

A woman in a grey pinstriped suit is shown from the chest up, holding a silver pen in her right hand and a tablet in her left. She is standing on a hillside with a view of a landscape. The background shows a clear blue sky and a valley with green and brown vegetation. The woman's face is partially visible on the right side of the frame.

**Girl power in  
investment management**

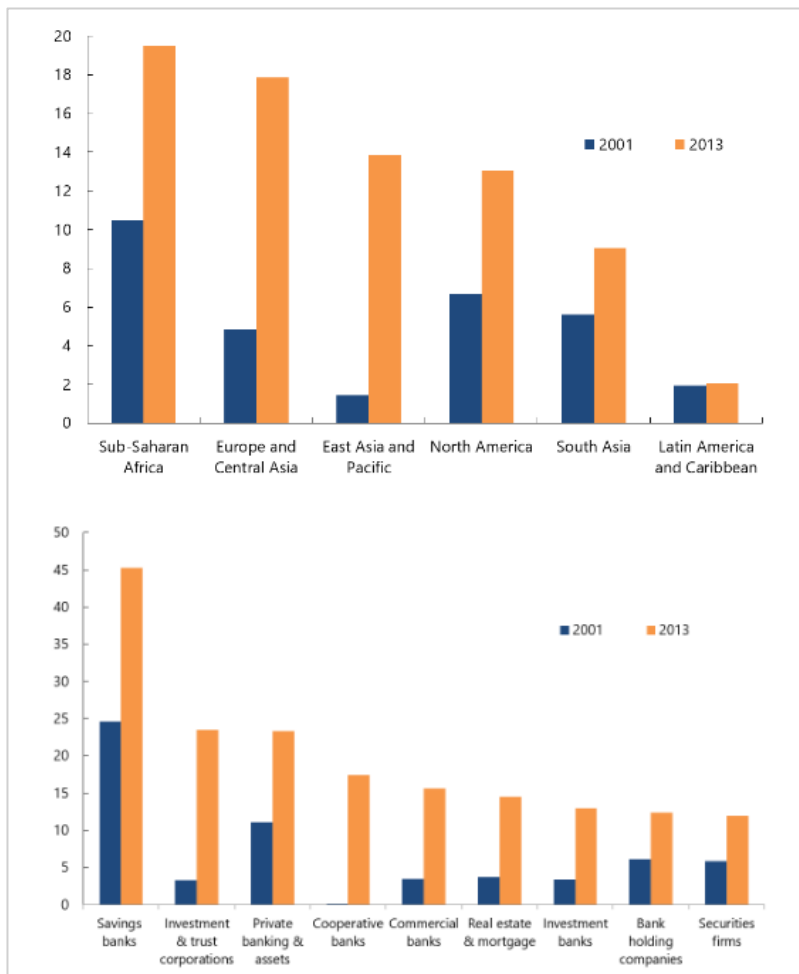
Although public opinion increasingly values gender neutrality, gender based investing has become increasingly popular over the recent years. In the United Kingdom (but also in other countries) new investment companies and products have entered the market, specifically aimed at women. This is not only because women have a different perspective on investing, but also because investors pay more attention to gender equality in (boards of) organisations. Europe seems to be catching on.

### MANY WOMEN EXCEL AS FUND MANAGERS

Although there is a shortage of women in leading positions in the investment management industry, they have more than proven themselves to be top CEOs and lead fund managers.

#### Bank boss bias

Women accounted for less than 2 percent of financial institutions' chief executive officers and less than 20 percent of executive board members (in percent of total board members)



Source: <https://www.weforum.org/agenda/2019/03/workplace-diversity-maricia-page/>

This is a publication of ACTIAM's Fixed Income & Multi Asset team, consisting of 19 professionals with an average of 17 years in the industry. The team is responsible for the management of our (responsible) fixed income products, with a total AUM of over €40 billion (June 2018).

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This is achieved through actively and passively managed investment funds, via impact investing, mandates and ESG advice (Environmental, Social & Governance).

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We do not advocate stereotyping, but many women excel in the investment management industry with a different investment approach to their male peers: on average compared to men, women tend to be more risk averse and focused on achieving specific (societal or financial) goals.. They focus on a long-term outcome rather than short term gains and outperformance of benchmarks or peers. Therefore, diversification of investment teams can result in better performance as well as better risk management.

