Appendix

A. Additional robustness checks

Controlling for risk

Table 7: Linear probability model

	(I) OUT	(II) OUT
Intercept	$.38^{***}$	$.41^{***}$
	(.02)	(.02)
Private	$-.10^{***}$	$-.10^{***}$
	(.01)	(.02)
Controls (Risk)	No	Yes
R^2	.01	.01
N	259 200	259 200

Notes: The Intercept captures the public information treatment. Standard errors are in parenthesis, clustered at the subject level and computed via bootstrapping. $^{***}p \leq .01$, $^{**}p \leq .05$, $^{*}p \leq .1$

Table 8: Hazard function

	(I)	(II)
Intercept	-1.89^{***}	-1.74^{***}
	(.06)	(.08)
Private	$.36^{***}$	$.38^{***}$
	(.14)	(.14)
$\log(p)$	$-.16^{***}$	$-.16^{***}$
	(.03)	(.03)
Control (Risk)	No	Yes
ψ	6.96	8.55
N	86 169	86 169

Notes: To compute the hazard ratios, we use an exp function on relevant coefficients. $^{***}p \leq .01$, $^{**}p \leq .05$, $^{*}p \leq .1$

Low realizations of the risky process

We limit our sample to sessions that experienced low realizations of the risky market. Specifically, we work with rounds in which the value of IN went below 80 for at least 40 ticks (of a total of 160). In this case, we obtain nine (eleven) rounds for the public (private) information of a total of 78 (78). We replicate Table 4 using this restricted sample. The results are depicted in Table 9.

Table 9: Linear probability model (restricted sample)

	(I) OUT	(III) OUT	(IV) IN $\|x \geq r_f$	(V) OUT $\|x < r_f$
Intercept	0.523^{***}	0.511^{***}	0.631^{***}	0.687^{***}
	(0.014)	(0.023)	(0.017)	(0.015)
Private	-0.138^{***}	-0.139^{***}	0.104^{***}	-0.194^{***}
	(0.023)	(0.023)	(0.026)	(0.027)
Round	—	0.001	—	—
		(.001)		
R^2	.02	.02	.01	.04
N	33 440	33 440	16 582	16 582

Notes: The Intercept captures the public information treatment. Standard errors are in parenthesis, clustered at the subject level and are computed via bootstrapping. $^{***}p \leq .01$, $^{**}p \leq .05$, $^{*}p \leq .1$

The treatment differences are consistent with what we observe in the regressions with the full sample (Table 4). The coefficient for *Private* is $-.138$, which confirms that players in the private information treatment chose IN more often compared to the public information treatment. In the public information treatment, as one would expect, players opt for OUT more often in the restricted sample (.52) compared to the full sample (.38).

Furthermore, the performance slightly improves when $x < r_f$ compared to the full sample in the public information treatment. Now, players opt for OUT with a frequency of .68 (compared to .60 in the full sample).

In sum, the main results presented with the full sample are in line with restricting our analysis to rounds in which players experienced a significant number of low realizations for the IN payoff.

B. Additional simulations

In this section, we replicate the first section of Table 1 for three different sub-samples of data. We divide all sessions in three groups according to the frequency with which

risky investment (IN) outperforms the outside option (OUT): low, medium and high. To identify thresholds for each group we plot a histogram of all frequencies and set two threshold–0.6 and 0.7, that divide the sample into three groups of approximately the same size.

Table 10 contains descriptive statistics for three groups separately. Frequencies of choosing OUT in private treatment under Landier et al. (2019) expectations and RE differ approximately by 20% in all groups.

Table 10: Predictions for three groups of frequencies ($x > r_f$): low, medium and high.

	Frequency $(x > r_f) \leq 0.6$				0.6 <Frequency $(x > r_f) \leq 0.7$				0.7 <Frequency $(x > r_f)$			
	Landier et. al.		RE		Landier et. al.		RE		Landier et. al.		RE	
	public	private	public	private	public	private	public	private	public	private	public	private
Frequency OUT[a]	0.43	0.70	0.43	0.51	0.33	0.59	0.32	0.41	0.23	0.46	0.21	0.29
Freq. OUT$\|x < r_f$[b]	0.76	0.84	0.75	0.74	0.73	0.81	0.70	0.68	0.66	0.78	0.63	0.62
Freq. OUT$\|x \geq r_f$	0.84	0.44	0.85	0.70	0.88	0.52	0.89	0.73	0.91	0.63	0.92	0.81

Notes:
a. Frequency of OUT is computed using a tick count of when OUT strategy is observed.
b. Frequency of OUT conditional on the realized value of x being below the risky-free payoff.

C. Tables with OUT spells analysis

Table 11: Simulated predictions under sticky and extrapolative expectations (SEE) and rational expectations (RE) forecasting rules.

	SEE		*RE*	
	public	*private*	*public*	*private*
OUT spell (ticks)[a]				
10th	1	1	1	1
25th	1	2	1	2
Median	2	4	2	4
75th	4	6	4	6
90th	7	8	8	8

a. An OUT spell is counted as the number of ticks in which the player stays OUT without switching.

Table 12: Observed behavior in all rounds and in late rounds (11-20).

	All rounds		*Rounds 11-20*	
	public	*private*	*public*	*private*
OUT spell (ticks)[a]				
10th	1	1	1	1
25th	2	2	2	2
Median	5	3	5	3
75th	11	6	11	6
90th	20	12	22	12

a. An OUT spell is counted as the number of ticks in which the player stays OUT without switching.

D. Plots of sessions. (For Online publication)

Here, we present more examples and collect dynamics from all sessions of both treatments. We provide graphs of the fraction of players choosing IN in the experiment and the evolution of IN option payoffs.

