

IAA DEI MEMBER SURVEY 2022: A STARTING POINT



INVESTMENT ADVISER
ASSOCIATION



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IAA DEI MEMBER SURVEY 2022: A STARTING POINT

The IAA is committed to working collectively with our members, policymakers, and business leaders to support the values of diversity, equity, and inclusion (DEI) as priorities for our industry. Moreover, we embrace DEI as a value consistent with, and an extension of, our core values to uphold high standards of integrity and public responsibility and acting in clients' best interests.

While our profession has made some progress in terms of DEI, representation by women and minorities, among other diverse groups, still lags behind the general population and many other industries. Gathering relevant data is a crucial foundational step in addressing these issues, because it gives us an important tool to gain insight into the current landscape and allows us to measure subsequent progress.

In late 2022, the IAA conducted a survey to allow members to provide firm-level information about their diversity characteristics and DEI practices. This report presents an overview of key findings of the survey. It should be noted that the data gathered does not purport to represent the industry at large, but rather the characteristics of the firms that elected to respond.



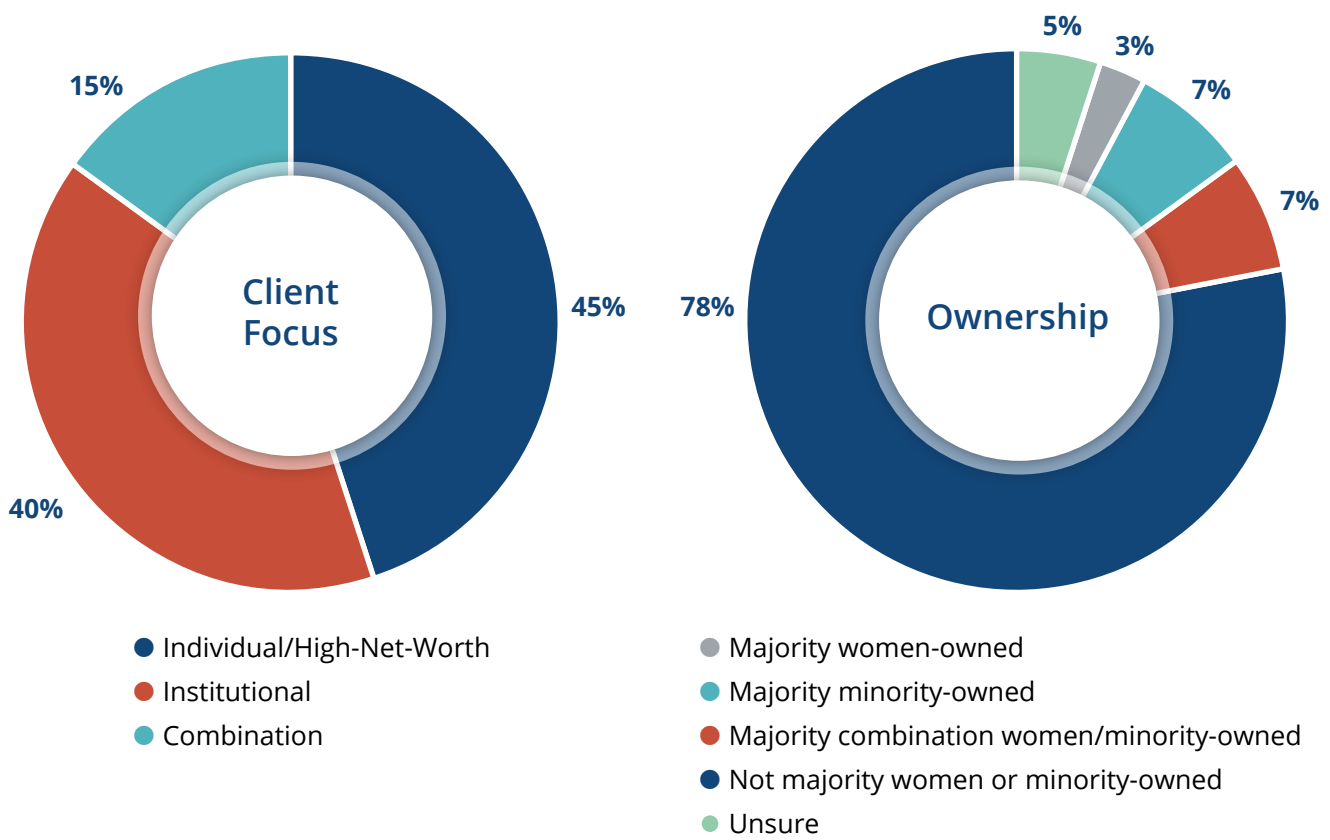
Client Focus and Ownership

Of the firms that responded, 45% focus primarily on individual/high-net-worth (HNW) clients, 40% primarily on the institutional market, and 15% on a combination of the two client types. Drilling into responses by firm size – as viewed in four AUM tiers from less than \$1B to \$20B and greater – not surprisingly, the largest firms skewed heavily toward the institutional market (71% primarily institutional and 29% a roughly equal share of institutional and individual/HNW clients), while 80% of the smallest firms describe their client base as largely individual/HNW and 20% either institutional or a mix.

Most of the respondents reported firm ownership as non-minority/non-women (78%). A small proportion (5%) were not sure of the ownership composition. Among the rest:

- Majority ownership by women was 3%
- Majority ownership by a minority was 7%
- Majority ownership by a combination of women and minority was 7%

Each AUM tier contained respondents in these last three categories.

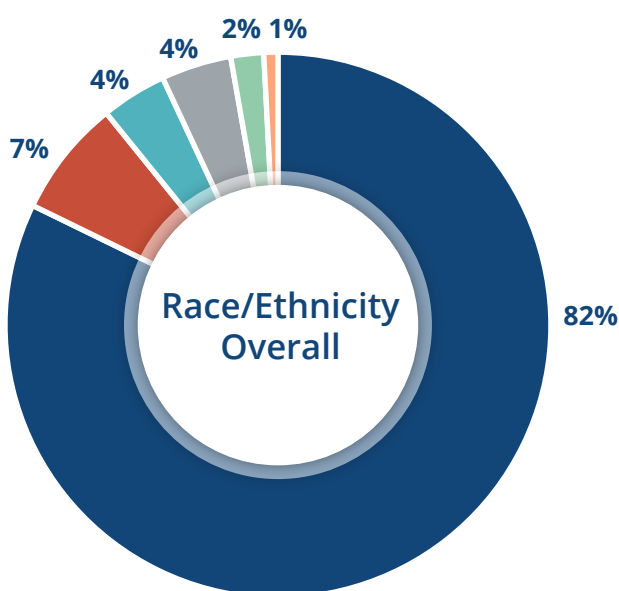


Gender, Race, and Ethnicity

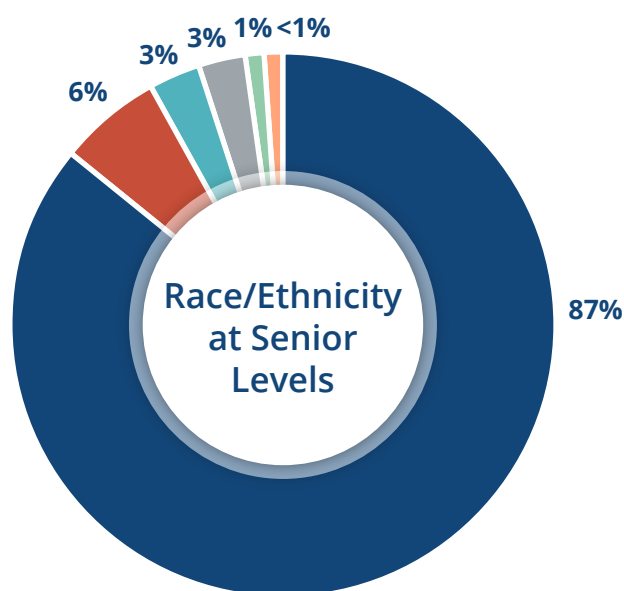
With respect to gender, more than half (57%) of the staffs of firms that reported are men. Of those, a significant majority were white, at 82%, which is also the proportion of the total population that was reported to be white. Among senior management ranks, 79% were men, of whom 87% were white (68% percent of all employees at the senior management level).

Individuals identifying as Asian comprised the next largest proportions overall and in senior positions. Asian employees make up 7% of the overall employee count, with Asian men at 4% and Asian women at 3%. Asian men and women make up 6% of reported senior management roles. Black/African American and Hispanic/Latino representation followed, each group making up 4% of the total population and 3% of senior management.

The charts below depict representation by racial and ethnic groups overall and among employees reported as senior management*.



● White
 ● Asian
 ● Black or African American
 ● Hispanic or Latino
 ● Two or More Races or Ethnicities
 ● Other Categories



● White
 ● Asian
 ● Black or African American
 ● Hispanic or Latino
 ● Two or More Races or Ethnicities
 ● Other Categories

*There was minimal representation by Native Hawaiian/Pacific Islanders and none reported in the American Indian or Alaska Native category.

When we evaluated characteristics of diversity by firm size as segmented by the AUM tiers described above, there is some-though not drastic-variation from larger firms to smaller firms:

- The largest firms reported populations that were 60% male and 63% white.
- The smallest firms reported populations that were 56% male and 54% white.

Firm Practices Related to DEI

With respect to commitment to DEI, 74% of firms reported either having or planning to establish a stated position and set of policies on DEI. Of those that don't, most are firms with 20 or fewer employees, and all have fewer than 40 employees, suggesting that resource limitations (both human and economic) may be the reason – at least in part – for the response.

The same seems to hold true with respect to having a chief diversity officer (CDO) or other dedicated senior officer with responsibility for the firm's DEI policies, procedures, and programming:

- 43% of firms reported that they do have a CDO or other senior officer leading DEI efforts; 57% neither have such a dedicated officer nor do they plan to.
- On the other hand, 92% of the largest firms reported having this role.



43%

FIRMS HAVING
CDO



57%

FIRMS NOT
HAVING CDO



92%

LARGEST FIRMS
WITH CDO

“Diversity and inclusion are cornerstones of our culture... These values are reinforced by formal policies... and a tone-from-the-top approach...”

“Our firm is too small to have a dedicated senior officer as described.”



With respect to additional practices to foster DEI:

- A slight majority of respondents (51%) indicate that they either track employee sentiment on DEI (e.g., via employee surveys) or plan to in the future.
- 67% of firms indicated that they currently take DEI factors into consideration in their recruiting/hiring and talent management functions, and an additional 21% say that they plan to or are considering formally incorporating such practices.
- 51% of firms either offer or are considering forming mentorship programs for employees. The balance (that do not and don't plan to) comprises firms with 40 or fewer employees, and more than half of these have 25 or fewer employees, likely revealing the effects of resources on practices.

“We measure some and hope to continue to improve our reporting.”

We would like to thank those IAA member firms that responded to the survey, with particular appreciation to those that chose to identify themselves (28%), such that we might collaborate in this work. Wherever readers of this report may be in their activities or considerations related to promoting diversity, equity, and inclusion, we hope that it may prove useful in informing your path.

“[We] review compensation data every other year. Conducted pay equity analysis using outside consultant in 2021.”



51%

TRACK SENTIMENT
ON DEI



67%

CONSIDER DEI
FACTORS





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