

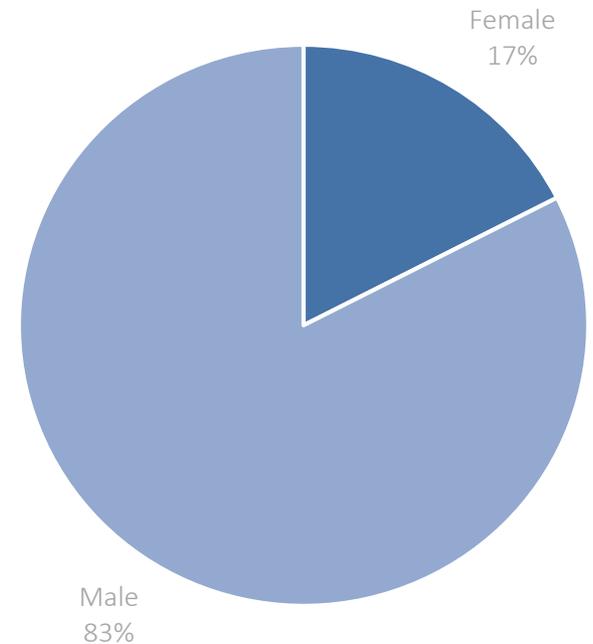
Godliman Partners

Spotlight on Women in Asset Management (Fixed Income)

Women in Fixed Income: Overview

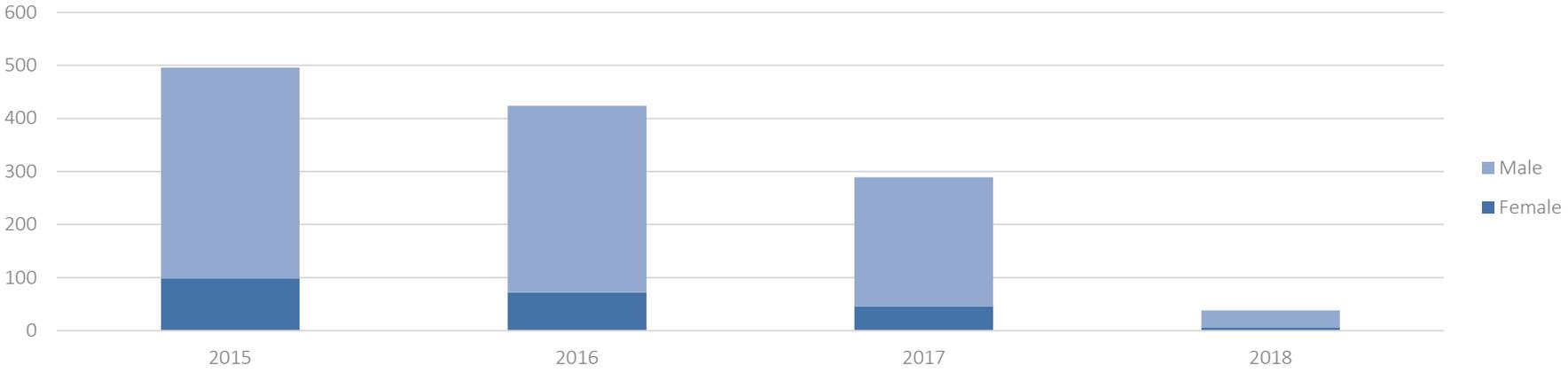
- Our Fixed Income research consists of 5871 Investment professionals, across Credit, Rates, Macro and Private Debt, from Heads of teams to Portfolio Managers, Analysts, Economists and Traders. It also includes Product Specialists/ Managers. We have found that only 17% of the Fixed Income market are female.
- Thus, it is clear there is an issue with underrepresentation of women in the Fixed Income space, symptomatic of the wider diversity issue in Asset Management as an industry.
- From our direct conversations with women in Asset Management, in the Fixed Income space, women on average rate their firm as only **5/10** on diversity.

