AIMA

The Alternatives

A Practical Guide to How Hedge Fund Firms Large and Small Can Improve Diversity and Inclusion

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Foreword

A woman from a New York housing project who becomes co-CEO of the largest hedge fund firm in the world. A young man who learns investing from scratch in order to provide for his family. A woman who leaves the former Eastern Bloc and pays her way through Harvard so she can learn how capitalism works. A man who doesn't believe those who tell him finance isn't for people like him, and goes on to gain a doctorate in econometrics.

These are just some of the stories of the hedge fund industry.

Our industry has always attracted pioneers; hedge fund firms are staffed with people who refuse to accept the status quo.

This pioneering spirit is now being turned inwards, as hedge fund firms examine the composition of their own workforces. Despite leading the investment management industry in many fields, hedge fund firms still face challenges when it comes to attracting and retaining diverse talent.

These challenges are not, of course, entirely of the industry's own making. Social norms in many countries deter women from pursuing quantitative subjects, for instance, and thus limit the pool of talent available to hedge fund firms. Further, the small size of most hedge fund firms limits their ability to search out talent, meaning that those who are not already familiar with the industry may have trouble finding a way in.

The industry, however, is dedicated to improving this situation. Last year the Alternative Investment Management Association (AIMA) convened a global Diversity and Inclusion Steering Group, which has adopted as its mission the creation of "an environment across our industry that celebrates difference, is open to all as a career choice, and can attract a more diverse and inclusive pool of candidates." To that end, the Group has committed itself to providing the industry with "practical resources, advice, role models and case studies to enable them to develop a culture which embraces difference, and to hire and retain a more diverse and inclusive workforce."

This paper, produced with support from EY, is the first such resource.

Within the pages of this paper you will find an examination of the challenges faced by the hedge fund industry when it comes to diversity and inclusion. You will also find an explanation of why diversity and inclusion are so important to our industry, and why people choose to join hedge fund firms in the first place. Throughout the paper you will find case studies of individuals and firms with unique diversity and inclusion stories to tell.

The core of this paper, however, is practical. It contains 45 different actions hedge fund firms can take to improve their diversity and inclusion, from how they find new recruits to how they develop their existing talent. Most of the actions described in this paper can be taken by firms of any size, and with any level of resources.

We look forward to supporting the hedge fund industry in its drive to become even more diverse, inclusive, and pioneering.

Jack Inglis
Chief Executive Officer, AIMA

Robyn Grew
Chair, AIMA Diversity and Inclusion Steering Group;
Member of AIMA's Council; Group COO and General Counsel, Man Group

Diya Wilson
Tax Partner, Wealth and Asset Management, EY

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"We are fortunate today that people understand that companies do better when there's diversity of thought, it creates innovation and creativity and, given the world we live in and how quick paced technology changes things, you need people who can think more creatively and innovatively. The world is coming together to not only celebrate diversity but to understand its competitive advantage."

EILEEN MURRAY,
CO-CHIEF EXECUTIVE OFFICER, BRIDGEWATER ASSOCIATES

Introduction

Since the first days of the industry, the story of hedge funds has been one of change. Investment strategies have been pioneered, popularised, and commercialised. Management firms have moved out of dorm rooms and garages to offices in Mayfair, Greenwich, and the Central District. Investors have gone from being friends of the founder to some of the largest and most sophisticated financial institutions in the world. Countless funds have been created and gifted with names that speak to the industry's ambitions: dynamic, active, growth, alpha.

Throughout all this change, however, one thing has remained fixed: the staff of hedge fund firms. For an industry that prides itself on providing alternatives, the hedge fund industry is still overwhelmingly homogenous in demographic terms—even when compared to its peers in the financial services. In most jurisdictions, hedge fund firms are staffed by men, generally drawn from the socioeconomic elite and the ethnic majority.

This situation is beginning to lead to unease in the industry. Hedge fund managers and investors alike increasingly recognise the role that diversity can play in combatting groupthink—creating better decisions and thus better investment outcomes. At the same time, however, many firms are unsure as to how they can promote diversity. Most hedge fund firms are small, founder-led businesses, with fewer than a dozen members of staff, all of whom are extremely busy with their day jobs. How then can such firms be expected to dedicate resources to solving a seemingly intractable problem, with which even national governments struggle?

Happily, there are steps every hedge fund firm can take to improve its diversity and inclusion (D&I), no matter its size or resources. Fostering greater D&I in the hedge fund industry will require commitment. It will pitch the industry against traditions and social structures that have remained unchanged for decades. Ultimately, however, the hedge fund industry is nothing if not an example of the benefits of breaking with tradition.

Methodology

This paper is intended as a first, partial answer to the question of what hedge fund firms can do to promote D&I. Before that question can be answered, however, we must first explain what we mean by diversity and inclusion. This paper will use the definitions adopted by the AIMA Diversity and Inclusion Steering Group. Diversity is taken to mean the presence of underrepresented groups from all backgrounds, life experiences, and beliefs. Inclusion is the act of ensuring that all individuals are equally recognised and respected, and are judged only on their contributions to the organisation. D&I is thus a situation in which underrepresented groups are not only present, but accorded the respect and recognition they deserve.

This paper is based on in-depth interviews with over a dozen figures in the hedge fund industry around the world who have pioneered new approaches to D&I. It is also informed by research into how firms large and small have promoted D&I.

The first section of this paper offers a brief overview of the progress of D&I in the hedge fund industry. The second section attempts to answer the question of why D&I is important in the first place. The third section explores why people join the hedge fund industry, and why they elect to stay. The final section offers a list of actions firms of all sizes can consider taking to improve their D&I practices. Those actions are divided into five categories: foundational actions, recruitment, retention, promotion, and external relationships.

One of the most common concerns voiced during our research is that the industry's lack of role models from underrepresented groups is deterring individuals from those same groups from pursuing careers in the industry. Since they cannot 'see' themselves in the industry they opt not to enter it, creating an unfortunate cycle. In order to begin remedying this situation, this paper includes interviews with several individuals who took non-traditional routes into the industry, came from underrepresented groups, or had atypical careers.

D&I in the Hedge Fund Industry

While levels of diversity vary from region to region, firm to firm, and role to role, we can nonetheless provide some answers to the question of what the employee of an imaginary average hedge fund firm would see if they looked around their office.

Walking around the office, they would see a firm that was roughly 80% men.[1] Should they decide to meet with the investment team, or with the senior management team, the proportion of men in the room would grow to 90%.[2] Called in to meet with the firm's founder, there would be a 95% chance of them meeting with a man, and a less than 10% chance of them meeting with a member of an ethnic minority.[3] If the founder was a woman or a member of an ethnic minority, their firm would almost certainly be small: women-owned firms control 1.5% of the industry's assets under management in the United States of America, ethnic-minority-owned firms 2.7%.[4]

These are only rough numbers, and the use of averages obscures important differences. While women represent only 10% of an average hedge fund firm's investment staff, they represent roughly half of its investor relations and marketing teams.[5] The representation of women in senior staff is roughly 12% in the United States, for instance, but 18% in Hong Kong.[6]

Then, of course, there are the lacunae in our data. There is no data on the representation of LGBTQ+ individuals, members of religious minorities, or individuals born into socioeconomically disadvantaged families, to name just some groups. There is also no good data on the representation of ethnic minorities, outside of the owners of firms. All of which brings us back to the advice one interviewee gave. As a first step to understanding the industry's challenges with diversity, look around your office.

Barriers to D&I

To understand the challenges hedge fund firms face when it comes to D&I is to understand the nature of hedge fund firms in general. First, hedge fund firms are quite small. The median number of full-time employees at a hedge fund firm is 10.[7] While a handful of firms employ hundreds of members of staff, even more are too small to even have a dedicated in-house human resources function. Such firms also tend to be too small to hire, and train, junior members of staff; they often struggle with members of staff taking parental leave.

The need to hire experienced individuals has put many hedge fund firms at the end of a long funnel of talent. Almost every interviewee with whom we spoke began their career on the sell-side, working in investment banking. Given that investment banks, as with all financial services firms, have their own struggles with D&I, hedge fund firms are disadvantaged from the beginning in their quest for diverse talent.[8]

Even those hedge fund firms with the capacity to recruit directly from universities face an uphill battle. The changing face of the industry has meant that many new hires come from quantitative degrees, such as mathematics or computer science. Such degree programmes tend to have even worse levels of

1 Preqin, *Women in Hedge Funds – February 2019, (London, 2019), 1-2.* https://www.preqin.com/insights/special-reports-and-factsheets/women-in-hedge-funds-february-2019/25653

2 Ibid. Maiya Keidan and Simon Jessup, "Women Running the Money? Rarely at Hedge Funds," *Reuters* (London), March 29, 2019, https://www.reuters.com/article/us-hedgefunds-women-insight/women-running-the-money-rarely-at-hedge-funds-idUSKCN1RA0VF

3 Josh Lerner et al., "2018 Diverse Asset Management Firm Assessment," *Bella Private Markets* (2018), 45.https://knight.app.box.com/s/5l2s2pi75b6qoip5uo47z-siawk133vud

4 Ibid, 46.

5 Preqin, *Women in Hedge Funds,* 2.

6 Ibid.

7 AIMA analysis.

8 William D. Cohan, "Wall Street is Still a 'White Man's World' with a 'Veneer of Diversity'," *CNBC*, 13 March 2018, https://www.cnbc.com/2018/03/13/wall-street-diversity-efforts-have-a-long-way-to-go-commentary.html

"When I look at the pool of female talent in the financial services sector there are plenty of exceptional women, and I see female talent mentioned more and more in the news. We are important role models for future generations, but it starts in education. We need to encourage the younger generation to focus on finance, STEM, and mathematics to gain exposure and understand the basics. Then, once they're interested in the subject, bring them into the industry. Banks are better at hiring and retaining female talent than hedge funds and private equity. Large financial institutions have strong mentorship and sponsorship programmes that facilitate growth and progression."

ELENA LIESKOVSKA,
PARTNER AND HEAD OF EUROPEAN FINANCIAL SERVICES, VÄRDE PARTNERS

diversity (especially along gender lines) than traditional finance or business degrees—a challenge that starts at elementary school.[9] Almost every interviewee with whom we spoke mentioned that there simply are not enough diverse candidates in the talent pool to begin with, even before that pool is funnelled through the investment banks. That problem is not limited to women: fewer than one percent of doctorates in mathematics awarded in the United States, for instance, are awarded to African-Americans.[10]

Should diverse candidates make it into the talent pool from which hedge fund firms hire, there is still the question of whether they would want to work in the industry at all. As several interviewees pointed out, the hedge fund industry continues to suffer from false impressions that it is a place of rampant aggression and 20-hour days. One firm that engaged in university outreach told us that female students simply did not approach their table at university job fairs—they were "opting out" while their male counterparts flocked to the table. Individuals from socioeconomically disadvantaged backgrounds, meanwhile, may simply not be aware that the hedge fund industry constitutes a viable career path in the first place.

The lack of diverse talent in the industry also creates its own unfortunate cycle. Potential recruits cannot see anyone resembling themselves in the industry, and thus may think that they do not belong. Seeing is believing when it comes to D&I, as one interviewee told us. Without role models some may believe that the industry is not for them.

Finally, even if a hedge fund firm manages to overcome the obstacles to hiring, they may struggle with retention. Some female members of staff choose not to return to the industry after taking parental leave. Diverse individuals may also choose to leave the industry if they feel they are not being valued by their firms.

Survey the challenges the hedge fund industry faces when attracting and retaining diverse talent, and the statistics begin to make sense. Hedge fund firms face serious challenges when trying to improve their D&I. In the face of such challenges—some of which are the products of longstanding social structures—resignation is tempting. However, there are many steps the industry can take to improve D&I. The question is why such steps are worth taking in the first place.

"We have quants sitting alongside discretionary managers, sitting alongside some of the smartest lawyers, great compliance and risk managers, technology developers, robotics and machine learning experts. Across continents and cultures. This industry is extraordinary, exciting, difficult, edgy—we have problems to solve and clients to serve. And that's why I get so passionate about wanting to ensure we have the smartest people to help us do just that."

ROBYN GREW, GROUP COO AND GENERAL COUNSEL, MAN GROUP

9 Olga Kazhan, "The More Gender Equality, the Fewer Women in STEM," *The Atlantic*, 18 February 2018, https://www.theatlantic.com/science/archive/2018/02/the-more-gender-equality-the-fewer-women-in-stem/553592/

10 Amy Harmon, "For a Black Mathematician, What It's Like to Be the 'Only One'," *The New York Times* (New York City), 18 February 2019, https://www.nytimes.com/2019/02/18/us/edray-goins-black-mathematicians.html

"There's no textbook way of investing, and firms will need talent from a variety of backgrounds in order to harness diversity of thought. Their unconventional way of looking at the markets through a different lens might compliment fund managers, with years of industry experience, and help them form trade ideas that they might not have thought about."

KENNETH KAN,
CHIEF OF STAFF, DYMON ASIA CAPITAL

Why D&I matters

The challenges to increasing D&I in the hedge fund industry are clear, but so too are the potential benefits. Clearly, there are strong moral arguments to be made in favour of D&I: an industry founded on the meritocratic ideal should be an industry in which everyone has an equal opportunity, regardless of their background. As an American interviewee put it to us, "the business should look like America." There are also, however, sound business rationales for fostering D&I. Greater D&I can allow firms to attract a greater amount of talent, and it can improve their decision-making processes. Further, many investors—especially institutional ones—and some regulators increasingly expect managers to show a commitment to D&I.[11]

The changing nature of the industry has repercussions beyond the need to draw more talent from quantitative degree programmes. As several interviewees told us, the industry now needs to work harder to attract the best talent. With the rise of the technology industry, hedge fund firms can no longer rely on their "cachet," as one interviewee put it. Firms have to work harder than ever to attract the top talent and, to complicate matters, that talent is now more mobile than ever. Whereas a degree in finance and a background in asset management lends itself to work in the asset management industry, as one interviewee in Asia Pacific pointed out to us, a quantitative degree and a background in data management can be applied across the economy.

