## KPMG report shows women-owned hedge funds outperform males ${ }{ }^{\prime}$

(HedgeWeek) - This year's KPMG hedge fund report was done in partnership with Hedge Fund Research and focused on the role of women in the industry.

The 'Women in Alternative Investments Report (WAI Report or Report)' shows, that the alternatives industry is in a state of transformation. The authors write: "Fund managers have become more focused than ever on improving operational effectiveness, transparency, and alignment of interests. With the overwhelming majority of industry professionals expecting increased competition for capital and the growing influence of institutional investors, many funds plan to introduce new strategies, more customised products, and changes in fee structures. The larger funds are getting bigger, attracting the lion's share of available capital, while mid-sized and smaller funds fight for remaining capital."

According to many of the correspondents to the survey, women-run funds may find capital-raising more challenging than their male peers. "This finding is rather striking given that the HFRI Women Index shows that women-owned or -managed hedge funds outperform the industry as a whole."

The authors write that in light of this disconnect, their report seeks to spotlight both women's successes and their challenges in order to further the dialogue about women in alternatives and to hopefully continue to move the needle.

Some 328 female alternative investment fund managers, investors and other professional in the industry contributed their insights for the report.

## Key themes include:

- The majority of fund and investor respondents expect investment opportunities for alternative investment firms will increase in the next 18 months, but they also expect it will take longer for investment positions to yield positive returns.
- Most fund and investor respondents expect fund launches will increase in the next 18 months.
- Expected performance for hedge funds is more optimistic than that of private equity and venture capital funds over the next 18 months, with 44 per cent of fund and investor respondents expecting hedge fund performance will improve but only 37 per cent expecting improved performance for private equity and only 34 per cent expecting improved venture capital performance.
- Capital-raising is the most pressing concern for our fund respondents across sectors, more so than core investment functions.
- Eighty-eight per cent of hedge fund respondents and 64 per cent of private equity and venture capital respondents plan to be on the fundraising trail in the next 18 months.
- Hedge fund respondents (at 32 per cent) were more likely than their private equity and venture capital counterparts (at 14 per cent) to have pursued emerging manager mandates. Of these groups, only 7 per cent obtained funding.
- One-third of investor respondents, including fund of funds, have an emerging manager program or
fund, and 4 per cent plan to implement one in the next 18 months.
- Seven per cent of investors, including fund of fund respondents, have specific mandates for women-owned or -managed funds. Women-owned or -managed funds represent a small portion of surveyed investors' portfolios, with 67 per cent of investors allocating one-tenth or less to womenowned or -managed funds.
- None of the investors surveyed expect a decrease in their allocations to women-owned or managed funds, and 26 per cent expect an increase.
- Seventy-two per cent of investors surveyed say the greatest barrier to investing in women-owned or -managed funds is lack of supply of such funds.
- Women are most often seen in C-level positions in compliance, marketing, and financial roles at alternative investment funds, and they represent 14 per cent of CEOs and 21 per cent of CIO/Portfolio Manager roles in the firms represented in our survey.
- Eighteen per cent of fund respondents plan to be managing their own fund in the next five years, and 11 per cent plan to launch a new fund.
- Women-owned and -managed hedge funds have outperformed both the HFRI and HFRX composites of hedge fund performance nearly every year since 2007, the first year HFR launched diversity indices. Since 2007, the annualised returns of the HFRI Women Index were 5.64 per cent, whereas the HFRI Fund Weighted Composite ("FWC") Index had an annualised return of 3.75 per cent and the HFRX Global Hedge Fund Index of negative 0.39 per cent.
- Since 2007, the annualised returns of the HFRI Women Index were 5.64 per cent whereas the HFRI FWC Index had an annualised return of 3.75 per cent and the HFRX Global Hedge Fund Index had an annualised return of negative 0.39 per cent.
- Since 2007, the HFRI Women Index had a total return of 59.43 per cent, whereas the HFRI FWC Index had a total return of 36.69 and the HFRX Global Hedge Fund Index had a total return of negative 3.28.

By Beverly Chandler for Hedgeweek.com
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