Figure 1

**Proportion of re-entering investors**

 

(a) All investors



(b) Non-Nokia investors



(c) Nokia investors

Figure (a) plots the proportion of investors who return to the stock market after withdrawal from it for all investors in our sample, and Figures (b) and (c) separately for non-Nokia and Nokia investors respectively. The y-axis represents the proportion, and the x-axis represents investor deciles sorted by their initial returns. The proportion is computed as the number of re-entering investors divided by the total number of investors within each decile. Average returns and the number of investors in each decile are also presented.

Table 1

**Summary statistics**

Panel A reports descriptive statistics at the account level for all investors in our database as well as the primary sample used for our main analyses. Panel B presents summary statistics for the panel data of our primary sample about all explanatory variables used in our main regressions. Panel C presents the correlation matrix for the main explanatory variables with the statistically significant (at the 1% level) numbers in gray. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. I(*IniRet* < 0) is a dummy variable that equals 1 if *IniRet* < 0, and 0 otherwise. Likewise, I(*IniRet* *≥* 0) is a dummy variable that equals 1 if *IniRet* *≥* 0. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit*,* *RecRet* is the return in the last month of investing, and *RealRet* is the return during the actual period of investing. *Saliency* is an absolute difference between the initial return and the average return for the duration of investing, divided by the absolute value of average returns. *Vicinity* is a dummy variable that equals 1 if an investor resides in the same municipality where the company’s headquarters is located. *InvSiz* is investment size, defined as the log of average portfolio holdings*. ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchases and exiting the market, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) on the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of sample. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Old* is a dummy variable that equals 1 if investor is older than 50. *InvSiz\_H* is a dummy variable that equals 1 if *InvSiz* is greater than the sample median. *Helsinki* is a dummy variable that equals 1 if an investor resides in Helsinki. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). *DurAway* is a discrete time variable defined as the number of months for which the investor is absent from the stock market. *IVol* and *ISkew* are the initial stock’s idiosyncratic volatility and skewness, respectively. Stock market returns a month before-, on-, after the entry month is *Mkt\_bf*, *Mkt\_entry*, and *Mkt\_af*, respectively. *Ret\_entry* is the past 3-month return of the initial stock, and *Value* is the indicator of the initial stock being a value stock (i.e., the book-to-market ratio is higher than the sample median). *Option* is a dummy variable that equals to 1 if an investor ever traded an option during our sample period. There are 276,470 investor-months (9,435 investors) in our primary sample.

Panel A. Investor-level data

|  |  |  |  |
| --- | --- | --- | --- |
| Variable | All Investors (N=94,755) |   | Our Sample (N=9,435) |
| Mean | Std Dev | Skewness | Mean | Std Dev | Skewness |
| Demographics |
| Age | 38.44 | 17.95 | -0.10 | 38.61 | 16.07 | 0.33 |
| Female = 1 | 0.34 | 0.47 | 0.67 | 0.28 | 0.45 | 0.96 |
| Helsinki=1 | 0.25 | 0.43 | 1.15 | 0.25 | 0.43 | 1.12 |
| WelthyZip=1 | 0.34 | 0.47 | 0.64 | 0.34 | 0.47 | 0.66 |
| Investment during the entire sample period (January 1995 to December 2003) |
| Number of stocks traded | 2.7 | 3.1 | 4.12 | 2.33 | 2.71 | 4.24 |
| Number of trades | 7.57 | 18.16 | 18.73 | 9.19 | 19.18 | 14.53 |
| Number of years with trades | 1.82 | 1.07 | 1.52 | 2.21 | 1.14 | 1.57 |
| Average EUR value of trades (log) | 3.37 | 3.61 | 1.09 | 3.45 | 3.73 | 1.02 |
| Option trade = 1 | 0.01 | 0.10 | 9.26 | 0.01 | 0.11 | 8.64 |
| Inheritance = 1 | 0.01 | 0.11 | 8.31 | 0.01 | 0.08 | 11.10 |
| Initial investment |
| Entry year | 2,000.04 | 1.47 | -0.62 | 1,999.34 | 1.82 | -0.49 |
| Number of stock purchased | 0.80 | 0.39 | -1.51 | 0.87 | 0.32 | -2.31 |
| Nokia = 1 | 0.27 | 0.44 | 1.03 | 0.30 | 0.46 | 0.83 |
| Average EUR value of trades (log) | 7.56 | 1.33 | -0.34 | 7.55 | 1.34 | -0.35 |

