Hedge Fund Awards: Do Investors and Managers Care, and Should They?*

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Abstract

We investigate the impact of hedge fund awards on hedge fund flows, performance, and risk-taking behavior. We show that award winners experience a significant increase in fund flows, but find no evidence that they deliver superior alpha subsequently. Meanwhile, fund managers with a feasible chance of winning the award take on increased risk in the later part of the award evaluation period, suggesting tournament behavior among the top performing managers. Using Google search volume and the SEC's EDGAR log file data, we confirm that investor attention indeed increases following awards announcements. These results expand our understanding of the behaviour of presumably sophisticated investors in the hedge fund industry and managerial incentives that arise in response.

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1. Introduction

Over the last several decades, finance literature accumulated ample knowledge about the hedge fund industry despite limited data availability. One of the key datasets we have relied on for academic research is that provided by data vendors such as EurekaHedge or BarclayHedge. Importantly, many of these data vendors organize annual events for hedge fund awards (HFAs hereafter), which the industry participants appear to have cared about but academic research has so far largely overlooked. Using the HFA events that have never been investigated in the hedge fund literature, our paper examines the behaviour of hedge fund investors and managers surrounding these events.

The award organizers select the winners exclusively from their own database. We identify more than 40 HFA events in the world and objectively select 14 HFAs which are recognized as the most reputable for our empirical study. We classify these awards into 2 groups based on their winner selection methodology. In the first group, award winners are selected purely based on past performance with a transparent selection rule. We call this group "1QHFA" which rely on Quantitative evaluation. In the second group, award winners are selected by external panel judges who themselves are mostly hedge fund investors from reputable investing institutions.[1] The judges evaluate not only the fund past performance but also the manager's quality measures such as investment process, risk management, and even depth of research team such as research capability based on their past experience and strength. They decide the winners after discussing and voting together. We call this group "2QHFA" which uses both Quantitative and Qualitative evaluation.

[1] For the panel judges list of our hedge fund award samples, please refer to the appendix Table A1.

Given the evaluation method, 1QHFA simply delivers hard information to investors while 2QHFA also contains soft information.

We examine how these events affect investors and managers, more specifically their impact on hedge fund flows, performance, and risk-taking. First, we show that investors react to the award results by allocating more capital into the winner funds. The average monthly fund flows are significantly larger by 0.44% point to 1.03% point higher than non-winning funds, depending on the time horizon. Nominees also experience significant positive fund flows, but when we separate our samples to 1QHFA and 2QHFA, 2QHFA nominees' fund flows are insignificant. We further show that, subsequent to the award announcement, investors not only "chase" winners but also change their attitude towards the entire family: there exists a spillover effect in fund flows into the other funds of the family in the subsequent months. We also confirm that HFA events grab investor's attention by examining SEC's EDGAR log file data and the Google search volume.

Next, given the investors exhibit flow reactions to awards, we examine whether there are any implications from awards about future fund performance. Using various measures of performance, we find no evidence that winners subsequently deliver superior alpha. Meanwhile, we find 1QHFA winners enjoy strong fund flows for only short period of time (1 to 6 months) while 2QHFA winners enjoy significant increase in average fund flows for over 24 months. Therefore, we further investigate performance implication separately for 1QHFA and 2QHFA winners but do not find consistent evidence of future fund performance. We find investors allocate abnormal capital even to non-winner nominees who rather deliver negative alpha subsequent to the award events.

Lastly, we posit that the managers have incentives to receive awards if the awards bring in additional capital. Thus, we test whether managers take a higher fund risk in order to increase their winning probability. We find that potential award winners increase the fund's risk in the later part of the award evaluation period. Specifically, funds that show high performance in the first half of the year show increase in the second half return volatility compared to the first half only if they are likely to be candidates of the award. We also find increase in risk in the lower decile group, which is consistent with existence of tournament behaviour for poor performing hedge funds that has been documented in the literature. However, our findings suggest that tournament behaviour also exists among good performing hedge funds, seeking for increase in fund flows following the award.

Our paper contributes to hedge fund literature in several ways. First, our paper contributes to the still-nascent literature that examines the limited attention of hedge fund investors and more broadly that of institutional allocators. Previous literature extensively studies the attention effect on the way retail investors select stocks or mutual funds but relatively little is studied about the attention effect on the way institutional investors select funds.[2] Our paper helps to narrow this research gap. The hedge fund industry provides an ideal laboratory for exploring the attention effect on institutional or other sophisticated investors.[3] Unlike the retail investors in the mutual

[2] The examples of attention-grabbing events to stocks are (1) extreme returns (Seasholes and Wu, 2007; Huddart, Lang, and Yetman, 2009; Yuan, 2015), (2) trading volume (Gervai, Kaniel, and Mingelgrin, 2001; Hou, Peng, and, Xiong, 2009), (3) advertisement (Grullon, Kanatas, and Weston, 2004; Chemmanur and Yan, 2009; Lou, 2014), (4) media coverage (Barber and Odean, 2008; Engelberg and Parsons, 2011; Hillert, Jacobs, and Müller, 2014; Peress, 2014; Kim and Meschke, 2014; Engelberg, Sasseville, and Williams, 2015). The example of attention-grabbing events to mutual funds are (1) market index (Yuan, 2015), (2) fund return volatility (Clifford, Fulkerson, Jame, and Jordan, 2016), (3) advertisement (Capon, Fitzsimons, and Prince, 1996; Jain and Wu, 2000; Barber, Odean, and Zheng, 2005; Gallaher, Kaniel, and Starks, 2008), (4) media coverage (Sirri and Tufano, 1998; Kaniel, Starks, and Vasudevan, 2007; Solomon, Soltes, and Sosyura, 2014).

[3] The primary investors in hedge funds are institutional investors who provide more than 60 percent of the capital invested in hedge funds (Preqin, March 2018, p. 3). Any hedge fund investor must be an accredited (or qualified) investor as defined by Rule 501 of Regulation D under the Securities Act of 1933.

fund products, hedge fund investors are primarily full-time institutional investors who have sufficient knowledge and resources to closely monitor and analyze hedge fund performance data. One might, thus, expect that the investment decisions of these professional investors would be relatively immune to attention-grabbing signals. Nonetheless, our findings indicate that the announcement of HFAs generate an increased fund flow. What is surprising to us is that hedge fund investors react to not only 2QHFA (which includes the implicit fund quality assessment by panel judges) but also 1QHFA although essentially 1QHFA is a simple repackage of the past performance. These empirical findings suggest that hedge fund investors are not fully attentive to fund performance data available prior to 1QHFA events, instead learning it as new information after the events. The observed behavior of hedge fund investors is consistent with the evidence in the literature that stock prices or mutual fund flows react to salient news that is already public information.[4] In that sense, our research joins the literature challenging the view that hedge fund investors are sophisticated, such as the work of Agarwal, Green, and Ren (2018), which finds that hedge fund investors react more to the basic CAPM alpha than other more sophisticated performance measures when selecting fund for investment. Their findings indicate hedge fund investors' behavior is not that different from that of retail investors that is documented by Barber, Huang, and Odean (2016) and Berk and van Binsbergen (2016).[5] Overall, our findings from investors reaction to 1QHFA suggest that hedge fund investors are subject to attention constraints, salience bias, extrapolation biases and chasing trends similar to retail investors therefore HFA may be a good advertising tool for managers to approach the investors who have limited attention.

[4] For examples of stock prices reaction to salient news, see Huberman and Regev (2001), Tetlock (2011), Gilbert, Kogan, Lochstoer, and Ozyildirim (2012). For examples of mutual fund flows reaction, see Kaniel & Parham (2017).
[5] Another example challenging the view that institutional investors are more sophisticated than retail investors is a disposition effect (investors tend to sell their winning stocks and hold on to their losers) that both individual and professional investors similarly exhibit. See, e.g., Locke and Mann (2000).

Second, we find award winners do not deliver alpha subsequent to award event. This suggest that investor's propensity to buy funds which receive the awards is not justified by the subsequent performance of selected fund. Our findings are consistent with the literature that asset allocators (i.e. plan sponsors such as retirement plans and endowments) hire fund managers after large positive excess returns but this return-chasing behavior does not deliver positive excess returns thereafter (Goyal and Wahal, 2008) and that investors can act quickly using widely available "hard information" that is fairly cheap to obtain but the decision turns out as a relatively low quality (Brown, Gredil, and Kantak, 2016).

Third, we examine both *a pure attention effect* (from 1QHFA) and *an expert opinion effect* (from 2QHFA) under the same event format (i.e., HFA). Both of these effects have been examined separately in previous studies in mutual fund literature (see Kaniel and Parham, 2017 for 1QHFA and Parwada and Tan, 2017 for 2QHFA) but our award dataset (i.e., 1QHFA and 2QHFA) allows us to test both effects simultaneously and to compare them to each other in terms of effect size and duration.[6] Our results show that 2QHFA has a greater impact on the subsequent fund flows than 1QHFA. One possible explanation for the stronger effect 2QHFA generate beyond the attention effect is the "external certification hypothesis" that investors would rely on the awards not to gain real advice but to merely defend their investment decision, consistent with established literature that looks at the role of fund advisors for institutional mutual fund products (see Goyal and Wahal, 2008; Jenkinson, Jones, and Martinez, 2016; Jones and Martinez, 2017 among others). This hypothesis is supported by our findings that 2QHFA winners deliver no subsequent alpha, consistent with the work of Jenkinson, et al. (2016) who examine the performance of

[6] We admit our analysis has a limitation as we cannot control for the characteristics effect, if any, coming from each award organizer: 4 awards under 1QHFA category are all held by HFI while 12 awards under 2QHFA category are organized by 4 different institutions such as Mizuho, HFR, HFM and Allocator. See Appendix Table A2.

recommendations from fund consultants and find recommendations result in no pecuniary benefit to the end investor.

Fourth, we introduce a novel, direct measure of allocators' revealed attention to hedge funds using search traffic associated with filings on the EDGAR system of the Securities and Exchange Commission (SEC) such as Form 13F. Previous literature using searching activity on Bloomberg terminals (Ben-Rephael, Da, and Israelsen, 2017) or on EDGAR system (Drake, Quinn, and Thornock, 2017; Loughran and McDonald, 2017 among others) investigate institutional attention to specific stocks but, to the best of our knowledge, our paper is the first to use the EDGAR data to measure institutional attention to specific hedge fund managers. Our results show that award winners experience a significant increase in searching activity by investors who access to EDGAR system, which complement the institutional attention literature and provide empirical support to the notion that investor's attention leads to demand for financial information (Bauguess, Cooney, and Hanley, 2015).

