

Bridgewater, Baupost, Man Boost Diversity, Recruitment Efforts

By Lydia Tomkiw April 7, 2021

The ongoing global pandemic has only increased attention on diversity and inclusion efforts across asset management, and firms such as Baupost Group and Man Group reported improved numbers this year despite the disruptive events.

For the fourth year in a row, *FundFire Alts* asked the largest hedge funds, including AQR Capital Management, Bridgewater Associates, D.E. Shaw Group and Millennium Management, about the number of women in their ranks and their efforts to hire and retain staff.

FundFire Alts first surveyed 10 of the largest hedge funds in 2018 and expanded the pool of respondents in 2019 and 2020 surveys. In the survey's fourth year, 15 of the largest funds, as tallied by Preqin – excluding those housed within larger financial institutions – were asked how many senior positions and how many senior investment roles are held by women, how many women were hired over the past year and during the most recent quarter, and what initiatives and efforts are in place to increase and retain the number of women in their ranks. A new question added this year asked firms if they had set any diversity goals or targets and if so, to outline them.

This year's survey had the highest response rate to date, underscoring the ongoing and growing attention on issues of diversity in the alternatives industry.

More attention and pressure have built up on diversity and inclusion efforts in the hedge fund market, with investors requesting information and asset managers being more forthcoming, says Meredith Jones, a partner and global head of ESG advisory at Aon. One-to-one information exchange – from manager to investor – is giving way to greater transparency, she adds.

“I don't think anyone is surprised if your numbers are bad – diversity numbers in asset management are a problem. That's why people are focused on it,” she says. “Investors are looking for directionality. What are you doing to make improvements?”

Globally, women make up 20.3% of employees across alternatives segments. But hedge funds remain one of the lowest, with women making up 18.6% of hedge fund employees and only 10.9% of senior hedge fund employees, according to the latest data from Preqin.

AQR, Baupost, Bridgewater, Citadel, the D.E. Shaw Group, Man Group, Marshall Wace, Millennium, and Two Sigma Investments responded in varying degrees to *FundFire's* survey.

Renaissance Technologies declined to comment. Spokespersons for Elliott Management, Viking Global Investors, Adage Capital Management, Davidson Kempner Capital Management and Farallon Capital Management did not respond to multiple requests for comment.

The Survey Says

For the fourth year in a row, Seth Klarman's Baupost provided detailed responses, reporting that as of the end of March, 25% of senior positions at the firm are held by women and 8% of senior investment roles are held by women, a growth of four percentage points since last year. Last year, 53% of new hires at the Boston-based firm were women and 40% of investment team hires were women. During the first quarter of this year, 50% of new hires were women, while no investment team hires were women. Total representation of women on the investment team stands at 17%, up four percentage points from last year.

Baupost is continuing previously reported efforts and relationships with Girls Who Invest and Seizing Every Opportunity (SEO), and has a guest speaker series that has hosted discussions on diversity topics. The firm expanded its leave program to match a new Massachusetts law that came into force in January and is paying out 100% of salary for parental leave – higher than the legal requirement. The \$29 billion firm has not set specific goals or targets but will continue to prioritize improving its numbers, according to a spokesperson.

Bridgewater, the world's largest hedge fund with approximately \$150 billion under management, reported its figures for the third year. As of January, 20% of senior roles are held by women and 19% of senior investment roles are held by women. Overall, 37% of the firm identifies as women and Bridgewater now publishes this information on its website as well as its pay equity data. Last year, 27% of all hires were women and 43% of investment team hires were women. During the first quarter, 54% of all hires were women, but it made no investment hires as those are typically made later in the year.

New this year, Bridgewater reports that post-pandemic most employees will have the option to work up to three days at home and two days in the office. Additionally, the firm completed an overhaul of its employee benefits last year that includes fully paid parental leave as well as a parental ramp back program that includes an option to work part time after leave.

The Connecticut-based firm is continuing to build on previously reported efforts with partner organizations and campus groups focused on women, while also supporting internal employee affinity networks. Bridgewater hosts an all expenses paid multiday immersion program – though held virtually during the pandemic – that brings candidates from underrepresented groups onsite to learn about the firm's culture and business. The firm continues to invest in its multiyear curriculum that develops investment talent with individuals who do not have previous portfolio experience. The firm requires unconscious bias training for all employees and regularly hosts speakers on diversity topics.

“Our long-term aspiration is to reach critical mass, where women, underrepresented minorities, LGBTQ+ identifying people and more, are well represented at every level and position of influence within our firm,” said Alan Bowser, chief diversity officer at Bridgewater, in the emailed survey response. “Within that context, we are currently exploring setting additional aspirational targets across both representation and inclusion.”

AQR reported that at the end of 2020, women made up 24% the firm's global workforce and that 28% of the firm's managing directors were women, an increase from 25% the previous year. In 2020, 28% of the firm's new hires were women, and 16% of the investment team's new hires were women, according

to the firm's survey response. AQR did not provide a specific figure for the number of senior investment roles held by women, but said it increased in 2020.

AQR has continued to build on its recruiting strategies with partnerships, structured interviews and direct engagement. The firm launched its early engagement women's summit, a program for second year college students, in 2018 and partners with undergraduate organizations.

Internally, the firm's Women's Initiative Network is led by 10 senior women and sponsors programs and activities. The Connecticut-headquartered firm also has leadership programs aimed at women, including a six-month program for senior women and a three-month program for v.p.s and associates.

"We are focused on nurturing and developing our talented community of women — at all stages — from recruiting and retention, to development and promotion," said Jen Frost, principal and chief human resources officer at AQR.