Panel B. Panel data of our sample (N = 276,470 Investor-Months)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variable | Mean | Std Dev | 5th Pctl | 50th Pctl | 95th Pctl |
| IniRet | 0.0120 | 0.1266 | -0.1630 | 0.0005 | 0.2131 |
| IniRet × **I**(IniRet ≥ 0)  | 0.0473 | 0.0907 | 0.0000 | 0.0005 | 0.2131 |
| IniRet × **I**(IniRet < 0)  | -0.0353 | 0.0667 | -0.1630 | 0.0000 | 0.0000 |
| AllRet | 0.0442 | 0.7517 | -0.0727 | 0.0285 | 0.1561 |
| RecRet | 0.0656 | 1.5015 | -0.1504 | 0.0307 | 0.2610 |
| RealRet | 0.0628 | 0.7889 | -0.0890 | 0.0202 | 0.2567 |
| Saliency | 6.1671 | 77.4054 | 0.1429 | 1.4981 | 15.3098 |
| Vicinity | 0.2144 | 0.6373 | 0.0000 | 0.0000 | 1.0000 |
| InvSiz | 7.6276 | 1.3434 | 5.1487 | 7.6812 | 9.6860 |
| SglStock | 0.7187 | 0.4497 | 0.0000 | 1.0000 | 1.0000 |
| ZeroTrd | 0.7530 | 0.4313 | 0.0000 | 1.0000 | 1.0000 |
| Nokia | 0.3736 | 0.4838 | 0.0000 | 0.0000 | 1.0000 |
| MktRet | 0.0024 | 0.1090 | -0.1669 | -0.0085 | 0.2244 |
| MktVol | 0.1099 | 0.0388 | 0.0577 | 0.1058 | 0.1817 |
| Female | 0.3020 | 0.4591 | 0.0000 | 0.0000 | 1.0000 |
| Age | 38.0566 | 15.9668 | 16.0000 | 36.0000 | 67.0000 |
| Helsinki | 0.2720 | 0.4450 | 0.0000 | 0.0000 | 1.0000 |
| Option | 0.0048 | 0.0695 | 0.0000 | 0.0000 | 0.0000 |
| Burst | 0.8071 | 0.3946 | 0.0000 | 1.0000 | 1.0000 |
| DurAway | 23.1579 | 18.1314 | 2.0000 | 19.0000 | 60.0000 |
| IVol | 0.0282 | 0.0615 | 0.0066 | 0.0198 | 0.0619 |
| ISkew | 0.3039 | 1.0601 | -1.0677 | 0.1645 | 1.8509 |
| Mkt\_bf | 0.0263 | 0.1044 | -0.1669 | 0.0283 | 0.1720 |
| Mkt\_entry | 0.0185 | 0.0940 | -0.1502 | 0.0235 | 0.1483 |
| Mkt\_af | 0.0209 | 0.0952 | -0.1182 | 0.0235 | 0.2244 |
| Ret\_entry | 0.0834 | 0.3819 | -0.4890 | 0.0344 | 1.0000 |
| Value | 0.2265 | 0.4086 | 0.0000 | 0.0000 | 1.0000 |
| Minor | 0.0520 | 0.2221 | 0.0000 | 0.0000 | 1.0000 |
| Old | 0.2219 | 0.4156 | 0.0000 | 0.0000 | 1.0000 |
| InvSize\_H | 0.5003 | 0.5000 | 0.0000 | 1.0000 | 1.0000 |
| SglStock × ZeroTrd | 0.6286 | 0.4832 | 0.0000 | 1.0000 | 1.0000 |
| IniRet × Helsinki | 0.0016 | 0.0640 | -0.0667 | 0.0000 | 0.0798 |
| IniRet × Nokia | 0.0110 | 0.0690 | -0.0690 | 0.0000 | 0.1453 |
| IniRet × Female | 0.0041 | 0.0653 | -0.0671 | 0.0000 | 0.0975 |
| IniRet × SglStock | 0.0089 | 0.1115 | -0.1444 | 0.0000 | 0.1848 |
| IniRet × Minor | 0.0008 | 0.0262 | 0.0000 | 0.0000 | 0.0000 |
| IniRet × Old | 0.0025 | 0.0576 | -0.0500 | 0.0000 | 0.0677 |
| IniRet × InvSize\_H | 0.0086 | 0.0796 | -0.0959 | 0.0000 | 0.1470 |

Panel C. Correlation Matrix for Main Variables

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Variable | IniRet | AllRet | InvSiz | SglStock | ZeroTrd | Nokia | MktRet | MktVol | Female | Age | Burst |
| IniRet | 1.0000 |  |  |  |  |  |  |  |  |  |  |
| AllRet | 0.0429 | 1.0000 |  |  |  |  |  |  |  |  |  |
| InvSiz | 0.0617 | 0.013 | 1.0000 |  |  |  |  |  |  |  |  |
| SglStock | 0.0039 | 0.0142 | -0.1264 | 1.0000 |  |  |  |  |  |  |  |
| ZeroTrd | 0.0040 | 0.0164 | -0.1235 | 0.4511 | 1.0000 |  |  |  |  |  |  |
| Nokia | 0.1065 | 0.0259 | 0.2613 | -0.1741 | -0.0564 | 1.0000 |  |  |  |  |  |
| MktRet | 0.0023 | -0.0005 | 0.0242 | -0.0264 | 0.0131 | 0.0257 | 1.0000 |  |  |  |  |
| MktVol | 0.0090 | 0.0077 | 0.0054 | 0.0020 | 0.0128 | -0.0138 | -0.1187 | 1.0000 |  |  |  |
| Female | 0.0086 | 0.0243 | 0.0461 | 0.1088 | 0.0741 | 0.0098 | 0.0005 | 0.0056 | 1.0000 |  |  |
| Age | -0.0053 | -0.0008 | 0.2813 | 0.0136 | 0.0129 | 0.0707 | 0.0044 | -0.0105 | 0.1496 | 1.0000 |  |
| Burst | -0.0282 | -0.0006 | -0.1142 | 0.1218 | -0.0669 | -0.0972 | -0.2841 | 0.2624 | 0.0058 | -0.0166 | 1.0000 |

Table 2

**Initial returns and the likelihood of re-entry**

The estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t)= β0 + β1IniReti + β2DurAwayi,t +**β3Controlsi,t*

