

Table A1: Data Description

Name	Source	Definition	Frequency
Myopia Index (<i>MY</i>)	Constructed. See Eq. (3).	A higher value of MY indicates a country with a higher level of myopia.	Monthly
Short-term orientation index (<i>SO</i>)	Hofstede (2001)	The inverse of Hofstede's (2001) Long-term Orientation Index value. A higher score indicates a country with a higher degree of myopia.	Static
Short-termism (<i>ST</i>)	Constructed. See Eq. (1).	A higher value of ST indicates a higher level of short-termism. This variable is lagged one month.	Monthly
Individualism Index (<i>Ind</i>)	Hofstede (2001)	A higher score indicates a country with a higher degree of individualism.	Static
Natural log of market turnover (<i>LnTN</i>)	Datastream International	Natural log of market turnover of the Datastream global index of a given country in month $t-1$. This can be expressed as: $LnTN_{j,t} = \frac{Vol_{j,t}}{MV_{j,t}}$ where $Vol_{j,t}$ is the dollar trading volume of the Datastream Global index of country j and MV is the market capitalization of the index.	Monthly
Volatility of market returns (<i>LnV</i>)	Datastream International	Mean across all stocks in a country of the squared monthly returns in month $t-1$. This can be expressed as: $LnV_{j,t} = Ln(\frac{1}{n} \sum_{i=1}^n R_{n,t}^2)$ where $R_{n,t}^2$ is the squared return on stock i in month t .	Monthly
Volatility of growth of cash flows (<i>Cfvol</i>)	Datastream International	Standard deviation of the country's monthly cash flow growth rate over the previous sixty months to month $t-1$. The aggregate cash flow ($CF_{j,t}$) for each country is measured as the Datastream global price index value divided by the price-to-cash flow value of the same index. The volatility of cash flow growth is then calculated as: $Cfvol_{j,t} = \sqrt{\frac{1}{60} \sum_{t=-60}^{-1} (Ln(CF_{j,t}/CF_{j,t-12}) - Ln(\widehat{CF_{j,t}}/\widehat{CF_{j,t-12}}))^2}$.	Monthly
Nature log of total market capitalization (<i>LnSZ</i>)	Datastream International	Natural log of the total market capitalization of all stocks listed in the country in month $t-1$.	Monthly
One year past excess market returns (<i>LagMkt</i>)	Datastream International	The average monthly excess returns on the market index less the risk-free rate over the past twelve months to month $t-1$. This can be expressed as: $LagMkt_{j,t} = \frac{1}{t} \sum_{t=-12}^{-1} R_{j,t}$ where $R_{j,t}$ is the Datastream market index return of country j .	Monthly
Average analyst forecast dispersion (<i>Afe</i>)	I/B/E/S	Mean of the standard deviation of analyst forecasts for each earnings announcement in each country across the year to month $t-1$. This can be expressed as: $Afe_{j,t} = \frac{1}{n} \sum_{i=1}^n \sigma_{AF_n}$ where σ_{AF_n} is the standard deviation of analyst forecasts for firm n at each earnings announcement.	Monthly
Total private credit to GDP ratio (<i>Credit</i>)	World Development Statistics Database	Total private credit of a country divided by the country's GDP.	Annual
Language dummy variable (<i>Lang</i>)	Chan et al. (2005)	Average value of a dummy variable that takes the value of one if two countries share a major language and zero otherwise.	Static
Ratio of total equity market capitalization to GDP (<i>Open</i>)	Datastream International	Total equity market capitalization dividend by the country's GDP.	Annual
Index on capital controls (<i>Control</i>)	Chan et al. (2005)	A higher value indicated more restrictions on capital flow.	Static

