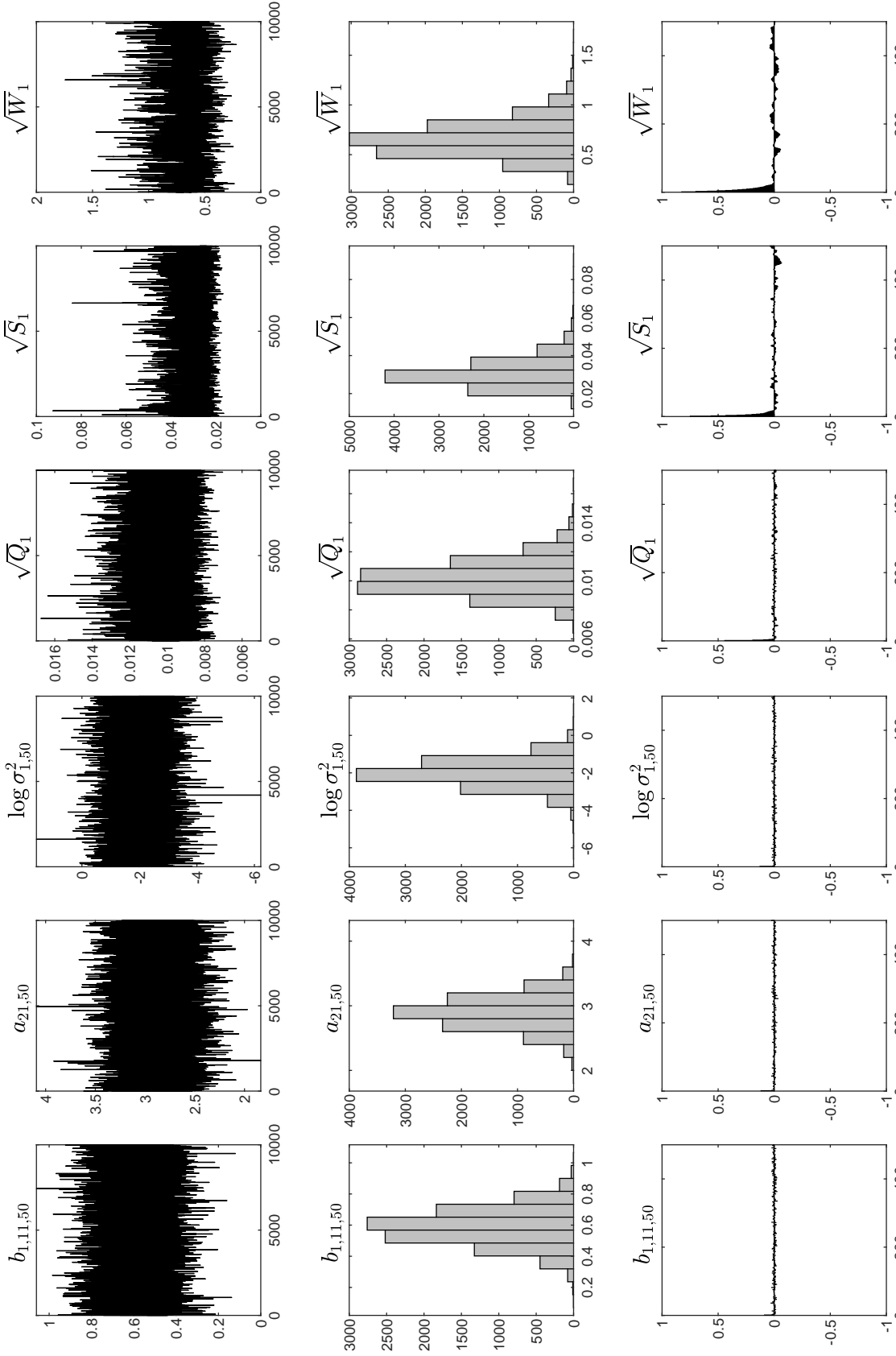


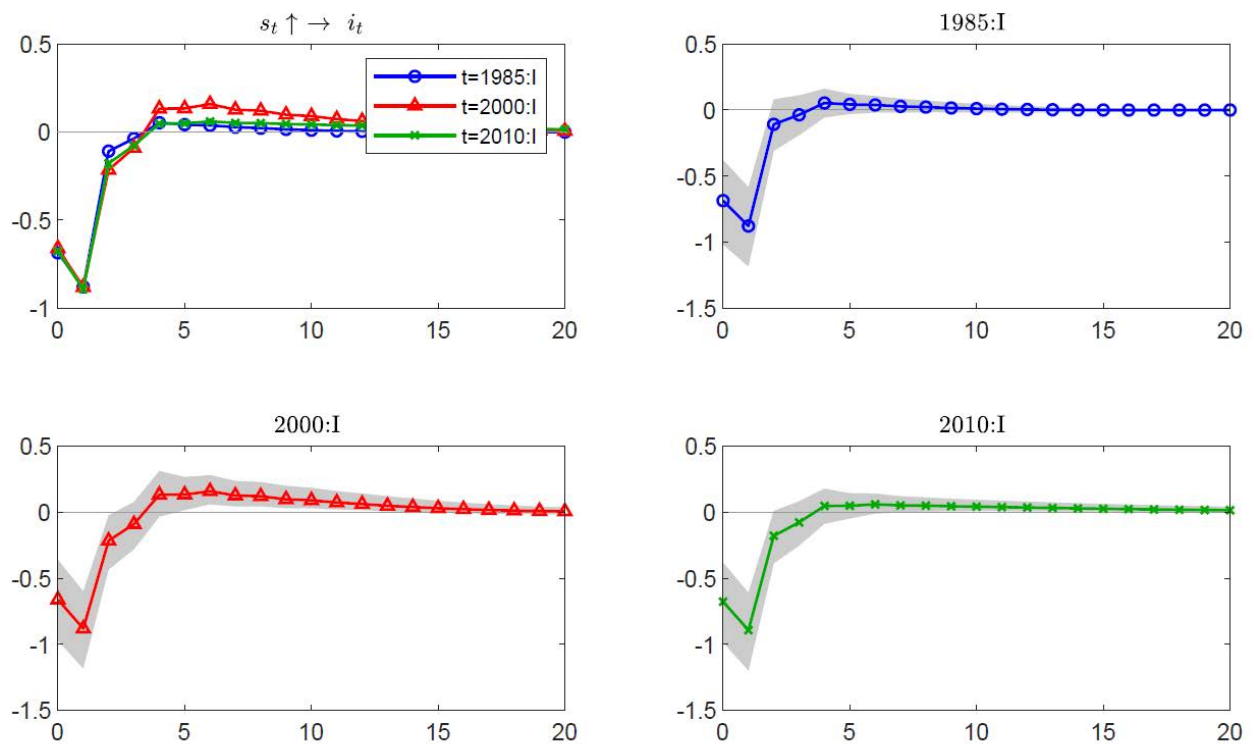
Figures

Figure S.1: Estimation results for the baseline model presented in the paper



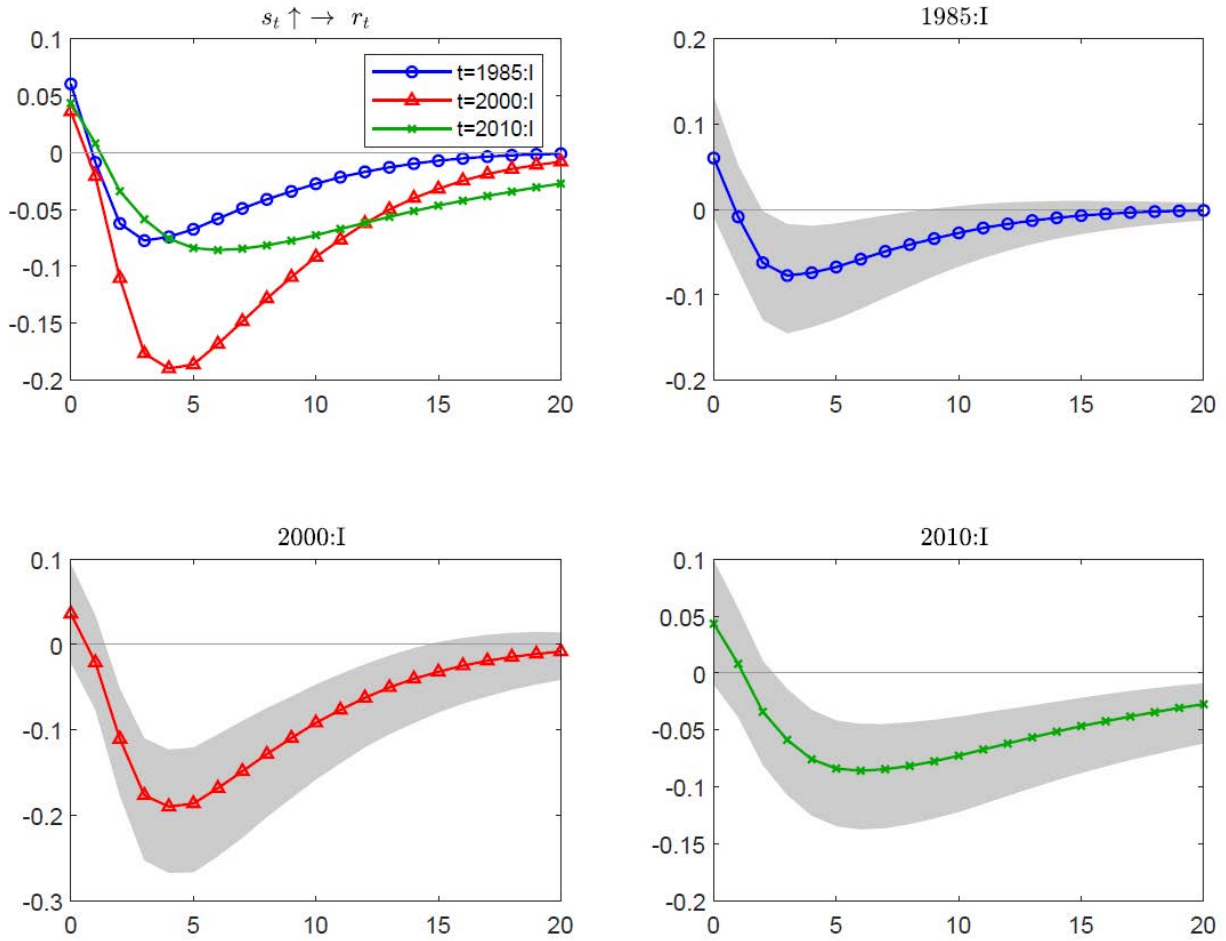
Note: trace of the sample (top row); and histogram of posterior draws (middle row); sample