*+ (investment size fixed effect)+(zip-code fixed effect) +(exit month fixed effect)+(year fixed effect)+*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and 0 otherwise. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. *DurAway* measures the length of time (in months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* is accounted for by controlling for 105 dummy variables indicating the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) of the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 |
| VARIABLES | Re-entry |
|   |   |   |   |   |
| IniRet | 1.6706\*\*\* | 1.6358\*\*\* | 1.6758\*\*\* | 1.4398\*\* |
|  | (3.67) | (3.51) | (3.75) | (2.51) |
| InvSiz |  | 1.2319\*\*\* | 1.2127\*\*\* | 1.1712\*\*\* |
|  |  | (5.28) | (4.48) | (3.69) |
| SglStock |  |  | 0.2869\*\*\* | 0.3069\*\*\* |
|  |  |  | (-12.24) | (-11.62) |
| ZeroTrd |  |  | 2.8545\*\*\* | 2.7426\*\*\* |
|  |  |  | (21.64) | (20.70) |
| SglStock × ZeroTrd |  |  | 0.2539\*\*\* | 0.2699\*\*\* |
|  |  |  | (-12.01) | (-11.52) |
| Nokia |  |  |  | 1.9982\*\*\* |
|  |  |  |  | (17.39) |
| MktRet | 0.4707\*\*\* | 0.4716\*\*\* | 0.4359\*\*\* | 0.4228\*\*\* |
|  | (-4.45) | (-4.44) | (-4.81) | (-4.98) |
| MktVol | 0.4722 | 0.4706 | 0.4108 | 0.3986 |
|  | (-1.19) | (-1.19) | (-1.36) | (-1.40) |
| Female | 0.7408\*\*\* | 0.7421\*\*\* | 0.9254\* | 0.9180\*\* |
|  | (-7.06) | (-7.01) | (-1.79) | (-1.97) |
| Age | 0.9993 | 0.9990 | 1.0007 | 1.0001 |
|  | (-0.58) | (-0.84) | (0.50) | (0.09) |
| Burst | 0.4590\*\*\* | 0.4590\*\*\* | 0.5378\*\*\* | 0.5507\*\*\* |
|  | (-10.95) | (-10.95) | (-8.43) | (-8.01) |
| DurAway | 0.9470\*\*\* | 0.9469\*\*\* | 0.9559\*\*\* | 0.9568\*\*\* |
|  | (-24.97) | (-25.01) | (-23.15) | (-23.19) |
|  |  |  |  |  |
| Investment size quintile dummies | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
|  |  |  |  |  |
| Robust SE clustered at investor level | Yes | Yes | Yes | Yes |
| Model fit | 1,746.48\*\*\* | 1,768.49\*\*\* | 5,221.45\*\*\* | 5,795.08\*\*\* |
| Pseudo R2 | 0.0749 | 0.0757 | 0.1697 | 0.1806 |

Table 3

**Beyond initial returns: Average returns**

The estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t)= β0 + β1IniReti + β2AllReti + β3DurAwayi,t +**β4Controlsi,t*

*+ (investment size fixed effect)+(zip-code fixed effect) +(exit month fixed effect) +(year fixed effect) +*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and otherwise is 0. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit. *DurAway* is the time (in months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* controls for 105 dummy variables indicating the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) on the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of the sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Burst* is a dummy variable defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 |
| VARIABLES | Re-entry |
|   |   |   |   |   |
| IniRet | 1.6687\*\*\* | 1.6342\*\*\* | 1.6653\*\*\* | 1.4345\*\* |
|  | (3.66) | (3.50) | (3.70) | (2.49) |
| AllRet | 1.0047 | 1.0037 | 1.0209 | 1.0129 |
|  | (0.26) | (0.21) | (1.19) | (0.73) |
| InvSiz |  | 1.2318\*\*\* | 1.2123\*\*\* | 1.1710\*\*\* |
|  |  | (5.28) | (4.47) | (3.68) |
| SglStock |  |  | 0.2869\*\*\* | 0.3069\*\*\* |
|  |  |  | (-12.25) | (-11.62) |
| ZeroTrd |  |  | 2.8535\*\*\* | 2.7421\*\*\* |
|  |  |  | (21.64) | (20.69) |
| SglStock × ZeroTrd |  |  | 0.2537\*\*\* | 0.2697\*\*\* |
|  |  |  | (-12.01) | (-11.52) |
| Nokia |  |  |  | 1.9975\*\*\* |
|  |  |  |  | (17.38) |
| MktRet | 0.4708\*\*\* | 0.4716\*\*\* | 0.4360\*\*\* | 0.4229\*\*\* |
|  | (-4.45) | (-4.44) | (-4.81) | (-4.98) |
| MktVol | 0.4720 | 0.4705 | 0.4105 | 0.3984 |
|  | (-1.19) | (-1.19) | (-1.37) | (-1.40) |
| Female | 0.7406\*\*\* | 0.7419\*\*\* | 0.9245\* | 0.9174\*\* |
|  | (-7.06) | (-7.01) | (-1.81) | (-1.98) |
| Age | 0.9993 | 0.9990 | 1.0007 | 1.0001 |
|  | (-0.58) | (-0.83) | (0.51) | (0.09) |
| Burst | 0.4590\*\*\* | 0.4590\*\*\* | 0.5379\*\*\* | 0.5507\*\*\* |
|  | (-10.95) | (-10.95) | (-8.43) | (-8.00) |
| DurAway | 0.9470\*\*\* | 0.9469\*\*\* | 0.9559\*\*\* | 0.9568\*\*\* |
|  | (-24.97) | (-25.01) | (-23.15) | (-23.19) |
|  |  |  |  |  |
| Investment size quintile dummies | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
|  |  |  |  |  |
| Robust SE clustered at investor level | Yes | Yes | Yes | Yes |
| Model fit | 1,746.38\*\*\* | 1,768.82\*\*\* | 5,222.07\*\*\* | 5,718.72\*\*\* |
| Pseudo R2 | 0.0749 | 0.0757 | 0.1698 | 0.1782 |

