

## DIARY

## Mars and Venus Do Better Together

There is bad news for partisans on either side of the battle of the sexes: A new study suggests that when it comes to investment clubs, those that include members of both sexes outperform those of the single-gender variety.

The study, by E. Brooke Harrington, an assistant professor of sociology and public policy at Brown University, used two methodologies.

First, Ms. Harrington looked at the annualized lifetime returns of 600 to 800 investment clubs for periods ending on or near April 30 each year from 1986 through 1997. Those were compared with the returns over identical periods for the Standard & Poor's 500-stock index, which had been adjusted to reflect hypothetical costs of brokerage commissions.

The research showed that the mean return of all-male investment clubs lagged behind the adjusted returns of the S. & P. 500 by 0.56 percentage point, annualized, while the mean return of the all-female investment clubs beat the index by 0.28 percentage point.

The surprise was that the mean return of the mixed-sex investment clubs beat the adjusted S. & P. 500 by an impressive 1.98 percentage point, annualized.

Separately, Ms. Harrington looked at the returns of 1,279 clubs from their inception through early 1998; those were categorized as either single- or mixed-gender. This time, both lagged behind the S. & P. 500, but those of the mixed variety trailed by a smaller margin.

Ms. Harrington, who also spent 10 months observing the behavior of investment clubs first hand, says she may have nailed down two key reasons for the diverging performances.

First, Ms. Harrington said, the two sexes display different biases in picking stocks, with men focusing on stocks related to their work experiences and women, including professional ones, tending to pick consumer-product stocks. So the mixed clubs tended to pick a more diversified group of stocks.

And, Ms. Harrington said, the investment performance of single-gender clubs suffered from a tendency for these clubs — often formed by friends — to be more “socially cohesive,” with members afraid to hurt the feelings of others or knock down their investing ideas.

“There was group think going on,” she said referring to those of the single-gender variety. “In mixed clubs, there’s less at stake socially.” Mixed clubs are more likely to be formed by colleagues, who are used to disagreeing about work-related issues.

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