Internet Appendix

Life is Too Short? Bereaved Managers and Investment Decisions

June 2022

Section A.1 Sample Construction

For the selection of actively managed domestic equity funds, we follow the procedure in Huang, Sialm, and Zhang (2011) and select funds with the following Lipper objectives: CA, CG, CS, EI, FS, G, GI, H, ID, LCCE, LCGE, LCVE, MC, MCCE, MCGE, MCVE, MLCE, MLGE, MLVE, MR, NR, S, SCCE, SCGE, SCVE, SG, SP, TK, TL, or UT. If a fund does not have any of the above objectives, we select funds with the following Strategic Insights objectives: AGG, ENV, FIN, GMC, GRI, GRO, HLT, ING, NTR, SCG, SEC, TEC, UTI, GLD, or RLE. If a fund has neither the Lipper nor the SI objective, then we use the Wiesenberger Fund Type Code to select funds with the following objectives: G, G-I, G-S, GCI, IEQ, ENR, FIN, GRI, HLT, LTG, MCG, SCG, TCH, UTL, or GPM. If none of these objectives are available and the fund has a CS policy or holds more than 80% of its value in common shares, then the fund will be included. We drop a fund if its index fund flag is non-missing.

We first identify a mutual fund manager in the LexisNexis Accurint database using the information on name, age range (based on the year of graduate school or college graduation), and employment history. Often, a manager's education information from Morningstar includes only the graduate degree which is associated with a wide age range. When necessary, we search the year of college graduation from various sources online, such as LinkedIn and Morningstar fund management pages. When necessary, we also use the state of a manager's current residence (from LinkedIn) to narrow down the potential candidates. To be conservative, for most cases we require an identified manager to have at least one employment record in the LexisNexis Accurint database to match the employment history in Morningstar.

Section A.2 Additional Tables

Table IA1: Parallel Trends Analysis

This table tests the parallel trends assumption by repeating the DID analysis for a pre-event window. We conduct the following regression $Y_{i,t} = \alpha + \beta \times$ Pre × Event + $\gamma \times$ Pre + Firm Fixed Effects + Time Fixed Effects + Controls + ε. In Panel A, Y takes each of the outcome measures for event funds. For the five fund-returns based variables, i.e., Tracking Errors, FF 3-Factor Alpha, FF 5-Factor Alpha, Idiosyncratic Volatility, and Market Beta, Pre is a dummy variable that equals one for the window [−10, −7] and zero otherwise. For the three fund−holdings based variables, i.e., Active Share, Portfolio Weights for Small or Large Stocks, Pre is a dummy variable that equals one for the window [Q−4, Q−3] and zero otherwise. In Panel B, Y takes each of the outcome measures for event firms. Pre is a dummy variable that equals one for year t−2 and zero otherwise. Event is a dummy variable that equals one for event funds (firms). Time refers to year-month in the regressions for Tracking Errors, FF 3-Factor Alpha, FF 5-Factor Alpha, Idiosyncratic Volatility, and Market Beta; refers to year-quarter in the regressions for Active Share and Portfolio Weights; and refers to year in the event firm sample regressions. The table below reports the coefficient estimates of β and associated t-stats in parenthesis based on robust standard errors clustered by fund (firm) and time.

Panel A: Event Fund Sample

	Tracking Errors	Active Share	Portfolio Weights-Small Stocks	Portfolio Weights-Large Stocks	FF 3-Factor Alpha	FF 5-Factor Alpha	Idio. Volatility	$Beta_{MKT}$
Pre × Event	−0.0015	−0.0018	−0.0040	0.0026	−0.0009	−0.0005	−0.0009	0.0097
	(−1.00)	(−0.41)	(−0.82)	(0.56)	(−0.65)	(−0.38)	(−0.65)	(1.26)

Panel B: Event Firm Sample

	Capital Expenditure	# of Acquisitions	Total Deal Value	ROA
Pre × Event	0.0002	0.0622	0.0349	−0.0005
	(0.05)	(0.86)	(0.43)	(−0.07)

Table IA2: Firm Acquisition Activities around and after Bereavement Events: Robustness Tests

This table presents DID regressions of acquisition activities on the interaction terms between event dummy and four post-event window dummies. The test design is similar to Panel E of Table 7 except that when we construct the acquisition measures, we further exclude deals that are less than 1% (Panel A) or 5% (Panel B) of the acquirer's market value of equity. The t-statistics for DID regressions are based on robust standard errors clustered by firm and year. The t-statistics are in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. **Bold** figures indicate difference-in-difference.

