Eskom
Pension and Provident Fund

DIVERSITY IN ASSET MANAGEMENT

A qualitative study of the experience of female professionals in South Africa.

Gordon Institute of Business Science
University of Pretoria

In 2023, EPPF commissioned the Responsible Finance Initiative of the Gordon Institute of Business Science (GIBS) to carry out a qualitative study of the experience of female professionals who work in asset management in South Africa. As a thought leader in pension fund administration, it is important for us to understand the realities of women who work in finance and investment. Our intention in publicising this research is to spark thought-provoking conversations on the topic and to get industry to be intentional about redress.

- Ms Sonja Saunderson, EPPF Chief Investment Officer

This study was produced by the Responsible Finance Initiative at the Gordon Institute of Business Science, University of Pretoria. The authors are:

- Anne Cabot-Alletzhauser, Practice Director, Responsible Finance Initiative and,

- Amanda Khoza, Senior Research Consultant.

Designed by EPPF Communications.

EPPF
24 Georgian Crescent East,
Bryanston
Johannesburg
2191
info@eppf.co.za
+27(0)11 709 7400

CONTENTS

OUR FINDINGS - IN SUMMARY

The study started by asking pertinent questions about the seeming absence of women in finance and investment. While we were able to identify more than 140 women in non-administrative professional roles related to investment management, only a dozen or so of these women identified their roles as being what the industry has historically considered "the power seat" for investing: the role of asset manager or chief investment officer. These are the kinds of numbers that industry analysts concentrate on when they address the issue of the absence of women.

Our study suggests that by doing so, they may well be missing out on capitalising on what could be one of the most important and necessary changes that is happening in the asset management industry.

By asking questions as to where and how women were adding value in the industry, we were able to identify that over the last 20 years women have played a transformative role in the industry in getting it to focus more on developing solutions to client's funding problems, reducing costs, simplifying products, decision-making and services, and essentially shifting the industry focus away from the less realistic promise of being able to "outperform" competitors and more towards applying investing to addressing the societal, environmental and economic needs of South Africans.

Have these efforts been successful? In many ways, surprisingly so. At least the marketing spiels of financial service companies have shifted in response. But for this transformation to really persist to address the needs of the South Africa of the future, there are still considerable barriers that need to be addressed. This is what this study tries to address.

Importantly, we use the study's insights to inform how we should engage with women to re-position the viability of a career in asset management to their personal and professional goals. What needs to be done to train them to continue adding value in this vein in the future?

THE REAL QUESTION?

1. Is this a gender issue?
2. A transformation issue? or
3. Is the industry itself in need of a revamp?

30 Interviews

44 Profiles Analysed

It appears to be clear that many of the issues don't reside in the asset management committees themselves. On one side of the equation, there are societal issues that are broadly understood but never effectively addressed in the workplace. On the other side of the equation are the business and human resource management models that asset managers still adhere to, usually at the behest of their financial service company shareholders, that undermine the transitioning of the industry from simply being a "cash cow" for these shareholders to be a truly professional service industry. Such as transition would still generate adequate income for shareholders, but until these traditional mindsets are addressed, we will not see the necessary knock-on benefits to other stakeholders such as clients and employees (male or female) of these firms.

ISSUES RAISED BY THE STUDY

- **Is this really about women failing to penetrate the industry** or is it more about the culture of the industry failing to adapt to the needs of investors and societies in the future?
  - An expanded set of criteria that introduces social, psychological, environmental and developmental thinking would be far more effective at opening the industry up to female candidates who can make the necessary contributions required to a more purpose-driven investment management industry. Work cited earlier by the CFA Institute on the skill sets required for the future of asset management suggest that these same skill sets are missing in the global arena as well. [1]
  - We need to improve the way that young women (and men) can access the industry without having to conform to a narrow set of qualifying criteria.
- **The asset management industry needs a major marketing effort to change its image as a desirable profession with the power to make meaningful changes in South Africa**
  - Similarly, asset management companies need to take a hard look at the business models of the future that will be needed to align them to client needs.
  - What will really drive outcomes for clients is having the right solutions – not the right asset manager. This puts client-facing people into the driver's seat but demands that they are technically competent.
- **Diversity and inclusion objectives may not be achieving desired goals**
  - It's really not about men vs women or other demographic markers. Rather, it's about recognising and valuing how differentiated levels of problem-solving, information processing and implementation combine with differentiated social experiences to contribute a far more effective decision-making process.
  - Qualification criteria that are too narrowly defined (maths/economics or demographic markers) can limit any simple exercise to build a team of differentiated thinkers.

1. Source: Investment Professional of the Future, Future of Finance Advisory Council, CFA Institute

- **Transformation constitutes a different consideration**
  - We need to reassess the kind of support we are bringing to facilitating transformation.
  - Early-stage research is suggesting that incubation programmes, and Enterprise and Supplier Development programmes are not delivering the results needed. This need to be explored further.
  - Economic benefits do not necessarily go hand-in-hand with redistribution of power. Nor does redistribution of power necessarily translate into economic benefits. This needs a major overhaul.
  - The task should not be to train women to navigate power dynamics but rather to ensure that they are technically competent to command the respect of the whole team. People skills can be an essential add-on.

- **The key for women who have succeeded was how they started out in life: The importance of knowing that your voice counts and is being heard. The importance of supporting women both in the workplace and in their homes.**
  - This needs to captured in our training programmes
  - As does hands-on on-the-job training and mentoring
  - It's not just about the technical knowledge – it's how to wield the power it gives you

A SUMMARY OF THE ACTIONS WE NEED TO TAKE NOW

Here is a To-do List:

For the asset management industry:

- Create a significant awareness campaign targeted at high schools and universities that change perceptions about what finance and investing can actually achieve if we focus on providing solutions. (We need to change the image of the industry to attract the people that the industry needs).
- Provide a more straightforward path to success that incorporates more than just portfolio management training but training in creating investment solutions.
- Link these training programmes to real in-house training programmes that can lead more directly to job opportunities (Take a significant interest in helping to shape the Fezeka Graduate Programme at the Association for Savings and Investment South Africa - ASISA.)[2]

2. https://www.asisa.org.za/academy/programmes/graduate-programmes/fezeka-graduate-programme/

- Focus on training programmes that can help those candidates fill in the gaps that they may have missed out on in those critical formative years – their sense of self-esteem and of having a voice worth hearing. Again the Fezeka Programme comes to mind.

- Business models are needed that allow these smaller managers to access valuable resources at affordable rates. Pooling to provide data and investment model providers with a guaranteed income stream (even if it comprises 20 small asset management companies) is one idea that needs exploring.

- Fund those projects that provide the insights and opportunity to change the industry.

For asset manager companies:

- Completely revamp the employee benefits programmes for asset management companies (also relevant for other industries looking to be more inclusive of women)
- Introduce early childhood development centres into the workplace to accommodate working parents (small managers can create collectives where they all tend to congregate in one location)
- Introduce primary healthcare centres into the workplace that are available to all family members of asset management employees
- Reinforce the hybrid work solution to accommodate caregiving demands
- Where team building is required, ensure it accommodates all areas of interest and excellence with team members
- Provide funding for ongoing training programmes that lead to new domains of performance excellence.
- Consider concierge and wellbeing services that focus on the whole family's needs.
- Rethink employee compensation, performance assessments and rewards.
- Bottom line – asset managers are paid too much for delivering on something they have little direct control over. Client managers are not paid enough for client retention and client education. Administrators are not paid enough to minimise loss and reputational damage.

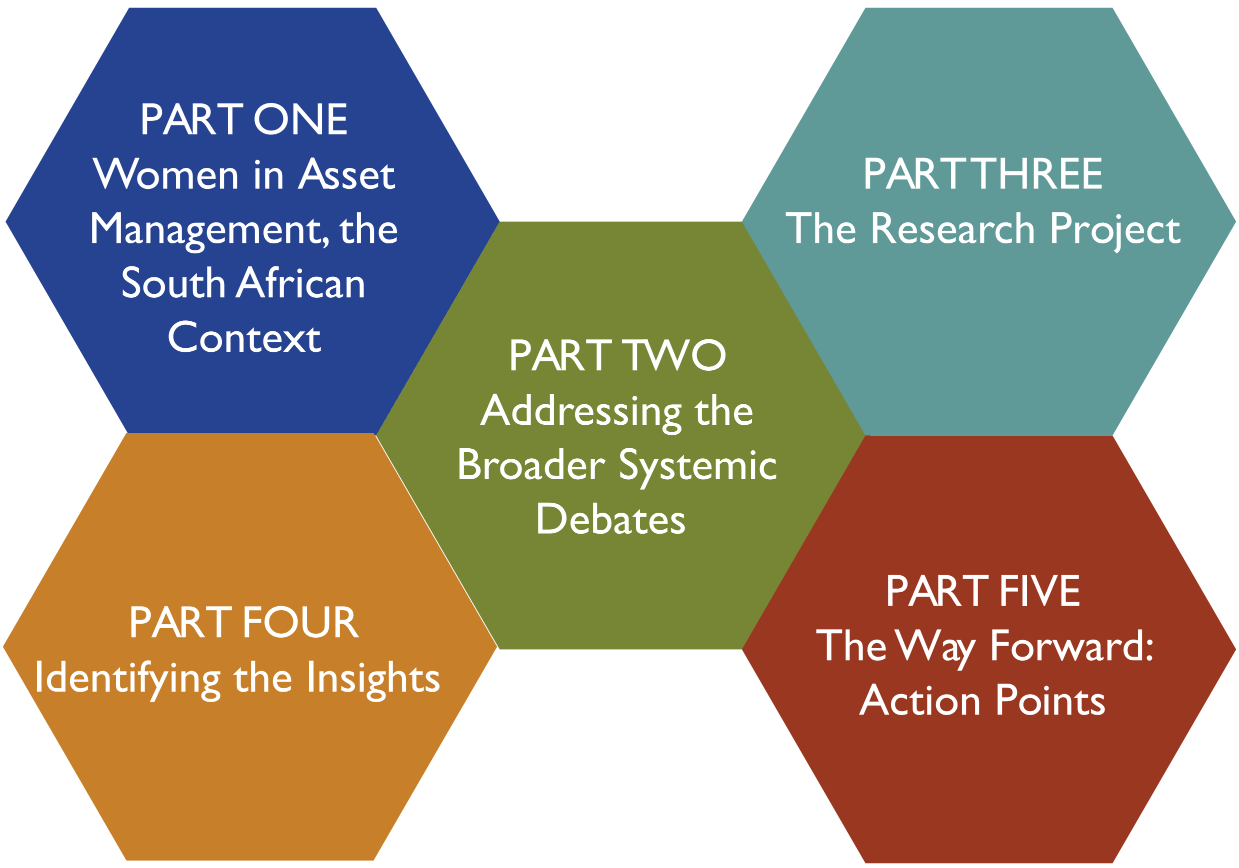
- Rewards must be seen in the context of what the client gains out of the experience.
- Rewards need not be monetary – one of the most significant rewards a professional can gain is the opportunity to increase their investment insights or professional capabilities.

