

IMPACTONOMICS THROUGH A GENDER LENS: INVESTING FOR IMPACT AND OPPORTUNITY

CIO IMPACT INVESTING COUNCIL

JUNE 2018

Investors are adding a gender lens strategy to their overall investment approach for several reasons. They may view it as a way to leverage market systems to support progress toward gender equality. They may regard the addition of gender-related variables to their investment process as a way to identify potential areas of opportunity while seeking investment alpha, sustainable growth and lower risk.

WOMEN HAVE MADE IMPORTANT ADVANCES IN THE U.S. WORKPLACE.

Whereas upper management in large U.S. corporations was once populated almost entirely by men, nowadays women represent 4.6% of chief executive officers, 26% of executive/senior-level officials and managers, and more than one-fifth of board members.¹ Whereas women in 1960 earned an average of 60 cents to every dollar men earned, as of 2016, they made approximately 80 cents.²

Of course, while these numbers do show progress, it is difficult to read them without thinking that they should be far better. The pay gap may have shrunk significantly, from 40 cents to approximately 20 cents, but the fact that it took approximately 50 years to do so is hardly cause for celebration.

We can all imagine a more equitable world

In such a world, companies no longer operate with the kind of implicit bias that can create patterns in hiring and promotion that favor men. There, the workplace supports the talents and contributions of men and women in equal measure, giving them the same access to jobs, similar membership on corporate boards, and equal pay for equal work. But that is not the world today.

Why these inequities remain is a bit of a paradox

Corporate bias against women, a leading cause of gender inequality, remains deep-seated and tenacious, even in the face of a growing body of evidence (see next page) suggesting that adding more women at various levels, including the executive suite, can

KEY POINTS

In this white paper we examine a number of factors including:

- How evaluating investments from the perspectives of diversity and gender can drive value
- The financial and economic benefits that can accompany gender equality
- Steps to take to engage in gender lens investing to create long-term impactful portfolios

Impactonomics® is a lens to examine the relationship between economic growth, investing for impact and profit, and the measurable social and environmental change it can bring. This new thought leadership series, published quarterly by the Impact Investing Council within the Global Wealth and Investment Management Chief Investment Office (GWIM CIO), and U.S. Trust, Bank of America Private Wealth Management, will probe emerging trends, research and analyses with the goal of identifying actionable impact investing ideas for investors and wealth managers.



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benefit companies in any number of areas. More broadly, think how many more of the best and brightest corporations could attract and keep by offering equal opportunity and equal pay. Imagine if the advances women have made in education (see below) were not at risk of being squandered in the marketplace. It is not a stretch to think that building on such advances would have a materially beneficial impact for society and the economy.

If there is one upside amid this enduring inequity, it is the following: With gender disparity ever more in the headlines, discussed in social media, or included in corporate mission statements, awareness is growing. Moreover, that is important because it means consumers, chief executive officers (CEOs) and investors are more likely to take action.

Consumers, especially women, who control up to 80% of all consumer purchases,³ can choose to buy from companies that are addressing gender issues—an example of Womenomics™ in action.

Corporations can be more inclusive in hiring, branding and product development, potentially improving their standing in the marketplace, especially among women consumers. A global consumer products company, for instance, recently announced it would drop sexist stereotypes from its advertising.

Investors can analyze gender-related data, pinpointing those companies that are making progress in this area and those that are not. They may also engage in gender analysis as a way to strengthen a portfolio, increase diversification and fine-tune risk.

DEFINITIONS

Gender is a socially constructed concept, fluid rather than fixed (see *Criterion Institute* definition, page 3).

A **lens** is a way to find additional information and highlight patterns.

Gender lens, or gender analysis, can help present new perspectives, highlight poorly understood inequalities, uncover new opportunities, and find value where none was found before.

Gender lens investing (GLI) is the intentional incorporation of gender-based factors into investment analysis with the intention of driving financial performance and social benefit.

Womenomics™ is the study of the growing economic power of women and of underlying gender-related trends in education, social status, employment and entrepreneurship.

