<td>(18.19)</td>
<td>(41.61)</td>
<td>(18.22)</td>
</tr>
<tr>
<td>High rank</td>
<td>0.053</td>
<td>0.038</td>
<td>0.054</td>
<td>0.039</td>
<td>0.054</td>
<td>0.039</td>
<td>0.055</td>
<td>0.041</td>
</tr>
<tr>
<td></td>
<td>(2.79)</td>
<td>(1.09)</td>
<td>(2.82)</td>
<td>(1.11)</td>
<td>(2.83)</td>
<td>(1.10)</td>
<td>(2.88)</td>
<td>(1.17)</td>
</tr>
<tr>
<td>Lagged size</td>
<td>-0.019</td>
<td>-0.021</td>
<td>-0.019</td>
<td>-0.021</td>
<td>-0.019</td>
<td>-0.021</td>
<td>-0.019</td>
<td>-0.021</td>
</tr>
<tr>
<td></td>
<td>(-42.43)</td>
<td>(-17.53)</td>
<td>(-42.41)</td>
<td>(-17.54)</td>
<td>(-42.43)</td>
<td>(-17.57)</td>
<td>(-42.36)</td>
<td>(-17.63)</td>
</tr>
<tr>
<td>Lagged age</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.007</td>
</tr>
<tr>
<td></td>
<td>(-34.78)</td>
<td>(-13.24)</td>
<td>(-34.77)</td>
<td>(-13.22)</td>
<td>(-34.86)</td>
<td>(-13.36)</td>
<td>(-34.95)</td>
<td>(-13.34)</td>
</tr>
<tr>
<td>Lagged flow</td>
<td>0.176</td>
<td>0.166</td>
<td>0.176</td>
<td>0.166</td>
<td>0.176</td>
<td>0.166</td>
<td>0.176</td>
<td>0.166</td>
</tr>
<tr>
<td></td>
<td>(51.75)</td>
<td>(22.43)</td>
<td>(51.75)</td>
<td>(22.40)</td>
<td>(51.74)</td>
<td>(22.47)</td>
<td>(51.74)</td>
<td>(22.44)</td>
</tr>
<tr>
<td>High- water mark</td>
<td>0.014</td>
<td>0.012</td>
<td>0.014</td>
<td>0.012</td>
<td>0.014</td>
<td>0.012</td>
<td>0.014</td>
<td>0.011</td>
</tr>
<tr>
<td>Management fee</td>
<td>0.466</td>
<td>0.433</td>
<td>0.466</td>
<td>0.427</td>
<td>0.47</td>
<td>0.439</td>
<td>0.472</td>
<td>0.431</td>
</tr>
<tr>
<td></td>
<td>(3.26)</td>
<td>(2.08)</td>
<td>(3.26)</td>
<td>(2.04)</td>
<td>(3.28)</td>
<td>(2.09)</td>
<td>(3.30)</td>
<td>(2.04)</td>
</tr>
<tr>
<td>Incentive fee</td>
<td>-0.007</td>
<td>-0.001</td>
<td>-0.008</td>
<td>-0.003</td>
<td>-0.007</td>
<td>-0.001</td>
<td>-0.008</td>
<td>-0.005</td>
</tr>
<tr>
<td></td>
<td>(-0.48)</td>
<td>(-0.05)</td>
<td>(-0.54)</td>
<td>(-0.17)</td>
<td>(-0.48)</td>
<td>(-0.05)</td>
<td>(-0.56)</td>
<td>(-0.31)</td>
</tr>
<tr>
<td>Lockup dummy</td>
<td>-0.008</td>
<td>-0.007</td>
<td>-0.008</td>
<td>-0.007</td>
<td>-0.008</td>
<td>-0.008</td>
<td>-0.008</td>
<td>-0.008</td>
</tr>
<tr>
<td></td>
<td>(-5.27)</td>
<td>(-3.36)</td>
<td>(-5.24)</td>
<td>(-3.42)</td>
<td>(-5.43)</td>
<td>(-3.48)</td>
<td>(-5.49)</td>
<td>(-3.60)</td>
</tr>
<tr>
<td>Restriction</td>
<td>0.008</td>
<td>0.007</td>
<td>0.008</td>
<td>0.006</td>
<td>0.008</td>
<td>0.006</td>
<td>0.007</td>
<td>0.006</td>
</tr>
<tr>
<td></td>
<td>(3.17)</td>
<td>(1.38)</td>
<td>(3.10)</td>
<td>(1.32)</td>
<td>(3.11)</td>
<td>(1.30)</td>
<td>(2.93)</td>
<td>(1.13)</td>
</tr>
<tr>
<td>Leverage dummy</td>
<td>0.000</td>
<td>0.001</td>
<td>0.000</td>
<td>0.001</td>
<td>0.000</td>
<td>0.001</td>
<td>0.000</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>(0.12)</td>
<td>(0.39)</td>
<td>(0.12)</td>
<td>(0.36)</td>
<td>(0.15)</td>
<td>(0.41)</td>
<td>(0.12)</td>
<td>(0.33)</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>10.1 %</td>
<td>10.0 %</td>
<td>10.1 %</td>
<td>10.0 %</td>
<td>10.1 %</td>
<td>10.0 %</td>
<td>10.1 %</td>
<td>10.0 %</td>
</tr>
<tr>
<td>N</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
<td>284,975</td>
</tr>
</tbody>
</table>
Table VI: Fund Flows and Matched Fund Pairs within Same Company or Same Manager

