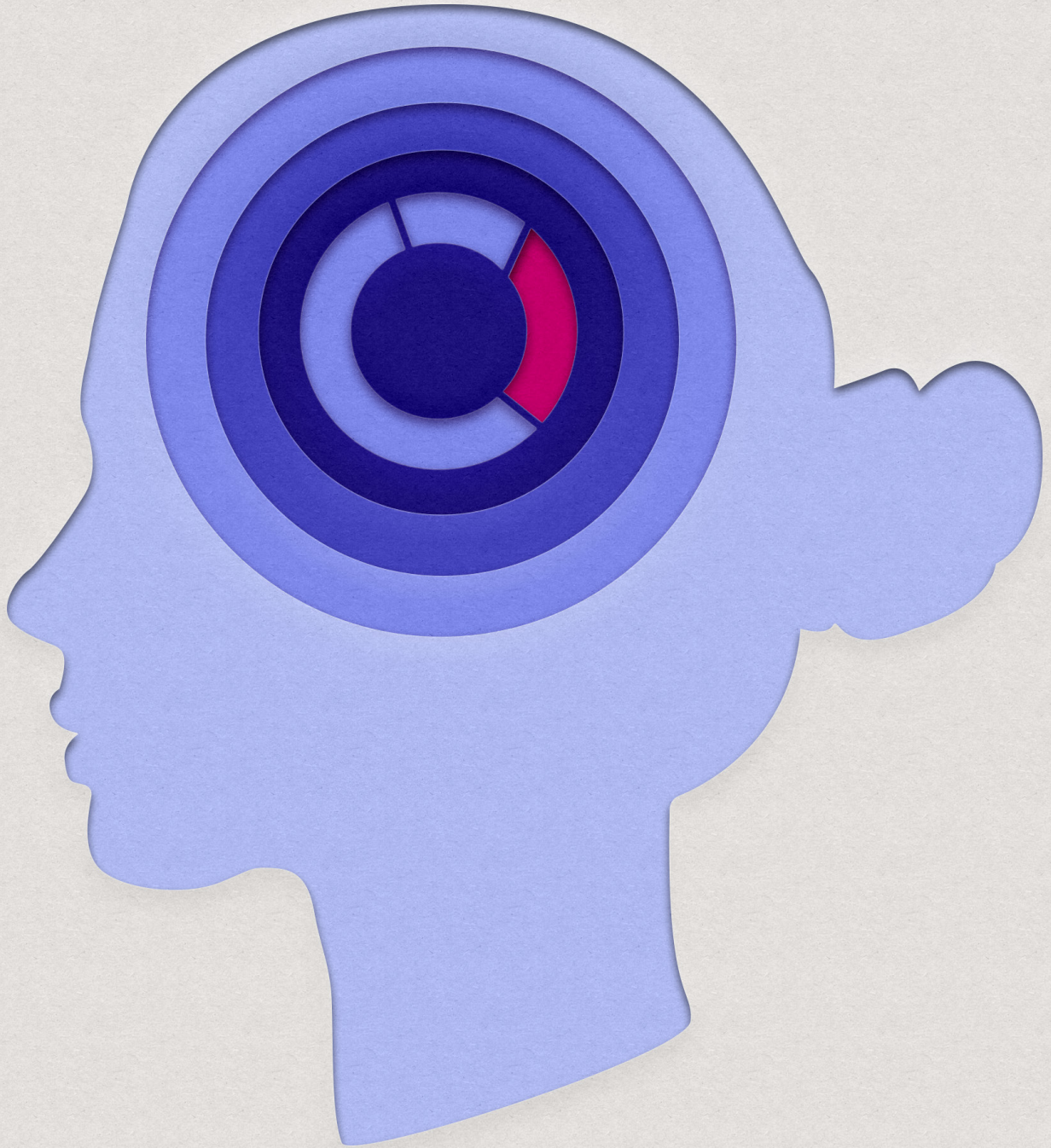


Women in Alternatives 2024



PREQIN

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Key facts

→ **21.8%**

Just over a fifth of people working in alternative assets are women

→ **25.3%**

A quarter of employees working for institutional investors are women

→ **14.7%**

of senior job titles are held by women in alternative assets

Introduction

This report is a snapshot of how and where women are represented in the alternatives workplace. As such, it highlights the advances made, but also flags where there may be room for improvement and more effort.

Management teams can use this report as they develop their benchmarks against top-level diversity key performance indicators (KPIs) such as gender ratios for overall headcount, and senior versus junior positions. The data does not, however, include comparisons between male and female compensation.

Our report uses data sourced at the beginning of 2024 from Preqin's database of more than 350,000 professionals and 50,000 firms in the alternative investment industry. We are grateful to our clients and participating industry professionals for providing this – proof in itself, perhaps, that gender equality is a widely shared objective.

Preqin is proud to be playing a key role in championing greater female representation in the alternatives industry. We hope you find this report both interesting and useful in promoting this objective.

For more information about Preqin and our services, please visit www.preqin.com or contact info@preqin.com

Women in alternatives 2024

Where is progress happening?

The slow march toward gender equality continues in 2024. Just under half of the world's population is female.¹ Yet in the alternative assets industry, women made up less than a quarter of the workforce.

Prequin has been monitoring this and associated numbers since our first Women in Alternatives report in 2017. We track progress, breaking the analysis down by geography, asset class, and level of seniority. Year-on-year comparisons of these metrics are neither illuminating nor inspiring – a few basis points up in one corner of the industry, a few in the opposite direction in another.

Comparing the studies

Compared with broader studies such as McKinsey and Lean In's Women in the Workplace, the alternatives industry's progress is, if anything, a little slower than the average.² Comparing the first Women in the Workforce study in 2015 with the 2023 edition, it's clear that in every category of employee, from entry level to C-Suite, the proportion of female participants has increased (Fig. 1).

