## JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS



VOL. 52, NO. 6 DECEMBER 2017

Corporate Risk Culture Yihui Pan, Stephan Siegel, and Tracy Yue Wang

A Lottery-Demand-Based Explanation of the Beta Anomaly Turan G. Bali, Stephen J. Brown, Scott Murray, and Yi Tang

An Empirical Analysis of Market Segmentation on U.S. Equity Markets Frank Hatheway, Amy Kwan, and Hui Zheng

Davids, Goliaths, and Business Cycles Jefferson Duarte and Nishad Kapadia

Risk Premia and the VIX Term Structure Travis L. Johnson

Deleveraging Risk Scott Richardson, Pedro A. C. Saffi, and Kari Sigurdsson

Political Uncertainty and IPO Activity: Evidence from U.S. Gubernatorial Elections Gönül Çolak, Art Durnev, and Yiming Qian

CEO Turnovers and Disruptions in Customer–Supplier Relationships Vincent J. Intintoli, Matthew Serfling, and Sarah Shaikh

Investment Efficiency and Product Market Competition Neal M. Stoughton, Kit Pong Wong, and Long Yi

Market Timing and Investment Selection: Evidence from Real Estate Investors Yael V. Hochberg and Tobias Mühlhofer

What Explains the Difference in Leverage between Banks and Nonbanks? Tobias Berg and Jasmin Gider

Cultural Proximity and the Processing of Financial Information Qianqian Du, Frank Yu, and Xiaoyun Yu

Equity Volatility Term Structures and the Cross Section of Option Returns Aurelio Vasquez

Institutional Investor Expectations, Manager Performance, and Fund Flows Howard Jones and Jose Vicente Martinez

Horses for Courses: Fund Managers and Organizational Structures Yufeng Han, Tom Noe, and Michael Rebello

The Unintended Consequences of the Launch of the Single Supervisory Mechanism in Europe

Franco Fiordelisi, Ornella Ricci, and Francesco Saverio Stentella Lopes

https://doi.org/10.1017/S0022109017001156 Published online by Cambridge University Press



# JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

A PUBLICATION OF THE UNIVERSITY OF WASHINGTON MICHAEL G. FOSTER SCHOOL OF BUSINESS IN COOPERATION WITH THE ARIZONA STATE UNIVERSITY W. P. CAREY SCHOOL OF BUSINESS AND THE UNIVERSITY OF NORTH CAROLINA KENAN-FLAGLER BUSINESS SCHOOL

VOL. 52, NO. 6, DECEMBER 2017

https://doi.org/10.1017/S0022109017001156 Published online by Cambridge University Press

Corporate Risk Culture
A Lottery-Demand-Based Explanation of the Beta Anomaly
An Empirical Analysis of Market Segmentation on U.S. Equity Markets
Davids, Goliaths, and Business Cycles
Risk Premia and the VIX Term Structure
Deleveraging Risk
Political Uncertainty and IPO Activity: Evidence from U.S. Gubernatorial Elections 2523 Gönül Çolak, Art Durnev, and Yiming Qian
CEO Turnovers and Disruptions in Customer–Supplier Relationships
Investment Efficiency and Product Market Competition
Market Timing and Investment Selection: Evidence from Real Estate Investors 2643 Yael V. Hochberg and Tobias Mühlhofer
What Explains the Difference in Leverage between Banks and Nonbanks?
Cultural Proximity and the Processing of Financial Information
Equity Volatility Term Structures and the Cross Section of Option Returns
Institutional Investor Expectations, Manager Performance, and Fund Flows 2755 Howard Jones and Jose Vicente Martinez
Horses for Courses: Fund Managers and Organizational Structures
The Unintended Consequences of the Launch of the Single Supervisory Mechanism in Europe

## MANAGING EDITORS

Hendrik Bessembinder Arizona State University Jennifer Conrad University of North Carolina Jarrad Harford Paul Malatesta University of Washington

# ADVISORY EDITORS

Stephen Brown New York University Mark Grinblatt University of California at Los Angeles

# ASSOCIATE EDITORS

Warren Bailey Cornell University

Gurdip Bakshi University of Maryland

Turan Bali Georgetown University

Murillo Campello Cornell University

Mikhail Chernov University of California at Los Angeles

Jeffrey Coles University of Utah

Ran Duchin University of Washington

Alex Edmans London Business School

Wayne Ferson University of Southern California

Marcin Kacperczyk Imperial College London

Jonathan Karpoff University of Washington Francis Longstaff University of California at Los Angeles