Table 4

**Beyond initial returns: Recent returns**

Estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t)= β0 + β1IniReti + β2AllReti + β3RecReti + β4DurAwayi,t +**β5Controlsi,t*

*+ (investment size fixed effect)+(zip-code fixed effect) +(exit month fixed effect) +(year fixed effect) +*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and otherwise is 0. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit, and *RecRet* is the return in the last month of investing. *DurAway* is length of time (in months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* controls for 105 dummy variables indicating the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) on the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of the sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 |
| VARIABLES | Re-entry |
|   |   |   |   |   |
| IniRet | 1.6521\*\*\* | 1.6332\*\*\* | 1.7110\*\*\* | 1.4768\*\* |
|  | (3.30) | (3.22) | (3.67) | (2.51) |
| AllRet | 1.0489 | 1.0065 | 0.9224 | 0.9005 |
|  | (0.17) | (0.02) | (-0.49) | (-0.49) |
| RecRet | 0.9786 | 0.9986 | 1.0527 | 1.0611 |
|  | (-0.16) | (-0.01) | (0.62) | (0.55) |
| InvSiz |  | 1.2318\*\*\* | 1.2137\*\*\* | 1.1726\*\*\* |
|  |  | (5.26) | (4.49) | (3.70) |
| SglStock |  |  | 0.2867\*\*\* | 0.3067\*\*\* |
|  |  |  | (-12.25) | (-11.63) |
| ZeroTrd |  |  | 2.8544\*\*\* | 2.7426\*\*\* |
|  |  |  | (21.65) | (20.70) |
| SglStock × ZeroTrd |  |  | 0.2538\*\*\* | 0.2698\*\*\* |
|  |  |  | (-12.01) | (-11.52) |
| Nokia |  |  |  | 1.9976\*\*\* |
|  |  |  |  | (17.38) |
| MktRet | 0.4712\*\*\* | 0.4716\*\*\* | 0.4350\*\*\* | 0.4217\*\*\* |
|  | (-4.44) | (-4.44) | (-4.82) | (-4.99) |
| MktVol | 0.4713 | 0.4704 | 0.4119 | 0.4000 |
|  | (-1.19) | (-1.19) | (-1.36) | (-1.40) |
| Female | 0.7404\*\*\* | 0.7419\*\*\* | 0.9255\* | 0.9183\*\* |
|  | (-7.06) | (-7.01) | (-1.78) | (-1.96) |
| Age | 0.9993 | 0.9990 | 1.0006 | 1.0001 |
|  | (-0.58) | (-0.83) | (0.50) | (0.07) |
| Burst | 0.4591\*\*\* | 0.4590\*\*\* | 0.5377\*\*\* | 0.5505\*\*\* |
|  | (-10.94) | (-10.94) | (-8.43) | (-8.01) |
| DurAway | 0.9470\*\*\* | 0.9469\*\*\* | 0.9559\*\*\* | 0.9568\*\*\* |
|  | (-24.97) | (-25.01) | (-23.14) | (-23.19) |
|  |  |  |  |  |
| Investment size quintile dummies | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
|  |  |  |  |  |
| Robust SE clustered at investor level | Yes | Yes | Yes | Yes |
| Model fit | 1,749.49\*\*\* | 1,771.12\*\*\* | 5,224.11\*\*\* | 5,720.54\*\*\* |
| Pseudo R2 | 0.0749 | 0.0757 | 0.1698 | 0.1782 |

Table 5

**Beyond initial returns: Realized returns**

Estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t)= β0 + β1IniReti + β2AllReti + β3RecReti + β4RealReti + β5DurAwayi,t +**β6Controlsi,t*