¹ <https://countrymeters.info/en/World>

² <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace>

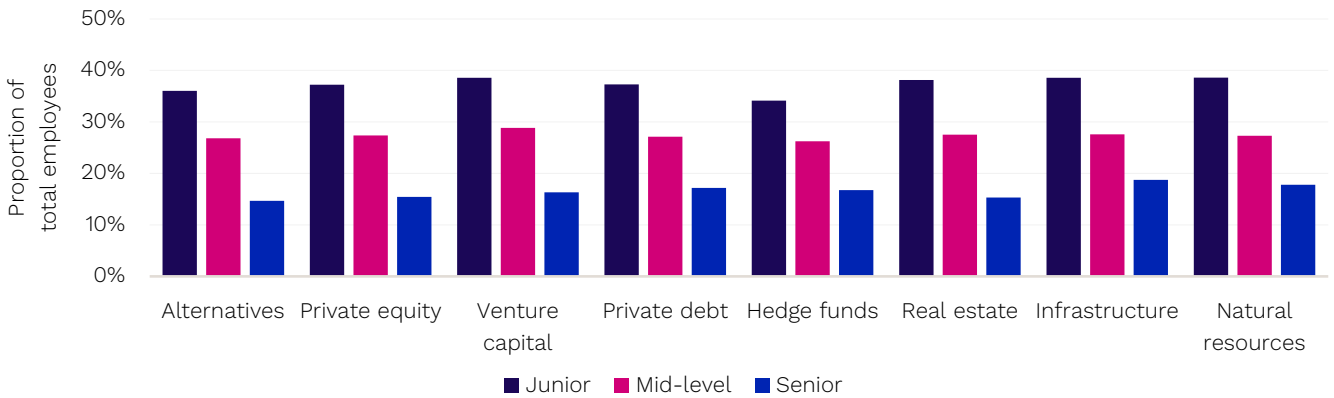
Fig. 1: Female employees in the workplace in North America as a proportion of total employees by seniority, 2015 vs. 2023

Cohort	2015	2023	Change
Entry level	45.0%	48.0%	6.7%
Manager	37.0%	40.0%	8.1%
Senior manager/Director	32.0%	36.0%	12.5%
VP	27.0%	33.0%	22.2%
SVP	23.0%	27.0%	17.4%
C-Suite	17.0%	28.0%	64.7%

Source: McKinsey & Company and LeanIn.Org

Preqin’s data does not map exactly across the Women in the Workplace study, which is North America-focused and covers a slightly longer timeframe. It also lacks a specific focus on alternatives or finance. Overall, however, in our data the proportion of female employees at junior, middle, and senior levels appears lower than the Women in the Workforce report found (Fig. 2).

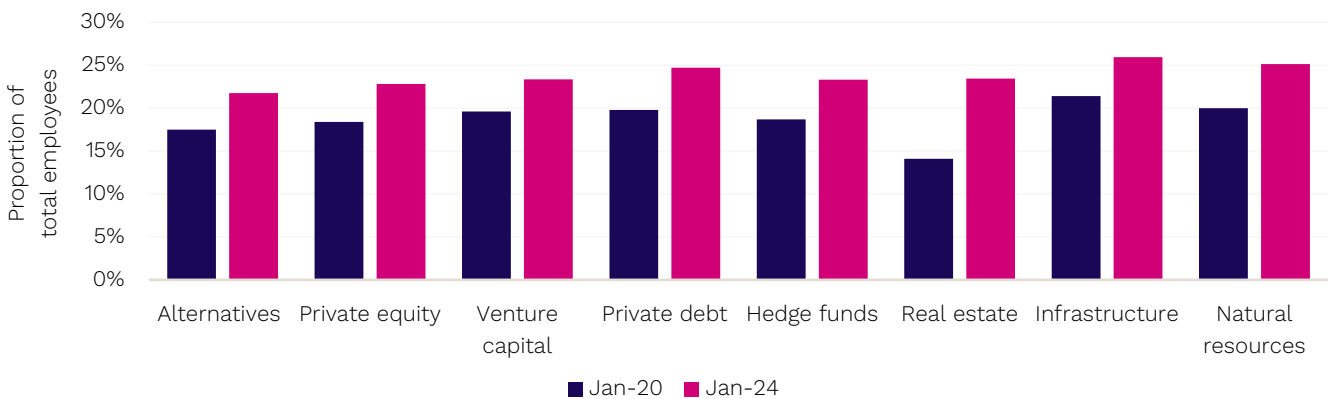
Fig. 2: Female employees in alternatives as a proportion of total employees by asset class and seniority globally, January 2024



Source: Preqin Pro. Data as of January 2024

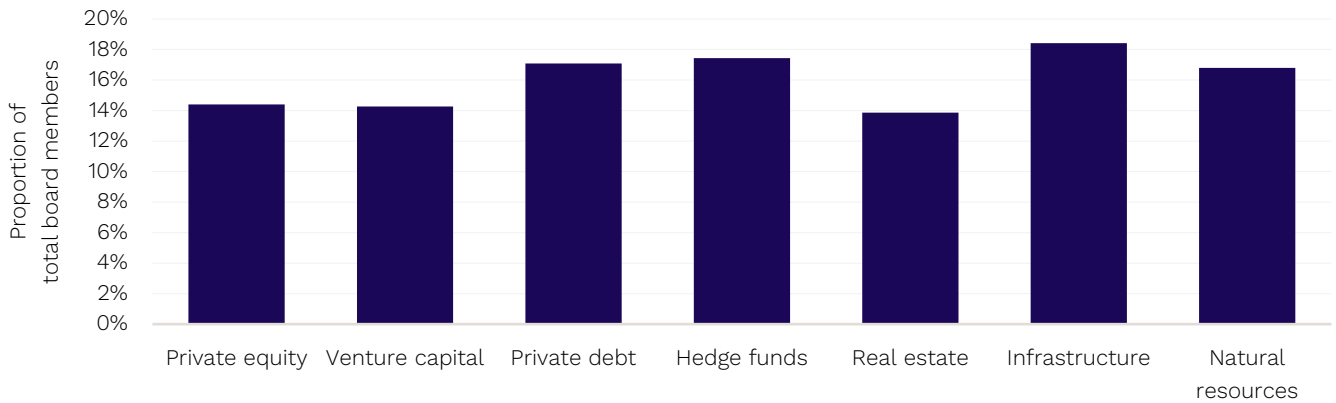
At board level though, the picture is different. In the alternatives industry overall we found that there were 24.4% more female employees as of January 2024 since 2020 (Fig. 3). The proportion of female board members however, has increased much more since 2020, although part of this is accounted for by having a larger database from which to draw results, as well as starting from a lower base (Fig. 4).

Fig. 3: Female employees in alternatives as a proportion of total employees by asset class, 2020 vs. January 2024



Source: Preqin Pro. Data as of January 2024

Fig. 4: Female board members as a proportion of total board members by asset class



Source: Preqin Pro. Data as of January 2024

Momentum drivers

Powerful forces are propelling women’s momentum in the professional workplace. According to the Pew Research Center, 2019 marked the first time in American history that the number of women over the age of 25 with bachelor’s degrees or higher exceeded the number of similarly qualified men.³ This may partly explain why North America, the world’s biggest financial alternatives market, has historically been the regional leader in promoting gender diversity in the workplace across all alternative asset classes.

Some segments are moving faster and further than others. For example, 21.3% of employees in private equity firms are now women, an increase on the 18.4% of 2020. By comparison, at infrastructure firms, the proportion of female employees is now at 23.8%.

Investors lead the way

One of the strongest incentives for alternative investment firms to employ more women is the uptrend in their clients doing exactly that. Closing this gap might also benefit corporate governance. ‘Know your customer’ remains one of the top mantras in financial services and mirroring clients’ more equal gender balance could therefore help build that proximity.