OUR STUDY

It became immediately apparent that simply tallying the numbers, monitoring the salary discrepancies or following career trajectories of women in the industry failed to provide us with a clear understanding of the complex factors at play. We needed a study that could weave together the narratives of women who succeeded, who failed, and who simply decided to leave the industry altogether with an analysis of the systems changes impacting the asset management industry as a whole, and women's potential role in its future.

The ultimate finding of this study is that women have a vitally important role to play in guiding the asset management industry to providing the outcomes and solutions that it critically needs at this juncture. As an industry we need to not just recognise that potential but we need to create the mechanisms to realise this potential.

We have divided this report into 5 parts to tell the qualitative story of the female experience in asset management, highlight the relevant insights and provide an array of solutions or action points.



PART 1: WOMEN IN ASSET MANAGEMENT, THE SOUTH AFRICAN CONTEXT

17.2%

Women representation of portfolio management professionals in South Africa

Is it a case of leaving women out or not wanting "in" to this exclusive club? The data has already been shared and the conclusions are disturbing. Currently, women represent only 17.2% of portfolio management professionals in South Africa. [1] Widen the scope of analysis further, and the statistics tell us that when women perform administrative, accounting, reporting, marketing and performance measurement tasks, their presence in the asset management industry can expand to as much as 43.8%. [2] However, this does not obviate the reality that women are not performing a meaningful role in decision-making around what to invest in, how to invest, and, more importantly, to what end investment funds should be deployed.

To date, much of the response to this phenomenon has focused on how we insist on better representation of women as decision-makers. Critics of the prevailing industry practice zero in on studies that argue that diversity makes for better decision-making or that women make better fiduciaries because their focus appears to be more on helping clients develop realistic outcomesrather than on performance superiority or asset manager profitability. [3] These points may well pertain but the debates miss the most critical point: Women are simply not scrambling for jobs, or at least not as the jobs are currently framed. This is the question that needs answering.

Here is how those all-important statistics look: For every job on offer in the "decision-maker" category, the ratio of women applicants to men hovers around 2 to 7.[4] More concerning, we have seen a drop in the number of women applying for the Chartered Financial Analysts (CFA) three-year programme, one of the essential qualifying standards for portfolio managers and asset management specialists. [5] However, more women than ever are qualifying as accounting, actuarial science, law, and economics professionals. [6] While being a CFA charterholder is not a necessary condition for being a good asset manager, the reduction in numbers pursuing the programme does suggest a marked drop-off in interest in considering asset management as a professional pursuit.

1. 27 Four (2022). BEE.conomics - Transformation in South African Asset Management. October 2022.
2. Ibid. 27 Four (2022).
3. https://www.forbes.com/sites/laurarittenhouse/2021/09/28/the-shocking-truth-about-gender-diversity-in-investment-management/?sh=6e4e701a4212
4. Estimates from recruitment professionals. Data to be confirmed with sectoral report following EE Amendment Bill.
5. CFA Institute Research Foundation (2016). Gender diversity in investment management – new research for practitioners on how to close the pay gap. CFA Institute Research Foundation Survey.
6. Accountancy SA (2021). The African Women Chartered Accountants Forum (AWCA)

To make a meaningful contribution to any analysis of this conundrum, this research discussion needs to go significantly beyond the current suggested short-term solutions of:

- Demanding parity representation and compensation of women in asset management companies.
- Providing the funding of women-led asset management companies.
- Establishing mentorship programmes or training programmes for women in asset management.

As such, we have elected to provide insights into four different aspects of the debates.

First, we provide some context on the broader systemic issues around gender equality in South Africa; then, we introduce discussions around the more general challenges for the future of the asset management industry. These insights can apply to new entrants to the sector from any background, irrespective of their demographic profile. The third discussion relates to the specific challenges for women professionals in asset management. Moreover, the fourth discussion applies to black female professionals in the asset management industry. These last two discussions reflect the research project's findings.

FIRST Context on the broader systemic issues	SECOND General challenges for the future of the asset management industry
THIRD Specific challenges for women professionals	FOURTH Black female professionals

PART 2. ADDRESSING THE BROADER SYSTEMIC DEBATES

A. THE "MARTHA EFFECT" – UNDERSTANDING THE GENDER CONTEXT OF SOUTH AFRICA

In 2017, this research team analysed women in the workplace. The question that needed addressing was why there was such a discrepancy between women's academic outcomes and their subsequent success in the workplace.

THE "MARTHA EFFECT"

At each stage in the higher education process females succeed in higher numbers, pointing to not only a large, but a growing advantage that cannot be explained by prior achievement

A discussion of that analysis follows here:[1]

The potential value of women to the South African economy was set out in a working paper by Nic Spaull and Hendrik van Broekenhuizen: The "Martha Effect", The compounding female advantage in South African higher education" (2017). As with many parts of the world, girls in South Africa are streets ahead of boys academically. By Grade 4, girls are a full academic year ahead of boys in learning; by Grade 5, they are 40% ahead of boys in Maths.

It turns out that women are at a distinct advantage, even though they start at an equal footing at the outset of the educational process. The study controlled for factors such as race, age, socio-economic status, home province and attending institutions. Nevertheless, these superior results continue into high school and university. In all fields women chose to pursue academically, they were 20% less likely to drop out than men.

The study suggests that we may be seeing these results because "girls have better non-cognitive skills such as self-control, self-motivation, dependability, sociability, perceptions of self-worth, locus of control, time preference and delayed gratification." [1] Other arguments suggest that the school system rewards the kind of "good behaviour" that girls exhibit. Perhaps a bigger story may be that the education system is not developing the right skill sets for the workplace.

1. Van Broekhuizen, H & Spaull, N, The "Martha Effect" Stellenbosch Economic Working Papers WP14/2017

The reality is that we have made little progress in capitalising on what we know about women's performance academically and in the workplace. Here are the facts about South Africa :[1]

- Women in South Africa get paid 15% to 17% less than men for the same work.
- Only 25.8% of executive positions and 36.4% of senior management roles are held by women.
- This is somewhat better than the global average of 25% but lower than the best regions, such as Eastern Europe, at 38%.
- One-third of South African companies have no women in management (again, at 31%, this is slightly better than the global average of 34%; however, in Eastern Europe, only 9% of companies have no women in senior management.
- Only seven of the 100 largest companies listed on the Johannesburg Stock Exchange (JSE) are led by female chief executive officers (CEOs), indicating minimal progress in gender balance in senior management and leadership positions. According to PwC South Africa's 2022 board report, the typical senior roles women tend to hold are in human resources and finance. [2]
- In the public sector, women comprise 45.5% of senior management of state-owned enterprises and have 46.0% representation in parliament. [3]

In the public sector, South Africa's record is world-class. But in the private sector, South Africa has lagged. According to Grant Thornton, one of the factors that may distract management's attention from gender equality is compliance with B-BBEE targets. This seems to be the natural by-product of the fact that B-BBEE targets are legislated.

However, there are no legislated quotas for women in the workplace in South Africa except a recommendation to steer representation per the economically active population demographic statistics from Statistics South Africa.

ECONOMICALLY ACTIVE POPULATION

The total number of people between the ages of 15 and 64 who are willing and able to work

Bain & Company provided their findings to the debate from a comprehensive study conducted in 2018 among employed male and female professionals in South Africa. Their investigative process allowed them to pursue the enquiry into the community, the home, and even as far as the bedroom to understand the personal, societal and organisational factors that hindered women's progress in the workplace.

1. Department of Employment and Labour, South Africa (2022). 22nd Commission For Employment Equity - Annual Report 2021 - 22
2. PWC (2022). Executive directors - Practices and remuneration trends report. August 2022.
3. Representation and Participation of Women in Parliament (2021) https://pmg.org.za/blog/Representation%20and%20Participation%20of%20Women%20in%20Parliament

The study provided compelling evidence that the workplace was undoubtedly not the locus of the problem. If anything, women were far safer and treated with far more significant consideration than potentially in the community or on the home front. For example, the researchers discovered no difference in men's and women's confidence levels and aspirations when they start their careers. Both men and women believe that they can reach top management. Furthermore, both men and women believe in gender equality in the workplace. The most common reasons cited were "moral imperative" and "legislation". Notably, only 20% of men and 21.5% of women gave "business imperative" as their reason for believing in gender equality. [1]

This last point is the most telling. In suggesting that gender equality is done more as a moral imperative, or, as in the case of asset management, a pre-condition for being awarded mandates, it obscures the notion that there is any fundamental financial value to be had through gender diversification. This is the mindset that demands change – and it resides not with clients but rather with the commercial heads of these businesses.

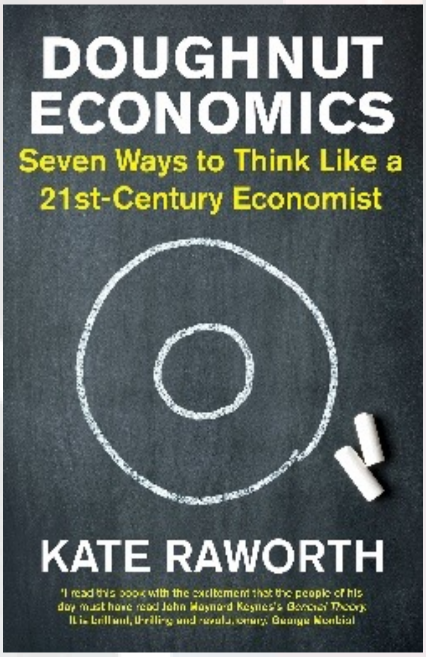
The study does provide another insight that societal factors mattered more in South Africa than corporate dynamics regulating women's behaviour. The women who stated that they do not aspire to senior leadership positions were three times more likely to agree that their families did not believe in equal opportunities between men and women. This suggests that beliefs held by societies where women came from, particularly immediate family, strongly impact women's aspirations.

What do we do with these insights? At that time, pre-Covid, the suggestion seemed almost unthinkable. We needed to do much more to identify ways to integrate women's work life and home life experiences. Much more is required to track women's home life experiences to understand how they could be better supported in the workplace. In our post-Covid world, such interventions or intrusions are not quite as unthinkable. Mental health is now the number one issue in the workplace – hybrid or otherwise. Labour laws now identify workplace bullying and inappropriate sexual behaviour as factors that seriously impact employee performance and that warrant disciplinary action on the part of the employer. More importantly though, the experience suggests that there needs to be a significant rethink of how corporates should consider the safety and well-being of their female staff outside of the physical workplace. That is a journey that's just beginning.

1.Fajardo, C. &Erasmus M. Gender (Dis)parity in South Africa, Bain and Company 2017.

B. THE TAKEN-FOR-GRANTED CARE ECONOMY

No discussion of parity representation of women in the workplace can take place without consideration of the role of the care economy in South Africa. At GIBS' sister business school in Durban, TWIMS, Liesel Kassier[1] has provided some crucial insights into that context. "The care economy can be defined as the paid and unpaid labour involved in looking after children and adults' physical, psychological, emotional, and developmental needs. A large part of the work done in the care economy is concerned with preparing a future workforce through raising children. The existence of the care economy, its value in formal economic activity, and its critical role in maintaining labour force and social cohesion remain a debated discourse in economics. The work done in this sector has historically been overrepresented by women and has systematically been undervalued and underestimated, along with women's contribution to functioning societies.



