Family Networks and Investor Portfolio Choices

Albin Bjurman* Jörgen Hellström† Oscar Stålnacke‡

Working paper: Please do not quote without the authors' permission

Abstract

We examine whether family networks transmit information that affects portfolio choices and investment performance. Using detailed administrative data on stock and mutual fund holdings for the Swedish population from 1999 to 2007, we construct pair-level measures of portfolio similarity and buy similarity capturing alignment in portfolio choices between family members. We find substantial variation in portfolio similarity across relationship types, which responds to changes in the family information environment, including parental death and changes in household structure such as relocation and marriage. We compare family relationships to matched non-family pairs with similar observable characteristics and exploit variation between adoptive and biological parents to isolate informational transmission from shared background characteristics and preference-based channels. Finally, we show that portfolio similarity is positively associated with subsequent risk-adjusted returns, particularly when aligned with higher-performing family members, consistent with the transmission of value-relevant information. Overall, the results suggest that family networks act as information channels that shape portfolio allocation and generate economically meaningful differences in investment performance.

JEL classification: D22, G32, G34

Keywords: Portfolio similarity; Informational Transmission; Portfolio choice ; Familiy Networks; Social Finance

*Umeå University. Email: albin.bjurman@umu.se
†Umeå University. Email: jorgen.hellstrom@umu.se
‡Umeå University. Email: oscar.stalnacke@umu.se

1. Introduction

Selecting stocks or mutual funds from the vast set of available choices is a daunting task but carries direct implications on investment performance. Intuitively, when investors face the uncertainty and complexity of portfolio choices, they might leverage information and advice from individuals within their family or close social network (see Kuchler and Stroebel, 2021; Knüpfer, Rantapuska, and Sarvimäki, 2023). This can generate alignment in portfolio choices across family members, which may reflect informational transmission within family networks. Such transmission has important implications for both risk and return. If families convey value-relevant information, portfolio similarity should be associated with improved risk-adjusted performance. In contrast, if similarity reflects shared behavioral biases or correlated exposure to risk factors, it may instead be associated with higher risk without improved performance.

A growing literature shows that investors' decisions are shaped by their social environment (e.g. Kaustia and Knüpfer, 2012; Ouimet and Tate, 2020; Fagereng, Guiso, Malacrino, and Pistaferri, 2020; Knüpfer et al., 2023) and observe an inter-generational correlation in portfolio returns (e.g. Barnea, Cronqvist, and Siegel, 2010; Cronqvist and Siegel, 2014; Black, Devereux, Lundborg, and Majlesi, 2017; Fagereng et al., 2020; Bach, Calvet, and Sodini, 2020). However, it remains unclear how informational transmission varies across family relationships, whether it improves investor performance, and whether its value depends on the performance of the information source within the family network.

We address these questions using detailed information of the stock and mutual fund holdings for the Swedish population between 1999 and 2007. We construct pair-level measures of buy and portfolio similarity that capture alignment in investment choices between specific family members.

First, We first examine whether investors tend to hold similar portfolios as their family members and how this varies across relationship types. Different family relationships are likely to affect portfolio choices through distinct informational and economic channels. Parent–child similarity may reflect inter-generational transmission of financial preferences and investment behavior, sibling similarity may capture peer-based learning and correlated information acquisition, while partner similarity is more likely to reflect joint household portfolio allocation. Using a stacked investor–year–relationship panel, we document substantial variation in directional portfolio similarity (DPS) across family ties. Investors exhibit portfolio similarity of 25.3% with mothers, 22.9% with fathers, 30.7% with siblings, and 41.7% with partners.

Portfolio similarity captures persistent alignment in holdings over time between linked investors, whereas buy similarity captures active alignment in trading decisions. We show that buy similarity is strongly associated with portfolio similarity, suggesting that active alignment in trading decisions translates into persistent similarity in portfolio holdings. Additionally, we construct a measure of independent portfolio similarity (IPS), which isolates similarity in portfolio holdings that is not explained by overlap with other members of the family network. We show that IPS varies systematically across family relationships, consistent with heterogeneous information channels within the family network.

Similar to Knüpfer et al. (2023), we find evidence that investors align their portfolio decisions with their parents, but also with their siblings and partners, with substantial heterogeneity across relationship types. This pattern, together with variation in independent portfolio similarity, suggests the presence of distinct informational channels operating within different family relationships.

Second, we examine the implications of similarity for investor performance. Fagereng et al. (2020) document an inter-generational correlation in persistent returns, suggesting that investors may benefit from information transmitted through family networks. Using investor-year fixed-effects regressions, we find that portfolio similarity is positively associated with subsequent risk-adjusted returns, while active buy similarity is negatively associated with investor performance. These results indicate that investors do not benefit from short-run alignment in trading decisions, whereas persistent portfolio similarity is associated with improved performance, consistent with value-relevant informational transmission within family networks. At the same time, both buy and portfolio similarity are associated with higher portfolio and idiosyncratic risk, suggesting that similarity also reflects differences in risk-taking behavior.

We further examine whether these effects depend on the quality of the transmitted information. We find that the interaction between buy similarity and family member performance is negative, indicating that aligned trading behavior does not translate into higher returns even when the family member is high-performing. In contrast, the interaction with portfolio similarity is positive and economically meaningful, suggesting that persistent alignment in holdings is more valuable when it reflects exposure to higher-performing family members.

Overall, the evidence shows that portfolio similarity is associated with higher subsequent risk-adjusted returns, whereas buy similarity is associated with lower performance. Moreover, only portfolio similarity benefits from alignment with better performing family members, reinforcing the interpretation that persistent portfolio alignment captures value-relevant informational transmission within family networks.

Third, we extend the analysis by examining whether changes in the family information network affect informational transmission within families. If family members serve as heterogeneous sources of financial information, the loss of one parent may lead investors to reallocate informational reliance toward remaining family members. We exploit parental death as a quasi-exogenous shock to the family information environment and examine how investors adjust buy and portfolio similarity with remaining family members. Using a stacked event-study design that compares changes in similarity around parental death events across family relationships, we find that investors substantially increase portfolio similarity, and to a lesser extent buy similarity, with remaining family members following the event. This suggests that investors reallocate informational reliance within the family network following the loss of a key information source. Additionally, we complement this analysis using a staggered difference-in-differences approach following Callaway and Sant'Anna (2021), which accounts for variation in treatment timing and heterogeneous control group construction. The results are consistent with the event-study evidence.

We further examine how changes in family structure, such as relocation from parents and marriage, affect informational transmission within families. While these events are not exogenous and may be jointly determined with other economic and investor-specific factors, they provide additional descriptive evidence on the dynamics of information flows within family networks. We find that investors reduce (increase) buy and portfolio similarity with parents following marriage (relocation), while similarity with siblings increases (decreases). We complement this analysis using a staggered difference-in-differences approach following Callaway and Sant'Anna (2021), and find that buy similarity declines across all family relationships following relocation or moves. These effects should be interpreted as descriptive associations rather than causal impacts, but they suggest that investors adjust both buy and portfolio similarity in response to changes in the family information environment.

Fourth, using a stacked investor–year–relationship panel, we document that portfolio similarity increases over the investor life cycle, consistent with evolving reliance on family-based information and complementing Barnea et al. (2010), who document that family influence is not persistent over time. Additionally, investor financial education is associated with lower portfolio similarity across relationship types, suggesting that financially educated investors rely less on family-based information and more on their own independent investment decisions. The financial wealth rank of the family member is associated with higher portfolio similarity, suggesting that wealthier family members serve as more influential reference points within the family network. Finally, we find no evidence that investors increase their portfolio similarity in response to better prior performance of family members, suggesting limited responsiveness to realized returns as an information signal.

Finally, we conduct a quasi-experimental design comparing buy and portfolio similarity in identified family relationships (treatment group) to similarity in matched non-family relationships (control group). Buy and Portfolio similarity within families may arise from several channels, including shared preferences, common background characteristics, selection effects, or informational transmission (see Barnea et al., 2010; Cronqvist and Siegel, 2014; Calvet and Sodini, 2014; Black et al., 2017; Kuchler and Stroebel, 2021). We focus on the channel of informational transmission, whereby investors base their portfolio choices on the portfolio choices and outcomes of family members. We construct the control group using Coarsened Exact Matching (CEM) based on financial wealth rank, gender, number of stocks and mutual funds, and education, pairing each family member with a non-family individual with similar characteristics. We then compute buy and portfolio similarity for the matched pairs.

To compare the treatment and control groups, we stack the samples at the investor–year level and estimate regressions with year fixed-effects. We find that both buy and portfolio similarity are significantly higher within actual family relationships than in matched non-family pairs. These results suggest that observed similarity is unlikely to be driven by shared background characteristics or stochastic matching, and are consistent with informational transmission or social interaction within family networks (Knüpfer et al., 2023).

Further, we exploit variation in adopted investors, their biological parents, and adoptive parents to separate informational transmission from biological channels. Family relationships are unique in that individuals may share both genetic factors and social environments, making it difficult to disentangle the sources of similarity in standard parent–child comparisons. Following Black et al. (2017) and Fagereng, Mogstad, and Rønning (2021a), we compare adopted individuals with investors raised by their biological parents to isolate social from biological channels. We find that adopted investors exhibit significantly lower buy and portfolio similarity with their biological parents relative to non-adopted individuals. In contrast, they exhibit higher portfolio similarity with their adoptive parents than individuals raised by their biological parents. Taken together, these results suggest that portfolio similarity is primarily driven by social and informational transmission rather than biological factors, consistent with Fagereng et al. (2021a).

We examine whether the source of similarity has implications for investor performance. We compare the relationship between similarity and risk-adjusted returns in actual family relationships to that in matched non-family pairs with similar characteristics. We find that similarity within actual family relationships is associated with a 2.2–3.3 percentage point higher marginal effect on risk-adjusted returns relative to the matched control group. In contrast, similarity in matched non-family relationships is associated with lower performance. These results suggest that the performance implications of similarity depend critically on the underlying relationship structure, indicating that not only the degree of similarity but also its source matters for investment performance.

This paper makes three main contributions. First, we provide novel evidence that family networks transmit information that shapes portfolio choices, using pair-level measures of buy and portfolio similarity across the population. Second, we show that this transmission is not driven by shared characteristics or preferences, but reflects informational flows that vary across relationship types and respond to changes in the family network. Third, we show that the performance implications of similarity depend on both the nature of the relationship and the quality of the information source, with portfolio similarity associated with higher risk-adjusted returns when linked to more better performing family members.

This paper relates to three strands of literature. First, we contribute to literature regarding social interaction and peer effects in portfolio choices. Knüpfer et al. (2023) document within family correlation of portfolio choices and other studies have documented that peers affect investment choices (e.g. Hong, Kubik, and Stein, 2005; Ivković and Weisbenner, 2007; Kaustia and Knüpfer, 2012; Hvide and Östberg, 2015; Bailey, Cao, Kuchler, Stroebel, and Wong, 2018; Ouimet and Tate, 2020). We contribute by showing that portfolio similarity reflects informational transmission within families and has implications for risk-adjusted returns. Second, the paper contributes to the literature on informational transmission and social learning in finance (see reviews by Hirshleifer, 2020; Kuchler and Stroebel, 2021). Theory emphasizes that individuals learn from the actions of others (e.g. Bikhchandani, Hirshleifer, and Welch, 1992; Banerjee, 1992; Banerjee and Fudenberg, 2004; Möbius and Rosenblat, 2014; Han, Hirshleifer, and Walden, 2022), and empirical work shows that social exposure affects financial decisions and participation (Kaustia and Knüpfer, 2012; Bursztyn, Ederer, Ferman, and Yuchtman, 2014). We contribute by providing evidence that informational transmission within families depends on both the quality of the information source and the structure of available informational channels. Finally, the paper contributes to the literature on inter-generational transmission in finance. Prior research documents strong inter-generational correlations in financial behavior, portfolio choices, and returns, as well as in wealth and income (e.g. Barnea et al., 2010; Cronqvist and Siegel, 2014; Dohmen, Falk, Huffman, and Sunde, 2012; Calvet and Sodini, 2014; Black et al., 2017; Fagereng et al., 2020; Bach et al., 2020; Charles and Hurst, 2003; Black, Devereux, and Salvanes, 2005; Björklund, Jäntti, and Lindquist, 2009; Piketty and Saez, 2014; Fagereng, Mogstad, and Rønning, 2021b; Black, Devereux, Landaud, and Salvanes, 2025). While this literature emphasizes shared environments, preferences, and return heterogeneity, less is known about informational transmission as a mechanism underlying these inter-generational correlations. We provide evidence that family networks function as structured information channels that help explain these patterns and their implications for portfolio allocation and performance.