Preqin data suggests that the percentage of women working for institutional investors is higher than it is within the companies trying to attract them, despite falling slightly since 2020. Nonetheless, female representation in foundations is still over the 40% mark, with the overall proportion across all investor types at 25.3%. We might conclude that investors are leading the way in closing the gender gap in alternatives.

That said, GPs investing in alternatives have not shown overwhelming enthusiasm for formally adopting diversity principles, according to our data. Preqin research suggests that just 4,210 GPs worldwide have diversity, equity, and inclusion (DEI) policies and initiatives in place. That means that of the approximately 50,000 active GPs on Preqin’s database, fewer than 10% are committed to a DEI program. Of the 1,601 GPs that are women-led, 171 of them have DEI Policy or Initiatives in place, just over 10%. This therefore warrants closer inspection by policymakers, especially if trends proceed at the current pace.

³ <https://www.pewresearch.org/short-reads/2021/11/08/whats-behind-the-growing-gap-between-men-and-women-in-college-completion/>

Artificial Intelligence: Reasons to be cautious

Artificial Intelligence (AI) is scaling up as companies and individuals find new uses for it in previously manual tasks. With this has come the debate around whether unconscious bias programmed into the technology may do more harm than good, which is clearly pertinent to gender when the majority of programmers have tended to be male. Nevertheless, AI should not be viewed as a Pandora's Box. It offers a huge number of benefits that can be obscured by media reports of ChatGPT essays and disinformation running riot. (Disclosure – this report has been nowhere near ChatGPT, even out of curiosity).

But there is reason to be cautious when applying AI to corporate governance and ESG policies. The technology is informed by historic data and is thus likely to have a bias toward past practice. Besides, this weighting might be amplified by the algorithm designers themselves, consciously or otherwise.

Such issues are only now coming to the fore as companies begin to explore the ethical implications of AI. One of them, Unilever, discussed its approach in an article last November noting, for example, that “all resume checking... is now done by human reviewers.⁴ If resume checking were fully automated, the review might conclude that the system needs a human in the loop to make final decisions about whether to move a candidate to interview”.

The Unilever approach suggests that, as well as threatening the status quo, AI can be programmed to challenge it. But before you rest easy with that thought, there's another factor to consider. The technology workforce, on a similar scale to the alternatives industry, is overwhelmingly male.⁵ The challengers, in other words, are outnumbered.

⁴ AI Ethics at Unilever: From Policy to Process, by Thomas Davenport and Randy Bean November 15, 2023, MIT Sloan Management Review

⁵ <https://hbr.org/2019/11/4-ways-to-address-gender-bias-in-ai>

Regulation: With friends like these...

Many regulators clearly support greater gender diversity in the financial services workforce. Last November the UK's Prudential Regulatory Authority and Financial Conduct Authority, for example, unveiled new proposals and consultations on diversity in financial services firms.⁶ In the US, Nasdaq more forcefully requires that its listed companies have diverse boards, or that they explain why they don't.⁷ The European Commission has stipulated that 40% of non-executive directors (or 33% of all directors) in listed companies be women by the middle of 2026.⁸ While these rules might not directly affect all financial alternatives businesses, they are an unmistakable influence on the general direction of travel.

Naturally, this a good sign, but there are two ways in which regulations can hinder more than help:

- The first is that diversity considerations might be drowned out in the daily tsunami of rules on ESG hitting businesses from multiple directions. The Brussels-based Corporate Governance Committee, for example, lists 71 KPIs for environmental, social, and governance topics, only seven of which address women in the workplace.⁹ The sheer weight and complexity of ESG reporting in a global environment dictates that some elements will command priority over others.
- The second peril is that regulation is inextricably bound to a political environment that is seemingly still polarized. Last November the US Court of Appeals for the Fifth Circuit found in favor of Nasdaq, when two conservative groups challenged its diversity rule (see above) on the grounds that it violated the US Constitution.¹⁰ The challenge was supported by 17 State Attorneys from Republican states. Whether this is a sign of things to come depends on politics and is therefore beyond the scope of this report, however.

6 <https://www.fca.org.uk/publication/consultation/cp23-20.pdf>

7 <https://listingcenter.nasdaq.com/assets/Board%20Diversity%20Disclosure%20Five%20Things.pdf>

8 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L._2022.315.01.0044.01.ENG

9 https://corporategovernancecommittee.be/assets/pagedoc/1399293581-1651127670_1651127670-esg-kpis-ccg-1.pdf

10 <https://corpgov.law.harvard.edu/2023/11/15/fifth-circuit-declines-to-review-secs-approval-of-nasdaq-board-diversity-rule/>

State of the industry

21.8%

Proportion of the workforce that are women across alternative assets.

22.7%

Proportion of women working in alternatives in North America - the region with the highest proportion.

14.7%

Across alternatives, the share of senior employees in alternative assets who are women.

Private equity

22.8%

Women account for more than one-fifth of private equity employees worldwide. This share has increased from 18.4% in 2020.

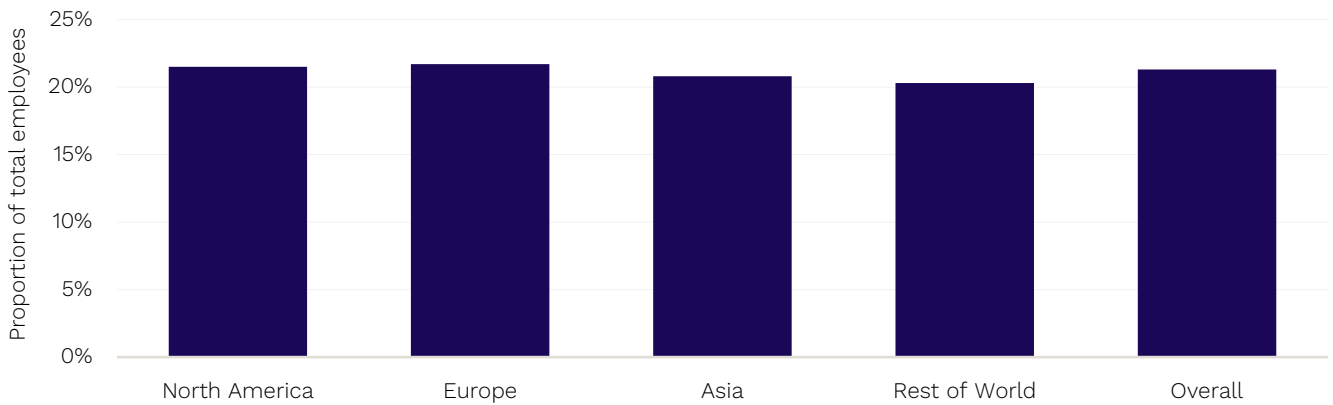
37.2%

Over one-third of junior employees in private equity are female, compared with just under a third (30.6%) in 2020.