A RANGE OF GENDER LENSES

A lens is a point of view by which we can analyze investments and seek opportunities. Dominant gender lenses look for gender and diversity as a driver of corporate value, attractive investment characteristics, and domestic and global economic growth.

Gender and diversity as a driver of corporate value

As of October 26, 2017, 17.3% of board seats at MSCI ACWI Index companies were held by women. These directorships were not evenly distributed. The majority of female directors held seats in developed markets companies in the consumer discretionary, consumer staples and industrials sectors and the banking industry. The employment of women, especially in leadership roles, can positively affect the financials of companies. Studies have found the following:

- Over a five-year period (2011–2016), U.S. companies that began the period with at least three women on the board experienced median gains in return on equity (ROE) of 10 percentage points and earnings per share (EPS) of 37%. (Three women is considered a “tipping point” of sorts in terms of improving performance.)⁴
- Companies with more diverse boards had higher subsequent 1-year ROEs than companies with less-diverse boards 10 of the 12 years (2005–2016).⁵
- According to a 2015 McKinsey report, companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians.⁶

What’s the connection?

Some studies hypothesize that strong performance may derive from better decision-making by a more diverse group of directors. Outperformance may also be tied to greater gender diversity among senior leadership and the rest of the workforce, which has been correlated with reduced turnover and higher employee engagement. Leadership behaviors more often applied by women may reinforce a company’s organizational performance on several dimensions, and gender diverse teams may make better decisions.

While the advantages of women in the boardroom are reasonably well documented, the benefit of adding women may extend across an entire company, from management through the supply chain. Exploring the policies, practices and results of a company in areas from promotion practices to flexibility, from sourcing contracts to board nominations, can provide just a few examples of workplace equity lenses that can drive stronger businesses.

Gender diversity and access to capital

Using a gender lens to review the patterns of capital flows in a sector enables investors to find potentially attractive investments as well as opportunities to shift social benefit. Women entrepreneurs and inclusive teams often represent worthwhile investments—whether they run micro or high-growth businesses in the developed or the developing world—yet they are continually capital constrained compared to men entrepreneurs. Here is some meaningful “gendered” data.

Limited access to venture capital, with some progress:

From 2011 to 2013, companies with at least one woman on the executive team received 15% of the total venture capital investment in the United States with the corresponding 85% of funding going to exclusively male teams (only 4% of funding went to companies with female CEOs). While this gap is significant, it demonstrates progress from between 1988 and 1999 when there was no single year for which the investment in companies with a woman on the team exceeded 4%.⁷

Higher revenues with less capital: In the United States, the average venture-backed company run by a woman had annual revenues 12% higher than those run by men in 2014, while using one-third less committed capital.⁸

Fewer funds, outperformance. Women represent just 21% of chief investment officer (CIO)/portfolio manager roles in alternative-investment funds. Even so, between 2007 and 2015, an index focused on women-run hedge funds, the HFRL Women Index, had a total return of 59.43%, while two broader industry benchmarks, the HFRL fund Weighted Composite Index and the HFRX Global Hedge fund Index, had total returns of 36.69% and -3.28%, respectively.⁹

“**Gender** is a social construction that assigns value. Counting sex is about whole numbers (how many women, how many men), but gender is a dynamic concept that defines norms, behaviors, identities and how those are (or are not) valued in a culture. Gender analysis, like financial analysis, seeks to assess how value is constructed and assigned.”

The Criterion Institute

Gender and diversity as a driver of attractive investment characteristics

Various reports find differences in corporate performance at companies with more gender diversity:

Return on equity. Corporations with at least one woman on their board outpaced those with no women on their board. Larger companies (those with a market capitalization above \$10 billion) outperformed by about 5%, and smaller companies (below \$10 billion) outperformed by about 2.5% between 2005–2015.¹⁰

Dividends. Earnings paid out as dividends between 2005–2016 were higher at companies with more than 10% of women in top management positions compared to those with fewer.

