

DIVERSITY IN INVESTMENT MANAGEMENT INITIATIVE

RESEARCH FINDINGS

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EXECUTIVE SUMMARY

In 2016, Mercer convened a group of asset managers and owners to measure the diversity of the investment management (IM) profession, understand barriers minority talent segments face and explore solutions to create a culture where all talent can equally thrive and the industry can attract different perspectives. Diversity was measured across gender, cultural background, socio-economic background, qualifications, age and decision-making approaches. We surveyed 339 investment managers (IMs), 743 employees from neighbouring functions and 1,119 university students, and combined these insights with qualitative data from each segment. Employer perspectives were also analysed. Major themes uncovered are provided below and detailed findings follow.

THE INDUSTRY IS DOMINATED BY WHITE, PRIVATE SCHOOL EDUCATED MEN WITH A MASTERS IN FINANCE

- 76% of investment managers are male
- 63% are white (Anglo Celtic and European)
- Around half (48%) went to a private school (compared to 34.8%) of students Australia-wide
- 76% of those who completed post-grad studies achieved a Masters of Finance
- Men are up to 30% more likely to be promoted; women are 50% more likely to leave

WOMEN AND NON-ANGLO CELTIC TALENT OUTPERFORM ON EDUCATION MEASURES

- Minority groups are more likely to adopt dominant decision-making norms, are more educated and come from more educated, career-minded families

THE NEXT GENERATION OF TALENT DOESN'T KNOW ABOUT ASSET MANAGEMENT

- Less than 1 in 5 (18%) finance students are considering investment management for their future careers
- 41% of female students say they don't know enough about IM compared to 27% of males
- Half of female investment managers agree the lack of diversity is because women aren't encouraged to enter the profession

EXCLUSIONARY MANAGEMENT AND LEADERSHIP PRACTICES EXIST

- Female IMs say bias in recruitment and promotion is the number 1 reason for poor diversity
- 77% of Anglo-Celtic males feel their manager supports their career ambitions compared to 59% of women
- Flex still perceived as a career killer and 78% of women agree this explains poor diversity
- Strong white male networks and impenetrable portfolio managers (PM) block out diverse talent

THERE ARE MANY STRENGTHS TO LEVERAGE BUT STRUCTURAL AND CULTURAL BARRIERS MUST BE TACKLED

- Recruitment practices fish from a homogenous pool – 40% are ex sell-side
- Men are twice as likely to believe their employer is committed to pay equity than women
- 84% of females agree or strongly agree the workplace culture in IM inhibits diversity compared to 48% of Anglo-Celtic males
- Workforce projections show gender diversity progress will be slow unless action taken
- Diversity disclosures are limited

ESTABLISHING A BASELINE

THE DIVERSITY OF THE
INVESTMENT MANAGEMENT
PROFESSION





INTRODUCTION TO DEMOGRAPHIC ANALYSIS

Diversity of the profession is based on survey responses and has been measured across gender, cultural background, socio-economic background, qualifications, age and diversity of thinking.

For the latter, Deloitte's six decision making approaches* of outcomes, options, people, risk, process and evidence was measured. This framework asserts people have two dominant approaches to problem solving and that while individuals may look to consider all elements, most will default to one or two preferred approaches.

Further insight has been gained by analysing the demographic diversity of investment managers through the lens of gender and culture, specifically we investigated the following distinct demographic segments:

1. Male employees from all cultures
2. Female employees from all cultures
3. All employees who have solely identified with an Anglo-Celtic background i.e. they do not identify with any other cultures
4. All employees who have identified with a non-Anglo-Celtic background but may also identify as partly Anglo-Celtic e.g. those who identify as both Anglo-Celtic and European.

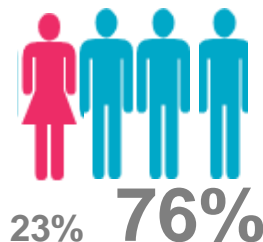
In reviewing the analysis, Mercer can show indicative gender differences by comparing females to males and cultural differences by comparing Anglo-Celtic to non-Anglo-Celtic. Note that the cultural dimensions include all genders.

*Bourke, J (2015) Which two heads are better than one. See appendix for more detail.

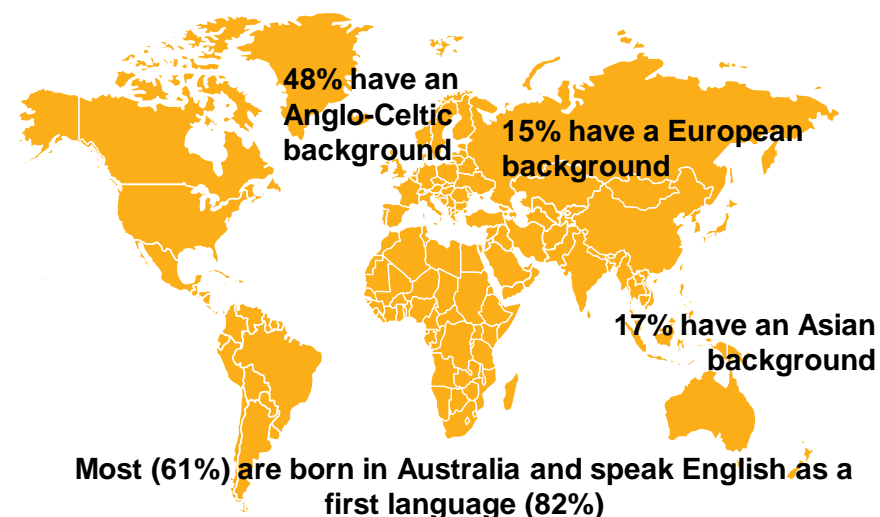
SNAPSHOT: THE DIVERSITY OF THE INVESTMENT MANAGEMENT PROFESSION

A MALE DOMINATED INDUSTRY

- 76% male (n=256), 23% female (n=79), 1% Other/Unspecified (n=4)
- 77% at the portfolio manager level and above are men



ANGLO-CELTIC CULTURE DOMINATES



- For the remainder, 11% are mixed European background including European Asian, European American, European African etc (n=37), and 9% Other/Unspecified (n=33)

AN INVESTMENT MANAGER IS MORE LIKELY TO BE PRIVATE SCHOOL EDUCATED WITH A MASTERS IN FINANCE

- 48% are private school educated (n=162) compared to the 2015 national average of 34.8%*
- 39% attended a public secondary school (n=131), 12% went to a selective secondary school where students are chosen on academic merit (n=42) and 1% attended other/unspecified secondary school (n=4)
- Half have a Bachelor degree (n=171), 41% have a Masters Degree (n=139), and 5% have a Doctoral degree as their highest qualification (n=17). 4% have a qualification below a Bachelor degree (n=12).
- Of those who completed their Masters, 76% attained a Masters in Finance
- 32% are Certified Financial Analysts(CFA) (n=108), 5% are currently undertaking the CFA (n=18) and 3% unsuccessfully attempted the CFA (n=9). The remaining 60% don't have their CFA.



