Internet Appendix to "What Drives Booms and Busts in Value?"

John Y. Campbell, Stefano Giglio, and Christopher Polk[1]

First draft: March 2023
This draft: May 2025

[1]Campbell: Department of Economics, Littauer Center, Harvard University, Cambridge MA 02138, and NBER. Email john_campbell@harvard.edu. Phone 617-496-6448. Giglio: Yale School of Management, 165 Whitney Ave, New Haven, CT 06520, and NBER. Email stefano.giglio@yale.edu. Polk: Department of Finance, London School of Economics, London WC2A 2AE, UK, and CEPR. Email c.polk@lse.ac.uk.

This Appendix provides a variety of supplemental information for Campbell, Giglio, and Polk (CGP 2025).

Table 1: **Quarterly Vector Autoregression Estimation**

The table shows the weighted least squares (WLS) parameter estimates for a quarterly first-order vectorautoregression (VAR) model. The state variables in the VAR are the log real return on the CRSP value-weight index (r_M), the realized variance ($RVAR$) of within-quarter daily simple returns on the CRSP value-weight index, the log ratio of the S&P 500's price to its 10-year moving average of earnings (PE), the term yield spread ($TERM$) in percentage points, measured as the difference between the log yield on 10-year Treasuries and the log yield on 3-month Treasuries, the default yield spread (DEF) in percentage points, measured as the difference between the log yield on Moody's BAA bonds and the log yield on Moody's AAA bonds, and the small-stock value spread (VS), the difference in the log book-to-market ratios of small-value and small-growth stocks. For the sake of interpretation, we estimate the VAR in two stages. Panel A reports the WLS parameter estimates of a first-stage regression forecasting $RVAR$ with the VAR state variables. The forecasted values from this regression are used in the second stage of the estimation procedure as the state variable $EVAR$, replacing $RVAR$ in the second-stage VAR. Panel B reports WLS parameter estimates of the full second-stage VAR. Initial WLS weights on each observation are inversely proportional to $RVAR_t$ and $EVAR_t$ in the first and second stage respectively, and are then shrunk to equal weights so that the maximum ratio of actual weights used is less than or equal to five. In addition, the forecasted values for both $RVAR$ and $EVAR$ are constrained to be positive. In Panels A and B, Column 1–7 report coefficients on an intercept and the six explanatory variables, and Column 8 shows the implied R^2 statistic for the unscaled model. We report t-statistics in parentheses. The sample period for the dependent variables is 1926:3–2022:4, with 386 quarterly data points.

Panel A: Forecasting quarterly realized variance ($RVAR_{t+1}$)							
Constant	$r_{M,t}$	$RVAR_t$	PE_t	$TERM_t$	DEF_t	VS_t	R^2
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
-0.019	-0.005	0.345	0.005	-0.001	0.006	0.002	33.5%
(-3.57)	(-1.13)	(6.51)	(3.55)	(-1.26)	(4.56)	(0.87)	

Panel B: VAR estimates

Second stage	Constant (1)	$r_{M,t}$ (2)	$EVAR_t$ (3)	PE_t (4)	$TERM_t$ (5)	DEF_t (6)	VS_t (7)	R^2 (8)
$r_{M,t+1}$	0.207	0.068	2.162	-0.050	0.004	-0.018	-0.027	2.5%
	(2.76)	(1.20)	(1.26)	(-2.39)	(0.66)	(-0.78)	(-1.32)	
$EVAR_{t+1}$	-0.016	-0.002	0.372	0.004	0.000	0.005	0.002	56.9%
	(-5.42)	(-1.03)	(5.47)	(5.27)	(-1.87)	(5.16)	(2.56)	
PE_{t+1}	0.130	0.062	1.239	0.961	0.004	-0.013	-0.008	94.2%
	(1.72)	(1.10)	(0.72)	(45.64)	(0.73)	(-0.57)	(-0.40)	
$TERM_{t+1}$	0.005	0.013	2.539	0.013	0.830	0.178	-0.010	76.6%
	(0.01)	(0.04)	(0.29)	(0.12)	(29.38)	(1.54)	(-0.10)	
DEF_{t+1}	0.154	-0.348	3.570	-0.050	0.001	0.852	0.078	87.4%
	(0.87)	(-2.61)	(0.88)	(-1.00)	(0.04)	(15.81)	(1.61)	
VS_{t+1}	0.155	0.065	3.238	-0.018	-0.004	-0.006	0.930	92.6%
	(2.61)	(1.46)	(2.38)	(-1.09)	(-0.91)	(-0.32)	(57.03)	

Table 2: **HML: 17-Industry Decomposition and CAPM Pricing**

The table reports a decomposition of Fama and French's (1993) HML into its intra- and inter-industry components. We first create an HML portfolio within each industry in the same way as HML. We then combine these industry-specific HML portfolios using industry market weights. We define industries using Fama and French's (1997) mapping of SICC into 17 industries, based on historical classifications from Ken French's website. We scale the resulting composite portfolio so that a full-sample regression of HML on that scaled portfolio, the first regression in the table, has a unit loading. We define the scaled portfolio as $\text{HML}^{17}_{\text{Intra}}$ and the constant and residual from the regression as $\text{HML}^{17}_{\text{Inter}}$. The sample is 1963Q3-2022Q4. We report t-statistics in parentheses.

Panel A: Full-sample estimates

		constant	$\text{HML}^{17}_{\text{Intra}}$	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.21%	1.00			85.0%
		(-1.33)	(36.61)			
(2)	$\text{HML}^{17}_{\text{Intra}}$	0.36%		0.85		85.0%
		(2.49)		(36.61)		
(3)	$\text{HML}^{17}_{\text{Inter}}$	-0.36%		0.15		14.6%
		(-2.49)		(6.45)		
(4)	HML	1.29%			-0.17	5.5%
		(3.28)			(-3.86)	
(5)	$\text{HML}^{17}_{\text{Intra}}$	1.48%			-0.17	6.1%
		(4.12)			(-4.04)	
(6)	$\text{HML}^{17}_{\text{Inter}}$	-0.20%			-0.01	-0.4%
		(-1.26)			(-0.36)	

Panel B: Pre-1990 estimates

		constant	HML^{17}_{Intra}	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.34%	1.01			82.8%
		(-1.53)	(22.63)			
(2)	HML^{17}_{Intra}	0.58%		0.82		82.8%
		(2.99)		(22.63)		
(3)	HML^{17}_{Inter}	-0.58%		0.18		18.7%
		(-2.99)		(5.04)		
(4)	HML	1.76%			-0.25	16.3%
		(3.77)			(-4.65)	
(5)	HML^{17}_{Intra}	2.05%			-0.23	16.9%
		(4.91)			(-4.75)	
(6)	HML^{17}_{Inter}	-0.29%			-0.02	-0.2%
		(-1.38)			(-0.89)	

Panel C: Post-1990 estimates

		constant	HML^{17}_{Intra}	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.12%	1.00			85.9%
		(-0.52)	(28.12)			
(2)	HML^{17}_{Intra}	0.20%		0.86		85.9%
		(0.97)		(28.12)		
(3)	HML^{17}_{Inter}	-0.20%		0.14		12.6%
		(-0.97)		(4.45)		
(4)	HML	0.82%			-0.10	1.0%
		(1.37)			(-1.52)	
(5)	HML^{17}_{Intra}	0.95%			-0.11	1.5%
		(1.70)			(-1.71)	
(6)	HML^{17}_{Inter}	-0.13%			0.01	-0.7%
		(-0.57)			(0.19)	

Table 3: **HML Alternative Decomposition 1 and CAPM Pricing**

The table reports a decomposition of Fama and French's (1993) HML into its intra- and inter-industry components using our first alternative to the baseline approach studied in the main text. Rather than create a within-industry HML, we create an industry-demeaned HML. We create a value factor in the same way as HML, but we first industry-adjust firm-level BE/ME using Fama and French's (1997) mapping of SICC into 48 industries, based on historical classifications from Ken French's website. As this process still results in some incidental industry exposure, we then industry-neutralize this portfolio. In particular, we compute its industry exposure and using the resulting portfolio to offset any remaining industry exposure by differencing. We scale the resulting industry-neutralized, industry-demeaned portfolio so that a regression of HML on that portfolio, the first regression in the table, has a unit loading. We define the scaled portfolio as $\text{HML}^{\text{Alt1}}_{\text{Intra}}$ and the constant and residual from the regression as $\text{HML}^{\text{Alt1}}_{\text{Inter}}$. The sample is 1963Q3-2022Q4. We report t-statistics in parentheses.

Panel A: Full-sample estimates

		constant	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.27%	1.00			77.9%
		(-1.41)	(28.90)			
(2)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	0.49%		0.78		77.9%
		(2.93)		(28.90)		
(3)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.49%		0.22		21.7%
		(-2.93)		(8.17)		
(4)	HML	1.29%			-0.17	5.5%
		(3.28)			(-3.86)	
(5)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	1.38%			-0.07	0.8%
		(3.88)			(-1.73)	
(6)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.09%			-0.10	9.2%
		(-0.51)			(-5.00)	

Panel B: Pre-1990 estimates

		constant	HML^{Alt1}_{Intra}	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.27%	0.94			75.2%
		(-1.02)	(17.98)			
(2)	HML^{Alt1}_{Intra}	0.67%		0.80		75.2%
		(2.79)		(17.98)		
(3)	HML^{Alt1}_{Inter}	-0.67%		0.20		14.9%
		(-2.79)		(4.42)		
(4)	HML	1.76%			-0.25	16.3%
		(3.77)			(-4.65)	
(5)	HML^{Alt1}_{Intra}	2.05%			-0.17	8.5%
		(4.55)			(-3.30)	
(6)	HML^{Alt1}_{Inter}	-0.29%			-0.08	5.9%
		(-1.18)			(-2.77)	

Panel C: Post-1990 estimates

		constant	HML^{Alt1}_{Intra}	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.20%	1.04			79.2%
		(-0.75)	(22.25)			
(2)	HML^{Alt1}_{Intra}	0.32%		0.76		79.2%
		(1.36)		(22.25)		
(3)	HML^{Alt1}_{Inter}	-0.32%		0.24		26.1%
		(-1.36)		(6.84)		
(4)	HML	0.82%			-0.10	1.0%
		(1.37)			(-1.52)	
(5)	HML^{Alt1}_{Intra}	0.73%			0.02	-0.7%
		(1.40)			(0.36)	
(6)	HML^{Alt1}_{Inter}	0.10%			-0.13	11.6%
		(0.37)			(-4.25)	

Table 4: **HML Alternative Decomposition 2 and CAPM Pricing**

The table reports a decomposition of Fama and French's (1993) HML into its intra- and inter-industry components using our second alternative to the baseline approach in the main text. Rather than create a within-industry HML, we industry neutralize HML, namely, computing the industry exposure of HML and using that portfolio to offset HML's industry exposure by differencing. We measure industry using Fama and French's (1997) mapping of SICC into 48 industries, based on historical classifications from Ken French's website. We scale the resulting industry-neutralized portfolio so that a regression of HML on that portfolio, the first regression in the table, has a unit loading. We define the scaled portfolio as $\text{HML}^{\text{Alt2}}_{\text{Intra}}$ and the constant and residual from the regression as $\text{HML}^{\text{Alt2}}_{\text{Inter}}$. The sample is 1963Q3-2022Q4. We report t-statistics in parentheses.

Panel A: Full-sample estimates

		constant	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	HML	$RMRF$	$\widehat{R}^2$
(1)	HML	-0.39%	1.00			77.5%
		(-2.03)	(28.56)			
(2)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	0.61%		0.78		77.5%
		(3.67)		(28.56)		
(3)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	-0.61%		0.22		22.1%
		(-3.67)		(8.26)		
(4)	HML	1.29%			-0.17	5.5%
		(3.28)			(-3.86)	
(5)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	1.70%			-0.19	8.5%
		(5.01)			(-4.80)	
(6)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	-0.42%			0.01	-0.3%
		(-2.18)			(0.61)	

Panel B: Pre-1990 estimates

		constant	HML^{Alt2}_{Intra}	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.37%	0.96			83.6%
		(-1.70)	(23.25)			
(2)	HML^{Alt2}_{Intra}	0.63%		0.87		83.6%
		(3.14)		(23.25)		
(3)	HML^{Alt2}_{Inter}	-0.63%		0.13		9.6%
		(-3.14)		(3.50)		
(4)	HML	1.76%			-0.25	16.3%
		(3.77)			(-4.65)	
(5)	HML^{Alt2}_{Intra}	2.22%			-0.26	20.5%
		(5.14)			(-5.32)	
(6)	HML^{Alt2}_{Inter}	-0.46%			0.01	-0.6%
		(-2.22)			(0.62)	

Panel C: Post-1990 estimates

		constant	HML^{Alt2}_{Intra}	HML	$RMRF$	$\widehat{R^2}$
(1)	HML	-0.37%	1.02			74.3%
		(-1.24)	(19.39)			
(2)	HML^{Alt2}_{Intra}	0.52%		0.73		74.3%
		(2.05)		(19.39)		
(3)	HML^{Alt2}_{Inter}	-0.52%		0.27		28.6%
		(-2.05)		(7.28)		
(4)	HML	0.82%			-0.10	1.0%
		(1.37)			(-1.52)	
(5)	HML^{Alt2}_{Intra}	1.20%			-0.12	2.3%
		(2.38)			(-2.02)	
(6)	HML^{Alt2}_{Inter}	-0.38%			0.01	-0.7%
		(-1.23)			(0.34)	

Table 5: **Cash-flow, Discount-rate, and Variance Betas Using Log Returns**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_{V}$) betas for HML and its intra- and inter-industry components when measured using log, rather than simple, returns. The left side of the table runs simple regressions while the right side of the table estimates a multiple regression with all three ICAPM News terms as regressors. The resulting point estimates in both the simple and multiple ICAPM regressions are scaled as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1963Q3-2022Q4, which is then split into two sub-samples in Panels B and C. We report t-statistics in parentheses.

		simple regressions				multiple regression			
		$\widehat{\beta}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{R^2}$
				Panel A: Full Sample					
(1)	HML	-0.15	-0.24	0.09	-0.11	-0.25	0.09	-0.06	47.5%
		(-3.39)	(-6.57)	(6.48)	(-10.29)	(-7.63)	(7.35)	(-4.90)	
(2)	$\text{HML}_{\text{Intra}}$	-0.06	-0.14	0.08	-0.09	-0.15	0.07	-0.05	37.6%
		(-1.64)	(-4.32)	(6.71)	(-9.40)	(-4.68)	(6.15)	(-4.86)	
(3)	$\text{HML}_{\text{Inter}}$	-0.09	-0.10	0.01	-0.02	-0.11	0.02	0.00	13.4%
		(-4.24)	(-5.48)	(1.13)	(-3.21)	(-5.30)	(2.40)	(-0.33)	
				Panel B: Pre-1990					
(1)	HML	-0.25	-0.29	0.04	-0.10	-0.26	0.06	-0.04	49.8%
		(-4.68)	(-6.91)	(2.50)	(-8.10)	(-4.65)	(4.42)	(-2.19)	
(2)	$\text{HML}_{\text{Inter}}$	-0.14	-0.19	0.05	-0.07	-0.17	0.06	-0.03	37.4%
		(-2.94)	(-4.72)	(3.17)	(-6.45)	(-3.03)	(4.15)	(-1.99)	
(3)	$\text{HML}_{\text{Inter}}$	-0.11	-0.11	0.00	-0.03	-0.10	0.01	0.00	13.9%
		(-3.93)	(-4.42)	(-0.46)	(-3.38)	(-2.68)	(0.60)	(-0.33)	
				Panel C: Post-1990					
(1)	HML	-0.06	-0.19	0.13	-0.13	-0.26	0.12	-0.06	46.9%
		(-0.87)	(-3.35)	(6.58)	(-6.92)	(-5.76)	(6.00)	(-3.36)	
(2)	$\text{HML}_{\text{Inter}}$	0.01	-0.09	0.11	-0.11	-0.15	0.09	-0.06	37.9%
		(0.25)	(-1.90)	(6.41)	(-6.80)	(-3.47)	(4.82)	(-3.50)	
(3)	$\text{HML}_{\text{Inter}}$	-0.08	-0.10	0.02	-0.02	-0.12	0.03	0.00	12.6%
		(-2.49)	(-3.63)	(1.64)	(-1.67)	(-4.20)	(2.34)	(-0.03)	

Table 6: **Cash-flow, Discount-rate, and Variance Betas: 17 industries**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_{V}$) betas for HML and its intra- and inter-industry components (based on Fama and French's 17 industries). The left side of the table runs simple regressions while the right side of the table estimates a multiple regression with all three ICAPM News terms as regressors. The resulting point estimates in both the simple and multiple ICAPM regressions are scaled as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1963Q3-2022Q4, which is then split into two sub-samples in Panels B (1963Q3-1990Q1) and C (1990Q2-2022Q4). We report t-statistics in parentheses.

		simple regressions				multiple regression			
		$\widehat{\beta}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{R^2}$
					Panel A: Full Sample				
(1)	HML	-0.16	-0.24	0.09	-0.11	-0.27	0.09	-0.05	47.8%
		(-3.55)	(-6.77)	(6.42)	(-10.12)	(-7.95)	(7.50)	(-4.66)	
(2)	HML^{17}_{Intra}	-0.17	-0.24	0.07	-0.10	-0.25	0.08	-0.05	46.2%
		(-4.07)	(-7.20)	(5.64)	(-10.02)	(-7.93)	(6.63)	(-4.75)	
(3)	HML^{17}_{Inter}	0.01	-0.01	0.02	-0.01	-0.02	0.02	0.00	2.6%
		(0.45)	(-0.48)	(2.74)	(-1.84)	(-0.99)	(2.44)	(-0.39)	
					Panel B: Pre-1990				
(1)	HML	-0.25	-0.30	0.04	-0.10	-0.27	0.07	-0.04	50.4%
		(-4.74)	(-6.99)	(2.49)	(-8.14)	(-4.75)	(4.48)	(-2.16)	
(2)	HML^{17}_{Intra}	-0.25	-0.27	0.03	-0.09	-0.25	0.05	-0.03	46.8%
		(-5.21)	(-7.30)	(1.79)	(-7.68)	(-4.76)	(3.66)	(-1.83)	
(3)	HML^{17}_{Inter}	-0.01	-0.02	0.01	-0.01	-0.02	0.02	-0.01	4.8%
		(-0.31)	(-1.07)	(2.08)	(-2.12)	(-0.56)	(1.87)	(-0.82)	
					Panel C: Post-1990				
(1)	HML	-0.07	-0.20	0.13	-0.13	-0.28	0.13	-0.06	47.0%
		(-1.03)	(-3.54)	(6.47)	(-6.72)	(-6.01)	(6.09)	(-3.16)	
(2)	HML^{17}_{Intra}	-0.09	-0.20	0.11	-0.12	-0.27	0.11	-0.06	47.3%
		(-1.40)	(-3.90)	(6.04)	(-6.86)	(-6.28)	(5.68)	(-3.48)	
(3)	HML^{17}_{Inter}	0.02	0.00	0.02	-0.01	-0.01	0.02	0.00	0.2%
		(0.71)	(0.14)	(1.77)	(-0.85)	(-0.36)	(1.57)	(0.14)	

Table 7: **ICAPM Betas of HML Alternative Decomposition 1**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_{V}$) betas for HML and its intra- and inter-industry components using our first alternative to the baseline approach studied in the main text. The left side of the table runs simple regressions while the right side of the table estimates a multiple regression with all three ICAPM News terms as regressors. The resulting point estimates in both the simple and multiple ICAPM regressions are scaled as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1963Q3-2022Q4, which is then split into two sub-samples in Panels B and C. We report t-statistics in parentheses.

		simple regressions				multiple regression			
		$\widehat{\beta}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{R^2}$
		Panel A: Full Sample							
(1)	HML	-0.16	-0.24	0.09	-0.11	-0.27	0.09	-0.05	47.8%
		(-3.55)	(-6.77)	(6.42)	(-10.12)	(-7.95)	(7.50)	(-4.66)	
(2)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	-0.08	-0.16	0.08	-0.10	-0.16	0.07	-0.06	42.8%
		(-1.89)	(-4.71)	(6.95)	(-10.58)	(-5.05)	(6.42)	(-5.79)	
(3)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.08	-0.09	0.00	-0.01	-0.11	0.02	0.01	10.8%
		(-3.97)	(-4.96)	(0.71)	(-1.61)	(-5.35)	(2.55)	(1.13)	
		Panel B: Pre-1990							
(1)	HML	-0.25	-0.30	0.04	-0.10	-0.27	0.07	-0.04	50.4%
		(-4.74)	(-6.99)	(2.49)	(-8.14)	(-4.75)	(4.48)	(-2.16)	
(2)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	-0.19	-0.24	0.05	-0.08	-0.26	0.07	-0.02	45.3%
		(-3.68)	(-5.78)	(3.24)	(-6.77)	(-4.61)	(5.20)	(-1.27)	
(3)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.07	-0.06	-0.01	-0.02	-0.02	-0.01	-0.02	3.8%
		(-2.27)	(-2.31)	(-0.87)	(-2.37)	(-0.39)	(-0.81)	(-1.35)	
		Panel C: Post-1990							
(1)	HML	-0.07	-0.20	0.13	-0.13	-0.28	0.13	-0.06	47.0%
		(-1.03)	(-3.54)	(6.47)	(-6.72)	(-6.01)	(6.09)	(-3.16)	
(2)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	0.03	-0.08	0.12	-0.12	-0.13	0.09	-0.08	42.5%
		(0.54)	(-1.64)	(6.78)	(-7.95)	(-3.15)	(4.70)	(-4.58)	
(3)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.10	-0.12	0.01	0.00	-0.15	0.04	0.02	19.8%
		(-3.42)	(-4.70)	(1.39)	(-0.42)	(-5.71)	(3.36)	(1.67)	

Table 8: **ICAPM Betas of HML Alternative Decomposition 2**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_{V}$) betas for HML and its intra- and inter-industry components using our second alternative to the baseline approach studied in the main text. The left side of the table runs simple regressions while the right side of the table estimates a multiple regression with all three ICAPM News terms as regressors. The resulting point estimates in both the simple and multiple ICAPM regressions are scaled as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1963Q3-2022Q4, which is then split into two sub-samples in Panels B and C. We report t-statistics in parentheses.

