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# Marriages and divorces impact the performance of hedge funds

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Marital events negatively impact hedge fund performance, finds a research* presented on Thursday in Paris by one of its authors, Melvyn Teo, professor of finance at the Singapore Management University, during the 7th Annual Hedge Fund Research Conference.Fund manager marriages and divorces significantly reduce investment performance, both during the six-month period surrounding the event and for up to two years after the event. Relative to the period before the event, fund alpha falls by an annualized 8.50 % during a marriage and 7.39% during a divorce, shows the research. The reason is the limited attention as a result of marital events."Older managers who run liquid, high-tempo investment strategies are more negatively impacted by marriage.

Younger managers who engage in illiquid investment stratégies with a longer investment horizon are more susceptible to the deleterious effects of divorce", according to the researches.The study seems to agree with Paul Tudor, billionaire hedge fund manager, who once said : "One of my number one rules as an investor is as soon as I find out a manager is going through divorce, redeem immediately."...

*« Limited Attention, Marital Events and Hedge Funds, Y. Lu (University of Florida), S. Ray (University of Florida), M. Teo (Singapore Management University).