



SOLOMON PAGE
Staffing Solutions & Executive Search

DIVERSITY, EQUITY, AND INCLUSION

2021 hedge fund industry report



POWERED BY *HFObserver*

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Welcome to the 2021 Hedge Fund Diversity, Equity, and Inclusion Report presented by Solomon Page and powered by Hedge Fund Observer

As a leader in the hiring space, Solomon Page understands its unique position to promote and support workforce diversity. It goes without saying that diversity, equity, and inclusion have moved to the forefront of hiring and recruiting amongst all sectors, with good reason. Leaders have advocated to support this public movement and there has been an increased focus in the financial services industry, the sector with arguably the most significant inequality represented, as a result.

Additionally, DEI efforts have become a subject of intense interest to global hedge fund industry professionals. In fact, this report was created largely in direct response to DEI inquiries received from the Solomon Page network of financial services companies and professionals including hedge fund executives, investors, and alternative asset manager allocators, in addition to the professional networks of the consultant population. Despite this increased interest, one fact is clear:

Financial services companies, and hedge funds in particular, are not diverse. The key question is: are firms doing anything to address it?

Learn how our methodology is different on page 24

To answer this question, a new reporting methodology was established which reports on people moves within the industry, and measures the evolution of diversity hiring and promotions at hedge funds. This powerful methodology was developed by our exclusive partner HFObserver, a comprehensive data and online platform that aggregates and analyzes people moves, industry and firm developments, firm launches, and job opportunities in the hedge fund and alternative investment universe. To conduct the analysis for this report, the human capital data methodology, process, and personnel tracking information was developed and supplied by HFObserver (HFO).

HFObserver has systematically tracked 10,000+ personnel moves per year for more than five years, collecting data from publicly available sources and publicly available data sets weekly

For this report, HFO used 4,300+ personnel moves of full-time professionals in hedge fund functional roles.

TIMELINE: The report examines the movement of people between and within hedge funds globally, during the period between July 1, 2020 and June 30, 2021, in order to address the question whether they recruited or promoted talent in a manner designed to promote diversity, equity, and inclusion.

REGIONS: The following regions - where the vast majority of hedge funds are based - are highlighted: United States, Europe/UK, and Asia (ex-Australia).

EMPLOYEE TYPE: The analysis represents full-time hires and personnel promotions, which is most aligned with, and best represents, a firm's commitment to evolution. For purposes of this report, the word 'hiring' represents both hiring and internal promotions.

FUNCTIONAL ROLE: The report analyzes unfiltered hiring information across all functional roles, rather than a single, siloed functional area. By forensically analyzing developments at the micro-level, one can identify change that is masked by looking at the higher order statistics on a firm-wide basis.

By measuring people moves across all functional roles, a clearer picture emerges of where true change is happening.

Learn how our methodology is different on page 24

HEDGE FUND SPECIFIC: The data includes only those in hedge fund investment and support roles; at firms that have both traditional and hedge fund offerings. Personnel from several sectors and functional roles associated with the general phrase 'alternative asset management' were excluded. *Examples of these exclusions include: private equity and venture capital positions/roles; allocators to hedge funds such as fund of funds, pensions, endowments, foundations (unless direct investors), etc.*

Despite the industry pushing towards greater diversity recruiting, hoping for meaningful change, hedge fund hiring and promotions during the 12-month period studied were not aligned with this objective. Across regions, the aggregate hiring numbers suggest that employee movement remained predominantly male, homogeneous, and monochromatic.

In the U.S., for example, 71% of all hedge fund employee moves were male, a higher share than both the broader U.S. financial services category (58%) and the U.S. working population (50%). In Europe, 74% of moves were male and in Asia 69%, further highlighting gender imbalance in hedge fund hiring across the globe.

Additionally, across all functions, the proportion of Blacks and Hispanics represented is far lower than their representation in the population of working age adults in both the U.S. and Europe—further confirming common knowledge observations about the lack of representation these races have within both financial services and hedge funds.

Hedge funds globally did not hire or promote to support DEI efforts during the period examined, despite a few noteworthy exceptions.



Beyond providing a lens to examine DEI issues in hedge funds, the methodology highlighted in this report can be utilized more broadly to address a wide range of questions pertaining to the movement of human capital in the economy. If you are interested in customizing a diversity analysis across other specialty areas or for your firm, contact [Solomon Page](#) to learn more.



NOTEWORTHY EXCEPTIONS INCLUDE:

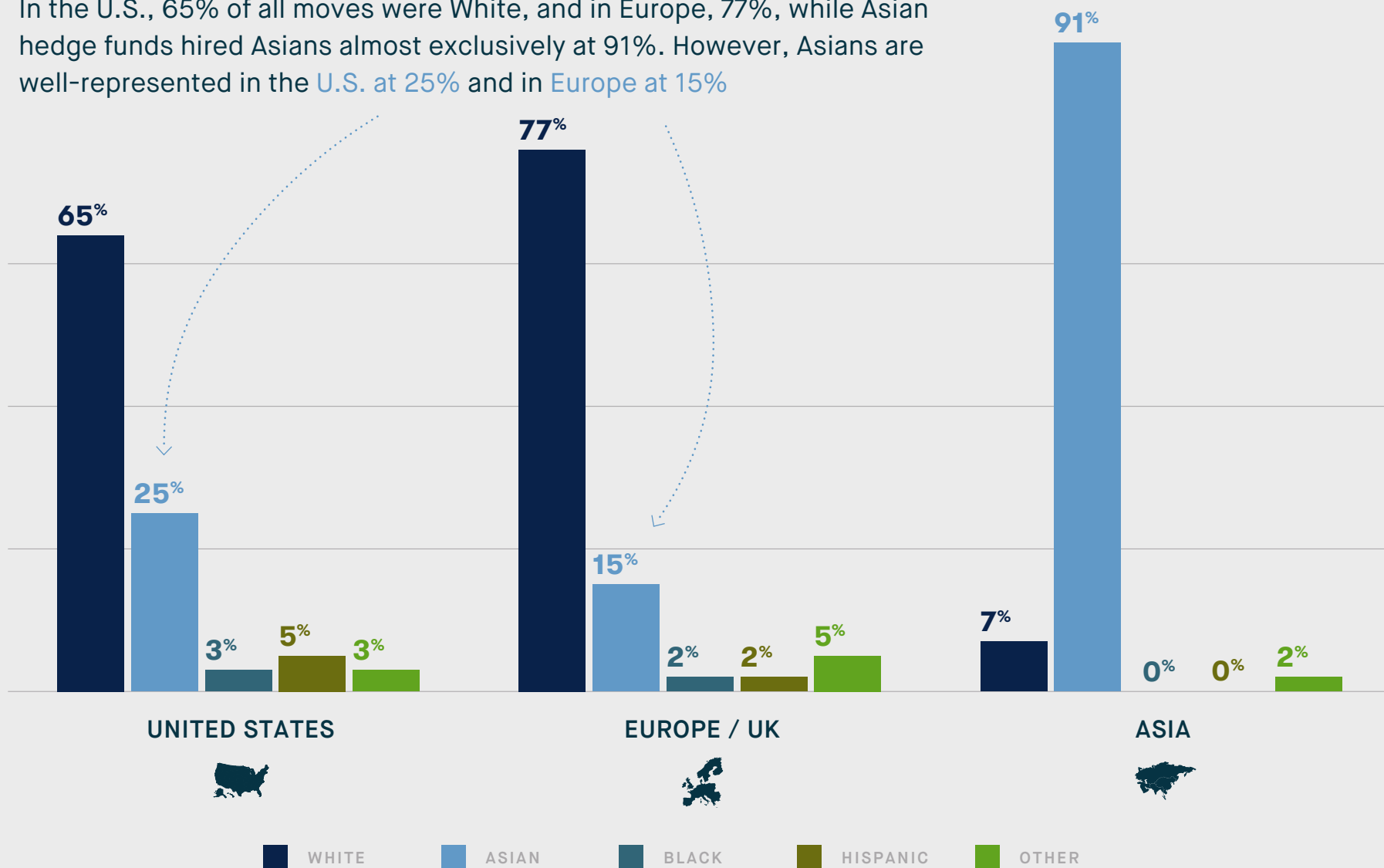
- Risk management, legal, and compliance represented functional areas where gender was relatively more balanced in specific roles.
- In the U.S., Blacks were better represented within HR, recruiting, administrative, IT, and tech support roles. Hispanics and females were also hired or promoted in these functions at a higher rate, in addition to trade support.
- In both the U.S. and Europe, Asians were hired by hedge funds at rates that were significantly higher than Asians' representation in the working age populations of both regions. In the U.S. this rate was four times (25% vs. 6%) higher, while in Europe it was almost double (15% vs. 8%). Asians were especially highly represented in coveted investment functional roles at all levels. Notably, 55% of Quantitative Analysts hired at hedge funds in the U.S. were Asian – the one instance where a minority had a larger representation than the majority.
- In Asia, hedge funds hired or promoted females at much higher rates for more senior-level roles than in the U.S. and Europe.
- The aggregate data at the geographic, gender, race, and functional role levels masked important anomalies that can only be teased out by looking at the data in much sharper focus and greater granularity. For example, when roles such as analysts and client-facing functions were further sub-categorized by specific responsibilities and skill sets, the gender and race divide swung dramatically from the picture painted by the aggregate data for each category.

