

Fund Objective:

Makeda Fund invests in US companies with female CEOs. We believe this asset class is well-managed and exhibits strong value creation for long-term holdings. The long-only fund is a diversified, multi-cap, equity fund holding companies with greater than \$500 million in revenue. Exclusions are tobacco, firearms and gambling.



Makeda Interview with Meredith Jones, Author, Women of the Street Why Female Money Managers Generate Higher Returns (And How You Can Too)

MC: What led you to do research on women and minority-owned hedge funds?

MJ: I started working at Van Hedge Fund Advisors as a researcher in March 1998 and I didn't meet another woman who had a job similar to mine until 2007. I was often the only woman speaker on panels, and I never had to wait in line for the bathroom at industry events. I guess my point is that it was a bit lonely being a woman in the industry. I started researching small and young funds in 2006 and discovered significant outperformance. In 2010, I turned my attention to diversity in investing, writing a white paper called "Affirmative Investing" for Barclays in 2011. Then, in part based on my own early experience in the industry, focused exclusively on women in investing for my book "Women of The Street: Why Female Money Managers Generate Higher Returns (And How You Can Too)." Given my rather lonely start in the industry, I found it pretty fascinating that there appeared to be a performance edge and talent pool that had been largely overlooked by Wall Street. I made it part of my mission to help correct that oversight, and over time, others have begun to jump on the diversity bandwagon. Overall, the response to the research has been positive, and I plan to continue to advocate for women in investing, as well as for smaller, newer and minority managers, in the future. I truly believe in diversified portfolios and differentiated returns and feel that you can only achieve those objectives if you evaluate cognitive and behavioral factors in the manager screening, selection and portfolio construction process.

MC: What's the biggest shift you have seen since you started the research?

MJ: In 2006, people were shocked when my research revealed that smaller and newer funds outperformed. The information was novel and ground breaking and, at least in a few memorable cases, almost unbelievable. Now, it seems the concept that emerging managers have the capacity to outperform has become nearly universally accepted, although execution of an emerging manager strategy remains a complex issue for many investors. Likewise, in 2011, when Barclays released the Affirmative Investing paper, it was so novel that it popped up in nearly every conversation about investment diversity. Now, there are a number of investor programs, conference agendas and industry organizations focused on diversity. While I recognize that I was not the sole impetus behind these changes, I would like to think that I was influential in pushing both of these initiatives. There are now 26 states with emerging manager initiatives on the books, and I'm delighted to see that. Of course, at the same time, there hasn't been a significant change in the number of women or minority owned firms, overall, diversity on the investment side of the fund management industry remains low, and smaller managers continue to struggle to attract assets, so there's still a LONG way to go.

MC: What changes do you think we will see over the next 3-5 years?

MJ: There is a growing awareness that non-financial factors can have a significant impact on returns and risk, both at a company/investment level and on a fund management level. As a result of continued research into this area, I expect we will continue to see investors become more engaged in corporate governance, environmental and social issues (ESG), including diversity at board, management and convergence into investor levels. Assuming the data continues to reveal that diverse teams or investments can create better financial outcomes, questions about diversity could become standard within both investment and operational due diligence. Should that happen, firms will need to actively seek diversity to secure investors, which could theoretically accelerate hiring of both women and minorities. It's hard to say when we may reach that tipping point, but I think we definitely will eventually.

MC: What information surprised you the most from your book *Women of The Street*?

MJ: When I was writing *Women of The Street* I often had conversations about the project with women outside of the investment industry. When they asked me what my book was about, I would always say "It's about how women are better investors than men." The response I got was always the same: "REALLY?"

It seems that culturally, women have been almost left out of the investment arena. Their financial advisor is most likely a man (70%). When they go to their financial advisor, the conversation is often with their spouse. In fact, I was recently talking with an endowment fundraiser who said that her team had to be counseled not to ignore the women in the room during a fundraising meeting. There can be a lot of jargon involved with investing, and the trend is often to make it too opaque for men or women. The media also celebrates the big splashy risky bets that people make in investing, and that's just not how the typical woman invests. A woman takes risks, but they tend to be more calculated risks.

When you put all that together, I think women can be very put off by the investing industry and investing in general. They know they need money for retirement. In fact, they need MORE money for retirement because they live longer than men. But the industry hasn't done much to embrace the way that women invest or the way they want to communicate. It also hasn't given them many successful role models that show them that you can be a successful investor wearing a skirt and heels as well as a Brooks Brothers suit. As someone steeped in this industry for nearly 19 years, I didn't realize how foreign the financial industry really was to many women.

Notable Articles: Women in the News:

- [The Wrong Way - Fewer Female CEOs](#)