Fixed Income - Split by Gender

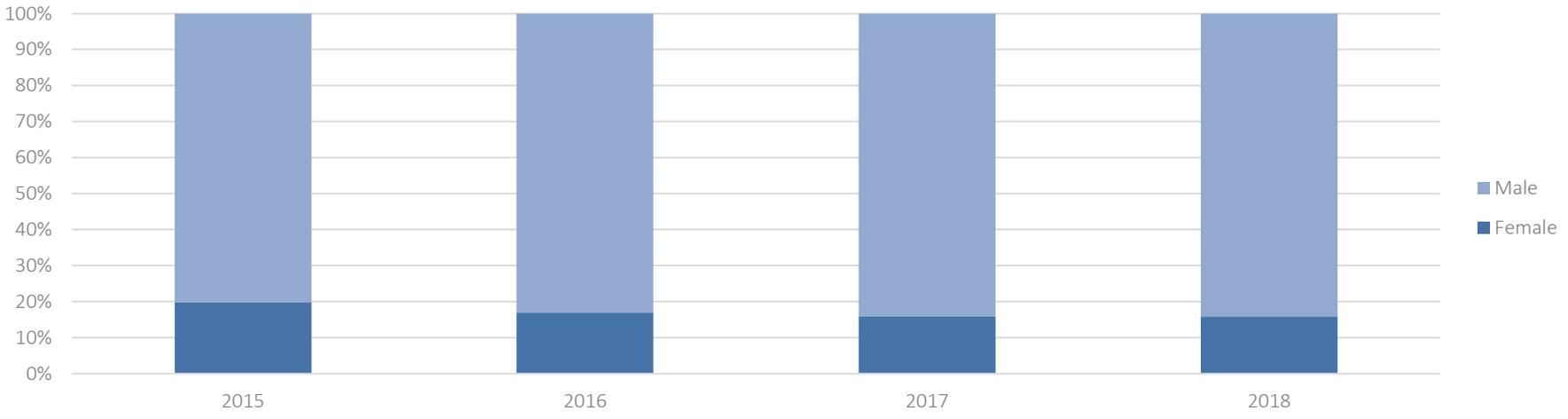


Annual Fixed Income Hires by Gender (2015 - 2018)

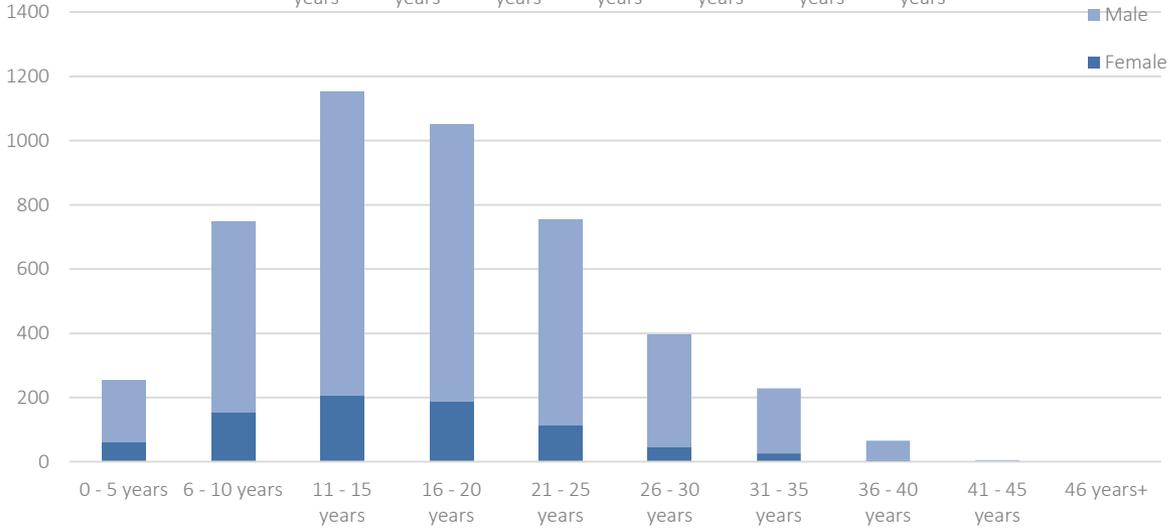
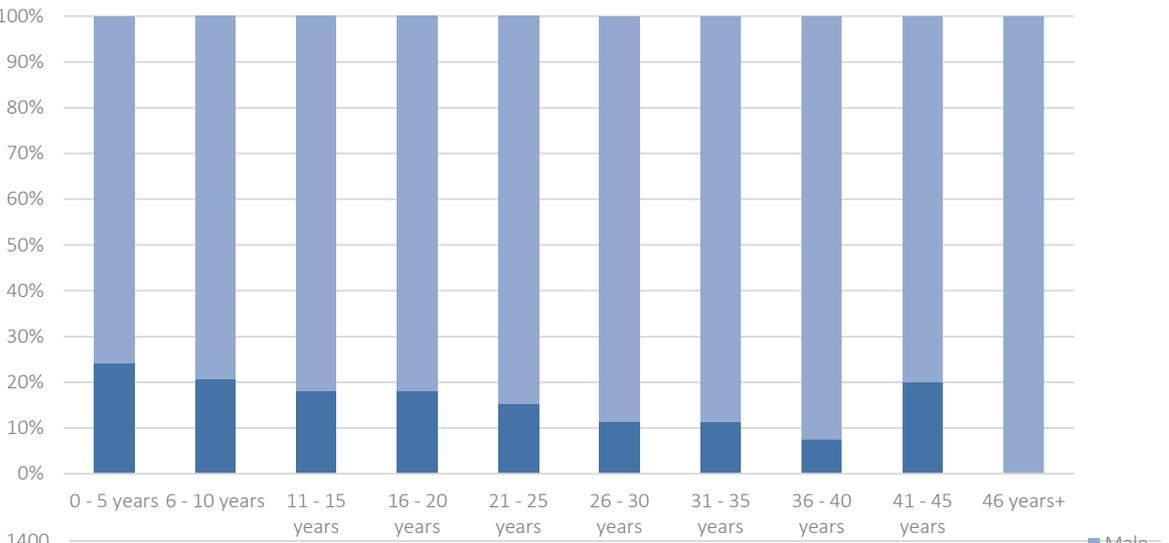
○ Our conversations suggest that the lack of representation starts at the point of hiring.



