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REVIEWER'S REPORT

Manuscript No.: IJAR-58424

Title: Information Uncertainty and Expected Returns: Case of Korean Stock Market

Recommendation:
Accept as it is ....
Accept after minor revision.................
Accept after major revision ....
Do not accept (*Reasons below*) ....

Rating	Excel.	Good	Fair	Poor
Originality		✓		
Techn. Quality		✓		
Clarity		✓		
Significance		✓		

Reviewer's ID: JPR- 002

Detailed Reviewer's Report

The manuscript examines the relationship between information uncertainty and expected stock returns in the Korean stock market using firms listed on KOSPI and KOSDAQ between 2001 and 2020. The study investigates whether higher information uncertainty, measured through firm age, trading volume, and return volatility, is associated with lower expected returns and whether momentum effects become stronger under conditions of high uncertainty. The topic is timely and relevant to the fields of behavioral finance and asset pricing, particularly because it extends evidence from developed markets to an important Asian emerging market. The paper addresses a meaningful research gap by providing empirical evidence from Korea and contributes to the growing literature on information uncertainty and investor behavior.

The introduction clearly establishes the research problem and presents sufficient theoretical background linking information uncertainty, investor overconfidence, arbitrage limitations, and expected stock returns. The research objectives and hypotheses are logically derived from prior literature, making the study easy to follow. The literature review covers several influential studies and successfully explains the theoretical foundation of the research. However, the review could be strengthened by incorporating more recent international studies published during the last five years, particularly those related to behavioral finance, market efficiency, and information asymmetry. A broader discussion comparing findings from other emerging markets would also enhance the significance of the study.

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The research methodology is appropriate and well-structured. The use of a large sample covering twenty years provides robustness to the empirical analysis. The selection of firm age, trading volume, and volatility as proxies for information uncertainty is consistent with established literature. The application of single sorting, double sorting, triple sorting, portfolio analysis, and robustness testing using the three-factor model demonstrates methodological rigor. Nevertheless, the manuscript would benefit from providing additional details regarding data cleaning procedures, sample selection criteria, handling of outliers, and possible multicollinearity among the uncertainty variables. Including robustness checks using alternative asset pricing models such as the Fama-French Five-Factor Model or Carhart Four-Factor Model could further strengthen the empirical evidence.

The empirical results are presented systematically with comprehensive tables and clear interpretations. The findings consistently indicate that firms characterized by higher information uncertainty tend to generate lower expected returns, supporting the first hypothesis. At the same time, the absence of statistically significant momentum effects provides an interesting contrast to previous studies conducted in other markets. The interpretation of the results is generally satisfactory; however, the discussion could be expanded by explaining the economic reasons behind the insignificant momentum effect in the Korean market. Additional discussion on market structure, institutional investors, regulatory environment, and market efficiency would provide greater practical insight.

The statistical analysis appears appropriate for the research objectives. The inclusion of descriptive statistics, correlation analysis, portfolio returns, and three-factor regression enhances the credibility of the findings. However, the manuscript should provide greater explanation regarding the economic significance of the reported coefficients rather than focusing primarily on statistical significance. Confidence intervals, robustness diagnostics, and sensitivity analyses would improve the reliability of the conclusions.

The manuscript is generally well organized and written in understandable academic English. The logical flow from introduction through conclusion is satisfactory. Nevertheless, there are several grammatical inconsistencies, repetitive explanations, formatting irregularities, and language issues that require careful proofreading. Some tables and figure captions should be standardized for consistency, while references should be checked carefully to ensure complete adherence to the journal's prescribed citation style.

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The conclusion effectively summarizes the major findings and acknowledges the study's limitations. The recommendations for future research are appropriate, particularly the suggestion to include additional measures of information uncertainty. The practical implications could be further strengthened by discussing how investors, portfolio managers, financial analysts, and policymakers may utilize the findings for investment decision-making and market regulation.

Overall, this manuscript presents a valuable empirical contribution to the literature on behavioral finance and information uncertainty. The research question is relevant, the methodology is appropriate, and the empirical evidence is meaningful. With improvements in literature coverage, methodological explanation, interpretation of findings, language editing, and discussion of practical implications, the manuscript has good potential for publication.