Treatment *public* information

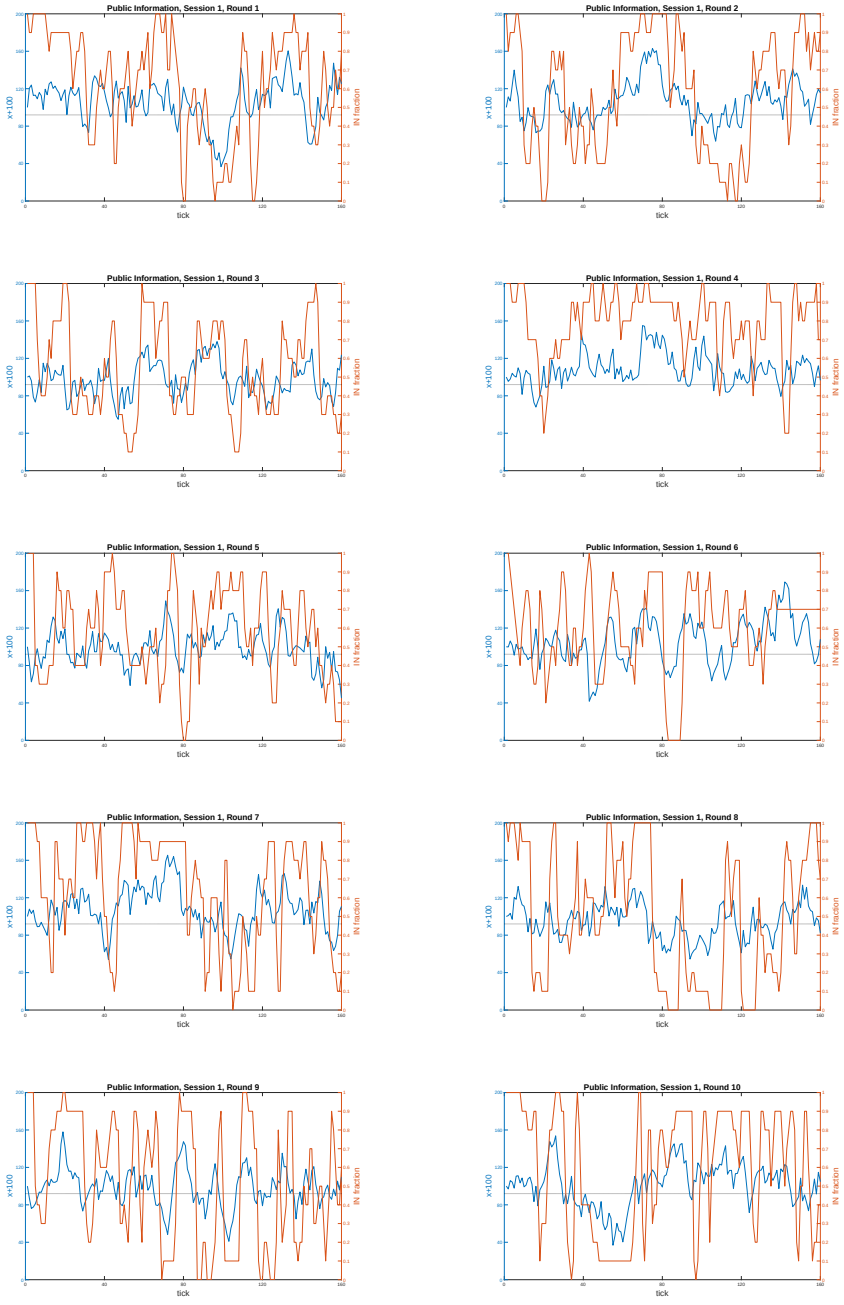

Figure 7: Time series of choices and x_t (public) - Session 1 Round 1-10

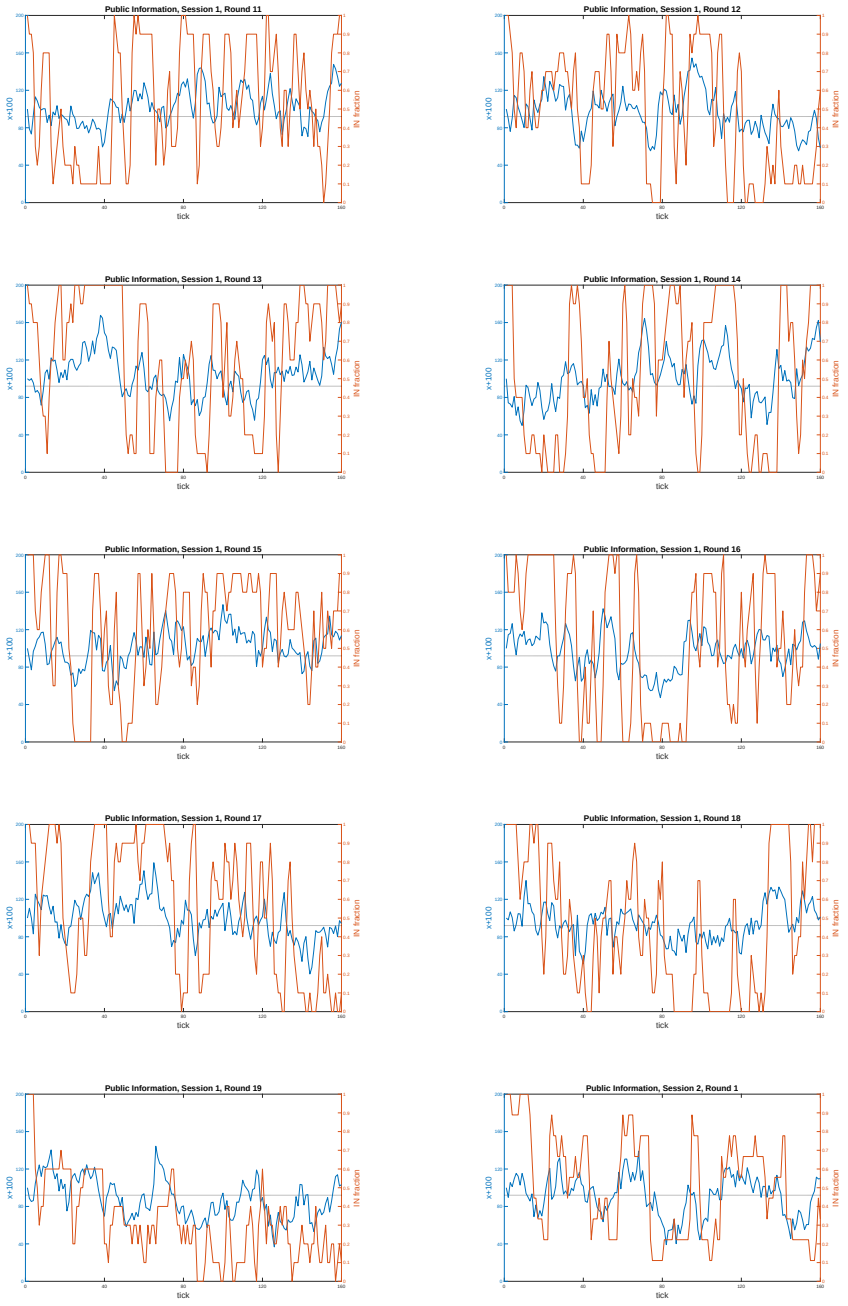

Figure 8: Time series of choices and x_t (public) - Session 1 Round 11-20, Session 2 Round 1