21.7%

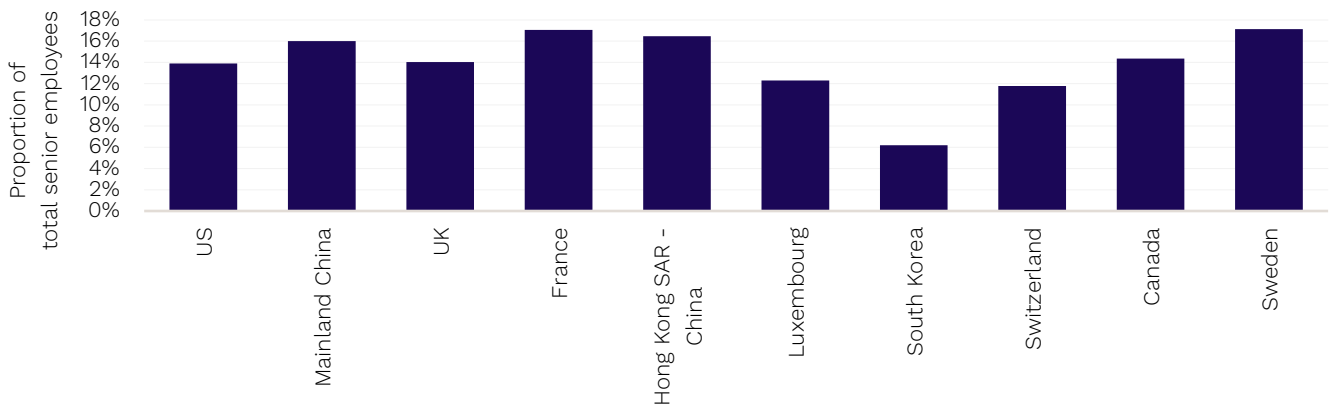
Europe-based private equity firms have the largest regional proportion of female employees, followed by North America-based firms at 21.5%.

Fig. 5: Female employees in private equity firms as a proportion of the total employees by region



Source: Preqin Pro. Data as of January 2024

Fig. 6: Female senior employees at private equity firms in the top 10 locations* as a proportion of total senior employees



*By aggregate capital raised by closed-end funds over the past 10 years.

Source: Preqin Pro. Data as of January 2024

Venture capital

18.0%

France has the highest proportion of women occupying senior positions of the top 10 locations, by capital raised over the last 10 years by VC firms.

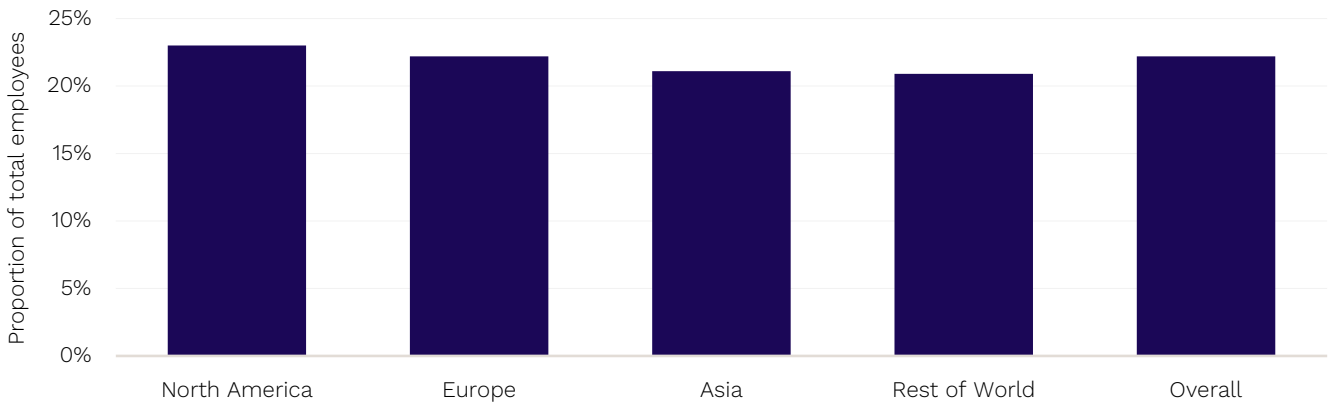
38.6%

The proportion of female junior employees in venture capital globally.

23.0%

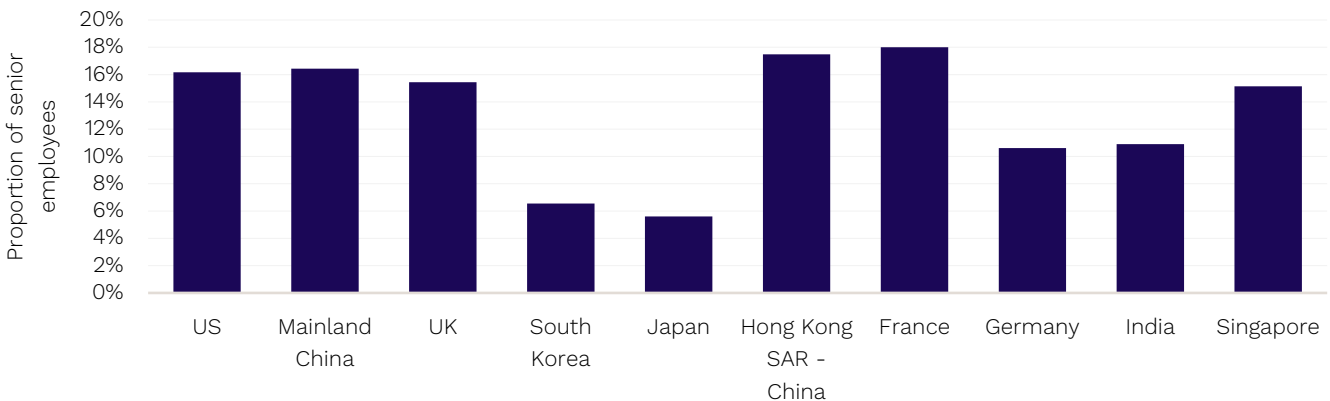
North America-based VC firms have the largest regional proportion of female employees.

Fig. 7: Female employees in VC firms as a proportion of the total employees by region



Source: Preqin Pro. Data as of January 2024

Fig. 8: Female senior employees in VC firms in the top 10 locations* as a proportion of total senior employees



*By aggregate capital raised by closed-end funds over the past 10 years.

Source: Preqin Pro. Data as of January 2024

Private debt

23.2%

Europe-based private debt firms have the largest regional proportion of female employees, followed by North America-based firms at 22.5%.