Firms thus have a strong incentive to avoid limiting their pool of potential talent. Rather than trying to recruit from a highly competitive, artificially constrained pool of talent, firms may find more success in broadening their horizons. As will be discussed in the section of this paper dealing with recruitment, this does not mean lowering standards. Rather, it means that by embracing D&I firms can locate—and attract—talent that they might otherwise overlook. In an industry that lives and dies by the strength of its talent, this is no small consideration.

Once diverse staff are in the firm, there is a significant amount of research that indicates they help improve decision-making. Many hedge fund firms already recognise this when dealing with their portfolio companies. As one interviewee put it, "there are no diverse boards with terrible corporate governance." This same logic applies to hedge fund firms and investment decisions. Intuitively, a wider range of backgrounds leads to a wider range of viewpoints, and thus more informed, and more creative, decision-making (and less groupthink). Research on the venture capital industry has shown that the more homogenous a firm's partners are, the lower the firm's investment performance is.[12] Another study has indicated that gender balance on investment teams at private equity firms is correlated with higher returns.[13]

11 Andrew Bailey, "The Importance of Diversity," (speech, PIMFA Wealth of Diversity Conference, London, UK, 5 February 2019), https://www.fca.org.uk/news/speeches/importance-diversity

12 Paul Gompers and Silpa Kovvali, "The Other Diversity Dividend," *Harvard Business Review*, July-August 2018, https://hbr.org/2018/07/the-other-diversity-dividend

13 Amanda Cantrell, "Want 20% Higher Returns? Do This.," *Institutional Investor*, 6 March 2019, https://www.institutionalinvestor.com/article/b1df7fg0bq3jfv/Want-20-Higher-Returns-Do-This

"Diversity is not only about gender, race, age—but also about diversity of thought and experiences. I've worked with people who had MBAs, PhDs and other advanced degrees as well as those without such qualifications but rich in practical experiences. These complementary backgrounds and perspectives were key in enabling challenging discussions which ultimately led to innovative solutions and avoidance of certain mistakes during the financial crisis."

SAADIA MUJEEB,
GLOBAL HEAD OF HEDGE FUNDS, ASSET MANAGERS,
PRIME BROKERAGE & CCPS RISK, NATWEST MARKETS

A broader study of professional industries across the United States, meanwhile, has shown a marked increase in economic output as the barriers to diverse talent in those professions have fallen.[14]

Correlation does not, of course, imply causation. Some of the increased performance found by researchers may be due to generally superior governance at certain firms, a side-effect of which could be greater D&I. However, in an era in which ever more capital is chasing outperformance, and when some external observers are accusing the hedge fund industry of being overcrowded, there is a compelling argument for getting more ideas in the room when making investment decisions. As one interviewee told us, ingenuity is more important than ever for the industry.

Finally, there is the matter of external stakeholders. Regulators around the world are beginning to look more seriously at the 'culture' of the firms they supervise, with D&I practices forming a key component of their evaluations. The UK's Financial Conduct Authority, for instance, has indicated that it will take a closer look at D&I in the industry so as to avoid groupthink and improve decision making.[15] Other regulators may well follow, explicitly linking D&I to corporate culture and thus to investment performance and risk management. Hedge fund firms may soon have no choice but to put a greater focus on D&I.

Investors are also looking at the D&I practices of hedge fund firms. Institutional investors in particular are paying close attention to the D&I practices of the firms to which they allocate—particularly in North America. There are several reasons for this focus. First, many of those investors agree with the argument that improved D&I leads to improved investment decision-making, and improved performance overall.[16] Second, investors may see sound D&I practices as guarantors against a firm suffering from reputational scandals. Finally, institutional investors, and their stakeholders, may simply expect the firms to which they allocate to look like their own beneficiaries. Should a university endowment, for instance, wish to allocate to a hedge fund firm, they may have an easier time convincing the university's stakeholders if those stakeholders can see themselves in that firm.

Why, then, does D&I matter? Because embracing it allows hedge fund firms to find more talent, and to improve their decision-making. Some firms may be sceptical of the research that indicates that increased D&I correlates to improved performance. Ultimately, however, it may not matter whether individual firms believe in the substantial research on the benefits of D&I. Their investors and regulators are increasingly convinced.

14 Chang-Tai Hsieh et al, "The Allocation of Talent and U.S. Economic Growth," *Econometrica* 87, no. 5 (2019): 1441, http://klenow.com/HHJK.pdf

15 Christopher Woolard, "Opening Up and Speaking Out: Diversity in Financial Services and the Challenge to be Met," (speech, Ropemaker Place, London, UK, 19 December 2018), https://www.fca.org.uk/news/speeches/opening-and-speaking-out-diversity-financial-services-and-challenge-to-be-met

16 Ontario Teachers' Pension Plan, "Leading Canadian and G7 Investors Come Together in Support of Global Development Initiatives," 6 June 2018, https://www.otpp.com/news/article/-/article/790381
Vivian Hunt, Dennis Layton, and Sara Prince, "Why Diversity Matters," McKinsey & Company, January 2015, https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters
Cindy Chen Delano, "Hedge Funds Have a Missed Opportunity That Could Be Hurting Results," *Barron's*, 23 November 2018, https://www.barrons.com/articles/hedge-funds-gender-gap-could-be-hurting-performance-1543017569

Simon Ruddick, Chairman of Albourne Partners, on D&I in the Hedge Fund Industry

I think my career progression has been relatively atypical because I first set up my own company at the age of 28, so, in the words of my wife, I haven't had a real job for over 30 years. I do not believe I would have ever been head of anyone else's firm. I am not even completely sure that I would have hired the younger me.

My family was entirely adorable but also deeply subprime, so I was the first member of it who was able to stay on at school after the age of 15. Both at Oxford University and in investment banking, I rather relished being something of an outsider, although I do still remember the jolt I felt when I told my first boss that my father was Jewish and he replied with: "well, I suppose that doesn't matter anymore."

Given the above, up until April 2019 I would have scored myself at 100 out of 100 on diversity and inclusion issues on the basis that, hand-on-heart, I felt entirely sure that I had always treated everyone I had encountered in my business life equally. It took two books and the temporary loss of vision in my right eye to see things more clearly. The two books were *Invisible Women* and *Why I'm No Longer Talking to White People About Race*. The lesson I learned from listening to those books, while literally seeing everything differently, was that treating everyone equally is a minimum must-have. It is not game over. I have since pledged to myself and to others to be proactive in addressing structural inequality in all its guises.

Diversity is about the composition of the workforce. Based on the definitions we've seen from the investors we work with, diversity typically focuses on women and minority groups, including ethnic minorities, LGBTQ+ individuals, veterans and persons with disabilities. There are many other elements of diversity, such as socioeconomic background, educational background, religion, and age. However, these are not elements of diversity that we've typically seen investors focused on. Inclusion is present when underrepresented groups within an organisation feel valued, respected and empowered to fully participate and share their views. Simply put, diversity is about composition and inclusion is about culture.

We believe that diverse teams lead to better decision making, as a diverse team leads to cognitive diversity. A homogenous team presents a source of risk, which is the risk of groupthink. Another way to frame this is that in portfolio construction, we all understand the benefits of diversification: adding assets that have a low correlation to other assets in the portfolio lowers the overall risk of the portfolio. In team construction, if you have a diverse team, you'll add orthogonal perspectives into the mix, which lowers the risk of groupthink and increases the chances that you'll catch your blind spots.

Managers need buy-in on the importance of D&I from senior firm leadership. This is needed for any business initiative to be successful. A clear D&I policy or philosophy should also be established so the firm's stance is clear from the top and can then be implemented throughout the organisation. Diversity in leadership will help the organisation foster a more inclusive culture; training in areas like unconscious bias and anti-harassment are also key.

On recruiting, managers should be proactive about seeking out diverse candidates to interview instead of being passive or waiting for a diverse candidate to approach them. We have seen some managers focus on early MBA candidates while looking for female analysts, and a number of managers engage with great non-profit organisations like Girls Who Invest.

Albourne's role

As a consultant, our role in promoting D&I is to collect D&I information (via establishing a standardised due diligence questionnaire), validate that information (via our operational due diligence—ODD—process), and through that process lead managers to reflect on their D&I profiles.

We've encouraged managers to self-classify as minority/women-owned business enterprises (MWBE) since 2012 via Moatspace (Albourne's portal for fund managers to enter their data). We have over 60 investment due diligence analysts meeting with managers, and when they meet with managers who they understand are MWBE managers, they ask the managers to self-classify. We canvass service providers (like cap intro groups who maintain lists of MWBE managers) so we can aggregate this. Clients currently have the ability to search for MWBE funds on the Albourne client web portal. The existing Moatspace questionnaire is narrow in scope in that it only applies to women and minorities who are US citizens, as the MWBE definition used by some of the institutional investors we referenced when we built the questionnaire limited the definition of MWBE managers this way. A challenge is what the definition of MWBE is: is it based on ownership or on the senior risk-taker? So it was important that we revamp our original MWBE questionnaire, so that it's more comprehensive.

We're also partnering with AIMA to produce a questionnaire inspired by the one used by the Institutional Limited Partners Association that can be used across the alternatives industry. This will include ownership and workforce diversity statistics, as well as policies and practices on D&I issues such as family leave, anti-harassment, retention, and recruitment.

The other aspect that we're rolling out is the new ESG and Manager and Employment Practices section in our ODD report, which will focus on the validation of anti-harassment, equal pay and diversity policies and initiatives. Within the next 12 months, through our over 80-person ODD team, we expect that we will have captured D&I information in our ODD reports on over 1,000 funds. Based on the work we've done so far, managers want feedback and guidance on D&I. Similar to how managers want to align themselves with industry best practices on ODD, managers are eager to learn how they can align themselves with best practices on D&I.

We are still in the early stages of capturing more information on D&I. Managers should be capturing data and measuring the diversity of their organisation. They should also establish D&I policies and practices. Anti-harassment and equal pay policies should be in place. An important aspect of due diligence on this topic is that D&I policies may be in place but what practices are actually being implemented?

D&I is one of the high priority initiatives within our Investor Manifesto II, which is a document we published that includes 50 initiatives we're advocating for across the alternatives industry.

D&I is not just a company policy. It is who we want to be.

Nick Miller, Head of the Asset Management Department at the Financial Conduct Authority, on D&I in the Hedge Fund Industry

A vibrant and productive investment sector should have diversity at its core: diverse business models, products and strategies. A key part of the investment sector's purpose is the diversification and mutualisation of risk, whereby investors share risks and are treated fairly. And the industry's success depends on its ability to attract capital from investors of all backgrounds and income levels.

Surely if one sector should be a leader in its approach to the diversity of its leadership, employees and cultures, it should be the investment management sector.

The reality, though, is not encouraging and the facts are stark. A report from the Diversity Project shows that fewer than one in four fund managers identify as female.[17] Around two in five went to private school, compared to only 7% of people across the UK.[18] One per cent identify as black.[19]

The FCA has been outspoken on the importance of real diversity across financial services. This is not just because it is the right thing to do but because it is integral to business success.[20] Diverse cultures promote different ways of approaching issues. Robust challenge and the identification and escalation of risks are key pieces of evidence the regulator uses to assess firms and their governance. Too often, we see too limited evidence of this in the buy side.

I am pleased that many of the CEOs I speak to in the sector recognise the scale of the challenge facing the sector. Initiatives and action plans are underway. But for the sector to flourish and thrive in the future, genuine progress is urgently needed.

Firms need to lead this change and not just because the regulator expects them to. Those that get this right help to ensure their business model is for the future. Those that get it wrong are more likely to struggle.

17 Diversity Project and Mercer, "Diversity in Investment Management Benchmarking Study: Report for the Diversity Project,"September 2017, 6, https://diversityproject.com/sites/default/files/resources/Diversity%20in%20Investment%20Management%20-%20Benchmarking%20Study%202017.pdf

18 Ibid., 6.

19 Ibid., 6.

20 Megan Butler, "Women in Finance: Keeping Up the Pressure for Progress," (speech, Women in Finance Summit, London, UK, 22 March 2018), https://www.fca.org.uk/news/speeches/women-finance-keeping-pressure-progress

Why Join the Industry?

Given the difficulties, some might wonder why people join the hedge fund industry in the first place. Ask this question to the general public and the response will likely centre on remuneration. Popular perceptions of the hedge fund industry are coloured by television shows and books with such subtle titles as *Billions* and *More Money than God*. Along with feeding the baroque fantasy that the hedge fund industry is some manner of giant locker room, popular depictions of hedge fund firms also tend to imply that people only join the industry to make money.

This is false. Speaking with people who are actually in the industry, no one mentioned remuneration when giving their reasons for joining and staying in the industry. Rather, interviewees told us that they love the ability to make an impact, to work with experts, and to grapple with difficult questions.

The urge to grapple with difficult questions seems to be what attracts people to the industry in the first place. The work done by hedge fund firms is incredibly complex. On the investment side, hedge fund staff need to be fluent in finance, economics, and politics—and conversant in sociology and history. At quantitative firms, investment professionals will also be expected to know advanced mathematics and statistics, and will need to be willing to put their work to the test in market conditions that can change at the drop of a hat.