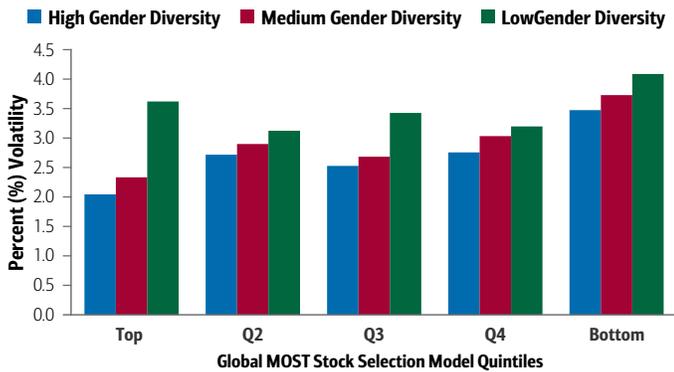
M&A. In terms of mergers and acquisitions, female CEOs tend to acquire less and divest more operations than their male counterparts. This may equate to a more considered approach to growing a business.¹¹

Products and Services. With women making 80% of consumer decisions, companies are finally looking beyond “pink products” to design for the female consumer. The use of gendered data promises innovation in fields from life sciences to software—innovations that benefit all consumers. There is also opportunity in investment in products that address issues disproportionately affecting women such as maternal mortality, clean water, indoor air pollution, safety and human trafficking. Investing with a gender lens can help scale up the companies that significantly improve the lives of women and girls.

Diversity and Volatility: Companies with high gender diversity had less stock price volatility and fewer drawdowns, or price declines, than companies with medium gender diversity and low gender diversity (See Exhibit 1). Commonly, adding stocks with lower price volatility to a portfolio can lower the overall risk component.¹²

Millennials and Diversity. The millennial generation (aged 21 to 35) may feel more empowered and actively engaged when they believe an organization fosters an inclusive culture. This is significant as estimates put millennials at close to 75% of the workforce by 2025, significantly weighing on the war for talent.¹³ Moreover, unhappy workers cost the U.S. about half a trillion dollars in lost productivity every year.¹⁴

Exhibit 1: High gender diversity companies had lower volatility and fewer drawdowns



Source: "Putting Gender Diversity to Work: Better Fundamentals, Less Volatility," Morgan Stanley report (2016).

Gender and diversity as a driver of economic strength

Gender parity not only can help companies become stronger, it may strengthen national and global economies, as well. According to a McKinsey report, the U.S and global economies could grow significantly if action is taken toward gender parity in society and the workplace.¹⁵

U.S. Economy and Parity. Growth could be \$2.1 trillion in additional gross domestic product (GDP) by 2025 if all U.S. states match the states with the fastest progress toward gender parity in the workplace over the past decade—a best- in-class scenario. That’s a GDP growth rate of 3.1% by 2025 versus a 2.3% GDP growth rate in a business-as-usual scenario.¹⁵

Global Economy and Parity. By advancing women’s equality at a pace that matches that of nations showing significant regional advances today (versus continuing with “business as usual”), the global GDP could grow by \$12 trillion, or 11%, through 2025, compared to 2014 GDP. In a “full potential” scenario, with women participating in labor markets at the same rate as men, the report finds that the number could rise by \$28 trillion, or 26%, through 2025, versus the 2014 rate. That impact is similar in size to the combined U.S. and Chinese economies today, the report says.¹⁵

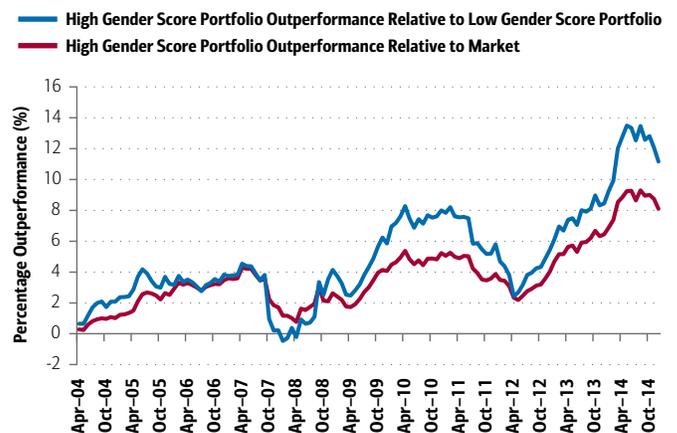
Corporate equality: multiple factors

Reviewing the array of elements in the relationship between gender diversity and corporate performance in the marketplace, RobecoSAM, an asset management company, constructed a scoring system. The RobecoSAM Gender Score ranks companies based on their performance on a range of key labor and gender-related criteria: 1. Diversity among executives, management and workforce (this category makes up a 28% weighting in the RobecoSAM scoring system); 2. Diversity consideration in the board nomination process (12%); retention of female talent (24%); equality of remuneration (16%); approach to employee health, safety, well-being and satisfaction (20%).