Hedge Fund Hiring by Race

REGION COMPARISON

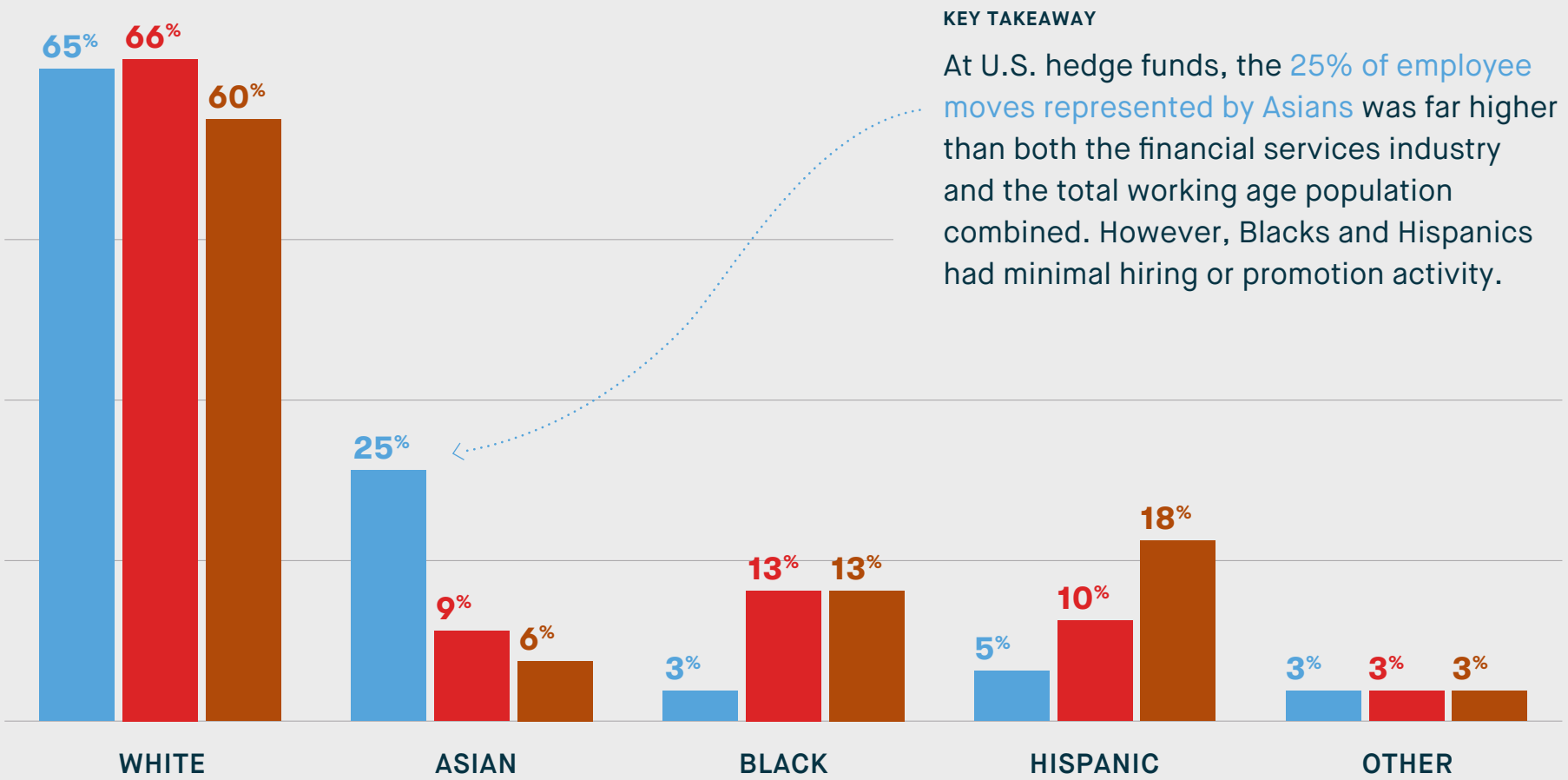
KEY TAKEAWAY

In the U.S., 65% of all moves were White, and in Europe, 77%, while Asian hedge funds hired Asians almost exclusively at 91%. However, Asians are well-represented in the U.S. at 25% and in Europe at 15%



Hedge Fund Hiring by Race

UNITED STATES

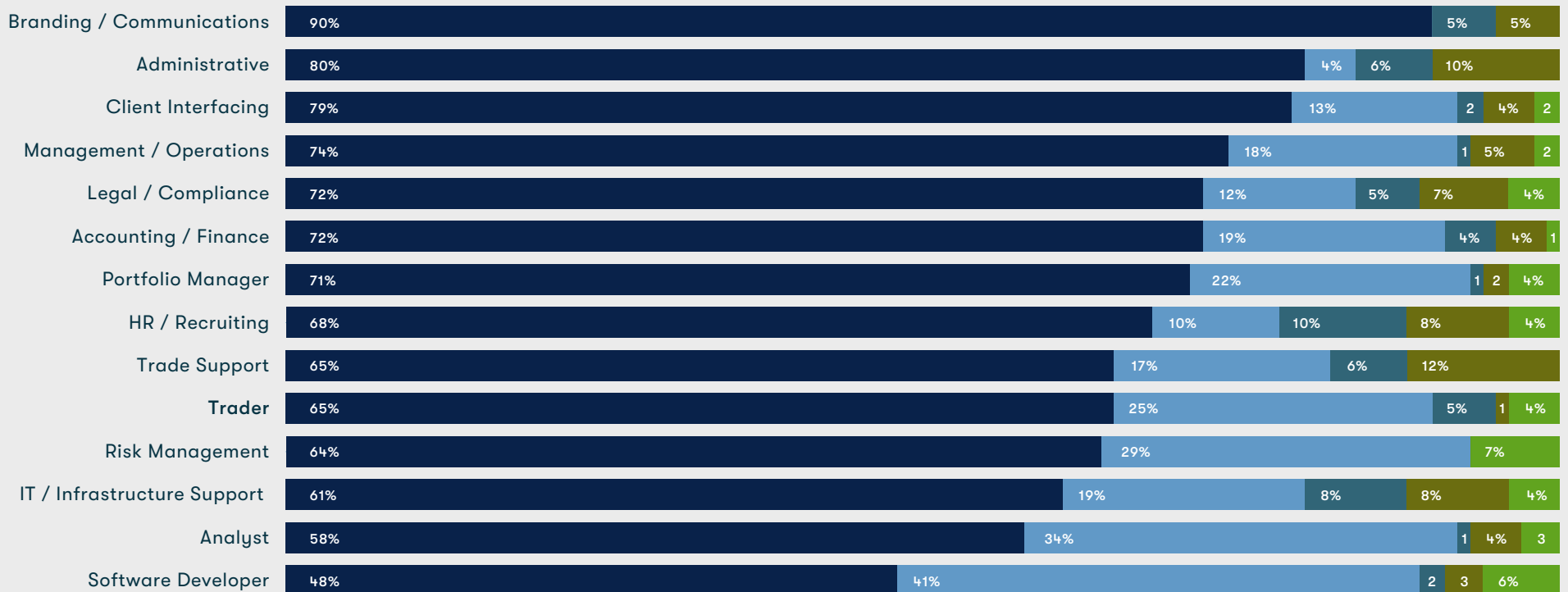


KEY TAKEAWAY

At U.S. hedge funds, the 25% of employee moves represented by Asians was far higher than both the financial services industry and the total working age population combined. However, Blacks and Hispanics had minimal hiring or promotion activity.

