

TALKING POINTS/COMMUNICATIONS TOOLKIT

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I. Executive Summary

The CFA Institute Women in Investment Management initiative is focused on improving investor outcomes by encouraging diversity in the investment management profession globally.

The most enduring principle of sound investment management is diversification, yet it is remarkably absent from team construction across all spectrums of the investment profession.

We believe diversity can lead to better investor outcomes and that, as the largest global association of investment professionals, CFA Institute is in a unique position to bring awareness to this issue and drive change.

II. The Motivation: Why Care about Diversity?

If the investment industry were functioning effectively and fairly, there would be no need for change. There are, however, significant issues related to the future of the industry, and we will need the best people—both men and women—to improve

investor outcomes. *The lack of women in the industry is a symptom of a larger problem.*

The following are data supporting the gap between investor expectations and outcomes.

Specifically, our profession suffers from issues of trust and is increasingly seen as unable to meet investor expectations.

- The Edelman Trust Barometer has surveyed the public about trust in different industries annually since the year 2000, and financial services has always ranked in the lowest tier. CFA Institute has partnered with Edelman twice (in [2013](#)¹ and [2016](#)²) to see whether the views of investors were any different from those of the public. Our hypothesis was that respondents who knew people in the industry because of a working relationship might be more trusting of finance.
- Investors do have a slightly more favorable view of the industry (61% for retail investors and 57% for institutional investors) than the general population (51%) surveyed in the 2016 Edelman Trust Barometer, but within all these groups, financial services remains in the bottom tier of trust relative to other industries.
- Five years ago, Edelman found that only 43% of respondents from the public said they trust the industry “to do what’s right.” So, on the face of it, there has been a lot of progress (to 51%), but it is still an unimpressive absolute number.
- In our [2016 partnership with Edelman](#), we found that retail investor trust rose from 51% to 61% between 2013 and 2016. Half of this growth is due to increases in countries/territories surveyed both times, and half is due to our expansion of the survey to countries/territories, such as China and India, where absolute trust levels are much higher. We suspect, however, that strong market returns also play a part in this increase, so we should not be complacent and think the trend will necessarily continue. Meanwhile, institutional investor trust had decreased slightly, from 61% to 57%.
- More importantly, in 2016, we explored the gaps between client expectations and satisfaction, and the gaps are very large. Investors remain concerned about ethics, transparency, and performance. (Other talking points are available in “[From Trust to Loyalty](#).”)
- Other factors weighing on the industry are the shift to passive investing and robo-advisers.

¹CFA Institute and Edelman, “Investor Trust Study 2013” (2013).

²CFA Institute, “From Trust to Loyalty: A Global Survey of What Investors Want” (February 2016).

For this industry to become a true profession, we must be measured by the success of our clients. Their goals should be our goals.

- [“From Trust to Loyalty”](#) demonstrates this, and we will be addressing it more directly in forthcoming FoF/WIM studies.

III. The Facts about Women’s Participation in the Industry

- Our profession has a demographic problem.
- Close your eyes and imagine a portfolio manager at an asset management firm. Do you picture a woman? Likely not. For many, the industry’s reputation as unethical, male-dominated, self-serving, and focused solely on profit maximization has women pursuing other top professions. Women represent about [50% of all CPAs](#),³ [48% of medical students](#),⁴ and [47% of law school students](#).⁵
- Women are underrepresented in financial services (particularly in the senior positions). Women hold 25% of senior management roles in the global financial services industry, according to [“Women in Business: The Path to Leadership.”](#)⁶
- Women are also less likely to be promoted and are paid less than their male counterparts. In 2014, women working full-time in the United States typically were paid just 79% of what men were paid, a gap of 21%, according to the report [“The Simple Truth about the Gender Pay Gap.”](#)⁷ Another recent study, [“Women in the Workplace,”](#)⁸ found that women face greater barriers to advancement and a steeper path to senior leadership.
- We believe inequality in investment management is a “we” problem that will require men and women to collaborate to effect meaningful change.
- Within CFA Institute, only 18% of members globally are women and 31% of June 2015 CFA® Program candidates were women.
- In the UK, where new accounting standards require large public companies to publish diversity statistics annually, 22% of senior positions in asset management firms are held by women, on average.⁹
- However, there are opportunities to increase the number of women who pursue the CFA charter and join the profession. Of candidates signed up for

We recommend picking no more than 3 points that are relevant to your audience.

