

MARCH 2024 | ISSUE FOUR | 2023 RESULTS

DIVERSITY EQUITY & INCLUSION annual questionnaire

**PUBLIC AND
PRIVATE MARKETS
RESEARCH TEAMS**

INTRODUCTION

Meketa is dedicated to promoting Diversity, Equity, & Inclusion (DEI). We recognize that DEI serves as a critical factor in the marketplace, potentially contributing to improved social and investment results.

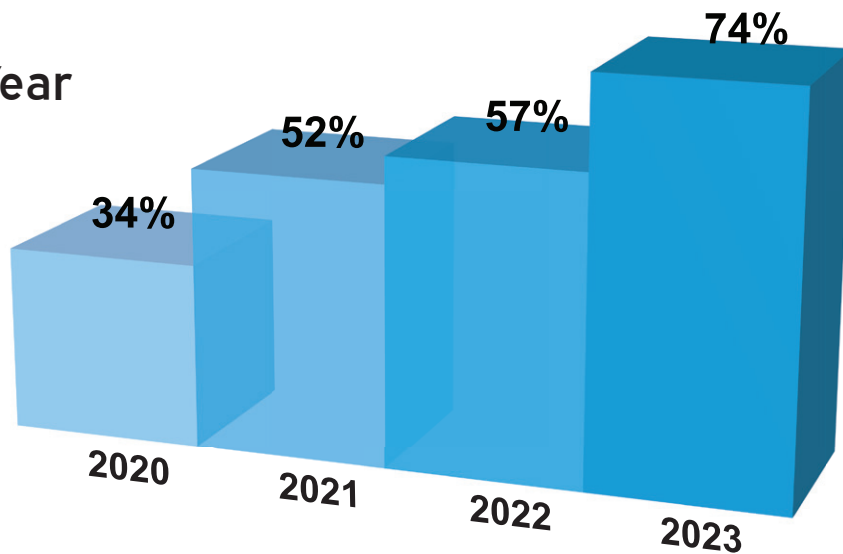
Starting in 2017, we initiated an event specifically for emerging and diverse managers, aiming to expand our engagement with smaller, diverse firms. These events are coordinated and hosted by our Emerging and Diverse Manager Committee, in collaboration with our manager research and consulting teams, during both the fall and spring seasons annually.

Meketa launched a formal initiative in 2020 to gather data from public and private market asset managers within our proprietary database. The initiative focused on evaluating asset manager efforts more thoroughly to better understand Diversity, Equity, & Inclusion within their organizations. As a result, for a fourth consecutive year, we sent our Annual Diversity, Equity, & Inclusion Questionnaire to asset managers to report on their 2023 work in this area.*

This report discusses the results of the fourth annual DEI Questionnaire. Out of 929 firms that received the questionnaire, 683 firms responded. The response rate is a 16% increase from managers compared to last year and a 140% increase in the number of firms from the inaugural 2020 survey. (Please note, not every firm responded to every question.) The construction of the survey is in three sections: (1) Transparency and Reporting; (2) Policies and Initiatives; and (3) Employee Conduct. Here, we will summarize our findings from the questionnaire and conclude with recommendations for asset managers that could serve as differentiators in the future.

* Information regarding the methodology and DEI-related terms specific to this questionnaire can be found in the appendix. Note that respondent bias is likely in the results, with firms focusing more on DEI initiatives opting to respond to the questionnaire.

DEI Survey Response Rates by Year





SECTION I TRANSPARENCY AND REPORTING

KEY TAKEAWAYS

Firm Composition by Race and Gender	New Hires, Promotions, and Turnover Rates	Reporting
<ul style="list-style-type: none"> → 602 organizations reported total firm diversity statistics, while only 279 reported diversity statistics for the Board, and 348 reported diversity statistics for equity ownership. It is worth noting that not all firms have a Board in place. 	<ul style="list-style-type: none"> → Over half (54%) of firms reported tracking and measuring the levels and time to promotion across diverse groups. 38% of firms do not track this measure and 2% plan on implementing tracking in the next 12 months. 	<ul style="list-style-type: none"> → Concerning reporting, 75% of asset managers shared annual diversity statistics with their clients, followed by consultants at 66%, prospects at 56%, and regulators at 33%.
<ul style="list-style-type: none"> → Consistent with previous years, women remain underrepresented in portfolio management positions at 23%, and diverse employees are least represented on the board of directors at 25%. 	<ul style="list-style-type: none"> → Almost 55% of new hires and promotions were granted to non-diverse individuals, while Asian Americans received 19%, and all other diverse groups secured jobs or promotions in single-digit percentages. 	<ul style="list-style-type: none"> → Asset managers have decreased reporting diversity statistics to all recipients except Clients which rose by 1%.
<ul style="list-style-type: none"> → Lower-level positions are the most diverse by racial and gender measures. (Operation top quartile > 42% diverse and > 59% female. Investment firm administration positions are 86% female on average. 	<ul style="list-style-type: none"> → Women made up 45% of new hires and 38% of promotions. 	
<ul style="list-style-type: none"> → Veteran, disabled, and LGBTQIA+ employee representation was 2% or less across all categories. 	<ul style="list-style-type: none"> → The turnover rate was 19% higher for men than women in 2023. Half of all resignations were from non-racially diverse people. 	
<ul style="list-style-type: none"> → 21% of managers reported planning to expand diversity among firm ownership over the next 12 months a decrease of 7% compared to the prior year. Equity ownership for females and diverse groups increased 4% and 8%, respectively, for the top quartiles. 		

FIGURE 1
KEY TAKEAWAYS

Source: Meketa Investment Group 2023 Questionnaire.