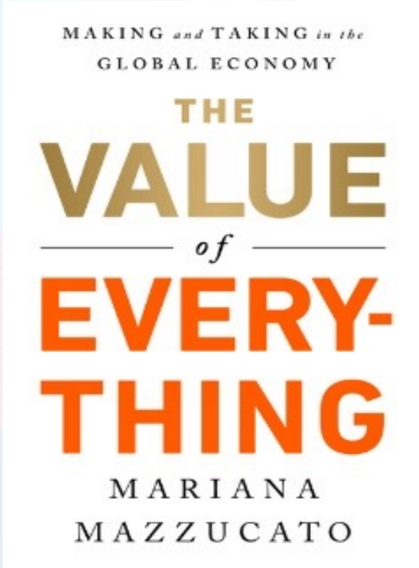
Despite the critical value of the work, it is often unpaid or low-paid, informal, and with no employee benefits. The undervaluing of this work can be traced back to the foundations of economics and the teachings of its founder Adam Smith and his model of the circular flow of money and goods. Kate Raworth (2017) notes in her book "Doughnut Economics" that this economic model has been imprinted on the tabula rasa of thousands of economic students passing through the education system. It has governed most policy-setting forums, yet it leaves out crucial sectors vital to our existence, with the care economy being one of them. As far back as 1995, the United Nations Development Programme estimated women's unpaid work to be worth $11 trillion compared to a global GDP of $23 trillion, yet little progress has been made in formally recognising this sector.

The onset of Covid-19 brought to the fore the many issues women deal with in managing their obligations in the care economy and formal employment. The global surveys instituted by Deloitte and McKinsey & Company in 2020 showed that Covid-19 had forced more women to re-evaluate their careers due to the inability to meet all the demands of care work and formal employment. One of the main themes emerging from these surveys was that the household labour and childcare resulting from Covid 19 lockdowns predominantly fell on women.

1.Liesel Kassier is The Metair Academic Head of Green Manufacturing at the Toyota Wessels Institute of Management Science

The women rendering unpaid or informal work in the care economy leave them significantly disadvantaged in achieving economic and financial empowerment. The women who are rendering services in the care economy but have work in the formal sector seem to have a delicate balancing act to navigate and often suffer from what the International Labour Organisation defines as time poverty. In South Africa, race and patriarchal cultures further complicate and perpetuate unconscious bias and present barriers to inclusion in the formal sector.

Marianna Mazzucato, in her book The Value of Everything, notes that in modern capitalism, value extraction receives a greater reward than value creation. Nevertheless, value creation drives the productive processes of a healthy economy and society. She argues that we need to rethink where wealth comes from drastically. As we continue to emerge from the pandemic, we are reminded of the fragility of life and the importance of health and well-being - a critical component of a broader definition of wealth. The labour given in the care economy could arguably be one of the largest value-creating and wealth-generating activities. Without it, work in the formal sector would not be possible under a healthy economy and society.



All of this must be factored in when considering demands for parity representation of women in the workplace. The issue is not that women should stay home and attend to caregiving. But the point is that someone needs to do that work. South Africa fails to incorporate that consideration into our economic planning, whether in the public or private sector.

As we address the issue of attracting and retaining more women in investment management, it is worth noting an observation made by Fatima Vawda, whose team at 27four provide a comprehensive survey of gender representation in the asset management industry:

"The issue is not that we do not have highly qualified women professionals in South Africa. The issue is that many of the most qualified choose not to work in the formal sector."

This paper will try to unpack many factors that contribute to this phenomenon.

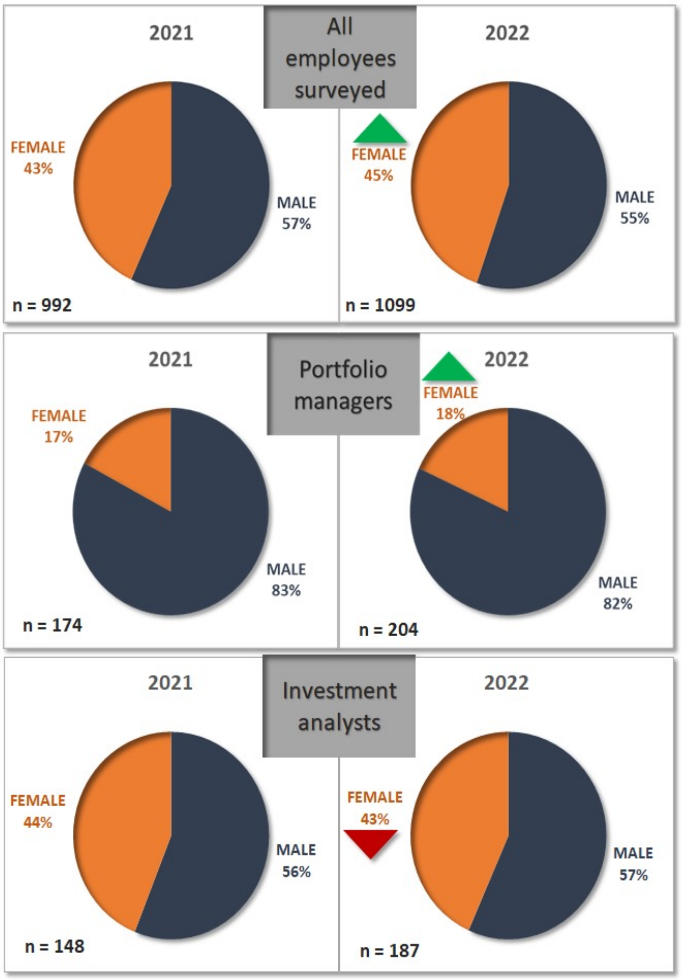
C. WOMEN'S REPRESENTATION IN THE ASSET MANAGEMENT INDUSTRY IN SOUTH AFRICA

According to the latest 27four BEE.conomics report, the numbers are improving; however, the pace of this change needs a closer look.

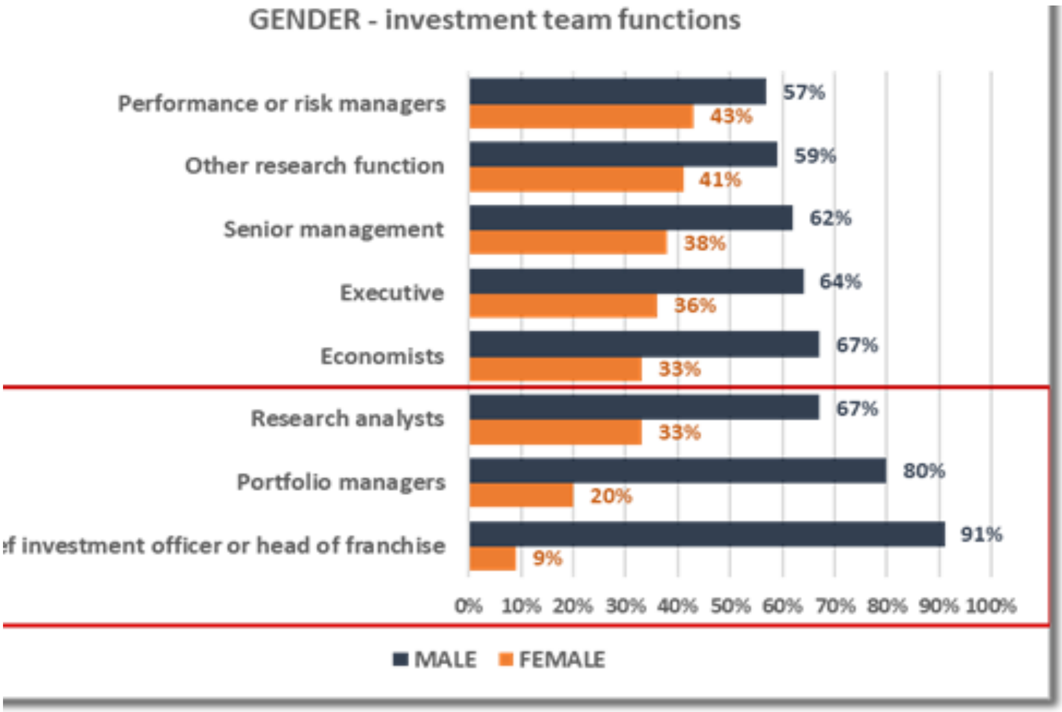
The "all employees surveyed" chart shows the numbers in asset management are growing, and women dominate this growth at a marginal rate.

The "portfolio managers" chart shows the year-on-year increase of women in portfolio management, a relatively pedestrian increase compared to the overwhelming representation of men in this function.

Investment analysts show a decline in a function that men dominate. The study did not determine whether these changes could have resulted from some promotions from investment analyst roles to portfolio management. Overall, key decision-making functions are occupied mainly by men.



Demographics of investment professionals.



1. 27 Four (2022). BEEconomics - Transformation in South African Asset Management. October 2022.

A study by Stanlib 2021[1] segmented the investment function in more detail and provided insights into other roles that could progress into portfolio management. Whereas the BEE.conomics study and ours found a more direct link between portfolio management and investment analysts, the CFA study differed slightly in including research, economist and performance managers as decision-makers. These roles have more women occupying them. The study laments the bias in recruitment where male founders or key portfolio managers hire other young men. They point out how young male portfolio managers get sponsorship, are groomed, and are encouraged to interact with clients early on, building their credibility and reputation. They deduce this is an internal and external trust-building exercise, which female portfolio managers and research analysts are not privy to.

The obstacles are many, and the pace of overcoming them is slow. According to Citywire's Alpha Female Report 2021, it will take approximately 127 years to achieve gender parity in the global asset management industry. Citywire's Alpha Female Report 2022 reiterated its lament that there has been little progress in gender parity in fund management over the past 12 months. South Africa is seemingly keeping pace.

We would argue that that disheartening conclusion of the Citywire Alpha Female report only pertains if we maintain that it is asset managers who hold the current power seat in the investment industry and that, as such, their testosterone-fueled decision-making process persists. But is this what the future of asset management really needs?

It will take

127

Years to achieve gender parity

Citywire, Alpha Female Report 2021

We believe that model is set to change dramatically. The more the industry understands about what really drives performance, long-term outcomes and systems change, the more the power-base will shift to those individuals who can understand the "funding solutions" space in asset management. This is where we see many women stepping to the fore.