Lastly, our results also have implications for understanding tournament behavior of hedge fund managers. The evidence in this paper shows that fund managers respond to the HFA incentives by increasing volatility of their own funds relative to the peers' performance in an attempt to achieve the best among the top performing funds. This indicates that fund managers may understand that winning the HFA could positively influence their fund flows, which are the most important determinant of managerial incentives (Feng, Sherman, and Kapadia, 2011; Yin, 2016). The previous literature on tournament behaviour focuses on below-average managers: Underperforming manager increase the risk in the later part of the year in an attempt to improve their relative performance (Brown, Goetzmann, and Park, 2001; Aragon and Nanda, 2012; Kolokolova and Mattes, 2017). Our analysis provides empirical support to the growing literature

on the fund managers' tournament and risk-taking behaviour reported in Brown et al. (2001), Basak, Pavlova, and Shapiro (2007) and Aragon and Nanda (2012). Our results are also consistent with the prediction that significantly outperforming managers are more likely to increase relative risk observed in the mutual fund industry as they are less likely to be fired in the future (Hu, Kale, Pagani, and Subramanian, 2011).

The rest of the paper is organized as follows. Section 2 summarizes the data. Section 3 presents the main models and empirical results about the impact of hedge fund awards on hedge fund flows, performance, and risk-taking. Section 4 reports robustness tests. Section 5 concludes.

2. Data and Summary Statistics

We use Lipper TASS database to obtain hedge fund monthly returns and fund characteristics. Following Chung and Kang (2016), we filter out funds that report quarterly (not monthly), funds that report returns before (not after) fees, and funds with unknown styles. We also filter out observations before November 2000 which is 24 month prior to our first HFA event date observed in our awards sample To control for backfill bias, we further exclude the first eighteen months of returns for each fund and then filter out funds that do not have at least twenty-four return observations. We also drop funds that do not provide a management company in TASS. Finally, we follow Aggarwal and Jorion (2010) and correct for master-feeder duplicates, resulting in a sample of 7,836 unique funds (618,869 fund months and ____ unique managers). Following Bhardwaj, Gorton, and Rouwenhorst (2014), we convert the local currency Assets under Management ("AUM") into USD terms using the time-matched historical month-end FX data obtained from Bloomberg terminal when AUM data are used in our regression.

For hedge fund awards sample, we first search for the award names in Google using the key word "hedge fund awards" and thoroughly come through the first 100 pages, identifying a total of 43 HFA as the hedge fund awards universe. From the awards list, we first select eight HFA as our award sample, which are AsiaHedge, Absolute Return, EuroHedge, EurekaHedge, HFM European, HFM US, HFR European, Investors Choice (Europe, US, Asia). These are the awards that are recognized as the most prominent and reputable awards as confirmed through our interviews with industry practitioners including the three major global prime brokers. As an objectivity check, we also examine how many news articles relating to each of the awards were published in the professional Bloomberg terminals since 2010 which is the oldest year from which Bloomberg provides key word news search result. We also include InvestHedge, HFM Asia, HFR US, HFR Fund of Funds, since these are also awards that are given by the award organizers of the eight prominent awards.[7] All the HFA organizers select candidates for the awards from their own regions based on the actual office location of the fund management companies (not the fund domicile).[8] They classify the awards primarily on the basis of three categories: geography of the investment targets, strategy and fund size.

We hand-collect the award data from public domain sources and directly from award presenting organizations if the data are no more available in their websites. We limit our award data collection to the period between October 2002 and October 2017, based on data availability. October 2002 is the oldest award event month among the awards data we identify. We hand match the award winner fund name with the Lipper TASS database. We are conservative in our matching following Shive and Yun (2013). For example, we would not match NAC Credit Value (TASS)

[7] Our results are robust even if we exclude these four awards in our analysis.
[8] For example, a fund investing in US equity markets that is run by a fund management company located in Asia should be consider as a potential candidate by an "Asia" HFA organizer, not by a "US" HFA organizer.

with NAC European Credit (awards), but we would match Perceptive Life Sciences LP (TASS) and Perceptive Life Sciences Fund (awards). When there are multiple classes or currencies with the same fund name in TASS matching with the award winner fund name lack of detail class or currency information, we allow multiple matching in TASS from award sample.

We filter out award fund-month observations that do not exist in our filtered TASS fund sample, leaving a sample of 3,329 fund-months of winners/nominees (954 winners and 2,624 nominees). In our analyses, we winsorize all the variables at the 1% and 99% levels to prevent outliers from affecting our analysis, except variables that we take the natural logarithm. Table 1 presents summary statistics that show the average fund characteristics of our sample fund universe and the award winner and nominee before and after the HFA announcement. As it shows in Table 1, our number of winners and nominees are less than our TASS-matched sample. First, while the fund names show up at least once in TASS, fund-month samples are missing when the fund are winners or nominees. Second, there are samples where winners (nominees) have won multiple awards.

[Insert Table 1 about here]

In Table 1, we show that winners and nominees have positive fund flow before the award announcement which seem to be significantly larger than non-winner/nominees. Winners continue to enjoy the positive fund flow after the award announcement. Winners and nominees have larger excess returns prior to the award announcement but do not seem to show significant difference after the event. However, the comparison among funds is not fair since the summary statistics of Table 1 do not take into account of fund characteristics and time effects. We work in more detail of this analysis in the next section.

To check which types of funds are likely to be awarded, we use a logit model to find HFA determinants. The descriptive statistics are based on the last month of award evaluation period (not the award event month). We drop the months at which there is no award evaluation month end. We include average excess returns of the last 24 months (*L24M_ER_w*), average excess return volatility of the last 24 months (*L24M_VOL_ER_w*), fund size (*LN_AUM*), age (*LN_AGE*), family fund size (*LN_FM_AUM*), family fund age (*LN_FM_AGE*) as the explanatory variables in our logit regression. The results are shown in Table 2.

[Insert Table 2 about here]

We find that funds with higher past excess returns and larger sized funds are more likely to be awarded. Also, we find that 1QHFA has a higher R-squared than 2QHFA. This may be due to the case that 1QHFA selects the winner purely on the basis of fund performance (which is the raw return and volatility) while 2QHFA considers other soft quality factors which may not be captured by our data.

3. Empirical Analysis

3.1 Award Effect on Fund Flows

3.3.1 Winner Fund Flows

We examine the effect of HFA on investors by measuring fund flows subsequent to the award event. Following Sirri and Tufano (1998), we measure the fund flows as the percentage net growth in fund assets that is driven by the inflow and outflow of fund i over the observation period k months after the month t. We run the following regression model, having fund flows as a dependent variable and winner (and nominee) as an independent dummy variable:

$$NkM\ FLow_{i,t+1:t+k} = \beta_1 WR\_L6M_{i,t} + \beta_2 NR\_L6M_{i,t} + \gamma Controls_{i,t} + \varepsilon_i. \quad (1)$$

where $NkM\ Flow_{i,t+1:t+k}$ is the average monthly fund flows of fund *i* estimated on the subsequent *k* months period after month *t*, and the dummy variable *WR_L6M* (*NR_L6M*) is equal to one if the fund *i* is announced as winner (and nominee who fail to become winner) during the past 6 months, from *t*-5 to *t*. We use the period dummy to control for a flow effect autocorrelation within winner fund and cross-sectionally.[9]

Basic control variables include the following variables: the monthly money flows, as a percentage of AUM, averaged over the past two years (*L24M_FLOW_AVG_w*), monthly excess return averaged over the past two years (*L24M_ER_w*) and its squared term (*L24M_ER_sq_w*), standard deviation of monthly excess returns of fund *i* calculated using the past two years of history (*L24M_VOL_ER_w*), the log of assets under management at month t (*LN_AUM*), log of assets under management of the family fund (LN_FM_AUM), and the log of the fund's age at month t (*LN_AGE*).

[Insert Table 3 about here]

In column (1), we run the regression of equation (1) with Time-Style fixed effects. In column (2), we add additional controls (Other controls) to capture fund characteristics, which includes the following: Management fee, Incentive Fee High Water Mark, Personal Capital, Lock Up Period, Redemption Notice, Minimum Investment, and Leverage. In columns (3)—(7), instead of using additional controls, we include fund fixed effects. Our baseline fund flow after the HFA event (k) is 6 months (columns (1)—(3)), we present our results using 1, 3, 12, and 24 months fund flow with the specification of column (3).

[9] Alternatively, we also use the independent dummy variable Winner defined as (1) the winner announced at month t (only the event month) and (2) the winners announced for months t-11:t (total 12 months) and get the similar results qualitatively and statistically.

Overall, our results show that both HFA winners and nominees receive a significant abnormal fund flow after the award event. This result suggests two possible explanations: (1) awards event grabs investors' attention therefore lowers their search cost to allocate their capital (*attention effect hypothesis*) and (2) investor consider the HFA to be a valuable source of information to identify skilful fund managers (*information effect hypothesis*). The significant fund flow increase starts from the first month subsequent to the event. This suggests that some investors rush to buy the winner fund. Abnormal fund flow to award winners are statistically significant until the 24th month (our last month of regression horizon) following the event, which implies that investors do not all simply rush to invest after the HFA result is announced, but many take even for years probably to investigate their target fund before making an investment decision. Our findings therefore provide empirical support for the literature which argues that hedge fund investors do not only face high search costs (Jorion and Schwarz, 2015) but they also take a long time to fully digest the "soft" information they take in (Baquero and Verbeek, 2009; Brown et al., 2016).[10]

As stated earlier, we can distinguish HFA winners into two groups that are based on different evaluation procedures. This makes it possible for us to test these two HFA effects separately on investors. Results are shown in Panel B of Table 3. When we compare the effect of the 1QHFA and 2QHFA separately, we find positive and significant coefficients on the winner dummy for both 1QHFA and 2QHFA winners for 1 to 12 months. However, for 24 month period, only 2QHFA winners show positive and significant coefficient and even for the 12 month period, the coefficient is significant only at the 10% level. This implies that the investors take the 2QHFA

[10] Baquero and Verbeek (2009) explain the hedge funds' non-standardized, complex and non-transparent investment strategies compels investors to undertake a lengthy investment decision process including quantitative and qualitative screening and a thorough due diligence process.

winners more seriously and in longer terms than the 1QHFA list because 2QHFA has not only an attention-grabbing *performance visibility effect* (Vessey, 1994) embedded in 1QHFA but also has an additional *expert opinion effect*.[11] The longer-lasting fund flow effect may also imply that some investors take more time to find out hidden fund quality information implicitly endorsed by panel judges. We attribute the effect of 1QHFA to the *prominence channel effect* suggested by (Kaniel and Parham, 2017) while the effect of 2QHFA to the *information channel effect* suggested by Del Guercio and Tkac (2008). Our findings are consistent with Engelberg (2008) who categorizes earnings news into hard (quantitative) and soft (qualitative) information and examines how they are related to the post-earnings announcement drift. He finds that the asset price impact of harder-to-process soft information extends to a longer horizon compared to that of quantitative information.