FIRM COMPOSITION BY RACE AND GENDER

The chart and table on this page summarize diversity statistics in quartile ranges for Total Firm, Equity Ownership, Senior Management, and Portfolio Management Roles. The top quartile represents the highest percentage of minority and female employees. The mean, median, and cutoff point between the second and top quartile and the cutoff point between the third and bottom quartile also depicted in the chart/table. To interpret this data, let's use the Total Firm- Female category as an example of how the table should be read. If more than 43% of your firm identifies as female, you would be in the top quartile of questionnaire results. Conversely, if you have less than 29% of your firm identifying as female, you would be in the bottom quartile of questionnaire results.

Relative to the 2023 survey data, the Top Quartile experienced minimal changes ranging from 0% to 3% in both Female and Minority representation across percentage of Total Firm, Senior Management, and All Portfolio Managers. The largest percentage increase was seen within Equity Ownership.

	Female	% Change	Diverse	% Change
Total Firm				
Top Quartile	>43%	↑1%	>36%	→0%
Median	36%	↓1%	26%	↓2%
Mean	36%	↓1%	29%	→0%
Bottom Quartile	<29%	↓2%	<16%	↓2%
% Equity Ownership				
Top Quartile	>29%	↑4%	>35%	↑8%
Median	12%	↑2%	11%	→0%
Mean	19%	↑2%	23%	↑1%
Bottom Quartile	0%	→0%	0%	→0%
Senior Management				
Top Quartile	>33%	→0%	>27%	↓2%
Median	21%	↓2%	14%	→0%
Mean	24%	→0%	20%	→0%
Bottom Quartile	<11%	→0%	0%	→0%
All Portfolio Managers				
Top Quartile	>23%	↑2%	>36%	↑3%
Median	13%	→0%	18%	↓2%
Mean	16%	→0%	24%	↑1%
Bottom Quartile	0%	→0%	0%	→0%

FIGURE 2
FIRM COMPOSITION BY RACE AND GENDER QUARTILE RANGES

Source: Meketa Investment Group 2023 Questionnaire.

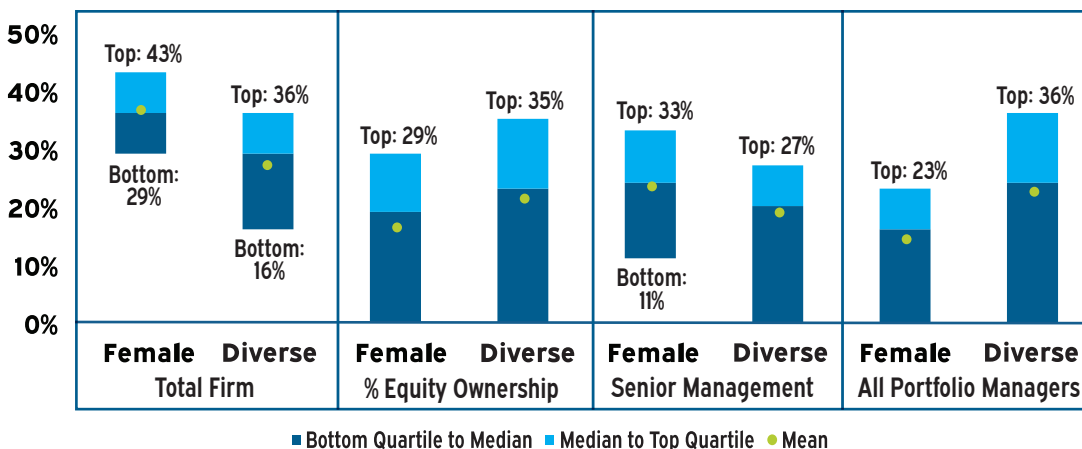


FIGURE 3
FIRM COMPOSITION BY RACE AND GENDER QUARTILE RANGES

Source: Meketa Investment Group 2023 Questionnaire.

