



Power or peril?

**Making flexibility work for women
in asset management**

2021 KPMG Women in Asset Management Survey

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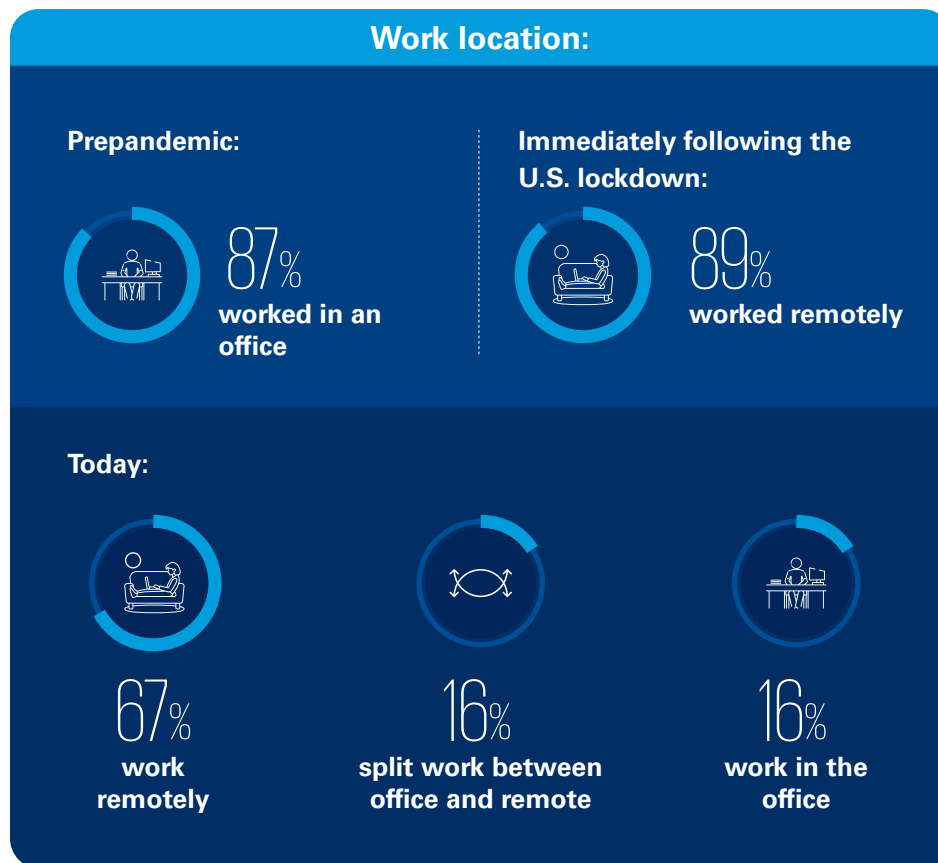
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Executive summary

Asset management: How the pandemic is changing the future of women at work

Like all industries, asset management evolved significantly through COVID-19. A whole lot has changed, not least how people work. Pandemic response efforts resulted in firms embracing remote and hybrid work models like never before. The 2021 KPMG Women in Asset Management Survey finds that 87 percent of industry professionals primarily worked in the office pre-COVID-19. That's flipped today, when 67 percent work remotely and 16 percent split time between remote and office work.



As firms relaxed restrictions and became more nimble, there have been countless challenges to confront. That work continues even today as industry leaders accept that we may never return to “normal” and make plans for a new reality. Things are still evolving as firms put out guidance on back-to-work requirements, vaccinations, and more. But through unprecedented workforce change and uncertainty, the industry has been successful by most meaningful measures. North American assets under management (AUM) in private equity and venture capital reached \$7 trillion in December 2020, up from \$6.7 trillion in December 2019,¹ while dry powder jumped from \$1.4 trillion to \$1.55 trillion.² Global net assets of U.S.-based mutual funds and total net assets of exchange traded funds in the U.S. also increased year over year, reaching \$23.9 trillion³ and \$5.45 trillion⁴ respectively.

What does industry strength through the forced remote work experiment mean for the future of women (and indeed, all employees) in asset management? Will it help to close a persistent gender gap in this male-dominated industry, where despite slow progress, women still only account for 20.3 percent of workforce, 12.2 percent of senior roles, and 6.6 percent of board seats?⁵ How has it changed long-term expectations about work policies, models and cultures? Will it make the case for continued flexibility? Is it the push firms need to create an environment where everyone can thrive? Or will the industry revert to where it once was—with recruitment, advancement, and retention of talented women a widespread and persistent challenge?

¹ KPMG data analysis leveraging the following sources: McKinsey Global Private Markets Review 2021; McKinsey Global Private Markets Review 2020; Preqin November 2020 Report; Preqin Website December 2019/2020 Data; Statista Global Hedge Fund Data

² KPMG data analysis leveraging the following sources: McKinsey Global Private Markets Review 2020; Preqin November 2020 Report

³ Source: Global assets of US-based mutual funds 1998-2020 (Statista)

⁴ Source: Total net assets of U.S. ETFs 2002-2020 (Statista)

⁵ Source: Preqin: Alts industry showing some progress on gender equality (Pensions & Investments, March 8, 2021)

“ The pandemic world is affecting women differently than men. We see this as an opportunity for asset management firms to transform their work environments to include and support women in the industry. To do this, firm leaders need to understand the unique challenges women face in the new reality of work. Its clear firms are going to need to make changes to keep their top talent. It’s less clear what the industry work model should look like to not only drive productivity, performance, and growth, but to increase gender diversity in our industry.

— **Camille Asaro**
Founder,

KPMG Women in Asset Management Leadership Council

”

“ In developing our seventh report on women in the asset management industry, what stands out is how far we’ve come yet how far we still need to go. Now a new challenge and perhaps opportunity has arisen. We’ve all been through a pandemic, which has impacted everything from how women work, to what they expect from their employers, to whether or not they stay in the industry long term. We believe this new era could be a gamechanger for women if firm leaders listen to their people and adapt their cultures and workplaces to meet their changing needs.

— **Kelly Rau**
Founder,

KPMG Women in Asset Management Leadership Council

”

The 2021 Women in Asset Management Survey explores these critical questions to uncover new possibilities for women in asset management. Drawing on key findings from the data and supplemented by interviews with industry executives and KPMG thought leaders, this report explores how ways of working are changing in asset management and the impact on women in the industry, and makes recommendations for how firms can transform their work environment to better meet the unique goals and needs of female talent. The overall findings are remarkably consistent across asset classes and firm sizes, painting a clear picture of what the future for women in asset management could look like—if leaders act with purpose and vision today.

This report was developed by the KPMG Women in Asset Management Leadership Council, a cross-functional group of diverse female leaders who champion women’s advancement in the industry through education, research, and client service.



Methodology

Power or peril? Making flexibility work for women in asset management

is part of the KPMG Women in Asset Management initiative—formerly known as the KPMG Women in Alternative Investments initiative—a regular series on gender diversity in the asset management industry. Prior reports showcased best practices for increasing gender diversity, linked gender diversity to fund performance, examined unique challenges and opportunities for women in the industry, and more.