The remainder of the article is structured as follows. Section 2 presents the data and estimation techniques for buy and portfolio similarity. Section 3 presents identification strategy and model specification. Section 4 reports the results of the study. Finally, Section 5 provides the conclusion.

2. Data and definitions

2.1. Data

The data is collected from Euroclear Sweden (the Security Register Center) and Statistics Sweden (SCB). The research utilizes the detailed administrative data for all Swedish individual investors from 1999 to 2007. The data contains detailed information on the individual's full investment portfolio per year and identification of each stock and mutual fund. Data on adopted individuals, including information about biological and adopted parents, are collected from Flergenerationsregistret, provided by SCB. Similar to prior studies on registry data, we eliminate all observations with missing or lower than 1 000 SEK (approx. 100 USD) incomes (see Bali, Gunaydin, Jansson, and Karabulut, 2023) or financial wealth lower than 1 000 SEK (approx. 100 USD). We eliminate all investors older than 65 years and younger than 18 years.

2.2. Identification of Family Relationships

The data described above provides three points of information, that allow us to derive different family relationships: 1) an anonymized unique identification of an individual's mother and father, 2) unique identification of the family, and 3) family type (married, cohabiting with common children or registered partners). The family identification, group individuals based on their declaration of residence, for a maximum of two generations and if the individuals have a registered relationship. From the connection between the individual and parents, we can derive the siblings (if they share the same parents) and their relative birth-order. Based on their relative birth order, we use the sibling that is closest in age and that is older, as the reference sibling. By the combination of family identification and family type, we can derive the respective partner in a relationship.

2.3. Estimation of portfolio similarities

An individual's financial portfolio can be represented by a vector, where each available security has a value between [0,1]. We calculate a vector (based on the ISIN numbers) for the investors' financial portfolio, that considers the stock and mutual fund portfolio which the investor owns, where the vector value is the respective securities portfolio weight. Portfolio similarity is conditional on the investor and family member participation, to isolate the effect on portfolio choice. The directional portfolio similarity (DPS) is calculated from the perspective of the investor and should capture both the probability of owning similar securities as another person and portfolio weight of the securities that are jointly owned. Based on the investors' full portfolio vector, the securities are matched with the family members financial portfolio. The directional portfolio similarity therefore measures how much of the investor's portfolio is similar with the family member, not the similarity between individuals, since the directional portfolio similarity excludes the part of the portfolio that the other individual independently owns. The directional portfolio similarity is calculated as:

$$\text{DPS}_{i,fm,t} = \frac{\sum_k w_{i,k,t} w_{fm,k,t}}{\sqrt{\sum_k w_{i,k,t}^2}\sqrt{\sum_k w_{fm,k,t}^2}} \tag{1}$$

where, $w_{i,k,t}$ is the investor's portfolio weight of the security k at time t, $w_{fm,k,t}$ denotes the corresponding portfolio weight of the same security held by the family member. The index k is defined over the set of securities held by the investor at time t. Portfolio similarity is computed by assigning zero weights to securities not held by the family member, such that similarity is evaluated over the union of the two portfolios in each investor–family pair. We denote references to a general family member as (fm), to the mother as (m), to the father as (f), to the sibling as (s), to the partner as (p) and the investor as (i). We calculate the similarity measures for an investor and their father, mother, sibling, and partner. The portfolio similarity measures are conditional on the investor and family member participation, to isolate the effect on portfolio choice. Observations without overlapping portfolio positions are set to zero similarity, allowing for a balanced panel structure. In addition to providing a comprehensive measure of the accumulated portfolio similarity with a family member, the measures are continuous, allowing us to track potential changes in portfolio similarity over time.

The changes in portfolio similarity over time are due to both changes in securities ownership and securities portfolio weight. Securities ownership depends solely on the active choice of which securities to own, but portfolio weight depends both on the active allocation choice and the passive change of the portfolio weight due to returns. Portfolio similarity which represent the accumulated similarity therefore reacts with a decay to events, as active portfolio changes take time to realize. To isolate the directional effect from the active choice of security selection we calculate the alignment of security purchases, by constructing a vector with the vector value of 1 if the investor purchases a security during the year and 0 otherwise. We then calculate the directional buy similarity (DBS) between the investor and family member prior year owned securities as:

$$\text{DBS}_{i,fm,t} = \frac{\sum_k Buy_{i,k,t} Own_{fm,k,t-1}}{\sqrt{\left(\sum_k Buy^2_{i,k,t}\right)\left(\sum_k Own^2_{fm,k,t-1}\right)}} \tag{2}$$

where, $Buy_{i,k,t}$ is the investor's purchase of the security k at time t, $Own_{fm,k,t-1}$ is the family members ownership of a security at time $t-1$. The directional buy similarity aims to measure the active alignment of portfolio choices which with a decay impacts the portfolio similarity. We utilize the DBS measure to estimate the active changes in portfolio similarity in relation to changes in family structures and as an indication of the directionality of informational transmission.

Given that family members often share overlapping information sets, portfolio similarity may reflect shared influences rather than direct informational transmission. We therefore construct an independent similarity measure to isolate similarity that is not driven by shared informational environments. We compute the independent portfolio similarity (IPS) with a specific family member using Equation (1), but only allows a security to contribute to similarity when its ownership is uniquely attributable to that family member within the family network (i.e no other family member owns the security) .The IPS are used as a benchmark channel which isolate the overlap structure of the family network.

2.4. Variable construction

We use data from the Swedish Tax Agency to calculate the portfolio returns and risk-adjusted returns for the portfolios using data on the investors' stock and mutual fund portfolios during the period 1999–2007. Returns are calculated for each individual securities change in total price index (Capital appreciation and dividends). The portfolio returns are the sum of the portfolio-weighted individual securities returns, where the portfolio weight are the beginning of the year weight. The risk-adjusted returns are obtained by fitting a four-factor model to the daily returns time series. The included factors are market premium, size premium, book-to-market premium and momentum. Carhart factors are obtained from the Swedish House of Finance Datacenter. We use the MSCI Sweden Index as a proxy for the market return, and the three-month STIBOR rate as a proxy for the risk-free return. The estimated alpha from the four-factor model is utilized as the risk-adjusted return at the security level and value weighted in the portfolio by the lagged portfolio weight. We calculate the portfolio volatility as the value weighted standard deviation of the individual securities.

We annually rank the investor (and family members) financial wealth into quintiles (1-5) relative to individuals in the same birth decade. Wealth is closely associated with age (Almås and Mogstad, 2012) and to account for life-cycle differences in wealth accumulation, we rank the financial wealth relative to individuals in the same birth-cohort. All variables used in the study are presented and described in table A1.

3. Empirical Design

3.1. Identification strategy

In empirical research on social influence or peer-effects, a central identification challenge is separating the social influence from peers from the exposure to common background effects and selection effect (see Manski, 1993; Angrist, 2014). We examine how information is transmitted within family networks and how this transmission shapes portfolio choices. Our empirical strategy combines cross-sectional variation in family relationships, within-pair time variation, and quasi-experimental changes in informational links.

First, we exploit variations across family relationships (parents, sibling, partner), which differ in intensity and structure of interaction over time. This allows us to compare portfolio similarity across relationship types while controlling for investor and time fixed effects.

Second, we use within-investor variation across family relationships over time in a stacked panel structure with investor and year fixed effects. This specification absorbs both investor and year fixed effects, thereby exploiting within-investor variation differential variation in portfolio similarity across family links within the same investor over time.

Third, we exploit event-based variation in family structures, including parental death and changes in household composition such as marriage and relocation. Parental death is treated as a plausibly exogenous shock to the family information network, as it is not chosen by the investor. Marriage and relocation are potentially endogenous events, and we interpret them as suggestive evidence of changes in information environments rather than strictly exogenous shocks. These events are associated with changes in informational links that allow us to study adjustments in portfolio similarity around changes in family structure.

Finally, we complement these analyses with a placebo design in which each family member is matched to a non-related individual with similar observable characteristics, including age, Financial wealth, Gender, Educational attainment and number of securities. This placebo sample preserves the same empirical structure as the baseline specification but removes any social or informational link between the investor and the matched individual. This allows us to construct a counterfactual benchmark for portfolio similarity driven solely by observable characteristics and shared background factors, thereby separating informational transmission from selection into networks or similarity in observables. We further exploit variation between adoptive and biological parents, which helps distinguish informational transmission from genetic or inherited preference channels.

Across specifications, we include investor and time fixed effects so that identification primarily comes from within-investor variation over time and differential responses across family links. Standard errors are clustered at the investor level.

No single empirical design fully isolates informational transmission within family networks. However, the combination of within-investor variation, quasi-exogenous shocks to family structure, matched placebo relationships, and adoption-based comparisons provides consistent evidence that portfolio similarity reflects informational transmission beyond shared background characteristics, selection effects, or inherited preferences.

3.2. Investor fixed effect model

To test whether portfolio similarity varies within investors over time, we estimate linear models with investor and time fixed effects. The unit of observation is an investor–relationship–year triple, where each investor is observed for multiple family relationship types (father, mother, sibling, and partner) in each year. We estimate the following model:

$$\text{DPS}_{i,fm,t} = \alpha + \beta X_{i,fm,t} + \gamma Z_{i,t} + \mu_i + \delta_t + \varepsilon_{i,fm,t} \tag{3}$$

where, i indexes investors, fm indexes family relationship types, and t indexes time. $DPS_{i,fm,t}$ is the directional portfolio similarity derived from eq.1 and $X_{i,fm,t}$ is the regressor of interest. The vector $Z_{i,t}$ includes time-varying control variables, such as log financial wealth, log income, and the number of securities held by investor i. These controls are defined at the investor level and are replicated across family relationship observations in the stacked panel structure. μ_i denotes investor fixed effects and δ_t year fixed effects.

4. Results

4.1. Descriptive Evidence on Portfolio Similarity

We present summary statistics for the investor characteristics, family networks structure and correlations of portfolio similarities in table I. The similarity measures presented are conditional on investor participation, an identified family relationship and family member participation.

[Table I about here.]

The summary statistics in table I (Panel A), illustrate a skewness in the distributions of the wealth and portfolio variables, where the a few individuals drive the mean variables. The average sample investors has a conditional risky asset share of 66%. owns 4.4 stocks or funds, earn a risk-adjusted return of -3.5% and a portfolio return of 2.8%. From the family network structure, we observe that the parent relationship are most prevalent in the sample and the partner relationship least prevalent. The participation of the family members are between 30-40%, where the partner have the highest participation.