³AICPA, “The Most Important Issues for Women in the Accounting Profession,” American Institute of CPAs.

⁴AMA, “Here’s What This Year’s Medical Class Looks Like,” American Medical Association (2 November 2015).

⁵ABA, “A Current Glance at Women in the Law,” American Bar Association and the Commission on Women in the Profession (July 2014).

⁶Grant Thornton, “Women in Business: The Path to Leadership,” Business report (2015).

⁷AAUW, “The Simple Truth about the Gender Pay Gap,” American Association of University Women (Spring 2016).

⁸LeanIn.Org and McKinsey & Company, “Women in the Workplace” (2015).

⁹Madison Marriage and Sophia Grene, “Watershed Moment for Female Fund Employees,” *Financial Times* (11 October 2015).

the December 2015 CFA Program exam, 35% are women, a number that has risen steadily up from 20% in 2009. (CFA Institute, Market Intelligence)

- Countries with stronger pipelines of women CFA charterholders also have [a higher percentage of women fund managers](#).¹⁰
- Women in the profession (statistics from [Morningstar](#))
 - About 2% of the industry’s assets and open-end funds are run exclusively by women. By contrast, about 74% of the industry’s assets and 78% of funds are run exclusively by men, with mixed-gender teams accounting for the balance.
 - Mixed-gender investment teams in the US manage 19.6% of funds and 24.1% of the industry’s assets under management.

Exhibit 2: Funds and Assets Under Management by Gender

	Number of Funds	Funds Managed %	Fund AUM %
Women only	184	2.5	1.9
Men only	5,775	77.9	74.0
Women & men	1,452	19.6	24.1

Source: Morningstar, Inc. Data as of March 31, 2015.

- In Hong Kong, 25% of mutual fund managers are women.
- Women as clients (statistics from [Morningstar](#))
 - Women are expected to control half of US private wealth by 2020—\$22 trillion of assets.
 - As women control more wealth, they become more engaged in conversations with advisers. Women who work outside the home are more likely to share in retirement decision making.

IV. The Research on the Value of Gender Diversity

The following section provides great resources on the value of gender diversity.

Diverse teams are better equipped to creatively and innovatively meet investor needs.

If alpha comes from doing something different, diverse perspectives create an edge. Highlighted here are some of the most interesting recent research results:

¹⁰Laura Pavlenko Lutten and Erin Davis, “Fund Managers by Gender,” Morningstar research report (June 2015), p. 5.

- Companies with more than one woman on the board have returned a compound [3.7% a year over those with none](#).¹¹
- Companies with the most women board directors outperform those with the least on return on invested capital [by 26%](#).¹²
- Companies with the highest share of women outperform companies with no women. [The top-quartile group has a 41% higher return on equity than the group with no women, and in terms of operating results, the more gender-diverse companies exceed by 56% the group with no women](#).¹³
- Studies show that mixed-gender teams bring much-needed diversity of thinking to the investment process and improve investment outcomes. [Once a critical mass is reached—about one-third women—team outcomes are improved](#).¹⁴
- Experts suggest that [improved performance is not just about gender diversity but rather about cognitive diversity](#)—that is, the differences in the way women and men see and categorize the world, the way they solve problems, and the way they make predictions.¹⁵
- However, research indicates that investors are not aware of the value that mixed-gender teams bring to performance. For example, recent unpublished research by CFA Institute showed that only 30% of surveyed individual and institutional investors indicated that gender-diverse teams would positively impact performance results.

The profession benefits from increases in economic growth globally, and women play a role in this.

