

# Diversity Insights

## January 2021

This is Convergence's 11th edition of Diversity Insights. Our reporting and analysis are intended to keep this key ESG issue front and center. We welcome any questions or comments on our insights, and any input on how to make these reports more effective. You can reach us at [diversity@convergenceinc.com](mailto:diversity@convergenceinc.com)

### Eileen's View:

In December's report, we highlighted the SEC and Nasdaq's proposed regulations requiring listed firms to report on the diversity of their Board of Directors. It is clear they are appealing to investors in these companies. It is also clear that investors have a great opportunity to influence diversity. The question is, "will they?" It is only a matter of time before investors start to make a difference and the question for all asset managers is "what are you doing to create a diverse leadership team and culture."

**December Hiring:** Hiring activity declined by 14% m-t-m with women hired into 18% of 152 new or existing positions. Managers with AUM <\$250M represented 71% of all hires, with Hedge Funds accounting for 38%, followed by PE and VC managers with 28% and 14%, respectively. The CCO role accounted for 48% of the women hired, followed by CEO and CFO with 26% and 19%, respectively. Women replaced men in 3% of 33, and men replaced women in 23% of existing positions that changed hands.

**Women C-Suite Executives-Industry Profile:** 69% of Advisers do not have a woman holding one of the 4-key C-Suite positions in the firm that includes the CEO, CFO, COO, or CCO role.

**Manager Type Bias:** Emerging Hedge Fund and PE Managers hire the largest number of women while Managers of Hybrid and Real Estate funds hire the fewest. Even though male CEOs outnumber female CEOs by more than 12x across the industry, the median AUM of firms led by men is only 1.7x the Median AUM of firms led by women, a positive signal.

**Investor Type Bias:** Institutional Investors allocate more capital to Managers led by men than women in cases where the Manager advises only institutional money. Their investment in female-led Managers trails the overall market by 1% at 17% vs. 18%. Institutional Investors have the ability to move the needle on gender diversity by allocating more capital to deserving firms led by women.

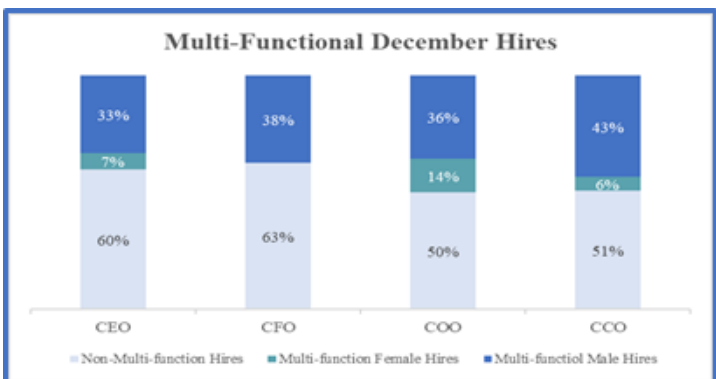
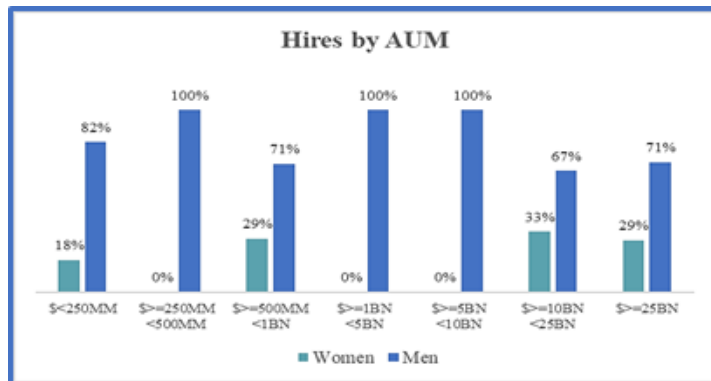
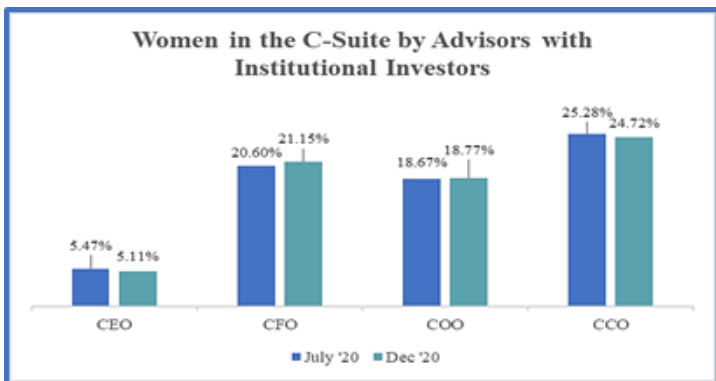
**Multi-Functional C-Suite Bias:** 45% of new C-suite positions were filled by individuals who took on more than one C-Suite title. 33% of women and 47% of men hired assumed more than one role. 49% of the CCOs hired assumed an additional role.

**Regulatory Risk Bias:** Women CCOs represent 22% of 222 regulatory enforcement actions taken against Advisers for wrongdoing. This is below the 24% of CCO positions held by women across the industry. Is there a reason that Advisers with compliance functions led by women incur fewer enforcement actions? We think so, what do you think? Send your thoughts to [ecleary@convergenceinc.com](mailto:ecleary@convergenceinc.com).

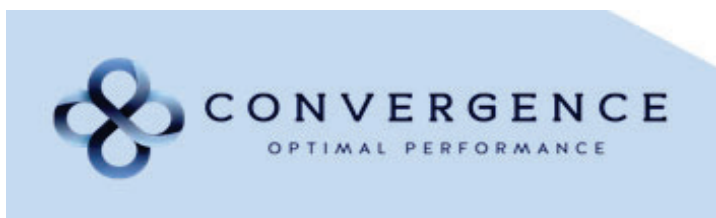
The Convergence Database includes 4,000 data points on each Adviser/Manager updated daily, including:

- 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	96	23	119	29	4	33	152
Percentage	81%	19%	67%	88%	12%	33%	100%
<b>Replacement Positions</b>			CEO	CFO	COO	CCO	Total
Men Replacing Women			0	0	1	6	7
Women Replacing Men			0	0	0	1	1
Net Change for Women			0	0	-1	-5	-6




**Convergence Talent Management**  
 Eileen J. Cleary, PhD, MBA, ACC  
[ecleary@convergenceinc.com](mailto:ecleary@convergenceinc.com)  
 908-672-3011  
[www.convergenceinc.com](http://www.convergenceinc.com)