To work at a hedge fund firm is to grapple with questions like how an election in Peru will affect bond yields across South America, or how shifting cultural practices will affect the price of a clothing manufacturer's equity. It is to find correlations in security prices that no one else has found, and to create investment strategies that are robust enough to survive the disappearance, or even the inversion, of those correlations. It is, in short, to answer very difficult questions.

The difficulties are not, however, limited to the investment function. Business development staff at a hedge fund firm need to have detailed financial knowledge; they need to understand the needs of an investor, and how those needs will change as the markets move. Compliance professionals need to master the arcana of financial regulation, and the vagaries of the regulatory process. They also need to know how to gauge the business impacts of regulation, and to quickly determine how it will affect their firm's strategy. The list of challenges goes on: financial staff need to master the highly specific nature of hedge fund firm accounting, human resources staff the unique needs of hedge fund talent. What knits every position in the hedge fund industry together, however, is that the person performing it will be the kind of person who loves grappling with profoundly difficult questions.

"Diversity doesn't always come naturally, and requires thought and care when designing and implementing a diversity programme. It requires the buy-in from the entire firm and, like most things, that starts from the tone at the top. We're pleased with what we've been able to achieve at Oasis thus far, with females in senior management positions and good diversity of race and gender across the entire firm, but are always looking to find ways to improve."

PHILLIP MEYER, GENERAL COUNSEL, CHIEF COMPLIANCE OFFICER, AND CO-CHIEF OPERATING OFFICER, OASIS CAPITAL

"When I joined Dymon, I was the 24th employee. We now have 175 globally. To me, it feels like I am part of the company—in previous firms I was one of thousands. I am given a lot of opportunities to suggest and implement different policies. Every day is different—there's never a dull day. I feel a lot of responsibility to make sure that the company continues to grow, and to make sure everyone else in Dymon grows with the company."

KENNETH KAN,
CHIEF OF STAFF, DYMON ASIA CAPITAL

Of course, working in the hedge fund industry means doing more than simply studying such challenges. 'Impact' is a word used by almost every interviewee to describe what they like about the hedge fund industry. Because hedge fund firms tend to be lean and flat, every member of staff counts. Even the most junior members of staff will be expected to make decisions that have serious consequences for the firm. Decisions do not have to go through layers of bureaucracy, as they often do in the investment banks or technology companies. If a member of staff has a good idea and a compelling argument they can follow through on it. Junior analysts are routinely trusted to make calls on the desirability of an investment decision, or on the implications of a new piece of regulation. As such, the hedge fund industry is an industry that attracts individuals who relish the opportunity to take on responsibility, and who have the courage of their convictions.

The third thing almost every interviewee mentioned is bound up in the first two reasons to join the industry. Joining the industry, they said, allows them to work with people who are the best at what they do. The people who are attracted to the industry also tend to be the people who take seriously the old adage that if you're the smartest person in the room, you're in the wrong room. Working in the hedge fund industry offers the opportunity to work alongside, and learn from, individuals who lead their respective fields. Interviewees spoke about working with experts on specific countries, top lawyers, and actual rocket scientists. Further, all those people joined the industry for the same reasons, and enjoy grappling with big ideas and trying new things as much as each other.

Why, then, do people join the hedge fund industry? The chance to study some of the most difficult questions possible. The opportunity to make an impact and assume responsibility. And the fact that you get to do all that alongside people who value the exact same things.

"It's an open and collaborative culture of talented professionals. There's an appreciation of having diverse approaches and unique skillsets for better results."

**CARYN MAXWELL-SMITH,
DIRECTOR, BUSINESS DEVELOPMENT
AND INVESTOR RELATIONS, POLAR ASSET MANAGEMENT PARTNERS**

D&I Actions

"Hedge funds are results-based businesses – you're judged on the quality of your work, not the amount of time you spend in the office. If you are good at your job and talented, you can succeed in an environment like this one and still make time for other parts of your life."

ELIZABETH KEELEY,
PRINCIPAL, CHIEF OPERATING OFFICER AND GENERAL COUNSEL, TACONIC CAPITAL

Laying the Foundation

Secure internal buy-in
Socialise D&I intentions with the wider firm
Formulate a definition of D&I
Gather data on the firm's D&I status
Adopt a formal D&I policy
Decide whether to formally adopt goals or quotas
Adopt anti-discrimination, anti-bullying, and anti-harassment policies

Should a firm decide to improve its D&I practices it must first lay a foundation. Before embarking on any D&I initiatives a firm will need the buy-in and the data necessary to make those initiatives effective. It will also need to prioritise its efforts, and to communicate those priorities. In doing so a firm can ensure that its resources are being deployed as effectively as possible.

Initial considerations

The first step in launching a D&I initiative—the "table stakes," as one interviewee put it—is to *secure internal buy-in*. Interviewees were at pains to stress that D&I projects cannot simply be left to a firm's human resources function (assuming it is large enough to have one in the first place). Rather, the 'business case' for D&I must be accepted by a firm's senior leadership, who in turn should treat it as a strategic initiative. Some firms choose to go as far as making D&I part of their business plans. Given that D&I issues are, by their nature, generally not acute, it is easy to push them onto the firm's backburner unless senior management are driving them.

Embedding the culture

Buy-in from the senior leadership is generally not, however, enough, according to several interviewees. The next step is to *socialise the firm's intentions* to act on D&I with the rest of the firm's staff. Firms with middle management should pay particular attention to convincing those managers of the benefits of acting. As several interviewees pointed out, it is those managers who will take many of the day-to-day decisions that affect a firm's D&I. Beyond those managers, a firm may wish to give even its junior members of staff an opportunity to weigh-in on the firm's D&I intentions. As one interviewee told us, in order to succeed D&I needs to be embedded in a firm's culture.

Internal conversations should allow a firm to *formulate a definition of diversity and inclusion* that fits their culture. Many firms prefer to keep their definitions general, emphasising the importance of 'diversity of thought,' while others may choose to highlight their desire to increase the representation of specific groups.[21] Firms may also wish to choose whether they plan on pursuing inclusion and, if so, how they

21 Firms may also wish to formally acknowledge the phenomenon of 'intersectionality,' wherein multiple characteristics intersect and the disadvantages are amplified.

define it. This need not be a technical description: one manager with whom we spoke simply described inclusion as a "culture in which every member of staff believes they belong and that they can add value." Some firms opt to take an even higher-level approach, and focus on fostering an open and collegial culture in general, rather than specifically discussing D&I.

Creating an evidence-based policy

Once a firm decides on the definition, it can begin to *gather data on its D&I status*. A firm may, local regulations permitting, wish to start by surveying its staff to understand just how diverse that staff is (clearly this step is not necessary for smaller firms). Such data can also be used to determine whether the firm suffers from pay gaps, and to analyse the demographic breakdown of staff retention. Some investors are beginning to ask hedge fund firms for such data anyways, so firms may wish to collect it proactively.[22] Note that staff should not be compelled to provide demographic data; a firm should explain that it is only being collected to aid in the formulation of the firm's D&I initiatives.

A firm can then *adopt a formal D&I policy*. Again, such policies are generally most effective when they have been formulated through conversations with a firm's entire staff. Those conversations, and the resulting policy, will generally focus on articulating, in the first instance, why D&I is important to the firm. Firms may wish to explain the need for diversity of thought, for instance, or they may explain their choice on purely moral grounds. For many firms, however, the rationale may simply be, as one interviewee told us, the need to get the most out of their staff. Firms may also wish to use their D&I policies to explain how they measure D&I (a product of how they define it), and whether they have any explicit D&I goals.

The use of formal quotas for diversity—for instance, requiring that 50% of new hires identify as female—is controversial, both inside the industry and out. Our interviewees were divided on the issue. One interviewee told us that they doubted anything in the industry would change without the implementation of legal quotas; another told us that "force-feeding quotas" to a firm "will not be accepted." Overall, our interviewees leaned away from implementing quotas, favouring flexible goals instead (some firms even choose to publicise those goals). Several interviewees told us that they believed that quotas were not necessary, as D&I would naturally increase as they overhauled their internal practices. Others were concerned that quotas would lead to tokenism. One interviewee told us that he would not want people to think he was at a firm only due to quotas. Ultimately, it is up to each individual firm to *decide whether to formally adopt goals or quotas.*

A firm may also wish to consider *adopting anti-discrimination, anti-bullying, and anti-harassment policies*. Such policies can be adopted by firms of any size, and investors increasingly expect them. Once the policies are drafted firms should acquaint their staff with their contents, and with the penalties for failing to abide by them. Firms should also implement clear, confidential processes for dealing with any complaints of harassment and bullying. Third-party consultants and employment lawyers can help with the creation of such policies.

Once a firm has acquired internal buy-in, gathered the necessary data, formulated a policy, and implemented the basic policies, it can begin launching initiatives to improve its D&I practices. The following chapters are divided into four categories: recruitment, retention, promotion, and external relations.

22 AIMA and Albourne Partners are partnering to produce a due-diligence questionnaire on D&I for hedge fund firms. This document will help hedge fund firms gather information about their own D&I practices, and communicate it to investors.

"Senior leadership and the whole organisation have to buy into the process and want real change, but that isn't going to happen without a firm-wide desire for different outcomes. It has to be a strategic business initiative, not a HR initiative, and you've got to create a culture where this will be possible."

KIRSTEN E. VOSS,
SENIOR MANAGING DIRECTOR, VÄRDE PARTNERS

Eileen Murray, Bridgewater Associates, and Idea Meritocracy

Eileen Murray has worked at Bridgewater Associates for over a decade. In 2011, she became Co-Chief Executive Officer of what is today the largest hedge fund in the world, but she was not born into this kind of power or privilege.

Growing up in an Upper Manhattan housing project, Eileen was surrounded by diversity from an early age. Her family shared a floor with families from around the world, from Cuban refugees to Holocaust survivors. When Eileen struggled with French in high school her parents asked a French neighbour to help out with lessons. That spirit of community and sharing one's own talent to help others defined her upbringing, and would become a key tenet of her management philosophy in later years.

After high school, Eileen went on to enrol at Manhattan College, originally planning to study English literature. When her father passed away, she switched to accounting. The simple reason, she says, is that it offered better paying job opportunities post-graduation.

After graduating Eileen entered investment banking, working at Morgan Stanley, where she rose to become Controller, Treasurer, then Chief Operating Officer of the Institutional Securities Business. From there she moved to Credit Suisse as the Global Head of Technology and Operations and became the first woman appointed to its executive board. Subsequently, Eileen returned to Morgan Stanley as Global Head of Technology and Operations and as a member of the firm's management committee. Yet her ascent was not an easy or straightforward path.

Eileen recalls having to deal with bias (conscious and unconscious) when she started working on Wall Street, although she admits that she was unaware at that time that what she was dealing with would be termed as bias today. Also adapting to the culture on Wall Street, especially in those days, wasn't easy, given her introverted personality and upbringing. When she first joined Morgan Stanley, for instance, she was petrified of speaking in public, while her peers from more privileged backgrounds did so effortlessly. However, she leveraged the generosity and mentorship of more senior executives, who helped her see her inherent capability and potential through targeted development opportunities, and eventually entrusted her with higher levels of responsibility.

Soon after leaving Morgan Stanley, Eileen was invited to meet with Ray Dalio, the founder of Bridgewater Associates, at the firm's Connecticut offices. At first, she didn't know what to make of the firm and its famously unique and open culture. To exacerbate matters, when she came home from the interview her sister pointed out that she had been wearing mismatched shoes the entire time. Surely, her sister said, there was no way she would get the job.

Bridgewater, however, is not the kind of company that judges interviewees by their shoes. Eileen was offered a job, and while she didn't move to Bridgewater immediately, she soon took Ray Dalio up on his offer. She was motivated, she says, by a recognition that what she was doing was less important than who she was doing it with. Bridgewater had people she found highly capable and whom she genuinely liked and admired. The rest, she reasoned, would work itself out.

Radical transparency

As she acclimated to Bridgewater she began to appreciate its distinctive way of doing things. Governed by a series of Principles drafted by Ray Dalio, Bridgewater strives to be an idea meritocracy and is governed by radical transparency. Members of staff are expected to be open with their disagreements, and everyone is aware of one another's strengths and weaknesses. The goal is to foster an environment in which people can bring their full selves to work, succeed on the basis of merit, and to eliminate anything that gets in the way of people bringing their best to the table.

That culture and the ability to be who you are is the bedrock of the firm's D&I efforts. Bridgewater also overlays a structured and programmatic approach to D&I, where the firm says they strive to pursue this initiative with the same levels of rigor, humility, and care that they apply to their investment processes.

To do that, the firm has a full-time diversity team and dedicated resources who lead the implementation of Bridgewater's D&I strategy, including efforts to source, hire, retain and promote diverse talent. The core team is advised by a Diversity Council made up of senior leaders from across the business.

Both the core team and the Council report directly to Eileen and her Co-CEO David McCormick. The enterprise-wide efforts underway include recruiting strategies to expand access to diverse talent pools, company-wide training (including unconscious bias training), a diversity-focused external speaker series, affinity-based networks that enable mentorship and connection building, and other platforms to foster dialogue. Additionally, their policies support D&I via flexible work options and a range of benefits designed to enable all types of people to build a life and a career (including best in class medical insurance, paid parental leave, backup childcare, and the like).

Even with all that, Eileen says, it would arrogant and disingenuous to claim Bridgewater has it all worked out because she believes no one has it figured out and, as in many other places, mistakes may occur. The important thing is at Bridgewater people are focused on understanding the 'why' behind the mistakes to learn from them and ensure they don't occur again. In her view promoting inclusion can be as simple as calling out someone at a meeting for repeating what another, more junior member of staff has already said. Even actions this simple can ensure employees are recognised for their ideas regardless of level, and strengthen a corporate culture based on merit.