Still another possible explanation for the stronger effect of 2QHFA on fund flows comes from the "*external certification*" hypothesis. Hedge fund investors have become increasingly institutionalized (Todd Groome, 2010), especially since 2010 however many investors do not have fund size large enough to absorb the high cost of operational due diligence (Brown, Fraser, and Liang, 2008) so allocators might take the 2QHFA as the kind of external certification to justify their investment decisions. According to anecdotes we heard from our own experience in the industry, a partial explanation for why pension funds hire consultants who can advise them on hedge fund selection may not be a straightforward desire for real advice but a need to have an

[11] The judgment of experts matters in many types of markets. For example, the Parker grade has a significant effect on wine prices as determined by professional wine traders (Ali, Lecocq, and Visser, 2008). Zhen and Zheng (2015) examine the effect of an expert opinion of the food product on consumer demand. The findings reported in Hilger, Rafert, and Villas-Boas (2011) suggest that expert opinion transmits quality information and is not limited to only shelf visibility. Beatty and Smith (1987) conclude that a person who is worried about a purchase is highly likely to seek information from someone they know.

excuse that can be used in an audit in case there is an unexpected investment failure such as the Madoff investment scandal in 2008.[12] This is in line with the previous literature that study (1) the role of investment consultants for institutional investors in mutual fund products (Goyal and Wahal, 2008; Jenkinson, Jones, and Martinez, 2016; Jones and Martinez, 2017) and (2) the tendency of career-concerned mutual fund managers to follow analyst recommendation (Brown, Wei, and Wermers, 2014). Literature conclude that plan sponsors follow the recommendations of investment consultants more than their own expectations regarding the future performance of fund managers because investment consultants may provide a shield that plan sponsors can use to defend their decisions. More institutionalization among hedge fund investors might bring a greater demand for the kind of external certification that can be found in the 2QHFA winner list.

3.1.2 Fund flows during crisis

Following Sadka (2010) and Chung and Kang (2012), we define August-October 2007 (Quant crisis) and September-November 2008 (financial crisis) as the crisis months. We define crisis as a dummy variable that equals one if the fund-month time of our dependent variable next *k* month fund flow, namely *NkM Flow* in Equation (1), falls under this period. We examine the HFA effect on fund flows during the crisis by interacting the Winner dummy with the crisis variables. Our result in Panels A show that in periods including financial crisis, investors react more negatively to the HFA announcement than in normal periods in the short term. This suggests that the HFA attention-grabbing effect on flows becomes less during an alert period than a normal time. In other words, investors probably become more prudent in terms of capital allocation. Interestingly, when we separate winners in the 1QHFA and 2QHFA winners (nominees), 2QHFA winners (nominees)

[12] An article published in the Wall Street Journal reports, on the basis of interviews with Morningstar employees, that some financial advisors use Morningstar ratings as a crutch (Grind, McGinty, and Krouse, 2017).

suffer significantly, while the coefficient on 1QHFA winners (nominees) interacted with crisis are insignificant figures.

[Insert Table 4 about here]

3.1.3 Spillover Effect

The spillover effects of star funds on their fund family are well documented in mutual fund research (Nanda, Wang and Zheng, 2004; Kaniel and Parham, 2017; Parwada and Tan, 2017), but such research is limited in relation to the hedge fund industry. In relation to hedge funds, Kolokolova (2011) documents the existence of a positive spillover effect in hedge fund families on the basis of evidence showing that capital inflow into newly launched funds increases in accordance with the past performance of other family-member funds. We examine the spillover effect when one fund has won the HFA on the other funds that already exist at the hedge fund family level. In detail, we run the regression having fund flows as a dependent variable and winner family as an independent dummy variable.[13] Winner fund dummy is equal to one if the fund itself is a winner fund, while winner family dummy equals one if the fund is not a winner but belongs to a winner family. We explicitly exclude the winner fund from winner family variable to examine a pure spillover effect on family members.

[Insert Table 5 about here]

In Panel A of Table 5, we find that other funds in the same winner fund family also receive a larger fund flow. We analyze this spillover effect from our combined HFA winner data (which include both 1QHFA and 2QHFA winners) and find positive fund flow effect in all of our window periods

[13] Winner family has the same investment style as the HFA winner fund. Alternatively, we run the regression with winner family with any investment style and arrive at the similar result although the magnitude is weaker than style-matched winner family case.

following the award event window. When we analyze the effect of 1QHFA and 2QHFA separately (Panel B), we find statistically significant fund flow into the winner family funds only for the 2QHFA family winners. Since 2QHFA include the implicit fund quality information such as investment process, investors may believe that such fund characteristics are more applicable to other funds in the same fund family than the simple past performance information embedded in 1QHFA. This interpretation is more consistent with the *information channel* effect suggested by Del Guorcio and Tkac (2008) than with the *prominence channel* effect suggested by Kaniel and Parham (2017). We also consider the case when we define family winner only if the winning fund in the family has the same style (Panel C). Even in this case, we find the spillover effect to be positive and significant.

3.2 Award Effect on Fund Performance

In this section, we use fund performance subsequent to HFA event as the dependent variable in the regression to test whether an HFA provides any additional future performance information as follows:

$$Fund\ Performance_{i,t+1:t+k} = \beta_1 WR\_L6M_{i,t} + \beta_2 NR\_L6M_{i,t} + \gamma Controls_i + \varepsilon_i. \quad (2)$$

where Fund $Performance_{i,t+1:t+12}$ is the average monthly performance measures of fund i estimated on the following months *k* after month *t* and *WR_L6M, NR_L6M* and *Controls* as in the previous subsection.

We consider six performance measures – (1) Fung and Hsieh (2004) seven-factor adjusted alpha, (2) Sharpe ratio, (3) information ratio using the Fung and Hsieh (2004) seven-factor adjusted alpha, (4) excess return, and (5) the two manipulation-proof performance measure ("MPPM") following Goetzmann, Ingersoll, Spiegel, and Welch (2007) because hedge funds can smooth and

manipulate their returns. Following the practice recommended in the literature, we use $\rho \in \{3,4\}$ in MPPM model. Controls include the monthly excess return averaged over the past two years ($R_{i,t-23:t}$) to control for the expected returns that would be predicted by the performance persistence hypothesis).

[Insert Table 6 about here]

Regression results of equation (2) with After adjusting for covariation with the Fung and Hsieh (2004) seven factors and controlling for other factors that drive fund performance, our regression results in Panel A using any of six performance measures indicate that HFA does not provide any additional information about future returns for the award winners. In particular, 2QHFA selection methodology implies that these award organizers intend to select quality managers who can meet the hedge fund investors' demand by consistently achieving superior risk-adjusted performance. Therefore, we do not rule out the possibility that 2QHFA might have some predictive value because of its sophisticated winner selection process. However, as shown in Panel B, we find no evidence of above normal future returns even in the 2QHFA despite the fact that the 2QHFA brings a significantly larger increase in fund flows following the award event than 1QHFA.

On the contrary, the results show that 1QHFA nominees actually deliver a statistically significant negative alpha following the award event. This negative return is even more apparent when we use the MPPM measures. This raises another question that should be examined, namely whether nominees adopt other measures such as aggressive trading tactics that they are unable to control to boost immediate returns by shifting performance between years (Huang, Sialm, and Zhang, 2011; Carhart, Kaniel, Musto, and Reed, 2002), thereby causing the rate of return after award event to fall below the level expected by the other control variables.

3.3 Matched Sample Analyses

Since there may be systematic differences between the winner and non-winner before the HFA event, in this subsection, we use matched-sample to conduct difference-in-differences (DID) analyses. For each winner fund-month observation, we look for the fund-month observation that has the closest characteristics with the winner sample. Among the universe of all observations, we only consider the samples that are in the same month that are neither winner nor nominee of any HFA. Then, similar to Kostovetsky (2016), we match using the log fund size, log fund age, and previous 24 months average excess returns. For each of the three variables, we first calculate the difference between the each matched fund and the winner fund. Then, we standardize it by dividing the standard deviations of the differences across the matched sample. Finally, we square these standardize measures for each three characteristics and add them to create the closeness measure. We pick the matched sample that has the lowest closeness measure.

[Insert Table 7 about here]

Using the winner sample and the matched sample, we perform the DID using the pre- and post- HFA event. For Panel A (B), we use average monthly fund flows (excess returns) of pre-24 months for the before HFA event and the post 1, 3, 6, and 12 month fund flows (excess returns) for the post event period. In Panel A of Table 7, we still find positive fund flows for winner after the HFA. In Panel B, we find insignificant (or negative) results for future fund performance, which is also consistent with our prior findings. In untabulated results, our results are qualitatively when we change the pre event period window to 1, 6, and 12 month periods. These results suggest that our previous results are not driven by systematic differences between winners and non-winners.

3.4 Award Effect on Investors' Attention

We posit that investors who pay attention to the event start a due diligence on the winning managers after they obtain the list of winning funds. We test this hypothesis using two attention measures: (1) download of SEC's EDGAR files for the winner fund management companies and (2) Google Search Volume Index (SVI) for HFA events to get the winners list.

3.4.1 EDGAR log file

Previous papers use Google Search Volume Index (Da, Engelberg, and Gao, 2011) or Bloomberg terminals news searching activity (Ben-Rephael, Da, and Israelsen, 2017) as direct measure of investor attention to stocks. As we investigate investor attention not to stocks but to funds, we propose a novel direct measure of institutional investor attention using the reports (e.g., Form 13F) downloading activity for specific managers from SEC's EDGAR system. EDGAR discloses the number of times users download file for a specific management company and the number of unique IP addresses which access EDGAR to download such file. There are several limitations to using EDGAR log file data as an attention measure. First, not many hedge funds file forms through EDGAR such as Form 13F which is required only to investment managers containing all equity assets under management of at least $100 million in value. In addition, the filing is required not at the fund level but at the management-company level. Therefore, our analysis may have lower power than our previous analysis given the limited number of observations. Despite that limitation, however, we find a significant result on the investors' attention to the winner's management-company after the award event.

