

Internet Appendix

Peer versus Pure Benchmarks in the Compensation
of Mutual Fund Managers

March 2023

TABLE A1

Benchmarks and Activeness: Alternative Activeness Measures

This table re-examines the relationship between compensation benchmarks and alternative proxies of fund activeness. The dependent variable is MINIMUM_ACTIVE_SHARE in columns 1, R2 using 4-factor (Carhart, 1997) and 7-factor (Cremers, Petajisto, and Zitzewitz (2012)) models plus a host of additional factors in Column 2 and 3, respectively. These additional factors include Fama and French (2015) profitability and investment factors; the Stambaugh and Yuan (2017) management and performance factors; the Frazzini and Pedersen (2014) betting against-beta factor; the Asness, Frazzini, and Pedersen (2019) quality-minus-junk factor; and the Pastor and Stambaugh (2003) traded liquidity factor. In column 4, we use Sharpe (1992)'s manager skill measure ($1-R^2$) from a style factor model proposed by Sharpe (1992)) as the dependent variable. Standard errors are adjusted for heteroscedasticity and clustered by fund. t-statistics are reported below the coefficients in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

	Only Peer vs. Only Pure			
	MIN_ACTIVE_SHARE	CARHART_4F + ADDTL.	CPZ_7F + ADDTL.	SHARPE'S_MGR_SKILLS
	1	2	3	4
	ACTIVE_SHARE	R^2	R^2	$1-R^2$
PEER_BENCHMARK	2.554** (2.07)	-0.380* (-1.84)	-0.330* (-1.79)	0.648* (1.65)
log(FUND_SIZE)	0.966 (1.51)	-0.074 (-0.86)	-0.059 (-0.79)	0.122 (0.76)
log(FUND_AGE)	-0.673 (-0.60)	0.282* (1.67)	0.257* (1.73)	-0.632** (-2.15)
EXPENSE	23.310*** (8.31)	-2.595*** (-10.89)	-2.379*** (-10.51)	4.632*** (8.50)
log(TURNOVER)	1.203 (1.14)	-0.110 (-1.11)	-0.080 (-0.90)	0.455** (2.09)
TEAM	5.824*** (3.93)	0.133 (0.64)	0.071 (0.39)	-0.902** (-2.22)
log(MANAGER_TENURE)	2.106*** (2.62)	-0.165 (-1.51)	-0.181* (-1.85)	0.555*** (2.63)
log(FAMILY_SIZE)	-1.126** (-2.35)	0.085 (1.52)	0.087* (1.74)	-0.253** (-2.15)
PCT_NO_LOAD	4.509** (2.21)	-1.334*** (-4.93)	-1.194*** (-5.03)	1.594*** (2.94)
MS Category*Year FEs	Yes	Yes	Yes	Yes
Observations	2,099	2,818	2,818	2,883
Adjusted R ²	0.518	0.474	0.441	0.471

TABLE A2
Benchmarks and Activeness: All Sample

This table re-examines the relationship between compensation benchmarks and proxies of fund activeness using all sample of funds with compensation benchmarks. The dependent variable is ACTIVE_SHARE in columns 1, R^2 and TRACKING_ERROR relative to the pure benchmarks in column 2 and 3, respectively. We also construct the R^2 and TRACKING_ERROR relative to the peer benchmarks and report the results in columns 4 and 5, respectively. Standard errors are adjusted for heteroscedasticity and clustered by fund. t-statistics are reported below the coefficients in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

