TABLE 2—HEDGING HUMAN CAPITAL

Investor nationality	# of lags in VAR	Composition of hedge portfolio (shares in each country's traded assets)			
		Japan	Germany	U.K.	U.S.
		A. Local currency returns			
Japan	1 lag	**0.7275**	0.0090	0.0315	−0.0113
	2 lags	**0.7100**	0.0117	0.0595	−0.0315
	3 lags	**0.7173**	−0.0117	0.0174	0.0077
Germany	1 lag	0.0055	**0.5368**	0.0715	−0.0119
	2 lags	−0.0215	**0.5974**	0.0359	−0.0197
	3 lags	−0.0217	**0.4637**	0.0726	0.0139
U.K.	1 lag	0.0105	−0.0419	**0.9255**	−0.0330
	2 lags	0.0107	−0.0747	**0.9503**	−0.0165
	3 lags	0.0095	−0.1947	**0.8919**	0.1500
U.S.	1 lag	0.0131	−0.0559	0.0277	**0.8582**
	2 lags	0.0095	−0.0179	0.0416	**0.8367**
	3 lags	0.0067	−0.0259	0.0275	**0.8420**
		B. Investor's home currency returns			
Japan	1 lag	**0.7321**	0.0092	0.0005	0.0053
	2 lags	**0.7124**	0.0061	0.0008	0.0022
	3 lags	**0.7185**	0.0051	0.0007	−0.0005
Germany	1 lag	0.0046	**0.5503**	−0.0217	−0.0041
	2 lags	−0.0113	**0.6069**	−0.0287	0.0044
	3 lags	−0.0092	**0.5109**	−0.0166	−0.0003
U.K.	1 lag	0.0069	0.0272	**0.8713**	−0.0234
	2 lags	0.0035	0.0541	**0.8472**	−0.0141
	3 lags	−0.0037	0.0645	**0.8856**	−0.0011
U.S.	1 lag	0.0125	0.0077	−0.0135	**0.8460**
	2 lags	0.0085	0.0105	−0.0099	**0.8495**
	3 lags	0.0065	0.0072	−0.0053	**0.8514**