Man Group, which releases a yearly public diversity and inclusion report, stated that the proportion of women in senior management roles hit 25% in 2020, up from 16% in 2016, allowing the firm to achieve its target set with the Women in Finance Charter. Man is now targeting 27.5% female representation in senior management roles by the end of 2022 and 30% by the end of 2024. The \$123-plus billion firm achieved parity on its board last year. CEO Luke Ellis and Chairman John Cryan are signatories to the 30% Club, a campaign focused on increasing board and senior management diversity levels.

In new efforts, Man became an official sponsor of Girls Who Invest last year and launched a partnership with Girls Are INvestors (GAIN), which will also entail participating in their newly launched internship program for young women. Man is a founding member of the #100BlackInterns program that launched last year and is also part of #10000BlackInterns. This summer Man is offering an internship through #100BlackInterns in a frontline investing position. It also has committed to offering at least one internship within its infrastructure teams to a Black candidate beginning in the summer of 2022 through #10000BlackInterns.

Man continues to build on previously reported efforts, including its Paving the Way pipeline initiative and Returner program as well as its Women at Man internal network, which launched mentoring circles last year and has run master classes.

D.E. Shaw pointed to its efforts to expand its candidate pool, noting that women and non-binary individuals make up approximately 40% of its 75-person 2021 intern class. The firm participated in over 100 virtual campus events last year and in early 2021, with close to a third specifically for women interested in finance and technology. It sponsors organizations such as 100 Women in Finance, Girls Who Invest and Grace Hopper Celebration of Women in Computing.

D.E. Shaw continues to support internal groups, including DESCO Women and DESCO Caregivers. In response to the pandemic, the \$55 billion firm enabled employees to take extra days of fully paid caregiver leave last year and this year. It also hosted a virtual summer camp for children and will offer online programming this spring.

"At the D. E. Shaw Group, equity and inclusion animate our approach to identifying and hiring the most talented people to join us and advance their careers here," said Jeremy Reff, head of recruiting, in a statement. "Accordingly, we refuse to let systemic inequality in the talent pipeline be an excuse for under-representative hiring."

Citadel highlighted new efforts, including forming an internal diversity and inclusion working group last year comprised of senior stakeholders, with COO Gerald Beeson serving as the executive sponsor. The group meets regularly and is focused on expanding recruiting efforts, broadening internal training and development, employee civic leadership and community engagement.

The Chicago-headquartered firm increased its emphasis on campus recruiting, attending and hosting events with a variety of Women in Computer Science and Society of Women Engineers chapters across the U.S. The firm has partnered with DS4A Empowerment, as reported, and The Last Mile Education Fund. Later this month, Citadel is hosting its first Discover Citadel Women's Welcome Event for undergraduate students to hear from women at Citadel about careers in finance.

The \$34 billion firm is continuing to build on its previously reported efforts, including its Data Open and internal CONNECT// series and continues to sponsor 100 Women in Finance.

For the fourth year, Marshall Wace provided a statement from a spokesperson noting it “employs a number of women in senior roles, particularly in the investment, quantitative and technology fields, which make up a significant proportion of our headcount.” The U.K.-headquartered firm said it continues to work with industry bodies and groups and pointed to its partnership with Correlation One.

New Respondents

Responding for the first time to the survey, Millennium reported hiring Adebola Osakwe this year as the firm's first global head of talent and diversity responsible for overarching diversity and inclusion planning at the firm, according to a spokesperson.

Last year, Millennium launched an entry-level partnership program for research analysts from diverse backgrounds that participate in a year long rotation program within UBS' research division. After completion, analysts return to Millennium within one of its equities portfolio management teams in New York. Millennium is planning to launch the program in London this year.

The \$48 billion-plus firm pointed to partnerships with Grace Hopper and Power to Fly. Millennium also has internal groups, including Women of Millennium, which launched two years ago and is focused on supporting, empowering and connecting women, and Women in Technology and Women in Investing, which launched this year.

Two Sigma also responded in part to *FundFire's* survey for the first time. The \$58 billion firm said over the last decade it has taken steps to increase the number of women who interview and are hired. The firm has been a sponsor of the Grace Hopper Celebration since 2013 and sponsors Correlation One's Data Science 4 All Women Summit, the Women in Data Science conference, Women Who Code, Harvard's Black Women in STEM and the NeurIPS Women in Statistics and Data Science organization, according to its survey response. The firm also noted it has partnered with an external consulting firm to evaluate its recruiting process in order to ensure its objectivity and mitigate bias.

Internally, Two Sigma pointed to initiatives to retain women and help them advance in their careers, including four employee resource groups, such as Women at Two Sigma (W@TS), which launched in 2016. The firm's learning and development team and W@TS partnered on a formal mentoring program in 2018. Two Sigma also noted it has expanded career advancement efforts focused on removing biases and increasing opportunities with an internal opportunities website, annual reviews that have transparent and objective dimensions for promotion as well as a self-nomination process. Over the course of the

pandemic, Two Sigma said it expanded resources, including talks and coach sessions for working parents.

‘Who Have You Interviewed?’

Multiple recruiters told *FundFire* that diversity is top of mind for large hedge funds when hiring.

“People are asking more and more for stats in our searches. What’s the breakdown of people you’ve called?” says Melissa Norris, founding partner at Jamesbeck, a woman-owned executive search firm.

That push for diverse slates shows no signs of slowing. “It’s going to continue until the makeup of investment management firms mirror the community at large more closely,” Norris says.

Attention on diversity and inclusion efforts is not going away, especially as environmental, social and governance (ESG) investing takes even greater root, Aon’s Jones says. Hedge funds can improve diversity numbers, but just may have to work a little harder, especially smaller firms.

“I would really like to see the numbers start to move,” she says. “Even though the percentage of women in hedge funds is higher than when I started in this industry, it’s still nowhere near where it should be.”