	All Sample				
	vs. Pure Bench			vs. Peer Bench	
	1	2	3	4	5
	ACTIVE_SHARE	R^2	TRACK_ERROR	R^2	TRACK_ERROR
PEER_BENCHMARK	-1.322 (-1.06)	0.259 (0.74)	-0.023 (-0.64)	0.602** (2.31)	-0.086*** (-3.05)
PURE_BENCHMARK	-2.587** (-2.35)	2.543*** (5.28)	-0.248*** (-5.93)	1.349*** (3.84)	-0.152*** (-4.46)
log(FUND_SIZE)	0.747* (1.71)	-0.203 (-1.43)	0.046*** (3.48)	0.040 (0.37)	0.003 (0.26)
log(FUND_AGE)	0.863 (1.13)	0.192 (0.63)	-0.033 (-1.24)	0.315 (1.51)	-0.034* (-1.68)
EXPENSE	21.140*** (9.92)	-5.659*** (-11.50)	0.639*** (13.01)	-3.992*** (-10.65)	0.409*** (10.97)
log(TURNOVER)	3.481*** (5.28)	-0.123 (-0.73)	0.053*** (3.05)	-0.082 (-0.59)	0.031** (2.20)
TEAM	0.815 (0.79)	0.606* (1.84)	-0.027 (-0.85)	0.259 (1.04)	-0.002 (-0.07)
log(MANAGER_TENURE)	2.579*** (4.40)	-0.555*** (-3.19)	0.066*** (3.90)	-0.477*** (-3.54)	0.071*** (5.27)
log(FAMILY_SIZE)	-0.962*** (-2.85)	0.230** (2.09)	-0.025** (-2.29)	0.162** (1.99)	-0.010 (-1.07)
PCT_NO_LOAD	1.237 (0.72)	-1.686*** (-3.47)	0.117*** (2.63)	-1.222*** (-3.44)	0.084** (2.33)
MS Category*Year FEs	Yes	Yes	Yes	Yes	Yes
Observations	5,107	5,629	5,794	5,685	5,801
Adjusted R ²	0.573	0.402	0.401	0.401	0.366

TABLE A3
Benchmarks and Fees: All Sample

This table re-examines the relationship between fund fees and compensation benchmarks using all sample of funds with compensation benchmarks. Standard errors are adjusted for heteroscedasticity and clustered by fund. t-statistics are reported below the coefficients in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% level, respectively.

	All Sample			
	1	2	3	4
	ADVISORY_FEE (\$)	ADVISORY_FEE_RATE	EXP_RATIO (\$)	EXPENSE_RATIO
PEER_BENCHMARK	0.217*** (3.58)	0.007 (0.45)	0.088*** (2.60)	-0.002 (-0.08)
PURE_BENCHMARK	-0.049 (-1.10)	-0.049*** (-3.06)	-0.166*** (-5.07)	-0.179*** (-7.88)
log(FUND_SIZE)	0.968*** (59.35)	-0.008 (-1.61)	0.941*** (84.48)	-0.042*** (-5.63)
log(FUND_AGE)	-0.016 (-0.49)	-0.019* (-1.87)	0.019 (0.89)	0.031** (2.28)
log(TURNOVER)	0.231*** (10.06)	0.075*** (10.64)	0.138*** (8.95)	0.091*** (8.97)
TEAM	0.169*** (3.78)	0.042*** (3.24)	0.065** (2.28)	0.026 (1.50)
log(MANAGER_TENURE)	0.087*** (3.65)	0.039*** (5.57)	0.064*** (4.16)	0.036*** (3.58)
log(FAMILY_SIZE)	-0.122*** (-6.38)	-0.039*** (-8.30)	-0.064*** (-6.20)	-0.046*** (-7.50)
PCT_NO_LOAD	-0.219*** (-3.21)	-0.057*** (-2.90)	-0.427*** (-10.39)	-0.366*** (-14.87)
MS Category*Year FEs	Yes	Yes	Yes	Yes
Observations	5,694	5,694	5,803	5,803
Adjusted R ²	0.777	0.363	0.891	0.466

TABLE A4

Benchmarks and Performance: Other Sophistication Measures

This table repeats the analysis in Table 5 using alternative investor sophistication measures: %_HF_CLIENT in Panel A and AVERAGE_ACCOUNT_SIZE in Panel B. Standard errors are adjusted for heteroscedasticity and clustered by fund. T-statistics are reported in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5% and 10% level, respectively.