		simple regressions				multiple regression			
		$\widehat{\beta}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{R^2}$
		Panel A: Full Sample							
(1)	HML	-0.16	-0.24	0.09	-0.11	-0.27	0.09	-0.05	47.8%
		(-3.55)	(-6.77)	(6.42)	(-10.12)	(-7.95)	(7.50)	(-4.66)	
(2)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	-0.18	-0.24	0.05	-0.11	-0.21	0.05	-0.07	45.4%
		(-4.78)	(-7.61)	(4.30)	(-11.02)	(-7.09)	(4.48)	(-6.31)	
(3)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	0.03	-0.01	0.03	-0.01	-0.05	0.04	0.01	11.2%
		(1.19)	(-0.40)	(5.07)	(-1.19)	(-2.53)	(5.60)	(1.67)	
		Panel B: Pre-1990							
(1)	HML	-0.25	-0.30	0.04	-0.10	-0.27	0.07	-0.04	50.4%
		(-4.74)	(-6.99)	(2.49)	(-8.14)	(-4.75)	(4.48)	(-2.16)	
(2)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	-0.27	-0.30	0.03	-0.10	-0.24	0.05	-0.04	49.7%
		(-5.47)	(-7.59)	(1.64)	(-8.62)	(-4.37)	(3.25)	(-2.71)	
(3)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	0.02	0.00	0.02	0.00	-0.03	0.02	0.01	2.8%
		(0.70)	(0.04)	(2.25)	(-0.26)	(-1.00)	(2.42)	(0.76)	
		Panel C: Post-1990							
(1)	HML	-0.07	-0.20	0.13	-0.13	-0.28	0.13	-0.06	47.0%
		(-1.03)	(-3.54)	(6.47)	(-6.72)	(-6.01)	(6.09)	(-3.16)	
(2)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	-0.10	-0.19	0.08	-0.11	-0.21	0.06	-0.08	41.6%
		(-1.81)	(-3.91)	(4.49)	(-7.35)	(-5.23)	(3.26)	(-4.79)	
(3)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	0.03	-0.02	0.05	-0.01	-0.06	0.07	0.02	15.6%
		(0.95)	(-0.52)	(4.48)	(-1.17)	(-2.17)	(5.01)	(1.69)	

Table 9: **ICAPM Betas of HML based on a Forward-PE VAR**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_{V}$) betas for HML and its intra- and inter-industry components when using news terms from a VAR that replaces smoothed PE with a forward PE, the log ratio of the price of the *S&P* 500 to expected one-year earnings from IBES. To measure forward-PE, we use the quarterly series kindly shared by Ricardo De la O on his website, which starts from 1976Q1. Given that forward-PE and our baseline measure of PE (CAPE) are very close in 1976Q1, we join the two series together, using CAPE before 1976Q1 and the forward-PE after that. We then use this combined series to estimate the VAR and perform the empirical analysis. The left side of the table runs simple regressions while the right side of the table estimates a multiple regression with all three ICAPM News terms as regressors. The resulting point estimates in both the simple and multiple ICAPM regressions are scaled as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1963Q3-2022Q1, which is then split into two sub-samples in Panels B (1963Q3-1990Q1) and C (1990Q2-2022Q1). We report t-statistics in parentheses.

		simple regressions				multiple regression			
		$\widehat{\beta}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{R^2}$
		Panel A: Full Sample							
(1)	HML	-0.15	-0.30	0.14	-0.10	-0.26	0.05	-0.07	46.3%
		(-3.36)	(-9.87)	(5.11)	(-8.76)	(-9.82)	(1.95)	(-5.70)	
(2)	$\text{HML}_{\text{Intra}}$	-0.06	-0.21	0.15	-0.09	-0.18	0.07	-0.06	39.5%
		(-1.49)	(-7.41)	(6.16)	(-9.02)	(-7.24)	(2.79)	(-5.27)	
(3)	$\text{HML}_{\text{Inter}}$	-0.09	-0.09	0.00	-0.01	-0.09	-0.02	-0.01	10.7%
		(-4.18)	(-5.41)	(-0.17)	(-1.83)	(-4.98)	(-0.95)	(-1.36)	
		Panel B: Pre-1990							
(1)	HML	-0.24	-0.31	0.06	-0.07	-0.23	0.01	-0.04	51.1%
		(-4.62)	(-8.52)	(1.78)	(-7.28)	(-6.38)	(0.41)	(-4.44)	
(2)	$\text{HML}_{\text{Intra}}$	-0.14	-0.22	0.08	-0.06	-0.16	0.04	-0.03	40.4%
		(-2.92)	(-6.48)	(2.73)	(-6.61)	(-4.68)	(1.60)	(-3.63)	
(3)	$\text{HML}_{\text{Inter}}$	-0.10	-0.09	-0.02	-0.01	-0.07	-0.03	-0.01	12.6%
		(-3.74)	(-3.82)	(-1.03)	(-2.30)	(-2.82)	(-1.65)	(-1.43)	
		Panel C: Post-1990							
(1)	HML	-0.06	-0.28	0.22	-0.13	-0.28	0.11	-0.08	44.4%
		(-0.87)	(-6.19)	(5.13)	(-5.94)	(-7.16)	(2.19)	(-3.18)	
(2)	$\text{HML}_{\text{Intra}}$	0.02	-0.19	0.21	-0.12	-0.18	0.11	-0.07	38.5%
		(0.37)	(-4.48)	(5.76)	(-6.45)	(-5.19)	(2.38)	(-3.17)	
(3)	$\text{HML}_{\text{Inter}}$	-0.08	-0.10	0.01	-0.01	-0.10	0.00	-0.01	9.4%
		(-2.46)	(-3.97)	(0.51)	(-0.88)	(-3.91)	(0.06)	(-0.50)	

Table 10: **HML: 17-Industry Decomposition and SDF Regressions**

The table shows the estimated SDF ($\widehat{\beta}_{SDF}$) beta and the associated unadjusted $\widehat{R^2}$ for the log returns of HML and its intra- and inter-industry components (based on Fama and French's 17 industries). The ICAPM SDF is $m_{t+1} - \mathrm{E}_t m_{t+1} = -\gamma N_{CF,t+1} - [-N_{DR,t+1}] + \frac{1}{2}\omega N_{V,t+1}$ where γ=7.2 and ω=24.9, as estimated in Table 4 column (3) of Campbell, Giglio, Polk, and Turley (2018). The ICAPM-implied Sharpe ratio is proportional to the square root of the $\widehat{R^2}$. The coefficient of proportionality is the standard deviation of the SDF, multiplied by the negative of the sign of the regression coefficient. The volatility of the SDF is 0.4238, 0.3357, and 0.4849 in Panel A (1963Q3-2022Q4), Panel B (1963Q3-1990Q1), and Panel C (1990Q2-2022Q4), respectively. We report t-statistics in parentheses.

		$\widehat{\beta}_{SDF}$	$\widehat{R^2}$	Implied Sharpe Ratio
		Panel A: Full Sample		
(1)	HML	-0.07	27.4%	0.22
		(-9.43)		
(2)	$\text{HML}^{17}_{\text{Intra}}$	-0.06	24.8%	0.21
		(-8.82)		
(3)	$\text{HML}^{17}_{\text{Inter}}$	-0.01	2.7%	0.07
		(-2.54)		
		Panel B: Pre-1990		
(1)	HML	-0.08	27.9%	0.18
		(-6.37)		
(2)	$\text{HML}^{17}_{\text{Intra}}$	-0.06	22.4%	0.16
		(-5.50)		
(3)	$\text{HML}^{17}_{\text{Inter}}$	-0.02	6.5%	0.09
		(-2.71)		
		Panel C: Post-1990		
(1)	HML	-0.07	28.0%	0.26
		(-7.09)		
(2)	$\text{HML}^{17}_{\text{Intra}}$	-0.07	26.9%	0.25
		(-6.90)		
(3)	$\text{HML}^{17}_{\text{Inter}}$	-0.01	1.4%	0.06
		(-1.34)		

Table 11: **HML Alternative Decomposition 1 and SDF Regressions**

The table shows the estimated SDF ($\widehat{\beta}_{SDF}$) beta and the associated unadjusted $\widehat{R^2}$ for the log returns of HML and its intra- and inter-industry components using our first alternative to the baseline approach studied in the main text. The ICAPM SDF is $m_{t+1} - \mathrm{E}_t m_{t+1} = -\gamma N_{CF,t+1} - [-N_{DR,t+1}] + \frac{1}{2}\omega N_{V,t+1}$ where γ=7.2 and ω=24.9, as estimated in Table 4 column (3) of Campbell, Giglio, Polk, and Turley (2018). The ICAPM-implied Sharpe ratio is proportional to the square root of the $\widehat{R^2}$. The coefficient of proportionality is the standard deviation of the SDF, multiplied by the negative of the sign of the regression coefficient. The volatility of the SDF is 0.4238, 0.3357, and 0.4849 in Panel A (1963Q3-2022Q4), Panel B (1963Q3-1990Q1), and Panel C (1990Q2-2022Q4), respectively. We report t-statistics in parentheses.

		$\widehat{\beta}_{SDF}$	$\widehat{R^2}$	Implied Sharpe Ratio
		Panel A: Full Sample		
(1)	HML	-0.07	27.4%	0.22
		(-9.43)		
(2)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	-0.06	24.8%	0.21
		(-8.82)		
(3)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.01	2.7%	0.07
		(-2.54)		
		Panel B: Pre-1990		
(1)	HML	-0.08	27.9%	0.18
		(-6.37)		
(2)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	-0.06	22.4%	0.16
		(-5.50)		
(3)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.02	6.5%	0.09
		(-2.71)		
		Panel C: Post-1990		
(1)	HML	-0.07	28.0%	0.26
		(-7.09)		
(2)	$\text{HML}^{\text{Alt1}}_{\text{Intra}}$	-0.07	26.9%	0.25
		(-6.90)		
(3)	$\text{HML}^{\text{Alt1}}_{\text{Inter}}$	-0.01	1.4%	0.06
		(-1.34)		

Table 12: **HML Alternative Decomposition 2 and SDF Regressions**

The table shows the estimated SDF ($\widehat{\beta}_{SDF}$) beta and the associated unadjusted $\widehat{R^2}$ for the log returns of HML and its intra- and inter-industry components using our second alternative to the baseline approach studied in the main text. The ICAPM SDF is $m_{t+1} - \mathrm{E}_t m_{t+1} = -\gamma N_{CF,t+1} - [-N_{DR,t+1}] + \frac{1}{2}\omega N_{V,t+1}$ where γ=7.2 and ω=24.9, as estimated in Table 4 column (3) of Campbell, Giglio, Polk, and Turley (2018). The ICAPM-implied Sharpe ratio is proportional to the square root of the $\widehat{R^2}$. The coefficient of proportionality is the standard deviation of the SDF, multiplied by the negative of the sign of the regression coefficient. The volatility of the SDF is 0.4238, 0.3357, and 0.4849 in Panel A (1963Q3-2022Q4), Panel B (1963Q3-1990Q1), and Panel C (1990Q2-2022Q4), respectively. We report t-statistics in parentheses.

		$\widehat{\beta}_{SDF}$	$\widehat{R^2}$	Implied Sharpe Ratio
		Panel A: Full Sample		
(1)	HML	-0.07	27.4%	0.22
		(-9.43)		
(2)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	-0.06	23.5%	0.21
		(-8.51)		
(3)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	-0.01	3.8%	0.08
		(-3.06)		
		Panel B: Pre-1990		
(1)	HML	-0.08	27.9%	0.18
		(-6.37)		
(2)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	-0.07	24.8%	0.17
		(-5.88)		
(3)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	-0.01	2.0%	0.05
		(-1.47)		
		Panel C: Post-1990		
(1)	HML	-0.07	28.0%	0.26
		(-7.09)		
(2)	$\text{HML}^{\text{Alt2}}_{\text{Intra}}$	-0.06	24.1%	0.24
		(-6.41)		
(3)	$\text{HML}^{\text{Alt2}}_{\text{Inter}}$	-0.01	4.6%	0.10
		(-2.50)		

Table 13: **Using Intra- and/or Inter-industry Value Spreads in the VAR**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_V$) betas for HML and its intra- and inter-industry components when varying the small-stock spread variable in the VAR. The left side of the table runs simple regressions while the right side of the table estimates a multiple regression with all three ICAPM News terms as regressors. The resulting point estimates in the simple ICAPM regressions are scaled as in Campbell, Giglio, Polk, and Turley (2018). Row 1 of the table uses the small-stock value spread based on BE/ME sorts in the aggregate VAR, as in our main analysis. Row 2 replaces the small-stock value spread in the aggregate VAR with two variables, a small-stock value spread based on BE/ME sorts within industries and a small-stock value spread based on the industry component of BE/ME. Row 3 only uses the intra-industry small-stock value spread in the VAR while row 4 only uses the inter-industry small-stock value spread.

		simple regressions					multiple regression
		$\widehat{\beta}$	$\widehat{R^2}$	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_V$	$\widehat{R^2}$
(1)	HML	-0.16	4.7%	-0.24	0.09	-0.11	47.8%
		(-3.55)		(-6.77)	(6.42)	(-10.12)	
(2)	HML	-0.16	4.8%	-0.18	0.02	-0.07	17.4%
		(-3.60)		(-4.65)	(1.05)	(-6.45)	
(3)	$\mathrm{HML}_{\mathrm{Intra}}$	-0.07	0.7%	-0.11	0.05	-0.07	24.3%
		(-1.67)		(-3.46)	(4.27)	(-7.31)	
(4)	$\mathrm{HML}_{\mathrm{Inter}}$	-0.09	7.0%	-0.06	-0.04	0.00	10.2%
		(-4.34)		(-3.33)	(-5.07)	(-0.63)	

Table 14: **Placebo Tests of the ICAPM's Explanatory Power**

The table show the results of placebo tests where we replace the small-stock value spread based on BE/ME sorts with a small-stock value spread based on sorts using the anomaly in question.We report the $\widehat{R^2}$ associated with this placebo ICAPM as well as the $\widehat{R^2}$ associated with using the ICAPM studied in this paper. Panel A plots results based on the 12 non-value anomalies from the Open Source Asset Pricing (OSAP) database of Chen and Zimmerman (2020) that are available over the 1927-2022 sample while Panel B plots results based on the 60 non-value anomalies from the OSAP database that are available over the 1963-2022 subsample. In Panel B, which only covers the modern Compustat subsample, we also report the $\widehat{R^2}$ associated with using the ICAPM but estimating the VAR using the full sample (ICAPM-Full).

Panel A: 1927-2022 Sample

		$\widehat{R^2}$			$\Delta\widehat{R^2}$	
	Anomaly	CAPM	Placebo	ICAPM	Placebo	ICAPM
1	HML	5%		47%		42%
2	High52	24%	26%	25%	2%	2%
3	IndMom	0%	-1%	4%	0%	5%
4	IntMom	1%	1%	6%	0%	5%
5	MaxRet	32%	44%	34%	12%	2%
6	Mom12mOffSeason	0%	8%	16%	8%	15%
7	Mom12m	2%	10%	16%	8%	14%
8	Mom6m	4%	10%	12%	5%	7%
9	MomSeasonShort	7%	7%	11%	0%	3%
10	ReturnSkew3F	7%	11%	7%	4%	0%
11	ReturnSkew	10%	12%	10%	3%	0%
12	TrendFactor	0%	0%	2%	0%	3%
13	VolMkt	38%	42%	40%	3%	2%
	Average (2-13)	**10%**	**14%**	**15%**	**4%**	**5%**

Panel B: 1963-2022 Sample

	Anomaly	$\widehat{R^2}$ CAPM	$\widehat{R^2}$ Placebo	$\widehat{R^2}$ ICAPM	$\widehat{R^2}$ ICAPM-Full	$\Delta\widehat{R^2}$ Placebo	$\Delta\widehat{R^2}$ ICAPM	$\Delta\widehat{R^2}$ ICAPM-Full
1	HML	4%		33%	48%		28%	44%
2	Accruals	8%	12%	9%	11%	5%	2%	3%
3	AssetGrowth	12%	12%	22%	29%	0%	10%	17%
4	BetaFP	48%	53%	49%	52%	5%	0%	4%
5	BetaTailRisk	41%	43%	41%	45%	2%	0%	4%
6	Beta	41%	44%	42%	47%	3%	1%	6%
7	CBOperProf	24%	34%	27%	25%	10%	3%	1%
8	ChAssetTurnover	1%	3%	1%	1%	2%	0%	0%
9	ChInvIA	1%	0%	1%	2%	-1%	1%	1%
10	ChInv	12%	12%	12%	15%	0%	0%	3%
11	ChNNCOA	1%	2%	0%	1%	1%	-1%	0%
12	ChNWC	0%	-1%	-1%	0%	0%	0%	0%
13	CompEquIss	0%	1%	10%	12%	2%	11%	13%
14	CompositeDebtIssuance	10%	10%	13%	12%	0%	2%	2%
15	ConvDebt	12%	20%	12%	15%	7%	0%	2%
16	CoskewACX	2%	1%	2%	1%	-1%	0%	0%
17	Coskewness	6%	6%	5%	6%	0%	0%	0%
18	DelCOA	11%	11%	18%	27%	1%	7%	17%
19	DelCOL	9%	11%	18%	29%	2%	9%	20%
20	DelFINL	0%	4%	1%	1%	4%	1%	1%
21	DelLTI	5%	10%	9%	12%	6%	4%	7%
22	DelNetFin	0%	4%	2%	2%	5%	2%	2%
23	DivSeason	0%	1%	0%	-1%	0%	-1%	-1%
24	EarningsConsistency	2%	2%	4%	5%	-1%	2%	3%
25	FirmAge	25%	35%	26%	37%	10%	1%	12%
26	GP	1%	9%	6%	6%	8%	5%	5%
27	Grcapx3y	0%	5%	16%	17%	5%	16%	18%
28	Grcapx	2%	4%	16%	21%	2%	13%	18%
29	GrLTNOA	7%	14%	9%	9%	8%	2%	2%
30	GrSaleToGrInv	0%	-1%	-1%	-1%	0%	-1%	-1%
31	GrSaleToGrOverhead	1%	2%	1%	2%	1%	0%	0%
32	High52	22%	26%	23%	25%	4%	1%	3%
33	IndMom	0%	0%	2%	4%	1%	2%	5%
34	IntMom	1%	1%	3%	6%	0%	2%	5%
35	Investment	5%	11%	6%	3%	6%	1%	-2%
36	InvestPPEInv	1%	9%	8%	10%	8%	7%	9%
37	InvGrowth	5%	7%	8%	10%	2%	3%	5%
38	MaxRet	30%	41%	29%	34%	11%	-1%	4%
39	MeanRankRevGrowth	15%	20%	24%	30%	5%	9%	15%
40	Mom12mOffSeason	0%	8%	12%	16%	8%	12%	15%
41	Mom12m	1%	10%	13%	16%	8%	11%	15%
42	Mom6m	4%	10%	12%	12%	6%	7%	8%
43	MomSeason06YrPlus	24%	29%	23%	30%	4%	-1%	5%

Panel B (cont.): 1963-2022 Sample

		$\widehat{R^2}$				$\Delta\widehat{R^2}$		
	Anomaly	CAPM	Placebo	ICAPM	ICAPM-Full	Placebo	ICAPM	ICAPM-Full
44	MomSeason11YrPlus	21%	21%	19%	21%	0%	-2%	0%
45	MomSeason16YrPlus	19%	19%	19%	23%	0%	0%	4%
46	MomSeasonShort	7%	8%	7%	10%	1%	0%	3%
47	MomSeason	12%	18%	14%	19%	6%	2%	7%
48	MomVol	1%	6%	11%	13%	4%	9%	11%
49	OPLeverage	6%	10%	6%	8%	3%	0%	1%
50	OrgCap	5%	6%	5%	6%	1%	0%	1%
51	PriceDelaySlope	1%	9%	14%	11%	8%	12%	9%
52	PriceDelayTstat	23%	23%	24%	29%	0%	0%	6%
53	ResidualMomentum	0%	4%	6%	8%	4%	6%	8%
54	ReturnSkew3F	7%	14%	6%	7%	7%	-1%	0%
55	ReturnSkew	9%	17%	9%	10%	7%	-1%	0%
56	ShareIss1Y	18%	26%	21%	30%	8%	2%	12%
57	Tax	7%	8%	10%	13%	1%	3%	5%
58	TotalAccruals	0%	-1%	4%	5%	-1%	4%	5%
59	TrendFactor	0%	0%	1%	2%	0%	1%	2%
60	VarCF	18%	33%	31%	31%	15%	13%	14%
61	VolumeTrend	14%	14%	21%	23%	0%	7%	9%
	Average (2-61)	9%	13%	13%	15%	4%	3%	6%

Table 15: **Explaining HML with Quarterly and Daily ICAPM News**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_{V}$) betas for HML (Panel A), $\text{HML}_{\text{Intra}}$ (Panel B), and $\text{HML}_{\text{Inter}}$ (Panel C) from a multiple regression with all three ICAPM News terms as regressors. In each Panel, the first regression uses quarterly news terms from the quarterly VAR; the second regression uses quarterly news terms constructed by summing daily news terms from the daily VAR; and the third regression uses daily news terms from the daily VAR. We scale the resulting point estimates as in Campbell, Giglio, Polk, and Turley (2018). The daily regressions estimating ICAPM betas include 59 lags (i.e., roughly a quarter of daily news); we report the sum of the resulting 60 coefficients associated with each news term. The sample is 1990Q2-2022Q4. We report t-statistics in parentheses.

