

## **Outnumbered, not outsmarted**

Diversity is improving, but investment decision-making still lies with men

• Globally, the fund management industry has acknow-ledged the advantages of gender diversity, with research by financial services firm Morningstar finding no significant performance difference between male and female fund managers, or differences in fund performances for funds run by mixed gender teams.

However, despite the proven success of women fund managers — and diversification being a cornerstone of portfolio management — when it comes to who is actually managing the money, there is still little diversification as far as gender is concerned.



Locally, a 2021 Stanlib survey evaluating the influence that women have on investment decision-making found that men outnumber women three to one, with the proportion of female chief investment officers particularly low, at just 9%. The survey found that women make up 20% of the number of portfolio managers, almost a third of research analysts and 43% of investment support functions.

Research conducted by 27four Investment Managers supports these figures, finding that men significantly outnumber women in fund management positions, with only one woman for every nine male fund managers.

Fatima Vawda, the founder and MD of 27four, says there is sufficient empirical evidence to demonstrate that funds managed by women can deliver superior performance relative to their male counterparts.

SA ostensibly performs relatively better than many other countries, with Citywire research indicating the worst performers when it comes to gender diversity in the fund management industry are Norway, India, the Netherlands, Liechtenstein, Brazil and Mexico, where women account for just 5% of portfolio management positions. SA, at 11%, is on par with Luxembourg, Finland, the UK, Ireland and Canada.

Of the 409 managers running funds in Citywire's 2020 SA database, just 3% were run by solo women managers or a female team, while 9% of funds were run by mixed teams. In contrast, an overwhelming 88% of funds on the SA database were run by solo male

NATALIE PHILLIPS: It's important to build a diverse pipeline of talent



MASHUDA CASSIM: If you include women in investment decisions, it enhances investment outcomes

managers or male teams.
"What is glaringly evident

from our research is that there are many more male than female portfolio managers and, as in previous years we have conducted this research, more African female investment analysts than African male," says Vawda, adding that the gender mix has always been better for women analysts who have, in the past, struggled to rise to the ranks of portfolio manager.

This suggests, she says, that though diversity has improved, genuine inclusion has not been realised and there's a need for a clear pathway for women to transition from analyst to portfolio manager.

"Though the number of women is rising in financial services, many of them are within functional roles such as marketing, human resources and compliance, rather than in charge of revenue-generating businesses," she says.

Mashuda Cassim, founder and MD of Cachalia Capital, a 100% female owned and led asset management firm in SA, says the financial services industry still has a long way to go to achieve gender parity, as men continue to dominate key decision-making roles.

"Women need to be better represented, given that their inclusion in investment decisions enhances investment outcomes," she says.

A survey of 279 female entrepreneurs by Fast Company and Inc. magazine said women tend to hire women, while male business leaders tend to hire men. The survey also found a strong correlation between women in the C-suite and company diversity.

"Women have struggled to earn a seat at the table and so, when they get the opportunity to hire, they make diversity a priority," says Vawda.

One in every four asset managers surveyed by 27four said they struggle to retain women professionals, especially in the areas of investment management and senior leadership. To help retain female talent, Vawda says businesses need to pay careful attention to the underlying issues, including flexibility and equitable compensation, to build an organisational culture that works for everybody.

Despite the majority of C-suite positions in fund management in SA still being held by men, the 27four survey reveals that women are starting to breach the so-called glass ceiling and are making inroads in the sector, says Vawda. She expects this trend to continue as gender lens investing takes

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centre stage.

Deloitte research indicates that SA, along with Singapore, is one of the few countries expected to come close to gender parity in next-generation roles by 2030.

This is important, says Vawda, for two reasons: first, because women comprise half the global population, and second, because there is sufficient empirical evidence which demonstrates that funds managed by women often deliver superior performance relative to their male counterparts.

"Encouragingly, the board of trustees of SA retirement funds is beginning to take diversity, equality and inclusion very seriously, and many of them are implementing gender lens investment policies," says Vawda.

She says two-thirds of respondents to 27four's study said that closing the gender gap should be a strategic priority that is driven from the top.

"The first step is for leadership to acknowledge and recognise the merits of a diverse workforce. Once this is achieved, there are many programmes companies can employ," she says.

A good example is the steps taken by global asset manager Morgan Stanley Investment Management, which introduced programmes aimed at boosting the pipeline of women recruits, holding managers accountable for meeting diversity goals, and forming mentorship programmes matching senior executives with more junior female talent.

Closer to home, asset management company Ninety One committed to achieving a target of 30% female representation in its senior leadership by 2023 — a target which it met and exceeded two years early.

Natalie Phillips, deputy MD of the Africa client group at

What it means There needs to be a clear pathway for women to transition from analyst to portfolio manager



FATIMA VAWDA: The gender mix has always been better for women analysts than portfolio managers

Ninety One, says: "We know that diversity and inclusion make great business sense, but it's also about doing the right thing for our clients, shareholders, our people, and the communities in which we operate."

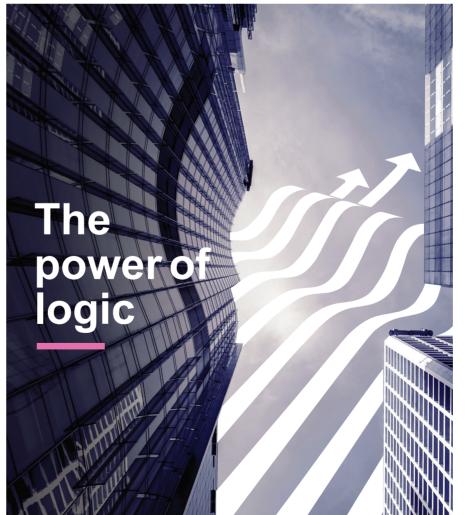
The business is working proactively towards a new target of 35% female representation in its senior leadership by 2024. Its executive management comprises 33% women while half its board are women. Its executive management team is 33% female, while women make up 24% of its investment professionals globally.

Phillips concedes, however, that the job is far from done.

"As an investment firm, it's important to build a diverse pipeline of talent. We work with universities and industry initiatives to promote the asset management industry, attract diverse talent and help grow the next crop of female leaders and money managers," she says.

"As such, we are taking concrete steps to achieve greater representation for women at all levels and have embarked on several corporate social investment initiatives specifically targeted at encouraging women in business and finance." \*x

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