Table I (Panel B) document a substantial portfolio similarity between investors and their family members. The directional portfolio similarity is 28.3 points (26.8 points) with the mother (father) and 28.1 points with the closet sibling. The DPS with the partner are the highest with a similarity of 37.6 points. The buy similarity show a similar trend but with lower levels, where the DBS are 12-14 points with the parents and sibling and 18.3 points with the partner. The independent portfolio similarity are highest with the partner (34.1 points) and lowest with the father (12.25). This suggest that most of the portfolio similarity with the partner are not from shared holdings with the family. We present the similarity measures over the age of the investors in figure I.

[Figure I about here.]

Figure I document that younger investors have higher portfolio and buy similarity with the parents and sibling, but lower similarity if the investor is old. Parallel, the similarity with the partner are lower for younger investors, but higher for older investors. This suggests that investors generally have a lower dependence on portfolio choices with their family network with age, which could suggest more independent portfolio choices or that they are influences from other sources. This result highlights the importance of the informational transmission from the family for younger investors, which lay the foundation for future wealth accumulation. Barnea et al. (2010) shows that the family environment impacts the market participation and portfolio volatility but that the effect is not long-lasting. We find similar evidence that portfolio similarity are lower for older investors.

Table I (Panel C) present the correlations of portfolio similarity with different family members and show the overlapping structure of the family network, where there exist some correlation between mother and father, weaker correlation between sibling and parents and no correlation between the partner and parents or sibling. This suggest a overlapping structure of the family network, where the partner are a distinct information sources.

We present the distribution of the portfolio similarity in figure II.

[Figure II about here.]

The distribution exhibits a U-shaped pattern, with most observations concentrated at the extremes. Approximately 40% of observations show non-zero portfolio similarity with mothers, fathers, and siblings, while the corresponding share for partners is approximately 60% . This pattern suggests that portfolio similarity is characterized by either substantial overlap or no overlap, rather than smoothly varying degrees of similarity.

The summary statistics document a substantive and significant alignment of portfolio choices, as measured by the portfolio similarities within the family, where the partner has an elevated role.

4.2. Baseline Results: Family Relationships and Portfolio Similarity

We begin by examining whether portfolio similarities varies systematically across family relationships. Our baseline analysis provides a first test of whether family links are associated with differences in portfolio allocation patterns. Specifically, we ask whether investors exhibit higher portfolio similarity with certain family members relative to others. We estimate a baseline specification using the stacked investor–relationship–year panel with investor and year fixed-effects. This allows us to compare portfolio similarity across different family relationships within the same investor over time, while controlling for time trends and time-invariant investor characteristics. The results from the regressions are presented in table II.

[Table II about here.]

Table II document that portfolio similarity is highest with the partner, followed by the sibling and the parents. Different family relationships are likely to affect portfolio choices through distinct informational and economic channels. Parent–child similarity may reflect inter-generational transmission of financial preferences and investment behavior, sibling similarity may capture peer-based learning and correlated information acquisition, while partner similarity is more likely to reflect joint household portfolio allocation and frequent exchange of investment-relevant information. We document a substantial and systematic heterogeneity of portfolio similarity across the relationships, where the parents exhibit the lowest portfolio similarity 23-25 points the sibling have a higher portfolio similarity of 30.7 points and the partner exhibits the highest similarity of 41.7 points[1].

[1]Figure II illustrates a bounded and U-shaped distribution with most of the observations in the extremes. For robustness purposes we perform fractional logistic regressions and present the results in table A2. The results are similar to the baseline results, which suggest that the use of linear models are valid.

The results in table II are consistent with the prior studies and suggest that investors align their portfolio with individuals in their family. Knüpfer et al. (2023) show that children have a higher probability of owning the same stocks as their parents, we find similar evidence that investors align their portfolio choices with their parents but also with their siblings and partner.

4.3. Buy Similarity and Portfolio Adjustment

To better understand the sources of portfolio similarity within families, we decompose the relationship into two complementary channels. While the baseline results document that family relationships are associated with portfolio similarity, they do not distinguish whether this similarity arises from active alignment, passive co-movement, or shared external influences. We therefore examine two related but distinct measures. First, directional buy similarity captures the extent to which investors purchase stocks or mutual funds which the family member owned in prior year, reflecting active alignment in investment decisions based on lagged information. Second, Independent portfolio similarity (IPS) isolates similarity in portfolio holdings that is not explained by overlap with other members of the family network, capturing residual similarity in portfolio allocations.

Together, these measures allow us to distinguish between active alignment, residual similarity and persistent overlap in portfolio holdings. We first examine whether buy similarity translates into portfolio similarity by estimating the relationship between DBS and DPS. We then examine whether IPS varies systematically across family relationships, providing evidence on heterogeneous informational channels within the family network. Finally, we estimate the relationship between DPS and IPS across family relationships to assess the extent to which persistent portfolio similarity reflects independent informational alignment. The results are presented in Table III.

[Table III about here.]

Table III present the mechanism linking active alignment and independent portfolio similarity with the portfolio similarity within family networks. We find that buy similarity is strongly positively associated with portfolio similarity, indicating that active alignment translates into persistent similarity in portfolio holdings. This suggests that portfolio similarity is not solely driven by passive overlap or common exposure, but also reflect active alignment in investment decisions within family networks. The results further show substantial heterogeneity across family relationships. Independent portfolio similarity is strongest within partner and sibling relationships, consistent with these ties functioning as more independent channels relative to parent–child relationships. Moreover, the positive association between independent portfolio similarity and portfolio similarity suggests that a substantial component of portfolio overlap reflects persistent alignment across partially independent family information sources, rather than being driven purely by common influences within the family network. Overall, the findings support the interpretation that family networks operate through multiple informational channels, where active alignment and persistent informational alignment jointly contribute to observed portfolio similarity.

4.4. Event-Based Evidence

4.4.1. Changes in the family network - Parental death

We have document that portfolio similarity are heterogeneous over family relationships, that family networks operate through multiple informational channels, where active alignment contribute to observed portfolio similarity. We extend the analysis by examining whether changes in the family information network affect informational transmission within families. In particular, the death of a parent may serve as a quasi-exogenous shock to the family information environment, as one informational source is removed from the network.

If family members represent heterogeneous sources of financial information, the loss of one parent may lead investors to reallocate informational reliance toward remaining family members. We exploit parental death to identify how investors adjust the buy and portfolio similarity with the remaining family members following this shock. While portfolio similarity captures persistent alignment in portfolio holdings, buy similarity captures active alignment through purchase decisions, allowing us to distinguish between long-run portfolio adjustment and short-run changes in trading-based alignment. Our empirical design exploits within-investor variation by comparing changes in similarity before and after the parental death event across remaining family relationships. If informational transmission does not influence buy or portfolio similarity, we would expect the buy and portfolio similarity with the remaining family members to be unchanged after parental death. To examine these dynamics, we estimate investor fixed-effects regressions that relate changes in buy and portfolio similarity across family members to the parental death event. Our main analysis is based on a stacked event-study design that compares changes in buy and portfolio similarity within investors around parental death events across family relationships. This approach provides a transparent event-time structure and allows to observe adjustments in portfolio similarity and buy similarity before and after the shock. We use the DBS and DPS with the remaining family members as the dependent variable and the indicator variable "Parental Death", equal to one if the investors mother or father passed and zero if the investors parent are alive, as the independent variable of interest. The results for the investor fixed-effect regressions are presented in table IV.

[Table IV about here.]

The results from table IV show that in the event of death one parent, the investor substantially increase the portfolio similarity with the remaining family members. Further, the investor increase the buy similarity with the remaining parent and partner, but decrease the active alignment of portfolio choices with the sibling. This pattern suggests heterogeneous responses across family ties, where investors appear to reallocate active informational reliance toward parents and partners, while sibling links become less important as channels for active alignment. At the same time, the increase in portfolio similarity with siblings indicates persistent convergence in holdings despite reduced active alignment, consistent with slower-moving informational adjustment within that relationship.

A stacked event-study approach may be sensitive to aggregation across cohorts (pooling) and event-time windows under staggered treatment timing, and can implicitly rely on mixed comparison groups that include differentially treated units. Additionally, it do not provide any pre-event trends. For robustness purposes, we complement this analysis using the estimator of Callaway and Sant'Anna (2021), which explicitly accounts for staggered treatment timing and constructs group-time average treatment effects using not-yet-treated units as controls. This approach addresses concerns related to heterogeneous treatment timing and alternative weighting schemes across cohorts. The difference-in-difference estimates therefore serve as a robustness check for the main stacked event-study results and ensure that our findings are not driven by the aggregation structure of the baseline specification. We perform the analysis using the buy similarity as the dependent variable. The result from the test are presented in table A5. The result suggest that the investor increase the active alignment with the remaining parent and sibling, but decrease with the partner following the death of a parent. Importantly, we observe no pre-event trends in the performed tests. While the difference-in-difference estimates differ in magnitude and, in some cases, sign, they confirm the presence of heterogeneous responses across family relationships. These differences reflect differences of the methods, through alternative weighting of event-time effects and differences in control group construction rather than conflicting evidence.

Overall, the results suggest that investors respond heterogeneously to the shock of a parental death, providing evidence that family ties operate through distinct informational channels that shape portfolio adjustment.

4.4.2. Changes in the family network - Relocation and Marriage

We have shown that investors respond to changes in the family network induced by the death of a parent. We extend the analysis by examining additional events, including relocation from the mother or father and marriage. Relocation is defined as moving away from the municipality in which the mother or father resides and may reflect reduced intensity of social interaction and information transmission. Marriage, in turn, represents new household formation and the introduction of an additional dependent and informational source within the investor's family network. While these events are not exogenous and may be jointly determined with other economic and investor specific factors, they may nevertheless provide additional evidence on the informational dynamics operating within family networks.

To examine these informational changes in family networks, we exploits within-investor variation by comparing changes in similarity before and after the event of relocation or marriage, across family relationships. Our analysis is based on a stacked event-study design that compares changes in buy and portfolio similarity within investors around the events and across family relationships. We preform investor fixed-effect regressions with the DBS and DPS as dependent variable and the regressor are respectively the indicator variable if the investor has relocated from the parent or entered a marriage, over the different family relationships. The results are presented in table V.

[Table V about here.]

The results from table V column 1-4 shows that investors relocating from their parents reduce the buy and portfolio similarity with the parents and the partner. Oppositely, the buy and portfolio similarity increases with the sibling after the event. Relocation appears lead to investors down-weighting parents and partners as informational references while reallocating informational reliance toward siblings as a substitute family channel.

Relocation is not an exogenous event and may be driven by a range of factors that could also affect investment behavior. In particular, moving often coincides with real estate transactions, which may affect liquidity, portfolio composition, and investment constraints. In addition, relocation decisions are typically joint within households, implying that the partner may be directly involved in, or affected by, the decision to move, which could also influence the observed patterns. Relocation may further coincide with broader changes in the family network, such as marriage or divorce, and is often associated with changes in the informational environment, including workplace location and social networks. Taken together, these factors suggest that the estimated effects should be interpreted as descriptive associations rather than causal effects of relocation.

The results from table V column 5-6, shows that after the investor enters a marriage they reduce the buy and portfolio similarity with the mother and sibling but increase with the father. The event of marriage appears to reconfigure informational reliance within the family network toward a new household structure: while ties to mothers and siblings weaken following household formation, investors increase alignment with fathers. Marriage creates a new primary decision unit (the household), in which the partner jointly influences financial decisions.

As with relocation, marriage is not an exogenous event and may be driven by a range of factors that also affect investment behavior. In particular, changes in family network structure may occur prior to the formal event of marriage. Marriage is often preceded by cohabitation or a stable relationship, suggesting that convergence in investment behavior may begin before the legal transition into marriage. Accordingly, the introduction of a new informational source may already be reflected in portfolio choices prior to the event date. Taken together, these considerations imply that the estimated effects should be interpreted as descriptive associations between portfolio alignment and new household formation, rather than strictly causal effects of marriage itself.