○ It is clear that hiring levels of women are significantly lower, consisting of only 16% of all hires in 2017:



Female Representation by Experience



- Overall, females represent the largest proportion of professionals at the 0-5 years level, before declining steadily as the experience level increases.
- It appears there is an increase at the 41-45 year level, however this is artificially inflated by the relatively smaller sample set, and is representative of only 2 women. There are no women at the 46 years + level.
- As the experience level increases, female representation begins to drop. Suggestions from our conversations include:
 - Women starting a family, generally in their 30s
 - Career changes
- So, why are women leaving the industry once they have reached a senior level, or after starting a family?

Why are women leaving the Asset Management industry?

- 41% of the women we have spoken with believe that Asset Managers tend to handle maternity leave and returnships poorly.

“Women are overlooked for promotions entirely even after returning from maternity leave, in case they go again”

“I have heard my boss refuse to hire a woman who was clearly the best candidate for the job, in case she goes on maternity leave – she’d mentioned nothing about having another child”

- 41% also believe that there is a lack of equal recognition for men and women in Asset Management, i.e. women must out-perform the men for an equal chance of promotion.

“The men continue to be promoted into their 40s and 50s, but the women need to be better than the men to get an equal chance”

“It’s a tough industry, and you end up with a lot of disgruntled ladies who have been overlooked for promotion, who often end up leaving”

- 29% of women thought that the inability to work flexibly was influencing the diversity in Asset Management – a key issue for women with young families.

“Flexible working is down to the discretion – or prejudice – of your line manager”

