Racial Integration and Price Efficiency*

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Abstract

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JEL Classification: G11, G14, G23, G41
Keywords: racial integration; stock price informativeness; information asymmetry; mutual funds; stock selection

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1 Introduction

To what extent is a firm's stock price efficiency shaped by the community in which it is located? While prior research has documented that diverse social interactions among residents influence individual and community-level economic outcomes (e.g., Alesina, Baqir, and Easterly, 1999; Alesina and La Ferrara, 2000; Chetty et al., 2022a,b), much less is known about how such interactions affect the informational efficiency of firms located in these communities. This paper fills this gap by focusing on a key feature of American communities: the level of racial residential integration (RRI), defined as the extent to which individuals of different racial groups are evenly distributed across geographic space (Trounstine, 2016).[1] We examine whether and how this integration affects the stock price efficiency of firms located in these communities.

We first document that communities with higher RRI show greater economic integration along two key dimensions: higher upward social mobility and narrower White–Black income disparities. Using data from the Opportunity Atlas (Chetty et al., 2018, 2024), we find that in more racially integrated commuting zones, children from low-income households are more likely to move up to higher income ranks and the average income rank gap between White and Black children is significantly smaller.[2]

Consistent with the idea that more economically and socially integrated communities facilitate better information diffusion, we ask: How is a community's level of RRI related to the stock price efficiency of firms located within it? To address this question, we draw on

[1]Consistent with U.S. census guidelines, we categorize White, Black, Asian, and American Indian as racial groups, and recognize Hispanic as an ethnicity (U.S. Census Bureau, 2024). This classification follows the conventional distinction between "race," which is associated with physical characteristics, and "ethnicity," which includes aspects such as national origin, culture, language, and religious beliefs. For simplicity, we use the term "race" throughout the remainder of this paper to refer to both race and ethnicity. The detailed classification and racial compositions can be found in Internet Appendix IA.B1.

[2]Commuting zones, developed by the Economic Research Service at the U.S. Department of Agriculture, are geographic units defined by commuting patterns that reflect where individuals live and work (Tolbert and Sizer, 1996). Designed to capture economic interdependence across county boundaries, commuting zones often span areas where residents routinely commute for employment or business. Their boundaries are shaped by economic linkages, which may extend across multiple counties or even include noncontiguous areas. Thus, a commuting zone can be understood as a cluster of economically connected counties.

two insights from the literature on information diffusion and learning in social networks. First, greater social interaction leads to denser social networks within a community, which facilitate the transmission of information among individuals (e.g., Jackson and Rogers, 2007; Rajkumar, Saint-Jacques, Bojinov, Brynjolfsson, and Aral, 2022). Second, in more segregated communities, individuals are more likely to interact with others who share similar attributes such as race and ethnicity (e.g., McPherson, Smith-Lovin, and Cook, 2001). This tendency toward homophily leads to modular social networks, where information circulates within groups but often remains confined to them (e.g., Hinz and Spann, 2008; Golub and Jackson, 2012; Halberstam and Knight, 2016). In contrast, more racially integrated communities exhibit lower social network modularity, allowing information to diffuse more efficiently across the entire social network (Reagans and McEvily, 2003; Hinz and Spann, 2008; Golub and Jackson, 2012; Furutani, Shibahara, Akiyama, and Aida, 2023).

In financial markets, broader diffusion of information across a wider population can reduce the informational advantages of select groups, such as corporate insiders or individuals with privileged social ties, by allowing a larger set of market participants to access and act on value-relevant signals. As a result, stock prices may be more efficient for firms located in communities with higher RRI. Hence, we hypothesize that firms located in communities with higher RRI tend to have greater stock price efficiency. To empirically test this hypothesis, we use commuting zones, geographically and economically integrated areas that span multiple counties, as our primary unit of community.

To test this prediction, we examine the relationship between RRI and stock price informativeness, measured by the correlation between stock prices and future firm earnings (e.g., Grossman and Stiglitz, 1980; Kacperczyk, Sundaresan, and Wang, 2021). Since corporate headquarters are central to information exchange (Davis and Henderson, 2008), we assign firms to communities based on the location of their headquarters. Our empirical analysis shows that firms headquartered in high-RRI communities have stock prices that more strongly predict future earnings, consistent with our hypothesis.

We conjecture that information about individual firms transmitted through social networks is more likely to take the form of qualitative, subjective, and relatively difficult-to-quantify soft information (Liberti and Petersen, 2019; Dyer, Köchling, and Limbach, 2024; Nguyen and Nguyen, 2025). Such information is relevant for firm valuation and complements public information disseminated through corporate disclosures and analyst coverage (Liberti and Petersen, 2019). Therefore, we hypothesize that the positive effect of RRI on price informativeness is more pronounced for smaller firms (with lower total assets), less visible firms (with lower analyst coverage), and younger firms (with lower firm age). Our empirical results support these conjectures.

Next, we examine whether firms headquartered in communities with higher RRI exhibit lower information asymmetry among stock market participants. While price informativeness and information asymmetry are conceptually distinct, they are closely related. In general, the more accurately a security's price reflects its fundamental value, the lower the expected loss for an uninformed investor trading that security. Thus, price informativeness and information asymmetry tend to be inversely related, with both greater price informativeness and reduced information asymmetry reflecting improvements in a firm's information environment.[3] In our setting, broader information diffusion resulting from greater racial integration lowers the cost of information acquisition, reducing the advantages of otherwise informationally privileged traders. As a result, information asymmetry in the stock market also declines.

We use two proxies to measure information asymmetry: the adverse selection component of the bid–ask spread and the volume coefficient of variation (Lof and van Bommel, 2023). Consistent with the notion that higher RRI promotes stronger communtity integration and more efficient information diffusion, we find that both measures of information asymmetry decline significantly for firms located in communities with higher RRI. Similar to our findings on price informativeness, this effect is more pronounced for smaller, less visible, and younger firms. Taken together, these results show that higher RRI improves the informational effi-

[3]For intuition and formal analysis, see, e.g., Grossman and Stiglitz (1976, 1980).

ciency of firms located in the community.

One potential concern is that a community's racial integration may be correlated with its future growth, which could confound the relationships between RRI and both price informativeness and information asymmetry. To address this issue, we use two approaches. First, we construct an instrumental variable for RRI using the staggered adoptions of source-of-income (SOI) nondiscrimination laws, leveraging the plausibly exogenous timing of these policy changes for identification. SOI laws promote integration by prohibiting landlords from rejecting tenants based solely on their use of housing vouchers, thereby expanding access to housing for low-income households, which are disproportionately minority. This operates through the federal Housing Choice Voucher (HCV) program, which enables recipients to move beyond high-poverty neighborhoods. Without SOI protections, landlords can legally refuse to accept vouchers, limiting access to opportunity-rich areas. By removing this barrier, SOI laws increase the likelihood that voucher holders relocate to such neighborhoods. Prior research shows that the HCV program can reduce concentrated poverty and promote both racial and economic integration (Turner, 2003; Sard, 2008; Galvez, 2010; McClure, 2010), making the adoption of SOI laws a relevant driver of RRI.

Using a newly compiled dataset from the Urban Institute, we identify 58 instances of city-level adoptions of SOI laws with explicit protections for voucher holders between 1971 and 2021. We construct the instrumental variable as the share of cities within a commuting zone that have adopted such laws. Weak instrument tests confirm that this measure strongly predicts RRI. Since the instrument is based on policies regulating landlord-tenant relationships, it is unlikely to directly affect firm operations or disclosure practices. Nonetheless, we do not assume exogeneity outright. To address potential omitted variable bias, we control for key drivers of SOI adoption identified by Cho and Lucio (2025), which influence city-level adoption share within a commuting zone and may also correlate with firm outcomes. This approach allows us to isolate plausibly exogenous variation in RRI. Using this instrument, we find that higher RRI is associated with more informative stock prices and lower firm-level information asymmetry.

Second, we also examine the impact of corporate headquarters relocations on stock price efficiency. Using a difference-in-differences framework restricted to firms that relocated once during the sample period, and a matching approach based on pretreatment characteristics, we find that firms moving from higher- to lower-RRI commuting zones experience a decline in stock price informativeness and an increase in the volume coefficient of variation, a proxy for information asymmetry. The opposite holds for relocations from lower- to higher-RRI zones. While the sample sizes are modest, the results across both outcomes provide additional support for the hypothesis that local RRI improves stock price efficiency.

To explore the mechanism through which RRI affects stock price efficiency, we examine its influence on the local investment behavior and performance of actively managed mutual funds, a potential channel through which RRI improves firms' information environments. Prior literature has documented a strong link between geographic proximity to corporate headquarters and mutual fund performance. For instance, Coval and Moskowitz (1999) find that mutual fund managers exhibit a strong preference for investing in locally headquartered firms, likely driven by their attempts to exploit information asymmetry between local and nonlocal investors. In a follow-up work, Coval and Moskowitz (2001) show that fund managers earn superior returns on local investments. They attribute this outperformance to improved monitoring abilities or privileged access to private information.

Our analysis shows that higher RRI is significantly associated with a decline in the alpha generated from mutual funds' local investments, which is consistent with a diminished informational advantage in communities with higher RRI. Turning to local bias, we find that higher RRI is insignificantly related to mutual funds' tendency to overweight local stocks relative to the market portfolio. This result shows that the diminished informational advantage does not discourage mutual fund managers from over-weighting local stocks in their portfolios, suggesting that informational advantages are not the sole driver of fund manager's revealed preference for local stocks.

To further examine how RRI weakens local informational advantages, we test for heterogeneity along two dimensions. First, we examine the performance of local mutual fund investments across the business cycle. Previous literature shows that stock picking is more valuable during economic downturns, which translates to a larger fund alpha (Moskowitz, 2000).Consistent with this evidence, we find that the negative effect of RRI on the performance of local investments by fund managers is particularly pronounced during recessions. Second, we examine whether the effect of RRI on local performance varies by fund manager race. We find that the negative effect of higher RRI on local stock-picking performance is concentrated among funds managed by White managers and is statistically insignificant for funds managed by minority managers. This asymmetry aligns with sociology literature showing that White male networks provide greater access to local information and social capital (McDonald, Lin, and Ao, 2009; McDonald and Day, 2010; McDonald, 2011).

To ensure the robustness of our findings, we perform several additional tests. First, we replicate the analyses using alternative definitions of local communities, including the county in which the firm or fund headquarters is located, the surrounding counties within a 40-mile radius of the headquarters (i.e., local regions), and the headquarters' home state. Second, to address concerns about the use of interpolated RRI measures from decennial census data, we construct an annual, state-level RRI measure using the American Community Survey (ACS), which is conducted annually.[4] Overall, the results support the relationships between RRI and local stock-picking performance, as well as the associations between RRI, stock price informativeness, and firm-level information asymmetry.[5]

Our main contribution is to establish a causal link between community structure and the stock price efficiency of local firms, thereby connecting two previously separate literatures. Community structure, understood as patterns of connections across salient social boundaries,

[4]We conduct the test at the state level because the ACS annual data lack census-tract detail needed to construct commuting zone RRI measures (see Section 4.5).

[5]For fund-level analysis, our baseline results remain robust when we (i) exclude funds headquartered in cluster states (California, Massachusetts, New York), (ii) control for past local and nonlocal stock-picking performance, and (iii) include fund fixed effects. Taken together, these findings support the robustness of our main conclusions at the fund level as detailed in the Internet Appendix.

has been shown to shape individual and collective outcomes (Alesina, Baqir, and Easterly, 1999; Alesina and La Ferrara, 2000; Chetty et al., 2022a). RRI changes this structure by increasing cross-racial proximity and routine contact, thereby strengthening cross-group connections (Sigelman, Bledsoe, Welch, and Combs, 1996; Mouw and Entwisle, 2006) and shifts community structure toward greater between-group connectivity. Prior research shows that RRI is associated with higher intergenerational mobility (Chetty, Hendren, Kline, and Saez, 2014; Chyn, Haggag, and Stuart, 2022) and improved outcomes in education (Ananat, 2011), job access (Kain, 2004), public safety (Ananat, 2011), and public goods provision (Trounstine, 2016). Yet, the implications of racial integration for financial markets, and in particular for the price efficiency of local firms, remain underexplored.

The existing literature shows that price efficiency improves when informed investors and analysts generate and disseminate information (Grossman and Stiglitz, 1980; Kelly and Ljungqvist, 2007; Boehmer and Kelley, 2009; Saffi and Sigurdsson, 2011; Kacperczyk, Sundaresan, and Wang, 2021) and when disclosure, monitoring, and fair market rules mitigate information asymmetry (Diamond and Verrecchia, 1991; Leuz and Verrecchia, 2000; Bhattacharya and Daouk, 2002; Boehmer, Jones, and Zhang, 2013; Boone and White, 2015). More recent studies highlight the importance of a firm's structural position within national social networks. Greater network centrality accelerates price adjustments to news (Hirshleifer, Peng, and Wang, 2025), whereas broader connectedness across counties can amplify collective biases and attention cascades that generate mispricing (Bali, Hirshleifer, Peng, Tang, and Wang, 2021). We provide causal evidence that firms located in more racially integrated communities exhibit lower information asymmetry and greater price informativeness. These findings indicate that racial integration improves the diffusion of value-relevant information while mitigating collective biases and mispricing, thereby connecting community sociology to fundamental questions in financial economics.

Second, we contribute to the growing literature on how social networks shape institutional investor outcomes. Prior studies have examined the impacts of educational ties (e.g., Cohen, Frazzini, and Malloy, 2008), neighborhood interactions (e.g., Hong, Kubik, and Stein, 2005; Pool, Stoffman, and Yonker, 2015), and social networks (e.g., Ahern, 2017; Kuchler, Li, Peng, Stroebel, and Zhou, 2022) on institutional portfolio decisions and performance. Research also shows that geographic proximity to corporate headquarters provides mutual funds with a local informational advantage, resulting in higher abnormal returns from nearby investments (Coval and Moskowitz, 1999, 2001; Baik, Kang, and Kim, 2010; Bernile, Korniotis, Kumar, and Wang, 2015). Building on these findings, we examine how racial integration within networks influences the diffusion of information and, in turn, affects institutional investors' local informational advantage. Prior studies have shown that social network resources (i.e., social capital) and information flows differ across racial and ethnic lines (Bertrand, Luttmer, and Mullainathan, 2000; Fernandez and Fernandez-Mateo, 2006; Agarwal, Choi, He, and Sing, 2019; Pedulla and Pager, 2019). Our findings extend this literature by showing that race-based residential patterns influence institutional investors' local informational advantage, and that this effect varies depending on the fund manager's race.

Lastly, we contribute to the literature on the role of race in the mutual fund and hedge fund industries. Prior studies reveal the disadvantages faced by fund managers from racial and ethnic minority groups, often driven by name-based stereotypes or in-group bias (e.g., Kumar, Niessen-Ruenzi, and Spalt, 2015; Han, Huang, Kadan, and Wu, 2021; Lu, Naik, and Teo, 2022). More recently, Agarwal, Jiang, Luo, and Zou (2025) show that rising anti–East Asian sentiment in 2020 and 2021 negatively affected mutual fund performance and stock-picking ability for East Asian female managers. We extend this literature by showing that racial integration, a sociological dimension of race, also influences mutual fund stock-picking performance. Specifically, we find that minority fund managers do not experience the same local informational advantage as their White counterparts in low-RRI communities, an additional disadvantage faced by minority managers in the mutual fund industry.

The remainder of this paper is organized as follows. Section 2 describes the data and key measures. Section 3 examines the relationship between RRI and economic integration.

Section 4 presents firm-level evidence on the relationship between RRI and the firm's information environments. Section 5 presents mutual fund-level results on RRI and local stock selection. Section 6 concludes. The Internet Appendix provides detailed variable definitions, supplementary tests, and robustness checks.

2 Data and Variables

2.1 Measure of racial residential integration

Racial residential integration (RRI) refers to the extent to which racial groups are evenly distributed across geographic space (Trounstine, 2016).[6] The opposite of integration, segregation, can be measured along several dimensions, including evenness, exposure, clustering, concentration, and centralization (Massey and Denton, 1988). Among these, evenness is considered the most important dimension of integration, based on principal component analysis (Massey and Denton, 1988). Our analysis focuses on this dimension.

We measure evenness using the entropy index of Theil (1972), which captures both the distribution of population groups across neighborhoods and their relative sizes. This nuance allows the index to better reflect residential patterns that support diverse and meaningful social interactions (Trounstine, 2016).[7] Entropy, often used to measure uncertainty, randomness, or diversity, here reflects racial diversity within a geographic unit.

Considering a racial minority group r and White residents in census tract i, we measure racial diversity using entropy, defined as: $E_{r,i} = P_i^r \times \log\left(\frac{1}{P_i^r}\right) + P_i^w \times \log\left(\frac{1}{P_i^w}\right)$, where

[6] The sociology and economics literature have identified four main factors that influence patterns of RRI (e.g., Charles, 2003; Lichter, Parisi, and Taquino, 2015; Ambrose, Conklin, and Lopez, 2021; Derenoncourt, 2022). First, labor market discrimination, often reflected by income inequality, leads to lower earnings for minority groups, thus constraining their residential choice. Second, race-based in-group preferences may lead individuals to select neighborhoods inhabited by members of their own racial group. Third, institutionalized discrimination, embedded in exclusionary zoning practices and racially biased pricing and recommendations by real estate agents, further prevents integration. Finally, exogenous shocks, such as the Great Migration, industrialization, and urbanization, have historically shaped and continue to influence patterns of RRI.

[7] The dissimilarity index is a widely used measure of evenness, indicating the proportion of a racial group that would need to relocate between neighborhoods to match the overall racial composition of the broader community (Trounstine, 2016). However, it overlooks important aspects of social network formation. Notably, it does not account for subunit population size, which can affect the density and connectivity of social networks. For robustness, we show that our findings are unchanged when using the dissimilarity index.

P_i^r and P_i^w denote the proportions of racial minority r and White individuals in census tract i, respectively, such that $P_i^r + P_i^w = 1$.[8] Based on tract-level entropy, we construct a community-level racial integration index as the negative of the Theil index (Theil, 1972), so that higher values reflect greater integration.

$$RRINegTheil_{r,j} = -1 \times \sum_{(i \in j)} \frac{N_{(r+w),i}}{N_{(r+w),j}} \times \frac{(E_{r,j} - E_{r,i})}{E_{r,j}}, \tag{1}$$

where $N_{(r+w),i}$ and $N_{(r+w),j}$ denote the total populations of racial minority r and White individuals in census tract i and commuting zone j, respectively.[9] To incorporate the three major racial minority groups (i.e., Asian, African American, and Hispanic), we calculate a population-weighted negative Theil index for each commuting zone:

$$RRINegTheil_j = \sum_r \frac{N_{r,j}}{N_{R,j}} \times RRINegTheil_{r,j}, \tag{2}$$

where $N_{R,j}$ denotes the total population of the three major minority groups of commuting zone j, and $\frac{N_{r,j}}{N_{R,j}}$ represents the share of minority group r in that commuting zone, relative to the combined three major minority populations.[10] This weighted index ranges from -1 to 0, with higher values indicating greater racial integration.

We construct the commuting zone RRI index using data from the 2000, 2010, and 2020

[8] $E_{r,i}$ reaches its maximum of 0.69 when the two groups are equally represented ($P_i^r = P_i^w = 0.5$), indicating the highest level of two-group diversity, and falls to zero when only one group is present.

[9] Following established guidance in the literature, we exclude commuting zones where the combined Black, Asian, and Hispanic populations account for less than 5% of the total residents at any point in time, as very small minority shares can distort measures of racial residential segregation. This filter criterion enhances the reliability of the RRI measure. Our results remain robust when using a higher threshold of 10% or when including all commuting zones without exclusions; these alternative specifications are available upon request. The 5% threshold exclusion affects fewer than 2.5% of observations in both the firm-level and fund-level analyses (see Internet Appendix IA.B2 for details). When the population of either the minority group or White individuals is zero in a census tract, we follow Lichter, Parisi, and Taquino (2015) and Trounstine (2016) in setting $log\left(P_i^{r/w}\right)$ to zero. We exclude commuting zones that contain only a single census tract.

[10] As a robustness check, we also examine alternative versions of the negative Theil index. Specifically, we compute entropy by dividing the population into non-White and White groups, and by using the full racial composition rather than a population-weighted average of three two-group measures, following the approach of Trounstine (2016). Our main results remain robust for these alternative measures of racial integration.

U.S. Decennial Census of Population and Housing.[11] Annual values for 2000–2020 are estimated through linear interpolation. Panel A of Table 1 reports summary statistics.

[Insert Table 1 Here.]

2.2 Upward social mobility and the income gap

We examine the relationship between RRI and economic outcomes from two perspectives: upward social mobility and the mean racial income gap, both measured at the commuting zone level. Following Chetty et al. (2014, 2024), we define upward mobility as the mean income rank in adulthood of children whose parents were at the 25th percentile of the national income distribution.[12] This metric captures the average economic advancement of children from low-income families, with higher values indicating greater upward mobility. To capture racial disparities, we define the mean income gap as the difference in predicted adult income ranks between Black and White children from low-income households within a commuting zone.

To construct our sample, we merge our 2000 RRI index with data from the Opportunity Atlas, developed by Chetty et al. (2024). Based on administrative records for 57 million children born between 1978 and 1992, the Opportunity Atlas documents intergenerational mobility over time and across geographic areas, with significant variation by race and socioeconomic status. To protect privacy, the dataset reports mean income ranks at age 27, calculated relative to the national income distribution of each birth cohort and measured at

[11] The 2000 and 2010 census data are publicly accessed and can be processed using the US Census Bureau's API and the R package "totalcensus." Data from the 2020 census are available at https://www.census.gov/programs-surveys/decennial-census/about/rdo/summary-files.html#P1.

[12] The commuting zone–level measure is calculated using the following formula: $\text{Upward Mobility}_{\text{j}} = E(y_{j,i}|x_{j,i} = 25th)$, where $y_{j,i}$ is the adult income rank of child i (based on mean earnings at age 27) and $x_{j,i}$ denotes their parental income rank, both from commuting zone j. In our analysis, we use published individual-level mean income rank predictions reported separately for White and Black children from the same commuting zone. The explanation of this mean predicted income rank can be found from Chyn, Haggag, and Stuart (2022), in which they use the metropolitan-level data from the Opportunity Atlas.

both the commuting zone and county levels.[13] These estimates are disaggregated by race, gender, and parental income percentile (i.e., 1st, 25th, 50th, 75th, and 100th). Notably, percentiles are based on the national (not race-specific) income distribution, meaning that families of different races at the same percentile have the same income level Chyn, Haggag, and Stuart (2022).

We restrict our sample to children born in 1983–1992 to ensure that each individual spent at least part of their childhood (under age 18) in a commuting zone after the year 2000. For example, children born in 1983 turned 18 in 2001, ensuring exposure to local environments consistent with the 2000 RRI measure. To improve the reliability of our estimates, we limit the sample to commuting zones with at least 100 Black and 100 White children. The final sample includes 6,070 commuting zone cohort observations for income ranks and 3,035 observations for the average White–Black income gap, calculated as the difference in predicted adult income ranks between the two groups, across 320 commuting zones. Panel A of Table 1 presents summary statistics for average income ranks across different racial groups and income gaps.

2.3 Firm-level data and variables

2.3.1 Stock price informativeness

To examine how RRI affects stock price informativeness, we follow the approach of Kacperczyk, Sundaresan, and Wang (2021), who measure the strength of the relationship between market valuation and future firm fundamentals. Specifically, we measure informativeness as the conditional correlation between a firm's market valuation in year t, proxied by the log

[13] The construction of commuting zone–level income ranks for children is detailed in Chetty et al. (2024); a brief summary is provided here for interpretative clarity. Children are grouped by birth cohort (1978–1992), childhood commuting zone (based on tax return addresses), race, and parental income percentile. Parental income is defined as the average household income when children in the household are ages 13 to 17 and is ranked within the national income distribution for the corresponding cohort. Children's adult income rank at age 27 is estimated using locally weighted regressions (LOWESS) of child income rank on parental income rank within each county-race-cohort group. Each child is weighted by the proportion of childhood spent in that county. These county-level estimates are then aggregated to the commuting zone–level using population weights.

of the market capitalization-to-asset ratio, and its future cash flow in year $t+1$, proxied by EBIT scaled by total assets. We then evaluate the impact of RRI by estimating its effect on this conditional correlation.

We link firm-level data to RRI and other geographical controls using historical headquarters' zip codes, integrating CRSP/Compustat Merged Database with zip codes extracted from SEC filings.[14] We then map firms to commuting zones using the ZIPCODE dataset from the SAS software. Our sample includes all Compustat firms with fiscal year-ends between 2000 and 2018. We restrict the sample period to ensure that future cash flow data for year $t+1$ are observed before the onset of the COVID-19 pandemic in early 2020. We exclude financial firms (those with SIC codes 60–69), firms with market capitalization below $1 million, and observations with missing data. The final sample consists of 23,972 firm-year observations from 2,479 unique firms across 165 commuting zones. To mitigate the influence of outliers, all variables are winsorized at the 1st and 99th percentiles. Summary statistics for this sample are presented in panel B of Table 1.

2.3.2 Information asymmetry

To evaluate information asymmetry at the firm level, we use two proxies. The first is the adverse selection component of the bid-ask spread, which compensates market makers for the risk of trading with informed traders (George, Kaul, and Nimalendran, 1991). This measure isolates the portion of the spread attributable to private information by excluding order-processing costs (George, Kaul, and Nimalendran, 1991; Jiang and Sun, 2014).[15] Higher values indicate greater information asymmetry. The second measure is the volume coefficient of variation (VCV) proposed by Lof and van Bommel (2023), which is the standard deviation of trading turnover divided by its mean. The VCV increases with the proportion of informed

[14] The detailed procedure can be found in the Internet Appendix IA.B3.

[15] We construct the adverse selection measure using the following equation: $Adverseselection = S - 2 \times \sqrt{-cov\left(RD_t,\ RD_{t-1}\right)}$, where S denotes the proportional quoted spread, and RD_t is the difference between returns computed using last-trade transaction prices and the midpoint of bid-ask prices at close on day t. Further details on the construction of this variable are available in Jiang and Sun (2014).

trades and offers a microstructure-based indicator of asymmetric information.[16]

As in the stock price informativeness analysis, we link firm-level data to commuting zone RRI and other commuting zone–level controls using historical headquarters zip codes. Our sample consists of all publicly listed U.S. firms available in CRSP from 2000 Q1 to 2020 Q1. We exclude financial and utility firms, as well as firms with missing covariates (Amiram, Owens, and Rozenbaum, 2016; Cui, Jo, and Na, 2018). Firms with fewer than four quarterly observations (i.e., less than one year of data) are also excluded. To mitigate the influence of penny stocks, we drop firm-quarters where the average daily stock price in the current or previous quarter is below \$5 (Amihud, 2002). After applying these filters, the final sample for the VCV measure consists of 147,191 firm-quarter observations from 5,498 firms across 185 commuting zones between 2000 Q1 and 2020 Q1. Due to the limited availability of transaction-level data, the adverse selection spread is available for a subsample of 29,088 firm-quarters for 4,550 firms across 179 zones, a limitation commonly noted in the literature (Jiang and Sun, 2014). All variables are winsorized at the 1st and 99th percentiles to mitigate the impact of outliers. Panel C of Table 1 presents summary statistics for the two information asymmetry measures, which are comparable to those reported in prior studies (Cui, Jo, and Na, 2018).

2.4 Mutual fund–level variables

Our primary fund-level dependent variable is local stock-picking ability, which captures a fund's skill in identifying and overweighting nearby stocks with superior expected returns. This concept builds on the idea that geographic proximity offers informational advantages to investors (Coval and Moskowitz, 2001). We construct this measure using the approach of

[16] We compute the volume coefficient of variation (VCV) using the equation: $VCV = \sigma_t^{turnover}/\mu_t^{turnover}$, where $\sigma_t^{turnover}$ is the standard deviation and $\mu_t^{turnover}$ is the mean of daily trading turnover (defined as the daily shares traded divided by shares outstanding of that day) in quarter t. Additional details can be found in Lof and van Bommel (2023), who show through a microstructure model that the VCV increases with a higher proportion of informed trading.

Kacperczyk, Nieuwerburgh, and Veldkamp (2014), defined as:

$$LSP_t^k = \sum_{i=1}^{N_{\text{local}}^k} \left(w_{i,t}^k - w_{i,t}^m\right)\left(R_{t+1}^k - \beta_{i,t} R_{t+1}^m\right), \tag{3}$$

where LSP_t^k denotes the local stock-picking ability of mutual fund k in quarter t, and N_{local}^k is the number of local stocks held by fund k. We define local holdings as stocks headquartered in the same commuting zone as the fund's headquarters. $w_{i,t}^k$ and $w_{i,t}^m$ represent the portfolio weights of stock i in the fund and the market, respectively, in quarter t; R_{t+1}^i and R_{t+1}^m are the excess returns of stock i and the market in quarter $t+1$, respectively; and $\beta_{i,t}$ is the CAPM beta of stock i estimated using returns from quarters t-20 to t-1.[17] This measure captures whether a fund systematically overweights local stocks that outperform the market, reflecting its ability to extract value from geographically proximate information.

As a complementary outcome, we also examine local bias, which measures the extent to which a fund overweights local firms regardless of their future performance. Higher values indicate a stronger preference for local stocks relative to their market portfolio weight. Following Wei and Zhang (2020), we define local bias as:

$$LB_t^k = \sum_{i=1}^{N_{\text{local}}^k} \left(w_{i,t}^k - w_{i,t}^m\right). \tag{4}$$

To assign mutual funds to commuting zones and link them with RRI values, we use fund headquarter zip codes available in the CRSP Mutual Fund Database starting in 2000; thus, our sample period begins in Q1 2000. Each fund is mapped to a commuting zone using SAS's zip-to-commuting zone conversion, and the corresponding RRI value is assigned based on that location.

To construct the mutual fund sample, we merge fund attributes from the CRSP mutual

[17] Unlike Kacperczyk, Nieuwerburgh, and Veldkamp (2014), who estimate CAPM betas using returns from the past 12 months, we use 20 quarters of historical data to ensure reliability when using the Fama-French three-factor model, which includes additional regressors beyond the CAPM. This requirement retains 96% of the 12,659 stocks in our holdings sample.

fund database with portfolio holdings data from the Thomson Reuters Institutional (13F) Holdings database (Jiang and Zheng, 2018).[18] We include only actively managed U.S. domestic mutual funds, as identified by their investment objectives in CRSP, with at least 80% of assets invested in common stocks. Following Kacperczyk, Nieuwerburgh, and Veldkamp (2014), we exclude funds with annual turnover ratios below 5%, total net assets under $5 million, fewer than 10 stock holdings, or any missing variables.[19] Funds with fewer than four quarterly observations over the sample period are also excluded. Some firms in fund portfolios are dropped due to missing geographic information or stock price data, which can reduce the representativeness of our portfolio-level stock-picking ability measure. To address this, we retain only fund-quarter observations where the remaining portfolio value accounts for at least 75% of the original portfolio value prior to these exclusions, which results in a 10% reduction in the sample, with the average retained portfolio value close to 90% of the original.[20] The final sample includes 49,350 fund-quarter observations from 1,845 funds across 64 commuting zones.