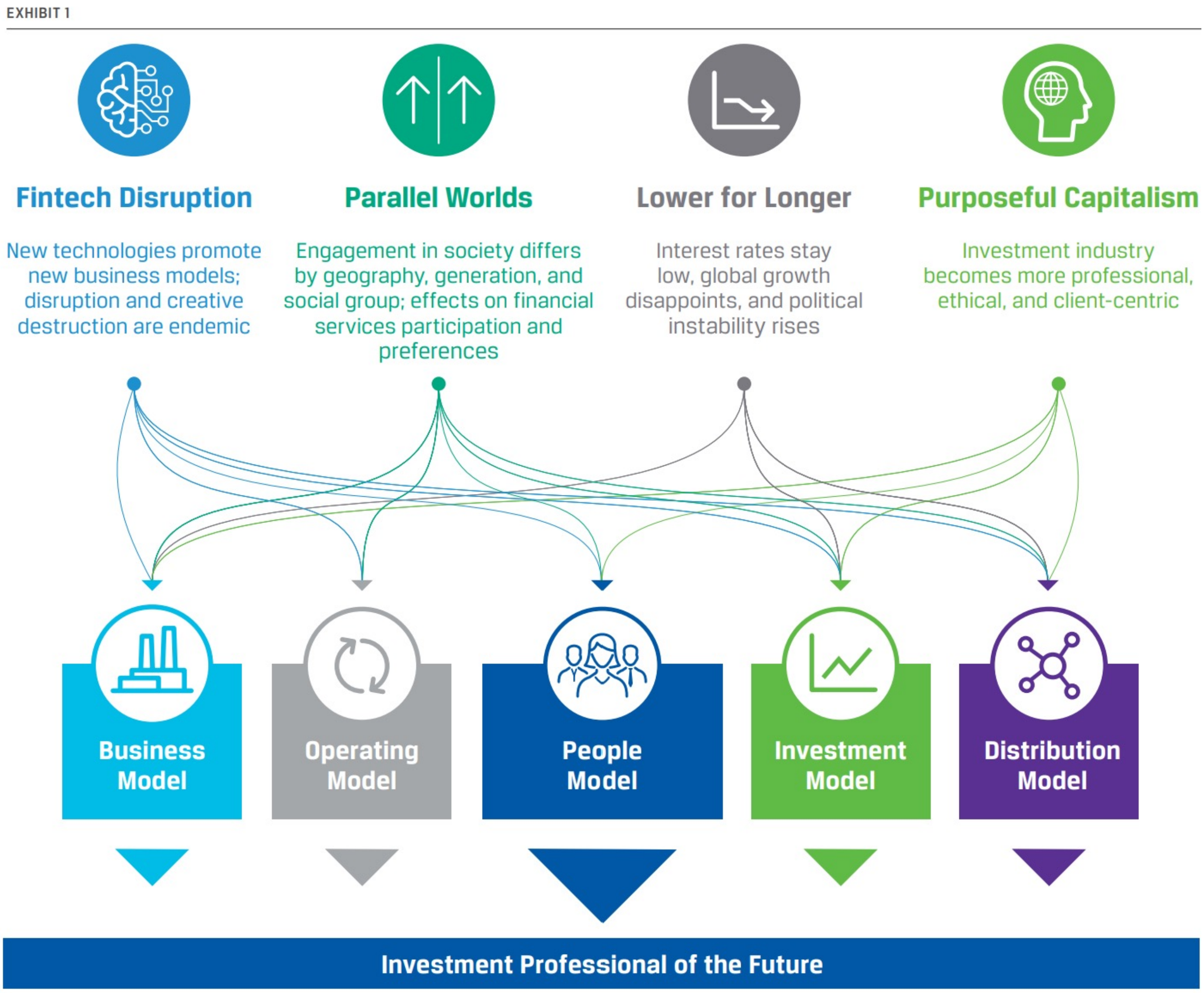
Citywire says it's not all doom and gloom. A study of the performance outcomes of mixed teams shows a marked performance improvement year-on-year. They state this could lead to a positive reception of the value of diversity, thus driving more interest and opportunities for more broadly mixed teams. When performance is associated with meritocracy, the Stanlib study proposes that it can only be applied where there is gender parity. Thus the meritocracy agenda needs to look within and assess its practices relative to its systemic flaws. Most asset managers fail the initial test of transparency and accountability they would impose on their investee companies: The sector's diversity reports typically do not provide figures on who runs the funds. The ingrained notion that fund managers live and die by their performance numbers overshadows all other factors, from professional double standards to a culture tolerating sexist innuendos.

1. Henry, J. 2021. Stanlib and CFAI, South Africa. Male decision-makers in SA asset management outnumber women three to one

D. THE FUTURE OF THE INVESTMENT PROFESSIONAL

The CFA Institute has maintained a Future of Finance Advisory Committee until the end of 2021. The mandate for that committee has been to identify how finance would likely evolve in the future to better serve the needs of clients and society. Those insights would also inform how investment professionals' training programmes and skill sets must be enhanced.

Exhibit 1 | Future Trends that will shape the training of Investment Professionals

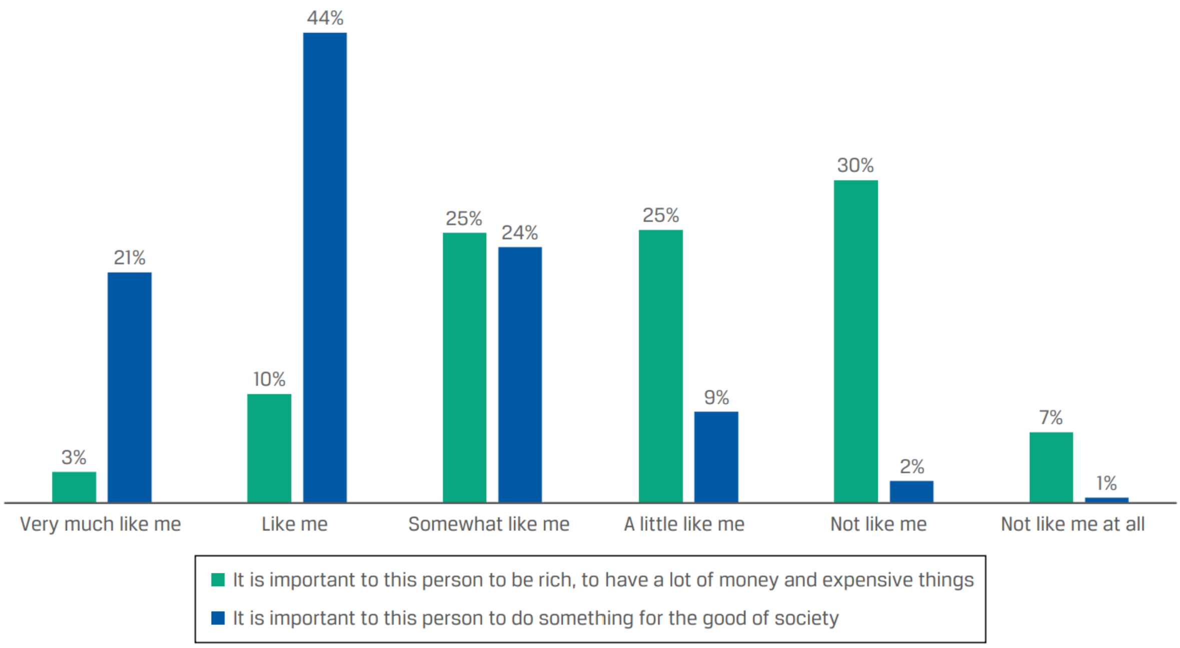


Source: Investment Professional of the Future, Future of Finance Advisory Council, CFA Institute

Most notable about these trends was the pronounced shift in the industry towards "purposeful capitalism" and the industry's need to better understand its impact on society. Underpinning these trends was the growing concern that investment management had shifted from being a profession, where companies acted as fiduciaries on behalf of clients, to being a big business, where the interests of shareholders and management could also end up competing with the interests of clients. There was a decided need to promote greater professionalism.

Hand-in-hand with the need for greater accountability from the asset management industry was the recognition that the industry needed to focus on solutions-driven investing and not just outperformance at all costs. To some extent, this was a function of the growing research that demonstrated how little control asset managers had over delivering benchmark outperformance over the short term. Not because they lacked skill, but because the force of "Mr Market" and portfolio construction dynamics [1] placed too many barriers to allow for a precise translation between skill and outperformance. As such, the Future of Finance Advisory Committee debated that asset manager incentive and compensation models needed a complete rethink.

EXHIBIT 1. IMPORTANCE OF BEING RICH COMPARED WITH DOING GOOD FOR SOCIETY



The point of introducing a discussion of the Future of the Investment Professional in the context of our research on women in asset management is to ask some critical questions:

- Do we want to train women to slot into the existing models of asset management that focus more on outperformance than on client or societal solutions?
- Or do we want to train women to expand on the current model to better accommodate future investment community needs?

We start with this critical distinction because, as we shall elaborate later, the purpose-driven investing model draws considerably more interest from women investment professionals in South Africa than the traditional performance-driven model. Intriguingly, this is not a phenomenon that is the exclusive domain of women. Exhibit 2 provides insight into the motivations of investment professionals that can be drawn from the CFA Institute's Future of Work Surveys.

1. Here we refer to the constraints created by Modern Portfolio Theory and the dynamics of market efficiency.

Respondents were likelier to align with doing something good for society than finding importance in being rich. Their study concludes: "The fact that investment professionals prioritise impact and purpose over wealth may surprise many, given the typical characterisation of investment professionals, although the marginal utility of income may be a factor." [1]

But if a "purpose-driven model" indeed provides a more committed "draw" for professionals – particularly women professionals, then this clearly demands distinctly different skill sets than are currently found in our conventional asset management models. What will be required are distinctly different decision-making frameworks that integrate societal, environmental, economic and financial considerations, distinctly different benchmarks, different performance criteria, and different incentives. It's really that challenge that needs discussion in this paper.

PART 3. THE RESEARCH PROJECT

To conduct this research, we moved away from purely quantitative analysis of the "numbers", i.e. Where were women electing to work in the industry? How long was their tenure? And how did their professional journey evolve? Instead, we derived the bulk of our insights from qualitative engagements with a broad range of professionals who service the asset management industry.

A. RESEARCH METHOD

Since this study seeks to review the general experiences of professionals in the investment management industry, experiential data gathering was used for formulating approaches for consideration. The qualitative research process was inductive and deductive (Hurley, 2014; Hyde, 2000). The study considered the interpretation of unstructured or semi-structured data. The process was exploratory, assigning descriptions, perceiving patterns and theory building. Literature on qualitative research suggests that it is important to ensure alignment between the purpose behind a study and the method selected to conduct the study with (O'Brien, Harris, Beckman, Reed, & Cook, 2014).

The study included semi-structured interviews and followed a basic research questionnaire to gather primary data. Secondary data was sourced from previous similar research studies. Interviews are selected because they are an ultimate tactic of enquiry into the human order or the experiences of humans (Seidman, 2006). Therefore, interviews as a method of enquiry provide a practical understanding that expands on the practice notes and underlying theories of gender representation in the investment industry.

Due to the nature of this study, there was a need to bring some structure but also allow the interview participant to expand on points made. In order to reduce the risk of the discussion being random whilst trying to elicit as much personal experience from the participants as possible, we prepared an interview matrix.