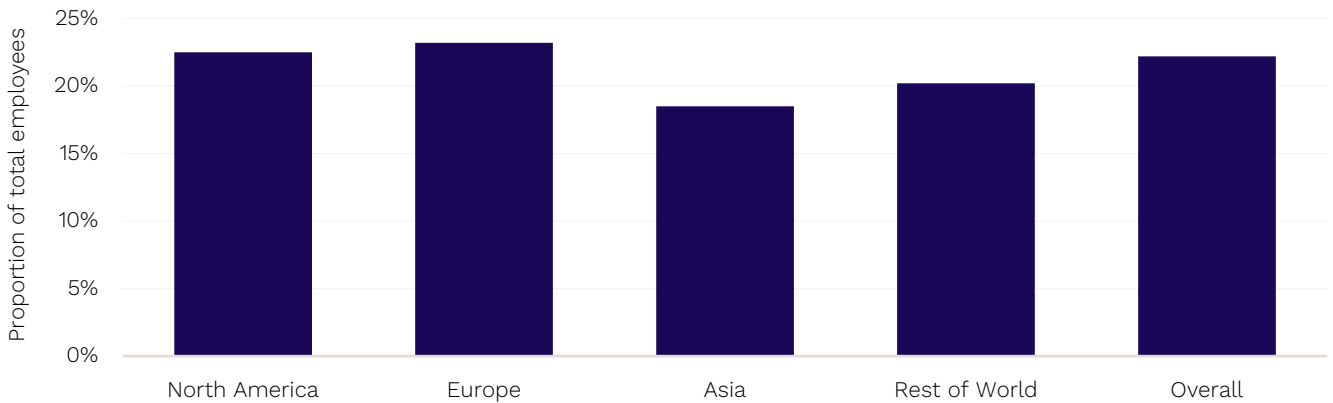
17.1%

France and Sweden have the highest proportion of women occupying senior positions of the top 10 locations by capital raised over the last 10 years by private debt firms.

22.2%

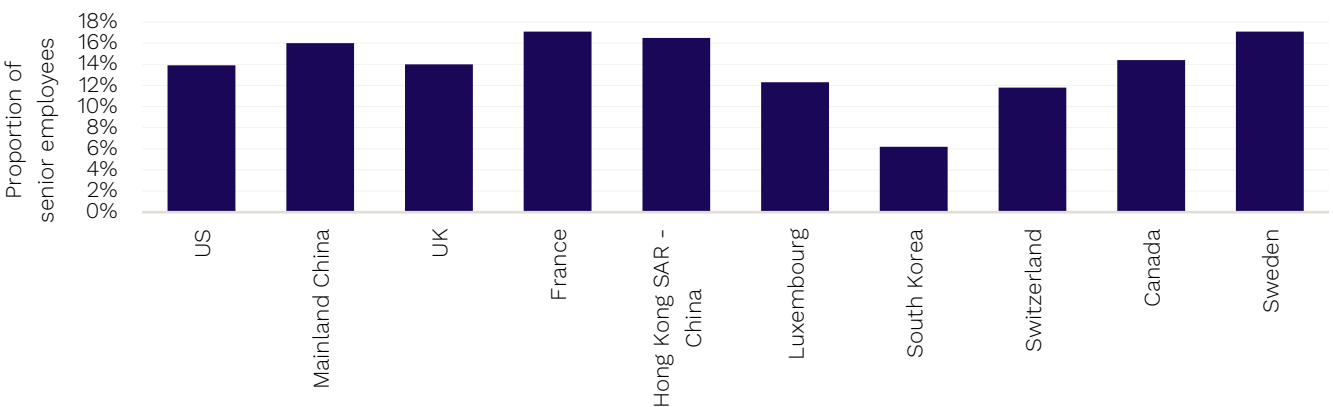
The sector average proportion of women working at private debt firms globally.

Fig. 9: Female employees in private debt firms as a proportion of the total employees by region



Source: Preqin Pro. Data as of January 2024

Fig. 10: Female senior employees at private debt firms in the top 10 locations* as a proportion of total senior employees



*By aggregate capital raised by closed-end funds over the past 10 years.

Source: Preqin Pro. Data as of January 2024

Hedge funds

16.8%

The proportion of senior positions within the hedge funds space occupied by women has increased since 2020, when the proportion was 10.9%.

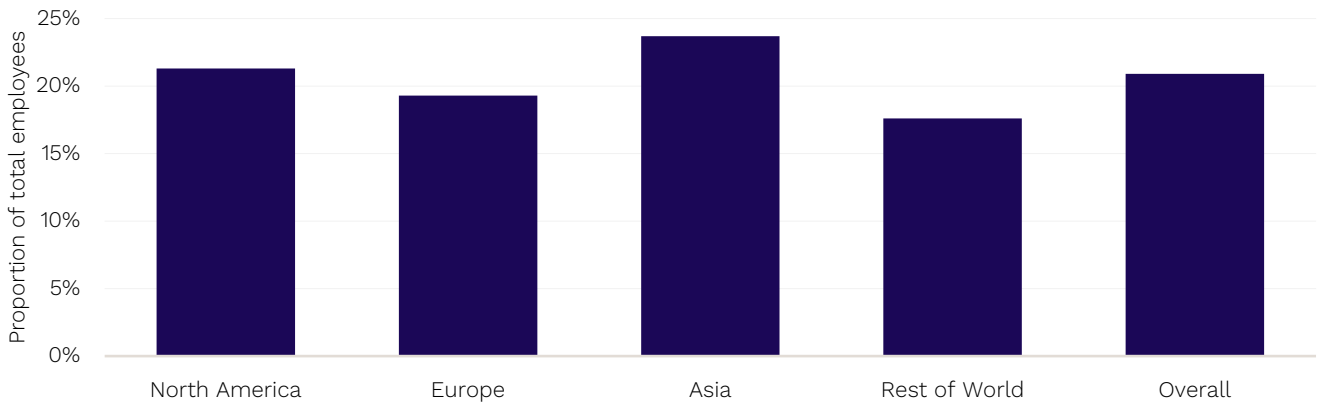
23.7%

Asia-based hedge funds firms have the highest proportion of female employees, followed by North America-based firms at 21.3%.