This table presents quarterly panel regression results for the matched funds within a hedge fund firm (Panel A) or the matched funds that are managed by the same fund manager side-by side (Panel B). Both samples include only the fund-date pairs in which one of the fund-pair names exhibits positive correlation with Gravitas and another of the fund-pair names exhibits negative correlation with Gravitas. Funds whose names have zero correlations with Gravitas are excluded. The dependent variable is the Quarterly flow while the main independent variable is Gravitas. Definitions of control variables can be found in Tables I and IV. The panel regressions include style and time fixed effects (which for brevity are not shown in the table) and standard errors are clustered by firm or manager (t-statistics are shown in parenthesis). All variables, except Gravitas, are winsorized at 1% and 99% levels.

<table>
<thead>
<tr>
<th></th>
<th>Panel A: Within the Same Firm</th>
<th></th>
<th>Panel B: Within the Same Manager</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quarterly flow</td>
<td></td>
<td>Quarterly flow</td>
<td></td>
</tr>
<tr>
<td>Gravitas</td>
<td>0.015</td>
<td>0.015</td>
<td>0.018</td>
<td>0.013</td>
</tr>
<tr>
<td></td>
<td>(2.47)</td>
<td>(2.43)</td>
<td>(2.93)</td>
<td>(2.17)</td>
</tr>
<tr>
<td>Low rank</td>
<td>0.150</td>
<td>0.149</td>
<td>0.178</td>
<td>0.150</td>
</tr>
<tr>
<td></td>
<td>(3.58)</td>
<td>(3.57)</td>
<td>(4.28)</td>
<td>(3.58)</td>
</tr>
<tr>
<td>Mid rank</td>
<td>0.155</td>
<td>0.155</td>
<td>0.153</td>
<td>0.155</td>
</tr>
<tr>
<td></td>
<td>(16.28)</td>
<td>(16.30)</td>
<td>(15.18)</td>
<td>(16.28)</td>
</tr>
<tr>
<td>High rank</td>
<td>0.023</td>
<td>0.023</td>
<td>0.051</td>
<td>0.023</td>
</tr>
<tr>
<td></td>
<td>(0.43)</td>
<td>(0.42)</td>
<td>(0.91)</td>
<td>(0.43)</td>
</tr>
<tr>
<td>Alphabet</td>
<td>-0.005</td>
<td>-0.006</td>
<td>-0.006</td>
<td>-0.005</td>
</tr>
<tr>
<td></td>
<td>(-0.87)</td>
<td>(-0.89)</td>
<td>(-0.86)</td>
<td>(-0.85)</td>
</tr>
<tr>
<td>Digit</td>
<td>0.008</td>
<td>0.007</td>
<td>0.027</td>
<td>0.009</td>
</tr>
<tr>
<td></td>
<td>(0.29)</td>
<td>(0.26)</td>
<td>(0.98)</td>
<td>(0.31)</td>
</tr>
<tr>
<td>Log(Number of DBs)</td>
<td>-0.003</td>
<td></td>
<td></td>
<td>-0.002</td>
</tr>
<tr>
<td></td>
<td>(-0.95)</td>
<td></td>
<td></td>
<td>(-0.32)</td>
</tr>
<tr>
<td>UCITS</td>
<td>0.028</td>
<td></td>
<td>0.048</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.42)</td>
<td></td>
<td>(2.26)</td>
<td></td>
</tr>
<tr>
<td>Offshore</td>
<td>0.006</td>
<td></td>
<td>0.008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.75)</td>
<td></td>
<td>(1.29)</td>
<td></td>
</tr>
<tr>
<td>Control variables?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>10.1 %</td>
<td>10.1 %</td>
<td>10.9 %</td>
<td>10.1 %</td>
</tr>
<tr>
<td></td>
<td>10.3 %</td>
<td>10.3 %</td>
<td>10.6 %</td>
<td>10.3 %</td>
</tr>
<tr>
<td>N</td>
<td>40,207</td>
<td>40,207</td>
<td>34,739</td>
<td>40,207</td>
</tr>
<tr>
<td></td>
<td>14,849</td>
<td>14,849</td>
<td>13,634</td>
<td>14,849</td>
</tr>
</tbody>
</table>
Table VII: Performance Differentials between Funds with Low and High Name Gravitas

