



# SHATTERING GLASS

**THE GLASS CEILING FOR WOMEN IN THE HEDGE FUND SPACE IS PAPER-THIN, BUT BURSTING THROUGH REQUIRES TOUGH CHOICES.**

**BY ROMANA KING**, *associate editor of Advisor's Edge Report.*

**NANCY** McCulver\* thought she struck gold when, in the late 1980s, she went to work for a large, multinational bank based in the U.S. The only woman on a team specializing in international mergers and acquisitions, with an eye on hedge fund management. Her science and math background certainly helped.

The job involved complex matters often culminating in high-stress situations, and working 14- to 16-hour days was par for the course. But the biggest difficulty, recalls McCulver, “was [fighting] to be taken seriously as a young woman.”

Despite her tribulations, she’s optimistic about her early experience. “You have to be better than anyone else in your group and you have to bring successes to the table that can clearly be delineated—successes that have an attached dollar amount. That’s when people take you seriously,” she says.

And McCulver *was* taken seriously. At the end of the

year, her boss told her she’d not only excelled in her role but had brought in at least 50% more business than each member of her group. Ecstatic, McCulver began to look forward to her review—that is, until a sympathetic and disgruntled secretary who prepared all the paperwork for the reviews, pulled her aside. McCulver learned that, despite her performance, she was paid 25% less than her male colleagues. Shocked, she confronted her boss following her review. At first, he denied the pay discrepancy but McCulver didn’t relent. Quoting the exact dollar figure of the pay discrepancy, she again asked to be paid the same rate as her male colleagues. When he brusquely asked where she got this information, she firmly replied: “I just know.” Only then did her boss back down and admit there was a pay difference. But rather than rectify the problem, he told McCulver there was no money in the budget to increase her wages.

So she went to the next in command, only to be shocked by his rationale for the pay discrepancy. “He actually told me that I shouldn’t worry; that because I was beautiful, I didn’t need the extra money because men would ‘take me out all the time.’” Dumbfounded, but without missing a beat, McCulver retorted: In the United States unequal pay for equal work is against the law. She found the missing 25% included

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on the next paycheque.

While those events took place more than 25 years ago, many women attest gender prejudice continues to occur covertly, and in some cases, overtly.

But, while it's clear gender discrimination hasn't been purged from the corporate world, there's one profession where women refuse to acknowledge the so-called glass ceiling: the male-dominated, high-stress, high-stakes, aggressively managed, and often volatile hedge fund business.

According to a 2006 Catalyst Report, "Women in Capital Markets Benchmark Study," men continued to outnumber women by four to one in all financial service jobs (excluding support staff). Worse, representation of women in key positions has risen by a meager 1% since 2000. In fact in 2005, there were only 5,729 women out of a total of 14,647 higher positions in the Canadian capital markets industry.

"Leaders in the financial community now recognize the challenges women face in building their careers in the capital markets. However, they are still struggling with how to address the issue," said Jacqueline Szeto, president, Women in Capital Markets, a non-profit organization that sponsored the study. But for Margaret Samuel, chief investment officer and portfolio manager at hedge fund Quadrex Asset Management, there is nothing to address. "I don't see gender as an issue. For people who are disciplined, and have the skill set and aptitude, there basically is the latitude for you to demonstrate your ability to perform." Samuel, a successful hedge fund manager based in Toronto, believes that focus, drive and a little bit of luck are all that count in the hedge fund industry. "My experience is that there is a choice; if there are other extraneous issues that are more attractive, [then] it's going to detract from your success."

Tanya Stylbo Beder agrees. Since the 1990s, she's been involved in the creation of three businesses in the global capital markets industry, has taught numerous courses as an adjunct faculty member of Yale's School of Management and has held several senior-level hedge fund industry positions. Beder maintains the true spirit of the financial services industry is its ability to recognize merit.

"I don't believe women cannot attain these [high-powered] positions," she says. "Anybody who is willing to do the hard work will excel in this field [although] that requires paying a price. The job comes ahead of virtually everything else." For Beder, and other women in the hedge fund industry, that means making a choice between family, friends and hobbies, and work. But, they maintain, it's the same choice their male

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colleagues have to make.