One of the world's best investors is a woman: Geraldine Weiss, who's investment recommendations generate long term returns that are hard to beat by anyone in the industry. Starting in the sixties she started publishing as G. Weiss as she deemed it best no to disclose her gender up front as not to distract from her ideas.

### 'Why women are better at investing'

Forbes, 29 december 2018

Another example of women's prudence and success with (fiduciary) investments was found by micro-finance pioneer Muhammad Yunus who discovered that whilst many of the small loans made to men were lost to drink or gambling, but that private credit extended to women attracted the lowest default rates and highest small business success rates. Looking for low defaults in his portfolio, he found he lent 97% of Grameen Bank's micro-finance loans to women.

### 'We are all entrepreneurs; Muhammad Yunus on changing the world, one microloan at a time'

Guardian, 28 maart 2017

## SPECIALIZATION: FEMALE INVESTORS

Because of a lack of sufficiently diversified investment teams there are firms with products that are focused specifically on female investors.

One of such firms that initiated the trend is Ellevest, founded by the former head of private wealth at Citigroup, Sallie Krawcheck. The approach taken was that not all women are attracted to existing investments firms as their needs are not met or listened to.

Ellevest aims to educate women how investment can be prudent and a good addition to savings, especially in the current low interest rate environment.

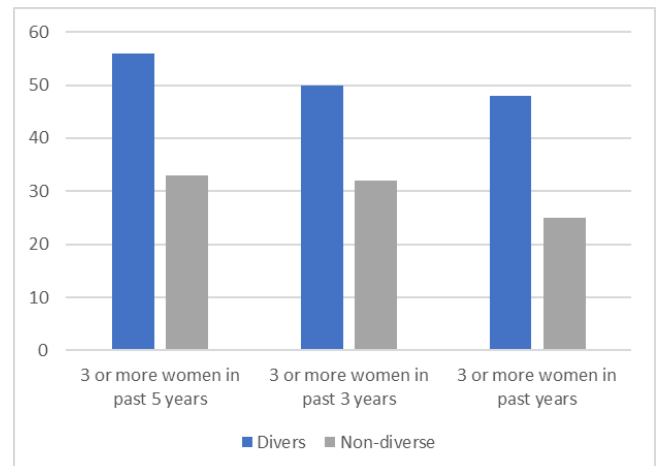
Instead of focusing on outperforming a set target, the investments are made based on the goals of the investor specifically in mind. These can often be lifestyle related, e.g. children's education, and consider the risk capacity of the client. In other words, the aim is to achieve financial goals with the lowest level of risk and the highest probability of attainment of the goals. This approach can of course be beneficial to all investors, but seems to be especially well suited to women.

## INVESTMENTS ENHANCED BY WOMEN

Another plea for more gender bias is to focus on the actual investments made. Studies have shown that companies that have diversified management teams do perform better in the long run, in particular with regards to risk control and marketing of new products aimed at specific segments of society. Diversification can be along gender lines, but of course all other qualifiers should be taken into account as well.

### Long-term gender diversity correlates with higher ESG Scores

Percentage of S&P 500 companies with general ISS-oekom ESG Score\* above their sector's median score



\* The score does not include board gender diversity as a contributing factor

Source: ISS-oekom, ISS Analytics

For example, in the United Kingdom the 30% Club was founded by (amongst others) Helena Morrissey, former CEO of Newton Investment Management and now head of personal investing at Legal & General and the archetypal City 'super woman'. The aim of this movement is to get companies to a level where a minimum of 30% of senior positions are taken up by women. There have been some investment products launched on this premise, i.e. that companies led by very diverse management teams are better connected to customers and do tend to perform better in the long term.

These include exchange traded funds (ETF) that select investments from an index skewed towards companies that perform well on the 30% 'rule'. It is early days, but these products seem to be performing well. Promoting gender-based investments can be a much better solution to change attitudes in society than legislating on these issues.

An example of this approach in the popular direct lending space is the Amsterdam based start-up Karmijn Kapitaal: they take the private credit route to gender-based investing and select companies to provide loans to that are run by both women and men. Besides the gender aspect they also focus on other aspects than just shareholder value and will consider at a plethora of other so called 'softer' factors important to *all* stakeholders.

## CONCLUSION

We can therefore conclude that investing for and by women can increasingly bring benefits. And for that reason, other stakeholders, who want to achieve financial objectives, can also generate social impact. It's no coincidence that gender equality is one of the seventeen sustainable development goals of the United Nations (SDG 5).

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