This table presents performance differentials between portfolios of the funds with positive Gravitas exposure (“High Grav.”), with medium exposure (“Medium Grav.”) and with negative Gravitas exposure (“Low Grav.”). Panel A presents differences between absolute performance statistics of the portfolios. “Mean return” is the portfolio's mean return and “Volatility” is its standard deviation, both in annualized percentage; “Sharpe” is the Sharpe ratio, or the mean return divided by its standard deviation (annualized); “MPPM” is the annualized manipulation-proof performance measure of Goetzmann et al. (2007) as estimated using a risk-aversion coefficient of 5; and “MaxDD” is the maximum drawdown. Panels B1 and B2 present differences in alphas and factor exposures relative to the Fung and Hsieh 7- and 8-factor models. “Alpha” is the annualized intercept of the benchmark regression; “IdioVola” is annualized standard deviation of residual term; “Appraisal” is alpha divided by its residual volatility (annualized). The seven benchmark factors are: the S&P 500 return minus the risk-free rate (SP); returns on the Russell 2000 index minus the S&P 500 index return (SIZE); excess return on 10-year US Treasury bonds (CGS10); the yield spread between 10-year T-bonds and Moody's Baa-rated bonds (CREDSPR); and the so-called primitive trend-following strategy for bonds (PTFSBD), currency (PTFSFX), and commodities (PTFSCOM). The eighth factor is the returns of the MSCI Emerging Markets Index (MSEMKF). “R^2” is the adjusted R-square of the benchmark regression. The first 12 months of returns were dropped from each fund's data to correct for backfilling bias.

Panel A: Fund absolute performance statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean # of funds</th>
<th>Minimum # of funds</th>
<th>Maximum # of funds</th>
<th>Mean return</th>
<th>Volatility</th>
<th>Sharpe</th>
<th>MPPM</th>
<th>MaxDD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Grav.</td>
<td>666</td>
<td>82</td>
<td>1,139</td>
<td>6.650</td>
<td>7.133</td>
<td>0.932</td>
<td>5.315</td>
<td>21.657</td>
</tr>
<tr>
<td>Medium Grav.</td>
<td>1,512</td>
<td>250</td>
<td>2,391</td>
<td>6.804</td>
<td>6.928</td>
<td>0.982</td>
<td>5.561</td>
<td>20.241</td>
</tr>
<tr>
<td>High Grav.</td>
<td>1,069</td>
<td>144</td>
<td>1,850</td>
<td>5.827</td>
<td>7.705</td>
<td>0.756</td>
<td>4.289</td>
<td>26.719</td>
</tr>
<tr>
<td>Difference</td>
<td>-0.823</td>
<td>0.572</td>
<td>-0.176</td>
<td>-1.026</td>
<td>5.061</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Test statistic</td>
<td>(-1.59)</td>
<td>(3.30)</td>
<td>(-2.65)</td>
<td>(-2.04)</td>
<td>(1.54)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Panel B1: 7-factor Fung and Hsieh Alphas and Exposures

<table>
<thead>
<tr>
<th></th>
<th>Alpha</th>
<th>IdioVola</th>
<th>Appraisal</th>
<th>SP</th>
<th>SCLC</th>
<th>CGS10</th>
<th>CREDSPR</th>
<th>PTFSBD</th>
<th>PTFSFX</th>
<th>PTFSCOM</th>
<th>R^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Grav.</td>
<td>3.564</td>
<td>3.857</td>
<td>0.924</td>
<td>0.304</td>
<td>0.187</td>
<td>0.033</td>
<td>0.190</td>
<td>-0.010</td>
<td>0.008</td>
<td>0.007</td>
<td>69.80%</td>
</tr>
<tr>
<td>Medium Grav.</td>
<td>3.855</td>
<td>3.619</td>
<td>1.065</td>
<td>0.295</td>
<td>0.194</td>
<td>0.023</td>
<td>0.188</td>
<td>-0.007</td>
<td>0.008</td>
<td>0.005</td>
<td>71.82%</td>
</tr>
<tr>
<td>High Grav.</td>
<td>2.596</td>
<td>4.328</td>
<td>0.600</td>
<td>0.301</td>
<td>0.186</td>
<td>0.019</td>
<td>0.279</td>
<td>-0.009</td>
<td>0.011</td>
<td>0.003</td>
<td>67.42%</td>
</tr>
<tr>
<td>Difference</td>
<td>-0.967</td>
<td>0.471</td>
<td>-0.324</td>
<td>-0.003</td>
<td>-0.001</td>
<td>-0.013</td>
<td>0.089</td>
<td>0.001</td>
<td>0.004</td>
<td>-0.005</td>
<td>-2.39%</td>
</tr>
<tr>
<td>Test statistic</td>
<td>(-2.00)</td>
<td>(3.07)</td>
<td>(-2.72)</td>
<td>(-0.18)</td>
<td>(-0.07)</td>
<td>(-0.58)</td>
<td>(3.72)</td>
<td>(0.20)</td>
<td>(1.93)</td>
<td>(-1.98)</td>
<td>(-0.94)</td>
</tr>
</tbody>
</table>
### Panel B2: 8-factor Fung and Hsieh Alphas and Exposures

