

Diversity Insights

February 2020

We are happy to present Convergence's 10th edition of Diversity Insights. Convergence's ongoing monitoring of diversity trends will help us all keep this important issue front and center. We would also like to extend our warmest wishes to everyone and hope you have a very happy and healthy holiday season.

Eileen's View: The SEC's Asset Management Advisory Committee (AMAC) met in December and the Diversity and Inclusion subcommittee discussed Nasdaq's proposal to the SEC. Nasdaq proposed new listing rules that "would require all companies on Nasdaq's U.S. Exchange to publicly disclose consistent, transparent diversity statistics regarding their board of directors. Additionally, the rules would require most Nasdaq-listed companies to have, or explain why they do not have, at least two diverse directors". They did this partly based on their analysis of the association between diverse boards, financial performance, and corporate governance. It's hard to deny the data that diverse firms are better in many ways; we only know the level of diversity through transparency. To provide more transparency to investors is Nasdaq's and AMAC's goal, and a member commented that anyone against transparency is either embarrassed or deceitful. The Convergence data shows that when it comes to gender diversity, there is certainly room for improvement. Will regulated transparency move us in the right direction?

November Hiring: Women filled 17.61% of 176 new and existing positions disclosed by Advisers. Hiring activity declined by 4.86% from the prior month. Managers with AUM < \$250M dominated hiring, representing 63.64% of hiring volume, a 5.08% MoM decrease. PE Funds accounted for 35.8% of the total C-suite hiring, an increase of 53.66% MoM, followed by Hedge and VC managers with 32.95% and 10.80%, respectively. Hedge, Equity, and Multi-Strategy accounted for 17.05% of all hiring.

Women C-suite Executives: The percentage of Advisers in the industry without women holding CEO, CFO, COO, or CCO positions increased by 1.22% to 68.84%. For women, the CCO role accounted for 64.52% of hires, followed by CFO and COO with 12.90% each. Women replaced men in 26.32% of 38 existing positions that changed hands, and men replacing women represented 10.53% of the total replacements.

Manager Type Bias: While emerging Hedge Funds and PE account for the majority of the women hiring, VC and Real Estate Managers hired only two women each into leadership roles. Even though Male CEOs outnumber Female CEOs by more than 12x, the Median AUM for Men is only 1.67x the Median AUM for Women.

Investor Type Bias: Managers with 100% of their assets from Institutional Investors show less female C-suite presentation than the overall industry; 17.07% vs. 18.11%. The COO position showed the greatest difference; 18.67% vs. 22.66%

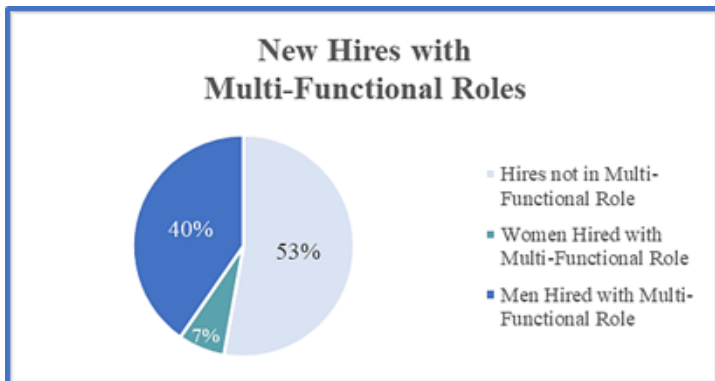
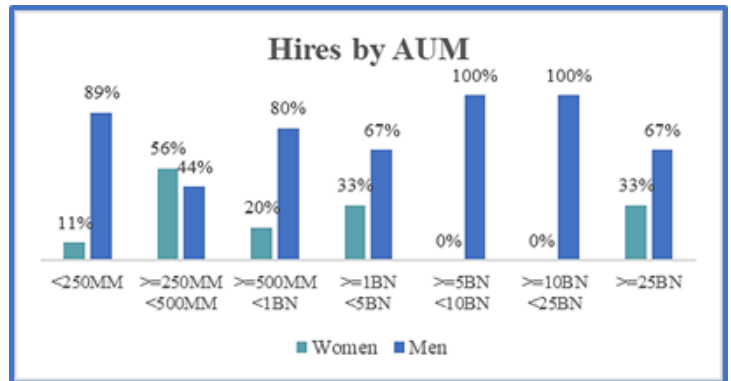
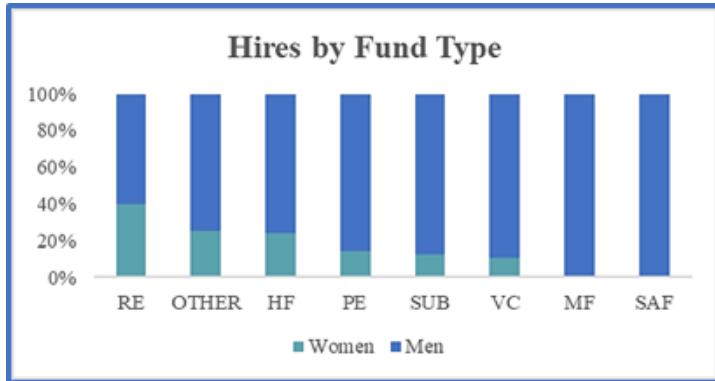
Multi-Functional Bias: 47.16% of the total new C-suite positions were filled with multi-functional roles. 38.71% of the women and 48.97% of the men were hired into a multi-functional role, 70.00% of all newly appointed COOs shared a multi-functional role, followed by 53.33% of the CFOs. 25.10% of the Women CEOs in the industry share a multi-functional C-suite.

Regulatory Risk Bias: Convergence analyzed 137 SEC actions that resulted in harm to investors. A breakdown in compliance practices and procedures was a contributing factor when the event occurred. Women represent 22.71% of the CCO positions in the market. In firms with SEC actions, women were in the CCO position for 35 events representing 25.55% Vs. 74.45% for men in the same position.

The Convergence Database includes 4,000 data points on each Adviser/Manager updated daily, including:

- 38,000+ SEC and State Advisers
- 183,000+ private-public funds
- 6,000+ Service Providers
- 100,000+ C-Suite Executives
- 30+ Investment Strategies

Our data is enriched each day into meaningful intelligence that is used by Advisers, Investors, Service Providers and Governmental agencies. Convergence "insights" are used to support key business decisions they make to improve their top and bottom line and identify risks and threats to their business.



Hiring Trends	New Positions			Replacement Positions			Grand Total
	M	W	Total	M	W	Total	
Number	119	19	138	26	12	38	176
Percentage	86%	14%	67%	68%	32%	33%	100%
Replacement Positions			CEO	CFO	COO	CCO	Total
Men Replacing Women			0	0	1	3	4
Women Replacing Men			0	1	1	8	10
Net Change for Women			0	1	0	5	6



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