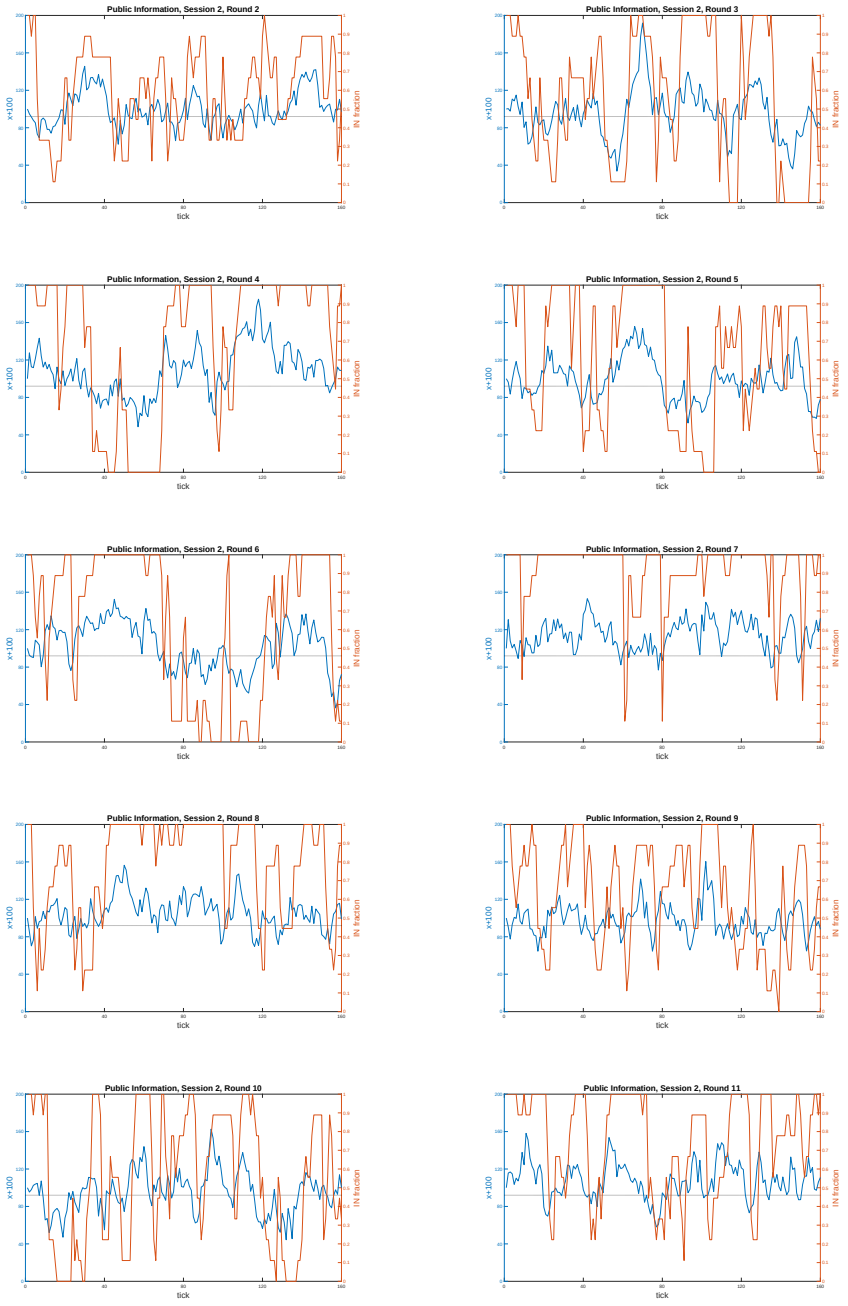

Figure 9: Time series of choices and x_t (public) - Session 2 Round 2-11

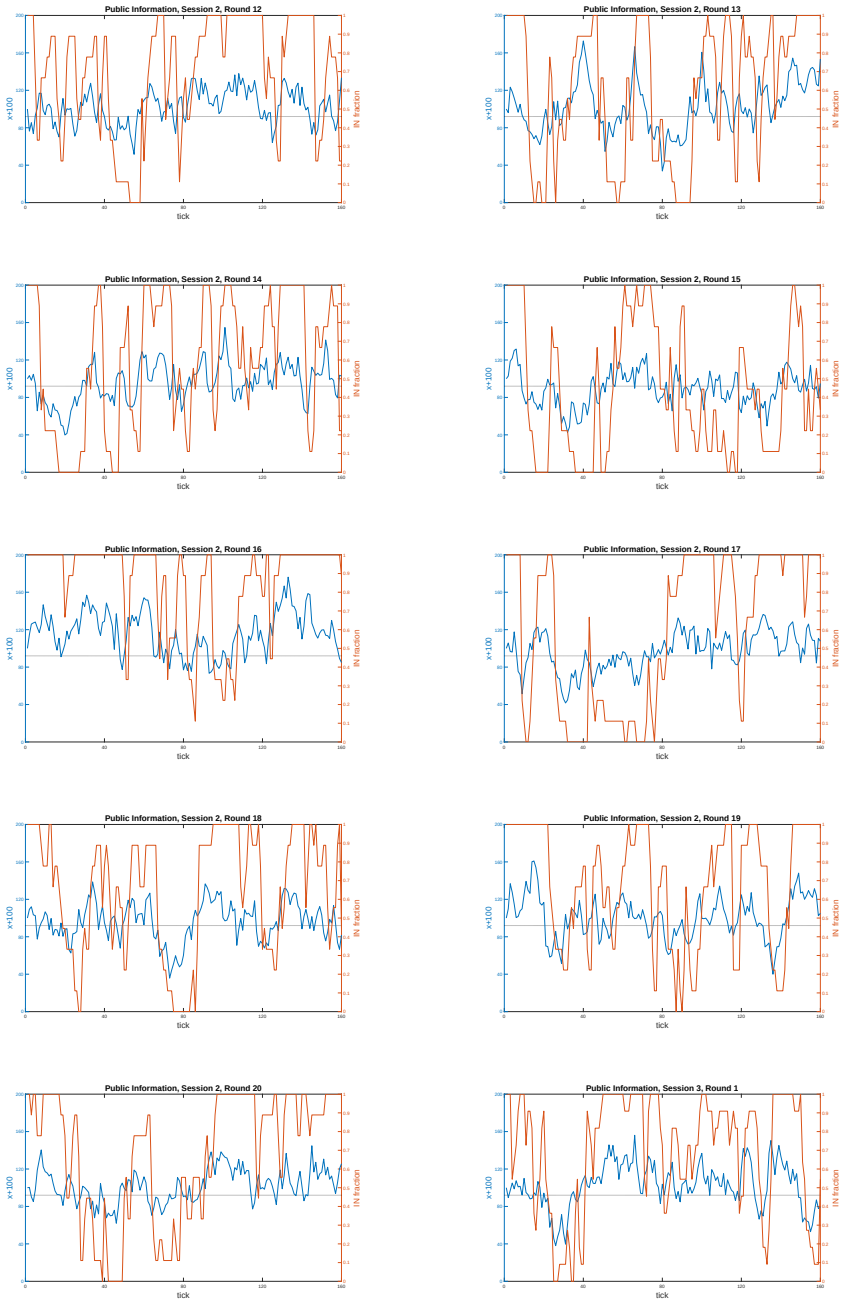

Figure 10: Time series of choices and x_t (public) - Session 2 Round 12-20 and Session 3 Round 1