23.2%

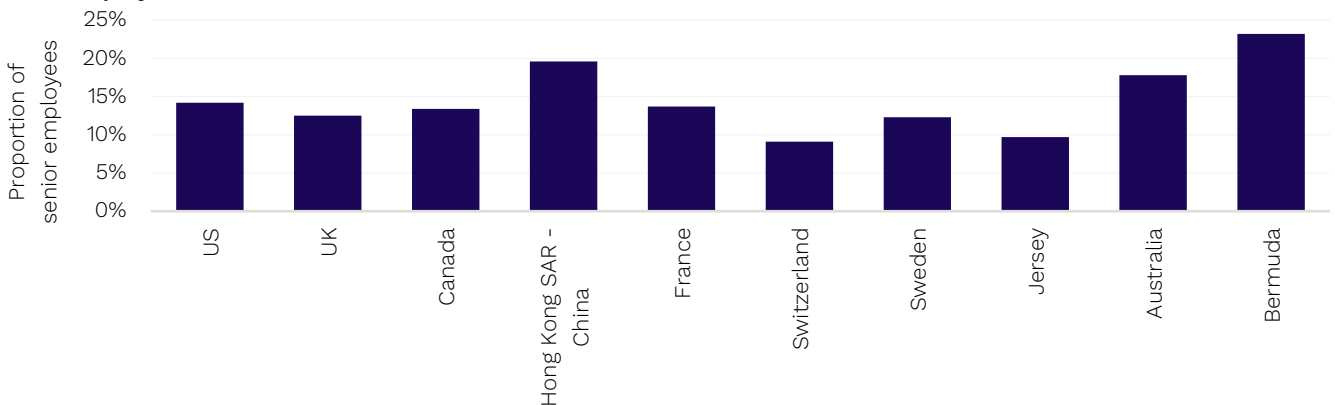
Bermuda has the highest proportion of women occupying senior positions of the top 10 locations by hedge funds AUM.

Fig. 11: Female employees in hedge fund firms as a proportion of the total employees by region



Source: Preqin Pro. Data as of January 2024

Fig. 12: Female senior employees at private debt firms in the top 10 locations* as a proportion of total senior employees



*By assets under management as of September 2023.

Source: Preqin Pro. Data as of January 2024

Real estate

21.9%

North America-based real estate firms have the largest regional proportion of female employees, followed by Europe-based firms at 21.2%.

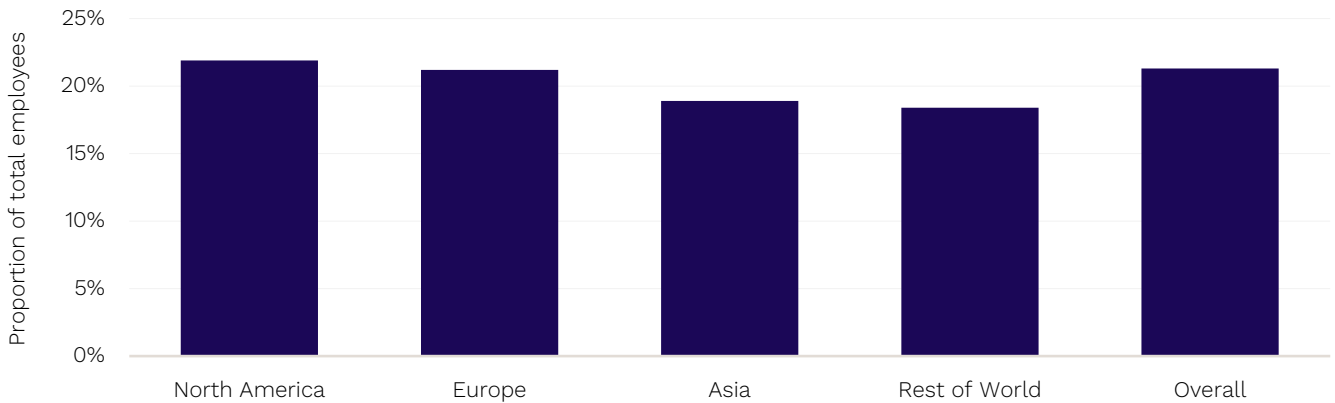
23.4%

Just under a quarter of employees in the real estate space were women in 2024.

15.3%

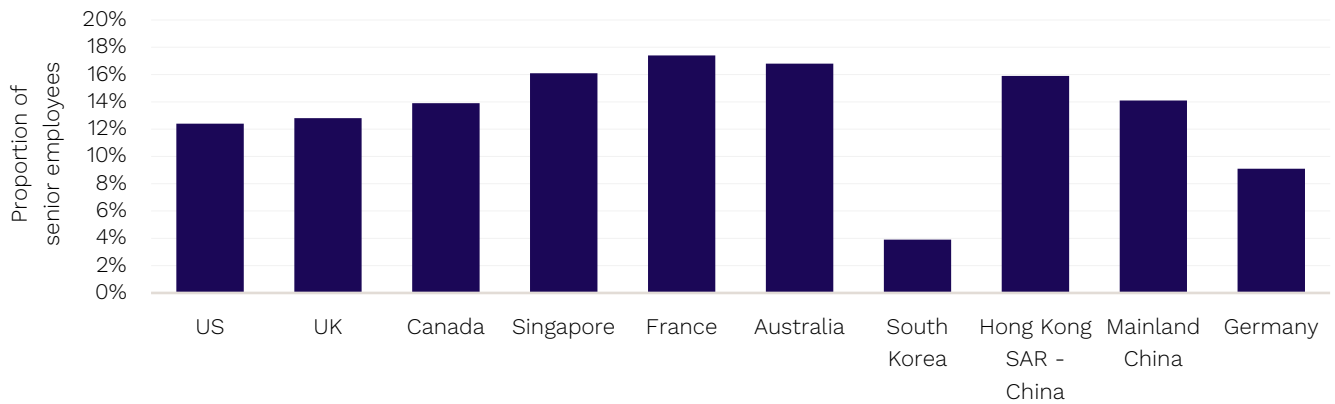
Less than a fifth of senior real estate industry employees were women in 2024.

Fig. 13: Female employees in real estate firms as a proportion of the total employees by region



Source: Preqin Pro. Data as of January 2024

Fig. 14: Female senior employees at real estate firms in the top 10 locations* as a proportion of total senior employees



*By aggregate capital raised by closed-end funds over the past 10 years.

Source: Preqin Pro. Data as of January 2024

Infrastructure

25.9%

Over a quarter of employees in the infrastructure sector are female.

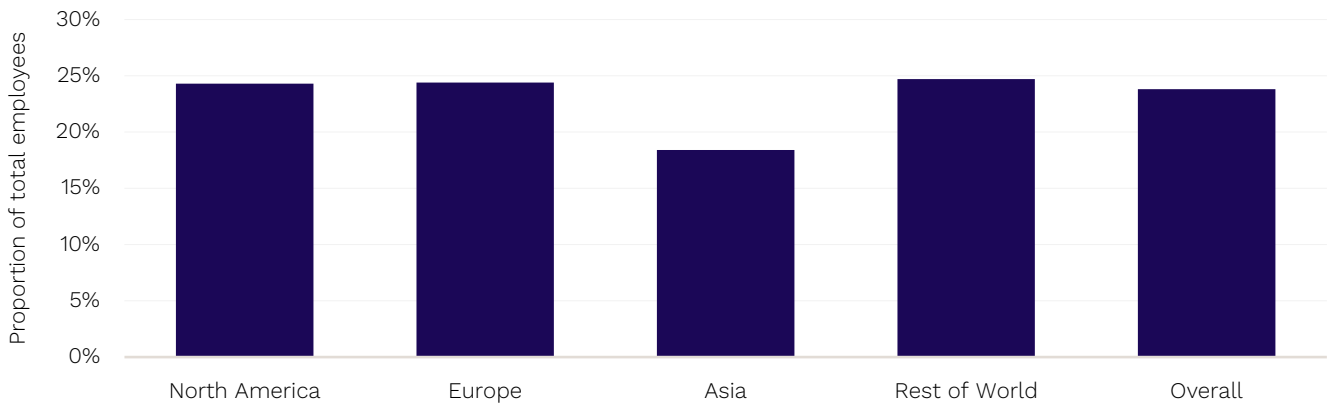
38.6%

Almost two-fifths of junior employees in the infrastructure space are women, compared with 32.8% in 2020.