Ronald Masulis University of New South Wales

John McConnell Purdue University

Robert McDonald Northwestern University

Darius Palia Rutgers University

Neil Pearson University of Illinois at Urbana-Champaign

George Pennacchi University of Illinois at Urbana-Champaign

Jeffrey Pontiff Boston College

**Jay Ritter** University of Florida

Bryan Routledge Carnegie Mellon University Sergei Sarkissian McGill University

Paul Schultz University of Notre Dame

Chester Spatt Carnegie-Mellon University

Kumar Venkataraman Southern Methodist University

Ralph Walkling Drexel University

Yuhai Xuan University of Illinois at Urbana-Champaign

David Yermack New York University

Lu Zhang Ohio State University

Guofu Zhou Washington University in St. Louis

PRODUCTION EDITOR Wendy Katz University of Washington

The Journal of Financial and Quantitative Analysis (ISSN 0022-1090), Michael G. Foster School of Business, University of Washington, 370 Mackenzie Hall, UW Box 353200, Seattle, WA 98195-3200, is published bimonthly in February, April, June, August, October, and December by Cambridge University Press, One Liberty Plaza, 20th Floor, New York, NY 10006/Cambridge University Press, University Printing House, Shaftesbury Road, Cambridge CB2 8BS, UK for the University of Washington Michael G. Foster School of Business in cooperation with the W. P. Carey School of Business at Arizona State University and the Kenan-Flagler Business School at University of North Carolina. Periodicals Postage Paid at New York, NY and additional mailing offices. POSTMASTER: Send address changes to Journal of Financial and Quantitative Analysis, Cambridge University Press, One Liberty Plaza, 20th Floor, New York, NY 10006, USA.

Copyright 2017, Michael G. Foster School of Business, University of Washington



ANALYSIS

### JOURNAL OF FINANCIAL AND QUANTITATIVE

PHONE: (206) 543-4598 FAX: (206) 616-1894 E-MAIL: jfqa@uw.edu URL: jfqa.org University of Washington Michael G. Foster School of Business 370 Mackenzie Hall UW Box 353200 Seattle, WA 98195-3200 USA

VOL. 52, NO. 6, DECEMBER 2017

### PURPOSE AND FOCUS

The Journal of Financial and Quantitative Analysis (JFQA) publishes theoretical and empirical research in financial economics. Topics include corporate finance, investments, capital and security markets, and quantitative methods of particular relevance to financial researchers. Opinions expressed in the JFQA are those of the authors and do not necessarily reflect those of the University of Washington Foster School of Business. For submissions queries, please write, call, fax, or e-mail the JFQA office. For all other information related to the journal, please contact Cambridge Journals Customer Services: Cambridge University Press, One Liberty Plaza, 20th Floor, New York, NY 10006, USA. cambridge.org/jfga

#### SUBMISSIONS

#### www.editorialmanager.com/jfqa

It is JFQA policy to give prompt attention to all submitted manuscripts. Consistent with this policy, honoraria are paid to referees who provide timely reviews. Submit manuscripts online (www.editorialmanager.com/jfqa). Payment is required at the time of submission. VISA, MasterCard, and American Express are accepted. Please consult the journal Web site for current submission details. Manuscripts are considered for publication on the understanding that they have not been previously published in whole or in part, and are not being simultaneously considered for publication elsewhere.

### SUBSCRIPTIONS

#### cambridge.org/jfqa

For individuals or institutions interested in a single journal subscription in 2018, please contact Cambridge Journals Customer Services. In the U.S., Canada, or Mexico, subscription fees are payable in U.S. dollars: journals\_subscriptions@cambridge.org. Elsewhere in the world, subscription fees are payable in U.K. pounds sterling: journals@cambridge.org

#### 2018 Annual Subscription Fees

Volume 53: February, April, June, August, October, and December

Price
\$686/£371
\$692/£374
\$520/£303
\$122/£67
\$103/£54
\$86/£49
\$29/£20

### **RIGHTS AND PERMISSIONS**

All rights reserved. No part of this publication may be reproduced, in any form or by any means, electronic, photocopying, or otherwise, without permission in writing from Cambridge University Press. General enquiries from the USA, Mexico, and Canada should be addressed to the New York office of Cambridge University Press cambridge.org/us/information/rights/contacts/newyork.htm; general enquiries from elsewhere should be addressed to the Cambridge office cambridge.org/ uk/information/rights/contacts/cambridge.htm; permission enquiries from Australia and New Zealand should be addressed to the Melbourne office cambridge.org/uk/information/rights/contacts/australia.htm; enquiries regarding Spanish language translation rights (only) should be addressed to the Madrid office cambridge.org/uk/information/rights/contacts/australia.htm; conflict cambridge.org/uk/information/rights/contacts/australia.htm; enquiries regarding Spanish language translation rights (only) should be addressed to the Madrid office cambridge.org/uk/information/rights/contacts/australia.htm; enquiries the USA): Copying for internal or personal use beyond that permitted by Sec. 107 or 108 of the U.S. Copyright Law is authorized for users duly registered with the Copyright Clearance Center (CCC), provided that the appropriate remittance is paid directly to: CCC, 222 Rosewood Drive, Danvers, MA 01923, USA. Specific written permission must be obtained for all other copying; contact the nearest Cambridge University Press office.

## VOTE FOR THE SHARPE BEST PAPER AWARD!

The William F. Sharpe Award for Scholarship in Financial Research recognizes researchers who, through their articles published in the Journal of Financial and Quantitative Analysis, have most contributed to our understanding of important areas of financial economics. The Sharpe Award nominees are chosen by a vote of JFQA readers and Associate Editors from the papers published in 2017. Winners are selected by the Associate Editors. Access the official ballot at

www.jfqa.org

Deadline: April 30, 2018