

White Paper

Women in Investment Management



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Introduction

In 2016 when Lady Quentin Bryce walked into the Fund Manager of the Year awards, she turned to a leading female portfolio manager and asked, “where are all the women?”¹.

She was genuinely shocked at the room awash with men in suits, commenting it was worse than the mining industry. Five years on and not much has changed at the top of this industry that now manages over \$4 trillion in assets². While much is happening at the lower levels to create cause for optimism, several challenges remain that mean these efforts won't necessarily translate into equality at the top.

This paper explores the progress the investment management industry is having on gender diversity, the threats that exist to this momentum and offers solutions to tackle ongoing challenges. These insights are based on available data and anecdotal evidence gained from speaking with dozens of young women and industry leaders over the past five years since the author started researching and working on the topic.

We're making progress but it's hard-fought

We find the global momentum to address the barriers women face in investment management is yielding results, particularly among junior to mid-level investors. Industry initiatives aimed at raising awareness among women at university are making it easier to source female talent for junior roles. Directives to recruitment firms to source women to fill mid to senior level roles has resulted in those number inching up slowly. Stakeholder expectations and moves to set gender targets and make them public means the competition for top female talent will only grow.

The specialised nature of front-office investing means talent must be developed from the ground up. That means proactive recruitment of experienced female investors delivers a gain for one fund and a loss for the other. At the aggregate we move sideways or backwards if we fail to address the fact we're losing female talent from the industry at a far greater rate than we're losing men.

¹ Kitney, Damon. Hall of Fame Inductee Breaks the Glass Ceiling. The Australian, 19 Oct. 2017, www.theaustralian.com.au/business/financial-services/hall-of-fame-inductee-breaks-the-glass-ceiling/news-story/2d5e2a2f7b785c4455c835a2b40007eb. Accessed 18 Oct. 2021.

² Australian Trade and Investment Commission. Australia's Pension Funds Shine in 2021 Global Ran. Austrade, Australian Government, 21 Feb. 2021, www.austrade.gov.au/news/economic-analysis/australias-pension-funds-shine-in-2021-global-rankings. Accessed 11 Oct. 2021.

Structural barriers are the biggest obstacle

We believe the biggest barrier to progress is structural. Front office investing teams are small, turnover is necessarily low and junior roles require at least two years' related work experience. These dynamics act as a disincentive for many funds to overcome the low awareness among young women and inspire their interest at university. Even when funds can pool their efforts through initiatives like student campaign Future IM/Pact, these barriers stop them from acting.

Internalisation may help to overcome impediments

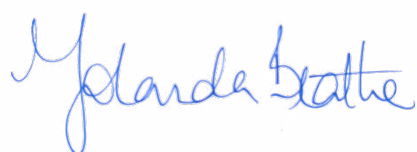
Some structural dynamics may work in our favour. Industry super fund mergers and the internalisation of asset management capabilities are expected to increase the total number of investment professionals in the Australian market. These funds' commitment to profit to members resonates strongly with women while their larger size increases their capacity to run development programs that attract and retain women. That said, we're still talking about relatively low numbers of entry level hires each year into investment teams.

We need a groundswell of female talent

Creating a groundswell of female talent with the right skills, passion and perseverance to build a lifelong career in this hugely influential industry is essential. Achieving that endgame requires industry to plug the three gaps in current approaches:

- Limited engagement with women in their early career.
- Support for and advocacy of junior investors.
- Equipping leaders with the confidence and skills to convert their desire to support women to effective sponsorship of their potential.

We have prepared this paper to test our thesis with industry and build support for industry-wide programs addressing each of these needs. We welcome feedback and the opportunity to collaborate with organisations committed to doing the work to address the structural and cultural impediments to gender equality in investment management.



Yolanda Beattie

Founder, Future IM/Pact
Director, Yo&Co

About the author

Yolanda has spent over 20 years working in and around the funds management industry.

In the last decade, she turned her critical thinking and influencing skills to gender equality as head of public affairs at the Workplace Gender Equality Agency (2012-2016). In her role as head of diversity and inclusion at Mercer (2016-2019) she led ground-breaking research into diversity in investment management and launched Future IM/Pact. She now runs her own boutique consultancy, Yo&Co which continues to run Future IM/Pact and other programs.