For robustness, and in light of the limitations of the stacked event-study approach, we estimate a staggered difference-in-differences specification for the relocation and marriage events. This estimator explicitly accounts for staggered treatment timing and constructs group-time average treatment effects using not-yet-treated units as controls, focusing on a three-year event window. We perform the analysis using buy similarity as the dependent variable, and the results are presented in Table A4. The estimates suggest that investors reduce active alignment with parents and siblings following both relocation and marriage. Importantly, we find no evidence of pre-event trends in the event-time dynamics. The results from the staggered difference-in-differences are broadly consistent with the stacked event-study approach across all family relationships, with the exception of the father link following marriage, which turns negative in the staggered specification. This suggests that differences across estimators are driven by event-time aggregation and control group construction rather than differences in the underlying economic effects.

Overall, the event-study results provide descriptive evidence that changes in the family network induced by relocation and marriage are associated with systematic adjustments in active alignment and portfolio similarity across family relationships, consistent with reallocation of informational reliance within the family network.

4.5. Heterogeneity Analysis

To further examine the mechanisms underlying family-based information transmission, we explore heterogeneity across investor and family member characteristics in the effects of portfolio and buy similarity. Specifically, we consider investor age, the financial wealth rank and prior investment performance of the family member, as well as the investor's financial education. This analysis builds on the stacked investor–relationship–year panel and focuses on heterogeneity in investor and family member characteristics.

We include investor age to examine the persistence of buy and portfolio similarity over the investor life cycle. Barnea et al. (2010) show that the family environment affects market participation and portfolio volatility, but that these effects are not necessarily long-lasting over the life cycle. We include the financial wealth rank of the family member (FWR_{fm}) to examine whether investors become more aligned when the family member becomes relatively wealthier. Financial wealth has been shown to be associated with higher investment performance (e.g. Fagereng et al., 2020; Bach et al., 2020). Informational transmission within family networks could potentially contribute to the observed relationship between wealth and persistent returns through exposure to similar risks and investment opportunities. Since wealth is strongly associated with age (Almås and Mogstad, 2012), we annually rank family members into financial wealth quintiles (1–5) relative to individuals within the same birth decade. This relative ranking better captures differences in wealth conditional on life-cycle stage than absolute wealth levels. We further include the prior-year risk-adjusted return of the family member ($\alpha_{fm,t-1}$) to examine whether investors increase or decrease alignment when family-member performance changes.Fagereng et al. (2020) document intergenerational persistence in investment returns, which may partly reflect portfolio similarity and informational transmission between parents and children. Finally, we include an indicator for financial education to examine whether investors adjust their alignment with family members after obtaining financial education. A large literature documents that financial literacy and education influence economic and financial decision-making (see Martin, 2007).

To examine these mechanisms, we estimate investor fixed-effects regressions relating buy and portfolio similarity to investor age, the financial wealth rank and prior investment performance of the family member, as well as the investor's financial education. The results for the investor fixed-effect regressions over the family relationships are presented in table VI.

[Table VI about here.]

Table VI document a substantial heterogeneity in buy and portfolio similarity. Portfolio similarity increases over the investor life cycle, suggesting that persistent alignment in portfolio holdings strengthens over time. In contrast, buy similarity is negative and statistically insignificant, indicating that active alignment does not systematically change over the life cycle. Portfolio similarity and buy similarity decrease with the family member's prior risk-adjusted return, suggesting that investors do not align more strongly with better-performing family members. Financial wealth rank is positively associated with both buy and portfolio similarity across family relationships, suggesting that investors align more strongly with wealthier family members. This pattern is consistent with wealthier family members representing more influential or informative reference points within the family network. Financial education is negatively associated with both buy and portfolio similarity across family relationships, suggesting that investors rely less on family-based alignment after obtaining financial education. This pattern is consistent with financially educated investors relying more on their own information, analysis, and investment decisions rather than family-based informational channels.

Overall, the heterogeneity analysis shows that family-based buy and portfolio similarity varies systematically with both investor and family member characteristics. Portfolio similarity increases over the investor life cycle, while active buy similarity does not exhibit a systematic trend. Investors do not align more strongly with better-performing family members, as similarity decreases with family member alpha. In contrast, both buy and portfolio similarity are higher when the family member is wealthier, suggesting that wealthier relatives serve as more influential reference points. Financial education is associated with lower similarity across both measures, indicating reduced reliance on family-based informational channels among more financially sophisticated investors.

4.6. Portfolio Similarity and Investor Performance

We document that portfolio similarity is heterogeneous across family relationships and responds to changes in the family network. In this section, we examine whether active alignment and portfolio similarity are associated with investors' investment performance, measured through risk-adjusted returns.

First, we examine whether investors' prior-year buy and portfolio similarity with each family relationship are associated with risk-adjusted returns. We move from the stacked investor–relationship–year framework to an investor–year level of analysis. We estimate investor fixed-effects regressions with risk-adjusted returns ($\alpha_{i,t}$) as the dependent variable, and lagged buy or portfolio similarity with each family member as the explanatory variables. The inclusion of investor fixed effects controls for all time-invariant differences across investors, while time fixed effects absorb aggregate shocks and common market-wide fluctuations in returns. This specification therefore identifies the relationship from within-investor variation over time in exposure to family-based information. We use lagged similarity measures to mitigate concerns related to reverse causality, ensuring that similarity is measured prior to the realization of returns and thus more plausibly reflects information transmission. The regression results are presented table VII.

[Table VII about here.]

The results in Table VII show that buy similarity is negatively associated with subsequent risk-adjusted returns across all family relationships, with the exception of the partner. In contrast, portfolio similarity is positively associated with subsequent risk-adjusted returns across all family relationships, with effect sizes ranging from 0.2% to 0.5%. These results suggest that investors do not benefit from active alignment in trading decisions, but that persistent overlap in portfolio holdings is associated with improved performance, consistent with the presence of value-relevant informational content within family networks.

To further understand the mechanisms underlying the relationship between similarity measures and risk-adjusted returns, we examine whether similarity is associated with differences in portfolio risk exposure. Specifically, we test whether lagged buy and portfolio similarity with each family relationship are related to portfolio volatility and idiosyncratic volatility. We estimate investor fixed-effects regressions with Portfolio volatility ($\sigma_{i,t}$) as the dependent variable, and lagged buy or portfolio similarity with each family member as the explanatory variables and present the result in table A5. In addition, we estimate analogous regressions using idiosyncratic volatility ($IVOL_{i,t}$) as the dependent variable and present the results in table A6. The result show that buy and portfolio similarity is positively associated with subsequent portfolio volatility and idiosyncratic volatility across all family relationships. These results suggest that family-based similarity is associated with greater portfolio risk-taking, implying that informational alignment within family networks may operate through more active and concentrated investment choices rather than purely passive information transmission.

We extend this analysis by examining whether the relationship between portfolio similarity and investor performance depends on the quality of the transmitted information. Specifically, we test whether investors benefit more from aligning with better-performing family members by interacting lagged portfolio similarity with the family member's prior-year risk-adjusted return. We estimate investor fixed-effects regressions, which exploit within-investor variation over time and control for all time-invariant differences in investor characteristics, as well as time fixed effects capturing common shocks. This allows us to isolate whether variation in informational quality within the family network is associated with differential investor performance. The regression results are presented table VIII.

[Table VIII about here.]

The interaction results reveal a distinction between active alignment and persistent portfolio alignment. For buy similarity, the interaction with family member performance is negative, suggesting that aligned buying behavior does not translate into improved risk-adjusted returns, even when the family member high-performing. In contrast, for portfolio similarity, the interaction effect is positive and economically meaningful, indicating that persistent alignment in portfolio holdings is more valuable when it reflects exposure to higher-performing family members. Taken together, these results suggest that informational advantages within family networks are not realized through active alignment, but rather through persistent portfolio alignment with better performing family members.

Overall, the results show that portfolio similarity is positively associated with subsequent risk-adjusted returns, while buy similarity is negatively related to performance. At the same time, both types of similarity are associated with higher portfolio and idiosyncratic risk, indicating that similarity partly reflects differences in risk-taking behavior. However, the interaction analysis shows that portfolio similarity is systematically more valuable when aligned with better performing family members, whereas buy similarity does not benefit from family member performance. Taken together, these findings suggest that persistent portfolio alignment captures value-relevant informational transmission.

4.7. Quasi-experimental matching design

Given that the portfolio similarities presented in Table II may be driven by background characteristics or other mechanisms unrelated to information transmission between individuals, we implement a quasi-experimental design to assess the counterfactual. We compare portfolio similarity among investors in identified family relationships (treatment group) to that of matched investors without a family relationship (control group).

The control group is constructed using Coarsened Exact Matching (CEM), matching family members to non-family individuals based on age, financial wealth rank, gender, educational attainment, and number of securities. CEM is a monotonic imbalance-bounding method that improves covariate balance between treated and control observations (Blackwell, Iacus, King, and Porro, 2009). Family members are matched into strata, and a counterpart from the same strata is assigned to each treated observation.

We then compute portfolio similarity between investors and their matched counterparts. To compare the treatment and control groups, we stack the treatment and matched samples at the investor–year level and estimate regressions with year fixed effects, using buy and portfolio similarity as dependent variables. A treatment indicator (Treatment) equals one for observed family relationships (mother, father, sibling, and partner) and zero for matched non-family pairs. The results are presented in Table IX.

[Table IX about here.]

Table IX show that buy and portfolio similarities for actual family relationships are significantly higher than the control group. This suggests that investors align their portfolios with family members for reasons beyond shared background characteristics or similar observable traits. The observed buy and portfolio similarities are unlikely to be the result of a stochastic process or similarity of characteristics, as evidential by the result from the quasi-experiment. This suggests that investors could have a symbiotic influence on portfolio choices with individuals with whom they have a social relationship, consistent with informational transmission.

Next, we examine whether the relationship with risk-adjusted returns is driven by informational transmission within family networks. The investor risk-adjusted returns ($\alpha_{i,t}$) are used as dependent variables in regressions with year fixed effects at the investor–year level. The treatment indicator and buy and portfolio similarity are included as independent variables. We additionally present the marginal effect for the treatment and control group. The regressions allow us to examine whether the association between buy and portfolio similarity and investor risk-adjusted returns is stronger within actual family relationships than among matched non-family relationships, thereby providing evidence on whether the observed relationship reflects informational transmission within family networks rather than similarities driven by shared observable characteristics. The regression results and average marginal effects are presented in table X.

[Table X about here.]

Table X document that buy and portfolio similarity with a matched individual (control group) are associated with lower subsequent risk-adjusted returns, whereas similarity within actual family relationships (treatment group) is positively associated with risk-adjusted returns. Relative to the control group, the treatment group exhibits a higher average marginal effect ranging from 2.2 to 3.3 %. These findings suggest that portfolio similarity within actual family relationships reflects informational transmission associated with improved investment performance, whereas similarity among matched non-family relationships is associated with lower performance. This indicates that not only the degree of portfolio similarity, but also the source of influence, matters for investor outcomes.

We have presented an inter-generational correlation of portfolio choices and prior research on the inter-generational relationship of financial behaviors have indicated an impact both from the social environment and the biological channel (e.g. Barnea et al., 2010; Cronqvist and Siegel, 2014; Fagereng et al., 2020; Knüpfer et al., 2023). We utilize the identification of adopted investors and their biological and adoptive parents, to examine the influence from the social channel on portfolio choices. Adopted individuals are not raised by their biological parents but instead by adoptive parents with whom they share no biological relationship, allowing us to separate social transmission (through upbringing) from biological factors. Black et al. (2017) show that both the biological and social channel influence portfolio choices, while Fagereng et al. (2021a) finds a correlation of investment behaviors between adopted individuals and adoptive parents.