1. https://www.cfainstitute.org/-/media/documents/survey/fow-culture.pdf

B. APPROACH

In this research, a three-phased approach was followed. During the first phase, draft emergent coding or themes on gender representation were developed based on the literature review in the secondary data reports. The second phase consisted of semi-structured interviews, aggregation of the survey results, and an interrogation of the applicability of the drafted emergent themes. The final phase consisted of conducting a triangulation analysis review of the secondary and primary data collected.

C. LITERATURE REVIEW

Introduction
This literature review intends to deepen the critical conversation about gender, race, and power in asset management by examining these conversations, data points, strategies, and opinions that provide valuable and actionable insights for leaders to effect change. We use investment and asset management interchangeably to mean the same sector in finance.

Statistical challenges
Before assessing nuances to the lack of diversity in the industry, it is critical to assess the pool of financial sector employees, which is where the investment management industry would draw from. A survey by McKinsey shows that 44% of companies have three or more women in their executive teams, up from 29% of companies in 2015. [1] However, only 20% of board members are women, and only 4% are women of colour.

A more industry-specific study by Young D. further highlighted the population challenges in the sector. The study presented the following revealing statistics: [2]

- A 2019 search for board members at 76 investment firms found that 20% of candidates were women.
- A 2019 search for 116 risk executives found that 9% were women.
- In two high-profile 2019 searches for chief investment officers and portfolio managers that yielded 305 candidates, 12% were women.
- A comprehensive competitor analysis report in Investment Management Consulting, which reviewed 656 partners and directors, found that 12% were women.

Women in investment management
Banking and finance have traditionally been the domain of men, but in recent years women have sought to challenge that status quo. Investment management and trading (despite being the most lucrative sub-sector of the industry) are still scarcely staffed by women. According to a study by the CFA Institute in 2016, [3] men dominate the investment management profession.

---

1. McKinsey & Company (2019). Women in the workplace. https://www.mckinsey.com/featured-insights/gender-equality/womenin-the-workplace-2019
2. Young, D. (2020). Diversity in Investment Management. The River Partnership.
3. CFA Institute Research Foundation (2016). Gender diversity in investment management – new research for practitioners on how to close the pay gap. CFA Institute Research Foundation Survey.

At a country level, despite the national economically active population of women, female CFA members make up less than half the demographics of registered CFA members. Female CFAs decline even further in Africa and the Middle East, where working women are less than 25%. In South Africa, CFA women membership to the total workforce is 16.8%, lower than Nigeria's 20.9% but on par with Australia's 16.8%.

NORMATIVE COLLUSION

When norms and practices generated within an industry ecosystem collude to restrict women's ability to engage with and progress.

According to Cooper, [1] lack of diversity, marginalisation, and advancement reflect sector norms and practices. These consist of industry-specific structures, actors, and interactions which collude to limit women's ability to engage and advance in investment management, a process called normative collusion. While existing theories have focused on the institutional, organisational, and individual factors that influence women's career choices and trajectories, Cooper et al.'s findings show how industry-level norms and practices can bind organisations to particular ways of working.

Women investment decision-makers

Srijanani and Vijaya, in a study of the impact of gender in investment decisions, tackle the influencing factors of gender diversity. The literature argues that men take more investment risks than women, which may be due to differences in investment strategies, as men and women are motivated by different "needs." They posit that these various "needs" and, thus, methods could be because women are more concerned with security while men are more concerned with returns.

[1] Male overconfidence, they assert, stems from the mistaken belief that when investment decisions turn out as expected, people know more than they do and give them more credit than they deserve. However, when decisions do not turn out as intended, this is attributed to external factors beyond the control of the individual, which is latitude often not extended to women. This exacerbates women investors' risk aversion or interest in participating in an industry that would be high risk for them. The 2018 Citywire Alpha Female report found that only 12% of fund managers are women, 17,485 fund managers, an increase of 0.2% from 2021 figures. [2]

1.CFA Institute Research Foundation (2016). Gender diversity in investment management – new research for practitioners on how to close the pay gap. CFA Institute Research Foundation Survey.
2. Ibid.
3. Citywire (2022). Alpha female report 2022.

Contributions of culture, sponsorship, and mentorship

In investment management, mentoring was seen as providing limited support unless it was informal and voluntary on the part of the mentor. Those who said it was important saw its absence as a deterrent rather than a benefit. [1] Understanding which mentoring approaches are practical for women in male- and female-dominated sectors is an essential contribution to existing research addressing the problem of women's absence from leadership positions.

Their study found assumptions in literature that so few women reach the top positions in finance and journalism, because the men who have made it to the top have generally displayed a steely ruthlessness and single-mindedness, is a masculine trait. [2] These perceptions make it difficult for women to advance beyond the first level of the organisational chart because they generally do not have the opportunity to compete at a higher level. Chakraborty S. also questions whether preconceived notions about the ability to succeed in leadership positions hold women back. [3] This is particularly the case in male-dominated fields of work and study, where women are often stereotyped as not the " right fit" for that sector. She argues that for women in male-dominated fields, there is an increased perception of behavioural and psychological differences between the sexes. It can be difficult for women in male-dominated fields to fit into the male culture. The lack of female role models and mentors in investment management exacerbates such beliefs and perspectives about women's career development.

Understanding gender power and social constructs

A question arises whether gender dominance and power, attributed to "positions of power", are significant in curtailing and limiting gender diversity in investment management. The results of a study by Sheerin C. and Linehan M. point to a "patriarchal dividend" underpinned by the perpetuation of closure regimes and gender blindness, particularly among high-level male gatekeepers. [4] At the core of this research was the need to understand the interactions between gender, power and patriarchy. These closure regime findings call on policymakers to go beyond the goal of numerical parity and ensure transparency and equality in all aspects of work. They further posit that a holistic and multi-layered approach is needed to address issues of gendered culture and the normalisation of men's privileged relationship with positions of power.

---

1. Hughes C., & Sheerin C. (2016). Reflections on the relationship between mentoring, female development and career progression: investment management versus human resource management

2. Ibid. Hughes (2016).
3. Chakraborty S. (2015). Overcoming gender stereotypes at work. Human Capital, 18(11), 18-23.

4. Sheerin C. and Linehan M. (2018). Gender performativity and hegemonic masculinity in investment management. Gender in Management, Vol33, Issue 7

Resistance to change – suitably qualified individuals

The Employment Equity Act is particular about the need for equitable employment, promotion and pay; however, since its enactment in 1998, there has been little movement at the top. Over the years, the Commission of Employment Equity's annual report has shown voluntary target-setting as inadequate for driving diversity and representation improvement. The Employment Equity Amendment Bill thus no longer provides voluntary target setting and will set sectoral targets to drive diversity. [1] There has been some resistance in the financial services sector to this regulatory reform, with only 53% expressing support for the proposed regulatory change. [2] Nevertheless, the message has been consensus to transformation being necessary and the notion of embracing diversity. Contrary to popular belief, diversity advocates do not seek regulatory change. The Young D study showed they merely seek a more equitable application of equal roles.

Similarly, the study learned that most white male respondents believe diversity policies dilute the talent pool and thus hurt performance despite equity legislation seeking no compromises and emphasising the appointment of suitably qualified candidates. One expert emphasised that diversity "is not an excuse to hire people who are incapable or have no knowledge of the industry, as some claim."[3] Under company recruitment and diversity and inclusion (D&I) policies, the expectation should be clear that all employees must add value and perform. Advocates pointed out that the key to a successfully implemented D&I policy is to understand how to maximise the value of all employees with diverse backgrounds and perspectives.

1. Republic of South Africa (1998). Employment Equity Act no.55. Government Gazette no. 19370. The Government Printer, Pretoria.
2. Republic of South Africa (2018). The Employment Equity Act Amendment Bill (B-14B).
3. Ibid. BEEconomics.

D. RESEARCH SAMPLE

One of the challenges of research conducted through interviews is defining how large the sample size would need to be to determine whether the comments made are truly representative of a broader issue. An objective sampling method is required for the study to increase its validity and reliability. This is further argued by Malterud (2016) that the researcher can affirm sample size by establishing two interconnected attributes of adequacy: i) information power and ii) sufficiency. Information power proposes that the more information the sample holds that is relevant to the study, the lower the number of participants needed (Malterud et al., 2016; Saunders & Lewis, 2012). Enough information is attributed to sufficiency by Malterud (2016), which is said to be dependent on:

- The aim of the study
  A narrow study aim, in this instance reviewing elements of gender representation in the investment management industry, increases sufficient information power.

- Sample specificity
  A small sample is needed to offer sufficient information power where participants hold characteristics specific to the study. For this study, participants were selected from the investment management industry using criteria familiar to all.

- Use of established theory
  Integrated existing theory gleaned from empirical studies that expound on a specific part of the theory requires more focused inclusion. The small sample then merely ex tends the sources of knowledge to personal insights linked to the established idea and does not build new approaches.

- Quality of dialogue
  Articulated questions and the rapport between the researcher and participants can increase the information power if the researcher properly grounds the subject. For this purpose, an interview matrix has been created to support the conversation's direction so that participants can contribute more deeply to the study.

- Analysis strategy

Where the research instrument enables the researcher to synthesise the data collected most efficiently, then the analysis process increases credibility. Especially since the amount of data reviewed for this study will require a lot of reading and drawing of themes, patterns and codes, the use of coding software supports the information power sufficiency, freeing the researcher to spend more time on the analysis than on coding.

The study traces the career journey of 44 investment professionals in South African institutional, retail, and private investments.

E. THE QUANTITATIVE STUDY

1. Insights on career paths and qualifications

The purpose of the quantitative analysis was to determine themes of the individual's career path and qualifications to determine patterns, consistency or unique outcomes, as evidenced in the study by Cooper et al. aligning with the quantitative and qualitative analysis. This theme of information could help the reader understand if there are quantitative or objective common attributes that contributed to the study's investment professions. The research question tested is to determine if there are similarities in qualifications and entry into asset management as a career for all genders. If so, what norms and practices produce gender inequalities in the sector?