*ABS (2015) Schools, Australia

SNAPSHOT: THE DIVERSITY OF THE INVESTMENT MANAGEMENT PROFESSION

WOMEN ARE 5X MORE LIKELY TO HAVE CARING RESPONSIBILITIES THAN MEN AND 10X MORE LIKELY TO WORK PART-TIME

- 16% have primary caring responsibilities (n=31), 39% have shared caring responsibilities (n=76) and 46% do not have caring responsibilities (n=90)
- 41% of females are primary carers compared to 8% of males and 23% of non-Anglo-Celtics are primary carers compared to 10% of Anglo-Celtics
- 92% of all IMs are permanent full-time employees (n=311) and 6% are permanent part-time employees (n=21); 22% of females are permanent part-time compared to 2% of males

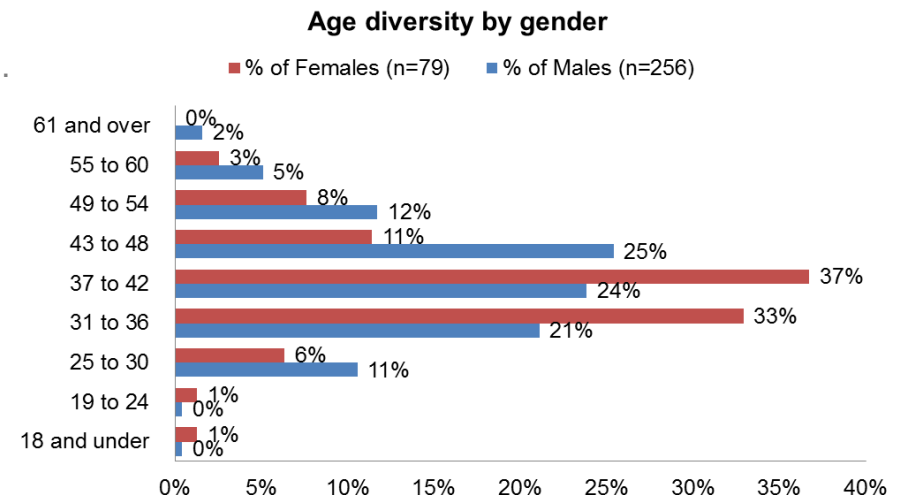


OUTCOMES AND OPTIONS ARE THE DOMINANT DECISION MAKING MENTAL FRAMEWORK

- 76% had a primary decision making style of Outcomes (n=253), 33% had a secondary decision making style of Options (n=110) and 26% had a secondary decision making style of Risks (n=86).

GREATER DIVERSITY IN YOUNGER COHORTS

- Females (n=79) and non-Anglo-Celtic (n=103) investment managers are more likely to be younger compared to Anglo-Celtic males (n=98).
 - 81% of females are between early 30s and late 40s
 - Non-Anglo-Celtics are ~30% more likely to be in their early 30s and Anglo-Celtics are ~50% more likely to be in their mid-late 40s.



MINORITY GROUPS COMPARED TO THE DOMINANT NORM



MINORITY GROUPS ARE MORE LIKELY TO HAVE ATTENDED A SELECTIVE SCHOOL AND ACHIEVED THEIR CFA

- 40% of non-Anglo-Celtics have a CFA qualification compared to 23% of Anglo-Celtics
- 35% of women have a CFA compared to 30% of all men
- 18% of non-Anglo-Celtics attended a selective school compared to 7% of all Anglo-Celtics



FEMALES AND NON-ANGLO-CELTICS HAVE HIGHER EDUCATED AND MORE CAREER-MINDED PARENTS

- Females (34%) are more likely to have parents who have postgraduate degrees than males (27%).
- Non-Anglo-Celtics (36%) are more likely to have parents who have postgraduate degrees than Anglo-Celtics (20%).
- 44% of non-Anglo-Celtics had mothers who worked full-time compared to 23% of Anglo-Celtics
- 21% of non-Anglo-Celtics had mothers who worked at the Manager level or above compared to 12% of Anglo-Celtics.



WHILE FEMALES AND NON-ANGLO-CELTICS SHOWED A STRONGER PREFERENCE FOR DOMINANT THINKING STYLES, THEY ALSO IMPROVE DIVERSITY OF THOUGHT*

- Females had a stronger primary preference (81%) for Outcomes than males (75%) as well as a stronger secondary preference (41%) for Options than males (31%).
- Non-Anglo-Celtics had a stronger secondary preference (37%) for Options than Anglo-Celtics (29%).
- Females have a stronger preference for People than males
- Males have a stronger preference for Process and Evidence than females
- Non-Anglo-Celtics have a stronger preference for Process than Anglo-Celtics

* See the appendix for more information on decision making styles

INSIGHTS

STRENGTHS TO LEVERAGE



INTRODUCTION TO INSIGHTS ANALYSIS



To explore industry strengths and barriers to diversity, Mercer analysed how investment managers measured a range of job, manager and employer attributes according to preference (ie 1- strongly dislike to 4- strongly like) and prevalence (ie from 1 - not a feature to 4 - major feature of my role).

These results were analysed through the lens of gender and culture. Specifically we have looked at three distinct demographic segments:

1. Male employees who have solely identified with an Anglo-Celtic background i.e. they do not identify with any other cultures,
2. Female employees from all cultures, and
3. Male employees who come from a non-Anglo-Celtic background but may also identify as partly Anglo-Celtic e.g. those who identify as both Anglo-Celtic and European.

In reviewing the analysis, Mercer can show indicative gender differences by comparing females to males (Anglo-Celtic and non-Anglo-Celtic) and cultural differences by comparing Anglo-Celtic males to non-Anglo-Celtic males. Note that the sample size for non-Anglo-Celtic females was too small to be included separately.

Additional data was gathered from people working in roles adjacent to investment managers and finance students to explore perceptions of the profession. Qualitative data from all cohorts provides additional context to quantitative findings.

Finally, 20 employers provided internal labour market data for their investment management teams and responded to a survey on their diversity and inclusion practices. Employer perceptions have then been compared with employee perspectives to identify points of alignment and gaps.

OVERALL, INVESTMENT MANAGERS RATE THEIR JOBS HIGHLY

Most prevalent attributes rated by current IMs	% part or major feature of my role			
	All (n=273)	Anglo-Celtic males (n=98)	All females (n=69)	Non-Anglo-Celtic males (n=103)
Analytical	92%	94%	94%	88%
Interesting and engaging work	92%	96%	86%	92%
Accountable for my work	91%	92%	93%	88%
Autonomy in my daily activities	90%	93%	91%	86%
Purposeful – I'm working on stuff that matters	88%	91%	86%	85%
Performance focused	86%	91%	84%	82%
Ethical	85%	88%	77%	87%
My manager understands and is supportive of my out of work/life commitments	82%	87%	78%	80%
Risk-aware culture	81%	83%	75%	83%
Financial security and stability	79%	85%	74%	76%

Overall investment managers rate key job, manager and employer attributes highly. However, there are some noteworthy differences between groups:

- Females rate work as less interesting and engaging compared to males.
- Females rate industry has less ethical and risk-aware than males
- Females rate my manager understands and is support of my out of work/life commitments lowest.

These positive responses align with the perceptions of 'the nature of the work' as a barrier to diversity (63% of IMs don't believe the nature of the work is a barrier). Adjacent talent have a different view with 49% agreeing that the nature of the work hampers diversity.