*+ (investment size fixed effect)+(zip-code fixed effect) +(exit month fixed effect) +(year fixed effect) +*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and otherwise is 0. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit, *RecRet* is the return in the last month of investing, and *RealRet* is the realized return during the actual period of investing. *DurAway* is length of time (in months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* controls for 105 dummy variables indicating the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) on the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of the sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 |
| VARIABLES | Re-entry |
|   |   |   |   |   |
| IniRet | 1.6234\*\*\* | 1.6033\*\*\* | 1.6552\*\*\* | 1.4357\*\* |
|  | (3.17) | (3.08) | (3.42) | (2.32) |
| AllRet | 1.0248 | 0.9819 | 0.9006 | 0.8780 |
|  | (0.09) | (-0.06) | (-0.59) | (-0.57) |
| RecRet | 0.9897 | 1.0107 | 1.0650 | 1.0743 |
|  | (-0.07) | (0.07) | (0.71) | (0.63) |
| RealRet | 1.0436\* | 1.0452\* | 1.0754\*\*\* | 1.0673\*\*\* |
|  | (1.73) | (1.80) | (3.17) | (2.77) |
| InvSiz |  | 1.2329\*\*\* | 1.2161\*\*\* | 1.1751\*\*\* |
|  |  | (5.29) | (4.53) | (3.75) |
| SglStock |  |  | 0.2865\*\*\* | 0.3065\*\*\* |
|  |  |  | (-12.26) | (-11.63) |
| ZeroTrd |  |  | 2.8450\*\*\* | 2.7359\*\*\* |
|  |  |  | (21.59) | (20.66) |
| SglStock × ZeroTrd |  |  | 0.2533\*\*\* | 0.2692\*\*\* |
|  |  |  | (-12.02) | (-11.54) |
| Nokia |  |  |  | 1.9965\*\*\* |
|  |  |  |  | (17.37) |
| MktRet | 0.4711\*\*\* | 0.4716\*\*\* | 0.4349\*\*\* | 0.4215\*\*\* |
|  | (-4.45) | (-4.44) | (-4.83) | (-5.00) |
| MktVol | 0.4710 | 0.4702 | 0.4113 | 0.3997 |
|  | (-1.19) | (-1.20) | (-1.36) | (-1.40) |
| Female | 0.7388\*\*\* | 0.7402\*\*\* | 0.9226\* | 0.9150\*\* |
|  | (-7.11) | (-7.06) | (-1.85) | (-2.04) |
| Age | 0.9993 | 0.9990 | 1.0007 | 1.0001 |
|  | (-0.59) | (-0.84) | (0.51) | (0.08) |
| Burst | 0.4594\*\*\* | 0.4594\*\*\* | 0.5387\*\*\* | 0.5517\*\*\* |
|  | (-10.93) | (-10.93) | (-8.41) | (-7.98) |
| DurAway | 0.9470\*\*\* | 0.9469\*\*\* | 0.9558\*\*\* | 0.9568\*\*\* |
|  | (-24.99) | (-25.03) | (-23.17) | (-23.23) |
|  |  |  |  |  |
| Investment size quintile dummies | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
|  |  |  |  |  |
| Robust SE clustered at investor level | Yes | Yes | Yes | Yes |
| Model fit | 1,749.49\*\*\* | 1,771.12\*\*\* | 5,224.11\*\*\* | 5,720.54\*\*\* |
| Pseudo R2 | 0.0749 | 0.0757 | 0.1698 | 0.1782 |

Table 6

**Primacy vs. Salience**

Estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t)= β0 + β1IniReti + β2AllReti + β3RecReti + β4RealReti + β5Saliencyi + β6DurAwayi,t +**β7Controlsi,t*

*+ (investment size fixed effect)+(zip-code fixed effect) +(exit month fixed effect) +(year fixed effect) +*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and otherwise is 0. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit, *RecRet* is the return in the last month of investing, and *RealRet* is the realized return during the actual period of investing. *Saliency* is an absolute difference between the initial return and the average return for the duration of investing, divided by the absolute value of average returns. *DurAway* is length of time (in months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* controls for 105 dummy variables indicating the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) on the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of the sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 |
| VARIABLES | Re-entry |
|   |   |   |   |   |
| IniRet | 1.6255\*\*\* | 1.6054\*\*\* | 1.6579\*\*\* | 1.4376\*\* |
|  | (3.18) | (3.09) | (3.43) | (2.33) |
| AllRet | 1.0272 | 0.9840 | 0.9012 | 0.8795 |
|  | (0.09) | (-0.06) | (-0.59) | (-0.56) |
| RecRet | 0.9886 | 1.0096 | 1.0646 | 1.0733 |
|  | (-0.08) | (0.07) | (0.71) | (0.62) |
| RealRet | 1.0436\* | 1.0452\* | 1.0754\*\*\* | 1.0673\*\*\* |
|  | (1.73) | (1.80) | (3.17) | (2.77) |
| Saliency | 1.0001\*\*\* | 1.0001\*\*\* | 1.0001\*\*\* | 1.0001\*\*\* |
|  | (3.86) | (3.70) | (3.62) | (5.17) |
| InvSiz |  | 1.2328\*\*\* | 1.2163\*\*\* | 1.1752\*\*\* |
|  |  | (5.28) | (4.53) | (3.75) |
| SglStock |  |  | 0.2868\*\*\* | 0.3069\*\*\* |
|  |  |  | (-12.24) | (-11.62) |
| ZeroTrd |  |  | 2.8480\*\*\* | 2.7394\*\*\* |
|  |  |  | (21.58) | (20.67) |
| SglStock × ZeroTrd |  |  | 0.2525\*\*\* | 0.2684\*\*\* |
|  |  |  | (-12.05) | (-11.56) |
| Nokia |  |  |  | 1.9994\*\*\* |
|  |  |  |  | (17.39) |
| MktRet | 0.4688\*\*\* | 0.4693\*\*\* | 0.4326\*\*\* | 0.4193\*\*\* |
|  | (-4.47) | (-4.47) | (-4.85) | (-5.03) |
| MktVol | 0.4673 | 0.4665 | 0.4077 | 0.3960 |
|  | (-1.21) | (-1.21) | (-1.38) | (-1.41) |
| Female | 0.7393\*\*\* | 0.7407\*\*\* | 0.9235\* | 0.9160\*\* |
|  | (-7.09) | (-7.04) | (-1.83) | (-2.02) |
| Age | 0.9993 | 0.9990 | 1.0006 | 1.0001 |
|  | (-0.60) | (-0.86) | (0.50) | (0.05) |
| Burst | 0.4591\*\*\* | 0.4591\*\*\* | 0.5385\*\*\* | 0.5514\*\*\* |
|  | (-10.94) | (-10.94) | (-8.42) | (-7.99) |
| DurAway | 0.9470\*\*\* | 0.9469\*\*\* | 0.9559\*\*\* | 0.9568\*\*\* |
|  | (-24.96) | (-25.01) | (-23.14) | (-23.20) |
|  |  |  |  |  |
| Investment size quintile dummies | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
|  |  |  |  |  |
| Robust SE clustered at investor level | Yes | Yes | Yes | Yes |
| Model fit | 1,749.49\*\*\* | 1,771.12\*\*\* | 5,224.11\*\*\* | 5,720.54\*\*\* |
| Pseudo R2 | 0.0749 | 0.0757 | 0.1698 | 0.1782 |