2. Study variables

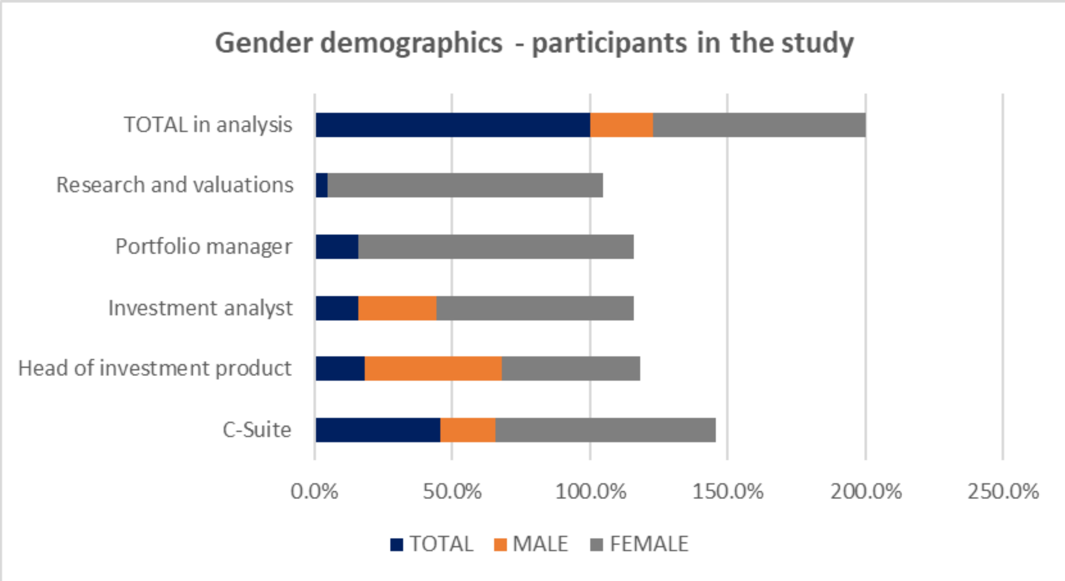
Data were collected primarily from LinkedIn, each registered asset manager's website and interviews with their key staff. The data collected were used in the quantitative analysis. The data gathered from the interviews were mainly used for qualitative research, except for the overlap in the variables confirmed for the quantitative analysis.

The variables analysed included:

1. Demographics
- Gender
- Race
2. Qualifications
- Portfolio of qualifications
3. Designations
- Career paths

The data included sourcing from the interviews and conducting a desktop analysis for the secondary data. The desktop analysis was limited to the reported information and how up-to-date it was. Given the compliance and trust value in financial services, it was assumed that the information presented was accurate and reliable. To increase the comparability of data, any information that appeared dated and incomplete was omitted from the analysis.

The primary data in the desktop analysis were demographic details, positions from the first job to the most recent role, and qualifications from undergraduate to professional, where applicable. In instances where an individual listed only their professional qualification, the assumption was that they met all the qualifying educational requirements for the professional designation. The total random sample size was 44, 77% (34) of whom were women, and 68% were interviewees.



Since the study sought to get women's insights on their experiences, the sampling was specifically biased towards selecting women and did not reflect the industry's demographics. This suggests that to get a true reflection of whether the experiences of these women were a reflection of their gender or a reflection of their specific position in the company, we should interview a comparable group of male cohorts who were at similar points in their career trajectory. [1]

To reduce specific identifiers and to reduce company unique naming conventions, the data were grouped into five designation categories, with % distribution in brackets:

i) The C-Suite (45.5% total, 80% women)

- Chief Executive Officer
- Chief Investment Officer
- Deputy Chief Investment Officer
- Managing Director

45% had Chartered Accountant (CA), CFA, or Certified Financial Planner (CFP) professional qualifications, with an equal split between CA and CFA. 80% were analysts and portfolio managers before they made inroads into the C-suite. Undergraduate qualifications were commerce or BSc studies in accounting, mathematics, finance and economics, with most executives also having a master's qualification.

1. Funding and time constraints precluded this from happening. We believe that this would be an essential area for continued research.

ii) Head of investment product (18.2%, 50% women)

- Head of Credit
- Head of Fixed Income
- Head of Investments
- Head of Product
- Deputy Head of Fixed Income

71% had either a CFA or CA professional qualification. Trader and analyst roles were the typical entry roles to the sector. Though undergraduate qualifications mainly were in commerce, some degrees were from the social sciences and education. The heads of investment products are also in portfolio management.

iii) Portfolio manager (15.9%, 71.4% women)
There is little difference between the heads of investment products except for showing career progression. Often, a portfolio manager's promotion route would be to head up a product house such as equity, credit, fixed income, property, and infrastructure. The data findings confirm this career path, except for the qualifications. Some interviewees already had their CFA qualification, while others did not. This demonstrates one view that to progress, the CFA designation is seen as an advantage.

iv) Investment analyst (15.9%, 100.0% women)
Analyst roles appear to be the oft-occurring entry role into investment management. Individuals who took on investment administration positions struggled to transition into portfolio management. 100% of the data showed commerce subjects with 1 CFA charter holder and 1 CFA candidate.

v) Research and valuations (4.5%, 100.0% women)
Regarding qualifications, there was an insignificant difference between the research and analyst roles. Individuals in the valuations space primarily featured in private equity and had served in large corporate, institutional investment companies. Qualifications were mostly Honours or for the CA profession.

These results confirm that while the industry has any number of career investment analysts, it is still the role of investment analysts that provides a critical entry point to portfolio management. While in the past, these roles were occupied chiefly by men, the number of women in these roles is increasing. Since the numbers should indicate the pipeline for portfolio management, what else is creating a barrier to promotion? The qualitative analysis provides a more holistic perspective of the gender dynamics within corporates.

3. Limitations, reliability, and integrity of the analysis

The research method aligns with the study by Hughes and Sheerin, who compared career paths and found sponsorship or mentorship to significantly contribute to increased investment management representation if male counterparts informally extended it. The quantitative analysis was a mixture of interviews and desktop analysis. Sheerin and Linehan used a theory-building approach, conducting 19 semi-structured interviews with investment management employees in Ireland. At the same time, this study also used interviews with 30 individuals in the investment management industry. Similar to previous studies, an interpretive philosophical approach underlies the qualitative methodology. Interviewing styles may have elicited different insights. However, an interview questionnaire was used to guide the conversation and extract similar insights to draw comparable patterns to ensure the reasonable integrity of the information gathered. The interviews are likely to have been more reliable in self-reporting; however, self-censorship may result in some missing details. The integrity of the discussions was assured through a commitment to maintain confidentiality and limit identifiers in the report.

PART 4. INSIGHTS FROM THE STUDY – WHAT DID WE LEARN

A. INSIGHTS FROM AND FOR RECRUITMENT AGENTS, HUMAN RESOURCE SPECIALISTS AND TALENT STRATEGISTS

We wanted to understand the current employment dynamics as we started our research.

- Were there discrepancies in pay or employment opportunities between genders?
- Were there distinct differences at the qualification level?
- What were the qualification criteria?
- How were interviews conducted?
- How was psychometric testing applied?
- How did senior management engage with the process of hiring?
- How did our sample of investment professionals feel about current recruitment processes and talent management?

While our research here was far from exhaustive, these themes and insights emerged with some consistency:

i) New appointments showed little salary differentiation between male and female hires – although historic salary trajectories still exist between males and females

*Research did not specifically target this question, so this second comment is based purely on anecdotal feedback that suggested concerns that career trajectories were different. This will be an essential area of focus for an expanded study and one that we would strongly recommend.

PAY PARITY

ii) Qualification criteria still emphasise skills in mathematics, accounting and economics as prerequisites for consideration. Even the Financial Advisory and Intermediary Services (FAIS) Act demands these areas as basic requirements for qualification.

This contrasts with the recommendations from the Future of Finance Advisory Committee which has pointed out that decision-making teams should include professionals who can introduce social and environmental perspectives, technological innovation, and impact measurement strengths to achieve the goals of genuinely diversified thinking when applied in investing.

Our research revealed that 90% of the candidates interviewed with existing roles in the industry invariably gained access to the industry by being identified as vital in mathematical and accounting skills. The 10% who did not follow this path still evolved into leading lights in the industry.

FUTURE WAY OF WORK

In future, an important question is whether the industry is missing valuable skill sets for future industry needs by focusing too strongly on mathematical and accounting skills. An expanded set of criteria that introduces social, psychological, environmental and developmental thinking would be far more effective at opening the industry up to female candidates who can make the necessary contributions required to a more purpose-driven investment management industry. Work cited earlier by the CFA Institute on the skill sets required for the future of asset management suggest that these same skill sets are missing in the global arena as well.

Diversity and inclusion objectives may not be achieving desired goals

The arguments for diversity and inclusion appear to be predicated on two premises:

- Diversity in mindsets leads to better decision-making.
- Power and economic benefits need to be better redistributed to a population more representative of South Africa's current demographic.

The research suggests that the current approach may not achieve either.

Diversity in mindsets demands more than just representation from different demographic differentiators.

A better appreciation of the value-add of individual members who may bring the differentiated strengths of a strategist, executor, human capital developer, innovator, analyst, etc., is required. Viewed from the perspective of participation style these could be classified as:

i) "Task-oriented styles" (which are captured in perfectionism, competitiveness, and power),
ii) "Constructive styles" (which focus on achievement, self-actualising, humanistic-encouraging and affiliative behaviours),
iii) "People-oriented styles" (which also incorporate affiliative, as well as conventional, consensus-building and talent-building) and finally,
iv) "Security/compliance styles" (which focuses on attention to detail, risk-minimisation, and compliance). [1]

---

1. Source: Investment Professional of the Future, Future of Finance Advisory Council, CFA Institute
2. Lafferty, Cooke, Human Synergistics, Life Styles Inventory 2012

The key to success is having each member recognise and value these styles' contributions to an effective decision-making process. Nevertheless, once again qualification criteria that are too narrowly defined can limit any simple exercise to build a team of differentiated thinkers.[1] While psychometric testing provides insight into an individual's cognitive and behavioural style, whether these issues are considered when building a holistic, diversified team or whether the industry still focuses more on demographic markers.

The incentives various industry scorecards provide suggest that the demographic markers take precedence.

Economic benefits do not necessarily go hand-in-hand with the redistribution of power.
In several of our interviews, young black professional women were awarded handsome salaries and job titles by an asset management industry eager to score points with clients and regulators. But in most cases, maintaining those positions appeared to be conditional on keeping the current organisational power dynamics. Women who entered these positions found themselves ill-equipped to know how to navigate these power dynamics. The net effect was an inability to build a support base that would allow them to execute their more ambitious goals.

One challenge that has plagued the asset management industry has been developing a clear understanding of the qualities required for a leadership position. Over the last 20 years, there has been a pronounced preference for requiring CEOs of asset management companies to be business development and administration experts. By contrast, the CIO role is invariably handed the more technical role of determining investment strategy. Our assessment of the demands in the future is that asset management leadership cannot be devoid of a thorough understanding of what asset management can and cannot achieve in terms of funding
investment solutions.

This has substantial implications for the appointment of women into leadership roles in asset management. Gaining credibility as leaders of their teams and leaders in the industry will demand that they are even more technically competent than ever. Our recruitment processes need to address this issue. The task should not be to train women to navigate power dynamics but rather to ensure that they are technically competent to command the respect of the whole team. People skills can be an essential add-on.

B. ENTRY POINTS INTO THE INDUSTRY – A MIXED BAG OF OPPORTUNITIES

One of the more critical questions that need to be addressed is: how does one gain entry to the exclusive club of portfolio managers? During our interview process, this appeared to be one of the most significant hurdles faced by women who showed a genuine interest in entering the profession.

