

Internet Appendix:

Superstition Everywhere^{*}

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Table IA1. Daily open price based superstition portfolio returns

This table reports the short-run predictability of lucky and unlucky prices in the secondary stock market. The overoptimism proxy for each stock and month is defined as the difference in probability between daily closing prices ending in digit 8 and digit 4 in the hundredths place. Each month, stocks are divided into two subsamples (Small-cap and Large-cap) based on the median market capitalization. Within each subsample, stocks are sorted into quintiles according to the overoptimism proxy. A monthly long–short portfolio is then formed by taking a long position in stocks in the lowest quintile and a short position in stocks in the highest quintile, with the portfolio held for one month. Columns (1) and (2) present results for stocks with closing prices determined by batched call auction, while Columns (3) and (4) present results for stocks with closing prices determined by weighted-average transaction prices. Regressions in Columns (1) and (2) control for the Fama–French five factors; regressions in Columns (3) and (4) control for the CH-4 four-factor model of Liu et al. (2019). t-statistics, computed using Newey–West standard errors with 12 lags, are reported in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

	FF5 (in %)		CH4 (in %)	
	Small-cap	Large-cap	Small-cap	Large-cap
	(1)	(2)	(3)	(4)
<i>Alpha</i>	0.434***	0.064	0.337*	-0.254
	(3.15)	(0.27)	(1.81)	(-0.95)
<i>Risk Premium</i>	-0.010	0.001	0.002	0.020
	(-0.53)	(0.03)	(0.09)	(0.69)
<i>SMB (FF5)</i>	-0.028	0.035		
	(-0.76)	(0.33)		
<i>HML</i>	0.214***	0.307**		
	(2.93)	(2.07)		
<i>RMW</i>	-0.169**	0.297		
	(-2.20)	(1.45)		
<i>CMA</i>	0.363***	0.123		
	(3.49)	(0.69)		
<i>VMG</i>			0.066	0.284***
			(1.34)	(2.78)
<i>SMB (CH4)</i>			0.047	-0.014
			(1.27)	(-0.14)
<i>PMO</i>			-0.013	0.123*
			(-0.21)	(1.70)
<i>R2</i>	0.24	0.10	0.02	0.16
<i>Obs.</i>	182	182	182	182

Table IA2. Daily high/low price based superstition portfolio returns

This table reports the short-run predictability of lucky and unlucky prices in the secondary stock market. The overoptimism proxy is defined as the difference in probability between daily high (low) prices ending in digit 8 and digit 4 in the hundredths place for each stock and month. Each month, stocks are divided into two subsamples (Small-cap and Large-cap) based on the median market capitalization. Within each subsample, stocks are sorted into quintiles according to the overoptimism proxy. A monthly long–short portfolio is then formed by taking a long position in stocks in the lowest quintile and a short position in stocks in the highest quintile, with the position held for one month. Panel A reports regression results for the long–short strategy based on daily high prices, while Panel B reports results for the strategy based on daily low prices. In each panel, Columns (1) and (2) control for the Fama–French five factors (Fama and French, 2015), and Columns (3) and (4) control for the CH-4 four-factor model (Liu et al., 2019). t-statistics, computed using Newey–West standard errors with 12 lags, are reported in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Long-short strategy based on the daily high price

	<i>Fama-French 5 (%)</i>		<i>CH-4 (%)</i>	
	Small-cap	Large-cap	Small-cap	Large-cap
	(1)	(2)	(3)	(4)
<i>Alpha</i>	0.578***	0.050	0.440***	-0.197
	(6.53)	(0.27)	(4.23)	(-1.17)
<i>Risk Premium</i>	-0.093	-0.133**	-0.040	-0.200
	(-0.87)	(-0.39)	(-0.34)	(-1.36)
<i>SMB (FF5)</i>	-0.287***	-0.006		
	(-2.71)	(-0.01)		
<i>HML</i>	0.165**	0.360		
	(2.15)	(1.01)		
<i>RMW</i>	-0.191	0.094		
	(-1.38)	(0.21)		
<i>CMA</i>	0.472***	0.399		
	(6.20)	(0.94)		
<i>VMG</i>			0.326***	1.016***
			(2.75)	(3.38)
<i>SMB (CH4)</i>			0.186	0.475*
			(1.55)	(1.91)
<i>PMO</i>			-0.124	-0.225
			(-0.87)	(-0.91)
<i>R2</i>	0.23	0.04	0.05	0.08
<i>Obs.</i>	182	182	182	182

Panel B: Long-short strategy based on the daily low price

	Fama-French 5 (%)		CH-4 (%)	
	Small-cap	Large-cap	Small-cap	Large-cap
	(1)	(2)	(3)	(4)
Alpha	0.246***	0.156	0.189**	0.003
	(3.37)	(0.83)	(2.17)	(0.02)
Risk Premium	0.070	0.141	0.113	0.093
	(0.71)	(0.34)	(0.97)	(0.30)
SMB (FF5)	-0.040	0.526		
	(-0.30)	(0.93)		
HML	0.267***	0.711***		
	(2.84)	(2.82)		
RMW	0.059	0.756		
	(0.40)	(0.93)		
CMA	0.092	-0.018		
	(0.73)	(-0.07)		
VMG			0.212*	0.940**
			(1.68)	(2.21)
SMB (CH4)			-0.056	0.174
			(-0.35)	(0.64)
PMO			0.043	0.211
			(0.57)	(1.21)
Sharpe Ratio	0.10	0.07	0.05	0.08
Obs.	182	182	182	182

Table IA3. Superstition portfolio returns by quintile

This table reports the alphas for all quintile portfolios. The overoptimism proxy is defined as the difference in probability between transaction prices (or closing price) ending in digit 8 and digit 4 in the hundredths place for each stock and month. Each month, stocks are divided into two subsamples (Small-cap and Large-cap) based on the median market capitalization. Within each subsample, stocks are sorted into quintiles according to the overoptimism proxy. Columns (1) and (2) report the quintile alphas for portfolios constructed using transaction price. Columns (3) and (4) report the quintile alphas for portfolios constructed using call-auction daily close price. All quintile alphas are computed by controlling for the Fama–French five factors (Fama and French, 2015). T-statistics, computed using Newey–West standard errors with 12 lags, are reported in parentheses. Sharpe ratios are reported at the bottom of the table. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Quintile Alpha	Transaction Price		Close Price (Call-auction)	
	Small-cap	Large-cap	Small-cap	Large-cap
	(1)	(2)	(3)	(4)
<i>Group 1</i>	-0.490*** (-3.03)	0.160 (1.39)	-0.686*** (-4.12)	0.237 (1.00)
<i>Group 2</i>	-0.792*** (-5.19)	0.254 (1.60)	-0.718*** (-3.17)	0.219 (0.58)
<i>Group 3</i>	-0.807*** (-6.33)	0.094 (0.67)	-1.02*** (-3.98)	0.334 (0.97)
<i>Group 4</i>	-0.896*** (-5.21)	0.140 (0.79)	-0.956*** (-5.30)	0.330* (1.85)
<i>Group 5</i>	-1.278*** (-6.25)	0.634*** (2.60)	-1.182*** (-5.71)	-0.021 (-0.09)
<i>Obs.</i>	182	182	182	182