RobecoSAM used these criteria to score companies between 2004 and 2014. They found that a high gender score portfolio outperformed a lower gender score portfolio by 11%. (See Exhibit 2.) While analysis of this kind is fairly limited today, it is growing in both frequency and importance.

Gender diversity and equality are becoming increasingly important issues for corporations. As evidence mounts that including men and women equally in the workforce has a positive effect on corporate performance, we believe more companies will make increasing gender diversity a top priority, especially at the management level.

Exhibit 2: Top-ranked companies based on the RobecoSAM Gender Score outperform



Source: "Does corporate gender equality lead to outperformance?," RobecoSAM. 2015. **Past performance is no guarantee of future results.**

WOMEN IN THE CORPORATE WORKPLACE: DATA ON DISPARITY

*The deck appears stacked against women in many areas of the workplace. A McKinsey report found that:*¹⁴

For every **100 women** promoted to manager, **130 men** are promoted.

Women who negotiate for a promotion or compensation increase are **30% more likely** than men who negotiate to receive feedback that they are “bossy,” “too aggressive,” or “intimidating.”

Women ask for feedback **as often as men**—but are less likely to receive it.

Compared to women, **almost twice as many men** are hired from the outside as directors—and more than three times as many are hired as senior vice presidents (SVPs).

51% of women in senior management report they interact with a company leader at least once a week, compared with **62%** of men.

Women of color face even more barriers.

Their commitment to gender diversity may be at a record high, yet many businesses are struggling to put that commitment into practice, and many employees may not be on board.

To level the playing field, companies need to treat gender diversity like the business imperative it is, and that starts with better communication, more training, and a clearer focus on achieving results.

WHAT CAN BE DONE?

Much has been accomplished in the U.S. to improve gender equality, especially in business and education. Women of working age are now almost half of the workforce (46.8%, according to U.S. Department of Labor statistics for 2015) and they are better educated than men (see sidebar: “Women and Education”) yet much more needs to be done: The World Economic Forum’s global gender gap Index 2015 places the United States at no. 28 out of 145

economies. Moreover, while the top quartile is an achievement in relative terms, we believe the nation should rank significantly higher.

To fix gender inequality

Researchers and practitioners have aligned on the most efficient means by which to progress towards inclusion, and offer the following suggestions:¹⁷

- Track metrics: Data brings the challenges and opportunities to light.
- Demonstrate gender diversity is a top priority: Visible commitment and engagement from senior management leads to broad buy in and employee engagement.
- Identify and interrupt gender bias: Many male and female workers do not see bias. Training and support, especially in hiring and performance management, creates new patterns. For instance, eliminating questions around what job candidates think they should earn, as women consistently ask for less than men.
- Rethink work: Holistic solutions, which are flexible and family friendly create more opportunity for all workers, especially if the culture clarifies that they are expected to be used.
- Create a level playing field: Training and rewarding managers in using mentorship and sponsorship supports the women on their team. Employee networks also have been shown to foster engagement, retention and advancement.

Real world actions

Here are steps companies in diverse industries have taken that have advanced gender equality. While we cannot assume that these actions were taken as a result of companies doing research or simply believing they were good for the business model, nevertheless they hold the potential to advance the empowerment of women, in the workplace and beyond.