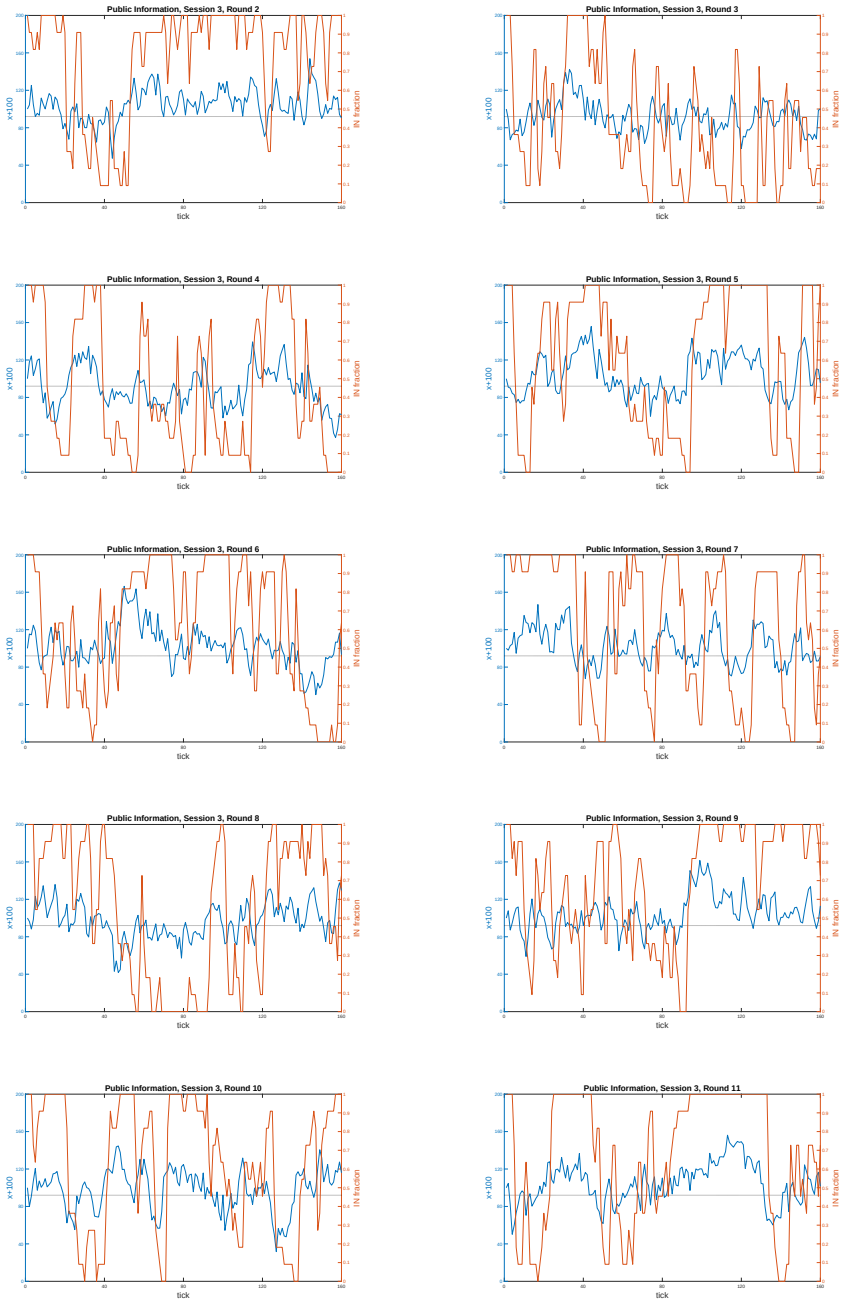

Figure 11: Time series of choices and x_t (public) - Session 3 Round 2-11

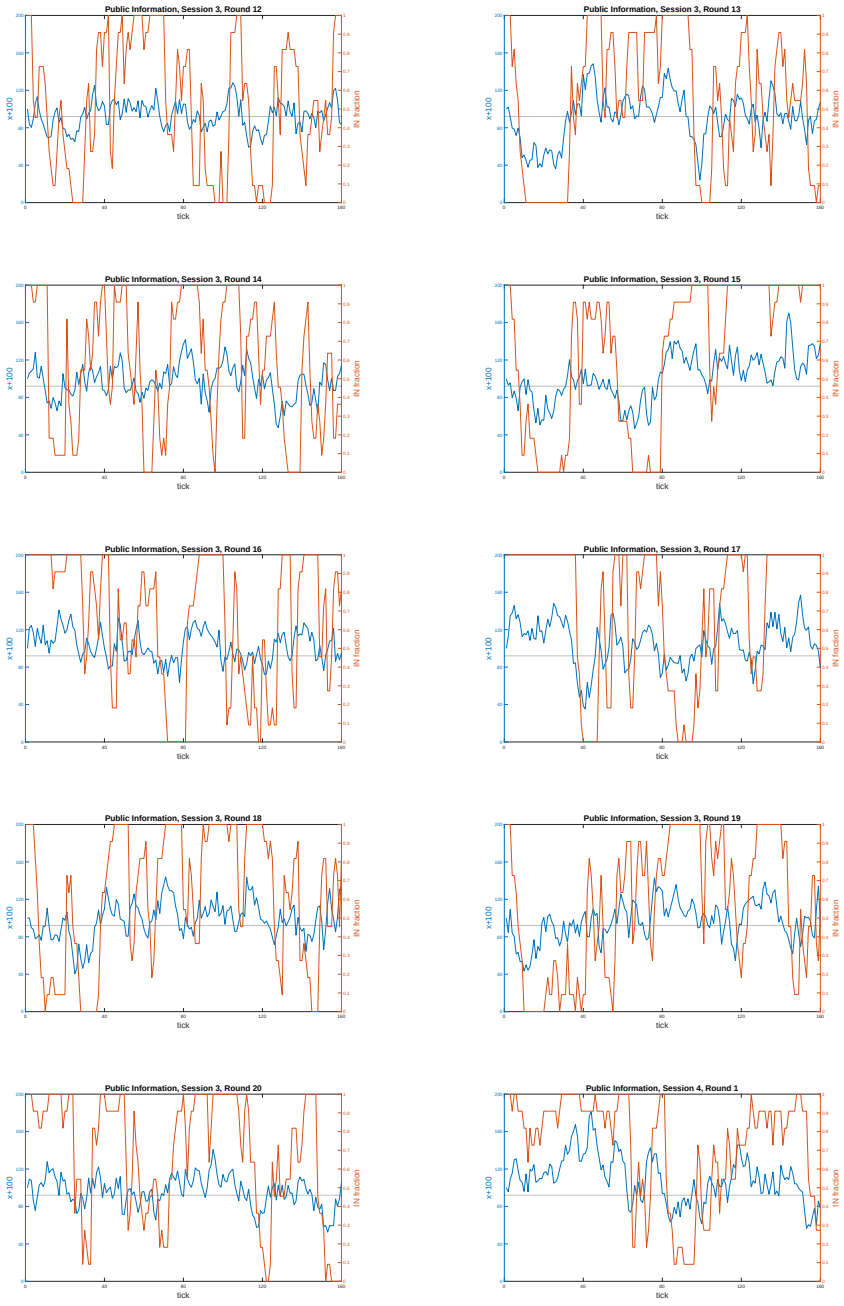

Figure 12: Time series of choices and x_t (public) - Session 3 Round 12-20, Session 4 Round 1

