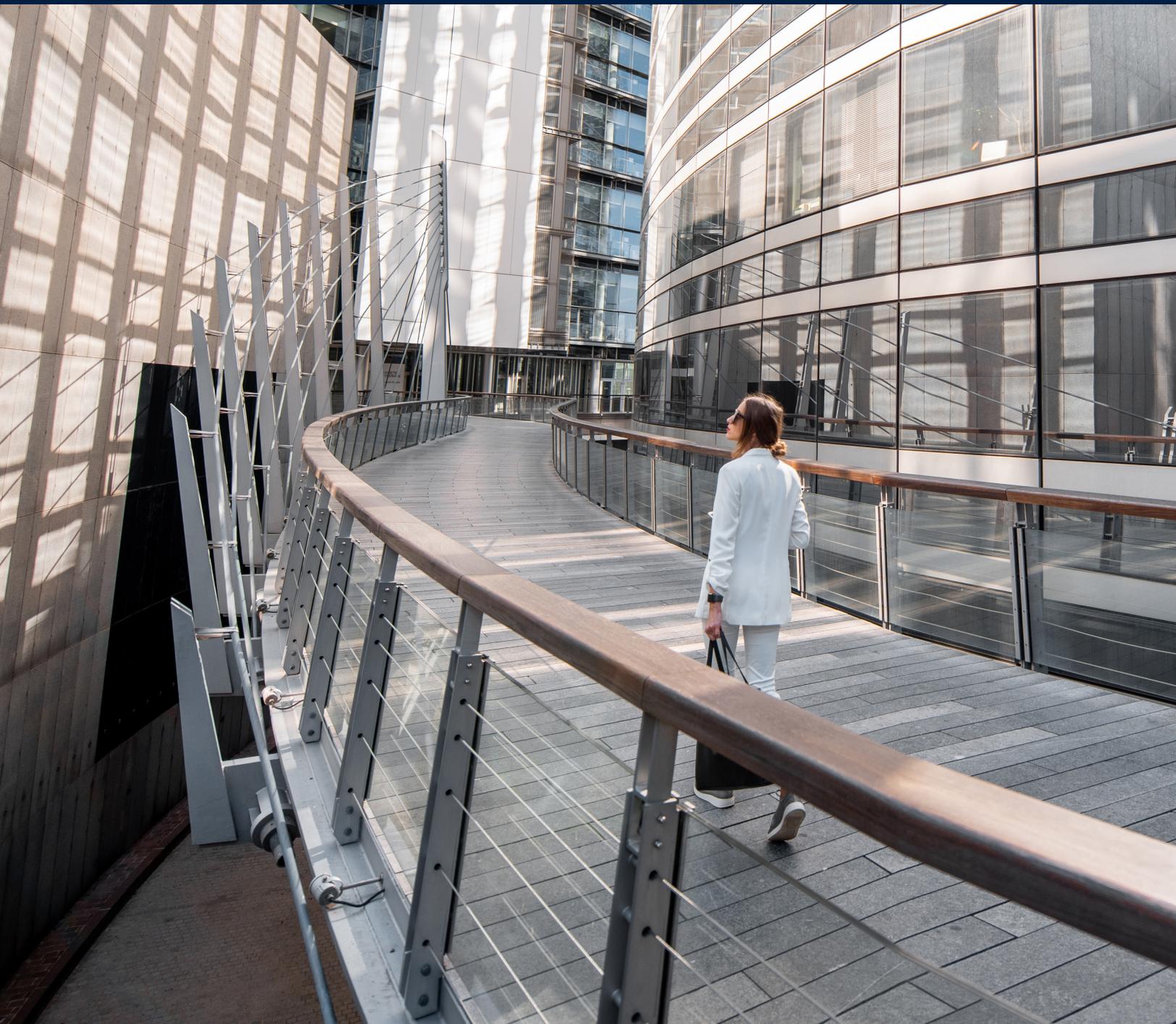




Driving Diversity

A View of DEI Across the Private Markets

Released May 2022



Introduction

In late 2021, Nasdaq announced the creation of a private fund manager diversity, equity, and inclusion (DEI) data set that would dig deeper into firm diversity primarily at the key professional and portfolio management level.

The data, which is voluntarily submitted by private fund managers, is currently available free of charge to institutional investors through the eVestment platform.

Since the launch of the initiative, we have seen an incredible response from both sides of the market. Over 170 private fund managers have submitted their DEI data for inclusion and approximately 100 qualifying institutional investors have requested access to the data set. That said, we anticipated this demand.

On the traditional asset manager side of the business, we saw searches for DEI data jump from about 1.5% to almost 3% of all searches between 2019 and 2021. While that percentage may seem small, it represents thousands of searches on the eVestment database, and it continues to grow.

We are thrilled with the level of support the private markets initiative has received thus far and believe it is a clear signal of the intent and focus that the industry has placed on DEI moving forward.

This report will highlight some of the initial findings of our private markets DEI data set as we continue to support meaningful change through access to accurate and reliable data. While the data set is nascent, we believe it is important to highlight these findings to provide greater transparency into DEI across the industry.