NEW HIRES, PROMOTIONS, AND TURNOVER RATES

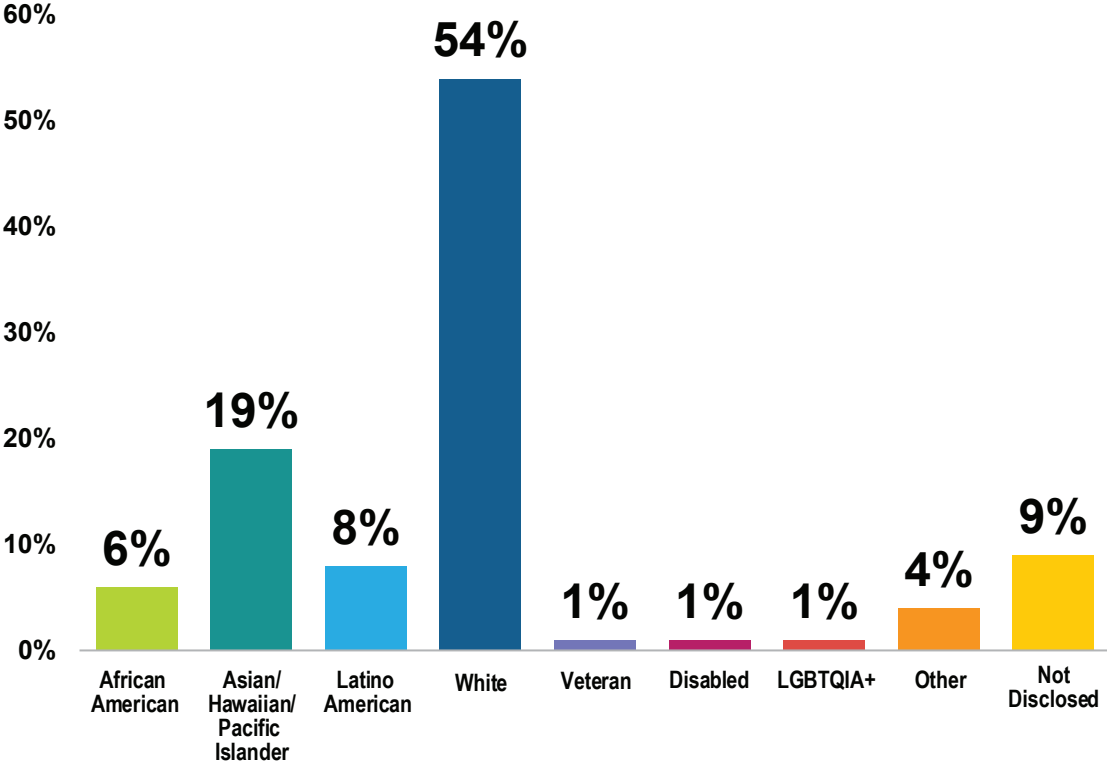


FIGURE 4
2023 NEW HIRES BY DIVERSITY
Source: Meketa Investment Group 2023 Questionnaire.

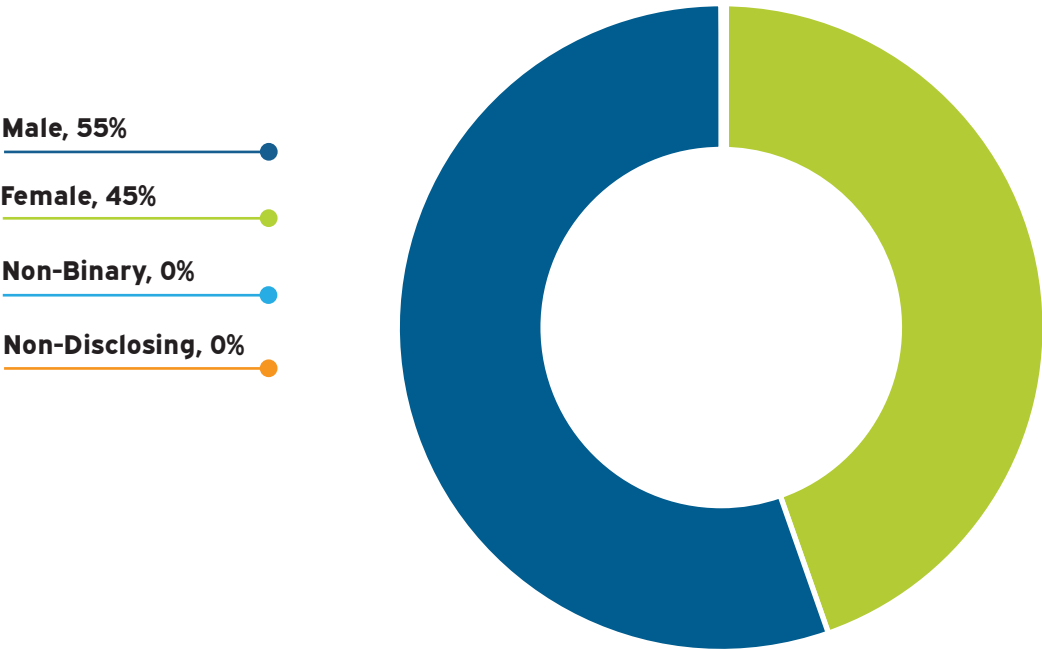


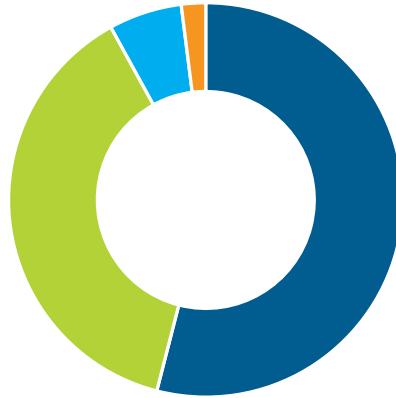
FIGURE 5
2023 NEW HIRES BY GENDER
Source: Meketa Investment Group 2023 Questionnaire.

NEW HIRES, PROMOTIONS, AND TURNOVER RATES

Due To Be Implemented In The Next 12 months, 2%

Not Responding, 6%

No, 38%



Yes, 54%

FIGURE 6
DOES THE FIRM TRACK AND MEASURE PROMOTION LEVELS AND TIME TO PROMOTION ACROSS DIVERSE GROUPS?

Source: Meketa Investment Group 2023 Questionnaire.