<table>
<thead>
<tr>
<th></th>
<th>Alpha</th>
<th>IdioVola</th>
<th>Appraisal</th>
<th>SP</th>
<th>SCLC</th>
<th>CGS10</th>
<th>CREDSPR</th>
<th>PTFSBD</th>
<th>PTFSFX</th>
<th>PTFSCOM</th>
<th>MSEMKF</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Grav.</td>
<td>3.995</td>
<td>3.275</td>
<td>1.220</td>
<td>0.166</td>
<td>0.134</td>
<td>0.038</td>
<td>0.099</td>
<td>-0.006</td>
<td>0.007</td>
<td>0.006</td>
<td>0.138</td>
<td>78.12%</td>
</tr>
<tr>
<td>Medium Grav.</td>
<td>4.238</td>
<td>3.134</td>
<td>1.353</td>
<td>0.172</td>
<td>0.147</td>
<td>0.028</td>
<td>0.108</td>
<td>-0.004</td>
<td>0.008</td>
<td>0.004</td>
<td>0.123</td>
<td>78.77%</td>
</tr>
<tr>
<td>High Grav.</td>
<td>3.211</td>
<td>3.206</td>
<td>1.002</td>
<td>0.105</td>
<td>0.110</td>
<td>0.027</td>
<td>0.150</td>
<td>-0.004</td>
<td>0.011</td>
<td>0.001</td>
<td>0.197</td>
<td>82.03%</td>
</tr>
<tr>
<td>Difference</td>
<td>-0.783</td>
<td>-0.069</td>
<td>-0.218</td>
<td>-0.061</td>
<td>-0.024</td>
<td>-0.011</td>
<td>0.050</td>
<td>0.002</td>
<td>0.004</td>
<td>-0.005</td>
<td>0.059</td>
<td>3.91%</td>
</tr>
<tr>
<td>Test statistic</td>
<td>(-1.93)</td>
<td>(-0.42)</td>
<td>(-1.67)</td>
<td>(-3.96)</td>
<td>(-1.88)</td>
<td>(-0.55)</td>
<td>(2.06)</td>
<td>(0.76)</td>
<td>(2.00)</td>
<td>(-2.26)</td>
<td>(6.69)</td>
<td>(1.40)</td>
</tr>
</tbody>
</table>
Table VIII: Hedge Fund Returns and Name Gravitas

This table presents results from regressions of quarterly fund excess returns on Gravitas as well as a set of control variables that are defined in Table I and also used in Table IV. The regressions are panel (Panel) with style and time fixed effects and with standard errors clustered by fund, as well as Fama-MacBeth (FM) with style fixed effects. Fixed effects are not shown in the tables. All variables, except Gravitas, are winsorized at 1% and 99% levels. T-statistics are in parentheses.