Ultimately, according to Eileen, a big obstacle to D&I is supply. While hedge fund firms can work on attracting the talent that is already out there, challenges with D&I will persist in the industry so long as they persist at the educational level. An important objective for the industry, Eileen says, is to figure out how to work with schools, governments and others to get more women and traditionally underrepresented groups into quantitative subjects—a challenge that may only be solved by changing the way such subjects are taught. Eileen also emphasises that the industry cannot afford to overlook some of the best talent just because a candidate doesn't have a STEM background or hold another traditional job requirement. This will require companies to think broadly and outside the box, and to enable things like skills-specific training, so that in the long term they open their aperture and paths to advancement to all the best talent that is out there.

Despite the challenges, Eileen is optimistic. At the end of the day, she says, the most important thing you can do with your career is to give back—keep open the doors that were opened for you and help build new doors for the next generation.

Recruitment

Reframe the hiring process
Focus on hiring teams, not individuals
Determine the skills needed to succeed, rather than the qualifications
Create neutral job descriptions that focus on deliverables
Advertise positions as widely as possible
Remove names and addresses from applications
Create longer 'long lists' and meet with as many applicants as possible
Provide interviewers with unconscious bias training
Use structured interviews
Create hiring panels

Foundation set, a firm can begin taking steps to actively promote D&I. Many firms choose to begin their D&I initiatives at the hiring stage, under the assumption that an intake of diverse talent will eventually lead to a diverse firm overall. While effective hiring processes may not be sufficient to guarantee D&I at a firm, they are necessary. Firms have a wide variety of options available to them when overhauling their hiring practices, ranging from a reconceptualisation of the talent they need to overhauling the way they process applications. While firms may choose their own paths, the ultimate destination of overhauling a hiring process is the same: getting the best talent possible for the firm.

Initial considerations

Reforming the hiring process is not easy. Hiring decisions are always difficult, and by their nature promote risk-aversion. Hiring managers have strong incentives to choose the 'safest' possible candidate, which often translates into the candidate with the most 'prestigious' background. As such, no changes to recruitment are likely to succeed until a firm takes steps to *reframe the hiring process*. For many firms, the hiring process is akin to those investors who only invest in government bonds. Their investments may be 'safe,' but they may ultimately lose out on possible returns. Hiring managers need to know that they will not be penalised for making unconventional choices. Firms may wish to explicitly explain (potentially in their D&I policies) that by only taking the 'safest' approach to hiring they may expose themselves to the greater risk of not hiring the best possible talent. As such, hedge fund firms may be well advised to stress the need for the best—not the safest—talent.

The question of what constitutes the 'best' talent, however, is not straightforward. Historically, the hedge fund industry has concentrated on hiring the best individuals (i.e. those individuals with the most prestigious resumes). While this is entirely understandable—the industry needs the best talent possible—some managers with whom we spoke are rethinking their approach, and putting more emphasis on balance and teamwork. They are putting their *focus on hiring teams, not individuals*. Such managers are, in the words of one of our interviewees, asking themselves a new question: "how do we get the best teams, rather than the best *individuals*?"

One manager with whom we spoke recommended starting with a blank sheet of paper. To begin with, they lay out what they want the team in question to accomplish. They then *determine the skills needed* for the team to accomplish those goals. They then hire individuals to fill the gaps in those required competencies. The overall objective is to create a balanced team, not necessarily to hire a perfectly balanced individual. While this is easiest to do when balancing competencies, some managers with whom we spoke also look to balance personality types.

Finding candidates

Once a firm has determined the skills it needs to fill the gaps in its team, it can begin the hiring process in earnest. The first step, of course, is to *create a neutral description for the role* in question. This is not as easy as it may first seem. Studies have suggested that certain language—for instance, language that is seen as overly 'aggressive'—can deter certain groups from even considering a role in the first place.[23] Many firms thus choose to make their job descriptions as 'neutral' as possible. In keeping with the desire to hire for skills, some firms also curtail the technical and academic requirements listed in their job descriptions, or remove them altogether. One interviewee told us that their firm had done so after realising that their requirements had grown so specific that many of the firm's partners would not have met them. Rather than list requirements, some firms prefer to focus their job descriptions on the outcomes that are expected, and on describing the environment of the firm. The result should be a job description that encourages as many individuals with the right skills to apply as possible.

A firm may also wish to consider how it can *advertise positions as widely as possible*. Many interviewees told us that they still hire within their own social and professional circles, naturally relying on their colleagues to recommend the best talent. Such an approach, however, constrains a firm's talent pool. Recognising this, several interviewees told us that they try to advertise positions as widely as possible. This generally means using social media and non-specialist career websites, but some firms have taken it as far as advertising roles on bus stops.

Firms relying on third-party recruiters, meanwhile, may wish to encourage them to cast their nets more widely, and to send more applications for consideration; firms should also be prepared to push back if recruiters tell them that doing so isn't possible. A firm may wish to instruct recruiters to ensure that at least two diverse candidates are present on any list of applications they submit, as research has shown that the odds of a diverse candidate being hired increase significantly once more than one such individual is present on a list.[24] As with the formulation of the job description, the goal of advertising is to create the widest talent pool possible for the firm.

23 Danielle Gaucher, Justin Friesen and Aaron C. Kay, "Evidence That Gendered Wording in Job Advertisements Exists and Sustains Gender Inequality," *Journal of Personality and Social Psychology* 101, no. 1 (2011): 109-128, http://gender-decoder.katmatfield.com/static/documents/Gaucher-Friesen-Kay-JPSP-Gendered-Wording-in-Job-ads.pdf

24 Iris Bohnet, *What Works*: *Gender Equality by Design* (Cambridge, Massachusetts: Belknap Harvard, 2016), 126-217.

Once the job description has been advertised, firms may wish to consider how they analyse applications. One increasingly popular approach is to *remove names and addresses from applications*, so as to ensure that there is no unconscious bias when considering them. Although it is still relatively rare, it is not unheard of for the names of educational institutions to be removed from applications before they are considered as well.

Several managers with whom we spoke are also creating *longer 'long lists' of potential candidates, and interviewing more applicants*. One manager with whom we spoke suggested going through as many applications as possible, as slowly as possible, to try to determine how the applicants would fit in the team. Another manager suggested reviewing all the applications at the same time. Firms may also wish to consider having multiple members of staff review the applications, so as to mitigate any potential bias.

The rationale behind meeting as many candidates as possible, meanwhile, is twofold. First, a candidate may be a better fit for a role than they appear in their application. Second, even if the candidate is not hired they may be suited for another role at the firm, or for a future role. By meeting with as many candidates as possible a firm can mitigate the possibility that it is losing out on a potentially excellent hire just because their application was poorly presented.

"We begin our recruitment processes by advertising new roles publicly on job boards and a variety of industry sites. This ensures a fairer process and enhances engagement with a wider talent pool. We also source potential candidates by mapping the market and in some cases by taking candidate recommendations based on skills vs specific experiences or past jobs. We proactively reach out to candidates generated in this way, as well as through referrals from our colleagues, market contacts, and head-hunters. This has helped the firm generate a long-list to inform a much stronger short-list of candidates for the hiring manager and firm. We've also found that a number of strong candidates know little about career paths at Canadian hedge funds, given it's a smaller subsector of the market. As such, I often spend more time with these candidates helping them to understand the opportunity. Managing a recruitment process like this has helped us make some great hires for the firm in a competitive talent market."

JULIA WHITFIELD,
DIRECTOR OF TALENT, POLAR ASSET MANAGEMENT PARTNERS

The interview process

Firms may also wish to change how they conduct their interviews. Ideally, the interview process identifies those candidates who are the best fit for the role. In practice, however, research has shown that the bias of interviewers often shapes their decisions.[25] For instance, human beings have an affinity bias for those who resemble them, and this can shape perceptions of an interviewee's performance.[26] As such, some firms require their interviewers to undergo *unconscious bias training*, which may mitigate the effects of bias. Other firms, however, may wish to re-examine the entire structure of their interview process.

One firm with which we spoke did just that, on the assumption that "de-biasing the process is easier than de-biasing the people." To that end, they first did away with unstructured interviews. Such interviews are common, not just in the hedge fund industry, and involve a relatively open conversation between an interviewer and the interviewee. They are generally seen as a way to determine 'cultural fit.' The problem, however, is that open conversations are by their nature open to interpretation.[27] Cultural fit, while important, is an invitation to homogeneity. As such, the manager with whom we spoke instituted *structured interviews*, in which interviewees are all asked the same questions. Interviewees are then scored on their answers immediately after the interview. The questions, another manager explained to us, should attempt to gauge an interviewee's skills, not review their qualifications—case study interviews can be an effective way of achieving this.

Firms may also wish to *create hiring panels*. Such panels, which are not generally large, will review the interview results and vote on the candidate to be hired. By requiring the interviewer or hiring manager to explain their decisions, such panels can further mitigate the role bias plays in the hiring decision. Some firms may even require the hiring manager to justify their decision *not* to hire the other candidates being considered. If possible a firm may wish to ensure that its hiring panel is itself diverse.

A robust hiring process should, as one manager put it to us, lead to the hiring of diverse talent, deliberately or not. However, simply hiring diverse talent may not be enough for some firms. Once talent has been hired, a firm must determine how to retain that talent, and how to foster inclusion.

25 Ibid., 129-134.

26 Lauren A. Riviera, "Hiring as Cultural Matching: The Case of Elite Professional Service Firms," *American Sociological Review* 77, no. 6 (2012): 999. https://journals.sagepub.com/doi/full/10.1177/0003122412463213

27 Bohnet, *What Works*, 135-139.

Isaac Mung and Dymon Asia Capital's Tangent Programme

Isaac Mung's father passed away while he was still in primary school. His mother had not worked in a decade, so the two of them moved to a smaller apartment and subsisted off her savings. When Isaac, by then in his late teens, finally got the chance to review the family's finances he realised the situation was grim. His mother would have few savings left by the time he graduated from university, at which point she would be 66. To exacerbate matters, she was beginning to show signs of dementia.

Isaac decided, as he puts it, that he would have to do something. However, he was still completing the national service required of all male Singaporean citizens. The pay he received for his service was not enough, so he began looking at other ways of making money.

This led him to investing and entrepreneurship. He began reading everything he could on the subjects, volunteering for guard duty to have more time alone to read. He launched a website design company, and used his national service salary and his mother's shares to begin investing. His determination brought him to the attention of Singapore's *The Straits Times*, which ran an article on him.

That article was read by Danny Yong, Chief Investment Officer and Founding Partner of Dymon Asia Capital. Isaac was invited to Dymon Asia's offices, to meet with Mr Yong and Kenneth Kan, the firm's Chief of Staff. The two professionals talked to Isaac about his plans, and the skills he would need to learn to succeed in the hedge fund industry: trading, fundamental analysis, coding, and more.

Isaac, by his own admission, was not yet experienced enough to be an intern, so he took what he learned and continued his university studies. After his first year he went back to Dymon Asia, this time as an intern on their venture capital team. He did well enough that he was offered a full-time role at the firm. That left him with a choice: either to take the job, or to continue his education.

Most people would complete their university degree. Isaac, however, was drawn to trading. He told us that he enjoys the fact that you have to push yourself constantly, and be "brutally honest" with yourself. Working at Dymon Asia gave him the chance to create strategies and put his ideas to the test. On top of that, he found the firm to be welcoming and warm. His "gut view," he says, is that Dymon Asia is a good place to work.

Isaac took the full-time job, leaving university after just one year.

Tangent

Isaac's story does not end there. His success paved the way for others, as Danny Yong and his leadership team decided to implement Dymon Asia's first formal internship programme. This programme would come with a twist. It was based on the idea, as Chief of Staff Kenneth Kan explained to us, that in today's hedge fund industry soft skills and talent are more important than qualifications such as degrees or grades. Now that "everyone has access to the same information," he says, if a firm is willing to put the time in, and the individual has the aptitude, they can learn on the job.

That idea—that personality and character are more important than qualifications—was the seed of what became known as the Tangent Programme. As a first step, every trader at the firm was asked to complete a psychometric test; their results were mapped against their investment performance to determine the traits that create the best traders.

Next, the internship programme was advertised. There were no requirements, educational or otherwise, nor any age limits. The programme was advertised on social media, in newspapers, and even on bus stops.

1,200 people applied, and were asked to complete the psychometric test. Based on the test results, 100 candidates were shortlisted, 70 of whom were invited to submit videos explaining their stories and why they were interested in the programme.

50 candidates were then interviewed. This was, as Kenneth points out, the first time their CVs were actually seen. The interviews involved a series of case studies to judge their decision-making and critical thinking skills.

Eight candidates were then hired. They ranged in age from 21 to 47; some had no university degree. While one candidate later dropped out, the others have excelled. Isaac, the man who blazed the trail for them, told us that he is happy to see all of them contributing to the firm. As he told us, their lack of traditional qualifications led to a drive to add value constantly.

The Tangent Programme is set to continue. Creating the programme was not, however, easy, according to Kenneth. The value of the programme had to be explained internally, and it was costly and time-consuming. Despite the wide advertising and lack of requirements only 28% of the applicants were women, so Dymon Asia decided to implement a series of initiatives to increase the representation and inclusion of women at the firm. Despite those challenges the Tangent Programme has been deemed a success.

As for Isaac, the investor with no university degree is now an execution trader with Dymon Asia. He has no plans on going back to university.

