



Institutional Investing Diversity Cooperative

FOR IMMEDIATE RELEASE

INSTITUTIONAL INVESTING DIVERSITY COOPERATIVE ENDORSES RECOMMENDATIONS OF SEC COMMITTEE TO PROMOTE DIVERSITY IN THE ASSET MANAGEMENT PROFESSION

SEATTLE, October 11, 2022 -- The [Institutional Investing Diversity Cooperative](#) (IIDC), whose mission is to promote greater diversity in the asset management industry by advocating for transparency on diversity statistics, today announced that it sent a letter to Gary Gensler, chairman of the Securities and Exchange Commission (SEC), endorsing the [July 7, 2021 recommendations](#) to promote diversity within the asset management profession made by the Subcommittee on Diversity and Inclusion (D&I) of the SEC Asset Management Advisory Committee (AMAC).

“The IIDC determined that it was important for the organization to provide input because our member firms are directly affected by the recommendations as we are the ‘Consultants Who Recommend Investment Advisers and Investment Funds’ referenced in section III.A.3 of AMAC’s recommendation letter,” stated Shelly Heier, a founder of the IIDC and president of Verus. “Given the fact our members advise on more than \$43 trillion in institutional assets, it was incumbent upon us to let the SEC know that we are in full support of the recommendation to require additional diversity disclosures from asset managers and consultants alike. We agree asset owners would benefit from improved transparency on diversity statistics of registered advisors, due diligence processes such as how filters or screens are utilized in manager selection process, and information on how diverse asset managers are included in research, searches, and recommendations,” she added.

According to the letter, “The AMAC recommendations are consistent with fair and transparent markets and broaden the universe of asset managers available to owners of capital. We believe diverse investment teams, and the diverse viewpoints brought by diverse individuals, enhance investment decision-making. Yet diverse individuals are grossly underrepresented in our nation’s asset management industry as compared to the general population of the United States, and more often than not, as compared to the broad group of beneficiaries to the invested capital in question. As the AMAC recommendations stated, less than 1% of the \$70 trillion in global financial assets are managed by minority-owned or women-owned firms. Furthermore, many barriers remain for minorities and women in the industry; less than 40% of senior and executive management in the financial services industry are women and/or people of color.”

Heier noted that, “While many asset management and consulting firms have already implemented these practices, the IIDC encourages broader adoption consistent with AMAC’s recommendation letter. As it states in the letter, the IIDC is actively engaged in work to establish common definitions and we have offered our assistance to the SEC on this front. We also are looking at incorporating the global nature of the financial services workforce, reconciling on behalf of clients the disparate regulations around collecting and using diversity data, and ensuring both small, privately owned, and large or publicly owned firms are held accountable to promote diversity within their employee, leadership, and ownership ranks.”

The letter also makes the following points:

- The disclosure requirements proposed for SEC-registered entities would improve transparency on diversity and inclusion within the asset management industry. Greater transparency would lead to more informed decision making by asset owners.
- This transparency would enhance accountability within the asset management industry on efforts to build more diverse investment teams, which should lead to better investment choices for asset owners.
- Material improvement in diversity transparency will require more standardized definitions on terms such as “diverse manager” and diversity metrics, as the financial services industry has many often-contradictory definitions.

About the Institutional Investing Diversity Cooperative

The Institutional Investing Diversity Cooperative is a collective of some of the largest and most prominent institutional investment consultants in the industry today. The members of the Cooperative are responsible for the stewardship of more than \$43.4 trillion of assets (as of 6/30/21 in assets, as of 3/31/22 membership) on behalf of state and local pension funds, labor union pensions and welfare assets, university endowments, charitable foundations, hospital systems, and private wealth.

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