Figure 1 shows the geographic distribution of mutual funds, with darker states indicating higher fund densities. Summary statistics for these funds are presented in panel D of Table 1 and are broadly consistent with prior studies (e.g., Wardlaw, 2020). The average local stock-picking ability is close to zero (-1.8 basis points). Although mutual funds' local advantages have been well documented by the literature (Coval and Moskowitz, 2001), Bernile, Kumar, Sulaeman, and Wang (2019) find that these advantages largely disappeared for institutional investors after 2000, which coincides with the start of our sample period.

[Insert Figure 1 Here.]

[18] Data from the Thomson Reuters Holding database are reported at the fund-portfolio level, while fund characteristics from the CRSP mutual fund database are reported at the share-class level. As a result, we aggregate CRSP fund characteristics to the fund-portfolio level for portfolios with multiple share classes, using the asset-weighted average of the share classes, following the method of Kacperczyk, Nieuwerburgh, and Veldkamp (2014). To construct quarterly excess returns, we compound monthly returns from CRSP and match them with monthly risk factor data from the Fama-French portfolios and Factors database.

[19] This approach also helps mitigate incubation bias, where fund families may seed multiple small funds and report only those with favorable performance (Kacperczyk, Nieuwerburgh, and Veldkamp, 2014).

[20] Our results are robust to a more lenient 50% threshold, which excludes only 588 records (0.70% of the initial sample).

2.5 Geographic control variables

In all regressions, we include time-varying commuting zone (CZ) geographic controls: the natural log of population, median housing value, median income, population density (scaled by 10,000 persons/km^2), education attainment, unemployment rate, share of residents aged 65 or older, female share (Christoffersen and Sarkissian, 2009; Shu, Sulaeman, and Yeung, 2012; Wei and Zhang, 2020), CZ-level racial diversity, shares of major racial groups (White, African American, Asian, Hispanic) (Trounstine, 2016), a regional social-trust index (Wei and Zhang, 2020), and a proxy for institutional discrimination—zoning redundancy (Lichter, Parisi, and Taquino, 2015).

For firm and fund-level tests, we additionally control for local stock-market conditions, including total market capitalization, number of listed firms, dividend-payer share, value-weighted return of locally headquartered firms, Amihud illiquidity (Bernile, Korniotis, Kumar, and Wang, 2015), and institutional-investor clustering, proxied by CZ-level institutional ownership (Kacperczyk, Sundaresan, and Wang, 2021; Kim, Wang, and Wang, 2022).

Data are obtained from the U.S. Census Bureau, the U.S. Department of Agriculture, the Bureau of Labor Statistics, the Federal Housing Finance Agency, the World Values Survey, CRSP, and Compustat. Summary statistics are reported in panel A of Table 1. Detailed variable construction and inclusion rationales are provided in Internet Appendix IA.B4. Internet Appendix IA.B5 reports bivariate correlations between RRI and key demographic variables, underscoring the importance of these controls.

3 RRI and Economic Integration

Understanding the societal role of RRI is critical for evaluating its economic and financial implications. Prior research shows that diverse social interactions among residents influence both individual and community-level economic outcomes (Alesina, Baqir, and Easterly, 1999; Chetty et al., 2022a,b). By placing individuals from different racial groups in closer geographic proximity, higher RRI increases the likelihood of such interactions, fosters greater community integration, and improves equal access to opportunities. To assess this implication directly, we examine how RRI relates to economic integration at the commuting-zone level. The positive associations we document are consistent with the view that more integrated communities facilitate broader information flow, a premise underlying our firm-level hypothesis that racial integration improves stock price efficiency and our investor-level hypothesis that it reduces mutual funds' local informational advantage.

To assess whether RRI fosters broader economic integration, we examine its relationship with the two key dimensions of economic integration: upward social mobility and the mean racial income gap. Following Chetty et al. (2014, 2024), we define upward mobility as the mean adult income rank of children whose parents were at the 25th percentile of the national income distribution in each commuting zone, capturing how much children from low-income families advance economically, with higher ranks indicating greater mobility and local opportunity. We define the mean racial income gap as the difference in mean adult income ranks between Black and White children from low-income households. Together, these two measures capture distinct aspects of economic integration. High upward mobility signals broader access to opportunities for low-income families, while a narrower mean racial income gap reflects more equal access to opportunity across racial groups. Both outcomes point to a more inclusive and efficient economy that allocates opportunity based on potential rather than background.

We first examine the effect of RRI on intergenerational mobility among children from low-income families using the following regression:

$$
\begin{aligned}
IR_{j,r,s} = \alpha + \beta_1 RRI_j + \beta_2 \frac{s-1983}{9} + \beta_3 W_{j,s} + \beta_4 RRI_j \cdot \frac{s-1983}{9} + \beta_5 W_{j,s} \cdot \frac{s-1983}{9} \\
+ \sum_{b=1983}^{1992} \delta_b \, \mathbb{I}(s=b) \cdot \mathbf{X}_j + \epsilon_{j,s},
\end{aligned}
\tag{5}
$$

where $IR_{j,r,s}$ denotes the mean adult income rank of children from low-income families in commuting zone j, racial group r (i.e., White or Black), and birth cohort $s \in [1983, 1992]$.

RRI_j measures RRI for commuting zone j in the year 2000, and $W_{j,s}$ is a binary indicator equal to 1 if the racial group is White for birth cohort s in commuting zone j, and 0 otherwise. Following Chetty et al. (2024), we normalize cohort trends by dividing $(s-1983)$ by 9.[21] Vector $\mathbf{X}_j$ includes commuting zone controls described in Section 2.5 (e.g., education levels, unemployment ratio), and $\mathbb{I}(s = b)$ denotes birth cohort fixed effects.[22] Standard errors are two-way clustered by commuting zone and birth cohort to account for intra-group correlation, and all variables are winsorized at the 1st and 99th percentiles. The coefficient β_1 captures the average relationship between RRI and community-level income rank (i.e., a proxy for upward social mobility) across all cohorts, while β_4 reflects how this relationship varies across birth cohorts. Together, $\beta_1 + \beta_4 \frac{s-1983}{9}$ allows us to trace the cohort-specific effect of RRI over time. The inclusion of $W_{j,s}$ and its interaction with cohort trends (β_3, β_5) is intended to control for the effect of racial identity on mean income rank.[23]

Estimation results are presented in Table 2. Column (1) shows that a higher RRI is significantly associated with improved upward mobility: the coefficient on RRI_i is 0.034 and statistically significant at the 5% level. The interaction term $RRI_j \cdot \frac{s-1983}{9}$ is not statistically significant, suggesting that the effect is stable across cohorts. Economically, a one-standard-deviation increase in RRI (0.10) is associated with a 0.34% increase in mean income rank.

Second, we confirm the presence of a persistent mean White–Black income gap. Controlling for commuting zone characteristics and cohort trends, the average gap remains at 0.06, with an average decline of 0.03 across cohorts. These patterns are consistent with Chetty

[21] This approach captures cohort fixed effects while allowing the coefficients of interaction terms, $RRI_j \cdot ((s-1983)/9)$ or $W_{j,s} \cdot ((s-1983)/9)$, to be interpreted as the incremental effect across different cohorts. As a result, the coefficients on RRI_j and $W_{j,s}$ denote the average effects of these variables on outcome variables over a nine-year period (1983-1992).

[22] Since demographic variables usually change gradually, we assume that commuting zone characteristics from the year 2000 can proxy for earlier periods. Given that each cohort is exposed to these characteristics differently, we adopt this structure to capture cohort-specific effects while maintaining a consistent baseline for comparison.

[23] As a side note, the inclusion of $W_{j,s}$ confirms the existence of a persistent mean White–Black income gap and how this gap evolves across birth cohorts. Since our data are a subsample of the Opportunity Atlas dataset used by Chetty et al. (2024), these findings confirm that the well-documented racial disparity is also evident in our commuting zone–level analysis for cohorts born in 1983–1992. Establishing this disparity lays the foundations for our subsequent analysis of how RRI affects racial disparities in mobility.

et al. (2024) and motivate further analysis of how RRI affects racial disparities in mean predicted income rank. To this end, we estimate the following regression:

$$IG_{j,s} = \alpha + \beta_1 RRI_j + \beta_2 \frac{s-1983}{9} + \beta_3 RRI_j \cdot \frac{s-1983}{9} + \sum_{b=1983}^{1992} \delta_b \, \mathbb{I}(s=b) \cdot \mathbf{X}_j + \epsilon_{j,s}, \quad (6)$$

where $IG_{i,s}$ denotes the mean income rank gap between White and Black children from low-income families in commuting zone j and cohort s. All other variables and model specifications are the same as in Equation (5). The coefficient β_1 captures the average association between RRI and the mean White–black income gap across all birth cohorts in the sample. The interaction term β_3 reflects how this relationship evolves across birth cohorts. A negative β_1 indicates that a higher commuting zone RRI is associated with a smaller mean racial income gap.

Column (2) in Table 2 shows that a higher RRI is significantly associated with a narrower mean White–black income gap: the coefficient on RRI_j is -0.045 and statistically significant. As in the previous model, the interaction term is not significant, indicating that the effect is stable across cohorts. Economically, a one-standard-deviation increase in RRI (0.10) corresponds to a 9.38% reduction in the mean income gap, relative to its mean of 0.05.

Taken together, our findings suggest that RRI is positively related to economic integration. RRI is associated with greater upward mobility among low-income children and a narrower mean racial income gap, both of which point to a more equitable distribution of opportunity and access to information.

[Insert Table 2 Here.]

As an additional test, we examine whether higher RRI is associated with greater local social connectedness, measured by a within–commuting zone Social Connectedness Index (SCI).[24] Although the SCI (Bailey, Cao, Kuchler, Stroebel, and Wong, 2018) does not identify

[24] As defined by Bailey, Cao, Kuchler, Stroebel, and Wong (2018), the SCI captures inter-county social connections. In our study, we apply this measure to within—commuting zone (CZ) connectedness by focusing on linkages among counties in the same CZ.

interracial ties, increases in cross-racial friendships should raise overall connectedness by relaxing homophily constraints. The positive RRI–SCI relation thus provides suggestive evidence that RRI improves the connectivity of the local social network. Details on variable construction and results are reported in Internet Appendix IA.C1.

4 RRI, Price Informativeness, and Information Asymmetry

This section builds on our earlier findings that higher RRI is associated with improved upward economic mobility and a narrower mean White–black income gap. These patterns suggest that RRI shapes how individuals interact with each other and access opportunities, providing a foundation to examine whether racial integration also influences financial market efficiency through its effect on firms' information environments.

Prior work shows that frequent interactions across diverse social groups foster denser, more connected networks that facilitate information transmission (Jackson and Rogers, 2007; Rajkumar, Saint-Jacques, Bojinov, Brynjolfsson, and Aral, 2022). In contrast, racially segregated communities tend to have fragmented networks, where homophily concentrates interactions within demographically similar groups (McPherson, Smith-Lovin, and Cook, 2001). This fragmentation can cause information to remain confined within subgroups, slowing broader diffusion (Hinz and Spann, 2008; Golub and Jackson, 2012; Halberstam and Knight, 2016). By reducing network modularity, racially integrated communities enable information to flow more freely across social structures (Reagans and McEvily, 2003; Furutani, Shibahara, Akiyama, and Aida, 2023).

Applying these insights to financial markets, we hypothesize that firms headquartered in more racially integrated communities operate in environments where information about their performance and prospects is shared more widely. We expect these firms to exhibit greater stock price efficiency, with prices more accurately reflecting fundamentals. We proxy for efficiency using stock price informativeness, measured by the strength of the relationship between market valuation of a firm and its future fundamentals. To complement this analysis, we also examine whether RRI is associated with lower information asymmetry among investors. When fewer investors have privileged access to information, price formation tends to be more efficient. Thus, if RRI improves the transparency of a firm's information environment, we should observe not only higher price informativeness but also reduced information asymmetry. This section tests these two predictions, explores cross-sectional heterogeneity in the effects, addresses endogeneity concerns, and presents a series of robustness checks.

4.1 Stock price informativeness

We begin by testing whether RRI is positively associated with stock price informativeness. Following Kacperczyk, Sundaresan, and Wang (2021), we measure stock price informativeness by evaluating how strongly a firm's market valuation in year t (proxied by the log of the market capitalization-to-asset ratio) predicts its future cash flow in year $t+1$ (proxied by EBIT scaled by total assets). RRI enters the model as a moderator of this relationship. Specifically, we estimate the following regression model:

$$\begin{aligned}\frac{E_{i,t+1}}{A_{i,t}} &= \alpha + \beta_1 \log(M/A)_{i,t} + \beta_2 RRI_{i,t} + \beta_3 \log(M/A)_{i,t} \times RRI_{i,t} \\ &\quad + \beta_4 \mathbf{X}_{i,t} + \beta_5 \mathbf{X}_{j,t} + FE_{\text{firm}} + FE_{\text{year}} + \epsilon_{i,t+1},\end{aligned} \tag{7}$$

where $E_{i,t+1}/A_{i,t}$ denotes the ratio of firm i's EBIT in year $t+1$ to total assets in year t, and $\log{(M/A)}_{i,t}$ is the log of firm i's market valuation in year t. $RRI_{i,t}$ is the level of racial integration in firm i's commuting zone in quarter t. To isolate the effect of RRI, the firm-level control vector $\mathbf{X}_{i,t}$ includes firm characteristics known to predict expected cash flows following Kacperczyk, Sundaresan, and Wang (2021) and for board racial diversity following Bernile, Bhagwat, and Yonker (2018). The details can be found in the Internet Appendix IA.B3. The commuting zone–level control vector $\mathbf{X}_{j,t}$, described in Section 2.5, includes local demographic and socioeconomic characteristics, as well as stock market conditions. All variables are winsorized at the 1st and 99th percentiles. FE_{firm} and FE_{year} denote firm and year fixed effects, respectively, controlling for unobserved heterogeneity across firms and over time. Standard errors are clustered at the commuting zone level.

Our primary variable of interest is the interaction term β_3, which captures whether the effect of market valuation on future fundamentals varies with RRI. A positive and statistically significant β_3 indicates that higher RRI strengthens the relationship, reflecting improved price efficiency. The expression $\beta_1 + \beta_3 RRI$ captures how the link between valuation and future cash flows varies with the level of RRI in a firm's local community. In columns (1)–(3) of Table 3, the coefficients on the interaction between valuation and RRI (β_3) are positive and statistically significant across all model specifications. To evaluate whether this effect is confounded by other forms of diversity, column (3) includes interactions with board and community racial diversity, and the results are reported in Internet Appendix IA.C; the RRI interaction (β_3) remains positive and robust. These findings suggest that firms headquartered in more racially integrated communities show a stronger alignment between market valuations and future performance, consistent with greater stock price informativeness, supporting our hypothesis that RRI improves stock price informativeness by enhancing the local information environment.

[Insert Table 3 Here.]

4.2 Firm-level information asymmetry

To test whether RRI is negatively associated with firm-level information asymmetry, based on the idea that broader information access reduces the advantage of informed investors and improves price formation, we estimate the following model:

$$IA_{i,t} = \beta_0 + \beta_1 RRI_{i,t} + \beta_2 X_{i,t} + \beta_3 X_{j,t} + FE_{\text{year}\times\text{quarter}} + FE_{\text{industry}} + FE_{\text{cz}} + \varepsilon_{i,t}, \quad (8)$$

where $IA_{i,t}$ denotes information asymmetry for firm i in quarter t, measured using either the adverse selection component of the bid-ask spread or the volume coefficient of variation (VCV). $RRI_{i,t}$ is the level of racial integration in the commuting zone of firm i's headquarters in quarter t. Firm-level control variables, $\mathbf{X}_{i,t}$, including size, liquidity, and trading activity (Full list can be found in Internet Appendix IA.B6), are included alongside commuting zone characteristics $\mathbf{X}_{j,t}$ (Section 2.5). To address concerns about extreme VCV values in low-volume stocks, we also control for the inverse of total quarterly trading volume. All variables are winsorized at the 1st and 99th percentiles. Year-quarter fixed effects control for macroeconomic shocks, while industry and commuting zone fixed effects account for cross-sectional variation in information asymmetry across sectors and communities. Standard errors are clustered by commuting zone.

Columns (4)–(9) of Table 3 show that RRI is negatively associated with both measures of information asymmetry. Economically, after including all controls, a one-standard-deviation increase in RRI (0.10) is associated with a 51.22% decrease in adverse selection (in column (6)) relative to its mean of 0.41, and a 9.73% decline in the VCV (column (9)) relative to its mean of 0.85. These results suggest that firms headquartered in more racially integrated communities face lower information asymmetry, reinforcing the view that racial integration improves the transparency of the local information environment.

In summary, higher levels of RRI are associated with more informative stock prices and lower firm-level information asymmetry. Firms headquartered in high-RRI communities show a stronger relationship between market valuation and future earnings. RRI is also negatively related to adverse selection and, to a lesser extent, the volume coefficient of variation, suggesting that improved local social networks enhance the quality of information reflected in stock prices. Overall, these findings indicate that higher RRI contributes to the improvement of firms' information environments.

4.3 Heterogeneity analysis

When formal disclosure is limited, investors place greater emphasis on alternative, informal channels of information, including those facilitated by social networks (Liberti and Petersen, 2019; Hirshleifer, Peng, and Wang, 2025).[25] Smaller, younger, and less visible firms often lack extensive earnings history or analyst scrutiny and thus are less represented in hard information sources. Therefore, the diffusion of soft information enabled by higher RRI should disproportionately improve the information quality of these firms by mitigating information frictions.

Based on this reasoning, we hypothesize that the positive effects of RRI on stock price informativeness and the reduction in information asymmetry should be stronger for smaller firms (lower total assets), less visible firms (lower analyst coverage), and younger firms (lower firm age). To test this, we sort firms annually (for price informativeness tests) and quarterly (for information asymmetry tests) into high and low groups based on the median value of each characteristic. We then replicate the baseline regressions on each subsample using the same model specifications as in Sections 4.1 and 4.2.

Table 4 presents the results. Consistent with our hypothesis, we find that the impact of RRI on both stock price informativeness and information asymmetry is more pronounced for smaller, less visible, and younger firms. These patterns align with prior evidence showing that social networks are especially valuable for information diffusion in settings where hard information is scarce and firms are more opaque (Hirshleifer, Peng, and Wang, 2025; Kuchler, Li, Peng, Stroebel, and Zhou, 2022). Overall, the findings support our conjecture that RRI enhances access to value-relevant soft information, thereby contributing to more efficient pricing, particularly for firms with limited formal visibility.

[Insert Table 4 Here.]

[25] RRI enhances information environments by facilitating broader diffusion of firm-specific insights through social networks. This diffusion is particularly important for soft information—qualitative, subjective, or difficult-to-verify knowledge—because such information typically spreads via interpersonal interactions (Liberti and Petersen, 2019). In contrast, hard information, such as firm fundamentals and research generated by sell-side analysts, is more easily accessible through formal channels.

4.4 Endogeneity

To establish a causal link between RRI and firm-level price efficiency, we address endogeneity concerns arising from omitted variables and reverse causality. RRI may be correlated with a community's future economic development or unobserved local factors that also shape firms' information environments. Reverse causality is also a concern if firms with more informative stock prices or lower information asymmetry actively support local integration through targeted community investments. To strengthen causal identification, we adopt two complementary strategies. First, we use the staggered adoption of source-of-income (SOI) nondiscrimination laws as an instrumental variable to capture exogenous variation in RRI. Second, we implement a difference-in-differences design based on firm relocations across commuting zones with differing levels of RRI. These approaches help isolate variation in RRI and allow us to assess its causal impact on stock price informativeness and information asymmetry.

4.4.1 Instrumental variables

We instrument RRI with the staggered adoption of SOI nondiscrimination laws, which expand housing access for low-income, often minority, households by preventing landlords from rejecting tenants on their use of housing vouchers. This facilitates residential integration and relocation to higher-opportunity neighborhoods. This instrument is grounded in the structure of the Housing Choice Voucher (HCV) program, the largest rental assistance initiative in the United States, which was established in 1974 under Section 8 of the Housing and Community Development Act and currently serves over two million households. By subsidizing a portion of rent for low-income families, disproportionately from minority groups, the program improves residential mobility and reduces exposure to concentrated poverty (Turner, 2003; Sard, 2008). In the absence of SOI protections, however, landlords can legally refuse voucher holders, limiting integration. Prior studies show that prohibiting such discrimination improves access to higher-quality neighborhoods, better schools, and safer environments

(Galvez, 2010; McClure, 2010). We instrument RRI using the percentage of cities in the commuting zone that have adopted SOI laws explicitly protecting HCV holders.[26]

To be valid, an instrumental variable (IV) must satisfy two key conditions: it must be relevant (i.e., strongly correlated with the endogenous variable—RRI in our case) and exogenous (i.e., uncorrelated with the error term in the outcome equation conditionally on the other covariates—–in other words, it should affect the outcome only through its effect on RRI) (Wooldridge, 2010). The first condition is supported by our weak instrument tests, which show that the share of cities in a commuting zone that adopted the law strongly predicts RRI. To assess exogeneity, we discuss whether the instrument could influence the firm-level information environment through channels other than RRI. Theoretically, the SOI non-discrimination laws specifically target landlord acceptance of vouchers and do not directly regulate or financially affect firms. And there is no clear theoretical pathway linking SOI adoption to firm-level metrics. Therefore, the share of adopting cities in a commuting zone should not affect firm outcomes except through changes in residential integration.

However, concerns remain that an unobserved driver of SOI adoption may also influence the firm's information environment, introducing endogeneity. To address this, we draw on recent evidence from Cho and Lucio (2025), who identify three factors that predict SOI adoption but are not already captured by our baseline controls: state-level policy diffusion, local voucher demand, and election timing.[27] Building on their work, we address each of the three drivers' impact on our IV to rule out potential endogeneity.[28] First, to account

[26] SOI laws can be enacted at the city, county, or state level. As documented by Teles and Su (2022), at least 20 states and over 100 local jurisdictions had adopted some form of SOI protection by 2021, often with overlapping coverage. While state and federal laws set broad policy frameworks, cities are better positioned to design targeted interventions that reflect local conditions and can be implemented through their own administrative systems to address specific housing challenges (Cho and Lucio, 2025). However, the scope and enforceability of these laws vary widely. Many statutes provide only general protection, leaving it to courts or administrative agencies to determine whether voucher holders are covered. To address these concerns and capture concrete policy shifts relevant to residential integration, we focus on 58 city-level SOI law adoptions that explicitly name HCV holders as protected.

[27] Other factors significantly associated with SOI adoptions are education and median rent, which we control for through education attainment and median housing value. In contrast, factors such as city size, demographic composition, and political partisanship (proxied by the mayor's party affiliation) do not significantly correlate with SOI adoption when the primary drivers are controlled.

[28] The concerns for each factor are: (1) regional policy diffusion may correlate with unobserved regional shocks

for policy diffusion, defined as the tendency of cities to adopt policies after others in the same state, we restrict our sample to commuting zones entirely within a single state and use time-by-state fixed effects to absorb diffusion-driven shocks as well as broader state-level policy environments.[29] Second, we control for variation in local housing assistance needs using the annual number of voucher-assisted households in each commuting zone, based on HUD's Picture of Subsidized Households. This variable enters both stages of the IV estimation. Third, we lag the SOI adoption variable by one year to limit election-year bias, which aligns with lease renewal timing and accounts for the 8% of cities that adopted the law prior to its official effective date. Finally, we exclude firms that moved across commuting zones during the sample period to avoid confounding from firm relocation–induced changes in RRI.[30] Together, these identification strategies—combined with strong results from weak instrument tests—support the validity of our instrument-based estimation.

After applying the above empirical strategies, our final instrumental variable sample includes 15,171 firm-year observations (63.28% of the original sample) for 1,630 firms across 113 commuting zones for the stock price informativeness test; 17,503 firm-quarter observations (60.17% of the original sample) for 2,947 firms across 137 commuting zones for the adverse selection test; and 91,052 firm-quarter observations (61.86% of the original sample) for 3,708 firms across 137 commuting zones for the VCV test.

We estimate all specifications using panel IV regressions with the same control variables and fixed effects as our baseline models, except that we replace time fixed effects with time-by-state fixed effects. As shown in Table 5, the Kleibergen–Paap Wald statistic rejects the null of weak instruments, and the Durbin-Wu-Hausman test suggests the endogeneity of RRI, justifying the use of IV estimation. Table 5 confirms our baseline findings: Column (1)

influencing both firm-level information environments and the share of cities with a commuting zone that adopted the law; (2) local demand for housing assistance may reflect broader regional economic conditions affecting firm-level information environments; (3) election timing creates political uncertainty, potentially leading to temporary shifts in firm disclosure practices and affecting measures of information asymmetry (Bird, Karolyi, and Ruchti, 2023).

[29]The restriction also helps create a cleaner setting, given the historical importance of state-level institutions, such as Jim Crow housing policies, in shaping residential segregation.

[30]Our results are robust without this filter.

shows that higher RRI strengthens the relationship between market valuation and future firm cash flows, indicating more informative stock prices in high-RRI commuting zones. Columns (2) and (3) demonstrate that greater RRI also reduces firm-level information asymmetry, as reflected by lower adverse selection and VCV measures.

[Insert Table 5 Here.]

4.4.2 Firm relocations

We examine firm relocations as a supplementary setting to explore how changes in RRI are associated with stock price informativeness and information asymmetry. While relocation decisions are likely endogenous to broader firm strategies and local economic conditions, they nonetheless generate discrete shifts in a firm's geographic exposure that can be informative. Following Ellis, Smith, and White (2020), we focus on firms that relocated only once during the sample period to ensure a clean identification window. Commuting zones are ranked into RRI quintiles in the year of relocation, and a firm is classified as treated if it moves from a higher- to lower-RRI quintile (or vice versa for inverse treatment).[31] We construct a control group using a 1:2 nearest-neighbor match based on firm-level characteristics and pre-relocation RRI, using Mahalanobis distance for matching to address small sample limitations that hinder convergence in propensity score models.[32] To ensure sufficient post-treatment observations, we exclude firms with only one observation following relocation. As a result, the stock price informativeness analysis focuses on relocations before 2018, while the information

[31] Alternative grouping choices (e.g., using 2, 3, or 4 groups) result in very few treated firms (currently, we have 11 firms for a high-to-low RRI move and 13 firms with a low-to-high move). In contrast, decile-based classifications fail to capture meaningful RRI shifts.

[32] For the stock informativeness test, we include the following covariates: RRI, market valuation, leverage, investment, tangible assets, total assets, cash holdings, cash flow, sales-to-asset ratio, price volatility, illiquidity, institutional block ownership, number of analysts covering, and board racial diversity, as detailed in Section 2.3.1. For the information asymmetry test, the covariates are age, R&D disclosure dummy, advertisement disclosure dummy, leverage, tangible assets, sales-to-assets ratio, book-to-market ratio, cash holdings, payout ratio, proportion of institutional blockholder ownership, and number of covering analysts, lagged returns, lagged price level, lagged price standard deviation, and lagged market capitalization.

asymmetry test, using the VCV due to sample size constraints for the adverse selection measure, relies on relocations before 2019.

First, we estimate the following regression for the price informativeness test:

$$\begin{aligned}\frac{E_{i,t+1}}{A_{i,t}} = \alpha + \beta_1 \log(M/A)_{i,t} + \beta_2 RRI_{i,t} + \beta_3 \log(M/A)_{i,t} \times Post \\ + \beta_4 \log(M/A)_{i,t} \times Treatment + \beta_5 \times Post + \beta_6 \times Treatment \\ + \beta_7 X_{i,t} + \beta_8 X_{j,t} + FE_{\text{firm}} + FE_{\text{year}} + \epsilon_{i,t+1},\end{aligned} \tag{9}$$

where $Treatment$ equals 1 for treated firms and 0 otherwise; $Post$ equals 1 for periods following relocation for treated firms. The coefficient β_3 captures the change in stock price informativeness attributable to relocation; we expect a negative β_3 for relocations from high- to low-RRI zones, indicating a decline in informativeness, and a positive β_3 for relocations from low- to high-RRI zones. Second, for the VCV test, we estimate:

$$IA_{i,t} = \beta_0 + \beta_1 post + \beta_2 Treatment + \beta_2 X_{i,t} + \beta_3 X_{j,t} + FE_{\text{year}\times\text{quarter}} + FE_{\text{firm}} + \epsilon_{i,t}, \tag{10}$$

where the coefficient β_1 captures the average post-relocation effect on the VCV. We expect β_1 to be positive for relocations from high- to low-RRI zones, indicating increased information asymmetry, and negative for moves in the opposite direction. For both the price informativeness and VCV regression, all fixed effects and controls follow the baseline specifications in Section 4.1 and Section 4.2, except that commuting zone fixed effects are replaced with firm fixed effects. Standard errors are clustered at the firm level.

Columns (1) and (3) in Table 6 show that relocations from high- to low-RRI commuting zones lead to declines in stock price informativeness (−0.080) and an increase in VCV (0.119), while the opposite holds for relocations from low- to high-RRI areas. Despite modest sample sizes, the consistent direction and significance of the effects supports the causal impact of RRI on the efficiency with which firm-specific information is incorporated into stock prices.

[Insert Table 6 Here.]

4.5 Robustness

To test the robustness of our firm-level findings, we use (1) alternative definitions of local communities beyond commuting zones (CZs), (2) annual American Community Survey (ACS) data, and (3) alternative evenness-based measures of racial integration.

First, while CZs are designed to capture commuting flows, they may overlook two key aspects. CZs often span multiple counties that differ in politically relevant characteristics such as governance and policy orientation. As a result, counties may reveal localized variation that CZs obscure. Additionally, increased cross-zone commuting in recent decades may weaken the ability of CZ boundaries to reflect functional local areas. To address these concerns, we replicate our baseline analysis using three alternative geographic units: counties (smaller than CZs), firm-defined local regions based on a 40-mile radius around each headquarters (larger than CZs), and states.

Second, our baseline RRI measure relies on decennial Census data, which requires interpolation to construct annual estimates. This may introduce forward-looking bias if future values affect current estimates. While this approach is common in work on residential patterns and cultural variables (e.g., Trounstine, 2016), we address potential concerns by reestimating our results using annual data from the ACS at the state level, available from 2005 onward.[33]

Finally, to test whether our findings are sensitive to the specific construction of the RRI measure, we reestimate our models using three alternative evenness-based indices, including the dissimilarity index (Jahn, Schmid, and Schrag, 1947), each of which captures racial composition differently.

In sum, these tests confirm that the relationship between racial integration and firms' information environments is not sensitive to specific data choices or geographic definitions. Full methodological details and estimations are provided in Internet Appendix IA.D1–IA.D2.

[33] Because the ACS only includes data for geographic areas with populations over 65,000, many smaller counties and census tracts are excluded. As a result, we construct state-level RRI using data aggregated by Public Use Microdata Areas (PUMAs), the smallest consistently available geographic units in the ACS, each with at least 100,000 residents.