- Advancing women’s equality can add \$12 trillion to global growth according to [a recent McKinsey study](#).¹⁶ In a “full potential” scenario in which women play an identical role to that of men in labor markets, as much as \$28 trillion, or 26%, could be added to global annual GDP by 2025.

V. The CFA Institute Advantage on This Topic: Why Us?

We believe CFA Institute can be a powerful and unique agent for change.

- We have been building a pipeline of investment professionals for 50 years through the CFA credential.

¹¹Credit Suisse Research Institute, “The CS Gender 3000: Women in Senior Management” (September 2014).

¹²Catalyst, “The Bottom Line: Corporate Performance and Women’s Representation on Boards (2004–2008)” (1 March 2011).

¹³Sandrine Devillard, Sandra Sancier-Sultan, and Charlotte Werner, “Why Gender Diversity at the Top Remains a Challenge,” *McKinsey Quarterly* (April 2014).

¹⁴ Catalyst, “The Bottom Line: Corporate Performance and Women’s Representation on Boards” (15 October 2007).

¹⁵James Heskett, “Why Does Gender Diversity Improve Financial Performance?” *HBS Working Knowledge* (4 November 2015).

¹⁶McKinsey Global Institute, “How Advancing Women’s Equality Can Add \$12 Trillion to Global Growth” (September 2015).

- Our members represent 31,000 firms globally where we are able to lead and effect change from within.
- We have relationships with 154 CFA Program Partner universities around the world, which represents an important opportunity to address the issue at the university level.
- Our CEO Paul Smith has joined the [30% Club](#), an organization composed of board chairs and CEOs who are committed to better gender balance at all levels of their organizations. The club includes 24 leading investment firms that are seeking this goal.
- At CFA Institute, we are committed to gender diversity, and our goals include
 - increasing the number of women on the CFA Institute Board of Governors to at least 30% by 2018 and
 - increasing the number of women at the podium and on panels at CFA Institute conferences to 20%.
- Key actions to date:
 - We are committing resources, research, and profile to the effort.
 - We have held two leadership roundtables: one in New York City for current and former women governors and one with women industry leaders in Hong Kong.
 - We've created the [CFA Institute Women in Investment Management Network](#) on LinkedIn and #CFAWomen on Twitter put together and resources at www.cfainstitute.org/wim.
 - We are advancing the agenda by bringing together leading thinkers, leading professionals, and leading change agents. We are looking honestly at difficult questions.
 - In May 2016, we launched a [new scholarship program](#) for women that provides scholarship opportunities to those pursuing their CFA Program goals. For more information, send an email to scholarshipsforwomen@cfainstitute.org.
 - We are hosting the next Women in Investment Management conference: Alpha and Gender Diversity: The Competitive Edge, 14–15 September 2016, in Boston, Massachusetts.

VI: The Goals of the CFA Institute Women in Investment Management Initiative

We aim to positively impact the investment management profession by increasing the number of women who pursue industry careers and the CFA charter; promoting retention; and advocating for gender diversity globally. Our multipronged approach includes advocacy, education, and engagement.

- As part of our long-term commitment to shape a better future of finance, the Women in Investment Management initiative was created to understand and help close the gender gap within the investment management profession.

- Harnessing the expertise of our member societies, CFA Institute staff, and CFA charterholders, the initiative will encourage more women to join the profession, pursue finance education, and share knowledge via compelling business cases, new research, networking, employer and university outreach, and career success stories.
- This initiative advances the grassroots efforts of member societies worldwide. The inaugural Women in Investment Management Conference in June 2015 saw 200+ women gathered to promote career advancement, leadership, and relevant strategies for each stage of a woman’s investment career.

VII. How to Make a Difference

Ours is an action-oriented initiative!

The following are a series of “calls to action” tailored to specific audiences.

A. Any Audience

We are all responsible for meeting investor needs.