autocorrelation functions (bottom row) depicted for selected parameters.

Figure S.2: Response of investment growth to a normalized uncertainty shock



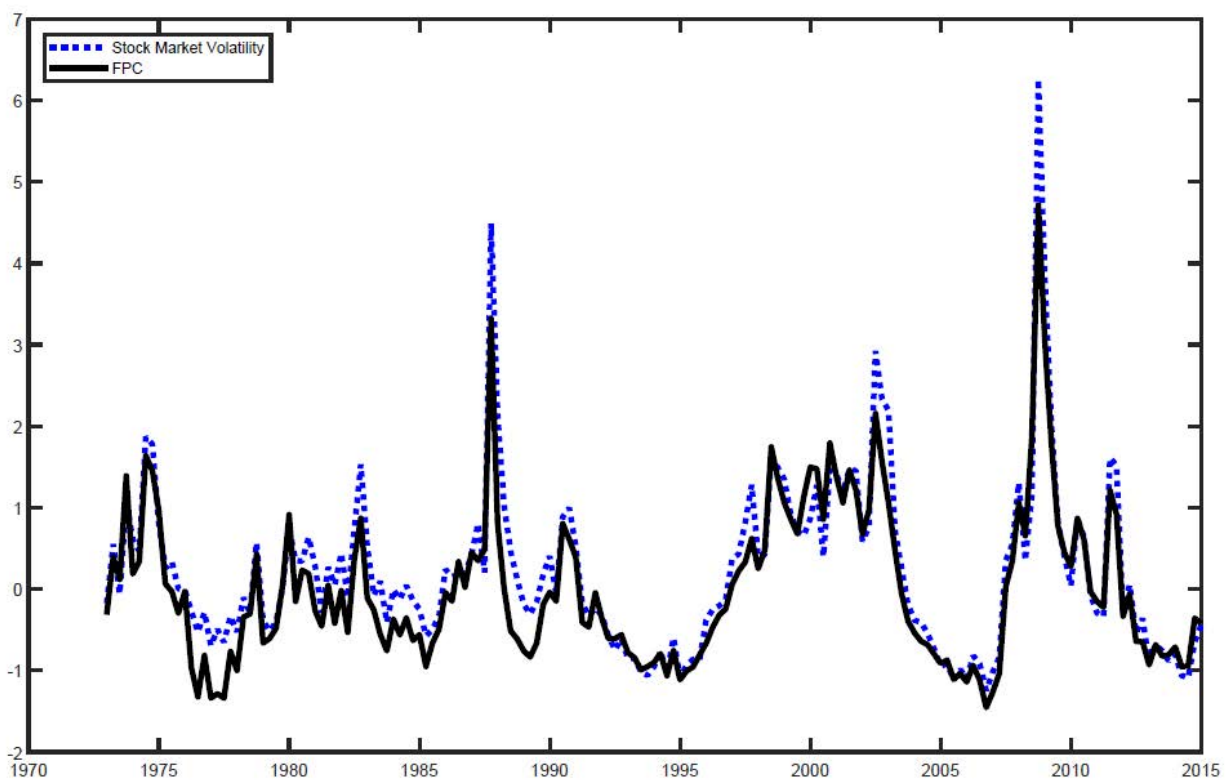
Note: The baseline identification ordering $\mathbf{y}_t = [s_t, \pi_t, i_t, r_t]'$ adopted. The panels show the impulse response of investment growth i_t to an average-sized uncertainty shock s_t over 20 quarters in three different time periods: 1985:I, 2000:I and 2010:I. The gray shaded regions represent the 68% posterior credible intervals around the posterior median depicted in solid lines.