For this report we surveyed 491 asset management industry professionals in June 2021 about the impact of the COVID-19 pandemic on women in the industry, focusing on experiences with and perspectives on remote and flexible work.

Percentages cited throughout this report may not sum to 100 percent due to rounding.



Gender

Female	Male
93%	7%



Experience

6–15 years	16+ years
50%	50%



Role

C-suite	Financial/investment advisor	Portfolio manager	Deal professional	Service provider	Other
23%	6%	11%	12%	26%	22%



Asset class

Hedge	Private Equity	Venture Capital	Private real estate	Investor	Mutual funds	Other/service provider
16%	38%	7%	13%	12%	7%	8%



Assets under management (AUM)

Less than \$1 billion	\$1 billion—\$10 billion	\$10 billion+	N/A
21%	29%	43%	7%



Number of employees

Less than 100	101–1,000	More than 1,000
47%	28%	25%

Key findings



Overview



Productive through pandemic



Everyone wants continued flexibility

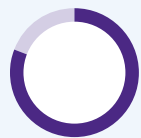


Workplace transformation: Expectation versus reality



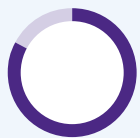
Overview

Experiences during the pandemic



81%

productivity stayed the same or increased while working remotely



83%

work in remote or hybrid environments today



76%

plan to stay in the industry in the next 1–3 years

Preferences for the future of work



89%

want the option to continue remote/flexible work



57%

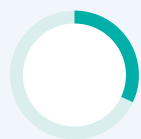
prefer to work in a hybrid environment



30%

prefer fully remote work

Concerns about remote/flexible work



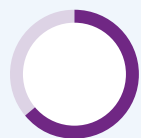
32%

think it will negatively impact women's advancement

The #1 challenge respondents reported working remotely was not being able to effectively network with peers/mentors

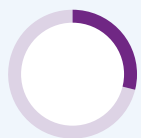
The #1 negative impact that respondents are concerned about is less connectivity with colleagues/clients

Expectations for the future of work



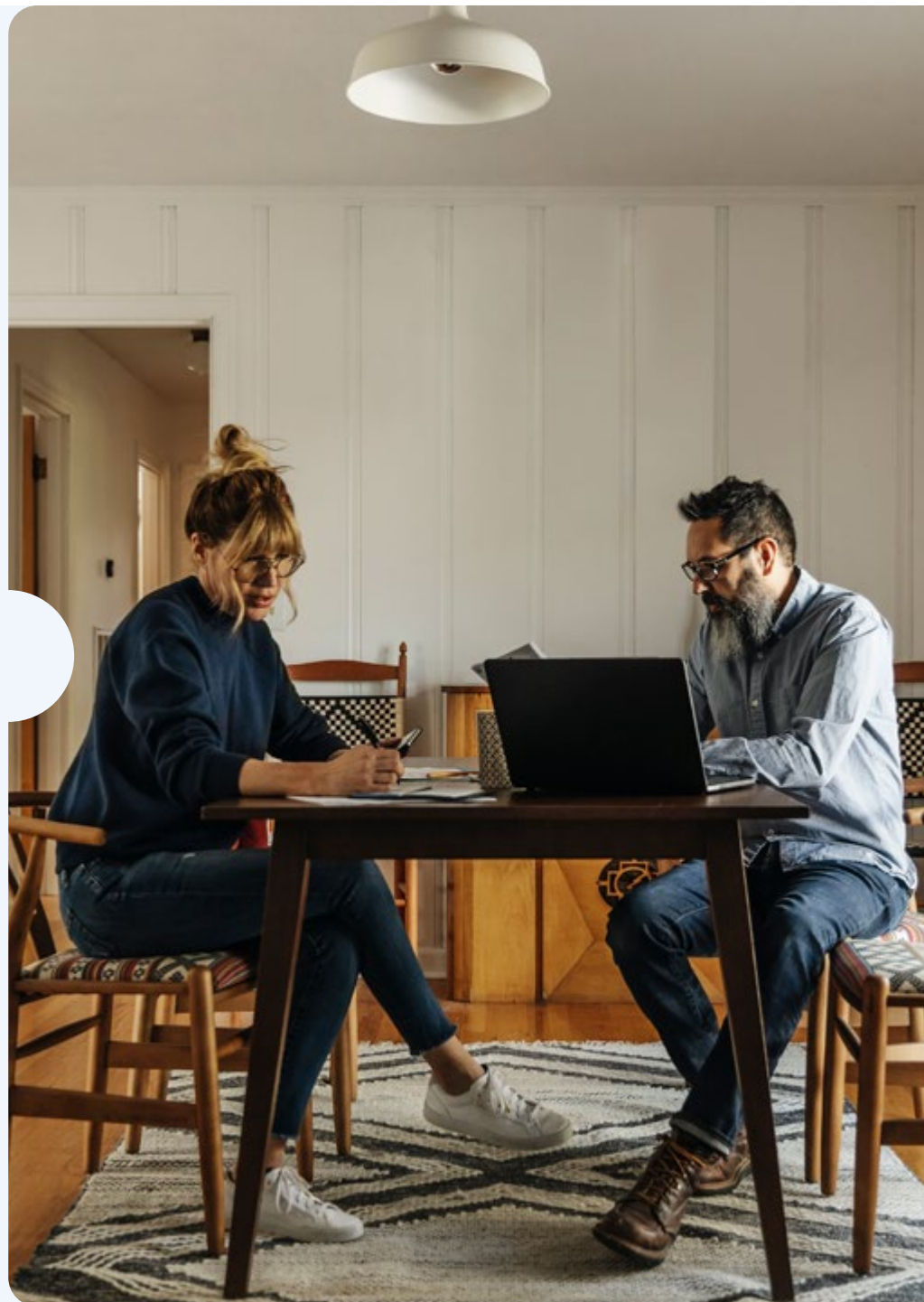
64%

think their firms will offer remote/flexible work postpandemic, but not at the same level



29%

think the industry workplace will return to the prepandemic status quo

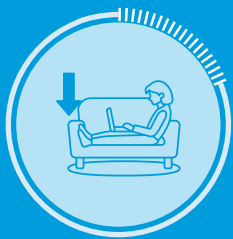


Productive through pandemic

If there is one word to describe the pandemic-era asset management industry, it's "resilient." COVID-19 brought unprecedented challenges, yet the asset management industry is strong and growing. While certain professionals still need to be on-site with clients, firms have shown that large transactions can close virtually and huge organizations can run from networks of laptops.

Internally, most asset management employees say they were able to do their jobs as well or better while working from home. Twenty-six percent of survey respondents say their productivity was unchanged by the transition to remote work environments. Fifty-five percent said their productivity actually increased.