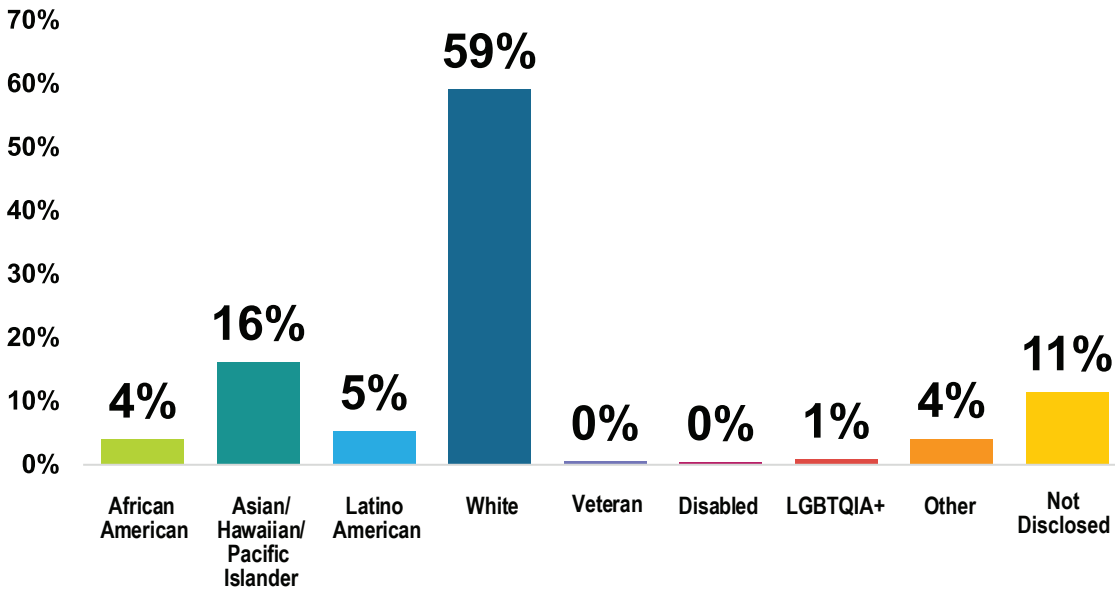


FIGURE 7
2023 PROMOTIONS BY DIVERSITY

Source: Meketa Investment Group 2023 Questionnaire.

Male, 62%

Female, 38%

Non-Binary, 0%

Non-Disclosing, 0%



FIGURE 8
2023 PROMOTIONS BY GENDER

Source: Meketa Investment Group 2023 Questionnaire.

NEW HIRES, PROMOTIONS, AND TURNOVER RATES

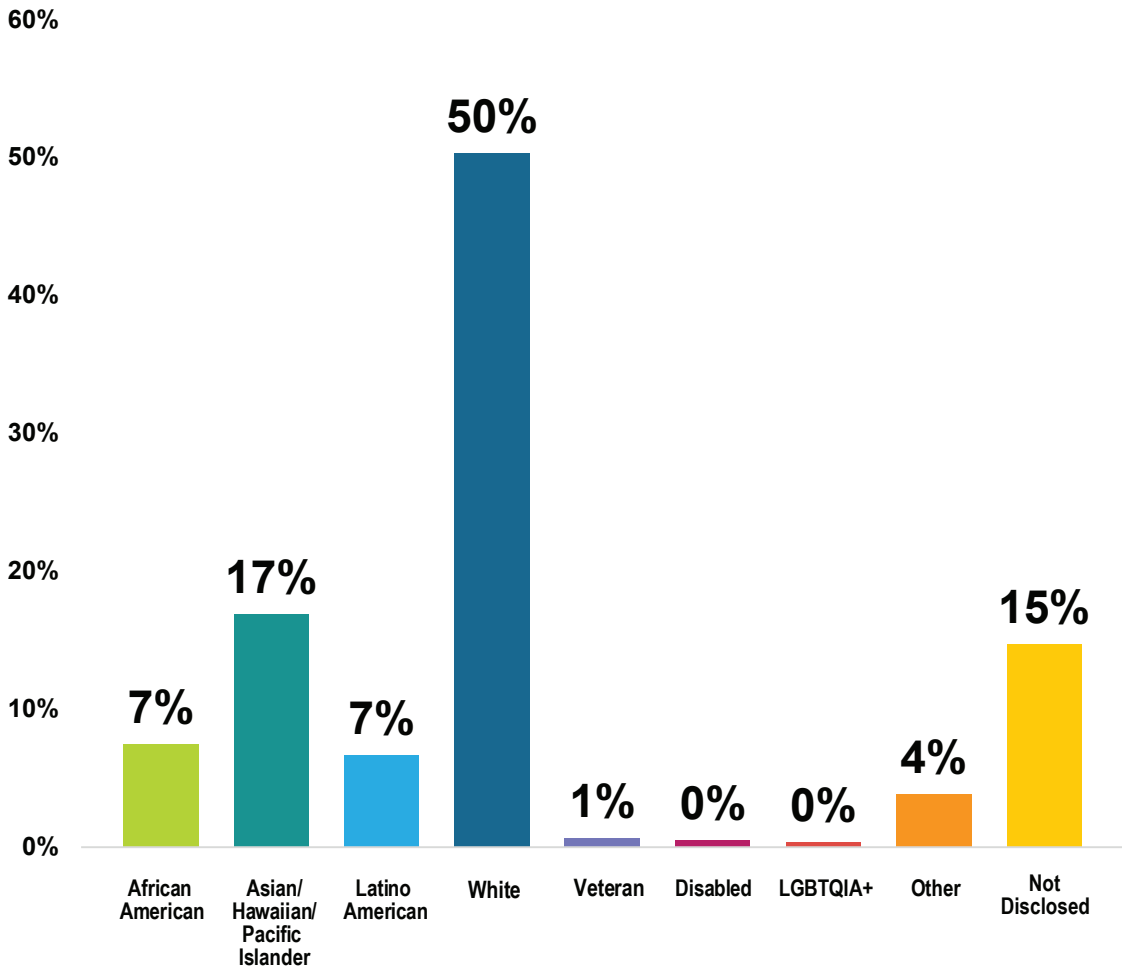


FIGURE 9
2023 TURNOVER RATE BY DIVERSITY
Source: Meketa Investment Group 2023 Questionnaire.