About Future IM/Pact

Future IM/Pact is the female talent incubator for the funds management industry. We find smart, numerate women at university and help them launch their front-office investing career by inspiring a passion for investing, developing their foundational leadership skills, and providing access to networks and jobs. In 2022, we will launch Accelerate – a career accelerator targeting women in their early careers. Future IM/Pact is made possible by the incredible support of our partners: Australian Ethical, Cbus, HESTA, MLC, Macquarie, Perpetual, QIC, Sunsuper, Fidelity, Jarden, Mercer, Munro Partners, Schroders and Vina.



About Yo&Co

Yo&Co runs programs and coaching that create high performance by investing in trust and great communication. We're passionate about helping people reach their potential and have fulfilling careers and lives. Future IM/Pact is an industry program we run targeting female potential in investment management.



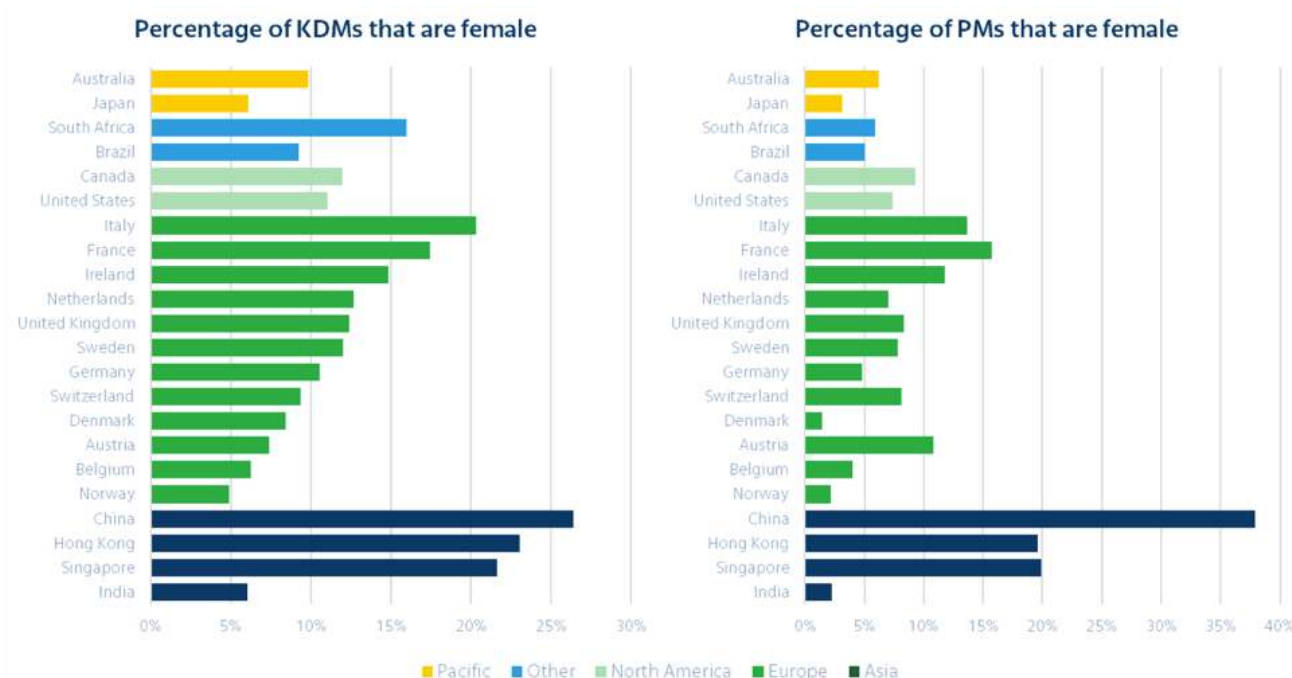
Australia lags on a global stage

Investment management in Australia remains one of the most male dominated professions in the country.

2017 Mercer research found only 24% of front office investing roles (defined as anyone recommending, making or implementing investment decisions) were held by women across the surveyed super funds and fund managers³.