	Frequency		Multiple Regression			
	Regression	VAR	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{R^2}$
			Panel A: HML			
(1)	Quarterly	Quarterly	-0.28	0.13	-0.06	47.0%
			(-6.01)	(6.09)	(-3.16)	
(2)	Quarterly	Daily	-0.18	0.09	-0.03	39.3%
			(-4.06)	(5.78)	(-1.91)	
(3)	Daily	Daily	-0.04	0.08	-0.02	26.7%
			(-0.81)	(5.89)	(-1.01)	
			Panel B: $\text{HML}_{\text{Intra}}$			
(1)	Quarterly	Quarterly	-0.15	0.09	-0.06	37.1%
			(-3.53)	(4.83)	(-3.32)	
(2)	Quarterly	Daily	-0.09	0.08	-0.03	34.4%
			(-2.25)	(5.29)	(-2.04)	
(3)	Daily	Daily	0.03	0.07	-0.03	25.5%
			(0.94)	(6.94)	(-2.46)	
			Panel C: $\text{HML}_{\text{Inter}}$			
(1)	Quarterly	Quarterly	-0.12	0.03	0.00	13.0%
			(-4.25)	(2.40)	(-0.02)	
(2)	Quarterly	Daily	-0.09	0.02	0.00	8.2%
			(-3.37)	(1.67)	(-0.11)	
(3)	Daily	Daily	-0.07	0.01	0.01	15.1%
			(-2.19)	(1.51)	(1.07)	

Table 16: **HML and Quarterly/Daily ICAPM News: Log Returns**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_V$) betas for HML (Panel A), $\text{HML}_{\text{Intra}}$ (Panel B), and $\text{HML}_{\text{Inter}}$ (Panel C) from a multiple regression with all three ICAPM News terms as regressors and using log, rather than simple, returns. In each Panel, the first regression uses quarterly news terms from the quarterly VAR; the second regression uses quarterly news terms constructed by summing daily news terms from the daily VAR; and the third regression uses daily news terms from the daily VAR. We scale the resulting point estimates as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1990Q2-2022Q4. We report t-statistics in parentheses.

	Frequency		Multiple Regression			
	Regression	VAR	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_V$	$\widehat{R^2}$
			Panel A: HML			
(1)	Quarterly	Quarterly	-0.26	0.12	-0.06	46.94%
			(-5.76)	(6.00)	(-3.36)	
(2)	Quarterly	Daily	-0.16	0.09	-0.03	38.86%
			(-3.78)	(5.77)	(-1.95)	
(3)	Daily	Daily	-0.03	0.09	-0.02	26.73%
			(-0.63)	(6.02)	(-0.96)	
			Panel B: $\text{HML}_{\text{Intra}}$			
(1)	Quarterly	Quarterly	-0.15	0.09	-0.06	37.85%
			(-3.47)	(4.82)	(-3.50)	
(2)	Quarterly	Daily	-0.08	0.08	-0.02	34.80%
			(-2.15)	(5.38)	(-2.03)	
(3)	Daily	Daily	0.03	0.07	-0.03	25.53%
			(1.03)	(6.98)	(-2.39)	
			Panel C: $\text{HML}_{\text{Inter}}$			
(1)	Quarterly	Quarterly	-0.12	0.03	0.00	12.58%
			(-4.20)	(2.34)	(-0.03)	
(2)	Quarterly	Daily	-0.09	0.02	0.00	7.89%
			(-3.33)	(1.64)	(-0.09)	
(3)	Daily	Daily	-0.06	0.02	0.01	15.09%
			(-2.09)	(1.59)	(1.06)	

Table 17: **Explaining HML with Quarterly/Daily ICAPM News: 17 Inds.**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_V$) betas for HML (Panel A), $\text{HML}^{17}_{\text{Intra}}$ (Panel B), and $\text{HML}^{17}_{\text{Inter}}$ (Panel C) from a multiple regression with all three ICAPM News terms as regressors. The industry decomposition is based on Fama and French's 17 industries. In each Panel, the first regression uses quarterly news terms from the quarterly VAR; the second regression uses quarterly news terms constructed by summing daily news terms from the daily VAR; and the third regression uses daily news terms from the daily VAR. We scale the resulting point estimates as in Campbell, Giglio, Polk, and Turley (2018). The daily regressions estimating ICAPM betas include 59 lags (i.e., roughly a quarter of daily news); we report the sum of the resulting 60 coefficients associated with each news term. The sample is 1990Q2-2022Q4. We report t-statistics in parentheses.

	Frequency		Multiple Regression			
	Regression	VAR	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_V$	$\widehat{R^2}$
			Panel A: HML			
(1)	Quarterly	Quarterly	-0.28	0.13	-0.06	46.99%
			(-6.01)	(6.09)	(-3.16)	
(2)	Quarterly	Daily	-0.18	0.09	-0.03	39.26%
			(-4.06)	(5.78)	(-1.91)	
(3)	Daily	Daily	-0.04	0.08	-0.02	26.67%
			(-0.81)	(5.89)	(-1.01)	
			Panel B: $\text{HML}^{17}_{\text{Intra}}$			
(1)	Quarterly	Quarterly	-0.27	0.11	-0.06	47.27%
			(-6.28)	(5.68)	(-3.48)	
(2)	Quarterly	Daily	-0.18	0.08	-0.03	42.31%
			(-4.43)	(5.58)	(-2.61)	
(3)	Daily	Daily	-0.07	0.08	-0.02	27.84%
			(-1.99)	(6.82)	(-1.32)	
			Panel C: $\text{HML}^{17}_{\text{Inter}}$			
(1)	Quarterly	Quarterly	-0.01	0.02	0.00	0.18%
			(-0.36)	(1.57)	(0.14)	
(2)	Quarterly	Daily	0.00	0.01	0.01	-0.50%
			(-0.08)	(1.48)	(0.95)	
(3)	Daily	Daily	0.04	0.01	0.00	19.88%
			(1.34)	(0.87)	(0.06)	

Table 18: **HML and Quarterly/Daily ICAPM News: Alt. Decomposition 1**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_V$) betas for HML (Panel A), $\text{HML}^{\text{Alt1}}_{\text{Intra}}$ (Panel B), and $\text{HML}^{\text{Alt1}}_{\text{Inter}}$ (Panel C) from a multiple regression with all three ICAPM News terms as regressors and using our first alternative decomposition of HML. In each Panel, the first regression uses quarterly news terms from the quarterly VAR; the second regression uses quarterly news terms constructed by summing daily news terms from the daily VAR; and the third regression uses daily news terms from the daily VAR. We scale the resulting point estimates as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1990Q2-2022Q4. We report t-statistics in parentheses.

	Frequency		Multiple Regression			
	Regression	VAR	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_V$	$\widehat{R^2}$
		Panel A: HML				
(1)	Quarterly	Quarterly	-0.28	0.13	-0.06	46.99%
			(-6.01)	(6.09)	(-3.16)	
(2)	Quarterly	Daily	-0.18	0.09	-0.03	39.26%
			(-4.06)	(5.78)	(-1.91)	
(3)	Daily	Daily	-0.04	0.08	-0.02	26.67%
			(-0.81)	(5.89)	(-1.01)	
		Panel B: $\text{HML}^{\text{Alt1}}_{\text{Intra}}$				
(1)	Quarterly	Quarterly	-0.13	0.09	-0.08	42.50%
			(-3.15)	(4.70)	(-4.58)	
(2)	Quarterly	Daily	-0.06	0.07	-0.04	37.42%
			(-1.60)	(5.00)	(-3.01)	
(3)	Daily	Daily	0.06	0.07	-0.04	25.80%
			(1.77)	(6.00)	(-2.71)	
		Panel C: $\text{HML}^{\text{Alt1}}_{\text{Inter}}$				
(1)	Quarterly	Quarterly	-0.15	0.04	0.02	19.78%
			(-5.71)	(3.36)	(1.67)	
(2)	Quarterly	Daily	-0.12	0.02	0.01	15.36%
			(-4.95)	(2.65)	(1.32)	
(3)	Daily	Daily	-0.10	0.02	0.02	9.38%
			(-3.50)	(1.85)	(1.78)	

Table 19: **HML and Quarterly/Daily ICAPM News: Alt. Decomposition 2**

The table shows the estimated market ($\widehat{\beta}$), cash-flow ($\widehat{\beta}_{CF}$), discount-rate ($\widehat{\beta}_{DR}$), and variance ($\widehat{\beta}_{V}$) betas for HML (Panel A), $\text{HML}^{\text{Alt2}}_{\text{Intra}}$ (Panel B), and $\text{HML}^{\text{Alt2}}_{\text{Inter}}$ (Panel C) from a multiple regression with all three ICAPM News terms as regressors and using our second alternative decomposition of HML. In each Panel, the first regression uses quarterly news terms from the quarterly VAR; the second regression uses quarterly news terms constructed by summing daily news terms from the daily VAR; and the third regression uses daily news terms from the daily VAR. We scale the resulting point estimates as in Campbell, Giglio, Polk, and Turley (2018). The sample is 1990Q2-2022Q4. We report t-statistics in parentheses.

	Frequency		Multiple Regression			
	Regression	VAR	$\widehat{\beta}_{DR}$	$\widehat{\beta}_{CF}$	$\widehat{\beta}_{V}$	$\widehat{R^2}$
		Panel A: HML				
(1)	Quarterly	Quarterly	-0.28	0.13	-0.06	46.99%
			(-6.01)	(6.09)	(-3.16)	
(2)	Quarterly	Daily	-0.18	0.09	-0.03	39.26%
			(-4.06)	(5.78)	(-1.91)	
(3)	Daily	Daily	-0.04	0.08	-0.02	26.67%
			(-0.81)	(5.89)	(-1.01)	
		Panel B: $\text{HML}^{\text{Alt2}}_{\text{Intra}}$				
(1)	Quarterly	Quarterly	-0.28	0.13	-0.06	46.99%
			(-6.01)	(6.09)	(-3.16)	
(2)	Quarterly	Daily	-0.18	0.09	-0.03	39.26%
			(-4.06)	(5.78)	(-1.91)	
(3)	Daily	Daily	-0.04	0.08	-0.02	26.67%
			(-0.81)	(5.89)	(-1.01)	
		Panel C: $\text{HML}^{\text{Alt2}}_{\text{Inter}}$				
(1)	Quarterly	Quarterly	-0.06	0.07	0.02	15.56%
			(-2.17)	(5.01)	(1.69)	
(2)	Quarterly	Daily	-0.03	0.03	0.01	7.60%
			(-1.04)	(3.31)	(0.65)	
(3)	Daily	Daily	-0.02	0.03	0.02	10.83%
			(-0.58)	(2.66)	(1.60)	

Table 20: **HML Variance Decomposition**

The table shows the variance decomposition of HML (Panel A) and its intra- (Panel B) and inter-industry (Panel C) components based on a multiple regression where all three ICAPM news terms are regressors. In each panel, the first two decompositions explain quarterly returns using ICAPM news implied by the quarterly VAR, and the final two decompositions explain daily returns using ICAPM news implied by the daily VAR. All four rows in each Panel use the full sample (quarterly: 1926Q3-2022Q4, daily: 1990-04-02 to 2022-12-31) when estimating news terms. When estimating betas, in each panel, the first row uses the 1963Q3-2022Q4 sample, the second row uses the 1990Q2-2022Q4 sample, and the third and fourth rows use the 1990-04-02 to 2022-12-31 sample. The daily regressions estimating ICAPM betas include 59 lags (i.e., roughly a quarter of daily news).

Var. Decomp			Var. Decomp. (%)			
Sample Period	Frequency	Std(HML)	N_{DR}	N_{CF}	N_V	Resid
Panel A: HML						
1963Q3-2022Q4	Quarterly	6.09%	18%	16%	14%	52%
1990Q2-2022Q4	Quarterly	6.71%	12%	24%	12%	52%
19900402-20221231	Daily	0.71%	5%	17%	7%	72%
20200102-20201231	Daily	1.62%	0%	25%	9%	65%
Panel B: HML_{Intra}						
1963Q3-2022Q4	Quarterly	5.30%	8%	15%	15%	62%
1990Q2-2022Q4	Quarterly	5.84%	4%	20%	14%	61%
19900402-20221231	Daily	0.49%	12%	10%	5%	73%
20200102-20201231	Daily	0.97%	2%	21%	9%	68%
Panel C: HML_{Inter}						
1963Q3-2022Q4	Quarterly	3.01%	13%	1%	0%	85%
1990Q2-2022Q4	Quarterly	3.28%	11%	4%	0%	85%
19900402-20221231	Daily	0.44%	2%	11%	5%	83%
20200102-20201231	Daily	0.86%	3%	21%	8%	68%

Table 21: **Daily Vector Autoregression Estimation**

The table shows the ordinary least squares (OLS) parameter estimates for a daily first-order vectorautoregression (VAR) model. The state variables in the VAR are the log real return on the CRSP value-weight index (r_M), the squared simple nominal return ($RVAR$) on the CRSP value-weight index, the log ratio of the S&P 500's price to its 10-year moving average of earnings (PE), the term yield spread ($TERM$) in percentage points, measured as the difference between the log yield on 10-year Treasuries and the log yield on 3-month Treasuries, the default yield spread (DEF) in percentage points, measured as the difference between the log yield on Moody's BAA bonds and the log yield on Moody's AAA bonds, the small-stock value spread (VS), the difference in the log book-to-market ratios of small-value and small-growth stocks, the log real return accumulated over the last 60 trading days (r_M^{60}), the realized variance ($RVAR$) of daily simple returns on the CRSP value-weight index over the last 60 trading days, and the squared value of the VIX. Columns 1–10 report coefficients on an intercept and the nine explanatory variables, and Column 11 shows the R^2 statistic. We report t-statistics in parentheses. The sample period for the dependent variables is January 4, 1990–December 31, 2022, with 8,314 daily data points.

	Constant	$r_{M,t}$	R_t^2	PE_t	$TERM_t$	DEF_t	VS_t	$r^{60}_{M,t}$	$RVAR_t$	VIX_t^2	R^2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
$r_{M,t+1}$	0.0098	-0.0411	0.7267	-0.0026	-0.0002	-0.0017	0.0004	0.0009	-0.0002	0.0103	0.5%
	(3.36)	(-3.63)	(2.14)	(-3.42)	(-1.79)	(-2.71)	(0.57)	(0.45)	(-0.01)	(2.04)	
R^2_{t+1}	-0.0001	-0.0003	0.0038	0.0000	0.0000	0.0000	0.0001	-0.0003	-0.0055	0.0056	27.9%
	(-0.74)	(-0.88)	(0.34)	(-1.21)	(-1.48)	(-0.08)	(3.27)	(-4.71)	(-9.26)	(33.29)	
PE_{t+1}	0.0098	-0.0733	0.7440	0.9972	-0.0002	-0.0019	0.0007	0.0007	-0.0109	0.0129	99.8%
	(3.27)	(-6.33)	(2.14)	(1282.49)	(-1.43)	(-2.90)	(0.97)	(0.34)	(-0.60)	(2.51)	
$TERM_{t+1}$	0.0251	-0.2268	7.2218	-0.0089	0.9974	0.0022	0.0036	0.0232	-0.2942	0.0595	99.7%
	(1.58)	(-3.68)	(3.91)	(-2.16)	(1338.53)	(0.65)	(0.99)	(2.11)	(-3.04)	(2.17)	
DEF_{t+1}	0.0149	-0.0319	-1.4232	-0.0039	-0.0003	0.9922	0.0021	-0.0211	-0.1731	0.1010	99.7%
	(2.80)	(-1.56)	(-2.32)	(-2.83)	(-1.19)	(865.22)	(1.73)	(-5.79)	(-5.37)	(11.06)	
VS_{t+1}	0.0072	0.0330	-0.5397	-0.0012	-0.0003	-0.0006	0.9983	0.0017	0.0064	0.0128	99.7%
	(2.69)	(3.19)	(-1.74)	(-1.76)	(-2.58)	(-1.01)	(1640.92)	(0.90)	(0.39)	(2.77)	
$r^{60}_{M,t+1}$	0.0099	-0.0233	0.9079	-0.0022	-0.0002	-0.0014	0.0001	0.9780	0.1152	-0.0317	95.8%
	(2.40)	(-1.46)	(1.91)	(-2.08)	(-1.29)	(-1.61)	(0.10)	(345.25)	(4.61)	(-4.48)	
$RVAR_{t+1}$	-0.0001	0.0022	0.0215	0.0000	0.0000	-0.0001	0.0001	-0.0019	0.9763	0.0068	99.8%
	(-0.39)	(3.60)	(1.19)	(-0.60)	(-0.14)	(-3.63)	(3.10)	(-17.32)	(1027.47)	(25.31)	
VIX^2_{t+1}	-0.0098	0.1021	0.3842	0.0028	0.0002	0.0032	-0.0002	-0.0046	0.0726	0.9313	92.6%
	(-2.92)	(7.90)	(0.99)	(3.20)	(1.16)	(4.40)	(-0.21)	(-1.98)	(3.58)	(161.82)	

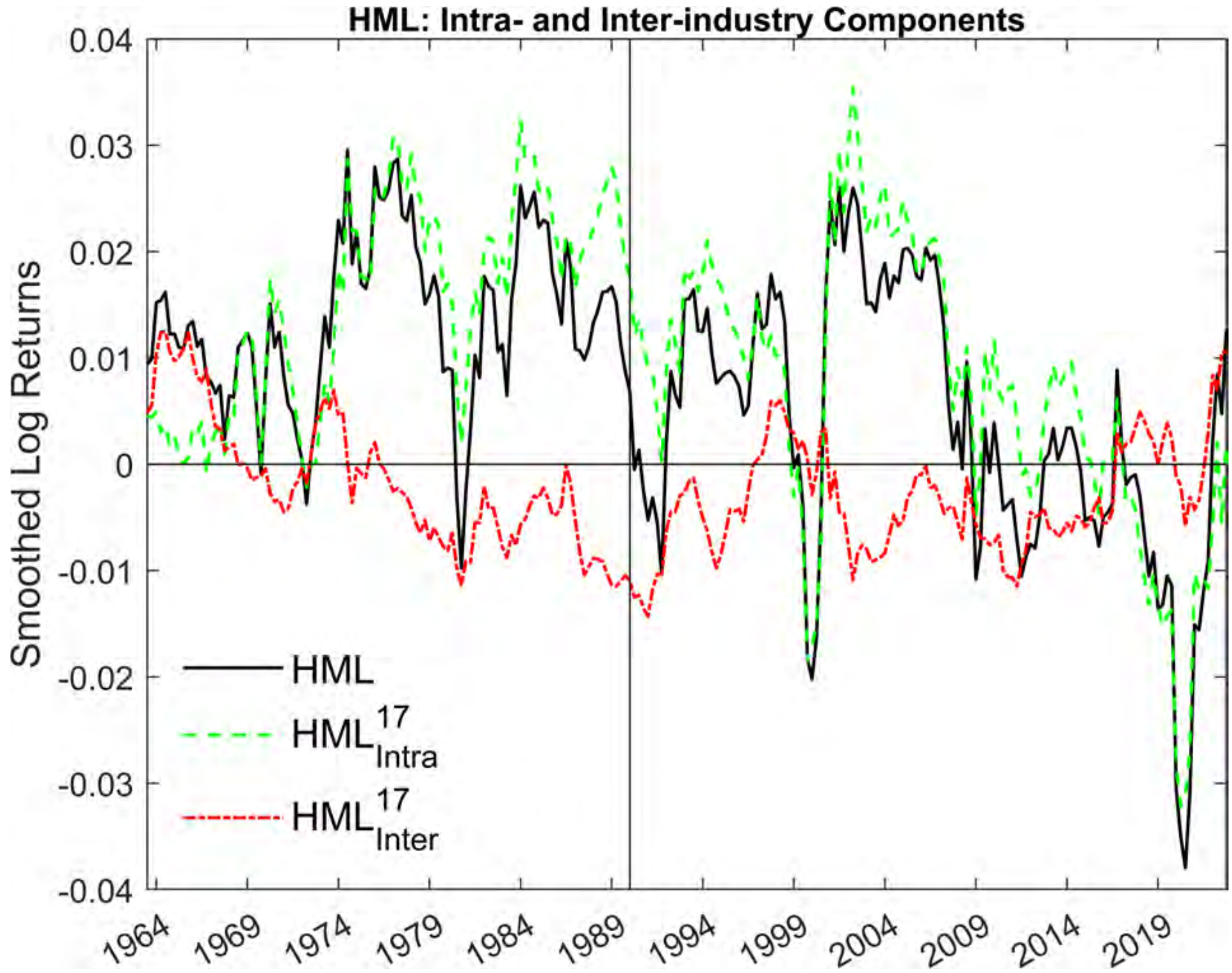

Figure 1: We plot the results from the Appendix Table 2 decomposition of HML into its intra- and inter-industry components for the Compustat period from 1963Q3-2022Q4 based on Fama and French's classification of firms into 17 industries. The solid black line shows the smoothed log return to Fama and French's (1993) HML; the dashed green line shows the smoothed log return to the intra-industry component of HML; and the dashed-dotted red line shows the smoothed log return to the inter-industry component. The series are smoothed with a trailing exponentially weighted moving average in which the decay parameter is set to 0.08 per quarter, and the smoothed series is generated, for example, as $MA_t(\mathrm{HML}) = 0.08\mathrm{HML_t} + (1\text{-}0.08)MA_{t-1}(\mathrm{HML})$. This decay parameter implies a half-life of two years. The vertical line indicates the start of the subperiod 1990Q2-2022Q4.