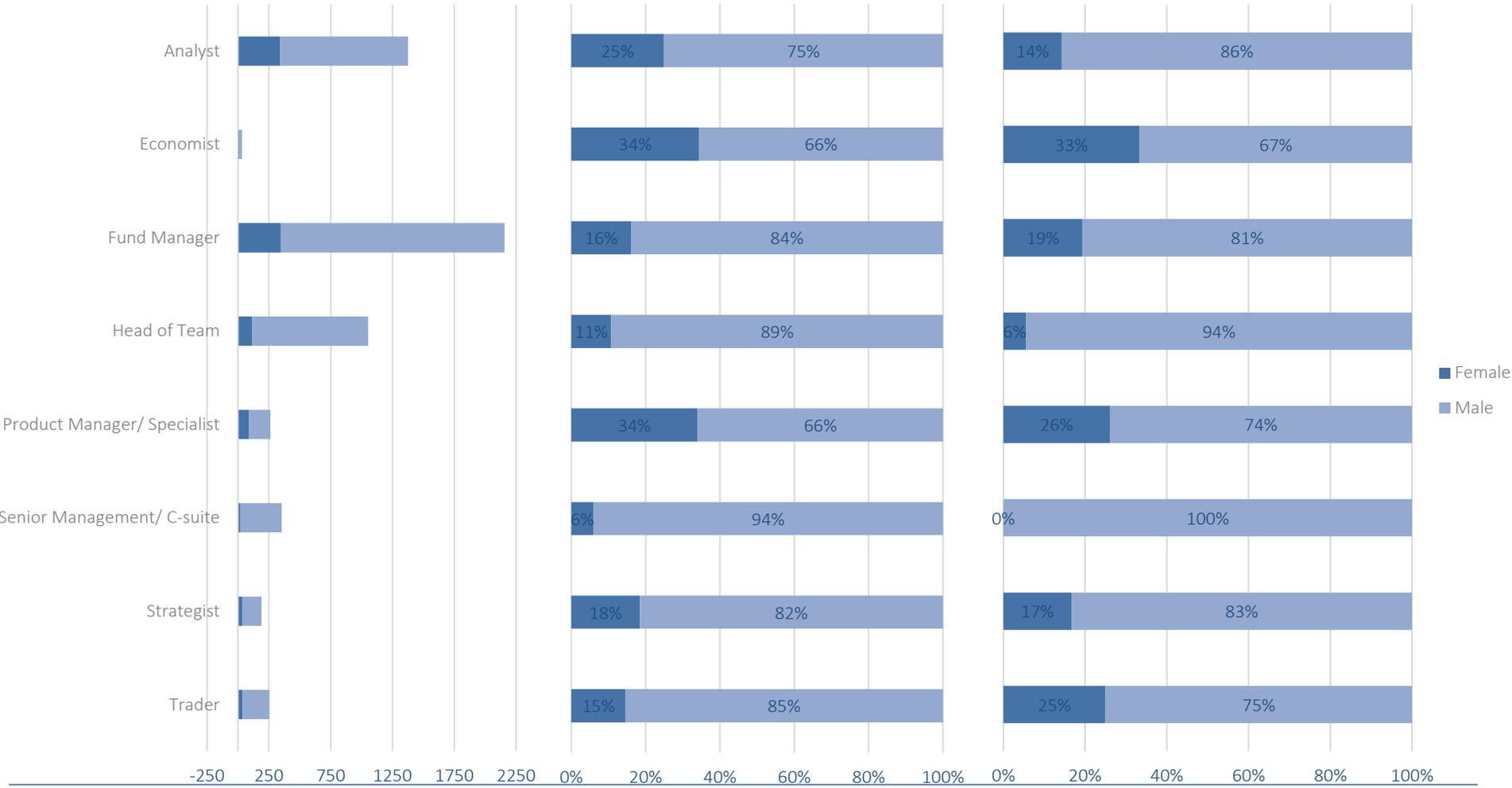
“There is a stigma around working from home that you’re not working as hard, or are less available, and women who leave at 5pm on the dot are often judged for it”

Fixed Income Demographic

By Overall Number

By Overall Percentage

By Percentage of 2017 hires



Fixed Income Demographic

- The largest female representation is among the Economists and Product Specialists, with women representing 34% of both of those markets.
- Most women are in either Portfolio Management or Analyst roles, despite representing only 16% and 25% of those markets respectively.
- From our conversations, **24%** of women believed that managers are biased at the recruiting and hiring stage, unconsciously hiring those similar to themselves, (generally white males).
- It is notable that women represent only 6% of Senior Management roles, and only 11% of Team Heads. These are also the two lowest areas of hiring for women, so the low representation is likely to continue.
- **35%** of women we spoke to felt that women do not have equal networking opportunities to men, commenting that they often do not hear about senior role openings until after the promotion has been made, because it was discussed outside of the office.
- Most female hiring has been at the Economist, Product Specialists/ Manager, and Trader levels, which often tend to be less senior roles – thus they may be creating a pipeline for future senior talent.
- **41%** of the women we spoke to believe that the external reputation of the Asset Management industry is affecting interest in working for an Asset Manager, at the junior level.

Why is Diversity Important for a Business?

Besides the obvious ethical and social benefits to encouraging diversity, are there any benefits to having a diverse workforce in a company? We explored some of the research...