5 RRI and Mutual Funds' Local Investment

To further understand the mechanism of RRI's impact on price efficiency, we examine how RRI affects the ability of local institutional investors to exploit informational advantages. Prior studies show that mutual funds benefit from geographic proximity by trading on private information about nearby firms (e.g., Coval and Moskowitz, 2001). However, in commuting zones with higher RRI, where information asymmetry is lower, these informational advantages may be attenuated. As a result, mutual fund managers in more integrated areas may find it harder to generate excess returns from local holdings, which depend heavily on firm-specific informational advantages (Kacperczyk, Nieuwerburgh, and Veldkamp, 2014). We therefore expect mutual funds in higher-RRI commuting zones to exhibit weaker local stock-picking performance than those in lower-RRI areas.

5.1 RRI, local bias, and local stock-picking ability

To test this prediction, we construct a quarterly measure of mutual fund local stock-picking performance based on each fund's ability to forecast the alphas of firms headquartered in the same commuting zone. We examine the relationship between RRI and both local stock-picking performance and local bias using the following specification:

$$DV_{k,t} = \beta_0 + \beta_1 RRI_{k,t} + \beta X_{k,t} + FE_{\text{year}\times\text{quarter}\times\text{style}} + FE_{\text{CZ}} + \varepsilon_{k,t}, \tag{11}$$

where $DV_{k,t}$ represents either the local alpha or the local bias of fund k in quarter t, and $RRI_{k,t}$ denotes the RRI in fund k's commuting zone in quarter t. Following the literature (Coval and Moskowitz, 2001; Cohen, Frazzini, and Malloy, 2008; Kacperczyk, Nieuwerburgh, and Veldkamp, 2014; Chuprinin and Sosyura, 2018), $\mathbf{X}_{k,t}$ includes standard predictors of mutual fund performance, such as trading style, net flow, and expense ratio (the full list can be found in IA.B7), as well as commuting zone characteristics from Section 2.5. We include year-by-quarter-by-style fixed effects ($YQS_{j,t}$) to account for unobserved time-varying factors across trading styles, such as the seasonality of active fund performance (Brown, Sotes-Paladino, Wang, and Yao, 2017).[34] We also include commuting zone fixed effects to control for unobserved, time-invariant community-level differences in stock-picking ability, such as proximity to major economic centers or large cities, which can influence fund manager performance through knowledge spillovers and learning opportunities (Christoffersen and Sarkissian, 2009). Standard errors are clustered at the commuting zone level.

Table 7 shows that RRI, measured using the negative Theil index (RRI NegTheil Index), does not significantly affect mutual funds' local bias (columns (1) and (2)), but is significantly negatively associated with local stock-picking performance (columns (3) and (4)). Economically, the coefficient in column (4) (-0.045) indicates that a one-standard-deviation increase in RRI (0.10) corresponds to a decrease of 45 basis points in local stock-picking performance, equivalent to 80.36% of its standard deviation (56 basis points). This effect is economically significant given the large net asset size of mutual funds (Chuprinin and Sosyura, 2018).

While local performance declines, local bias remains unchanged. This divergence suggests that mutual funds continue to invest in nearby firms even as their informational advantage erodes. If fund managers adjusted their portfolios in response to diminished informational advantages, we would expect to see reduced investment in local firms in high-RRI communities. However, the absence of a significant relationship between RRI and local bias suggests that fund managers may continue to invest locally due to behavioral tendencies such as familiarity bias, or because stronger overall information environments in integrated communities lower perceived risks and transaction costs.

[Insert Table 7 Here.]

[34] We classify a mutual fund's trading style by sorting funds into four categories according to their portfolio-level size and book-to-market factor loadings, estimated using the Fama and French (1993) three-factor model. The construction of all other variables is described in detail in Internet Appendix IA.A. To mitigate the influence of outliers, we winsorize both net flow and turnover ratio at the 1st and 99th percentiles, following Kacperczyk, Nieuwerburgh, and Veldkamp (2014).

5.2 Heterogeneity analysis

This section investigates whether the effect of RRI on mutual fund performance varies with economic conditions and manager characteristics. Understanding these sources of heterogeneity helps determine whether the relationship between RRI and local information advantage is structural or context-dependent. By examining variation across business cycles and fund manager race, we can better understand how broader economic and racial dynamics affect access to and use of local information.

5.2.1 Economic conditions

Economic conditions shape how mutual funds generate alpha through stock selection and market timing (Kacperczyk, Nieuwerburgh, and Veldkamp, 2014). Prior research shows that stock-picking skill is particularly valuable in economic downturns, when investors place the highest premium on manager ability (Moskowitz, 2000). During expansions, abundant opportunities and clearer signals allow managers to rely more evenly on stock selection, while in recessions the payoff to skill is amplified: funds that identify resilient firms can deliver meaningful alpha, whereas unskilled managers may incur severe losses. This widening gap makes the erosion of local informational advantages in high-RRI communities even more damaging during recessions, though also less precise to estimate due to greater heterogeneity across funds.

We classify economic conditions using quarterly data from the NBER Business Cycle Dating Committee, which defines expansions as the period between a trough and the next peak, and recessions as the period between a peak and the next trough.[35] Column (1) of

[35] The determination of peak and trough months is based on a range of monthly indicators of aggregate real economic activity published by federal statistical agencies. Separately, the NBER Business Cycle Dating Committee identifies calendar quarters of peaks and troughs using quarterly measures of aggregate economic activity. Key metrics used to determine quarterly turning points—where monthly data are unavailable—include both expenditure-side and income-side estimates of real gross domestic product (GDP and GDI). The committee also considers quarterly averages of monthly indicators, such as payroll employment. According to the NBER's definition, recession periods between 2000 and 2020 include: 2001Q1—Q4 (associated with the dot-com crash and the September 11th attacks), 2007Q4—2009Q2 (corresponding to the global financial crisis and the housing market collapse), and 2019Q4—2020Q2 (the COVID-19 recession). More details are avail-

Table 8 shows that during expansions, RRI is significantly negatively related to local stock-picking ability, consistent with the baseline results in Table 7. Column (2)indicates that this negative relationship becomes even stronger during recessions, although it is estimated with lower statistical precision. The weaker detectability likely reflects both higher volatility and greater dispersion in outcomes: while skilled funds tend to generate alpha when it matters most, unskilled funds suffer disproportionately larger losses. Overall, the findings suggest that the erosion of local informational advantage in high-RRI communities is structural and persists throughout the business cycle, and becomes particularly pronounced–though more difficult to measure–during recessions.

[Insert Table 8 Here.]

5.2.2 Mutual fund manager race

Social capital refers to the resources that individuals access through social connections, which are crucial for achieving their goals (Lin, 2002). Prior studies have shown that social networks are often segregated by race and gender, with White male networks offering more resources and higher-status connections (McDonald, Lin, and Ao, 2009; McDonald and Day, 2010; McDonald, 2011). Building on this insight, we examine whether the relationship between RRI and local stock-picking performance varies by the race of the fund manager. Specifically, we hypothesize that White managers benefit more from local social capital, making their stock-picking ability more sensitive to changes in RRI. In less integrated communities, where racially homogeneous networks are more prevalent and exclusive, White managers may benefit from preferential access to firm-specific information or local business ties that improve investment outcomes. As RRI increases and social networks become more inclusive and less segmented, this advantage may decline. We therefore expect the negative relationship between RRI and local stock-picking performance to be more pronounced for White fund managers.

able at https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions.

To test this, we restrict the sample to funds managed by a single individual to avoid confounding organizational effects (Csaszar, 2012). We also exclude managers who oversee four or more funds simultaneously, as their superior skills or professional reputations may drive both local performance and location choice, potentially biasing our estimates. Manager race is inferred using NamePrism, following the same method used to classify board director ethnicity, as detailed in Internet Appendix IA.B3. A manager is assigned to a racial group if the predicted probability exceeds 50%; otherwise, the observation is excluded. This yields 10,492 fund-quarter observations from 817 managers: 759 White (9,715 observations across 54 commuting zones) and 58 non-White (777 observations across 17 commuting zones).

Column (3) in Table 8 shows that for White managers, RRI is significantly negatively associated with local stock-picking performance, with a coefficient of –0.041, comparable to the baseline in Table 7. In contrast, the coefficient for non-White managers in column (4) is statistically insignificant. While limited sample size may reduce power for this group, the results suggest that non-White managers may be less reliant on racially segmented local networks for accessing firm-specific information, indicating potential differences in how managers from different racial backgrounds engage with and benefit from local social capital.

5.3 Robustness

This section evaluates the robustness of our mutual fund–level findings by employing alternative definitions of local community, varying the sample composition, and considering performance persistence as well as unobserved fund-specific characteristics.

Consistent with our firm-level analysis, we reexamine the relationship between RRI and local stock-picking performance using different community definitions, including the fund's county, surrounding counties within a 40-mile radius (i.e., local region), and the state in which the fund is located. We further use annual RRI measures constructed from ACS data and alternative evenness-based integration metrics. The results remain robust across all specifications, with the exception of county-level RRI, which appears to capture a geographic unit that is too narrow to reflect the broader social and informational networks fund managers rely upon. All results are presented in Internet Appendix IA.D1–IA.D2.

We also conduct several fund-level robustness checks to rule out confounding effects from sample composition or unobserved fund characteristics. First, we exclude all funds headquartered in New York, California, and Massachusetts, three states that account for nearly half of the sample, and find that the results remain significant despite the reduction in sample size. Second, to address concerns related to autocorrelation and fund-level persistence, we control for lagged local stock-picking performance and contemporaneous nonlocal performance. The main findings remain unchanged. Third, we include fund fixed effects to account for time-invariant heterogeneity across funds, and the negative association persists. All robust results are consistent with our baseline results and are reported in the Table IA.R3 of the Internet Appendix.

6 Conclusion

We show that RRI enhances economic integration by promoting upward social mobility and narrowing average income gaps, suggesting improved interpersonal connections and access to opportunities. Building on this foundation, we examine how RRI influences the quality of firm-level information environments and investor behavior in financial markets. Using several identification strategies, including firm relocations and instrumental variable regressions, we find that firms headquartered in more racially integrated areas exhibit significantly more informative stock prices and lower information asymmetry. Specifically, these firms show a stronger relationship between current market valuations and future cash flows, as well as reduced information asymmetry, reflected in narrower adverse selection components of bid-ask spreads and lower volume coefficient of variation.

These effects appear to be driven by improved local information networks in more integrated areas, which facilitate broader and faster information diffusion. In contrast, less integrated communities allow a relative advantage to active institutional investors who can access private, local information that is less widely shared. This local edge is concentrated in White fund managers, who perform better when investing in local firms in less integrated communities. In contrast, non-White managers do not experience similar benefits, suggesting unequal access to local information networks and highlighting a structural barrier facing minority managers in the asset management industry.

Overall, our findings show that racial integration plays a meaningful role in shaping how information flows through financial markets. It not only improves price efficiency but also affects which investors benefit from local informational advantages. These findings have important implications: fostering more racially integrated communities can support fairer and more efficient markets by improving access to information and reducing disparities in investment outcomes.

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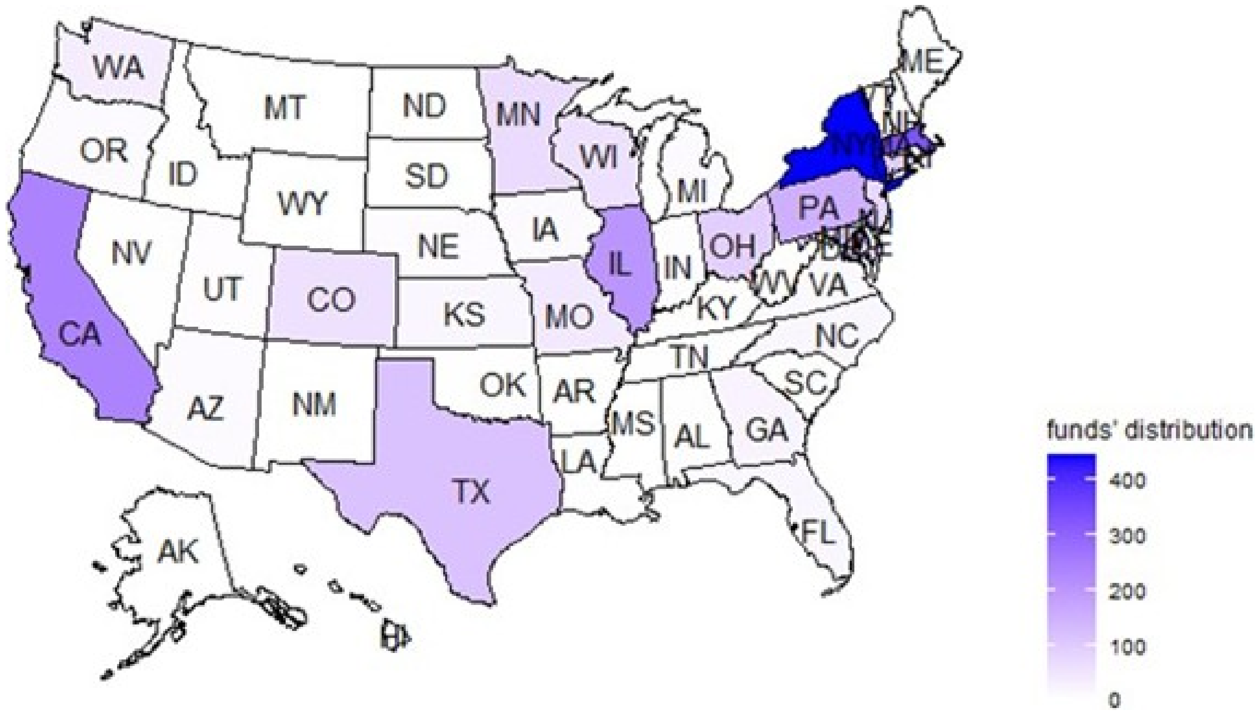


Figure 1: **Distribution of Mutual Funds in the United States**

Table 1: Summary Statistics

This table provides descriptive statistics of variables used in this study. **Panel A** reports community-level characteristics (i.e., commuting zone–level). *RRI Negative* captures the evenness dimension of racial integration. *IR (Black)* and *IR (White)* represent the average predicted national adult income ranks of children from low-income families, measured at the commuting zone level by race. *Average White–Black Income Gap* is the difference between the two. *Senior Ratio* is the proportion of the population aged 65 or older. *Trust Index* follows Wei and Zhang (2020). *Racial Diversity* is defined as one minus the Herfindahl-Hirschman index based on five racial groups (Section 2.5). *Education* is the proportion of adults aged 25 and older with a bachelor's degree or higher. *White Ratio*, *Hispanic Ratio*, *African American Ratio*, and *Asian Ratio* reflect the respective racial group proportions in the local population. All non-ratio local capital market variables are value-weighted, except for total market capitalization (*Regional MKTCAP*), which is the sum of individual stocks' market capitalization. *Regional Ret* is the value-weighted return. *Regional Illiq* is Amihud's (2002) illiquidity measure $\times 10^6$. *Regional Fpd* is the ratio of firms paying dividends. *Regional IO* is the commuting zone institutional ownership. All variables are winsorized at 1% and 99% levels. **Panel B** presents stock-level variables used in the price informativeness test. *Future Cash Flow* is EBIT in year *t+1* scaled by total assets in year *t*. Market Valuation, *log(M/A)*, is the log of the market-to-asset ratio. *Board Racial Diversity* is defined as one minus the Herfindahl-Hirschman Index using the racial composition of board directors (Section 2.3). *Age* is the number of years since the firm first appeared in the Compustat database. Institutional ownership ratio (IO) represents holdings of at least 5% of firm shares by institutional investors. Sale to total assets (*Sale*), tangible asset to total assets (*Tangibility*), book-to-market ratio (*B/M*), EBIT to asset in year *t* (*Cash Flow*), leverage, cash holdings to total assets (*Cash Holdings*), and investment to total assets (*Invest*) are obtained for the same fiscal year data, updated annually. *Volp* is the daily stock price standard deviation over the past 12 months. *Illiquidity* denotes illiquidity. *Analyst Coverage* is defined as the natural log of one plus the number of analysts following the stock. All these variables are winsorized at the 1st and 99th percentiles. **Panel C** includes additional stock-level variables used in the information asymmetry analysis. The construction of *Adverse Selection* follows Jiang and Sun (2014). *Volume Coefficient of Variation* is the ratio of the standard deviation to the mean of trading turnover. *Trading Volume* is the quarterly trading volume denominated at \$1 million. *Prc(t−1)* is the lagged mean stock price. *Volp(t−1)* is the lagged price standard deviation. *Market Cap (t−1)* is denominated at \$1,000. *Sales*, *Intangibility*, *B/M Ratio*, *Leverage*,*Cash Holdings*, and *Payout* (payout ratio) are measured using data from the most recent fiscal year and are updated annually. *R&D* (0/1) and *Advertising* (0/1) are dummy variables set to 1 if the firm disclosed respective expenditures from the most recent fiscal year. Other firm-level variables are quarterly variables. According to the literature, all variables are winsorized at 1% and 99% levels. **Panel D** reports fund-level variables. *Turnover*, *expense ratio*, and *total load* are all annualized. *Fund Age* is based on the mutual fund's initial date and measured in years. *Local Investment* is defined as the fraction of the mutual fund's portfolio invested in stocks headquartered in the same commuting zone as the mutual fund's headquarters. *TNA* denotes total net assets. *Team Managed* is a binary variable set to 1 if a fund is managed by at least four managers. *Factor loading* is a portfolio-level measure categorizing funds into four groups. *Fund Family Size* is defined as the number of fund share classes under the same family. Full variable definitions are provided in Internet Appendix IA.A. All fund-level variables are winsorized at the 1st and 99th percentiles, except return-related variables and local bias.

Variables	Frequency	N	Mean	Stdev	P25	Median	P75
Panel A: Community Level Variables							
Racial Integration: RRI NegTheil	Year	9,744	−0.171	0.096	−0.230	−0.159	−0.097
Average Income Rank: IR (Black)	By cohort	3,035	0.388	0.023	0.374	0.387	0.401
Average Income Rank: IR (White)	By cohort	3,035	0.437	0.026	0.418	0.433	0.452
Average White–black Income Gap	By cohort	3,035	0.048	0.028	0.030	0.048	0.066
Number of Counties in a CZ	—	452	4.998	2.614	3.000	5.000	6.000
White Ratio	Year	9,744	0.693	0.170	0.588	0.721	0.830
Hispanic Ratio	Year	9,744	0.132	0.153	0.036	0.073	0.161
African American Ratio	Year	9,744	0.116	0.132	0.021	0.060	0.170
Asian Ratio	Year	9,744	0.018	0.025	0.005	0.010	0.020
Racial Diversity	Year	9,744	0.411	0.140	0.296	0.432	0.526
Population (ln)	Year	9,744	12.212	1.491	11.224	12.174	13.258
Population Density ($10^3/km^2$)	Year	9,744	0.054	0.085	0.009	0.024	0.057
Education	Year	9,744	0.224	0.079	0.163	0.207	0.273
Unemployment Ratio	Year	9,744	0.059	0.024	0.042	0.054	0.071
Senior Ratio	Year	9,744	0.152	0.035	0.127	0.149	0.172
Female Ratio	Year	9,744	0.502	0.016	0.498	0.506	0.513
Median Housing Value (ln)	Year	9,744	11.106	2.291	11.179	11.495	11.844
Median Income (ln)	Year	9,744	10.691	0.241	10.516	10.686	10.849
Political Fragmentation (ln)	Year	9,744	0.250	0.185	0.123	0.229	0.347
Trust Index	Year	9,744	0.372	0.067	0.317	0.381	0.403
Regional Ret	Quarter	36,281	0.035	0.124	−0.017	0.036	0.090
Regional Fpd	Quarter	36,281	0.537	0.210	0.392	0.517	0.667
Regional Illiq ($\times 10^6$)	Quarter	35,474	0.012	0.105	0.001	0.002	0.005
Regional Mktcap (ln)	Quarter	36,281	18.122	2.400	16.861	18.832	20.064
Regional Nstocks (ln)	Quarter	36,281	3.782	1.681	2.565	3.850	5.323
Regional IO	Quarter	36,141	0.721	0.177	0.676	0.756	0.828
Panel B: Firm Level Variables for the Stock Price Informativeness Test							
Future Cash Flow	Year	23,976	0.086	0.130	0.048	0.091	0.146
Market Valuation: log(M/A)	Year	23,976	0.097	0.840	−0.466	0.101	0.660
Board Racial Diversity	Year	23,976	0.272	0.202	0.000	0.292	0.444
Age (ln)	Year	23,976	2.978	0.823	2.398	3.045	3.714
IOR	Year	23,976	0.222	0.140	0.117	0.212	0.312
Sale	Year	23,976	1.018	0.703	0.526	0.853	1.316
Tangibility	Year	23,976	0.269	0.233	0.086	0.189	0.395
Cash Flow	Year	23,976	0.081	0.115	0.049	0.087	0.134
Investment	Year	23,976	0.088	0.081	0.035	0.064	0.113
Asset (ln)	Year	23,976	7.471	1.668	6.258	7.358	8.569
Analyst Cover (ln)	Year	23,976	2.393	0.697	1.946	2.398	2.890
Leverage	Year	23,976	0.215	0.175	0.043	0.207	0.337
Cash Holdings	Year	23,976	0.176	0.199	0.031	0.099	0.250
Illiquidity ($\times 10^6$)	Year	23,976	0.236	1.114	0.011	0.038	0.115
Price Volatility: Volp (ln)	Year	23,976	2.268	1.939	1.045	2.136	3.281

Variables	Frequency	N	Mean	Stdev	P25	Median	P75
Panel C: Firm Level Variables for the Information Asymmetry Test							
Adverse Selection (%)	Quarter	29,088	0.412	0.662	0.022	0.134	0.494
Volume Coefficient Variation	Quarter	147,191	0.846	0.537	0.499	0.674	0.997
Institutional Ownership: IO(t−1)	Quarter	147,191	0.212	0.158	0.079	0.198	0.317
Analyst Cover (ln)	Quarter	147,191	1.380	1.056	0.000	1.609	2.197
Trading Volume ($\$10^8$)	Quarter	147,191	24.694	59.500	0.597	3.696	17.812
Return: Ret(t−1)	Quarter	147,191	0.052	0.268	−0.096	0.030	0.164
Price Volatility: Volp(t−1) (ln)	Quarter	147,191	0.269	1.007	−0.332	0.318	0.917
Price: Prc(t−1) (ln)	Quarter	147,191	3.243	1.135	2.493	3.076	3.716
Market Cap(t−1) (ln)	Quarter	147,191	13.507	1.862	12.244	13.437	14.687
Board Racial Diversity	Year	147,191	0.267	0.161	0.198	0.278	0.347
Age (ln)	Year	147,191	2.797	0.811	2.197	2.833	3.434
Sale	Year	147,191	1.028	0.763	0.502	0.867	1.362
Tangibility	Year	147,191	0.231	0.220	0.065	0.156	0.326
B/M Ratio	Year	147,191	0.576	0.472	0.256	0.452	0.751
Leverage	Year	147,191	0.191	0.183	0.007	0.159	0.315
Cash Holdings	Year	147,191	0.226	0.245	0.039	0.130	0.334
Payout	Year	147,191	0.416	1.244	0.000	0.035	0.625
R&D Disclosure (0/1)	Year	147,191	0.654	0.476	0.000	1.000	1.000
Advertising Disclosure (0/1)	Year	147,191	0.413	0.492	0.000	0.000	1.000
Panel D: Fund Level Variables							
Local Stock Picking (%)	Quarter	49,350	−0.018	0.526	−0.184	−0.006	0.155
Local Bias (%)	Quarter	49,350	0.560	4.629	−1.503	0.390	2.459
Local Investment (%)	Quarter	49,350	5.051	4.799	1.913	3.710	6.418
Expense Ratio (%)	Quarter	49,350	1.130	0.361	0.907	1.102	1.337
Net Flow (%)	Quarter	49,350	−0.183	11.373	−4.823	−1.912	1.709
Turnover (%)	Year	49,350	73.633	54.514	35.000	60.000	97.000
Total Load (%)	Year	49,350	1.579	1.812	0.000	0.985	2.717
Fund Age (ln)	Year	49,350	2.541	0.678	2.079	2.639	2.996
TNA (Billion)	Quarter	49,350	1.716	7.107	0.086	0.332	1.221
Team Managed (0/1)	Quarter	49,350	0.317	0.465	0.000	0.000	1.000
Single Manager (0/1)	Quarter	49,350	0.276	0.447	0.000	0.000	1.000
Factor Loading Size (%)	Quarter	49,350	0.094	2.019	−0.487	0.067	0.691
Factor Loading Value (%)	Quarter	49,350	0.082	1.658	−0.485	0.021	0.614
Number of Stocks in Portfolio	Quarter	49,350	122.387	166.075	50.000	74.000	122.000
Fund Family Assets (Billions)	Quarter	49,350	142.584	411.114	2.823	24.344	81.761
Fund Family Size	Quarter	49,350	63.846	87.183	9.000	35.000	87.000

Table 2: RRI, Social Mobility, and the Mean White–Black Income Gap

This table shows the result on the effect of racial residential integration (RRI) on social mobility and the mean White–Black income gap. The dependent variable $IR_{i,r,s}$ is the mean predicted income rank (measured at age 27) of children in commuting zone i, for racial group r (White or Black) and birth cohort s. The dependent variable $IG_{i,s}$ is the difference in income ranks between White and Black children from low-income families in commuting zone i and cohort s. The key explanatory variable, *RRI NegTheil*, captures the evenness dimension of racial integration, as detailed in Section 2.1. The White dummy (W) equals 1 for White children. All regressions control for commuting zone demographic and socioeconomic variables described in Section 2.5, including racial group proportions (White, African American, Asian, and Hispanic), racial diversity, zoning behavior, median housing value, median income, commuting zone population, population density, education level, unemployment ratio, senior citizen ratio, female ratio, and social trust. Control variables are entered following the specifications outlined in Equations (5) and (6). Standard errors are two-way clustered at the commuting zone and cohort levels. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	Dependent Variables	
	Mean Income Rank ($IR_{i,r,s}$)	**Mean White–Black Income Gap** ($IG_{i,s}$)
	(1)	(2)
RRI NegTheil	0.034^{**}	-0.045^{**}
	(0.012)	(0.018)
RRI NegTheil $\times \frac{s-1983}{9}$	-0.008	-0.004
	(0.010)	(0.019)
White	0.061^{***}	
	(0.002)	
White $\times \frac{s-1983}{9}$	-0.028^{***}	
	(0.003)	
Controls	Yes	Yes
Observations	6,070	3,035
R^2	0.635	0.370

Table 3: RRI, Stock Price Informativeness, and Information Asymmetry

This table shows results for the relationship between RRI, the correlation between firms' future cash flow and their market valuation, and the quality of a firm's information environment. Columns (1)–(3) use future cash flow (EBIT in year t+1 scaled by total assets in year t) as the dependent variable. Columns 4–6 use adverse selection, measured as the bid–ask spread component compensating for informed trading. Columns 7–9 use the volume coefficient of variation (VCV), defined as the standard deviation of turnover divided by its average within a quarter. *RRI NegTheil* captures the evenness dimension of racial integration (Section 2.1). For stock price informativeness tests, control variables include firm-level characteristics (e.g., age, EBIT-to-asset ratio, leverage, investments, tangible assets, analyst coverage, total assets, cash holdings, sales-to-asset ratio, price volatility, and illiquidity) and commuting zone–level variables (as listed in Table 2). For information asymmetry tests, control variables include firm characteristics (e.g., age, R&D and advertising disclosure dummies, leverage, tangible assets, sales-to-assets, book-to-market ratio, cash holdings, payout ratio, institutional ownership, analyst coverage), firm-level market attributes (e.g., lagged returns, lagged price, lagged price volatility, lagged market capitalization), and the commuting zone–level variables, as listed in Table 2. Coefficients for controls are detailed in Internet Appendix IA.A. Fixed effects are indicated in the table. Standard errors are clustered at the commuting zone level and reported in parentheses. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	Dependent Variables								
	Price Informativeness			**Information Asymmetry**					
	Future Cash Flow			Adverse Selection (%)			Volume Coefficient of Variation		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$\log\left(\frac{M}{A}\right) \times$ RRI NegTheil	0.058**	0.031*	0.033**						
	(0.025)	(0.016)	(0.017)						
RRI NegTheil	−0.011	0.004	−0.127***	−0.897***	−0.703***	−2.06***	−0.114	−0.060**	−0.800***
	(0.050)	(0.019)	(0.045)	(0.135)	(0.090)	(0.647)	(0.084)	(0.027)	(0.278)
Firm Controls		Yes	Yes		Yes	Yes		Yes	Yes
Commuting Zone Controls			Yes			Yes			Yes
Year FE and Firm FE	Yes	Yes	Yes						
Year $\times$ Quarter FE						Yes			Yes
Industry (Two Digit SIC) FE					Yes	Yes		Yes	Yes
Commuting Zone FE						Yes			Yes
Observations	23,976	23,976	23,976	29,088	29,088	29,088	147,191	147,191	147,191
R^2	0.751	0.821	0.823	0.018	0.168	0.433	0.0004	0.351	0.367

Table 4: Heterogeneity in RRI's Effect on Information Environment

This table shows how the effect of RRI on firms' information environments varies by firm size (panel A), analyst coverage (panel B), and firm age (panel C). Columns (1)–(2) use future cash flow (EBIT in t+1 scaled by total assets in t) as the dependent variable; columns (3)–(4) use adverse selection (bid-–ask spread component); columns (5)–(6) use volume coefficient of variation (VCV), defined as the standard deviation of turnover over its average within a quarter. *RRI NegTheil* captures the evenness dimension of racial integration (Section 2.1). Controls follow Table 3. Firms are sorted into high and low groups based on the median value of each characteristic—total assets, analyst coverage, or age—updated annually for price informativeness and quarterly for information asymmetry. Standard errors are clustered at the commuting zone level and shown in parentheses. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	Dependent Variables					
	Price Informativeness: Future Cash Flow		**Information Asymmetry: Adverse Selection (%)**		**VCV**	
Panel A: Sorted by Firm Size						
	Smaller (1)	Larger (2)	Smaller (3)	Larger (4)	Smaller (5)	Larger (6)
$\log\left(\frac{M}{A}\right)\times$ RRI NegTheil	0.052*	0.007				
	(0.028)	(0.021)				
RRI NegTheil	−0.173***	−0.088*	−2.45**	−1.01*	−1.528**	−0.397
	(0.058)	(0.049)	(1.18)	(0.602)	(0.479)	(0.244)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
	Firm and Year FEs		Year×Quarter, Industry, and CZ FEs			
Observations	11,871	11,871	14,523	14,523	73,578	73,576
Panel B: Sorted by Analyst Coverage						
	Fewer Analysts (1)	More Analysts (2)	Fewer Analysts (3)	More Analysts (4)	Fewer Analysts (5)	More Analysts (6)
$\log\left(\frac{M}{A}\right)\times$ RRI NegTheil	0.041*	0.015				
	(0.023)	(0.023)				
RRI NegTheil	−0.067	−0.135*	−2.628**	−1.778**	−1.118**	−0.429*
	(0.044)	(0.073)	(1.09)	(0.691)	(0.521)	(0.250)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
	Firm and Year FEs		Year×Quarter, Industry, and CZ FEs			
Observations	11,257	11,356	9,740	12,342	67,105	68,317
Panel C: Sorted by Firm Age						
	Younger (1)	Older (2)	Younger (3)	Older (4)	Younger (5)	Older (6)
$\log\left(\frac{M}{A}\right)\times$ RRI NegTheil	0.031	0.016				
	(0.029)	(0.018)				
RRI NegTheil	−0.315***	−0.026	−3.383***	−0.752	−1.398***	−0.378
	(0.100)	(0.030)	(1.03)	(0.811)	(0.431)	(0.342)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
	Firm and Year FEs		Year×Quarter, Industry, and CZ FEs			
Observations	11,551	11,576	13,988	14,171	14,113	11,719

