

Diversity Insights

September 2020

We are happy to present the Seventh Edition of Convergence's Diversity Insights. We welcome the SEC to the diversity discussion. It recently announced it will make diversity and inclusion an agenda item for the asset managers. On Sept 16th, the SEC's Asset Management Advisory Committee met and one of the panels discussed "Improving Diversity and Inclusion" in the industry. Stay tuned for more information. The insights derived from these meetings and Convergence's ongoing monitoring of diversity trends will help us all keep this critical issue front and center.

Eileen's Views: Covid-19 continues to hamper overall industry hiring, and in August, hiring declined due to seasonality and the Covid-19 overhang. August included a higher percentage of newly added positions vs. backfilled positions, which is encouraging. Unfortunately, fewer positions went to women. More opportunities exist for women with emerging firms, particularly by emerging hedge fund, private equity and venture capital managers. We encourage all investors to consider the diversity practices of firms with minimal representation when making capital allocations. The networks exist to find diverse candidates, so what are their reasons? With ESG investing taking on such a high profile, it is surprising to see managers advising 100% Institutional Investor capital having a lower representation of senior women than the overall industry. Shouldn't it be in the other direction? We want to shout out and celebrate Citibank's appointment of Jane Fraser as its next CEO. She is the first female of a major US Bank and, we suspect, will usher in a wave of additional female CEOs.

August Hires: During the month 195 new or existing positions were filled with women accounting for 16%. Hiring activity declined by 11% after two consecutive months of increases yet August tends to be more seasonal due to summer vacations. Managers with AUM<\$250M dominated August hiring, representing 65% of hiring volume, an increase of 7% MoM. Hedge Funds accounted for 41% of the total C-suite hiring, a rise of 8% MoM, followed by Private Equity and Venture Capital managers with 26% and 10%, respectively. Hedge funds, Equity, and Multi-Strategy accounted for 38% 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% to 68%. Women hold 18.2% of leadership positions; no change from August 2020. Of the women hired in August, the CCO role accounted for 50% of hires, followed by CFO with 21%. Convergence identified 50 existing positions that changed hands; women replaced men in 14% of those positions, and men replaced women at 16% of the total replacements.

Manager Type Bias: While emerging Hedge Funds, PE, and VC account for the majority of the hiring in August, Real Estate, and Securitized Asset Fund Advisers did not hire women into leadership roles. Even though Male CEOs outnumber Female CEOs by more than 10x, the Median AUM is relatively similar among the two groups.

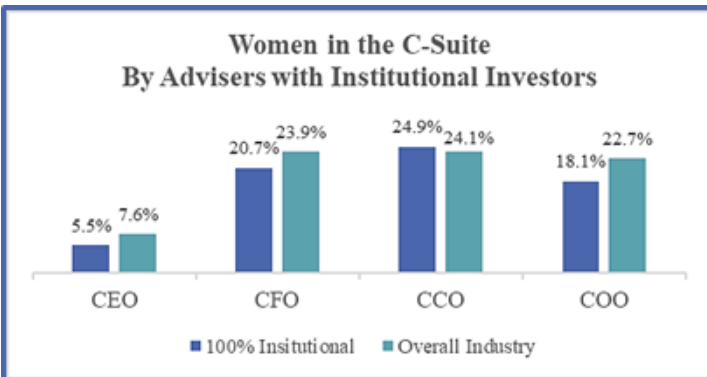
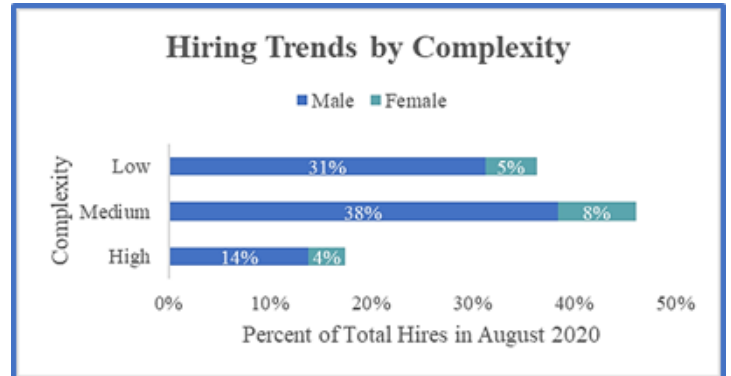
Investor Type Bias: Managers with 100% of their assets coming from Institutional Investors show less female C-suite presentation than the overall industry; 17.1% vs. 18.2%. The COO position showed the greatest difference; 18.1% vs. 22.7%.

Multi-Functional Bias: 55% of the total new C-suite positions were filled with multi-functional roles. 32% of the women and 57% of the men were hired into a multi-functional role, 70% of all newly appointed COOs shared a multi-functional role, followed by 60% of the CEOs. 50% of the Women CEOs in the industry share a multi-functional C-suite and 80% of those women CEOs are concentrated in managers with AUM less than \$500M.

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
	M	W	Total	M	W	Total	Total
Number	122	23	145	41	9	50	195
Percentage	63%	12%	74%	21%	5%	26%	100%
Replacement Positions			CEO	CFO	COO	CCO	Total
Men Replacing Women			1	1	0	6	8
Women Replacing Men			0	1	0	6	7
Net Change for Women			-1	0	0	0	-1



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