Impact to productivity while working remotely:



Decreased:
19%

No change or
increased:
81%



"It's been quite impressive to see how resilient the teams have been," says Michael Gregori, Managing Director and Real Estate Operational Leader for North America at Alter Domus. "They have always been up for the challenge, and most have pretty much settled in at this point and enjoy a better work-life balance."

The National Association of Investment Companies (NAIC), a network of diverse-owned private equity firms and hedge funds, was fully remote before the pandemic and will remain so. Chief Operating Officer Carmen Ortiz-McGhee thinks a fully in-office model is simply not sustainable anymore.

"In our industry—one where we move fast, work long hours, and have high stakes—the immediate tendency is to have everyone back in the office, always," says Ortiz-McGhee. "But we've demonstrated that productivity was not harmed by going virtual. The time savings, cost savings, and efficiency gains will necessitate the continuation of remote and hybrid work."

New work models also appear to have had minimal impact on the retention of women in asset management, which has been a long-standing challenge for the industry. This contradicts research into the pandemic's impact on women exiting the workforce in other industries.

“Everyone demonstrated that they could work remotely for over a year.”
— PE
Female, 16+ years' experience, \$10B+, Head of Investor Relations, Caregiver

“The pandemic has proven that we can do our jobs effectively from home.”
— PE
Female, 6–15 years' experience, \$10B+, Middle office, Caregiver

⁶ Source: Why has COVID-19 been especially harmful for working women? (Brookings, October 2020)

⁷ Source: How COVID-19 Sent Women's Workforce Progress Backward (Center for American Progress, October 30, 2020)

A report by The Brookings Institution finds the pandemic has been especially hard on working women, threatening to reverse decades of hard-won progress. Lockdowns and unemployment exacerbate existing problems facing women in the labor market, including overrepresentation of women in low wage jobs that don't easily transition to a remote environment and chronic childcare shortages that disproportionately impact working mothers. Meanwhile, the Center for American Progress finds that four times as many women dropped out of the labor force in September 2020, fueling predictions of a severe childcare crises. The policy institute calculates the economic cost of women reducing hours or leaving the labor force altogether at \$64.5 billion per year.

In contrast, our survey finds that relatively few women left jobs in asset management compared to the rest of the economy. When women were leaving other industries in large numbers, most stayed in this growing and thriving business. Forty-seven percent of respondents say they did not witness more women leaving asset management through the pandemic, compared to 16 percent who say they did. In addition, more than three-quarters of respondents say they will stay in the industry in the next one to three years.

The attrition rate of women at global private equity firm TPG stayed steady through the pandemic. Firm leaders credit a multiyear effort to understand the drivers of attrition, particularly among diverse populations.

	Yes	No	Not sure
Did more women leave the asset management industry in the last year?	16%	47%	37%
Are you leaving the industry in next 1-3 years?	5%	76%	19%
	☑	⊗	⊖

“

I think people have seen it isn't just women who benefit from flexible arrangements without impacting performance.

”

— Hedge

Female, 16+ years' experience,
Independent Director, Caregiver

“We’ve done a lot of behind-the-scenes work to understand what issues are top of mind for women and other underrepresented groups compared to the workforce at large and we use those insights to take action and improve retention,” says Anilu Vazquez-Ubarri, Partner and Chief Human Resources Officer at TPG.

Kathleen Murphy, President, Personal Investing at Fidelity, a multinational financial services corporation, reports that retention of women at Fidelity has not declined but acknowledges that female employees—caregivers in particular—often face an increased burden. As such, Fidelity has taken steps to help women manage through the pandemic and remain in the workforce, including boosting time-off and wellness services.

“We have not seen the very challenging issue that some have in some other sectors in terms of women leaving the workforce disproportionately,” Murphy says. “However, that doesn’t mean that women aren’t feeling the challenges very differently than men in terms of the effects of full-time remote work in a pandemic environment.”

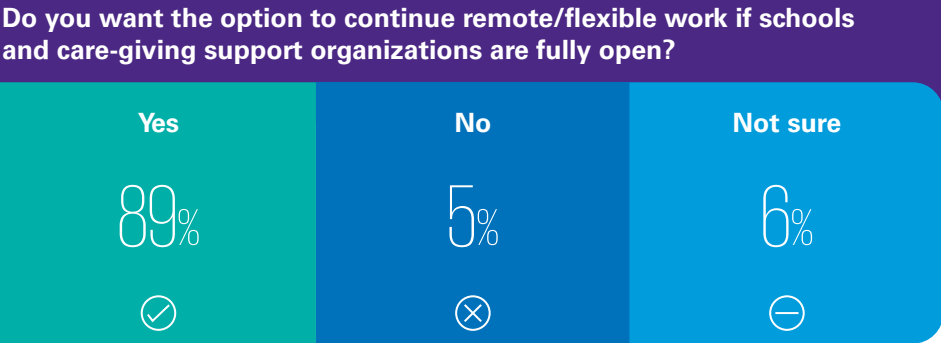
Laurin Kleiman, Global Co-Leader of the Investment Funds Global Practice Group at law firm Sidley Austin, agrees.

“While these are generalities, and there are always exceptions, the data shows that career women feel more responsibility for caregiving and operation and maintenance of the home than career men,” she says.

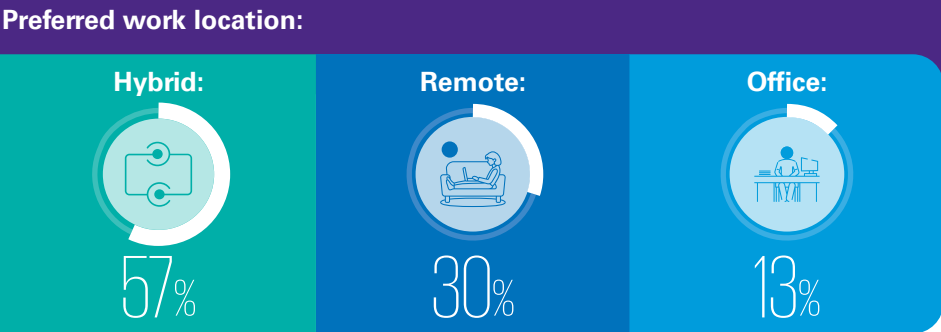
Everyone wants continued flexibility

The pandemic forced a massive remote work experiment. Will changes be forever? The vast majority of survey respondents hope so.

Eighty-nine percent of asset management professionals express a desire for flexible work opportunities in the future. This data is consistent across demographic sets. And childcare does not appear to be the only driver for flexibility. Although there is a perception that working mothers most desire flexibility, our survey shows that nearly everyone wants it. Caregivers—including people with either children or adult dependents—are only slightly more likely to want flexibility (92 percent) than other respondents (83 percent).



The largest percentage of respondents (57 percent) would prefer to work in a hybrid model—to split work equally between the office and remote, and another 30 percent prefer primary remote work. Those in C-suite roles were more likely to prefer working in the office than entry- and mid-level employees.