1. Ulrich, Smallwood and Sweetman, The Leadership Code, Harvard Business School Press, 2009.

- ***Financial sector training programmes***

Almost all the larger asset manager companies offer training programmes to graduates. Indeed, these programmes provide opportunities for companies to derive further points on their financial services industry scorecard through learnerships and internships. While these programmes are "sold" to potential candidates as stepping-stones to industry participation, the experience of the majority of trainees who were interviewed took them little further than roles in call centres or low-level administration jobs. From there, entrance into the portfolio management or the portfolio analyst club proved even more problematic because these functions did not provide meaningful grounding for portfolio management.

- ***CFA qualification***

A more credible entry into portfolio management is via CFA certification but here the question is how the candidate gets funding for this relatively expensive exercise. The CFA programme still does not have SAQA approval so companies cannot get government rebates for funding this training. Some companies, however, will do this anyway for long-standing employees who demonstrate significant promise and initiative. But CFA certification does not guarantee entry either (especially as there appears to be a circular problem in that CFA certification requires experience in the industry).

A number of our interviewees pointed out that there needed to be some transitional mechanism that linked CFA training to an employment outcome.

- ***Accounting and auditing qualifications***

Our interviews revealed that the most common "successful" route for women has been via the accounting or auditing profession, mainly when candidates had an experience in the asset management industry in their accounting or auditing functions. From accounting, the next natural step is into company research analysis, which provides the most promising route into asset management. Again, there should be essential questions as to whether this will be

adequate for the industry in the future.

- ***Asset consulting and actuarial consulting as entry points***

The great irony of asset consulting is that, while it performs one of the most critical functions in the pension fund industry value-chain, it is subject to the lowest levels of qualification oversight.

It provides an excellent window into how the industry functions. Theoretically, it should provide important insights into portfolio construction and benchmarking issues. However, asset consulting can degenerate into marketing spin if that asset consultant has not had access to the technological tools required to deliver solutions that demonstrate a high probability of delivering on what clients need. The travesty of the industry's "upside-down value chain" is that, as a core sector in this value chain, it is probably one of the least profitable and invariably these all-important investments in technology simply don't get made. [1]

---

1 Benefits Barometer 2014, p 114 https://issuu.com/alexanderforbescomms/docs/benefitsbarometer2014

Still, asset consulting and actuarial consulting are two positions where women have played an important role in South Africa. Several factors appear to be at play here:

- Women appear to operate particularly well in the "solutions provider" space. The skill set required is far more client-centric, and less about winning the race at all costs or battling to get your voice heard in investment meetings. This seemed to align well with the aspirations of our interviewees.
- Asset consulting is closely aligned with teaching and consulting skills.
- Asset consulting provides the double benefit of allowing for knowledge growth without assuming high levels of investment risk simply because the asset consultant is working with highly diversified solutions.
- Asset consulting is more about the process than the product – a factor that several interview candidates identified as aligned with their aspirational goals.
- Asset and actuarial consulting command industry respect, second only to portfolio management.

As the investment industry moves increasingly towards investment solutions and away from investment performance as the sole arbiter of success, this is all good news for women's roles in the industry in future.

Degree programmes that focus on this aspect of asset management would greatly facilitate the entry of women through this avenue of asset management and provide much-needed skills to large asset owners. [1]

- ***Investment marketing and client servicing***

On the surface, client servicing and investment marketing would also appear to provide a viable entry point into portfolio management. The assumption is that effective client engagement would demand intimate, technical knowledge of how the portfolio management function operates. But does it really? Many of our study participants certainly assumed this was a viable option, particularly for young black female professionals. However, those of our interviewees who elected to follow this route provided an alarming picture of exactly what transpired for them.

Intriguingly, sexual harassment never emerged in our interviews with female portfolio managers. However, for women professionals in client servicing, the issue of sexual harassment was front and centre. Perhaps the greatest surprise (to the interviewers at least) was that the sexual harassment alluded to came predominantly from their clients.

For a number of our interviewees, the situation could become intractable. Complain, and you potentially lose your client. Lose your client, and you lose your power base.

Worse, there was a sense that management knew full well the pressures these young women were subjected to. As our interviewees attested, this is potentially one of the industry's worst-kept secrets: an attractive young woman in client servicing or marketing could perform magic for sale or client retention.

---

1. Benefits Barometer 2014, p 118 https://issuu.com/alexanderforbescomms/docs/benefitsbarometer2014

An additional drawback was that these women found it extremely difficult to be taken seriously when applying for roles in male-dominated portfolio management teams. This did not prevent them from getting promoted into higher executive committee roles and key client and regulator-facing roles. Tokenism for the sake of external appearances versus leadership viability is not a great recipe for success for an industry that urgently needs to change its delivery model.

•***"Serendipity"***

Astonishingly, "serendipity" appeared to be the term most commonly used by interviewees in describing how they eventually broke into the "portfolio management club". But "serendipity" invariably meant meeting the right person who was prepared to take the candidate under their wing and guide them through the process within a given company.

Again, all of the interviewees who self-identified as successful in the industry pointed to "sponsors" who could promote and educate and with only two exceptions, those "sponsors" were men. The assessment made by all interviewees was that there was an urgent need for a much clearer roadmap for pursuing a career in portfolio management. Generic training (such as a CFA certificate or university training in portfolio management may be an essential starting point), but on-the-job training and mentoring were the fundamental catalysts for conversion, not as part of a generic training programme but as part of a targeted, at-the-coalface portfolio management training programme.

In this regard, the Fezeka programme currently being introduced by ASISA shows particular promise. The programme provides three different aspects of training for the portfolio management of women:

- Necessary technical training
- Interpersonal and personal skills development, specifically targeted at women
- On-the-job training and mentoring at sponsoring asset management companies
- Training, in turn, is underpinned by financial support for the candidates over its duration.

A critical aspect of the programme is that it introduces women to successful role models from the industry – a point that many of our interviewees said was much needed.
The programme is still in the process of being rolled out and to date, the number of candidates that can be accommodated is just a drop in the bucket but it is an important start. Industry players need to do their part to support the initiative. [1]

C. THE JOURNEY TO SUCCESS – LESSONS FROM AND FOR WOMEN IN THEIR PROFESSIONAL JOURNEYS

This was undoubtedly the most interesting and rewarding part of our research project. Listening to women tell stories about their journey through the portfolio management industry provided insights that went significantly beyond conventional analysis.

---

1. https://www.asisa.org.za/academy/programmes/graduate-programmes/financial-markets-practitioner-learnership/asisa-academy-fezeka-graduate/

- *Beginning at the beginning*

The women we interviewed reinforced the point that "it all begins at the beginning" – something that mothers know all too well. That meant that a critical factor in pursuing a career in a male-dominated industry was an ingrained belief that your voice was worth hearing and could add value. As our interviewees described, this faith in themselves was cultivated in them by their families and childhood environment right from the start. Note that this phenomenon pertained no matter what the demographic background of the interviewee.

Here were the common points in their stories:

- All the women in our interview sample came from families where education was the top priority.
- That meant either a concerted focus on early home-schooling or doing whatever it took to ensure the child had access to the best education possible at the earliest point
- possible (i.e. before the conventional age of attendance of 5 years old.)
- In several cases, that would involve families moving to new areas for better access to early education opportunities or sending daughters off to relatives who could provide that access.
- Only two of our interviewees attended a conventional public school (and those candidates were exceptional in every other possible way). The rest of the interviewees attended "Model C" or private schools. Eighty percent of these women attended all-girls schools.
- All had been singled out as exceptional achievers at an early age.
- The distinctive difference was not just that these women excelled academically but that they excelled in non-conventional educational environments.
- Notable was the impact of coming from families led by matriarchs (more typical of lower-income candidates) or families where fathers were present; they played a dominant role in ensuring their daughters got solid educational support and encouragement. Both factors appeared to play an important role in cultivating these essential traits.
- An essential element of this early childhood focus was that these women learned early on that their "voice" was crucial and it was "being heard". In other words, success was not just measured by good grades or being good in school. It was also measured by having the courage to stand out.

•*Family support counts*

- Women who successfully entered the industry described three critical areas of support:
- Family support for professional choice is essential, particularly when the women remain single.
- Spousal support for the professional choice is a non-negotiable, particularly as securing the best opportunities often involves geographical relocations.
- Child-care support – in all of our study participants, leaving the industry to take care of children was not the burning issue. Typically the resources were available to attend to child care.

- *Identifying investment management as a career option*

Without exception, none of the participants in our sample knew anything about investment management as a potential career choice before they entered university. While investment management programmes have now been introduced at several universities, for most of our older interviewees accounting was identified as the obvious career choice for young women who had demonstrated strong mathematical skills.

Accounting and banking were singled out as careers that could provide financial mobility, and, as such, families would more typically guide their daughters to those professions. Only three members of our sample undertook economics courses. More recently, studies in commerce were also entertained by students still undecided or unclear about how to participate in finance. The one interviewee who eventually took an investment management course described the experience as "soul-destroying". Her classmates were "all loud and highly opinionated men". The fact that she did not already have her share portfolio proved to be, in her words, "particularly intimidating and humiliating". She remained an outsider in the course from beginning to end.

More recently, asset management companies have made a point of visiting the campuses of Cape Town-based universities to create greater visibility for the profession. But here again, what was on offer was, in the eyes of the participants, primarily training programmes that proved to be largely unsuccessful in providing a stepping-stone into asset management. Some interviewees indicated that they came upon the industry when they were already working, which meant that many did not have the traditional foundational qualifications to enter investment management.

However, it was easier for those who studied investment management at the undergraduate level to get access to and transition into related roles. A key aspect of their journey was identifying asset management as a career path, even at university level, because of having had career guidance and access to university visits by investment houses. In most instances, on-campus investment guest speakers created awareness of the industry for individuals who were privy to those sessions.

- *Analyst roles foundational*

The number of interviewees that started outside and within the industry was skewed in favour of those from within. However, for individuals with solid analytical industry knowledge of a sector analysed in asset management, it gave them a foot in the door.

Having gained experience in an outside industry helped carve entry to be an analyst for that sector and became a value-added proposition for further engagement. This is supported by the quantitative analysis that one route to access portfolio management roles seems to be from having analyst position experience. This is insight into ways to attract the participation of women by introducing graduate programmes that give people experience in equity or credit analysis.

For many portfolio managers whose career paths were analysed in this study, this was a way to enter the industry. A disclaimer is that most analyst engagements are done with executives, and new graduates may lack the maturity to perform in these roles.

However, like traditional graduate programmes, an experienced analyst would act as a sponsor or mentor to the graduate, providing them first-hand access to equity analysis and other due diligence and research activities. Currently, these roles are male-dominated, and their high-paced nature is often cited as not friendly to women succeeding. A graduate female analysts' programme would contribute favourably like other female-biased development programmes.

- *Asset Management's image problem*

Thanks to the internet and television, the image of the "investment professional" has become a more prominent career option. However, therein lies a problem. The image suggests that this is the one career that fast-tracks financial returns. The "image" that has been cast is one of a fast-paced, high-risk/high-return/high-pressure lifestyle. Not only is that image far removed from the experience that young initiates encountered in their training programmes, but it also is decidedly not the image of the investment professional that the CFA Institute wants to cultivate for the future of asset management. Nor did the image match the long-term professional goals of a large segment of women.