Figure S.3: Response of real interest rate to a normalized uncertainty shock



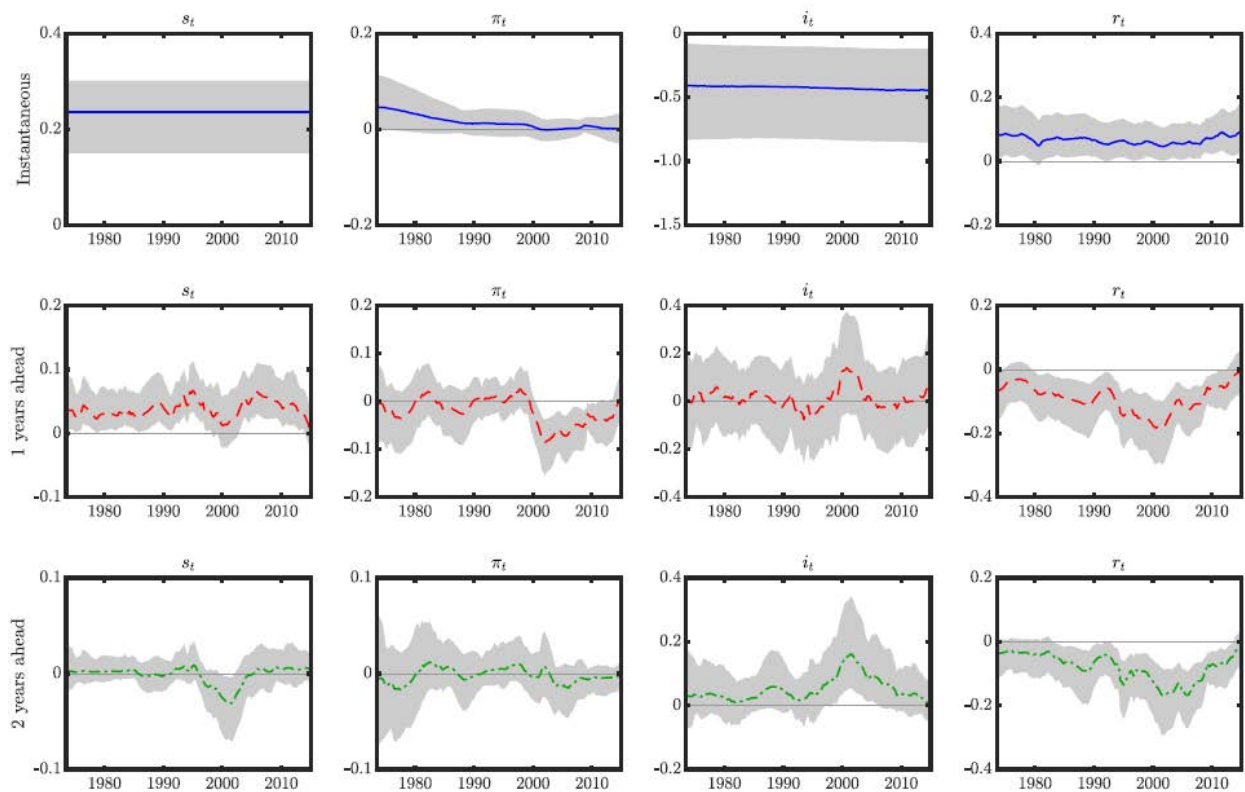
Note: The baseline identification ordering $\mathbf{y}_t = [s_t, \pi_t, i_t, r_t]'$ adopted. The panels show the impulse response of the real interest rate r_t to an average-sized uncertainty shock s_t over 20 quarters in three different time periods: 1985:I, 2000:I and 2010:I. The gray shaded regions represent the 68% posterior credible intervals around the posterior median depicted in solid lines.