Panel A. Sophistication Measure: %_HF_CLIENT

	Only Peer vs. Only Pure					
	1 GROSS PROS_ALPHA	2 NET PROS_ALPHA	3 GROSS 4F_ALPHA	4 NET 4F_ALPHA	5 DGTW_RET.	6 MS_RATINGS
PEER_BENCHMARK	0.894*** (3.08)	0.926*** (3.17)	0.557** (2.02)	0.569** (2.05)	0.711*** (3.15)	0.464*** (5.46)
log(FUND_SIZE)	-0.156 (-1.41)	-0.146 (-1.30)	-0.256** (-2.30)	-0.252** (-2.26)	-0.077 (-0.79)	0.143*** (4.63)
log(FUND_AGE)	-0.196 (-0.84)	-0.211 (-0.90)	-0.048 (-0.22)	-0.061 (-0.27)	-0.230 (-1.27)	-0.277*** (-3.99)
EXPENSE	-0.637 (-1.21)	-1.518*** (-2.83)	-0.474 (-0.98)	-1.375*** (-2.80)	-0.056 (-0.13)	-0.519*** (-3.90)
log(TURNOVER)	-0.400** (-2.11)	-0.410** (-2.15)	-0.532*** (-3.05)	-0.539*** (-3.05)	-0.490*** (-3.41)	-0.127** (-2.50)
TEAM	0.209 (0.65)	0.251 (0.77)	0.640** (2.01)	0.663** (2.09)	0.042 (0.15)	0.154* (1.94)
log(MANAGER_TENURE)	0.035 (0.18)	0.020 (0.10)	0.110 (0.61)	0.106 (0.58)	-0.194 (-1.23)	0.109** (2.35)
ACTIVE_SHARE	0.024*** (2.68)	0.023** (2.50)	0.001 (0.13)	0.0001 (0.01)	0.018** (2.51)	0.006** (2.15)
PERFORMANCE_ADV_FEE	-0.517 (-1.07)	-0.489 (-0.98)	-0.678 (-1.14)	-0.655 (-1.10)	-0.686 (-1.11)	0.095 (0.46)
log(FAMILY_SIZE)	-0.049 (-0.55)	-0.045 (-0.50)	0.065 (0.79)	0.067 (0.81)	0.010 (0.16)	-0.046** (-2.02)
PCT_HEDGE_FUND_CLIENT	0.698 (0.47)	0.742 (0.50)	0.459 (0.35)	0.464 (0.35)	0.641 (0.65)	0.496 (1.21)
MS Category*Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,500	1,503	1,500	1,503	1,528	1,534
Adjusted R ²	0.260	0.255	0.259	0.258	0.211	0.198

TABLE A4
Benchmarks and Performance: Other Sophistication Measures - Continued

Panel B. Sophistication Measure: AVERAGE_ACCOUNT_SIZE

	Only Peer vs. Only Pure					
	1 GROSS PROS_ALPHA	2 NET PROS_ALPHA	3 GROSS 4F_ALPHA	4 NET 4F_ALPHA	5 DGTW_RET.	6 MS_RATINGS
PEER_BENCHMARK	0.737*** (2.66)	0.748*** (2.69)	0.296 (1.07)	0.286 (1.02)	0.404* (1.75)	0.386*** (4.65)
log(FUND_SIZE)	-0.170 (-1.48)	-0.166 (-1.44)	-0.205* (-1.73)	-0.207* (-1.75)	-0.052 (-0.50)	0.134*** (4.28)
log(FUND_AGE)	0.050 (0.21)	0.045 (0.19)	-0.019 (-0.08)	-0.012 (-0.05)	-0.214 (-1.04)	-0.234*** (-3.52)
EXPENSE	-0.598 (-1.11)	-1.449*** (-2.60)	-0.455 (-0.89)	-1.327** (-2.53)	0.234 (0.48)	-0.456*** (-3.17)
log(TURNOVER)	-0.439*** (-2.62)	-0.451*** (-2.67)	-0.275 (-1.60)	-0.283 (-1.63)	-0.387*** (-2.84)	-0.117** (-2.35)
TEAM	0.305 (0.94)	0.332 (1.01)	0.695*** (2.07)	0.709** (2.11)	0.111 (0.37)	0.171** (2.20)
log(MANAGER_TENURE)	-0.100 (-0.49)	-0.107 (-0.52)	-0.009 (-0.05)	-0.002 (-0.01)	-0.226 (-1.35)	0.101** (2.19)
ACTIVE_SHARE	0.020** (2.41)	0.019** (2.29)	-0.004 (-0.50)	-0.005 (-0.59)	0.016** (2.51)	0.008*** (3.13)
PERFORMANCE_ADV_FEE	-0.538 (-1.14)	-0.524 (-1.08)	-0.633 (-1.09)	-0.616 (-1.05)	-0.549 (-0.93)	0.068 (0.34)
log(FAMILY_SIZE)	-0.054 (-0.59)	-0.046 (-0.50)	-0.028 (-0.32)	-0.021 (-0.23)	0.036 (0.50)	-0.033 (-1.37)
AVG_ACCOUNT_SIZE	-0.058 (-0.65)	-0.047 (-0.52)	-0.076 (-0.81)	-0.063 (-0.66)	0.029 (0.33)	0.055* (1.86)
MS Category*Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,539	1,545	1,539	1,545	1,562	1,568
Adjusted R ²	0.222	0.220	0.224	0.221	0.188	0.189