We expanded on these findings to investigate: (i) whether adopted investors exhibit portfolio similarity with their biological parents relative to individuals raised by their biological parents, and 2) whether adopted investors exhibit portfolio similarity with their adoptive parents relative to individuals raised by their biological parents. This separation of social influence from biological influence provides additional evidence on whether portfolio similarity captures informational transmission within family networks, thereby contributing to the observed inter-generational correlation in financial behavior. We examining the similarity of the buy and portfolio with the biological parent of the group of adopted investors versus the group of individuals raised by their biological parent. We construct a indicator variable "Adopted" equal to one if the investor is not raised by their biological parent (mother or father), and zero if the investor is raised by their biological parent. We estimate regressions with year fixed-effects with the directional buy and portfolio similarity with the biological mother (bm) or father (bf) as the dependent variables, the "Adopted" variable as independent variable and control variables in regressions. The result is presented in table A7 in column 1-4 and shows that the group of adopted investors have a significantly lower buy and portfolio similarity with the biological mother (father) compared to the group of investors raised by their biological parent. This is further evidence that portfolio similarity partially captures the social influence between investors. Similar to Knüpfer et al. (2023) and Black et al. (2017) the result suggests that portfolio choices are mainly influenced through the social channel.

Next, we examine the portfolio similarity with the adoptive parent(s). We use the buy and portfolio similarity, with the adoptive parent if the individual is adopted and with the biological parent if the investor is not adopted as the dependent variable in regressions and include the "adopted" variables as the independent variable. The results from the regressions are presented in table A7 column 5-8. The results show that adopted investors have a somewhat higher buy and portfolio similarity with their adoptive-parents compared to investors raised by their biological parents. These findings suggest that portfolio similarity is predominantly driven by the social rather than the biological channel. Similar to Fagereng et al. (2021a) we find that portfolio allocation decisions are impacted through the social channel, even when no biological relationship exists. These results add to the finding of Black, Devereux, Landaud, and Salvanes (2020), by highlighting portfolio alignment as a potential mechanism through which the social environment may influence investor wealth accumulation.

5. Conclusion

This paper examines the role of family networks in shaping investor portfolio choices and investment performance. Using a stacked investor–year panel across different family relationships, we document substantial buy and portfolio similarity across family relationships, including parents, siblings, and partners. The results suggest that family networks represent an important channel through which investment behaviors and portfolio choices are correlated across individuals. Further, we show that active alignment of buy similarity translates into persistent portfolio similarity and that portfolio similarity with family members partially reflects independent informational alignment. These findings suggest that family networks operate through multiple informational channels in shaping investor behavior.

We examine the implications of similarity for investor performance. Persistent portfolio similarity is positively associated with subsequent risk-adjusted returns, while active buy similarity is generally negatively associated with performance. This suggests that long-run alignment in portfolio holdings captures value-relevant informational transmission, whereas short-run alignment in trading decisions does not necessarily improve investor performance. Additional analyses show that portfolio similarity is associated with higher portfolio and idiosyncratic risk, indicating that both informational and risk-taking channels may contribute to the observed return patterns.

To examine whether these patterns reflect informational transmission rather than shared background characteristics, we implement several empirical strategies. First, using event-study and staggered difference-in-differences designs, we show that changes in family networks, such as parental death, relocation, and marriage, are associated with changes in buy and portfolio similarity. These results indicate that family-based alignment responds dynamically to changes in social interaction and household structure. Second, using matched non-family investors and adoption-based identification strategies, we show that portfolio similarity within actual family relationships differs substantially from similarity among matched non-family individuals and is primarily driven by the nature of the underlying family relationship.

Using matched non-family relationships, we show that the effect of similarity on risk-adjusted returns is negative in the placebo sample but positive within actual family relationships. This indicates that the performance implications of similarity depend on the underlying relationship structure rather than the magnitude of similarity. Moreover, investors benefit more from similarity when it is aligned with higher-performing family members, consistent with the transmission of value-relevant information within family networks.

We further show that family network alignment varies systematically across investor and family member characteristics. Portfolio similarity increases over the investor life cycle and with the financial wealth of family members, while financial education is associated with lower reliance on family-based alignment. Together, these findings suggest that family networks influence portfolio choices through channels that are consistent with variation in informational dependence, exposure, and investor sophistication.

Overall, the paper provides evidence that family networks play an important role in shaping portfolio decisions and investment performance. The findings contribute to the literature on household finance and social interactions by showing that family networks operate as an informational channel, and that the performance implications of portfolio similarity depend on the nature and quality of the underlying relationship.

References

Almås, I., Mogstad, M., 2012. Older or wealthier? the impact of age adjustment on wealth inequality. Scandinavian Journal of Economics 114, 24–54.

Angrist, J. D., 2014. The perils of peer effects. Labour Economics 30, 98–108.

Bach, L., Calvet, L. E., Sodini, P., 2020. Rich pickings? risk, return, and skill in household wealth. American Economic Review 110, 2703–2747.

Bailey, M., Cao, R., Kuchler, T., Stroebel, J., Wong, A., 2018. Social connectedness: Measurement, determinants, and effects. Journal of Economic Perspectives 32, 259–280.

Bali, T. G., Gunaydin, A. D., Jansson, T., Karabulut, Y., 2023. Do the rich gamble in the stock market? low risk anomalies and wealthy households. Journal of Financial Economics 150, 103715.

Banerjee, A., Fudenberg, D., 2004. Word-of-mouth learning. Games and economic behavior 46, 1–22.

Banerjee, A. V., 1992. A simple model of herd behavior. The quarterly journal of economics 107, 797–817.

Barnea, A., Cronqvist, H., Siegel, S., 2010. Nature or nurture: What determines investor behavior? Journal of Financial Economics 98, 583–604.

Bikhchandani, S., Hirshleifer, D., Welch, I., 1992. A theory of fads, fashion, custom, and cultural change as informational cascades. Journal of political Economy 100, 992–1026.

Björklund, A., Jäntti, M., Lindquist, M. J., 2009. Family background and income during the rise of the welfare state: brother correlations in income for swedish men born 1932–1968. Journal of Public Economics 93, 671–680.

Black, S. E., Devereux, P. J., Landaud, F., Salvanes, K. G., 2020. Where does wealth come from? Tech. Rep. 28239, National Bureau of Economic Research.

Black, S. E., Devereux, P. J., Landaud, F., Salvanes, K. G., 2025. The (un) importance of inheritance. Journal of the European Economic Association 23, 1060–1094.

Black, S. E., Devereux, P. J., Lundborg, P., Majlesi, K., 2017. On the origins of risk-taking in financial markets. Journal of Finance 72, 2229–2278.

Black, S. E., Devereux, P. J., Salvanes, K. G., 2005. Why the apple doesn't fall far: Understanding intergenerational transmission of human capital. American economic review 95, 437–449.

Blackwell, M., Iacus, S., King, G., Porro, G., 2009. cem: Coarsened exact matching in stata. Stata Journal 9, 524–546.

Bursztyn, L., Ederer, F., Ferman, B., Yuchtman, N., 2014. Understanding mechanisms underlying peer effects: Evidence from a field experiment on financial decisions. Econometrica 82, 1273–1301.

Callaway, B., Sant'Anna, P. H. C., 2021. Difference-in-differences with multiple time periods. Journal of Econometrics 225, 200–230.

Calvet, L. E., Sodini, P., 2014. Twin picks: Disentangling the determinants of risk-taking in household portfolios. The Journal of Finance 69, 867–906.

Charles, K. K., Hurst, E., 2003. The correlation of wealth across generations. Journal of political Economy 111, 1155–1182.

Cronqvist, H., Siegel, S., 2014. The genetics of investment biases. Journal of Financial Economics 113, 215–234.

Dohmen, T., Falk, A., Huffman, D., Sunde, U., 2012. The intergenerational transmission of risk and trust attitudes. The Review of Economic Studies 79, 645–677.

Fagereng, A., Guiso, L., Malacrino, D., Pistaferri, L., 2020. Heterogeneity and persistence in returns to wealth. Econometrica 88, 115–170.

Fagereng, A., Mogstad, M., Rønning, M., 2021a. Why do wealthy parents have wealthy children? Journal of Political Economy 129, 703–756.

Fagereng, A., Mogstad, M., Rønning, M., 2021b. Why do wealthy parents have wealthy children? Journal of Political Economy 129, 703–756.

Han, B., Hirshleifer, D., Walden, J., 2022. Social transmission bias and investor behavior. Journal of Financial and Quantitative Analysis 57, 390–412.

Hirshleifer, D., 2020. Presidential address: Social transmission bias in economics and finance. The Journal of Finance 75, 1779–1831.

Hong, H., Kubik, J. D., Stein, J. C., 2005. Thy neighbor's portfolio: Word-of-mouth effects in the holdings and trades of money managers. The Journal of Finance 60, 2801–2824.

Hvide, H. K., Östberg, P., 2015. Social interaction at work. Journal of Financial Economics 117, 628–652.

Ivković, Z., Weisbenner, S., 2007. Information diffusion effects in individual investors' common stock purchases: Covet thy neighbors' investment choices. The Review of Financial Studies 20, 1327–1357.

Kaustia, M., Knüpfer, S., 2012. Peer performance and stock market entry. Journal of Financial Economics 104, 321–338.

Knüpfer, S., Rantapuska, E., Sarvimäki, M., 2023. Social interaction in the family: Evidence from investors' security holdings. Review of Finance 27, 1297–1327.

Kuchler, T., Stroebel, J., 2021. Social finance. Annual Review of Financial Economics 13, 37–55.

Manski, C. F., 1993. Identification of endogenous social effects: The reflection problem. The review of economic studies 60, 531–542.

Martin, M., 2007. A literature review on the effectiveness of financial education .

Möbius, M. M., Rosenblat, T. S., 2014. Social learning in economics. Annual Review of Economics 6, 827–847.

Ouimet, P., Tate, G., 2020. Learning from coworkers: Peer effects on individual investment decisions. The Journal of Finance 75, 133–172.

Piketty, T., Saez, E., 2014. Inequality in the long run. Science 344, 838–843.