Zeroing in on just fund managers, more recent global Mercer research has Australia ranked 12th out of 22 in the world on gender diversity with just under 10% of key decision makers (KDM) being women⁴.

Australia ranks 12th out of 22 in the world on gender diversity in funds management



Source: MercerInsight™, Mercer calculations. The total number of portfolio managers in our sample is 6,965, a subset of the total number of key decision makers in our sample, which is 20,040.

³ Beattie, Y 2017, Diversity in investment management research findings, February, Mercer

⁴ Kinney, M 2020, Diversity dressing the hidden figures, Mercer.com, viewed 23 October 2021, < <https://www.mercer.com/our-thinking/wealth/diversity-dressing-the-hidden-figures.html> >.

The differential between the two studies suggests the super funds are doing the heavy lifting on improving gender diversity. In our conversations with women at these funds, the profit for members value proposition is a driving factor that attracts them to these roles and sustains their commitment and ambition.

China tops the charts with over 25% female KDMs. Interestingly China also boasts a proportionately higher number of female portfolio managers (PMs), compared to total KDMs with 38% of PMs being female, compared with just 6% for Australia. While the dynamics of this market are very different to Australia's, China's ability to support female investors to rise the ranks requires further investigation.

Efforts are translating into progress

The lack of women in these positions is not from lack of trying. Almost every fund manager we have spoken to in the five years we have been working in this area express an explicit desire to hire more women.

Research by super fund HESTA suggests these efforts are yielding results, albeit slowly and modestly⁵. HESTA's 2020 survey of its 60 investment partners' gender composition found:

- Aggregate level had improved from 17% in 2018 to 22% in 2020.
- Unlisted funds continued to perform better than listed. Women held 24% of investment team roles at unlisted managers surveyed, up from 17% in 2018. Listed managers improved modestly, increasing from 16% to 17% in 2020.
- Improvement in female representation was mainly driven by improvements at the mid-level. For listed managers, composition of Heads of Investments increased three percentage points (11% in 2018 vs 14% in 2020) and female PMs improved by four percentage points (10% versus 14%).

These gains are notable when considered in the context of structural and cultural barriers that remain.

"I studied biotech at uni but have personally invested in markets for a few years. When I was introduced to investment management via Future IM/Pact I could see how I could combine by knowledge of science, medicine and tech, my problem solving skills and my interest in markets to create a really exciting career."

Female Future IM/Pact alumni and newly appointed healthcare analyst at sell side broker

Super funds are doing the heavy lifting on improving gender diversity in front office investment teams.

"The overall improvement is encouraging, given the historic under-representation of women in the funds management industry. However, there is still much work to be done, particularly if we're to see more women progress to senior decision-making roles."

HESTA CIO Sonya Sawtell-Rickson
(from press release)

⁵ HESTA 2021, *Survey points to improved gender diversity in funds management but progress stalls for senior roles*, Press release, 15 June, viewed 25 October 2021, <<https://www.hesta.com.au/about-us/media-centre/HESTA-gender-survey-investment-managers-2021.html>>

More women moving into markets

These gains come at a time when more women are studying relevant degrees at university and are becoming comfortable with investing in markets. Women are now completing management and commerce, and science degrees at near equal rates to men⁶, creating an ample talent pool for the industry to access and inspire a passion for the specialist area of investing and the more technical study it entails.

Recent analysis from wholesale broker AUSIEX found women now outnumber men as new investors while the proportion of primary account holder women increased to from 33% to 39% for the period from November 2019 to March 2021. If this growth trajectory continues, women will outnumber men by early 2022.

Women's increasing comfort with investing in markets personally signals an important shift in mindset that has historically been a barrier to entry into the world of professional investing. Having your own portfolio is considered by hiring managers as an important sign of interest and commitment that men have traditionally been able to demonstrate more confidently. Our conversations with young women entering investment management indicate personal investing has been a driver of their career ambition too.

⁶ Larkins, F 2018, *Male Students Remain Underrepresented in Australian Universities. Should Australia be concerned?*, 2 October, viewed 5 April 2020, <https://melbourne-cshe.unimelb.edu.au/__data/assets/pdf_file/0012/2894718/Gender-Enrolment-Trends-F-Larkins-Sep-2018.pdf>.