Panel A: DID Regressions of Acquisition Activities: Exclude Deals Less Than 1% of Acquirer Size

	# of Acquisitions		Total Deal Value	
Independent Variables	(1)	(2)	(3)	(4)
$Post_t$ × Event	**−0.0570**	**−0.0524**	**−0.2857**	**−0.2533**
	(−1.04)	**(−0.84)**	**(−1.08)**	**(−0.88)**
$Post_{t+1}$ × Event	**−0.2096*****	**−0.2275*****	**−1.0665*****	**−1.1377*****
	(−3.45)	**(−3.77)**	**(−3.33)**	**(−3.72)**
$Post_{t+2}$ × Event	**−0.1700*****	**−0.2129*****	**−0.7350*****	**−0.9184*****
	(−3.07)	**(−3.41)**	**(−2.81)**	**(−3.28)**
$Post_{t+3}$ × Event	**−0.1449****	**−0.1299***	**−0.7485****	**−0.6750***
	(−2.08)	**(−1.79)**	**(−2.08)**	**(−1.81)**
$Post_t$	−0.0126	−0.0078	−0.0300	−0.0402
	(−0.36)	(−0.19)	(−0.16)	(−0.19)
$Post_{t+1}$	0.0878	0.1054	0.5496	0.6120
	(1.93)	(2.05)	(2.32)	(2.34)
$Post_{t+2}$	0.0866	0.1158	0.3949	0.4883
	(1.56)	(1.70)	(1.58)	(1.62)
$Post_{t+3}$	0.0387	0.0124	0.3105	0.1543
	(0.73)	(0.19)	(1.25)	(0.54)
Controls	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes
# Obs.	2,394	2,137	2,394	2,137
Adj. R-sq.	0.197	0.219	0.167	0.184

Panel B: DID Regressions of Acquisition Activities: Exclude Deals Less Than 5% of Acquirer Size				
	# of Acquisitions		Total Deal Value	
Independent Variables	(1)	(2)	(3)	(4)
$Post_t$ × Event	**−0.0601**	**−0.0670**	**−0.2989**	**−0.3207**
	(−1.21)	**(−1.16)**	**(−1.21)**	**(−1.17)**
$Post_{t+1}$ × Event	**−0.1938*****	**−0.2205*****	**−0.9767*****	**−1.0885*****
	(−3.35)	**(−3.83)**	**(−3.23)**	**(−3.74)**
$Post_{t+2}$ × Event	**−0.1654*****	**−0.2181*****	**−0.7289*****	**−0.9643*****
	(−3.01)	**(−3.59)**	**(−2.79)**	**(−3.54)**
$Post_{t+3}$ × Event	**−0.1572****	**−0.1627****	**−0.7858****	**−0.8053****
	(−2.19)	**(−2.23)**	**(−2.16)**	**(−2.20)**
$Post_t$	−0.0097	−0.0037	−0.0139	−0.0205
	(−0.28)	(−0.09)	(−0.07)	(−0.10)
$Post_{t+1}$	0.0771	0.0962	0.4768	0.5389
	(1.68)	(1.92)	(2.02)	(2.11)
$Post_{t+2}$	0.0749	0.1064	0.3572	0.4585
	(1.42)	(1.69)	(1.48)	(1.59)
$Post_{t+3}$	0.0396	0.0260	0.3127	0.2068
	(0.79)	(0.43)	(1.30)	(0.75)
Controls	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes
# Obs.	2,394	2,137	2,394	2,137
Adj. R-sq.	0.195	0.220	0.163	0.184

Table IA3: Robustness Test: Alternative Control Sample Using Propensity Score Matching

This table conducts robustness checks using propensity score matching sample. For each event fund/firm, we identify a control fund/firm using the PSM approach based on the pre-event fund/firm characteristics. Specifically, for the mutual fund manager analysis, in each year t, we estimate a Probit model of bereavement dummy on lagged fund characteristics including fund size, fund manager age, investment objective and year fixed effects using all funds in the pre-event years, i.e., from the year 1991 to year t−1. We use the coefficients from the Probit regression and the fund characteristics at the end of the year t−1 to calculate the predicted treatment probability of each fund in year t. Then we use the nearest neighbor matching technique and set the caliper to 0.25. For each event firm, we identify a control firm following a similar procedure except that the matching characteristics in the Probit regression include firm size, book-market ratio, CEO age, industry and year fixed effects. Panel A reports the analysis where the matching neighbor is chosen without replacement, whereas Panel B reports the analysis with replacement. Panels A1 and B1 report the estimates for the mutual fund manager sample, whereas Panels A2 and B2 report the estimates for the CEO sample.