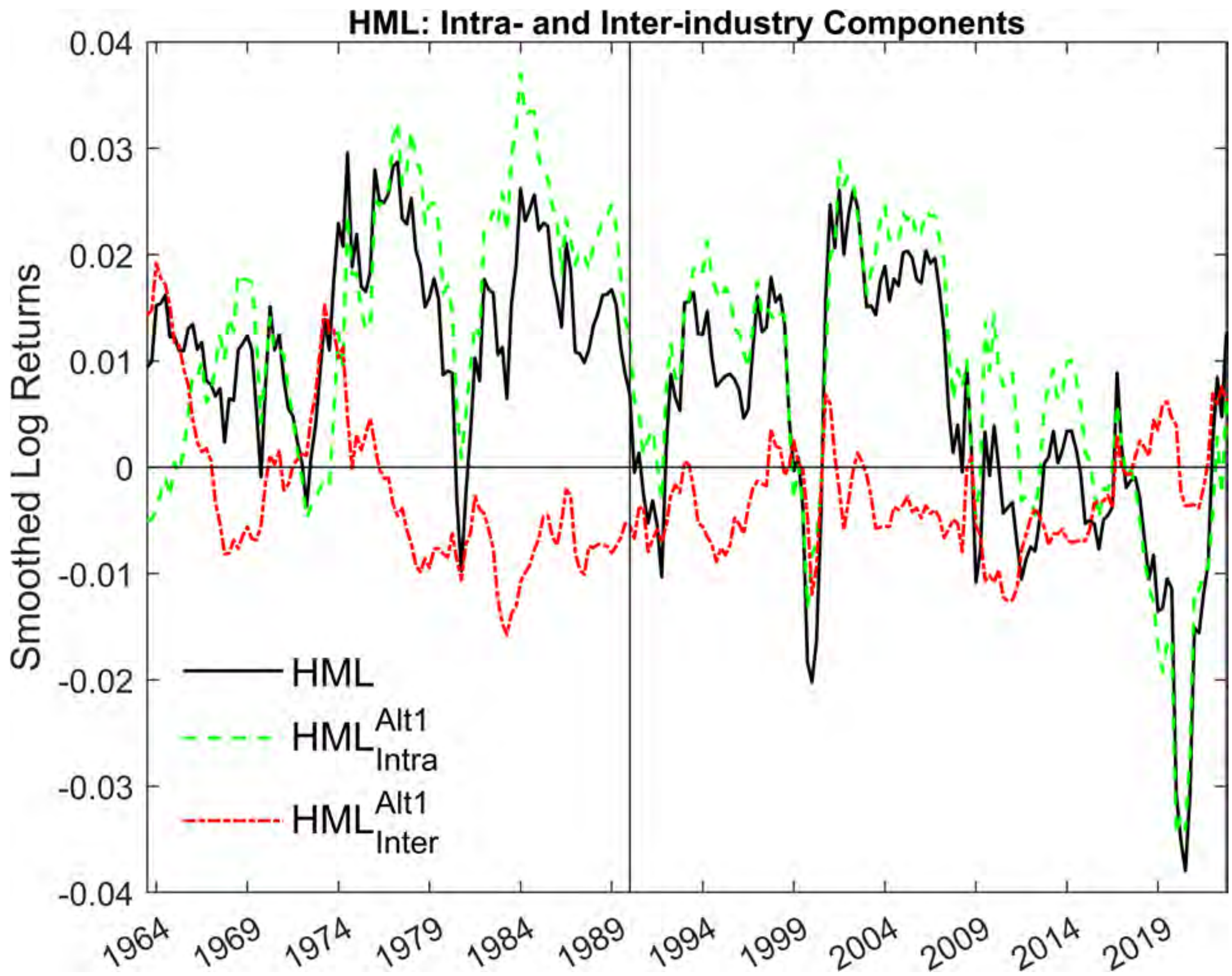

Figure 2: We plot the results from the Appendix Table 3 decomposition of HML into its intra- and inter-industry components for the Compustat period from 1963Q3-2022Q4 using the first alternative way of measuring HML's intra-industry component. The solid black line shows the smoothed log return to Fama and French's (1993) HML; the dashed green line shows the smoothed log return to the intra-industry component of HML; and the dashed-dotted red line shows the smoothed log return to the inter-industry component. The series are smoothed with a trailing exponentially weighted moving average in which the decay parameter is set to 0.08 per quarter, and the smoothed series is generated, for example, as $MA_t(\mathrm{HML}) = 0.08\mathrm{HML_t} + (1\text{-}0.08)MA_{t-1}(\mathrm{HML})$. This decay parameter implies a half-life of two years. The vertical line indicates the start of the subperiod 1990Q2-2022Q4.

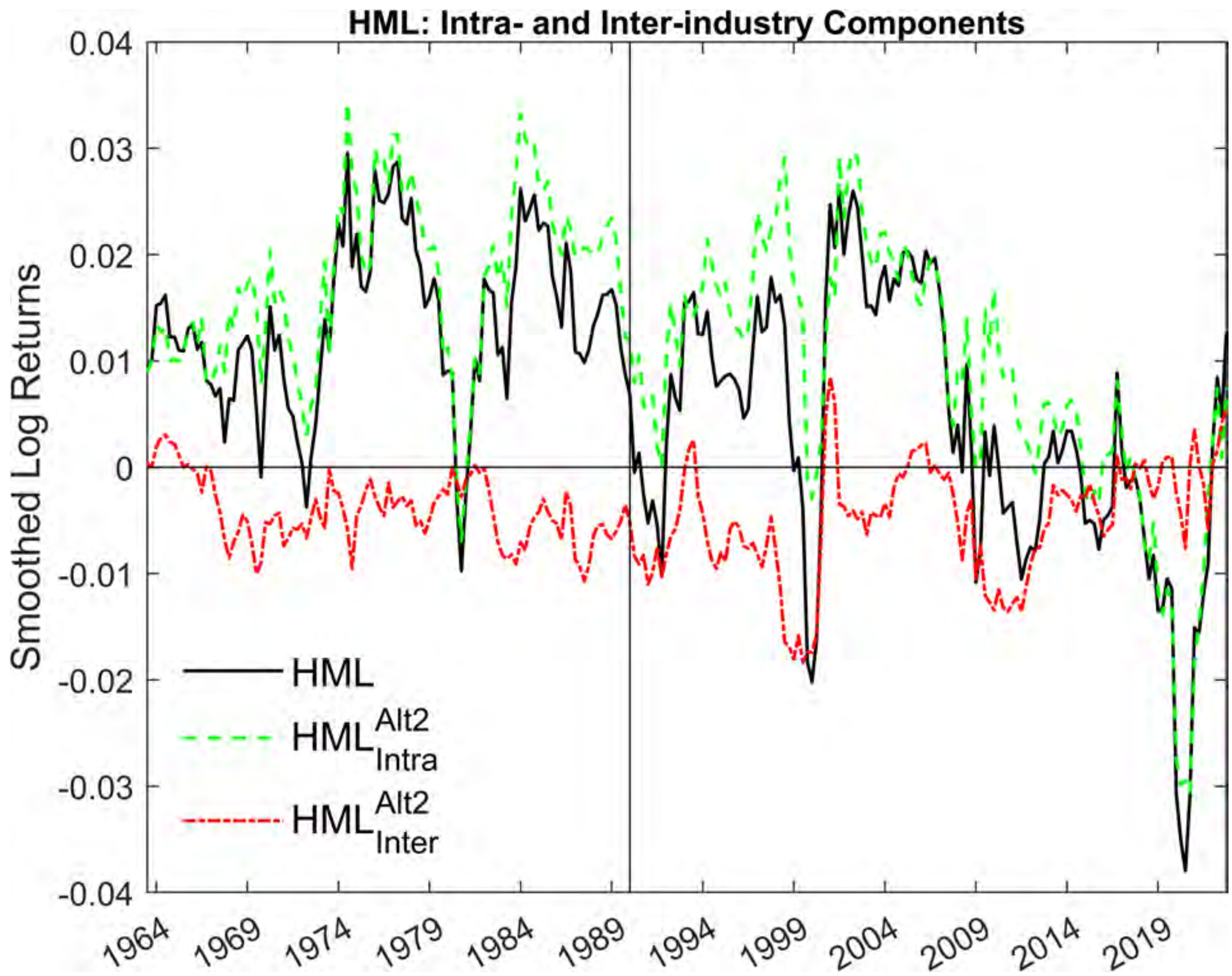

Figure 3: We plot the results from the Appendix Table 4 decomposition of HML into its intra- and inter-industry components for the Compustat period from 1963Q3-2022Q4 using the second alternative way of measuring HML's intra-industry component. The solid black line shows the smoothed log return to Fama and French's (1993) HML; the dashed green line shows the smoothed log return to the intra-industry component of HML; and the dashed-dotted red line shows the smoothed log return to the inter-industry component. The series are smoothed with a trailing exponentially weighted moving average in which the decay parameter is set to 0.08 per quarter, and the smoothed series is generated, for example, as $MA_t(\text{HML}) = 0.08\text{HML}_\text{t} + (1\text{-}0.08)MA_{t-1}(\text{HML})$. This decay parameter implies a half-life of two years. The vertical line indicates the start of the subperiod 1990Q2-2022Q4.

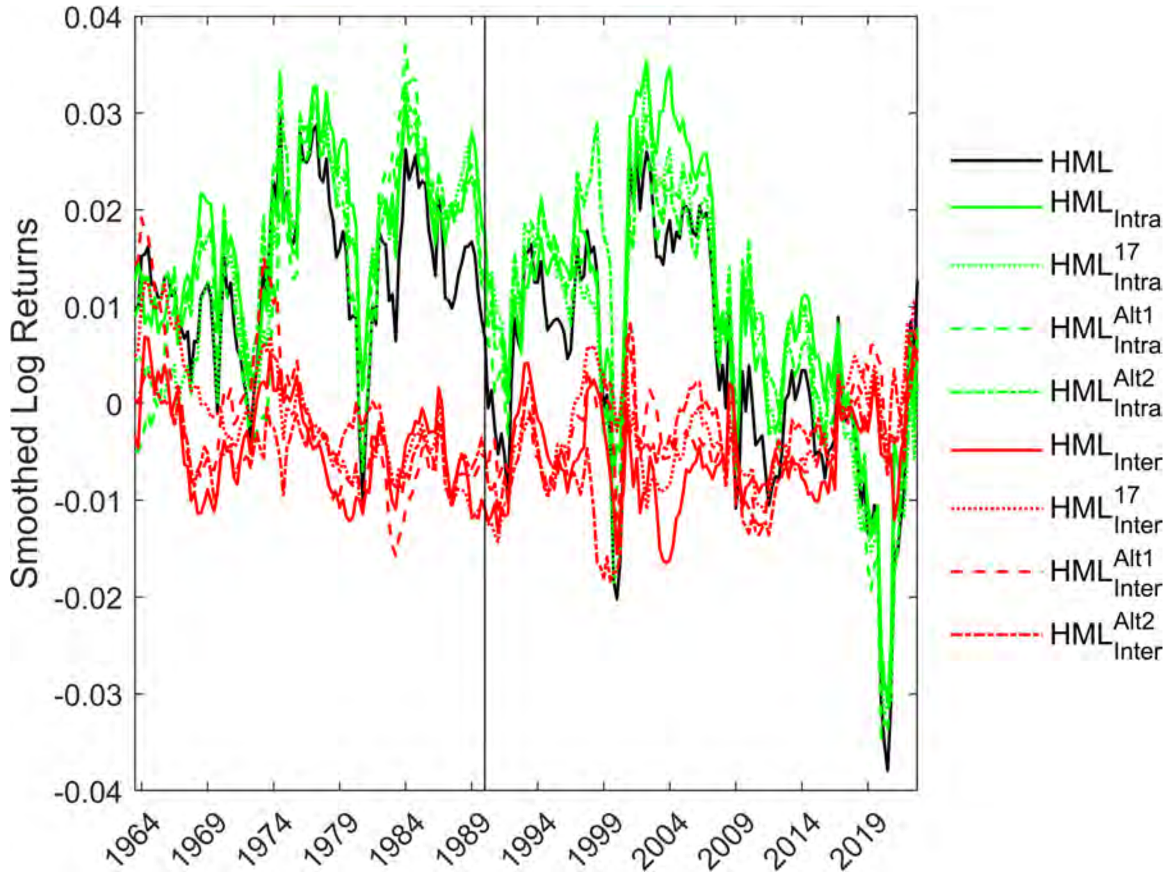

Figure 4: This figure plots the results from the four decompositions of HML into intra- and inter-industry components for the Compustat period from 1963Q3-2022Q4. The solid black line shows the smoothed log return to Fama and French's (1993) HML; the green lines show the smoothed log return to the various intra-industry components of HML; and the red lines show the smoothed log return to the corresponding inter-industry components. The series are smoothed with a trailing exponentially weighted moving average in which the decay parameter is set to 0.08 per quarter, and the smoothed series is generated, for example, as $MA_t(\text{HML}) = 0.08\text{HML}_\text{t} + (1\text{-}0.08)MA_{t-1}(\text{HML})$. This decay parameter implies a half-life of two years. The vertical line indicates the start of the subperiod 1990Q2-2022Q4.

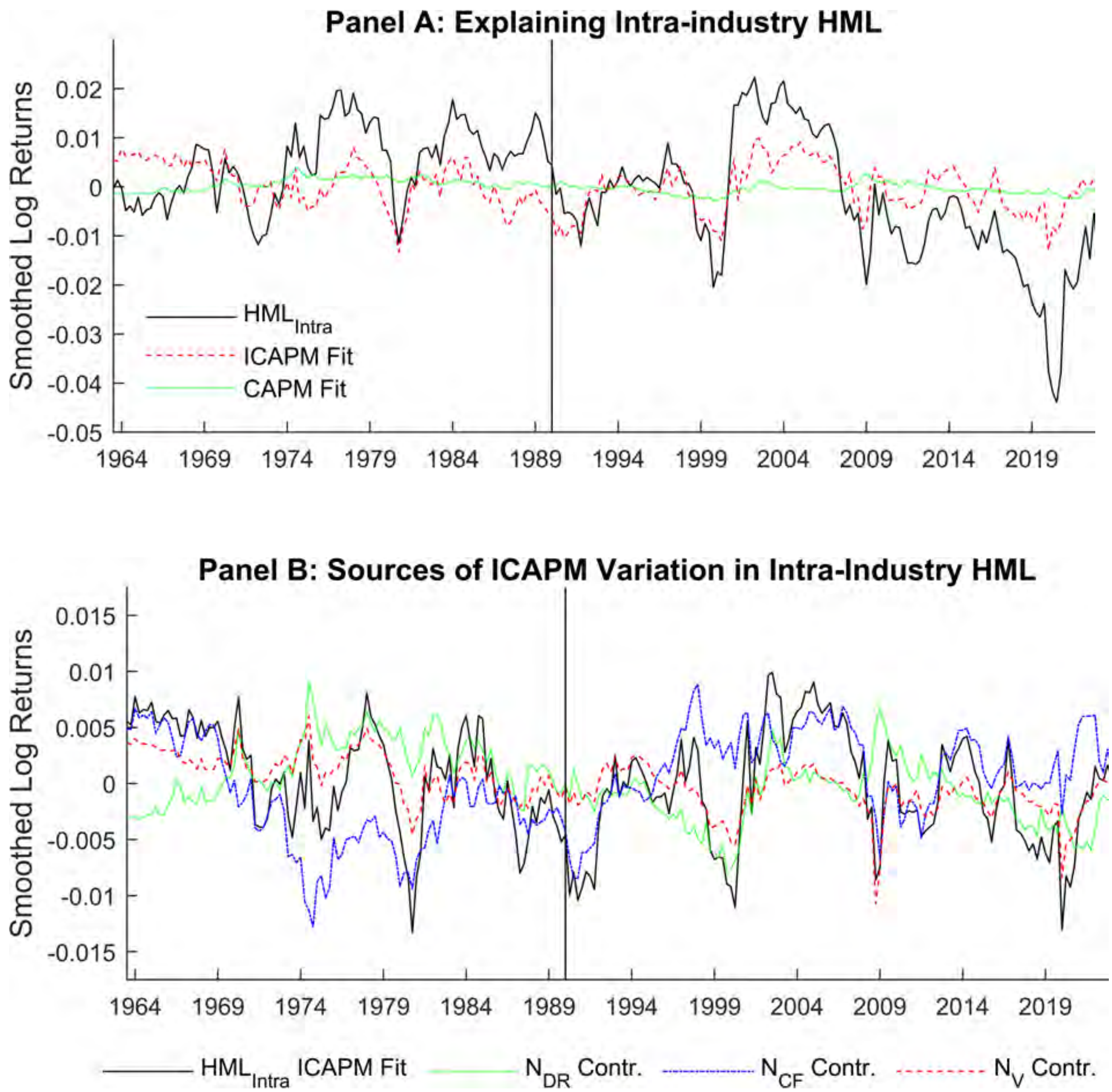

Figure 5: In Panel A, we explain time-series variation in demeaned $\mathrm{HML}_{\mathrm{Intra}}$. Smoothed log returns are plotted with a solid black line while smoothed ICAPM (CAPM) fitted values are plotted with a dashed red (dotted green) line. In Panel B, we plot the components of the ICAPM fit for $\mathrm{HML}_{\mathrm{Intra}}$. The solid black line is the smoothed ICAPM fit from Panel A; the dashed green line shows the smoothed contribution of N_{DR}; the dashed blue line shows the smoothed contribution of N_{CF}; and the dashed red line shows the smoothed contribution of N_{V}.

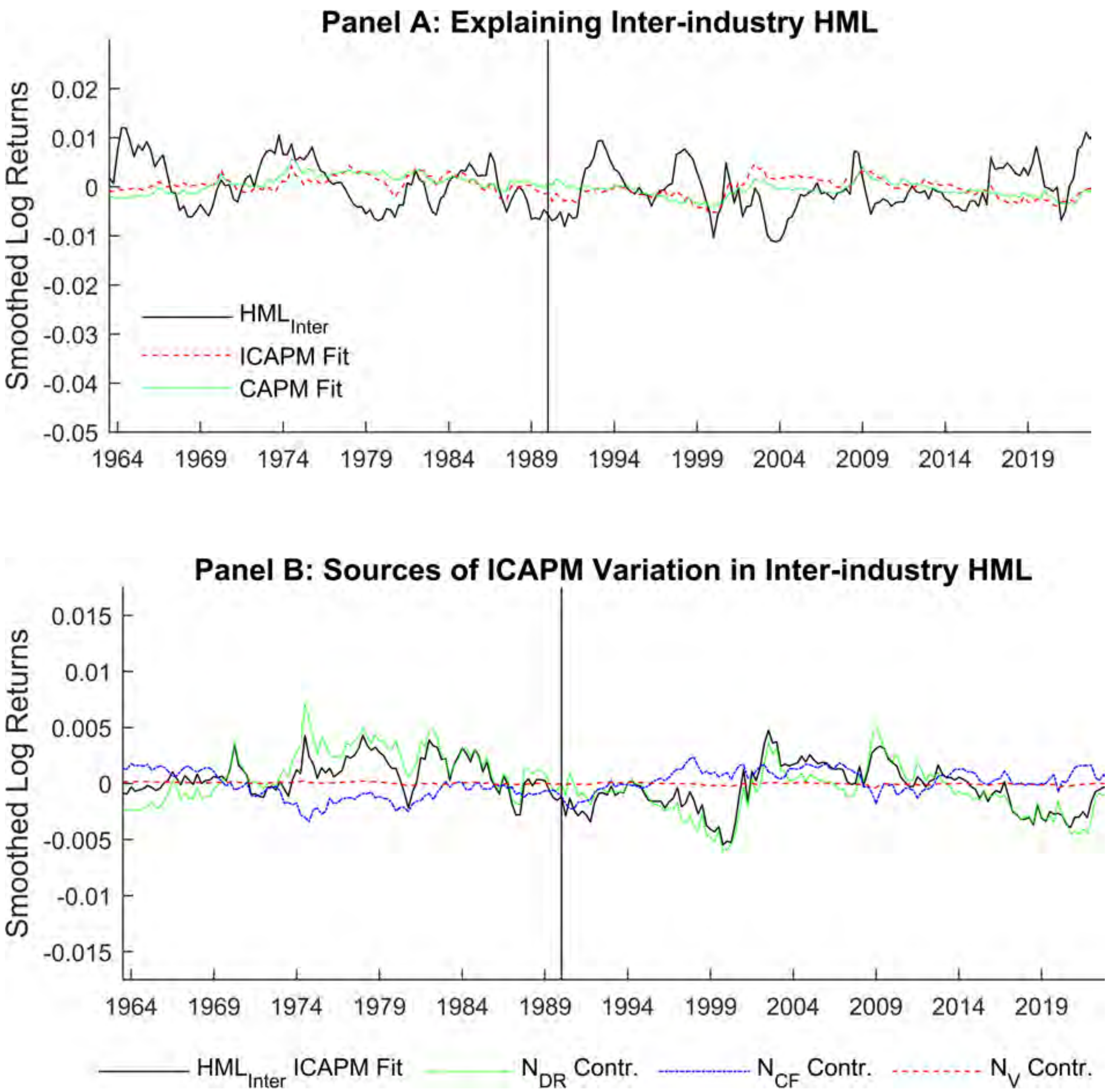

Figure 6: In Panel A, we explain time-series variation in demeaned $\mathrm{HML}_{\mathrm{Inter}}$. Smoothed log returns are plotted with a solid black line while smoothed ICAPM (CAPM) fitted values are plotted with a dashed red (dotted green) line. In Panel B, we plot the components of the ICAPM fit for $\mathrm{HML}_{\mathrm{Inter}}$. The solid black line is the smoothed ICAPM fit from Panel A; the dashed green line shows the smoothed contribution of N_{DR}; the dashed blue line shows the smoothed contribution of N_{CF}; and the dashed red line shows the smoothed contribution of N_{V}.

