

# Asset owners pressing money managers for their diversity data

By [Arleen Jacobius](#) · April 30, 2018

Asset owners agree that gender diversity is a goal for their staffs and the staffs of their money managers, with some pressing managers to provide reasons for their lack of female employees.

Aoifinn Devitt, chief investment officer of the \$2.6 billion [Chicago Policemen's Annuity & Benefit Fund](#), said the pension fund asks managers to provide information on the numbers of minority and female executives they employ.

Asking for such information implicitly sends a message to money managers that diversity is valued, Ms. Devitt said. The pension fund also invests with emerging managers, many of which are owned by female and minority executives.

One of the pension fund's board members is very vocal, and asks money managers about the percentage of women working at the firms, she said.

Institutional investors have a choice and "can vote with their feet," Ms. Devitt said. They can choose not to invest with a manager and give the manager feedback that its lack of diversity was a consideration, she added.

Some asset owners say disclosure on gender diversity — including the U.K.'s new requirement that companies employing more than 250 disclose the difference in what male and female employees earn — can help induce change in behavior.

"For us, keeping women in the workforce is very important," said Diandra Soobiah, head of responsible investment at the £2 billion (\$2.8 billion) National Employment Savings Trust,

London. "We monitor if opportunities for them to be involved are being created and if (managers) are increasing their influence over time."

The most male-dominated sector in money management is real estate, she noted.

"But one of our managers, SEGRO (PLC), surprised us because their chairman was very cognizant of the diversity issue," Ms. Soobiah said. "They are actually pretty good at bringing women from junior to more senior roles. But we found they are just not very good at reporting it."

Some institutional investors say investing in emerging managers is a way of boosting representation of women investment professionals in their portfolios.

Officials in the New York City Office of the Comptroller, Bureau of Asset Management, which manages the \$194 billion [New York City Retirement Systems](#), "spend a lot of time to invest in women- and minority-owned firms," said Neil Messing, head of hedge funds, speaking on a panel at the Pension Bridge conference in San Francisco this month.

"It's a part of every asset class," Mr. Messing said.

## **One of the largest portfolios**

Indeed, the five New York City pension funds that make up the systems have one of the largest portfolios of women- and minority-owned money managers and have \$11 billion invested with these firms, said Scott C. Evans, deputy comptroller, asset management and CIO, speaking on a separate Pension Bridge conference panel.

In 2015, New York City pension plans included diversity as a criterion in manager evaluation and selection by systematically asking current and prospective managers about the diversity of their investment professionals. Other asset owners now are asking managers about the diversity of their investment teams.

In a move to lift the profile of women in the industry, Mr. Messing added he will not participate on a panel unless there is also a female or minority executive involved. The panel he spoke on had two female members.

The Sacramento-based [California Public Employees' Retirement System](#) makes note of the importance of diversity among pension staff and at money managers in its investment beliefs, which form the basis of strategic management of its \$351.5 billion portfolio.

Megan White, spokeswoman, wrote in an email that CalPERS does not have a policy solely focused on money manager diversity but said "most of the work we do addresses the importance of diversity and inclusion in general."

Two years ago, CalPERS' investment office adopted a Diversity & Inclusion 2020 Plan as part of its fundamental belief that diversity, and inclusive cultures that promote diversity, are vital to improving the performance of its organization as well as the business markets in which the fund invests, according to the plan documents.

The plan covers managers as well as corporate boards and CalPERS' staff. An emerging manager program and an outreach and engagement initiative falls under the plan.

For example, CalPERS plans to commit up to \$4 billion to emerging managers, according to its emerging manager five-year plan dated Jan. 1.

CalPERS also is leading by example. It has women in senior roles, including Elisabeth Bourqui, CalPERS' new chief operating investment officer; Beth Richtman, recently hired as managing investment director of sustainable investments; and Sarah Corr, interim managing investment director of private equity.

According to CalPERS' latest diversity report released in February, 58% of the system's workforce is female. Some 60% of team leaders are female, the report noted.

[Mansco Perry III](#), executive director and chief investment officer of the \$64.1 billion [Minnesota State Board of Investment](#), St. Paul, said that while his staff is fairly diverse, the

pension plan's managers "are a bit more disappointing." (Mr. Perry was speaking on the same Pension Bridge panel as Mr. Evans.)

"We see a lot of women, but unfortunately, most are relegated to client services or sales roles," Mr. Perry said. "I look forward to the day of greater diversity, not only on corporate boards but also in money managers."