Our SEC EDGAR sample period is January 2003 to December 2016. We have 96,976 manager-month observations from a total of 799 unique investment managers who exist in our

TASS fund sample. Our EDGAR dataset contains four sets of data for each manager-month: the number of (1) any files downloaded (Down_all), (2) unique IP address which downloaded any files (IP_all), (3) only 13F files downloaded (Down_13f), (4) unique IP address that downloaded 13F files (IP_13f). We use these four sets of data as a proxy of Investor Attention ($IA_{i,t}$) to management company *i* at month t. Abnormal Investor Attention ($AIA_{i,t}$), the measure to capture the surge in investor's attention to management company *i* at month *t*, is defined as

$$log(IAi, t + 1 + 1) - log[Average(IAi, t, \dots\dots, IAi, t - 11) + 1]. \quad (3)$$

We postulate that investors take the downloading activity from the EDGAR system at the subsequent month to the award event. In our regression, Winner Manager (*WR_L1M*) is a dummy variable equal to one if the company *i* receives the award at month *t*. Nominee Manager (*NR_L1M*) is a dummy variable that equals one if the company is a nominee of at least one award and is not a winner of any award. We use aforementioned four different *AIA* variables as the dependent variable to measure the surge in investor attention to the company *i* at month *t+1*. That is, all downloads at the month after the HFA event (*T0_Down_all*), all distinct IPs that downloads at the month after the HFA event (*T0_IP_all*), 13F downloads at the month after the HFA event (*T0_Down_13f*), and all distinct IPs that download 13F at the month after the HFA event (*T0_IP_13f*) are our dependent variables to measure investors' attention.

[Insert Table 8 about here]

As we can see from columns (1) through (4) of Table 8, companies with winner funds attract more downloads and distinct IPs when we consider all files or 13F files in the EDGAR database. However, we do not find significant results for nominees. One may consider a surge in file downloads and IP-address access when new files are uploaded at EDGAR. To control for the download activities associated with a fund's regulatory filings and make sure our findings are not

driven by such new-filing effects, we use T1 as an alternative measure to our original four sets of data T0 defined as

$IA_{i,t}$_T1 = $IA_{i,t}$_T0, - the number of downloaded files which are uploaded in EDGAR database at month t, or the number of unique IP addresses which are accessed to download such files at month t.

Columns (5) through (8) of Table 8 show the results from the robustness check and find similar results.

3.4.2 Google Search Volume Index (SVI)

We posit that investors learn about the award winners list by first searching the award name in Google and then entering the award organizer's website. To test this hypothesis, we collect the historical Google SVI data about each award name (e.g., EurekaHedge Awards) from Google Trend. The sample period is January 2004 to October 2017. The Abnormal Search Volume Index (ASVI) measure captures the surge in investor's attention to award *i* and is defined as

$$log(SVIi, t+1) - log[Average(SVIi, t-1, \dots\dots, SVIi, t-12) + 1]. \quad (4)$$

We use Event Dummy as an independent variable that equals one if the award *i* is announced at month *t*. Our results are presented in Table 9. We get significant results shown in Column (1) indicating that the award-name search in Google surges in the month when the award event is held. Columns (2) through (6) show the results from the robustness check. Our base month period is 12 months in ASVI calculation. We alternatively apply 3 and 6 months for the sample period and also use the median of the past months rather than the average. The robustness check yields similarly significant results.

[Insert Table 9 about here]

Our results using SEC EDGAR and Google SVI show that investors are paying attention to the HFA. Now we turn our analyses to see if the attention actually affects fund flows.

3.5 Award Effect on ex-ante Risk-Taking

Next, we turn our attention from investors to managers. In the previous subsections, we find that HFA brings in increased fund flows, which is the most important determinant of managerial incentives (Feng, Sherman, and Kapadia, 2011).[14] In this subsection, our goal is to analyze the effect of such incentives provided by awards on the risk-taking behaviour of potential award winners prior to the HFA event.

Literature on the tourament behaviror, where fund managers have a strong incentive to take risk in order to rise in tournament rankings, is well documented. Brown et al. (2001) provides evidence that hedge fund managers decide their annual risk-shifting strategy more based on their relative performance (compared to industry benchmarks) than absolute performance (to the high water mark). Aragon and Nanda (2012) show that tournament-style behavior is the best explanation for why fund managers increase volatility. However, the previous literature focus on the risk-taking behavior of underperforming managers who have incentive to catch up the ranking in the second half of year. Our focus is on the top performing managers who would participate in the award-winner race in order to find how these fund managers manage their fund risk according to the relative mid-year performance of the fund.

[14] Another benefit the award winners would receive is an enhanced career reputation (Malmendier and Tate, 2009).

Since our objective is to observe any tournament behavior among top performing funds that are eligible for the award, we first download the information about which funds are included in the EurekaHedge Asia database.[15] From the TASS database, we first match those funds from the EurekaHedge Asia. Then, we also select samples in the TASS database using the same criteria as the Asia version of EurekaHedge as matched samples.

To analyze different effects of risk-taking behavior by past performance, we use a similar method of Ben-David, Franzoni, and Moussawi (2012) and create variables that split the rank into five groups:

$$TRank1_{i,t} = \min(\frac{1}{3}, RelRank_{i,t})$$

$$TRank2_{i,t} = \min(\frac{1}{3}, RelRank_{i,t} - TRank1_{i,t})$$

$$TRank3_{i,t} = \min(\tfrac{1}{9}, RelRank_{i,t} - TRank1_{i,t} - TRank2_{i,t}).$$

$$TRank4_{i,t} = \min(\tfrac{1}{9}, RelRank_{i,t} - TRank1_{i,t} - TRank2_{i,t} - TRank3_{i,t}).$$

$$TRank5_{i,t} = \min(\tfrac{1}{9}, RelRank_{i,t} - TRank1_{i,t} - TRank2_{i,t} - TRank3_{i,t} - TRank4_{i,t}).$$

Since we are mostly interested in top performing groups, compare to Ben-David, Franzoni, and Moussawi (2012), we further split the top tercile group in to three groups. Then incorporate the model designed by Aragon and Nanda (2012) and run the following regression

$$\Delta Risk_{i,y} = \sum_{j=1}^{5} \beta_{ij} TRank_{i,j,1h} + \gamma Controls_i + \varepsilon_i \quad (5)$$

[15] EurekaHedge Asia Award is the only award that we have full access to which funds are possible candidates (i.e. included in their database) for the award. EurekaHedge considers the following funds as Asia hedge fund when they select their Asia Hedge Fund Award winner. Therefore, we select the following funds in TASS as a Asia hedge fund who can be considered as an award candidate: 1) The fund is domiciled in the region, 2) the fund's head office location is in that region, 3) the fund has its investments in that region

where the dependent variable $\Delta Risk_{i,y}$ is the change in the fund risk variable (i.e., the standard deviation of a fund i's monthly return) between the first and second halves at a year y. $Controls$ include first half risk (*VOL_1H_w*), second half fund flow (*FLOW_2H_w*), change in the fund's monthly autocorrelation between the second and first halves of the year ($\Delta auto$), *HighWaterMark*, and interaction terms of *HighWaterMark* with *TRank*s. We run the above equation (5) as our baseline analysis with only the samples that belong to the event month.

[Insert Table 10 about here]

Column (1) of Table 10 shows the baseline results. The interaction terms of High Water Mark with TRanks are omitted for brevity. We find that the coefficients on $TRank1$ is negative and significant, which is consistent with the literature that the more poor performing the funds are, the more likely they will increase the risk. This is not surprising as our samples include both funds that are eligible for EurekaHedge Asia award and those that are not. To test the differences in risk-taking behavior, we include the interaction terms with *TRank* and *candidate*, where *candidate* is a dummy variable that equals to one if the fund is in EurekaHedge Asia. Columns (2) to (5) show the results with differences only in fixed effects and clustering. All four columns show positive and significant coefficients in the highest performing funds. This implies that among the funds that showed relatively good performances (top 11%), the better performing funds increase risk in the second half to compete for the award. Even if it is in the top group, it is only the top few funds that are eligible for the award. We do not see this in column (1) or in *TRank5* coefficient as it captures funds that are not eligible for the award.

Our results suggests that we may apply the principles of tournament theory not only between the underperforming and outperforming groups but also between the top performing funds. The top performers have an incentive to take higher risks because they have already advanced out

of any danger from the fund redemption and liquidation risk. In such circumstances, it is reasonable for them to take more investment risks to achieve even higher rank and capture the advantage of a convex performance-flow relationship.[16] The motivation for a fund manager to take a higher risk will increase even further if there is an additional incentive provided by an award that is bestowed to only one fund from each award category.

4. Conclusion

Our paper selects the hedge fund award events as the research topic to investigate the behaviour of investors and managers in the hedge fund industry.

The effect of limited attention on investment decision making has received much attention in the academic literature covering retail investors and mutual fund managers. We use hedge fund awards as potentially attention-grabbing events to examine whether hedge fund allocators are influenced by such event when they allocate their capital to funds.

The benefit of our empirical study using award events to analyze investor's limited attention is that we are free from causality issue. For many proxies such as extreme returns, trading volume and media coverage, the causal relation is unclear, making it hard to pinpoint the true impact of pure attention effects. For instance, on the one hand, extreme returns may trigger excessive attention, but on the other, excessive attention may trigger demand shocks and thus eventually also cause extreme returns.

[16] The funds in this high performance group face a convex performance-flow relationship indicating that the potential for managers to gain from additional risk taking is much larger than the potential to lose (Agarwal, Daniel, and Naik, 2004; Baquero and Verbeek, 2009; Getmansky, Liang, Schwarz, and Wermers, 2015; Jorion and Schwarz, 2015). This risk-shifting behavior in the top decile groups is therefore regarded as a rational response by compensation-maximizing managers given a disproportionate amount of investor flow volume is directed toward the top-performing funds each year (Chevalier and Ellison, 1997 Sirri and Tufano, 1998).

Our results show that the award winners experience a significant increase in fund flows after the award event but do not deliver superior performance in the period following the award event. In addition, our results suggest that fund managers who have a feasible chance of winning the award strategically manage the tracking error volatility of their fund.

Consistent with the Limited Attention Hypothesis, our evidence indicates that hedge fund investors face attention limit and they allocate their capital into the funds which capture their attention even when the delivered information is stale.

Our paper contributes to the still-nascent literature that examines the attention effect on sophisticated investors in the hedge fund industry. We analyze both a *performance visibility effect* (from 1QHFA) and an *expert opinion effect* (from 2QHFA) under the same event format (i.e., HFA) which are separately examined in the literature. Our results indicate that hedge fund investors are themselves susceptible to attention-grabbing events and peer investors' opinion. We also find empirical evidence of tournament behaviour even among top ranking funds while the previous literature on tournament behaviour focuses on below-average managers.

We leave the following questions and research area as future research topics: (1) whether the risk-shifting behaviour by the award contenders is optimal to both investors and managers, (2) whether the behavior by panel members in their winner selection process is rational,[17] (3) any star-creating or a special marketing strategy adopted by the hedge fund family to exploit the positive spillover effect (see Nanda et al. (2004) for star-creating strategies by mutual fund families; see Kim (2017) for marketing strategies by mutual fund families when they have star funds in the family), (4) the identification of exogenous events which is based on fundamentally not relevant

[17] Zillante (2005), Allen and Parsons (2006), and Moran (2016) examine the behaviour by the voters in their winner-selection process for the Gold Glove award in the Major League Baseball.

information and the examination of the effect of such attention-grabbing or distracting factors on hedge fund investors, (5) any attention-grabbing events triggering hedge fund redemption.