"These women know that they have to be willing to do what everyone else does in that position—if the phone rings at 3 a.m. and it's Singapore, or if you need to take an 18-hour flight to China for a two-hour meeting and then turn around and come back, then that's what is required," she says. "Women can do it. Men can do it."

And they can reap the same financial rewards also—hedge fund industry payouts are based largely on performance, not salary, hence full measurability of merit.

### Pragmatism Must Prevail

Beder concedes if any inequity exists, it's that women find it harder to meet a partner willing to stay at home with the kids. This doesn't limit a women's ability or choice, professionally or personally, but it does throw a wrench into work-life balance. "It requires you to raise your family in a different way," explains Beder. And you'll need understanding friends and supportive partners. "People in this industry have to be very clear about their choices," she explains. "Are they on the Mommy track, the 'I-want-it-all' track, or the upper echelons of CEO track?" The reality is these women have to be precise about what they want. There are only 24 hours in a day.

This practical attitude, according to women in the industry, is the quintessential characteristic for successful hedge fund managers. In fact, this is precisely the declaration made by New York-based vice-president of Olympia Capital, Barbara Lewnowski, when speaking about her experience in the hedge fund industry: "Pragmatic women take this job." Period.

Lewnowski, who started her career two decades ago, has been through it all—the comments, concerns and the need to work better and faster. "Are you scrutinized more? In certain ways, yes," she admits. "Women may have to put up with a lot more than men, but if you produce you will get your due."

While women are often thought not to fit into traditional male-bonding activities, such as after-work scotch fests, they're also tagged if they overcompensate by acting aggressive in the workplace. There may be comments—such as "she's uptight"—or feigned shock if the behaviour is unbecoming. "But that's a fact of life," says Lewnowski. "They may comment on the fact that a woman doesn't want to party, but [in the same breath] they will also peg her as reliable and trustworthy—qualities you want to be **continued on page 42**

**continued from page 41** known for in the hedge fund industry.” Beder agrees: “While each gender does have a fundamentally different approach to business, particularly in perceived style or conflict resolution, the skills that make people succeed are pretty similar.” As a result, Lewnowski, and others, don’t see the male-dominated aspect of the industry as a disadvantage. “It’s easier to stand out as a woman, because there aren’t many in the industry,” Lewnowski says. “If all else is equal, that equates to you being remembered more.”

Suffice it to say, the reason there are fewer women in hedge funds seems to have more to do with culture. “Women are capable,” says Lewnowski, “but for cultural reasons they are steered toward certain occupations—typically softer, less-analytical professions.” Yet, the hedge fund industry demands (and lends itself to) people with strong analytical backgrounds: math, computer science, statistics, chemistry, or physics.

In her late-20s, Lewnowski was already a veteran analyst. As a woman in an aggressive, high-stress industry, she learned to work hard and be clear and precise about her choices. Along the way she befriended other up-and-coming portfolio managers, including a “Merrill Lynch institutional investor all-star.” Lewnowski recalls this young woman was the top analyst for close to seven years. “She could have easily gone and worked as an equity analyst.” However, just as this all-star could have made the leap into portfolio management, she got married and had kids. Her choices prompted her to drop off the fast track to the hedge fund business.

By contrast, Lewnowski put off childrearing until she was in her later 30s. “If I had chosen to have my first child at 28 or 30, like my all-star friend, I wouldn’t have been able to attain the professional success I have.” Now, however, she enjoys the benefits of motherhood, while continuing to produce professionally. “I’m [still] responsible for bringing in the lion’s share of new business,” says Lewnowski. “No one is going to question my choices or my ability—if they do question, then I simply rely on the objective standards of this industry as a measure of my success.” And that’s the attraction to the business—it’s a true meritocracy where performance is measured against objective standards.

From this perspective, Lewnowski, and others, believe women are faring better within the financial services industry. While Beder and Lewnowski admit sexism did exist decades ago—particularly in the opportunities offered—they’re convinced these barriers have been torn down.

“Stress doesn’t have a gender,” says Beder. “Stress comes with the level of responsibility and the dimensions that one has in the role as CEO—whether you’re male or female.” **AE KING**