



I&D in your portfolio

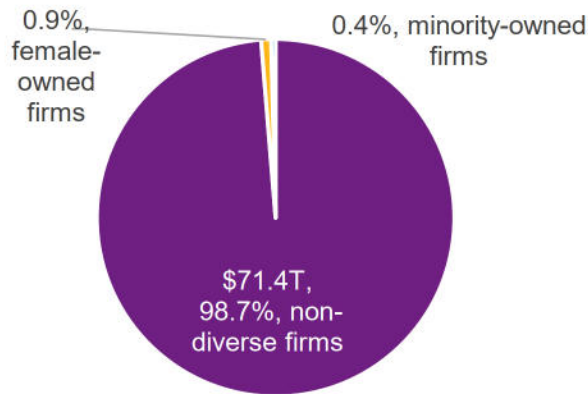
The state of the industry

Diverse-owned firms represent just 1.3% of assets under management¹

In order to address the issue of diversity most effectively, WTW focuses not just on **sourcing** diverse talent, but also **engaging** with asset managers who aren't diverse enough to enable real change.



Asset Management Industry



Source: Knight Foundation. 0.2% are both women & minority owned.

16,000+ firms

Investment industry²

Limited diversity data

Only 1,900 firms share data³

Minority ownership

195 diverse-owned firms (>51%)
~570 firms with >0% diversity

Size can inhibit large allocations

Average diverse firm size <\$500m

1: Knight Foundation - https://knightfoundation.org/wp-content/uploads/2020/02/Diversity-Report_Executive-Summary.pdf

2: Number of investment companies reporting to Investment Company Institute in the United States 2019

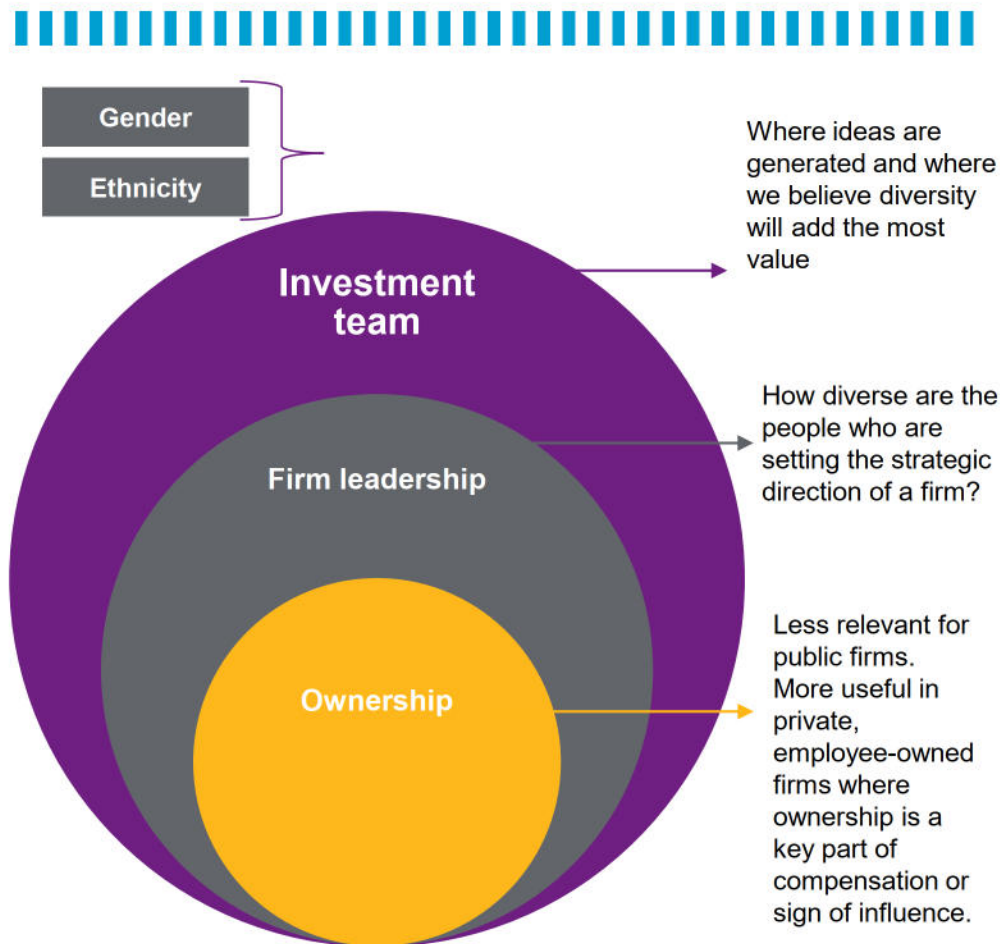
3: eVestment, Data provided as of March 31, 2020 with ~10% of total firms (>1,900 managers self-reporting on ownership). Of these, 32% had minority ownership >0%, and 10% with minority ownership >50%. Minority is defined as African American, Asian, Hispanic, other minorities &/or female.