Figures

Fig. I. Portfolio similarities over investor age

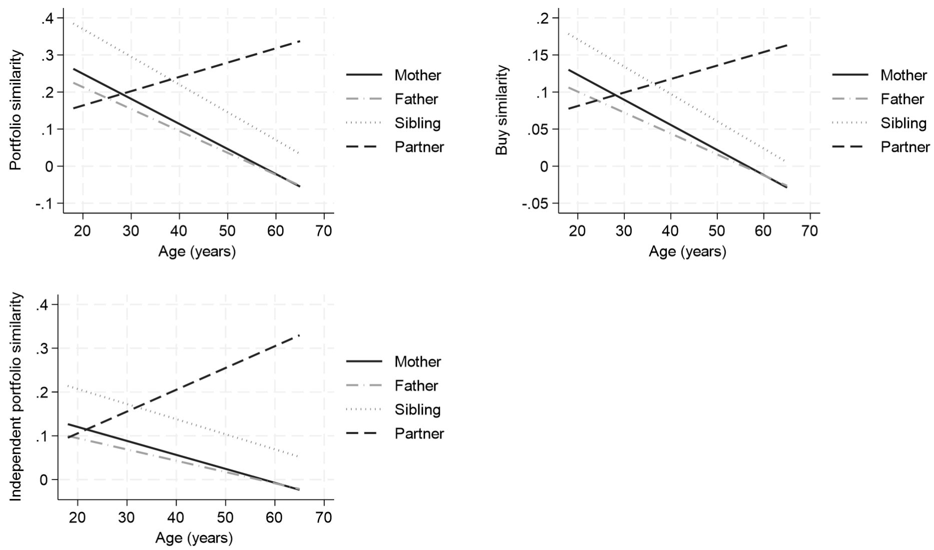
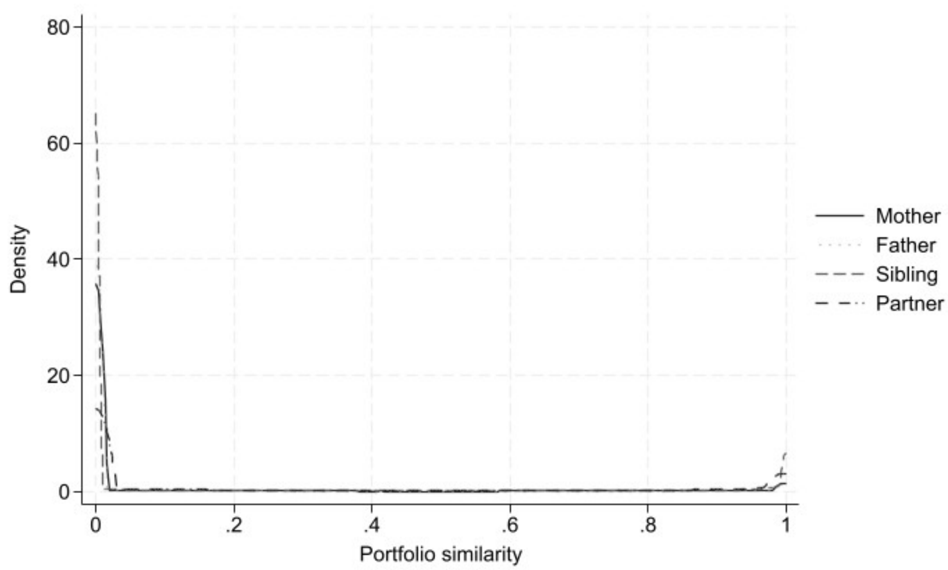


Fig. II. Distribution of portfolio similarities



Tables

Table I: Descriptive Statistics

Panel A: Investor Characteristics				
	Mean	**P99**	**P75**	**P25**
Age	43.71	65	56	33
Educational attainment	3.50	6	5	3
(ln)Income	7.42	8.93	7.78	7.19
Financial wealth	300,039	2,567,626	228,556	24,438
Stock wealth	131,897	1,453,200	28,344	0
Mutual fund wealth	76,922	904,231	62,546	0
Risky asset share (%)	66.17	100	100	34.06
Number of stocks and funds	4.36	24	5	1
Number of trades	4.36	16	4	1
Portfolio return (%)	2.79	75.54	20.15	-6.11
Risk-adjusted returns (%)	-3.48	62.57	5.06	-10.03
Portfolio volatility (%)	22.15	84.12	29.53	10.81
Idiosyncratic volatility (%)	11.68	54.84	15.15	5.37
Panel B: Family network structure				
	Mother	Father	Sibling	Partner
Identified relationship(s)	0.94	0.92	0.52	0.48
Participation (%)	30.36	26.2	34.39	40.0
Similarity Measures				
DPS$(i, fm)_t$	28.27	26.85	28.11	37.56
DBS$(i, fm)_t$	13.75	12.37	12.22	18.27
IPS$(i, fm)_t$	14.16	12.25	18.44	34.06
Panel C: Portfolio Similarity Correlations				
	Mother	Father	Sibling	Partner
Mother	1	0.38*	0.26*	-0.03*
Father	0.38*	1	0.24*	-0.03*
Sibling	0.26*	0.24*	1	-0.02*
Partner	-0.03*	-0.03*	-0.02*	1
	Investors	Investor-years	Investor–relationship–year	
Observations	2,896,997	20,975,850	27,469,836	

All wealth variables are in SEK. fm and i denote family member and investor, respectively.

Table II: Baseline - Portfolio similarity and Family Relationships

Panel A: Regression	Portfolio Similarity (DPS($i, fm)_t$)		
Mother	0.014***	0.023***	0.023***
	(0.000)	(0.000)	(0.000)
Sibling	0.013***	0.078***	0.078***
	(0.000)	(0.001)	(0.001)
Partner	0.107***	0.188***	0.188***
	(0.000)	(0.001)	(0.001)
Controls	No	No	Yes
Investor - FE	No	Yes	Yes
Year - FE	No	Yes	Yes
Constant	0.273***	0.230***	0.263***
	(0.000)	(0.000)	(0.002)
Observations	27,081,546	26,848,580	26,848,580
R-squared	0.013	0.521	0.521
Panel B: Marginal effects			
Mother	0.287***	0.253***	0.253***
	(0.000)	(0.000)	(0.000)
Father	0.273***	0.230***	0.229***
	(0.000)	(0.000)	(0.000)
Sibling	0.285***	0.307***	0.307***
	(0.000)	(0.000)	(0.000)
Partner	0.380***	0.417***	0.417***
	(0.000)	(0.000)	(0.000)

The table reports investor fixed-effect estimates (Panel A) and marginal effects (Panel B) where the dependent variable are the portfolio similarity (DPS$(i, fm)_t$). We use a stacked panel structure over Investor-relationship-year. The regressor are the family relationship (mother, father, sibling or partner), where the base case are the father. In Panel B we present the marginal effects for each family relationship. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table III: Mechanisms of Family Information Transmission

Panel A: Regressions	DPS$(i, fm)_t$	IPS$(i, fm)_t$	DPS$(i, fm)_t$
Mother	0.012***	0.016***	0.011***
	(0.000)	(0.000)	(0.000)
Sibling	0.050***	0.078***	0.010***
	(0.001)	(0.001)	(0.000)
Partner	0.136***	0.209***	-0.021***
	(0.001)	(0.001)	(0.000)
DBS$(i, fm)_t$	0.515***		
	(0.001)		
Mother × DBS$(i, fm)_t$	0.015***		
	(0.001)		
Sibling × DBS$(i, fm)_t$	0.060***		
	(0.001)		
Partner ×DBS$(i, fm)_t$	-0.036***		
	(0.001)		
IPS$(i, fm)_t$			0.837***
			(0.001)
Mother × IPS$(i, fm)_t$			-0.011***
			(0.001)
Sibling × IPS$(i, fm)_t$			0.031***
			(0.001)
Partner × IPS$(i, fm)_t$			0.128***
			(0.001)
Controls	Yes	Yes	Yes
Investor - FE	Yes	Yes	Yes
Year - FE	Yes	Yes	Yes
Constant	0.331***	0.123***	0.156***
	(0.002)	(0.001)	(0.001)
Observations	26,848,580	26,848,580	26,848,580
R-squared	0.608	0.480	0.848
Panel B: Marginal effects			
Mother	0.530***	0.141***	0.825***
	(0.001)	(0.000)	(0.001)
Father	0.515***	0.124***	0.837***
	(0.001)	(0.000)	(0.001)
Sibling	0.575***	0.202***	0.868***
	(0.001)	(0.000)	(0.000)
Partner	0.479***	0.333***	0.965***
	(0.001)	(0.000)	(0.000)

The table reports investor fixed-effect estimates (Panel A) and marginal effects (Panel B). In column 1 the dependent variable are the investor portfolio similarity (DPS$(i, fm)_t$), the regressor are the family relationship (mother, father, sibling or partner) and the buy similarity (DBS$(i, fm)_t$). In column 2 the dependent variable are the independent portfolio similarity (IPS$(i, fm)_t$), the regressor are the family relationship. In column 3 the dependent variable are the investor portfolio similarity (DPS$(i, fm)_t$), the regressor are the family relationship and the independent portfolio similarity (DPS$(i, fm)_t$). In Panel B we present the marginal effects for each family relationship. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table IV: Parental Death and Portfolio Similarity Dynamics

Panel A: Regression	Father death		Mother death	
	DBS$(i, fm)_t$	DPS$(i, fm)_t$	DBS$(i, fm)_t$	DPS$(i, fm)_t$
Sibling	0.017***	0.058***	0.036***	0.082***
	(0.000)	(0.001)	(0.000)	(0.001)
Partner	0.088***	0.166***	0.106***	0.189***
	(0.000)	(0.001)	(0.000)	(0.001)
Parental Death	0.011***	0.053***	0.022***	0.068***
	(0.001)	(0.002)	(0.002)	(0.003)
Sibling × Parental Death	-0.019***	-0.035***	-0.025***	-0.051***
	(0.001)	(0.002)	(0.002)	(0.003)
Partner × Parental Death	0.004**	-0.034***	0.003	-0.034***
	(0.001)	(0.002)	(0.002)	(0.003)
Controls	Yes	Yes	Yes	Yes
Investor - FE	Yes	Yes	Yes	Yes
Year - FE	Yes	Yes	Yes	Yes
Constant	-0.129***	0.288***	-0.134***	0.261***
	(0.002)	(0.002)	(0.002)	(0.002)
Observations	20,113,637	20,113,637	19,594,264	19,594,264
R-squared	0.448	0.573	0.445	0.573
Panel B: Marginal effects				
Mother/Father	0.011***	0.053***	0.022***	0.068***
	(0.001)	(0.002)	(0.002)	(0.002)
Sibling	-0.008***	0.017***	-0.002***	0.017***
	(0.001)	(0.001)	(0.001)	(0.001)
Partner	0.015***	0.018***	0.025***	0.034***
	(0.001)	(0.001)	(0.001)	(0.001)

The table reports investor fixed-effect estimates (Panel A) and average marginal effects (Panel B) where the "Parental Death" are a indicator variable equal to 1 if the investors mother or father passed and 0 if the investors parent are alive. The dependent variable are the buy similarity (DBS$(i, fm)_t$) in column 1 and 3 and portfolio similarity (DPS$(i, fm)_t$) in column 2 and 4. The regressor are the indicator variable "Parental death" and the family relationship (remaining parent, sibling or partner). The renaming parent (mother or father) are use as the base case in the regressions. In Panel B we present the average marginal effects for each family relationship. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table V: Changes in Family Structure and Portfolio Similarity

Panel A: Regression	Relocate - Mother		Relocate - Father		Marriage	
	DBS$(i,fm)_t$	DPS$(i,fm)_t$	DBS$(i,fm)_t$	DPS$(i,fm)_t$	DBS$(i,fm)_t$	DPS$(i,fm)_t$
Mother	0.022***	0.031***	0.018***	0.021***	0.023***	0.036***
	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)	(0.001)
Sibling	0.056***	0.129***	0.062***	0.142***	0.091***	0.209***
	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)	(0.001)
Partner	0.107***	0.181***	0.095***	0.156***		
	(0.001)	(0.001)	(0.001)	(0.001)		
Event	-0.012***	-0.026***	-0.011***	-0.025***	0.004***	0.026***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Mother × Event	0.006***	0.010***	0.007***	0.012***	-0.007***	-0.020***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)
Sibling × Event	0.067***	0.114***	0.065***	0.108***	-0.029***	-0.088***
	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)
Partner × Event	-0.044***	-0.062***	-0.047***	-0.068***		
	(0.002)	(0.003)	(0.003)	(0.004)		
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	Yes	Yes	Yes	Yes	Yes	Yes
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-0.144***	0.266***	-0.146***	0.279***	-0.152***	0.273***
	(0.002)	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)
Observations	11,818,614	11,818,614	9,770,643	9,770,643	9,971,295	9,971,295
R-squared	0.414	0.513	0.409	0.502	0.446	0.570
Panel B: Marginal effects						
Mother	-0.006***	-0.016***	-0.004***	-0.012***	-0.003**	0.006***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Father	-0.012***	-0.026***	-0.011***	-0.025***	0.04***	0.026***
	(0.001	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Sibling	0.055***	0.088***	0.054***	0.083***	-0.024***	-0.062***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Partner	-0.056***	-0.088***	-0.058***	-0.093***		
	(0.002)	(0.003)	(0.003)	(0.004)		