Over the last several decades, the finance literature has accumulated ample knowledge about the hedge fund industry using the fund dataset provided by data vendors. One of the major events held by those vendors is the hedge fund awards to which investors and managers pay special attention while academic research so far pays limited attention. There may be other important events being held today on the ground calling for attention from researchers.

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Table 1: Summary Statistics – Average fund characteristics

This table reports summary statistics for fund-month observations of our award and fund sample. We provide statistics by winner and nominee groups and also by categorizing the funds by 1Q and 2Q winners and nominees. Nominees reported are funds that were nominated but have not won the award. Fund Size is the AUM of the fund in millions of dollars; Fund Age is the age of the fund in years, calculated as the difference between the data date and the date the fund first appeared in the TASS database; Monthly Average Fund Flow is the measure of asset inflow and outflow, following Sirri and Tufano (1998); Monthly Average Excess Return is mean of raw return minus risk-free rate. L24M stands for last twenty-four months, L12M for last twelve Months, N12M for next twelve months, and N24M for next twenty-four months. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

				Flow				Excess Return			
Fund-month	N	AUM	Age	L24M	L12M	N12M	N24M	L24M	L12M	N12M	N24M
Winner	954	518.52	7.93	1.18	1.54	0.75	0.35	1.02	1.14	0.29	0.27
Winner 1Q	341	549.00	7.34	1.37	2.00	0.85	0.04	1.22	1.44	0.32	0.36
Winner 2Q	625	507.05	8.23	1.09	1.29	0.69	0.57	0.93	0.99	0.27	0.22
Nominee	2,375	432.60	7.58	0.96	1.19	0.15	-0.34	0.76	0.84	0.19	0.24
Nominee 1Q	1,573	483.57	7.87	0.89	0.96	0.40	-0.33	0.74	0.89	0.18	0.24
Nominee 2Q	806	337.93	7.05	1.08	1.60	-0.31	-0.36	0.79	0.76	0.21	0.24
Non-winner/nominee	618,869	152.58	6.75	0.16	0.05	0.05	-0.01	0.35	0.33	0.33	0.31

Table 2: Award Determinants – Winner & Nominee

This table reports the determinants of the winners and nominees using logistic regression. Sample fund-month observations are based on end-of-evaluation period for each fund. *WINNER* is a dummy variable that equals one if the fund has won at least one award in the previous month, and zero otherwise. *NOMINEE* is a dummy variable that equals one if it has been nominated for at least one award but has not won any awards during the previous month, and zero otherwise. In the logit regression for *NOMINEE*, we exclude samples with *WINNER*=1. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

VARIABLES	(1) *WINNER*	(2) *NOMINEE*	(3) *WINNER 1Q*	(4) *NOMINEE 1Q*	(5) *WINNER 2Q*	(6) *NOMINEE 2Q*
L24M_ER_w	1.13***	0.51***	1.31***	0.69***	1.03***	0.73***
	(15.90)	(6.59)	(11.79)	(13.96)	(12.27)	(10.44)
L24M_VOL_ER_w	-0.12***	0.01	-0.11**	-0.02	-0.13***	0.00
	(-3.53)	(0.26)	(-2.01)	(-0.65)	(-3.11)	(0.09)
LN_AUM	0.53***	0.46***	0.43***	0.65***	0.55***	0.61***
	(5.87)	(6.03)	(4.17)	(7.70)	(4.89)	(4.61)
LN_AGE	0.03	-0.19	0.47	-0.01	-0.18	0.09
	(0.09)	(-0.77)	(1.00)	(-0.06)	(-0.59)	(0.26)
LN_FM_AUM	-0.02	0.05	0.25**	-0.06	-0.09	-0.26*
	(-0.20)	(0.69)	(2.41)	(-0.68)	(-0.83)	(-1.92)
LN_FM_AGE	-0.16	0.31	-1.09**	-0.29	0.19	-0.60*
	(-0.54)	(1.29)	(-2.37)	(-1.14)	(0.59)	(-1.78)
Constant	-15.39***	-16.31***	-19.04***	-16.06***	-14.87***	-11.66***
	(-15.36)	(-14.99)	(-14.72)	(-20.96)	(-11.67)	(-13.01)
Observations	106,938	104,882	106,938	104,882	106,938	104,882
Fund Cluster	YES	YES	YES	YES	YES	YES
r2_p	0.139	0.0680	0.184	0.117	0.110	0.0885

Table 3: HFA Impact on Future Fund Flows

This table presents OLS estimates of Equation (1) relating HFA to subsequent fund flows to award winners and nominees. Panel B shows the same regression only differing by distinguishing winners and nominees of 1Q and 2Q awards. For variable descriptions, see the appendix. We include time and style fixed effect. Column (2) include fund level control variables such as Management fee, Incentive Fee High Water Mark, Personal Capital, Lock Up Period, Redemption Notice, Minimum Investment, and Leverage. Standard errors, reported in parentheses, are based on clustering at the fund level to allow for heteroscedasticity and autocorrelation in the residuals across time, as in Petersen (2009). Statistical significance (two-sided) at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A: Overall

VARIABLES	(1) *N6M FLOW*	(2) *N6M FLOW*	(3) *N6M FLOW*	(4) *N1M FLOW*	(5) *N3M FLOW*	(6) *N12M FLOW*	(7) *N24M FLOW*
WR_L6M	1.03***	0.91***	0.79***	1.00***	1.00***	0.70***	0.44***
	(5.02)	(4.49)	(4.19)	(5.34)	(5.05)	(3.67)	(2.60)
NR_L6M	0.52***	0.43***	0.60***	0.60***	0.61***	0.53***	0.17*
	(3.42)	(2.84)	(4.03)	(4.27)	(4.15)	(3.72)	(1.77)
L24M_ER_w	0.92***	0.96***	1.13***	1.10***	1.18***	0.95***	0.62***
	(19.97)	(19.99)	(21.78)	(22.74)	(22.73)	(18.78)	(12.66)
L24M_ER_sq_w	-0.02	-0.03	-0.07***	-0.02	-0.05***	-0.08***	-0.07***
	(-1.14)	(-1.60)	(-3.39)	(-1.12)	(-2.68)	(-4.51)	(-4.55)
L24M_VOL_ER_w	0.01	-0.01	-0.09***	-0.05**	-0.07***	-0.09***	-0.03
	(0.48)	(-0.69)	(-3.09)	(-2.40)	(-2.99)	(-2.72)	(-1.12)
L24M_FLOW_AVG_w	0.13***	0.13***	-0.01	0.09***	0.05***	-0.07***	-0.11***
	(14.11)	(13.54)	(-0.86)	(9.08)	(4.22)	(-4.83)	(-6.14)
LN_AUM	-0.10***	-0.14***	-2.15***	-1.35***	-1.80***	-2.51***	-2.08***
	(-3.89)	(-5.14)	(-16.88)	(-17.73)	(-17.31)	(-16.07)	(-14.63)
LN_FM_AUM	-0.12***	-0.09***	0.35***	0.26***	0.33***	0.38***	0.15
	(-4.93)	(-3.81)	(3.25)	(3.97)	(3.85)	(2.82)	(1.24)
LN_AGE	-0.12**	-0.11*	-2.87***	-2.43***	-2.74***	-2.88***	-2.74***
	(-2.05)	(-1.79)	(-8.58)	(-9.69)	(-9.40)	(-7.32)	(-6.86)

Constant	3.20***	2.84***	36.61***	22.70***	30.10***	42.93***	39.34***
	(8.77)	(6.79)	(24.69)	(22.26)	(24.44)	(24.18)	(23.02)
Observations	210,672	195,035	210,574	243,677	229,484	178,688	165,341
Adjusted R-squared	0.09	0.09	0.30	0.10	0.20	0.42	0.57
Time*Style FE	YES	YES	YES	YES	YES	YES	YES
Other Controls	NO	YES	NO	NO	NO	NO	NO
Fund FE	NO	NO	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES	YES	YES

Panel B: 1Q and 2Q Winners and Nominees

VARIABLES	(1) *N6M FLOW*	(2) *N6M FLOW*	(3) *N6M FLOW*	(4) *N1M FLOW*	(5) *N3M FLOW*	(6) *N12M FLOW*	(7) *N24M FLOW*
WR_1Q_L6M	0.80**	0.78**	0.52*	0.88***	0.80***	0.39*	0.10
	(2.57)	(2.51)	(1.91)	(3.26)	(2.82)	(1.68)	(0.59)
WR_2Q_L6M	1.11***	0.94***	0.92***	1.02***	1.07***	0.87***	0.63***
	(4.64)	(4.07)	(3.95)	(4.50)	(4.42)	(3.50)	(2.75)
NR_1Q_L6M	0.63***	0.57***	0.75***	0.85***	0.80***	0.61***	0.23**
	(3.56)	(3.14)	(4.49)	(5.34)	(4.93)	(4.04)	(2.19)
NR_2Q_L6M	0.15	0.04	0.17	-0.02	0.11	0.29	0.04
	(0.61)	(0.17)	(0.60)	(-0.07)	(0.41)	(1.19)	(0.21)
L24M_ER_w	0.92***	0.96***	1.13***	1.10***	1.18***	0.95***	0.62***
	(20.00)	(20.01)	(21.80)	(22.77)	(22.76)	(18.78)	(12.67)
L24M_ER_sq_w	-0.02	-0.03	-0.07***	-0.02	-0.05***	-0.08***	-0.07***
	(-1.12)	(-1.59)	(-3.38)	(-1.12)	(-2.67)	(-4.49)	(-4.52)
L24M_VOL_ER_w	0.01	-0.01	-0.09***	-0.05**	-0.07***	-0.09***	-0.03
	(0.49)	(-0.68)	(-3.10)	(-2.41)	(-3.01)	(-2.73)	(-1.13)
L24M_FLOW_AVG_w	0.13***	0.13***	-0.01	0.09***	0.05***	-0.07***	-0.11***
	(14.12)	(13.54)	(-0.85)	(9.09)	(4.23)	(-4.83)	(-6.14)
LN_AUM	-0.10***	-0.14***	-2.15***	-1.35***	-1.80***	-2.51***	-2.08***
	(-3.90)	(-5.15)	(-16.90)	(-17.76)	(-17.33)	(-16.09)	(-14.64)
LN_FM_AUM	-0.12***	-0.09***	0.35***	0.26***	0.34***	0.38***	0.15
	(-4.93)	(-3.81)	(3.26)	(3.99)	(3.86)	(2.83)	(1.24)