THERE IS WIDESPREAD SUPPORT FOR D&I HOWEVER, A SIGNIFICANT GAP EXISTS BETWEEN WOMEN AND MEN

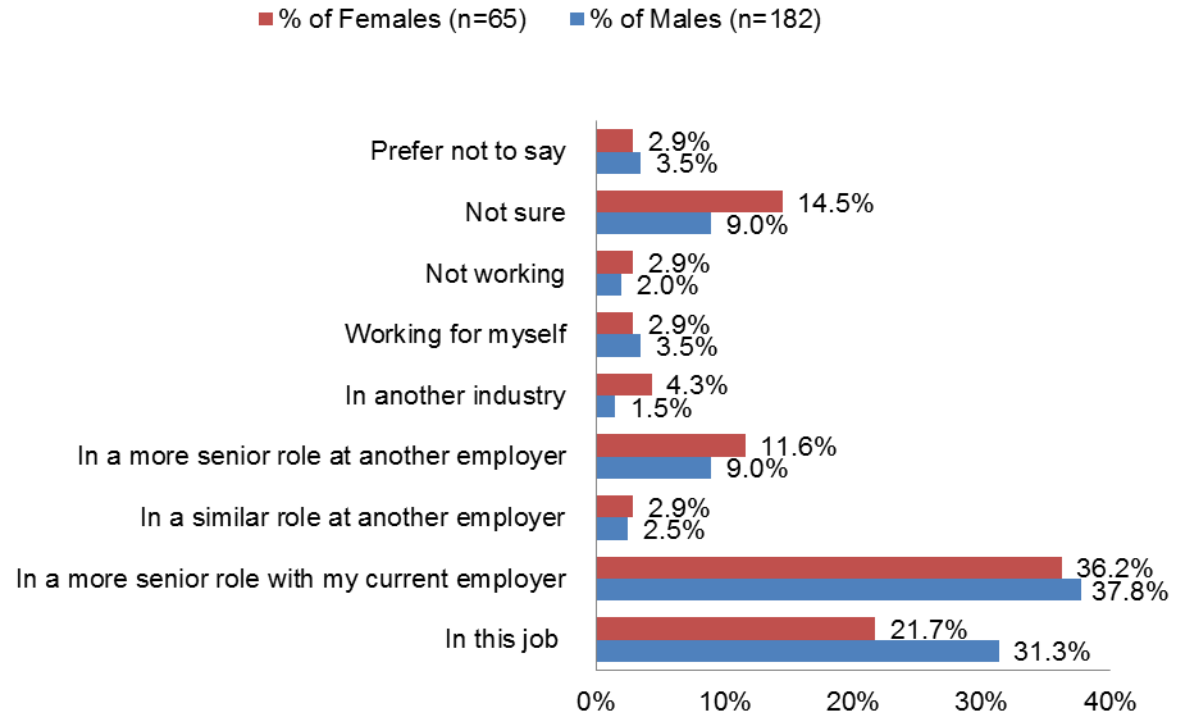
	% who agree / strongly agree					
	All	Anglo-Celtic Males	Females	Non-Anglo-Celtic Males	Portfolio Managers (PMs)	Non-PMs
Overall, how important is a diverse and inclusive workforce to the Investment Management Industry?	91%	89%	100%	90%	91%	93%
It's the right thing to do	84%	70%	81%	83%	68%	85%
It improves decision making	93%	95%	99%	94%	94%	97%
It helps to reduce risk	79%	74%	87%	76%	73%	82%
Stakeholders expect it	75%	74%	74%	71%	65%	78%
It has a positive impact on team culture	90%	83%	97%	85%	87%	87%
It helps to address skills shortages	69%	60%	74%	60%	58%	66%
It drives business performance	81%	72%	93%	78%	79%	80%
It promotes innovation	87%	76%	97%	86%	81%	88%

HIGH FORECAST RETENTION RATES

WOMEN LESS LIKELY TO STAY

- In the next 5 years, 82% intend to stay within the investment management industry
- 29% see themselves in their current job (n=80), 37% see themselves in a more senior role with their current employer (n=102), 10% see themselves in a more senior role at another employer (n=26), 10% are not sure (n=28)
- Females are less likely to stay in their current role (22%) than males
- Females are more likely to be unsure (14%) about the next 5 years than males (9%).
- Females are more likely to move into another industry (4%) than males (1%).
- Females are more likely to move into a more senior role at another employer (12%) than males (9%).

Future intentions in next 5 Years



EMPLOYER COMMITMENT IS CLEAR IN SOME AREAS COMMITMENT IS TRANSLATING TO A POSITIVE EMPLOYEE EXPERIENCE

Overall, employers are investing substantially in efforts to improve diversity (see appendix for complete When Women Thrive survey responses) and in a number of areas these initiatives are positively translating into the lived experience of female talent.

What employers say

What employees experience

1

STRONG LEADERSHIP COMMITMENT

Employers agreed their senior executives and board members are actively involved/engaged in D&I programs (average score of 4.17 for senior executives and 4.00 for board members). Employers saw middle management as slightly less involved/engaged (average score of 3.83).



3 in 4 investment managers believe advocating diversity and inclusion is an attribute of their manager

2

FLEX AS A KEY ENABLER

95% of employers rated flexible working arrangements (eg. working from home and job sharing) as the most important program for retaining female talent and the most frequently used program by employees. Part time schedules was rated second.



Employers efforts to flex is having a positive impact for 60% of women who say flexible working doesn't compromise their career. There are still significant inroads to be made, however, for the 40% who don't rate this attribute highly in their prevalence scores.