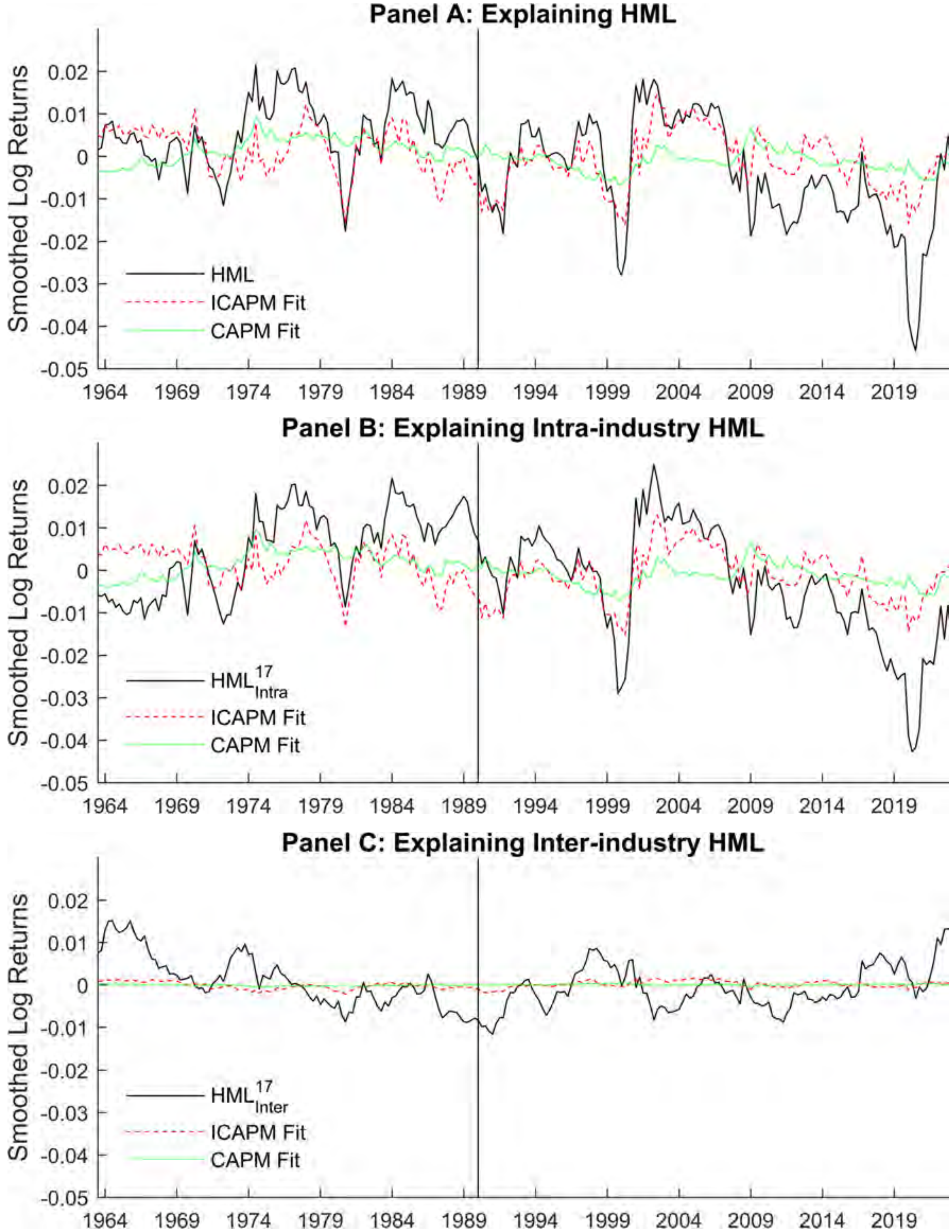

Figure 7: We explain time-series variation in demeaned HML, $\mathrm{HML}^{17}_{\mathrm{Intra}}$, and $\mathrm{HML}^{17}_{\mathrm{Inter}}$, based on Fama and French's classification of firms into 17 industries. Smoothed log returns are plotted with a solid black line while smoothed ICAPM (CAPM) fitted values are plotted with a dashed red (dotted green) line.

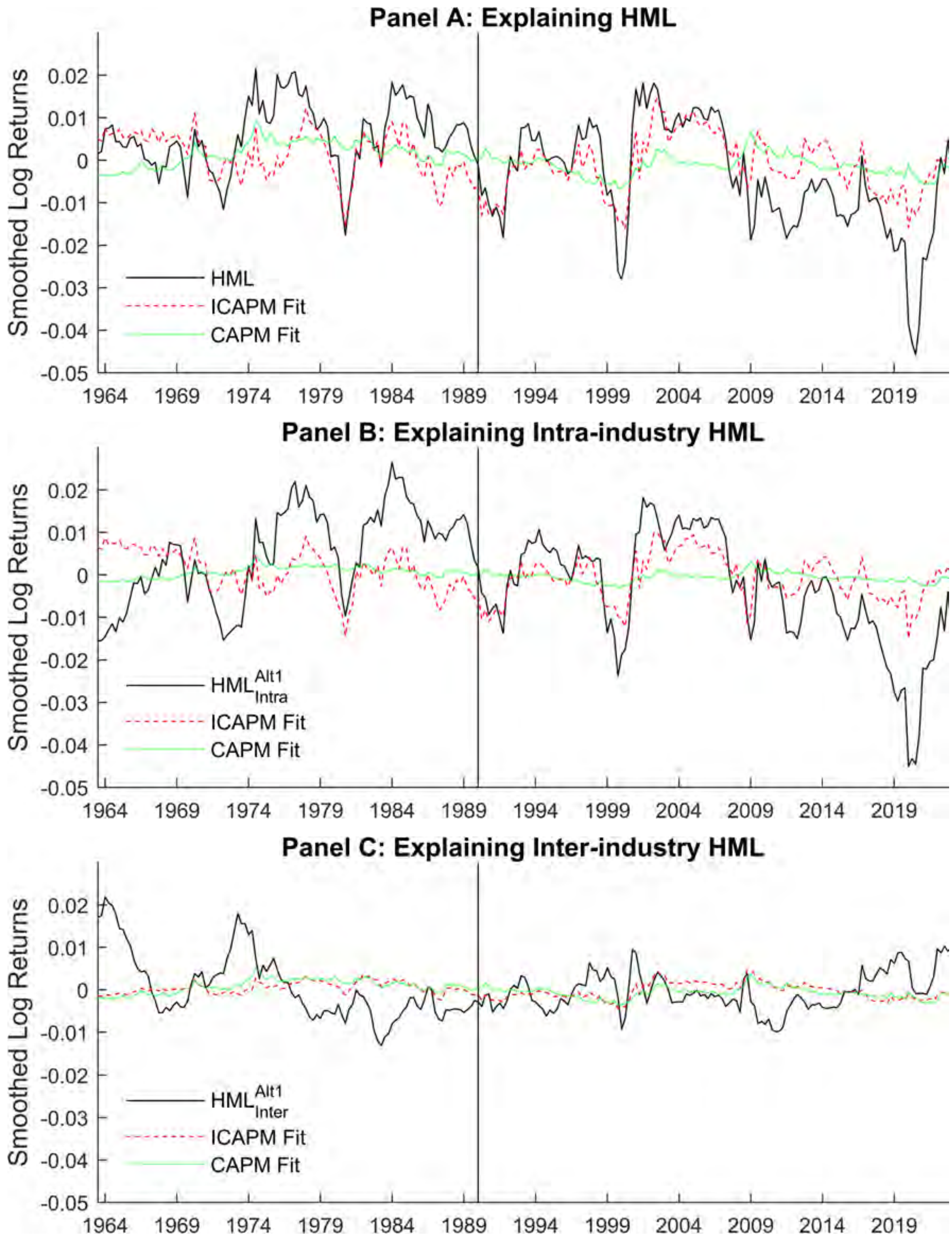

Figure 8: We explain time-series variation in demeaned HML, $\text{HML}^{\text{Alt1}}_{\text{Intra}}$, and $\text{HML}^{\text{Alt1}}_{\text{Inter}}$ where we use our first alternative way of measuring HML's intra-industry component. Smoothed log returns are plotted with a solid black line while smoothed ICAPM (CAPM) fitted values are plotted with a dashed red (dotted green) line.

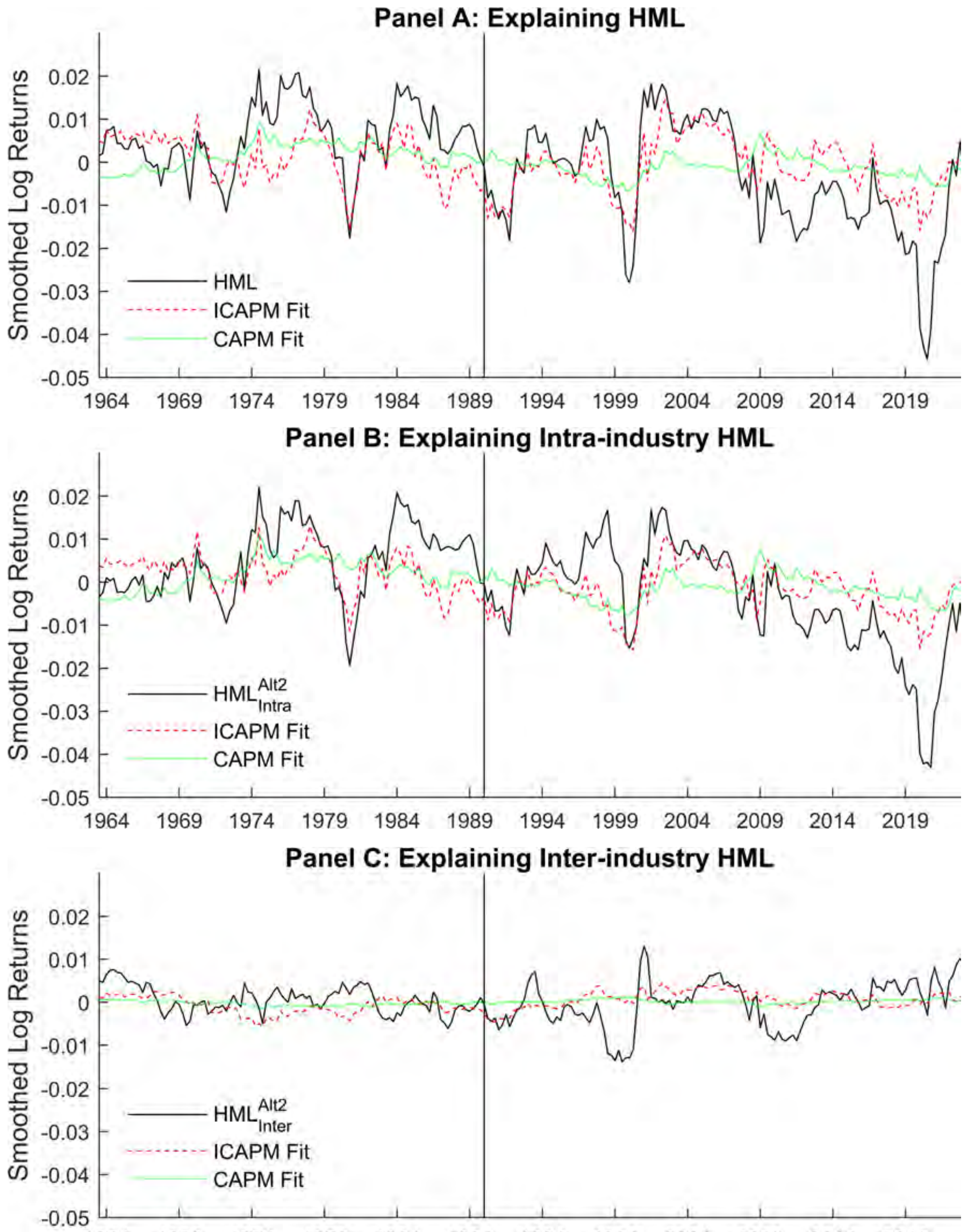

Figure 9: We explain time-series variation in demeaned HML, HML^{Alt2}_{Intra}, and HML^{Alt2}_{Inter} where we use our second alternative way of measuring HML's intra-industry component. Smoothed log returns are plotted with a solid black line while smoothed ICAPM (CAPM) fitted values are plotted with a dashed red (dotted green) line.

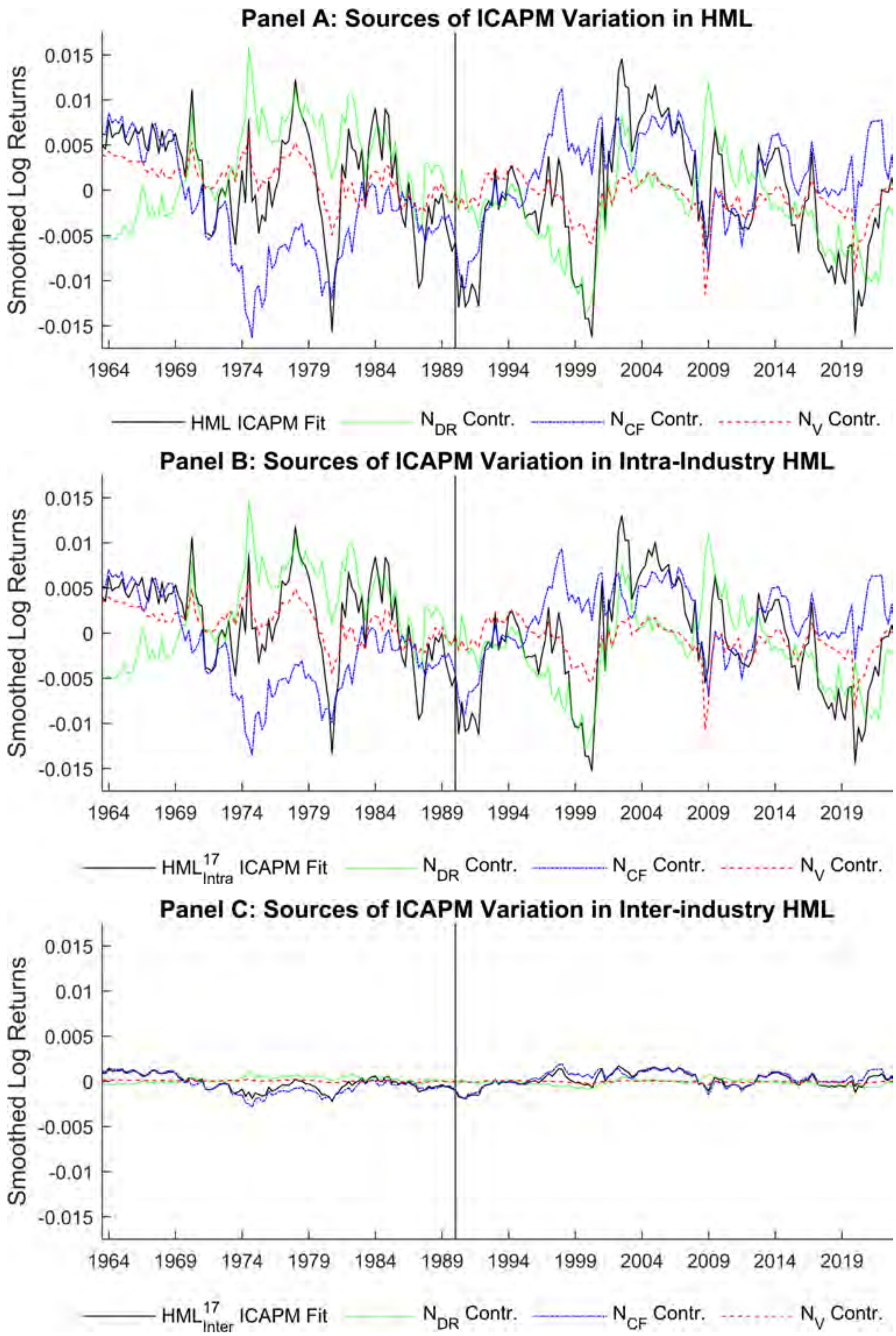

Figure 10: We plot the components of the ICAPM fit for HML, $\mathrm{HML}^{17}_{\mathrm{Intra}}$, and $\mathrm{HML}^{17}_{\mathrm{Inter}}$, based on Fama and French's classification of firms into 17 industries. The solid black line shows the smoothed ICAPM fit; the dashed green line shows the smoothed contribution of N_{DR}; the dashed blue line shows the smoothed contribution of N_{CF}; and the dashed red line shows the smoothed contribution of N_{V}.

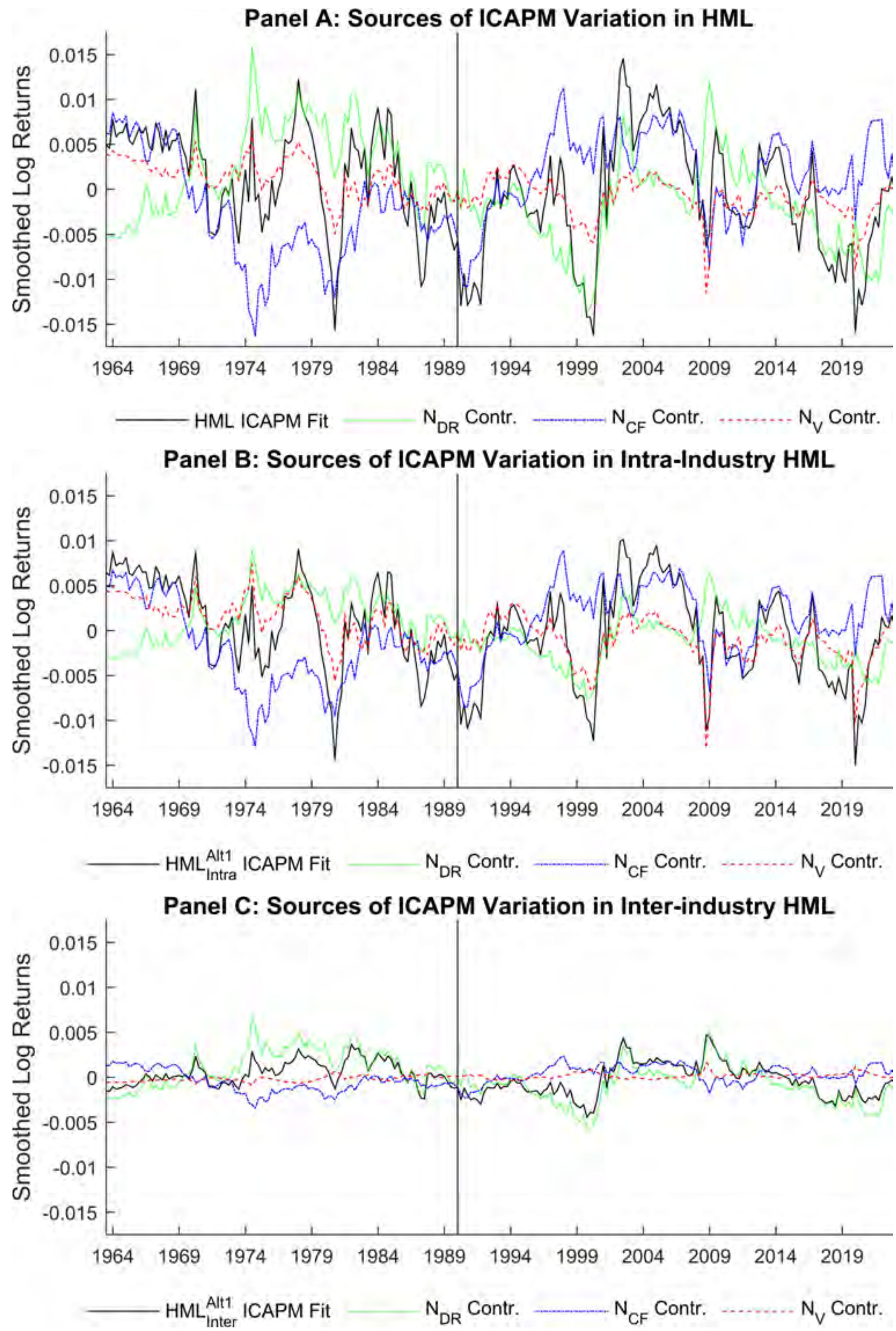

Figure 11: We plot the components of the ICAPM fit for HML, $\mathrm{HML}_{\mathrm{Intra}}^{\mathrm{Alt1}}$, and $\mathrm{HML}_{\mathrm{Inter}}^{\mathrm{Alt1}}$ using the first alternative way of measuring HML's intra-industry component. The solid black line shows the smoothed ICAPM fit; the dashed green line shows the smoothed contribution of N_{DR}; the dashed blue line shows the smoothed contribution of N_{CF}; and the dashed red line shows the smoothed contribution of N_{V}.

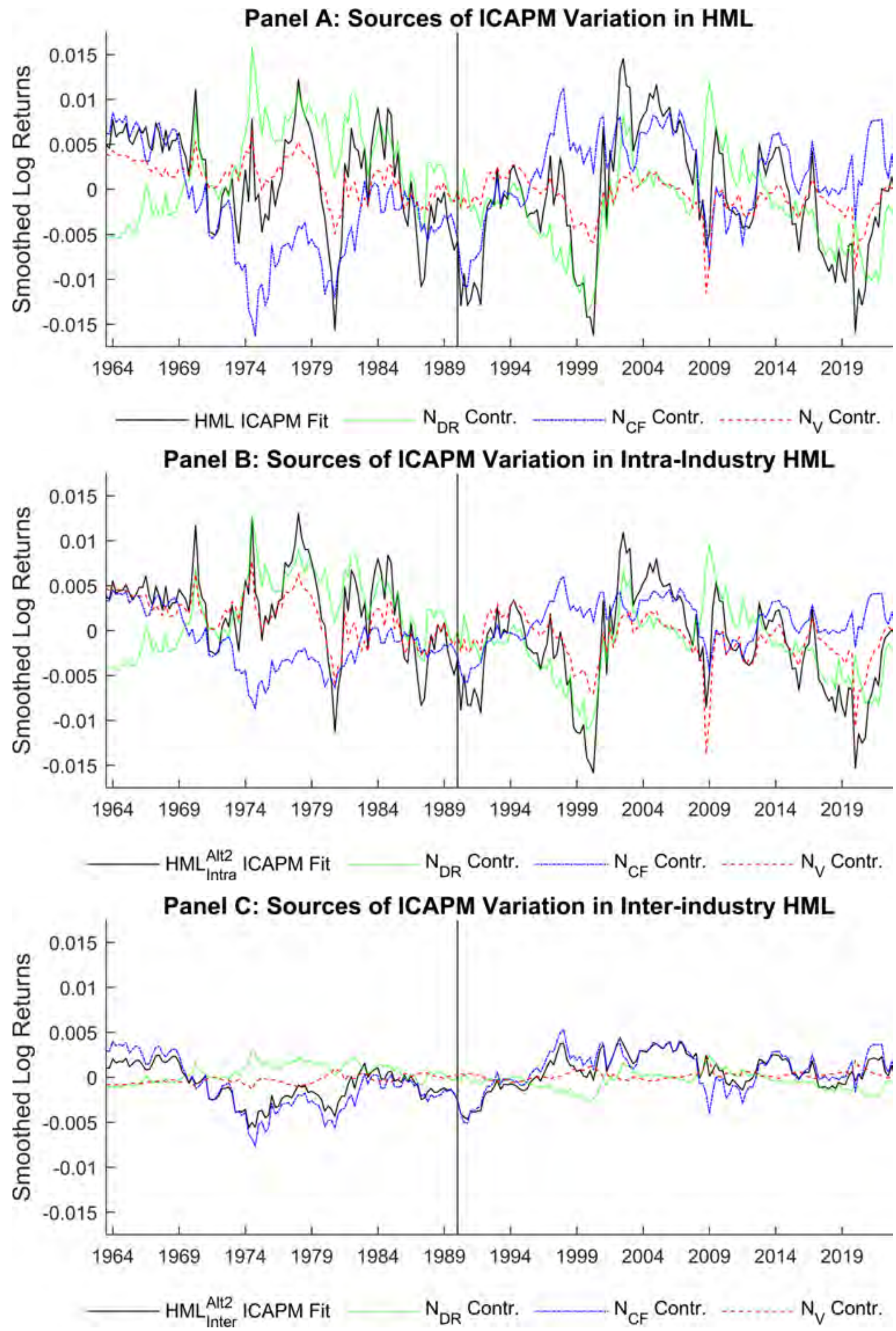

Figure 12: We plot the components of the ICAPM fit for HML, $\mathrm{HML}^{\mathrm{Alt2}}_{\mathrm{Intra}}$, and $\mathrm{HML}^{\mathrm{Alt2}}_{\mathrm{Inter}}$ using the second alternative way of measuring HML's intra-industry component. The solid black line shows the smoothed ICAPM fit; the dashed green line shows the smoothed contribution of N_{DR}; the dashed blue line shows the smoothed contribution of N_{CF}; and the dashed red line shows the smoothed contribution of N_{V}.