In terms of fund performance:

- According to Citywire's recent Alpha Female study, they found that mixed teams of men and women produce **greater levels of outperformance** than single gender teams, or funds run by a solo man or woman.
- In basic terms, mixed-gender teams produce three-year returns that are 4.3% higher on average than female-only teams, and outperform all-male teams by 0.5%

In distribution:

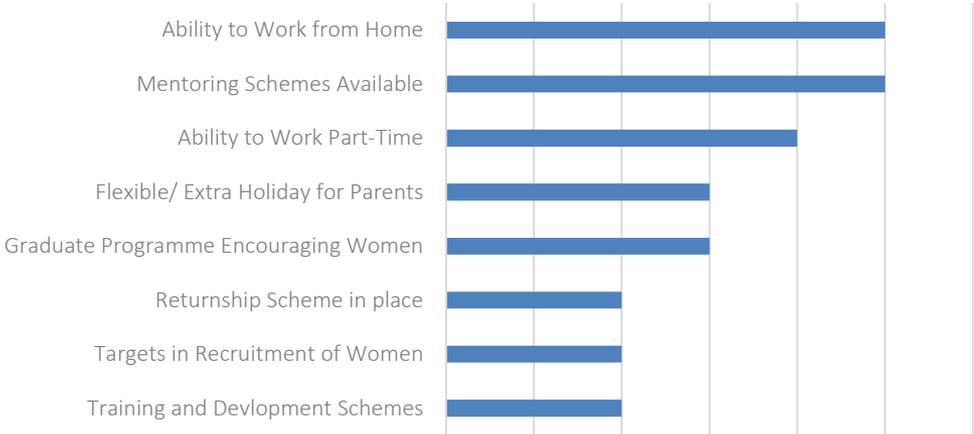
- According to the Financial Times, funds managed by mixed gender teams attracted **6% more inflows** than those run solely by men or women over the last three years.
- Hubspot reports that women are **5% more likely to close a deal** than men.
- A study from the University of Illinois at Chicago showed that companies with higher numbers of female board directors have a **42% higher return on sales** than those with lower numbers of females on the board.

In overall business management and performance:

- A Gallup study has shown that inclusive cultures are reported to have 22% lower **turnover rates** due to increased morale, opportunity and equality.
- In a recent McKinsey study on diversity in the workplace, they found that companies who are in the bottom quartile for both gender and ethnic diversity are statistically less likely to achieve **above-average monetary returns** compared to other companies in their data set. McKinsey have found that the most gender-diverse companies are 21% more likely to experience above-average profitability.
- They also found that in the UK, greater diversity on the senior executive team corresponded to the highest performance uplift in their data set – for every 10% increase in gender diversity, EBIT rose by 3.5%.
- Lehman Brothers have conducted a study which found that gender-balanced teams were the most likely to **experiment, be creative, share knowledge and fulfil tasks**. The report also found that the most confident teams had a majority of women (60%).
- A report by MSCI has shown that companies with a critical mass of female directors, (at least three for three years in a row), have the **highest growth in employee productivity** compared to any other group in the study. They found the reverse true too – companies with few or no women on the board trailed all other groups.

What is being done?

○ Among our sample group, the most common ‘diversity encouraging’ policies in place are:



○ However, many of the women we spoke to are feeling disillusioned about these policies.

“Policies are great, but it has to come from senior management – and they have to buy into it”

“The flexible working policies are not currently highly advertised and depend on the manager’s discretion”

“Flexible working is not an option at all for some teams, and tends to be allowed more for the senior staff – many of whom are male anyway”

“We have a number of policies in place, but nothing is really implemented properly and it isn’t a focus. It feels more like lip service”

What more could we do?

○ We also asked our sample group what policies they would implement, were they in charge:



○ Flexible working, both in hours and the ability to work from home, feature highly in the desirable policies.

