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AIF Global

Realizing the return on gender diversity

**Advancing women in
alternative investments**





Women in alternatives: On the path to progress

In 2016, KPMG published its fifth annual research report about women's advancement in alternative investments.

What we found was, in one sense, not all that surprising. Some gender stereotypes, biases, and barriers about female investors persist, even well into the 21st century. Women remain underrepresented in alternative investments as both professionals and fund owners. They face unique challenges in getting hired, rising through the ranks, and obtaining capital.

However, there is plenty of reason for hope. Alternative investment firms are making a real effort to spur meaningful change in the opportunities and outcomes of women in the industry. Bold new programs that engage and inspire women are emerging across upstart and established alternative investment firms. Women today are better represented, managing bigger portfolios and owning more funds than reported in our past surveys. Read the complete [2016 KPMG Women in Alternative Investments report here](#)¹.

Most of a year has passed since we published the report, so we decided it is time to update the market on gender diversity in alternative investments. In collaboration with AIF Global (AIF), an independent economic think tank focused on institutional investment policy, KPMG gathered insights from female executives in the industry to shine a light on key initiatives that are making a difference and examine the best practices that are driving progress. The insights were collected during a panel session at the 2017 AIF Women Investors' Forum, held on September 12, 2017 in New York City.

This paper provides first-hand insights from people on the front lines of change about how best to keep progress moving forward.

¹ KPMG's 2016 Women in Alternative Investments Report is a survey of almost 800 global female fund managers, investors, service providers and other professionals representing hedge funds, private equity, venture capital, real estate, and institutional investors about their viewpoints on current trends, initiatives, and opportunities for women in the industry.

Best practices in driving diversity

Tell a compelling story about why gender diversity matters.

Hard data. That is what people in finance trust. It is what fund managers and investors rely on to make major decisions over sometimes staggering sums of money. When you are taking a risk that might win or lose millions of dollars—or could make the difference in getting a critical reservoir built or allowing a precinct of police officers to retire comfortably—you are desperate for convincing numbers to back up your actions.

Likewise, when it comes to empowering and advancing women, the alternative investment industry needs concrete facts about *why* the cause is worth their time, money, and effort.

Those facts are out there. Studies (such as KPMG's) consistently show that more gender diversity at the decision-maker level leads to better outcomes, minimizes risk, and generates stronger returns. In other words, creating better opportunities for women to thrive in alternative investments is a good thing for *everyone*.

"The data for increased decision-making roles for women within alternatives continue to reveal the substantial value created across the spectrum. It is imperative that we engage in thoughtful discussions and connect both women and men to these critical data to foster the success of both women in leadership and the industry as a whole," said Melissa Waller, president of the AIF Institute.

"Alternative investment fund leaders need to know they are not giving up return by investing with a woman-managed firm. There is no additional risk," said Kelly Williams, CEO and chair of the Private Equity Women Investor Network.

Continuing to tell the data-driven ROI story about how including more female voices at the highest levels of business *literally* pays off for firms and stakeholders is critical to inspiring alternative investment leaders to support the movement. "This discussion has mostly focused on

the 'how to,' but we also need to continue and expand the research that substantiates *why* diversity is important. I don't think everyone is convinced," said Roberta Waxman-Lenz, portfolio manager and investment officer at the United Nations Joint Staff Pension Fund.

And there is another good story to tell, too. Firms better get on board with increasing diversity because investors care.

"More and more investors want to put their money into diverse organizations. If alternative investments players don't respond to investor and competitive pressure to embrace more diverse perspectives, they'll be left behind," said Camille Asaro, a partner in KPMG's Alternative Investment practice.

"Hearing investors consistently say, 'Where are the women?' makes fund managers realize diversity is now a business changer. It lends itself to a better investing environment and it attracts capital," added Samantha Levenstein, senior portfolio advisor at Aksia LLC.

Improve the talent pipeline.

Many alternative investment leaders vocally lament the lack of qualified and interested women available to fill open positions in their organizations. "We'd hire them in a second if we could only find them," they say.

The truth is there are tons of smart, talented, ambitious women that could have hugely successful careers in the industry, if they were only given the opportunity.

Seema Hingorani founded Girls Who Invest to provide those opportunities. The mission of Girls Who Invest is to identify young, college-age women who would be a strong fit for an investing role, prepare them with a top-notch education, and connect them to great positions at the best companies. Selected students get four weeks of business education on the University of Pennsylvania campus and six weeks of internships at leading investment firms that have chosen to partner with the nonprofit.