TABLE A5

Benchmarks and Performance: Alternative Alpha Measures

This table repeats the analysis in Table 5 using alternative performance measures. Fund performance is measured by gross/net minimum-active-share-benchmark alpha in Columns 1 and 2 (Cremers, Fulkerson, and Riley (2022)), gross/net Cremers, Petajisto, and Zitzewitz (2012) 4-factor model alpha in Columns 3 and 4, and gross/net Cremers, Petajisto, and Zitzewitz (2012) 7-factor model alpha in Columns 5 and 6. We consider both gross and net versions of each measure. Standard errors are adjusted for heteroscedasticity and clustered by fund. T-statistics are reported below the coefficients in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5% and 10% level, respectively.

	Only Peer & Only Pure					
	1 GROSS_AS_ BENCH_ALPHA	2 NET_AS_ BENCH_ALPHA	3 GROSS_ IDX4_ALPHA	4 NET_ IDX4_ALPHA	5 GROSS_ IDX7_ALPHA	6 NET_ IDX7_ALPHA
PEER_BENCHMARK	0.678** (2.56)	0.631** (2.39)	0.447* (1.85)	0.439* (1.81)	0.487** (2.00)	0.486** (1.99)
log(FUND_SIZE)	-0.260*** (-2.72)	-0.268*** (-2.79)	-0.312*** (-3.60)	-0.310*** (-3.57)	-0.328*** (-3.70)	-0.325*** (-3.67)
log(FUND_AGE)	0.190 (1.00)	0.184 (0.97)	0.154 (0.91)	0.147 (0.86)	0.138 (0.79)	0.124 (0.71)
EXPENSE	-0.484 (-1.05)	-1.390*** (-2.99)	-0.806** (-2.12)	-1.710*** (-4.46)	-0.934** (-2.36)	-1.860*** (-4.64)
log(TURNOVER)	-0.456*** (-2.69)	-0.487*** (-2.89)	-0.348*** (-2.63)	-0.357*** (-2.69)	-0.348** (-2.56)	-0.353*** (-2.59)
TEAM	0.277 (0.97)	0.339 (1.17)	0.424* (1.74)	0.431* (1.78)	0.279 (1.13)	0.292 (1.18)
log(MANAGER_TENURE)	-0.095 (-0.53)	-0.123 (-0.68)	0.001 (0.01)	0.004 (0.02)	0.052 (0.37)	0.051 (0.36)
ACTIVE_SHARE	0.006 (0.78)	0.005 (0.64)	0.0003 (0.05)	-0.0003 (-0.04)	0.005 (0.72)	0.004 (0.61)
PERFORMANCE_ADV_FEE	-1.110* (-1.75)	-1.121* (-1.78)	-0.340 (-0.57)	-0.316 (-0.53)	-0.519 (-0.92)	-0.507 (-0.90)
log(FAMILY_SIZE)	0.090 (1.19)	0.088 (1.16)	0.084 (1.29)	0.089 (1.37)	0.095 (1.41)	0.095 (1.42)
PCT_NO_LOAD	0.477 (1.32)	0.448 (1.22)	0.128 (0.42)	0.166 (0.54)	-0.053 (-0.16)	-0.031 (-0.09)
MS Category*Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,556	2,563	2,562	2,566	2,562	2,566
Adjusted R ²	0.144	0.143	0.213	0.218	0.137	0.141

TABLE A6

Benchmarks and Performance: Additional Controls

This table repeats the analysis in Table 5 with an additional control: R^2 with respect to peer benchmark. Standard errors are adjusted for heteroscedasticity and clustered by fund. T-statistics are reported below the coefficients in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5% and 10% level, respectively.