Financial advisory firm Rockefeller Capital Management highly values a collaborative, office-based culture that relies on in-person interactions with its employees and clients. However, Rockefeller’s return-to-office strategy has been shaped by its learnings on flexibility from remote work, which has helped to maximize productivity and enhance the employee experience.

Rockefeller is focused on attracting the most diverse talent pool possible, and nearly half the firm’s hires so far this year have been represented by women.

“It’s compelling to see such gender equity among new joiners to the organization,” says Laura Esposito, Managing Director of Rockefeller Asset Management, a subsidiary of Rockefeller Capital Management. “Adding a level of flexibility to our already strong culture of inclusion, has provided the opportunity for Rockefeller to potentially appeal to an even broader slate of candidates. Rockefeller will continue to be thoughtful about how to provide flexibility while still maintaining a strong office-based culture.”

Alter Domus has also shifted its perspective on flexibility as a result of the pandemic. New options include work from home schedules, flexible start and finish times, and new technology to facilitate virtual meetings.

“Flexibility is and will continue to be front and center in all offices and adapting to local conditions and business needs,” says Gregori.

Bridgewater Associates, an asset management firm, is returning to the office in a hybrid model after 19 months of virtual work.

“As we return to work in a hybrid model, we are particularly focused on making sure it’s an inclusive experience,” says Robyn Shepherd, Head of Corporate Engagement at Bridgewater Associates. “For example, it is very deliberate that we are requiring everyone to be in the office at the same time at least one day a week, while at the same time urging everyone to fully utilize work flexibility on other days. What the policy says is important, but we know the tone gets set from the top and so as a leadership team we are also working on the norms and example-setting required to make it a truly inclusive experience.

“ I believe asset management firms—whether as push or pull—will embrace greater flexibility for all employees.

— PE

Female, 6–15 years' experience, \$10B+,
Head of Corporate Communications, Caregiver

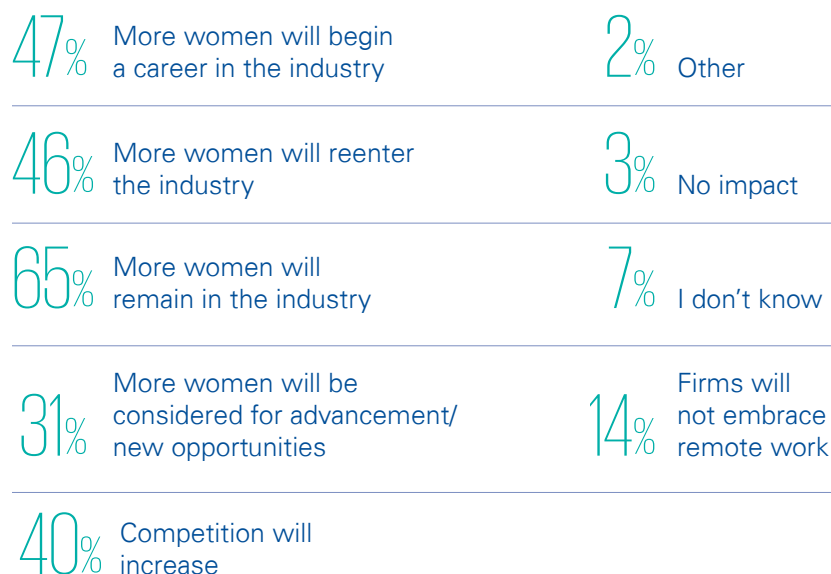
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Concerns persist about remote work risks

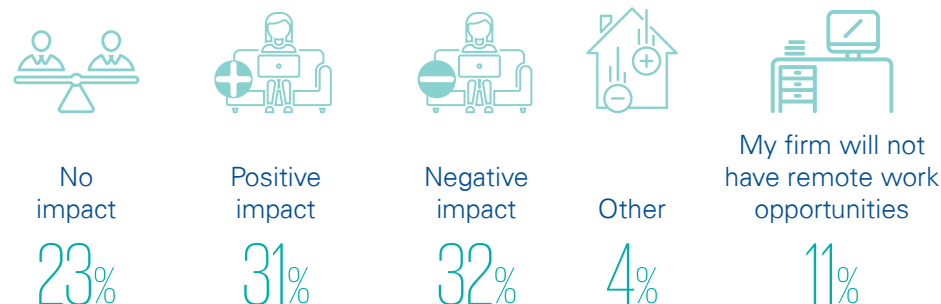
The longing for flexibility may be overwhelming, but will its impact be? Although remote or hybrid workplaces are the preference of industry professionals, they also cite multiple challenges of these newer work models.

Most respondents think offering remote/flexible work will lead to more women entering and remaining in the industry, yet they are split on whether women's advancement will be positively or negatively affected by new work environments.

How do respondents think recruitment and retention of women in the industry will be impacted by remote/flexible work opportunities?



How will remote/flexible work impact women's advancement opportunities?



“ I think there will be many firms that allow women to work much more flexibly (i.e., remotely). I doubt it will be 100%, but it will be a competitive disadvantage if a firm does not offer some remote work.

— PE

Female, 16+ years' experience, \$10B+,
Head of Investor Relations, Caregiver

”

“ I believe the asset management industry will mostly embrace a permanent hybrid working solution and my hope is that both men and women will take advantage of this seismic shift. If that happens, I think the playing field will level and give more women opportunity to stay in and/or re-enter the workforce as a parent and be successful in both roles.

— Hedge

Female, 6–15 years' experience, \$1B–\$10B, C-suite,
Caregiver

”

Respondents are apprehensive about multiple risks and pitfalls of working away from the office long term.

Many express concern about the impact of remote work on their connections within the firm. Not being able to effectively network with peers and mentors is respondents' top challenge of working remotely (52 percent), followed by not being able to effectively engage with team members (38 percent). In addition, lost connectivity with colleagues and clients is cited as the leading potential negative impact to women who take remote/flexible work opportunities.

Providing mentorship opportunities for people who might not naturally receive them—through structures such as mentoring circles—has been a central focus of TPG's diversity and inclusion efforts. The hybrid work world brought on by the pandemic has pushed those efforts even higher on the agenda.

"In some respects, there are leveling dynamics from remote work because everyone is participating in the same way," says TPG CEO Jon Winkelried. "In other respects, it is isolating, which can be worse on women and other underrepresented groups. It's hard enough for them to find mentors organically even in the normal course, because there aren't as many people who look like them or connect with the same issues."

Bridgewater Associates has further invested in its Women's Influence Network—an established affinity group 400 strong—to keep women connected in the remote world. The network holds virtual talks on both strategic and women's interest topics, often featuring female leaders from across the business.

"Structural change is critically important for advancing diversity, equity and inclusion (DE&I)," says Shepherd. "Having strong affinity groups and investing in them over time is one way we as a company seek to be ready to flexibly respond to unprecedented circumstances like the pandemic."

Rockefeller Asset Management has put a lot of thought into how it can effectively leverage technology in a hybrid model to create inclusive collaboration. The Rockefeller Asset Management leadership team consulted with a leading executive coach on how to maintain productivity and engagement while incorporating more flexibility.