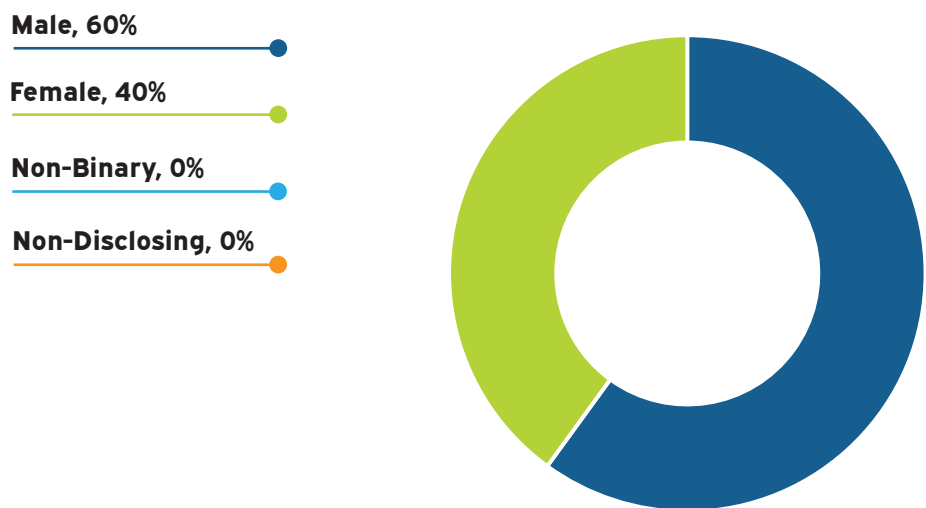


FIGURE 10
2023 TURNOVER RATE BY GENDER
Source: Meketa Investment Group 2023 Questionnaire.

REPORTING

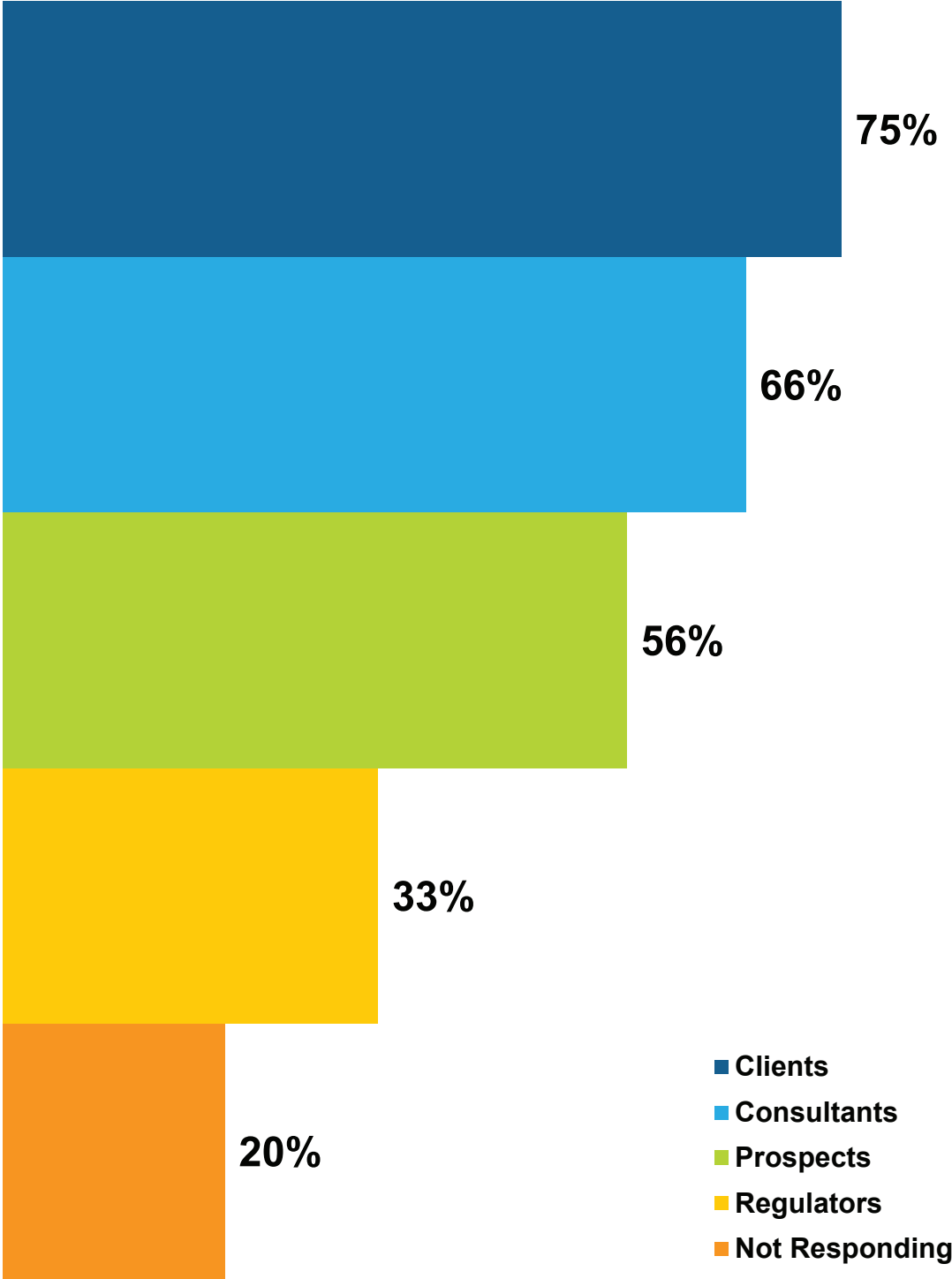


FIGURE 11
RECIPIENTS OF ANNUAL DIVERSITY STATISTICS REPORT FROM ASSET MANAGERS

Source: Meketa Investment Group 2023 Questionnaire.