Panel A: Matching without Replacement

Panel A1: Mutual Fund Sample

Dependent Variables	**Tracking Errors**		**#Active Share**	
	(1)	(2)	(3)	(4)
Post[−2, +1] × Event	**−0.0051****	**−0.0056****		
	(−2.13)	**(−1.99)**		
Post[+2, +12] × Event	**−0.0090****	**−0.0087****		
	(−2.22)	**(−2.14)**		
Post [Q, Q+1] × Event			**−0.0125*****	**−0.0135*****
			(−2.62)	**(−2.78)**
Post [Q+2, Q+3] × Event			**−0.0165*****	**−0.0161*****
			(−2.98)	**(−2.89)**
Controls	NO	Yes	NO	Yes
Fund Fixed Effects	Yes	Yes	Yes	Yes
Year-Month Fixed Effects	Yes	Yes	NO	NO
Year-Quarter Fixed Effects	NO	NO	Yes	Yes
# Obs.	1,380	1,325	1,026	987
Adj. R-sq.	0.668	0.714	0.939	0.939

Panel A2: CEO Sample

Dependent Variables	**Capital Expenditure**		**#Acquisitions**		**Deal Value**	
	(1)	(2)	(3)	(4)	(5)	(6)
$Post_t$ × Event	**−0.0018**	**−0.0013**	**0.0272**	**0.0418**	**0.0076**	**0.1482**
	(−0.58)	**(−0.33)**	**(0.35)**	**(0.51)**	**(0.02)**	**(0.43)**
$Post_{t+1}$ × Event	**−0.0078****	**−0.0072***	**−0.1719*****	**−0.1564****	**−0.9082*****	**−0.7494****
	(−2.05)	**(−1.65)**	**(−2.67)**	**(−1.96)**	**(−3.31)**	**(−2.05)**
$Post_{t+2}$ × Event	**−0.0061**	**−0.0071**	**−0.2356*****	**−0.1868****	**−0.9477*****	**−0.6420***
	(−1.52)	**(−1.52)**	**(−3.08)**	**(−2.35)**	**(−3.08)**	**(−1.91)**
$Post_{t+3}$ × Event	**−0.0091***	**−0.0120****	**−0.2056***	**−0.2244****	**−0.9075****	**−0.9880****
	(−1.95)	**(−2.53)**	**(−1.89)**	**(−1.97)**	**(−1.98)**	**(−2.04)**
Controls	NO	Yes	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
# Obs.	2,082	1,815	2,124	1,845	2,124	1,845
Adj. R-sq.	0.727	0.742	0.247	0.278	0.226	0.264

Panel B: Matching with Replacement

Panel B1: Mutual Fund Sample

Dependent Variables	**Tracking Errors**		**#Active Share**	
	(1)	(2)	(3)	(4)
Post[−2, +1] × Event	**−0.0049****	**−0.0054***		
	(−2.02)	**(−1.95)**		
Post[+2, +12] × Event	**−0.0089****	**−0.0087****		
	(−2.18)	**(−2.14)**		
Post [Q, Q+1] × Event			**−0.0124****	**−0.0132*****
			(−2.57)	**(−2.71)**
Post [Q+2, Q+3] × Event			**−0.0162*****	**−0.0157*****
			(−2.90)	**(−2.78)**
Controls	NO	Yes	NO	Yes
Fund Fixed Effects	Yes	Yes	Yes	Yes
Year-Month Fixed Effects	Yes	Yes	NO	NO
Year-Quarter Fixed Effects	NO	NO	Yes	Yes
# Obs.	1,380	1,325	1,026	987
Adj. R-sq.	0.704	0.716	0.943	0.942

Panel B2: CEO Sample

Dependent Variables	**Capital Expenditure**		**#Acquisitions**		**Deal Value**	
	(1)	(2)	(3)	(4)	(5)	(6)
$Post_t$ × Event	**−0.0016**	**−0.0013**	**0.0275**	**0.0411**	**0.0100**	**0.1448**
	(−0.52)	**(−0.33)**	**(0.35)**	**(0.49)**	**(0.03)**	**(0.42)**
$Post_{t+1}$ × Event	**−0.0078****	**−0.0072***	**−0.1714*****	**−0.1570***	**−0.9051*****	**−0.7521****
	(−2.06)	**(−1.66)**	**(−2.66)**	**(−1.96)**	**(−3.30)**	**(−2.05)**
$Post_{t+2}$ × Event	**−0.0062**	**−0.0073**	**−0.2449*****	**−0.1992****	**−1.0046*****	**−0.7178****
	(−1.55)	**(−1.57)**	**(−3.21)**	**(−2.46)**	**(−3.27)**	**(−2.08)**
$Post_{t+3}$ × Event	**−0.0094****	**−0.0124*****	**−0.2093***	**−0.2296****	**−0.9350****	**−1.0257****
	(−2.03)	**(−2.65)**	**(−1.93)**	**(−2.03)**	**(−2.05)**	**(−2.13)**
Controls	NO	Yes	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
# Obs.	2,086	1,822	2,128	1,852	2,128	1,852
Adj. R-sq.	0.727	0.743	0.247	0.278	0.225	0.262

Table IA4: Robustness Tests: Analysis Using Alternative Matched Sample

This table conducts robustness checks using alternative matched sample. In Panel A, each event fund is matched with a control fund without using manager age. Specifically, for each event fund, we identify a control fund with the same investment objective whose TNA is the closest to the event fund's TNA. In Panel B, each event firm is matched with a control firm using the SIC 2-digit industry classification instead of FF-10 industry classification.