Figure S.4: Uncertainty Proxy



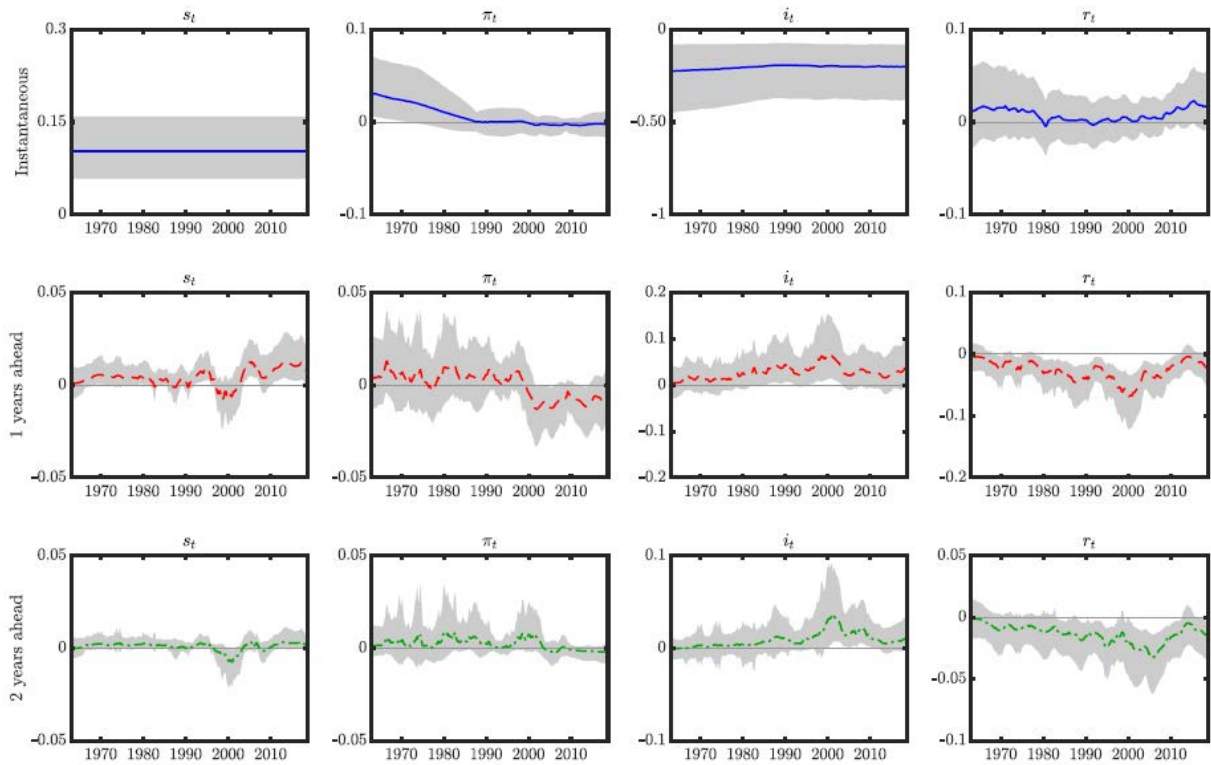
Note: Data spans from 1973:I to 2015:I (based on data availability), averaged from monthly to quarterly frequency. FPC denotes the first principal component of the three uncertainty proxies. Both measures are demeaned and standardized.

