Disagreement on Tail
Comments

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- This paper proposes a novel measure, DOT, that captures the divergence in investor beliefs about extreme tail events in stock returns.
- This paper also illustrates that DOT exhibits a significant negative relation with future stock returns.
- The authors show that the return predictability associated with DOT primarily stems from the mispricing-based explanation.

Can machine investors represent real investors?

- The divergence in beliefs is generated by assigning different weights to each characteristic.
- DOT positively correlates with AFD.
- NN V.S. other ML methods.

What is the difference between "disagreement" and "disagreement on tail"?

- importance
- anything new?
- Is "mispricing" the only channel?

Disagreement on tail and tail risk.

- difference

Best of luck!