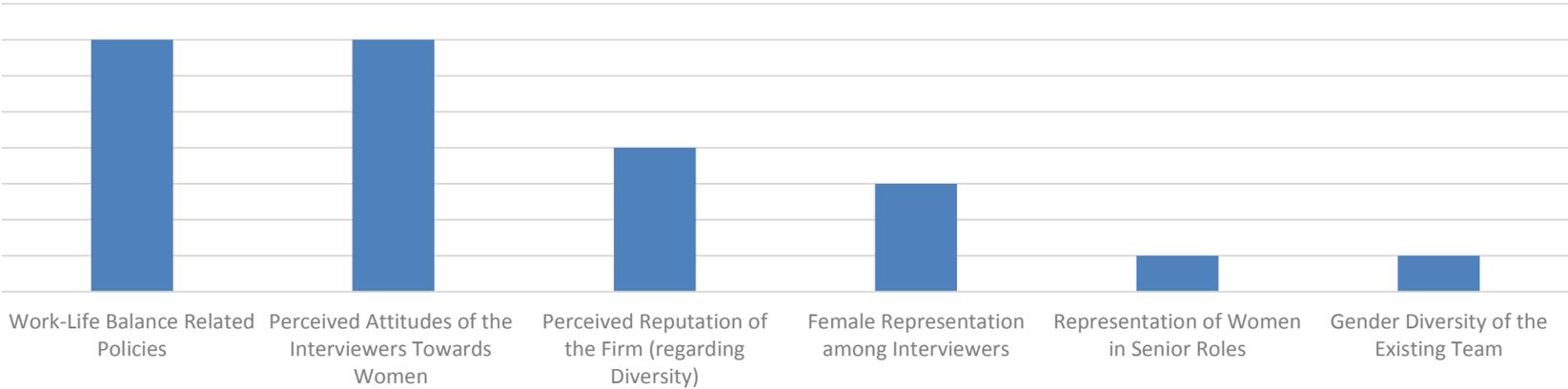
○ It is also interesting to note that senior management education seems to be a point of issue for our sample group. Training on unconscious biases, people management and especially the benefits of diversity are all priorities.

○ One of the key points for our sample group is actually encouraging senior management to promote and implement policies which are already in place at their company, which correlates with some of the comments we have heard regarding ‘line manager discretion’ on matters such as flexible working.

What more could we do?

○ We also asked our sample group what the most important factors they consider when looking at a new role:

What is really important when considering a new role?



- Many women remain unconcerned about the existing female representation at the firm, on the team they are joining or within senior roles at the firm. This is largely because they recognise that the whole of Asset Management has a problem, and thus would rule out most of the market for them to move to.
- What clearly is important is the interview process – and crucially the candidates’ perception of the female-friendliness of the interviewers and firm as a whole, with the interviewers’ attitudes to women being the biggest indicator for our sample group.
- Work-life balance polices, such as flexible or part-time working, is a significant consideration.

“The key is to have a solution in place to help women have children and a career, and balance them with more ease”

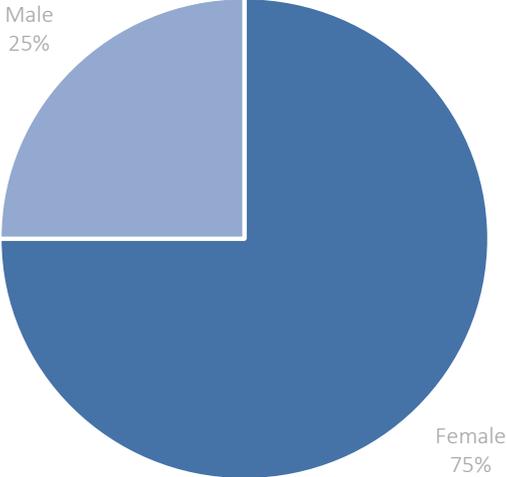
Summary Points

- The Diversity problem in Asset Management can be summarised by two main causing factors: the hiring of women at the junior level, and the retention of female staff as they progress. Clearly, in order to effect change more quickly rather than waiting for junior hires to progress to senior roles, senior female hires also need to be made.
- Female hiring levels can be improved by increasing the female candidates in the hiring process. Relaxing some entry requirements, for example, STEM-subject degrees which are often very male-dominated, or considering people with a more varied career background may allow for more female candidates to be considered. Encouraging more applicants, in particular females, will also boost this, perhaps by visiting schools and campuses to give talks or attending careers fairs, improving the external reputation of the Asset Management industry.
- Many women we spoke to also suggested some training for hiring managers, regarding unconscious biases, so as to interview more fairly.
- Involving more female interviewers in the recruitment process, and giving some training on how to interview well and manage people well, will help encourage female candidates to secure their interest in the role.
- Retaining female staff is a more complex issue, but it has brought up a number of suggestions for solutions, such as introducing firm-wide flexible working or 'work-life balance' policies, which are HR-led rather than at the discretion of line managers, and are thus less subject to stigma of working 'less hard' or being 'unavailable'. This would help women to balance a family and career and thus less departures at the mid-senior level, when people tend to start families.
- Education is a key topic when it comes to staff retention too – people management training would not only create a more positive working environment, but also establish a fairer approach to promotions and general staff recognition and reward - and keeping networking outside of the office.
- Training and mentoring for the female staff themselves is also an important factor, so that junior team members are not 'pigeon-holed' at an early stage by ability. Extra training in more technical areas would create more well-rounded staff.

