Summary of *Do Fund Managers Misestimate Climatic Disaster Risk?*

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2024.10.09 喻清言

1. **What are the research questions?**
   - Do fund managers misestimate climatic disaster risk?
2. **Why are the research questions interesting?**
   - The impact of climate change risk on capital market and broader economy are increasingly concerned.
   - If presumably rational money managers misestimate the disaster impact on firms and trade in such firms based on this misestimation, it may adversely affect the informational efficiency of stock prices.
3. **What is the paper' s contribution?**
   - the literature on asset pricing deviation on climate risk.
     - Extant literature: limited empirical researches.
     - Extension: providing a new context for empirical analysis.
   - the literature on climate risks for investor behavior
     - Existing literature: managers become more risk-averse after their disaster experience, reducing their fund' s volatility.
     - Extension: biased portfolio decisions might induce inefficiencies in stock prices of firms in the disaster zone.
4. **What hypotheses are tested in the paper?**
   - Information Hypothesis: If mutual fund managers underweight disaster zone stocks because of superior information, then such stocks should underperform in the near future.
   - Salience Hypothesis: If mutual fund managers underweight disaster zone stocks because of salience bias, then such stocks should not underperform in the near future.

   a) Do these hypotheses follow from and answer the research questions?
   - Yes, they are examining whether fund managers misestimate climatic disaster risk.

   b) Do these hypotheses follow from theory? Explain logic of the hypotheses.
   - They follow the salient risk model and information advantage proposed by formal literature.
5. **Sample: comment on the appropriateness of the sample selection procedures.**

- The sample data is detailed enough to tell if the firm and fund manager locate near the disaster area.

6. **Dependent and independent variables: comment on the appropriateness of variable definition and measurement.**

   - Independent variables are indicating variables of whether the firm and fund is near the disaster area and whether the time is near the disaster quarter. It is easy to tell difference of the far- and close-disaster managers. Dependent variable is the weight of stock in the portfolio of mutual fund.

7. **Regression/prediction model specification: comment on the appropriateness of the regress/predict model specification.**

   - The regression takes into consideration abundant controlling variables and fix effects. Alternative dependent variables are also tested for robustness.

8. **What difficulties arise in drawing inferences from the empirical work?**

   - A number of alternative interpretations for the empirical result are examined and excluded. It seems no difficulty reaching the conclusion.

9. **Describe at least one publishable and feasible extension of this research.**

   - The similar method can be used to analyze regional political risk such as particular ban on quantitative trading. Do fund managers misestimate regional political risk?