



## Evestment Will Start Asking Mgrs for Staff Diversity Data in 2021

By Aziza Kasumov September 30, 2020

Starting in January, asset managers putting their data into eVestment will see an additional section in the questionnaire, asking them about internal diversity statistics and what kind of programs they have in place to improve.

Behind the effort is a collaboration between the database provider and investment consultant and outsourced CIO (OCIO) Verus, a partnership that seeks to get better diversity data.

“We’ve gotten a number of requests [for such data] in ... the last 18 months, and the noise has gotten a lot louder around it in the past months,” says **Erika Spence**, global head of data strategy at eVestment. “It became apparent that we had a responsibility to try to do this.”

The move is one of many diversity initiatives announced since the wave of protests this summer forced a renewed reckoning with racism across American society. The investment management industry hasn’t been exempt from the conversation, with many diversity advocates pointing to a 2019 **Knight Foundation** study finding that across the \$69 trillion U.S. asset management industry, only 1.3% percent of assets are allocated to firms that are more than 25% owned by women or minorities. Asset management firms have also struggled to diversify their leadership ranks and overall workforces.

“We know the numbers aren’t going to come in great,” says **Shelly Heier**, president of Verus, referring to the diversity data it aims to collect through eVestment. That is why the questionnaire will also include quantitative questions on what firms are doing to improve their numbers.

Currently, eVestment only asks non-publicly traded asset managers to submit data about the demographic makeup of their owners, which is what the Knight Foundation statistic is based on. But both investment consultants and asset owners have increasingly asked about the possibility of getting more in-depth data, including statistics at the portfolio management team or leadership levels, as well as information about any initiatives asset managers have in place to boost diversity both internally and industry-wide.

“We want to get beyond just the ownership information, and it’s been surprising how hard it’s been to get that data,” says Heier. “We want to know for the portfolio management team that’s driving results of the large-cap growth strategy, what’s the diversity of thought and perspective and composition of that team.”

With Verus and eVestment, the initiative already has two large industry players behind it. Verus’ institutional clients represented \$439 billion in assets at the beginning of the year, and eVestment has about 23,500 active institutional investment strategies listed in its database.

But they do not want to stop there. Verus is inviting other consultants to join the effort and has already received responses from some, according to Heier.

For asset managers submitting data to eVestment, the diversity questions will likely not be a mandatory field, given the sensitivity around the data, says Spence. At smaller managers, for instance, reporting some diversity data could identify employees and could therefore potentially violate privacy regulations in their state or country. In such cases, eVestment is planning on allowing managers to explain why they cannot provide certain statistics.

“We’re trying to set up some protection around that ... so that they’re not automatically ruled out,” should an allocator screen asset managers on such parameters, says Spence. She adds, however, that “we expect quite a bit of our industry will expect it to be completed, just from the conversations we have had.”

This year alone, several allocators and asset owners have disclosed diversity data on asset managers in their portfolio for the first time.

Some of the country’s richest university endowments have offered insights into their work with diverse asset managers in responses to inquiries from U.S. House of Representatives Reps. **Emanuel Cleaver** and **Joe Kennedy** in the past two months. Earlier this summer, a handful of investment consultants shared allocation data to diverse firms in their clients’ portfolios with *FundFire*. And in February, the Knight Foundation released another study, reporting diversity data for some of the country’s largest foundations. Most of the data released has focused on ownership-level diversity.

Evestment’s data will go beyond ownership, but the ultimate questions are not yet finalized. In the coming weeks, the firm will discuss the proposed diversity section of the questionnaire with several consultants and asset managers to “make sure we get it right,” says Spence.

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