

INSIGHTS

WOMEN IN ASSET MANAGEMENT

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# Diversity brings strength to organisations

● Yet women still struggle to make their mark in the asset management industry, writes Lynette Dicey

A growing body of research points to the fact that asset management firms benefit from gender diversity.

Research conducted by Goldman Sachs found that funds led by all-women teams or mixed-gender teams performed better than all-male led funds over the first three quarters of 2020.

However, women continue to struggle to make their mark in the asset management industry. A study that looked at the top asset management firms ranked in Willis Towers Watson's top 500 asset managers index found that only 20% of leaders in the top 50 asset management companies are women and one-third have a board seat rather than a senior executive position. Half of the



Mashuda Cassim ... man's world.

firms surveyed had 20% or less female representation in their leadership and a quarter had no female representation at either board or executive level.

According to 27four's ESG Annual Asset Management Survey for 2022, in which 53 of SA's largest asset managers participated, women make up just 6% of executive management and only 8% of the boards of local asset management firms. Men also significantly outnumber women when it comes to portfolio managers with just one woman for every nine men.

Only 3% of funds are run by solo women managers or female teams, while 88% of funds are run by solo males or male-only teams. The balance of 9% is run by mixed teams.



Sinenhlanhla Dlamini ... inclusive.

This begs the question of why asset management firms have been slow to diversify from a gender perspective.

Sinenhlanhla Dlamini, head of Institutional Client Management at Old Mutual Investment Group, says that while there has been a marginal improvement in the number of women in the asset management industry in recent years, at the current glacial pace it will take several lifetimes before gender parity is achieved.

"While there has been a sustained focus on transformation in the local industry, this is largely focused on race, both in terms of representation and ownership. The gender transformation imperative has therefore not been given the necessary focus.



Tersia Lister ... empathetic.

Where an attempt has been made to achieve gender parity, this is often poorly articulated," she explains.

If the local asset management industry is really committed to achieving gender parity, she says it will need to collectively redesign its human capital management policies and create truly inclusive organisational cultures.

"Gender inequality continues to thrive in homes where women have to carry the bulk of the domestic responsibilities regardless of their challenging careers, while competing with men who don't always have the same load at home. The underrepresentation of women is as much a workplace issue as it is a societal issue and both need to be addressed if we

are to see meaningful change," says Dlamini.

27four's research finds the gender mix is better for women analysts, particularly black women analysts, but that they struggle to be promoted to portfolio managers. This is not good enough, insists Dlamini.

"The bottom line is there are too few women in investment teams and the fact that women investment analysts rarely progress to become portfolio managers implies the glass ceiling is a reality."

Pointing to global statistics that there are less than 15% of women portfolio managers globally, and a high turnover of women portfolio managers relative to their male counterparts, Dlamini says it's clear there is plenty of work still to be done in this space.

"Investment management is a core function of an asset management business and women need to occupy space in it. Not only is this the right thing to do, but research shows that better investment outcomes are achieved for clients when there is diversity of decision makers."

Founder and MD at women-owned asset management firm Cachalia Capital, Mashuda Cassim agrees women should be better represented given that their participation in investment



decisions improves investment outcomes. She says the asset management industry remains a man's world and even BBBEE has not helped to advance women in the industry.

Dlamini says diversity strengthens organisations as it brings in different perspectives that facilitate robust debate and high conviction decision-making in teams. "Research has proved this cognitive diversity leads to better decisions and outcomes both at an

organisational level and within investment teams."

Tersia Lister, Impact officer at Gaia Fund Managers, agrees women bring different leadership styles to the table. These, she says, can include a more scientific, empathetic and compassionate approach, leading to different decision-making and consideration of organisations' risks, outcomes and opportunities.

Pointing to what she calls a gender bias against women to

provide equal access to career opportunities throughout the course of their careers, Lister says a systemic change in the workplace is required to address this bias.

"Women need the playing fields to be levelled. A simple solution, for example, is to provide parental leave to better support equal opportunities for both genders. Companies that support women and create an enabling environment will benefit," says Lister.

## Closing the gender gap is a 'strategic priority'

One in every four asset management firms surveyed by 27four for their annual asset management survey said they struggled to retain women professionals, especially in the areas of investment management and senior leadership.

Fatima Vawda, CEO at 27four, says to retain women talent, asset management businesses need to pay careful attention to the underlying issues in the workplace and work at developing an organisational culture that works for everybody.