SECTION II POLICIES AND INITIATIVES

KEY TAKEAWAYS

Recruitment and Retention	LGBTQIA+ and Family Planning	Service Providers and DEI
<ul style="list-style-type: none"> → We observed a 1% rise in managers with a formal DEI policy, increasing from 82% to 83%. An additional 3% have pledged to implement a policy within the next 12 months. → The number of firms utilizing diversity targets had a 6% decline compared to 2022. → A 7% reduction occurred in the proportion of managers indicating that senior management participates in the Diversity and Inclusion committee or group. → The percentage of firms defining goals and measuring diversity outcomes across all organizational levels and departments decreased by 4%, reaching 50%. Additionally, only 38% of senior management included DEI in their performance objectives, marking a 4% decrease from 2022. → In the last 12 months, 75% of managers reported regular reviews of diversity statistics by the Executive Committee or Board, reflecting a 1% decrease from the previous year. → Regarding recent US court cases addressing discrimination and the prohibition of favoritism based on ethnicity or gender, the vast majority of investment managers state that they have not been directly affected. However, they are closely monitoring the situation, and in some instances, they have engaged external employment counsel. 	<ul style="list-style-type: none"> → In the past year, 75% of managers engaged with organizations or programs promoting diverse group recruitment and retention, a decrease from 80% in 2022. Formal mentorship, sponsorship, or employer affinity programs for women or diverse groups also experienced a 5% decrease to 51%. Slightly over a quarter of firms offer LGBTQIA+ employee resource groups. → There was a 3% increase in managers offering health coverage that covers gender affirming care costs. While 32% do not cover gender affirming care, 21% did not respond, and 1% plan to implement coverage in the next 12 months. → On average, 42% of managers offer family formation benefits such as in-vitro fertilization, infertility treatment coverage, and adoption assistance regardless of gender. There's a notable 3% increase in managers offering infertility treatment coverage. In addition, 28% of managers provide cryopreservation coverage, 22% offer foster care assistance, and provide surrogacy benefits. 	<ul style="list-style-type: none"> → The proportion of firms with a written policy to ensure equal pay for equal work decreased by 4%, shifting from 61% to 57%. However, there was a slight 1% increase in the percentage of firms monitoring gender and ethnicity pay gap disparities. → For the first time since 2020, the percentage of firms partnering with Minority, Women, and Disadvantaged Business Enterprises ("MWDBE") decreased from 33% to 29%. Additionally, there was a 3% decrease in firms formally assessing their providers' DEI policies compared to the previous year.

FIGURE 12
KEY TAKEAWAYS

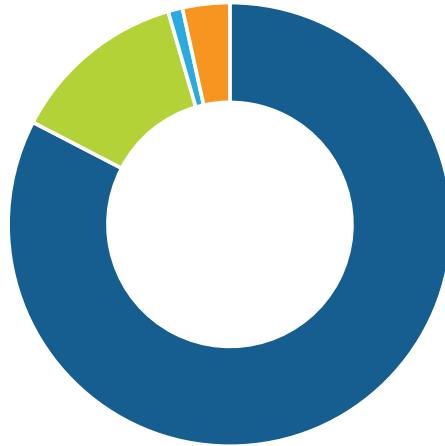
Source: Meketa Investment Group 2023 Questionnaire.

DEI INITIATIVES

**Due To Be Implemented
In The Next 12 months, 3%**

Not Responding, 1%

No, 13%



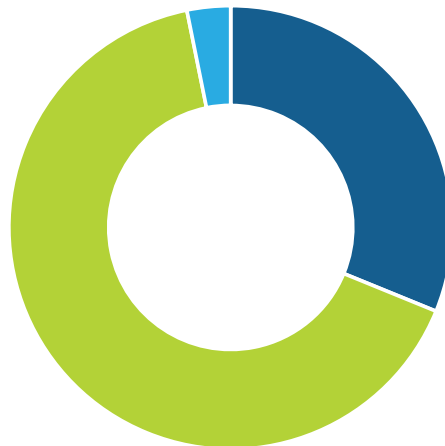
Yes, 83%

**FIGURE 13
DOES THE FIRM HAVE A
FORMAL DIVERSITY AND
INCLUSION POLICY OR
INITIATIVE?**

Source: Meketa Investment Group
2023 Questionnaire.

Not Responding, 3%

No, 66%



Yes, 31%

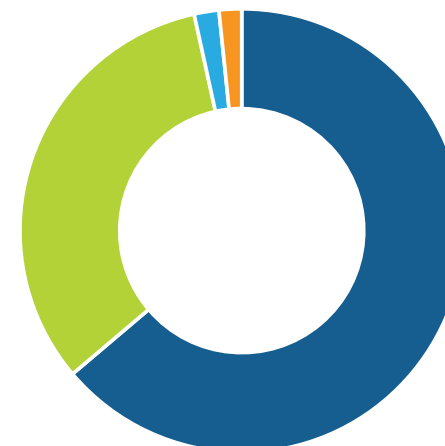
**FIGURE 14
DOES THE FIRM HAVE
DIVERSITY TARGETS?**

Source: Meketa Investment Group
2023 Questionnaire.