Prevalence of insider trading (<i>Insider</i>)	La Porta et al. (2006)	A higher value indicates that insider trading is less prevalent.	Static
Corruption Index (<i>Crp</i>)	ICRG	A higher value indicates a lower corruption level. This variable is lagged one month.	Monthly
Political Risk Index (<i>Political</i>)	ICRG	A higher value indicates a lower political risk. This variable is lagged one month.	Monthly
Transaction cost index (<i>Tran</i>)	Chan et al. (2005)	The natural log of an index of transaction costs associated with trading foreign securities.	Static
Investor Protection Index (<i>Protection</i>)	ICRG	A higher value indicates better investor protection. This variable is lagged one month.	Monthly
Yield on three-month securities (<i>Yld</i>)	Datastream International	The yield on three-month government securities in a given country in month $t-1$.	Monthly
Term spread (<i>Term</i>)	Datastream International	The difference between the yield on 10-year government bonds and three-month government securities in month $t-1$.	Monthly
Dividend Yield (<i>Dy</i>)	Datastream International	The dividend yield on the Datastream global index of a given country in month $t-1$.	Monthly
Funds under management (<i>FUM</i>)	OECD	The ratio of total funds under management to the market capitalization of the equity market.	Annual
Past Return Dummy (<i>DumLagMkt</i>)	Datastream International	A dummy variable that takes the value of one where $LagMkt_{j,t}$ is positive in country j in month t and zero otherwise.	Monthly

Table A2: Filtered Sample Results

Monthly returns on momentum portfolio returns are regressed on a synthetic index used to measure myopia and a set of control variables. The sample is filtered to exclude all stocks with a market capitalization below the 5th percentile in each country. The results of the regressions without control variables are reported in Panel A. Panel B reports the results of the regressions of momentum returns on variables including Hofstede's Individualism Index (*Ind*), natural log of market trading volume (*LnTN*), natural log of stock market volatility (*LnV*), natural log of market capitalization (*LnSZ*), the average analysts forecast error (*Afe*) and market returns over the previous 12 months (*LagMkt*). Panel C reports the results of the regressions of momentum returns on variables including total private credit expressed as a ratio of GDP (*Credit*), the average common language dummy variable (*Lang*), the ratio of market capitalization to GDP (*Open*) and an index of control of capital flows (*Control*). Panel D reports the results of the regressions of momentum returns on variables including insider index (*Insider*), ICRG corruption index (*Crp*), ICRG political risk index (*Political*), natural log of transaction cost index (*Ln Tran*) and investor protection index (*Protection*). Panel E reports the results of the regressions of momentum returns on variables including yield on 3-month Treasury Bills (*Yld*), the term spread (*Term*) and the dividend yield (*Dy*). The adjusted R² (*Adj. R²*) and number of country-month observations (*Country Months*) are reported along with the minimum and maximum number of countries in each panel. White period standard errors are used to compute the t-statistics, which are reported in parenthesis. The sample period is 1988:01-2015:12.

	Panel A: No Controls	Panel B: Behavioral Model	Panel C: Market Development	Panel D: Institutional Quality	Panel E: Macro Model
<i>Intercept</i>	0.003 (3.06**)	0.005 (0.40)	0.006 (1.86)	-0.039 (-2.35*)	0.011 (2.83**)
<i>MY</i>	0.005 (3.09**)	0.007 (4.43**)	0.005 (2.65**)	0.005 (2.97**)	0.008 (3.70**)
<i>Ind</i>		0.000 (1.35)			
<i>LnTN</i>		-0.002 (-3.39**)			
<i>LnV</i>		-0.043 (-0.12)			
<i>Cfvol</i>		-0.008 (-0.63)			
<i>LnSZ</i>		0.002 (2.90**)			
<i>Afe</i>		-0.104 (-1.42)			
<i>LagMkt</i>		0.341 (6.44**)			
<i>Credit</i>			0.000 (-0.92)		
<i>Lang</i>			0.009 (0.74)		
<i>EquityGDP</i>			0.001 (1.49)		
<i>Control</i>			0.008 (2.03*)		
<i>Insider</i>				0.005 (2.34*)	
<i>Crp</i>				0.000 (0.06)	
<i>Political</i>				-0.005 (-0.39)	
<i>Tran</i>				0.006 (1.91)	
<i>Protection</i>				0 (-0.44)	
<i>Yld</i>					0.001 (1.98*)
<i>Term</i>					-0.001 (-1.48)
<i>Dy</i>					-0.004 (-3.43**)
Adj. R ² (%)	0.59	4.11	1.01	1.11	2.96
Country Months	11796	9840	9180	9564	7284
Min. Countries	20	19	16	17	17
Max. Countries	41	39	38	35	36

* Denotes significance at the 5% level, ** denotes significance at the 1% level.