- **A global consumer products firm** recently pledged to remove sexist stereotypes from its advertising (40% of women do not identify with how they are portrayed in ads, the company says).¹⁸
- **A number of technology giants**, including social media and search engine companies, are promoting diversity and inclusion, by changing hiring practices and running “unconscious bias” and other workshops.
- **A major mining company** recently announced plans for half its workforce to be female by 2025.¹⁹
- **A U.S.-based global beverage company** has established women’s empowerment programs in 40 or more countries to enable the economic empowerment of 5 million women entrepreneurs by 2020.²⁰

- **A U.S.-based clothing company** plans to educate one million women worldwide, in ways they can help advance in business and society, with programs on communication skills, financial literacy, problem solving, and health and wellness.²¹
- **A clean energy company** headquartered in Brazil is seeking to advance women's participation in the development of environmentally friendly technologies. As part of this advancement, the project ensured that women made up half of leadership roles.²²

Changes at the national level

Corporations are beginning to address gender-related issues, and investors are finding that investing with a gender lens can achieve generally positive results. However, where gender inequality is deeply entrenched at a social level, it can often be a result in part of long-standing government regulation. Some 155 economies, for example, have laws impeding women's economic opportunities.²³ These can range from requiring a husband's signature to work to an inability to inherit property to challenges in getting children's citizenship. The World Bank counted 65 governments taking legal action, between 2014 and 2016, to combat gender inequality in the workplace and elsewhere. In instances where such structural inequity exists, government policy, in addition to broader societal bias, needs to be addressed.

The following are some examples of specific steps promoting equality that governments have taken in this century:

- **Vietnam's "Law on Gender Equality"** went into effect in 2007 and was designed to promote women's advancement in the fields of labor, education and health care.
- **France's "Law on real gender equality,"** implemented in 2014, includes gender quotas with respect to corporate boards of medium and large firms.
- **The U.K.'s "Equality Act of 2010"** highlights the right for men and women to equal pay for equal work.

These are positive steps, obviously, and yet parity can be hard to come by. The U.S. has long been a champion of pay equality in the workplace—the "equal pay act of 1963," for example, was designed "to prohibit discrimination on account of sex in the payment of wages by employers engaged in commerce or in the production of goods for commerce"—and yet discrepancies by gender persist and are proving tenacious. Clearly, federal (and state) laws that support diversity or women's empowerment in any part of the world must be accompanied by consistent implementation and accurate measurement of that implementation—otherwise change will continue to come all too slowly.

WOMEN AND EDUCATION

Higher Education

Higher education is considered a gateway to advancement in the workplace. The underrepresentation of women in business, particularly in the upper levels of management, points to a notable waste of talent. As organizations do a better job of incorporating women's skills, they stand to benefit from it on the financial bottom line.

Science, technology, engineering and mathematics (STEM)

Expanding the ranks of women in science, technology, engineering and mathematics (STEM) is particularly important, for the economy as well as for women themselves. According to "Women in STEM," a communication formerly available on whitehouse.gov: "Supporting women STEM students and researchers is not only an essential part of America's strategy to out-innovate, out-educate, and out-build the rest of the world; it is also important to women themselves. Women in STEM jobs earn 33 percent more than those in non-STEM occupations and experience a smaller wage gap relative to men. Increasing opportunities for women in these fields is an important step towards realizing greater economic success and equality for women across the board."

ACCORDING TO A PEW RESEARCH CENTER STUDY AND CENSUS BUREAU DATA:

56% of undergraduates enrolled at four-year colleges are women (as of 2016).

37% of U.S. women ages 25 to 34 have at least a bachelor's degree, compared with 30% of men in the same age range (2013).

12% of U.S. women ages 25 to 34 have a master's, doctorate or professional degree, compared with 8% of men in the same age group (2012).

72% of U.S. women graduating from high school enrolled in college, versus only 67% of men (2016)*

* Source: Bureau of Labor Statistics, May 22, 2017 (<https://www.bls.gov/opub/ted/2017/69-point-7-percent-of-2016-high-school-graduates-enrolled-in-college-in-october-2016.htm>).

BENEFITS OF EDUCATION IN DEVELOPING COUNTRIES²⁴

- One additional school year can increase a woman's earnings by 10% to 20%.
- Each year of secondary education reduces the likelihood of marrying as a child by 5% or more.
- The child of a mother who can read is 50% more likely to live past age five.
- Investing in girls' education in Sub-Saharan Africa can boost agricultural output by 25%.