LN_AGE	-0.12**	-0.11*	-2.87***	-2.43***	-2.75***	-2.89***	-2.74***
	(-2.06)	(-1.79)	(-8.60)	(-9.71)	(-9.41)	(-7.33)	(-6.87)
Constant	3.20***	2.85***	36.63***	22.72***	30.12***	42.95***	39.36***
	(8.79)	(6.80)	(24.70)	(22.28)	(24.46)	(24.21)	(23.05)
Observations	210,672	195,035	210,574	243,677	229,484	178,688	165,341
Adjusted R-squared	0.09	0.09	0.30	0.10	0.20	0.42	0.57
Time*Style FE	YES	YES	YES	YES	YES	YES	YES
Other Controls	NO	YES	NO	NO	NO	NO	NO
Fund FE	NO	NO	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES	YES	YES

Table 4: HFA Winner's Impact on Cumulative Fund Flow – Crisis Period

This table provides the OLS regression results of the effect of winning the HFA on a fund's future fund flows with interaction terms with winner (nominee) dummy variable. *crisis* is a dummy variable where it equals one if the dependent variable time period consists of crisis period (Quant crisis: August to October 2007; Financial Crisis: September to November 2008. Controls reported in Table 3, Time and style fixed effects, fund fixed effects are included in each regression and standard errors are clustered at the fund level and reported in parentheses. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Overall

VARIABLES	(1) *N1M FLOW*	(2) *N3M FLOW*	(3) *N6M FLOW*	(4) *N12M FLOW*	(5) *N24M FLOW*
WR_L6M	1.09***	1.16***	0.98***	0.77***	0.37**
	(6.08)	(6.00)	(5.20)	(3.85)	(2.31)
NR_L6M	0.68***	0.70***	0.67***	0.62***	0.21**
	(4.94)	(4.78)	(4.52)	(4.75)	(2.01)
WR_L6M×crisis	-3.61	-3.69***	-2.34***	-0.59	0.57
	(-1.64)	(-3.29)	(-3.38)	(-1.21)	(0.99)
NR_L6M×crisis	-3.11***	-1.82**	-0.71	-0.55	-0.17
	(-2.83)	(-2.46)	(-1.39)	(-1.16)	(-0.46)
Observations	243,677	229,484	210,574	178,688	165,341
Adjusted R-squared	0.10	0.20	0.30	0.42	0.57
Controls	YES	YES	YES	YES	YES
Time*Style FE	YES	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES

Panel B: 1Q and 2Q

VARIABLES	(1) *N1M FLOW*	(2) *N3M FLOW*	(3) *N6M FLOW*	(4) *N12M FLOW*	(5) *N24M FLOW*
WR_1Q_L6M	0.84***	0.80***	0.60**	0.41*	0.10
	(3.13)	(2.82)	(2.18)	(1.69)	(0.52)
WR_2Q_L6M	1.18***	1.29***	1.12***	0.95***	0.52**
	(5.52)	(5.55)	(4.92)	(3.60)	(2.53)
NR_1Q_L6M	0.86***	0.78***	0.73***	0.67***	0.24**
	(5.42)	(4.79)	(4.47)	(4.58)	(2.03)
NR_2Q_L6M	0.16	0.38	0.39	0.41*	0.08
	(0.68)	(1.35)	(1.32)	(1.65)	(0.43)
WR_1Q_L6M×crisis	4.22	-0.82	-1.27	-0.23	0.11
	(0.78)	(-0.53)	(-1.30)	(-0.36)	(0.23)

WR_2Q_L6M×crisis	-4.64**	-4.39***	-2.84***	-0.73	1.21
	(-1.99)	(-3.27)	(-3.38)	(-1.26)	(1.14)
NR_1Q_L6M×crisis	-2.60	0.98	0.18	-0.39	-0.07
	(-1.14)	(0.75)	(0.25)	(-0.61)	(-0.17)
NR_2Q_L6M×crisis	-2.64**	-2.60***	-1.66**	-0.56	-0.17
	(-2.19)	(-3.06)	(-2.55)	(-1.10)	(-0.37)
Observations	243,677	229,484	210,574	178,688	165,341
Adjusted R-squared	0.10	0.20	0.30	0.42	0.57
Controls	YES	YES	YES	YES	YES
Time*Style FE	YES	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES

Table 5: HFA Spillover Effect on Flows of Winner Fund Family after the event

This table provides the OLS regression results of the effect of winning the HFA on a winner family's future fund flow. The dependent variable is next *t* month average fund flow, which measures the mean percentage growth of a fund over the *t* month period. Our main independent variable *FM_WR_L6M (FM_NR_L6M)* is a binary indicator equal to one if the fund belongs to the family hosting the winner (nominee) fund in the last six months. In Panel B, we use *FM_WR_S_L6M (FM_NR_S_L6M)* to consider funds that belongs to the family hosting the winner (nominee) and also having the same style as winning (nominated) fund. In Panel C, we use divide family winners and nominees by 1Q and 2Q when we run the regression. For other variable descriptions, see the appendix. In Panel A and C, we exclude funds that do not have any other funds in the family at each month. In Panel B, we exclude funds that do not have any other funds in their family with the same style. Controls reported in Table 3, Time and style fixed effects, fund fixed effects are included in each regression and standard errors are clustered at the fund level and reported in parentheses. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Family

VARIABLES	(1) *N1M FLOW*	(2) *N3M FLOW*	(3) *N6M FLOW*	(4) *N12M FLOW*	(5) *N24M FLOW*
WR_L6M	1.04***	1.05***	0.84***	0.73***	0.47***
	(5.53)	(5.28)	(4.45)	(3.81)	(2.76)
NR_L6M	0.65***	0.66***	0.66***	0.56***	0.21**
	(4.60)	(4.51)	(4.43)	(3.90)	(2.12)
FM_WR_L6M	0.70***	0.81***	0.92***	0.70***	0.64***
	(4.34)	(4.26)	(4.22)	(3.90)	(3.92)
FM_NR_L6M	0.19	0.20	0.19	-0.06	0.02
	(1.49)	(1.51)	(1.49)	(-0.44)	(0.14)
Observations	243,677	229,484	210,574	178,688	165,341
Adjusted R-squared	0.10	0.20	0.30	0.42	0.57
Controls	YES	YES	YES	YES	YES
Time*Style FE	YES	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES

Panel B: Family-Style

VARIABLES	(1) *N1M FLOW*	(2) *N3M FLOW*	(3) *N6M FLOW*	(4) *N12M FLOW*	(5) *N24M FLOW*
WR_L6M	1.04***	1.04***	0.84***	0.73***	0.47***
	(5.52)	(5.26)	(4.41)	(3.81)	(2.74)
NR_L6M	0.64***	0.66***	0.65***	0.56***	0.20**
	(4.59)	(4.49)	(4.37)	(3.91)	(2.06)
FM_WR_S_L6M	0.84***	1.00***	1.11***	0.85***	0.61***
	(4.54)	(4.53)	(4.51)	(4.19)	(3.45)
FM_NR_S_L6M	0.35**	0.34**	0.25	0.06	0.13
	(2.47)	(2.33)	(1.61)	(0.38)	(1.10)
Observations	243,677	229,484	210,574	178,688	165,341
Adjusted R-squared	0.10	0.20	0.30	0.42	0.57
Controls	YES	YES	YES	YES	YES
Time*Style FE	YES	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES

Panel C: Family - 1Q 2Q

VARIABLES	(1) *N1M FLOW*	(2) *N3M FLOW*	(3) *N6M FLOW*	(4) *N12M FLOW*	(5) *N24M FLOW*
WR_1Q_L6M	0.93***	0.86***	0.58**	0.42*	0.13
	(3.44)	(3.03)	(2.15)	(1.82)	(0.74)
WR_2Q_L6M	1.06***	1.11***	0.97***	0.90***	0.66***
	(4.64)	(4.58)	(4.13)	(3.60)	(2.85)
NR_1Q_L6M	0.91***	0.86***	0.81***	0.64***	0.25**
	(5.65)	(5.27)	(4.83)	(4.19)	(2.41)
NR_2Q_L6M	0.02	0.16	0.22	0.32	0.07
	(0.07)	(0.57)	(0.81)	(1.34)	(0.39)
FM_WR_1Q_L6M	0.67***	0.74***	0.70***	0.51***	0.14
	(2.79)	(2.80)	(2.73)	(2.59)	(1.01)
FM_WR_2Q_L6M	0.72***	0.76***	0.92***	0.74***	0.78***
	(4.10)	(3.54)	(3.42)	(3.38)	(3.76)
FM_NR_1Q_L6M	0.29**	0.33**	0.23	-0.12	-0.04
	(2.06)	(2.13)	(1.56)	(-0.85)	(-0.33)
FM_NR_2Q_L6M	-0.09	0.00	0.26	0.20	0.16
	(-0.40)	(0.00)	(1.14)	(0.96)	(0.98)
Observations	243,677	229,484	210,574	178,688	165,341
Adjusted R-squared	0.10	0.20	0.30	0.42	0.57
Controls	YES	YES	YES	YES	YES
Time*Style FE	YES	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES

Table 6: Fund Return Predictability by Awardees

This table presents OLS estimates of Equation (2) relating hedge fund awards to subsequent fund performances of award winner and nominee, respectively. For brevity, we only present the coefficients of Winner and Nominee dummy variables without the coefficients of the control variables. Panel B shows the coefficient of 1QHFA and 2QHFA of *WR_L6M* when we divide winner in Panel A into two subgroups based on the award selection methodology (likewise for nominee). Time and style fixed effects are included in each regression and standard errors are clustered at the fund level and reported in parentheses. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Panel A

	(1) *N3M RETURN*	(2) *N6M RETURN*	(4) *N12M RETURN*	(5) *N24M RETURN*
FH7 Factor Alpha				
WR_L6M			-0.04	-0.16***
			(-0.51)	(-3.51)
NR_L6M			-0.16***	-0.08***
			(-3.75)	(-3.12)
Sharpe Ratio				
WR_L6M			-0.02	-0.05***
			(-1.30)	(-3.56)
NR_L6M			-0.03***	-0.03***
			(-2.68)	(-3.32)
Information Ratio (FH7)				
WR_L6M			-0.04	-0.19***
			(-1.39)	(-3.07)
NR_L6M			-0.07***	-0.13***
			(-3.41)	(-3.14)
Excess Return				
WR_L6M	-0.21***	-0.14**	-0.07	-0.14***
	(-3.54)	(-2.41)	(-1.54)	(-3.65)
NR_L6M	-0.20***	-0.15***	-0.14***	-0.06***
	(-4.64)	(-3.85)	(-4.62)	(-2.73)
MPPM3				
WR_L6M	-1.01	-0.94	-0.51	-1.44***
	(-1.28)	(-1.13)	(-0.79)	(-2.81)
NR_L6M	-1.43***	-1.19**	-1.51***	-0.59
	(-2.73)	(-2.51)	(-3.65)	(-1.60)
MPPM4				
WR_L6M	-1.02	-0.98	-0.49	-1.44***
	(-1.25)	(-1.12)	(-0.70)	(-2.59)