**Due To Be Implemented
In The Next 12 months, 2%**

Not Responding, 2%

No, 33%



Yes, 64%

**FIGURE 15
DOES THE FIRM HAVE
A DIVERSITY AND
INCLUSION COMMITTEE
OR GROUP WITHIN THE
ORGANIZATION THAT
INCLUDES MEMBERS OF
SENIOR MANAGEMENT?**

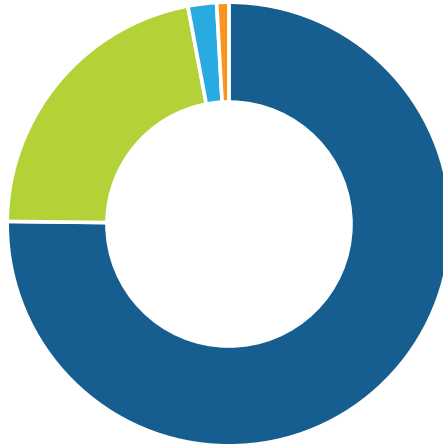
Source: Meketa Investment Group
2023 Questionnaire.

RECRUITMENT AND RETENTION

Due To Be Implemented
In The Next 12 months, 1%

Not Responding, 2%

No, 22%



Yes, 75%

FIGURE 16
IN THE PAST YEAR, HAS THE FIRM ENGAGED WITH ORGANIZATIONS OR PROGRAMS THAT PROMOTE THE RECRUITMENT AND RETENTION OF DIVERSE GROUPS?

Source: Meketa Investment Group 2023 Questionnaire.

Due To Be Implemented
In The Next 12 months, 3%

Not Responding, 2%

No, 44%



Yes, 51%

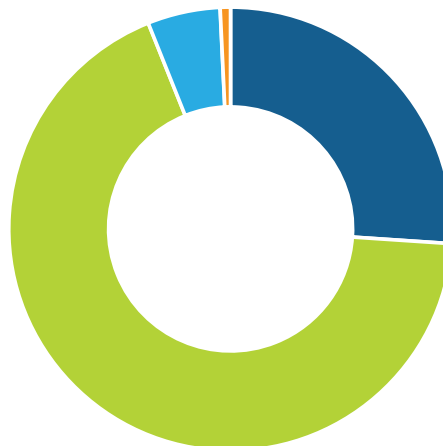
FIGURE 17
DOES THE FIRM HAVE A FORMAL MENTORSHIP, SPONSORSHIP OR EMPLOYER AFFINITY PROGRAM FOR WOMEN AND/OR DIVERSE GROUPS?

Source: Meketa Investment Group 2023 Questionnaire.

Due To Be Implemented
In The Next 12 months, 1%

Not Responding, 5%

No, 68%



Yes, 26%

FIGURE 18
DOES THE FIRM HAVE LESBIAN, GAY, BISEXUAL, TRANSGENDER AND/OR QUEER EMPLOYEE RESOURCE GROUP IN THE WORKPLACE?

Source: Meketa Investment Group 2023 Questionnaire.

RECRUITMENT AND RETENTION

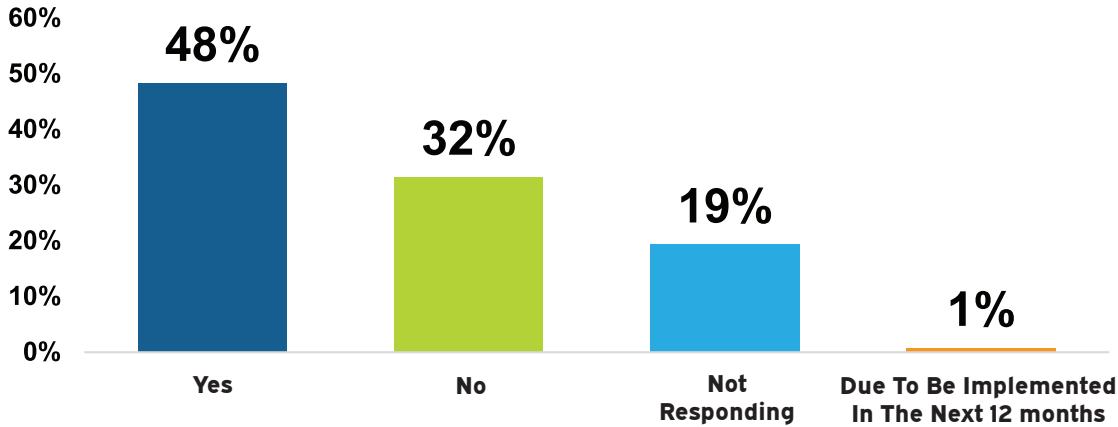


FIGURE 19
DOES THE FIRM'S HEALTH COVERAGE COVER GENDER AFFIRMING CARE?

Source: Meketa Investment Group 2023 Questionnaire.