Table A3: Long-Term Orientation and Momentum Returns

Monthly market returns less the risk-free rate are regressed on the the short-term orientation index derived from Hofstede (2001) and a set of control variables. Panel A reports the results of the regressions of momentum returns on variables including Hofstede's Individualism Index (*Ind*), natural log of market trading volume (*LnTN*), natural log of stock market volatility (*LnV*), natural log of market capitalization (*LnSZ*), the average analysts forecast error (*Afe*) and market returns over the previous 12 months (*LagMkt*). Panel B reports the results of the regressions of momentum returns on variables including total private credit expressed as a ratio of GDP (*Credit*), the average common language dummy variable (*Lang*), the ratio of market capitalization to GDP (*Open*) and an index of control of capital flows (*Control*). Panel C reports the results of the regressions of momentum returns on variables including insider index (*Insider*), ICRG corruption index (*Crp*), ICRG political risk index (*Political*), natural log of transaction cost index (*Ln Tran*) an investor protection index (*Protection*). Panel D reports the results of the regressions of momentum returns on variables including yield on 3-month Treasury Bills (*Yld*), the term spread (*Term*) and the dividend yield (*Dy*). The adjusted R^2 (*Adj. R^2*) and number of country-month observations (*Country Months*) are reported along with the minimum and maximum number of countries in each panel. White period standard errors are used to compute the t-statistics, which are reported in parenthesis. The sample period is 1988:01-2015:12.

	Panel A: Behavioral Model	Panel B: Market Development	Panel C: Institutional Quality	Panel D: Macro Model
<i>Intercept</i>	0.016 (1.83)	0.014 (3.94**)	0.022 (3.54**)	0.022 (4.21**)
<i>SO</i>	0.000 (2.23*)	0.000 (1.99*)	0.000 (3.15**)	0.000 (2.84**)
<i>Ind</i>	0.000 (1.69)			
<i>LnTN</i>	-0.001 (-2.19*)			
<i>LnV</i>	-0.516 (-1.05)			
<i>Cfvol</i>	0.003 (0.35)			
<i>LnSZ</i>	0.001 (1.72)			
<i>Afe</i>	-0.077 (-1.02)			
<i>LagMkt</i>	0.316 (5.44**)			
<i>Credit</i>		-0.000 (-0.94)		
<i>Lang</i>		0.015 (1.42)		
<i>EquityGDP</i>		-0.000 (-0.55)		
<i>Control</i>		0.011 (3.66**)		
<i>Insider</i>			0.001 (1.68)	
<i>Crp</i>			0.001 (2.02*)	
<i>Political</i>			-0.027 (-3.29**)	
<i>Tran</i>			0.004 (0.00)	
<i>Protection</i>			-0.000 (-0.77)	
<i>Yld</i>				0.000 (1.06)
<i>Term</i>				-0.001 (-1.43)
<i>Dy</i>				-0.002 (-1.88)
Adj. R^2 (%)	1.00	0.52	0.72	1.32
Country Months	9840	9180	9564	7284
Min. Countries	19	16	17	17
Max. Countries	39	38	35	36

* Denotes significance at the 5% level, ** denotes significance at the 1% level.

Table A4: Cuthbertson et al. (1997) Long-Termism and Momentum Returns

Monthly market returns less the risk-free rate are regressed on the Cuthbertson et al. (1997) measure of short-termism (*ST*) and a set of control variables. Panel A reports the results of the regressions of momentum returns on variables including Hofstede's Individualism Index (*Ind*), natural log of market trading volume (*LnTN*), natural log of stock market volatility (*LnV*), natural log of market capitalization (*LnSZ*), the average analysts forecast error (*Afe*) and market returns over the previous 12 months (*LagMkt*). Panel B reports the results of the regressions of momentum returns on variables including total private credit expressed as a ratio of GDP (*Credit*), the average common language dummy variable (*Lang*), the ratio of market capitalization to GDP (*Open*) and an index of control of capital flows (*Control*). Panel C reports the results of the regressions of momentum returns on variables including insider index (*Insider*), ICRG corruption index (*Crp*), ICRG political risk index (*Political*), natural log of transaction cost index (*Ln Tran*) an investor protection index (*Protection*). Panel D reports the results of the regressions of momentum returns on variables including yield on 3-month Treasury Bills (*Yld*), the term spread (*Term*) and the dividend yield (*Dy*). The adjusted R^2 (*Adj. R^2*) and number of country-month observations (*Country Months*) are reported along with the minimum and maximum number of countries in each panel. White period standard errors are used to compute the t-statistics, which are reported in parenthesis. The sample period is 1988:01-2015:12.