"Do people who are remote feel excluded from normal banter that takes place with folks sitting around a conference table together? How do managers draw out discussions from everyone who is on the screen? How do we keep the entire team engaged, motivated and collaborative? These are some of the questions we have asked," says Esposito.

Biggest challenges faced while working remotely:

Not being able to effectively network with peers and mentors

52%

Not being able to effectively engage with my team

38%

Balancing caregiving/work responsibilities

38%

Mental health impacts

31%

Not being able to effectively engage with my clients/investors

21%

Not having the right tools needed to work effectively

19%

Physical health impacts

19%

Reduced productivity

9%

Respondents also worry about being “out of sight, out of mind”—i.e., that taking advantage of remote work opportunities will affect promotion, recognition, and career progression. Sixty-two percent of respondents say women who utilize remote or hybrid schedules are potentially at risk of losing opportunities for advancement.

“While our firm has a flexible mindset, I always encourage our junior-level employees to be in the office as frequently as possible,” Esposito of Rockefeller Asset Management says. “There is no doubt that it is easier to forge meaningful relationships and learn from senior leaders when you are together in an office environment. The daily interaction will be beneficial to them long-term.”

Gregori of Alter Domus expresses similar concerns about how remote work could slow career advancement.

“It has yet to play out fully at this stage, but the promotional track may be slowed due to the lack of face-to-face interaction,” he says. “Maturation of staff may be better suited to an in-office environment. Regardless, we must remain flexible and help mentor and foster staff growth in any environment.”

Potential negative impacts to women who utilize remote/flexible work opportunities:



“ I worry that women will take advantage of the flexible work environment and be viewed at a discount to those that go into the office and are seen (men), increasing the wage and promotion gap versus it going the other way.

— **Hedge**

Female, 6–15 years' experience, \$1B–\$10B,
C-suite, Caregiver

“ For firms that embrace working remotely, women will have to work harder at networking to be promoted.

— **Investor**

Female, 6–15 years' experience, \$1B–\$10B,
Portfolio manager, Non-caregiver

“ Firms that embrace remote models will need to work to combat the idea that people are always available, even when they are on vacation or taking a day off.

— **Hedge**

Female, 6–15 years' experience, \$10B+,
Accountant, Caregiver

Workplace transformation: Expectation versus reality

As a whole, our survey data indicates that asset management firms that continue to offer flexible work models will attract the top talent. Most employees feel productive working remotely and most want the option to work remotely to continue.

Yet there are many unknowns about how the industry will progress and what future changes will mean for women. To what extent COVID-19 has permanently shifted prevailing views and practices about work remains to be seen.

Sixty-four percent of respondents expect their firms will offer remote/flexible work postpandemic, but not at the same level as today; only 15 percent believe it will be available to anyone who wants it.

Looking one to three years out, respondents are similarly uncertain. Although 32 percent believe there will be more flexibility in work arrangements, a nearly equal number (29 percent) do not think there will be postpandemic change in the workplace for women and that things will return to the status quo.

The dichotomy between what employees want and what employers plan to offer presents a chance for asset management firms to differentiate themselves as great places to work—for women in particular.

Empowering female talent at asset management firms has been difficult with factors such as narrow recruiting lanes, lack of women in visible roles, unconscious bias, and inflexible work cultures historically making it difficult to recruit, advance and retain women. By applying lessons learned from the crisis, asset management firms have a prime opportunity to propel change for female professionals.

That would be a serious business win: An abundance of research has shown that diverse teams perform better on many dimensions, and ultimately drive better returns.⁸

However, common concerns among respondents about negative impacts of remote work—on women in particular—show that the industry has yet to master these new work environments. There is still work to do to ensure remote and hybrid workplaces are productive and inclusive long term. To succeed in the new reality, firms will need to challenge ideas about how we work and take a multifaceted approach to workplace transformation.



Will your firm offer remote/flexible work postpandemic?

15%

Yes, available to anyone who wants it

12%

No, remote work will not be available

1%

Yes, remote work will be required

8%

Not sure

64%

Yes, but not at same level as today



What will the industry look like in the next three to five years?

More flexibility in work arrangements



32%

No significant change/return to prepandemic status quo



29%

⁸ Source: Why Diverse Teams Are Smarter (Harvard Business Review, November 4, 2016)

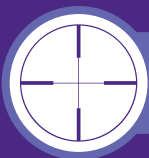
Eight tips for moving forward

How can firms transform work environments to recruit, retain, and advance women and drive competitive advantage?

We offer eight suggestions for asset management firms to consider in addressing top concerns of women and men alike and put in place specific, actionable policies, programs, and plans to operate fair, friendly, and flexible workplaces for all employees:



Set the strategy



Set the tone



Know the workforce



Define clear requirements



Review performance metrics



Modernize technology



Rethink policies and benefits



Plan for career progression





Set the strategy

A successful virtual work strategy will align with the firm's business and talent strategy, accounting for both employee and organizational needs and reflecting the firm's size, location, culture, compliance requirements, and more.

Start by considering the core intention of the program. Is it to drive business performance, meet employee demand, attract new talent, reduce future health risk, etc.? Program decisions and policies should support these efforts.

Importantly, if improving diversity is a driving goal, the program should be designed to achieve that objective, driving right behaviors to create and sustain an inclusive culture.

"Flexibility programs may help asset management firms retain women, but it's not a panacea," said Mike DiClaudio, Principal in the KPMG Human Capital Advisory practice. "Leaders need to be thoughtful in how new ways of working can create spaces for more diverse workforces."

Winkelried of TPG says the pandemic has renewed focus on gender diversity and inclusion efforts as part of the firm's workplace evolution, which will include more flexibility in how people work while preserving the firm's apprenticeship culture.

"COVID-19 has been a good reminder that we have to constantly be inventive to keep these issues top of mind and make them a cultural imperative for the organization," Winkelried says. "Given the differential effects of the pandemic across different parts of the population, we are taking this moment to examine and adjust our DE&I efforts to create an environment where we continue to move forward."

Alter Domus is leveraging flexibility to win the race for talent—both female and male—in a highly competitive industry.

"A working model with flexibility is needed in our toolbox when it comes to recruitment and retention of employees," says Gregori. "Being able to offer remote only or work from anywhere is a part of the current lines of thought and work."

At Rockefeller, leaders are taking a holistic look at promoting diversity, equity, and inclusion firmwide.

"DE&I has become more important to the fabric of the firm and is also top of mind for our clients and prospects," says Esposito. "There is a real desire to make progress in this area and our firm's senior leaders are being explicit and intentional about how we foster a motivational and inspiring culture for all of our employees."

“There’s a great opportunity for our industry to evolve at this moment. I hope it will be embraced, as it will help our broader goals to have more diverse, equitable and inclusive organizations.