Figure S.5: Impulse responses to a normalized uncertainty shock - Alternative Uncertainty Proxy



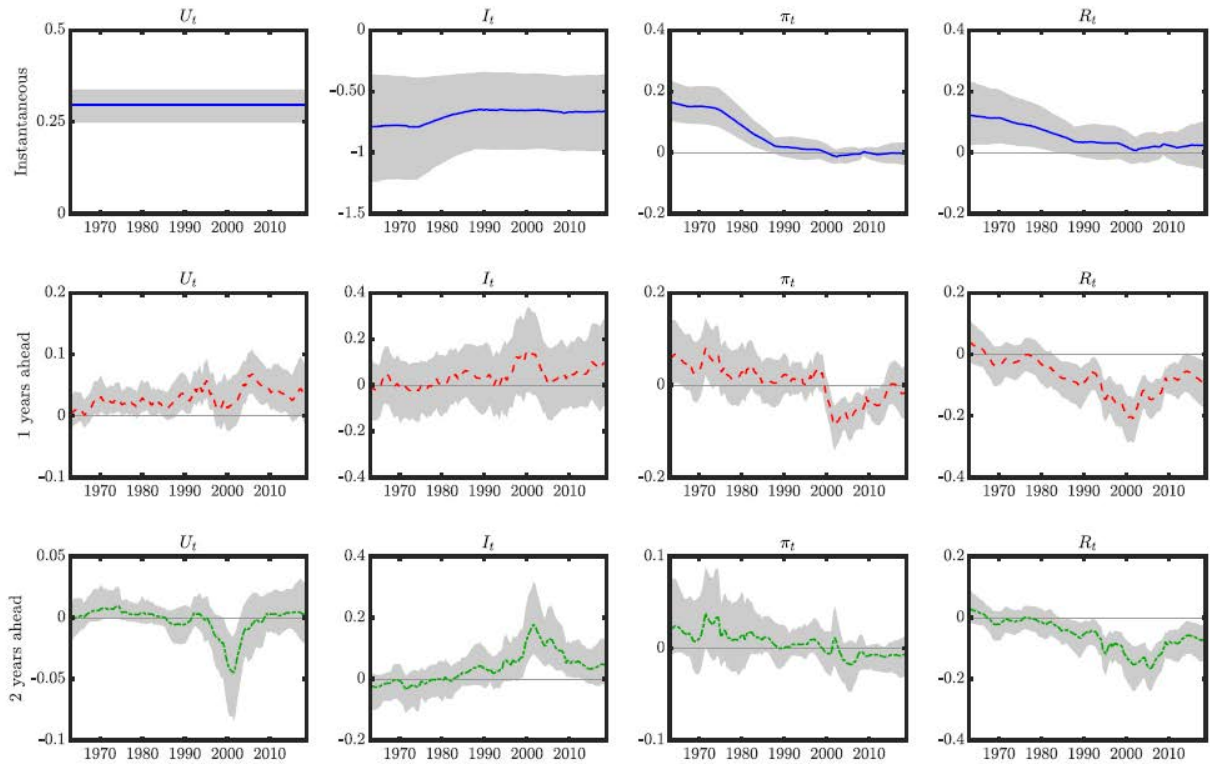
Note: Instantaneous, 1-year and 2-year ahead impulse responses. The identification ordering $\mathbf{y}_t = [s_t, \pi_t, i_t, r_t]'$ adopted. The first column shows the response of s_t : uncertainty, second column shows the response of π_t : inflation, third column shows the response of i_t : investment growth and the fourth column shows the response of r_t : real interest rate. The gray shaded regions represent the 68% posterior credible intervals around the posterior median depicted in solid, dashed, and dashed-dotted lines.