Barriers to progress

The barriers to women choosing a career in front-office investing exist along the career lifecycle and are then exacerbated by structural challenges. We outline the most pressing barriers below.

At university

Women are less likely to know about investment management

At University, the investment banks and management consulting firms dominate graduate recruiting and so most students don't see a visible path into investment management. This challenge is confounded by Hollywood stereotypes among young women, who are less likely than men to be considering the profession and report being surprised and excited when they learn about the industry. Combined, these factors explain why 41% of female students say they don't know enough about investment management to consider it as a career, compared to 27% of males⁷.

“As an investor you need to back your ideas and stand your own in a robust discussion. The female students tend to lack the conviction in their communication, compared to the men.”

Senior investment professional at fund manager

“One of our junior female investors was applying for a program scholarship and in the process she was discounting her chance of success, saying it was unlikely she'd get it. You just don't hear that self-doubt as often from men.”

Senior HR professional at super fund

Early career

Low levels of awareness persist

Low levels of awareness persist into the early career phase as the country's brightest commerce, economics, science and finance grads are scooped up by management consulting firms and global investment banks. Ask any fund manager about the gender composition of the applicants for analyst roles which require 2 – 3 years' experience and they'll tell you it's still about 80% male.

“In retrospect, we can see didn't put enough effort into ensuring our female junior analyst had the right level of support and structure to thrive in the role.”

Chief executive officer, boutique fund manager

⁷ Beattie, Y 2017, Diversity in investment management research findings, February, Mercer

A premium is placed on passion

Investment management has been described as completing a large and complex jigsaw puzzle without all the pieces. Succeeding in this career therefore requires more than smarts. A deep passion for investing is critical and is one of the hard to measure traits in the recruitment process that men tend to demonstrate more clearly. Statements like “this is all I’ve ever wanted to do” is common refrain for young men trying to crack into the industry while young women are less likely to express their passion with the same overt language. Recruiting talent is a high risk decision made with limited information. As a result, emphatic pronouncements of passion provide greater levels of assurance to hiring managers.

“In a staff meeting, our CEO re-explained a response a senior woman had given, not adding anything to what she had already said but in the process subtly undermining her authority. When I raised it with him he was completely unaware. When I raised it with the executive and asked if they had noticed, the women nodded, and the men didn’t have a clue.”

Head of people and culture at fund manager

Women appear to lack confidence

The view that women’s lack of confidence explains their underrepresentation in the top ranks of business is highly contested⁸. More recent evidence suggests it’s women’s hesitation around self-promotion more than their lack of self-belief⁹.

In an industry where a fine balance of conviction and humility is sought after, we regularly hear young women interviewed for entry level roles are more likely than men to lack the appearance of conviction, and this translates into the perception of a lack of confidence.

“We did everything to keep one of our ‘heads of’ from leaving but with several kids under 10 years old her priorities changed. She wasn’t leaving to take another job; she was leaving to create a different life.”

Head of people and culture at fund manager

Female junior investors lack mentors

For the small but growing number of young women who are making their way into this profession, finding trusted mentors who they can call on for feedback and support is vital. Most are turning to their internal teams and are grateful to have senior women to bounce ideas around with - when there are women in their team. In our experience, those who aren’t so lucky, are more likely to find investment management isn’t for them.

Supporting this cohort to stay with the industry is key. The small size of male dominated teams presents a risk in this regard as these teams are unlikely to have the structures and

⁸ Fox, C 2017, Stop fixing women : Why building fairer workplaces is everyone’s business, Newsouth Publishing, Sydney, New South Wales.

⁹ Gourguechon, P 2021. “Women in the Workplace: The Myth of the Confidence Gap.” Forbes, 6 Nov. 2018, www.forbes.com/sites/prudygourguechon/2018/11/06/women-in-the-workplace-the-myth-of-the-confidence-gap/?sh=638948b56fd0. Accessed 19 Oct. 2021.

programs designed to nurture young talent. More research is needed to better understand the needs of this group.