— PE

Female, 16+ years' experience, \$10B+,
CFO, Non-caregiver



“The industry has to change to retain talent. I hope flexible work arrangements remain an important factor in the industry as the pandemic taught us a lot about our employees and the industry in general. To attract and retain talent, companies must become more flexible and open to new work arrangements.

— Hedge

Female, 6–15 years' experience, \$10B+, Controller, Caregiver





Set the tone

Firm culture is bound to play a significant role in the outcome of new work models, including how they impact gender diversity and inclusion. Is the firm walking the talk when it comes to enhanced flexibility, or are policies more of a “check the box” exercise?

Firm leaders will play a key role in cementing a new mindset, supporting all employees in transitioning to hybrid environments, and driving a more equitable future of work.

“New ways of working, including the focus on inclusive leadership, is reinforcing the role of the manager,” says Felicia Lyon, Principal in the KPMG Human Capital Advisory practice. “In an industry known to be fairly aggressive and hard results-oriented, it will be important to bake in empathy and compassion as part of leaders’ job requirements.”

As Fidelity works to build a more inclusive and flexible culture, the role senior staff plays in driving the effort is a central focus of change management.

“If we pair the new, dynamic way of working with old-fashioned command and control leadership, I think we’re going to get a bad result,” says Murphy of Fidelity. “There has to be intentionality by senior leadership to say we need to change our views and create visible examples of role models in terms of how to work dynamically and still get rewarded.”

TPG CEO Winkelried leverages an internal employee communications series—Talks@TPG—to put a spotlight on diversity challenges and demonstrate commitment to change from the top of the firm. The series convenes leading executives, public servants, innovators, and speakers of all kinds to share diverse perspectives on management and leaderships and featured conversations between Winkelried and female leaders of TPG portfolio companies on topics like COVID-19 adaptation and gender and racial equity.

“We try to take an ecosystem view of diversity,” Winkelried says. “We find we’re more effective expressing what’s important to us and driving diversity initiatives forward when we engage on a broader basis—not just through TPG but through our broader ecosystem as well.”

Kleiman of Sidley Austin agrees that appropriate tone at the top is critical to sustaining progress for women in asset management.

“Firm leadership has to be visible, obvious and ongoing in their focus on the value of diversity in the workplace,” Kleiman says. “There’s no mission statement that will make this happen. It starts with a sincere commitment that diversity is an imperative for the business.”

Gregori believes Alter Domus is well positioned to leverage its work culture to make new work environments inclusive for all.

“Diversity and inclusion are part of Alter Domus’ DNA and naturally play out in company policies and hiring decisions,” Gregori says. “This will help ensure whatever the new work environment in each office location is, it will be flexible enough to adapt to everyone’s situation.”

Finally, given the uneven numbers at the top of many organizational charts, male leaders will need to play a driving role in industry diversity efforts, leading by example to ease fears and retain top female talent.





Know the workforce

How do firms ensure that their overall work and culture strategy—as well as the underlying operational and organizational activities established to drive that strategy—are having the intended impact? By ensuring it's backed by data.

“What causes women to feel fulfilled, ambitious, and satisfied at work is very complicated and there are no simple answers,” says Sidley Austin’s Kleiman. “The only best practice right now is to not jump to conclusions or adopt a rigid policy. Firms need to really listen to what women are sharing about their professional and career aspirations.”

Industry leaders say listening to what the employee population thinks about workplace policies, culture and structure will be critical in driving the right decisions for the organization. People leaders will need to understand employees as well as marketing leaders do customers. What are their behaviors and needs? How do the firm’s current and planned policies and initiatives impact those behaviors and needs?

To get a good pulse on these questions, firms can build a real-time sensing valve into the organization that delivers robust analytics on the workforce. Combining historic HR system data, employee engagement surveys, performance metrics and other workforce analytics can help firms gain confidence that their decisions are driving the right outcomes in terms of both productivity and inclusion.

“There is a big risk of going back to old ways and senior management teams need to be careful to set the tone, message the change and provide support to ensure the shift toward flexibility sticks.

— PE

Female, 16+ years’ experience, \$10B+,
CFO, Non-caregiver



For example, Fidelity has been engaged in a big effort to build a more diverse employee population, including broadening the footprint of women in its workforce. Firm leaders evaluated which policies and procedures might be insensitive to women’s needs, or even a turnoff to women. What they uncovered, generally, was that the firm could be more flexible, accommodating a broader range of thinking about how work can get done.

“We found a dynamic way of working can actually be a benefit to women and people of color, and so we changed a lot of our policies, procedures, and practices,” says Murphy. “The net effect is that these changes turned out to be gender agnostic in terms of benefit, because men want the same thing.”

Creating a cross-functional task force to hear and address the voices of diverse stakeholders can also help provide a holistic view of what the workplace should look like and bumps on the road to get there. For example, Alter Domus is seeking the input of diverse voices as the firm develops its hybrid work strategy.

“Trying to deploy a new working model that involves any change has its risks,” says Gregori. “Thoughtful planning within ‘back to office’ committees, which include a diverse representation, will help address some of the risks. We also survey all of our teams on a monthly basis. Thanks to this pulse check of their well-being, and short- and long-term expectations, we are in a position to adapt our plans in real time.”

TPG is taking a data-driven approach to determine what work arrangement work best to maintain productivity, deliver services to clients, and engage and retain employees.

“Given the differences in what we all do every day, we want to make sure we’re being thoughtful around the model we choose for our return-to-office approach,” says Vazquez-Ubarri. “We recognize that there may not be just one model, but each team may have different needs.”



Define clear requirements

Allowing everyone to reach their potential at work cannot be done with one-size-fits-all solutions. The impacts of the pandemic in terms of talent attrition and employee empowerment have further underscored the business risks of a singular approach, particularly when it comes to retaining female professionals.

“If a firm thought it would be able to hold valued members of the workforce by putting them in a box, they are not likely to have made much progress on gender parity,” adds Sidley Austin’s Kleiman. “The hybrid environment is an extension of that. It must develop in a way that allows everyone to feel valued and included.”

Firms can help promote equal opportunity to new work models and reduce uncertain outcomes by outlining who qualifies for remote work opportunities and under what circumstances. Which jobs, roles, and tasks are best suited to virtual environments, and which aren’t? Ask not just what can be done remotely, but what should be done remotely.

“Coming out of this pandemic we are talking a lot about what dynamic working of the future should look like. What are the new routines? When is it valuable to be together in the office? That varies by function, it varies by team, and by the kind of work you do,” says Fidelity’s Murphy.

“If we left the choice of how and where people work up to employees, I think women and, potentially people of color, could be negatively impacted by choosing to leverage the remote option rather than being physically in the office,” adds Ortiz-McGhee of the NAIC. “That said, we don’t have to let that happen. We can be thoughtful and intentional about the future of hybrid and remote work, with standardized processes and hybrid schedules implemented to avoid or mitigate any of these unintended consequences.”

“More flexibility will be required across all roles, levels and genders in order to make the change beneficial for women.