Hedge Fund Hiring Diversity by Functional Role

UNITED STATES



KEY TAKEAWAY

Employee moves tracked over a one-year span were generally in line with DEI patterns consistent with common knowledge perceptions about gender and racial mix biases. With the exception of administrative and branding/communications functions, Asians had a significant presence in most functional roles including portfolio manager, trader, and investment analyst roles.



Female Representation

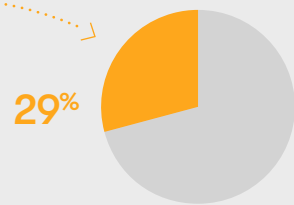
INDUSTRY & REGION COMPARISON

KEY TAKEAWAY

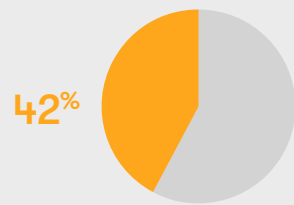
Asia was the most favorable to female moves at 31%, while Europe accounted for the largest gender imbalance in hedge fund hiring across the globe.

KEY TAKEAWAY

In the U.S. only 29% of hedge fund moves were female, a significantly lower share than the broader U.S. financial services category at 42%.

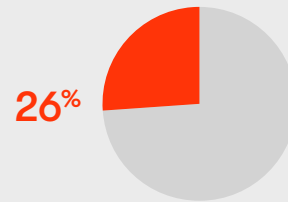


HEDGE FUNDS

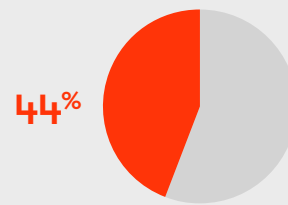


FINANCIAL SERVICES

UNITED STATES

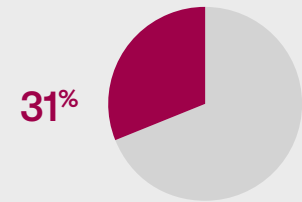


HEDGE FUNDS

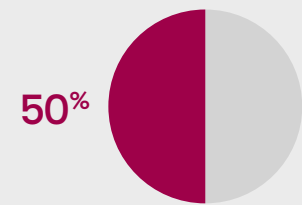


FINANCIAL SERVICES

EUROPE / UK



HEDGE FUNDS



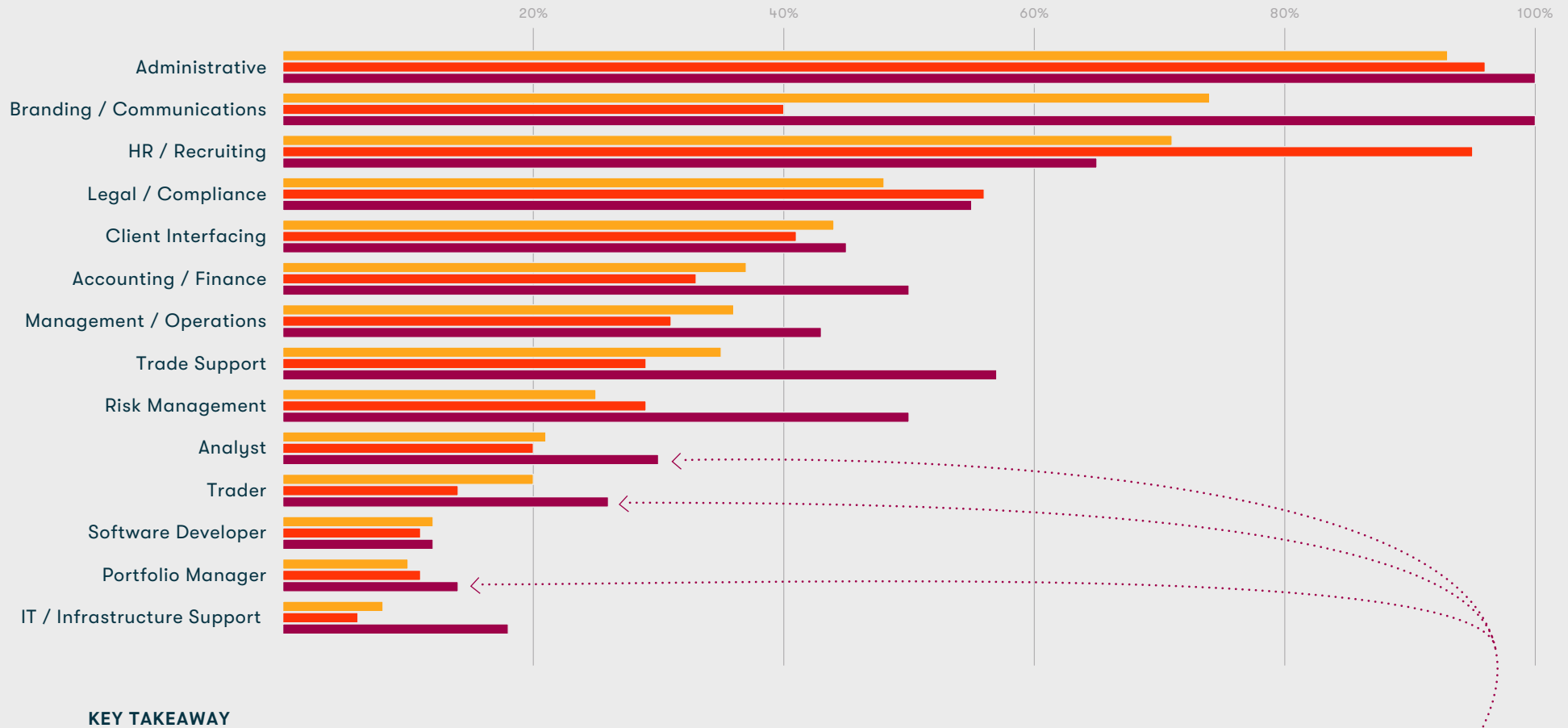
ALL INDUSTRIES

ASIA



Female Representation by Functional Role

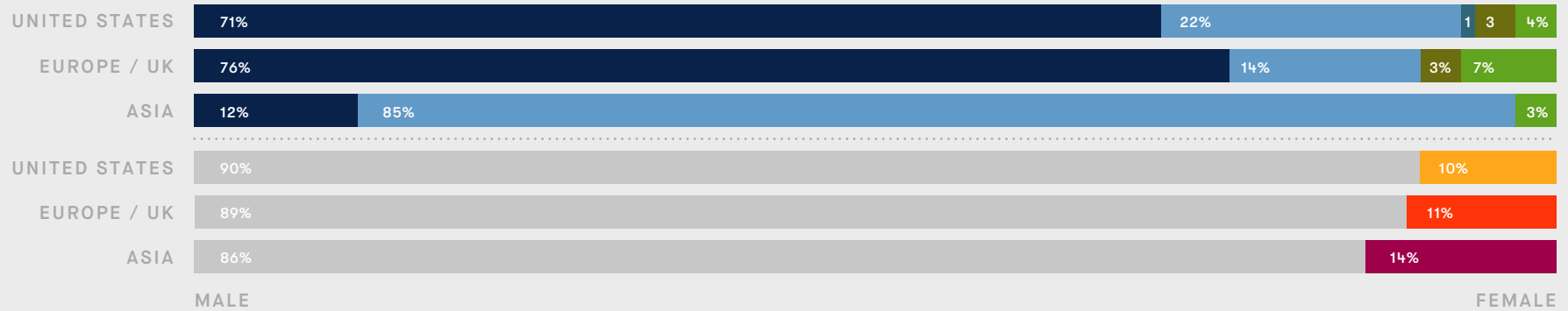
REGION COMPARISON



KEY TAKEAWAY

When comparing specific positions by region, it is clear that **females were better represented in higher-level roles in Asia** relative to their regional counterparts. Generally, however, investment roles trended overwhelmingly male, while administrative roles were filled largely by females.