<table>
<thead>
<tr>
<th></th>
<th>Quarterly excess return</th>
<th>Quarterly excess return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All obs.</td>
<td>First 12m dropped</td>
</tr>
<tr>
<td></td>
<td>Panel</td>
<td>FM</td>
</tr>
<tr>
<td>Gravitas</td>
<td>-0.002</td>
<td>-0.004</td>
</tr>
<tr>
<td></td>
<td>(-2.01)</td>
<td>(-1.54)</td>
</tr>
<tr>
<td>Low rank</td>
<td>-0.003</td>
<td>-0.006</td>
</tr>
<tr>
<td></td>
<td>(-0.50)</td>
<td>(-0.18)</td>
</tr>
<tr>
<td>Mid rank</td>
<td>0.025</td>
<td>0.023</td>
</tr>
<tr>
<td></td>
<td>(27.30)</td>
<td>(4.96)</td>
</tr>
<tr>
<td>High rank</td>
<td>0.131</td>
<td>0.136</td>
</tr>
<tr>
<td></td>
<td>(19.18)</td>
<td>(4.78)</td>
</tr>
<tr>
<td>Lagged size</td>
<td>-0.001</td>
<td>-0.001</td>
</tr>
<tr>
<td></td>
<td>(-14.16)</td>
<td>(-4.12)</td>
</tr>
<tr>
<td>Lagged age</td>
<td>-0.000</td>
<td>-0.000</td>
</tr>
<tr>
<td></td>
<td>(-3.92)</td>
<td>(-2.47)</td>
</tr>
<tr>
<td>Lagged flow</td>
<td>0.002</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>(4.79)</td>
<td>(1.89)</td>
</tr>
<tr>
<td>High-water mark</td>
<td>0.004</td>
<td>0.003</td>
</tr>
<tr>
<td></td>
<td>(6.57)</td>
<td>(3.53)</td>
</tr>
<tr>
<td>Management fee</td>
<td>0.127</td>
<td>0.13</td>
</tr>
<tr>
<td></td>
<td>(3.23)</td>
<td>(1.79)</td>
</tr>
<tr>
<td>Incentive fee</td>
<td>0.009</td>
<td>0.018</td>
</tr>
<tr>
<td></td>
<td>(2.56)</td>
<td>(2.33)</td>
</tr>
<tr>
<td>Lockup dummy</td>
<td>0.002</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>(3.96)</td>
<td>(2.74)</td>
</tr>
<tr>
<td>Restriction</td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td></td>
<td>(7.66)</td>
<td>(3.10)</td>
</tr>
<tr>
<td>Leverage dummy</td>
<td>-0.001</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>(-2.16)</td>
<td>(-0.39)</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>19.80 %</td>
<td>16.90 %</td>
</tr>
<tr>
<td>N</td>
<td>286,951</td>
<td>286,951</td>
</tr>
</tbody>
</table>
Table IX: Hedge Fund Alphas and Name Gravitas

This table presents the results of regressions of hedge fund alphas on Gravitas as well as a variety of control variables. Alphas are calculated using either a 7-factor Fung and Hsieh model or an 8-factor model (the eighth factor are the returns of the MSCI Emerging Markets Index). The regressions are panel (Panel) with style and time fixed effects and with standard errors clustered by fund, as well as Fama-MacBeth (FM) with style fixed effects. Fixed effects are not shown in the tables. All variables, except Gravitas, are winsorized at 1% and 99% levels. T-statistics are in parentheses.

<table>
<thead>
<tr>
<th>Variable</th>
<th>All obs. Panel</th>
<th>All obs. FM</th>
<th>First 12m dropped Panel</th>
<th>First 12m dropped FM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gravitas</td>
<td>-0.002 (-2.01)</td>
<td>-0.001 (-1.32)</td>
<td>-0.001 (-0.69)</td>
<td>-0.001 (-1.53)</td>
</tr>
<tr>
<td>Low rank</td>
<td>-0.000 (-0.04)</td>
<td>0.007 (1.32)</td>
<td>0.009 (0.42)</td>
<td>-0.004 (-0.80)</td>
</tr>
<tr>
<td>Mid rank</td>
<td>0.017 (22.21)</td>
<td>0.016 (20.12)</td>
<td>0.019 (6.59)</td>
<td>0.017 (22.14)</td>
</tr>
<tr>
<td>High rank</td>
<td>0.069 (13.16)</td>
<td>0.056 (10.23)</td>
<td>0.064 (3.42)</td>
<td>0.066 (12.88)</td>
</tr>
<tr>
<td>Lagged size</td>
<td>-0.001 (-9.02)</td>
<td>-0.001 (-4.29)</td>
<td>-0.001 (-1.96)</td>
<td>-0.001 (-8.30)</td>
</tr>
<tr>
<td>Lagged age</td>
<td>-0.000 (-11.58)</td>
<td>-0.000 (-8.11)</td>
<td>-0.000 (-3.69)</td>
<td>-0.000 (-11.71)</td>
</tr>
<tr>
<td>Lagged flow</td>
<td>0.003 (6.41)</td>
<td>0.003 (5.21)</td>
<td>0.002 (1.59)</td>
<td>0.002 (6.44)</td>
</tr>
<tr>
<td>High-water mark</td>
<td>0.004 (8.26)</td>
<td>0.004 (8.03)</td>
<td>0.003 (4.24)</td>
<td>0.004 (7.65)</td>
</tr>
<tr>
<td>Management fee</td>
<td>0.164 (4.12)</td>
<td>0.14 (3.48)</td>
<td>0.135 (2.19)</td>
<td>0.124 (3.19)</td>
</tr>
<tr>
<td>Incentive fee</td>
<td>0.022 (6.13)</td>
<td>0.016 (4.48)</td>
<td>0.022 (4.20)</td>
<td>0.021 (6.20)</td>
</tr>
<tr>
<td>Lockup dummy</td>
<td>0.001 (1.67)</td>
<td>0.001 (1.85)</td>
<td>0.002 (2.86)</td>
<td>0.001 (2.12)</td>
</tr>
<tr>
<td>Restriction</td>
<td>0.004 (4.86)</td>
<td>0.002 (3.31)</td>
<td>0.003 (1.86)</td>
<td>0.004 (5.88)</td>
</tr>
<tr>
<td>Leverage dummy</td>
<td>-0.000 (-1.15)</td>
<td>-0.000 (-1.01)</td>
<td>-0.000 (-0.60)</td>
<td>-0.000 (-1.04)</td>
</tr>
</tbody>
</table>