	Only Peer vs. Only Pure					
	1 GROSS_ PROS_ALPHA	2 NET_ PROS_ALPHA	3 GROSS_ 4F_ALPHA	4 NET_ 4F_ALPHA	5 DGTW_RET.	6 MS_RATINGS
PEER_BENCHMARK	0.683*** (2.86)	0.678*** (2.82)	0.577** (2.31)	0.574** (2.28)	0.353* (1.79)	0.310*** (4.64)
log(FUND_SIZE)	-0.260*** (-3.08)	-0.264*** (-3.09)	-0.342*** (-3.88)	-0.342*** (-3.86)	-0.095 (-1.26)	0.139*** (5.51)
log(FUND_AGE)	0.176 (1.01)	0.169 (0.97)	0.163 (0.91)	0.157 (0.87)	-0.098 (-0.62)	-0.246*** (-4.73)
EXPENSE	-0.660* (-1.70)	-1.560*** (-3.96)	-1.052*** (-2.69)	-1.985*** (-5.03)	-0.302 (-0.87)	-0.288*** (-2.75)
log(TURNOVER)	-0.286** (-2.16)	-0.302** (-2.27)	-0.338** (-2.51)	-0.347** (-2.56)	-0.437*** (-3.89)	-0.132*** (-3.57)
TEAM	0.216 (0.89)	0.232 (0.94)	0.401 (1.63)	0.420* (1.70)	0.180 (0.84)	0.218*** (3.74)
log(MANAGER_TENURE)	0.043 (0.29)	0.045 (0.30)	0.101 (0.72)	0.101 (0.72)	-0.141 (-1.22)	0.094*** (2.75)
ACTIVE_SHARE	0.008 (1.11)	0.007 (1.04)	-0.001 (-0.18)	-0.002 (-0.23)	0.009* (1.67)	0.005** (2.49)
PERFORMANCE_ADV_FEE	-0.503 (-1.13)	-0.495 (-1.09)	-0.604 (-1.09)	-0.585 (-1.06)	-0.533 (-0.98)	0.089 (0.44)
log(FAMILY_SIZE)	0.066 (1.01)	0.076 (1.14)	0.069 (1.03)	0.072 (1.07)	0.018 (0.32)	-0.016 (-0.83)
PCT_NO_LOAD	0.568* (1.85)	0.603* (1.95)	-0.102 (-0.32)	-0.074 (-0.23)	0.040 (1.14)	0.370*** (4.22)
R^2 (vs. Peer Bench)	0.029 (0.72)	0.032 (0.81)	-0.079* (-1.82)	-0.078* (-1.78)	0.002 (0.06)	-0.007 (-0.75)
R^2 (vs. Pure Bench)	-0.056* (-1.80)	-0.058* (-1.85)	0.057* (1.66)	0.056 (1.62)	-0.010 (-0.39)	0.005 (0.66)
MS Category*Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,493	2,497	2,493	2,497	2,475	2,497
Adjusted R ²	0.227	0.227	0.224	0.229	0.202	0.191

TABLE A7
Benchmarks and Performance: All Sample

This table repeats the analysis in Table 5 using all sample of funds with compensation benchmarks. Standard errors are adjusted for heteroscedasticity and clustered by fund. T-statistics are reported below the coefficients in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5% and 10% level, respectively.

