

ARKESDEN DIVERSITY FOCUS 2020

GENDER EQUALITY IN THE LONDON
ALTERNATIVE INVESTMENT INDUSTRY

Gender equality in the London Alternative Investment industry



FOREWORD

Arkeden has undertaken a wide-ranging research project over July and August of 2020 into gender equality in the London Alternative Investment industry. We wanted to assess for ourselves and our clients exactly where the industry is today in achieving parity in attracting, securing and nurturing male and female investment professionals in equal measure. We recognise that gender diversity is one part of the wider diversity and inclusion focus that funds are looking at.

METHODOLOGY

This study has been designed to look at gender equality between men and women working in the direct Investment teams. No sponsor can operate without support teams, investor relations, legal, non-exec or finance teams. All those roles are crucial and important clearly. But we wanted to gauge the reality of women joining their male counterparts in the nerve centre of their respective funds. Undertaking due diligence on investments opportunities, presenting to investment committee, sitting on board seats and working with portfolio companies to drive value through to disposal. All of which should allow women to reach the upper echelons of their chosen investment career path.

Our study has looked at 100 funds with a London presence. Size wise we have sliced through the spectrum of funds from Small, Mid Cap up to Buyout LP's. These include Private Equity, Pension, Sovereign, Venture and Special Situations and Distressed funds.

Many of the businesses we have assessed are of course international organisations with a London office as one of multiple jurisdictions. Others are UK funds based here only. We did this to identify if there were trends correlating to the size of the funds and the number of female investment professionals they employ.

Our research is based on publicly available information supported by our own knowledge of the teams we have worked with for many years. All efforts have been made to ensure our data is correct.

All our data remains strictly confidential and cannot be shared with any one entity.

RESULTS

100 FUNDS
1850 INVESTMENT
PROFESSIONALS



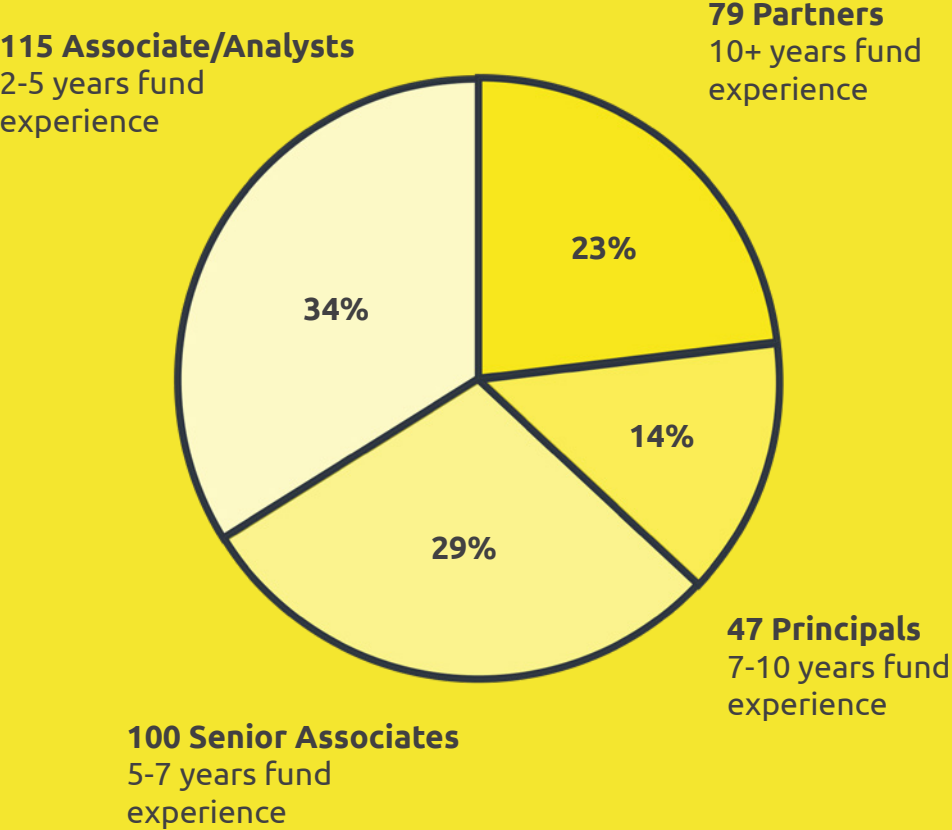
18.4 % WOMEN

Of the 100 funds researched we found 341 female
Investment Professionals out of a total of 1850