NR_L6M	-1.46***	-1.21**	-1.52***	-0.61
	(-2.75)	(-2.49)	(-3.48)	(-1.52)
Controls	YES	YES	YES	YES
Time*Style FE	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES

Panel B:

FH7 Factor Alpha				
WR_1Q_L6M			0.10	-0.11*
			(0.97)	(-1.80)
WR_2Q_L6M			-0.10	-0.15***
			(-1.16)	(-2.66)
NR_1Q_L6M			-0.17***	-0.09***
			(-3.91)	(-3.20)
NR_2Q_L6M			-0.13	-0.04
			(-1.63)	(-0.90)
Sharpe Ratio				
WR_1Q_L6M			-0.06**	-0.05***
			(-2.49)	(-3.00)
WR_2Q_L6M			0.00	-0.03*
			(0.16)	(-1.90)
NR_1Q_L6M			-0.03**	-0.03***
			(-2.39)	(-3.64)
NR_2Q_L6M			-0.02	-0.01
			(-1.24)	(-0.37)
Information Ratio (FH7)				
WR_1Q_L6M			0.00	-0.22***
			(0.08)	(-2.68)
WR_2Q_L6M			-0.05*	-0.12
			(-1.67)	(-1.64)
NR_1Q_L6M			-0.06***	-0.17***
			(-2.75)	(-3.74)
NR_2Q_L6M			-0.07**	-0.01
			(-2.24)	(-0.08)
Excess Return				
WR_1Q_L6M	-0.31***	-0.27***	-0.15**	-0.12**
	(-3.76)	(-3.05)	(-2.00)	(-1.98)
WR_2Q_L6M	-0.13	-0.04	-0.01	-0.13***
	(-1.64)	(-0.52)	(-0.23)	(-2.75)
NR_1Q_L6M	-0.21***	-0.18***	-0.13***	-0.07***
	(-4.70)	(-4.15)	(-3.90)	(-2.67)
NR_2Q_L6M	-0.17**	-0.09	-0.14***	-0.04
	(-2.07)	(-1.35)	(-2.78)	(-1.03)
MPPM3				
WR_1Q_L6M	-2.37**	-2.62**	-1.52*	-0.94

	(-2.23)	(-2.12)	(-1.67)	(-1.33)
WR_2Q_L6M	-0.06	0.44	0.25	-1.51**
	(-0.06)	(0.47)	(0.32)	(-2.24)
NR_1Q_L6M	-2.03***	-1.63***	-1.33***	-0.77**
	(-3.46)	(-3.14)	(-3.07)	(-2.07)
NR_2Q_L6M	-0.41	-0.14	-1.66**	-0.19
	(-0.41)	(-0.17)	(-2.40)	(-0.31)
MPPM4				
WR_1Q_L6M	-2.40**	-2.78**	-1.62*	-1.01
	(-2.23)	(-2.16)	(-1.71)	(-1.31)
WR_2Q_L6M	-0.06	0.48	0.36	-1.46**
	(-0.06)	(0.50)	(0.43)	(-2.04)
NR_1Q_L6M	-2.06***	-1.64***	-1.32***	-0.79**
	(-3.45)	(-3.10)	(-2.93)	(-1.97)
NR_2Q_L6M	-0.45	-0.18	-1.72**	-0.26
	(-0.45)	(-0.21)	(-2.33)	(-0.39)
Controls	YES	YES	YES	YES
Time*Style FE	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES

Table 7: Matched Sample Diff-in-Diff Analyses

This table presents OLS estimates of Equation (1) relating HFA to subsequent fund flows (Panel A) and excess returns (Panel B) to award winners and nominees by using matched samples. Details of matching process are noted in Section 3.5. *Winner* is a dummy variable that equals one if it is a winner fund, and zero otherwise. *Post HFA* is a dummy variable that equals one if it is after the HFA event month. We include time and style fixed effect. Standard errors, reported in parentheses, are based on clustering at the fund level to allow for heteroscedasticity and autocorrelation in the residuals across time, as in Petersen (2009). Statistical significance (two-sided) at the 10%, 5%, and 1% level is denoted by *, **, and ***, respectively.

Panel A: Future fund flow

	(1)	(2)	(3)	(4)
VARIABLES	*N1M FLOW*	*N3M FLOW*	*N6M FLOW*	*N12M FLOW*
Winner	0.29	0.29	0.29	0.86*
	(0.61)	(0.62)	(0.64)	(1.69)
Post HFA	-1.65**	-2.10***	-1.85***	-0.96
	(-2.42)	(-3.06)	(-3.38)	(-1.51)
Winner×Post HFA	1.75*	1.71**	1.32*	-0.45
	(1.93)	(2.08)	(1.91)	(-0.57)
Constant	1.21***	1.21***	1.21***	0.93***
	(3.50)	(3.52)	(3.65)	(2.88)
Obersvations	864	864	864	704
Adjusted R-squared	0.05	0.08	0.08	0.07
Time FE	YES	YES	YES	YES
Style FE	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES

Panel B: Future excess returns

VARIABLES	(1) *N1M ER*	(2) *N3M ER*	(3) *N6M ER*	(4) *N12M ER*
WR_L1M	0.11	0.11	0.11	0.10
	(1.44)	(1.28)	(1.27)	(1.00)
Post	-0.94***	-0.26*	-0.58***	-0.71***
	(-12.76)	(-1.70)	(-4.10)	(-5.28)
WR_L1M×Post	-0.11	-0.12	-0.01	-0.07
	(-1.03)	(-0.58)	(-0.06)	(-0.38)
Constant	0.95***	0.95***	0.95***	0.99***
	(18.12)	(16.31)	(15.87)	(13.97)
Observations	864	864	864	740
Adjusted R-squared	0.52	0.18	0.26	0.24
Time FE	YES	YES	YES	YES
Style FE	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES

Table 8: Investors' Attention Measures - EDGAR Files Download and Access

This table presents OLS estimates of regression relating HFA event to subsequent download of EDGAR files and IP access to EDGAR database related to the winner fund management-company as a part of due diligence process. Winner (nominee) is an independent variable equals to one if the management-company *i* receives an award (nominated) at month *t*. The dependent variable is abnormal institutional attention calculated from the number of EDGAR files download and IP access related to each management-company which reports the required files such as 13F to EDGAR. *T0* includes all (13F) downloads (IPs) that at the month after the event. *T1* includes all samples in *T0* except that we exclude downloads that where filed during the event month. Time and style fixed effects are included in each regression and standard errors are clustered at the fund level and reported in parentheses. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

VARIABLES	(1) *T0_Down_all*	(2) *T0_IP_all*	(3) *T0_Down_13f*	(4) *T0_IP_13f*	(5) *T1_Down_all*	(6) *T1_IP_all*	(7) *T1_Down_13f*	(8) *T1_IP_13f*
WR_L1M	0.10***	0.09**	0.17***	0.15***	0.11***	0.12***	0.11**	0.11***
	(2.76)	(2.53)	(3.89)	(3.61)	(2.89)	(3.58)	(2.57)	(2.80)
NR_L1M	-0.05	-0.03	-0.02	0.01	-0.06	-0.02	-0.03	0.00
	(-1.17)	(-0.83)	(-0.37)	(0.17)	(-1.46)	(-0.65)	(-0.76)	(0.10)
L24M_ER_w	0.05***	0.04***	0.03***	0.03***	0.04***	0.04***	0.02***	0.03***
	(6.67)	(7.49)	(4.97)	(6.11)	(6.18)	(7.12)	(3.85)	(5.05)
L24M_ER_sq_w	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(0.49)	(0.46)	(0.89)	(0.55)	(0.87)	(1.42)	(1.43)	(1.34)
L24M_VOL_ER_w	0.01**	0.01	0.01*	0.00	0.01**	0.01**	0.01	0.00
	(2.01)	(1.56)	(1.72)	(1.14)	(2.37)	(2.10)	(1.64)	(1.39)
L24M_FLOW_AVG_w	0.00**	0.00***	0.00	0.00	0.00	0.00**	-0.00	-0.00
	(2.51)	(3.26)	(0.22)	(0.62)	(1.47)	(2.28)	(-0.49)	(-0.29)
LN_AUM	0.01	0.00	0.00	0.00	0.01*	0.01*	0.01*	0.01
	(0.72)	(0.33)	(0.55)	(0.09)	(1.78)	(1.67)	(1.82)	(1.44)
LN_FM_AUM	-0.02**	-0.02***	0.00	-0.00	-0.02**	-0.02***	0.01	-0.00
	(-2.18)	(-2.76)	(0.68)	(-0.44)	(-2.24)	(-2.83)	(1.10)	(-0.06)
LN_AGE	0.03	0.04	0.03	0.03	0.04	0.05*	0.04	0.04
	(0.75)	(1.07)	(1.00)	(1.17)	(1.03)	(1.68)	(1.20)	(1.34)

Constant	-0.04	0.14	-0.42***	-0.17	-0.16	-0.02	-0.57***	-0.30***
	(-0.27)	(1.14)	(-3.18)	(-1.44)	(-1.22)	(-0.17)	(-4.67)	(-2.93)
Observations	61,706	61,706	57,030	57,030	61,706	61,706	57,030	57,030
Adjusted R-squared	0.25	0.27	0.24	0.27	0.21	0.23	0.18	0.21
Time*Style FE	YES	YES	YES	YES	YES	YES	YES	YES
Fund FE	YES	YES	YES	YES	YES	YES	YES	YES
Fund Cluster	YES	YES	YES	YES	YES	YES	YES	YES

Table 9: Investors' Attention Measures - Google SVI

Event Dummy is an independent variable equal to one if the award *i* is announced at month *t*. The dependent variable is abnormal SVI calculated from Search Volume Index (SVI) data related to the award name from Google Trend. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

VARIABLES	(1) *Avg_12M_ASVI*	(2) *Avg_6M_ASVI*	(3) *Avg_3M_ASVI*	(4) *Med_12M_ASVI*	(5) *Med_6M_ASVI*	(6) *Med_3M_ASVI*
Event_Dummy	1.34***	1.36**	1.18**	1.38**	1.31**	1.06**
	(5.06)	(3.72)	(3.93)	(4.04)	(3.01)	(2.78)
Constant	-0.74***	-0.60***	-0.41***	0.22	0.06	0.08*
	(-29.46)	(-23.44)	(-16.95)	(2.06)	(1.44)	(2.47)
Observations	895	925	940	895	925	940
R-squared	0.29	0.29	0.28	0.26	0.29	0.28
Time FE	YES	YES	YES	YES	YES	YES
Award Cluster	YES	YES	YES	YES	YES	YES