Table 5: Instrumental Variable Regression

This table reports the results of the instrumental variable regressions. In column (1), the dependent variable is future cash flow, proxied by EBIT in year t+1 scaled by total assets in year t. Column (2) uses adverse selection as the dependent variable, measured by the bid–ask spread component that compensates market makers for the risk of trading with informed investors. Column (3) examines the volume coefficient of variation (VCV), defined as the standard deviation of trading turnover divided by its quarterly average. Market valuation, $\log(M/A)$, is calculated as the natural logarithm of the firm's market capitalization divided by total assets in year t. *RRI NegTheil* captures the evenness dimension of racial integration, as detailed in Section 2.1. The instrumental variable is the share of cities within a commuting zone that adopted a source-of-income nondiscrimination law as outlined in Section 4.4.1. Controls are consistent with those in Table 3 and Table 4. Fixed effects are included and described in the table. Industry FEs are based on a two-digit SIC. Standard errors are all clustered at the commuting zone level and are reported in parentheses. Instrument strength (weak instrument test) is assessed using the Kleibergen–Paap Wald test (Kleibergen and Paap, 2006) for the first-stage estimation and endogeneity with the Durbin–Wu–Hausman test (Durbin, 1954; Wu, 1973; Hausman, 1978) showing whether the ordinary least squares (OLS) estimation is better than IV estimation (null hypothesis). Test statistics are provided, and significance levels are indicated by asterisks. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	Dependent Variables		
	Price Informativeness:	**Information Asymmetry:**	
	Future Cash Flow	**Adverse Selection (%)**	**VCV**
	(1)	(2)	(3)
$\log\left(\frac{M}{A}\right) \times$ RRI NegTheil (IV estimated)	0.180**		
	(0.079)		
RRI NegTheil (IV estimated)	−0.987	−16.87***	−3.76*
	(0.858)	(5.66)	(0.968)
Controls	Yes	Yes	Yes
FEs	Year×State and Firm	Year×Quarter×State, Industry, and CZ	
Weak IV Test Results:			
RRI NegTheil	4.61***	8.16***	9.87***
$\log\left(\frac{M}{A}\right) \times$ RRI NegTheil	6.33***		
Endogeneity Test	3.85**	10.88***	3.06*
Observations	15,171	17,593	91,052
R^2	0.830	0.502	0.394

Table 6: Difference-In-Differences Regression

This table presents the results of difference in difference (DID) regressions examining the effect of changes in racial residential integration (RRI) on stock price informativeness and firm-level information asymmetry following firm relocations. The dependent variable in columns (1) and (2) is future cash flow, proxied by EBIT in year t+1 scaled by total assets in year t. Columns (3) and (4) examine the volume coefficient of variation (VCV), defined as the standard deviation of trading turnover divided by its quarterly average. Market valuation, $\log(M/A)$, is calculated as the natural logarithm of the firm's market capitalization divided by total assets in year t. *RRI NegTheil* captures the evenness dimension of racial integration (Section 2.1). The interaction term $Post \times \log(M/A)$ captures the change in the association between market valuation and future cash flow due to relocation. Columns (1) and (3) report estimates for firms that moved from a high-RRI to a low-RRI commuting zone, while columns (2) and (4) report estimates for low-to-high relocations. All specifications include firm and year fixed effects (columns (1)–(2)), or firm and year-quarter fixed effects (columns (3)–(4)). Control variables follow those used in Table 3. Standard errors are clustered at the firm level and reported in parentheses. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	Dependent Variables			
	Price Informativeness: Future Cash Flow		**Information Asymmetry: VCV**	
	High-to-Low (1)	Low-to-High (2)	High-to-Low (3)	Low-to-High (4)
Post × $\log\left(\frac{M}{A}\right)$	-0.083^{***}	0.024^{*}		
	(0.026)	(0.012)		
Post	-0.048^{**}	0.018^{*}	0.119^{*}	-0.116^{**}
	(0.022)	(0.011)	(0.063)	(0.055)
Controls	Yes	Yes	Yes	Yes
FEs	Firm and Year		Firm and Year×Quarter	
Firm Compositions:				
Number of Treated Firms	11	13	73	71
Number of Control Firms	18	23	120	126
Observations	399	510	6,096	6,013
R^2	0.668	0.739	0.458	0.437

Table 7: RRI, Local Bias, and Local Stock-Picking Ability

This table presents findings on the relationship between RRI and mutual funds' local bias and local stock-picking performance. Local bias is the difference between the portfolio weight of local stocks and their market portfolio share (Wei and Zhang, 2020). Local Stock-picking ability, a quarterly portfolio-level measure, assesses funds' predictive capacity for local stocks' alphas, computed using Equation 3 in Section 2.4. Local stocks are defined as those headquartered in the same commuting zone as the fund. The dependent variables are local bias for columns (1)–(2) and local stock-picking ability for columns (3)–(4). *RRI NegTheil* captures the evenness dimension of racial integration. Controls are included in some specifications, with coefficients reported in the Internet Appendix. These controls consist of fund-level controls (i.e., trading style, net flow, turnover ratio, fund load, fund age, expense ratio, total net assets, an indicator for funds managed by one manager, an indicator for funds with more than four managers, the total number of stock holdings, the number of share classes in the fund family, and the total net assets of the fund family) and the same commuting zone controls as in Table 3. Standard errors are clustered at the commuting zone level and reported in parentheses. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	Local Bias		**Local Stock-picking Ability**	
	(1)	(2)	(3)	(4)
RRI NegTheil	0.034	0.074	-0.017^{***}	-0.045^{***}
	(0.035)	(0.133)	(0.003)	(0.010)
Controls		Yes		Yes
Year × Quarter × Style FE		Yes		Yes
Commuting Zone FE	Yes	Yes	Yes	Yes
Observations	49,350	49,350	49,350	49,350
R^2	0.094	0.175	0.052	0.070

Table 8: RRI and Local Stock-Picking Performance Across Economic Conditions and Manager Race

This table reports how the relationship between racial residential integration (RRI) and local stock-picking performance varies across economic cycles (panel A) and fund manager race (panel B). The dependent variable in all columns is local stock-picking ability, defined consistently with Table 7. In panel A, column (1) reports estimates for economic expansion periods, and column (2) for recession periods, based on the NBER Business Cycle Dating Committee's classification. Expansions are defined as periods from a trough to the next peak; recessions span from a peak to the next trough. Panel B presents results by manager race. Column (1) includes only funds managed by a single White manager; column (2) includes those with a single minority manager. Racial identification is based on the NamePrism algorithm, as described in Section 5.2.2. RRI is measured by the *RRI NegTheil*, which captures the evenness dimension of racial integration. All regressions control for the variables listed in Table 7 (coefficients shown in the Internet Appendix). Commuting zone and year × quarter × style fixed effects are controlled, and standard errors are clustered at the commuting zone level, reported in parentheses. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	Dependent Variable: Local Stock-Picking Ability	
Panel A: Economic Conditions		
	Expansion Periods	Recession Periods
	(1)	(2)
RRI NegTheil	-0.039^{***}	-0.119^{*}
	(0.010)	(0.069)
Controls	Yes	Yes
Year × Quarter × Style FE	Yes	Yes
Local Region FE	Yes	Yes
Observations	42,491	6,859
R^2	0.060	0.136
Panel B: Manager Race		
	White Managers	Minority Managers
	(1)	(2)
RRI NegTheil	-0.041^{**}	-0.318
	(0.019)	(0.213)
Controls	Yes	Yes
Year × Quarter × Style FE	Yes	Yes
Local Region FE	Yes	Yes
Observations	9,715	777
R^2	0.108	0.410

The Internet Appendix for "Racial Integration and Price Efficiency"

Abstract

The Internet Appendix is organized into four sections: Section A provides concise definitions of all control variables used in the study, complementing the main text. Section B includes supplementary materials, such as graphs, additional tests, and detailed explanations of variables, which reinforce the arguments presented in the main text (IA.B1-B7). Section C contains the complete or extended versions of tables from the main text, including detailed estimates for all control variables and extra tests mentioned in the main body (IA.C1-C6). Finally, Section D presents the results of robustness tests (Tables IA.D1-D3).

Internet Appendix A: Variable Definitions

Variable Names	Labels	Notes
Part I: Regional socioeconomic and demographic variables		
White (%)	% of White Population	The percentage of white individuals in a specified region (county, commuting zone, local area defined in our study, or state).
African American (%)	% of African American Population	The percentage of African American individuals in a specified region (county, commuting zone, local area defined in our study, or state).
Asian (%)	% of Asian Population	The percentage of Asian individuals in a specified region (county, commuting zone, local area defined in our study, or state).
Hispanic (%)	% of Hispanic American Population	The percentage of Hispanic individuals in a specified region (county, commuting zone, local area defined in our study, or state).
Senior Ratio	Senior people ratio	The ratio of senior citizen (age ≥ 65) population. Source: the U.S.census bureau
Female Ratio	Female ratio	The ratio of female (all ages) population. Source: U.S. Census Bureau
Unemployment	Unemployment ratio	The proportion of individuals who are unemployed. Source: U.S. Bureau of Labor Statistics (county level, adjusted for other levels by population weight).
Education	Educational level	The percentage of adults aged 25 and older with a bachelor's degree or higher. The data for inter-wave-year is obtained by interpolating the two nearest available data. Source: U.S. Census Bureau, SAIPE dataset (county level, adjusted for other levels by population weight).
Total Population	Total population of an area	The natural logarithm of the regional population (county, commuting zone, local area defined in our study, or state). Source: U.S. Census Bureau.
Population Density	Population density of an area	The the population divided by the area of a given region (county, commuting zone, local area defined in our study, or state). Source: U.S. Census Bureau.

Table Continued

Variable Names	labels	Notes
Median Housing Value	Median housing value	The natural logarithm of median housing value from a compounded value using data from 2000 US decennial survey and Federal Housing Finance Agency. Source: U.S. Census Bureau and Federal Housing Finance Agency (county level, aggregated to other levels).
Median Income	Median Income value	The natural logarithm of the population-weighted county-level median income for a given area. Source: U.S. Census Bureau (county level, adjusted for other levels by population weight).
Political Fragmentation	Political fragmentation	This variable is used to control zoning behavior, highlighting the redundancy of the number of sub-areas and proxying for institutional discrimination, inspired by (Lichter, Parisi, and Taquino, 2015). In our context, it equals the ratio of the number of census tracts times 5000 (the average population of a census tract) over the total population in a given area, capturing the extent to which extra census tracts are set up in relation to the total population. We use the natural logarithm of this ratio as our political fragmentation index.
Trust Index	Social trust index	A Ratio of answer 'yes' to question 'Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?'. The data for inter-wave-year is obtained by interpolating the two nearest available data. More details can be found in Wei and Zhang (2020). Source: World Values Survey (WVS)
Racial Diversity	Racial diversity	Regional Herfindahl index considering five racial and ethnic shares: White, Asian, Hispanic, African American, and others for corresponding geographic scopes.
Part II: Regional capital market variables		
Regional Ret	Weighted stock return	Market value-weighted average return of stocks located in an area (county, commuting zone, local area defined in our study, or state).

Table Continued

Variable Names	labels	Notes
Regional Mktcap	Market capitalization	Summation of the market capitalization of firms in an area (county, commuting zone, local area defined in our study, or state), taking the form of natural logarithm in regressions
Regional Nstocks	Number of stocks in an area	The number of publicly listed stocks within an area (county, commuting zone, local area defined in our study, or state). Source: the CRSP monthly file.
Regional Fpd	The ratio of firms paying dividends	The Ratio of firms paying dividends in a given area (county, commuting zone, local area defined in our study, or state).
Regional Illiq	Amihud illiquidity	We first calculate the Amihud illiquidity at the firm level, then aggregate it to the regional level (county, commuting zone, local area defined in our study, or state) based on the market capitalization of each firm.
Regional IO	Institutional ownership	Fraction of institutional ownership, calculated from Thomson CDA/Spectrum institutional ownership database (13F), aggregating into the regional level (county, commuting zone, local area defined in our study, or state) based on the market fractions of firms. Source: Thomson CDA/Spectrum (13F)
Part III: Firm-level variables (quarterly)		
IOR	Institution ownership ratio	The fraction of the ownership of the institutional investors who hold 5% or more share outstandings. Source: Thomson CDA/Spectrum (13F)
Market Cap (t-1)	Market capitalization in the previous quarter	The natural logarithm of Market capitalization (/$\$10^3$) in the previous quarter.
Inverse Volume	The inverse of dollar trading volume	The inverse of total quarterly trading volume (in Millions). Source: CRSP stock files.
Prc (t-1)	Average stock price in the previous quarter	The value is in the form of a natural logarithm. Source: CRSP stock files.
Ret (t-1)	Return in the previous quarter	The value is in the form of a natural logarithm. Source: CRSP stock files.

Table Continued

Variable Names	labels	Notes
Volp (t-1)	Price volatility in the previous quarter	The standard deviation of stock price. Source: CRSP stock files.
Illiquidity	Amihud illiquidity	This variable is based on the Amihud (2002) illiquidity measure, which is the absolute return over the dollar stock volume using a daily frequency and then averaged within quarter t. In our context, we use the $log(Amihud\_illiquidity \times 10^{12} + 1)$
Analyst Cover	Coverage of analysts	Natural logarithm of one plus the number of analysts following up on this firm in this quarter. Source: I/B/E/S.
Part IV: Firm-level variables (annually)		
Age	Age of the firm	The number of years since the firm first appeared in the Compustat database, taking the form of natural logarithm in regression. Source: Compustat.
Invest	Invest ratio	That summation of capital expenditures and R&D cost, divided by total assets. Source: Compustat.
Tangibility	Tangibility to assets ratio	The ratio of tangible assets over total assets. Source: Compustat.
Cash Holdings	Cash Holdings ratio	The ratio of Cash Holdings over total assets. Source: Compustat.
Cash Flow	Cash flow	The ratio of Earnings Before Interest and Taxes (EBIT) over the total assets.
Leverage	Leverage ratio	The ratio of book debt over total assets. Source: Compustat.
Total assets	Total assets	The natural logarithm of total assets is measured in millions of dollars. Source: Compustat.
Sale	Sale ratio	The ratio of sales over total assets. Source: Compustat.

Table Continued

Variable Names	labels	Notes
Illiquidity	Amihud illiquidity	This variable is based on the Amihud (2002) illiquidity measure, which is the absolute return over the dollar stock volume using a daily frequency and then averaged within year t. In our context, we use the $log(Amihud\_illiquidity \times 10^{12} + 1)$
B/M	Book-to-market ratio	The ratio of book value over market capitalization.
Payout	Payout ratio	The value of total payout over total assets in the previous year. Source: Compustat.
R&D (0/1)	R&D expense disclosure indicator	Equals 1, if the firm reported its R&D cost in the previous year. Source: Compustat.
Advertising (0/1)	Advertising (0/1) expense disclosure indicator	Equals 1 if the firm reported its advertisement expenditure in the previous year. Source: Compustat.
Panel V: Fund-level variables		
Fund Nstocks	Number of stocks in portfolios	The number of stocks in portfolios, taking the form of natural logarithm in regressions from the CRSP mutual fund data.
Net Flow	Net fund flow ratio	The quarterly flow ratio of mutual funds from the CRSP mutual fund data. And the calculation follows (Friesen and Sapp 2007).
Fund Age	Age of mutual funds	The time length between the initial year of the mutual fund and current the year of the current record, taking the form of a natural logarithm in regressions. The calculation is based on the CRSP mutual fund data
Expense Ratio	Expense ratio	The annual expense ratio of mutual funds from the CRSP mutual fund data.
TNA	Total net assets	The total net assets of mutual funds (in millions), taking the form of natural logarithm in regressions. The calculation is based on the CRSP mutual fund data and the Thomson Reuters database.
Turnover	Turnover ratio	The annual turnover ratio of the mutual fund.

Table Continued

Variable Names	labels	Notes
Fund Family Assets	Total net assets of fund family	The summation of all total net assets of mutual funds belong to one asset management firm, taking the form of natural logarithm in regressions. The calculation is based on the CRSP mutual fund data
Fund Family Size	The number of classes of shares of funds in a fund family	Number of different shares classes of an asset management firm the mutual fund belongs to, taking the form of the natural logarithm. The calculation is based on the CRSP mutual fund data.
Team Managed (0/1)	Team managed fund	Equals to 1 if the number of managers $\geq$4, based on the CRSP mutual fund data
Style	Investment style	Each quarter, we equally divide our sample into four categories: $Growth/value \times Small/Large$ based on their portfolio's factor loading. This method comes from (Jiang, Zaynutdinova, and Zhang 2021).

Internet Appendix Section B: Supplementary Information

IA.B1 Race and ethnicity classifications

Classification for Race and Ethnicity from the US Census Bureau

Category	Average Count	Percentage
Type1: Hispanic or Latino (of any race)	53,076,668	17.1%
Type2: White alone	194,699,100	62.7%
Type3: African American alone	36,995,090	11.9%
Type4: Native American and Alaska Native alone	2,200,525	0.7%
Type5: Asian alone	14,657,800	4.7%
Type6: Native Hawaiian and Other Pacific Islanders alone	484,662	0.2%
Type7: Some other races alone	851,954	0.3%
Type8: Two or more races	7,580,616	2.4%

Note: All statistics come from 2000-2020 American Decennial Census of Population and Housing

IA.B2 Sample restrictions for reliable measurement of racial integration

Following established guidance in the literature, we exclude regions where the combined Black, Asian, and Hispanic populations account for less than 5% of total residents at any point in time, as very small minority shares can distort measures of racial residential segregation. This filter enhances the reliability of the RRI measure. Our results are robust to using a higher threshold of 10% or to including all commuting zones without exclusions; these alternative specifications are available upon request. This exclusion affects fewer than 2.5% of observations in both firm-level and fund-level analyses. In the following table, we show how the threshold of our total minority population impacts the record numbers and sample sizes.

Sample Loss Based on Thresholds of Minority Population

Category	No threshold	5% threshold	10% threshold
The number of CZs	706	464	340
Price Informativeness Test (Records)	24,520	23,976	22,866
Price Informativeness Test (CZ Numbers)	197	165	133
Information Asymmetry Test (Records)	150,679	147,191	140,485
Information Asymmetry Test (CZ Numbers)	231	185	144
Mutual Fund Test (Records)	49,437	49,350	48,702
Mutual Fund Test (CZ Numbers)	67	64	59

Note: The record loss from 0 to 5% threshold across all firm-level tests is below 2.3%.

IA.B3 Extra information for Section 2.3.1 and for Section 4.1 - price informativeness

Detailed zip code extraction (for Section 2.3.1):

For the period 2007–2018, we obtain zip code data from the CRSP/Compustat Merged Database. For 2000–2006, we extract zip codes from 10-K and 10-Q filings. If a zip code is unavailable, we assign the most recently observed zip code; if that is also missing, we rely on Compustat's latest headquarters listing (Pirinsky and Wang, 2006; Parsons, Sabbatucci, and Titman, 2020). We rely exclusively on Compustat headquarters data for only 61 of the 2,479 firms in our final sample (for information asymmetry test, we rely exclusively on Compustat headquarters data for only 162 of the 5,498 firms in our final sample.). These firms, which do not disclose their 10-Q/10-K filings and are not included in the CRSP/Compustat Merged Database, tend to be small and thus account for a limited share of overall market capitalization and mutual fund holdings. Additionally, smaller firms are less likely to relocate their headquarters due to the relatively high costs associated with such moves.

Full control list and variable description (for Section 4.1):

These include contemporaneous EBIT-to-asset ratio, leverage, investment, tangible assets, total assets, Cash Holdings, sales-to-asset ratio, stock return volatility, analyst coverage, blockholder ownership, and illiquidity. Internet Appendix IA.A provides detailed definitions of all control variables.

Board racial diversity We also include board racial diversity, which may independently affect market valuation. Following , we measure diversity using director-level race and ethnicity classifications from NamePrism, which assigns directors to one of five categories (White, African American, Asian, Hispanic, or Other) based on name-based probabilities.[36] A director is included in a category if their estimated likelihood of belonging to that group exceeds 50%. Director names are primarily obtained from ISS, with BoardEx used as a secondary source. For firm-year observations with incomplete diversity data, we impute the firm's historical average diversity to preserve sample size. Omitting the assignment of historical board diversity for records with insufficient data would result in a loss of approximately 30% of the sample. The imputation approach used is consistent with the inclusion of firm fixed effects.

[36] NamePrism has become increasingly popular in finance and economics research (e.g., Pool, Stoffman, and Yonker, 2015; Diamond, McQuade, and Qian, 2019). For a detailed discussion on NamePrism, see Diamond et al. (2019). The application can be found here: https://www.name-prism.com/.

IA.B4 Extra information for Section 2.5 - geographic controls

Geographic control and why do we include them (for Section 2.5):

Demographic and socioeconomic characteristics We include the natural log of population (Christoffersen and Sarkissian, 2009); median housing value; median household income; population density; education attainment; unemployment Ratio (BLS); the proportion of seniors (age ≥ 65); and the female share (Shu, Sulaeman, and Yeung, 2012; Wei and Zhang, 2020). Unless directly available at the Commuting zone (CZ) level , county-level series are aggregated to CZs via population-weighted averages each year. These variables capture local economic opportunity, housing affordability, labor-market tightness, and lifecycle composition, all of which shape information frictions and investor attention.

Racial composition and diversity Following Trounstine (2016), we control for CZ-level racial diversity and the shares of major racial groups (White, African American, Asian, Hispanic), constructed from Census microdata aggregated to CZs. These measures separate the effect of RRI from contemporaneous racial mix and heterogeneity that may independently affect social interaction, political preferences, and capital allocation.

Social trust Following the literature (Wei and Zhang, 2020), we include the social-trust index, derived from the World Values Survey question, "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" The WVS reports trust for 10 U.S. regions: *New England*, *Middle Atlantic*, *East North Central*, *West North Central*, *South Atlantic*, *East South Central*, *West South Central*, *Rocky Mountain*, *Northwest*, and *California*. We assign each county the trust value of its region and compute CZ-level trust as the population-weighted average across constituent counties each year. Social trust tends to increase with RRI (Uslaner, 2010; Alesina and Zhuravskaya, 2011; Rothwell, 2012) and is known to affect local information advantages and portfolio choices (Wei and Zhang, 2020); controlling for it helps isolate RRI's effect from broader cooperative norms.

Institutional discrimination (zoning redundancy). To capture land-use restrictiveness that may facilitate spatial exclusion independent of social interaction, we follow Lichter et al. (2015) and compute zoning redundancy as:

$$\text{ZoningRedundancy}_{\text{CZ},t} = \frac{\#\{\text{Census Tracts in CZ}\} \times 5{,}000}{\text{Population}_{\text{CZ},t}},$$

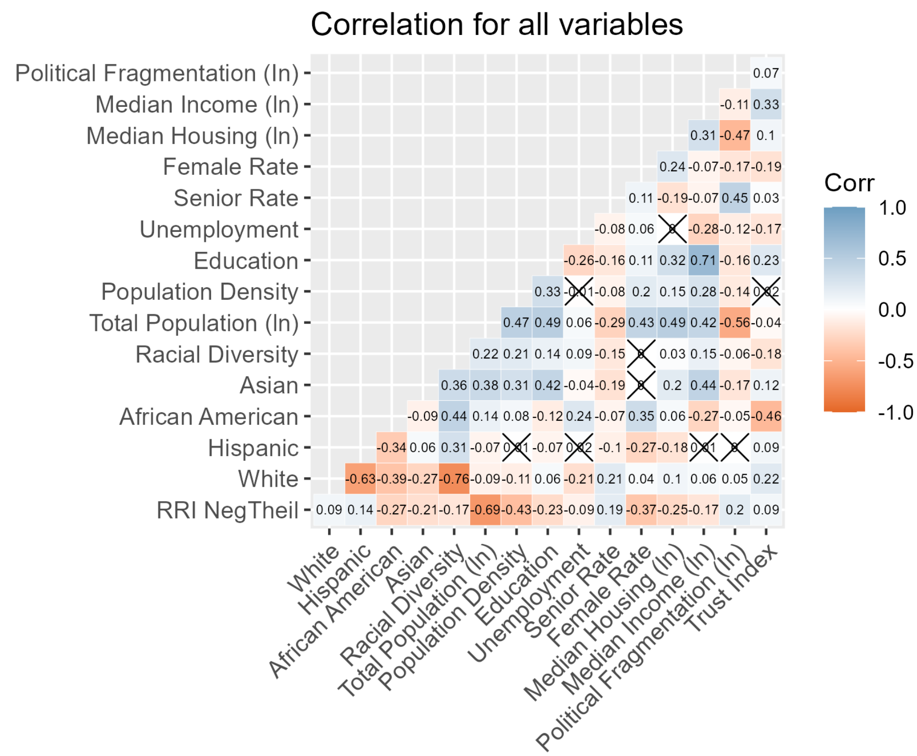
where 5,000 approximates the average tract population. Higher values proxy for finer-grained, potentially exclusionary zoning intensity.

Local stock-market conditions. Using CRSP/Compustat, for each CZ-quarter we construct (i) total market capitalization (sum across locally headquartered listed firms), (ii) the number of listed firms, (iii) the fraction of dividend-paying firms, (iv) the value-weighted average return of locally headquartered firms over the horizon matching the dependent variable, and (v) Amihud illiquidity, computed firm-by-firm and aggregated to the CZ by value weights (Bernile, Korniotis, Kumar, and Wang, 2015). These variables flexibly absorb local market depth, maturity, performance, and trading frictions that could confound the relation between RRI and information outcomes.

Institutional-investor clustering. We proxy for institutional clustering with CZ-level institutional ownership, computed as the market-cap-weighted average institutional ownership across locally headquartered firms (from WRDS/13F). Concentrations of institutions can enhance price discovery via trading intensity and analyst coverage, potentially improving local information environments (Kacperczyk, Sundaresan, and Wang, 2021; Kim, Wang, and Wang, 2022).

Scope and placement. All geographic controls enter both firm-level and fund-level specifications because they jointly affect firms' information environments and institutions' ability to identify mispricing. Summary statistics are reported in Panel A of Table 1.

IA.B5 Correlation analysis for Section 2.5 - geographic controls



This picture provides the correlations between different demographic and socioeconomic variables for our sample at the commuting zone level from 2000 to 2020. Definitions of all variables can be found in IA.A. The 'X' marks an insignificant correlation (insignificant at the 0.05 level).

IA.B6 Extra information for Section 4.2 - information asymmetry

Full control list and variable descriptions (for Section 4.2):

To isolate the effect of RRI, we control for a comprehensive list of firm characteristics known to influence information asymmetry from the latest fiscal year-end, including firm age, leverage, tangible assets, Cash Holdings, book-to-market ratio, sales-to-assets ratio, payout ratio, indicators for R&D and advertising disclosures, institutional block ownership, analyst coverage (Boone and White, 2015; Amiram, Owens, and Rozenbaum, 2016), as well as board racial diversity. For firm-quarter observations with missing board diversity data, we impute values using the historical average diversity of nearby firms within the same commuting zone to minimize data loss. Without assigning the average board diversity from nearby firms, nearly half of the firm-quarter observations would be excluded from both the adverse selection and VCV analyses due to missing data. Imputing board diversity using neighboring firms within the same commuting zone is consistent with the use of commuting zone fixed effects in our empirical specifications, as discussed in the Section 4.2. We also include market-related variables such as lagged returns, lagged price level, lagged price volatility, and lagged market capitalization (Amiram, Owens, and Rozenbaum, 2016; Cui, Jo, and Na, 2018). Detailed definitions of these variables are provided in Internet Appendix IA.A.

IA.B7 Extra information for Section 5.1 - mutual fund characteristics

Full control list and variable descriptions (for Section 5.1):

We control for a range of fund-level characteristics associated with mutual fund performance, including trading style, net flow, turnover ratio, fund load, fund age, expense ratio, total net assets, indicators for single-manager and multi-manager (more than four managers) funds, number of share classes in the fund family, and total net assets of the fund family (Coval and Moskowitz, 2001; Cohen, Frazzini, and Malloy, 2008; Kacperczyk, Nieuwerburgh, and Veldkamp, 2014; Chuprinin and Sosyura, 2018). Detailed definitions of these variables are provided in Internet Appendix IA.A.

Internet Appendix C

IA.C1: RRI and Regional Social Connectedness

To evaluate the relationship between RRI and social networks, we construct the Social Connectedness Index (SCI) following the approach of Bailey et al. (2021). The SCI is derived from county-pair social connectedness data provided by Facebook and is calculated as:

$$SCI_j = \sum_{(c_1, c_2 \in j)} \frac{N_{c_1}}{N_j} \times \frac{N_{c_2}}{N_j} \times SC_{(c_1,c_2)} \times 10^{-12}, \tag{12}$$

where N_{c_1} and N_{c_2} denote the populations of counties c_1 and c_2 within commuting zone j, and $SC_{(c_1,c_2)}$ is the scaled probability (multiplied by 10^{12}) that two randomly selected individuals from these counties are Facebook friends (Bailey, Cao, Kuchler, Stroebel, and Wong, 2018). Thus, SCI_j reflects the likelihood that two randomly selected individuals within the same commuting zone are socially connected online.

Since Facebook's Social Connectedness Index is based on data collected in October 2021 and does not include earlier periods, we focus on the cross-sectional relationship between racial integration as of 2020 and commuting zone social connectedness in 2021. To improve the reliability of the SCI measure, we exclude commuting zones that both (1) consist of only a single county and (2) are classified as rural or small urban non-metro areas based on the population size of their largest place.[37] These zones tend to be sparsely populated and geographically isolated, offering limited variation in demographic and social conditions. While SCI includes within-county connections, the social network structure in such areas may reflect highly localized clustering rather than meaningful regional connectedness. This filtering approach aligns with that of Bailey et al. (2018), who show that SCI is more robust and interpretable in larger, more interconnected regions. After applying this exclusion, we retain 452 commuting zones for analysis. The SCI ($\times 10^{12}$) has a mean of 9.627 (SD = 14.171); P25 = 1.535, median = 4.470, and P75 = 11.694.