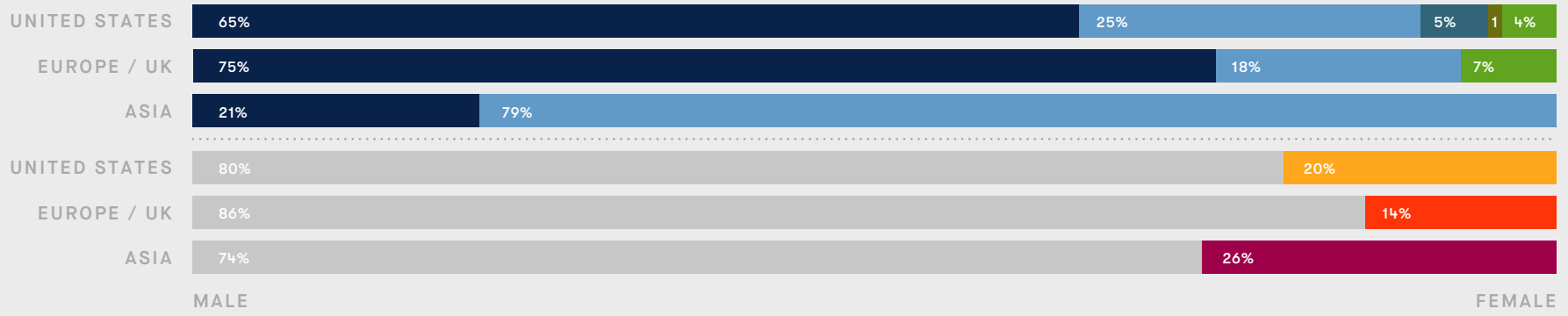
PORTFOLIO MANAGER



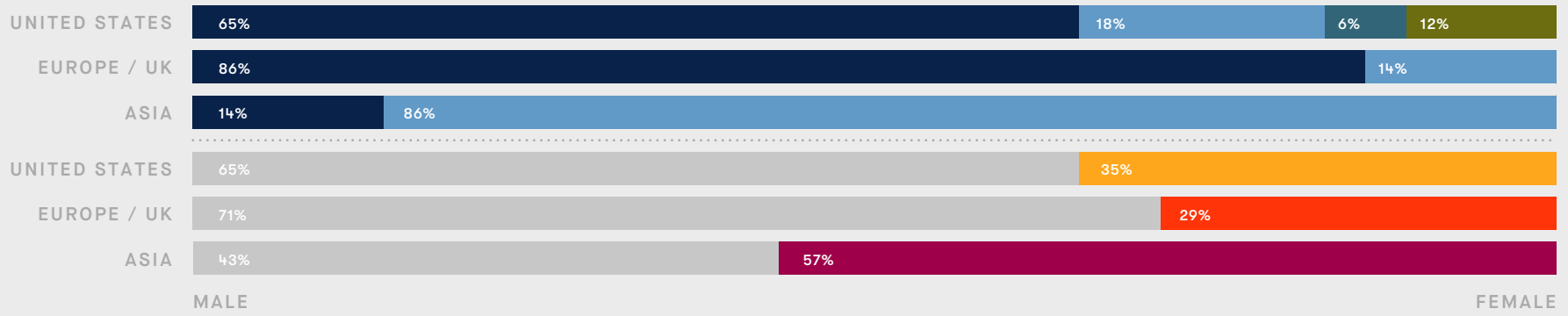
KEY TAKEAWAY

In keeping with common knowledge expectations, portfolio managers, in addition to most higher-paying roles, were predominantly male and monochromatic worldwide: White in the U.S. and Europe and Asian in Asia. Females are best represented in Asia at 14%.

TRADER



TRADE SUPPORT

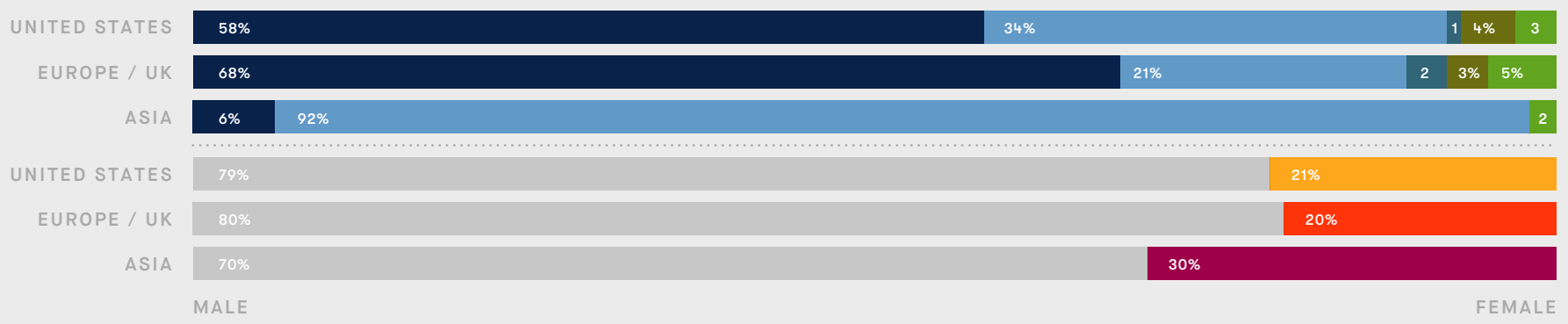


KEY TAKEAWAY

Gender diversity in trading was heavily skewed toward males for senior roles, while trade support roles were relatively more female. In the U.S. in particular, Blacks and Hispanics were better represented in trade support roles, yet still significantly lower than their working age population proportion.

Analysts

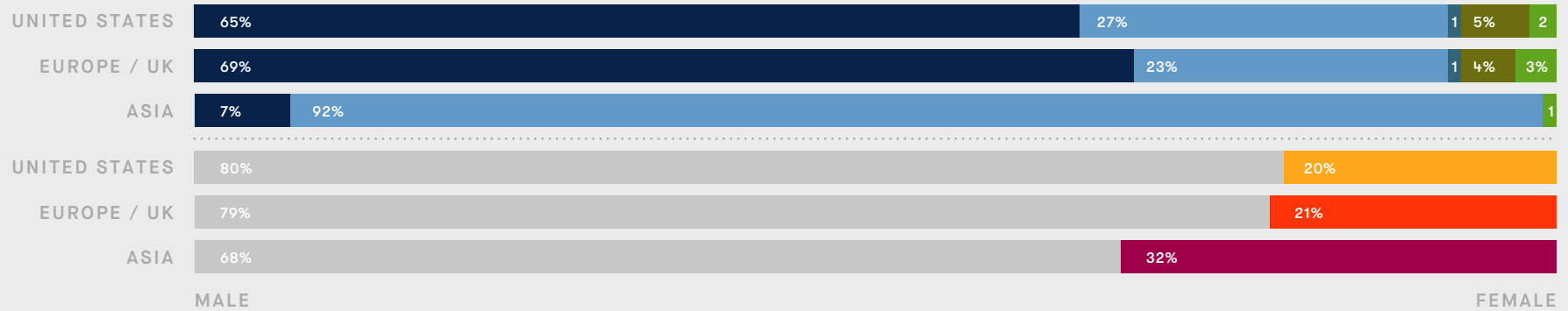
AGGREGATE DATA



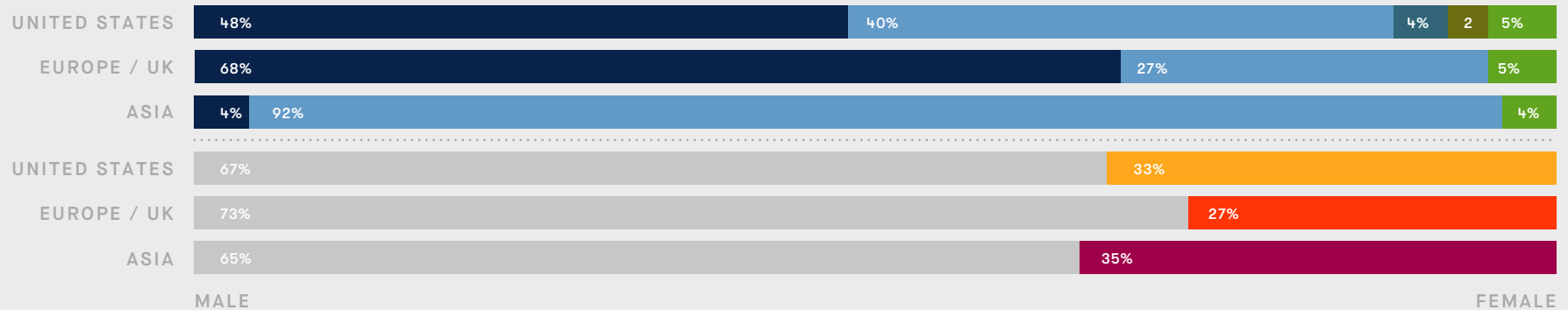
KEY TAKEAWAY

On average, gender and racial diversity in analyst roles mirrored DEI patterns reflected in the portfolio manager data. However, a closer look at specific analyst roles (pages 15 & 16) reveals different diversity patterns across regions.