Retention

Implement a regular, anonymous survey of staff

Hold meetings between the firm's leadership and staff on the question of inclusion

Sponsor affinity groups

Recognise holidays or other events marked by minority groups

Ensure that social events cater to all members of staff

Practice proactive accommodation

Provide training on bias, inclusion, and harassment

Institute a mentoring programme

Institute a reverse mentoring programme

Offer members of staff opportunities for personal development

Promote work/life balance

Provide support for staff mental health

Adopt a policy of parental leave

Create programmes to reintegrate those who have been on parental leave

Hiring diverse talent may be necessary for fostering D&I, but it may not be sufficient. Some firms have struggled with female and minority members of staff leaving in disproportionately higher numbers. This can create a situation in which a firm may hire diverse talent but nonetheless remain relatively homogenous. Further, even if high levels of turnover are not a problem, some managers with whom we spoke expressed concern over getting the most possible out of each member of staff. Retention and inclusion thus seem to be linked. Firms wishing to increase the retention of their talent, and the inclusivity of their workforces, may wish to determine why their staff stay with the firm, and how they can foster staff wellbeing and inclusion.

Initial considerations

Before launching any retention initiatives, a firm may wish to *implement a regular, anonymous survey* of its staff (in smaller firms this could be replaced by one-on-one 'stay' interviews). Many larger firms already conduct surveys to gauge staff satisfaction and engagement; marrying the results of such surveys to demographic data can give excellent insight into where a firm should target its retention efforts. One firm with which we spoke, for instance, discovered that its female employees were consistently providing a lower 'net promoter score' (a measure of how likely they were to recommend working at the firm) than its male employees. The firm prided itself on its open culture, but the survey results showed that, as our interviewee explained, female members of staff "weren't experiencing the culture in the same way." Armed with this information, the firm chose to prioritise retaining its female talent.

Some firms may also choose to begin their retention efforts with a series of *meetings between the firm's leadership and its staff*. One firm we interviewed arranged meetings sponsored by its executive committee to discuss what it feels like to be excluded at the workplace, and what the firm could do to help. The interviewee cautioned, however, that in such meetings the leadership needs to be willing to listen, as their first reaction is often to immediately propose solutions to the problem. By listening to staff accounts of exclusion a firm's leadership should not only be able to glean information on possible solutions, but also demonstrate how seriously they take inclusivity.

Recognising diversity

One of the most common steps firms take to promote inclusivity is *sponsoring affinity groups*: for instance, LGBTQ+ groups, women's networks, or groups for staff with disabilities. These groups often grow organically, especially at larger firms, but a firm may nonetheless wish to actively sponsor them, potentially by providing them with meeting spaces or other resources. Smaller firms, meanwhile may wish to cover the costs of their members of staff joining external groups. Despite their ubiquity, however, affinity groups are not universally praised. Some interviewees with whom we spoke expressed reservations about such groups, on the grounds that they may be seen by other members of staff as exclusive. One interviewee worried that women's networks, for instance, might prompt a backlash from the men at a firm. One way of avoiding this is by making it clear that all members of staff are welcome to participate in every affinity group. As one interviewee noted, having men attend events put on by the firm's women's network is just as important as having women attend, as the men at the firm need to play a part in changing the firm's culture.

Many firms also choose to *recognise holidays and other events marked by minority groups* in order to promote inclusion. While most firms celebrate the dominant holidays in their countries, they may not mark holidays attached to religious or ethnic minorities. Firms may also wish to mark events such as LGBTQ+ Pride. While celebrating every event may not be feasible, a firm can nonetheless mark it with, say, a firm-wide communication. This should mitigate the chances that minority individuals at the firm feel excluded from its celebrations.

Firms may also wish to *ensure that their social events cater to all members of staff*. While social events are important, firms may wish to consider how to make them accessible to every member of staff. For instance, one interviewee with whom we spoke told us that their firm had begun holding more social events in the afternoon, after it realised that female members of staff were disproportionately unable to attend events in the evenings or early mornings, as they were often responsible for childcare. Other firms may wish to move away from social events that involve physical activities, or those that involve alcohol, in order not to exclude any members of staff.

Many firms also choose to adopt general policies of *proactive accommodation*. Such policies allow, for instance, for the relaxation of dress codes that may inconvenience female or minority members of staff. While firms almost always make such accommodations anyways—and are often required by law to do so—they may wish to make the flexibility they offer clear so as to encourage members of staff to feel included.

Some firms have begun providing *training on bias, inclusion, and harassment* to their staff. The goal of such training sessions, which are generally provided by third-party consultants, is to encourage staff to examine their actions and unconscious biases. Training can also be an effective way of communicating a firm's redlines. Some interviewees with whom we spoke noted that some are worried that what they think of as innocent behaviour could now be construed as harassment. Training can help mitigate this perceived ambiguity. However, firms should take time to properly vet any third-party trainer before engaging their services.

Mentoring and development

Mentoring has long been used in financial services, but many firms are now explicitly targeting it at diverse members of staff. Many interviewees with whom we spoke cited the lack of role models as a key contributor to such individuals dropping out of the industry. Mentoring programmes, in which senior members of staff are paired with junior members, may help alleviate this problem. Mentors can provide invaluable career advice, which diverse members of staff may not otherwise receive. Mentoring programmes may also be an effective means by which to move diverse members of staff to leadership roles (see the *Promotion* section of this paper). Smaller firms, without the resources to launch full mentorship programmes, may wish to participate in industry-wide schemes, such as those run by AIMA in Canada and Australia.

Reverse mentoring is less common, but is growing in popularity. In such arrangements the junior member of staff acts as the mentor to the senior member of staff. The idea behind such arrangements is to provide a firm's leadership with a deeper understanding of the challenges faced by junior staff, and to provide the leadership with fresh perspectives. When the mentors in question are diverse members of staff they can also provide a firm's leadership with insights into their experiences, and how to create a more inclusive environment.

Firms also often *offer members of staff opportunities for personal development*. This generally involves a firm offering to pay for accreditation and training for its members of staff—for instance, footing the bill for a member of staff to sit the CFA or CAIA exams. Development opportunities do not, however, need to be limited to purely technical qualifications. Firms may wish to consider offering their members of staff language or public speaking training, for example. This can both increase staff satisfaction and provide staff with skills that will benefit the firm.

Wellbeing

Retaining staff may require fighting staff 'burn out.' The hedge fund industry requires hard work and long hours; staff must be able to handle stress and work under pressure. However, firms also have clear incentives to avoid members of staff in whom they have invested from burning out and leaving the industry. One simple way of doing so is by *stressing a work/life balance*, and emphasising that what matters is results, not time spent in the office. Several interviewees with whom we spoke said that one of the things they most enjoyed about working at their firms was the fact that no one cared how long they spent in the office, so long as they delivered the expected outputs. Work/life balance can be particularly important for those members of staff with young families, eldercare responsibilities, and philanthropic commitments.

Some firms now offer members of staff *mental health support*. For smaller firms with limited resources this may simply entail pointing members of staff in the direction of mental health professionals. Other firms, however, may wish to bring mental health professionals in for, say, annual conversations with individual members of staff. Firms may also wish to communicate that mental health issues are not a source of shame, and that anyone suffering from one will not be penalised for seeking assistance. By ensuring that members of staff are healthy, firms may not only be able to increase retention, but also get the most out of their staff.

Parental leave

Maternity leave policies were cited by many interviewees as a leading cause for the lower retention rates amongst female members of staff. As described at the beginning of this paper, the size of hedge fund firms means that they can struggle when members of staff take leave. However, firms may wish to at least mitigate the gender dimension of this struggle, by moving from maternity leave to a policy of *parental leave*, under which parents receive the same amount of paid leave no matter their gender. The exact structure of a firm's parental leave will depend on the jurisdiction in which it is based, but firms may wish to err on the side of generosity in order to maximise employee retention.

A firm may also wish to consider how it *reintegrates staff who have been on parental leave*. It is not uncommon for members of staff who take such leave to decide against returning, or struggle when they do return. Firms may thus wish to explore ways of easing the reintegration process. This can involve, for instance, a period of flexible working, or something similar to an internship programme. Firms may also consider ways of keeping members of staff updated while they are on parental leave, such as 'keeping in touch' days, without impacting parental leave entitlement or statutory payments. Finally, some larger firms also create parental leave returner support groups.

While retention policies are important, they may not be sufficient. The hedge fund industry attracts ambitious individuals who want the chance to advance and assume new responsibilities. As such, a firm may struggle with retention if it does not tackle the challenge of moving D&I into its leadership, by reforming its promotion processes.

"If all your team doesn't feel they're treated fairly, respectfully and inclusively, and that they don't belong or are part of something, then how will they work together to the best of their ability? You have to visibly show that commitment as a leader to authentically articulate your commitment to diversity, and you have to hold people accountable for it."

JESSICA CLARK BARROW,
EXECUTIVE VICE PRESIDENT, INVESTOR RELATIONS, WARATAH CAPITAL ADVISORS

Elena Lieskovska, Värde Partners, and Going Beyond Role Models

When the time came for Elena Lieskovska to choose her university degree, the choices were limited. In communist Czechoslovakia you could be a doctor, an engineer, or a lawyer. There was no finance; arcane debate over the finer points of Marxism-Leninism passed for economics.

As an activist during Czechoslovakia's 1989 Velvet Revolution, Elena was, by her own reckoning, among the first wave of people to leave the country as the Eastern Bloc crumbled. She wanted to see the world, and to gain a proper education. She started at the University of Louisiana, working externally throughout her undergraduate studies so that she could pay for the international tuition fees. She graduated with the university's highest honours and a bachelor's degree in finance.

Driven by an interest in finance and higher education combined with a desire to understand capital markets and the capitalist system to which she was now exposed, Elena was admitted into Harvard University's MBA programme. Again, she paid her way through, never complaining, as she explains it, because she knew that it was the best way to advance and guarantee her independence.

Declining to follow many of her female peers into the technology industry, Elena instead opted for investment banking, still driven by financial independence and a desire to figure out how the financial system worked. After several years in investment banking and a special situations group, she was approached by and joined the hedge fund industry at Värde Partners, where she is now Partner and Head of European Financial Services.

Värde Partners

Värde is rare in having a female co-founder, Marcia Page. While Ms. Page has been a role model for Värde's female employees, when she stepped away from her day-to-day role at the firm, she realised that such inspiration was not enough. Värde began looking at D&I more seriously and has since launched a series of initiatives. Unsurprisingly, those initiatives have to date paid special attention to the challenges faced by female members of staff.

From the outset, relates Kirsten E. Voss, a Senior Managing Director at the firm and one of the leaders of its D&I programme, Värde chose to take a data-driven approach. The firm thus set about gathering all the data on D&I it could: hiring and retention rates, for instance, and rates of engagement.

D&I was deemed to be a strategic initiative, and was written into the firm's business plan. The firm set a target of 1/3 female representation in its investing ranks by 2025, and set about de-biasing its internal systems.

The goal, Kirsten says, was to move away from only hiring and promoting "people who look like us." That meant abandoning unstructured interviews, and reviewing all the applications received at the same time. Beyond hiring, it meant dropping self-appraisals and establishing promotion committees, creating a mentorship programme, and sponsoring female members of staff with the potential for leadership. Sometimes, as Elena tells us, it was as easy as asking for everyone's opinion at a meeting.

The next step, according to Kirsten, is for Värde to expand their efforts, moving beyond gender and focusing more on inclusion. The firm will also begin moving diversity into its leadership, although, as Kirsten points out, this will be a multi-year process.

When trying to improve D&I Värde has found, according to Elena, "challenges at every step." Nonetheless, she is optimistic about the future of D&I in the industry. The great mark of success, she says, will be when women can start hedge funds or private equity firms just as easily as men, and do not have to fight harder for investor capital.

As for Elena herself, her journey has led to a simple belief. She told us that anyone who is genuinely interested in the industry and has the will to succeed can find the way to success regardless of their background. There is, she says, "no doubt in my mind."

Promotion

Be clear on what can be offered by way of advancement
Formalise the criteria for advancement
Examine D&I on the board
Eliminate self-appraisals
Create a sponsorship programme for staff with leadership potential
Require managers to explain their rationales for not promoting members of staff
Create promotion committees

The final challenge for many firms comes with promotion, and moving D&I into their leadership. Many interviewees with whom we spoke—if not most—said that they had yet to crack D&I at the senior level. Doing so is a multi-year effort, and the culmination of the efforts a firm puts into reforming its hiring and retention practices. Despite the challenges, however, firms wishing to do so can take steps to communicate the possibilities for advancement to their staff, and to mitigate the role of bias in the promotion process.

Initial considerations

A firm may wish to start by *being clear on what it can offer by way of promotion*. In small firms there may not be much room for formal advancement, especially if those firms are owned by their founder. Firms may thus wish to explore the possibility of providing staff with equity, or with more assets to manage. Ultimately, a small firm with a flat hierarchy may not have much by way of work to do around the promotion process itself, but the possible actions listed below can also be applied to the informal granting of new responsibilities or even, in some cases, the awarding of bonuses.

Firms may also consider *formalising the criteria for advancement*, which are sometimes left unstated, especially at smaller firms. Measuring success in investment roles is normally relatively straightforward. The criteria for success in middle and back office functions, however, may be less clear. Further, firms may expect individuals to demonstrate leadership abilities that cannot be caught in simple metrics. Where such intangible criteria are used a firm may wish to make them explicit, as subjective criteria can open the door to bias. Firms may thus wish to publish the formal requirements for advancement, and ensure that all members of staff are familiar with them.