18.4%

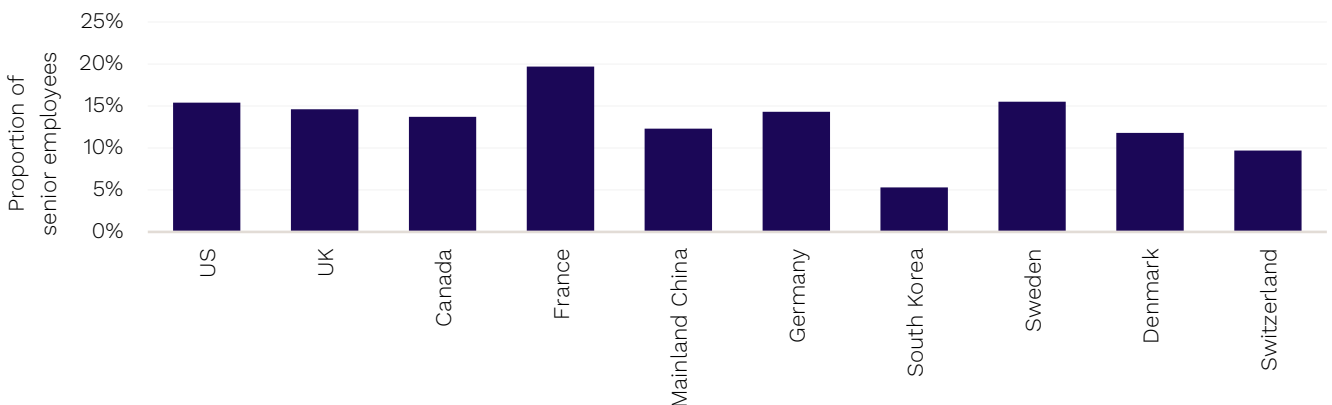
Asia-based infrastructure firms have the lowest concentration of female employees compared with other regions.

Fig. 15: Female employees in infrastructure firms as a proportion of the total employees by region



Source: Preqin Pro. Data as of January 2024

Fig. 16: Female senior employees at infrastructure firms in the top 10 locations* as a proportion of total senior employees



*By aggregate capital raised by closed-end funds over the past 10 years.

Source: Preqin Pro. Data as of January 2024

Natural resources

25.1%

Women’s share of jobs in the natural resources space.

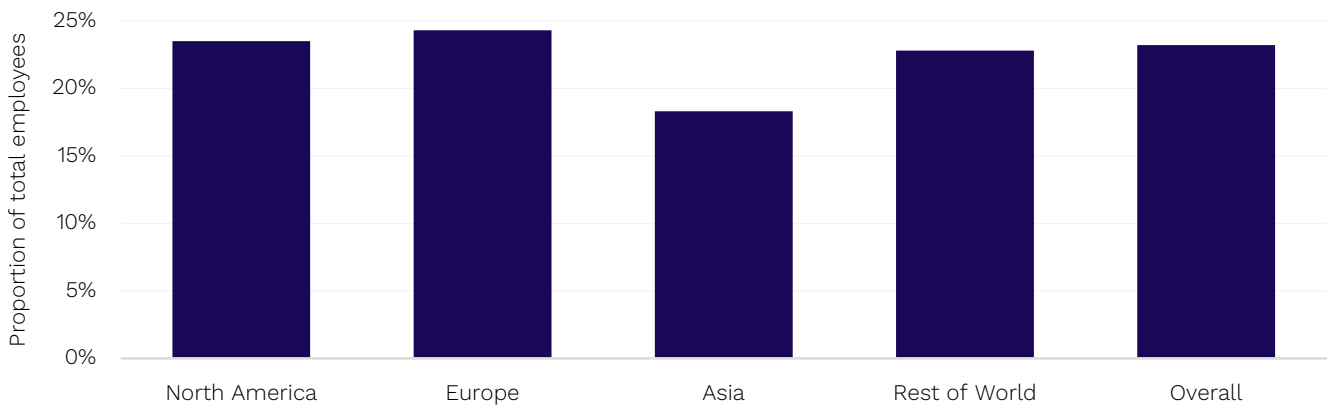
17.8%

The proportion of female senior employees in the natural resources industry has increased, from 10.4% in 2020.

24.3%

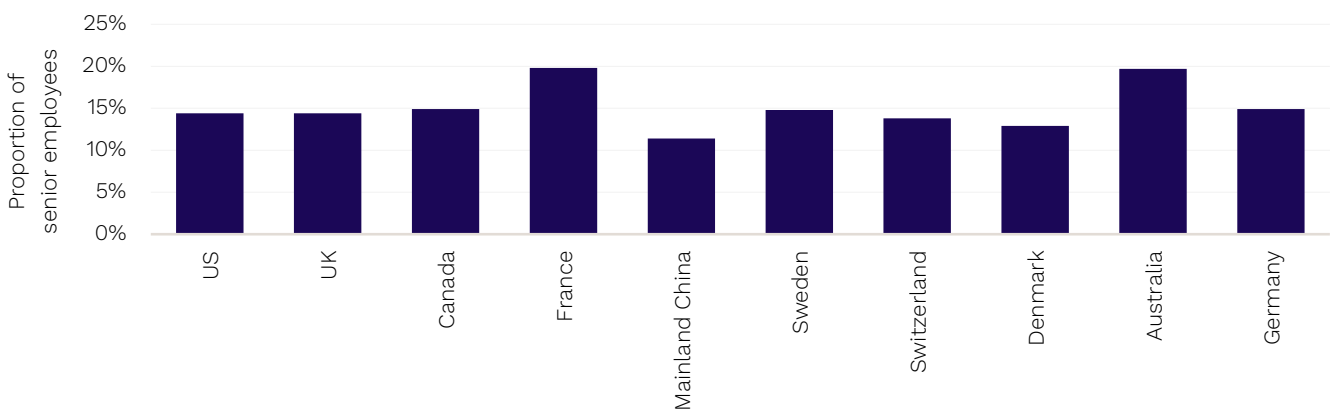
Europe-based natural resources firms have the highest regional concentration of female employees, followed by North America at 23.5%.