Building on contact theory, we expect more racially integrated communities to also foster social ties across racial and demographic lines. Using the Social Connectedness Index (SCI) constructed from Facebook data to capture interpersonal networks (Bailey, Cao, Kuchler, Stroebel, and Wong, 2018), we find a positive correlation of 0.43 between RRI in 2020 and SCI in 2021 at the commuting zone level, suggesting that communities with higher RRI also have greater social connectedness.[38]

[37] Classification follows U.S. Department of Agriculture (USDA) definitions based on the 1990 population of the largest place in a commuting zone: "Small Town/Rural" (<5,000) and "Small Urban Center" (5,000—20,000). See: https://www.ers.usda.gov/data-products/commuting-zones-and-labor-market-areas/documentation/. This filter removes 11 of the 463 commuting zones with valid RRI values and SCI values.

[38] To address the concern that the observed correlation between SCI and RRI reflects population size rather than true social connectedness, we orthogonalize both variables with respect to the inverse of the 2020 commuting zone population, as population levels were stable between 2020 and 2021. Empirically, SCI and $1/N_{j,2000}$ have a Pearson correlation of 0.95 ($p < .01$), while RRI and $1/N_{j,2000}$ show a correlation of 0.42 ($p < .01$). We perform the orthogonalization by estimating: SCI or $RRI = \beta_0 + \ \beta_1(1/N_{j,2000}) + \ \varepsilon_j$,

To control for confounding factors, we estimate the following cross-sectional regression:

$$SCI_{j,2021} = \beta_0 + \beta_1 RRI_{j,2020} + \boldsymbol{\beta}\mathbf{X}_{j,2020} + \epsilon_{j,2021}, \tag{13}$$

where $SCI_{j,2021}$ denotes social connectedness in commuting zone j, as defined in Equation (12), and $RRI_{j,2020}$ is the RRI in commuting zone j in 2020. The control vector $\mathbf{X}_{j,2020}$ includes the demographic and socioeconomic variables described in Section 2.5. All variables are winsorized at the 1st and 99th percentiles.

As shown in the Table IA.C1T, RRI remains positively and significantly associated with SCI across all model specifications. In column (2), the coefficient of 10.44 implies that a one-standard-deviation increase in RRI (0.10) is associated with a 10.84% increase in SCI, relative to its mean of 9.63. These findings indicate that greater RRI is associated with stronger local social connectedness, supporting the view that racial integration improves economic opportunity by contributing to the breadth and diversity of social networks.

where ε_j is the residual component of SCI or RRI uncorrelated with population size. The adjusted SCI–RRI correlation based on the orthogonalized term drops to 0.09 but remains significant at the 5% level.

Table IA.C1T: RRI and the Social Connectedness Index

This table presents the relationship between RRI and the Social Connectedness Index (SCI). The dependent variable in columns (1) and (2) is the level of SCI, measured as the probability that two randomly selected individuals within a commuting zone are Facebook friends. Columns (3) and (4) use an orthogonalized version of SCI, constructed by regressing SCI on the inverse of the 2020 commuting zone population and retaining the residual. All dependent variables are scaled by 10^{12} for readability. The key independent variable, *RRI NegTheil*, captures the evenness dimension of racial integration (Section 2.1). Columns (2) and (4) add controls for demographic and socioeconomic characteristics, including racial composition (White, Black, Asian, Hispanic), racial diversity, zoning behavior, median housing value, median income, population size and density, education level, unemployment ratio, share of senior citizens, female population share, and social trust (Section 2.5); we also control for the natural log of the number of counties in a commuting zone. Coefficients for control variables are omitted for brevity. Standard errors are in parentheses. $^{*}p < .1$; $^{**}p < .05$; $^{***}p < .01$.

	SCI		**Orthogonalized SCI**	
	(1)	(2)	(3)	(4)
RRI NegTheil	69.10***	10.44**		
	(7.074)	(4.959)		
RRI NegTheil (Orthogonalized)			5.305**	5.047**
			(2.672)	(2.452)
Constant	20.90***	9.683	0.1442	33.52*
	(1.304)	(35.23)	(0.2143)	(17.83)
Senior Ratio		0.6013		-9.961*
		(10.81)		(5.426)
Female Ratio		30.83		0.0090
		(24.56)		(12.38)
Population Density		0.0303***		0.0068***
		(0.0051)		(0.0026)
Total Population (ln)		-6.347***		-1.210***
		(0.5213)		(0.2571)
Education		-6.952		-16.82***
		(5.697)		(2.858)
Trust Index		1.084		-0.7638
		(5.838)		(2.932)
Unemployment		-52.26		-6.434
		(33.28)		(16.70)
county_log		-0.5750		-0.1152
		(0.8032)		(0.4032)
Racial Diversity		-3.535		-10.55***
		(3.993)		(2.009)
Hispanic (%)		8.570*		-5.285**
		(4.751)		(2.396)
African American (%)		19.88***		15.46***
		(5.379)		(2.711)
Asian (%)		77.46***		32.21***
		(19.84)		(10.00)
White (%)		3.380		-7.899***
		(5.660)		(2.855)
Political Fragmentation		13.08***		0.4755
		(2.763)		(1.411)
Median Housing (ln)		-2.820***		-0.2754***
		(0.1591)		(0.0821)
Median Income (ln)		8.107***		-0.0556
		(2.867)		(1.443)
Observations	452	452	452	452

R^2	0.17493	0.83047	0.00868	0.58750
Adjusted R^2	0.17309	0.82382	0.00648	0.57134

IA.C2: Complete Table 3 RRI, Price Informativeness, and Firm-level Information Asymmetry

IA.C2-1: Complete Table 3 Part I – RRI and Price Informativeness,

Note: *p<0.1; **p<0.05; *** p <0.01.

	Dependent Variable: Future Cash Flow		
	(1)	(2)	(3)
RRI Similarity × $\log(\frac{M}{A})$	0.043**		
	(0.019)		
RRI NegTheil (White VS Minority) × $\log(\frac{M}{A})$		0.041**	
		(0.018)	
RRI NegTheil (all) × $\log(\frac{M}{A})$			0.037*
			(0.022)
RRI Similarity	-0.118**		
	(0.050)		
RRI NegTheil (White VS Minority)		-0.135***	
		(0.049)	
RRI NegTheil (all)			-0.150***
			(0.046)
$\log(\frac{M}{A})$	0.061***	0.048***	0.047***
	(0.013)	(0.010)	(0.010)
Racial Diversity × $\log(\frac{M}{A})$	0.009	0.009	0.009
	(0.015)	(0.015)	(0.015)
$\log(\frac{M}{A})$ × Board Diversity	0.009**	0.009**	0.009**
	(0.004)	(0.004)	(0.004)
Age	0.008**	0.008**	0.008**
	(0.004)	(0.004)	(0.004)
Sale	0.022***	0.022***	0.022***
	(0.004)	(0.004)	(0.004)
Tangibility	-0.041***	-0.041***	-0.041***
	(0.013)	(0.013)	(0.013)
Cash Flow (t)	0.529***	0.528***	0.528***
	(0.029)	(0.029)	(0.029)
Invest	-0.108***	-0.107***	-0.107***
	(0.022)	(0.022)	(0.022)
Illiquidity	0.0003	0.0003	0.0003
	(0.0004)	(0.0004)	(0.0004)
Volp (ln)	-0.004***	-0.004***	-0.004***
	(0.0006)	(0.0006)	(0.0006)
Analyst Cover (ln)	-0.003**	-0.003*	-0.003*
	(0.002)	(0.002)	(0.002)
Leverage	0.047***	0.047***	0.047***
	(0.010)	(0.010)	(0.010)
Cash Holdings	-0.041***	-0.040***	-0.040***
	(0.012)	(0.012)	(0.012)
Asset (ln)	-0.012***	-0.012***	-0.012***
	(0.003)	(0.003)	(0.003)
IOR	-0.006	-0.006	-0.006
	(0.006)	(0.006)	(0.006)
Senior Ratio	-0.009	-0.017	-0.037
	(0.113)	(0.113)	(0.113)
Female Ratio	-1.18**	-1.33**	-1.28**

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	Dependent Variable: Future Cash Flow		
	(1)	(2)	(3)
	(0.518)	(0.537)	(0.521)
Education	0.114*	0.131**	0.123**
	(0.062)	(0.062)	(0.058)
Population Density	4.02×10^{-6}	3.83×10^{-6}	5.13×10^{-6}
	(4.09×10^{-6})	(4×10^{-6})	(4.01×10^{-6})
Trust Index	0.043**	0.044**	0.043**
	(0.019)	(0.019)	(0.019)
Unemployment	0.061	0.062	0.063
	(0.081)	(0.083)	(0.085)
Racial Diversity	0.004	-0.003	-0.004
	(0.058)	(0.056)	(0.056)
Total Population (ln)	-0.012*	-0.013*	-0.013*
	(0.007)	(0.007)	(0.007)
White (%)	-0.029	-0.050	-0.056
	(0.136)	(0.144)	(0.145)
Hispanic (%)	0.008	-0.018	-0.026
	(0.122)	(0.127)	(0.128)
African American (%)	0.004	-0.018	-0.031
	(0.121)	(0.126)	(0.126)
Asian (%)	0.085	0.088	0.057
	(0.158)	(0.163)	(0.166)
Political Fragmentation	0.007	0.007	0.007
	(0.021)	(0.021)	(0.021)
Median Housing (ln)	-0.012*	-0.012*	-0.010
	(0.007)	(0.007)	(0.007)
Median Income (ln)	-0.015	-0.020	-0.020
	(0.020)	(0.019)	(0.019)
Regional Illiq	-0.007	0.010	-5.35×10^{-5}
	(0.152)	(0.152)	(0.152)
Regional Ret	0.021***	0.021***	0.021***
	(0.007)	(0.007)	(0.007)
Regional IO	0.017**	0.017**	0.016**
	(0.007)	(0.007)	(0.007)
Regional Mktcap (ln)	-0.006**	-0.006**	-0.006**
	(0.002)	(0.002)	(0.002)
Regional Nstocks (ln)	0.005	0.006	0.006
	(0.004)	(0.004)	(0.004)
Regional Fpd	-0.013*	-0.012*	-0.013*
	(0.007)	(0.007)	(0.007)
Year FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Observations	23,976	23,976	23,976
R^2	0.82271	0.82278	0.82276
Within R^2	0.39856	0.39877	0.39871

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IA.C2-2: Complete Table 3 Part II – RRI and Information Asymmetry,

Note: *p<0.1; **p<0.05; *** p <0.01.

	Dependent variable:									
	Adverse Selection (%)					Volume Coefficient of Variation				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RRI NegTheil	-0.897***	-0.173***	-0.703***	-2.06***	-2.05***	-0.114	-0.035	-0.060**	-0.800***	-0.781***
	(0.135)	(0.051)	(0.090)	(0.647)	(0.647)	(0.084)	(0.030)	(0.027)	(0.278)	(0.275)
RRI NegTheil × IOR					-0.173					-0.413**
					(0.231)					(0.162)
Age		0.020**	-0.069***	0.021***	0.021***		-0.045***	-0.040***	-0.034***	-0.034***
		(0.008)	(0.009)	(0.008)	(0.008)		(0.005)	(0.004)	(0.004)	(0.004)
Inversed Volume		0.678***	0.672***	0.677***	0.677***		0.597***	0.591***	0.569***	0.569***
		(0.030)	(0.034)	(0.030)	(0.030)		(0.035)	(0.033)	(0.032)	(0.032)
Sale		0.007	0.017	0.006	0.006		-0.014***	-0.026***	-0.022***	-0.022***
		(0.008)	(0.012)	(0.009)	(0.009)		(0.004)	(0.004)	(0.004)	(0.004)
Tangibility		0.001	0.118***	-0.021	-0.021		-0.075***	-0.083***	-0.085***	-0.086***
		(0.027)	(0.044)	(0.031)	(0.031)		(0.014)	(0.019)	(0.019)	(0.019)
B/M		0.045***	0.082***	0.042***	0.042***		-0.026***	-0.028***	-0.021***	-0.021***
		(0.009)	(0.014)	(0.010)	(0.010)		(0.005)	(0.005)	(0.005)	(0.005)
Leverage		0.224***	0.392***	0.211***	0.211***		0.019	0.015	0.005	0.005
		(0.033)	(0.048)	(0.039)	(0.039)		(0.021)	(0.021)	(0.021)	(0.021)
Cash Holdings		-0.037	-0.140***	-0.046	-0.046		0.014	-0.016	-0.020	-0.020
		(0.033)	(0.032)	(0.031)	(0.031)		(0.023)	(0.025)	(0.025)	(0.025)
Payout		0.003	0.011**	0.002	0.002		0.002*	0.001	0.001	0.001
		(0.003)	(0.005)	(0.003)	(0.003)		(0.001)	(0.001)	(0.0010)	(0.001)
R&D (0/1)		-0.009	-0.006	-0.011	-0.011		0.0002	-0.007	-0.007	-0.007
		(0.012)	(0.018)	(0.014)	(0.014)		(0.007)	(0.007)	(0.006)	(0.006)
Advertising		-0.002	-0.086***	0.007	0.008		0.016***	-0.005	2.88×10^{-5}	7.75×10^{-5}
		(0.008)	(0.014)	(0.009)	(0.009)		(0.006)	(0.007)	(0.007)	(0.007)
Ret (t-1)		-0.059***	-0.090***	-0.062***	-0.062***		-0.033***	-0.014***	-0.032***	-0.032***
		(0.015)	(0.017)	(0.015)	(0.015)		(0.004)	(0.004)	(0.004)	(0.004)
Prc (t-1)		0.007	-0.014**	0.008*	0.008*		0.017***	0.017***	0.018***	0.018***

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	Adverse Selection (%)					Volume Coefficient of Variation				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		(0.005)	(0.006)	(0.005)	(0.005)		(0.003)	(0.002)	(0.003)	(0.003)
lag_volatility_log		-0.033***	0.036***	-0.030***	-0.030***		-0.018***	-0.013***	-0.016***	-0.016***
		(0.008)	(0.008)	(0.008)	(0.008)		(0.005)	(0.005)	(0.005)	(0.005)
Analyst Cover (ln)		-0.018**	-0.041***	-0.018**	-0.018**		-0.053***	-0.055***	-0.052***	-0.052***
		(0.008)	(0.008)	(0.008)	(0.008)		(0.004)	(0.003)	(0.003)	(0.003)
IOR		-0.065*	-0.409***	-0.087**	-0.143		-0.054***	-0.070***	-0.053***	-0.182***
		(0.039)	(0.043)	(0.041)	(0.088)		(0.018)	(0.015)	(0.018)	(0.057)
diversity		0.040	0.132***	0.084***	0.084***		0.014	-0.008	0.010	0.010
		(0.029)	(0.039)	(0.028)	(0.028)		(0.012)	(0.011)	(0.010)	(0.011)
Market Cap (t-1)		-0.032***	-0.004	-0.033***	-0.033***		-0.099***	-0.101***	-0.101***	-0.101***
		(0.006)	(0.006)	(0.006)	(0.006)		(0.003)	(0.003)	(0.003)	(0.003)
Political Fragmentation				-0.056	-0.056				-0.107	-0.107
				(0.202)	(0.202)				(0.068)	(0.068)
Racial Diversity				0.679	0.684				0.284	0.296
				(0.561)	(0.561)				(0.234)	(0.236)
White (%)				2.71	2.70				0.473	0.463
				(2.08)	(2.08)				(0.666)	(0.667)
Hispanic (%)				1.85	1.84				0.157	0.117
				(1.69)	(1.69)				(0.613)	(0.613)
African American (%)				1.05	1.05				-0.239	-0.267
				(2.17)	(2.17)				(0.685)	(0.682)
Asian (%)				4.20*	4.18*				0.712	0.673
				(2.45)	(2.46)				(0.927)	(0.931)
Total Population (ln)				-0.131	-0.127				-0.117	-0.106
				(0.205)	(0.205)				(0.100)	(0.101)
Senior Ratio				0.965	0.967				-0.737	-0.757
				(2.05)	(2.05)				(0.835)	(0.833)
Female Ratio				13.1**	13.1**				5.49**	5.38**
				(5.82)	(5.82)				(2.51)	(2.53)
Education				1.85**	1.84**				0.717**	0.709*
				(0.777)	(0.777)				(0.362)	(0.360)
Population Density				-0.0006	-0.0006				0.0006***	0.0005***
				(0.0004)	(0.0004)				(0.0001)	(0.0001)

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	Adverse Selection (%)					Volume Coefficient of Variation				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trust Index				0.436**	0.438**				0.032	0.041
				(0.172)	(0.172)				(0.071)	(0.072)
Median Housing (ln)				0.092	0.092				0.025	0.026
				(0.064)	(0.064)				(0.024)	(0.024)
Median Income (ln)				-0.289	-0.286				-0.078	-0.077
				(0.238)	(0.238)				(0.088)	(0.087)
Unemployment				0.145	0.139				-0.207	-0.205
				(0.798)	(0.798)				(0.244)	(0.246)
Regional Illiq				-2.25	-2.26				2.04***	2.04***
				(1.37)	(1.37)				(0.550)	(0.551)
Regional Ret				0.006	0.006				-0.012	-0.012
				(0.051)	(0.051)				(0.016)	(0.016)
Regional Mktcap (ln)				-0.033	-0.033				0.010	0.010
				(0.029)	(0.029)				(0.007)	(0.007)
Regional IO				-0.070	-0.069				-0.003	-0.002
				(0.067)	(0.067)				(0.026)	(0.026)
Regional Nstocks (ln)				-0.0009	-0.0008				-0.012	-0.012
				(0.044)	(0.044)				(0.015)	(0.015)
Regional Fpd				0.121*	0.121*				-0.026	-0.026
				(0.062)	(0.062)				(0.023)	(0.023)
Constant	0.125***					0.810***				
	(0.045)					(0.028)				
Year × Quarter FE		Yes		Yes	Yes		Yes		Yes	Yes
Industry FE			Yes	Yes	Yes			Yes	Yes	Yes
Commuting Zone FE				Yes	Yes				Yes	Yes
Observations	29,088	29,088	29,088	29,088	29,088	147,191	147,191	147,191	147,191	147,191
R^2	0.01814	0.41492	0.16759	0.43314	0.43316	0.00040	0.35617	0.35143	0.36708	0.36720
Within R^2		0.17128	0.14447	0.16602	0.16604		0.34018	0.33318	0.30943	0.30956

IA.C3: Complete Table 4 Heterogeneity in RRI's Effect on Information Environment

IA.C3-1: Complete Table 4 Part I: Sorted by Size

Firms are sorted by the median value of the total asset at each time point. Note: *p<0.1; **p<0.05; *** p <0.01.

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Smaller	(2) Larger	(3) Smaller	(4) Larger	(5) Smaller	(6) Larger
$\log(\frac{M}{A})$ × RRI NegTheil	0.052*	0.007				
	(0.028)	(0.021)				
RRI NegTheil	-0.173***	-0.088*	-2.45**	-1.01*	-1.52***	-0.397
	(0.058)	(0.049)	(1.18)	(0.602)	(0.479)	(0.244)
Age	0.010*	0.009**	0.028**	0.002	-0.057***	-0.034***
	(0.006)	(0.004)	(0.013)	(0.009)	(0.008)	(0.004)
Sale	0.025***	0.020***	0.003	0.005	-0.030***	-0.012***
	(0.005)	(0.004)	(0.012)	(0.009)	(0.007)	(0.004)
Tangibility	-0.033*	-0.057***	-0.111**	-0.003	-0.095**	-0.030**
	(0.018)	(0.016)	(0.052)	(0.027)	(0.037)	(0.015)
Analyst Cover (ln)	-0.003	-0.004	-0.033***	-0.006	-0.056***	-0.046***
	(0.003)	(0.002)	(0.012)	(0.006)	(0.006)	(0.003)
Leverage	0.059***	0.052***	0.247***	0.156***	-0.002	0.050***
	(0.013)	(0.010)	(0.072)	(0.036)	(0.033)	(0.017)
Cash Holdings	-0.044***	-0.010	-0.073**	-0.027	-0.033	-0.012
	(0.014)	(0.010)	(0.036)	(0.050)	(0.036)	(0.018)
IOR	-0.006	-0.014*	-0.105*	-0.054	0.093***	0.005
	(0.011)	(0.008)	(0.058)	(0.038)	(0.027)	(0.022)
Racial Diversity	0.046	0.017	1.77*	-0.329	0.705*	-0.098
	(0.071)	(0.070)	(0.999)	(0.459)	(0.370)	(0.172)
Board Diversity	-0.012**	-0.008	0.060	0.077**	0.002	-0.013
	(0.005)	(0.005)	(0.049)	(0.032)	(0.020)	(0.012)
Senior Ratio	-0.030	0.107	1.89	1.99	-1.05	0.041
	(0.178)	(0.162)	(3.12)	(1.60)	(1.29)	(0.772)
Female Ratio	-1.36*	-0.694	9.63	8.58	12.4***	-0.753
	(0.805)	(0.582)	(10.4)	(6.10)	(4.39)	(2.31)
Education	0.050	0.248***	0.719	1.52*	1.22**	0.157
	(0.090)	(0.075)	(1.29)	(0.784)	(0.535)	(0.275)
Population Density	9.81×10^{-6}	-4.68×10^{-6}	-0.001**	0.0002	0.001***	-9.87×10^{-5}
	(6.14×10^{-6})	(4.45×10^{-6})	(0.0006)	(0.0003)	(0.0003)	(0.0001)
Trust Index	0.022	0.034	0.396	0.224*	-0.053	0.120*
	(0.025)	(0.030)	(0.306)	(0.117)	(0.104)	(0.068)
Unemployment	-0.086	0.113	1.06	-0.205	-0.205	-0.050
	(0.131)	(0.091)	(1.09)	(0.737)	(0.355)	(0.263)
White (%)	0.0008	0.043	8.71**	-1.83	1.61	-0.322
	(0.191)	(0.173)	(4.13)	(1.66)	(1.34)	(0.649)
Hispanic (%)	-0.009	0.022	6.94*	-1.68	1.26	-0.510
	(0.168)	(0.153)	(3.57)	(1.40)	(1.17)	(0.549)
African American (%)	-0.006	-0.002	6.10	-1.93	0.149	-0.055
	(0.179)	(0.145)	(3.86)	(1.56)	(1.28)	(0.606)
Asian (%)	0.038	0.250	11.7**	-0.651	1.43	0.414
	(0.228)	(0.197)	(4.67)	(2.11)	(1.68)	(0.804)
Total Population (ln)	-0.026***	0.003	0.022	-0.154	-0.199	-0.045
	(0.010)	(0.008)	(0.342)	(0.210)	(0.162)	(0.074)
Political Fragmentation	0.015	-0.025	0.031	-0.167	-0.050	-0.082

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Smaller	(2) Larger	(3) Smaller	(4) Larger	(5) Smaller	(6) Larger
	(0.028)	(0.026)	(0.293)	(0.157)	(0.135)	(0.063)
Median Housing (ln)	-0.012	0.0002	0.161	0.056	0.048	0.015
	(0.008)	(0.009)	(0.107)	(0.071)	(0.040)	(0.019)
Median Income (ln)	-0.005	-0.066***	-0.816**	-0.011	0.022	-0.089
	(0.028)	(0.023)	(0.357)	(0.209)	(0.150)	(0.079)
Regional Illiq	-0.170	0.194	-2.59	0.130	1.48*	0.960
	(0.228)	(0.147)	(1.87)	(1.46)	(0.791)	(0.598)
Regional Ret	0.014	0.037***	-0.074	0.092*	-0.016	-0.018
	(0.010)	(0.010)	(0.074)	(0.055)	(0.027)	(0.015)
Regional IO	0.012	0.012	-0.061	-0.117*	-0.0003	0.008
	(0.012)	(0.009)	(0.106)	(0.068)	(0.039)	(0.021)
Regional Mktcap (ln)	-0.004	-0.006**	-0.043	-0.024	-0.007	0.007
	(0.004)	(0.003)	(0.040)	(0.028)	(0.011)	(0.007)
Regional Nstocks (ln)	0.010*	-0.001	0.061	-0.044	-0.020	-0.005
	(0.006)	(0.005)	(0.061)	(0.046)	(0.028)	(0.012)
Regional Fpd	-0.029**	0.002	0.170	0.063	-0.012	-0.031
	(0.012)	(0.007)	(0.103)	(0.054)	(0.041)	(0.019)
$\log(\frac{M}{A})$	0.056***	0.038***				
	(0.016)	(0.011)				
$\log(\frac{M}{A}) \times$ Racial Diversity	0.009	0.009				
	(0.020)	(0.017)				
$\log(\frac{M}{A}) \times$ Board Diversity	0.019**	0.003				
	(0.007)	(0.006)				
cashflow	0.523***	0.471***				
	(0.029)	(0.037)				
Invest	-0.151***	-0.026				
	(0.025)	(0.034)				
Illiquidity	0.0009	0.0002				
	(0.0008)	(0.0005)				
Asset (ln)	-0.011**	-0.017***				
	(0.005)	(0.003)				
Volp (ln)	-0.005***	-0.003***				
	(0.0009)	(0.0007)				
Inverse Volume			0.707***	0.744***	0.318***	1.11***
			(0.034)	(0.056)	(0.032)	(0.037)
B/M			0.040**	0.023*	-0.014	-0.023***
			(0.017)	(0.014)	(0.010)	(0.005)
Payout			0.004	0.0006	0.002	-0.002
			(0.006)	(0.003)	(0.002)	(0.001)
R&D (0/1)			-0.030	-0.005	-0.041***	0.020***
			(0.020)	(0.014)	(0.011)	(0.004)
Advertising (0/1)			0.011	0.008	-0.017	0.016***
			(0.012)	(0.010)	(0.013)	(0.005)
Ret (t-1)			-0.058***	-0.088***	-0.046***	-0.005
			(0.021)	(0.021)	(0.006)	(0.005)
Prc (t-1)			0.010*	0.013	0.009***	0.014***
			(0.005)	(0.009)	(0.003)	(0.004)
Volp (t-1)			-0.017	-0.049***	-0.004	-0.003
			(0.013)	(0.007)	(0.007)	(0.002)
Market Cap (t-1)			-0.020*	-0.056***	-0.169***	-0.066***
			(0.010)	(0.006)	(0.008)	(0.004)
Year FE	Yes	Yes				
Firm FE	Yes	Yes				

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Smaller	(2) Larger	(3) Smaller	(4) Larger	(5) Smaller	(6) Larger
Year × Quarter FE			Yes	Yes	Yes	Yes
Industry FE			Yes	Yes	Yes	Yes
Commuting Zone FE			Yes	Yes	Yes	Yes
Observations	11,871	11,871	14,523	14,523	73,578	73,576
R^2	0.85503	0.76336	0.39200	0.54832	0.28425	0.34137
Within R^2	0.38376	0.41432	0.16992	0.12454	0.22552	0.26299

IA.C3-2: Complete Table 4 Part II: Sorted by Analyst Coverage

Firms are sorted by the median value of the analyst coverage (number of analyst following the stock) at each time point. Note: *p<0.1; **p<0.05; *** p <0.01.

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Fewer Analyst	(2) More Analyst	(3) Fewer Analyst	(4) More Analyst	(5) Fewer Analyst	(6) More Analyst
$\log(\frac{M}{A})$ × RRI NegTheil	0.041*	0.015				
	(0.023)	(0.023)				
RRI NegTheil	-0.067	-0.135*	-2.62**	-1.77**	-1.11**	-0.429*
	(0.044)	(0.073)	(1.09)	(0.691)	(0.521)	(0.250)
Age	0.012**	0.011*	0.039***	0.012	-0.041***	-0.039***
	(0.006)	(0.006)	(0.015)	(0.009)	(0.008)	(0.003)
Sale	0.017***	0.025***	-0.004	0.024***	-0.035***	-0.011***
	(0.005)	(0.006)	(0.012)	(0.009)	(0.007)	(0.004)
Tangibility	-0.017	-0.085***	-0.020	0.025	-0.138***	-0.052***
	(0.013)	(0.020)	(0.062)	(0.034)	(0.028)	(0.015)
Analyst Cover (ln)	-0.003	-0.001	-0.045***	0.021*	-0.117***	0.005
	(0.003)	(0.005)	(0.013)	(0.011)	(0.007)	(0.007)
Leverage	0.054***	0.059***	0.224***	0.171***	-0.0003	0.014
	(0.013)	(0.015)	(0.072)	(0.030)	(0.037)	(0.014)
Cash Holdings	-0.022	-0.035**	-0.060	-0.012	-0.082**	0.021*
	(0.015)	(0.016)	(0.052)	(0.029)	(0.040)	(0.012)
IOR	-0.008	-0.009	-0.131**	-0.016	0.073**	-0.046***
	(0.010)	(0.010)	(0.066)	(0.034)	(0.037)	(0.015)
Racial Diversity	0.040	0.051	1.32	0.756	0.773*	-0.007
	(0.068)	(0.077)	(0.999)	(0.604)	(0.451)	(0.205)
Board Diversity	-0.0003	-0.006	0.040	0.086***	0.011	-0.012
	(0.004)	(0.005)	(0.063)	(0.028)	(0.025)	(0.012)
Senior Ratio	0.028	0.104	-1.87	3.21	-1.18	-0.196
	(0.144)	(0.252)	(3.08)	(2.05)	(1.43)	(0.811)
Female Ratio	-1.11	-1.04	13.6	5.37	11.5**	-0.376
	(0.713)	(0.798)	(8.91)	(7.94)	(4.71)	(2.89)
Education	0.058	0.312***	1.06	1.34	1.06*	-0.105
	(0.079)	(0.078)	(1.37)	(0.846)	(0.572)	(0.232)
Population Density	1.34×10^{-5}**	4.66×10^{-6}	-0.002***	0.0001	0.0009***	-1.82×10^{-6}
	(5.65×10^{-6})	(5.31×10^{-6})	(0.0006)	(0.0003)	(0.0002)	(0.0001)
Trust Index	0.011	0.056*	0.285	0.309*	0.039	0.048
	(0.021)	(0.029)	(0.446)	(0.166)	(0.119)	(0.076)
Unemployment	0.073	-0.010	0.516	0.347	0.351	-0.445
	(0.109)	(0.114)	(1.38)	(0.894)	(0.409)	(0.296)
White (%)	0.103	-0.041	8.29**	1.36	1.81	-0.447

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Fewer Analyst	(2) More Analyst	(3) Fewer Analyst	(4) More Analyst	(5) Fewer Analyst	(6) More Analyst
	(0.188)	(0.303)	(3.63)	(2.18)	(1.27)	(0.697)
Hispanic (%)	0.082	-0.030	5.80**	0.503	1.03	-0.815
	(0.171)	(0.275)	(2.86)	(2.06)	(1.13)	(0.725)
African American (%)	0.117	-0.142	5.93	-1.26	0.112	-0.342
	(0.179)	(0.263)	(3.75)	(2.13)	(1.12)	(0.794)
Asian (%)	0.090	0.208	11.2**	2.68	2.09	-0.025
	(0.235)	(0.320)	(4.44)	(2.48)	(1.76)	(0.831)
Total Population (ln)	-0.019**	-0.003	0.230	-0.140	-0.119	-0.091
	(0.007)	(0.011)	(0.333)	(0.227)	(0.177)	(0.076)
Political Fragmentation	-0.015	-0.003	0.070	-0.019	-0.025	-0.072
	(0.027)	(0.036)	(0.322)	(0.170)	(0.136)	(0.061)
Median Housing (ln)	-0.014*	-0.001	0.019	-0.009	0.047	0.038*
	(0.008)	(0.010)	(0.101)	(0.070)	(0.045)	(0.021)
Median Income (ln)	-0.009	-0.056**	-0.271	-0.098	-0.047	-0.104
	(0.024)	(0.026)	(0.377)	(0.222)	(0.154)	(0.071)
Regional Illiq	0.026	-0.188	-1.69	-0.843	1.58*	1.44**
	(0.177)	(0.379)	(1.89)	(1.87)	(0.818)	(0.624)
Regional Ret	0.014*	0.037***	-0.079	0.054	-0.018	-0.016
	(0.008)	(0.013)	(0.100)	(0.071)	(0.028)	(0.017)
Regional IO	0.015*	0.007	-0.092	-0.128*	0.020	-0.036*
	(0.009)	(0.013)	(0.104)	(0.068)	(0.042)	(0.020)
Regional Mktcap (ln)	-0.004*	-0.009***	-0.018	-0.057*	0.008	0.005
	(0.002)	(0.003)	(0.035)	(0.031)	(0.012)	(0.006)
Regional Nstocks (ln)	0.008*	-0.004	0.015	0.008	-0.025	-0.007
	(0.005)	(0.007)	(0.069)	(0.041)	(0.028)	(0.013)
Regional Fpd	-0.013	-0.016	0.215*	0.070	-0.020	-0.034*
	(0.011)	(0.011)	(0.117)	(0.066)	(0.038)	(0.018)
$\log(\frac{M}{A})$ × Racial Diversity	0.012	0.006				
	(0.018)	(0.024)				
$\log(\frac{M}{A})$ × Board Diversity	0.010	0.010				
	(0.008)	(0.007)				
$\log(\frac{M}{A})$	0.043***	0.047***				
	(0.012)	(0.014)				
cashflow	0.538***	0.495***				
	(0.036)	(0.045)				
Invest	-0.124***	-0.060*				
	(0.033)	(0.035)				
Illiquidity	0.0005	-0.0009				
	(0.0005)	(0.0010)				
Asset (ln)	-0.014***	-0.015***				
	(0.004)	(0.003)				
Volp (ln)	-0.004***	-0.005***				
	(0.0010)	(0.0008)				
Volp (t-1)			-0.014	-0.064***	-0.011	-0.003
			(0.016)	(0.006)	(0.007)	(0.003)
Inverse Volume			0.732***	0.980***	0.431***	1.10***
			(0.039)	(0.145)	(0.039)	(0.095)
B/M			0.021	0.076***	-0.023***	-0.040***
			(0.018)	(0.013)	(0.008)	(0.005)
Payout			-0.009	0.003	0.003	-0.002**
			(0.006)	(0.004)	(0.002)	(0.0010)
R&D (0/1)			-0.022	-0.028**	-0.027***	0.005
			(0.022)	(0.013)	(0.009)	(0.006)

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Fewer Analyst	(2) More Analyst	(3) Fewer Analyst	(4) More Analyst	(5) Fewer Analyst	(6) More Analyst
Advertising (0/1)			0.005	0.009	-0.015	0.012***
			(0.017)	(0.009)	(0.013)	(0.004)
Ret (t-1)			-0.103***	-0.057***	-0.040***	-0.016***
			(0.033)	(0.019)	(0.008)	(0.005)
Prc (t-1)			0.005	0.005	0.011***	0.015***
			(0.008)	(0.005)	(0.003)	(0.003)
Market Cap (t-1)			-0.039***	-0.029***	-0.146***	-0.084***
			(0.010)	(0.007)	(0.004)	(0.003)
Year FE	Yes	Yes				
Firm FE	Yes	Yes				
Year × Quarter FE			Yes	Yes	Yes	Yes
Industry FE			Yes	Yes	Yes	Yes
Commuting Zone FE			Yes	Yes	Yes	Yes
Observations	11,257	11,356	9,740	12,342	67,105	68,317
R^2	0.86406	0.81285	0.40924	0.53005	0.31076	0.27311
Within R^2	0.36223	0.40426	0.16347	0.09839	0.24303	0.18214

IA.C3-3: Complete Table 4 Part III – Sorted by Age

Firms are sorted by the median value of the analyst coverage (number of analyst following the stock) at each time point. Note: *p<0.1; **p<0.05; *** p <0.01.