Table 7

**Sensitivity of re-entry: Losses versus gains**

Estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t)= β0 + β1IniReti×I(IniReti ≥ 0) + β2IniReti×I(IniReti <0)*

*+ β3AllReti + β4RecReti + β5RealReti + β6Saliencyi + β7DurAwayi,t +**β8Controlsi,t*

*+ (investment size fixed effect)+(zip-code fixed effect) +(exit month fixed effect) +(year fixed effect) +*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and otherwise is 0. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. I(*IniRet* < 0) is a dummy variable that equals 1 if *IniRet* < 0, and 0 otherwise. Likewise, I(*IniRet* *≥* 0) is a dummy variable that equals 1 if *IniRet* *≥* 0, and 0 otherwise. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit, *RecRet* is the return in the last month of investing, and *RealRet* is the realized return during the actual period of investing. *Saliency* is an absolute difference between the initial return and the average return for the duration of investing, divided by the absolute value of average returns. *DurAway* is the length of time (in unit of months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* controls for 105 dummy variables for the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) on the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 |
| VARIABLES | Re-entry |
|   |   |   |   |   |
| IniRet × **I**(IniRet ≥ 0)  | 1.6068\*\* | 1.5832\*\* | 1.9149\*\*\* | 1.8187\*\*\* |
|  | (2.32) | (2.24) | (3.36) | (2.92) |
| IniRet × **I**(IniRet < 0)  | 1.6653\* | 1.6530 | 1.2334 | 0.9036 |
|  | (1.65) | (1.62) | (0.71) | (-0.34) |
| AllRet | 1.0287 | 0.9858 | 0.8856 | 0.8562 |
|  | (0.10) | (-0.05) | (-0.69) | (-0.69) |
| RecRet | 0.9878 | 1.0087 | 1.0739 | 1.0878 |
|  | (-0.09) | (0.06) | (0.80) | (0.74) |
| RealRet | 1.0436\* | 1.0452\* | 1.0754\*\*\* | 1.0675\*\*\* |
|  | (1.74) | (1.80) | (3.18) | (2.78) |
| Saliency | 1.0001\*\*\* | 1.0001\*\*\* | 1.0001\*\*\* | 1.0001\*\*\* |
|  | (3.87) | (3.72) | (3.49) | (4.98) |
| InvSiz |  | 1.2328\*\*\* | 1.2166\*\*\* | 1.1756\*\*\* |
|  |  | (5.28) | (4.54) | (3.76) |
| SglStock |  |  | 0.2865\*\*\* | 0.3068\*\*\* |
|  |  |  | (-12.25) | (-11.62) |
| ZeroTrd |  |  | 2.8426\*\*\* | 2.7313\*\*\* |
|  |  |  | (21.54) | (20.60) |
| SglStock × ZeroTrd |  |  | 0.2526\*\*\* | 0.2684\*\*\* |
|  |  |  | (-12.04) | (-11.56) |
| Nokia |  |  |  | 2.0040\*\*\* |
|  |  |  |  | (17.43) |
| MktRet | 0.4688\*\*\* | 0.4693\*\*\* | 0.4326\*\*\* | 0.4193\*\*\* |
|  | (-4.47) | (-4.47) | (-4.85) | (-5.03) |
| MktVol | 0.4671 | 0.4662 | 0.4107 | 0.4010 |
|  | (-1.21) | (-1.21) | (-1.37) | (-1.39) |
| Female | 0.7392\*\*\* | 0.7406\*\*\* | 0.9243\* | 0.9170\*\* |
|  | (-7.09) | (-7.04) | (-1.81) | (-1.99) |
| Age | 0.9993 | 0.9990 | 1.0007 | 1.0001 |
|  | (-0.60) | (-0.86) | (0.51) | (0.07) |
| Burst | 0.4592\*\*\* | 0.4592\*\*\* | 0.5371\*\*\* | 0.5493\*\*\* |
|  | (-10.93) | (-10.92) | (-8.44) | (-8.03) |
| DurAway | 0.9470\*\*\* | 0.9469\*\*\* | 0.9560\*\*\* | 0.9570\*\*\* |
|  | (-24.94) | (-24.99) | (-22.97) | (-22.99) |
|  |  |  |  |  |
| Investment size quintile dummies | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
|  |  |  |  |  |
| Robust SE clustered at investor level | Yes | Yes | Yes | Yes |
| Model fit | 1,747.95\*\*\* | 1,770.08\*\*\* | 5,238.49\*\*\* | 5,743.82\*\*\* |
| Pseudo R2 | 0.0749 | 0.0757 | 0.1698 | 0.1783 |