Table 10: Tournament behaviour measured by fund return volatility change

The table provides the OLS estimates relating the relative mid-year fund performance (relative rank performance) to subsequent fund risk-taking measured by *ΔRisk*, which is the change in the fund risk variable (i.e., the standard deviation of a fund *i*'s monthly return) between the first and second halves at a year. For variable descriptions, see the appendix. Interaction terms with HighWaterMark and *TRank*s are omitted for brevity. The superscripts *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

VARIABLES	(1) *ΔRisk*	(2) *ΔRisk*	(3) *ΔRisk*	(4) *ΔRisk*	(5) *ΔRisk*
VOL_1H_w	-0.38***	-0.38***	-0.39***	-0.39***	-0.38***
	(-16.50)	(-16.51)	(-16.97)	(-16.95)	(-16.62)
FLOW_2H_w	0.01	0.01	0.01	0.01	0.01
	(1.14)	(1.09)	(1.51)	(1.48)	(1.08)
Δauto	0.06	0.06	0.04	0.04	0.06
	(0.82)	(0.83)	(0.60)	(0.58)	(0.80)
TRank1	-4.53***	-4.62**	-4.66**	-4.66**	-4.62**
	(-2.61)	(-2.44)	(-2.47)	(-2.47)	(-2.46)
TRank2	-0.14	0.16	0.24	0.24	0.16
	(-0.15)	(0.16)	(0.25)	(0.26)	(0.17)
TRank3	8.00	6.79	5.99	5.99	6.79
	(1.61)	(1.32)	(1.16)	(0.94)	(1.11)
TRank4	-14.71**	-12.46*	-11.89	-11.89	-12.46
	(-2.07)	(-1.68)	(-1.58)	(-1.50)	(-1.60)
TRank5	10.21	4.88	5.07	5.07	4.88
	(0.98)	(0.47)	(0.49)	(0.48)	(0.47)
HighWaterMark	-0.12	-0.10	-0.16	-0.16	-0.10
	(-0.23)	(-0.20)	(-0.32)	(-0.30)	(-0.20)
candidate		-0.08	0.01	0.01	-0.08
		(-0.18)	(0.02)	(0.02)	(-0.17)
candidate×TRank1		0.28	0.04	0.04	0.28
		(0.18)	(0.02)	(0.02)	(0.17)
candidate×TRank2		-0.81	-0.72	-0.72	-0.81
		(-0.98)	(-0.90)	(-0.86)	(-0.95)
candidate×TRank3		3.39	2.35	2.35	3.39
		(0.98)	(0.65)	(0.62)	(0.93)
candidate×TRank4		-6.47	-5.01	-5.01	-6.47
		(-1.31)	(-1.01)	(-0.93)	(-1.22)
candidate×TRank5		16.38**	15.19**	15.19*	16.38**
		(2.13)	(1.98)	(1.85)	(1.99)
Constant	2.64***	2.66***	2.67***	2.67***	2.66***
	(5.70)	(5.20)	(5.33)	(5.14)	(5.04)
Observations	2,711	2,711	2,711	2,711	2,711
Adjusted R-squared	0.359	0.360	0.349	0.349	0.360
FE	Time*Style	Time*Style	Time, Style	Time, Style	Time*Style
Cluster	Fund	Fund	Fund	Family	Family

Appendix

Table A1: Summary of Award Selection Method

Award Name	Winner	Nominee
AsiaHedge Awards, Absolute Return Awards, EuroHedge Awards, InvestHedge Awards	The highest returns - so long as they are within 25% of the best Sharpe ratios within their nominated peer groups	The strongest Sharpe ratios, so long as they also beat the median returns in their relevant peer groups and are also within 10% of their high-water mark that was set before the start of the 12-month period under review
EurekaHedge Asian Hedge Fund Awards	Winners are selected by the panel of judges, weighing in on both quantitative and qualitative aspects of the funds in question.	Nominees are selected through voting by an independent panel of judges
HFM European/US/Asia Hedge Fund Performance Awards	Judges will take part in a judging conference call, where the winners will be decided, with one expert per category being be asked to summarize the judges' comments and provide any additional input	
Hedge Funds Review European Performance Awards, Hedge Funds Review Americas Awards, European Fund of Hedge Funds Awards	The judging panels consider the results of the quantitative analysis and select a shortlist and winner in each category. In selecting the winning funds, the judges consider the quantitative analysis as well as the funds' qualitative experience and expertise.	The process begins by running a quantitative screen where funds are ranked on the basis of their returns, Sharpe and Sortino ratios and downside deviation
Investors Choice Awards - Europe, US, Asia	The judges review manager profiles on the Allocator portal and independently assign a score from 1 to 10 in each of the qualitative assessment areas for each fund. Average scores for the qualitative and quantitative sets of criteria are then calculated and combined in equal measure to reach the total score. This total score determines the winner in each category.	A set of qualitative criteria covering the investment process, risk management framework and depth of research team, as well as a set of quantitative performance measures including annualized returns, volatility and maximum drawdown.

Table A2: Award information and our award sample collection period

This table provides information on the name of hedge fund award (HFA) organizer, the manager's designated location where the award selects the winner, and the first year when the award event was held for each award. Three awards are classified as 1QHFA and the other seven awards are as 2QHFA category based on the award selection methodology.

		Award	Award	1st Event	Missing Data Years	
Category	Award_Full_Name	Organizor	Region	Year	Winner	Nominee
1QHFA	AsiaHedge	HFI	Asia	2002		
	Absolute Return	HFI	US	2005		
	EuroHedge	HFI	Europe	2003		
	InvestHedge	HFI	US	2003	2003	2003
2QHFA	EurekaHedge	Mizuho	Asia			
	HFM European	HFM	Europe	2008		
	HFM US	HFM	US	2007		
	HFM Asia	HFM	Asia	2012		
	HFR European	Hedge Fund Review	Europe	2001	2001-2006	2001-2007
	HFR US	Hedge Fund Review	US	2012-2015		
	HFR Fund of Funds	Hedge Fund Review	Europe	2002	2002-2006	2002-2007
	Investors Choice - Europe	Allocator	Asia	2015		
	Investors Choice - US	Allocator	Europe	2012		
	Investors Choice - Asia	Allocator	US	2015		

Table A3: Variable description

Variable name	Description
WINNER	Dummy variable equal to one if the fund wins the HFA and zero otherwise
NOMINEE_NW	Dummy variable equal to one if the fund is nominated but does not win the HFA (non-winner-nominee).
WINNER xQ	Dummy variable equal to one if the fund wins the *x*Q HFA (defined in Table A1) and zero otherwise. ($x \in \{1,2\}$)
NOMINEE xQ	Dummy variable equal to one if the fund is nominated for *x*Q HFA but does not win any HFA (thus, non-winner-nominee). ($x \in \{1,2\}$)
LtM_ER_w	Average monthly excess return of previous *t* months. (winsorized)
LtM_VOL_ER_w	Standard deviation of excess return during previous *t* months. (winsorized)
LN_AUM	The natural logarithm of the fund's AUM in millions of US dollars
LN_AGE	The natural logarithm of the fund's age in years calculated as the difference between the data date and the date the fund first appeared in the TASS database
LN_FM_AUM	The natural logarithm of the fund family's AUM in millions of US dollars
LN_FM_AGE	The natural logarithm of the fund family's age in years calculated as the difference between the data date and the date the fund family first appeared in the TASS database
WR(_xQ)_LtM	Dummy variable equal to one if the fund has won HFA *(x*Q HFA*)* during the past *t* months.
NR(_xQ)_LtM	Dummy variable equal to one if the fund has been nominated for HFA *(x*Q HFA*)* during the past *t* months but has not won any HFA during the same period.
LtM_FLOW_AVG_w	Monthly average fund flow of previous *t* months, following Sirri and Tufano (1998). (winsorized)
NtM_FLOW	Monthly average fund flow of next *t* months, following Sirri and Tufano (1998). (winsorized)
FM_WR(_xQ)_LtM	Dummy variable equal to one if the fund in the same family has won HFA *(x*Q HFA*)* during the past *t* months but the fund itself has not won any HFA.
FM_NR(_xQ)_LtM	Dummy variable equal to one if the fund in the same family has been nominated HFA *(x*Q HFA*)* during the past *t* months but the fund itself has not won nor has been nominated any HFA.

FM_WR_S_LtM	Dummy variable equal to one if the same style fund in the fund family has won HFA during the past *t* months but the fund itself has not won any HFA.
FM_NR_S_LtM	Dummy variable equal to one if the same style fund in the fund family has been nominated HFA during the past *t* months but the fund itself has not won nor has been nominated any HFA.
crisis	Dummy variable where it equals one if the dependent variable overlaps with the crisis period (Quant crisis: August to October 2007; Financial Crisis: September to November 2008).
T0_Down_all	All EDGAR downloads of the company's filings in the following month of the HFA event.
T0_IP_all	All distinct IPs that downloaded the company's filings from EDGAR in the following month of the HFA event.
T0_Down_13f	All EDGAR downloads of the company's 13F filings in the following month of the HFA event.
T0_Down_13f	All distinct IPs that downloaded the company's 13F filings from EDGAR in the following month of the HFA event.
T1_Down_all	All EDGAR downloads of the company's filings, excluding files that were submitted during the event month, in the following month of the HFA event.
T1_IP_all	All distinct IPs that downloaded the company's filings, excluding files that were submitted during the event month, from EDGAR in the following month of the HFA event.
T1_Down_13f	All EDGAR downloads of the company's 13F filings, excluding 13Fs that were submitted during the event month, in the following month of the HFA event.
T1_Down_13f	All distinct IPs that downloaded the company's 13F filings, excluding 13Fs that were submitted during the event month, from EDGAR in the following month of the HFA event.
Avg_tM_ASVI	Abnormal average monthly SVI calculated from Search Volume Index (SVI) data related to the award name from Google Trend, using period of *t* months.
ΔRisk	Change in the fund risk variable (i.e., the standard deviation of a fund *i*'s monthly return) between the first and second halves at a year. (winsorized)
Vol_1H_w	Standard deviation of fund return during the first half of the previous year. (winsorized)
Flow_2H_w	Monthly average of fund flow in the second half of the previous year. *(=L6M_FLOW_AVG_w)*

Δauto	Change in the fund's monthly autocorrelation between the second and first halves of the year
TRank	See subsection 3.5.