	Panel A: Behavioral Model	Panel B: Market Development	Panel C: Institutional Quality	Panel D: Macro Model
<i>Intercept</i>	0.010 (1.04)	0.008 (2.29*)	-0.035 (-2.10*)	0.009 (2.30*)
<i>ST</i>	0.004 (4.12**)	0.003 (2.35*)	0.003 (2.62*)	0.004 (3.51**)
<i>Ind</i>	0.000 (1.49)			
<i>LnTN</i>	-0.001 (-1.97*)			
<i>LnV</i>	-0.068 (-0.20)			
<i>Cfvol</i>	-0.007 (-0.59)			
<i>LnSZ</i>	0.001 (1.68)			
<i>Afe</i>	-0.111 (-2.11*)			
<i>LagMkt</i>	0.350 (6.49**)			
<i>Credit</i>		-0.000 (-1.30)		
<i>Lang</i>		0.020 (1.58)		
<i>EquityGDP</i>		0.001 (1.01)		
<i>Control</i>		0.008 (2.22*)		
<i>Insider</i>			0.005 (1.66)	
<i>Crp</i>			0.000 (0.13)	
<i>Political</i>			-0.008 (-0.70)	
<i>Tran</i>			0.006 (2.26*)	
<i>Protection</i>			0.000 (0.30)	
<i>Yld</i>				0.001 (1.64)
<i>Term</i>				-0.000 (-1.20)
<i>Dy</i>				-0.002 (-2.33*)
Adj. R^2 (%)	3.40	0.60	0.68	2.04
Country Months	9840	9180	9564	7284
Min. Countries	19	16	17	17
Max. Countries	39	38	35	36

* Denotes significance at the 5% level, ** denotes significance at the 1% level.

Appendix A5: Static and Dynamic Components of Myopia Index and Momentum Returns

Monthly market returns less the risk-free rate are regressed on a synthetic index used to measure myopia and a set of control variables. The myopia index is decomposed into two parts: the change in the myopia index over the past year (ΔMY_i) and the sample average of the myopia index for each country ($Mean MY_i$). Panel A reports the results of the regressions of momentum returns on variables including Hofstede's Individualism Index (Ind), natural log of market trading volume ($LnTN$), natural log of stock market volatility (LnV), natural log of market capitalization ($LnSZ$), the average analysts forecast error (Afe) and market returns over the previous 12 months ($LagMkt$). Panel B reports the results of the regressions of momentum returns on variables including total private credit expressed as a ratio of GDP ($Credit$), the average common language dummy variable ($Lang$), the ratio of market capitalization to GDP ($Open$) and an index of control of capital flows ($Control$). Panel C reports the results of the regressions of momentum returns on variables including insider index ($Insider$), ICRG corruption index (Crp), ICRG political risk index ($Political$), natural log of transaction cost index ($Ln Tran$) an investor protection index ($Protection$). Panel D reports the results of the regressions of momentum returns on variables including yield on 3-month Treasury Bills (Yld), the term spread ($Term$) and the dividend yield (Dy). The adjusted R^2 ($Adj. R^2$) and number of country-month observations ($Country Months$) are reported along with the minimum and maximum number of countries in each panel. White period standard errors are used to compute the t-statistics, which are reported in parenthesis. The sample period is 1988:01-2015:12.