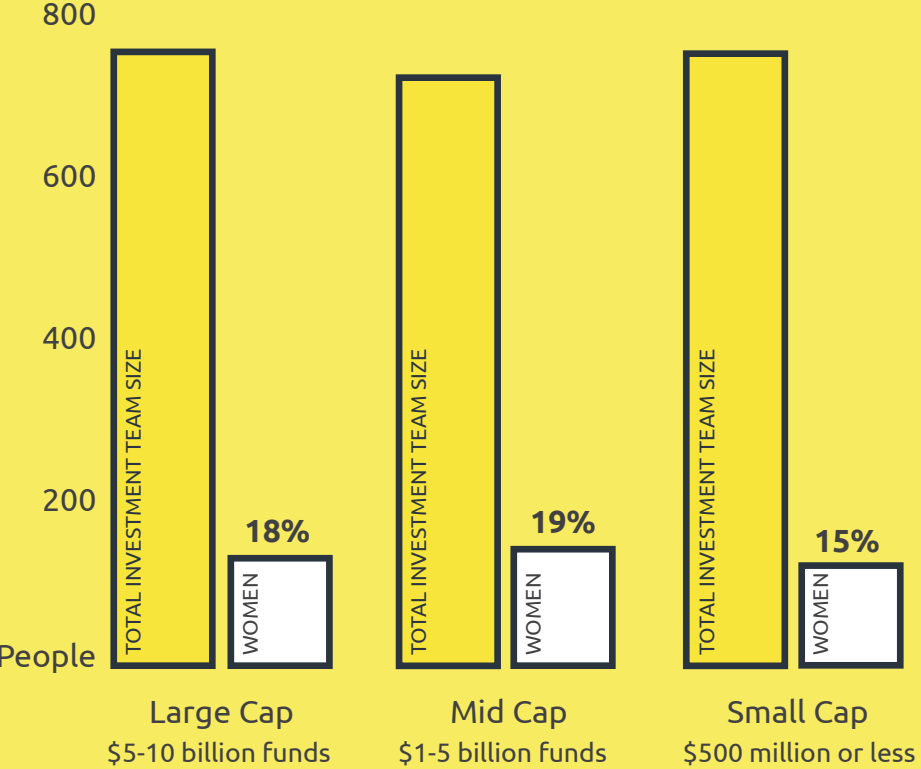
18.4% of the total data set



Breakdown of female roles by level



Representation of women by fund size



Engagement, sourcing and retention



WHY?

As a firm that has worked on the front line of Alternative Investment recruitment for many years, there are a number of known issues that come up around equal gender representation.

- **Lack of options at entry level**

Some funds take a view that there are not enough women in Finance, Consulting, Accountancy or Corporates that can step into a Junior Investment roles compared to their male colleagues. In fact, over the last five years, the graduate programmes in these institutions are showing a much more equal split of men to women in their classes. This is an excellent start and does mean that funds have never had a better chance to find equally qualified men or women to join their ranks from their traditional pool of talent.

- **50:50 short lists are not enough**

Another perception we see is that by producing a short list that has half men and women, that will be enough to secure equal numbers of women and men moving through interview rounds. Our experience tells us this is often not right. We still see a higher wash out rate of women to men at early interview stages for funds. There are many and varied reasons why this happens in our experience. Unconscious bias perhaps, less projected confidence in interview, a more risk averse approach to case study decision making, we note

numerous cases of female bankers not having the deal exposure of their male colleagues. These are anecdotal but pop up regularly on feedback calls.

- **Senior female role models**

Something we hear over and over again from professional women evaluating opportunities in London is that they would either be the only female in the investment team and or there are no senior women to have as mentors in the fund. This makes all the difference in what are much smaller, closer knit teams, and is actively putting many women off roles if they feel there will be little internal support.

- **London doesn't do MBAs**

Many U.S. funds can and do take on women coming out of MBA schools. However, push backs from funds in London range from cost to lack of financial literacy from MBA students. Based on quarterly presentations we have from INSEAD, LBS and others, there are many women in Europe that are highly trained, highly capable and often bringing broader real-world corporate experience, but funds overlook them for their MBA training. Whatever the reasons, London funds don't wish to hire from this source and it cuts out a great many women from the industry.

Under represented within the mid-levels of investment careers



- **Cultural change is slow**

Undoubtedly the biggest barrier to entry for women is culture. Predominantly male Partnerships hiring similar profiles is a clear trait in many funds and it is highly off putting for prospective female professionals. If funds are not collectively being seen to deal with this issue, then as an industry it is not going to achieve the pace of change it clearly needs to.

- **Candidate D&I awareness**

To put it bluntly, candidates are far smarter at assessing their future career prospects than ever before. They have so much more information, guidance and instant data available to tell them where they are likely to succeed. They can assess industries more easily now and decide if they are likely to succeed or not based on their gender or ethnicity and barriers they see. Candidates can also far more easily examine hiring trends in to individual firms they are looking at, read reviews and use networking tools to talk to current or former employees easily. With this report in mind, women looking at opportunities they are being presented are doing their research and often choosing not to progress to an interview or a coffee based on their perception around the gender make up of that fund.

- **Settling for the status quo**

There is no lack of focus on gender diversity in the Alternative Investment industry. Many funds are really focused on this issue yet

still don't show anything like parity in the selection process. Perhaps settling for 'some' women on the shortlist and still ending up hiring male colleagues with a view internally that the field of candidates has been assessed.