Fig. 17: Female employees in natural resources firms as a proportion of the total employees by region



Source: Preqin Pro. Data as of January 2024

Fig. 18: Female senior employees at natural resources firms in the top 10 locations* as a proportion of total senior employees



*By aggregate capital raised by closed-end funds over the past 10 years.

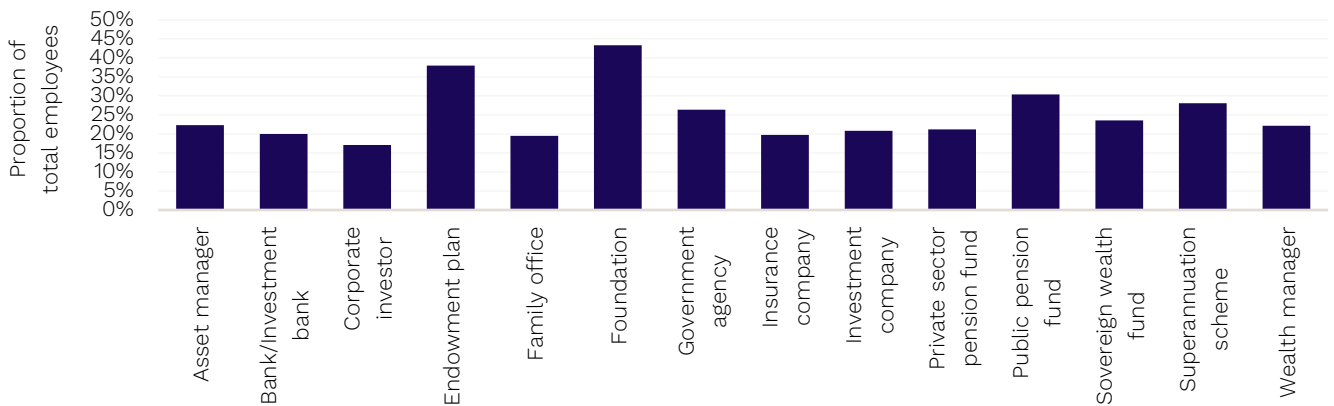
Source: Preqin Pro. Data as of January 2024

Investors

Where now?

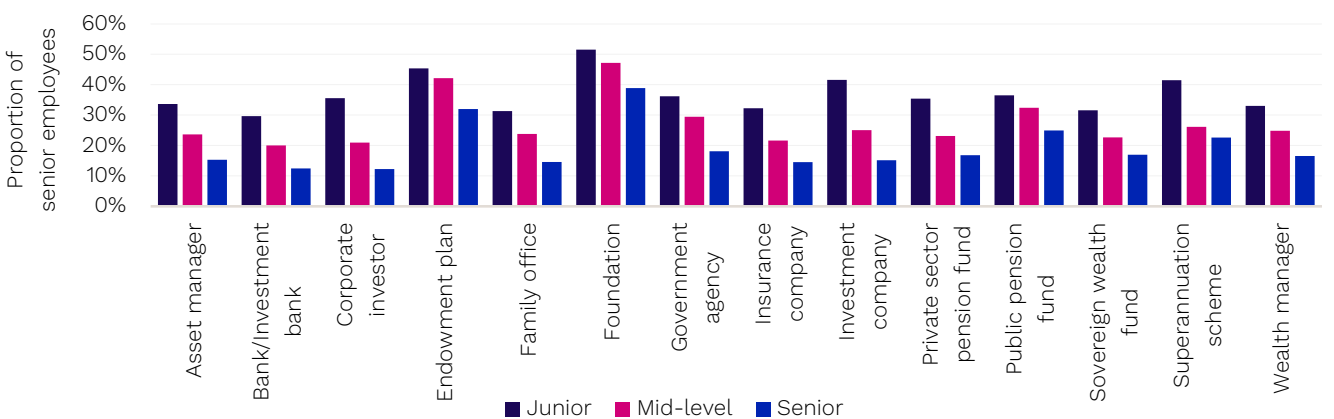
The liberating influences of increasing prosperity, faster and smarter technology, and supportive regulators have yielded only marginal impact on the proportion of women working in alternative assets over the past eight years. Nor is there an obvious route to closing the gender gap more rapidly, especially when many professional environments may be suffering a degree of policy fatigue.

Fig. 19: Female employees at institutional investors as a proportion of total employees by investor type



Source: Preqin Pro. Data as of January 2024

Fig. 20: Female employees at institutional investors as a proportion of total employees by seniority and investor type

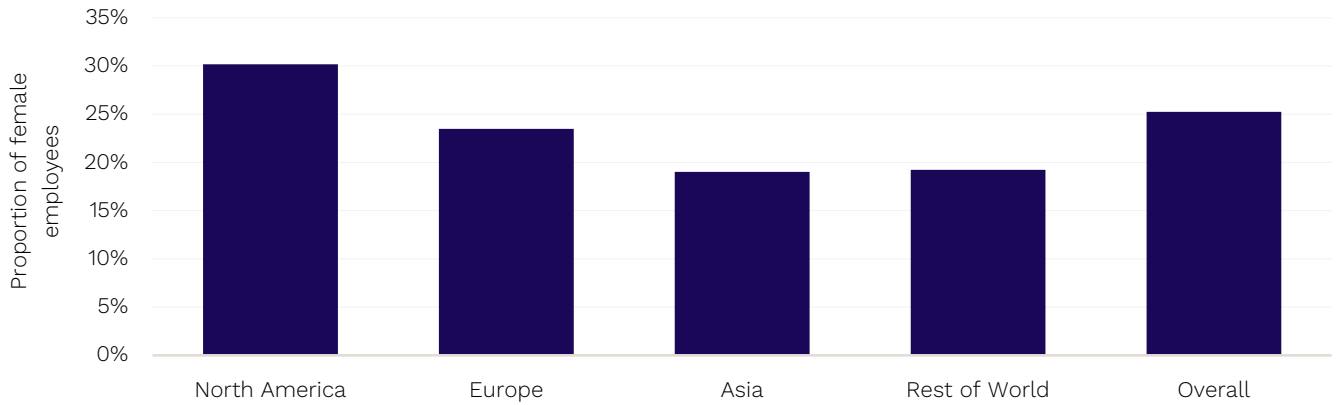


Source: Preqin Pro. Data as of January 2024

To conclude on a positive note, your degree of optimism in the short term might depend on where you are on the spectrum of tipping-point theory.

Some studies suggest that a minority of roughly 30% is sufficient to influence the behavior of everyone in a group and bring about lasting social change. If you accept this proposition then you could maintain that the industry was more than three-quarters of the way home in 2024, compared with well below two-thirds along the path in 2020. Too early to celebrate, but also no reason to despair.

Fig. 21: Female employees at institutional investors as a proportion of total employees by investor location



Source: Preqin Pro. Data as of January 2024

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