	Panel A: Behavioral Model	Panel B: Market Development	Panel C: Institutional Quality	Panel D: Macro Model
<i>Intercept</i>	0.004 (0.41)	0.009 (2.83**)	-0.036 (-2.01*)	0.01 (2.34*)
$\Delta MY_{i,t}$	0.010 (3.80**)	0.008 (2.94**)	0.009 (2.99**)	0.012 (3.49**)
$Mean MY_i$	0.004 (1.73)	0.003 (1.68)	0.002 (1.62)	0.006 (2.17*)
<i>Ind</i>	0.000 (1.09)			
<i>LnTN</i>	-0.001 (-1.84)			
<i>LnV</i>	-0.047 (-0.14)			
<i>Cfvol</i>	-0.001 (-0.08)			
<i>LnSZ</i>	0.001 (1.84)			
<i>Afe</i>	-0.082 (-1.09)			
<i>LagMkt</i>	0.321 (5.67**)			
<i>Credit</i>		0.000 (-1.22)		
<i>Lang</i>		0.008 (0.58)		
<i>EquityGDP</i>		0.001 (0.95)		
<i>Control</i>		0.008 (2.05*)		
<i>Insider</i>			0.005 (1.72)	
<i>Crp</i>			0.000 (0.13)	
<i>Political</i>			-0.005 (-0.45)	
<i>Tran</i>			0.006 (2.11*)	
<i>Protection</i>			0.000 (-0.51)	
<i>Yld</i>				0.001 (1.65)
<i>Term</i>				-0.001 (-1.39)
<i>Dy</i>				-0.002 (-2.13*)
Adj. R^2 (%)	3.37	0.63	1.03	2.35
Country Months	9840	9180	9564	7284
Min. Countries	19	16	17	17
Max. Countries	39	38	35	36

* Denotes significance at the 5% level, ** denotes significance at the 1% level.

Table A6: Myopia and Momentum Returns Excluding Asian Countries

Monthly market returns less the risk-free rate are regressed on a synthetic index used to measure myopia and a set of control variables. The sample excludes all Asian countries. The results of the regressions without control variables are reported in Panel A. Panel B reports the results of the regressions of momentum returns on variables including Hofstede's Individualism Index (*Ind*), natural log of market trading volume (*LnTN*), natural log of stock market volatility (*LnV*), natural log of market capitalization (*LnSZ*), the average analysts forecast error (*Afe*) and market returns over the previous 12 months (*LagMkt*). Panel C reports the results of the regressions of momentum returns on variables including total private credit expressed as a ratio of GDP (*Credit*), the average common language dummy variable (*Lang*), the ratio of market capitalization to GDP (*Open*) and an index of control of capital flows (*Control*). Panel D reports the results of the regressions of momentum returns on variables including insider index (*Insider*), ICRG corruption index (*Crp*), ICRG political risk index (*Political*), natural log of transaction cost index (*Ln Tran*) an investor protection index (*Protection*). Panel E reports the results of the regressions of momentum returns on variables including yield on 3-month Treasury Bills (*Yld*), the term spread (*Term*) and the dividend yield (*Dy*). The adjusted R^2 (*Adj. R^2*) and number of country-month observations (*Country Months*) are reported along with the minimum and maximum number of countries in each panel. White period standard errors are used to compute the t-statistics, which are reported in parenthesis. The sample period is 1988:01-2015:12.

	Panel A: No Controls	Panel B: Behavioral Model	Panel C: Market Development	Panel D: Institutional Quality	Panel E: Macro Model
<i>Intercept</i>	0.004 (3.98**)	0.003 (1.30)	0.003 (1.59)	0.002 (0.99)	0.009 (2.63**)
<i>MY</i>	0.006 (2.44*)	0.011 (5.94**)	0.005 (1.97*)	0.007 (2.67**)	0.009 (4.91**)
<i>Ind</i>		0.000 (3.68**)			
<i>LnTN</i>		-0.001 (-2.45*)			
<i>LnV</i>		0.36 (1.42)			
<i>Cfvol</i>		-0.016 (-1.27)			
<i>LnSZ</i>		0.001 (0.86)			
<i>Afe</i>		0.096 (1.31)			
<i>LagMkt</i>		0.381 (4.84**)			
<i>Credit</i>			0.000 (0.74)		
<i>Lang</i>			0.014 (0.84)		
<i>EquityGDP</i>			-0.000 (-0.20)		
<i>Control</i>			0.001 (0.10)		
<i>Insider</i>				0.003 (1.24)	
<i>Crp</i>				0.001 (0.55)	
<i>Political</i>				-0.016 (-1.17)	
<i>Tran</i>				0.000 (0.03)	
<i>Protection</i>				-0.001 (-1.49)	
<i>Yld</i>					0.001 (1.67)
<i>Term</i>					-0.001 (-1.70)
<i>Dy</i>					-0.002 (-2.42*)
Adj. R^2 (%)	0.54	3.87	0.72	0.90	2.70
Country Months	8628	7872	7008	7656	5664
Min. Countries	16	15	13	13	13
Max. Countries	30	30	29	28	28

* Denotes significance at the 5% level, ** denotes significance at the 1% level.