When Hingorani launched the program in 2015, the response was staggering: 100 students applied in just two weeks, and 30 firms lined up to offer internships. Growth has more than doubled since then. Next year, Girls Who Invest will even expand to a new campus at the University of Notre Dame.

“Lots of young women we spoke to said they weren’t coming into the alternative industry for reasons that were pretty easy to fix—they either don’t know anything about it or thought it was just a way to make a lot of money and didn’t realize it would be a stimulating and impactful career,” said Hingorani.

By recruiting young women and giving them first-hand experience within the industry—a chance to learn what it is actually like to work in investing—Girls Who Invest is helping to shift the narrative and slowly but surely solve the pipeline challenge.

Other targeted recruitment and on-the-job programs are also making a difference, including PEWIN’s initiative to bring senior women in the industry into colleges and universities to talk about private equity as a career.

Support work-life balance initiatives.

Many alternative investment firms have found that once women attain a certain rank, many choose to leave the industry. These women fear personal or family responsibilities will prevent them from being 100 percent committed to an investing role, which is often perceived to be time intensive, fast paced and high stress.

To improve retention of female professionals—especially middle managers and senior leaders—firms must work to reverse the work conditions that cause women to opt out.

“Recognizing that happy and productive investors are first and foremost happy and productive people, more and more alternative investment firms are starting to follow the lead of other industries by prioritizing work-life balance,” said Williams.

Some firms have taken truly creative approaches to the challenge. Some provide extended and better-paid parental leave. Others offer financial support for surrogacy and adoption expenses. KKR, a New York-based investment firm, even provides nannies to fly with caregivers on business trips.²



² High Finance and Family-Friendly? KKR Is Trying (*The Wall Street Journal*, Sept. 27, 2016)

Provide opportunities for risk-taking and confidence building.

Some of the barriers women face in getting hired and promoted come down to risk-taking and confidence.

Research shows that women across industries are less likely than men to take risks at work—a necessary part of advancing any career, but especially a career in investing. Research also shows women are more likely to lack confidence, despite the fact that they have made great strides in attaining education and qualifications to succeed professionally.³

Together, low confidence and risk tolerance causes numerous problems for women in alternatives.

Risk aversion influences the decisions women make, the actions they take, and the outcomes that come about through those decisions and actions. In the alternative investment space as well as other professions, risk aversion can cause women to miss out on opportunities to advance. Women may not even apply for a job unless they can tick every single box. They may be hesitant to apply for a senior-level role or take on a challenging, high-visibility project that could be exactly the step they need to move up the career ladder.

Self-doubt may cause women to struggle to stand up for themselves or make their strengths, skills, and ambitions known. And, they may feel uncomfortable in networking situations, especially those filled with many more men than women.

One way firms can help women overcome self-doubt, channel confidence, and take more strategic risks is to provide opportunities for women to step outside of their comfort zones and practice the skills that might not feel natural to them at first, such as public speaking about industry issues.

At Aksia LLC, Levenstein developed and launched a hugely popular weekly lunch-and-learn series for the global investor community that helps tackle the confidence challenge. The series provides women (and men) who are not yet decision makers an understanding of the issues outside of their core responsibilities

“The series is a good start toward building confidence through learning and education,” Levenstein said. “It gives junior women a platform to share knowledge and feel like they’re in the know and to practice networking. For our female speakers, who are seasoned industry experts, it also gives them an opportunity to lead the conversation and present in a coed environment.”

PEWIN’s Project Pink Light is another way firms are giving women opportunities to put themselves out there. Project Pink Light invites women who want to start owning funds to pitch LPs and GPs. They receive expert feedback as well as toolkits on the ins and outs of starting a fund.

Provide coaches, mentors, and role models.

Confidence is also built by increasing the profile of women in the industry. That means making successful female leaders more visible.

“If women come into the industry and there are no women for them to look up to, they won’t last long,” said Williams.

“We need to provide professionals with tangible examples of women leaders,” added Waller.

When female role models are seen in positions of power, it can inspire women at all levels that they can achieve success in the industry too. They serve as a tangible example of what is possible.

Of course, women should not only be front-and-center when the topic at hand is diversity.

“Women need to be seen as sector experts who talk about issues of the industry, not just diversity challenges,” said Asaro.

Aksia’s lunch-and-learn series serves just that purpose.

“It is very inspiring to sit in a room where the presenter is a woman and she is sharing all this industry knowledge with a group of both men and women,” said Levenstein.