Investment Analyst



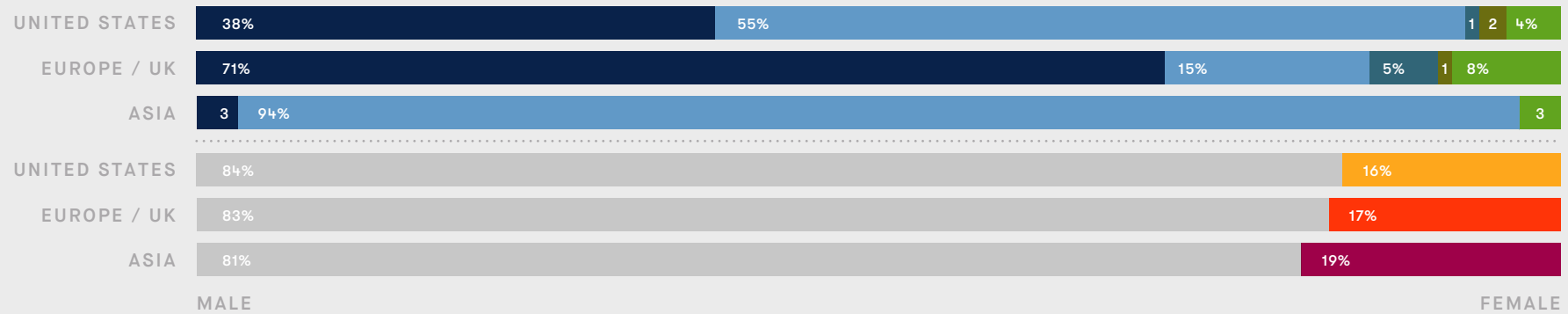
Research Analyst



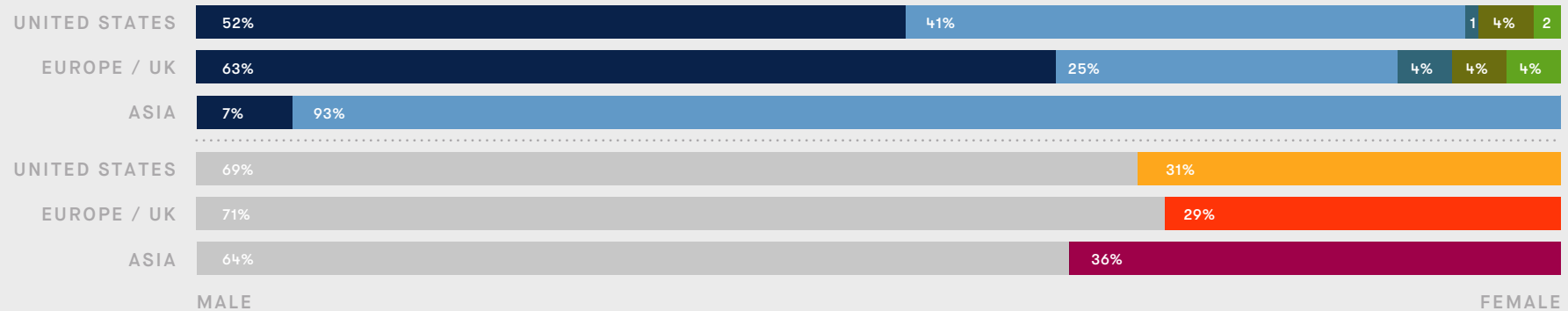
KEY TAKEAWAY

Asia hired a greater proportion of female investment analysts than their European and American counterparts. Females were better represented in research analyst roles than investment analyst roles.

Analyst / Quant



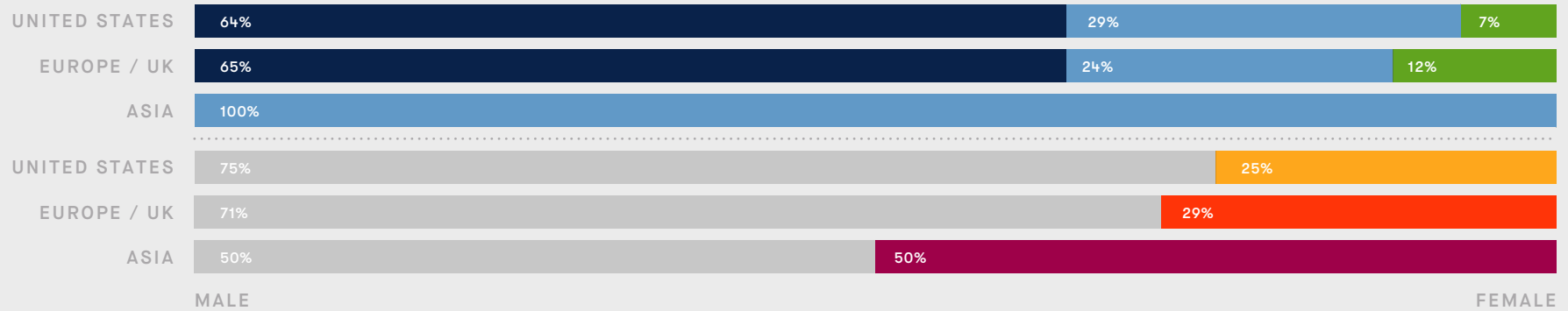
Data Analyst



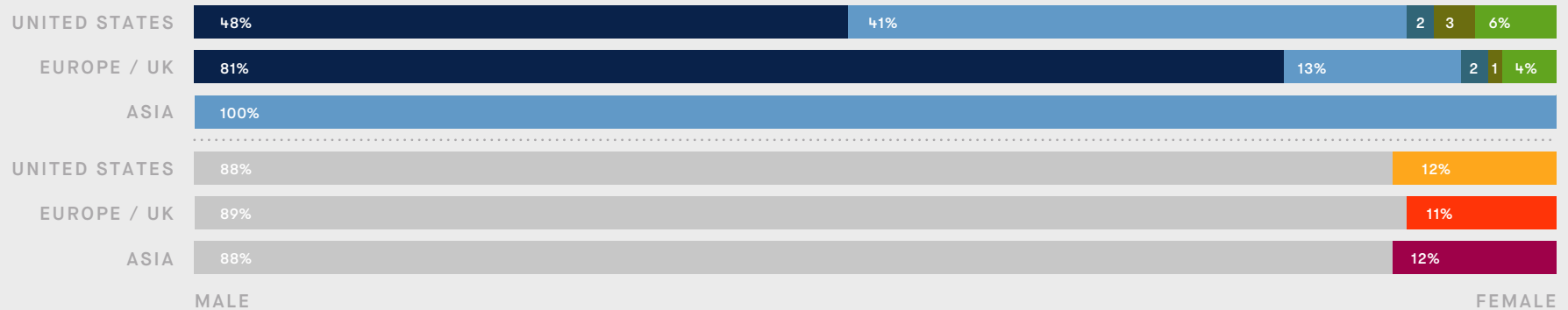
KEY TAKEAWAY

Over half (55%) of quantitative analyst hires in the U.S. were Asian, the only instance where a minority group is more represented than the majority. Data analysts, like research analysts, had a better representation of females than other analyst roles.