Table 8

**Initial returns and re-entry by investor type**

Estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t) = β0 + β1IniReti + β2IniReti*×*InvTypi + β3InvTypi+ β5AllReti + β6RecReti*

*+ β7RealReti + β8Saliencyi + β9DurAwayi,t + β10Controlsi,t + (investment size fixed effect)*

*+ (zip-code fixed effect) +(exit month fixed effect) + (year fixed effect) +*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and otherwise is 0. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. *InvTyp* includes three variables*: SglStock, Nokia,* and *Minor*. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit, *RecRet* is the return in the last month of investing, and *RealRet* is the realized return during the actual period of investing. *Saliency* is an absolute difference between the initial return and the average return for the duration of investing, divided by the absolute value of average returns. *DurAway* is the length of time (in unit of months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* controls for 105 dummy variables indicating the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable that equals 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) of the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of the sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Old* is a dummy variable that equals 1 if investor is older than 50. *InvSiz\_H* is a dummy variable that equals 1 if *InvSiz* is greater than the sample median. *Helsinki* is a dummy variable that equals 1 if an investor resides in Helsinki. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 | Model 5 | Model 6 | Model 7 |
| VARIABLES | Re-entry |
|   |  |  |  |  |  |  |  |
| IniRet | 1.2197 | 2.5190\*\*\* | 1.5455\*\*\* | 1.4654\* | 1.3552\* | 1.4243\*\* | 1.5591\*\* |
|  | (1.12) | (4.56) | (2.73) | (1.90) | (1.77) | (2.22) | (2.48) |
| IniRet × SglStock | 1.8943\* |  |  |  |  |  |  |
|  | (1.92) |  |  |  |  |  |  |
| IniRet × Nokia | 0.3736\*\*\* |  |  |  |  |  |
|  |  | (-3.52) |  |  |  |  |  |
| IniRet × Minor |  | 0.1756\*\* |  |  |  |  |
|  |  |  | (-2.42) |  |  |  |  |
| IniRet × InvSize\_H |  |  | 0.9647 |  |  |  |
|  |  |  |  | (-0.13) |  |  |  |
| IniRet × Female |  |  |  | 1.3131 |  |  |
|  |  |  |  |  | (0.77) |  |  |
| IniRet × Old |  |  |  |  | 1.1210 |  |
|  |  |  |  |  |  | (0.18) |  |
| IniRet × Helsinki |  |  |  |  |  | 0.7291 |
|  |  |  |  |  |  |  | (-0.98) |
| SglStock | 0.3025\*\*\* |  |  |  |  |  |  |
|  | (-11.69) |  |  |  |  |  |  |
| Nokia |  | 2.0407\*\*\* |  |  |  |  |  |
|  |  | (17.74) |  |  |  |  |  |
| Minor |  |  | 1.4466\*\*\* |  |  |  |  |
|  |  |  | (3.93) |  |  |  |  |
| InvSize\_H |  |  |  | 0.9708 |  |  |  |
|  |  |  |  | (-0.34) |  |  |  |
| Female |  |  |  |  | 0.9103\*\* |  |  |
|  |  |  |  |  | (-2.13) |  |  |
| Old |  |  |  |  |  | 1.0229 |  |
|  |  |  |  |  |  | (0.27) |  |
| Helsinki |  |  |  |  |  |  | 1.0205 |
|  |  |  |  |  |  |  | (0.06) |
| Investment size quintile dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
|  |  |  |  |  |  |  |  |
| Robust SE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Model fit | 5,705.27\*\*\* | 5,756.70\*\*\* | 5,736.72\*\*\* | 6,283.31\*\*\* | 6,236.26\*\*\* | 6,236.39\*\*\* | 6,245.06\*\*\* |
| Pseudo R2 | 0.1783 | 0.1786 | 0.1787 | 0.1887 | 0.1887 | 0.1887 | 0.1887 |

Table 9

**Employee stock-ownership plans**

Estimated coefficients are reported from the following multi-period (monthly) logit regression:

*Logit(Re-entryi,t)= β0 + β1IniReti + β2AllReti + β3RecReti + β4RealReti + β5Saliencyi + β6Vicinityi*

*+ β7DurAwayi,t +**β8Controlsi,t+ (investment size fixed effect)+(zip-code fixed effect)*