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Younger	(2) Older	(3) Younger	(4) Older	(5) Younger	(6) Older
$\log(\frac{M}{A})$ × RRI NegTheil	0.031	0.016				
	(0.029)	(0.018)				
$\log(\frac{M}{A})$ × Racial Diversity	0.006	0.013				
	(0.021)	(0.017)				
$\log(\frac{M}{A})$ × Board Diversity	0.015*	0.006				
	(0.008)	(0.008)				
$\log(\frac{M}{A})$	0.051***	0.035***				
	(0.015)	(0.011)				
RRI NegTheil	-0.315***	-0.026	-3.38***	-0.752	-1.39***	-0.378
	(0.100)	(0.030)	(1.03)	(0.811)	(0.431)	(0.342)
Age	0.012	0.038**	-0.035**	0.073***	-0.080***	-0.016*
	(0.008)	(0.016)	(0.014)	(0.023)	(0.008)	(0.010)
Sale	0.023***	0.021***	0.010	0.006	-0.035***	-0.004
	(0.005)	(0.005)	(0.011)	(0.012)	(0.006)	(0.005)
Tangibility	-0.034	-0.060***	-0.004	-0.073	-0.120***	-0.035*
	(0.021)	(0.015)	(0.042)	(0.048)	(0.031)	(0.021)
Analyst Cover (ln)	-0.002	-0.006***	-0.022***	-0.011	-0.063***	-0.041***
	(0.003)	(0.002)	(0.007)	(0.012)	(0.004)	(0.005)
Leverage	0.053***	0.048***	0.151***	0.286***	-0.022	0.030
	(0.016)	(0.009)	(0.044)	(0.073)	(0.023)	(0.026)
Cash Holdings	-0.036**	-0.034***	-0.068**	-0.008	-0.039	-0.015
	(0.017)	(0.010)	(0.034)	(0.061)	(0.026)	(0.026)
IOR	-0.009	-0.011	-0.035	-0.108*	0.003	-0.098***
	(0.011)	(0.011)	(0.040)	(0.059)	(0.027)	(0.026)

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Younger	(2) Older	(3) Younger	(4) Older	(5) Younger	(6) Older
Racial Diversity	0.003	0.088	1.30	-0.257	0.043	0.394
	(0.077)	(0.077)	(0.951)	(0.935)	(0.299)	(0.249)
Board Diversity	-0.016**	0.002	0.090**	0.083*	0.008	-0.001
	(0.007)	(0.004)	(0.041)	(0.042)	(0.017)	(0.014)
Senior Ratio	-0.094	-0.152	0.959	0.981	-0.900	-1.33
	(0.173)	(0.146)	(2.97)	(3.23)	(1.32)	(1.10)
Female Ratio	-1.85**	-0.334	16.1	6.31	7.37*	6.67**
	(0.857)	(0.698)	(9.93)	(9.06)	(3.78)	(2.90)
Education	0.180*	0.099*	2.33**	0.386	1.30**	0.052
	(0.109)	(0.056)	(1.03)	(1.06)	(0.503)	(0.367)
Population Density	-4.04×10^{-6}	1.05×10^{-5}***	-0.0003	-0.001*	0.0010***	6.04×10^{-5}
	(7.38×10^{-6})	(3.93×10^{-6})	(0.0005)	(0.0006)	(0.0002)	(0.0002)
Trust Index	0.043*	0.026	0.431**	0.466*	-0.008	0.014
	(0.025)	(0.020)	(0.167)	(0.274)	(0.104)	(0.078)
Unemployment	-0.035	0.022	1.11	-0.553	-0.574*	0.100
	(0.150)	(0.070)	(0.932)	(0.997)	(0.318)	(0.286)
White (%)	-0.084	0.277	2.36	2.23	-0.058	0.440
	(0.316)	(0.213)	(3.83)	(2.89)	(1.11)	(0.842)
Hispanic (%)	-0.044	0.213	0.832	1.36	0.577	-0.649
	(0.277)	(0.190)	(3.14)	(2.31)	(0.983)	(0.722)
African American (%)	-0.104	0.135	-0.738	1.89	-0.954	-0.568
	(0.292)	(0.183)	(3.89)	(2.71)	(1.19)	(0.865)
Asian (%)	0.177	0.200	3.21	5.00	-0.542	1.46
	(0.366)	(0.233)	(4.10)	(3.42)	(1.39)	(1.12)
Total Population (ln)	-0.033**	0.010	-0.582*	0.421	-0.244*	0.011
	(0.013)	(0.008)	(0.326)	(0.301)	(0.137)	(0.109)
Political Fragmentation	-0.006	-0.004	-0.049	-0.066	-0.086	-0.154*
	(0.036)	(0.024)	(0.264)	(0.308)	(0.114)	(0.084)
Median Housing (ln)	-0.006	-0.017**	0.220**	-0.011	0.015	0.028
	(0.010)	(0.008)	(0.086)	(0.091)	(0.038)	(0.024)
Median Income (ln)	-0.039	-0.011	-0.641**	0.002	-0.066	-0.026
	(0.037)	(0.022)	(0.307)	(0.245)	(0.125)	(0.092)
Regional Illiq	-0.551**	0.233	-0.891	-2.57	2.89***	1.34**
	(0.272)	(0.149)	(1.97)	(1.57)	(0.882)	(0.663)
Regional Ret	0.033***	0.019**	-0.112*	0.089	-0.029	0.005
	(0.009)	(0.009)	(0.059)	(0.079)	(0.026)	(0.019)
Regional IO	0.019	0.007	-0.009	-0.157**	0.059	-0.047
	(0.015)	(0.009)	(0.105)	(0.076)	(0.038)	(0.033)
Regional Mktcap (ln)	-0.007*	-0.004**	-0.047	0.010	-0.005	0.016
	(0.005)	(0.002)	(0.034)	(0.033)	(0.011)	(0.011)
Regional Nstocks (ln)	0.011	-0.004	0.009	-0.030	-0.018	-0.009
	(0.007)	(0.005)	(0.056)	(0.050)	(0.021)	(0.019)
Regional Fpd	-0.016	-0.011	0.232**	0.042	-0.026	-0.018
	(0.013)	(0.008)	(0.099)	(0.088)	(0.041)	(0.029)
cashflow	0.503***	0.559***				
	(0.033)	(0.039)				
Invest	-0.127***	-0.119**				
	(0.028)	(0.055)				
Illiquidity	0.004***	-0.0005				
	(0.001)	(0.0005)				
Asset (ln)	-0.012***	-0.014***				
	(0.004)	(0.004)				
Volp (ln)	-0.006***	-0.002***				
	(0.0010)	(0.0006)				

Dependent Variables:	EBIT(t+1)/AT(t)		Adverse Selection (%)		VCV	
Groups:	(1) Younger	(2) Older	(3) Younger	(4) Older	(5) Younger	(6) Older
Volp (t-1)			-0.058***	-0.003	-0.023***	-0.005
			(0.008)	(0.011)	(0.008)	(0.004)
Inverse Volume			0.716***	0.639***	0.371***	0.670***
			(0.054)	(0.035)	(0.072)	(0.032)
B/M			0.044***	0.031**	-0.031***	-0.018**
			(0.016)	(0.015)	(0.006)	(0.009)
Payout			0.004	0.002	0.002	-0.0003
			(0.004)	(0.005)	(0.001)	(0.001)
R&D (0/1)			-0.017	-0.003	-0.035***	0.012
			(0.014)	(0.024)	(0.011)	(0.008)
Advertising (0/1)			0.009	0.011	-0.007	0.003
			(0.012)	(0.016)	(0.009)	(0.007)
Ret (t-1)			-0.051**	-0.100***	-0.035***	-0.025***
			(0.020)	(0.025)	(0.006)	(0.009)
Prc (t-1)			0.005	0.002	0.019***	0.012***
			(0.005)	(0.010)	(0.003)	(0.004)
Market Cap (t-1)			-0.009	-0.056***	-0.111***	-0.099***
			(0.008)	(0.008)	(0.005)	(0.003)
Year FE	Yes	Yes				
Firm FE	Yes	Yes				
Year × Quarter FE			Yes	Yes	Yes	Yes
Industry FE			Yes	Yes	Yes	Yes
Commuting Zone FE			Yes	Yes	Yes	Yes
Observations	11,551	11,576	13,988	14,113	70,909	71,179
R^2	0.84907	0.76413	0.44404	0.45452	0.29711	0.44802
Within R^2	0.37047	0.44636	0.17285	0.16424	0.24582	0.36828

IA.C4: Instrumental Variable Regressions

IA.C4-1: Extended Table 5 Instrumental Variable Regression

	Stock Price Informativeness Test			Information Asymmetry Test			
IV Stages:	First	First	Second	First	Second	First	Second
Dependent Variables:	RRI	RRI × $\log(\frac{M}{A})$	Future Cash Flow	RRI	Adverse Selection (%)	RRI	VCV
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
RRI NegTheil x $\log(\frac{M}{A})$			0.180**				
			(0.079)				
RRI NegTheil			-0.987		-16.9***		-3.76*
			(0.858)		(5.66)		(2.12)
Share of SOP cities × $\log(\frac{M}{A})$	-0.005	4.04***					
	(0.025)	(1.34)					
Share of SOP cities	1.05***	-2.73***		0.657***		0.565***	
	(0.347)	(0.817)		(0.230)		(0.180)	
Number of Vouchers (ln)	0.010**	0.0005	0.007	0.011**	0.220*	0.008**	0.061**
	(0.004)	(0.009)	(0.010)	(0.005)	(0.116)	(0.003)	(0.029)
$\log(\frac{M}{A})$ × Number of Vouchers (ln)	4.62×10^{-5}	-0.051**	0.005				
	(0.0003)	(0.021)	(0.005)				
State × Year FE	Yes	Yes	Yes				
Firm FE	Yes	Yes	Yes				
State × Year × Quarter FE				Yes	Yes	Yes	Yes
Industry FE				Yes	Yes	Yes	Yes
Commuting Zone FE				Yes	Yes	Yes	Yes
Observations	15,171	15,171	15,171	17,503	17,503	91,052	91,052
R^2	0.99851	0.98680	0.83043	0.99866	0.50245	0.99819	0.39473
F-test (1st stage), stat.	266.42	338.60		799.67		3,259.5	
F-test (1st stage), stat., RRI NegTheil			266.42		799.67		3,259.5
F-test (1st stage), stat., RRI NegTheil x $\log(\frac{M}{A})$			338.60				
Wald (1st stage), stat., RRI NegTheil			4.6194		8.1642		9.8732
Wald (1st stage), stat., RRI NegTheil x $\log(\frac{M}{A})$			6.3346				
Wald (1st stage), p-value, RRI NegTheil			0.00988		0.00428		0.00168
Wald (1st stage), p-value, RRI NegTheil x $\log(\frac{M}{A})$			0.00178				
Wu-Hausman, stat.			3.8599		10.876		3.0629
Wu-Hausman, p-value			0.02109		0.00098		0.08010

IA.C4-2: Instrumental Variable Regression – with 2-year Lag

	Stock Price Informativeness Test			Information Asymmetry Test			
IV Stages:	First	First	Second	First	Second	First	Second
Dependent Variables:	RRI	RRI × log($\frac{M}{A}$)	Future Cash Flow	RRI	Adverse Selection (%)	RRI	VCV
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
RRI NegTheil x log($\frac{M}{A}$)			0.214*				
			(0.112)				
RRI NegTheil			-1.00		-11.4***		-3.93*
			(0.701)		(4.32)		(2.07)
Share of SOP cities × log($\frac{M}{A}$)	-0.011	4.17***					
	(0.026)	(1.37)					
Share of SOP cities	1.02***	-2.50***		0.962***		0.767***	
	(0.340)	(0.685)		(0.288)		(0.249)	
Number of Vouchers (ln)	0.010**	-0.001	0.016*	0.011**	0.175**	0.009**	0.076**
	(0.004)	(0.009)	(0.009)	(0.005)	(0.083)	(0.003)	(0.034)
log($\frac{M}{A}$) × Number of Vouchers (ln)	3.04×10^{-5}	-0.050**	0.007				
	(0.0003)	(0.021)	(0.006)				
State × Year FE	Yes	Yes	Yes				
Firm FE	Yes	Yes	Yes				
State × Year × Quarter FE				Yes	Yes	Yes	Yes
Industry FE				Yes	Yes	Yes	Yes
Commuting Zone FE				Yes	Yes	Yes	Yes
Observations	15,171	15,171	15,171	17,503	17,503	91,052	91,052
R^2	0.99852	0.98674	0.82985	0.99869	0.50654	0.99820	0.39470
F-test (1st stage), stat.	316.22	329.00		1,260.5		4,148.7	
F-test (1st stage), stat., RRI NegTheil			316.22		1,260.5		4,148.7
F-test (1st stage), stat., RRI NegTheil x log($\frac{M}{A}$)			329.00				
Wald (1st stage), stat.	4.4736	7.4294		11.165		9.5254	
Wald (1st stage), stat., RRI NegTheil			4.4736		11.165		9.5254
Wald (1st stage), stat., RRI NegTheil x log($\frac{M}{A}$)			7.4294				
Wald (1st stage), p-value	0.01142	0.00060		0.00084		0.00203	
Wald (1st stage), p-value, RRI NegTheil			0.01142		0.00084		0.00203
Wald (1st stage), p-value, RRI NegTheil x log($\frac{M}{A}$)			0.00060				
Wu-Hausman, stat.			5.3674		6.7913		4.2486
Wu-Hausman, p-value			0.00468		0.00917		0.03929

IA.C4-3: Instrumental Variable Regression – Removing Non-relocation Constraint

	Stock Price Informativeness Test			Information Asymmetry Test			
IV Stages:	First	First	Second	First	Second	First	Second
Dependent Variables:	RRI	RRI × log($\frac{M}{A}$)	Future Cash Flow	RRI	Adverse Selection (%)	RRI	VCV
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
RRI NegTheil x log($\frac{M}{A}$)			0.118**				
			(0.058)				
RRI NegTheil			-1.23***		-15.0***		-4.00*
			(0.286)		(5.61)		(2.18)
Share of SOP cities × log($\frac{M}{A}$)	0.047	4.20***					
	(0.046)	(1.19)					
Share of SOP cities	1.72***	-1.37*		0.667***		0.552***	
	(0.239)	(0.698)		(0.232)		(0.171)	
log($\frac{M}{A}$) × Number of Vouchers (ln)	0.0006	-0.054***	0.003				
	(0.0006)	(0.019)	(0.004)				
Number of Vouchers (ln)	0.002	0.001	0.007	0.014***	0.198*	0.009***	0.058*
	(0.003)	(0.008)	(0.008)	(0.005)	(0.114)	(0.003)	(0.031)
State × Year FE	Yes	Yes	Yes				
Firm FE	Yes	Yes	Yes				
State × Year × Quarter FE				Yes	Yes	Yes	Yes
Industry FE				Yes	Yes	Yes	Yes
Commuting Zone FE				Yes	Yes	Yes	Yes
Observations	16,926	16,926	16,926	20,199	20,199	104,428	104,428
R^2	0.99644	0.98620	0.82914	0.99854	0.48586	0.99817	0.38643
F-test (1st stage), stat.	539.54	397.58		895.13		3,497.3	
F-test (1st stage), stat., RRI NegTheil			539.54		895.13		3,497.3
F-test (1st stage), stat., RRI NegTheil x log($\frac{M}{A}$)			397.58				
Wald (1st stage), stat.	28.904	6.1932		8.2318		10.360	
Wald (1st stage), stat., RRI NegTheil			28.904		8.2318		10.360
Wald (1st stage), stat., RRI NegTheil x log($\frac{M}{A}$)			6.1932				
Wald (1st stage), p-value	2.97×10^{-13}	0.00205		0.00412		0.00129	
Wald (1st stage), p-value, RRI NegTheil			2.97×10^{-13}		0.00412		0.00129
Wald (1st stage), p-value, RRI NegTheil x log($\frac{M}{A}$)			0.00205				
Wu-Hausman, stat.			6.5502		8.6394		3.5803
Wu-Hausman, p-value			0.00143		0.00329		0.05847

IA.C4-4: Instrumental Variable Regression – without Controlling for Vouchers

	Stock Price Informativeness Test			Information Asymmetry Test			
IV Stages:	First	First	Second	First	Second	First	Second
Dependent Variables:	RRI	RRI × log($\frac{M}{A}$)	Future Cash Flow	RRI	Adverse Selection (%)	RRI	VCV
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
RRI NegTheil x log($\frac{M}{A}$)			0.234*				
			(0.125)				
RRI NegTheil			-1.09		-16.8***		-3.67*
			(0.915)		(5.66)		(2.12)
Share of SOP cities × log($\frac{M}{A}$)	-0.014	2.59**					
	(0.026)	(1.21)					
Share of SOP cities	1.01***	-1.33		0.660***		0.571***	
	(0.365)	(0.804)		(0.235)		(0.185)	
State × Year FE	Yes	Yes	Yes				
Firm FE	Yes	Yes	Yes				
State × Year × Quarter FE				Yes	Yes	Yes	Yes
Industry FE				Yes	Yes	Yes	Yes
Commuting Zone FE				Yes	Yes	Yes	Yes
Observations	15,171	15,171	15,171	17,503	17,503	91,052	91,052
R^2	0.99845	0.98294	0.82886	0.99863	0.50230	0.99815	0.39471
F-test (1st stage), stat.	238.94	108.34		790.27		3,270.4	
F-test (1st stage), stat., RRI NegTheil			238.94		790.27		3,270.4
F-test (1st stage), stat., RRI NegTheil x log($\frac{M}{A}$)			108.34				
Wald (1st stage), stat.	3.8399	4.0740		7.8959		9.5071	
Wald (1st stage), stat., RRI NegTheil			3.8399		7.8959		9.5071
Wald (1st stage), stat., RRI NegTheil x log($\frac{M}{A}$)			4.0740				
Wald (1st stage), p-value	0.02152	0.01703		0.00496		0.00205	
Wald (1st stage), p-value, RRI NegTheil			0.02152		0.00496		0.00205
Wald (1st stage), p-value, RRI NegTheil x log($\frac{M}{A}$)			0.01703				
Wu-Hausman, stat.							3.1235
Wu-Hausman, p-value							0.07717

IA.C5 Complete Table 6: Difference-In-Differences (DID) Regression

This table presents the results of DiD regressions examining the effect of changes in racial residential integration (RRI) on stock price informativeness and firm-level information asymmetry following firm relocation. Note: *p<0.1; **p<0.05; *** p <0.01.

	Dependent variable:			
	Stock Price Informativeness		Information Asymmetry	
	High-to-Low	Low-to-High	High-to-Low	Low-to-High
	(1)	(2)	(3)	(4)
	Future Cash Flow	Future Cash Flow	VCV	VCV
Post × log($\frac{M}{A}$)	-0.083***	0.024*		
	(0.026)	(0.012)		
Post	-0.048**	0.018*	0.119*	-0.116**
	(0.022)	(0.011)	(0.063)	(0.055)
log($\frac{M}{A}$) × Treated	0.084***	-0.034*		
	(0.029)	(0.017)		
log($\frac{M}{A}$)	-0.072	0.022		
	(0.043)	(0.035)		
log($\frac{M}{A}$) × Racial Diversity	0.186***	0.042		
	(0.062)	(0.051)		
log($\frac{M}{A}$) × Board Diversity	-0.002	-0.046		
	(0.035)	(0.031)		
Age	0.031	0.007	-0.223***	-0.179***
	(0.035)	(0.021)	(0.063)	(0.051)
RRI NegTheil	0.344*	-0.011	0.254	-0.031
	(0.196)	(0.095)	(0.256)	(0.263)
Analyst Cover (ln)	-0.008	-0.017*	-0.050***	-0.022*
	(0.012)	(0.009)	(0.012)	(0.012)
Sale	0.103***	0.004	0.032	-0.027
	(0.035)	(0.022)	(0.035)	(0.025)
Tangibility	-0.066	-0.073	0.004	0.092
	(0.112)	(0.072)	(0.115)	(0.140)
cashflow	0.280***	0.437***		
	(0.090)	(0.072)		
Invest	-0.024	-0.021		
	(0.181)	(0.130)		
Illiquidity	0.003	0.007		
	(0.003)	(0.018)		
Volp (ln)	0.006*	-0.005**		
	(0.004)	(0.002)		
Board Diversity	-0.007	-0.044***	0.045	0.117**
	(0.028)	(0.014)	(0.051)	(0.047)
Leverage	0.102	-0.071	0.103	-0.033
	(0.066)	(0.055)	(0.075)	(0.067)
Cash Holdings	0.004	0.001	-0.023	-0.034
	(0.057)	(0.028)	(0.073)	(0.070)
Asset (ln)	-0.029	-0.006		
	(0.026)	(0.012)		
IOR	-0.048	0.028	-0.044	0.015
	(0.050)	(0.027)	(0.079)	(0.084)
Senior Ratio	-0.357	0.398	-0.501	-0.443
	(0.762)	(0.251)	(0.640)	(0.908)
Female Ratio	-2.88*	-2.96**	2.37	-6.12
	(1.44)	(1.45)	(4.47)	(5.15)

	Dependent variable:			
	Stock Price Informativeness		Information Asymmetry	
	High-to-Low	Low-to-High	High-to-Low	Low-to-High
	(1)	(2)	(3)	(4)
	Future Cash Flow	Future Cash Flow	VCV	VCV
Education	-0.474*	0.266*	0.327	1.69***
	(0.259)	(0.144)	(0.562)	(0.498)
Population Density	8.35×10^{-6}	2.05×10^{-5}*	5.23×10^{-5}	5.88×10^{-5}
	(3.78×10^{-5})	(1.12×10^{-5})	(3.66×10^{-5})	(3.68×10^{-5})
Trust Index	0.230**	0.131**	0.511	-0.120
	(0.094)	(0.053)	(0.333)	(0.243)
Unemployment	0.315	0.141	-0.861	1.05
	(0.443)	(0.316)	(0.920)	(0.962)
Racial Diversity	0.173	0.035	0.310	-0.478
	(0.162)	(0.117)	(0.422)	(0.480)
White (%)	-0.660	-0.465	-0.170	-0.007
	(1.04)	(0.473)	(0.926)	(2.39)
Hispanic (%)	-0.768	-0.494	-0.178	0.323
	(0.957)	(0.505)	(0.750)	(2.12)
African American (%)	-0.145	-0.235	-0.672	0.293
	(0.942)	(0.529)	(0.725)	(2.08)
Asian (%)	-0.953	-0.791	-0.921	-0.133
	(1.18)	(0.584)	(1.09)	(2.33)
Total Population (ln)	-0.034	0.002	-0.031	0.039
	(0.020)	(0.013)	(0.033)	(0.044)
Median Housing (ln)	0.021	0.016	-0.038	0.058
	(0.035)	(0.024)	(0.059)	(0.072)
Median Income (ln)	0.001	-0.053	0.185	-0.354*
	(0.092)	(0.059)	(0.207)	(0.191)
Regional Illiq	0.069	0.044	-0.065	-1.62
	(0.370)	(0.470)	(1.41)	(1.79)
Regional Ret	0.069***	0.034	0.099	0.122*
	(0.022)	(0.025)	(0.062)	(0.068)
Regional IO	0.025	0.002	0.053	-0.040
	(0.045)	(0.027)	(0.087)	(0.074)
Political Fragmentation	-0.122	-0.025	0.110	-0.103
	(0.099)	(0.059)	(0.162)	(0.147)
Regional Mktcap (ln)	-0.008	-0.0007	-0.002	-0.035*
	(0.008)	(0.005)	(0.018)	(0.019)
Regional Nstocks (ln)	0.047**	-0.008	0.008	-0.014
	(0.023)	(0.010)	(0.032)	(0.031)
Regional Fpd	-0.021	-0.008	-0.041	0.036
	(0.038)	(0.022)	(0.057)	(0.054)
Inversed Volume			-0.105	-0.056
			(0.087)	(0.074)
B/M			-0.046**	-0.034
			(0.022)	(0.023)
Payout			-0.002	-0.001
			(0.004)	(0.005)
R&D (0/1)			-0.005	-0.079***
			(0.043)	(0.029)
Advertising			-0.028	0.010
			(0.038)	(0.035)
Ret (t-1)			-0.035	-0.002
			(0.022)	(0.022)
Prc (t-1)			-0.022	-0.020
			(0.022)	(0.023)

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	Dependent variable:			
	Stock Price Informativeness		Information Asymmetry	
	High-to-Low	Low-to-High	High-to-Low	Low-to-High
	(1)	(2)	(3)	(4)
	Future Cash Flow	Future Cash Flow	VCV	VCV
Volp (t-1) (ln)			-0.026**	-0.025**
			(0.013)	(0.011)
Market Cap (t-1)			-0.089***	-0.083***
			(0.025)	(0.025)
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes		
Year × Quarter FE			Yes	Yes
Observations	399	510	6,013	6,096
R^2	0.66840	0.73933	0.43665	0.45754
Within R^2	0.50415	0.53447	0.05778	0.04363

IA.C6 Complete Table 7 and Table 8: Fund Level Results and Heterogeneity Analysis

This table reports the relationship RRI and mutual funds' local bias and local stock-picking performance, also examining how these relationships vary across economic conditions and fund manager race. Local bias is defined as the difference between the portfolio weight of local stocks and their corresponding weight in the market portfolio (Wei and Zhang 2020). Local stock-picking performance is a quarterly, portfolio-level measure of a fund's ability to predict the alpha of local stocks. For a better presentation, the Local stock-picking performance is in percentage (%). A stock is considered local if the issuing firm is headquartered in the same commuting zone as the fund. The dependent variable is local bias in Columns 1–2 and local stock-picking performance in Columns 3–8. Columns 1–4 report full-sample estimates. Columns 5 and 6 show estimates during NBER-defined economic expansions (trough to peak) and recessions (peak to trough), respectively. Columns 7 and 8 split the sample by manager race, based on the NamePrism algorithm: Column 7 includes funds managed by white individuals; Column 8 includes those managed by minority individuals. RRI is measured by the negative Theil index, which captures the evenness of racial integration. Selected specifications include fund-level controls (e.g., trading style, flows, turnover, load, age, expenses, size, manager count, holdings, and fund family characteristics) and regional controls consistent with those in Table 5. Standard errors, clustered at the commuting zone level, are reported in parentheses. Note: *p<0.1; **p<0.05; *** p <0.01.