Figure S.6: Impulse responses to a normalized uncertainty shock - Prior sensitivity



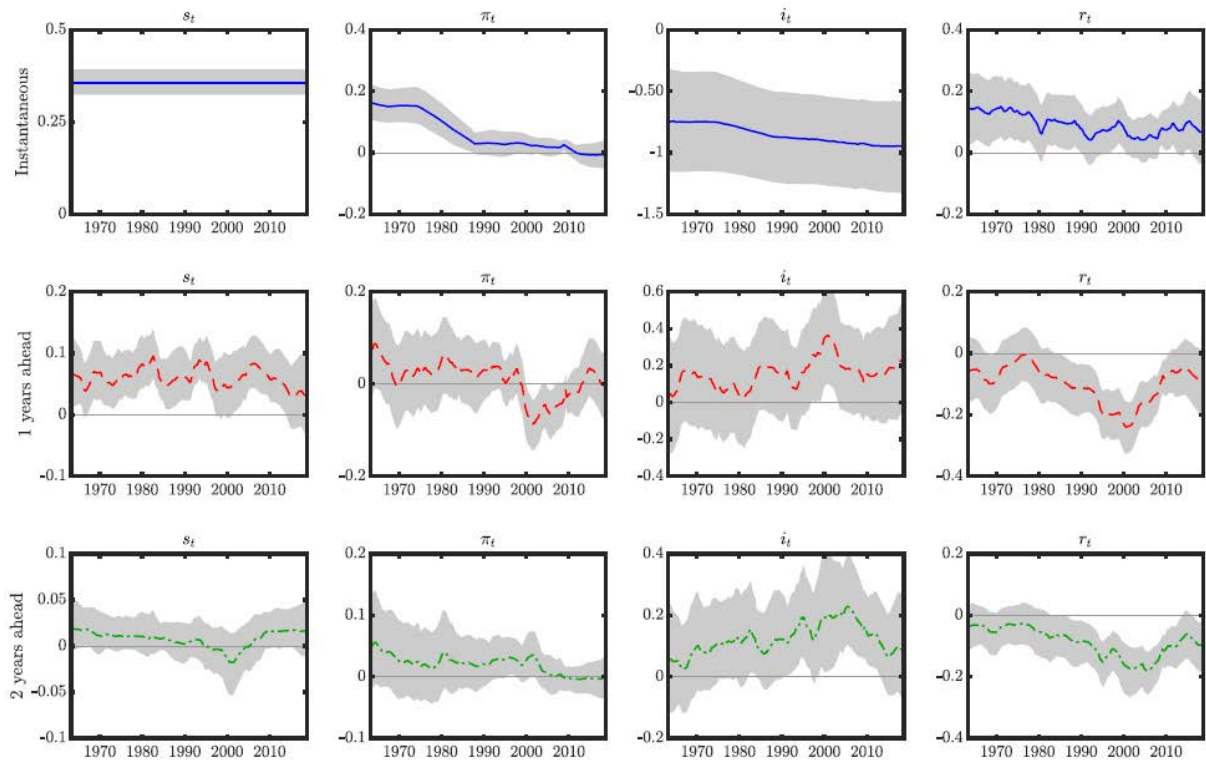
Note: Instantaneous, 1-year and 2-year ahead impulse responses. The identification ordering $\mathbf{y}_t = [s_t, \pi_t, i_t, r_t]'$ adopted. The first column shows the response of s_t : uncertainty, second column shows the response of π_t : inflation, third column shows the response of i_t : investment growth and the fourth column shows the response of r_t : real interest rate. The gray shaded regions represent the 68% posterior credible intervals around the posterior median depicted in solid, dashed, and dashed-dotted lines.

Figure S.7: Impulse responses to a normalized uncertainty shock - Different ordering



Note: Instantaneous, 1-year and 2-year ahead impulse responses. The identification ordering $\mathbf{y}_t = [s_t, \pi_t, r_t, i_t]'$ adopted. The first column shows the response of s_t : uncertainty, second column shows the response of π_t : inflation, third column shows the response of i_t : investment growth and the fourth column shows the response of r_t : real interest rate. The gray shaded regions represent the 68% posterior credible intervals around the posterior median depicted in solid, dashed, and dashed-dotted lines.

Figure S.8: Impulse responses to a normalized uncertainty shock - Lag Length



Note: Instantaneous, 1-year and 2-year ahead impulse responses. The identification ordering $\mathbf{y}_t = [s_t, \pi_t, i_t, r_t]'$ adopted. VAR lag length is three. The first column shows the response of s_t : uncertainty, second column shows the response of π_t : inflation, third column shows the response of i_t : investment growth and the fourth column shows the response of r_t : real interest rate. The gray shaded regions represent the 68% posterior credible intervals around the posterior median depicted in solid, dashed, and dashed-dotted lines.

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