Panel A: Mutual Fund Sample: Control Firms Selected Without Using Manager Age

Dependent Variables	**Tracking Errors**		**Active Share**	
	(1)	(2)	(3)	(4)
Post[−2, +1] × Event	**−0.0037****	**−0.0027****		
	(−2.25)	**(−2.47)**		
Post[+2, +12] × Event	**−0.0078*****	**−0.0056*****		
	(−3.22)	**(−3.10)**		
Post[Q, Q+1] × Event			**−0.0095*****	**−0.0105*****
			(−2.80)	**(−2.59)**
Post[Q+2, Q+3] × Event			**−0.0131*****	**−0.0129*****
			(−2.80)	**(−2.65)**
Controls	NO	Yes	NO	Yes
Fund Fixed Effects	Yes	Yes	Yes	Yes
Year-Month Fixed Effects	Yes	Yes	NO	NO
Year-Quarter Fixed Effects	NO	NO	Yes	Yes
# Obs.	1,476	1,396	1,038	993
Adj. R-sq.	0.887	0.901	0.947	0.946

Panel B: CEO Sample: : Control Firms Selected Using 2-Digit SICs

Dependent Variables	**Capital Expenditure**		**#Acquisitions**		**Deal Value**	
	(1)	(2)	(3)	(4)	(5)	(6)
$Post_t$ × Event	**−0.0038**	**−0.0031**	**−0.0633**	**−0.0604**	**−0.2943**	**−0.1628**
	(−1.24)	**(−0.84)**	**(−1.08)**	**(−0.81)**	**(−1.20)**	**(−0.57)**
$Post_{t+1}$ × Event	**−0.0072***	**−0.0090****	**−0.1884****	**−0.1824****	**−1.0348*****	**−0.9464*****
	(−1.77)	**(−2.08)**	**(−2.47)**	**(−2.28)**	**(−3.18)**	**(−2.70)**
$Post_{t+2}$ × Event	**−0.0067**	**−0.0097***	**−0.0924**	**−0.1141**	**−0.5995***	**−0.6175***
	(−1.41)	**(−1.85)**	**(−1.14)**	**(−1.36)**	**(−1.89)**	**(−1.82)**
$Post_{t+3}$ × Event	**−0.0115****	**−0.0120*****	**−0.1512**	**−0.1584**	**−0.7662***	**−0.7595***
	(−2.18)	**(−2.31)**	**(−1.48)**	**(−1.43)**	**(−1.87)**	**(−1.72)**
Controls	NO	Yes	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
# Obs.	2,350	2,100	2,404	2,136	2,404	2,136
Adj. R-sq.	0.755	0.773	0.203	0.209	0.202	0.205

Table IA5: Robustness Tests: Including Events with More-Than-Two Qualified Relatives

This table conducts robustness checks including events with more-than-two relatives in the qualified parents' age range. Panel A reports the analysis for the mutual fund manager sample, whereas Panel B reports the analysis for the CEO sample.

Panel A: Mutual Fund Manager Sample

Dependent Variables	**Tracking Errors**		**Active Share**	
	(1)	(2)	(3)	(4)
Post[−2, +1] × Event	**−0.0044****	**−0.0041***		
	(−2.11)	**(−1.94)**		
Post[+2, +12] × Event	**−0.0081*****	**−0.0074****		
	(−2.56)	**(−2.30)**		
Post[Q, Q+1] × Event			**−0.0071****	**−0.0061***
			(−2.42)	**(−1.95)**
Post[Q+2, Q+3] × Event			**−0.0137****	**−0.0120****
			(−2.56)	**(−2.12)**
Controls	NO	Yes	NO	Yes
Fund Fixed Effects	Yes	Yes	Yes	Yes
Year-Month Fixed Effects	Yes	Yes	NO	NO
Year-Quarter Fixed Effects	NO	NO	Yes	Yes
# Obs.	1,458	1,399	1,110	1,065
Adj. R-sq.	0.654	0.708	0.933	0.937