One-on-one mentoring relationships are also a powerful tool in empowering women. PEWIN helps high-potential women match up with female mentors, who help model what a career could look like for young women in the industry.

³ *The Confidence Code: The Science and Art of Self-Assurance—What Women Should know* (Katty Kay & Claire Shipman, HarperBusiness, April 15, 2014)

Reinvent the culture.

A woman is asked by a seeding firm representative if her great idea actually came from her husband. A mother of two out capital raising is asked if she goes to the office every day.

These are true stories. A culture of bias is out there, and many women in alternative investments have seen it or experienced it themselves.

That is why advancing women will come back to firm culture and commitment to the gender diversity—and that starts at the top.

“Leaders must make a strategic decision that diversity is beneficial to the firm, their clients, and their employees, and it gives them a competitive edge,” said Williams.

It is starting to happen.

“There are still plenty of firms out there that have cultures that aren’t so welcoming to women,” said Hingorani. “But gender diversity is becoming a very high-profile issue. Every firm and every board is talking about it, and that is going to help drive change.”

The industry is tackling the issue in a variety of ways.

Some firms have created internal network of women to serve as a sort of support system. Others are creating diversity and inclusion councils focused on fostering these efforts or bringing in external speakers to discuss the challenges women and minorities face in the industry. Still more are trying to bust open the gender bias issue in capital raising by specifically seeding firms run by women and minorities.

Get men in the room.

To get momentum behind the issue of women’s advancement, there needs to be a critical mass of support. It needs to be seen as a mainstream issue, not just an issue that impacts one gender. That requires women *and* men.

“Only by having men included in the conversation will the dynamics change,” said Waxman-Lenz.

And it is important to remember that collaboration has to go both ways. Sometimes women—frustrated by the circumstances they face—can overlook the work they themselves should put in to help fix the gender diversity problems in the industry. But women cannot just play the blame game. They have to be part of the solution and in the trenches to fix things.

Tell firms exactly what to do.

“Questions around gender diversity will come at investment managers with increasing velocity,” said Williams. “It is important to share answers and best practices—tools to help them get ready for the continuing call for greater diversity.”

That is what PEWIN did when it partnered with the American Investment Council (AIC) and the National Association of Investment Companies (NAIC) to develop the “[Private Equity Women’s Initiative Best Practices Report](#).”⁴ The report was developed by a steering committee through an intense process that involved organized focus groups and many tough conversations.

Ultimately, it turned into a list of specific and practical best practices private equity firms should implement to increase the recruitment and retention of women. PEWIN is also helping with the implementation by educating the industry about the work product.

“Consistent with AIF’s mission, a primary component of our approach globally is to conduct women investors’ forums and integrate women investors’ sessions into the larger investment curriculum. By bringing together the world’s most influential thought leaders and providing the sustainable framework of resources, education, and networking to women, we strive to create beneficial opportunities and enable overall, lasting success across the alternatives ecosystem”

—Melissa Waller, President of the AIF Institute.



⁴ Private Equity Women’s Initiative Best Practices Report (AIC, NAIC)

Final thoughts

There is much work to be done to attract, retain, and advance female employees in the alternative investment industry. But firms are making great strides. There is a focused effort within the industry to remove obstacles that stand in the way of women's success and create an environment that helps them thrive.

We hope the insights from this paper will help continue the momentum, until all female alternative investment professionals can achieve their full potential at work.

About KPMG's Alternative Investment practice

The alternative investments space continues to grow bigger and more complex. The pressure to deliver in this challenging environment requires fund managers to understand the dynamic nature of the marketplace like never before.

That is where KPMG's Alternative Investment practice comes in. KPMG is a market-leading professional services provider to funds of every size and at every stage of the growth life cycle. With the experienced professionals, industry insight, and global footprint to anticipate new challenges and with the innovative technology and resources to enable fund managers to thrive, we provide fund managers with the clarity, confidence, and insight to succeed.

Whether you are starting, building, or expanding your fund or firm, we can help with formation and capital accumulation, acquisitions of investments, reporting on performance and plan delivery, restructuring, refinancing and divesting, and realization and exit.

About AIF Global (AIF)

AIF is an independent economic think tank focusing on institutional investment policy. AIF's mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives.

AIF brings leading investment managers, consultants, and academics together with local institutional investors to dialogue about practical, actionable investment topics and investment policy in a small, controlled roundtable format. Through the AIF Institute, AIF provides customized education to institutional investors on a standalone basis or in combination with its roundtable discussion forums.

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