- **Mission Creep**

There is no lack of focus on gender diversity in the Alternative Investment industry. Many funds are really focused on this issue yet still don't show hiring parity in the selection process. From a front line perspective, funds are asking regularly for a balanced gender short list. But when that isn't forthcoming and internal pressure comes on from the business to get the hire done, funds tend to 'widen the net' and look at more male candidates because they are easier to spot.

- **The middle years**

It is no secret that women are even more poorly represented in many industries during family raising age. Our snapshot of research indicates this to still be the case in the alternative investment industry. There is a sense from women we work with that their ability to remain with a fund during and after family commitments is unlikely. Again, a perception that engenders caution and in fact, wrongly, acceptance that this is the end of their careers within the investment space.

The campaign for female investment talent



COMMENTARY

Firstly, there are many more than 100 investment funds with premises in London, so our numbers could be skewed against the actual trend for better or worse. However, given the snapshot across different fund sizes gives a similar reading, and our conversations with clients and candidates, and the publicly available team lists, our sense is the numbers are close.

From a total sample perspective, the results reconfirm what is widely known that women hold far fewer seats at the top table within the Alternative Investment industry compared to their male counterparts.

Our data reconfirms what is already broadly understood that women are further under-represented within the mid-levels of their investment careers. We see many highly intelligent women with glittering careers and therefore huge ongoing potential not returning to a front line role within the investing sphere after having families. If they do return, it is often to less front-line roles or indeed they join another parallel industry altogether.

International – Anecdotally for reader interest, many of the funds we sampled have European operations. It was evident from our research that the percentage of female representation in these funds was likely similar or lower than London by country coverage. We will publish further research on this going forwards.

INDUSTRY SOLUTIONS

Below are some of the proactive efforts that many funds are taking to engage, source and retain women.

Early engagement

- School and Graduate engagement – Talking to women about the Finance world as a broader piece whilst in education
- Summer/ Winter Internship Programmes with an equal split of men and women – Live working opportunities
- Graduate/ Analyst Programmes – Introducing an even number of men and women to the junior ranks of these funds
- Female recruitment events – Meeting Bankers, Managing Consultants, Accountants and Industry based women to engage early on with breakfasts, round table events etc
- Female Network building – Ongoing dialogues and face to face coffees with junior professional women hoping to move into the industry (as early as 6 months into their chosen career) outside of formal interview processes

Building a medium term career path



Sourcing

- Shortlists – Insistence on a greater focus on seeing a more gender diverse list of candidates for each investment role from recruitment partners – having an equal choice of men and women rather than just insisting on seeing female only profiles
- Widening the net – Looking at a broader range of backgrounds of candidates – Ecommerce, Industry/ Corporate based, MBA transfer students to name a few
- Building the Relationship – Making greater use of informal chats with female candidates at the start of a process rather than launching into a full-blown interview process – building a relationship with those that have promise
- Diversity focused team – Selecting internal human resources staff and external recruitment partners that can show a real track record of focus and success in gender diversity work in the Alternative Investments space to keep the pressure on achieving an improved choice
- Ensuring that interview panels are mixed more as far possible to reduce unconscious bias

Retention

- Female Mentor programmes – Monthly / Quarterly meetings between senior and junior female employees to plot career path and progress and offering advice
- Family Support – Back to work support schemes / Keeping in touch, sourcing nanny / creche services near to offices, changes to Maternity and Paternity policy to offer an equal engagement to young family support, travelling nannies for women moving around on live deals with very young children
- Training and Development – Female leadership courses, run by both Senior male and female Partners along with best in class external leadership programmes
- External Coaching – Using external coaching and or senior industry figures to work with female staff to build their skills, internal brand and network, should they need it
- Dual Deal Leaders – Two leads on each investment where possible where women are contending with young family and live deals
- Internal Gender Diversity Training – Engaging with all members of the funds at all levels around the aims, challenges and approaches to each funds gender equality focus

44 %
50:50

With our 50:50 approach to short listing candidates 44% of all Arkedens' placements into investment teams last year were women

ARKEDEN'S FOCUS

44% of all our placements into investment teams last year were women. We are tremendously proud of this achievement and it has taken us four years of company wide effort, focus and discipline to get there. Yet there is so much more to do and clearly this report highlights that.

We have achieved this through one single focused activity. By providing a short list for each mandate that ultimately results in as near a 50:50 split of women and men as possible.

That split may not come from one initial short list and is often achieved on secondary or tertiary follow up lists. We have achieved this by sourcing women from industry and corporate roles, international locations, building up our list of women looking to get back to work post family and of course through earlier engagement with first year female graduates and highlighting opportunities working for an investment fund.

By giving our clients a greater choice of female profiles they are at least able to have the choice to source the best person for the role be that male or female and by the definition of an increase in choice, more women are being selected to investment teams.

**TALK TO US ABOUT
GENDER EQUALITY IN YOUR
RECRUITMENT PROCESSES**

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