Panel B: CEO Sample

Dependent Variables	**Capital Expenditure**		**#Acquisitions**		**Deal Value**	
	(1)	(2)	(3)	(4)	(5)	(6)
$Post_t$ × Event	**−0.0037**	**−0.0032**	**−0.0528**	**−0.0528**	**−0.2186**	**−0.1421**
	(−1.28)	**(−0.95)**	**(−0.88)**	**(−0.72)**	**(−0.87)**	**(−0.50)**
$Post_{t+1}$ × Event	**−0.0080****	**−0.0090****	**−0.1922****	**−0.2030*****	**−1.0615*****	**−1.0629*****
	(−1.99)	**(−2.07)**	**(−2.57)**	**(−2.66)**	**(−3.16)**	**(−3.14)**
$Post_{t+2}$ × Event	**−0.0076***	**−0.0101****	**−0.1362***	**−0.1902****	**−0.6350****	**−0.8175*****
	(−1.68)	**(−1.99)**	**(−1.95)**	**(−2.51)**	**(−2.27)**	**(−2.67)**
$Post_{t+3}$ × Event	**−0.0126****	**−0.0118****	**−0.2189****	**−0.2134****	**−1.0585*****	**−0.9757****
	(−2.45)	**(−2.24)**	**(−2.53)**	**(−2.23)**	**(−2.97)**	**(−2.42)**
Controls	NO	Yes	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
# Obs.	2,404	2,160	2,444	2,185	2,444	2,185
Adj. R-sq.	0.753	0.772	0.241	0.252	0.212	0.226

Table IA6: Slopes of Contracts for the Event and the Control Samples

Panel A reports the flow-performance sensitivity for the event and control mutual funds. Flow-performance sensitivity is estimated by performing regression of fund flow over the pre-event window [−6, −3] on lagged ranked net fund returns over the window [−10, −7] controlling for fund characteristics in our baseline regression except past fund returns. Lagged net returns are standardized to a ranked variable between 0 and 1 across all funds with the same investment objective code. The difference in flow-performance sensitivity is calculated by pooling event and control funds together and adding an interaction term between event dummy and lagged ranked returns. Panel B reports the pay-for-performance sensitivity of CEOs for the event and control firms. Pay-for-performance is calculated following Bergstresser and Philippon (2006) and measured in the pre-event year t−1, where year t is the year of bereavement event. We report the average pay-for-performance of the event firms, control firms, and their difference. T-statistics based on standard errors clustered at the investment objective and month (industry and year) levels are reported in the parenthesis.

Panel A: Flow-Performance Sensitivity of Mutual Fund				
	Event Funds	Control Funds	Difference	t-stat.
[−6, −3]	0.213	0.248	−0.035	(−1.26)
Panel B: Pay-for-performance Sensitivity of CEO				
	Event Firms	Control Firms	Difference	t-stat.
t−1	0.312	0.310	0.002	(0.09)

Table IA7: Wealth Inheritance and Changes in Investments

This table examines whether the bereavement effect depends on wealth inheritance from deceased parent by adding triple interactions of DID interaction terms and inheritance. In Panel A, inheritance is measured as the ratio of the deceased parent's home value to the CEO's annual compensation. For each deceased parent, we first collect her zip code in the Accurint database, and then estimate her home value using the Zillow home value index which measures the typical value for homes in the 35th to 65th percentile range of the deceased parent's zip code in the month of the death event. All lower-order terms are included in the regressions except for the event dummy, inheritance, and the interaction between them, as they will be subsumed by the firm fixed effects. Control variables include Tobin's Q, operating cash flows, book leverage, dividend, cash, ROA, sales growth rate, natural log of firm size, natural log of one plus firm age, and asset tangibility. Operating cash flows, dividend, cash are all scaled by the gross property, plant and equipment of the previous year end. Control variables are all measured at the previous year end. Firm fixed effects and year fixed effects are also included. All variables are described in the Appendix. For brevity, this table only reports the coefficient estimates of triple interaction terms. Panel B (Panel C) is similar to Panel A except we exclude zip codes in the top 5% (top 10%) of house prices to control for potential outliers. The t-statistics in parenthesis are based on robust standard errors clustered by firm and year. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Wealth Inheritance and Bereavement Effect

Dependent Variables	**Capital Expenditure**	**#Acquisitions**	**Deal Value**
	(1)	(2)	(3)
$Post_t$ × Event × Inheritance	−0.0006	−0.0826	−0.7860
	(−0.07)	(−0.33)	(−0.83)
$Post_{t+1}$ × Event × Inheritance	0.0006	−0.4771	−1.5724
	(0.07)	(−1.16)	(−1.34)
$Post_{t+2}$ × Event × Inheritance	0.0114	−0.0019	0.3330
	(1.12)	(−0.01)	(0.31)
$Post_{t+3}$ × Event × Inheritance	0.0142	−0.2391	−1.2951
	(0.99)	(−0.57)	(−0.73)
Two-way Interaction Terms	Yes	Yes	Yes
Controls	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes
# Obs.	1,798	1,805	1,805
Adj. R-sq.	0.784	0.236	0.217

(Continued in the next page)