"Our research reveals that two-thirds of respondents say closing the gender gap needs to be a strategic priority which is driven from the top," says Vawda. Other factors to help close the gender gap include focusing on eliminating gender pay disparities and women-focused internship programmes.

"Leaders need to acknowledge and recognise the merits of a diverse workforce and then introduce programmes aimed at boosting the pipeline of women recruits, hold managers accountable for meeting diversity goals and form mentorship programmes matching senior executives with more junior female talent," she says.

Tersia Lister, impact officer for Gaia Fund Managers, concurs, adding that a silver lining that has appeared post the



Fatima Vawda ... merits.

Covid-19 pandemic is a general conclusion that flexibility has significant benefits.

"Flexibility can make a workplace more inclusive and equitable for women, be an enabler for individual growth and increase access to career opportunities," she says.

As the next generation becomes ready to enter the workplace, this theme of flexibility will not disappear, she predicts.

To be fair, more and more investment businesses are looking at how to grow their pipeline of women talent. At Old Mutual Investment Group, for example, the inclusion of women is part of the business' broader transformation strategy and senior managers are held to account on the diversity of their teams. Two of the key pillars of its transformation strategy are to increase the number of black and women leaders and to

increase the number of black and women investment decision makers.

To grow the talent pool of investment professionals in the industry it has funded more than 100 university students while its Investment Analyst Programme, Investment Leadership Development Programme and Graduate Accelerated Programme all have a focus on developing and growing women.

Beyond these programmes, the company is also focusing on how inclusive its culture is, gender pay gaps and unconscious biases, says Dlamini. "I'm optimistic we will achieve inclusion," she says.

Another investment firm which has recognised the value of building a diverse pipeline of talent which includes more women is Ninety One.

"We recognise that not only does diversity and inclusion makes good business sense but it's also the right thing for all our stakeholders," says Deputy MD for the Africa Client Group, Natalie Phillips.

The firm is on track to meet its target of 35% women representation in its senior leadership by 2024 with 33% of its executive management team already making up its executive management team. The firm works with universities and industry initiatives to promote the asset management industry and attract female talent.

"We're passionate about



**NOT ONLY DOES DIVERSITY AND INCLUSION MAKES GOOD BUSINESS SENSE BUT IT'S ALSO THE RIGHT THING FOR ALL OUR STAKEHOLDERS**

growing the next crop of female leaders and money managers," says Phillips.

In 2007, 27four established a Diversity, Equity and Inclusion Asset Manager programme to create market entry opportunities for women led funds across both public and private markets. "To date, we have been the first investor to several women-led funds including Sanari Capital, Prowess Investment Managers,

Perpetua and Terebrinth Capital," says Vawda. "We are deliberate about integrating gender factors in the formulation and implementation of investment strategies for our clients."

This means allocating capital to women-led and gender-forward asset managers, including channelling capital to investment opportunities which seek to improve the lives of women, she says.

## Investors drive change across the value chain

Given the growing body of research indicating that a more diverse workforce, as represented by women across all levels of an organisation, correlates with higher average returns, it is perhaps no surprise that investors, critical of the slow pace of gender transformation, have started to take matters into their own hands and formulated their own policies to facilitate change across the value chain.

"The fact that investors have started to take the initiative is central to the change we've seen so far," says Sinenhlanhla Dlamini, head of Institutional Client Management at Old Mutual Investment Group.

"However, they now need to collaborate more regarding how they challenge asset management companies on gender issues."

She says that at Old Mutual Investment Group, diversity and inclusion is regarded as an important element of ESG and is an opportunity for the business to make a positive impact as a responsible investor. "We actively engage investee companies on gender issues in their organisations. Our clients are therefore enabling gender transformation

beyond their own organisation which is essentially the power of capital in making a positive impact in society."

Fatima Vawda, CEO at 27four, says the boards of trustees of South African retirement funds are beginning to take diversity, equity and inclusion seriously with a number of them implementing gender lens investment policies.

**POSITIVE IMPACT**  
"This means ensuring the asset managers they invest with promote gender diversity within their own workforce, as well as externally, at how they can apply a gender lens to their investment decision making through ESG responsibilities," she says, adding that increasingly, asset owners are looking for investment opportunities which can have a positive impact on the lives of women.

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