Firms may also wish to *examine the D&I of their boards*, both at the firm and the fund level. Boards can offer important support to a firm's D&I projects, and having a diverse governing body can help signal that a firm takes D&I seriously. As discussed earlier in this paper, diversity on a board should also help improve its decision-making. Firms may wish to aim for a rough gender balance on their boards, for instance, or to ensure that board members are not simply taken from the same social circles. Given that even the smallest of firms has a board, increasing the diversity thereof offers the opportunity for any firm to move D&I into its leadership.

"We can't create an inclusive environment if the people making decisions about diversity aren't themselves from diverse backgrounds."

ALISTAIR REW, GLOBAL HEAD OF INVESTECH, PUBLIC MARKETS, AMP CAPITAL; FOUNDER AND LEADER, CORTEX-INVESTECH

Identifying candidates for promotion

Annual appraisals are ubiquitous in the professional world, and they often determine whether someone will advance at a firm. As such, some firms have begun rethinking their appraisal processes. First, some firms have simply *eliminated self-appraisals*, after finding that female employees, for instance, tend to score themselves lower than their male peers, thus penalising themselves. Some firms also put more emphasis on qualitative assessments rather than quantitative ones, allowing for the contextualisation of scores.

Some firms also implement formal *sponsorship programmes* for members of staff identified as potential future leaders. As one interviewee told us, "you know when someone is worth fighting for." As with mentoring programmes, such programmes can help diverse members of staff to recognise their potential for advancement, and provide them with resources they may not otherwise have. Sponsorship programmes can also have a positive effect on morale, as being sponsored may give the individual in question the self-belief they need to put themselves up for promotion.

Adjudicating promotions

Promotion decisions often come down to the choice of a single manager. This can sometimes lead to opacity, which can lead to perceptions of bias. As such, some firms have taken steps to lessen the power of individual managers to make promotion decisions. One firm with which we spoke, for instance, no longer simply allows managers to put individuals up for promotion. Rather, managers are now expected to also *provide their rationale for not putting others up for promotion*. This, according to the interviewee, has resulted in a more transparent promotions process.

Firms may also wish to create *committees to vote on promotion decisions*. Again, the use of committees is intended to make the process more transparent, and to mitigate the potential role of bias or favouritism in promotion decisions. While such committees may only be feasible for more senior positions, they can nonetheless have a significant impact on the firm's ability to promote diverse talent. If possible, firms may also wish to consider ensuring that promotion committees are themselves diverse (as with hiring committees, see above), so as to ensure that all views are heard in the promotion process.

Ultimately, in an industry of small businesses that are often led by their founders, there may not be much firms can do about changing the face of their leadership. However, by taking steps to make the promotion process more transparent firms can mitigate the role of biases, and ensure that their staff will be judged only on their merits.

Alistair Rew, AMP Capital, and Figuring Out How Things Work

Growing up in Hastings, a working class town on England's south coast, Alistair Rew started to get interested in economics.[28] He was interested, he says, in figuring out how things work: what stocks were, for example, and how you could tell where to invest your money.

His interest in economics led to finance; his interest in finance led to mathematics. He became fascinated with how maths could be used to make investment decisions, and began to contemplate a career in the City of London, Europe's financial centre.

There was, however, a problem. In a society still shaped by class barriers, it wasn't seen as possible for a boy growing up in a deprived town and attending government-run schools to make it to the City's boardrooms. Alistair remembers being told that "'people like us," which is to say, people from the working class, "don't work in the City."

Luckily, Alistair didn't take no for an answer. As he put it to us, he was motivated by the question "if this is something I'm passionate about, why not?" He was also supported by his friends, who insisted he apply for university and even drove him around the country to visit campuses.

Alistair got into university, and eventually obtained a doctorate in econometrics and quantitative economics.

He also got into the City, starting on the trading floor, moving to structured finance, and then joining the hedge fund industry. He was impressed by the fact that his background didn't seem to matter: all people cared about was what he delivered. He still loves the ability to improve every day, and to learn from colleagues who are the best at what they do.

28 Rachel Sylvester and Alice Thomson, "Hastings Struggles to Feed its Poor," *The Times*, 9 November 2018, https://www.thetimes.co.uk/article/hastings-struggles-to-feed-its-poor-cgbpfst2w

Of course, there were still the odd reminders of where he came from. A senior colleague once asked him which school he attended as a child. Alistair gave the name of the government-run school he had attended in Hastings, which was met with praise by the colleague, who evidently assumed it was an elite institution with which he was not familiar.

After making it to the City, Alistair made the jump to the world's other great financial hub, working for a time in New York City, before moving to Sydney, Australia. Alistair Rew from Hastings is now Doctor Alistair Rew, Global Head of Investech, Public Markets, at AMP Capital, founder and leader of Cortex-Investech, and Chair of AIMA Australia.

Fostering D&I

Alistair's experiences have shaped how he sees D&I in the industry. Despite his advanced degrees, he firmly believes that the industry needs to move away from hiring based on academics, and instead focus on skills. The question he always asks, he says, is "how do we deliver superior outcomes and better decision making?"

To that end he works on creating balance in his teams, and creating a mentality of team outcomes. Big-picture thinkers need to be complemented with detailed-oriented thinkers; extroverts with introverts. When hiring, he looks at the skill sets his teams need, and hires to fill those gaps. The goal, he says, is to take a "portfolio view," and hire complementary skillsets to maximise team effectiveness, value and performance, rather than narrowly focusing on a group of the 'best' individuals—which in his experience almost never results in either the best teams or the best outcomes.

He also tries to reach the broadest pool of candidates possible. When posting jobs he avoids listing requirements, instead focusing on describing the team in which candidates will work. He goes through the applications he receives as slowly as possible, carefully gauging where the individual could fit on the team. He also tries to meet as many candidates as possible.

Firms need to be willing to invest in their hires, he says. Trust, he says, is crucial: you need to be able to trust that everyone is working for the team. So too is the need to create a safe environment in which everyone feels they have something to contribute.

At the end of the day, Alistair is clear on the importance of D&I. The industry, he says, "doesn't have the option to ignore it."

External Relationships

Examine the D&I practices of suppliers and portfolio companies

Participate in internship programmes

Contribute to non-profits

Work with educational institutions

Contribute to industry-wide initiatives

Work with schools, colleges, and universities

Contribute to collective actions

The options available to act on D&I do not stop at a firm's doors. Many firms, especially smaller ones that may not hire frequently, choose to show their interest in D&I by participating in initiatives outside the industry. For instance, firms may monitor D&I at their partner organisations and providers, participate in work placement schemes, or donate to worthy causes.

Where relevant, a firm may wish to *examine the D&I practices of its suppliers, service providers, and portfolio companies.* While it may be difficult in practice, some firms still choose to ensure that their suppliers and service providers have adequate D&I protocols in place, often to mitigate reputational risk. Firms may also wish to ensure that any external events at which they speak accommodate diversity, for instance by ensuring that they offer accessibility for those with disabilities, or that the speaker panels are diverse. Some firms also choose to push for superior D&I performance at their portfolio companies. One interviewee told us that while their firm is too small—and hires too infrequently—to have a robust internal D&I initiative, it nonetheless pushes for better D&I at the companies in which it invests.

Firms may also wish to *participate in internship programmes*. Several interviewees argued that a lack of knowledge about the industry is a key barrier to individuals joining. Internships are an excellent way for individuals to learn about the industry and decide whether they want to pursue a career in hedge funds. As such, many firms choose to run internship programmes to attract new talent. These do not, however, have to be formal programmes run in-house, nor do they need to be focused on university graduates, as is so often the case. Non-profits designed to place female, minority, and disadvantaged individuals in professional internships abound in almost every jurisdiction (see Appendix 2). Hedge fund firms wishing to do so have a wide range of organisations with which they could partner.

Firms may also wish to *contribute to non-profits* designed to foster D&I, either through volunteering or through donations. Aiding such organisations can be a good way of giving back to the community, while also exposing the firm to a new pool of talent. Some firms go so far as to offer members of staff a certain amount of days to volunteer, or offer to match the charitable donations they make. Participating in such programmes allows even the smallest of hedge fund firms to demonstrate a commitment to D&I.

Firms can also contribute to D&I in the industry by *working with schools, colleges, or universities*. As described above, one of the challenges the industry faces is that many individuals may simply not consider a career at a hedge fund firm. Giving talks on the industry and participating in career fairs may be an effective way of increasing awareness of the industry. Firms may also consider bringing students into their offices for information days—such visits can be particularly useful for students from underprivileged backgrounds. Further, speaking to students may give a firm contacts that could turn into future hires.

Finally, firms may wish to *contribute to collective actions*, facilitated by organisations such as AIMA. Trade associations provide platforms for sharing effective D&I practices, communicating with the wider public, and helping shift perceptions of the industry. Without the efforts of individual hedge fund firms, for instance, this paper would not have been possible.

Many hedge fund firms may be too small to adopt largescale, sweeping D&I initiatives. However, by engaging with external stakeholders firms can nonetheless make a difference, and promote greater D&I for the entire industry.

"When I first started, approximately 0.5 percent of senior positions in the finance industry were held by women, today it is between 15 and 18 percent. I can cry or do the happy dance depending on how you look at it. Let's keep dancing until we hit 50 percent."

EILEEN MURRAY,
CO-CHIEF EXECUTIVE OFFICER, BRIDGEWATER ASSOCIATES

Robyn Grew, Man Group, and Moving from Inclusion to Belonging

"Uncomfortable is good," says Robyn Grew. The Group Chief Operating Officer and General Counsel of Man Group knows what she's talking about. She has been leading Man Group's firmwide D&I push, which began with a realisation in 2017 that the firm's previous efforts hadn't been effective enough, and that the firm "wasn't being the best it could be."

Robyn came to her current position by an indirect route. She studied law at university, before being called to the bar and practicing general common law. However, she became interested in finance and banking, and decided to move to the investment banking industry to gain experience before returning to the commercial bar. Needless to say, she never did return to her job as a barrister.

After working in London, Tokyo, and New York, and cutting her teeth during the 1998 Russian default, Robyn made the jump to the hedge fund industry. She was attracted by the diversity of experiences offered by hedge fund firms. She liked the fact that, as she says, "you can get a sense of how things fit together" in the firm, and that "everyone counts." Leaving the siloes and hierarchies of investment banking behind, Robyn revelled in the ability to make an impact.

Creating belonging

The ability to make an impact extends to Man Group's D&I efforts. Those efforts were given added impetus, Robyn says, by a realisation that the hedge fund industry could no longer simply rely on its cachet to attract the best talent. At a time in which technology companies offer comparable remuneration, and promises of working on world-changing projects, Man realised that it would have to compete harder than ever for the best talent. That led to the launching of the Paving the Way campaign in 2018.

To begin with, the firm put more of an emphasis on hiring diverse talent. Recognising that the problem begins before people even enter the industry, Man has a school outreach programme, and sponsors King's College London Mathematics School, a secondary school in London that teaches advanced mathematics, in order to encourage students' aspirations and the study of quantitative subjects. Man has also increased its presence at universities, engaging with students and attending career fairs.

Man has, however, also focused on inclusion. As Robyn says, "organisations have to be willing to listen, and to empower the best ideas." With that in mind, the firm has held meetings with its grassroots to inform its approach. The firm is also in the process of launching '100 Inclusion Discussions,' an initiative sponsored by its Executive Committee that aims to have a series of meetings, giving every member of staff the opportunity to talk about what it feels like to be excluded. The idea, Robyn says, is to make people aware of what it feels like to be a minority, and to contribute ideas on how better to include everyone.

At the end of the day, Robyn says, moving from diversity to inclusion to belonging is about "the need to create a culture in which every member of staff believes they belong and that they can add value." Initiatives have to be practical, she says, and avoid box-ticking.

The industry, she says, has to be prepared to be challenged.

Conclusion

The word 'alternative' is unavoidable in the hedge fund industry. Hedge fund firms are alternative investment managers, pursuing alternative investment strategies, often through investing in alternative assets. When portfolios are broken down into allocation buckets hedge funds can be found in the 'alternatives' slice of the pie chart. The word 'alternative' has even been paid the ultimate honour for any financial term: an abbreviation. The word has become so ubiquitous that it has been shortened to simply 'alt.'

Stepping back, however, it may be worth asking what it really means to provide an alternative. That is, after all, the founding proposition of the hedge fund industry: that there is an alternative to the traditional way of doing things. That spirit is what motivated the first hedge fund firm, and it still drives the industry. When fundamental analysts try to find companies that others have overlooked they are searching for alternatives; when quantitative traders write new algorithms they are creating alternative ways of trading.

To search for alternatives is to believe that there are other ways of going about things—that there are other ways of investing, or other assets in which to invest. That belief is directly linked to the spirit of experimentation. In order to engage in alternatives you first need to determine what those alternatives might be, which can only be done through a willingness to experiment. Of course, not every experiment will yield the desired results. Even those experiments, however, are informative, and fuel breakthroughs.

To be an alternative investment manager, then, is to be a firm that engages in experimentation, and searches for new ways in which things might be done. By putting yourself in the 'alternatives' bucket you are declaring your intent to pioneer.

That pioneering spirit has long been focused on investments. Today, however, it is also being applied to who hedge fund firms hire, how they manage their staff, and how they interact with the world outside of the industry. As in all things, hedge fund firms are breaking with the traditional ways of hiring and retaining talent, in order to create more diverse, and more inclusive, firms.

There is still much to be done. When it comes to D&I, however, the hedge fund industry is dedicated to finding an alternative.