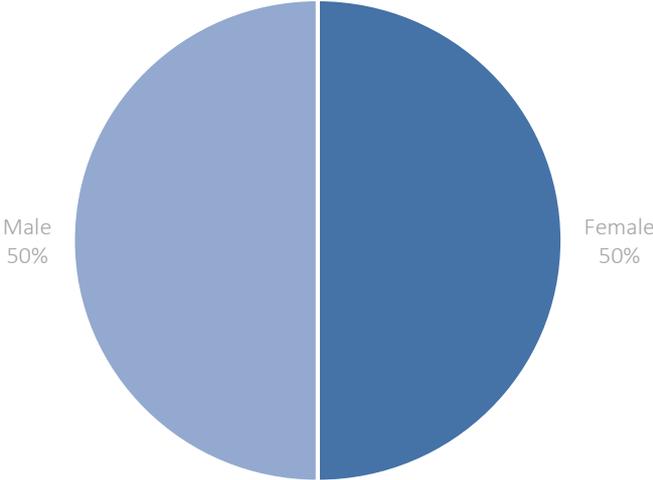
What about Godliman Partners?

- At Godliman we practice what we preach and believe that our company will be better off with a more diverse workforce.
- We currently have an equal ratio of women to men across our 24-strong team.

Godliman Hires in the Last 12 Months



Godliman Overall Gender Diversity Split



- We continue to strive to improve representation within our firm and as such, 75% of our hires in the last 12 months have been female.

How can Godliman help?

- Passive search: we have a large network of women in Asset Management and as such, can make introductions to potential candidates.
- Active search: an active map of a specific segment within asset management in line with client's brief, highlighting top female talent.
- Research Overlay: as part of every search we make sure we consider all of the best candidates in the market – we can also provide a snapshot of summarising the female potentials in the segment.
- Active management of Returnees: identifying women who want to return to Asset Management following a career break.
- Internal Consulting: we can carry out an anonymous third-party assessment of sentiment of staff at the client firm, to highlight key areas of improvement while maintaining confidentiality of staff and the firm overall.
- Exit Interviews: we can also conduct exit interviews to any women leaving the client firm, so as to assess their views on diversity at the firm in an impartial and confidential manner.
- Networking Events: we are planning to run networking events so that introductions can be made to top female talent, even before a hiring requirement arises. The events will include talks and presentations including advice on improving diversity in Asset Management.

The Diversity Team



Millie Ratcliff

Millie is a Senior Researcher supporting on *Direct Investing, Fund of Fund and Multi-Manager hires. She also focuses on EMEA Distribution and Developed Market & Emerging Market Fixed Income. Millie also focuses on Diversity in Asset Management.* Millie joined Godliman in 2013.

020 7183 0724
m.ratcliff@godliman.net



Gwen Gotora

Gwen is a Senior Researcher supporting on *EMEA Distribution with focus on the Middle East, the UK, and Northern Europe. She also focuses on Developed & Emerging Market Debt and Private Markets.* She joined Godliman in 2012.

020 3475 3068
g.gotora@godliman.net



Hannah Kempster

Hannah is a Senior Researcher supporting on *EMEA Distribution with focus on the UK and Northern Europe, including specifically the Insurance Distribution sector. She also focuses on Developed Market & Emerging Market Fixed Income. Hannah actively works with Diversity within Asset Management.* Hannah joined Godliman in 2017.

020 7183 0771
h.kempster@godliman.net



Mollie Tant

Mollie is a Researcher supporting on *Developed Market & Emerging Market Fixed Income. She also focuses on Diversity within Asset Management.* Mollie joined Godliman in 2018.

020 3475 9902
m.tant@godliman.net

Our Contact Details

UK Office:
80 Coleman Street
London EC2R 5BJ

US Office:
One World Trade Centre
Suite 8500
New York, NY 10007

www.godlimanpartners.com

T 020 7183 8860
F 020 7760 7122