ACHIEVEMENTS IN EDUCATION IN DEVELOPING COUNTRIES (2002-2015)²⁵

- An additional 38 million girls enrolled in school.
- Percentage of girls completed primary school increased from 57% to 74%.
- As many girls as boys completed primary school in 2015.
- Percentage of girls completing lower-secondary school increased from 35% to 48%.

GENDER LENS INVESTING ON THE BRINK

Gender lens investing is a fairly new investment approach—experts trace its origin to 2009 or thereabouts—yet it seems poised for the spotlight, and we believe the data support this view.

AUM: gender lens mandate-focused assets under management (aum) grew from \$100 million in Sept 2014 to \$910 million in June 2017, close to a 109% CAGR according to a report from Veris Wealth Partners.²⁶

Data: reliable data that highlight the potential benefits of gender parity in corporations, once quite scarce, are far more available today. Where once there were few if any metrics on GLI, there is now a range of gender-focused data including indexes such as the MSCI Women's Leadership Index, Equileap Gender Impact Index and Bloomberg Gender Equality Index. The MSCI Index "aims to represent the performance of those companies that exhibit a commitment towards gender diversity among their board of directors and among the leadership positions."²⁶ Equileap Gender Impact Index follows global companies that have achieved the highest level of gender equality. Bloomberg Gender Equality Index provides companies that showcase their commitment to gender equality through disclosure.

Facts on investing with a gender lens

- The number of public market (equity and debt) gender lens-focused mandate solutions rose from eight in September, 2014 to 23 in June, 2017.²⁶

- Private debt and equity strategies increasingly are incorporating gender—from approaches to invest in gender-diverse entrepreneurial teams to funds targeting areas such as women's health or technology innovation driven by female consumers.
- Private equity investing, including venture capital (VC), an important source of innovation in the economy, offers investors opportunities to seek equitable practices within firms as well as in the portfolio companies in which they invest. Diverse partners may provide an advantage not only in sourcing deals but in delivering returns. According to a Harvard Business review report, "With start-ups financed by all-male VCs, there is a whopping 25 percentage-point difference in the exits of female-led and male-led start-ups. However, when start-ups are financed by VCs with female partners, that difference disappears. There is no meaningful difference in the success rates of female- and male-led start-ups when they're financed by VCs with women partners. These findings suggest that, somehow, VCs with female partners are better able to evaluate or advise female-led start-ups, or both, to the point that there's no performance gap between start-ups led by women and those led by men."²⁷
- Investors may also look for funds managed by women and/ or investment firms with women as significant owners. However, they may have to look quite hard. A 2015 study by Morningstar found that among 7,410 portfolio managers of U.S. mutual funds, just 9.4% were women. In addition, while 77.9% of funds were run by men only, just 2.5% were run by women only. The reasons for this vary, including investors' own biases about who they trust to manage capital. Even so, gender lens investors should seek out talented women investors across all asset classes, as well as fund programs that allow women investors the training and capital they need to launch funds.

In a follow-up study of actively managed U.S.-based equity and fixed-income funds and the individuals managing those funds since 2003, Morningstar found no significant performance difference between male and female fund managers; therefore, the relatively low numbers of female managers are due to other reasons.*

INVESTING IN GLI

Do you find the growing economic case of gender equality compelling? Does the opportunity to support companies that are improving the lives of women and girls by, for example, shrinking the corporate gender gap, producing products that are focused on the needs of women and girls, or supplying capital to companies owned or founded by women connect with your values? If so, you can begin to integrate gender lens strategies into your portfolio.

TYPES OF STRATEGIES GENDER LENS INVESTORS EMPLOY

Strategies can use different types of gender lenses.

Gender mandate strategies are those with an overarching hypothesis around gender equality as a driver of long-term performance. Mandate strategies might take the form of seed stage funds investing in inclusive founding teams, public equity strategies looking for leading companies in their industries or venture investors incorporating gender analysis in their product review—but they are differentiated in starting from a clear hypothesis. For example:

- An emerging markets (EM) fund manager sees an opportunity in closing the capital gap for women-led small and growing enterprises.
- A fund investing in women film directors sees the audience they may find as underserved.
- An agriculture fund focuses on borrowers who specifically empower women small-scale farmers.