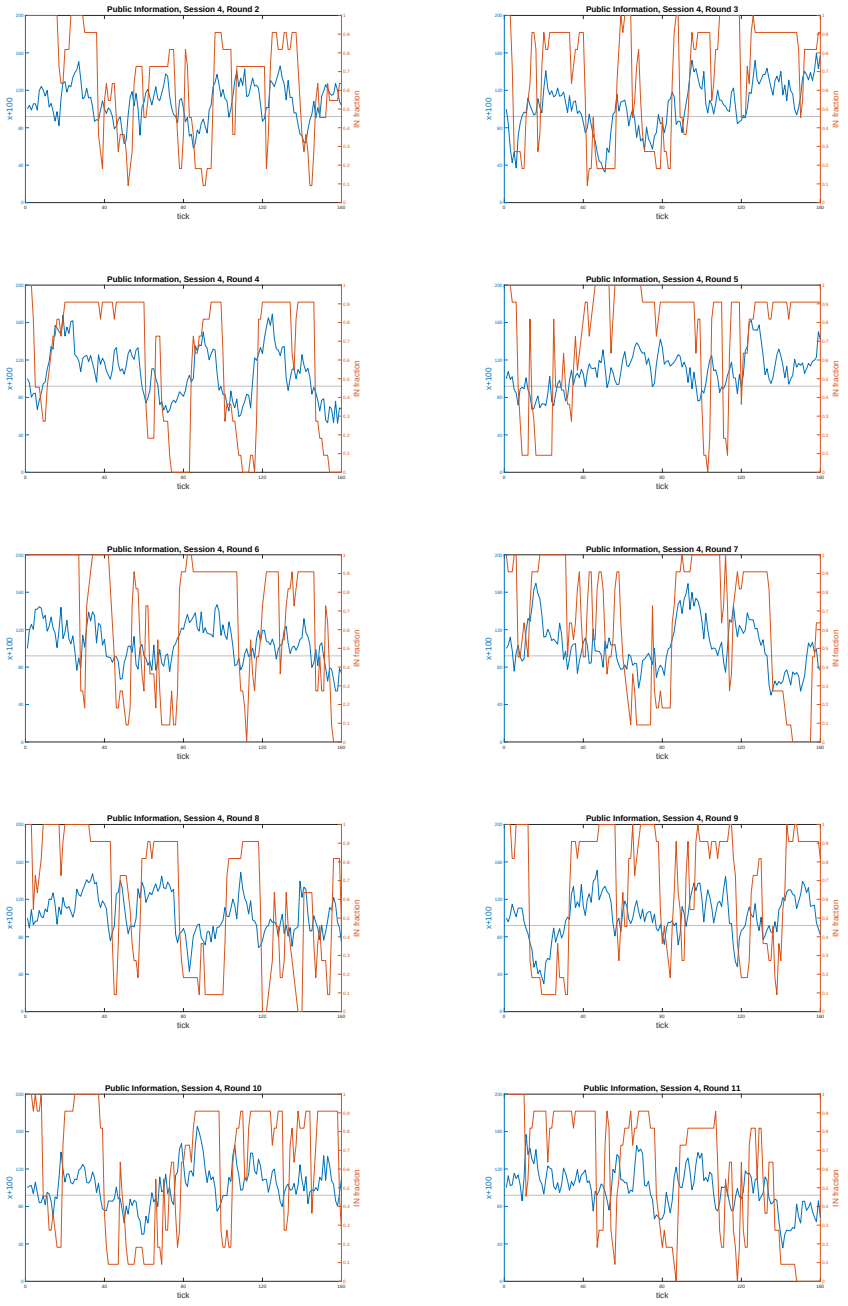

Figure 13: Time series of choices and x_t (public) - Session 4 Round 2-11

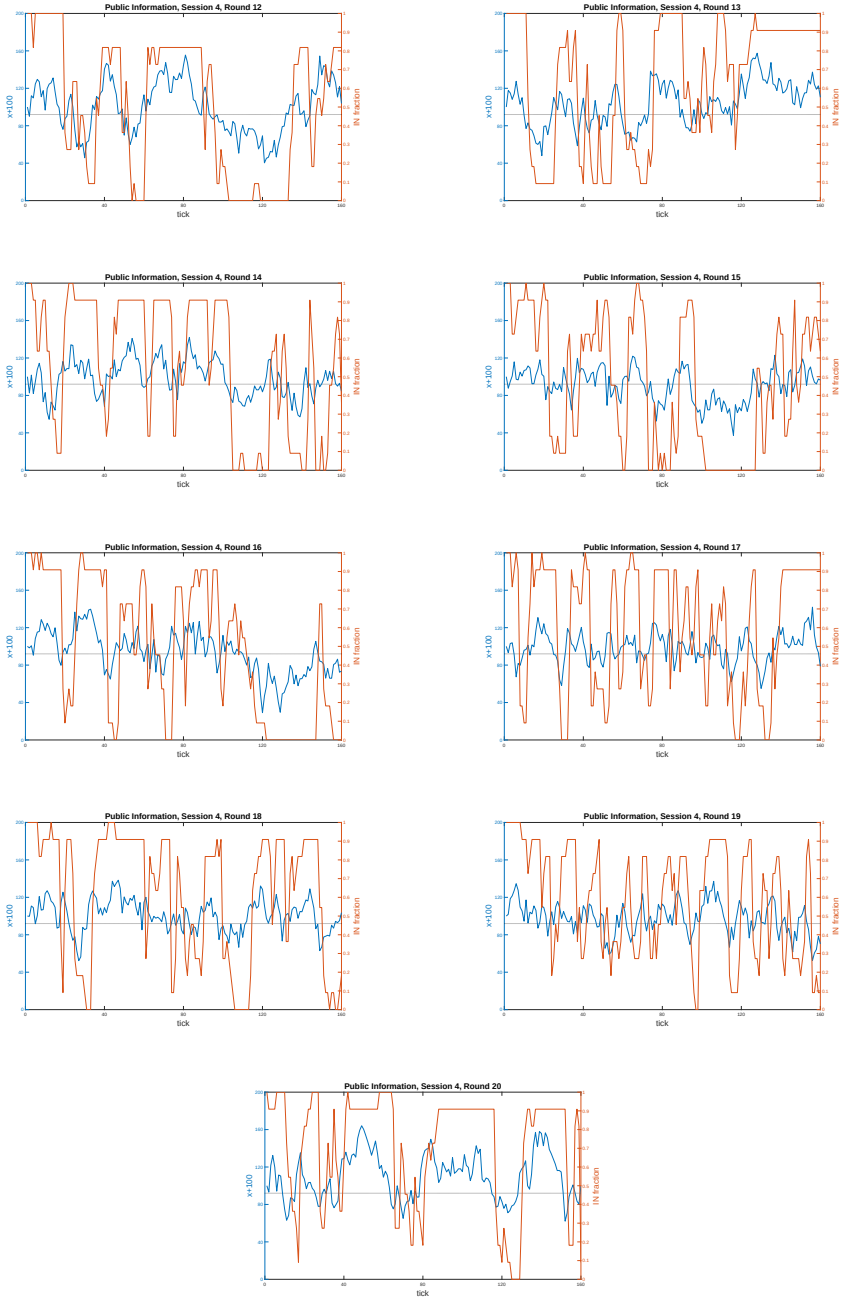

Figure 14: Time series of choices and x_t (public) - Session 4 Round 12-20

Treatment *private* information

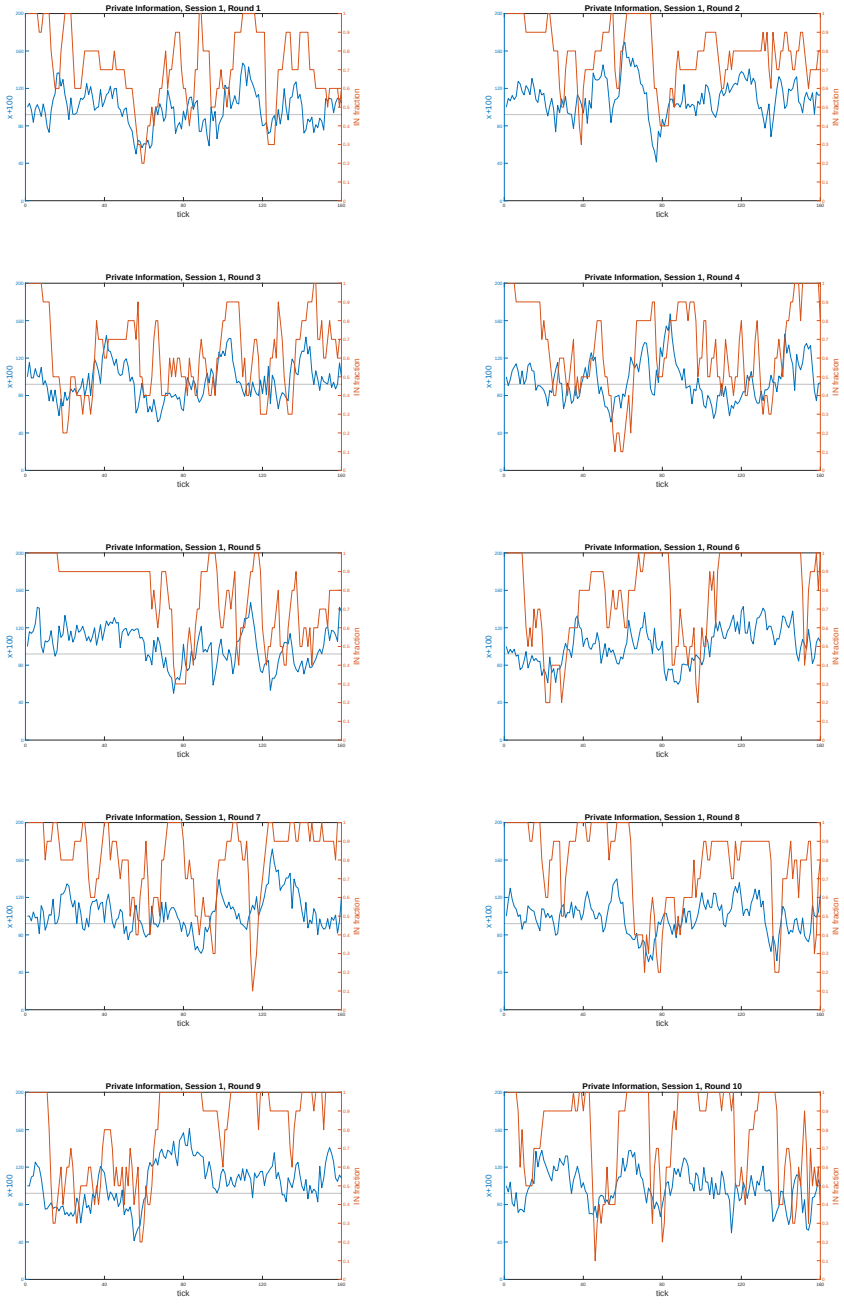