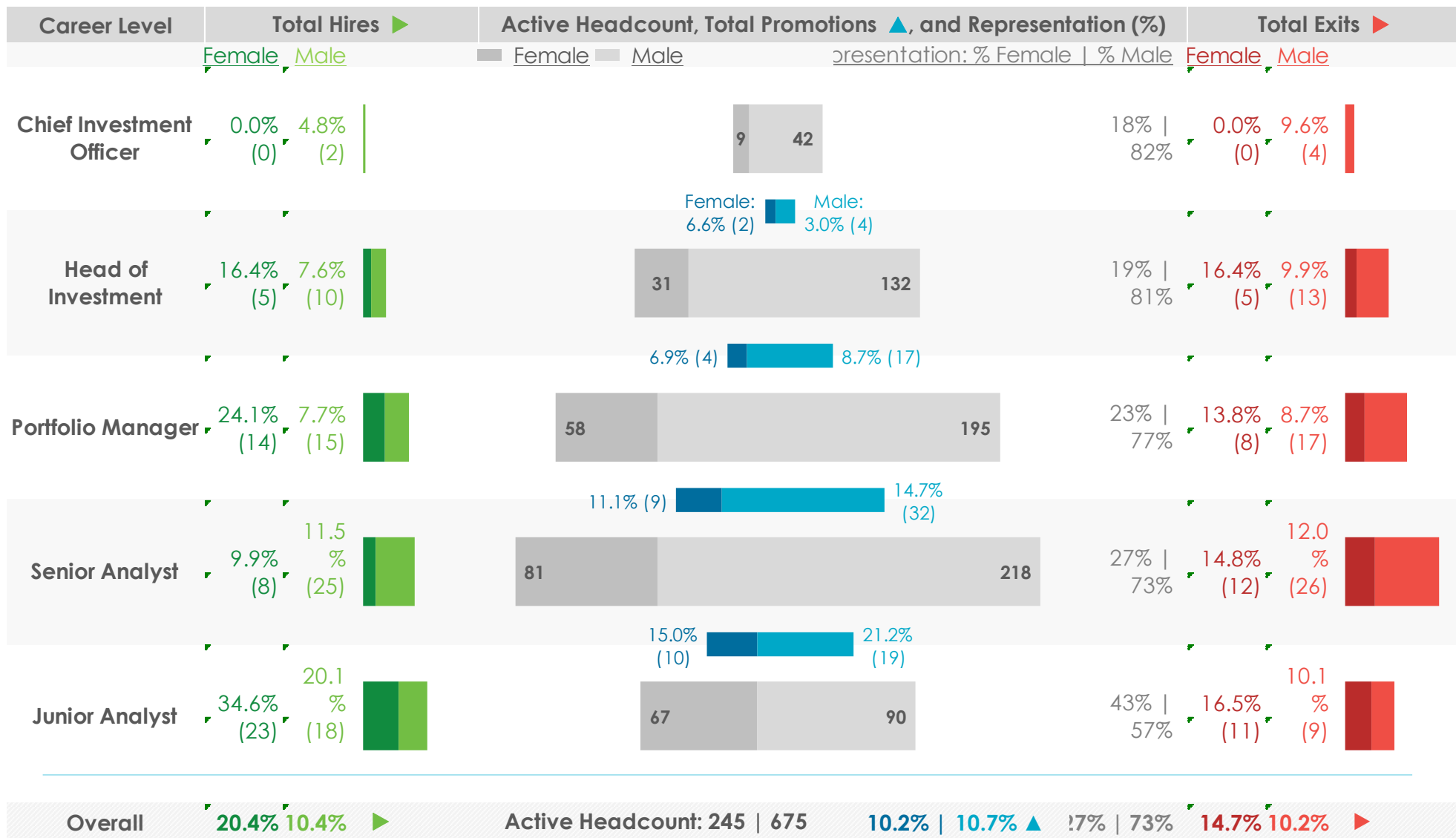
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INSIGHTS

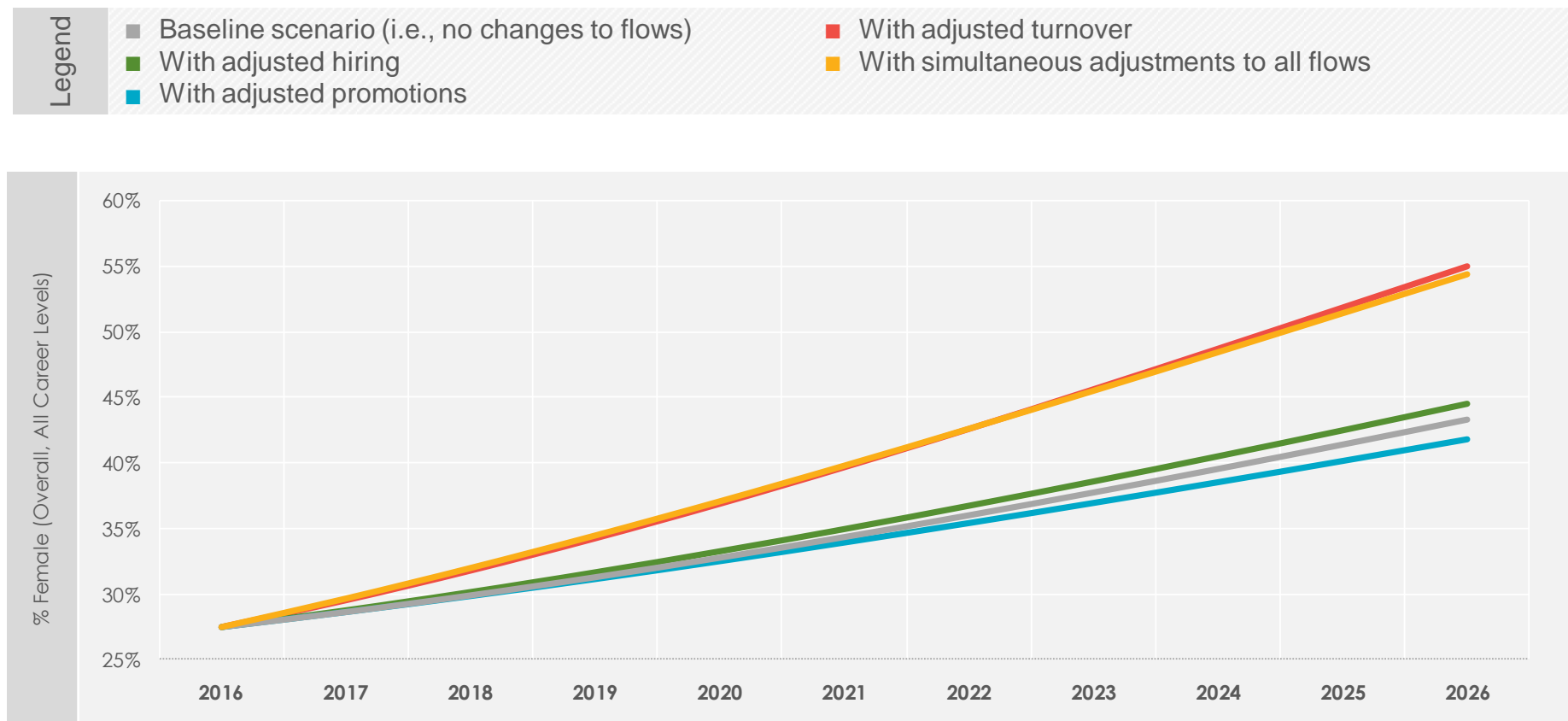
BARRIERS TO DIVERSITY



THE PIPELINE PROBLEM – IT LEAKS



FIXING TURNOVER DELIVERS BIGGEST GAINS ALL CAREER LEVELS



Note: Rates are adjusted so they're comparable to men.

Not all scenario lines may be visible as a result of overlapping projection estimates.

THE YOUNG DIVERSE TALENT DON'T KNOW ABOUT ASSET MANAGEMENT AS A CAREER OPTION

STUDENTS AREN'T CONSIDERING INVESTMENT MANAGEMENT AS A CAREER OPTION

- Less than 1 in 5 (18%) finance students are considering investment management for their future careers
- 41% of female students say they don't know enough about IM compared to 27% of males

INDUSTRY NOT WELL-PLACED TO MEET NEEDS OF FUTURE TALENT

Good promotion opportunities, a supportive and trusting culture, and innovation are the most desired attributes for students. However, current investment managers did not rate these attributes highly on prevalence scores.