	All Sample					
	1	2	3	4	5	6
	GROSS_ PROS_ALPHA	NET_ PROS_ALPHA	GROSS_ 4F_ALPHA	NET_ 4F_ALPHA	DGTW_RET.	MS_RATINGS
PEER_BENCHMARK	0.327** (2.01)	0.336** (2.06)	0.356** (2.08)	0.346** (2.02)	0.224* (1.71)	0.210*** (4.28)
PURE_BENCHMARK	-0.366** (-1.96)	-0.363* (-1.94)	0.010 (0.05)	0.019 (0.10)	-0.174 (-1.12)	-0.083 (-1.43)
log(FUND_SIZE)	-0.191*** (-3.23)	-0.194*** (-3.27)	-0.264*** (-4.41)	-0.265*** (-4.41)	-0.098** (-2.05)	0.135*** (8.04)
log(FUND_AGE)	0.214* (1.75)	0.195 (1.59)	0.251** (2.02)	0.251** (2.02)	0.145 (1.42)	-0.206*** (-5.66)
EXPENSE	-0.008 (-0.03)	-0.954*** (-3.67)	-0.454* (-1.72)	-1.381*** (-5.25)	-0.023 (-0.11)	-0.274*** (-3.87)
log(TURNOVER)	-0.154* (-1.84)	-0.154* (-1.83)	-0.221*** (-2.66)	-0.219*** (-2.65)	-0.278*** (-4.11)	-0.073*** (-2.99)
TEAM	-0.239 (-1.47)	-0.228 (-1.39)	-0.012 (-0.07)	-0.008 (-0.05)	-0.067 (-0.50)	0.026 (0.60)
log(MANAGER_TENURE)	0.118 (1.22)	0.119 (1.23)	0.025 (0.26)	0.027 (0.29)	0.061 (0.75)	0.097*** (3.97)
ACTIVE_SHARE	0.011*** (2.99)	0.011*** (2.93)	0.0009 (0.22)	0.0003 (0.08)	0.009*** (2.81)	0.007*** (6.48)
PERFORMANCE_ADV_FEE	-0.687* (-1.75)	-0.678* (-1.68)	-0.604 (-1.18)	-0.593 (-1.16)	-0.635 (-1.25)	0.026 (0.15)
log(FAMILY_SIZE)	0.129*** (2.62)	0.138*** (2.80)	0.109** (2.24)	0.114** (2.34)	0.075* (1.91)	-0.007 (-0.50)
PCT_NO_LOAD	0.494** (2.39)	0.526** (2.53)	0.147 (0.70)	0.180 (0.85)	0.230 (1.33)	0.342*** (5.72)
MS Category*Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4,998	5,025	5,009	5,036	5,068	5,107
Adjusted R ²	0.217	0.216	0.249	0.254	0.244	0.154

TABLE A8

Benchmarks and Performance: Top Benchmarks vs. Others

This table repeats the analysis in Table 5, differentiating top 5 benchmarks from other benchmarks. Standard errors are adjusted for heteroscedasticity and clustered by fund. T-statistics are reported below the coefficients in parentheses. Coefficients marked with ***, **, and * are significant at the 1%, 5% and 10% level, respectively.