— Real Estate

Female, 16+ years’ experience, \$10B+,
Senior Manager, Caregiver



As Alter Domus transforms its working model, leaders are considering how people’s daily activities and responsibilities influence where they work productively.

“Finding a working model that gives reasons for the majority to go into the office five days a week will be challenging,” Gregori says. “Having staff come in only for heads down work will potentially be less efficient; however, group meetings and social events will encourage an environment full of community and family unit spirit.”

The firm is also prioritizing the distinct needs of caregivers in its hybrid policies.

“One of the key focuses is finding a model that can accommodate all employee child-care situations. By giving the same level of flexibility and alternatives to both men and women, I think that we are a key player to drive the change toward real gender equality in career advancement and work-life balance,” Gregori says.



Review performance metrics

When it comes to productivity, the type of knowledge work that dominates asset management is difficult to measure and quantify. Companies often rely on utilization and chargeability metrics to measure how employees contribute value to the firm.

With many people now working remotely full or part time, it is more critical than ever that workplace changes are supported by updated performance metrics, promotion criteria and bias interrupters to ensure firms evaluate workers impartially and accurately in remote settings.

Developing and implementing metrics that measure performance based on results—not where or when employees are working—is beneficial not only because it helps optimize labor productivity. It can also help reduce the chance that utilizing flexibility is viewed negatively by peers and management, particularly in the face of industry and generational biases about the importance of “facetime.”

Fidelity plans to review and update performance metrics to ensure people are rewarded for their contributions, not simply for coming into the office.

“We definitely are going to look at KPIs,” Murphy says. “Not just KPIs about who’s in the office and how much, but also business outcomes. If you run the business based on outcomes, it should be the great equalizer.”

Debiasing the performance management process could particularly benefit working women. Due to their typically larger share of family responsibilities, many women in asset management have been less able to devote excessive work hours to their jobs and have had to find other ways to prove their value to their firms.

“I’ve seen women, including myself, at a disadvantage in their careers because they were less likely than men to be away from home and their families four or five nights per week,” says Esposito of Rockefeller.



Modernize technology

Nearly all jobs today rely on technology, but new work models have raised the stakes. Firms need the best technology systems and collaboration tools to deliver a seamless virtual experience.

This isn’t just about ensuring productivity at home or boosting bottom-line efficiency. The technology solutions firms invest in will play a major role in how readily remote workers engage, network and build relationships.

Prepandemic, Fidelity had shifted to an agile way of working, leveraging agile tools and technology. The established routines and digital capabilities have enabled the firm to continue to increase productivity during the transition to a remote work environment. Murphy estimates productivity increased 285 percent over the last three years and expects further increases to follow as Fidelity continues to invest in virtual collaboration tools.

“We were able to go remote very quickly because we had done a lot of work before the pandemic to allow flexibility and make that flexibility a lot easier,” says Murphy. “People at all levels in the firm were used to it. We had routines and processes for how to work remotely and tools and technology to make it seamless.”

Now that some professionals have returned to in-person work, the next challenge will be for firms transitioning to hybrid environments to effectively fuse the two modes of working.

When the first COVID-19 lockdowns began in March 2020, Alter Domus equipped all employees with dual monitors, docking stations, keyboards, and other tools to mimic an in-office environment at home. Now, with some employees returning to the office, it plans to invest in collaboration technologies to more effectively utilize physical space in a hybrid work environment.

“The firm is looking to equip meeting rooms with video conferencing tools to facilitate blended meetings,” Gregori says. “We put technology at the service of our people, building a Future Fit workplace, culture and employee experience. Future Fit is actually the name given internally to our entire new philosophy developed around making work, work for everyone. It’s about collaboration and innovation, being authentic, and celebrating the ability to reconnect and finally work in person together again, being equipped to work seamlessly from home or from the office.”



Rethink policies and benefits

Remote work is blurring the lines between “work time” and “personal time.” Working women—who typically take on more childcare and household tasks—are particularly burdened, according to industry leaders.

“Women tend to have a more comprehensive perspective on their home and career, while men tend to be more directional. That’s emotionally exhausting, and that’s what leads to burnout,” says Kleiman of Sidley Austin.

Firms have an opportunity to reassess the types of benefits they provide against this emerging challenge. Do health, pension, insurance, and monetary benefits provide the support needed for employees working permanently in a remote location, or are their needs different than employees who work in the office?

Outside-of-the-box ideas abound to combat burnout, promote work-life balance, and support employees facing the heaviest demands on their time: caregivers. Examples include: revising time-off policies; instituting “no camera” or “no meeting” days, sponsoring mental health awareness activities; reducing business travel; and enhancing daycare/elder care reimbursement.

Fidelity has proactively enhanced benefits based on employee feedback on stress and burnout. The firm offers a broader range of mental health support and services and has extended personal time off by five days.

“The COVID-19 experience has helped destigmatize working from home a bit, but especially with older colleagues the bias against it remains strong.

— PE
Female, 16+ years’ experience, \$500M-\$1B,
C-suite, Caregiver ”

“Managers should be trained and then evaluated on their ability to foster inclusive teamwork as remote and hybrid work environments become more prevalent.

— Real Estate
Female, 16+ years’ experience, \$10B+,
Senior Manager, Caregiver ”

“We were very cognizant of people working too hard for too long in an environment they might find exhausting,” says Fidelity’s Murphy. “The benefit changes we made were incredibly well received, with employee engagement in the first year the highest its ever been.”

To combat the impact of longer working hours, Alter Domus promotes a remote culture of wellness to help employees recharge in. With a very extensive vacation policy, a mindset of mental well-being, and a requirement of staff to take five consecutive days off at some point each year, the firm promotes a strong work-life balance.

“Our managers are very supportive and understanding of flexible working hours and staff scheduling personal activity time,” says Gregori.

Bridgewater Associates also leveraged benefit changes to address the stressors of the pandemic on the employee population. These included tripling the backup dependent care benefit, offering unlimited vacation time, mandating a minimum of 15 days of PTO, and adding six company holidays.

“Our firm’s approach was to flex our benefit offerings to align with evolving employee needs,” says Shepherd. “In particular, we see the need to actively encourage people to take time off and to feel fully supported in doing so. You have a choice in employers, and those who meet you where you are will make a difference. If you come to work virtually, hybrid, or in the office, it better be good, or people will opt out.”

Industry leaders also believe the pandemic era may bring about a permanent reduction in business travel.

Esposito of Rockefeller Asset Management sees potential for some positive changes as in-person client meetings are being replaced by virtual ones.

“I’m hoping to see the ‘road warrior’ mentality reverse course,” says Esposito. “I think it could help improve women’s retention and advancement.”

Kirsty McGuire, Executive Director of Private Equity Women Investor Network (PEWIN), an organization for senior-level women investment professionals in private equity, thinks the asset management industry will eventually return people to offices at close to normal levels. However, she expects travel to the arena where the hybrid model sticks.

“I think we’ll see less expectation for people to fly overnight to Europe to do a diligence meeting or conduct an interview,” says McGuire.