The table reports investor fixed-effect estimates (Panel A) and marginal effects (Panel B) where "Event" are a indicator variable identifying relocation or marriage. In column 1-2 the "Event" variable are equal to 1 if the investor move from the municipality of the mother, and 0 if investor and mother lives in the same municipality, in column 3-4 the "Event" are equal to 1 if the investor move from the municipality of the father and 0 if investor and father lives in the same municipality, and in column 5-6 the "Event" are equal to 1 if the investor enter a marriage and 0 if the investor are unmarried. The dependent variable are the buy similarity (DBS$(i,fm)_t$) in column 1,3 and 5 and portfolio similarity (DPS$(i,fm)_t$) in column 2,4 and 6. The regressor are the indicator variable "Event" and the family relationship (mother, father, sibling or partner). In Panel B we present the marginal effects for each family relationship. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table VI: Heterogeneity analysis

	Buy Similarity				Portfolio Similarity			
Regressor	Age	$\alpha_{fm,t}$	FWR$_{fm,t}$	Financial Education	Age	$\alpha_{fm,t}$	FWR$_{fm,t}$	Financial Education
Panel A: Regressions	DBS$(i, fm)_t$	DBS$(i, fm)_t$	DBS$(i, fm)_t$	DBS$(i, fm)_t$	DPS$(i, fm)_t$	DPS$(i, fm)_t$	DPS$(i, fm)_t$	DPS$(i, fm)_t$
Mother	0.058***	0.019***	0.032***	0.018***	0.119***	0.024***	0.037***	0.024***
	(0.001)	(0.000)	(0.001)	(0.000)	(0.002)	(0.000)	(0.001)	(0.000)
Sibling	0.202***	0.035***	0.053***	0.035***	0.524***	0.079***	0.056***	0.080***
	(0.001)	(0.000)	(0.001)	(0.000)	(0.002)	(0.001)	(0.001)	(0.001)
Partner	0.020***	0.111***	0.165***	0.109***	0.146***	0.189***	0.247***	0.192***
	(0.002)	(0.000)	(0.001)	(0.000)	(0.003)	(0.001)	(0.001)	(0.001)
Regressor	-0.017	-0.005***	0.023***	-0.007***	0.037*	-0.027***	0.039***	0.022***
	(0.013)	(0.001)	(0.000)	(0.001)	(0.015)	(0.001)	(0.000)	(0.002)
Mother × Regressor	-0.001***	-0.008***	-0.002***	-0.011***	-0.003***	0.003**	-0.003***	-0.025***
	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)	(0.002)
Sibling × Regressor	-0.005***	0.007***	-0.001**	-0.020***	-0.013***	0.035***	0.005***	-0.050***
	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)	(0.002)
Partner × Regressor	0.001***	0.003***	-0.010***	-0.050***	-0.002***	0.021***	-0.017***	-0.103***
	(0.000)	(0.001)	(0.000)	(0.002)	(0.000)	(0.001)	(0.000)	(0.003)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.588	-0.126***	-0.190***	-0.124***	-1.156	0.245***	0.130***	0.262***
	(0.509)	(0.001)	(0.002)	(0.001)	(0.594)	(0.002)	(0.002)	(0.002)
Observations	26,848,580	25,907,831	21,371,520	26,848,580	26,848,580	25,907,831	21,371,520	26,848,580
R-squared	0.414	0.411	0.454	0.410	0.533	0.528	0.550	0.521
Panel B: Marginal effects								
Mother	-0.019	-0.013***	0.020***	-0.018***	0.034***	-0.024***	0.036***	-0.003***
	(0.013)	(0.001)	(0.000)	(0.001)	(0.015)	(0.001)	(0.000)	(0.002)
Father	-0.017	-0.005***	0.023***	-0.007***	0.037***	-0.027***	0.039***	0.022***
	(0.013)	(0.001)	(0.000)	(0.001)	(0.015)	(0.001)	(0.000)	(0.002)
Sibling	-0.022	0.002***	0.022***	-0.027***	0.025***	0.008***	0.043***	-0.028***
	(0.013)	(0.001)	(0.000)	(0.001)	(0.015)	(0.001)	(0.000)	(0.002)
Partner	-0.016	-0.002***	0.013***	-0.057***	0.036***	-0.006***	0.022***	-0.080***
	(0.013)	(0.001)	(0.000)	(0.001)	(0.015)	(0.001)	(0.000)	(0.002)

The table reports investor fixed-effect estimates (Panel A) and marginal effects (Panel B) where the dependent variable are the directional buy similarity (DBS$(i, fm)_t$) in column 1-4 and the directional portfolio similarity (DPS$(i, fm)_t$) in column 5-8. The "Regressor" are respectively, the age of the investor, family member alpha ($\alpha_{fm,t}$), Financial wealth rank of the family member ($FWR_{fm,t}$) and financial education. We include the the family relationship (mother, father, sibling or partner) indicator, where the father are the base case, and interact the family relationship with the regressor. In Panel B we present the average marginal effects for each family relationship. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table VII: Portfolio Similarity and Investor Performance

	Buy Similarity				Portfolio Similarity			
	Mother	Father	Sibling	Partner	Mother	Father	Sibling	Partner
	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$
$\text{DBS}(i,fm)_{t-1}$	-0.001**	-0.003***	-0.000	0.004***				
	(0.000)	(0.000)	(0.000)	(0.000)				
$\text{DPS}(i,fm)_{t-1}$					0.005***	0.003***	0.005***	0.002***
					(0.000)	(0.001)	(0.000)	(0.000)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-0.104***	-0.108***	-0.109***	-0.108***	-0.105***	-0.109***	-0.111***	-0.108***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Observations	4,828,363	4,156,304	5,559,723	6,566,453	4,837,899	4,161,531	5,573,779	6,579,701
R-squared	0.393	0.392	0.365	0.370	0.392	0.392	0.365	0.370

The table reports investor fixed-effect estimates where the dependent variable is the investor(i) risk-adjusted return (α), at year(t). In column 1-4 the regressor are the prior year directional buy similarity ($\text{DBS}(i,fm)_{t-1}$) between the investor and family member. In column 5-8 the regressor are the prior year directional portfolio similarity ($\text{DPS}(i,fm)_{t-1}$) between the investor and family member. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table VIII: Family performance and the Returns to Portfolio Similarity

	Buy Similarity				Portfolio Similarity			
	Mother	Father	Sibling	Partner	Mother	Father	Sibling	Partner
	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$
$\text{DBS}(i,fm)_{t-1}$	-0.001***	-0.004***	-0.001*	0.004***				
	(0.000)	(0.000)	(0.000)	(0.000)				
$\alpha_{fm,t-1}$	0.005***	0.003***	0.003***	0.009***	-0.001	-0.000	-0.003***	-0.005***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
$\text{DBS}(i,fm)_{t-1} \times \alpha_{fm,t-1}$	-0.010***	-0.020***	-0.022***	-0.023***				
	(0.002)	(0.002)	(0.002)	(0.001)				
$\text{DPS}(i,fm)_{t-1}$					0.005***	0.003***	0.005***	0.003***
					(0.000)	(0.001)	(0.000)	(0.000)
$\text{DPS}(i,fm)_{t-1} \times \alpha_{fm,t-1}$					0.016***	0.005***	0.015***	0.029***
					(0.001)	(0.001)	(0.001)	(0.001)
Constant	-0.104***	-0.108***	-0.110***	-0.107***	-0.105***	-0.109***	-0.110***	-0.108***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Observations	4,822,197	4,153,276	5,553,322	6,558,761	4,822,197	4,153,276	5,553,322	6,558,761
R-squared	0.393	0.392	0.365	0.371	0.393	0.392	0.365	0.371

The table reports investor fixed-effect estimates where the dependent variable is the investor(i) risk-adjusted return (α), at year(t). In column 1-4 the regressor are the prior year directional buy similarity ($\text{DBS}(i,fm)_{t-1}$) between the investor and family member and the family member prior year risk-adjusted return $\alpha_{fm,t-1}$. In column 5-8 the regressor are the prior year directional portfolio similarity ($\text{DPS}(i,fm)_{t-1}$) between the investor and family member and the family member prior year risk-adjusted return $\alpha_{fm,t-1}$. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table IX: Placebo Tests Using Matched Non-Family Investors

	Buy Similarity				Portfolio Similarity			
	Mother	Father	Sibling	Partner	Mother	Father	Sibling	Partner
	DBS$(i, m)_t$	DBS$(i, f)_t$	DBS$(i, s)_t$	DBS$(i, p)_t$	DPS$(i, m)_t$	DPS$(i, f)_t$	DPS$(i, s)_t$	DPS$(i, p)_t$
Treatment	0.101***	0.088***	0.101***	0.149***	0.201***	0.177***	0.233***	0.293***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	No	No	No	No	No	No	No	No
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-0.039***	-0.090***	0.111***	-0.140***	0.248***	0.134***	0.546***	0.265***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)
Observations	12,562,646	10,827,706	14,223,862	16,604,180	12,583,958	10,840,270	14,259,352	16,635,348
R-squared	0.064	0.055	0.074	0.100	0.103	0.089	0.145	0.167

The table reports regression estimates with time fixed-effects, where the dependent variable are the directional buy similarity (DBS$(i, fm)_t$) in column 1-4 and the directional portfolio similarity (DPS$(i, fm)_t$) in column 5-8 between individuals either in a family relationship (treatment) or matched based on the family members characteristics (control group). The matching are performed using CEM, with the matching characteristics of the family member: Age, Gender, Income, Financial wealth rank, Educational attainment and number of securities. We stack the sample of identified family relationship with the sample of matched relationships to compare the groups. The indicator variable "Treatment" takes the value 1 for investors in a identified family relationships and 0 for investors in a matched relationship. Panel B present the average marginal effects for the treatment group and controll group. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table X: Investor Performance: Real and Placebo Family Links

	Buy Similarity				Portfolio Similarity			
	Mother	Father	Sibling	Partner	Mother	Father	Sibling	Partner
Panel A: Regressions	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$	$\alpha_{i,t}$
Treatment	-0.009***	-0.010***	-0.009***	-0.013***	-0.012***	-0.012***	-0.012***	-0.019***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
DBS$(i, fm)_{t-1}$	-0.015***	-0.025***	-0.018***	-0.018***				
	(0.000)	(0.000)	(0.000)	(0.000)				
Treatment × DBS$(i, fm)_{t-1}$	0.022***	0.027***	0.025***	0.032***				
	(0.000)	(0.000)	(0.000)	(0.000)				
DPS$(i, fm)_{t-1}$					-0.009***	-0.018***	-0.015***	-0.011***
					(0.000)	(0.000)	(0.000)	(0.000)
Treatment × DPS$(i, fm)_{t-1}$					0.023***	0.028***	0.026***	0.033***
					(0.000)	(0.000)	(0.000)	(0.000)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	No	No	No	No	No	No	No	No
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-0.104***	-0.099***	-0.159***	-0.161***	-0.100***	-0.095***	-0.158***	-0.156***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Observations	11,277,579	9,723,886	12,840,926	15,108,423	11,318,278	9,757,888	12,895,013	15,209,238
R-squared	0.213	0.212	0.179	0.180	0.213	0.212	0.179	0.180
Panel B: Marginal effects								
Control group	-0.015***	-0.025***	-0.018***	-0.018***	-0.009***	-0.018***	-0.015***	-0.011***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Treatment	0.007***	0.003***	0.007***	0.014***	0.014***	0.010***	0.011***	0.022***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Difference	0.022	0.028	0.025	0.032	0.023	0.028	0.026	0.033