	Base Line Results				Different Economic Conditions		Different Manager Race	
	Local Bias		LSP (%)		LSP (%)		LSP (%)	
	(1)	(2)	(3)	(4)	(5) Expansions	(6) Recessions	(7) White Managers	(8) Minority Managers
RRI NegTheil	0.034	0.074	-1.74***	-4.51***	-3.90***	-11.9*	-4.06**	-31.8
	(0.035)	(0.133)	(0.290)	(1.01)	(0.999)	(6.87)	(1.90)	(21.3)
Female Ratio		-0.123		-13.1	-3.56	-44.1	-5.32	351.7**
		(1.46)		(13.1)	(11.2)	(78.1)	(17.3)	(162.4)
Female (0/1)							-0.011	0.068
							(0.044)	(0.049)
Work Exp (ln)							0.038	0.094
							(0.027)	(0.062)
Team Managed (0/1)		-0.0006		-0.006	0.004	-0.066***		
		(0.002)		(0.004)	(0.004)	(0.018)		
Single Mangager		0.002		-0.002	0.004	-0.038*		
		(0.002)		(0.005)	(0.005)	(0.022)		
Expense Ratio		-0.403		0.045	-2.57**	16.0***	0.472	11.7**

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	Base Line Results				Different Economic Conditions		Different Manager Race	
	Local Bias		LSP (%)		LSP (%)		LSP (%)	
	(1)	(2)	(3)	(4)	(5) Expansions	(6) Recessions	(7) White Managers	(8) Minority Managers
		(0.566)		(1.25)	(1.13)	(3.78)	(2.58)	(4.44)
Net Flow		0.003		-0.020	-0.017	0.002	-0.081*	-0.170
		(0.002)		(0.018)	(0.016)	(0.085)	(0.045)	(0.299)
Total Load		0.091		0.175	0.336*	-0.942**	0.314	-1.80***
		(0.118)		(0.180)	(0.198)	(0.469)	(0.337)	(0.502)
Turnover		0.0004		0.001	-0.002	0.016	0.004	-0.027
		(0.002)		(0.006)	(0.006)	(0.014)	(0.010)	(0.044)
Fund Age (ln)		0.001		0.0001	0.0008	-0.006	0.010	0.023
		(0.002)		(0.004)	(0.005)	(0.008)	(0.010)	(0.044)
TNA (ln)		-0.0001		0.002*	0.0004	0.009	-0.004	0.016
		(0.0006)		(0.001)	(0.001)	(0.008)	(0.003)	(0.021)
Nstocks (ln)		-0.011***		0.005	0.004	0.013	0.004	0.006
		(0.001)		(0.009)	(0.007)	(0.028)	(0.019)	(0.030)
Fund Family Asset (ln)		0.0004		0.007**	0.006*	0.015*	0.015*	0.003
		(0.0008)		(0.003)	(0.003)	(0.008)	(0.008)	(0.025)
Fund Family Size (ln)		-0.003		-0.013**	-0.010*	-0.028*	-0.022	0.002
		(0.002)		(0.006)	(0.006)	(0.017)	(0.015)	(0.063)
Senior Ratio		0.448		-1.24	-2.37	0.408	1.05	-12.1
		(0.320)		(2.75)	(2.31)	(13.1)	(5.58)	(73.1)
Education		-0.112		3.17***	1.98*	11.3**	0.208	58.8**
		(0.105)		(1.07)	(1.06)	(4.66)	(1.63)	(24.9)
Population Density		-1.46×10^{-5}		-0.0009**	-0.0006*	-0.003	-0.002**	0.006
		(3.46×10^{-5})		(0.0004)	(0.0003)	(0.002)	(0.0007)	(0.007)
Trust Index		0.017		0.105	0.007	-0.241	0.268	1.94*
		(0.031)		(0.163)	(0.244)	(2.21)	(0.331)	(0.996)
Unemployment		-0.090		1.62*	1.21	6.06	1.68	-10.2
		(0.082)		(0.940)	(0.752)	(4.11)	(1.28)	(7.04)
Racial Diversity		0.195		-1.79	-0.838	-7.02	-0.618	-18.7
		(0.203)		(1.19)	(1.41)	(4.59)	(1.77)	(17.2)
Total Population (ln)		0.008		-0.429	-0.411	-3.28*	-0.629	-3.00
		(0.033)		(0.337)	(0.301)	(1.76)	(0.567)	(12.3)
White (%)		0.569		-9.97***	-7.75**	-30.3***	-14.2***	-59.3
		(0.463)		(3.15)	(3.85)	(8.89)	(4.69)	(88.6)
Hispanic (%)		0.147		-12.6***	-11.3***	-29.1***	-16.7***	-69.1
		(0.407)		(2.85)	(3.25)	(8.51)	(4.30)	(101.0)

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	Base Line Results				Different Economic Conditions		Different Manager Race	
	Local Bias		LSP (%)		LSP (%)		LSP (%)	
	(1)	(2)	(3)	(4)	(5) Expansions	(6) Recessions	(7) White Managers	(8) Minority Managers
African American (%)		0.465		-9.93***	-8.42***	-26.9**	-19.6***	-56.1
		(0.338)		(3.30)	(3.11)	(11.8)	(5.41)	(113.0)
Asian (%)		0.982*		-6.70**	-5.05	-18.7	-7.38	-120.7
		(0.532)		(3.27)	(4.43)	(16.1)	(5.20)	(115.8)
Political Fragmentation		0.041		-0.989***	-0.790***	-2.27*	-1.03	-2.23
		(0.038)		(0.287)	(0.238)	(1.18)	(0.631)	(9.43)
Median Housing (ln)		-0.003		-0.203***	-0.220***	0.774***	-0.288***	0.273
		(0.005)		(0.045)	(0.047)	(0.243)	(0.063)	(0.256)
Median Income (ln)		-0.042*		-0.266	0.029	-4.24***	0.228	-0.960
		(0.024)		(0.275)	(0.312)	(1.33)	(0.358)	(2.15)
Regional Ret		0.007		-0.172*	-0.097	-0.396**	-0.086	-1.48***
		(0.004)		(0.096)	(0.093)	(0.173)	(0.136)	(0.441)
Regional Illiq		-0.115		-8.24	-11.6*	-21.0	4.79	-60.4**
		(0.365)		(7.92)	(5.95)	(22.6)	(10.3)	(23.5)
Regional Fpd		0.001		0.252***	0.204***	0.217	-0.153	-0.637
		(0.009)		(0.088)	(0.075)	(0.520)	(0.168)	(0.882)
Regional Nstocks (ln)		0.002		0.047	0.040	-0.123	-0.0004	-1.33
		(0.007)		(0.050)	(0.054)	(0.204)	(0.088)	(0.827)
Regional Mktcap (ln)		-0.009***		-0.147***	-0.142***	-0.262	-0.133*	-0.055
		(0.003)		(0.048)	(0.049)	(0.164)	(0.070)	(0.313)
Regional IO		0.019		0.161	0.083	0.905	0.189	1.73*
		(0.011)		(0.135)	(0.097)	(0.741)	(0.180)	(0.951)
Commuting Zone FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year × Quarter × Style FE		Yes		Yes	Yes	Yes	Yes	Yes
Observations	49,350	49,350	49,350	49,350	42,491	6,859	9,715	777
R^2	0.09369	0.17496	0.01153	0.07153	0.06046	0.13563	0.10843	0.41067
Within R^2	0.00023	0.04860	0.00423	0.00659	0.00639	0.03525	0.00718	0.06483

Internet Appendix D: Robustness Tests

IA.D1 Different Local Community Definitions and ACS Annual Survey

IA.D1a Alternative definitions of local communities

While commuting zones (CZs) capture travel patterns effectively, they may overlook two important aspects. First, CZs often span multiple counties, which can differ in politically relevant characteristics such as policy preferences and governance. Counties may capture localized variation in regional variables that CZs miss. Second, commuting patterns have evolved over recent decades, with more cross-zone commuting potentially blurring CZ boundaries.

To assess the sensitivity of our results to the choice of geographic unit, we begin with a county-level analysis to test whether a narrower definition of locality yields stronger or weaker associations. We then expand the analysis by constructing alternative firm-level and fund-level RRI measures at both the local-region and state levels to capture broader local environment and cross-zone commuting. The local region is defined as all counties within a 40-mile radius of a firm's/ fund's headquarters and has more counties than CZs on average.[39] This definition typically includes more counties than a CZ and is intended to capture a wider swath of the area surrounding a firm. To construct a local region, we first identify all zip codes located within a 40-mile radius of a firm's/ fund's headquarters and map these zip codes to counties based on U.S. Department of Housing and Urban Development data to obtain the included counties. We then compute RRI for a local region using census tract data from all its counties. We refer to this as a firm-level local-region RRI, as it reflects the racial integration characteristics of the broader area surrounding a firm's/ a fund's headquarters rather than just its home CZ. We use the same set of counties to construct all other local region-level variables by aggregating county-level characteristics.[40] Similarly, we construct state-level RRI measures and corresponding controls at the state level. Fixed effects and standard errors are adjusted accordingly.

First three columns from panel A of Table IA.R1 show that the stock price informativeness results remain robust when using local region and state-level RRI measures, but are not robust to using county-level RRI. First nice columns from panel B of Table IA.R1 shows that the information asymmetry results are also mixed: the adverse selection results remain robust across all geographic definitions, while the VCV results are no longer statistically significant at the county or state level and the local stock picking ability results are no longer statistically significant at the county level. The lack of robustness at the county

[39] To define the residential region of a firm's employees, we use a conservative radius of 40 miles. According to the Transportation Statistics Annual Report (2023), the average daily distance traveled by Americans is 37 miles, a figure that has steadily increased over the past two decades, as reported by the Bureau of Transportation Statistics. Given that commuting routes are rarely linear, a 40-mile radius is a conservative estimate, suggesting that actual commuting distances may exceed this threshold.

[40] We use the zipcodeR function in R to implement this radius-based approach. This function is developed based on the uszipcode documentation, which provides further details at https://uszipcode.readthedocs.io/index.html. The documentation uses data from the U.S. Census Bureau website (data.census.gov), incorporating static statistics from the 2010 Census and updated demographic information from 2020. To map zip codes to counties, we use the 2020 Q1 version of the zip code– county crosswalk, available at: https://www.huduser.gov/portal/datasets/usps_crosswalk.html.

level likely reflects its limited spatial coverage, especially since commuting zones can span multiple counties, which may not capture the broader social and informational networks relevant to firms. At the state level, the muted effects of RRI on VCV may reflect offsetting dynamics across investor types. On one hand, greater racial integration could reduce the advantage of institutional investors who rely on local information advantages, weakening their participation in informed trading, which is also supported by the significant state-level mutual fund result. On the other hand, integration at the state level encompasses a larger population of local retail investors, who may become marginally more informed through enhanced access to public information and social diffusion. This increase in local retail-informed trading can offset the decline in institutional activity. As a result, the relationship between RRI and trading volume-based measures of information asymmetry, such as VCV, becomes less precise and harder to detect.

IA.D1b RRI measure using annual data

Our baseline RRI measure relies on decennial U.S. Census data, requiring interpolation to generate annual measures. This interpolation may introduce forward-looking bias if future values affect current estimates. While this approach is consistent with prior studies using cultural variables or analyzing residential patterns (e.g., Trounstine, 2016), it raises concerns about measurement precision. To address this, we conduct a robustness test using annual data from the ACS, which contains data starting in 2005. The ACS reports racial composition by Public Use Microdata Areas (PUMAs), each containing at least 100,000 people.[41] For context, in 2020, there were 74,001 census tracts and 2,378 PUMAs, implying that each PUMA covers approximately 31 census tracts on average. Since our commuting-zone RRI is constructed using census tract data, the switch to PUMA-level data for the ACS reduces geographic granularity. Because RRI captures variation in racial distribution across subunits, the larger size of PUMAs relative to census tracts may obscure local variation and limit measurement precision.

Using ACS data, we compute annual state-level RRI, since PUMAs often do not align well with CZ boundaries and assign values to firms based on their headquarters locations.[42] We then replicate our tests of stock price informativeness, information asymmetry (focusing on the adverse selection component of the bid-ask spread), and local stock picking ability. The results remain consistent with our baseline findings and are reported in the Table IA.R1.

[41] While ACS data on race are also available at the county level, which is a smaller geographic unit than a PUMA, such data are reported only for counties with populations of at least 65,000. As a result, a substantial portion of our sample lacks county-level data, leading to significant missing values.

[42] Many PUMAs span multiple commuting zones, making it difficult to determine which commuting zone a given PUMA belongs to (Strahof, 2023). While a probability-based method could be used to estimate aggregated variables, like total population, by assigning PUMAs to commuting zones based on the proportion of their geographic overlap, this approach is not appropriate for our RRI measure. Since our RRI captures how the racial composition of smaller predefined regions deviates from the overall composition of the larger area, it requires that each smaller region be fully contained within the commuting zone to ensure accuracy.

Table IA.R1: Different Local Community Definitions and Annual America Community Survery Results

In table presents, we replicate baseline tests in the main body using three definitions of local regions—county, commuting zone, and state—as well as ACS one-year survey data, which has been available annually since 2005. Panel A reports results for the stock price informativeness test. The dependent variable in all columns is future cash flow, proxied by EBIT in year *t+1*, scaled by total assets in year *t*. The firm's market valuation, defined as $\log(M/A)$, is the natural log of market capitalization divided by total assets in year *t*. Panel B examines information asymmetry and local stock-picking ability. Columns 1, 4, 7, and 10 test adverse selection (*AdvSel*), defined as the portion of the bid-ask spread that compensates market makers for risks associated with informed trading. Columns 2, 5, 8, and 11 report results for the volume coefficient of variation (VCV), calculated as the standard deviation of trading turnover divided by its average over a given quarter. Columns 3, 6, 9, and 12 assess local stock-picking ability (*LSP*). Across both panels, the key independent variable is RRI NegTheil, a measure of the evenness dimension of racial residential integration. Firm-level regressions include controls consistent with baseline models, adjusted to match the corresponding local definitions. Fund-level regressions follow baseline model, with all control variables applied at the relevant geographic level. Standard errors are clustered at the county, local region, and state levels, depending on the test. Note: *p<0.1; **p<0.05; *** p <0.01.

Panel: A Stock Informativeness Results

	Dependent Variable: Future Cash Flow			
	County	Local Region	State (Decennial)	State (ACS, Annual)
	(1)	(2)	(3)	(4)
$\log(\frac{M}{A})$ × RRI NegTheil	0.001	0.031**	0.047***	0.059***
	(0.013)	(0.014)	(0.017)	(0.021)
$\log(\frac{M}{A})$ × Racial Diversity	0.025*	0.013	-0.012	-0.004
	(0.014)	(0.011)	(0.016)	(0.022)
$\log(\frac{M}{A})$	0.028***	0.045***	0.063***	0.060***
	(0.008)	(0.008)	(0.011)	(0.013)
$\log(\frac{M}{A})$ × Board Racial Diversity	0.010**	0.007	0.010*	0.010
	(0.004)	(0.005)	(0.006)	(0.007)
RRI NegTheil	-0.053	-0.119***	-0.061	-0.082*
	(0.032)	(0.032)	(0.041)	(0.047)
Racial Diversity	0.013	0.046	0.093	-0.113
	(0.040)	(0.042)	(0.089)	(0.116)
Age	0.007*	0.009***	0.010**	0.010
	(0.004)	(0.003)	(0.004)	(0.008)
Board Diversity	-0.007**	-0.005	-0.006**	-0.007
	(0.003)	(0.003)	(0.003)	(0.004)
Sale	0.021***	0.018***	0.019***	0.022***
	(0.004)	(0.003)	(0.004)	(0.005)
Tangibility	-0.041***	-0.039***	-0.040***	-0.063***
	(0.013)	(0.011)	(0.010)	(0.017)
cashflow	0.524***	0.557***	0.555***	0.490***
	(0.028)	(0.023)	(0.030)	(0.040)
Invest	-0.113***	-0.112***	-0.121***	-0.111***
	(0.025)	(0.022)	(0.018)	(0.034)
Illiquidity	0.0002	0.0006	0.0003	-0.0001

	Dependent Variable: Future Cash Flow			
	County	Local Region	State (Decennial)	State (ACS, Annual)
	(1)	(2)	(3)	(4)
	(0.0004)	(0.0004)	(0.0004)	(0.0003)
Volp (ln)	-0.004***	-0.004***	-0.004***	-0.003***
	(0.0006)	(0.0005)	(0.0007)	(0.0009)
Analyst Cover (ln)	-0.002	-0.005***	-0.004**	-0.005**
	(0.002)	(0.002)	(0.002)	(0.002)
Leverage	0.004***	0.004***	0.004***	0.004***
	(0.0007)	(0.0007)	(0.0006)	(0.0008)
Cash Holdings	-0.048***	-0.046***	-0.047***	-0.045***
	(0.013)	(0.009)	(0.010)	(0.014)
Asset (ln)	-0.010***	-0.011***	-0.009***	-0.009***
	(0.003)	(0.002)	(0.003)	(0.003)
IOR	-0.006	-0.007	-0.008	-0.008
	(0.006)	(0.005)	(0.008)	(0.008)
Senior Ratio	0.140	-0.033	-0.074	0.408
	(0.098)	(0.123)	(0.192)	(0.246)
Female Ratio	-1.19***	-0.561	0.453	-1.81***
	(0.351)	(0.493)	(0.535)	(0.655)
Education	0.038	0.093**	-0.053	-0.027
	(0.031)	(0.042)	(0.071)	(0.093)
Population Density	6.56×10^{-7}	4.41×10^{-6}	-3.96×10^{-5}	2.98×10^{-5}
	(5.02×10^{-7})	(8.44×10^{-6})	(3.2×10^{-5})	(3.21×10^{-5})
Trust Index	0.039**	0.042**	0.020	0.057**
	(0.020)	(0.017)	(0.023)	(0.023)
Unemployment	0.130	0.051	-0.098	-0.120
	(0.093)	(0.068)	(0.092)	(0.090)
Total Population (ln)	-0.0009	-0.012*	-0.017	-0.016
	(0.005)	(0.006)	(0.012)	(0.013)
White (%)	0.037	0.139	0.498**	-0.103
	(0.127)	(0.131)	(0.204)	(0.148)
Hispanic (%)	0.035	0.102	0.456**	0.086
	(0.130)	(0.123)	(0.200)	(0.084)
African American (%)	0.076	0.085	0.371**	0.158**
	(0.145)	(0.119)	(0.179)	(0.067)
Asian (%)	0.096	0.166	0.664***	0.043
	(0.157)	(0.141)	(0.246)	(0.135)
Regional Ret	0.024***	0.019***	0.022*	-0.003
	(0.006)	(0.007)	(0.012)	(0.014)
Regional Illiq	0.055	-0.021	-0.143	-0.365
	(0.066)	(0.105)	(0.404)	(0.659)
Regional Fpd	-0.003	-0.012	-0.014	-0.023
	(0.006)	(0.007)	(0.012)	(0.015)
Regional Nstocks (ln)	0.005	0.001	-0.0004	-0.005
	(0.004)	(0.004)	(0.007)	(0.006)
Regional Mktcap (ln)	-0.006***	-0.005**	-0.005	0.003
	(0.002)	(0.002)	(0.003)	(0.006)
Regional IO	0.022***	0.017**	0.024	0.014
	(0.008)	(0.009)	(0.016)	(0.018)
Year FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
Observations	22,725	23,329	26,628	19,014
R^2	0.82369	0.79437	0.81714	0.83250
Within R^2	0.39195	0.42024	0.39599	0.35353

Continued on next page

Panel B: Stock Information Asymmetry and Fund Local Investing Results

	County			Local Region			State (Decennial)			State (ACS, Annual)		
	(1) AdvSel (%)	(2) VCV	(3) LSP (%)	(4) AdvSel (%)	(5) VCV	(6) LSP (%)	(7) AdvSel (%)	(8) VCV	(9) LSP (%)	(10) AdvSel (%)	(11) VCV	(12) LSP (%)
RRI NegTheil	-1.39***	-0.115	-0.667	-2.43***	-0.599**	-3.83**	-1.57**	-0.195	-11.5***	-0.749**	0.021	-10.8***
	(0.420)	(0.196)	(0.793)	(0.810)	(0.290)	(1.70)	(0.680)	(0.412)	(3.05)	(0.355)	(0.183)	(2.88)
Age	0.018**	-0.033***		0.024**	-0.034***		0.020**	-0.036***		0.012**	-0.038***	
	(0.009)	(0.004)		(0.010)	(0.004)		(0.008)	(0.004)		(0.005)	(0.005)	
Inversed Volume	0.702***	0.570***		0.748***	0.579***		0.696***	0.563***		0.789***	0.683***	
	(0.034)	(0.035)		(0.035)	(0.038)		(0.024)	(0.028)		(0.023)	(0.047)	
Board Diversity	0.078**	0.008		0.075**	0.004		0.086***	-0.006		0.022	-0.001	
	(0.030)	(0.013)		(0.035)	(0.012)		(0.024)	(0.009)		(0.027)	(0.013)	
Sale	0.004	-0.022***		0.009	-0.028***		0.003	-0.025***		-0.003	-0.031***	
	(0.009)	(0.005)		(0.010)	(0.005)		(0.010)	(0.004)		(0.007)	(0.004)	
Tangibility	0.007	-0.086***		0.007	-0.073***		-0.039	-0.093***		-0.035	-0.116***	
	(0.032)	(0.023)		(0.039)	(0.022)		(0.035)	(0.022)		(0.022)	(0.029)	
B/M	0.037***	-0.017***		0.055***	-0.024***		0.038***	-0.016***		-0.034***	-0.023***	
	(0.011)	(0.005)		(0.014)	(0.005)		(0.010)	(0.004)		(0.008)	(0.006)	
Leverage	0.218***	0.004		0.208***	2.22×10^{-5}		0.231***	0.021		0.028	0.008	
	(0.045)	(0.020)		(0.044)	(0.018)		(0.046)	(0.013)		(0.028)	(0.015)	
Cash Holdings	-0.032	-0.024		-0.035	-0.028		-0.031	-0.011		-0.017	-0.0006	
	(0.032)	(0.023)		(0.037)	(0.021)		(0.032)	(0.027)		(0.032)	(0.034)	
Payout	0.002	0.001		0.001	0.0005		0.003	0.0008		0.001	-0.0008	
	(0.003)	(0.001)		(0.003)	(0.001)		(0.003)	(0.001)		(0.001)	(0.001)	
R&D (0/1)	-0.012	-0.011		-0.013	-0.009		-0.013	-0.004		0.0007	-0.003	
	(0.014)	(0.007)		(0.015)	(0.007)		(0.014)	(0.008)		(0.014)	(0.008)	
Advertising	0.003	0.0007		0.015	0.0008		-0.002	0.002		-0.012	0.006	
	(0.009)	(0.006)		(0.011)	(0.006)		(0.010)	(0.006)		(0.008)	(0.007)	
IOR	-0.080**	-0.061***		-0.081**	-0.064***		-0.087**	-0.107***		-0.068**	-0.163***	
	(0.037)	(0.015)		(0.036)	(0.016)		(0.043)	(0.014)		(0.025)	(0.012)	
Ret (t-1)	-0.068***	-0.042***		-0.070***	-0.038***		-0.072***	-0.030***		0.002	-0.040***	
	(0.015)	(0.005)		(0.015)	(0.005)		(0.016)	(0.005)		(0.009)	(0.007)	

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	County			Local Region			State (Decennial)			State (ACS, Annual)		
	(1) AdvSel (%)	(2) VCV	(3) LSP (%)	(4) AdvSel (%)	(5) VCV	(6) LSP (%)	(7) AdvSel (%)	(8) VCV	(9) LSP (%)	(10) AdvSel (%)	(11) VCV	(12) LSP (%)
Prc (t-1) (ln)	0.006	0.016***		0.010*	0.018***		0.004	0.018***		0.010**	0.020***	
	(0.005)	(0.002)		(0.005)	(0.003)		(0.004)	(0.002)		(0.004)	(0.002)	
Volp (t-1)	-0.059**	0.012		-0.058**	0.008		-0.193**	-0.349***		-0.111*	-0.165**	
	(0.029)	(0.019)		(0.029)	(0.017)		(0.092)	(0.058)		(0.060)	(0.065)	
Market Cap (t-1)	-0.043***	-0.106***		-0.042***	-0.108***		-0.043***	-0.111***		-0.035***	-0.102***	
	(0.006)	(0.003)		(0.005)	(0.003)		(0.005)	(0.004)		(0.004)	(0.004)	
log(analysts+1)	-0.014*	-0.054***		-0.011	-0.052***		-0.017***	-0.043***		-0.026***	-0.046***	
	(0.008)	(0.003)		(0.007)	(0.003)		(0.006)	(0.004)		(0.006)	(0.004)	
Senior Ratio	0.860	-0.372	2.03	0.078	-1.62*	-2.75	-1.97	-1.13	9.72	-0.059	-1.41	10.4
	(1.22)	(0.536)	(1.82)	(2.58)	(0.982)	(2.73)	(2.30)	(0.817)	(9.43)	(1.83)	(1.04)	(9.62)
Female Ratio	5.94	3.83**	-4.09	8.63	4.68	1.67	16.9	6.82*	-20.6	10.3	2.26	-15.2
	(3.68)	(1.49)	(7.24)	(7.79)	(3.22)	(15.1)	(10.4)	(4.02)	(34.2)	(7.66)	(3.71)	(33.3)
Education	1.38**	0.028	1.97**	1.26	0.263	1.00	1.72	0.493	-0.739	1.40**	0.507	-1.76
	(0.683)	(0.264)	(0.850)	(1.11)	(0.625)	(1.60)	(1.30)	(0.551)	(2.79)	(0.664)	(0.352)	(3.10)
Population Density	0.584	0.781***	-0.677	-15.9*	5.63	-12.7	-111.8***	-11.7	65.4	-8.87	-8.09	88.4*
	(0.506)	(0.211)	(0.623)	(8.54)	(4.06)	(13.9)	(35.2)	(10.6)	(62.5)	(9.45)	(5.91)	(51.6)
Trust Index	0.488***	0.013	0.083	0.207	0.009	0.358	0.479***	0.011	0.829	0.185	-0.004	0.820
	(0.185)	(0.070)	(0.175)	(0.167)	(0.071)	(0.249)	(0.156)	(0.061)	(0.549)	(0.134)	(0.088)	(0.547)
Unemployment	-0.307	-0.459**	1.09**	-0.071	-0.374	2.14***	-0.919	-0.241	4.69***	-0.369	-0.324	5.03***
	(0.986)	(0.210)	(0.523)	(0.753)	(0.253)	(0.817)	(0.696)	(0.234)	(1.05)	(0.455)	(0.312)	(0.998)
Total Population (ln)	-0.070	-0.085	-0.361	-0.202	-0.070	-0.345	-0.077	-0.114	-2.32**	0.005	-0.008	-2.22**
	(0.123)	(0.068)	(0.310)	(0.273)	(0.101)	(0.561)	(0.299)	(0.116)	(1.03)	(0.154)	(0.119)	(0.992)
White (%)	0.076	-0.698	-4.04	-0.958	0.102	-8.10	-1.97	1.33	-5.96	0.698	0.032	-4.91
	(1.43)	(0.546)	(3.88)	(2.18)	(0.885)	(5.65)	(2.76)	(0.958)	(6.83)	(0.526)	(0.319)	(6.58)
Hispanic (%)	-0.103	-0.302	-5.88	0.061	-0.508	-11.1**	-0.946	1.73*	-14.4**	-0.033	0.199	-15.1**
	(1.36)	(0.505)	(3.54)	(2.19)	(0.866)	(4.51)	(2.89)	(1.01)	(6.50)	(0.557)	(0.274)	(6.50)
African American (%)	-0.600	-0.915	-4.55	0.736	-1.40	-12.1***	-2.26	0.890	-17.0*	-0.225	-0.012	-16.0
	(1.57)	(0.597)	(3.54)	(2.50)	(0.923)	(4.66)	(2.45)	(0.909)	(9.65)	(0.470)	(0.215)	(9.62)
Asian (%)	0.623	0.250	-2.28	3.18	0.830	-4.45	4.63	2.53**	-13.6	1.04	1.07	-13.8*
	(1.41)	(0.568)	(2.57)	(2.50)	(1.05)	(7.54)	(3.41)	(1.23)	(8.11)	(1.13)	(1.02)	(8.09)

.