Most desired attributes from pre-career interested in IM	Pre-career % strongly like or like	All current IMs % part or major feature of my role
Good promotion opportunities	96%	47%
Supportive and trusting culture	96%	61%
Innovative	94%	53%

YET, IM GRADS ARE LOVING THEIR EXPERIENCE

- Focus group interviews suggest female and male grads are thriving in their roles

The industry could build its profile through a stronger on-campus presence, promoting *“more events to network and meet with industry leaders”* - Male student focus group participant

University societies can build awareness of the industry: *“FMAA [provides] really interesting hands on experience”* – Male student focus group participant

“I don't think uni students, particularly the women, really understand what it means to work in investment management. I'd never seen a female investment manager before I started this grad program so it was hard to imagine working in the industry” - Female graduate focus group participant

“I'm loving the role. It's so analytical and interesting, I'm only a year in and I already feel like I'm positively contributing” - Female graduate focus group participant

IDEAS FROM FOCUS GROUP PARTICIPANTS

- Build an asset management course for university
- Increase on-campus presence via existing societies eg FMAA and with dedicated programs eg internships, case competitions
- Greater on campus presence eg career fairs, guest lecturing by PMs
- Create networking events for young asset management professionals and target diverse mix

EXCLUSIONARY MANAGEMENT AND LEADERSHIP PRACTICES EXIST

WOMEN AND ANGLO-CELTIC TALENT ARE LESS LIKELY TO REPORT THEIR MANAGER SUPPORTS THEIR CAREER AMBITIONS AND TREATS PEOPLE EQUITABLY

- 77% of Anglo-Celtic males feel their manager supports their career ambitions compared to 59% of women and 69% of non Anglo-Celtic males
- 82% of Anglo-Celtic males say their manager treats people equitably, compared to 68% of women.
- In focus groups, female PMs often reported feeling they felt their roles were threatened when they took parental leave

WOMEN ARE LESS LIKELY TO FEEL THEIR MANAGER VALUES THEIR OPINION

- Over one third (35%) of women feel their manager doesn't seek out their opinion and include it in decision making, compared to 20% of Anglo-Celtic men

FLEXIBILITY STILL SEEN AS A CAREER KILLER FOR MANY

- Flex is important to men and women – 63% of Anglo-Celtic men and 72% of women report a positive preference for flex
- Overall flexibility to alter start/finish times is the most preferred option (72% agree), followed by the flexibility to work some days from home (66%) and to work part time (60%).
- However, 1 in 3 IMs believes working flexibly compromises career opportunities
- Women hold a more jaundiced view with 39% believing flex is a career killer

"Working part time would be a huge benefit to me. However, the consensus view is that an analyst must work 5 days per week when the market is open. I believe a fund that has a long term investment horizon is better served with analysts who make longer term investment recommendations versus analysts who monitor intra-day share price movements" - Anonymous survey respondent

"My manager and the business more broadly were hugely supportive of the time I took to have a family" - Female PM focus group participant

"[I] don't believe I am treated in the same manner as others in my team due to my part-time arrangements" - Anonymous survey respondent

"Taking time off to have a family is a nerve wracking time. It felt like people are circling to take your portfolio and clients, and are then annoyed when they have to hand it back when you return" – Female PM focus group participant

IDEAS FROM RESEARCH PARTICIPANTS

- "There's a perception clients and consultants expect you to be available in the office full time. Change has to happen across the ecosystem." – Interview respondent, female, former investment manager
- 96% agree improving flex is key to improving diversity
- 85% of women agree executive sponsorship of top talent from minority groups is needed

EXCLUSIONARY MANAGEMENT AND LEADERSHIP PRACTICES EXIST

MEN MORE LIKELY TO BE MENTORED, ALTHOUGH OVERALL THE INDUSTRY IS FALLING SHORT OF MENTORING NEEDS

- For just over half of IMs (53%) there is a preference for being mentored but only one third say it's a feature of their role
- This is more pronounced for women with 75% reporting that being mentored isn't a significant feature of the role, compared to 68.4% of men reporting the same.

MANY REPORT MANAGERS ARE NOT BIAS AWARE

- Overall, 40% of IMs said their manager was not aware of their biases and didn't seek to address them – a number that rises to half when surveying women alone.

WOMEN ARE MORE LIKELY TO FEEL THEIR MANAGER ISN'T OPEN TO FEEDBACK AND SUGGESTIONS, AND ISN'T SUPPORTING THEM TO REACH THEIR POTENTIAL

- 30% of women feel being open to feedback and suggestions isn't a strong attribute of their manager, compared to 21% of Anglo-Celtic males
- 39% of women say their manager doesn't support them to reach their potential, compared to 30% of Anglo-Celtic males

PORTFOLIO MANAGERS FORM AN IMPENETRABLE, MALE DOMINATED CLUB

- Non Anglo-Celtic aspiring IMs feel locked out of the white PM boys club
- Yet, 91% of PMs agree D&I is important and 94% agree it improves decision making

"I had a strong mentor who was incredibly important to helping me manage a career plateau while I had my kids and then support me as I ramped my career back up when the kids got older" – Senior female PM

"This organisation has invested significantly in management training courses but has done nothing to actively measure the impact and implementation in the office" – Survey respondent

"[The] finance industry generally is still dominated by middle aged and older white males and they network mostly with their mates" - Anonymous survey respondent

"Senior management can be [an] entrenched boys club where boys talk can be off putting for women" - Survey respondent

"Most PMs don't buy the business case" – CEO interview

"People that really have power are not diverse" – Male aspiring IM

"Very hard for people to break in...and [there are] not opportunities for disruption" – Male aspiring IM

IDEAS FROM RESEARCH PARTICIPANTS

- Run programs that provide diverse talent exposure to PMs eg pitch a stock idea
- Develop causal evidence of how diverse perspectives and thinking styles, plus inclusive management leads to higher investment returns, more capital and better ratings
- Embed diversity in manager rating processes
- 93% agree inclusive leadership training is needed and 92% say leaders should be held accountable to inclusive behaviours

RECRUITMENT STRATEGIES FAVOUR THE DOMINANT NORM

THE WELL WORN PATH TO INVESTMENT MANAGEMENT IS VERY MALE DOMINATED BUT WITHIN THE INDUSTRY'S SPHERE OF INFLUENCE

- 40% of IMs joined the profession from the sell-side ie research roles. Investment managers are the primary buyers of sell-side services.
- As the sell-side shrinks, the industry needs to consider future talent sourcing strategies

'HIGHER RISK' RECRUITS FROM NON-TRADITIONAL BACKGROUNDS ARE MORE LIKELY TO BE MEN

- Males are twice as likely than women to join from outside the industry - 41% of males joined IM from outside the industry compared to 22% of females

