Online Appendix

Robustness checks: fund performance clustered at investment style level

We test the robustness of the panel regressions of Table 7 in this table by clustering standard errors at fund style level. We define effective connection (*EC*) as a binary variable that equals one if the fund is connected in month *t* and has received IPO allocation from the same connected underwriter at least once prior to month *t*. The variable *NCnow_ECbefore* is a binary indicator variable that takes the value of one if the fund was effectively connected before but is not connected in the current month, and zero otherwise. *EliteSchool* is the binary indicator variable for funds with top school graduated managers, which equals to one if the portfolio manager has attended one of the top ten universities ranked by the average SAT score of the freshmen at the portfolio managers' tertiary institution, and zero otherwise. The binary indicator variable *AWC* in column (5) and (8) equals to one if the fund has obtained IPO allocation through the same underwriter in the past and not educationally connected then, and zero otherwise. The following fund characteristics controls are included in the regression but are not reported in the table: *ln(TNA)*, the natural logarithm of *TNA* of a fund, *ln(Age)*, the natural logarithm of (1+ fund age), *exp_ratio*, the annual ongoing operating expenses of the mutual fund, *turn_ratio*, the minimum of aggregated sales or aggregated purchases of securities, scaled by the average 12-month *TNA* of the fund. The dependent variable *alpha* is calculated as $Alpha_{it} \equiv r_{it} - rf_t - X_t\hat{\beta}_{it}$, where X_t is a vector of the realized returns in month *t* for each of the four factor portfolios (MKTRF, SMB, HML, and UMD) and $\hat{\beta}_{it}$ are fund-specific factor loadings estimated from the time series regression of fund excess returns on the four factors over the entire sample period. The sample period is from January 1992 to March 2012. Robust standard errors (White (1980)) are used and are clustered at the fund investment style level and t-statistics are shown in parentheses. The symbols ∗∗∗, ∗∗, and ∗ denote significance at the 1 percent, 5 percent, and 10 percent level respectively.

Dependent variable: *Alpha*								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Hot mkt	Cold mkt				
EC	0.112***		0.144**	0.084**	0.108***		0.099***	
	(4.051)		(2.703)	(2.317)	(3.820)		(3.861)	
NCnow_ECbefore		-0.026						
		(-1.540)						
EliteSchool						0.049***	0.026*	0.054***
						(3.167)	(1.840)	(3.128)
AWC					0.055**			0.064**
					(2.530)			(2.756)
Constant	0.127***	0.147***	0.142***	0.097***	0.100***	0.113***	0.113***	0.079***
	(23.881)	(27.877)	(16.620)	(19.652)	(9.486)	(11.379)	(11.208)	(4.683)
Observations	76,794	76,794	38,915	37,879	76,794	76,794	76,794	76,794
R-squared	0.003	0.002	0.009	0.009	0.003	0.003	0.003	0.003
Fund controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Style FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes