

UK FUND MANAGERS LOSING BUSINESS OVER A LACK OF DIVERSITY: REBOOT RESEARCH

- More than one in five UK-based fund managers (21%) say a lack of diverse workforce is impacting their ability to win business
- A third (33.3%) can't be sure if it is or is not impacting them – three-times higher than any other international market
- Four in ten institutional investors would turn down working with a fund manager due to lack of ethnic diversity

LONDON, 17th April 2024 - UK fund managers say the ethnic diversity of their workforce is increasingly becoming an important part of winning business, with more than one in five (21%) saying so, according to new research from Reboot, a working group of senior financial services professional, elevating the dialogue about racial inequality in the and broader UK workplace.

Whilst this is the second highest percentage globally, only behind the US, nearly a third (33.3%) said they 'didn't know' if it was impacting their business growth – a figure three times higher than any other international market.

Furthermore, more than half (53.3%) of Reboot's institutional investor panel valued the ethnic breakdown of a company when selecting a vendor / fund manager as 'quite important' and well over half (59.7%) admitted that while the industry is committed to put pressure on fund managers to have a more diverse team.

40% of UK-based fund managers believe the industry is doing an 'excellent' job in attracting ethnic minority talent – the highest percentage in Reboot's global study. And although nearly half (47.3%) of the institutional investors wouldn't decline working with a fund manager due to a lack of diversity, perhaps encouragingly, 38.3% would, which indicates that changes are coming. More indication of that change also comes from the fact that two thirds (67.7%) say that the focus fund managers place on employing more people from ethnic minorities when selecting funds/ awarding mandates will be much more important in the next five years.

Justin Onuekwusi, CIO at St James's Place and Co-Founder of #TalkAboutBlack, said:
More needs to be done by the industry as a whole. The conversation and subsequently resources are overly focussed on the recruitment rather than creating the right cultures to retain and progress talent regardless of background. Our data also shows that nearly one third (32.4%) of UK-based fund managers say that investors are not putting any pressure on

them to be transparent and share the breakdown of their employees by ethnicity. This is where additional support from regulators and government will make a significant difference.

Noreen Biddle Shah, CMO at Carne Group and Founder of Reboot, said: *Currently, there is no political or regulatory mandate to report on ethnicity pay gaps and many companies will not report information voluntarily. In 2020, the number of UK companies voluntarily disclosing their ethnicity pay gap was around 10%. That figure was significantly lower for financial services at just 4%. As an industry, we have quite a way to go. However, the direction of travel is going towards mandatory reporting, alongside growing pressure from investors over the coming years. This can only be seen as a positive step forward."*

Helen Price, Co-Chair Asset Owner Diversity Charter, Director, Governance Church of England Pensions Board, said: *The Asset Owner Diversity Charter brought together asset owners and consultants to agree a consistent set of diversity metrics for collection across fund managers. Driving standardisation reduces the burden multiple frameworks place on companies whilst providing the necessary transparency for fund allocators to understand the diversity of the investment teams they appoint. There is definitely a good middle ground and the Asset Owner Diversity Charter helps nudge the industry towards making high-quality disclosures to ensure we move towards greater diverse representation.*

Arun Kelshiker, CFA, Vice-Chair, DEI Committee, CFA UK: *"There is real urgency in bettering DEI practices. Today's gender pay gaps, ethnicity pay gaps compound materially into dramatic pensions gaps across working lifetimes. Reboot, the Asset Owner Diversity Charter, CFA Institute and ShareAction's focus on driving greater disclosures empowers organisations to take concrete next steps geared to enhance individual and corporate outcomes over the long-run."*

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About the research

Reboot commissioned the market research company Pureprofile to interview 201 senior executives working for fund managers in the UK, the US, Germany, Switzerland, Italy, France, the Netherlands, Norway, Finland and Denmark with a total of \$1.577 trillion assets under management. The fund management sectors covered include hedge funds, private equity, real estate, infrastructure, private debt, equity, fixed income and multi-asset classes.

Reboot also commissioned Pureprofile to interview 201 investors working for pension funds, family offices, wealth managers, insurance asset managers and consultants to institutional investors and asset managers in the UK, Germany, Switzerland, Italy, France, the Netherlands, Norway, Finland and Denmark with a total of \$1.723 trillion assets under management. The survey was conducted in December 2023 and January 2024.

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About Reboot

Reboot is an award-winning campaigning group of senior financial services industry professionals working together with the industry to help drive real change by elevating the dialogue about racial inequality in our industry and broader UK workplace.

Launched in January 2020, we want to help switch the narrative, normalise the topic of race in the workplace, better elevate role models for the next generation and work towards a fairer industry through measurable change, such as ethnicity pay gap reporting.

Reboot uses real stories, case studies and original research into the impact of racism and diversity. These seek to educate business leaders and policymakers and enable them to create a more diverse, inclusive and fairer workforce. Let's reboot the narrative. For more information go to [Reboot \(rebootequality.org\)](https://rebootequality.org)

Media Enquiries

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