

Billie Jean, YOU are the One

By Mariko Gordon

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For a middle-aged woman, I've been paying a lot of attention to tall and tattooed young men lately, thanks to my son Lucas's newfound passion for basketball. Because of him, my lifetime professional basketball game attendance is up a mere 3,000% or so in the last six months.

We've had a lot of fun, and I enjoy watching the guys duke it out. Even so, **the highlight of my basketball experiences this year was going to Madison Square Garden to see the WNBA Liberty take on the Connecticut Sun.**

That's because Billie Jean King was there. When the announcer called her name, she stood up and waved. The crowd went wild. So did I.

Billie Jean rocked my world in 1973. I was an eleven-year-old girl in desperate need of role models when **she beat professional Male Chauvinist Pig and master showman Bobby Riggs in "[The Battle of the Sexes](#)."** At that moment, a world of possibilities opened up to me.

An unexpected bonus at the WNBA game was that **many of the men's rooms had been temporarily converted into women's rooms**, given that women vastly outnumbered the men there. If you don't think this is a topic worthy of mention in a newsletter, it's a fair bet that you are not female.

Every woman knows that there's a law of the universe that states that the women's room 1.) must always be miles farther away than the men's room and 2.) must always have a long line. (This is such a grave injustice that in 2005 Mayor Bloomberg signed the Women's Restroom Equity Act [aka "the potty parity act"] to remedy this sorry state of affairs, at least in New York City.)

Contrast this to my experience a few days later at the [14th Ira Sohn Investment Research Conference](#) held at the Jazz at Lincoln Center auditorium. This much anticipated and well-respected event, where investment luminaries share money-



making strategies, raises millions for children's cancer programs. This benefit is an example of Wall Street at its finest and most generous.

This time, however, when I went to the ladies' room at the conference, it was COMPLETELY EMPTY. Yes, there were a few of us dames among the hundreds of men in attendance, but it was sad to me how few there were.

Of the eleven speakers that day, none were women.

This is not unusual. **Take the well-regarded and thoroughly enjoyable publication *Value Investing*, which features interviews of money managers.** The same puzzling absence of females bugged me so much that I asked an intern to troll through back issues and keep a tally. In this "battle of the sexes," the score was a precise Women: One; Men: One kazillion.

Let me start by saying that I'm sure this lack of inclusivity is not deliberate. We rely on our networks, and our networks tend to be made up of people just like us, so it's easy to unintentionally perpetuate the status quo.

But it's a problem for our industry and a problem for your investments. **Because if you believe the volume of research that shows women invest differently than men (some have argued *better* than men), a single-sex portfolio is an undiversified, riskier portfolio.**

Here are but a few samples from the mounting evidence:

1. "Using account data for over 35,000 households from a large discount brokerage, we analyze the common stock investments of men and women from February 1991 through January 1997. We document men trade 45 percent more than women. Trading reduces men's net returns by 2.65 percentage points a year as opposed to 1.72 percentage points for women." ("Boys will be Boys: Gender, Overconfidence, and Common Stock Investment." Brad M. Barber and Terrance Odean. *The Quarterly Journal of Economics*, February 2001.)
2. "Across two experiments, men who thought others of equal status were viewing and evaluating their decisions were more likely to favor a high risk/high gain means of recouping a monetary loss over a no risk/low gain means with equal expected value." ("Relative status regulates risky decision making about resources in men: evidence for the co-evolution of motivation and cognition." Elsa Ermer, Leda Cosmides and John Tooby. University of California, Paper 2997, September 2007.)
3. "We find that female [mutual fund] managers are more risk averse, follow less extreme and more consistent investment styles and trade less than male



managers. Although their average performance does not differ, male managers achieve more extreme performance outcomes and show less performance persistence. Nevertheless, female managers receive significantly lower inflows, particularly from institutional investors." ("Sex Matters: Gender Differences in the Mutual Fund Industry." Alexandra Niessen and Stefan Ruenzi. McCoombs School of Business, University of Texas [Austin] and Centre for Financial Research, Cologne.)

Here's the point. Whether because of biology, evolution or social conditioning (or some combination of all three), it seems pretty clear that there are important differences between how men and women invest. **And just as a diversified portfolio is a cornerstone of sound and disciplined investing, diversified approaches - i.e. approaches that draw upon the best tendencies of both sexes - are needed in the battle to maximize returns.**

Intrigued? Have a look at "[Women in Fund Management - A Road Map for Achieving Critical Mass - and Why it Matters](#)," a new report by The National Council for Research on Women. Among other things, **the report explores what can be done to fill the empty women's rooms at investment research conferences.**

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