Panel B: Wealth Inheritance and Bereavement Effect: Exclude Top 5% Areas of House Prices			
Dependent Variables	**Capital Expenditure**	**#Acquisitions**	**Deal Value**
	(1)	(2)	(3)
$Post_t$ × Event × Inheritance	−0.0005	−0.0335	−0.6414
	(−0.05)	(−0.13)	(−0.64)
$Post_{t+1}$ × Event × Inheritance	0.0016	−0.4243	−1.3343
	(0.17)	(−1.02)	(−1.07)
$Post_{t+2}$ × Event × Inheritance	0.0104	0.0223	0.3339
	(0.99)	(0.10)	(0.32)
$Post_{t+3}$ × Event × Inheritance	0.0134	−0.2077	−1.2762
	(0.90)	(−0.49)	(−0.70)
Two-way Interaction Terms	Yes	Yes	Yes
Controls	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes
# Obs.	1,756	1,763	1,763
Adj. R-sq.	0.785	0.235	0.217

Panel C: Wealth Inheritance and Bereavement Effect: Exclude Top 10% Areas of House Prices			
Dependent Variables	**Capital Expenditure**	**#Acquisitions**	**Deal Value**
	(1)	(2)	(3)
$Post_t$ × Event × Inheritance	0.0010	0.2292	0.2302
	(0.09)	(0.95)	(0.25)
$Post_{t+1}$ × Event × Inheritance	−0.0015	0.1343	0.5775
	(−0.15)	(0.59)	(0.53)
$Post_{t+2}$ × Event × Inheritance	0.0082	0.2474	1.0625
	(0.67)	(0.96)	(0.88)
$Post_{t+3}$ × Event × Inheritance	0.0031	−0.2738	−1.9849
	(0.17)	(−0.54)	(−0.96)
Two-way Interaction Terms	Yes	Yes	Yes
Controls	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes
# Obs.	1,663	1,667	1,667
Adj. R-sq.	0.782	0.226	0.218

Table IA8: Managers with Young Children and Changes in Investments

This table examines whether the bereavement effect depends on the number of manager's young children. We construct a dummy variable indicating whether the manager has any children under 18 (*I_YChildren*) and a continuous variable for the number of children under 18 (*#YChildren*) at the time of the bereavement. In Panels A and B, we report for the mutual fund manager sample and use *I_YChildren* and *#YChildren* respectively. We add triple interactions of DID interaction terms and number of young children variable. Control variables include natural log of TNA and its squared term, portfolio turnover ratio, expense ratio, fund return over last quarter, fund flow over last quarter and natural log of fund age. TNA, portfolio turnover ratio, expense ratio, and fund age are all measured using the most recent available data before the beginning of the window. Fund fixed effects and time fixed effects are also included. Time fixed effects refer to year-month for tracking errors and year-quarter for active share. In Panels C and D, we report for the CEO sample. Similar to the mutual fund manager sample, we add triple interactions of DID interaction terms and number of young children variable. Control variables include Tobin's Q, operating cash flows, book leverage, dividend, cash, ROA, sales growth rate, natural log of firm size, natural log of one plus firm age, and asset tangibility. Operating cash flows, dividend, cash are all scaled by the gross property, plant and equipment of the previous year end. Control variables are all measured at the previous year end. Firm fixed effects and year fixed effects are also included. All lower-order terms are included in the regressions except for the event dummy, number of young children variable, and the interaction between them, as they will be subsumed by the fund (firm) fixed effects. All variables are described in the Appendix. For brevity, this table only reports the coefficient estimates of triple interaction terms and associated t-statistics in parenthesis based on robust standard errors clustered by fund and time (firm and year). *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Mutual Fund Sample: Indicator of Young Children

Dependent Variables	**Tracking Errors**		**#Active Share**	
	(1)	(2)	(3)	(4)
Post[−2, +1]× Event × I_YChildren	−0.0003	−0.0002		
	(−0.09)	(−0.08)		
Post[+2, +12]× Event × I_YChildren	0.0021	0.0023		
	(0.51)	(0.55)		
Post [Q, Q+1]× Event × I_YChildren			−0.0011	−0.0021
			(−0.14)	(−0.27)
Post [Q+2, Q+3]× Event × I_YChildren			0.0049	0.0043
			(0.45)	(0.40)
Two-way Interaction Terms	Yes	Yes	Yes	Yes
Controls	NO	Yes	NO	Yes
Fund Fixed Effects	Yes	Yes	Yes	Yes
Year-Month Fixed Effects	Yes	Yes	NO	NO
Year-Quarter Fixed Effects	NO	NO	Yes	Yes
# Obs.	1,434	1,375	1,086	1,041
Adj. R-sq.	0.871	0.883	0.944	0.943

Panel B: Mutual Fund Sample: # Young Children

Dependent Variables	**Tracking Errors**		**#Active Share**	
	(1)	(2)	(3)	(4)
Post[−2, +1]× Event × #YChildren	0.0001	0.0005		
	(0.08)	(0.31)		
Post[+2, +12]× Event × #YChildren	−0.0004	−0.0002		
	(−0.24)	(−0.12)		
Post [Q, Q+1]× Event × #YChildren			0.0005	0.0004
			(0.19)	(0.11)