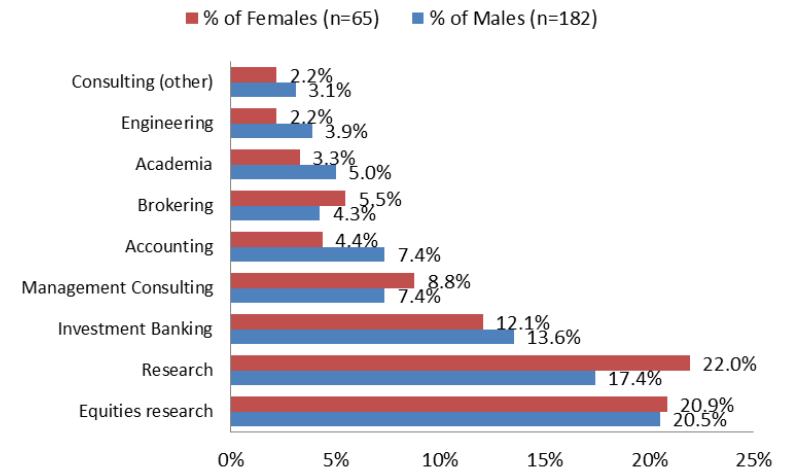
MINORITY GROUPS FOLLOW THE MORE TRADITIONAL PATHWAYS INTO INVESTMENT MANAGEMENT

- 19% of females decided to join IM after working in the industry compared to 8% of males.
- 33% of females joined IM after experience in another role within the industry compared to 17% of males
- 42% of non-Anglo-Celtics came from analyst roles including investment analyst, research analyst and business analyst roles, compared with 24% of Anglo-Celtics

PERCEPTION GAPS EXIST AMONG ADJACENT TALENT

Attributes	% part or major feature of the role	
	Adjacent (n=592)	Current IMs (n=273)
Power and influence	63%	38%
Status and prestige	66%	41%
High risk/reward	64%	42%
Out of hours socialisation	54%	33%

Career pathways: Top 10 previous roles



“When we tried to hire grads from different backgrounds, they didn’t work out. So everyone reverted to [the] norm and went back to recruiting Masters of Finance” – Male focus group participant

“There’s a culture of ‘if it ain’t broke don’t fix it’...that means they bring in the guys that don’t rock the boat” – Male aspiring IM

IDEAS FROM FOCUS GROUP PARTICIPANTS

- Work with the sell-side to improve the diversity of its workforce
- Strengthen recruitment practices to focus on merit and reduce subjective assessments of culture fit

WOMEN PERCEIVE SIGNIFICANT STRUCTURAL AND CULTURAL ISSUES

PERCEPTIONS OF PAY INEQUITY ARE COMMON

- Men are twice as likely to believe their employer is committed to pay equity with 63% Anglo-Celtic men saying this attribute was prevalent while just 36% of women felt the same.

WOMEN ACUTELY PERCEIVE INEQUITABLE PRACTICES AND POOR TRANSPARENCY

- Just 23% of women said there was transparency around remuneration, promotion and performance evaluation decisions, a result that nearly doubles to 40% when looking at the Anglo-Celtic male cohort's response.
- 87% of females strongly agree or agree that there is bias in hiring and promotion activities compared to 40% of males
- Only 20% of asset management teams disclose their policy / principles to stakeholders and 13% disclose measurably objectives / targets externally

ANGLO-CELTIC MALES FAIL TO SEE WORKPLACE CULTURAL CHALLENGES

- 84% of females agree or strongly agree the workplace culture in IM inhibits diversity compared to 48% of Anglo-Celtic males and 64% of non-Anglo-Celtic males.
- Women are more likely to view their company's culture less favourably (see table)

	% part or major part of my workplace culture			
	All	Anglo-Celtic males	Females	Non-Anglo-Celtic males
Supportive and trusting culture	61%	62%	51%	66%
Authentic and genuine culture	63%	62%	51%	72%
Risk-aware culture	81%	83%	75%	83%
People can speak up	65%	67%	58%	68%
A commitment to providing equal access to opportunities regardless of demographic	71%	79%	57%	74%
Different ideas and perspectives are encouraged and included in decision-making	67%	70%	61%	68%

"As a woman I just expect I'm going to be paid less. But because I don't know how pay is set, there's no way to know." – Female grad focus group member

IDEAS FROM RESEARCH PARTICIPANTS

- Provide more logic and transparency around organisational levels and pay.
- 79% of female IMs believe managers should disclose diversity metrics and progress (compared to 67% of all IMs).
- 85% of women agree executive sponsorship of top talent from underrepresented segments is needed. This is less likely to be supported by male IMs with only 65% agreeing, indicating a lack of understanding among men of the importance of sponsorship in tackling inequities.

A NUMBER OF KEY EMPLOYER INITIATIVES AREN'T TRANSLATING

What employers say

1

PAY EQUITY COMMITMENT

Employers believe **gender equality** is a core part of their organisation's **compensation** philosophy/strategy (average rating of 4.06).

2

GENDER CALIBRATIONS

Employers believe they routinely review **engagement survey responses** by gender and act to close any gaps (average rating of 4.06). Employers also believe they routinely review **performance ratings** by gender to ensure against any adverse impact (average rating of 3.79).

3

PART TIME AS A KEY ENABLER

80% of employers rated **part-time schedules** as a key program for retaining female talent, and 85% rated part-time schedules as among the most frequently used programs by employees.

4

UNCONSCIOUS BIAS TRAINING

The majority of employers provide unconscious bias training for managers (average score of 3.89)

1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree

What employees experience



60% of investment managers and 36% of women believe a commitment to gender pay equity is an attribute of their current employer



Only 38% of investment managers believe that transparency around remuneration, promotion and performance evaluation decisions are an attribute of their current employer.



Only 33% of female investment managers believe they can work part time.

84% of females agree that parental and care responsibilities and 78% agree that lack of flexible working practices inhibit diversity in IM

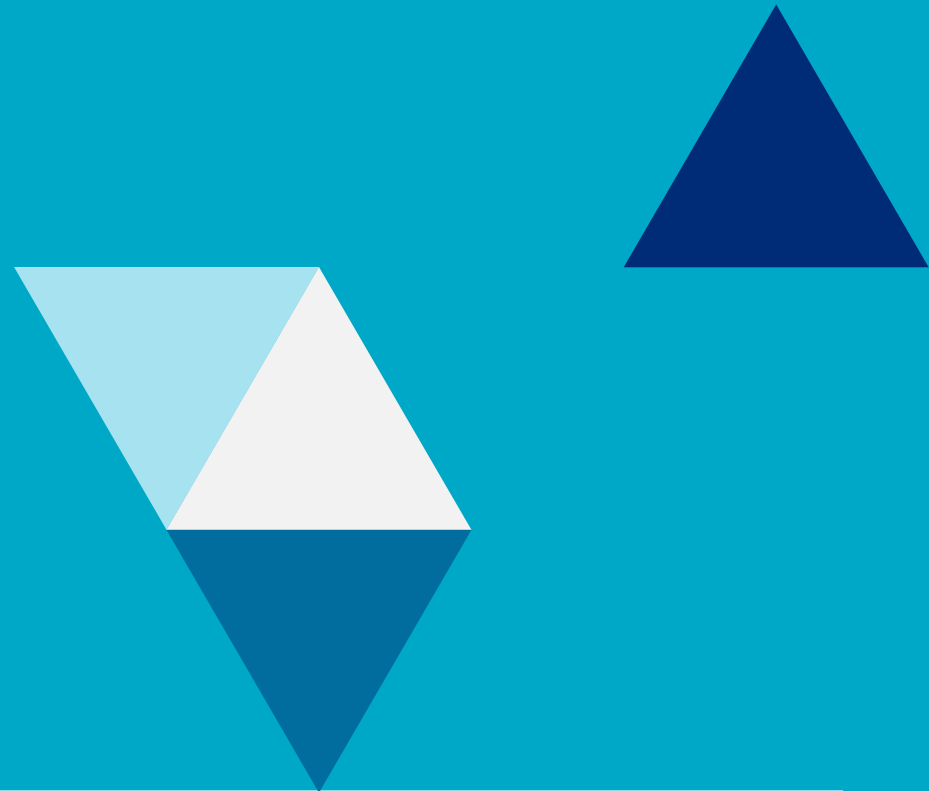


Only 60% of investment managers believe their managers are aware of how unconscious bias impacts their decisions and actively seek to address it. Women are particularly critical, with only 51% agreeing.