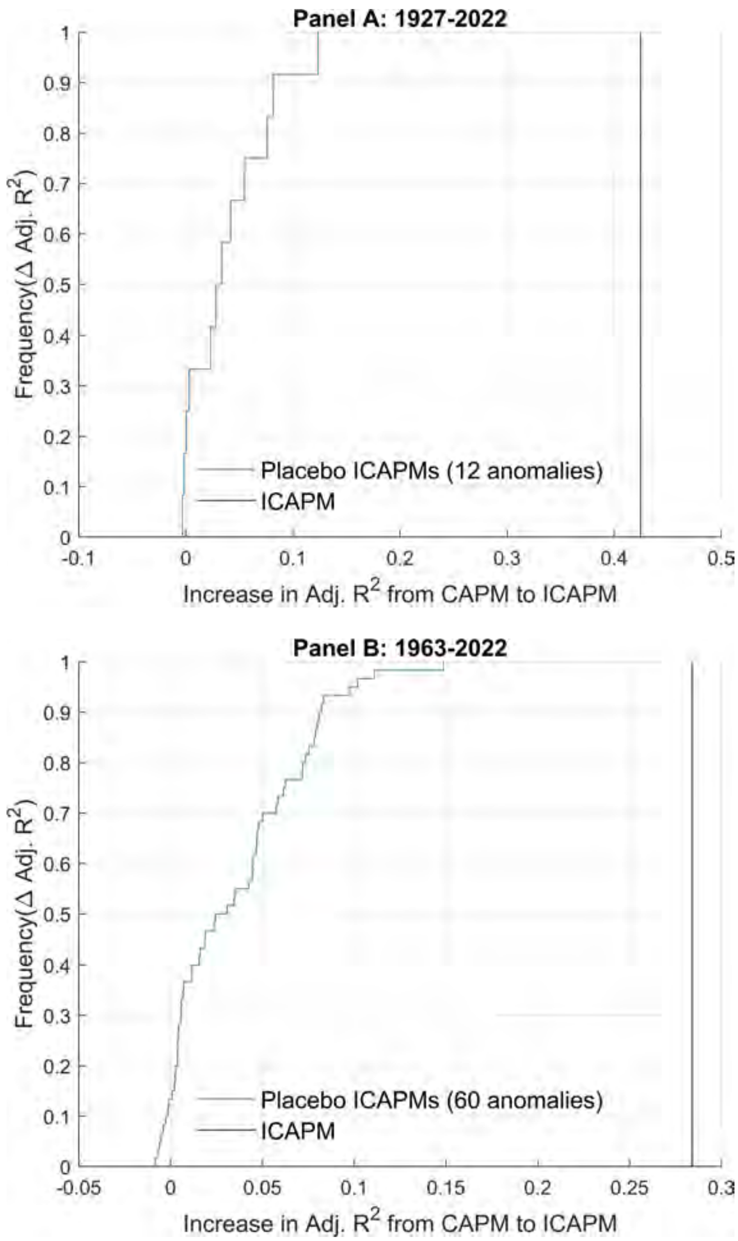

Figure 13: We estimate aggregate VARs that replace the small-stock value spread in our VAR (Appendix Table 1) with the corresponding small-stock value spread generated from using an anomaly other than value. We use the news terms from these placebo VARs to measure the increase in R^2 when moving from the CAPM to this placebo ICAPM, plotting the resulting cdf (blue line) as well as the increase in HML R^2 that occurs with our actual ICAPM (black line). Panel A plots results based on the 12 non-value anomalies from Chen and Zimmerman's (2020) Open Source Asset Pricing (OSAP) database available over the 1927-2022 sample while Panel B plots results based on the 60 non-value anomalies available over the 1963-2022 subsample.

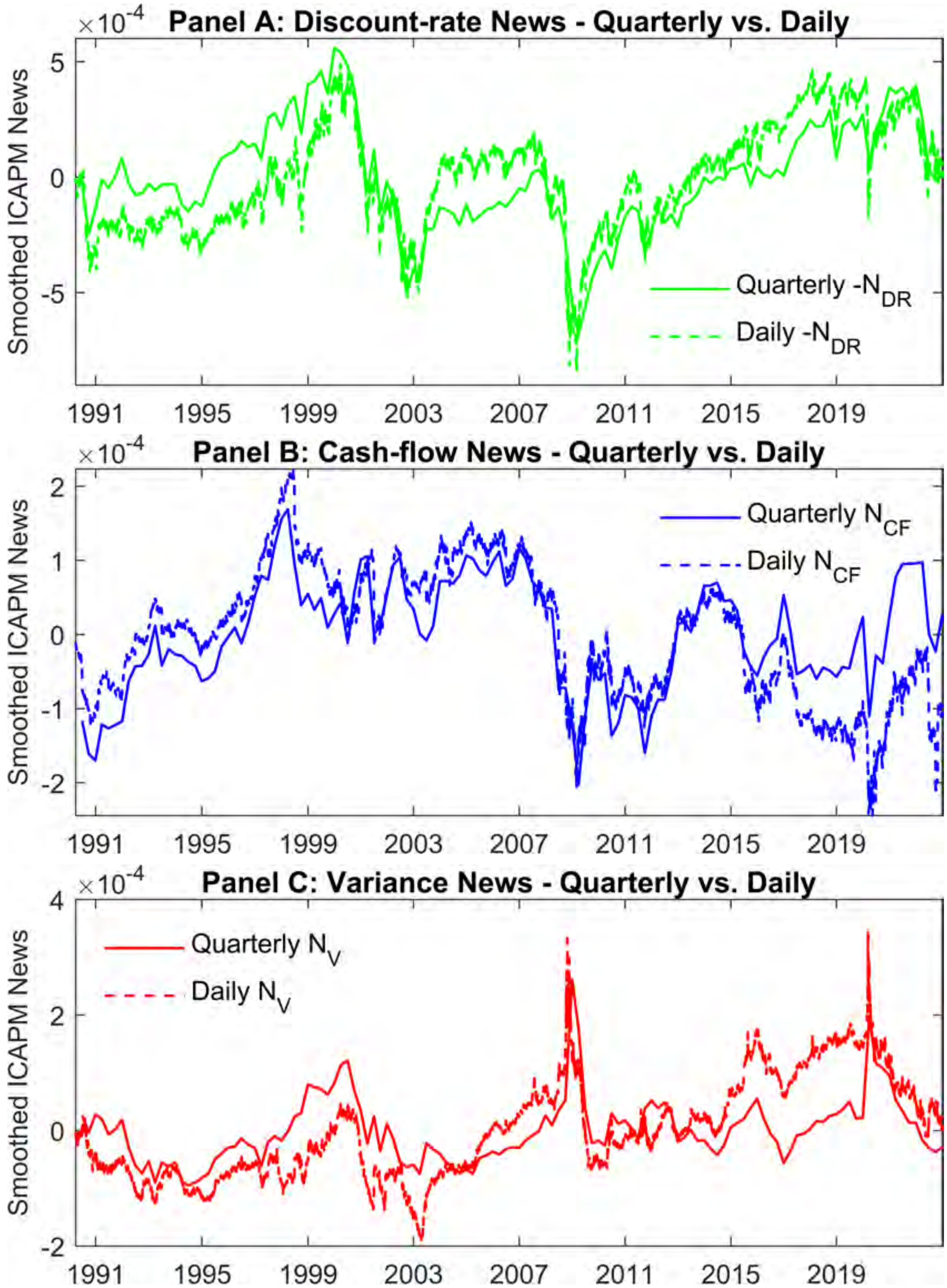

Figure 14: We plot smoothed ICAPM News for the 1990-04-02 to 2022-12-31 subsample as generated by the quarterly VAR in Appendix Table 1 and daily VAR in Appendix Table 20. The solid (dashed) green line shows the negative of smoothed quarterly (daily) $\mathrm{N_{DR}}$; the solid (dashed) blue line shows accumulated quarterly (daily) $\mathrm{N_{CF}}$; and the solid (dashed) red line shows accumulated quarterly (daily) $\mathrm{N_{V}}$.

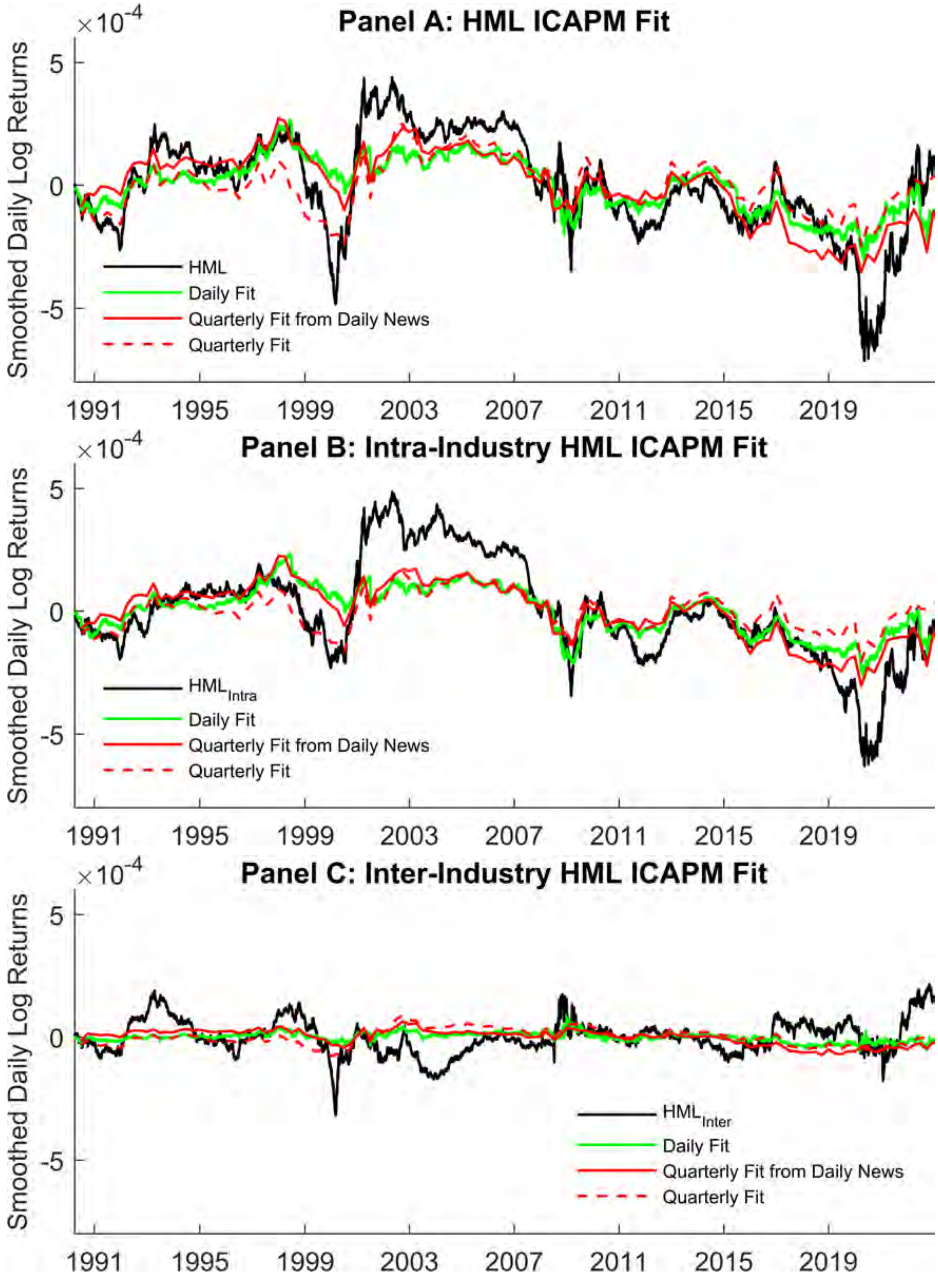

Figure 15: We plot smoothed ICAPM Fits for HML, HML_{Intra}, and HML_{Inter} over the 1990-04-02 to 2022-12-31 subsample as generated by the quarterly VAR in Appendix Table 1 and daily VAR in Appendix Table 20.

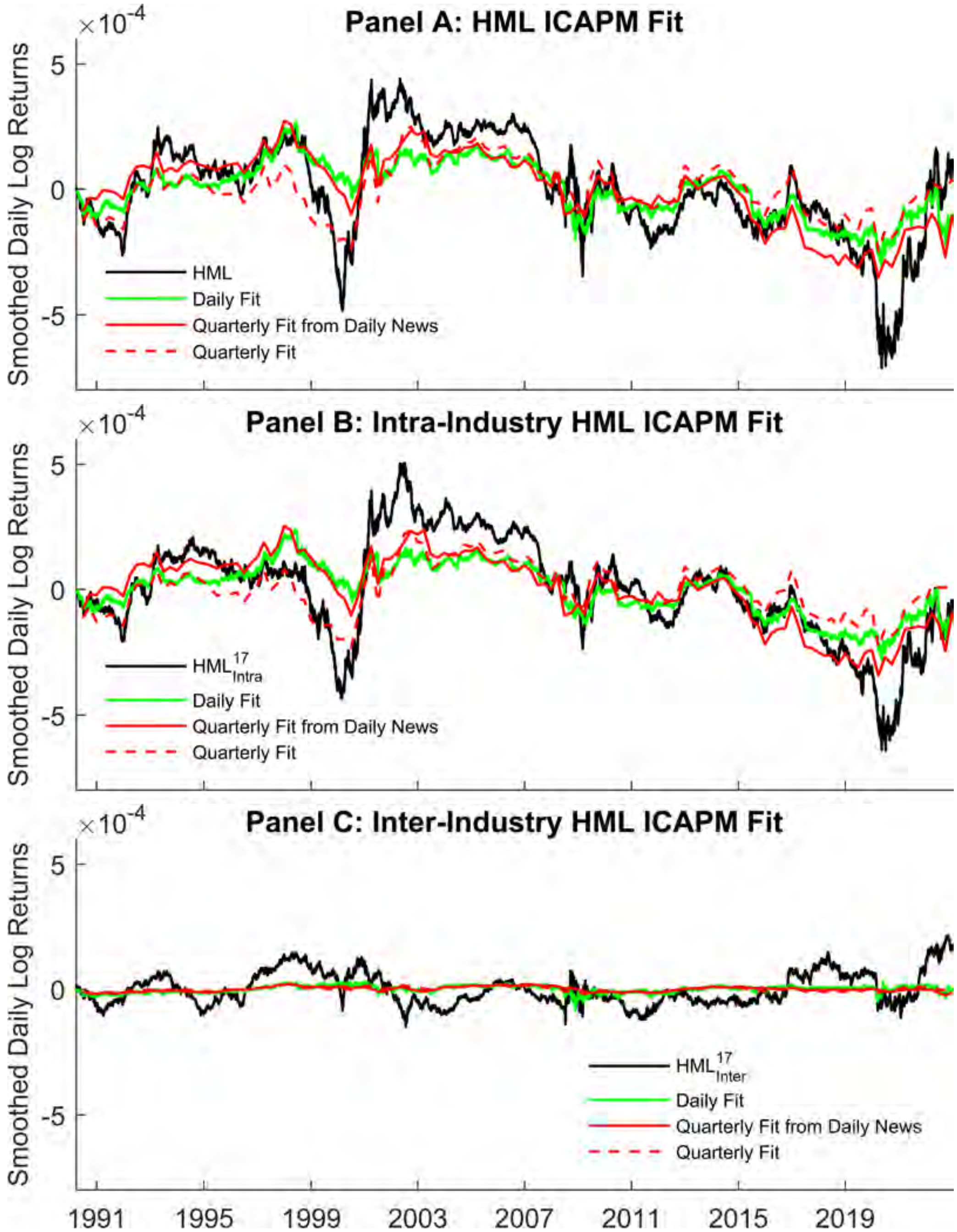

Figure 16: We plot smoothed ICAPM Fits for HML, $\text{HML}^{17}_{\text{Intra}}$, and $\text{HML}^{17}_{\text{Inter}}$ (based on Fama and French's 17 industries) over the 1990-04-02 to 2022-12-31 subsample as generated by the quarterly VAR in Appendix Table 1 and daily VAR in Appendix Table 20.

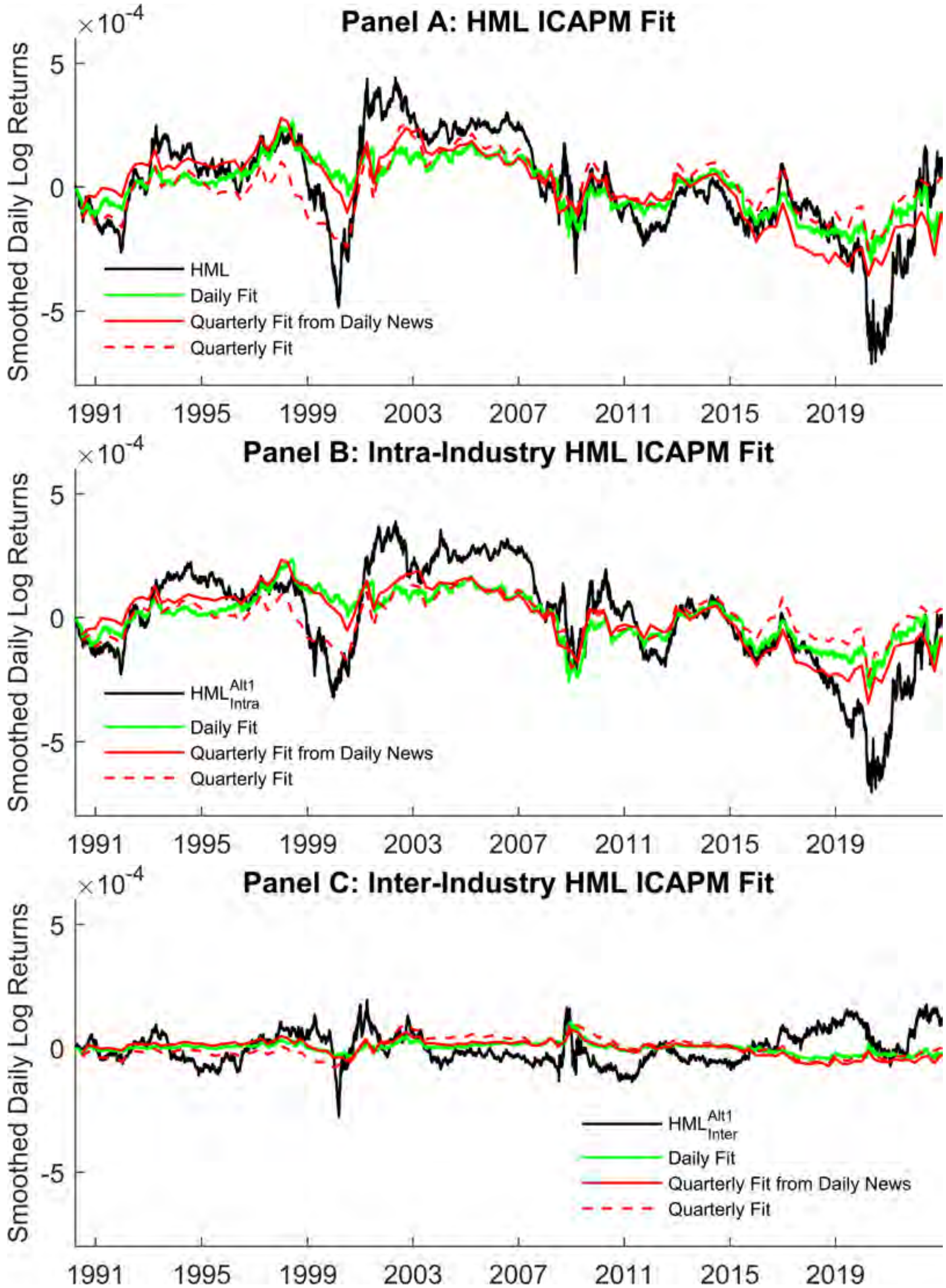

Figure 17: We plot smoothed ICAPM Fits for HML, $\text{HML}^{\text{Alt1}}_{\text{Intra}}$, and $\text{HML}^{\text{Alt1}}_{\text{Inter}}$ (using the first alternative way of measuring HML's intra-industry component) over the 1990-04-02 to 2022-12-31 subsample as generated by the quarterly VAR in Appendix Table 1 and daily VAR in Appendix Table 20.