Mid-career

Women need more effective sponsorship

Being the only (or one of the only) woman in any business setting can be daunting. While the investment management industry has evolved to be more female and family friendly, research by the University of Sydney suggests women continue to feel excluded by hyper-masculine environments. The result has been for them to self-select for the teams where they feel valued and supported or exit the industry, often leaving teams where that support didn't exist¹⁰.

“Our investment team is small and we don’t hire graduates so we can’t justify the time and effort it takes to engage with female students.”

HR manager at global quant fund manager, and 80% of the fund managers we speak to

This played out in 2017 Mercer research where women were 50% more likely than men to leave their role at the senior analyst level while men were up to 30% more likely to be promoted¹¹. Female investment managers believed bias explained the discrepancy. Females were also less likely to feel their manager supported their career ambitions, compared with male investors (59% v 77%). A more recent study in the finance sector broadly showed 76% of men were offered a promotion at least once without asking for it, compared with 57% of women¹².

It is perhaps the more subtle and pervasive discrimination that is most damaging and hard to address. The tendency for men to redirect questions to men or re-explain what women say are examples of the often unconscious way women get undermined. Again, it usually takes a fierce and well-respected senior woman to point this out to senior men.

Global research shows the barriers women face persist even when they make it into portfolio management. When funding new investment vehicles, allocators invest more in male-managed funds when they outperform, and they reduce mandates at higher percentages from women-run funds when they comparably underperform¹³.

¹⁰ Oxenbridge, S, Cooper, R & Baird, M 2018, 'Non-traditional investors?': The work and career experiences of Australian women working in investment management, August, University of Sydney, Sydney.

¹¹ Beattie Y 2017

¹² Papuc, A 2020, *Women in Finance Must Ask for Promotion, Unlike Men: Survey*, Ardea Investment Management, viewed 2 November 2021, <<https://www.ardea.com.au/women-in-finance-must-ask-for-promotion-unlike-men-survey/>>.

¹³ Firestone, Karen. "When Will We See More Gender Equality in Investing?" Harvard Business Review, 25 Mar. 2019, hbr.org/2019/03/when-will-we-see-more-gender-equality-in-investing.

The family juggling act

The challenge women face starting a young family as their careers are taking off is well-documented. Statistically, women disproportionately carry the domestic burden at a time when work intensification is accelerating. Generous parental leave and support, flexible working and flexible careers, and family friendly workplace cultures are examples of the policies and practices that help women manage their domestic responsibilities. Anecdotally, we hear women are more likely than men to leave senior roles in the industry to spend more time with family, even when the organisation has generous support arrangements in place.

Make no mistake – this does not mean funds should stop their efforts to keep these women. Rather the industry needs to do more to support women through the pipeline so there are enough staying in the industry to offset those who will unavoidably leave.

We note the recent launch of independent workplace ombudsman [Ombpoint](#) can have a role here by acting as a reference point to help employees manage difficult conversations before they turn into conflict or cause someone to leave.

It would be remis not to point out an uncomfortable elephant in the room here. Most senior men within funds management have either wives who don't work or who work part-time and /or work in less demanding roles, freeing them up to focus on their demanding roles. That lack of first-hand experience with the family juggle makes it harder for them to empathise with and actively support that balancing act.

Structural barriers

Small size and low turnover stop many from acting

We wrap this discussion with what we believe to be the biggest barrier slowing progress – the size and structure of the industry and the disincentive it creates to act in pursuit of longer-term results.

Most front office investing teams are small and flat, turnover is low and junior recruits require at least 2-3 years' relevant experience. Indeed, some funds only hire 8-10 years' experience at the analyst level. This experience bias and infrequency of junior recruiting reduces the incentive to engage at the student level. Yet a failure to do so means female talent are less likely to be alert to these opportunities when they arise in their early career. Instead, they travel along well-worn and clearly defined paths in banking, law, management consulting or accounting (for example).

Several factors entrench these structural barriers:

- Asset consultants reward low turnover.
- Small team size and profit pressures reinforce the need to hire experience.
- Asset management internalisation by super funds means fund managers are losing mandates, putting downward pressure on team size.

While these pressures will be partially offset by the larger investment teams within the mega super funds, fast-tracking progress on this agenda requires a whole of system approach to overcome the substantial barriers that slow progress.