Panel B: Mutual Fund Sample: # Young Children				
Dependent Variables	**Tracking Errors**		**#Active Share**	
	(1)	(2)	(3)	(4)
Post [Q+2, Q+3]× Event × #YChildren			−0.0013	−0.0011
			(−0.33)	(−0.26)
Two-way Interaction Terms	Yes	Yes	Yes	Yes
Controls	NO	Yes	NO	Yes
Fund Fixed Effects	Yes	Yes	Yes	Yes
Year-Month Fixed Effects	Yes	Yes	NO	NO
Year-Quarter Fixed Effects	NO	NO	Yes	Yes
# Obs.	1,434	1,375	1,086	1,041
Adj. R-sq.	0.871	0.883	0.943	0.943

Panel C: CEO Sample: Indicator of Young Children						
Dependent Variables	**Capital Expenditure**		**#Acquisitions**		**Deal Value**	
	(1)	(2)	(3)	(4)	(5)	(6)
$Post_t$ × Event × I_YChildren	−0.0049	−0.0013	0.0943	0.0917	−0.0704	−0.0741
	(−1.01)	(−0.28)	(0.74)	(0.64)	(−0.13)	(−0.13)
$Post_{t+1}$ × Event × I_YChildren	−0.0050	−0.0044	0.4011***	0.3860**	1.3547**	1.1963*
	(−0.65)	(−0.52)	(3.03)	(2.54)	(2.25)	(1.75)
$Post_{t+2}$ × Event × I_YChildren	−0.0000	0.0012	0.0237	0.0469	−0.0657	0.0182
	(−0.00)	(0.11)	(0.15)	(0.27)	(−0.11)	(0.03)
$Post_{t+3}$ × Event × I_YChildren	0.0174	0.0184	0.1666	0.2020	0.0754	0.1403
	(1.62)	(1.56)	(0.97)	(1.02)	(0.11)	(0.18)
Two-way Interaction Terms	Yes	Yes	Yes	Yes	Yes	Yes
Controls	NO	Yes	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
# Obs.	2,360	2,118	2,394	2,137	2,394	2,137
Adj. R-sq.	0.754	0.773	0.241	0.250	0.210	0.221

Panel D: CEO Sample: #Young Children						
Dependent Variables	**Capital Expenditure**		**#Acquisitions**		**Deal Value**	
	(1)	(2)	(3)	(4)	(5)	(6)
$Post_t$ × Event × #YChildren	−0.0033	−0.0007	0.0280	0.0116	0.0144	−0.0277
	(−1.50)	(−0.26)	(0.43)	(0.17)	(0.07)	(−0.12)
$Post_{t+1}$ × Event × #YChildren	−0.0028	−0.0031	0.1765***	0.1781***	0.5993***	0.5804**
	(−0.82)	(−0.78)	(2.90)	(2.75)	(2.89)	(2.59)
$Post_{t+2}$ × Event × #YChildren	−0.0003	−0.0002	0.0955*	0.1109*	0.4057*	0.4706*
	(−0.06)	(−0.04)	(1.66)	(1.89)	(1.79)	(1.92)
$Post_{t+3}$ × Event × #YChildren	0.0048	0.0056	0.0888	0.0919	0.1513	0.1073
	(0.96)	(1.04)	(1.44)	(1.35)	(0.52)	(0.33)
Two-way Interaction Terms	Yes	Yes	Yes	Yes	Yes	Yes
Controls	NO	Yes	NO	Yes	NO	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
# Obs.	2,360	2,118	2,394	2,137	2,394	2,137
Adj. R-sq.	0.754	0.774	0.240	0.250	0.209	0.221

Table IA9: CEO Activities After Parental Death Events

This table presents DID regressions of CEO activeness proxies on the interaction terms between event dummy and four post-event window dummies. We construct three measures of CEO efforts: 1) number of earnings conference calls, 2) number of media interviews, and 3) number of voluntary 8-K filings. We calculate these three measures over five years around firm CEO's bereavement events: pre-event year $t-1$, event year t, and post-event years $t+1$, $t+2$ and $t+3$, where year t is the year of bereavement event. The construction of control firm sample is described in the header of Table 6. Control variables include Tobin's Q, operating cash flows, book leverage, dividend, cash, ROA, sales growth rate, natural log of firm size, natural log of one plus firm age, and asset tangibility. Operating cash flows, dividend, cash are all scaled by the gross property, plant and equipment of the previous year end. Control variables are all measured at the previous year end. The variables are described in the Appendix. Firm fixed effects and year fixed effects are also included. For brevity, this table only reports the coefficient estimates of four interaction terms and four post-event window dummies. T-statistics based on robust standard errors clustered by firm and year are reported in parenthesis. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. **Bold** figures indicate difference-in-difference.