Figure 15: Time series of choices and x_t (private) - Session 1 Round 1-10

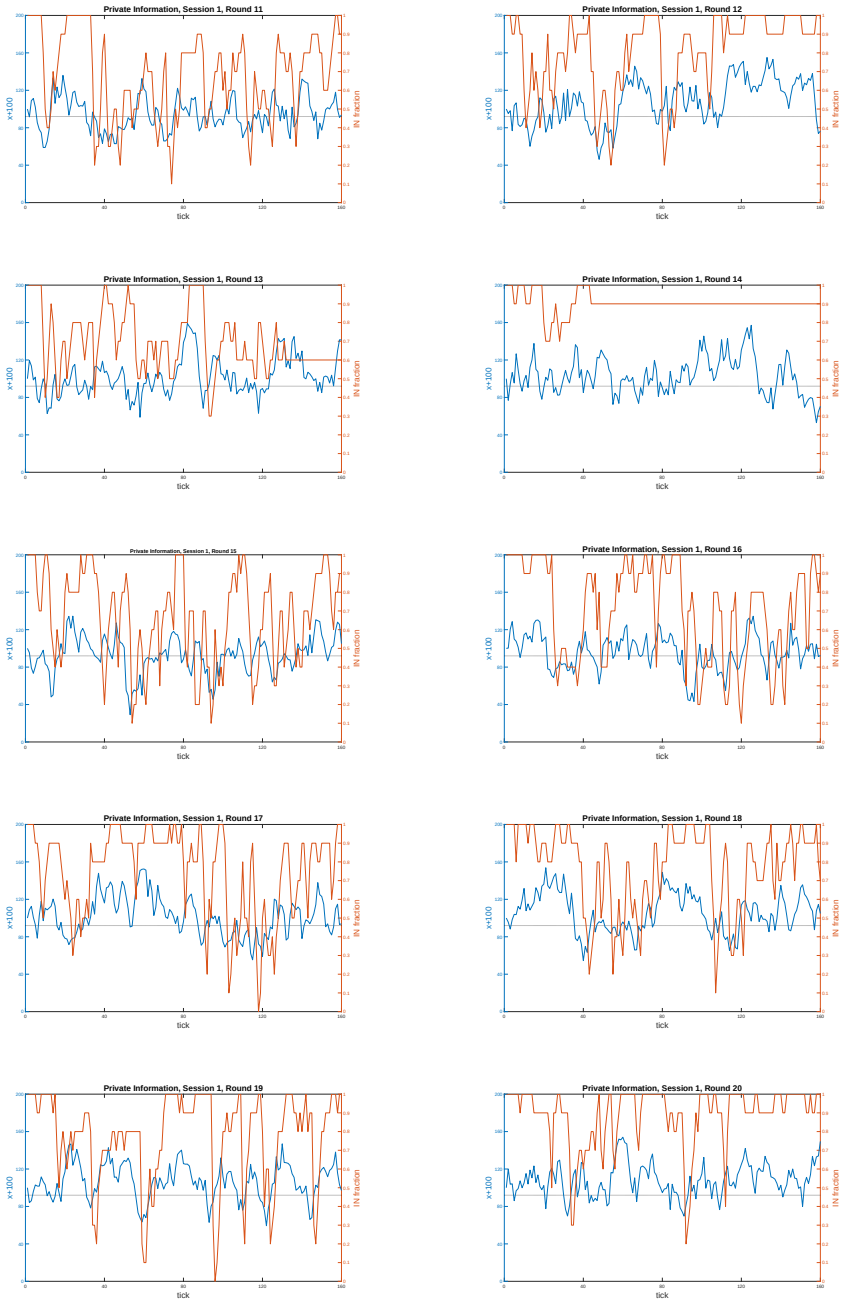

Figure 16: Time series of choices and x_t (private) - Session 1 Round 11-20

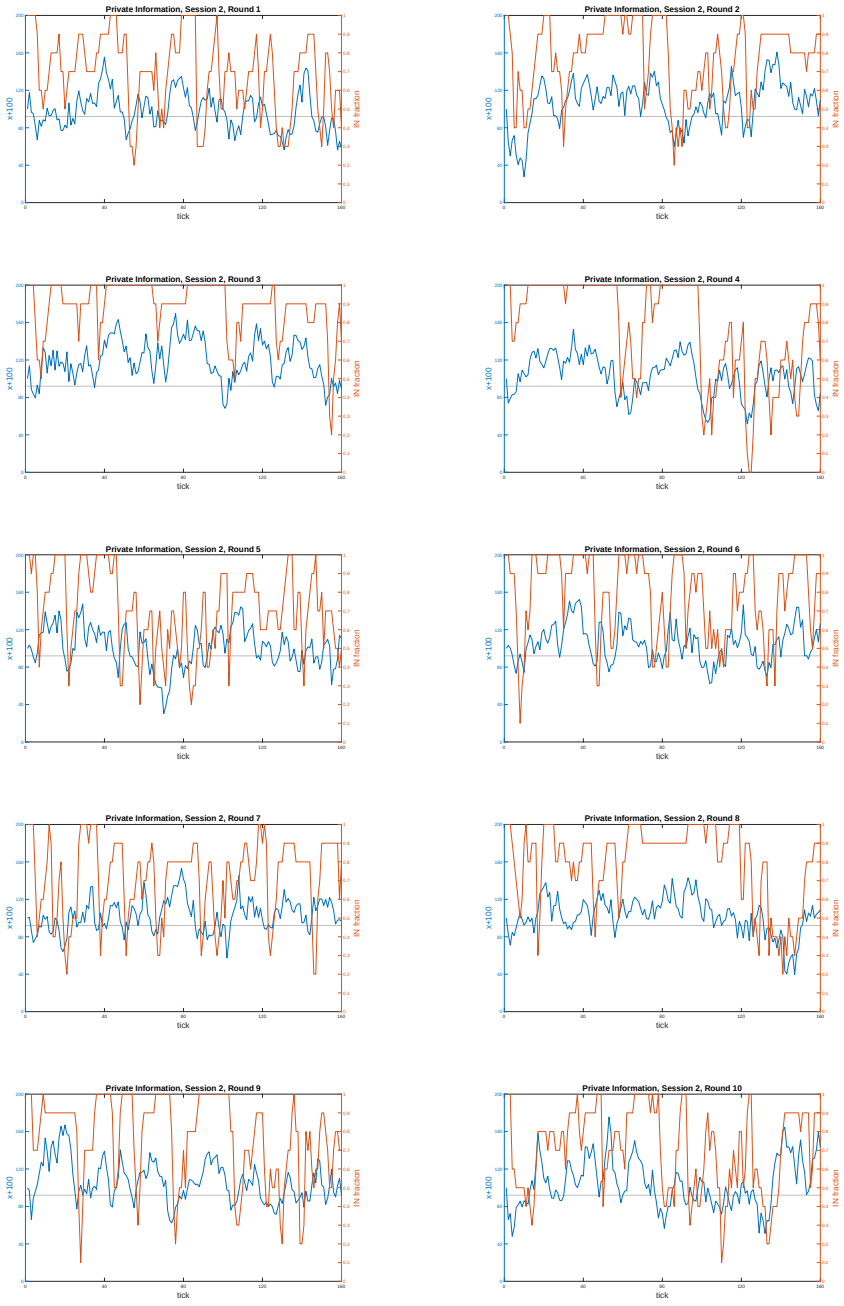

Figure 17: Time series of choices and x_t (private) - Session 1 Round 11-20

