



Do Women Make Better Investors Than Men?

Description

The world of investing is often viewed as a man's world. Historically, it has been dominated by men and even today, the most famous investors in the world tend to be male. Whatever the reason for this, it is not because women make poor investors. Quite the contrary. In fact, Warren Buffett's investment style has been described as being akin to 'investing like a girl'.

By this, it is meant that Buffett displays some of the characteristics which female investors usually have. For example, women tend to be more naturally cautious than men when it comes to financial decision-making. They often stick to what they know and in this sense, Buffett has done exactly the same. He has invested heavily in consumer goods companies and recently in banks, which has been a successful move.

In addition, Buffett reacts slowly and takes a long term view of the investment world. He has famously said that his favourite holding period is forever and once a decision is made, he has historically stuck with it for the long term. Many male investors, however, will change their mind more frequently than their female counterparts, thereby becoming traders, rather than investors. Although the reason for this is unknown, biology could be linked to it since men have been shown to react more strongly to stressful situations than women.

As such, in a market crash or in a bubble, it could be the case that women find it easier to remain cool, calm and logical as opposed to being impulsive. This is a crucial part of investing, since it is often what an investor does during key moments in a boom or a bust which makes the biggest difference to overall returns. It also means that dealing costs may be kept to a minimum, which could improve returns in the long run.

Of course, the above is a generalisation. There are men and women who do not follow the above stereotypes. In fact, the reality is that a person's gender, education, social class, intellect and everything else about them as an individual does not matter when it comes to investing. Being a successful investor is about being disciplined, knowledgeable on a specific area (such as in mining stocks, or retailers) and having a clear strategy which is maintained through the bad times as well as the good times.

That's why investing is arguably one of the fairest pursuits to take part in. Literally anybody can make a success of investing in the long run, although this does not mean that it will be straightforward or easy. There will undoubtedly be times when paper losses are experienced and where even the very best investors get it wrong. However, by learning from your mistakes and adopting a long term view with realistic performance goals, it is possible for men and women alike to profit from investing.

CATEGORY

1. Investing

Category

1. Investing

Date

2025/09/10

Date Created

2016/12/08

Author

motley-fool-staff

default watermark

default watermark