- **Take action.** We are acutely aware of the industry’s poor image and wish to improve it. We are equipped with the research and knowledge to educate others. We understand the difference women can make for investor outcomes. Now, we must work together to build a gender-balanced culture that better serves investors and society. This is essential to creating a sustainable future for the profession.
- **Increase awareness.** Despite the growing body of evidence showing the business case for diversity, recent research by CFA Institute underscores the lack of investor (both individual and institutional) awareness of how gender-diverse teams can positively impact investment outcomes. Share research findings broadly in your professional and educational networks.
- **Diversify at every level.** Homogeneity is counter to investment performance. Teams constructed intentionally to include diverse perspectives, of which gender diversity is one dimension, have been shown to deliver better results in terms of both risk and return. We expect this performance potential to influence capital allocation over time.
- **Start early.** Encourage women to pursue an education and career in investment management. Talk about the CFA charter as a global passport for career success. Share research, business cases, and stories of how women are making a difference.

- **Understand** that women may advocate for themselves differently than men. [Research shows](#) that women advance when they have both *sponsors* (those who are highly placed *and* actively advocate on their behalf) and *mentors* (those who give career advice and guidance).¹⁷
- **Engage with this initiative.** Attend or spread the word about the next Women in Investment Management conference—Alpha and Gender Diversity: The Competitive Edge, 14–15 September 2016, in Boston, Massachusetts, sponsored by the Women in Investment Management initiative.
- **Find out about new events and research** at www.cfainstitute.org/wim. Follow and share #CFAWomen on Twitter. Let us know if you are planning an event, and share effective ideas at cfawomen@cfainstitute.org. Engage with the [CFA Institute Women in Investment Management Network](#) on LinkedIn.

B. Members and Employers

- **Determine a baseline of gender diversity.** Analyze your firm’s gender representation at all levels. Are women well-represented at all levels of your firm? Do they serve on your board? Do you have a women’s initiative in place? A women’s perspective at all levels enables your firm to be truly professional and improves performance, which will benefit your clients.
- **Recruit beyond traditional networks.** Women clients often look for advisers who are women, and when a firm doesn’t have satisfactory women advisers, they select other firms that do. Require search firms to produce credible women candidates for top positions. Adjust job descriptions to distinguish between required and optional skills. Include women as interviewers or on the nominating committee. Set targets for recruiting women and the percentage of women in senior roles.
- **Sponsor, mentor, and ensure the visibility of women.** Studies show that women are undersponsored. Mentor and sponsor young female managers, provide opportunities that help them develop their skills, and offer the visibility they need to advance—not only internally but also externally with clients. Don’t put the burden of helping women advance on senior women only.
- **Promote and retain more women.** As individuals progress to more senior levels in financial organizations, their assessments are more qualitative, which leads to a bias: Those in leadership tend to hire/promote individuals who are more like themselves. You can develop strategies and tools to overcome these unconscious biases that will significantly impact your firm’s ability to promote women. **We know that people are naturally inclined to hire and promote people who are like them, so it is a difficult bias to overcome.** Keep the women you have by building a culture that is inclusive.

¹⁷Nancy M. Carter and Christine Silva, “Mentoring: Necessary but Insufficient for Advancement,” Catalyst (2010).

Establish metrics that reward the creation of diverse teams. **Determine whether your firm has gender pay gaps and address them.** In the UK, companies and public sector bodies with more than 250 employees will soon have to publish the difference between the average pay and bonuses of their male and female staff. A number of other European countries require employers to publish gender pay data.

- **Promote the CFA Program** as a cost-effective, flexible option for career success. Specifically, encourage women to learn more about the [Women's Scholarship Program](#) offered by CFA Institute. For more information, send an email to scholarshipsforwomen@cfainstitute.org.

C. Society Leaders

- **Apply for CFA member society project funding** in support of the Women in Investment Management initiative. Examples of society activities are available at www.cfainstitute.org/WIM.
- **Invite more women as speakers at your events.** CFA Institute has a 20% women speaker goal. When organizing events, consider the gender balance of panels, and seek to include at least one woman on a panel/as a speaker. Share women's initiative outcomes in your event programming. For a list of potential speakers and examples of what other societies are doing, contact Society Relations.
- **Sponsor women investment management professionals** to earn the CFA charter and help guide their careers.
- **Encourage women students** in your area to take part in the Research Challenge.
- **Support women in the investment management industry** by telling them about the [Women's Scholarship Program](#) offered by CFA Institute and how to apply. For more information, send an email to scholarshipsforwomen@cfainstitute.org.
- **Be active in social media dialogue** at #CFAWomen and in the [CFA Institute Women in Investment Management Network](#) on LinkedIn.