RISK MANAGEMENT



SOFTWARE DEVELOPER

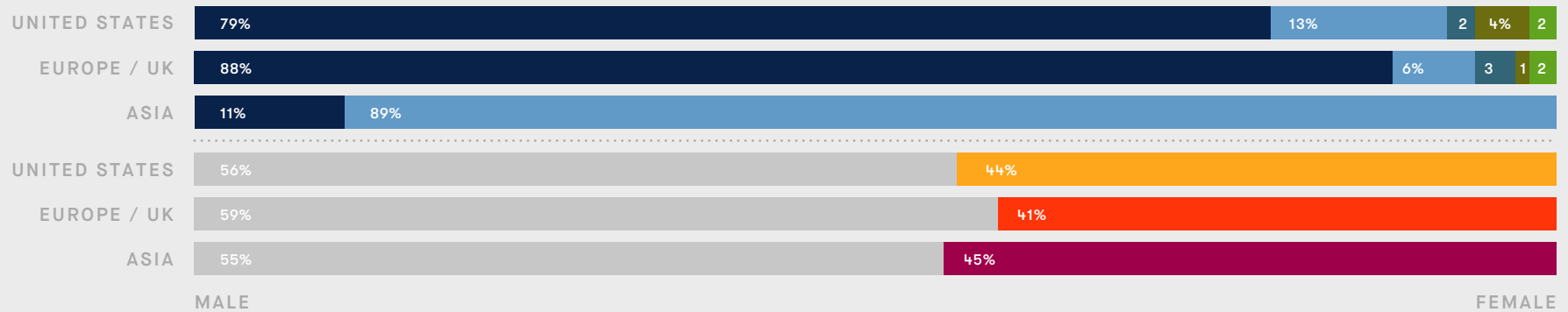


KEY TAKEAWAY

Risk management roles were relatively more balanced in gender and race while software developers were predominantly male and Asian.

Client Interfacing

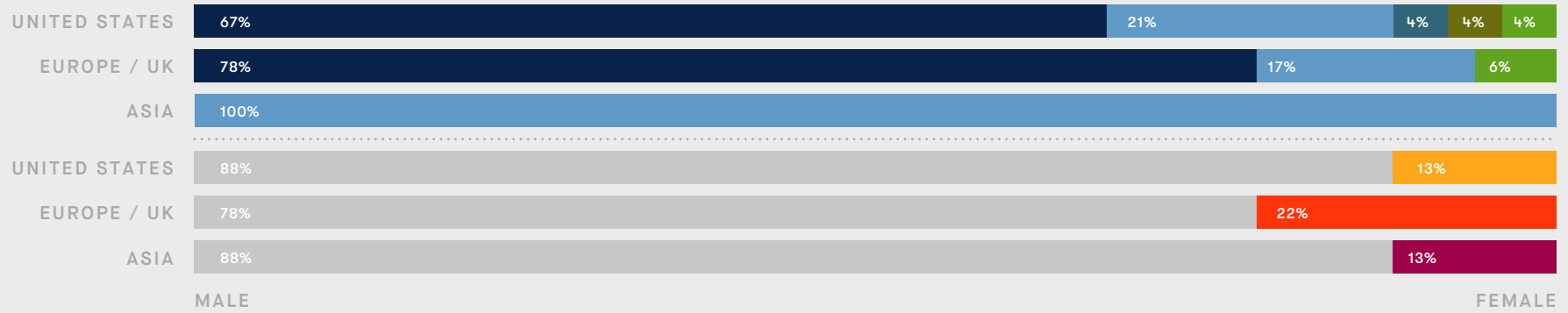
AGGREGATE DATA



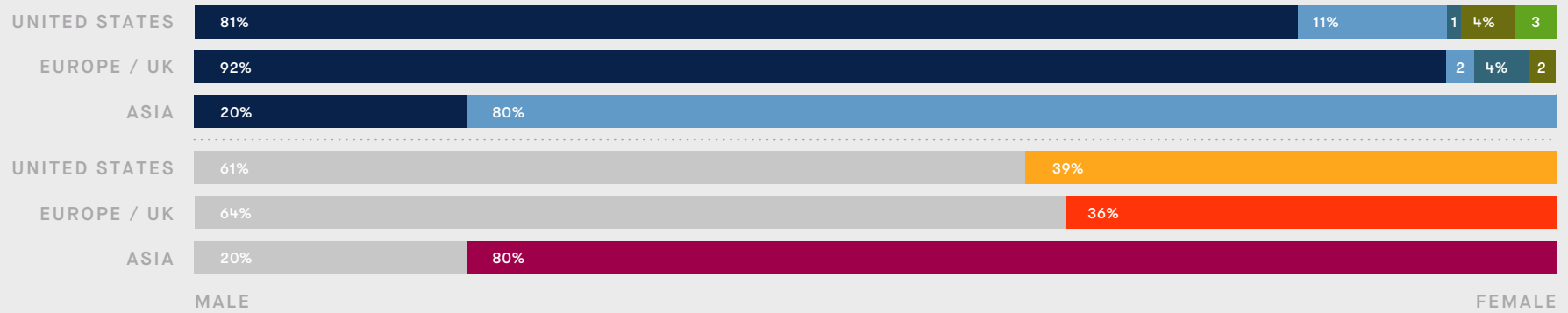
KEY TAKEAWAY

This chart shows the aggregate movement of people in client-facing roles and suggests that it is more egalitarian from a gender perspective than many other functions. Yet, the following page features data disaggregated by specific function and teases out significant variance. Strategy and product specialist roles trended significantly male, while investor relations-focused jobs trended significantly toward women. Marketing-focused openings were more egalitarian when averaged across the regions (but note the prevalence of women marketers in Asia).