Appendix 1:
Consolidated List of D&I Actions

Foundations

- *Secure internal buy-in*
- *Socialise D&I intentions with the wider firm*
- *Formulate a definition of D&I*
- *Gather data on the firm's D&I status*
- *Adopt a formal D&I policy*
- *Decide whether to formally adopt goals or quotas*
- *Adopt anti-discrimination, anti-bullying, and anti-harassment policies*

Recruitment

- *Reframe the hiring process*
- *Focus on hiring teams, not individuals*
- *Determine the skills needed to succeed, rather than the qualifications*
- *Create neutral job descriptions that focus on deliverables*
- *Advertise positions as widely as possible*
- *Remove names and addresses from applications*
- *Create longer 'long lists' and meet with as many applicants as possible*
- *Provide interviewers with unconscious bias training*
- *Use structured interviews*
- *Create hiring panels*

Retention

- *Implement a regular, anonymous survey of staff*
- *Hold meetings between the firm's leadership and staff on the question of inclusion*
- *Sponsor affinity groups*
- *Recognise holidays or other events marked by minority groups*
- *Ensure that social events cater to all members of staff*
- *Practice proactive accommodation*
- *Provide training on bias, inclusion, and harassment*
- *Institute a mentoring programme*
- *Institute a reverse mentoring programme*
- *Offer members of staff opportunities for personal development*
- *Promote work/life balance*
- *Provide support for staff mental health*
- *Adopt a policy of parental leave*
- *Create programmes to reintegrate those who have been on parental leave*

Promotion

- *Be clear on what can be offered by way of advancement*
- *Formalise the criteria for advancement*
- *Examine D&I on the board*
- *Eliminate self-appraisals*
- *Create a sponsorship programme for staff with leadership potential*
- *Require managers to explain their rationales for not promoting members of staff*
- *Create promotion committees*

External relationships

- *Examine the D&I practices of suppliers and portfolio companies*
- *Participate in internship programmes*
- *Contribute to non-profits*
- *Work with educational institutions*
- *Contribute to industry-wide initiatives*
- *Work with schools, colleges, and universities*
- *Contribute to collective actions*

Appendix 2: Additional Resources

Global initiatives

100 Women in Finance - https://100women.org/about-us/

"We are the leading global affinity group for women in the finance and alternative investments industries. 100 Women in Finance is a resource for our members: we support women in advancing their careers through Education, giving back through Philanthropy, and leveraging relationships through Peer Engagement."

Diversity Project - https://diversityproject.com/

"In early 2016, a group of leaders in the investment and savings profession decided to take action to accelerate progress towards an inclusive culture within our industry. We recognise that future success – for our clients, members, employers and shareholders – requires an inclusive culture."

Women in ETFs - https://womeninetfs.com/

"Women in ETFs brings together people in the ETF industry across the globe to champion our goals of actively choosing equality, diversity, and inclusion. We are bold and fearless in our mission to develop and sponsor talent, recognize and honour the achievements of women in the industry, and invest in the ETF community."

Women in Listed Derivatives - https://www.womeninlistedderivatives.org

"Women in Listed Derivatives (WILD) is an organization founded by derivatives-industry women with a unified goal: to promote the advancement of women in our industry. WILD's network includes more than 1,000 women globally. Our group of dynamic and motivated women members hail from diverse backgrounds including: management, technology, sales & marketing, trading & clearing and customer support."

"WILD raises awareness about the benefits of women in senior management positions and helps prepare women for boardrooms through panel discussions, workshops and high-profile speakers. With research pointing to a direct correlation between women in senior management positions and successful bottom lines, it is a natural progression for us to promote women in our own backyard."

Women in Derivatives - http://womeninderivatives.org/

"Women in Derivatives (WIND) is a 501c3 non-profit organization whose mission is to attract, retain, educate and develop female leaders in the financial industry. We provide targeted channels for education, mentoring and sponsorship, leveraging senior leaders within our organization. WIND currently has more than 5,000 participants worldwide in the financial industry, who consist of women with a range of backgrounds, positions and seniority. Our participants include people in trading, sales, law, economics, portfolio management, risk, marketing, research, academia, government, operations and technology."

North America

Industry initiatives

Association of Asian American Investment Managers - https://www.aaaim.org/

"Founded in 2006, The Association of Asian American Investment Managers (AAAIM) is a national non-profit organization dedicated to the advancement of Asian Americans & Pacific Islanders (AAPIs) in the field of investment management. Challenged with a lack of diverse executive leadership, AAAIM supports those trying to grow their careers by providing a forum for professionals in the industry to meet, network and create business opportunities."

Girls who Invest - http://www.girlswhoinvest.org/

"In 2015, Seema Hingorani founded Girls Who Invest ("GWI"), a non-profit organization dedicated to increasing the number of women in portfolio management and executive leadership in the asset management industry."

National Association of Investment Companies - http://naicpe.com/

"The National Association of Investment Companies (NAIC) is the industry association and largest network of diverse-owned and emerging manager private equity firms and hedge funds. NAIC has engaged with over 80 capital allocators via the NAIC Institutional Roadshows and its regular course of business. These capital allocators manage over $2.5 trillion collectively. Additionally, NAIC has engaged with eight investment advisors with close to $7 trillion under advisement in the aggregate. NAIC member firms collectively manage more than $100 billion in assets and are widely utilized by the nation's largest institutional investors, including many public pension plans, corporate pension plans, foundations, and endowments."

National Association of Securities Professionals - https://www.nasphq.org/

"The National Association of Securities Professionals (NASP) is the premier organization that assists people of color and women achieve inclusion in the financial services industry.

NASP:

- Connects members to industry leaders and business opportunities;
- Advocates for policies that create equal representation and inclusion;
- Provides educational opportunities; and
- Works to build awareness about the value of ensuring that people of colour and women are included in all aspects of the financial services industry."

Rock the Street, Wall Street - https://rockthestreetwallstreet.com/

"Rock the Street, Wall Street is a financial literacy program designed to spark the interest of high school girls into careers of finance."

Sponsors for Educational Opportunity - https://www.seo-usa.org/

"SEO (Sponsors for Educational Opportunity) was founded in 1963 by investment banking consultant Michael Osheowitz as a mentoring program to help underserved students gain admission to competitive colleges and universities. He recruited executives at top firms in law, finance, advertising and industry to work one-on-one with Scholars to help get them into colleges such as Harvard, Dartmouth, Williams, Smith, Mt. Holyoke, Columbia and Brown as well as SUNY and CUNY schools."

SEO Alternative Investments - https://ai.seo-usa.org/

"SEO Alternative Investments is unlike any other program. Our ten-month NYC-based fellowship—open to first- and second-year investment banking analysts of colour—combines specialized training and mentoring to help Fellows successfully compete for positions in Private Equity and Alternative Investments."

Women in Capital Markets - https://wcm.ca/

"Women in Capital Markets (WCM) is committed to advancing women in the finance industry and increasing the number of women in senior leadership roles in the Canadian economy.

Our group provides networking opportunities, promotes career advancement through knowledge sharing and mentorship programs and helps women develop skills and relationships. We organize networking events, hands-on educational workshops on practical topics like effective use of social media and informal gatherings throughout the year."

General resources

National Diversity Council - http://www.nationaldiversitycouncil.org/

"The NDC is the first non-profit organization to bring together the private, public and non-profit sectors to discuss the many dimensions and benefits of a multicultural environment. The success of the Texas Diversity Council (established in 2004) served as a catalyst for the National Diversity Council, launched in the fall of 2008. The National Diversity Council is a forerunner of community-based, national organizations that champion diversity and inclusion across the country. It is currently made up of state and regional councils, the National Women's Council, the Council for Corporate Responsibility, and the Center for Community Leadership."

New America Alliance - http://www.naaonline.org/

"Founded in 1999, the New America Alliance is comprised of a 501(c)6 and a 501(c)3 national organization committed to building on American Latino success to forge a stronger America. NAA leadership and members leverage their influence to increase capital access for women and minority-owned firms, and to accelerate diverse leadership in entrepreneurship, corporate America, and public service."

Canadian Centre for Diversity and Inclusion - https://ccdi.ca/

"The Canadian Centre for Diversity and Inclusion (CCDI) is a made-in-Canada solution designed to help employers, diversity and inclusion/human rights/ equity, and human resources practitioners effectively address the full picture of diversity, equity and inclusion within the workplace. Founded and run by experienced diversity and inclusion practitioners, CCDI's focus is on practical sustainable solutions that help employers move toward true inclusion. Effectively managing diversity and inclusion, and human rights and equity is a strategic imperative for all Canadian organizations that wish to remain relevant and competitive."

Centre for ADHD Awareness, Canada - https://caddac.ca/adhd/document/adhd-at-work-a-guide-for-employers/

Financial Services Industry Exchange - https://www.fsix.org/

"In 1983, a dozen gay bankers began meeting to share ideas and contacts in an open and accepting environment without fear of employer retaliation due to their sexual orientation. Within one year, the group incorporated and became known as The New York Bankers Group (NYBG). By the mid-1990s, NYBG expanded to include LGBT financial professionals in industries other than banking and, in 2002, officially changed its name to Financial Services Industry Exchange (FSIX).

Now in its fourth decade, FSIX is the only independent LGBTQ networking organization in the financial services industry. With chapters in New York and Los Angeles, FSIX continues to expand its presence by fostering a collaborative, fun, and safe environment for financial professionals across the US to network and advance their careers. FSIX members work at financial services firms and their allies and span the banking, hedge fund, asset and investment management, accounting, consulting, real estate, and legal sectors. The FSIX Board of Directors consists of an all-volunteer group of professionals dedicated to serving the LGBTQ community."

Human Rights Campaign – https://www.hrc.org/explore/topic/workplace

"As the largest civil rights organization working to achieve equality for lesbian, gay, bisexual, transgender and queer Americans, the Human Rights Campaign represents a force of more than 3 million members and supporters nationwide — all committed to making HRC's vision a reality.

HRC envisions a world where lesbian, gay, bisexual, transgender and queer people are embraced as full members of society at home, at work and in every community."

Jump$tart - https://www.jumpstart.org/

"Jump$tart is a national nonprofit coalition of more than 100 organizations from business, finance, academia, education, government and other sectors, as well as a network of 51 state affiliates, which share a commitment to 'financial smarts for students.'"

National LGBT Chamber of Commerce - http://www.nglcc.org/

"The National LGBT Chamber of Commerce (NGLCC), the business voice of the LGBT community, is the only national advocacy organization dedicated to expanding economic opportunities for the LGBT business community.

NGLCC is the exclusive third-party certifying body for LGBT Business Enterprises (LGBTBEs). Over 1/3 of Fortune 500 recognize this certification and partner with NGLCC to create fully LGBT-inclusive supply-chains."

Toigo Foundation - https://toigofoundation.org/

"Organisations – and nations – benefit when diverse teams work together to solve complex challenges. Despite the benefits, active engagement by women and minorities remains in the margins. To drive economic growth, capital deployment within the US and abroad, and robust decision-making, individuals of all cultural backgrounds need a way to participate and contribute.

Preparing underrepresented professionals for leadership and helping organizations create an environment where those individuals thrive is core to the Toigo mission. Our work fosters an academic and business culture in which diversity is prized and community service is normative. By encouraging the most promising talent to remain socially responsible, we are creating a new legacy of leadership for our country."

U.S. Department of Labor - Apprenticeship - https://www.apprenticeship.gov/

"Apprenticeship is an industry-driven, high-quality career pathway where employers can develop and prepare their future workforce, and individuals can obtain paid work experience, classroom instruction, and a portable, nationally recognised credential."

Asia Pacific

Industry resources

Financial Executive Women – https://executivewomeninfinance.com.au/

"Financial Executive Women (FEW) was developed to provide a Career Advocacy Program for successful women within Financial Services.

The Career Advocacy Program is designed specifically so FEW members can obtain advice, guidance and support from more experienced members to help them achieve their full potential."

HKGALA - https://www.hkgala.com/

"The Hong Kong LGBT+ Attorneys (HKGALA) Network was founded in 2013 by a group of attorneys (Wally Suphap, Marc Rubinstein and Mike Kung) as the first network for gay, lesbian, bisexual and transgender (LGBT) members - and straight allies - of the legal community in Hong Kong.

HKGALA's objectives are to promote LGBT+ diversity and inclusion in the legal profession, increase awareness of LGBT+ legal issues in Hong Kong and abroad, encourage LGBT-focused pro bono work, partner with public and private institutions to effect change at both social and legal levels, and ensure that, within the legal sector, LGBT individuals can bring their authentic selves to work."

Hong Kong LGBT+ InterBank Forum - https://www.facebook.com/groups/206610126377044/ | https://twitter.com/hkinterbank?lang=en

"Hong KBGT+ Interbank is a network of LGBT affinity groups from global financial firms. It aims be the leading forum and voice for LGBT issues for the finance industry in Hong Kong."

Women in Finance Asia - https://wifasia.org/

"Women in Finance Asia (WiFA) is an Association that provides women & men in the financial services industry the tools, resources and network to shift the dial in their professional interactions. We focus on key points of our members careers from being a young professional to an executive."

Women in Banking and Finance - https://www.wibf.org.au/

"WiBF creates smart and innovative business opportunities for its members, with a focus on results, action and innovation, and a passion for making a tangible impact in addressing gender diversity. WiBF has worked in close collaboration with corporate members to develop an understanding of the business sense and strength behind gender diversity. WiBF's programs have been designed to grow the pipeline of women across the mid-senior career stages of the industry. In addition, WiBF has engaged its membership in bringing innovation and technology to the finance sector. By dissecting topical issues and challenges, the customised programs, top tier events and strategic networks assist members in meeting their business objectives. The organisation propagates the fundamental idea that institutions must embrace global diversity and innovation, in order to achieve their full potential."