| Adj. R²  | 7.00 %  | 9.80 %  | 6.90 %  | 9.50 %  | 4.80 %  | 7.30 %  | 4.50 %  | 7.20 %  |
| N       | 278,989 | 278,989 | 242,479 | 242,479 | 278,989 | 278,989 | 242,479 | 242,479 |
Table X: Fund Failure and Name Gravitas

This table presents Cox Semiparametric Hazards Model and Probit Model analyses. In Panel A, the dependent indicator variable takes value of 1 if the fund stops reporting in subsequent period, and otherwise 0. In Panel B, the dependent indicator variable takes value of 1 when the Liang and Park (2010) fund failure conditions are met (i.e., negative six-month average return, plus negative 12-month change in AUM), and otherwise 0. As explanatory variables are used the first principal component of fund name content (Gravitas) and a set of control variables that are defined in Table I and IV. The all models include both style and time fixed effects (not shown), standard errors clustered at the fund levels (t-statistics are shown in parenthesis). All explanatory variables, except Gravitas, are winsorized at 1% and 99% levels.

<table>
<thead>
<tr>
<th>Panel A: Attrition</th>
<th></th>
<th>Panel B: Failure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cox</td>
<td>Probit</td>
<td>Cox</td>
</tr>
<tr>
<td>Gravitas</td>
<td>0.113</td>
<td>0.056</td>
<td>-0.311</td>
</tr>
<tr>
<td></td>
<td>(1.68)</td>
<td>(2.64)</td>
<td>(-1.89)</td>
</tr>
<tr>
<td>Gravitas × Low rank</td>
<td>3.235</td>
<td>1.640</td>
<td>5.833</td>
</tr>
<tr>
<td></td>
<td>(2.93)</td>
<td>(3.66)</td>
<td>(3.46)</td>
</tr>
<tr>
<td>Gravitas × Mid rank</td>
<td>-0.361</td>
<td>-0.160</td>
<td>-0.167</td>
</tr>
<tr>
<td></td>
<td>(-1.18)</td>
<td>(-1.24)</td>
<td>(-0.28)</td>
</tr>
<tr>
<td>Gravitas × High rank</td>
<td>-1.568</td>
<td>-0.648</td>
<td>-5.840</td>
</tr>
<tr>
<td></td>
<td>(-1.10)</td>
<td>(-1.09)</td>
<td>(-1.17)</td>
</tr>
<tr>
<td>Low rank</td>
<td>-2.755</td>
<td>-1.475</td>
<td>-3.085</td>
</tr>
<tr>
<td></td>
<td>(-8.80)</td>
<td>(-13.96)</td>
<td>(-9.47)</td>
</tr>
<tr>
<td>Mid rank</td>
<td>-1.178</td>
<td>-0.529</td>
<td>-1.141</td>
</tr>
<tr>
<td></td>
<td>(-10.57)</td>
<td>(-17.67)</td>
<td>(-9.52)</td>
</tr>
<tr>
<td>High rank</td>
<td>-0.197</td>
<td>-0.062</td>
<td>-0.040</td>
</tr>
<tr>
<td></td>
<td>(-0.55)</td>
<td>(-0.43)</td>
<td>(-0.10)</td>
</tr>
<tr>
<td>Lagged size</td>
<td>-0.198</td>
<td>-0.099</td>
<td>-0.198</td>
</tr>
<tr>
<td></td>
<td>(-26.70)</td>
<td>(-35.93)</td>
<td>(-26.80)</td>
</tr>
<tr>
<td>Lagged age</td>
<td>0.005</td>
<td>0.003</td>
<td>0.005</td>
</tr>
<tr>
<td></td>
<td>(1.74)</td>
<td>(2.84)</td>
<td>(1.76)</td>
</tr>
<tr>
<td>Lagged flow</td>
<td>-1.278</td>
<td>-0.516</td>
<td>-1.277</td>
</tr>
<tr>
<td></td>
<td>(-16.81)</td>
<td>(-14.38)</td>
<td>(-16.82)</td>
</tr>
<tr>
<td>High-water mark</td>
<td>-0.368</td>
<td>-0.183</td>
<td>-0.369</td>
</tr>
<tr>
<td></td>
<td>(-4.51)</td>
<td>(-12.86)</td>
<td>(-4.53)</td>
</tr>
<tr>
<td>Management fee</td>
<td>7.648</td>
<td>3.607</td>
<td>7.617</td>
</tr>
<tr>
<td></td>
<td>(3.19)</td>
<td>(3.88)</td>
<td>(3.18)</td>
</tr>
<tr>
<td>Incentive fee</td>
<td>1.630</td>
<td>0.803</td>
<td>1.627</td>
</tr>
<tr>
<td></td>
<td>(4.79)</td>
<td>(8.11)</td>
<td>(4.78)</td>
</tr>
<tr>
<td>Lockup dummy</td>
<td>-0.061</td>
<td>-0.031</td>
<td>-0.061</td>
</tr>
<tr>
<td></td>
<td>(-1.87)</td>
<td>(-2.73)</td>
<td>(-1.88)</td>
</tr>
<tr>
<td>Restriction</td>
<td>0.288</td>
<td>0.134</td>
<td>0.289</td>
</tr>
<tr>
<td></td>
<td>(3.65)</td>
<td>(6.47)</td>
<td>(3.67)</td>
</tr>
<tr>
<td>Gen. R-squared</td>
<td>2.2 %</td>
<td>2.3 %</td>
<td>2.5 %</td>
</tr>
<tr>
<td>N</td>
<td>312,981</td>
<td>312,981</td>
<td>312,981</td>
</tr>
<tr>
<td></td>
<td>263,915</td>
<td>263,915</td>
<td>263,915</td>
</tr>
</tbody>
</table>
**Table XI: Fund Flows and Name Gravitas Interaction Terms**