Industry responses

You'd be hard pressed to find a senior leader in investment management that didn't claim a desire and intent to hire more women into their investment teams.

They offer a range of reasons why:

- A desire to shake up the male-dominated team culture, which is more likely to be homogenous in communications style and personal interests, and more competitive and individualistic.
- Pressure from stakeholders, particularly super fund clients and asset consultants who now routinely ask about gender composition of investment teams and plans to improve diversity.
- A belief women make great investors because they're more humble and read people well.
- A desire to leave a legacy for future generations and a frustration that too few women pursue this influential career path.

These intentions have fuelled a raft of fund-specific and industry responses.

Fund-specific approaches

Scholarships and internships

Frustrated by the lack of women applying for investment roles, a handful of funds offer scholarships for top female students in applied finance or similar technical degrees. Some routinely take on summer and winter interns, although this unusual for small fund managers.

Industry initiatives like Future IM/Pact and Future Females in Finance also help funds source interns.

Rethinking grad recruitment

In the past, it was only the largest funds who ran intern placements and graduate programs. As the industry grapples with a looming talent shortage and growing

"I'm keen to bring more women into the team for cultural reasons. It just feels better when there's diversity around the table. But in the past few roles we've filled, we haven't been able to find suitable women to recruit."

Chief investment officer of boutique fund manager

"I was frustrated by how few women applied for roles so I decided to start a scholarship and then offer the recipients the option to intern."

Managing director of boutique fund manager

"We decided to hire someone who was fresh out of university but had proven their interest in investment management through Future IM/Pact and who's marks showed they had the smarts to learn on the job. Yes it takes more time to bring them up to speed, but the investment is worth it."

Chief investment officer of Australian fund manager

stakeholder pressure to improve diversity, we're seeing more funds consider developing talent from the ground up. We don't expect this will translate into more structured graduate programs. Rather, we expect funds to be more open to interviewing top female talent who are fresh out of university for junior analyst roles. These women can demonstrate their passion for investing and capability through investment competitions like those run by Future IM/Pact.

Proactive recruitment

The most common approach we hear is driving recruitment agencies to work harder at finding female talent. Setting targets for recruitment shortlists and using gender neutral language in advertising is also part of this approach. The small number of women in mid-senior investment roles means they are approached regularly. That means one fund's female talent win is another fund's loss.

Internal hiring managers are somewhat uncomfortable with the soft mandate to hire women. Not because they don't want to, but because they're putting men through the rigorous recruitment process knowing they don't stand a chance. Creating a female only talent pool can help circumvent this discomfort for everyone.

Retaining women

Creating a culture where people feel valued and included, and have access to development opportunities is key to retaining all talent, including female investors. The Financial Services Council (FSC) guidance note, *Improving Gender Balance within Investment Management Teams*, provides a detailed list of the various actions, policies and programs leaders and organisations can and are taking with this end in mind. Larger super funds and fund managers could tick off everything on the list. Smaller funds don't have the capacity, and in some cases the requirement, given their size.

In our experience, the funds having the most success have done the work to cultivate a deep leadership commitment to enabling diverse talent. That commitment is established and nurtured one conversation at a time, invariably led by fearless and persistent women leaders. The FSC recognises formal sponsorship programs that pair senior leaders with aspiring leaders is the most effective program to facilitate these conversations.

"We've made it very clear to our recruiters we want a female to fill these roles so we can bring some different perspectives and styles to our investment team. Dozens and dozens of women have been approached but we were unsuccessful in landing the right female candidate."

HR Manager at boutique fund manager

"Our investment team is pretty small and I can count the senior women on two hands so I commit a considerable amount of my time making sure they have everything they need to succeed, and that their manager does the same."

Head of People and Culture at state-based fund manager

First Sentier Investors has set a target to have women comprise at least 40% of its investment management staff in Australia by 2033

Company press release

Because there are so few women in these teams, identifying and addressing their specific needs is key. This takes shape as an informal individual retention plan informed by ongoing conversations with managers and the head of HR.

Returnships and lateral moves

A much smaller group of fund managers have programs in place to bring back women into investments who have been out of the market while raising their family. Another uncommon approach is to look for talent in adjacent teams such as product development and distribution.

