

## Appendix 1 - Variables description

Variable	Description
<b>Dependent variables</b>	
CAR5	Cumulative abnormal announcement return over the [-2, 2] event window adjusted by the Carhart four-factor model. The returns are multiplied by the factor 100.
CAR253	Cumulative abnormal announcement return over the [-2, 250] event window adjusted by the Carhart four-factor model. The returns are multiplied by the factor 100.
$\Delta$ ROA	Industry adjusted change in ROA measured at the fiscal year end from t-1 until t+1 with t being the year of the announcement.
<b>Independent variable</b>	
Cash	Dummy variable equal to one if the deal is paid purely by cash and zero otherwise.
Cash ratio	The acquirer's cash ratio at the end of the quarter prior to the announcement.
Debt-to-assets	The acquirer's debt-to-assets ratio at the end of the quarter prior to the announcement.
Diversify	Dummy variable equal to one if the Fama-French 12 industry classifications of the target and the acquirer differ and zero otherwise.
Equity	Dummy variable equal to one if the deal is purely paid by stock and zero otherwise.
Experience	Weighted average experience measure after Kempf, Manconi and Spalt (2017) for all the fund managers holding the acquirer in the quarter prior to the announcement.
Experienced holdings	Cumulated percentage of shares held by managers with an experience measure greater zero.
Family invested	Weighted average of the cumulated AUM (in \$bn) of all funds invested in the acquirer and belonging to the same fund family.
Fund family size	Weighted average of the AUM (in \$bn) of all the fund families which are invested by at least one of their funds in the acquirer.
Fund size	Weighted average AUM (in \$bn) of all funds being invested in the acquirer.
Hostile	Dummy variable equal to one if the SDC database describes the deal as "hostile" and zero otherwise.
Max Alpha24	Highest Carhart alpha over the past 24 months of all fund managers invested in the acquirer.
Max Alpha quarter	Highest Carhart alpha over the past quarter of all fund managers invested in the acquirer.
Max Experience	Highest experience measure of all fund managers invested in the acquirer.
Max fund size	Largest fund being invested in the acquirer measured in AUM (in \$bn).
Max fund family size	Largest fund family being invested in the acquirer with at least one of their funds measured in AUM (in \$bn).

## Appendix 1 - Continued

<b>Variable</b>	<b>Description</b>
<hr/> <b>Independent variable</b> <hr/>	
Max family invested	Largest cumulated AUM of all funds being invested in the acquirer and belonging to the same fund family.
Max holdings	Percentage of shares held by the max variables.
Other holdings	Difference between <i>total holdings</i> and the respective holdings of the variable of interest.
Past return	Buy and hold return of the acquirer based on quarterly stock prices from Q-5 until Q-1 where Q is the quarter of the merger announcement.
Private	Dummy variable equal to one if the target is a private company and zero otherwise.
Relative size	Ratio of the deal's transaction volume to the acquirer's market capitalization at the end of the quarter prior to the announcement.
Size	Natural logarithm of the acquirer's market capitalization at the end of the quarter prior to the announcement.
Tobin's Q	The acquirer's Tobin's Q at the end of the year prior to the announcement.
Top Alpha24	Number of funds holding the acquirer which are ranked in the top quartile in the quarter prior to the announcement based on the past Carhart alpha of the past 24 months.
Top Alpha quarter	Number of funds holding the acquirer which are ranked in the top quartile in the quarter prior to the announcement based on the past Carhart alpha of the past quarter.
Top holdings	Percentage of shares held by top funds.
Total holdings	Percentage of shares held by all mutual funds invested in the acquirer.
Weighted Alpha24	Weighted average of the Carhart alpha of the past 24 months of all managers invested in the acquirer.
Weighted Alpha quarter	Weighted average of the Carhart alpha of the past quarter of all managers invested in the acquirer.

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