The table reports regression estimates with time fixed-effects (Panel A) and marginal effects (Panel B), where the dependent variable is the investor(i) risk-adjusted return (α), at year(t). The regressor are the prior year directional buy similarity (DBS$(i, fm)_{t-1}$) in column 1-4 and the prior year directional portfolio similarity (DPS$(i, fm)_{t-1}$) in column 5-8 between individuals either in a family relationship (treatment) or matched based on the family members characteristics (control group) and a indicator variable "Treatment" which takes the value 1 for investors in a identified family relationships and 0 for investors in a matched relationship. The matching are performed using CEM, with the matching characteristics of the family member: Age, Gender, Income, Financial wealth rank, Educational attainment and number of securities. We stack the sample of identified family relationship with the sample of matched relationships to compare the groups. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Appendix

Table A1: Variable definitions

Variable	Definition
Panel A. Dependent variables	
DPS$(i, fm)_t$	Directional portfolio similarity between an investor's portfolio (mutual funds and stocks) and family members' portfolio, calculated using Equation (1).
DBS$(i, fm)_t$	Directional buy similarity between an investor's purchases (mutual funds and stocks) and family members owned securities in the beginning of the year, calculated using Equation (2).
Panel B. Independent variables	
Adopted	Indicator equal to one if the individual is not raised by their biological parents, and zero otherwise.
Age	Investor's age in years.
Birth decade	Decade of birth (1930s–1980s).
Educational attainment	Education level ranging from 1 (less than 9 years of schooling) to 6 (PhD).
Financial education	Dummy variable equal to 1 if the investor has more than three years of university education in business and economics.
(ln) Financial wealth	Natural logarithm of prior-year financial wealth.
FWR	Financial wealth ranked into quintiles (1–5) within year and birth decade.
(ln) Income	Natural logarithm of prior-year disposable income.
IPS$(i, fm)_t$	Independent portfolio similarity between an investor's portfolio (mutual funds and stocks) and a family members' portfolio. The IPS$(i, fm)_t$ is calculated as the investor portfolio weight compared against the family members portfolio weight, conditional on no other family members owning the same security.
$IVOL_{i,t}$	Standard deviation of residuals from a time-series regression of daily excess stock returns on market, SMB, and HML factors. Swedish factors for stocks, global for mutual funds.
Married	Dummy equal to 1 if investor is married.
Number of securities	Number of securities (stocks and mutual funds) held by the investor.
Parental death	Dummy equal to 1 if investor's mother or father passes during sample period.
Portfolio return ($r^e_{i,t}$)	Value-weighted return using lagged portfolio weights, including capital gains and dividends.
Portfolio volatility ($\sigma_{i,t}$)	Standard deviation of portfolio returns.
Risk-adjusted returns ($\alpha_{i,t}$)	Annualized Carhart alpha using MSCI Sweden and STIBOR as risk-free rate. Winsorized at 1%.
Risky asset share	Share of stocks and mutual funds in total financial wealth.
Relocation	Dummy equal to 1 if investor lives in different municipality than parents.
Year	Calendar year of observation.

Notes: This table defines all variables used in the analysis. fm, m, f, s, p, and i denote family member, mother, father, sibling, partner, and investor, respectively.

Table A2: Fractional Logistic- Portfolio and Buy similarity

Panel A: Regressions	BPS$(i, fm)_t$	DPS$(i, fm)_t$
Mother	0.130***	0.088***
	(0.002)	(0.002)
Sibling	-0.018***	0.122***
	(0.002)	(0.002)
Partner	0.486***	0.598***
	(0.002)	(0.002)
Controls	Yes	Yes
Constant	-1.476***	1.071***
	(0.009)	(0.009)
Observations	27,081,546	27,081,546
Panel B: Marginal effects		
Mother	0.139***	0.280***
	(0.000)	(0.000)
Father	0.125***	0.263***
	(0.000)	(0.000)
Sibling	0.123***	0.287***
	(0.000)	(0.000)
Partner	0.187***	0.392***
	(0.000)	(0.000)

The table reports fractional logistic estimates (Panel A) and marginal effects (Panel B) where the dependent variable are the investor buy similarity (DBS$(i, fm)_t$) in column 1 and portfolio similarity (DPS$(i, fm)_t$) in column 2. We use a stacked panel structure over Investor-relationship-year. The regressor are the family relationship (mother, father, sibling or partner), where the base case are the father. In Panel B we present the marginal effects for each family relationship. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table A3: Average Treatment Effects and Event-Study: Parental Death

	Mother death			Father death		
	$\text{DBS}(i,f)_t$	$\text{DBS}(i,s)_t$	$\text{DBS}(i,p)_t$	$\text{DBS}(i,m)_t$	$\text{DBS}(i,s)_t$	$\text{DBS}(i,p)_t$
Panel A: Treatment Effect						
ATT	0.001***	0.018***	-0.003**	0.001***	0.017***	-0.002
	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.001)
Panel B: Event-Study						
Pre-avg ATT	-0.000	-0.000	-0.000	-0.001***	-0.000	-0.000
	(0.001)	(0.00)	(0.000)	(0.000)	(0.000)	(0.001)
Post-avg ATT	0.001***	0.019***	-0.003**	0.001***	0.018***	-0.002
	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.001)

The table reports staggered difference-in-differences estimates of buy similarity from eq.2 surrounding parental death. We use an event window of three years prior to the event and three years after the event. Estimates are based on the Callaway and Sant'Anna (2021) approach. The treatment group(s) consists of investors with parent passing during the sample period and not yet treated are used as the control group. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. ${}^{*}p < 0.05$, ${}^{**}p < 0.01$, ${}^{***}p < 0.001$. Robust standard errors are computed using wild bootstrap.

Table A4: Average Treatment Effects and Event-Study: Relocation and Marriage

	Marriage			Move			
	$\text{DBS}(i,m)_t$	$\text{DBS}(i,f)_t$	$\text{DBS}(i,s)_t$	$\text{DBS}(i,m)_t$	$\text{DBS}(i,f)_t$	$\text{DBS}(i,s)_t$	$\text{DBS}(i,p)_t$
Panel A: Treatment Effect							
ATT	-0.004***	-0.003***	-0.008***	-0.004***	-0.005***	-0.007***	-0.004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.003)
Panel B: Event-Study							
Pre-avg ATT	-0.001	-0.001	-0.002*	0.001	0.000	0.002*	-0.000
	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)
Post-avg ATT	-0.004***	-0.003***	-0.008***	-0.005***	-0.006***	-0.007***	-0.003
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.003)

The table reports staggered difference-in-differences estimates of buy similarity from eq.2 surrounding changes in Family structure events. We use an event window of three years prior to the event and three years after the event. Estimates are based on the Callaway and Sant'Anna (2021) approach.In column 1-3 the event are entering into the marriage and in column 4-7 are the relocation from the municipality that the mother lives in. The treatment group(s) consists of investors with marriage or relocating from the mother during the sample period and not yet treated are used as the control group. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. ${}^{*}p < 0.05$, ${}^{**}p < 0.01$, ${}^{***}p < 0.001$. Robust standard errors are computed using wild bootstrap.

Table A5: Portfolio volatility and Portfolio similarity

	Buy Similarity				Portfolio Similarity			
	Mother	Father	Sibling	Partner	Mother	Father	Sibling	Partner
	$\sigma_{i,t}$	$\sigma_{i,t}$	$\sigma_{i,t}$	$\sigma_{i,t}$	$\sigma_{i,t}$	$\sigma_{i,t}$	$\sigma_{i,t}$	$\sigma_{i,t}$
DBS$(i, fm)_{t-1}$	0.016***	0.021***	0.018***	0.012***				
	(0.000)	(0.000)	(0.000)	(0.000)				
DPS$(i, fm)_{t-1}$					-0.003***	0.005***	0.003***	0.000
					(0.000)	(0.000)	(0.000)	(0.000)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.253***	0.256***	0.255***	0.252***	0.254***	0.255***	0.253***	0.252***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Observations	4,833,443	4,160,917	5,565,013	6,572,119	4,842,987	4,166,150	5,579,082	6,585,378
R-squared	0.797	0.798	0.797	0.803	0.796	0.798	0.797	0.803

The table reports investor fixed-effect estimates where the dependent variable is the investor(i) portfolio volatility (σ), at year(t). In column 1-4 the regressor are the prior year directional buy similarity (DBS$(i, fm)_{t-1}$) between the investor and family member. In column 5-8 the regressor are the prior year directional portfolio similarity (DPS$(i, fm)_{t-1}$) between the investor and family member. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table A6: Idiosyncratic volatility and Portfolio similarity

	Buy Similarity				Portfolio Similarity			
	Mother	Father	Sibling	Partner	Mother	Father	Sibling	Partner
	$IVOL_{i,t}$	$IVOL_{i,t}$	$IVOL_{i,t}$	$IVOL_{i,t}$	$IVOL_{i,t}$	$IVOL_{i,t}$	$IVOL_{i,t}$	$IVOL_{i,t}$
DBS$(i, fm)_{t-1}$	0.001***	0.003***	0.003***	0.003***				
	(0.000)	(0.000)	(0.000)	(0.000)				
DPS$(i, fm)_{t-1}$					0.001***	0.005***	0.004***	0.002***
					(0.000)	(0.000)	(0.000)	(0.000)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.152***	0.154***	0.154***	0.148***	0.152***	0.153***	0.153***	0.148***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Observations	4,833,454	4,160,929	5,565,020	6,572,124	4,842,998	4,166,162	5,579,089	6,585,383
R-squared	0.725	0.727	0.722	0.726	0.725	0.727	0.722	0.726

The table reports investor fixed-effect estimates where the dependent variable is the investor(i) idiosyncratic volatility ($IVOL$), at year(t). In column 1-4 the regressor are the prior year directional buy similarity (DBS$(i, fm)_{t-1}$) between the investor and family member. In column 5-8 the regressor are the prior year directional portfolio similarity (DPS$(i, fm)_{t-1}$) between the investor and family member. Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.

Table A7: Adoptive and Biological Family Links

	Biological Parents				Adoptive Parents			
	Mother	Father	Mother	Father	Mother	Mother	Father	Father
	DBS$(i, bm)_t$	DBS$(i, bf)_t$	DPS$(i, bm)_t$	DPS$(i, bf)_t$	DBS$(i, m)_t$	DPS$(i, m)_t$	DBS$(i, f)_t$	DPS$(i, f)_t$
Adopted	-0.123***	-0.110***	-0.269***	-0.254***	0.039***	0.083***	0.028***	0.065***
	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)	(0.001)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investor - FE	No	No	No	No	No	No	No	No
Year - FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.077***	-0.020***	0.649***	0.425***	0.003***	0.011***	0.005***	0.014***
	(0.002)	(0.002)	(0.003)	(0.003)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	6,360,718	5,515,884	6,360,718	5,515,884	6,444,778	6,444,778	5,683,892	5,683,892
R-squared	0.038	0.033	0.036	0.037	0.051	0.098	0.036	0.075

The table reports regression estimates with time fixed-effects, where the dependent variable are the directional buy similarity (DBS$(i, fm)_t$) or the directional portfolio similarity (DPS$(i, fm)_t$). The indicator variable "Adopted" are a dummy variable equal to 1 if the investor are adopted and 0 if the investor are raised by their biological parent. In column (1-4) the directional portfolio (buy) similarity are calculated between the investor and the biological parents and in column (5-8) the directional portfolio (buy) similarity are calculated between the investor and parent which raised the investor (if adopted, the adoptive parent and the biological parent for non-adopted investors). Control variables included are; (ln) Income, (ln) Financial wealth and number of securities. Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors are clustered at the investor-level.