Targets and reporting

Because most investment teams are small, a quick glance around the floor or Zoom room is all the reporting that's needed. These teams are unlikely to set formal targets but instead push hard at every recruitment opportunity, sometimes delaying appointments until a suitable female investor can be recruited. Larger teams are adopting targets and public disclosures in response to stakeholder expectations.

Stakeholder expectations

Super funds and asset consultants now routinely ask their investment partners about their diversity performance. Super fund HESTA surveys all partners on gender composition every two years and asset consultant Mercer has set a goal of achieving 30% of women in key management decisions across the investment strategies it rates by 2030. We believe the next step is for these funds to mandate their managers set and disclose gender targets, and their plans for how to achieve them.

Industry commitments

The FSC launched its Women In Investment Charter in September 2021 where signatories have committed to setting targets for women in investment teams and assigning senior level accountabilities for the achievement of targets. At launch, eight funds were signatories.

Student awareness and enablement

Future IM/Pact was launched in 2019 with the goal of finding smart, numerate women at university and sparking their interest in a career in investment management. The program has since expanded its education remit to focus on enabling talent through mentoring programs and advocacy of top talent to industry.

“The WIM [Women In Investment Management] Charter introduces accountability and transparency mechanisms to enable organisations to achieve their desired, self-nominated, gender diversity target within their investment management teams.”

Bianca Richardson, Policy Director,
Financial Services Council

“Future IM/Pact provided us with exceptional female talent. We had a very fast turn around and the quality of candidates was excellent.”

Will Brown, Talent Acquisition and
Development Partner, Jarden

The proof of impact is in the employment outcomes. Twenty three women have been placed in intern, graduate or junior analyst roles through the program. Anyone with an investment team can join the project

[Future Females in Finance](#) also launched in 2019 with the goal of helping young women at school and university learn more about careers in financial services more broadly through practical work experience. The CFA Institute also does great work in this area through their [campaigns](#), careers fairs and [student competition](#).

These initiatives are making it easier to find great women to fill intern and graduate roles.

Gaps and opportunities

Our analysis suggests the biggest gaps in focus and activity across the career pipeline can be found:

- at the early career point (0-5 years' work experience)
- when just starting out in an investment team
- in developing leaders' ability to use their reputational capital support and enable aspiring female investors

Early career

The void in the early career market threatens to undermine progress made at university

The strong momentum building among female students for careers in investment management threatens to be undermined by a void in the early career market. Our research suggests women who are currently working in traditional feeder pools of management consulting, investment banking and corporate finance would benefit from ongoing engagement with investment management leaders. Recent conversations reveal the following about this cohort.

They're:

- Focused on building internal networks to succeed in graduate programs.
- Eager to develop networks across industry but are concerned their managers may perceive external networking as looking for another job, and then limit their development and promotion opportunities as a result.
- Unsure how to build this targeted network. As students they may have reached out to people they admire on LinkedIn, but they feel less confident about this approach now they're no longer at university.

"Being a student makes it less awkward to reach out via LinkedIn. But once I start my grad role it would be really helpful to have some help building my network."

Female student about to start investment banking graduate program

"I don't want to get pigeon-holed too early in my career. Keeping my options open is key. Having help to build my career with intention would be amazing."

Recent management consulting graduate

- Looking for more intimate and authentic networking opportunities as opposed to big forums and panel discussions with predictable Q&As.
- Ambitious about their early career and are eager to get close to the decision-making. Support to be more intentional about their career is appealing.
- Recognise the importance of developing their self-awareness and influencing skills, and would value more help in these areas.

Industry support needs to connect and advocate

This feedback suggests an opportunity to encourage young women in their early career to maintain their passion for investment management while they're getting relevant work experience while also engaging other women who are yet to consider this career path. Sourcing, engaging and inspiring this disparate cohort at a time when they're focused internally requires widespread industry support for an ongoing communications campaign, facilitated networking, foundational leadership skills development and advocacy of their potential.

Future IM/Pact is seeking to address this gap with the launch of its early career program – [Accelerate](#). To be launch in early 2022, Accelerate will connect smart, numerate women from a range of industries with industry leaders, providing them with an insider's view of a career in investment management. Participants will also benefit from mindset and skills development to amplify their impact and influence. Participants exposure to the Future IM/Pact team and its partners allows the team to advocate for them when opportunities arise across industry.