Shar Kassam
Head of Nasdaq Asset
Owner Solutions

About The Data

In designing the DEI data questionnaire, Nasdaq worked with the Institutional Limited Partners' Association (ILPA) and FCLTGlobal to ensure its data collection aligns with ILPA's Diversity Metrics templates and the guidelines published by each group. Following our strategic alliance with Mercer, we have collaboratively engaged with their network of private fund managers to bolster the reach of this initiative.

As of April 30, 2022, a total of 174 private fund managers have submitted some amount of DEI data across three key areas: professional team composition, ownership, and investment committee-level. Managers were asked to provide statistics on both gender diversity and ethnic diversity. Respondents retained discretion over the granularity of data provided and it is worth noting that in some jurisdictions there are limits to the level of personal information that companies can report with regards to their employees. Over 82% of the respondents were US-based firms.

When soliciting data from private fund managers, Nasdaq and its partners focused on gathering data from emerging and diverse managers as these firms are more likely to submit data to highlight their diverse teams. We acknowledge that as a result, this data set may not represent a true cross-section of the industry.

This report will present the DEI data provided by firms in a quantitative manner and does not seek to opine on the figures to make any positive or negative assertions about the state of diversity in the private markets industry.

Firm-Wide Professionals

In the first section of the questionnaire, firms were asked to provide the gender and ethnic diversity of their firm-wide professional teams. In total, white professionals represent 35.7% of professionals at respondent private markets firms, the largest ethnic cohort. More granularly, white men account for 19.1% of their workforces.

White women represent 15.5% of professionals, the second most common gender-ethnicity combination. 6.6% of respondent firms did not provide ethnicity data.

In terms of ethnic minorities, Asians of any gender are the most represented minority group accounting for 19.8%

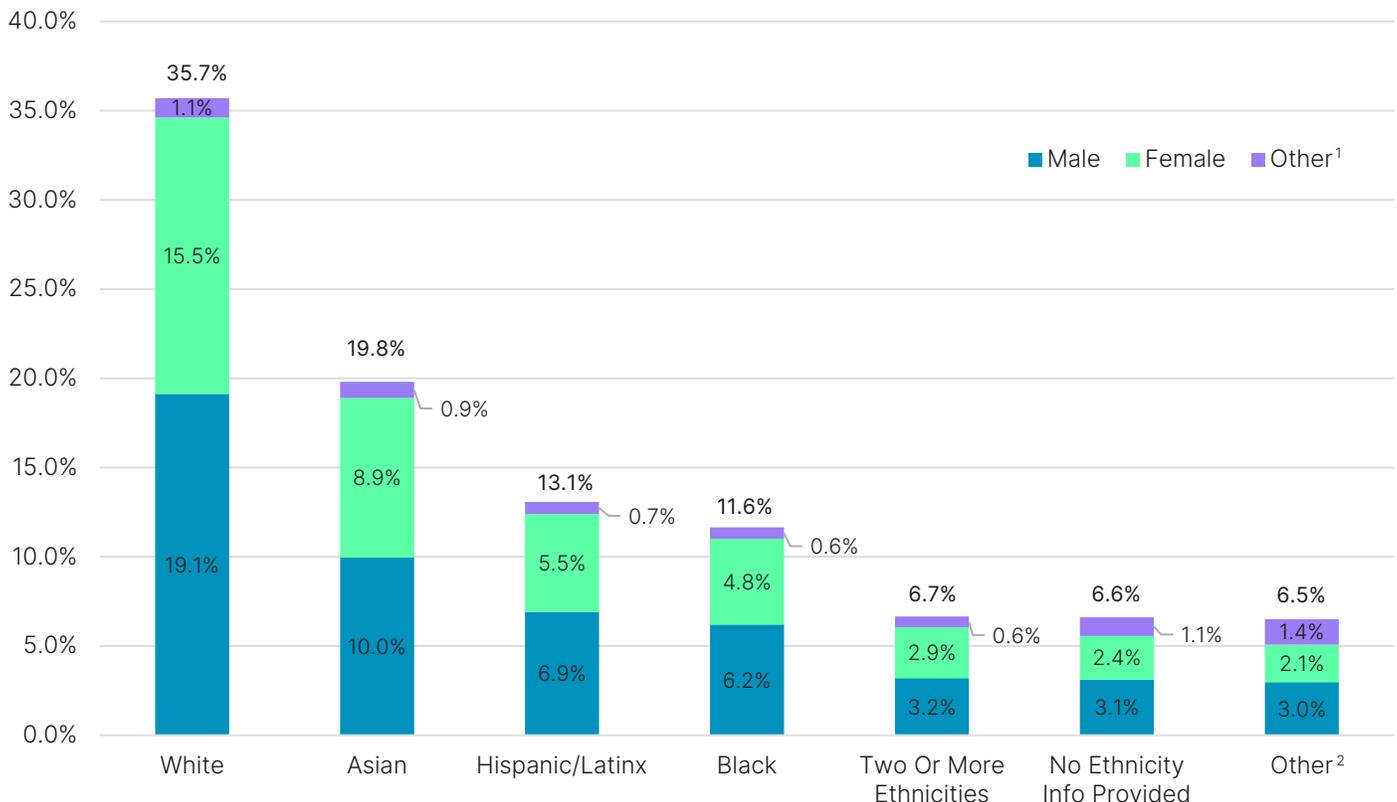
of teams. Hispanic/Latinx and Black professionals represent 13.1% and 11.6% of the workforces of respondent firms respectively. Additionally, employees of two or more ethnicities represent 6.7%.