This table presents quarterly regressions of fund flow on Gravitas, on interaction terms between Gravitas and several variables defined below, and a set of control variables. Gravitas is interacted with fund age and size as well as minimum investment, 3(c)7 hedge fund (than only accepts qualified purchasers as fund investors) and restriction period. To test for the flow sensitivity to Gravitas separately in bear and bull markets, Gravitas is interacted with Bull market indicator getting a value of 1 when the returns on SP500 index are above the median of the SP500 index over the full sample, and otherwise 0. To test for the flow sensitivity to Gravitas separately in early and late sample periods, Gravitas is interacted with Late sample indicator getting a value of 0 prior to December 2005, and otherwise 1. Regressions include a set of control variables that are identical to those used in Table IV. Table presents results for panel regression with style and time fixed effects and standard errors clustered by fund (t-statistics are shown in parenthesis). All variables, except Gravitas, are winsorized at 1% and 99% levels.

<table>
<thead>
<tr>
<th></th>
<th>Quarterly Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gravitas</td>
<td>0.018 (3.56) 0.039 (4.11) 0.013 (2.90) 0.017 (4.00) 0.015 (3.00) 0.010 (2.71) 0.026 (4.71)</td>
</tr>
<tr>
<td>Gravitas × Lagged age</td>
<td>-0.002 (-2.10)</td>
</tr>
<tr>
<td>Gravitas × Lagged size</td>
<td>-0.008 (-3.65)</td>
</tr>
<tr>
<td>Gravitas × Restriction</td>
<td>-0.011 (-0.91)</td>
</tr>
<tr>
<td>Gravitas × Minimum investment</td>
<td>-0.010 (-1.76)</td>
</tr>
<tr>
<td>Minimum investment</td>
<td>0.016 (9.61)</td>
</tr>
<tr>
<td>Gravitas × 3(c)7 hedge fund</td>
<td>-0.026 (-2.38)</td>
</tr>
<tr>
<td>3(c)7 hedge fund</td>
<td>0.018 (7.46)</td>
</tr>
<tr>
<td>Gravitas × Bull</td>
<td>0.000 (0.03)</td>
</tr>
<tr>
<td>Bull</td>
<td>-0.011 (-1.69)</td>
</tr>
<tr>
<td>Gravitas × Late</td>
<td>-0.027 (-4.15)</td>
</tr>
<tr>
<td>Late</td>
<td>-0.031 (-4.93)</td>
</tr>
<tr>
<td>Lagged size</td>
<td>-0.019 (-42.39) -0.019 (-38.37) -0.019 (-42.40) -0.020 (-41.28) -0.020 (-29.44) -0.019 (-42.40) -0.019 (-42.42)</td>
</tr>
<tr>
<td>Lagged age</td>
<td>-0.006 (-32.06) -0.006 (-34.98) -0.006 (-34.86) -0.006 (-32.94) -0.006 (-25.39) -0.006 (-34.85) -0.006 (-34.86)</td>
</tr>
<tr>
<td>Restriction</td>
<td>0.008 (3.04) 0.008 (3.08) 0.009 (3.18) 0.003 (1.24) 0.003 (0.85) 0.008 (3.11) 0.008 (3.17)</td>
</tr>
<tr>
<td>Control variables?</td>
<td>Yes Yes Yes Yes Yes Yes Yes</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>10.1 % 10.1 % 10.1 % 10.0 % 10.6 % 10.1 % 10.1 %</td>
</tr>
<tr>
<td>N</td>
<td>284,975 284,975 284,975 259,968 137,188 284,975 284,975</td>
</tr>
</tbody>
</table>
Table XII: Fund Size at the Inception and Name Gravitas