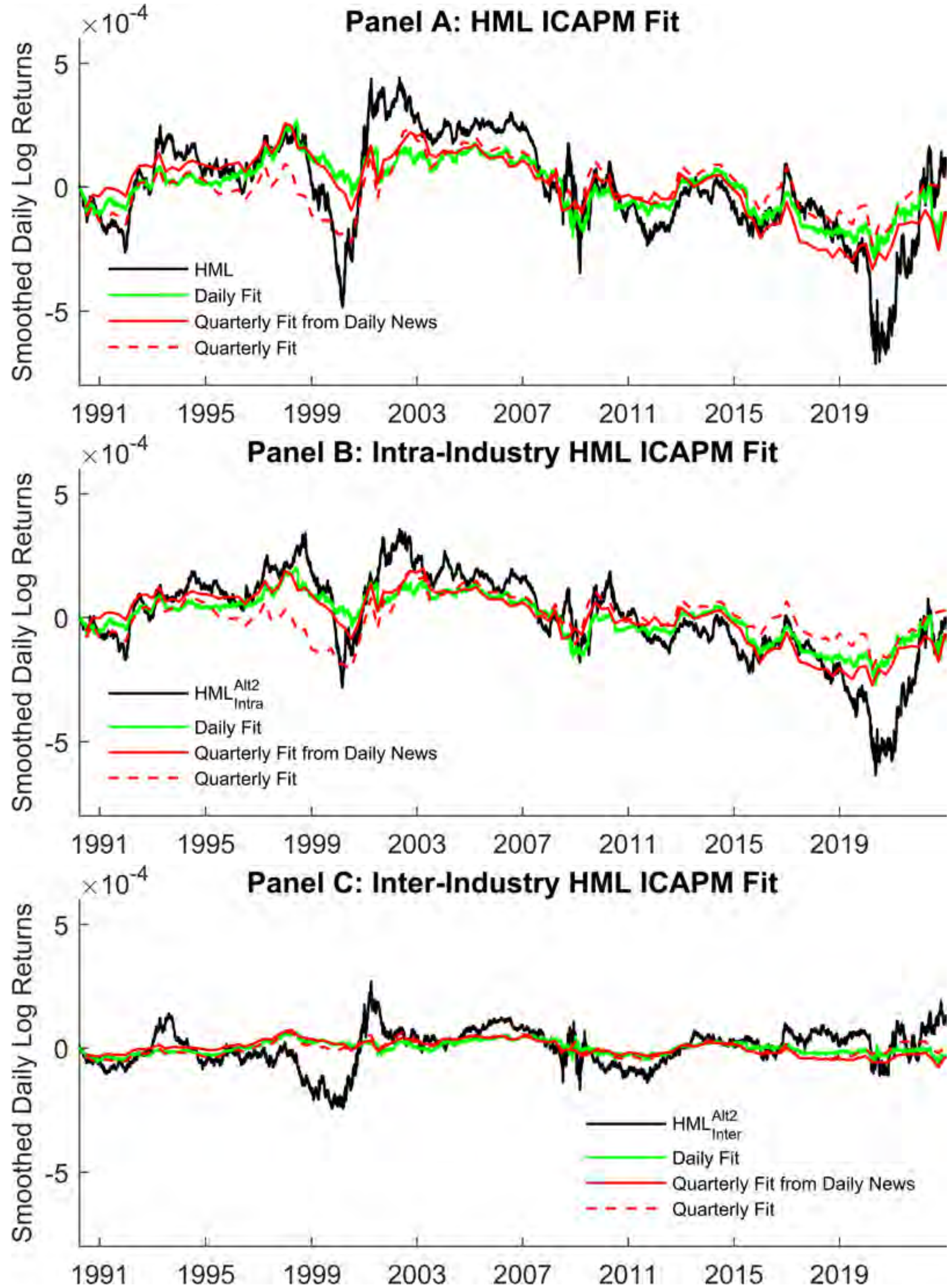

Figure 18: We plot smoothed ICAPM Fits for HML, HML^{Alt2}_{Intra}, and HML^{Alt2}_{Inter} (using the second alternative way of measuring HML's intra-industry component) over the 1990-04-02 to 2022-12-31 subsample as generated by the quarterly VAR in Appendix Table 1 and daily VAR in Appendix Table 20.

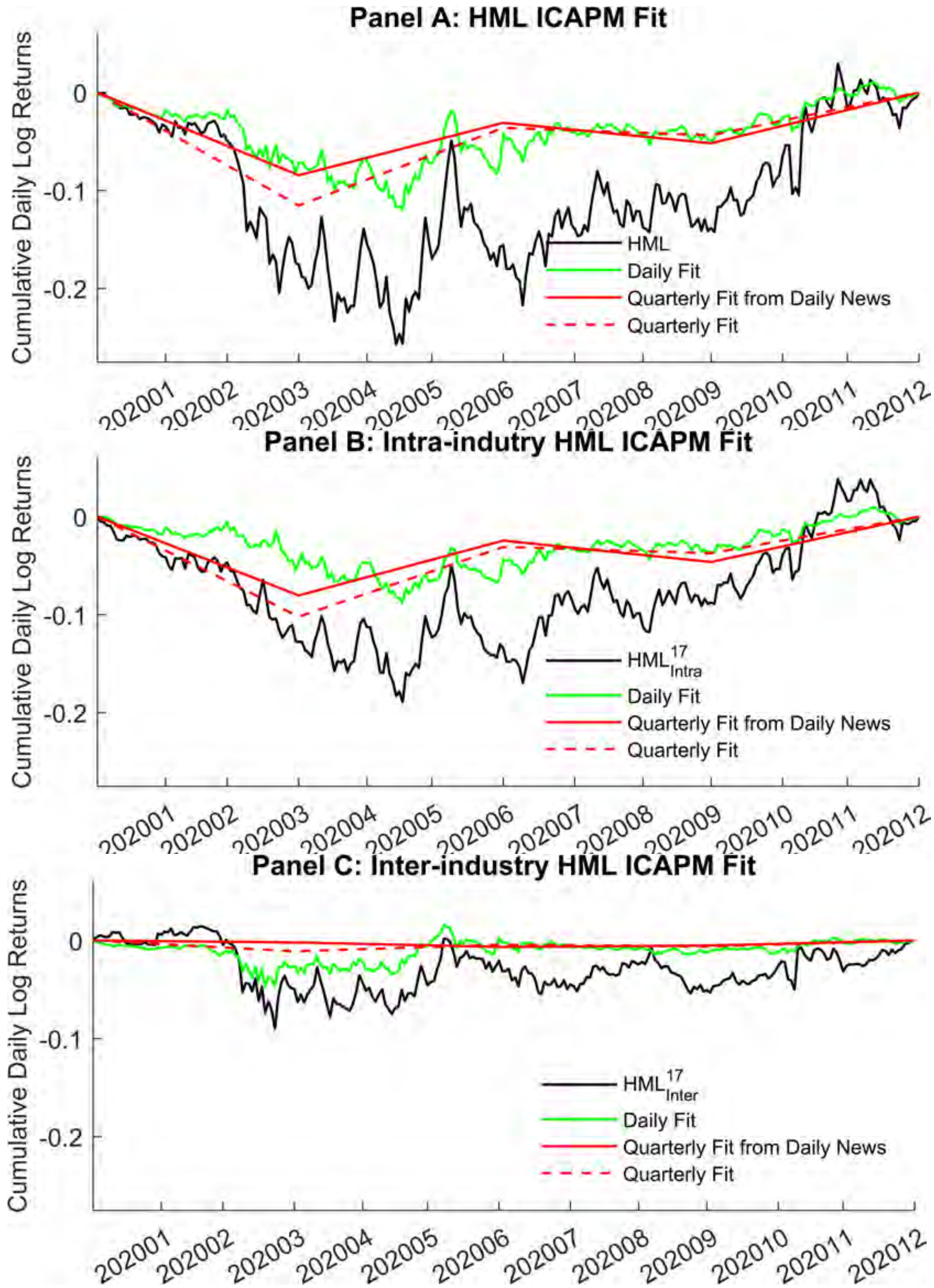

Figure 19: We plot various cumulative ICAPM fits for HML, $\mathrm{HML}^{17}_{\mathrm{Intra}}$, and $\mathrm{HML}^{17}_{\mathrm{Inter}}$ (based on Fama and French's 17 industries) from the quarterly and daily VARs for the 2020-01-02 to 2020-12-31 subsample.

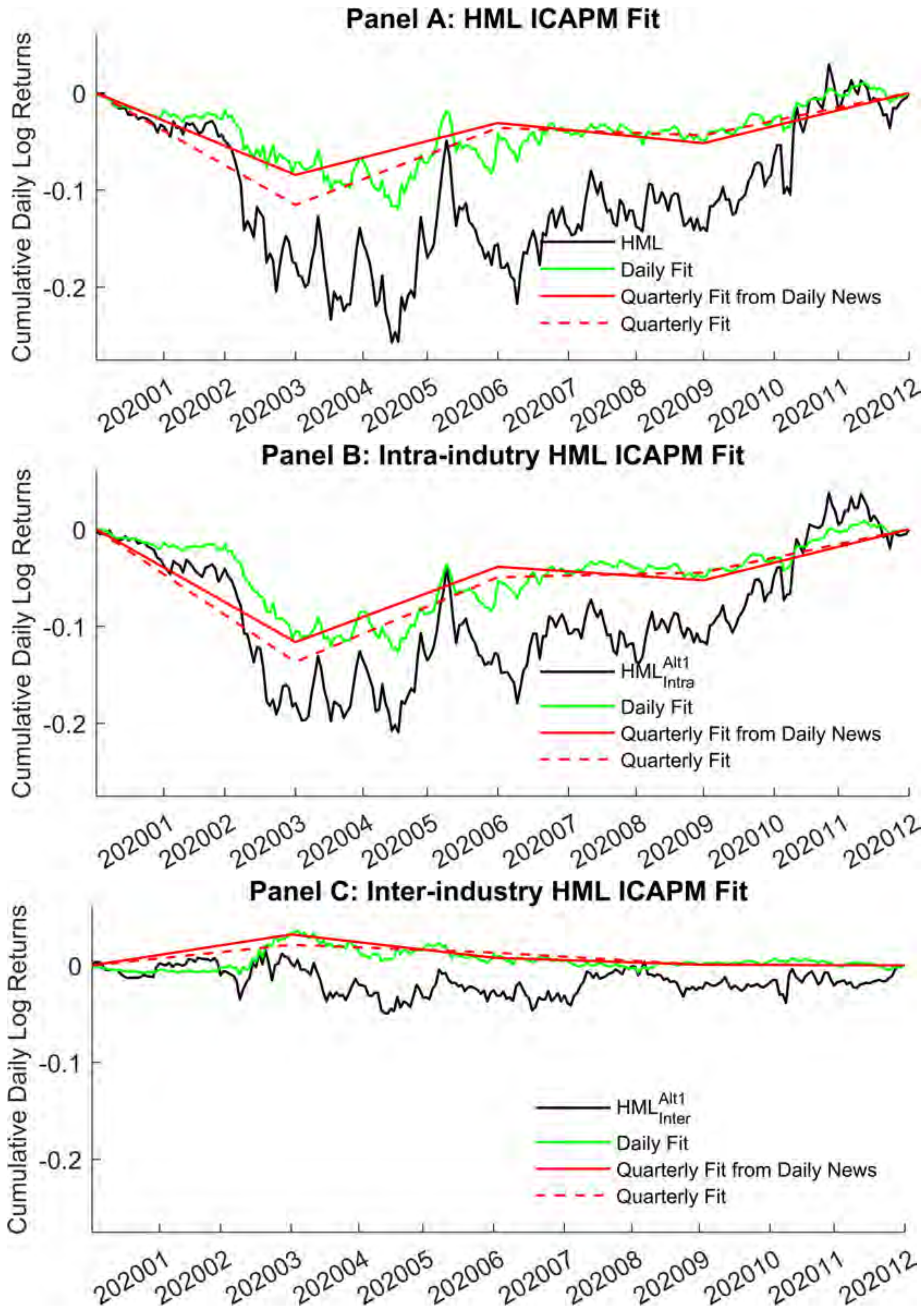

Figure 20: We plot various cumulative ICAPM fits for HML, $\text{HML}^{\text{Alt1}}_{\text{Intra}}$, and $\text{HML}^{\text{Alt1}}_{\text{Inter}}$ (using the first alternative way of measuring HML's intra-industry component) from the quarterly and daily VARs for the 20200101-20201231 subsample.

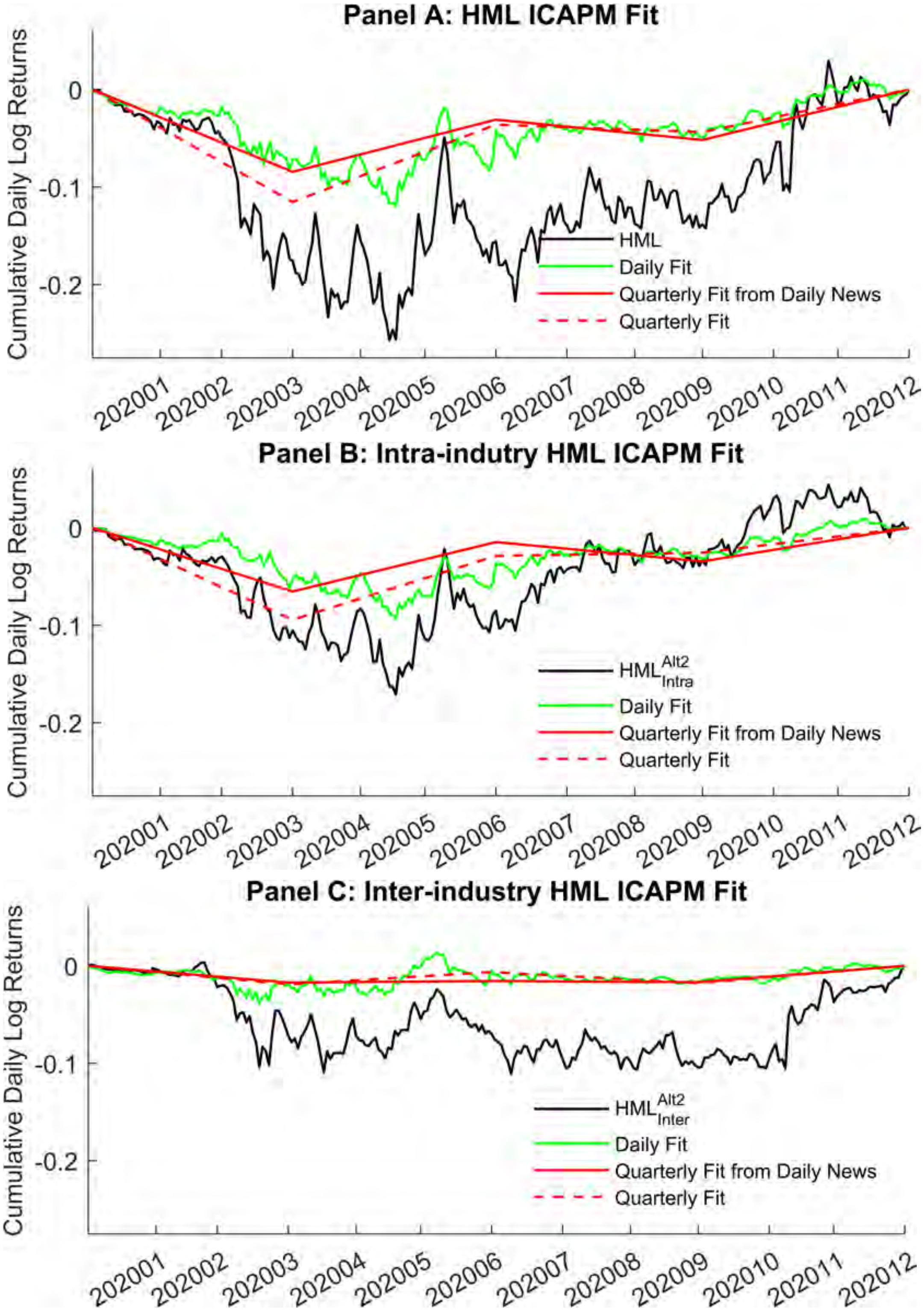

Figure 21: We plot various cumulative ICAPM fits for HML, $\text{HML}_{\text{Intra}}^{\text{Alt2}}$, and $\text{HML}_{\text{Inter}}^{\text{Alt2}}$ (using the second alternative way of measuring HML's intra-industry component) from the quarterly and daily VARs for the 20200101-20201231 subsample.

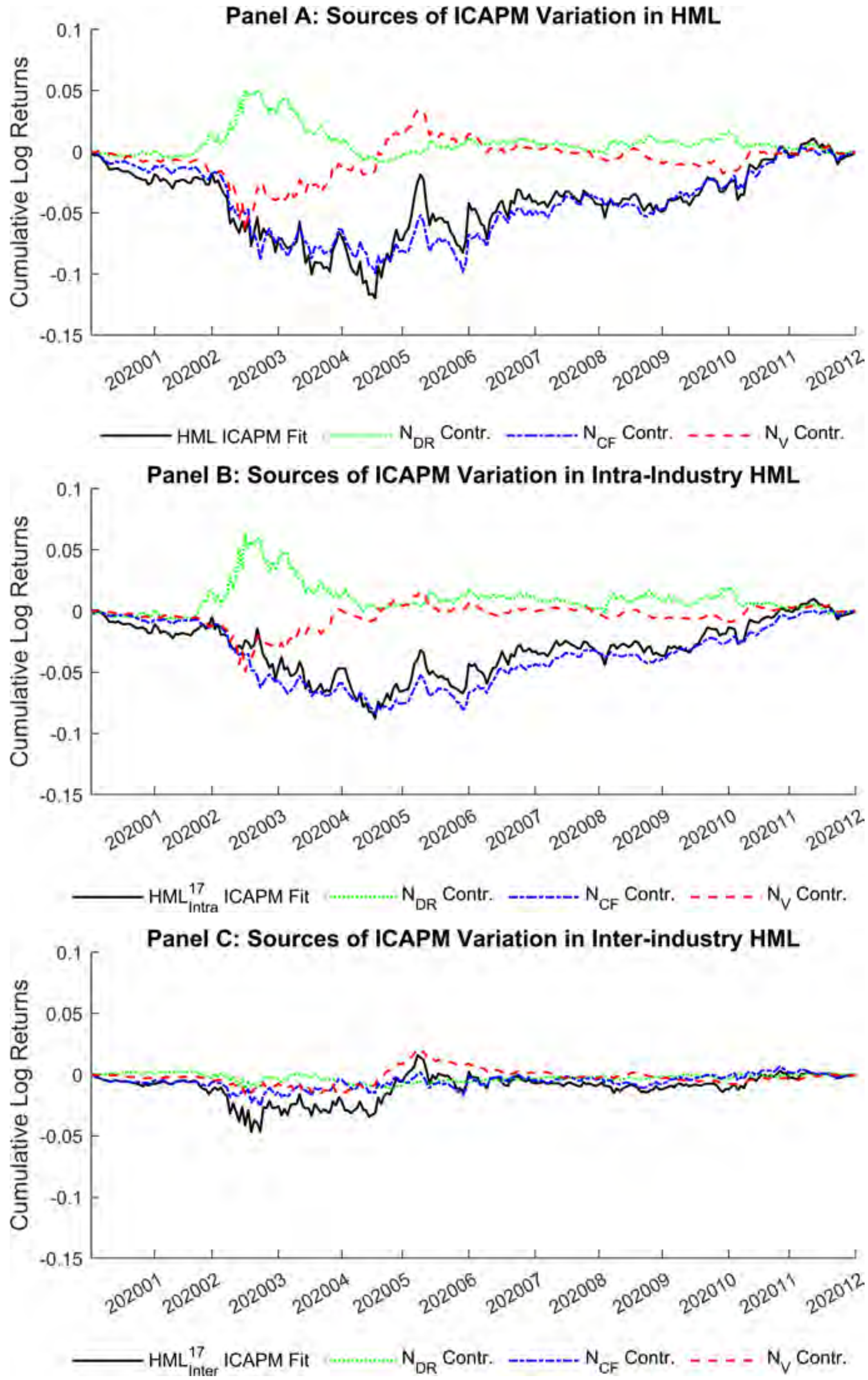

Figure 22: We plot the components of the ICAPM fit for HML, $\mathrm{HML}^{17}_{\mathrm{Intra}}$, and $\mathrm{HML}^{17}_{\mathrm{Inter}}$ (based on Fama and French's 17 industries) for the 2020-01-02 to 2020-12-31 subsample. The solid black line shows the smoothed ICAPM fit; the dashed green line shows the smoothed contribution of N_{DR}; the dashed blue line shows the smoothed contribution of N_{CF}; and the dashed red line shows the smoothed contribution of N_{V}.

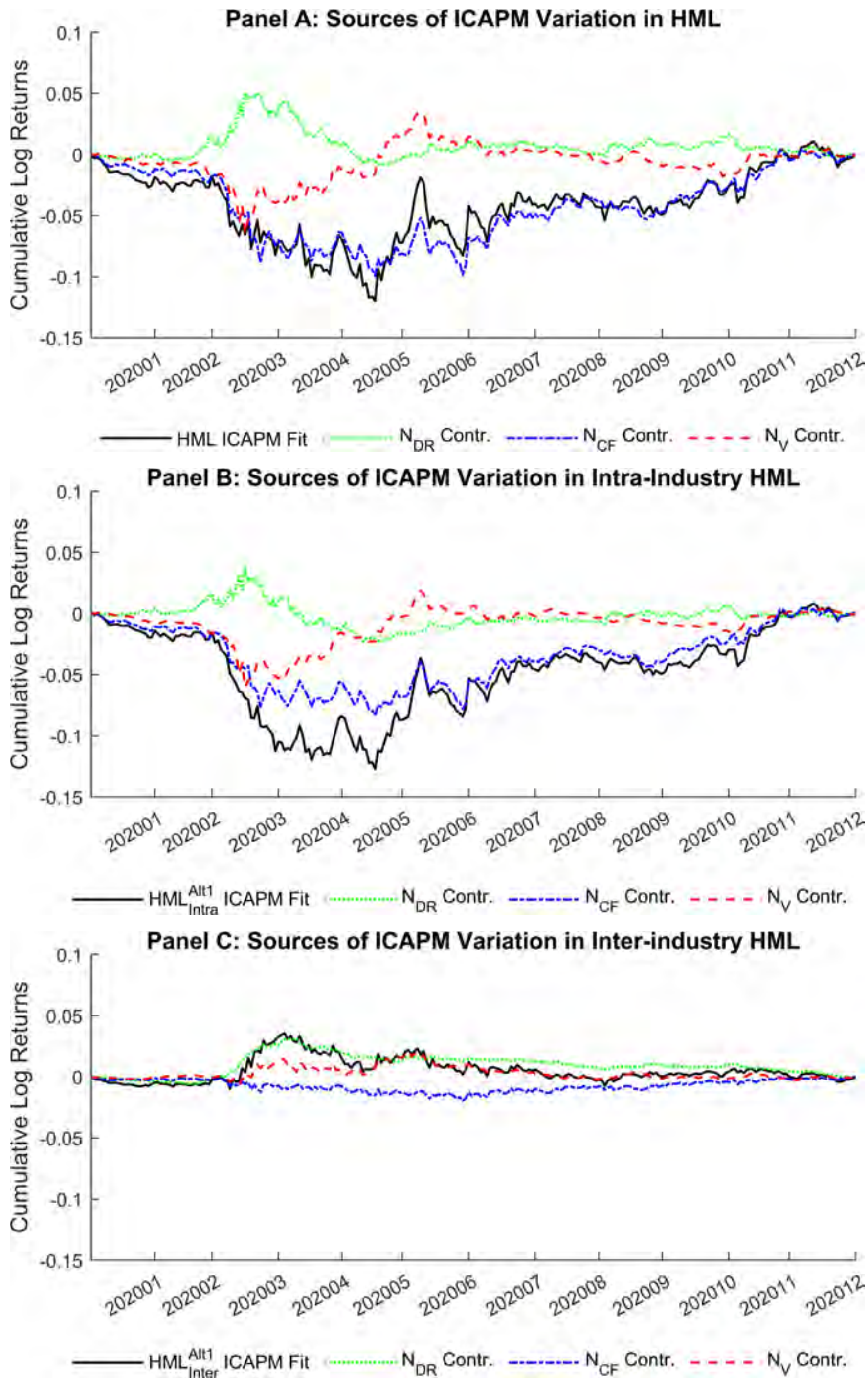

Figure 23: We plot the components of the ICAPM fit for HML, $\mathrm{HML}^{\mathrm{Alt1}}_{\mathrm{Intra}}$, and $\mathrm{HML}^{\mathrm{Alt1}}_{\mathrm{Inter}}$ (using the first alternative way of measuring HML's intra-industry component) for the 20200101-20201231 subsample. The solid black line shows the smoothed ICAPM fit; the dashed green line shows the smoothed contribution of N_{DR}; the dashed blue line shows the smoothed contribution of N_{CF}; and the dashed red line shows the smoothed contribution of N_{V}.