From the interview, the proactive nature required to enter the industry stood out for the study. When asked about having a voice, several participants in the study indicated that the environment was firstly intimidating, and individuals could be domineering. To create space to be heard, successful individuals stated that they initiated some engagements with people in roles they aspired to, increasing their access to opportunities. "You had to have the courage to ask to get those opportunities", one person expressed.

Based on our interviewees' comments, it would be easy to conclude that much that has been written about the challenges that confront women in asset management is correct:

- "It's still largely a Boys' Club. An effective asset management team is a living organism with a distinctive culture. "Fitting in" is about being part of the club and that extends to the sharing of extramural activities such as biking/hiking/sports viewing (particularly in the Cape Town scene)."
- Career trajectories appear to be informally formulated during these extramural "clubhouse" interactions."
- "The investment decision-making process is a scrum in its own right. The loudest voice or the biggest intellectual bully wins."
- "Your value is judged by your investment performance even though you have little control. Where do client retention and client servicing get rewarded?"
- "Despite slight nods towards diversity and remote working, the team works best when there is the alignment of thinking, which invariably demands ongoing in-person interaction."
- "If you drop out to have a baby, you are not considered a real team player."
- "Pre-pandemic, if you attended to child-care issues during the middle of the day or requested for flexi-time work schedule, your career path would be jeopardised."
- "The focus is still on personal success and power as opposed to "client first" dynamics."
- "I need to feel a sense of purpose and this industry is not providing that."
- "Asset management is driven as a business – not a profession. This is not what I signed up for!"

Focusing on these points alone though minimises the importance of some really important changes that are occurring in the industry. In South Africa, these are changes that are women-led, and they are changes that speak more directly to the future demands to professionalise the industry.

- ***Women are succeeding; we are just not paying attention to "where" and "why."***

As we've argued repeatedly in this paper, one drawback to how assessments have been made about women in the asset management industry is that the gold standard of achievement appears to count the number of women who are the key decision-makers at the most significant asset managers or pension funds. What is not coming into the count is the number of women who have dropped out of these traditional houses to create new value-add services for the industry. In South Africa, women have been instrumental in leading the charge along the following lines:

- Developing South Africa's ability to facilitate the electronic settlement of financial instruments in South Africa.
- Introducing risk-targeted, multimanager solutions developed for the pension funds industry.
- Evolving low-cost, passive index funds for the market.
- Pioneering the Exchange-Traded Fund industry.
- Spearheading impact investing in South Africa.
- Navigating the complexities of integrating societal, environmental, governmental and economic considerations into mainstream asset management thinking.
- Championing risk budgeting and the integration of unlisted asset classes into South African pension funds.
- Providing comprehensive assessments of transformation, diversity and inclusion in the industry.

Without these developments, our asset management industry would not be prepared to engage with the demands of the next generation of investment management. What's notable here though is that to provide this focus, women had to step out of the traditional roles of portfolio management and the constraints of traditional asset management models to create these templates for the future. Of the many women we interviewed in this space, they all identified that making these moves had allowed them to better define their sense of purpose in the profession. Even women who were successful in their own right, as traditional asset managers found it necessary to create asset management firms that better reflected the business models and corporate cultures that addressed these issues of "belonging" and being purpose-driven.

PART 5. WHAT ACTIONS DO WE NEED TO TAKE NOW?

D. WHAT DO WE DO NOW TO ENABLE A BETTER FUTURE?

The real question is how women can be better supported in asset management. The current vogue is to commit to allocating funds to women-led asset management teams. However, this introduces two critical considerations:

- As with the creation of "incubation funds" to redistribute funds to B-BBEE managers, this practice makes the mistake of assuming that success in asset management is all about the right fund managers. Increasingly asset management is demanding greater access to technology and data resources to ensure effective portfolio structuring, integration of non-financial considerations and compliance. The issue is less about providing seed capital and more about ensuring their clients are afforded these protections in asset management. At this point, only the most prominent players can provide that assurance.

Business models are needed that allow these smaller managers to access these valuable resources at affordable rates. Pooling to provide data and investment model providers with a guaranteed income stream (even if it comprises 20 small asset management companies) is one idea that needs exploring.

- What is not being considered by funders is the funding of the kind of investment ideas (see our list above) that are shaping a whole new industry

The industry and its supporters need to apply their minds better.

BACK TO BASICS

What's needed here is a complete overhaul of how we assess, reward and support not just women, but the whole investment industry, if we want to expand their presence in the asset management industry.

Here is a To-do List:

- Create a significant awareness campaign targeted at high schools and universities that change perceptions about what finance and investing can actually achieve if we focus on providing solutions. (We need to change the image of the industry to attract the people that the industry needs).
- Provide a more straightforward path to success that incorporates more than just portfolio management training but training in creating investment solutions.

- Link these training programmes to real in-house training programmes that can lead more directly to job opportunities. (Take a significant interest in helping to shape the Fezeka programme at ASISA.)
- Focus on training programmes that can help those candidates fill in the gaps that they may have missed out on in those critical formative years: their self-esteem and of having a voice worth hearing. Again the Fezeka Programme comes to mind.

Completely revamp your employee benefits programme:

- Introduce early childhood development centres into the workplace to accommodate working parents (small managers can create collectives where they all tend to congregate in one location).
- Introduce primary healthcare centres into the workplace that are available to all family members of asset management employees.
- Reinforce the hybrid work solution to accommodate caregiving demands but don't abandon the need for face-to-face connection.
- Where team building is required, ensure it accommodates all areas of interest and excellence with team members.
- Provide funding for ongoing training programmes that lead asset management professionals into new domains of excellence.
- Consider concierge and well-being services that focus on the whole family's needs.
- Break down the silos in your asset management teams to the extent that they understand their contribution to the total value proposition of the firm.

Rethink employee compensation, performance assessments and rewards.

- Bottom line: asset managers are paid too much for delivering on something they have little direct control over. Client managers are not paid enough for client retention and client education. Administrators are not paid enough to minimise loss and reputational damage.
- Rewards must be seen in the context of what the client got out of the experience.
- Rewards need not be monetary. One of the most significant rewards a professional can gain is the opportunity to increase their investment insights or professional capabilities.

- Fund those projects that provide the insights and opportunity to change the industry.

E. WHAT THIS RESEARCH NEEDS TO PROVIDE BETTER INSIGHTS – SUGGESTIONS FOR FUTURE RESEARCH PROJECTS

- We need data that allows us to compare the professional journey of male and female cohorts (controlling for ethnicity and other factors) to understand where biases may inadvertently enter the process.
- We need more data on female/male participation in different training programmes and how that has changed.
- We need more data from HR departments and hiring agencies as to how hiring trends may be changing.
- We need to be able to complete the interviews that we started in this study as more women step forward and ask us to listen to their stories.
- We need to develop a longitudinal study assessing programmes' impact on training, incubation, mentorship or scholarship.
- Another aspect of a longitudinal study is using data points that assess causality and links to career progression.

Concluding thoughts

Since the advent of the Sustainable Development Goals, Environmental, Social and Governance integration, pay gap and pay parity studies, and regulatory requirements for increased diversity reporting, several initiatives have been introduced to the industry.

- The annexure includes reviews and insights on such programmes to learn from them and possibly replicate them in South Africa. The section only highlights the programme's name, the institution running it, details of it and any other data relevant to the subject of this study. The examples shared are not exhaustive.

- The annexure also includes a comparative analysis of previous studies within a similar scope as this one. These examples are also non-exhaustive and may refer to citations within the study too.

ANNEXURES

1. EXAMPLES OF GENDER DIVERSITY AND INCLUSION PROGRAMMES

COUNTRY / REGION	SPONSORING INSTITUTION	NAME OF INITIATIVE	PURPOSE AND ELIGIBILITY CRITERIA	ELIGIBILITY CRITERIA	CURRICULUM OR INITIATIVE DETAILS
Global	CFAI	Women's Scholarship	This scholarship is available to women worldwide who are interested in earning the CFA® charter and do not qualify for other CFA Institute scholarships.	Women working in the investment management industry are encouraged to apply.	Scholarship
India	CFAI	Young Women in Investment	This is an initiative to create awareness about, instill interest in and enable women to view the investment management industry as a viable long-term career option.	Women only. Minimum final-year undergraduate students (graduating in 2023). Open to candidates pursuing any educational discipline (arts, sciences, commerce, engineering, etc.). Indian citizens ONLY	1. A mix of core finance and business skills-related topics to be covered. 2. Internship Internships may be in-person or virtual for six months. Internship roles could be in any business area, including investment research, performance management, private credit, investment banking, operations, valuation, product control, public equity, credit ratings, fund research, product development, financial reporting, investment compliance, data analytics, and restructuring

2. RESEARCH STUDY COMPARATIVE ANALYSIS

The following research studies have been conducted in the past within the range of the GIBS study. In this summary, we provide insights into comparative outcomes and highlight the key difference between the studies.

NAME OF STUDY	AUTHOR	PRIMARY DIVERSITY ATTRIBUTES FOCUSED ON	SECONDARY DIVERSITY ATTRIBUTES	METHOD OF ANALYSIS	LOCATION AND UNIT OF STUDY	RESEARCH FINDINGS
Diversity in asset management	GIBS (EPPF commissioned the study)	Race Gender	Experience qualifications family background mentorship	Twenty-six interviews Secondary desktop analysis Meta data	South Africa South African asset management Private and public markets	• Systemic issues primary-driver for lack of diversity • Entry points into portfolio management lack diverse skillsets for new ways of work. • CFA and high numeracy trump all other technical qualifying criteria for thriving. • Incubation programmes need relevant structure to understand what women really want. • Increase rotational opportunities to increase levels of experience and improve opportunities for recruitment. • Improve HR practices to support diversity drivers for asset management. • Need to conduct longitudinal study of experiences over time where changes favouring diversity are made.

NAME OF STUDY	AUTHOR	PRIMARY DIVERSITY ATTRIBUTES FOCUSED ON	SECONDARY DIVERSITY ATTRIBUTES	METHOD OF ANALYSIS	LOCATION AND UNIT OF STUDY	RESEARCH FINDINGS
Transformation in South African Asset Management	BEE.conomics	Race	Gender	• Survey Questionnaire	South Africa (Black) South African asset management Private and public markets At least 51% black (ownership, directorship, profits, senior portfolio managers) Sixty-one corporates 1099 employees	• Market share between 14-15% of black asset management companies, no analysis on Assets under Management in GIBS study. • Race and gender representation source for GIBS study. • No qualitative insights for the race and gender differentials compared to the GIBS study.
Diversity in portfolio management	Olivia Seddon Daines Yasmine Chinwala	Gender	Qualifications	• Meta Data • 100 Interviews	Europe European Asset Management	Areas of commonality but difference in application in the interviews of the GIBS study
2021 Alpha Female Report	Citywire	Gender	Qualifications	Survey Questionnaire	Global Study	Taiwan and Hong Kong lead the world in diversity

NOTES

Invested in our *members*