	County			Local Region			State (Decennial)			State (ACS, Annual)		
	(1) AdvSel (%)	(2) VCV	(3) LSP (%)	(4) AdvSel (%)	(5) VCV	(6) LSP (%)	(7) AdvSel (%)	(8) VCV	(9) LSP (%)	(10) AdvSel (%)	(11) VCV	(12) LSP (%)
Racial Diversity	-0.317	0.247*	0.767	-0.790	0.418*	-0.204	0.482	0.440	-2.26	0.524	0.156	-2.10
	(0.361)	(0.130)	(1.18)	(0.590)	(0.244)	(1.73)	(0.794)	(0.309)	(1.78)	(0.367)	(0.235)	(1.81)
Political Fragmentation	-0.160*	-0.042	-0.045	-0.223	-0.040	-0.426	0.059	-0.058	-0.213	0.026	-0.064*	-0.191
	(0.085)	(0.041)	(0.173)	(0.216)	(0.100)	(0.366)	(0.281)	(0.108)	(0.775)	(0.074)	(0.038)	(0.817)
Median Housing (ln)	0.030	-0.006	-0.028***	0.007	0.024	-0.116	0.112	0.030	-0.268***	-0.007	-0.017	-0.275***
	(0.019)	(0.007)	(0.010)	(0.082)	(0.026)	(0.083)	(0.075)	(0.022)	(0.082)	(0.030)	(0.023)	(0.082)
Median Income (ln)	-0.082	0.038	0.025	-0.302	-0.094	0.506	-0.658**	-0.066	0.978	-0.102	0.001	1.19
	(0.134)	(0.053)	(0.129)	(0.251)	(0.084)	(0.323)	(0.290)	(0.093)	(0.869)	(0.173)	(0.132)	(0.835)
Regional Ret	-0.005	0.0006	-0.326***	0.056	-0.008	-0.145	0.086	-0.001	-0.210	0.087	0.075**	-0.225*
	(0.034)	(0.010)	(0.087)	(0.061)	(0.018)	(0.097)	(0.060)	(0.018)	(0.138)	(0.061)	(0.029)	(0.132)
Regional Illiq	-0.199*	0.108	-7.56*	-1.53	1.58***	-3.56	-0.923	2.80**	-38.0	1.58	1.98	-38.1
	(0.115)	(0.067)	(4.21)	(1.09)	(0.502)	(4.35)	(4.03)	(1.22)	(24.8)	(4.49)	(1.85)	(23.7)
Regional Fpd	0.005	-0.037**	0.085	0.095	-0.056*	0.254***	-0.056	-0.074*	-0.167	0.025	-0.038	-0.170
	(0.045)	(0.016)	(0.062)	(0.083)	(0.029)	(0.097)	(0.127)	(0.040)	(0.208)	(0.075)	(0.045)	(0.210)
Regional Nstocks (ln)	-0.032	-0.007	0.024	0.024	-0.007	0.036	-0.030	0.032*	0.136	0.034	0.059***	0.135
	(0.028)	(0.010)	(0.054)	(0.050)	(0.018)	(0.052)	(0.069)	(0.017)	(0.223)	(0.035)	(0.017)	(0.201)
Regional Mktcap (ln)	-0.008	0.002	-0.069***	-0.062**	-0.002	-0.064*	-0.024	-0.001	-0.058	-0.002	-0.015	-0.038
	(0.017)	(0.006)	(0.023)	(0.027)	(0.009)	(0.034)	(0.060)	(0.011)	(0.068)	(0.023)	(0.013)	(0.063)
Regional IO	-0.042	-0.019	0.125*	-0.012	-0.029	0.034	0.232***	0.014	0.302	0.022	-0.003	0.324*
	(0.047)	(0.019)	(0.073)	(0.092)	(0.032)	(0.110)	(0.080)	(0.032)	(0.189)	(0.065)	(0.044)	(0.191)
Expense Ratio			0.722			-1.23			-3.54			-3.47
			(1.41)			(1.63)			(2.48)			(2.47)
Net Flow			0.004			-0.002			0.0009			0.0008
			(0.016)			(0.029)			(0.022)			(0.022)
Total Load			-0.111			-0.040			0.380			0.381
			(0.173)			(0.241)			(0.393)			(0.392)
Turnover			0.003			-0.037***			-0.016**			-0.016**
			(0.008)			(0.011)			(0.007)			(0.007)
Fund Age (ln)			0.002			-0.005			0.0008			0.0008
			(0.004)			(0.005)			(0.005)			(0.005)

	County			Local Region			State (Decennial)			State (ACS, Annual)		
	(1) AdvSel (%)	(2) VCV	(3) LSP (%)	(4) AdvSel (%)	(5) VCV	(6) LSP (%)	(7) AdvSel (%)	(8) VCV	(9) LSP (%)	(10) AdvSel (%)	(11) VCV	(12) LSP (%)
TNA (ln)			0.003***			-0.0009			-0.002			-0.002
			(0.0010)			(0.002)			(0.002)			(0.002)
Nstocks (ln)			0.012			0.007			0.0003			0.0002
			(0.008)			(0.007)			(0.006)			(0.006)
Fund Family Asset (ln)			0.001			0.008			0.014*			0.014*
			(0.004)			(0.006)			(0.007)			(0.007)
Fund Family Size (ln)			-0.004			-0.018*			-0.026**			-0.026**
			(0.005)			(0.010)			(0.011)			(0.011)
Team Managed (0/1)			-0.007			-0.003			-0.002			-0.002
			(0.004)			(0.008)			(0.005)			(0.005)
Single Mangager			-0.003			-0.004			-0.007			-0.007
			(0.005)			(0.010)			(0.012)			(0.012)
Year × Quarter FE	Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes	
Industry FE	Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes	
Year × Quarter × Style FE			Yes			Yes			Yes			Yes
Local Community FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	27,800	141,887	37,380	27,342	141,888	64,607	29,821	150,300	56,743	16,221	108,875	56,743
R^2	0.44635	0.37049	0.08414	0.47812	0.38143	0.13827	0.42690	0.36740	0.08421	0.46920	0.35396	0.08436
Within R^2	0.16109	0.30229	0.00646	0.14972	0.27681	0.00293	0.17160	0.32321	0.01148	0.39063	0.31205	0.01163

IA.D2 Alternative RRI Measures

In our baseline analysis, we construct a commuting zone-level RRI measure using a group-weighted negative Theil index. At the CZ-level, we compute each tract-level entropy-based diversity between White residents and each of the three largest minority groups—Black, Hispanic, and Asian—and compare it to the corresponding CZ-level entropy-based diversity of its. The population-weighted pair-wise difference would be the group-specific Theil index. We then aggregate these three indices into a single RRI measure by weighting each one by its population share within the combined minority population of the commuting zone. This approach adjusts for regional differences in minority composition—for example, the prominence of Hispanic populations in California—and allows for consistent comparisons across areas with different dominant minority groups. However, it excludes smaller minority groups and limits tract-level diversity to pairwise comparisons with White residents, even though entropy can capture the full distribution of all racial groups simultaneously. To ensure that our findings are not sensitive to this specific construction, we conduct robustness checks using three alternative measures that differ from the baseline in how they summarize and compare racial composition.

First, we compute a negative Theil index comparing White residents to the combined non-White population. This simplifies the baseline construction by eliminating group-specific weighting and treating all minority residents as a single group. It retains the entropy-based structure but reduces dimensionality. We name it as $RRINegTheil(White/Non-white)$.

Second, we adopt a multi-group entropy approach following Trounstine (2016), which uses a single Theil index to capture the full distribution across all major racial categories simultaneously.[43] Unlike the baseline, this measure does not rely on pairwise comparisons or separate weights, which allows a more integrated view of diversity but may introduce sensitivity to tracts with extreme racial compositions. We name it as $RRINegTheil(All)$

Third, we use a similarity index, defined as the negative of the dissimilarity index, which is one of the earliest and most widely used measures of residential evenness(Jahn, Schmid, and Schrag, 1947). While conceptually aligned with the goal of capturing residential evenness, it differs mathematically from the Theil-based measures. Specifically, it relies on the absolute value of differences between the racial composition of tracts and their broader reference area, rather than entropy-based calculations. The similarity index is defined as:

$$\text{RRI Similarity}_{j,k} = -\frac{1}{2}\sum_i \left| \frac{m_{i,k}}{M_{j,k}} - \frac{w_i}{W_j} \right|,$$

where $m_{i,k}$ and w_i denote the number of racial minority k and white people, respectively, in census tract i within commuting zone j. $M_{j,k}$ and W_j represent the total number of racial minority k and white people, respectively, in commuting zone j. To illustrate the intuition behind the similarity index, consider a local area j with two census tracts ($i = 1, 2$) and two racial groups: majority $k$and minority. If commuting zone j is perfectly segregated, all

[43] Specifically, we calculate tract-level entropy as: $E_i = \sum_r P_i^r \times log\,(1/P_i^r)$, where P_i^r represent the proportion of racial group r in census tract i, and i includes five categories: White, Black, Hispanic, Asian, and Other (Trounstine, 2016) We apply the same formula at the commuting zone level to compute overall racial diversity for each zone.

minority members reside in the first tract ($\frac{m_{1,k}}{M_{j,k}} = 1$ and $\frac{w_1}{W_j} = 0$), while all majority members are in the second ($\frac{m_{2,k}}{M_{j,k}} = 0$ and $\frac{w_2}{W_j} = 1$), yielding a similarity index of -1 (RRI Similarity $= -1$). Conversely, in a perfectly integrated commuting zone with equal distribution of both groups across tracts ($\frac{m_{i,k}}{M_{j,k}} = \frac{w_i}{W_j} = 0.5$, $i = 1, 2$), the similarity index takes on a value of 0 (RRI Similarity $= 0$). This example represents the two extreme cases. In reality, no census tract is perfectly integrated or segregated; therefore: RRI Similarity $\in (-1, 0)$.

As in constructing our negative Theil index, we calculate three RRI Similarity$_j^{(k)}$ using the above equation, considering each of the three minority racial groups (African American, Asian, and Hispanic) in conjunction with the majority group (white). Subsequently, we aggregate these race-specific similarity indices for state j based on the relative sizes of the three racial minority groups, employing the formula:

$$\text{RRI Similarity}_j = \sum_k P_k \times \text{RRI Similarity}_j^{(k)},$$

where k denotes minority group k, including African American, Asian, and Hispanic populations, and P_k is the proportion of minority k relative to the combined African American, Asian, and Hispanic populations.

All results for fimr-level tests and fund-level tests are reported in Table IA.R2. Across all three measures, our main results on stock price informativeness and information asymmetry remain consistent. Full results are reported in Internet Appendix D.

Table IA.R2: Alternative Evenness Measure Results

In this table reports we replicate our main results for both firm-level and fund level tests. Panel A is for price informativeness test. The dependent variable in all columns is future cash flow, proxied by EBIT in year *t+1*, scaled by total assets in year *t*. Market valuation, defined as $\log(M/A)$, is the natural log of market capitalization divided by total assets in year *t*. Panel B examines information asymmetry and local stock-picking ability. Columns 1-3 test adverse selection (*AdvSel*), defined as the portion of the bid-ask spread that compensates market makers for risks associated with informed trading. Columns 4-6 report results for the volume coefficient of variation (VCV), calculated as the standard deviation of trading turnover divided by its average over a given quarter. Columns 7-9 assess local stock-picking ability (*LSP*). The key explanatory variables are three alternative evenness-based RRI measures, as detailed in IA.D2. Standard errors are clustered at the commuting zone level. Note: *p<0.1; **p<0.05; *** p <0.01.

Panel: A Stock Informativeness Results

	Dependent Variable: Future Cash Flow		
	(1)	(2)	(3)
RRI Similarity × $\log(\frac{M}{A})$	0.043**		
	(0.019)		
RRI NegTheil (White VS Minority) × $\log(\frac{M}{A})$		0.041**	
		(0.018)	
RRI NegTheil (all) × $\log(\frac{M}{A})$			0.037*
			(0.022)
RRI Similarity	-0.118**		
	(0.050)		
RRI NegTheil (White VS Minority)		-0.135***	
		(0.049)	
RRI NegTheil (all)			-0.150***
			(0.046)
$\log(\frac{M}{A})$	0.061***	0.048***	0.047***
	(0.013)	(0.010)	(0.010)
Racial Diversity × $\log(\frac{M}{A})$	0.009	0.009	0.009
	(0.015)	(0.015)	(0.015)
$\log(\frac{M}{A})$ × Board Diversity	0.009**	0.009**	0.009**
	(0.004)	(0.004)	(0.004)
Age	0.008**	0.008**	0.008**
	(0.004)	(0.004)	(0.004)
Sale	0.022***	0.022***	0.022***
	(0.004)	(0.004)	(0.004)
Tangibility	-0.041***	-0.041***	-0.041***
	(0.013)	(0.013)	(0.013)
Cash Flow (t)	0.529***	0.528***	0.528***
	(0.029)	(0.029)	(0.029)
Invest	-0.108***	-0.107***	-0.107***
	(0.022)	(0.022)	(0.022)
Illiquidity	0.0003	0.0003	0.0003
	(0.0004)	(0.0004)	(0.0004)
Volp (ln)	-0.004***	-0.004***	-0.004***
	(0.0006)	(0.0006)	(0.0006)
Analyst Cover (ln)	-0.003**	-0.003*	-0.003*
	(0.002)	(0.002)	(0.002)
Leverage	0.047***	0.047***	0.047***

	Dependent Variable: Future Cash Flow		
	(1)	(2)	(3)
	(0.010)	(0.010)	(0.010)
Cash Holdings	-0.041***	-0.040***	-0.040***
	(0.012)	(0.012)	(0.012)
Asset (ln)	-0.012***	-0.012***	-0.012***
	(0.003)	(0.003)	(0.003)
IOR	-0.006	-0.006	-0.006
	(0.006)	(0.006)	(0.006)
Senior Ratio	-0.009	-0.017	-0.037
	(0.113)	(0.113)	(0.113)
Female Ratio	-1.18**	-1.33**	-1.28**
	(0.518)	(0.537)	(0.521)
Education	0.114*	0.131**	0.123**
	(0.062)	(0.062)	(0.058)
Population Density	4.02×10^{-6}	3.83×10^{-6}	5.13×10^{-6}
	(4.09×10^{-6})	(4×10^{-6})	(4.01×10^{-6})
Trust Index	0.043**	0.044**	0.043**
	(0.019)	(0.019)	(0.019)
Unemployment	0.061	0.062	0.063
	(0.081)	(0.083)	(0.085)
Racial Diversity	0.004	-0.003	-0.004
	(0.058)	(0.056)	(0.056)
Total Population (ln)	-0.012*	-0.013*	-0.013*
	(0.007)	(0.007)	(0.007)
White (%)	-0.029	-0.050	-0.056
	(0.136)	(0.144)	(0.145)
Hispanic (%)	0.008	-0.018	-0.026
	(0.122)	(0.127)	(0.128)
African American (%)	0.004	-0.018	-0.031
	(0.121)	(0.126)	(0.126)
Asian (%)	0.085	0.088	0.057
	(0.158)	(0.163)	(0.166)
Political Fragmentation	0.007	0.007	0.007
	(0.021)	(0.021)	(0.021)
Median Housing (ln)	-0.012*	-0.012*	-0.010
	(0.007)	(0.007)	(0.007)
Median Income (ln)	-0.015	-0.020	-0.020
	(0.020)	(0.019)	(0.019)
Regional Illiq	-0.007	0.010	-5.35×10^{-5}
	(0.152)	(0.152)	(0.152)
Regional Ret	0.021***	0.021***	0.021***
	(0.007)	(0.007)	(0.007)
Regional IO	0.017**	0.017**	0.016**
	(0.007)	(0.007)	(0.007)
Regional Mktcap (ln)	-0.006**	-0.006**	-0.006**
	(0.002)	(0.002)	(0.002)
Regional Nstocks (ln)	0.005	0.006	0.006
	(0.004)	(0.004)	(0.004)
Regional Fpd	-0.013*	-0.012*	-0.013*
	(0.007)	(0.007)	(0.007)
Year FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Observations	23,976	23,976	23,976
R^2	0.82271	0.82278	0.82276

Panel B: Stock Information Asymmetry and Fund Local Investing Results

	Dependent Variables:								
	Adverse Selection (%)			VCV			Local Stock-picking Ability (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
RRI Similarity	-1.94**			-0.792***			-4.83***		
	(0.749)			(0.275)			(1.33)		
RRI Similarity × IOR	-0.363			-0.494***					
	(0.274)			(0.188)					
RRI NegTheil (White VS Minority)		-2.18***			-0.363			-4.33***	
		(0.510)			(0.257)			(0.793)	
RRI NegTheil (White VS Minority) × IOR		-0.394			-0.630***				
		(0.285)			(0.168)				
RRI NegTheil (All)			-2.83***			-0.487*			-5.05***
			(0.492)			(0.276)			(0.710)
RRI NegTheil (All) × IOR			-0.357			-0.645***			
			(0.288)			(0.180)			
IOR	-0.304*	-0.205**	-0.192**	-0.334***	-0.221***	-0.218***			
	(0.158)	(0.084)	(0.083)	(0.109)	(0.049)	(0.050)			
Age	0.020***	0.020**	0.019**	-0.033***	-0.033***	-0.033***			
	(0.008)	(0.008)	(0.008)	(0.004)	(0.004)	(0.004)			
Inversed Volume	0.691***	0.691***	0.691***	0.573***	0.574***	0.574***			
	(0.030)	(0.031)	(0.030)	(0.031)	(0.031)	(0.031)			
Sale	0.004	0.004	0.005	-0.024***	-0.024***	-0.024***			
	(0.009)	(0.009)	(0.009)	(0.004)	(0.004)	(0.004)			
Tangibility	-0.025	-0.023	-0.023	-0.088***	-0.088***	-0.088***			
	(0.031)	(0.031)	(0.031)	(0.020)	(0.020)	(0.020)			
B/M	0.046***	0.046***	0.046***	-0.018***	-0.018***	-0.018***			
	(0.010)	(0.011)	(0.010)	(0.005)	(0.005)	(0.005)			
Leverage	0.216***	0.216***	0.215***	0.009	0.009	0.009			
	(0.038)	(0.038)	(0.038)	(0.021)	(0.021)	(0.021)			
Cash Holdings	-0.045	-0.045	-0.046	-0.021	-0.021	-0.021			
	(0.031)	(0.031)	(0.031)	(0.026)	(0.026)	(0.026)			
Payout	0.002	0.002	0.002	0.001	0.001	0.001			
	(0.003)	(0.003)	(0.003)	(0.0010)	(0.0010)	(0.0010)			
R&D (0/1)	-0.011	-0.011	-0.012	-0.007	-0.007	-0.007			

	Dependent Variables:								
	Adverse Selection (%)			VCV			Local Stock-picking Ability (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	(0.014)	(0.014)	(0.014)	(0.006)	(0.006)	(0.006)			
Advertising	0.009	0.009	0.008	0.0003	6.78×10^{-5}	1.84×10^{-5}			
	(0.009)	(0.009)	(0.009)	(0.007)	(0.007)	(0.007)			
Ret (t-1)	-0.073***	-0.074***	-0.074***	-0.039***	-0.039***	-0.039***			
	(0.015)	(0.015)	(0.015)	(0.004)	(0.004)	(0.004)			
Prc (t-1) (ln)	0.006	0.006	0.006	0.016***	0.016***	0.016***			
	(0.004)	(0.004)	(0.004)	(0.002)	(0.002)	(0.002)			
Volp (t-1) (ln)	-0.059**	-0.058**	-0.057**	0.006	0.005	0.005			
	(0.027)	(0.027)	(0.027)	(0.017)	(0.017)	(0.017)			
log(analysts+1)	-0.016**	-0.016**	-0.016**	-0.052***	-0.052***	-0.052***			
	(0.008)	(0.008)	(0.008)	(0.003)	(0.003)	(0.003)			
Market Cap (t-1)	-0.041***	-0.041***	-0.041***	-0.105***	-0.105***	-0.105***			
	(0.006)	(0.006)	(0.006)	(0.003)	(0.003)	(0.003)			
Senior Ratio	1.32	0.903	0.521	-0.722	-0.588	-0.639	0.269	-2.58	-2.27
	(2.14)	(2.01)	(1.93)	(0.824)	(0.834)	(0.844)	(2.94)	(2.66)	(2.57)
Female Ratio	12.9**	12.6**	13.1**	5.78**	5.68**	5.82**	-17.9	-11.8	-9.97
	(5.82)	(5.77)	(5.64)	(2.62)	(2.56)	(2.59)	(13.8)	(13.0)	(12.2)
Education	1.53**	1.88**	1.88**	0.673*	0.594*	0.582*	3.31***	2.97***	2.91***
	(0.762)	(0.774)	(0.727)	(0.358)	(0.349)	(0.344)	(1.09)	(1.11)	(1.05)
Population Density ($10k/km^2$)	-8.82***	-6.16*	-5.65*	4.21***	3.92***	4.18***	-10.9***	-10.1**	-11.5***
	(3.38)	(3.40)	(3.13)	(1.43)	(1.41)	(1.30)	(3.80)	(4.00)	(3.80)
Trust Index	0.438**	0.481***	0.436**	0.043	0.063	0.055	0.128	0.130	0.076
	(0.173)	(0.175)	(0.172)	(0.071)	(0.074)	(0.073)	(0.168)	(0.152)	(0.150)
Unemployment	0.357	0.426	0.339	-0.136	-0.132	-0.142	1.52	1.84**	1.43
	(0.797)	(0.805)	(0.808)	(0.247)	(0.251)	(0.253)	(0.967)	(0.886)	(0.931)
White (%)	3.67*	3.13	2.89	0.685	0.580	0.575	-9.71***	-10.3***	-9.84***
	(2.04)	(2.11)	(2.07)	(0.642)	(0.671)	(0.666)	(3.29)	(3.26)	(2.93)
Hispanic (%)	2.55	1.50	1.55	0.330	0.160	0.202	-12.0***	-13.9***	-13.0***
	(1.66)	(1.76)	(1.71)	(0.581)	(0.640)	(0.617)	(2.87)	(3.08)	(2.62)
African American (%)	2.10	1.54	1.08	-0.0005	-0.154	-0.191	-8.30**	-9.58***	-10.4***
	(2.16)	(2.08)	(2.06)	(0.652)	(0.691)	(0.692)	(3.31)	(3.34)	(2.99)
Asian (%)	5.63**	4.87**	3.68	1.08	1.19	0.959	-6.17*	-6.76**	-7.42**
	(2.39)	(2.43)	(2.41)	(0.884)	(0.918)	(0.926)	(3.46)	(3.24)	(2.83)

	Dependent Variables:								
	Adverse Selection (%)			VCV			Local Stock-picking Ability (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Racial Diversity	0.950*	0.806	0.748	0.375	0.372	0.372	-1.65	-1.43	-1.34
	(0.559)	(0.558)	(0.525)	(0.232)	(0.232)	(0.234)	(1.27)	(1.23)	(1.15)
Total Population (ln)	-0.004	-0.112	-0.133	-0.080	-0.067	-0.073	-0.211	-0.602*	-0.477
	(0.206)	(0.194)	(0.182)	(0.100)	(0.102)	(0.099)	(0.350)	(0.332)	(0.312)
Political Fragmentation	-0.079	-0.051	-0.045	-0.120*	-0.091	-0.091	-0.928***	-0.932***	-0.907***
	(0.205)	(0.192)	(0.187)	(0.068)	(0.069)	(0.070)	(0.296)	(0.278)	(0.268)
Median Housing (ln)	0.086	0.089	0.083	0.025	0.031	0.031	-0.223***	-0.199***	-0.212***
	(0.064)	(0.061)	(0.061)	(0.024)	(0.025)	(0.025)	(0.046)	(0.047)	(0.046)
Median Income (ln)	-0.242	-0.357	-0.408*	-0.066	-0.066	-0.072	-0.316	-0.287	-0.353
	(0.237)	(0.242)	(0.239)	(0.088)	(0.088)	(0.089)	(0.280)	(0.270)	(0.263)
Regional Illiq	-2.41*	-2.04	-2.00	1.96***	2.02***	2.04***	-8.16	-7.47	-7.72
	(1.38)	(1.37)	(1.36)	(0.561)	(0.557)	(0.557)	(7.84)	(8.03)	(7.98)
Regional Ret	0.011	0.011	0.011	-0.011	-0.011	-0.011	-0.178*	-0.170*	-0.174*
	(0.051)	(0.051)	(0.052)	(0.016)	(0.016)	(0.016)	(0.096)	(0.096)	(0.096)
Regional Mktcap (ln)	-0.040	-0.037	-0.036	0.008	0.008	0.009	-0.130***	-0.148***	-0.147***
	(0.030)	(0.030)	(0.030)	(0.008)	(0.007)	(0.007)	(0.047)	(0.047)	(0.044)
Regional IO	-0.049	-0.052	-0.067	0.006	0.003	-0.0009	0.235*	0.151	0.120
	(0.064)	(0.065)	(0.065)	(0.026)	(0.025)	(0.025)	(0.133)	(0.141)	(0.135)
Regional Nstocks (ln)	0.004	0.006	0.011	-0.011	-0.013	-0.012	0.075	0.039	0.044
	(0.044)	(0.044)	(0.044)	(0.015)	(0.015)	(0.015)	(0.052)	(0.050)	(0.051)
Regional Fpd	0.121*	0.126**	0.120*	-0.024	-0.025	-0.026	0.250***	0.236***	0.203**
	(0.062)	(0.063)	(0.063)	(0.023)	(0.023)	(0.023)	(0.084)	(0.083)	(0.080)
Expense Ratio							0.004	-0.038	0.019
							(1.26)	(1.27)	(1.26)
Net Flow							-0.021	-0.020	-0.021
							(0.018)	(0.018)	(0.018)
Total Load							0.170	0.188	0.193
							(0.180)	(0.180)	(0.180)
Turnover							0.0009	0.001	0.001
							(0.006)	(0.006)	(0.006)
Fund Age (ln)							0.0005	0.0001	6.73×10^{-5}
							(0.004)	(0.004)	(0.004)
TNA (ln)							0.002*	0.002*	0.002*

	Dependent Variables:								
	Adverse Selection (%)			VCV			Local Stock-picking Ability (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
							(0.001)	(0.001)	(0.001)
Nstocks (ln)							0.004	0.005	0.005
							(0.009)	(0.009)	(0.009)
Fund Family Asset (ln)							0.007**	0.007**	0.007**
							(0.003)	(0.003)	(0.003)
Fund Family Size (ln)							-0.013**	-0.014**	-0.013**
							(0.006)	(0.006)	(0.006)
Team Managed (0/1)							-0.006	-0.006	-0.006
							(0.004)	(0.004)	(0.004)
Single Mangager							-0.003	-0.003	-0.002
							(0.005)	(0.005)	(0.005)
Year × Quarter FE	Yes	Yes	Yes	Yes	Yes	Yes			
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes			
local region	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year × Quarter × Style FE							Yes	Yes	Yes
Observations	29,088	29,088	29,088	147,191	147,191	147,191	49,350	49,350	49,350
R^2	0.43172	0.43208	0.43239	0.36667	0.36670	0.36669	0.07137	0.07163	0.07185
Within R^2	0.16393	0.16445	0.16491	0.30898	0.30902	0.30901	0.00641	0.00669	0.00693

IA.D3 Placebo Test and Other Robustness Checks for Funds

Table IA.R3: Placebo Test and Other Robustness Checks at the fund level

This table presents fund-level results for index funds (Columns 1–2) as a placebo test, and alternative model specifications (Columns 3–5). Column 3 excludes funds headquartered in Massachusetts, New York, and California. Column 4 includes fund fixed effects. Column 5 adds controls for past local and nonlocal stock-picking performance. The dependent variable in Column 1 is local bias, defined as the difference between a fund's portfolio weight on local stocks and the local stocks' weight in the market portfolio (Wei and Zhang, 2020). Columns 2–5 use local stock-picking ability (LSP) as the dependent variable. LSP is a quarterly, portfolio-level measure that captures a fund's ability to predict local stock alphas. Local stocks are firms headquartered in the same commuting zone as the fund. RRI NegTheil measures the evenness aspect of racial residential integration. Standard errors are clustered at the commuting-zone level and reported in parentheses. Note: *p<0.1; **p<0.05; *** p <0.01.

	Index Funds		Removing MA,NY,CA	Fund FE	Extra Controls
	(1) Local Bias	(2) LSP(%)	(3) LSP(%)	(4) LSP(%)	(5) LSP(%)
RRI NegTheil	-0.166	-0.362	-2.73**	-4.23***	-4.79***
	(0.296)	(1.28)	(1.28)	(1.26)	(1.03)
Lagged Stock-picking Ability (%)					0.009
					(0.016)
Non Local Stock Picking (%)					0.022***
					(0.003)
Expense Ratio	-0.300	-1.63	0.143	-0.359	0.137
	(0.724)	(2.53)	(1.70)	(1.90)	(1.20)
Net Flow	0.004	0.003	-0.013	-0.044*	-0.022
	(0.003)	(0.012)	(0.028)	(0.025)	(0.016)
Total Load	-0.256	0.556	0.118	-0.007	0.213
	(0.196)	(0.748)	(0.382)	(0.316)	(0.183)
Turnover	0.0008	0.0009	-0.003	-0.002	0.003
	(0.0007)	(0.003)	(0.007)	(0.004)	(0.007)
Fund Age (ln)	0.003	0.009	0.004	0.013	0.0006
	(0.003)	(0.009)	(0.006)	(0.016)	(0.004)

	Index Funds		Removing MA,NY,CA	Fund FE	Extra Controls
	(1) Local Bias	(2) LSP(%)	(3) LSP(%)	(4) LSP(%)	(5) LSP(%)
TNA (ln)	-0.001	-0.005	0.0004	-0.013***	0.002**
	(0.002)	(0.004)	(0.002)	(0.003)	(0.001)
Nstocks (ln)	-0.001	-0.016	0.004	-0.006	0.005
	(0.007)	(0.017)	(0.007)	(0.013)	(0.010)
Fund Family Asset (ln)	-0.004*	-0.013	0.006	-0.0002	0.007**
	(0.002)	(0.008)	(0.006)	(0.005)	(0.003)
Fund Family Size (ln)	0.005	0.013	-0.011	-0.004	-0.011*
	(0.003)	(0.011)	(0.011)	(0.006)	(0.006)
Team Managed (0/1)	-0.006*	-0.019	-0.007	-0.007	-0.005
	(0.003)	(0.011)	(0.007)	(0.005)	(0.004)
Single Mangager	0.001	-0.0004	-0.003	-0.002	-0.001
	(0.003)	(0.011)	(0.009)	(0.006)	(0.005)
Senior Ratio	-0.993	-9.50	-0.423	-2.72	-1.58
	(0.968)	(8.40)	(2.30)	(2.17)	(2.72)
Female Ratio	3.41	54.2***	-15.6	-15.4	-14.5
	(4.62)	(17.9)	(12.2)	(13.1)	(13.4)
Education	-0.736	3.98**	1.48	3.40***	3.31***
	(0.443)	(1.63)	(1.04)	(1.22)	(1.08)
Population Density ($10k/km^2$)	7.13***	-17.3	18.1	-10.6**	-8.63**
	(2.22)	(13.3)	(16.4)	(4.33)	(3.60)
Trust Index	0.064	0.450	-0.070	0.266*	0.084
	(0.051)	(0.365)	(0.180)	(0.139)	(0.162)
Unemployment	0.141	1.13	1.30*	1.55	1.54
	(0.167)	(1.79)	(0.735)	(0.969)	(1.01)
White (%)	0.677	-10.7*	-1.27	-11.8***	-10.3***
	(1.43)	(5.85)	(3.10)	(3.00)	(2.92)
Hispanic (%)	0.655	-20.1***	-5.94**	-13.9***	-12.5***
	(1.68)	(7.29)	(2.71)	(3.06)	(2.65)
African American (%)	0.664	-27.3**	-4.67	-12.9***	-9.48***
	(2.40)	(11.0)	(2.94)	(3.68)	(3.32)
Asian (%)	0.336	-13.5**	-2.06	-9.54***	-7.28**
	(1.68)	(6.43)	(4.00)	(3.13)	(3.15)
Racial Diversity	0.199	2.56	2.87**	-2.27*	-2.10*
	(0.531)	(2.84)	(1.32)	(1.15)	(1.13)
Total Population (ln)	-0.258*	0.653*	0.011	-0.283	-0.502
	(0.152)	(0.356)	(0.339)	(0.394)	(0.317)

	Index Funds		Removing MA,NY,CA	Fund FE	Extra Controls
	(1) Local Bias	(2) LSP(%)	(3) LSP(%)	(4) LSP(%)	(5) LSP(%)
Political Fragmentation	0.005	-0.981	-0.437	-0.890**	-1.09***
	(0.159)	(0.609)	(0.353)	(0.357)	(0.298)
Median Housing (ln)	0.017	-0.042	-0.198*	-0.175***	-0.212***
	(0.015)	(0.128)	(0.106)	(0.054)	(0.045)
Median Income (ln)	-0.111**	0.601	-0.440	-0.168	-0.267
	(0.050)	(0.655)	(0.279)	(0.302)	(0.267)
Regional Ret	0.016**	0.061	-0.157	-0.167*	-0.181*
	(0.007)	(0.088)	(0.107)	(0.089)	(0.097)
Regional Illiq	-0.266	-6.94	-12.6	-8.68	-9.98
	(0.166)	(5.24)	(8.85)	(8.51)	(8.05)
Regional Fpd	-1.51×10^{-5}	0.034	0.178**	0.223**	0.266***
	(0.016)	(0.186)	(0.078)	(0.092)	(0.091)
Regional Nstocks (ln)	-0.007	0.026	0.050	0.032	0.039
	(0.009)	(0.108)	(0.056)	(0.055)	(0.050)
Regional Mktcap (ln)	-0.038***	-0.016	-0.127***	-0.161***	-0.149***
	(0.011)	(0.062)	(0.045)	(0.058)	(0.050)
Regional IO	0.036	0.003	-0.088	0.211	0.160
	(0.026)	(0.295)	(0.109)	(0.145)	(0.144)
Year × Quarter × Style FE	Yes	Yes	Yes		Yes
Commuting Zone FE	Yes	Yes	Yes	Yes	Yes
Year × Quarter FE				Yes	
Fund FE				Yes	
Commuting Zone FE	Yes	Yes	Yes	Yes	Yes
Observations	5,437	5,437	22,745	49,350	47,650
R^2	0.53603	0.18400	0.06938	0.09508	0.08245
Within R^2	0.11380	0.01156	0.01087	0.00515	0.01674

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