Internet Appendix A225: Finance: Investor Attention
Illustrative Reverse Engineered Pitch Template Example

Pitcher's Name	Yue Dong (UQ Summer Scholar)	FoR category	Investor attention	**Date Completed**	30/01/2018
(A) Full reference	Adachi, Y., Masuda, M., & Takeda, F. (2017). Google search intensity and its relationship to the returns and liquidity of Japanese startup stocks. *Pacific-Basin Finance Journal*, *46*, 243-257.				
(B) Basic Research Question	This study investigates the relationship between investor attention and stock price movements in Japan's two representative startup stock exchanges, Mothers and JASDAQ.				
(C) Key paper(s)	● Bank, M., Larch, M., & Peter, G. (2011). Google search volume and its influence on liquidity and returns of German stocks. *Financial markets and portfolio management*, *25*(3), 239. ● Da, Z., Engelberg, J., & Gao, P. (2011). In search of attention. *The Journal of Finance*, *66*(5), 1461-1499. ● Takeda, F., & Wakao, T. (2014). Google search intensity and its relationship with returns and trading volume of Japanese stocks. *Pacific-Basin Finance Journal*, *27*, 1-18.				
(D) Motivation/Puzzle	Traditional asset-pricing models tend to be based on the efficient market hypothesis, according to which market prices reflect all available information. In reality though, investors may direct their limited attention towards stocks they are interested in and make their decisions according to the information they have on hand. It raises doubts about the efficient market hypothesis and suggests that investor attention may play a significant role in the determination of stock price. The authors are broadly motivated by the investor recognition hypothesis (increasing investors' attention leads to an increase in stock prices and liquidity).				
THREE	**Three** core aspects of any empirical research project i.e. the "**ID**io**T**s" guide				
(E) Idea?	The core idea of this paper is to investigate the role of investor attention in stock return and trading volume in Japan's startup stock exchanges. Search Volume Index (SVI) is used as a measure of investor interest in stocks. There are five main hypotheses: 1. The SVI is positively associated with stock returns in the short term. 2. The SVI is positively associated with stock returns in the long term. 3. The initial positive relationship between the SVI and stock returns is larger for start-up stocks than for the TSE stocks. 4. The SVI is positively associated with liquidity. 5. The positive relationship between the SVI and liquidity is stronger for startup stocks than for the TSE stocks.				
(F) Data?	By the end of April 2016, 227 firms are listed on Mothers and 134 on JASDAQ, 153 observations have been dropped as they do not meet the selection criteria (e.g. listed before January 2014 (Mothers) / April 2012 (JASDAQ), have valid keywords or have SVI data). Consequently, the sample used in this study includes 108 stocks traded on Mothers and 100 stocks traded on JASDAQ. SVI is obtained through Google Trends.				

(G) Tools?	The authors conduct multivariate regressions analysis, which is suggested by the prior literature. The key independent variables are the stock return and trading volume, while the key dependent variable is the SVI. Fama-French three-factor model is used.
TWO	**Two** key questions
(H) What's New?	The research design of this paper is much similar with the existing literature. However, distinguished with the prior studies, this paper focuses on the relationship of between investor attention and stock price movements in Japan startup stock exchanges (Mothers and JASDAQ) instead of those large and established markets.
(I) So What?	There are three main reasons of focusing on the startup market: 1). Startup markets have a higher ratio of individual investors, who tend to have limited access to sophisticated databases and smaller portfolio. 2). Companies listed on startup markets could have higher future cashflows, while investors tend to have less information on them. 3.) Startup companies are likely to focus more on limited lines of business, and so more likely to reduce noise in search results for these companies and lead to a more precise relationship between investor attention and stock price movement. The result of paper will be different than those studies of large and established companies, which have additional implications for those investors and other market participants to make informed decisions.
ONE	**One** bottom line
(J) Contribution?	There are three main contributions of this paper. First, it is the first paper to use data on startup markets to show the price pressure hypothesis. Second, unlike trends found for the large and established markets examined in the previous studies, the authors do not observe clear reversals after an initial increase in stock prices. This difference suggests that information obtained through Internet search activities is likely to be relevant to an increase in the future value of startup firms, which tend to maintain less effective information environments than large and established firms. Third, they also provide evidence that the relationship between search intensity and stock return/trading volume is more significant among firms with a higher proportion of individual shareholders.
(K) 3 key findings	1. There is a positive relationship between search intensity and stock returns/trading volume. 2. An immediate increase in stock returns of startup firms may not neutralized in the long run. 3. A stronger correlation exists for smaller firms with a high proportion of individual investors.