	1 GROSS_ PROS_ALPHA	2 NET_ PROS_ALPHA	3 GROSS_ 4F_ALPHA	4 NET_ 4F_ALPHA	5 DGTW_RET.	6 MS_RATINGS
PEER_BENCHMARK_TOP_5	0.520* (1.96)	0.519* (1.94)	0.370 (1.29)	0.365 (1.26)	0.241 (1.11)	0.230*** (3.04)
PEER_BENCHMARK_OTHERS	1.104*** (3.68)	1.110*** (3.72)	0.672** (2.11)	0.640** (2.01)	0.707*** (2.68)	0.408*** (4.22)
log(FUND_SIZE)	-0.254*** (-3.06)	-0.265*** (-3.16)	-0.364*** (-4.17)	-0.369*** (-4.22)	-0.128* (-1.74)	0.127*** (5.10)
log(FUND_AGE)	0.183 (1.05)	0.175 (1.01)	0.145 (0.81)	0.146 (0.82)	0.010 (0.06)	-0.229*** (-4.40)
EXPENSE	-0.642* (-1.66)	-1.558*** (-4.01)	-1.115*** (-2.86)	-2.025*** (-5.17)	-0.326 (-0.96)	-0.312*** (-3.03)
log(TURNOVER)	-0.275** (-2.04)	-0.284** (-2.09)	-0.314** (-2.23)	-0.316** (-2.24)	-0.386*** (-3.41)	-0.120*** (-3.31)
TEAM	0.192 (0.78)	0.210 (0.85)	0.407 (1.62)	0.409 (1.62)	0.201 (0.93)	0.215*** (3.67)
log(MANAGER_TENURE)	0.025 (0.17)	0.032 (0.22)	0.095 (0.68)	0.107 (0.76)	-0.115 (-0.97)	0.099*** (2.89)
ACTIVE_SHARE	0.013** (2.11)	0.013** (2.00)	-0.0005 (-0.08)	-0.001 (-0.19)	0.010* (1.86)	0.005*** (2.84)
PERFORMANCE_ADV_FEE	-0.524 (-1.19)	-0.524 (-1.17)	-0.634 (-1.13)	-0.630 (-1.13)	-0.449 (-0.79)	0.051 (0.26)
log(FAMILY_SIZE)	0.060 (0.91)	0.078 (1.19)	0.073 (1.09)	0.083 (1.25)	0.028 (0.53)	-0.012 (-0.66)
PCT_NO_LOAD	0.613** (2.02)	0.658** (2.15)	-0.082 (-0.26)	-0.030 (-0.09)	0.124 (0.44)	0.393*** (4.47)
MS Category*Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,493	2,510	2,500	2,517	2,544	2,562
Adjusted R ²	0.227	0.226	0.221	0.226	0.198	0.194
	Coefficient (PEER_BENCHMARK_TOP_5) = Coefficient (PEER_BENCHMARK_OTHERS)					
F	3.16	3.24	0.74	0.6	2.55	2.51
Prob > F	0.076	0.072	0.391	0.438	0.111	0.114

TABLE A9

Sample of Changes in Compensation Benchmarks

In this table, we analyze changes in compensation benchmark types in a sample of advisor changes in our sample. Starting with the list of advisor changes identified by MaTangGomez2019 (see "Table IA.VII - List of Changes in the Advisory Firm" of their Internet Appendix), we find 78 advisor changes in our sample of US domestic equity funds. In Panel A, we break down the distribution across different scenarios. In 5 cases, the fund did not disclose their performance benchmark even though there was performance-based pay ("Missing Disclosure"), and in another 15 cases, compensation was no longer linked to investment performance ("No Performance Pay") after the change. In Panel B, we take cases where compensation benchmark change to peer benchmark as the treatment group and no changes cases as the control sample, and analyze how the change relates to performance at the fund-year level. In particular, we create an indicator variable (POST-CHANGE_TO_PEER) that corresponds to one in the post period after the following changes: (i) "Only pure" to "Both peer and pure", (ii) "Only pure" to "Only peer", and (iii) "Both peer and pure" to "Only peer", and zero in the pre-change period. The funds that had no change in benchmark type are assigned indicator variables of 0 throughout the sample. Fund performance is measured by gross/net prospectus benchmark adjusted alpha in Columns 1/2, gross/net four-factor alpha in Columns 3/4, respectively.

Panel A. Sample Distribution across Different Scenarios

Before Change	After Change					Sum
	Only peer	Both peer and pure	Only pure	Missing Disclosure	No Performance Pay	
Only peer	5	2	1	1	1	10
Both peer and pure	6	28	2	2	6	44
Only pure	0	6	8	2	8	24
Sum	11	36	11	5	15	78

Panel B. Summary Statistics of Main Variables

	1	2	3	4
	GROSS_PROSP_ALPHA	NET_PROSP_ALPHA	GROSS_4F_ALPHA	NET_4F_ALPHA
POST-CHANGE_TO_PEER	1.783* (1.89)	1.785* (1.85)	0.687 (0.85)	0.667 (0.83)
MS Category*Year FEs	Yes	Yes	Yes	Yes
Observations	260	265	260	265
Adjusted R ²	0.152	0.147	0.261	0.263