Plan for career progression

A major hurdle for moving the needle on gender equity while working remotely is career advancement, according to the industry leaders interviewed for this report. For women—like anyone else—seizing opportunities to rise in the organization often requires relationships with people of influence. However, the virtual office has made those relationships harder to progress.

“As much as we can agree our industry has been incredibly successful through the pandemic, we lose something in a remote or hybrid environment in terms of interpersonal and sponsoring relationships that are really hard to maintain and almost impossible to create remotely,” says Sidley Austin’s Kleiman. “That is going to be a problem for women, because those relationships are such an important component of advancement.”

“Pursuing advancement and the forming of deep relationships requires some nonvirtual facetime,” adds Gregori of Alter Domus. “What the going-forward mix of screen and real person-to-person facetime needs to be is still up for debate.”

The virtual work environment particularly complicates the mentoring process, requiring firms to be more proactive.

“The biggest challenge we have in terms of gender diversity in our business is getting more women into senior positions,” says TPG’s Winkelried. “This is an apprentice business. Part of how you evolve and learn in your career is through strong connections to people, but we’ve seen that mentorship happens more organically with people who have an affinity for one another.”

“ I think more women will stay in the industry with a flexible arrangement, however it will require the demand to be available 24/7 to go away.

— PE

Female, 6–15 years’ experience, \$1B–\$10B,
Service provider, Caregiver ”

“ A flexible/remote workplace could potentially level the playing field for women with additional family responsibilities.

— Fund Services

Female, 16+ years’ experience, Less than \$500M,
Service provider, Caregiver ”



TPG's HR department has enhanced its mentoring program to ensure women have multiple opportunities to connect with mentors and that mentoring relationships are fruitful and effective—both online and offline. This includes: adding mentor training, resources and tools; doing regular check-ins with mentors and mentees to gather feedback and allow intervention opportunities; and encouraging partner sponsorship of the mentor program.

"Mentoring is an area where we recognize the need for structure," says Vazquez-Ubarri. "We have moved to the idea that we have to purposefully create and promote focused mentoring for our diverse professionals with senior firm leaders."

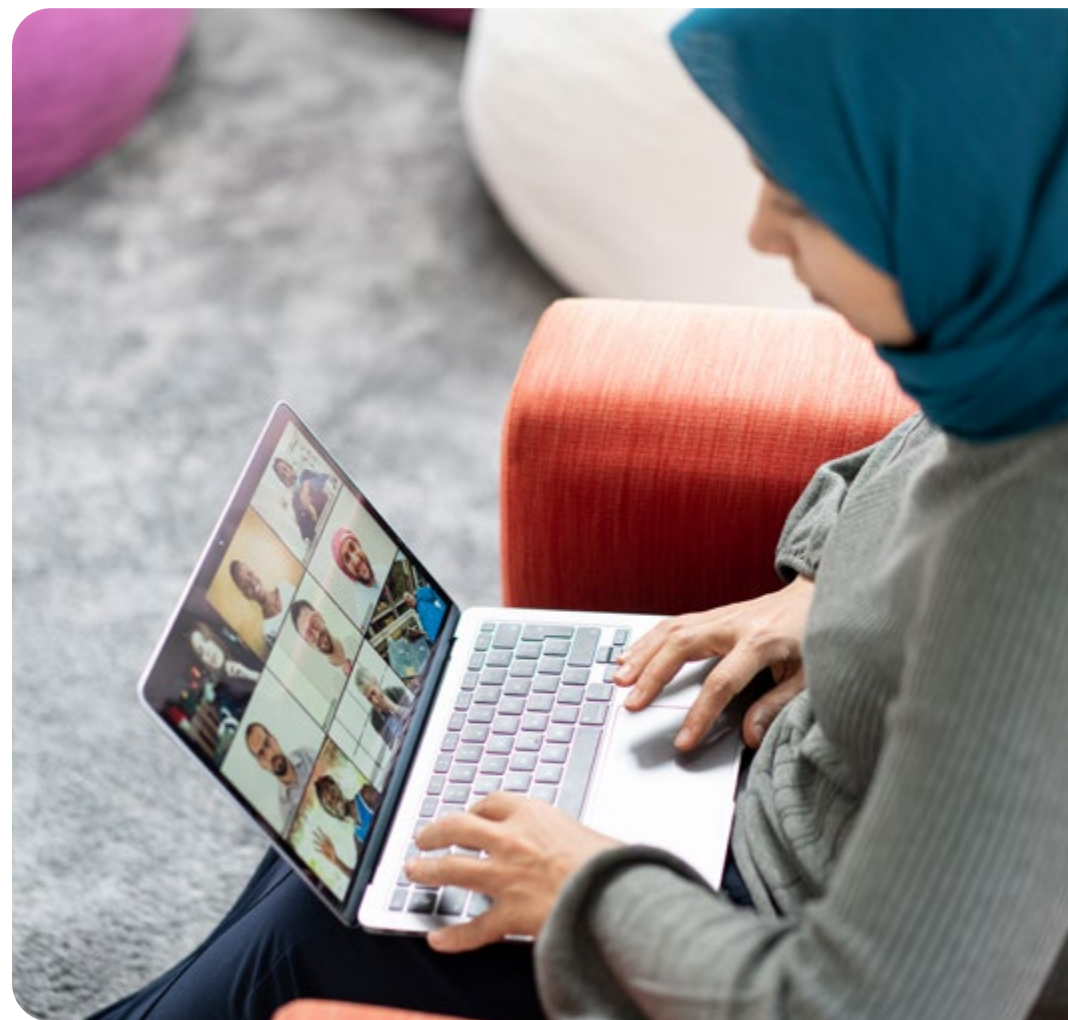
Keeping career paths open to remote workers will also require new approaches to training and development. To promote continued involvement and advancement in the firm, remote workers will need appropriate resources to build skills required for success in a virtual setting and form relationships with leaders and others of influence.

Investing in virtual learning platforms and learning are a potential solution. Virtual training is not limited by space or distance, and the options for topics are basically unlimited. It also allows employees to self-direct their own development in the way that works best for them.

While new learning and development capabilities serve to benefit the entire talent pool, they also represent an opportunity for firms to give women more control over their careers, increase access to people of influence, and tackle historic barriers to advancement in a male-dominated industry.

Bottom line, progress for women in asset management all comes down to opportunity, industry leaders say.

"Advancing women in this industry is all about access to capital," McGuire of PEWIN. "What has driven the most change is large investors wanting to allocate money to women in our business. To access that capital, firms are taking action to improve their numbers by creating connections and visibility for women that they need, but maybe didn't have."



“ I hope that women will be on a more even footing with regards to mentorship and networking opportunities that were largely driven by in-person interactions including office banter or activities like golf.

— **Credit**

Female, 16+ years' experience, \$10B+,
Portfolio manager, Caregiver

”



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To learn about how the KPMG Asset Management practice supports gender, diversity, equity and inclusion, please get in touch.

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