General resources

Australian Apprenticeships - https://www.australianapprenticeships.gov.au/

"Australian Apprenticeships:

offer you the opportunity to study and earn an income while undertaking a qualification.

can be done by anyone of working age.

give you the chance to learn new skills while getting paid in more than 500 careers and jobs.

can be done full-time, part-time or while you're at school.

You can use your qualification to work anywhere in Australia and around the world."

Community Business - https://www.communitybusiness.org/

"Community Business is a not-for-profit organisation whose mission is to lead, inspire and support businesses to have a positive impact on people and communities. Founded in 2003 and based in Hong Kong with a presence in India and the United Kingdom, Community Business works with companies of all sizes and from diverse industries across Asia, harnessing the power of business to drive social change.

A recognised leader in advancing responsible and inclusive business practices in Asia, Community Business facilitates networks, conducts research and events, leads programmes and campaigns and provides training and consultancy."

DAWN - https://dawnnetwork.co/

"Established in 2014, we have led the discussion in public and private sectors on the need for organisations to develop, harness and nurture a culturally diverse and inclusive leadership pipeline. We have run our unique Culturally Diverse Leadership

Conversations in corporate as well as culturally diverse awareness workshops for individuals and organisations."

Diversity Council Australia - https://www.dca.org.au/

"Diversity Council Australia (DCA) is the independent not-for-profit peak body leading diversity and inclusion in the workplace. We provide unique research, inspiring events and programs, curated resources and expert advice across all diversity dimensions to a community of member organisations."

Equal Opportunities Commission - http://www.eoc.org.hk/

"The Equal Opportunities Commission (EOC), established in May 1996, is a statutory body to implement the Sex Discrimination Ordinance (SDO), the Disability Discrimination Ordinance (DDO), the Family Status Discrimination Ordinance (FSDO), and the Race Discrimination Ordinance (RDO) in Hong Kong.

The Commission works towards the elimination of discrimination on the grounds of sex, marital status, pregnancy, disability, family status and race.

We also aim to eliminate sexual harassment, and harassment and vilification on the grounds of disability and race. We promote equality of opportunities between men and women, between persons with and without a disability and irrespective of family status and race."

Pink Alliance - https://pinkalliance.hk/

"Pink Alliance is a non-profit organisation, whose mission is to advance dignity, acceptance and equal rights for LGBT+ people in Hong Kong through community engagement and public education.

Pink Alliance is run solely by volunteers, ranging from professionals across various industries including legal, financial and media, to social campaigners and business owners. We come together to push for equal rights for people of different sexual orientations and gender identities through events, campaigns and lobbying.

Our aim is to facilitate unity and cooperation in Hong Kong's LGBT+ community by being the link between LGBT+ organisations and others supportive of the cause."

Planet Ally - https://www.planetally.org/

"Founded in Hong Kong in 2016, and now also operating out of Australia, our mission is to build a planet of allies.

We are a queer women's led regional NGO dedicated to allyship and advocacy for people with diverse sexual orientations, gender identities and sex characteristics.

Online, on the ground and when travelling, we create the spaces and resources to advance human rights and help build stronger, more resilient communities."

QSA and FinS Mentorship Programme – https://www.facebook.com/MentorshipProgramHK/

"The Hong Kong LGBT Mentorship Program is an initiative of FINS (Fruits In Suits) to support the Queer Straight Alliance of the Hong Kong University. Since 6 years we are successfully running this program matching HKU graduates (affiliated with QSA) with LGBT & Allies professionals in Hong Kong to mentor them in the transition from student to full time working professionals. In 2016 we achieved over 100 matches. The Program traditionally runs between November and May each year.

Why this program? Motivation for this initiative to Mentor is providing a safe environment to discuss career and life challenges and opportunities and supporting them to be their best self. For the record. The program is Non-Profit voluntary based and is not positioned or to be perceived to be Career Market or a Dating Platform. A motivation assessment for both

FinS is an LGBT informal monthly professional networking event. FinS has access to resources, aids in the influence on the local business community and takes part in helping to further LGBT causes in Hong Kong."

The Women's Foundation, Hong Kong - https://twfhk.org/

"The Women's Foundation is a non-profit organisation dedicated to improving the lives of women and girls in Hong Kong.

We aspire to conduct ground-breaking research, to run innovative and impactful community programmes and we engage in education and advocacy in the pursuit of three main goals:

- Challenging gender stereotypes.
- Empowering women in poverty to achieve a better quality of life for themselves and their families.
- Growing the number of women in decision-making and leadership positions."

Europe, the Middle East, and Africa

Industry initiatives

Interbank – the Financial Services LGBT Forum - http://www.interbanklgbtforum.co.uk/

“The Interbank Lesbian, Gay, Bisexual and Transgender (LGBT) Forum was formed in 2002. The aims and objectives of Interbank are:

1. To create an open and inclusive forum for LGBT employees from Financial Services Firms (FSFs) in which to meet and discuss issues impacting LGBT employees in their day-to-day work environment.
2. To enable the sharing of best practices between the LGBT employee network groups (ENGs) of FSFs regarding:

- recruitment of LGBT talent
- professional and personal development of LGBT employees, and
- how LGBT networks can support client engagement and business activity,

so as to assist FSFs to (i) cultivate an environment that is inclusive and supportive of their LGBT employees, and (ii) positively value and encourage their ENGs’ activities.

3. To provide a forum for developing an appropriate collective response to LGBT issues that benefits FSFs and reflects positively on the Financial Services industry’s commitment to the LGBT community.
4. To promote and encourage networking opportunities for LGBT Employees of FSFs.

Interbank organises regular networking evenings for its members at locations in the City and Canary Wharf. It also partners with other networks of networks and forums to deliver relevant events and networking opportunities to its members.”

InterLaw Diversity Forum - https://www.interlawdiversityforum.org/

“The InterLaw Diversity Forum works to foster inclusion for diverse talent working in the legal sector, and to promote meritocracy in all sectors by working to ‘level the playing field’ in order to create environments where the best talent can succeed.

Since its founding in 2008 the InterLaw Diversity Forum has expanded its scope beyond LGBT+ to encompass all strands of diversity and inclusion, including Race & Ethnicity (BAME), Disability, Gender, and social mobility, with a particular focus on cultural change in the workplace and ‘multiple identities’/intersectionality.

Events and membership are free and open to anyone working in the legal sector, both lawyers (including private practice and in-house counsel), as well as non-lawyers and business services staff.

The InterLaw Diversity Forum currently has more than 5,500 members and supporters from 215 law firms and chambers, and from 280 corporates and financial institutions.”

LGBT Great - https://www.lgbtgreat.com/

“LGBT Great is a global investment industry organisation working to develop all aspects of LGBT+ equality and inclusion within the workplace. We are the first organisation to focus exclusively on the LGBT+ agenda specifically for the industry. LGBT Great believes that there is a real opportunity to catapult the sector’s LGBT+ inclusion to make a positive difference for individuals and employers.”

SEO London - https://www.seo-london.org/

“Our story begins in New York in 1963. Inner city kids from underprivileged backgrounds face limited opportunities and, often, underperforming school systems. Students look for role models and support to achieve their aspirations.

New Yorker Michael Osheowitz is committed to the vision that ambition and intelligence – not zip codes or skin colour – should determine who succeeds. At age 24, he founds Sponsors for Educational Opportunity (SEO) as a mentoring programme to help underserved students gain admission to competitive colleges and universities.

SEO London is founded by SEO New York Career alumnus, Andrew Fairbairn. Andrew moves to London with a leading investment bank and witnesses the same opportunity to increase workplace diversity using the SEO New York model. That summer, 7 interns start at 5 major investment banks.”

Social Mobility Foundation - http://www.socialmobility.org.uk/

"The Social Mobility Foundation (SMF) is a charity which aims to make a practical improvement in social mobility for young people from low-income backgrounds. The SMF was founded in 2005 by Linkson Jack (who served as Chief Executive until January 2009) in order to provide opportunities and networks of support for 16-17 year olds who are unable to get them from their schools or families. More than ten years on, the first students supported by us have gone on to be successful in achieving degrees and graduate entry jobs. As well as extending support to students throughout university across our 11 career sectors (Accountancy, Architecture, Banking & Finance, Biology & Chemistry, Business, Digital, Engineering & Physics, Law, Media & Communications, Medicine, or Politics) we now run programmes to support young people wherever they live in the UK."

WISE Campaign - https://www.wisecampaign.org.uk/

"WISE enables and energises people in business, industry and education to increase the participation, contribution and success of women in science, technology, engineering and mathematics (STEM)."

Women Returners - http://wrpn.womenreturners.com/

"Women Returners started from our founders' personal experience of taking extended career breaks after corporate careers and looking for a route back to fulfilling work. On an individual level, we are strongly motivated to support women to develop satisfying careers which include breaks, and to help women returners to move forward confidently. On an organisational level, our aim is to create more flexible career paths which remove the current career gap penalty."

General resources

ACAS – https://www.acas.org.uk/index.aspx?articleid=2034

"Acas (Advisory, Conciliation and Arbitration Service) provides free and impartial information and advice to employers and employees on all aspects of workplace relations and employment law. We support good relationships between employers and employees which underpin business success. But when things go wrong we help by providing conciliation to resolve workplace problems.

We also provide good value, high quality training and tailored advice to employers. Our expertise is based on millions of contacts with employers and employees each year and we are governed by an independent Council, including representatives of employer and employee organisations and employment experts."

Business Disability Forum - https://businessdisabilityforum.org.uk/

"Business Disability Forum is a not-for-profit membership organisation that makes it easier and more rewarding to do business with and employ disabled people. By providing pragmatic support, sharing expertise, giving advice, providing training and facilitating networking opportunities, we help organisations become fully accessible to disabled customers and employees. Ultimately, our aim is to transform the life chances – and experience – of disabled people as employees and consumers.

We do this by bringing together business people, disabled opinion leaders and government to understand what needs to change if disabled people are to be treated fairly so that they can contribute to business success, to society and to economic growth."

Apprenticeships (Government scheme) - https://www.apprenticeships.gov.uk/

The UK Government's Apprenticeship Scheme is designed to deliver high quality learning up to the level of a master's degree to those who, for whatever reason, do not plan to go to university; it is an effective way of enhancing the social diversity of a company's talent pipeline.

Many UK asset managers will already be paying the Apprenticeship Levy based on the value of their annual payroll. The practicalities of the Levy are straightforward: the levy amount is deducted monthly and held in a secure pot by the UK Government for the levy-paying employer to use to finance training, known as 'apprenticeship standards,' for apprentices or existing employees. Given the headcount of most asset managers, it is unlikely that they will spend the entire amount, so it is worth noting that 25% of the levy funds can also be passed on to other companies to finance (or subsidise) training for their apprentices. The process by which employers can spend or disburse their levy funds is easy enough. However, if the levy pot is not spent within a two year timeframe, the funds are redistributed by the Government to wherever they see fit—the money isn't ringfenced solely for apprenticeship training.

Employers Network for Equality & Inclusion - https://www.enei.org.uk/

"The Employers Network for Equality and Inclusion (ENEI) is the leading employer network promoting equality and inclusion in the workplace. Our role is to influence government, business and trade unions, campaigning for real practical change."

European Alliance for Apprenticeships - https://ec.europa.eu/social/main.jsp?catId=1147&langId=en

"The European Alliance for Apprenticeships (EAfA) unites governments and key stakeholders with the aim of strengthening the quality, supply and overall image of apprenticeships across Europe, while also promoting the mobility of apprentices. EAfA members can benefit from Apprenticeship Support Services, which provide online resources and networking opportunities that enable like-minded individuals to connect, learn and act."

Inclusive Employers - https://www.inclusiveemployers.co.uk/

"Established in May 2011, we are the UK's first and leading membership organisation for employers looking to build inclusive workplaces. We offer consultancy, training and thought leadership, to help you make inclusion an everyday reality at your place of work.

We work with a variety of organisations in the public, private and third sectors and provide bespoke initiatives to help build inclusive cultures.

This could include an on-going relationship or a one-off consultancy session, or training package to help your employees understand that diversity is about them, and inclusion is their opportunity to add value and feel valued."

National Autistic Society - https://www.autism.org.uk/professionals/employers

"We are the UK's largest provider of specialist autism services. Our trained staff and volunteers bring passion and expertise to the lives of 100,000 autistic people every year. In this section, you'll find services directed towards autistic people, parents and carers and professionals."

About AIMA

The Alternative Investment Management Association (AIMA) works to grow the alternative investment industry to benefit the world's economy, savers and investors. To achieve this, we strengthen the links between fund managers, investors, regulators and industry service providers.

Our thirty-year heritage means AIMA understands our members' priorities, who access our resources to grow their businesses, create lasting connections using our events and benefit from the effect our advocacy work has on the environment in which they must operate. Since our formation the industry has grown by 60 times.

AIMA's capacity to deliver local support across the globe has made us connected, knowledgeable and influential, and means our 2,000 members are now based in over 60 countries.

For further information, please visit AIMA's website, **www.aima.org**

About EY

In our wealth and asset management work today, not everything is innovation; a lot of it is evolution. And it's important to know the difference. FinTech disruptors continue to shift the rules, newer investors aren't flocking to older channels and cost pressure is relentless. From data and AI, to tech platforms and partners, the questions have never been bigger, and the stakes have never been higher.

At EY, we help clients re-think everything from pricing and operating models to coopetition and convergence. We bring critical questions into focus, which lead to bolder strategies, simplified operations and sustainable growth. Our sharp understanding of the state of play allows us to shift discussion from reacting to change, to helping shape it. Ultimately, we work with clients not just to stay competitive, but to change investing for the better.

For more information about our organization, please visit **ey.com**