Gender aware strategies deliberately incorporate gender factors, as well as many other factors, into their analysis. For instance, a public equity manager searching for companies with potential could look for ESG data such as the percentage of women in management and support for family leave, or whether a company is a signatory to the Women's Empowerment Principles. Or a private equity fund manager might question companies on their gender-differentiated data and opportunities to create product leadership through a gender lens. These strategies, while not driven by a particular hypothesis of gender factors such as driving return or impact, are aware of the value of including the data analysis.

Gender advocacy strategies use a shareholder engagement strategy, such as voting against all-male board slates or pushing for positions on equal pay. While most prevalent in public equity, examples of venture investors building inclusive ecosystems among their portfolio companies are becoming more common. For example, Kapour Ventures requires all portfolio companies to sign a "founder's pledge" and seek diversity in the board, executives and policies from the start.

Gender systems strategies seek to address social challenges that disproportionately affect women, such as low-income housing (given that women are disproportionately poor, single heads of household, when compared to men), urban design or transportation.

Institutional review. Investors may also ask questions about the policies and practices of the investment firms themselves. Some gender lens investors specifically seek out women-owned firms or

women fund managers. Others ask for the breakdowns of gender diversity by role and the ways in which the firm is demonstrating its own commitment to reap the benefits of diverse teams.

TRENDS

The potential benefits of inclusion

A growing body of evidence points to female leadership and gender diversity in corporations as factors for growth. Large corporations with at least one woman on the board have shown 5% greater return on equity versus those with none.²⁸

Furthermore, a follow-up study found that corporations with a female CEO enjoyed an average ROE premium of 2.4 percentage points over those with a male CEO (15.2% vs. 12.8%).*

Interest among investors

Of wealthy investors, 58% say that environmental or social impact (including gender) are important in their investment decisions.²⁹

Interest among female investors

Of women, 77% say they want to invest in companies with diversity in leadership.³⁰

Ownership among millennials

An increase of 9% from 2016 (28%) to 2018 (37%) of millennials owning impact investments.³¹

Investment in gender strategies

GLI affects the management of nearly \$132 billion in money manager assets and \$397 billion in institutional investor assets.³²

Gender-focused investing

Of women, 84% are interested in sustainable investing. The figure for men was just 67%.³³

Data reporting

Examining the historical impact of including gender factors in financial analysis has been challenging due to lack of data. However, the increasing interest among investors, as well as growing commitment to managing diversity for business benefit, has expanded. The proportion of companies reporting indicators on pay equity either publicly or directly to RobecoSAM for the Dow Jones Sustainability Index rose from 21% to 31% between 2012 and 2016, and the proportion of companies reporting very detailed breakdowns of their management level workforce grew from 29% to 44%.³⁴

*"The CS Gender 3000: The Reward for Change," Credit Suisse, 2016.

CONCLUSION

We find the evidence to be compelling: When companies take steps that can benefit women—by reducing workplace inequity (especially in the executive suite), developing and manufacturing products inclusive of women’s needs, or providing capital to businesses founded or run by women—they stand to strengthen not only their own bottom lines but, more broadly, national and global economies, as well.

Investing in ways that support these outcomes—in other words, investing with a gender lens—is a relatively new strategy, with only modest assets under management but with growing ways to invest. Notably, evidence suggests that women and millennials favor impact investing, which includes gender lens investing. We believe that more investors—and not just female or young investors—will see the benefits of the approach and add more of these investments to their portfolios.

It is important to recognize that strategies such as gender lens investing do not eliminate the risks involved with investing. All investments carry some degree of risk and can lose some or all of their value. For example, investment value might rise or fall because of market conditions, corporate decisions or political or economic events (to name a few).

If you are considering investing with a gender lens, be sure to talk with your advisor about your plans and understand how gender lens investing may align with your overall investment strategy, investment timeline and appetite for risk. The field is continuously emerging, and we believe that the economic drivers fueling its growth remain sound. Your questions and interest may become part of the movement.

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