Diversity should be measured across multiple lenses



In order to increase the number of diverse-owned firms, the industry first needs more diverse leaders, portfolio managers and analysts.

Therefore, diversity should be examined across multiple dimensions and tracked over time to measure progress and reveal what managers are leading the industry and who is lagging.



Note: We examine other diversity factors as well (education, languages, experience outside of the industry) to gain a better view of the team's cognitive diversity along with an assessment of a firm's culture.

Holistic action plan to improve diversity

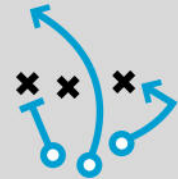


Sample timeline

- Collect and aggregate data for portfolio look-through



- Assess current portfolio versus objectives, peers.
- Identify areas of priority



- Manager rotations – short term and long term
- Ongoing engagement to improve existing managers – long term



- Track progress through regular assessment
- Monitor and evolve objectives



Client case study: I&D journey

Client background – Large US based pension plan

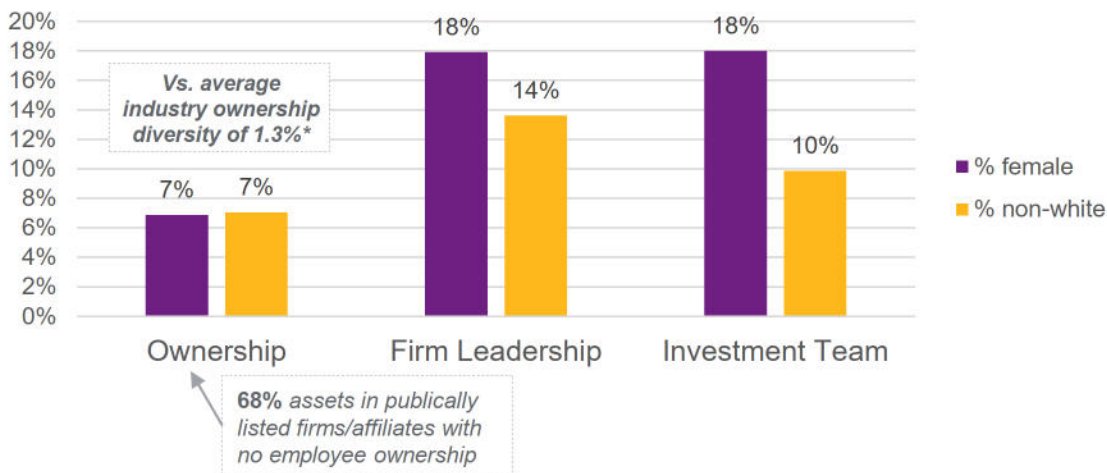
- Existing WTW client with a focus on I&D, partly driven by stakeholders and end-savers
- Interested in diverse ownership as a means of increasing social equity for those in the industry
- Aligned with the belief that greater diversity leads to better investment outcomes

Steps taken:

1. Portfolio assessment – 2020 and 2021
2. 2025 diversity targets to maintain focus
3. \$300m+ immediate commitment plans to MOWO asset managers in the DB plan
4. I&D engagement and action plan for each manager in the portfolio
5. Explicit desire for further diverse teams as they are rated by WTW
6. Exploring improving diversity in the DC plan (Q3-Q4 2021) and engaging with managers jointly on data and transparency issues

Client case study: portfolio assessment

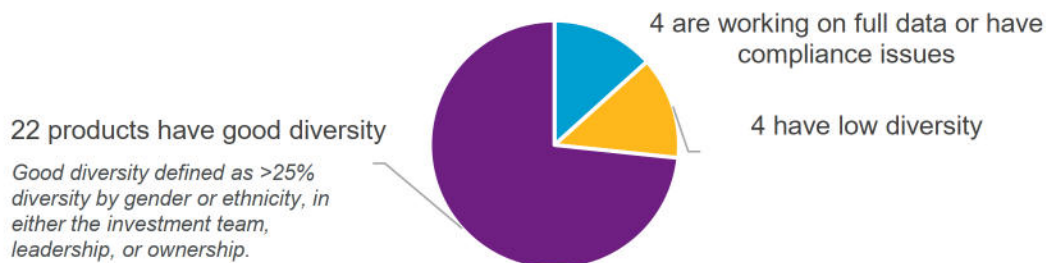
Diversity in your portfolio (% asset-weighted) 26/30 products reported



Targets 2025

- >25%** ethnic/gender diversity in investment teams
- Double** diversity in ownership / leadership
- 100%** Manager data completion, engage with laggards
- WTW diversity score** Track progress against peers/ industry [in development]

Of the 30 products in the portfolio:

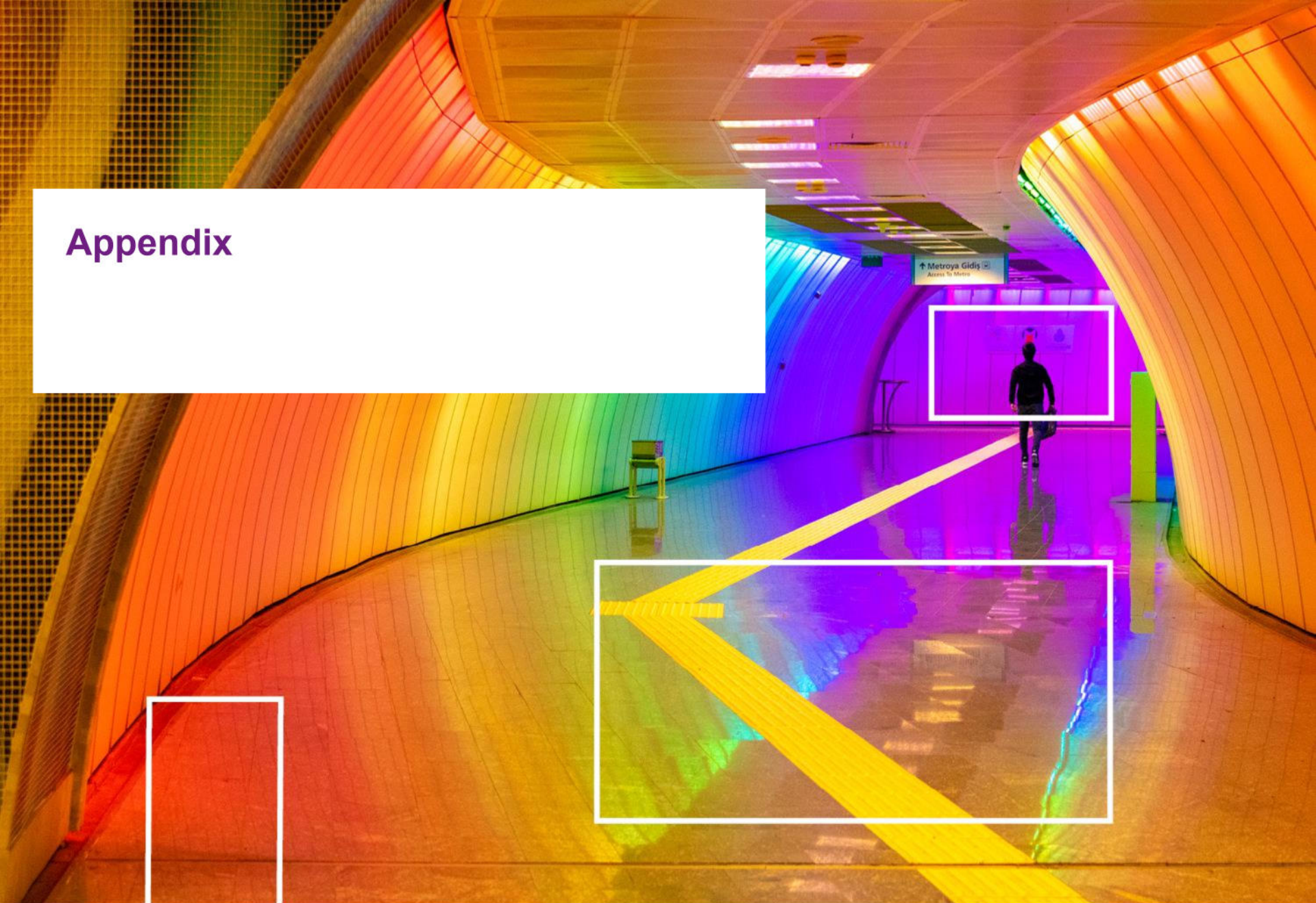


Your team at Willis Towers Watson

	% female	% non-white
Client team	33%	0%
Portfolio management	22%	11%
Manager research	43%	34%

Ownership figures are adjusted to only reflect employee ownership. *Source: Money Management Institute, Bella Foundation "Ethnic and Racial Diversity at Asset Management Firms".

Appendix



Key developments in our research around inclusion and diversity



2018-2020

2020

2021+

- **Culture reviews** added to our due diligence incorporating sustainability & diversity & inclusion
- **Data collection** on asset managers
- **Manager engagement**
- **Paper** supporting the link between financial outcomes and diversity, identifying actions asset managers and owners can take
- **Sourcing** of diverse-talent, with a goal to **double the diversity** in discretionary portfolios
- **Increasing engagement**, holding firms accountable to goals and pushing for more and better data
- **Client education and tools**
- **Development of Diversity Score** to help clients benchmark progress
- **More industry involvement, eg.** Institutional Investment Diversity Cooperative, aimed at increasing and improving the quality of data in the industry
- **Continued engagement** with managers to push for better tracking and actions

200+

Culture, SI & I&D reviews conducted to date



25+

I&D factors collected in our proprietary database on over 2,000 products



650

Managers in our diverse pipeline

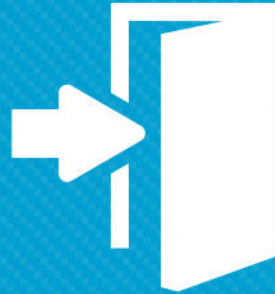
Institutional Investing Diversity Cooperative



*Based on a 2020 study on a WTW proprietary strategy, measuring diversity in key decision makers (KDMs) defined as African American/Black, Latino/Hispanic, Asian or Female.

A global and diverse team

We believe improving diversity in the industry requires internal reflection first



- We believe cognitive diversity is key to the success of manager research. As a result, we robustly measure our diversity and aim to improve on our areas of weakness.
- We commit to doing more by focusing on our culture, inclusion & diversity, career opportunities, mentoring and training.
- We aim to respond to client needs and ensure our client teams bring the best of diverse thinking to the table.

Manager research leadership



Stephen Miles
Head of Equities



Sara Rejal
Head of Liquid Diversifying



Paul Jayasingha
Head of Real Assets



Nimisha Srivastava
Head of Credit



Luba Nikulina
Global Head of Research



Chris Redmond
Head of Manager Research

Global manager research team 90+ researchers globally

43%
Female



50% speak >1 language
45% have lived in >1 country



Diversity measured across age, education, work experience, upbringing, political/religious views and more.



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