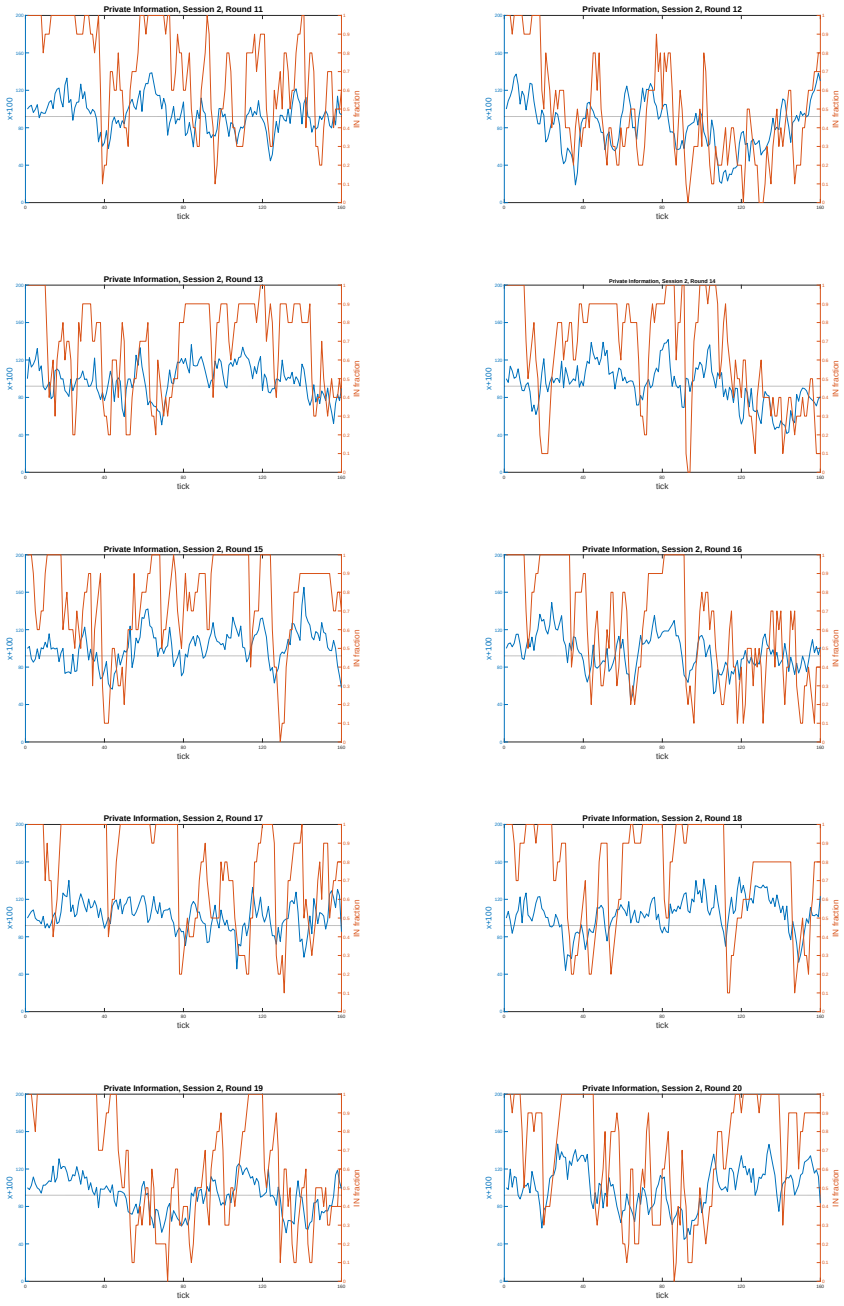

Figure 18: Time series of choices and x_t (private) - Session 2 Round 11-20

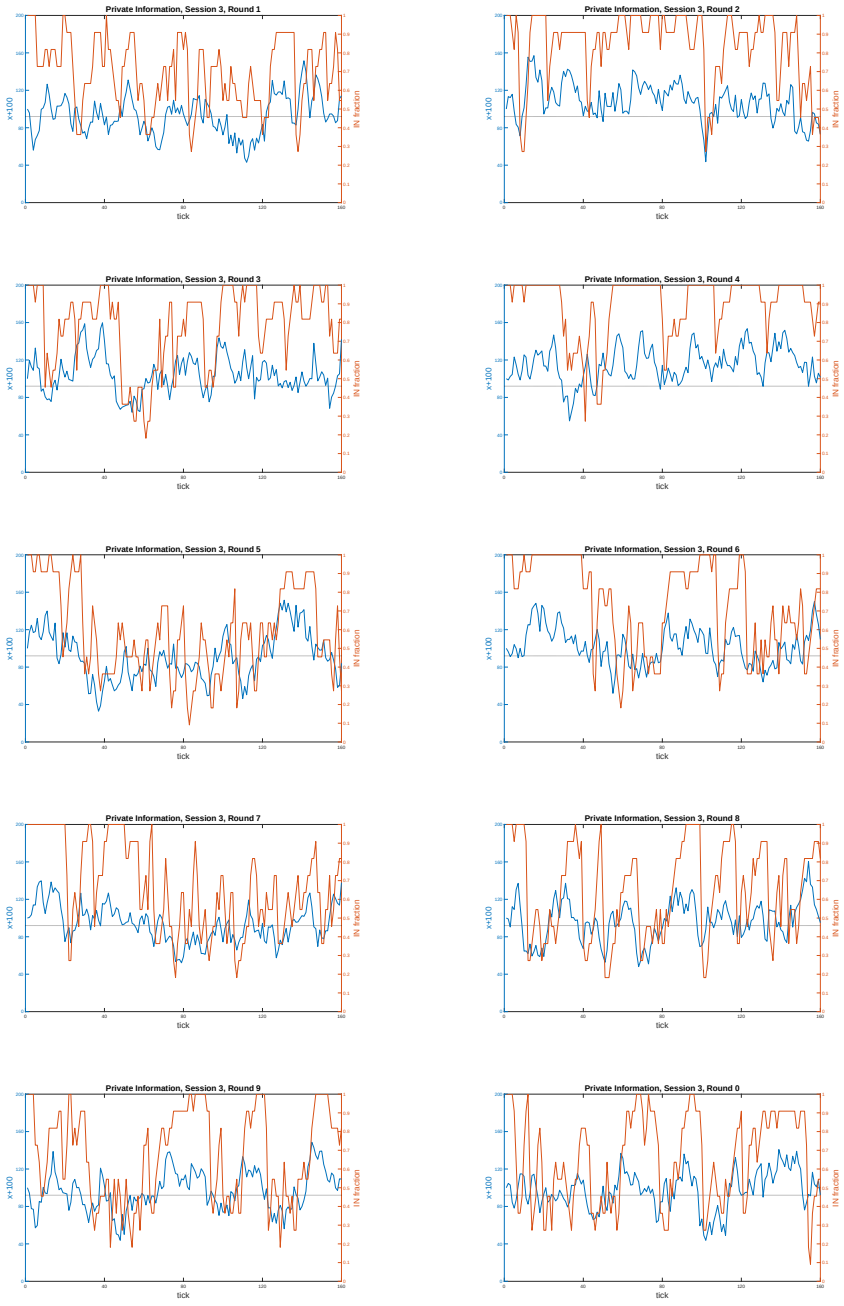

Figure 19: Time series of choices and x_t (private) - Session 3 Round 1-10

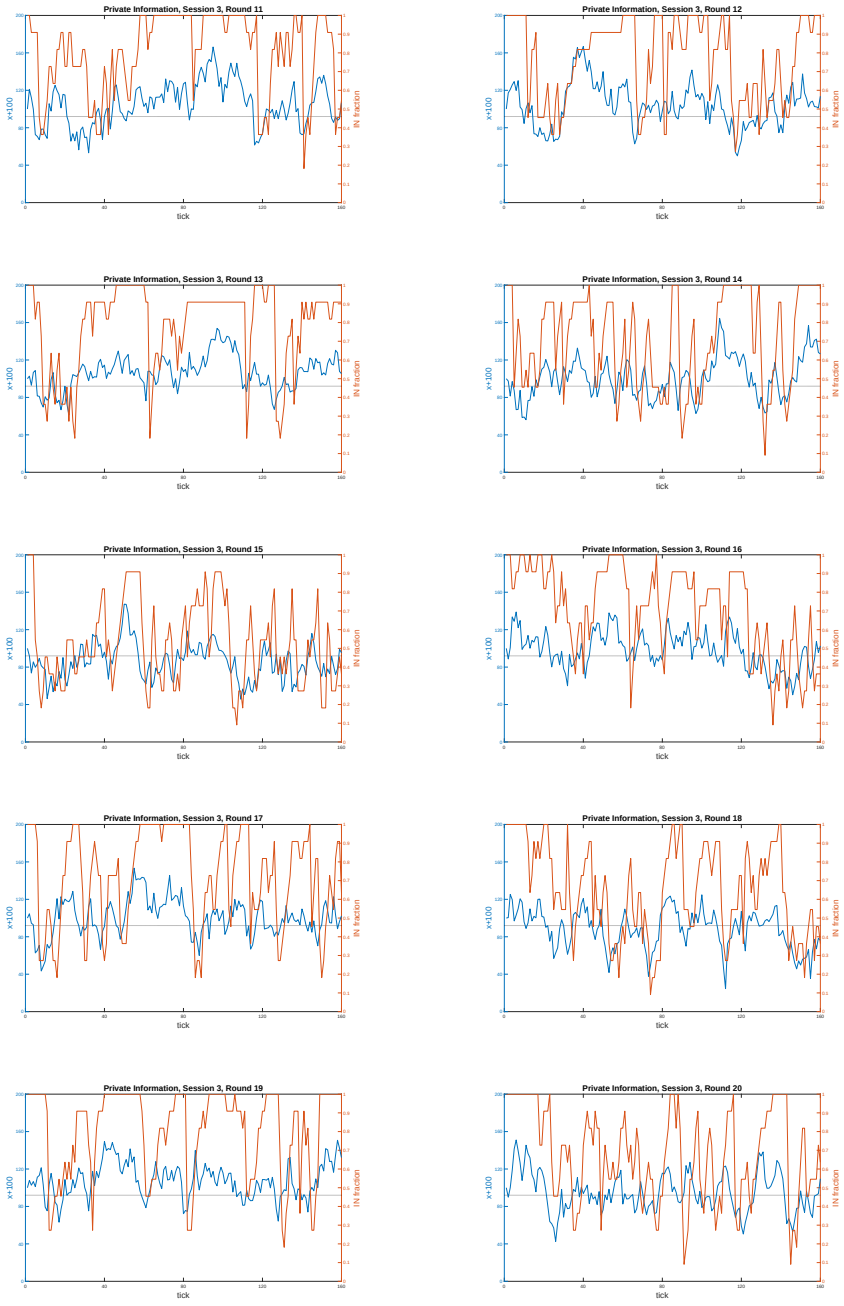