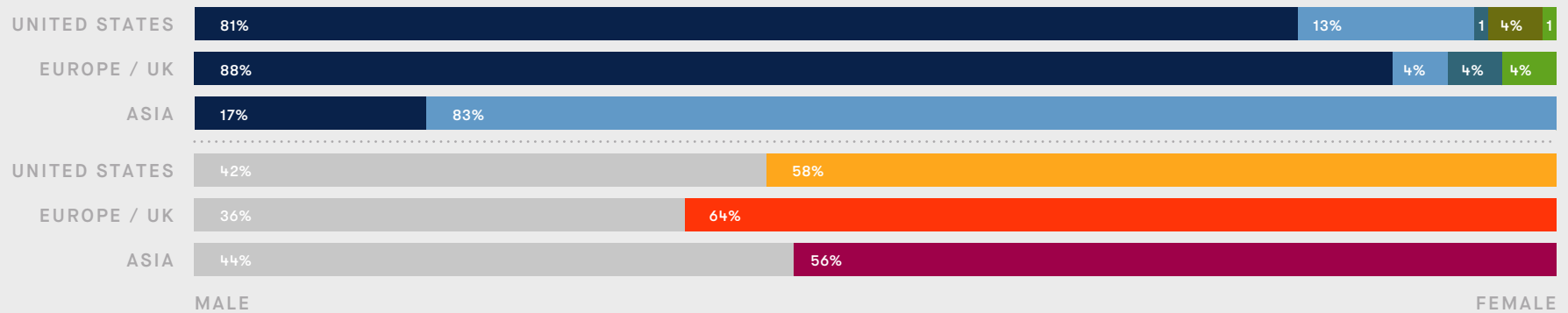
Strategist / Product Specialist



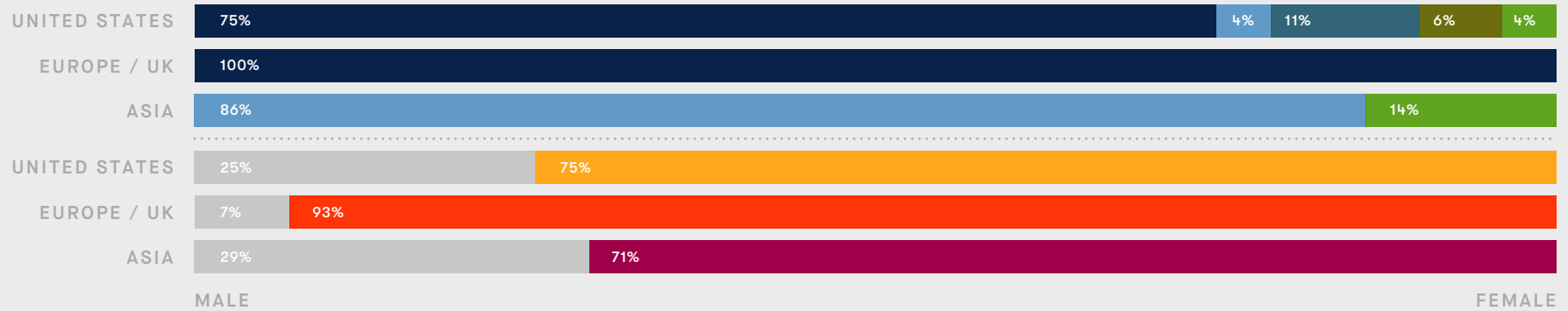
Marketing



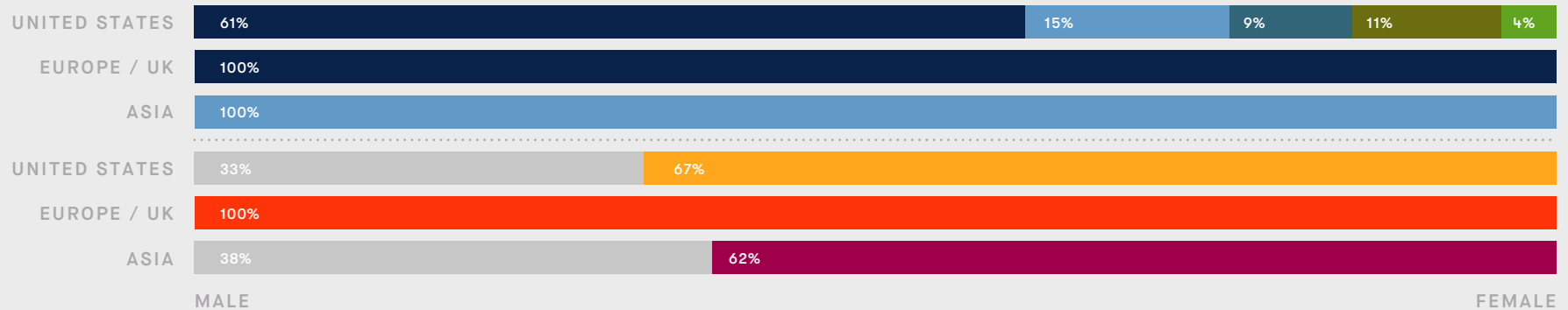
Investor Relations



HUMAN RESOURCES



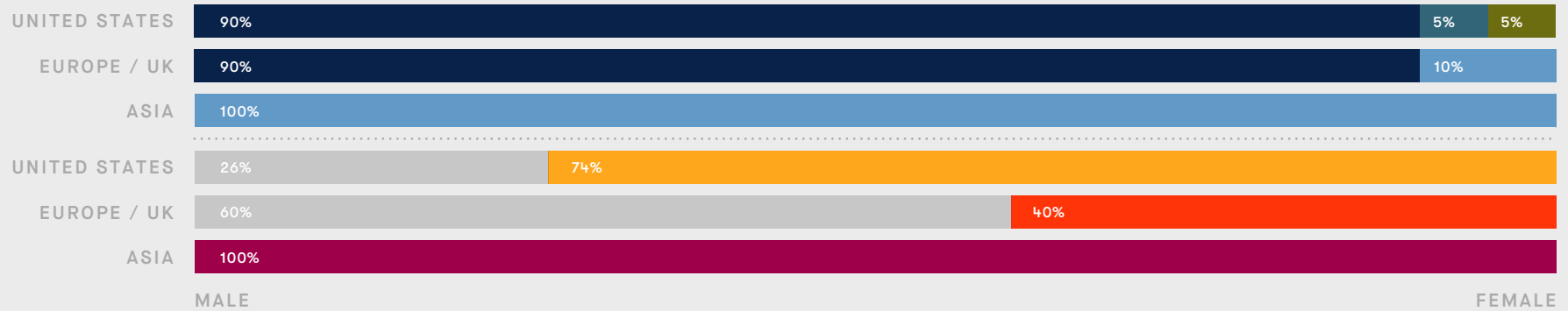
RECRUITING



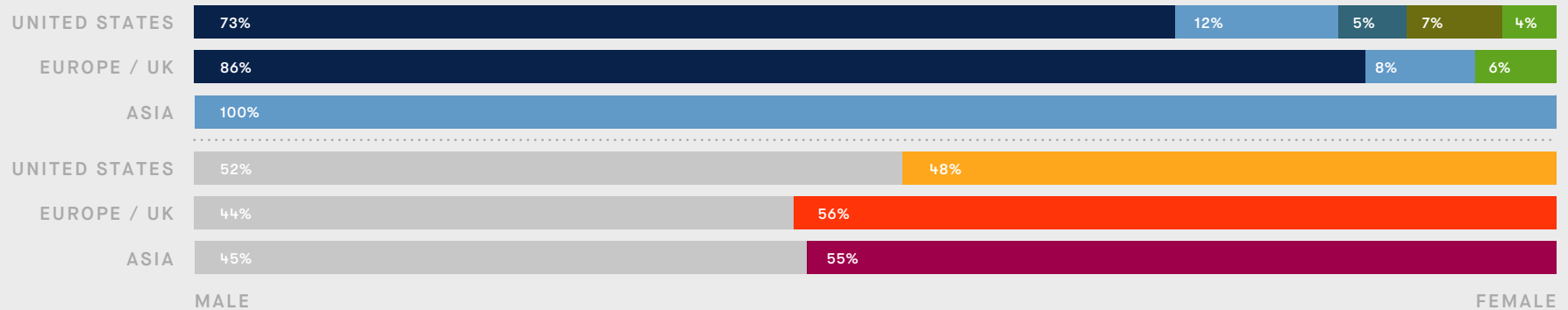
KEY TAKEAWAY

As expected, the data reflects the prevalence of women in human resources and recruiting roles. In the U.S. these are functional support areas where racial diversity is relatively more pronounced across all races (Asian, Black, Hispanic).