These initiatives depend on industry support for funding, and access to leaders and employment opportunities. Any organisation with an investments team is able to join Future IM/Pact and participate in the Accelerate network at any time.

Junior investors

Our conversations with young women who are a few years into their front-office investing careers suggests they're keen to build their network, and learn more about different investment strategies and styles. More research is needed to understand how best to support this cohort at this early stage of their investing careers with a goal of building the support and commitment to this career for the long haul.

“Entry into the industry is often by luck. It would be great to have a program that offers a more intentional introduction to young women in their early career.”

Graduate at investment management firm

“At this stage of my career, I'm hungry to learn from lots of different investors. Roundtables and events that connected me with senior investors would be fantastic.”

Female junior sell-side analyst

“Our leaders are committed to our gender targets and are looking for support in how they can achieve them.”

Managing director of fund manager

Developing leaders

Our sense is industry leaders are crying out for opportunities to do more to attract and retain female investors but are looking for support and structure that shows them how. Sponsorship of female talent by senior leaders has long been recognised as the most effective way of supporting women to access the opportunities that are critical for career success.

Research shows women being overly mentored and under-sponsored is a key barrier to their leadership potential¹⁴. Effective sponsorship requires leaders to use their reputational capital to advocate for women in the boardrooms and Zoom rooms where opportunities are allocated. There are number of factors that mean senior leaders do this more naturally for men than they do for women, including:

- Affinity bias makes it easier for male leaders to see future potential of men more than women.
- Women are less likely to be self-promoting and therefore less visible to potential sponsors.
- Reputational capital is finite; some need clear incentives to apportion some of their capital to high potential women.

We love London Business School professor, Dr Herminia Ibarra's, framework for sponsorship (right). Ibarra highlights the misperception that sponsorship is binary exacerbates the concern that leaders will expend too much capital if advocacy is the only option. Seeing the range of ways leaders can sponsor women provides more ways they can elevate their impact beyond ineffective mentoring.

Sponsorship programs provide the framework, peer support and tools to improve the confidence of leaders and the incentive for them to act. They are, however, an investment of time and money, and require scale to do well.

The small size of many investment teams has the potential to be a barrier for effective sponsorship, highlighting the

“It’s important to support aspiring leaders and enable diverse talent within our teams and the broader industry. Sponsorship and supportive networks are fundamental pillars for career progression.”

Nancy Day, Chief Operating Officer,
Cbus Investments

A New Way of Thinking About Sponsorship

Sponsorship is not an either/or role—either committing fully or not at all. It's a spectrum of different kinds and degrees of support.



Source: Herminia Ibarra

HBR

¹⁴ Ibarra, H 2019, *A Lack of Sponsorship Is Keeping Women from Advancing into Leadership*, Harvard Business Review

need for an industry sponsorship program that allows funds to contribute one or more sponsor / sponsee pairs. That's why we're working with Cbus to launch an industry sponsorship program that brings sponsor/sponsee pairs from a range of funds together to explore the mindset and behavioural shifts needed to enable atypical talent.

Next steps

We have prepared this white paper to accelerate action on the biggest risks to progress on gender equality in the Australian investment management profession given the momentum that is building and the structural barriers that remain.

We are passionate about supporting industry to coordinate efforts to achieve their ambition for gender parity in front-office investing teams as a means for overcoming the real disincentive team size and low turnover presents. While we have arguably spent more time than most on understanding and addressing this issue, we do not have all the answers.

We welcome further conversation with industry to inform our thinking, address the gaps and capture the many opportunities that remain. Moreover, collaboration is at the heart of how we operate. We are deeply committed to finding more ways to work across industry, and with other associations and not-for-profits to build a groundswell of female talent thriving in this hugely influential industry.

We are proud to offer industry-wide solutions to fill some the key gaps via the Accelerate network and sponsorship program. We will likely come to market with a junior investor network in mid 2022.

For further information, please contact Yo&Co director and Future IM/Pact founder Yolanda Beattie on yolanda@yoandco.com.au.

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