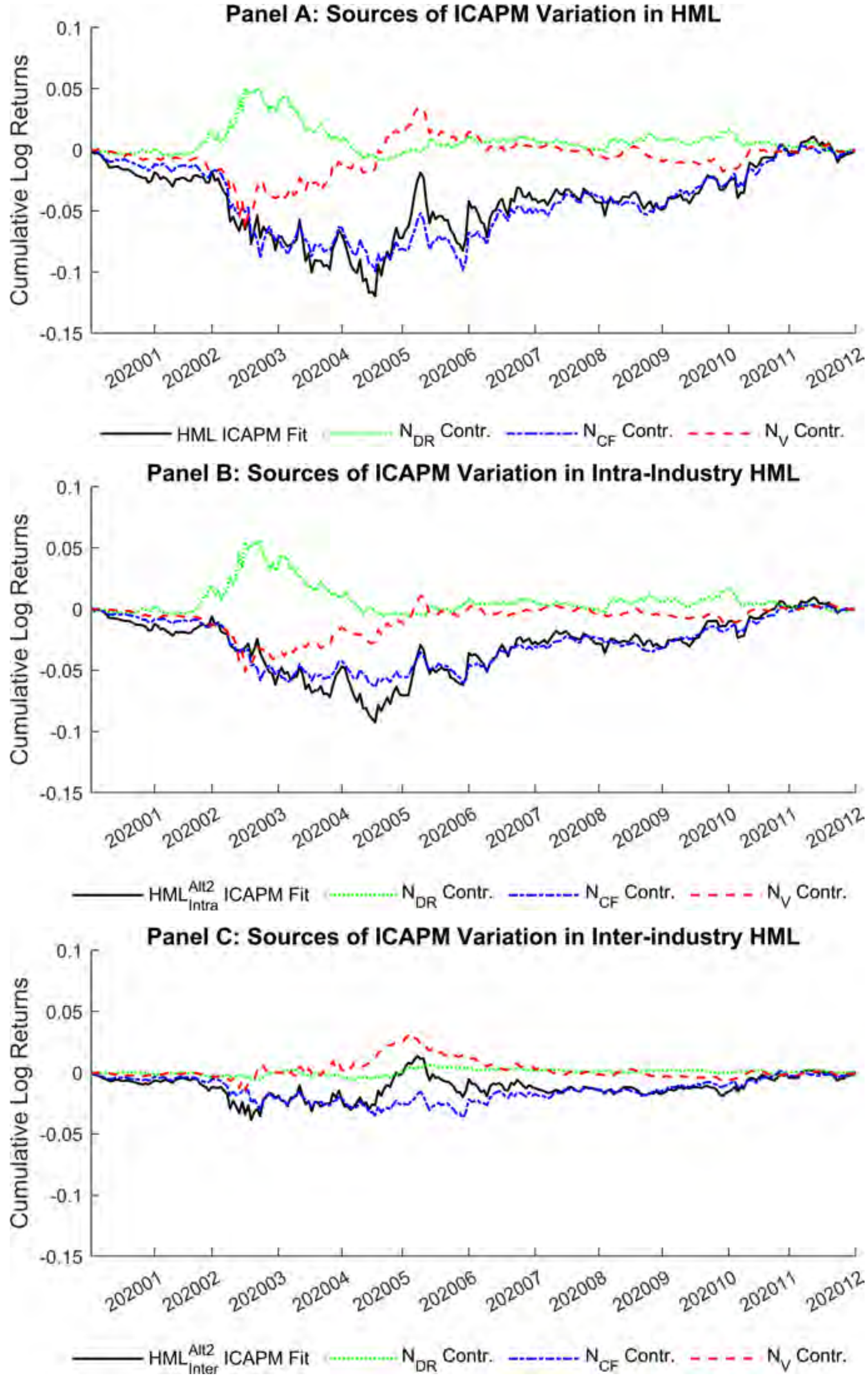

Figure 24: We plot the components of the ICAPM fit for HML, $\mathrm{HML}^{\mathrm{Alt2}}_{\mathrm{Intra}}$, and $\mathrm{HML}^{\mathrm{Alt2}}_{\mathrm{Inter}}$ (using the second alternative way of measuring HML's intra-industry component) for the 20200101-20201231 subsample. The solid black line shows the smoothed ICAPM fit; the dashed green line shows the smoothed contribution of $\mathrm{N_{DR}}$; the dashed blue line shows the smoothed contribution of $\mathrm{N_{CF}}$; and the dashed red line shows the smoothed contribution of $\mathrm{N_V}$.

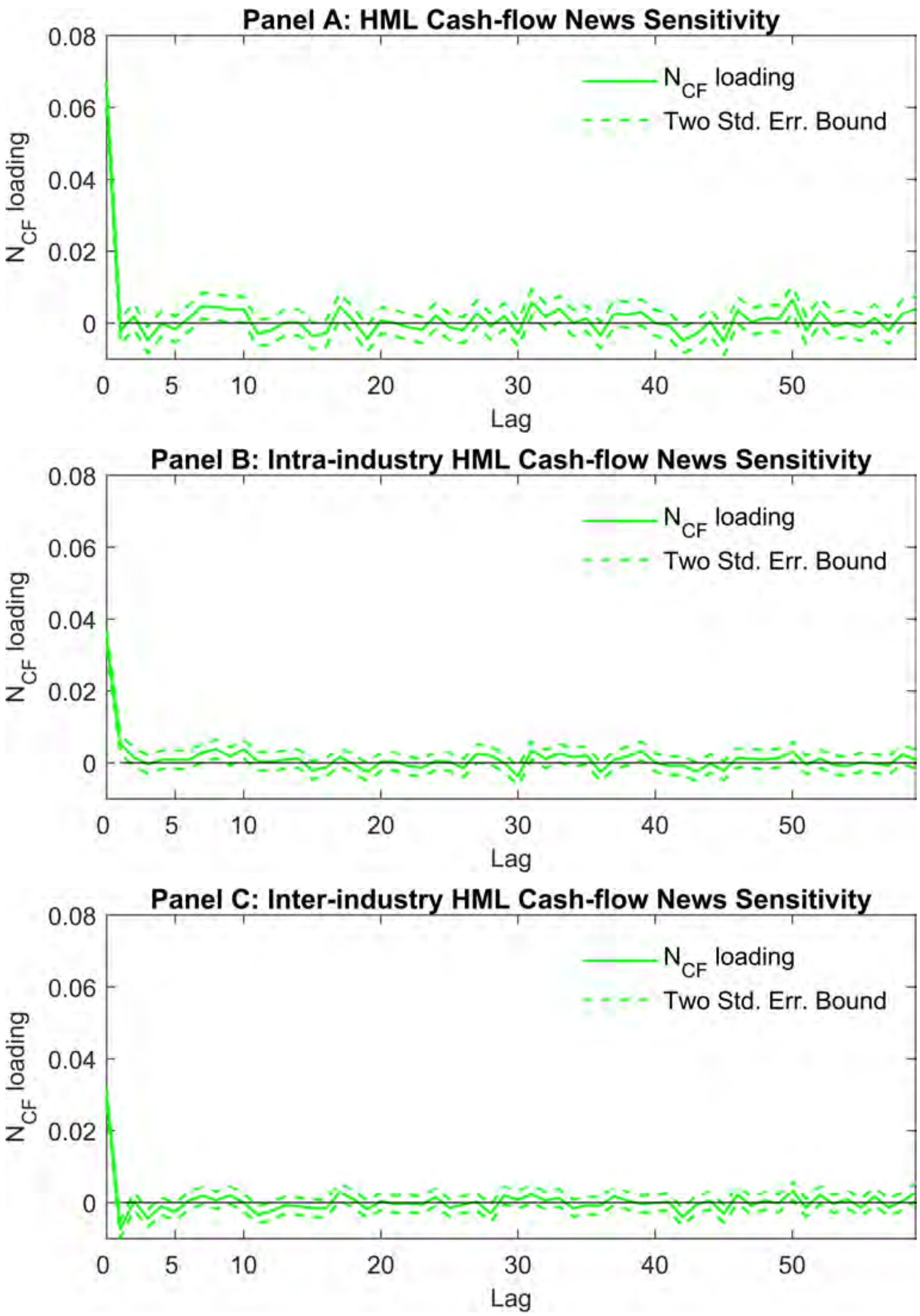

Figure 25: This figure shows the coefficients on contemporaneous and lagged cash-flow news that correspond to the daily ICAPM regressions in Appendix Table 14.

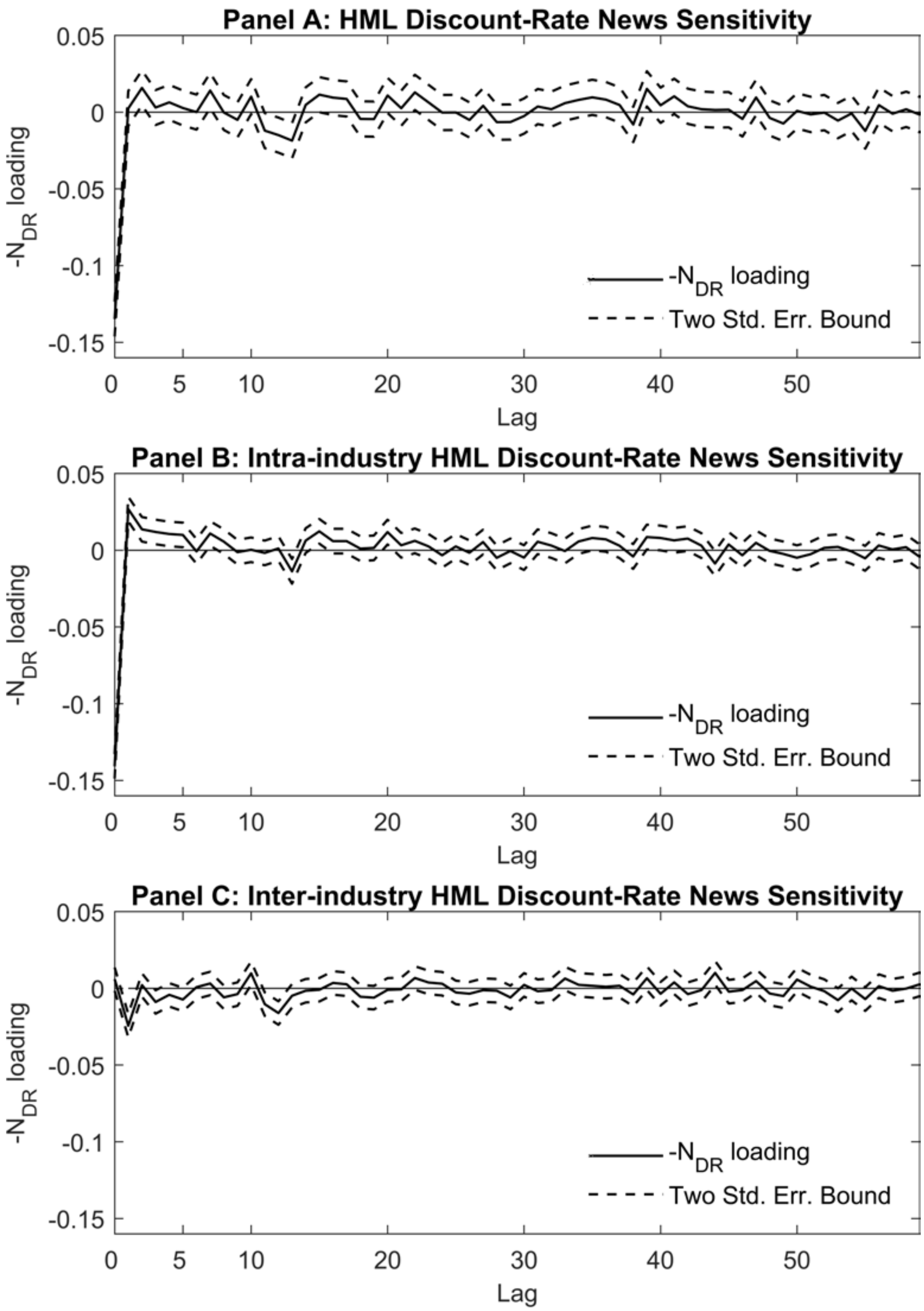

Figure 26: This figure shows the coefficients on contemporaneous and lagged negative discount-rate news that correspond to the daily ICAPM regressions in Appendix Table 14.

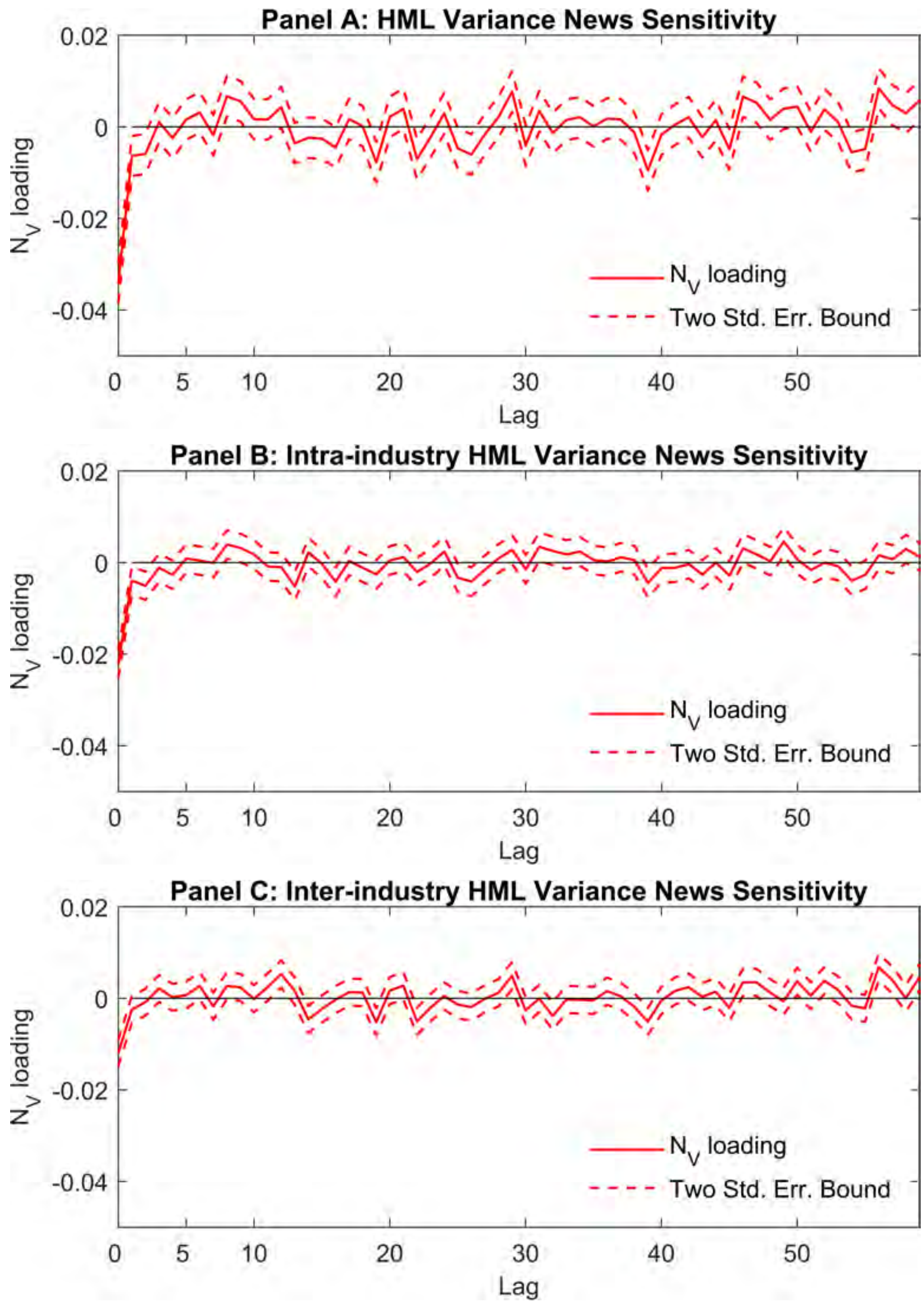

Figure 27: This figure shows the coefficients on contemporaneous and lagged variance news that correspond to the daily ICAPM regressions in Appendix Table 14.

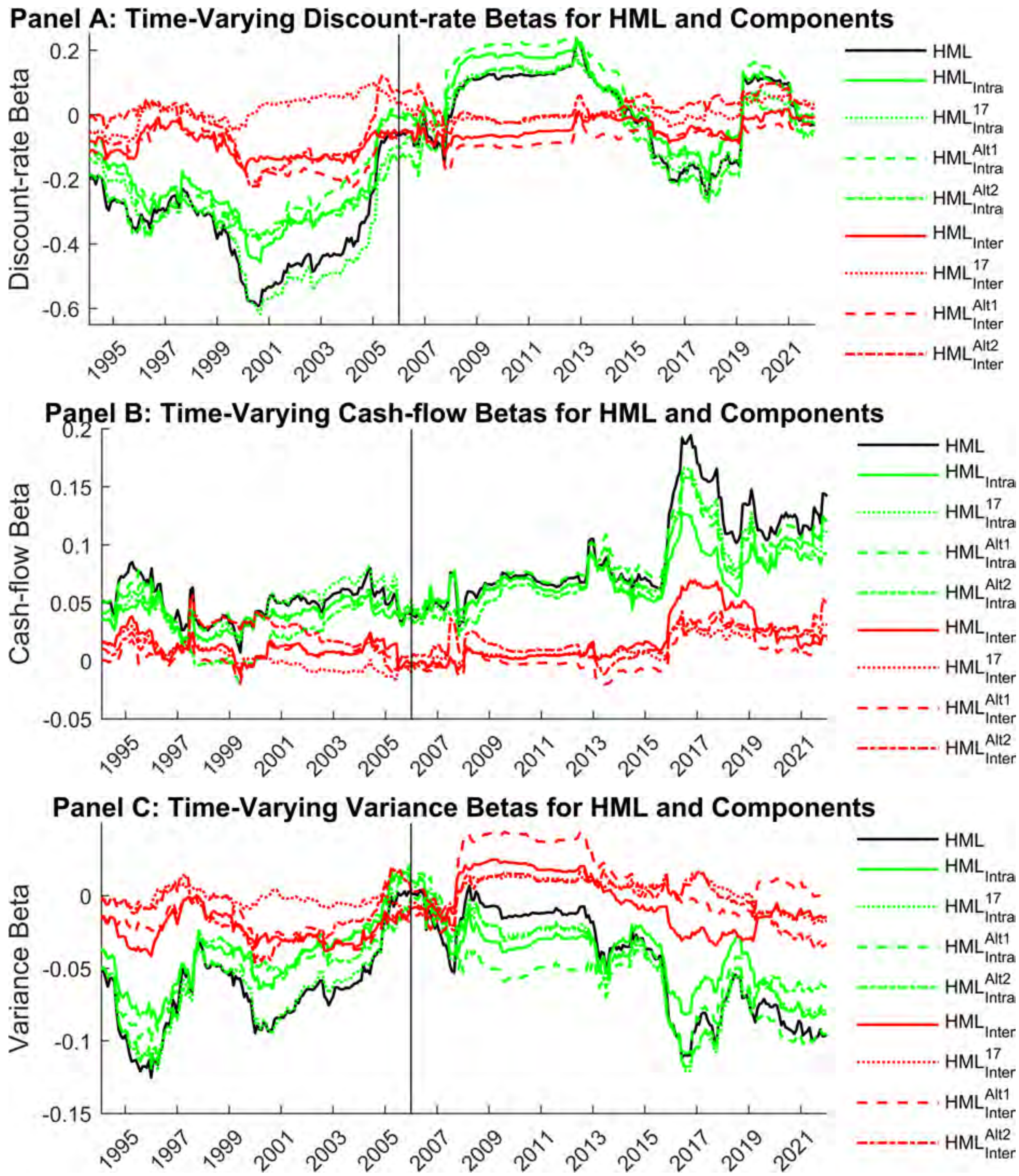

Figure 28: We plot discount-rate ($\widehat{\beta}_{DR}$) (Panel A), cash-flow ($\widehat{\beta}_{CF}$) (Panel B), and variance ($\widehat{\beta}_{V}$) betas (Panel C) for the four decompositions of HML into intra- and inter-industry components for the Compustat period from 1963Q3-2022Q4—HML (solid black line), $\mathrm{HML}_{\mathrm{Intra}}$ (green lines), and $\mathrm{HML}_{\mathrm{Inter}}$ (red lines)—that we estimate using monthly observations within five-year rolling windows. The vertical line indicates the end of 2006Q4, since then, the cumulative return to HML has been -50%.