A complete list of employers responses from the *When Women Thrive* survey is provided in **Appendix**

APPENDIX

DIVERSITY OF DECISION MAKING STYLES

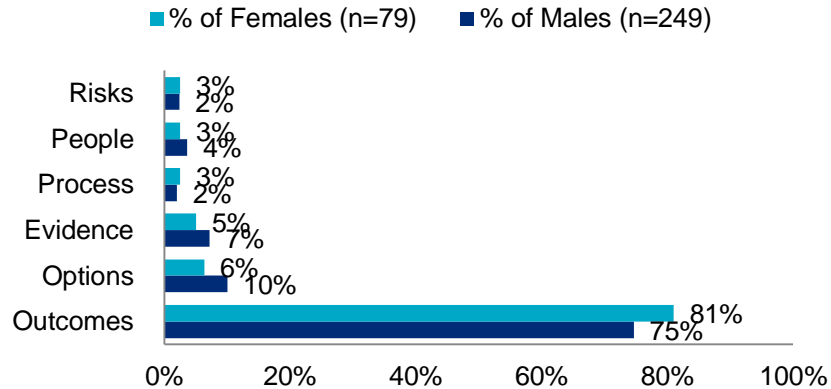


APPROACH TO EVALUATING DECISION MAKING STYLES

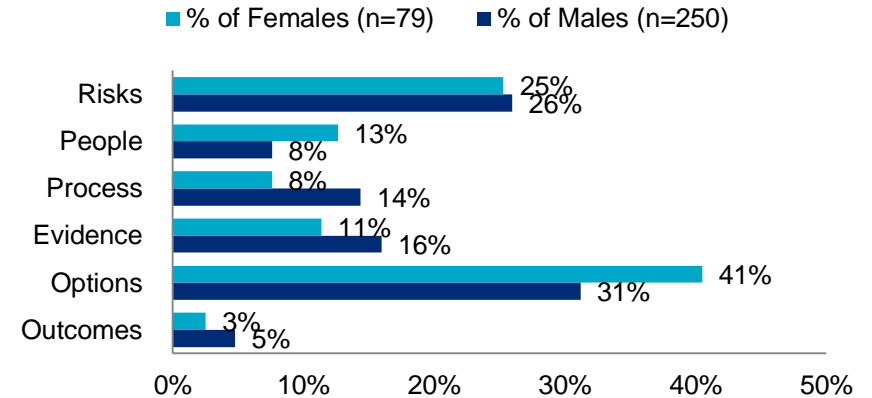
- We used Deloitte's framework for decision making approaches to evaluate the dominant preferences of investment managers. This framework asserts people have two dominant approaches to problem solving and that while individuals may seek to consider all elements, most will default to one or two preferred approaches and will tend to overlook or disregard views of alternative styles. The six approaches are:
 - **Outcomes:** What are the objectives/why are we doing this?
 - **Options:** What are the options/possibilities/what could we do?
 - **Evidence:** What are the facts/what is the evidence we are relying on/measuring against?
 - **Process:** What are the steps/processes that will be used, to implement the solution?
 - **People:** Who is the audience? How will people (staff/customers) feel about the solution? How will we engage people?
 - **Risks:** What are the risks? What could go wrong? What scenarios should we plan for?
- The findings show 76% of IMs had a primary decision making style of Outcomes (n=253), 33% had a secondary decision making style of Options (n=110) and 26% had a secondary decision making style of Risks (n=86).
- Female IMs had a stronger primary preference for the dominant Outcomes decision making style than males (81% females; 75% males) as well as a stronger secondary preference for Options decision making style than males (41% females; 31% males).
- Some differences between females and males can be observed within the secondary decision making style. Males have a slightly stronger preference for Process and Evidence, whereas females have a slightly stronger preference for People.
- Similarly, differences can be observed between Anglo-Celtics and non-Anglo-Celtics in the secondary decision making style. Non-Anglo-Celtics have a stronger preference for Options and a slightly stronger preference for Process, whereas Anglo-Celtics have a stronger preference for Evidence.
- Key take-away: Female and non-Anglo-Celtic investment managers not only conform to the dominant decision making styles of the industry, which are Outcomes, Options and Risks, but they have an even stronger preference than males and Anglo-Celtic IMs, who are the dominant demographic groups that determine industry norms.

DETAILED DECISION MAKING STYLES ANALYSIS

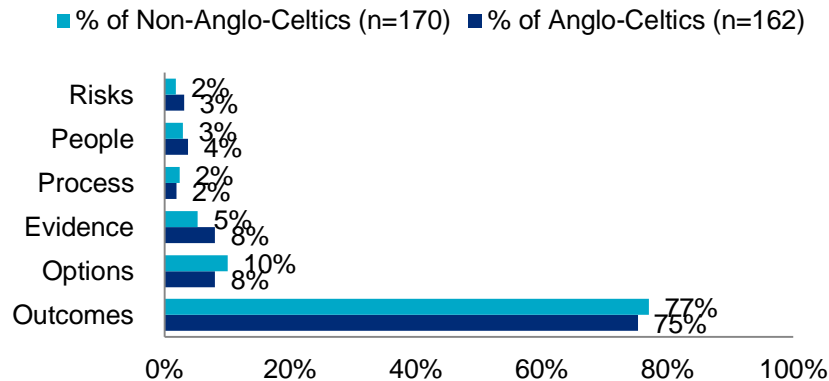
Primary Decision Making Style by Gender



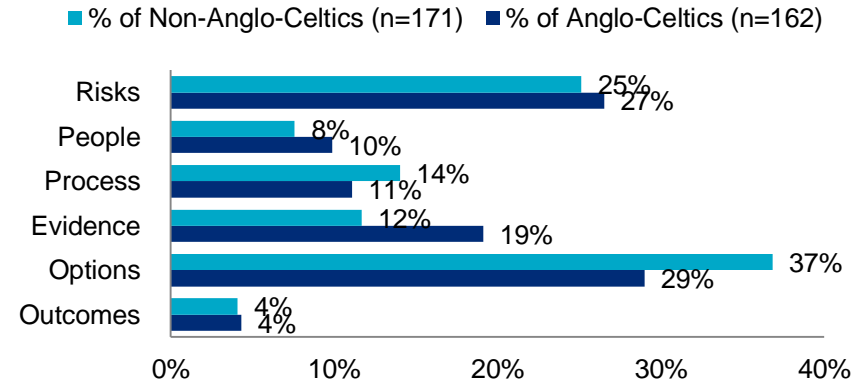
Secondary Decision Making Style by Gender



Primary Decision Making Style by Culture



Secondary Decision Making Style by Culture



APPENDIX

WHEN WOMEN THRIVE FINDINGS



WHEN WOMEN THRIVE (WWT) INTRODUCTION

Mercer's *When Women Thrive (WWT)* research looks deeply into what it means for women to thrive – grounding analysis in the data of today's workforce, and also in examination of the programs, policies, and operational context in which employees work.