	Independent Variable: Proxy for CEO activeness		
Dep. Variables	**Conference Call**	**Media Interview**	**Voluntary 8-K Disclosure**
	(1)	(2)	(3)
$Post_t$ × Event	**0.0012**	**0.0743***	**0.0439****
	(0.04)	**(1.79)**	**(2.32)**
$Post_{t+1}$×Event	**−0.0139**	**0.0102**	**0.0403**
	(−0.47)	**(0.14)**	**(1.23)**
$Post_{t+2}$×Event	**−0.0408**	**0.0253**	**0.0399**
	(−1.15)	**(0.42)**	**(0.95)**
$Post_{t+3}$×Event	**−0.0588**	**−0.0814**	**0.0139**
	(−1.29)	**(−1.25)**	**(0.30)**
$Post_t$	0.0400	0.0241	−0.0042
	(1.83)	(0.62)	(−0.29)
$Post_{t+1}$	0.0479	0.0782	−0.0033
	(1.54)	(1.21)	(−0.09)
$Post_{t+2}$	0.0814	0.0602	0.0202
	(2.50)	(1.11)	(0.56)
$Post_{t+3}$	0.0870	0.1134	0.0290
	(1.89)	(1.60)	(0.70)
Controls	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes
# Obs.	2,147	930	2,226
Adj. R-sq.	0.890	0.400	0.954

Table IA10: DID Regression of Average Monthly Abnormal Fund Returns: In-Sample Alphas

This table reports DID regressions of performance of mutual funds on the interaction terms between event dummy and three post window dummies. The table is similar to Table 9 panel D, but replace the dependent variable with in-sample monthly fund alphas by regressing daily fund returns on contemporaneous daily Fama-French three-factor returns. Control variables include natural log of TNA and its squared value, portfolio turnover ratio, expense ratio, fund return over last quarter, fund flow over last quarter and natural log of fund age. TNA, portfolio turnover ratio, expense ratio, and fund age are all measured using the most recent available data before the beginning of the window. Fund and year-month fixed effects are also controlled. The t-statistics based on robust standard errors clustered by fund and year-month are reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. **Bold** figures indicate difference-in-difference.

	(1)	(2)
Independent Variables	In-Sample 3-Factor Alpha	In-Sample 3-Factor Alpha
Post[−2, +1] × Event	**−0.0031****	**−0.0029****
	(−2.44)	**(−2.50)**
Post[+2, +12] × Event	**−0.0020***	**−0.0022****
	(−1.76)	**(−1.97)**
Post[+13, +24] × Event	**−0.0008**	**−0.0010**
	(−0.65)	**(−0.83)**
Post[−2, +1]	0.0015	0.0016
	(1.71)	(1.87)
Post[+2, +12]	0.0006	0.0010
	(0.74)	(1.23)
Post[+13, +24]	0.0007	0.0010
	(0.78)	(1.04)
Log (TNA)		0.0012
		(0.82)
Log (TNA)^2		−0.0004
		(−2.26)
Turnover		0.0011
		(1.29)
Expenses		0.4447
		(1.41)
Return(q−1)		−0.0307
		(−2.09)
Flow(q−1)		−0.0001
		(−0.16)
Log (Fund Age)		−0.0043
		(−0.96)
Fund Fixed Effects	Yes	Yes
Year-Month Fixed Effects	Yes	Yes
# Obs.	1,640	1,611
Adj. R-sq.	0.257	0.285

Table IA11: CEO Turnover and Parental Deaths

This table presents results from linear probability (LMP) models of CEO turnover as a function of parental death event. CEO turnover for event firms is a dummy variable which equals one if there is CEO turnover in the year after the bereavement event (i.e., year t+1) and zero otherwise. We then define CEO Turnover for control firms in the same year as their respective event firms. The construction of control firm sample is described in the header of Table 6. Control variables include natural log of firm size, book leverage, market-to-book ratio, natural log of one plus CEO age, natural log of one plus CEO tenure, a dummy variable for CEO gender which takes the value of one if the CEO is a woman and zero otherwise and are all measured at year *t*. Industry fixed effects are also controlled. The variables are described in the Appendix. The *t*-statistics based on standard errors clustered at the industry level are reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Dep. Var.: CEO Turnover		
	(1)	(2)
Event	**−0.038**	**−0.017**
	(−1.41)	**(−0.64)**
Ln(Size)		−0.011
		(−1.14)
Leverage		−0.019
		(−0.29)
Market-to-Book		0.009
		(1.73)
Ln(CEOAge+1)		0.640
		(5.19)
Ln(Tenure+1)		−0.007
		(−0.42)
Gender		0.022
		(0.23)
Industry Fixed Effects	Yes	Yes
# Obs.	605	603
Adj. R-sq.	−0.001	0.037