Moving forward, as private markets firms work to add diversity to their ranks, they must also work to diversify their avenues of talent acquisition says **Lindsay Creedon, Partner at The StepStone Group**. “Measuring one’s progress in developing a diverse workforce at all levels is critical, but the real work behind the statistics lies in reaching well beyond traditional recruitment channels and backgrounds, and in building an organization infused with inclusive leadership and management.”



Lindsay Creedon
Partner, The StepStone Group

Ethnicity & Gender Breakdown of Private Markets Professionals



¹Other gender category represents: No gender information provided and non-binary

²Other ethnicity category represents: Indigenous/Tribal People, Middle Eastern or North African, and Other

Firm Ownership & Investment Committees

Data submitted on firm ownership and investment committees shows that there is somewhat less diversity at the top of respondent private markets firms than in their wider teams. Ownership by Asian and Hispanic/Latinx individuals stand at 16.3% and 11.1%, lower than the 19.8% and 13.1% respectively that make up professional workforces of firm. That said, Black (13.0%) and Middle East or North African (3.4%) individuals have slightly more representation at the ownership level than at the wider firm level. White individuals of any gender represent 39.9% of firm owners. Firm ownership by women of any ethnicity stands at 34.2%.

Investment committees of respondent firms are 41.7% white, and primarily male (60.9% of this figure). Asians of any gender have higher representation on investment committees (20.3%) than in firm ownership (16.3%), the largest difference of any minority ethnicity. The opposite is true of Black and Hispanic/Latinx professionals who have greater representation in firm ownership. This suggests that Black and Hispanic/Latinx owners are more likely to serve in non-investment team C-suite roles like CFO, COO or CCO.

Diversity at the firm ownership and investment committee levels is in part a direct result of diversity at the middle and entry levels of firms. As less-tenured



Amy Ridge
Partner, Mercer

diverse professionals progress in their private equity careers, we anticipate seeing more ethnic and gender diversity added to these upper ranks in through succession planning and spinouts.

That sentiment is shared by **Amy Ridge, Partner at Mercer**. “I think the decision to collect and consider DEI data at multiple levels is key to driving long-term change in our industry. When a diverse or underrepresented person has a seat at the decision-making table, they are building a stronger resume with a track record that enables them to hang their own shingle one day.

It is exciting to see the quickly increasing number of new diverse-owned firms in the market today, but it is equally as exciting to see greater diversity at the key decision-making levels as this is



Ariel Babcock
Managing Director, Head of Research at FCLTGlobal

what will keep the momentum going.” In addition to investment committee diversity, private markets firms must also consider the diversity of the board committees at their portfolio-companies. While our DEI questionnaire survey did not gather data in this area, it should be a point of emphasis for firms says **Ariel Babcock, Managing Director and Head of Research at FCLTGlobal**.

“Evidence clearly demonstrates that diversity at the board level adds meaningful long-term value for companies and their owners. As the number of private equity-backed companies rises, reliable data on the diversity of their boards will be the first step toward promoting diversity, equity, and inclusion and is critical to driving long-term value creation for a large and growing portion of the economy.”

13.0%

Percent of firm owners who are Black

20.3%

Percent of investment committee members who are Asian

32.8%

Percent of investment committee members who are female

55.4%

Percent of firm owners who are male

How Institutional Investors Are Using This Data

The past few years have seen more and more institutional investors prioritize DEI initiatives across their organizations. While initial efforts in the space have centered around awareness and education, moving forward these investors are prioritizing action. Institutional investors are now seeking to incorporate DEI themes or metrics into their decision-making processes and more broadly into how they operate their organizations. To do this they need data. Something that until recently was severely lacking in the private markets.

Institutional investors will use the private markets DEI data from the eVestment platform to guide their portfolio manager selection efforts within both their emerging manager programs and their core portfolios. Diverse teams bring contrasting viewpoints, complementary thought processes, and a more complete approach to investing. In some ways seeking out diversity in manager selection is a form of risk management. Fund managers who build diverse teams are strengthening both the upside potential for their funds and their fundraising prospects with institutional investors.

In my former role as Deputy CIO of the Employees Retirement System of Texas, we strived to include diverse managers in our \$1 billion emerging manager program, but it was difficult for us to collect and assess the data to understand the pipeline of diverse managers that fit our investment program.

It's exciting to see asset owners have this data available to them to consider in their decision making. It's also the start of asset owners having reliable data to start evaluating how the managers and the industry are making progress.

Shar Kassam
*Head of Nasdaq Asset
Owner Solutions*



Submit your DEI data
or request access
to the data set:

[DEI Data](#)