Table A7: Myopia and Momentum Returns excluding emerging markets

Monthly market returns less the risk-free rate are regressed on a synthetic index used to measure myopia and a set of control variables. The sample only comprises advanced economies, as defined by the IMF. The results of the regressions without control variables are reported in Panel A. Panel B reports the results of the regressions of momentum returns on variables including Hofstede's Individualism Index (*Ind*), natural log of market trading volume (*LnTN*), natural log of stock market volatility (*LnV*), natural log of market capitalization (*LnSZ*), the average analysts forecast error (*Afe*) and market returns over the previous 12 months (*LagMkt*). Panel C reports the results of the regressions of momentum returns on variables including total private credit expressed as a ratio of GDP (*Credit*), the average common language dummy variable (*Lang*), the ratio of market capitalization to GDP (*Open*) and an index of control of capital flows (*Control*). Panel D reports the results of the regressions of momentum returns on variables including insider index (*Insider*), ICRG corruption index (*Crp*), ICRG political risk index (*Political*), natural log of transaction cost index (*Ln Tran*) an investor protection index (*Protection*). Panel E reports the results of the regressions of momentum returns on variables including yield on 3-month Treasury Bills (*Yld*), the term spread (*Term*) and the dividend yield (*Dy*). The adjusted R^2 (*Adj. R^2*) and number of country-month observations (*Country Months*) are reported along with the minimum and maximum number of countries in each panel. White period standard errors are used to compute the t-statistics, which are reported in parenthesis. The sample period is 1988:01-2015:12.

	Panel A: No Controls	Panel B: Behavioral Model	Panel C: Market Development	Panel D: Institutional Quality	Panel E: Macro Model
<i>Intercept</i>	0.004 (5.43**)	0.000 (0.11)	0.002 (1.80)	-0.000 (-0.92)	0.002 (1.26)
<i>MY</i>	0.008 (5.27**)	0.009 (5.65**)	0.007 (4.29**)	0.008 (5.03**)	0.008 (3.93**)
<i>Ind</i>		0.000 (0.77)			
<i>LnTN</i>		-0.001 (-1.50)			
<i>LnV</i>		0.423 (1.59)			
<i>Cfvol</i>		-0.012 (-1.37)			
<i>LnSZ</i>		0.001 (1.09)			
<i>Afe</i>		0.040 (0.71)			
<i>LagMkt</i>		0.369 (5.54**)			
<i>Credit</i>			0.000 (0.86)		
<i>Lang</i>			0.023 (1.64)		
<i>EquityGDP</i>			0.001 (0.91)		
<i>Control</i>			-0.002 (-0.44)		
<i>Insider</i>				-0.000 (-0.04)	
<i>Crp</i>				0.000 (0.09)	
<i>Political</i>				-0.001 (-0.10)	
<i>Tran</i>				0.002 (1.17)	
<i>Protection</i>				-0.000 (-0.88)	
<i>Yld</i>					0.001 (2.52*)
<i>Term</i>					0.000 (0.51)
<i>Dy</i>					-0.001 (-1.78)
Adj. R^2 (%)	0.59	4.30	0.80	1.02	3.11
Country Months	7476	6912	6036	6828	5256
Min. Countries	18	17	14	15	15
Max. Countries	26	25	25	25	26

* Denotes significance at the 5% level, ** denotes significance at the 1% level.

Figure A1: Sharpe Ratio for Traditional and Risk-Managed Momentum Strategies

This figure reports the Sharpe Ratios for the returns on the traditional momentum strategy (MOM) and the dynamic risk-managed strategy (DYN) developed by Barroso and Santa-Clara (2015).