This table presents results from cross-sectional regressions in which the Log of Fund Size at the Inception is explained by Gravitas and a set of time-invariant control variables. We include time fixed effects and strategy fixed effects among the independent variables. The definitions of the control variables are from Table I. The t-statistics (presented in parenthesis) are calculated using White standard errors.

<table>
<thead>
<tr>
<th></th>
<th>Log(Initial fund size)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gravitas</td>
</tr>
<tr>
<td></td>
<td>0.404</td>
</tr>
<tr>
<td></td>
<td>(6.33)</td>
</tr>
<tr>
<td></td>
<td>Alphabet</td>
</tr>
<tr>
<td></td>
<td>0.155</td>
</tr>
<tr>
<td></td>
<td>(3.04)</td>
</tr>
<tr>
<td></td>
<td>Digit</td>
</tr>
<tr>
<td></td>
<td>-0.297</td>
</tr>
<tr>
<td></td>
<td>(-1.07)</td>
</tr>
<tr>
<td></td>
<td>Log(Number of databases)</td>
</tr>
<tr>
<td></td>
<td>-0.162</td>
</tr>
<tr>
<td></td>
<td>(-4.99)</td>
</tr>
<tr>
<td></td>
<td>UCITS</td>
</tr>
<tr>
<td></td>
<td>1.099</td>
</tr>
<tr>
<td></td>
<td>(11.61)</td>
</tr>
<tr>
<td></td>
<td>Offshore</td>
</tr>
<tr>
<td></td>
<td>0.709</td>
</tr>
<tr>
<td></td>
<td>(22.64)</td>
</tr>
<tr>
<td></td>
<td>High-water mark</td>
</tr>
<tr>
<td></td>
<td>0.053</td>
</tr>
<tr>
<td></td>
<td>(1.18)</td>
</tr>
<tr>
<td></td>
<td>Management fee</td>
</tr>
<tr>
<td></td>
<td>3.455</td>
</tr>
<tr>
<td></td>
<td>(1.21)</td>
</tr>
<tr>
<td></td>
<td>Incentive fee</td>
</tr>
<tr>
<td></td>
<td>-2.007</td>
</tr>
<tr>
<td></td>
<td>(-6.31)</td>
</tr>
<tr>
<td></td>
<td>Lockup dummy</td>
</tr>
<tr>
<td></td>
<td>-0.32</td>
</tr>
<tr>
<td></td>
<td>(-8.76)</td>
</tr>
<tr>
<td></td>
<td>Restriction</td>
</tr>
<tr>
<td></td>
<td>0.492</td>
</tr>
<tr>
<td></td>
<td>(7.48)</td>
</tr>
<tr>
<td></td>
<td>Leverage dummy</td>
</tr>
<tr>
<td></td>
<td>0.089</td>
</tr>
<tr>
<td></td>
<td>(2.81)</td>
</tr>
<tr>
<td></td>
<td>Intercept</td>
</tr>
<tr>
<td></td>
<td>3.954</td>
</tr>
<tr>
<td></td>
<td>(8.03)</td>
</tr>
<tr>
<td></td>
<td>Strategy FEs?</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Time FEs?</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Adj. R²</td>
</tr>
<tr>
<td></td>
<td>8.60 %</td>
</tr>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>15,820</td>
</tr>
</tbody>
</table>