BRANDING / COMMUNICATIONS



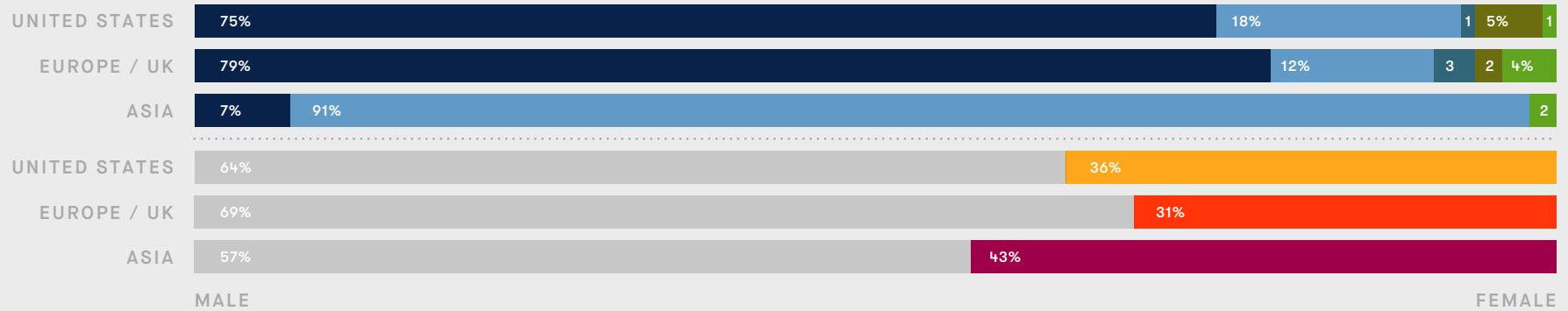
LEGAL / COMPLIANCE



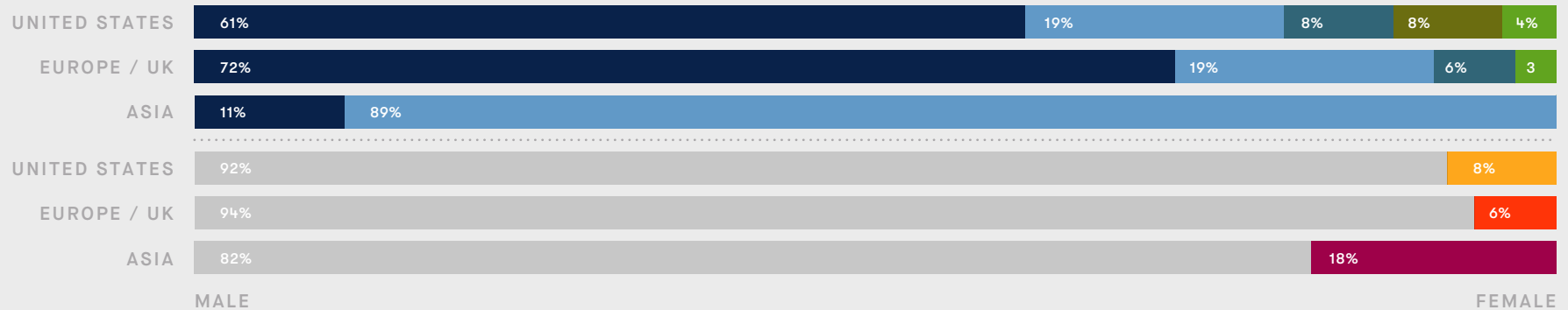
KEY TAKEAWAY

In several support roles, gender diversity was more reflective of general regional populations though still monochromatic.

MANAGEMENT / OPERATIONS



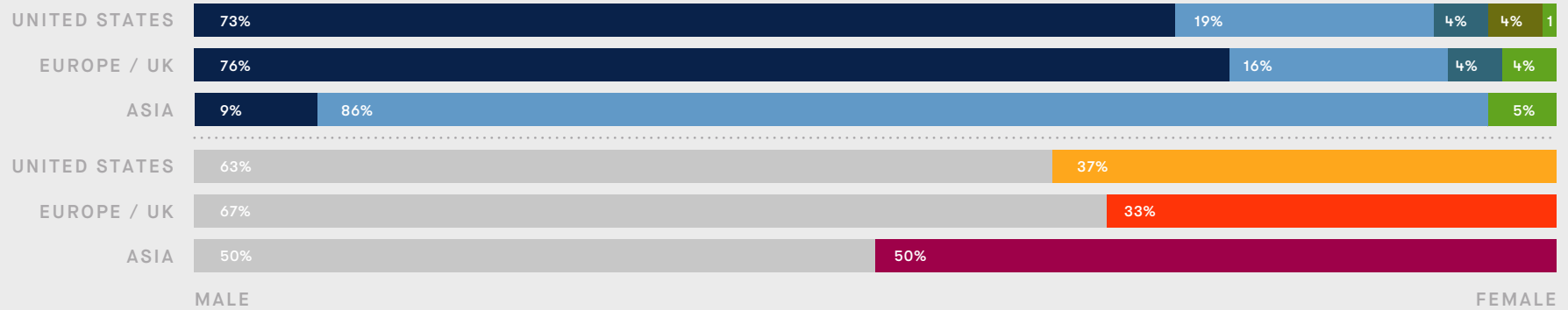
IT / INFRASTRUCTURE SUPPORT



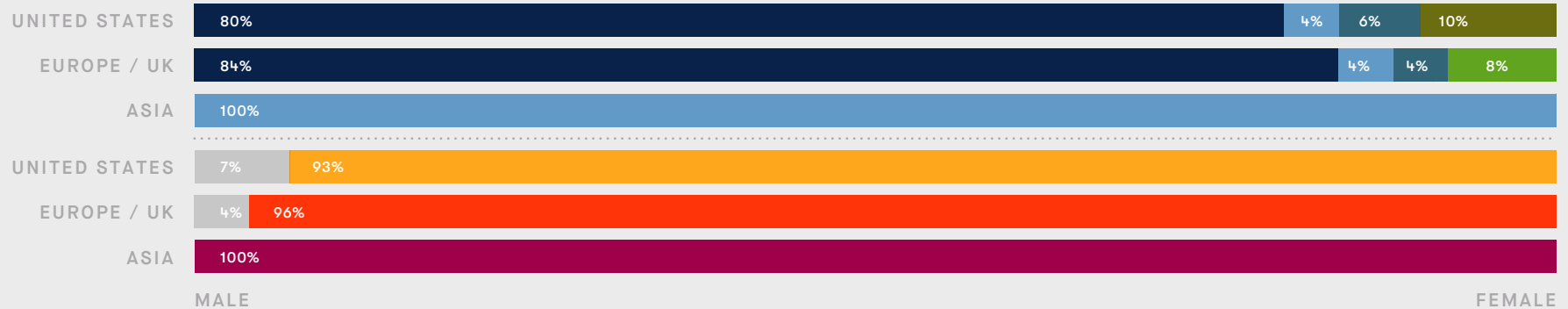
KEY TAKEAWAY

IT/Infrastructure support roles remained male, though not as monochromatic as other support roles. Management and operations roles skewed higher on both gender and on Asian-specific diversity.

ACCOUNTING / FINANCE



ADMINISTRATIVE



KEY TAKEAWAY

And in other support roles one also finds a greater inclusion of various races. Unsurprisingly, administrative roles are almost the exclusive domain of women globally.

The are many factors which differentiate this methodology as the first of its kind to measure diversity in hedge fund hiring and promotions.

- To accomplish the objective of measuring progress, or change, in a firm's behavior towards DEI, human capital flow in the form of people movement between and within firms was the essential unit of measure.
- The output of this report is based on current personnel hiring and promotions – a leading indicator of whether DEI change is occurring – rather than on a standard static picture of a firm's current composition.
- Existing studies report data on the general 'alternatives' segment that bundle firms in very different businesses, while this analysis isolates hedge fund roles in particular, at the company and functional levels.
- This methodology utilizes unfiltered hiring data, instead of firm-reported survey data, for the following reasons:

1. Respondent bias in the results, with more diverse firms more likely to respond to a questionnaire.
2. Low response rates as a result of individual firm policy and regional data privacy laws or regulations
3. Lack of standardization on firm-reported functional role and seniority definitions, allowing companies to mislabel roles, potentially resulting in inaccurate diversity data.

WHAT IS NEXT:

The goal in producing this report was not only to share market insights, but also to showcase a process that can answer any questions one may want to address about hiring trends in general. This exclusive methodology is not limited to the hedge fund industry segment, nor is it limited to analyzing DEI issues exclusively. Rather, it can be customized to address any trends in hiring that a given employer may want to examine.

If you are interested in customizing a diversity analysis across other specialty areas or for your firm, contact [Solomon Page](#) to learn more.

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Solomon Page

Founded in 1990, Solomon Page is a specialty niche provider of staffing and executive search solutions across a wide array of functions and industries. The success of Solomon Page reflects an organic growth strategy supported by a highly entrepreneurial culture. Acting as a strategic partner to clients and candidates, the company focuses on offering customized solutions and building long-term relationships based on trust, respect, and the consistent delivery of excellent results.

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HFObserver

HFObserver provides the most accurate and comprehensive real-time data on human capital developments in the alternative asset management industry.

They achieve this objective using a systematic approach to track talent developments at the industry, firm, and individual level. HFO has a network of experts and a unique data methodology to optimize firm benchmarking and talent insights.

hfobserver.com

HFObserver 2021 for all hedge fund hiring and promotions data in the United States, Europe/UK, and Asia

USA DATA

[United States Census '19 for United States Population data](#)

[U.S. Equal Employment Opportunity Commission '18 for Financial Services data](#)

EUROPE/UK DATA

[Europe/UK Population: Office of National Statistics: Annual Population Survey '19](#)

[Europe/UK Financial Services: International Labor Organization '19](#)

ASIA DATA

Hong Kong

[General Population: Hong Kong Census and Statistics Department '20](#)

[Financial Services: International Labor Organization '20](#)

Note financial services in this country is inclusive of Trade, Transportation, Accommodation and Food, and Business and Administrative Services

China

[General Population: China Statistics Press '19](#)

India

[General Population: Central Intelligence Agency World Factbook '20](#)

[Financial Services: International Labor Organization '20](#)

Singapore

[General Population: Singapore Department of Statistics '20](#)

[Financial Services: International Labor Organization '20](#)

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