D. University Faculty and Administrators

- **Assess and upgrade your recruiting program.** More than 10 years of working toward increasing the number of female MBAs, including significant investments in business school recruiting programs, has resulted in many of the most competitive business schools in the US reporting substantial percentages of women. The Wharton School's and Kellogg School of Management's classes of 2017 are each made up of 43% women. The MBA classes at Harvard Business School, the Tuck School of Business, and Stanford Graduate School of Business are 42% women each, and at UC Berkeley's Haas School of Business, the new class includes 41% women.¹⁸ Consider adding a

¹⁸Rebecca Knight, "US Business Schools Hit Targets for More Women," *Financial Times* (27 September 2015).

mentorship program with female leaders in the investment management industry to make the study of finance more inviting.

- **Encourage women—not just those in a business or finance specialty—to consider finance and investments as a career.** Share our videos from women in the industry to hear their views. Tap into our toolkit, and reach out to your local CFA member society for volunteers to share their stories and career advice.
- **Increase scholarships for women in finance.** Since 2005, Forté Foundation sponsor schools, which include Harvard, MIT Sloan School of Management, and Wharton, among others, have awarded more than \$73 million in scholarships to women.
- **Tell women students** about the [Women’s Scholarship Program](#) offered by CFA Institute and how to apply. For more information, send an email to scholarshipsforwomen@cfainstitute.org.
- **Engage with the CFA Research Challenge.** Professors can sponsor a Research Challenge team and specifically encourage women students to join. Offer other mentorship programs with female leaders in the investment management industry.
- **Connect with your local CFA member [society](#)** to invite female industry leaders to speak to your finance students and to **support or host learning opportunities** in your local community to raise awareness of the gender gap in the investment management industry and the need to close it. Visibility is validity.
- **Create classroom environments that are inviting to both male and female** finance students. Enlist professors who serve as role models, offer encouragement and recognition, and consistently dispel thoughts that promote the belief that finance is only for men.
- **Join or start an organization** that supports gender diversity in the investment management industry.
- **Conduct and check out research** on the reasons behind the lack of women at institutions, and share research reports among your peer institutions and with organizations focused on gender diversity. Check in with www.cfainstitute.org as we curate and create research, tools, and strategies to help you bridge the gap.

E. Students

- **Be confident in your abilities!** Choose a career that offers challenges and fulfillment. The investment management profession is very rewarding.
- **Pursue a career in investment management** where you can participate in the economic growth of your country/economy. It is a great opportunity to work in international markets and develop leadership capabilities. Take the [career quiz](#) to see what role might be best for you. Visit our [Career Resources library](#).
- **Connect with your local CFA member [society](#)** to explore networking and mentorship opportunities with professionals in the industry.

- **Participate** in the Research Challenge. Check with your local CFA society to see if your university can get involved.
- **Find a sponsor/mentor** to help you achieve your educational and professional goals.
- **Pursue the CFA charter.** The CFA Program curriculum covers concepts and skills you will use at all stages of your career. The self-paced, online format makes it easier for you to continue working while you complete the program. Earning the CFA charter shows employers and clients you have mastered a broad range of practical portfolio management and advanced investment analysis skills. Discover the [Women's Scholarship Program](#) offered by CFA Institute and how to apply.
- **Get informed.** Check in with www.cfainstitute.org as we curate and create research, tools, and strategies to learn more about this industry, why it's important, and how you can be successful in it.

END

Please provide us with your ideas and feedback. We view this as a dynamic and living document that can be made better by the diversity of your ideas and collective wisdom!