Figure 20: Time series of choices and x_t (private) - Session 3 Round 11-20

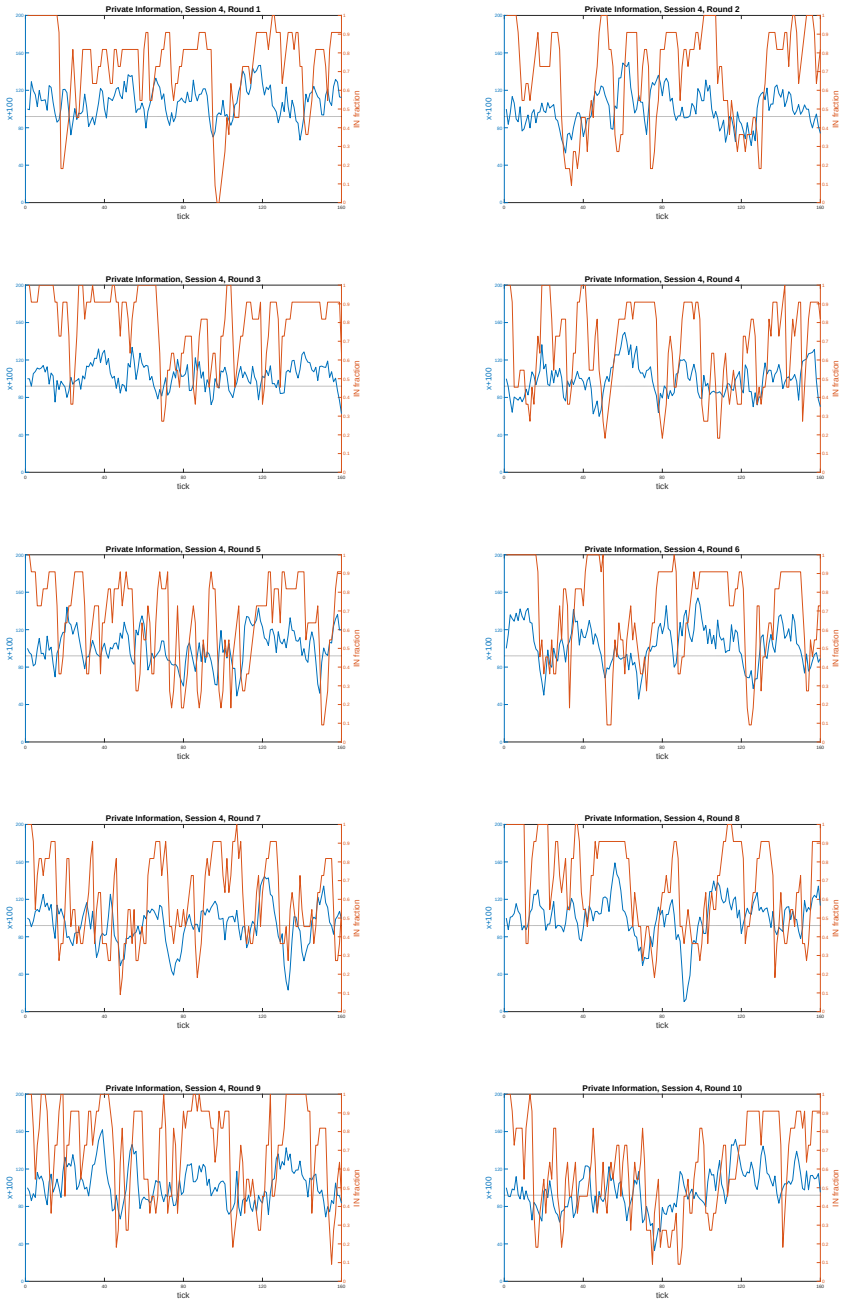

Figure 21: Time series of choices and x_t (private) - Session 4 Round 1-10

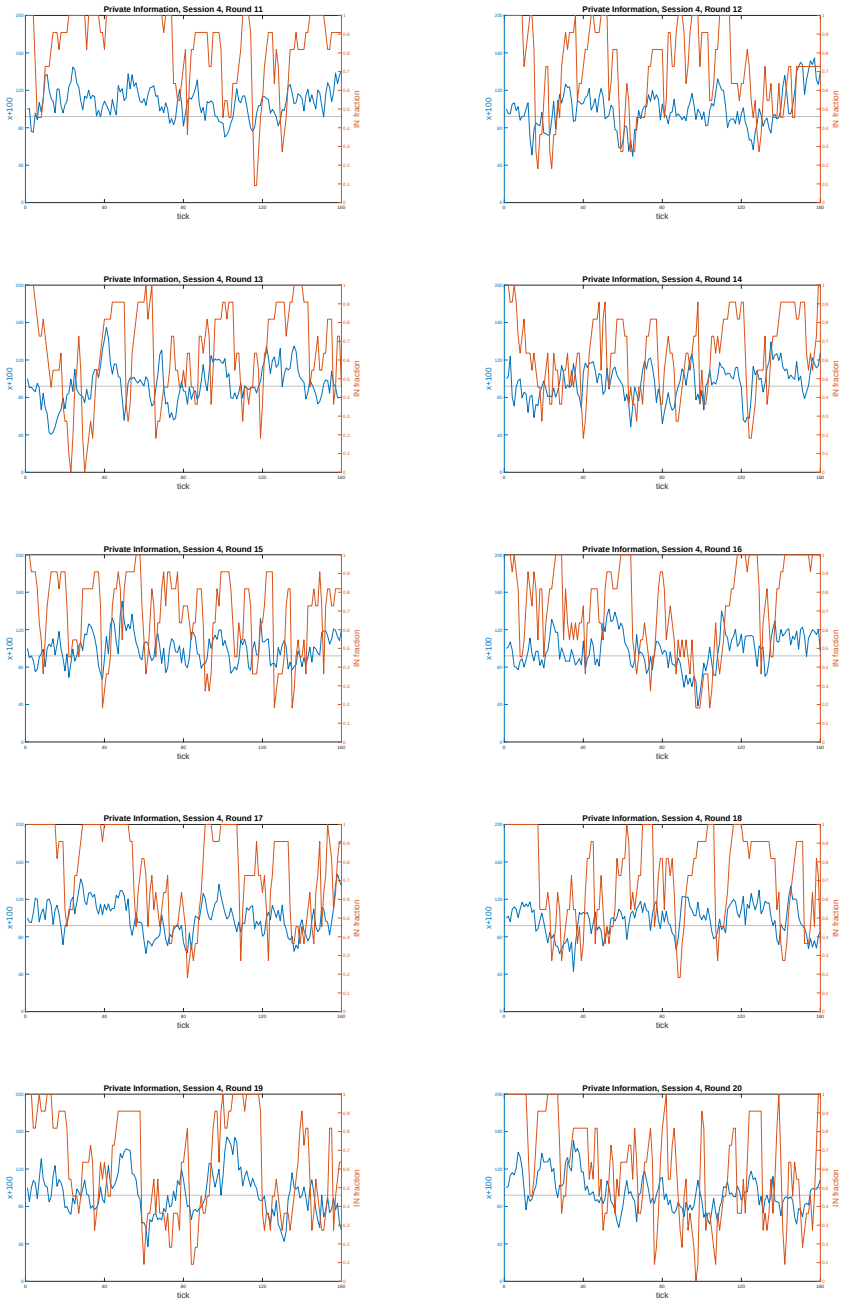

Figure 22: Time series of choices and x_t (private) - Session 4 Round 11-20