*+ (exit month fixed effect) +(year fixed effect) +*$ϵ\_{i,t}$

*Re-entry* equals 1 if investor *i* re-enters the market in month *t* by purchasing any stock at any time after one calendar month of exit, and otherwise is 0. *IniRet*, the main explanatory variable of interest, is the return in the first month of investing. *AllRet* is the value-weighted average of monthly returns during the entire period of investing between entry and exit, *RecRet* is the return in the last month of investing, and *RealRet* is the realized return during the actual period of investing. *Saliency* is an absolute difference between the initial return and the average return for the duration of investing, divided by the absolute value of average returns. *Vicinity* is a dummy variable that equals 1 if an investor resides in the same municipality where the company’s headquarters is located. *DurAway* is length of time (in months) for which an investor is away from the stock market, i.e., time between exit month and month *t*. We account for the fixed effects of investment size, location of residency, and exit time by including dummies for portfolio holding quintiles, 100 different zip codes, and 105 different exit months, respectively: *Investment size fixed effect* uses five dummy variables indicating quintiles of average portfolio holdings; *Zip-code fixed effect* is based on 100 dummy variables for districts in Finland; and *Exit month fixed effect* controls for 105 dummy variables indicating the calendar month of exit; *Year fixed effect* is accounted for by controlling for 8 year dummy variables indicating the calendar year. *Controls* include the following variables. *InvSiz* is investment size, defined as the log of average portfolio holdings. *ZeroTrd* is a dummy variable that equals 1 if the investor does not trade between initial purchase and market exit, and 0 otherwise. *SglStock* is a dummy variable that equals 1 if the investor only owns one stock. *Nokia* is a dummy variable equal to 1 if an investor initiates investment by purchasing Nokia stock*. MktRet* and *MktVol* are the monthly return and volatility (standard deviation of daily returns) on the Finnish stock market (OMX Helsinki Index). *Age* is investor age (in years) at the beginning of the sample. *Female* is a dummy variable that equals 1 if investor gender is female. *Minor* is a dummy variable that equals 1 if the account holder is below 16 years of age. *Burst* is a dummy variable, defined as 1 if the time is after the dotcom bubble burst (April 2000). The Wald chi-square of the Wald test for the model fit is reported in the model fit column. Robust standard errors, presented in parentheses, are clustered at the investor level: ∗∗∗, ∗∗, and ∗ denote statistical significance at the 1%, 5%, and 10% levels, respectively. There are 276,470 investor-months (9,435 investors) in the sample.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Model 1 | Model 2 | Model 3 | Model 4 |
| VARIABLES | Re-entry |
|   |   |   |   |   |
| IniRet | 1.6411\*\*\* | 1.6108\*\*\* | 1.6593\*\*\* | 1.4321\*\* |
|  | (3.33) | (3.19) | (3.44) | (2.31) |
| AllRet | 1.0704 | 1.0296 | 0.9358 | 0.9302 |
|  | (0.28) | (0.12) | (-0.40) | (-0.35) |
| RecRet | 0.9683 | 0.9870 | 1.0442 | 1.0437 |
|  | (-0.26) | (-0.10) | (0.52) | (0.41) |
| RealRet | 1.0408 | 1.0423\* | 1.0732\*\*\* | 1.0671\*\*\* |
|  | (1.64) | (1.70) | (3.08) | (2.77) |
| Saliency | 1.0001\*\*\* | 1.0001\*\*\* | 1.0001\*\*\* | 1.0001\*\*\* |
|  | (6.06) | (5.94) | (5.46) | (8.39) |
| Vicinity | 1.2883\*\*\* | 1.2925\*\*\* | 1.1640\*\*\* | 1.1512\*\*\* |
|  | (8.65) | (9.13) | (8.83) | (8.26) |
| InvSiz |  | 1.2359\*\*\* | 1.2193\*\*\* | 1.1804\*\*\* |
|  |  | (5.30) | (4.59) | (3.84) |
| SglStock |  |  | 0.3114\*\*\* | 0.3253\*\*\* |
|  |  |  | (-11.33) | (-10.94) |
| ZeroTrd |  |  | 2.8302\*\*\* | 2.7359\*\*\* |
|  |  |  | (21.68) | (20.87) |
| SglStock × ZeroTrd |  |  | 0.2661\*\*\* | 0.2810\*\*\* |
|  |  |  | (-11.50) | (-11.07) |
| Nokia |  |  |  | 1.9102\*\*\* |
|  |  |  |  | (16.47) |
| MktRet | 0.4610\*\*\* | 0.4614\*\*\* | 0.4337\*\*\* | 0.4215\*\*\* |
|  | (-4.55) | (-4.55) | (-4.84) | (-5.00) |
| MktVol | 0.5157 | 0.5138 | 0.4141 | 0.3966 |
|  | (-1.04) | (-1.05) | (-1.35) | (-1.41) |
| Female | 0.7678\*\*\* | 0.7709\*\*\* | 0.9429 | 0.9340 |
|  | (-6.02) | (-5.96) | (-1.36) | (-1.57) |
| Age | 0.9998 | 0.9995 | 1.0006 | 1.0001 |
|  | (-0.13) | (-0.39) | (0.43) | (0.06) |
| Burst | 0.4416\*\*\* | 0.4416\*\*\* | 0.5284\*\*\* | 0.5418\*\*\* |
|  | (-11.47) | (-11.47) | (-8.66) | (-8.22) |
| DurAway | 0.9510\*\*\* | 0.9509\*\*\* | 0.9569\*\*\* | 0.9574\*\*\* |
|  | (-23.12) | (-23.19) | (-22.86) | (-23.05) |
|  |  |  |  |  |
| Investment size quintile dummies | Yes | Yes | Yes | Yes |
| Zip code dummies | Yes | Yes | Yes | Yes |
| Exit time dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
|  |  |  |  |  |
| Robust SE clustered at investor level | Yes | Yes | Yes | Yes |
| Model fit | 1,749.49\*\*\* | 1,771.12\*\*\* | 5,224.11\*\*\* | 5,720.54\*\*\* |
| Pseudo R2 | 0.0749 | 0.0757 | 0.1698 | 0.1782 |