

# Women-Run Hedge Funds Outperform Male Counterparts

Stockholm (HedgeNordic) – The average return generated by female-run hedge funds during the first seven months of 2017 was more than twice as high as the return delivered by the average male-run hedge fund. While one should not fall into the trap of ignoring sample size, there is clear evidence women are at least as good as men at investing.

The HFRX Women index, which tracks the performance of women-run hedge funds, returned 9.95% in the first seven months of the year, while the HFRI Fund Weighted Composite index returned a mere 4.81%. Indeed, women are under-represented in the hedge fund industry and asset management industry in general, which could partly explain the significant outperformance of female-run funds. However, the figures revealed above is not the only piece of evidence showing that women are equally as good as men at investing, if not better.

Researchers Brad Barber and Terrace Odean at the University of California examined around 35,000 investment accounts at a large discount brokerage, and found that women achieved better results than men. Interestingly enough, the study did not conclude that women were better stock pickers than men, as the actual returns of stocks picked by both genders were not significantly different. Instead, Barber and Odean concluded that overconfidence among men led to increased trading activity, which resulted in lower performance after brokerage costs were subtracted.

Nicole Boyson, an associate professor of finance at Northeastern University in Boston, told Financial Times that while it was not evident whether women were better fund managers than men over the long haul, “we can say pretty definitely that women are not worse performers.” Data shows that women control less than 1% of the \$3 trillion in assets managed in the hedge fund universe, which means a lot more women will need to join the hedge fund industry to solve the severe gender imbalance among fund managers. “We definitely need more women in fund management, because we bring slightly different approaches to analysis and risk. Our diversity is complementary,” said Helena Morrissey, head of personal investing at asset manager Legal & General Investment Management.