

New Book Addresses Gender Imbalance In Portfolio Management

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An upcoming book looks to address the gender imbalance in portfolio management and provide solutions on how to improve the pipeline of women in the industry.

The book, *Undiversified: The Big Gender Short in Investment Management*, analyzes the lack of women at each point in the pipeline and seeks to draw solutions from industry research and nearly 100 interviews with prospective, current and former industry professionals as well as from the experiences of authors Ellen Carr and Katrina Dudley.

Carr, a high-yield portfolio manager at Weaver C. Barksdale & Associates, noticed while teaching at Columbia Business School as an adjunct professor that there was a lack of women in her classes.

“The percent of women in my class was typically around 10% and Columbia Business School’s student body is about 40% female. So I was missing some kind of teachable moment with women, which I really felt bad about because I love my job and I love the career,” she said.

A discussion between Carr and Dudley, friends for more than 20 years, during a get-together in Central Park about three years ago led to the decision to co-author the book.

“When Ellen was talking about it, I heard the passion she had for the idea. And I have a similar passion for advocating for women in investment management,” said Dudley, a senior v.p., portfolio manager and investment strategist at Franklin Templeton Investments.

Currently, women make up 10% of portfolio managers—a number that has actually declined from 13%, Dudley said.

“That only feels like a three point drop, but on a percentage decline basis, which in investing is what we focus on, that’s a 25% reduction. So I was concerned about it,” she said.

Carr and Dudley’s pairing also brings different perspectives to the asset management world to the book.

“We also had a different perspective and different lens on things. I come at things from an equity perspective, Ellen comes from fixed-income. She’s at a smaller firm now. I come from a bigger firm. So we really were able to have a very comprehensive look at the industry,” Dudley said.

The book is structured in three main sections: an introduction to the investment management industry, including a pathway to becoming a portfolio manager and a comparison to other service, knowledge-based industries; areas where women can be lost from the industry, including undergraduate recruiting and the MBA pipeline; and interviews with successful portfolio managers and portfolio managers who have left the industry.

Carr and Dudley refer to those interviewed as a “constellation” of successful portfolio managers that can provide the equivalent of a “North Star” to women considering or already in the investment management space to look to as role models.

“The first two-thirds of the book blend the research we found on the subject with the voices that Katrina mentioned that appear in our constellation and breathe life into the data. These anecdotes about women succeeding really help with that,” Carr said. “The third section of the book is the one I think we’re probably most proud of, and that’s where we really propose solutions ... So we look at each part of the pipeline and say, here’s what we do at the undergrad level, here is what you do at the MBA level, here’s what you do once women have entered the industry.”

Carr also noted that the final chapter looks at the work that investment consultants and pension funds can be doing to elevate women-owned investment managers.

Dudley said the book looks to provide a proactive look at where the industry can improve, especially with regards to showing a pathway to career success to women early on in their career or even while still in school.

“The flywheel really starts at the top. Let’s just start with the premise that there are no senior women or the very few senior women in financial services and particularly very few portfolio managers. We did research at the undergraduate level that was all primary research where we surveyed 10 universities to understand what were the barriers. And one of the things was not seeing women at the top. If they can’t see women at top, it means that we’re not having women enter into financial services ... and then even if they do, we go through the barriers to where we’re not retaining them and then if we can’t retain them, we can’t promote them. And if we can’t promote them, we can’t get women at the top and we just keep on this flywheel,” she said, emphasizing that the book does not aim to blame men for the situation. “The book is not about attributing blame to anyone, it is a proactive forward look of where we can take the industry.”

Later on she added: “It’s not just a book that’s aimed at women. It’s also aimed at the men of investment management and what they can do to further the careers of the women that work for them.”

One overarching issue that often arises when discussing the career progression of women in the investment management space – and frankly, most industries – is how to obtain a manageable work-life balance.

Carr said the work-life balance concerns that women may harbor is not an issue within the asset management space compared to many other professions and the issue is addressed in the book.

“I think a lot of women have been worried about work life balance in my career and when I compared notes with a lot of people, including Katrina, many of us agreed that our profession is actually pretty work-life balance friendly compared to a lot of other industries, whether it’s law or medicine or other parts of finance like investment banking. In fact, it’s pretty family friendly if you compare it to a lot of the other what we call service industries in the book, so highly professionalized, whether it’s law or medicine or other parts of finance like investment banking,” she said.

While the book was completed prior to the COVID-19 outbreak and the shift to remote work, Carr said the current situation could be beneficial to women.

“I do think that work from home, if it becomes more embraced or at least more accepted by some of the the more the kind of bigger asset management firms, that may actually be a silver lining that entices more women into the workforce,” she said, noting that the flexibility it provides could attract more women.

The book also examines the barriers that keep women from entering the industry or succeeding once they get there.

“One of the other things that we heard very strongly from successful women is that women underinvest in networking. This is a very relationship-oriented business and what’s so puzzling to people on the outside sometimes is if this is based on numbers, if everything comes down to how you perform versus the benchmark, then why isn’t there more equality?” Carr said. “And the answer is quite simply, it doesn’t come down to that. So lots and lots of funds are allocated to managers who underperform for reasons that have to do with relationships. And we’re not actually judging that. We think that relationships are important. But one of the men we interviewed for our book, I thought this was a great quote, said women tend to network with people who they want to be bridesmaids at their wedding while men network with people who can get them a promotion.”

Dudley said the key takeaways from the book are that diversity should be required in workforces as well as portfolios, more women in high paying asset management careers can help close the gender pay gap and the industry provides a work life balance many assume doesn’t exist.

“We think that a lot of the takeaways that we have about women are also relevant to people of color who are equally underrepresented in our industry. But the good news is these are fixable problems. So right now, one of the problems that I think the industry has is that there are a lot of men in charge who say, ‘I don’t see color, I don’t see gender, I just see numbers.’ We know that’s not true, because if that were true, then there would be more people of different demographics contributing to investment results,” Carr said. “All you have to do is reframe this as something that’s going to contribute to investment results, and there are some low-hanging fruit opportunities to change culture and opportunities

for women at the margin, which will start making that feeder pipeline bigger as you move up the ranks into the portfolio management and then senior management jobs.”

The book is scheduled to be released in the spring and can be pre-ordered [here](#).

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