The WWT research leverages Mercer's extensive experience with companies to help understand the actual drivers of success in building gender diversity. Mercer has developed an Australian investment management group specific report, comprising of 20 firms. The findings comprise of the following:

- Internal Labour Market (ILM) mapping and workforce projections
- Policies and practices
- Health benefits and talent management programs

WWT DIVERSITY IN INVESTMENT MANAGEMENT

PARTICIPATING ORGANISATIONS



WHEN WOMEN THRIVE DATA POLICIES AND PRACTICES

ENGAGEMENT, ACCOUNTABILITY AND LEADERSHIP



POSITIVE

Average of responses

My organization believes there is a clear business case for improving gender diversity.	4.56
---	------

Senior executives (i.e., CEO plus direct reports) are actively involved/engaged in D&I programs/initiatives.	4.17
--	------

Board members are actively involved/engaged in diversity and inclusion (D&I) programs/initiatives.	4.00
--	------



NEUTRAL

Average of responses

Men are actively involved/engaged in D&I programs/initiatives.	3.89
--	------

Middle management is actively involved/engaged in D&I programs/initiatives.	3.83
---	------



NEGATIVE

Average of responses

Bonuses/incentives for senior executives (i.e., CEO plus direct reports) are linked to the achievement of D&I goals.	2.68
--	------

Women are equally represented in profit and loss (P&L) roles as they are in non-P&L positions.	2.39
--	------

There are non-financial consequences (e.g., termination) for individuals who fail to drive D&I goals.	2.16
---	------

1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree

WHEN WOMEN THRIVE DATA POLICIES AND PRACTICES

GENDER EQUALITY AND PAY EQUITY COMMITMENTS



POSITIVE

Average of responses

Gender equality is a core part of my organization's benefits philosophy/strategy.	4.17
My organization's commitments to gender equality are publicly documented (e.g., in annual reports, on websites, etc.).	4.11
Gender equality is a core part of my organization's compensation philosophy/strategy.	4.06
My organization's pay equity analysis addresses both base pay and incentives.	4.00



NEUTRAL

Average of responses

My organization has a team that is formally responsible for conducting pay equity analysis.	3.94
Pay equity adjustments are made regularly as part of the annual compensation review process.	3.83
My organization's pay equity analysis relies upon a robust statistical approach (e.g., multiple regression).	3.50
My organization has an explicitly stated pay equity policy.	3.44
My organization has a formalized remediation process to address any pay equity risks identified.	3.33

1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree

WHEN WOMEN THRIVE DATA POLICIES AND PRACTICES

ORGANISATIONAL ACTIVITIES



POSITIVE

Average of responses

My organization routinely reviews engagement survey responses by gender and acts to close any gaps.

4.06



NEUTRAL

Average of responses

My organization provides unconscious bias training for managers.

3.89

It is not difficult for employees to achieve work/life balance given the nature of work.

3.89

Women have engagement scores that are similar to or better than men's.

3.83

My organization routinely reviews performance ratings by gender to ensure against any adverse impact.

3.79

My organization's gender diversity programs/initiatives also incorporate racial/ethnic differences.

3.50



NEGATIVE

Average of responses

My organization's corporate social responsibility efforts are focused on helping women and girls living in poverty.

2.83

Gender diversity is a critical criterion for procurement decisions.

2.83

1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree

WHEN WOMEN THRIVE DATA POLICIES AND PRACTICES

HEALTH AND BENEFITS



POSITIVE

Average of responses

My organization's culture is equally supportive of men utilizing family leave and time-off options as women.

4.41



NEUTRAL

Average of responses

Managers in my company receive training to effectively support employees through the maternity/paternity leave and return-to-work processes.

3.53

Supporting women's unique relationship with health care – as patients and as decision makers – is important for attracting and retaining female talent.

3.00



NEGATIVE

Average of responses

My organization has conducted analyses to identify gender-specific health needs in our workforce.

2.53

My organization has minimum global benefit standards for gender-specific health care benefits (e.g., 100% coverage for breast and cervical cancer screening, coverage for behavioural health services focused on women's needs, etc.).

2.18

1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree

WHEN WOMEN THRIVE DATA POLICIES AND PRACTICES

RETIREMENT/SAVINGS PROGRAM DESIGN



NEGATIVE

Average of responses

My organization's main retirement/savings education/training programs are customized to different gender behaviors.	3.13
My organization's main retirement/savings program addresses different work arrangements (e.g., adapted to part-timers, service breaks).	2.94
My organization monitors savings ratios and investment choices by gender, via our main retirement/savings program.	2.56
My organization's main retirement/savings program, or other benefit program, helps employees manage the financial wellbeing of their dependents (e.g., facilitated savings or matches to fund higher education of children, education/tools focused on student debt, etc.).	2.56
My organization's main retirement/savings program, or other benefit program, helps employees manage the financial wellbeing of their elderly parents (e.g., access to planning support, tools focused on calculating elder care costs, facilitated payroll transfers to homecare agencies or assisted-care/elderly homes, etc.).	2.25

HEALTH EDUCATION/ COMMUNICATION/ ENGAGEMENT CAMPAIGNS



NEGATIVE

Average of responses

My organisation provides gender-specific health education/campaigns aimed at supporting women o manage their unique health care needs	2.41
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Only 12% of respondents agree that their organisation provides gender-specific health educations/campaigns

1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree

WHEN WOMEN THRIVE DATA

HEALTH BENEFITS AND TALENT MANAGEMENT PROGRAMS

MOST IMPORTANT PROGRAMS FOR RETAINING FEMALE TALENT



TOP 5

Average of responses

Other flexible work arrangements (e.g., work from home, job sharing)	95%
Part-time schedules	80%
Maternity leave	75%
Family or parental/caregiver leave	65%
Paternity leave	30%

MOST FREQUENTLY USED PROGRAMS BY EMPLOYEES



TOP 5

Average of responses

Other flexible work arrangements (e.g., work from home, job sharing)	95%
Part-time schedules	85%
Maternity leave	75%
Family or parental/caregiver leave	70%
Paternity leave	40%

WHEN WOMEN THRIVE DATA

ADDITIONAL QUESTIONS

POSITION ON D&I SPECTRUM



Indicate where your organisation is on the D&I journey

Average of responses

Where is your organisation on the Diversity and Inclusion (D&I) maturity spectrum?

2.60

1 = novice; 2 = beginner; 3 = intermediate; 4 = advanced; 5 = master

ORGANISATIONAL CONFIDENCE



Organisational confidence

Average of responses

How confident are you in your organisation's ability to develop female talent?

3.89

How confident are you in your organisation's ability to attract female talent?

3.74

How confident are you in your organisation's ability to retain female talent?

3.63

1 = not at all; 3 = to some extent; 5 = to a great extent



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