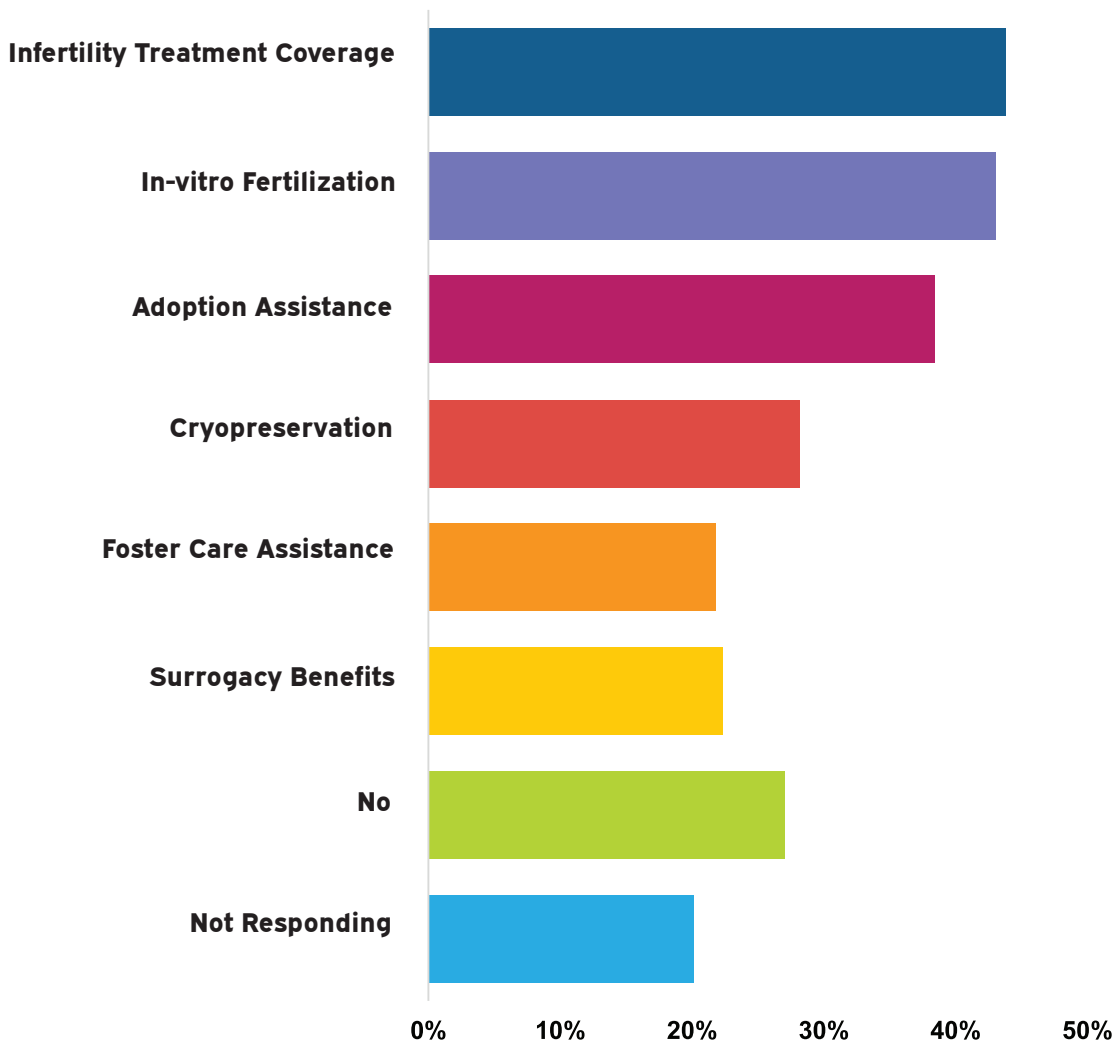


FIGURE 20
PERCENTAGE OF FIRMS THAT OFFER FAMILY FORMATION BENEFITS REGARDLESS OF SEX

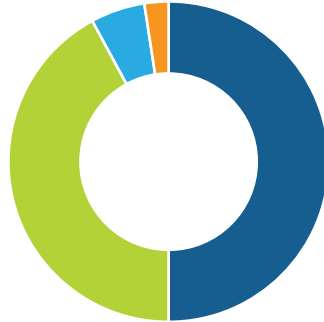
Source: Meketa Investment Group 2023 Questionnaire.

MEASUREMENT

Due To Be Implemented
In The Next 12 months, 2%

Not Responding, 5%

No, 42%



Yes, 50%

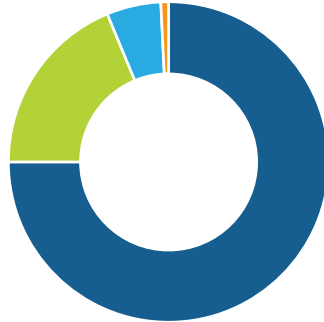
FIGURE 21
DOES THE FIRM DEFINE GOALS AND MEASURE DIVERSITY OUTCOMES AT ALL LEVELS OF THE ORGANIZATION, ACROSS ALL DEPARTMENTS?

Source: Meketa Investment Group 2023 Questionnaire.

Due To Be Implemented
In The Next 12 months, 1%

Not Responding, 5%

No, 19%



Yes, 75%

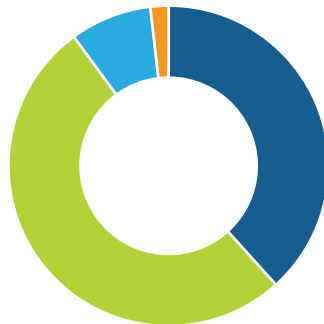
FIGURE 22
HAVE DIVERSITY STATISTICS BEEN REGULARLY REVIEWED BY THE EXECUTIVE COMMITTEE AND/OR BOARD IN THE LAST 12 MONTHS?

Source: Meketa Investment Group 2023 Questionnaire.

Due To Be Implemented
In The Next 12 months, 2%

Not Responding, 8%

No, 52%



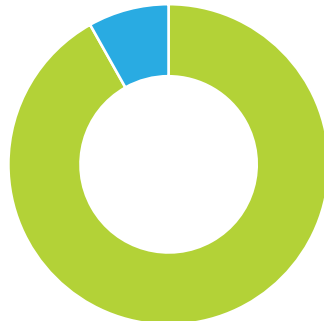
Yes, 38%

FIGURE 23
HAVE DIVERSITY, EQUITY, AND INCLUSION BEEN INCLUDED WITHIN THE PERFORMANCE OBJECTIVES FOR SENIOR MANAGEMENT IN THE LAST 12 MONTHS?

Source: Meketa Investment Group 2023 Questionnaire.

Not Responding, 8%

No, 91%



Yes, 0%

FIGURE 24
IS THE FIRM A MEMBER OR FINANCIAL SUPPORTER OF ANY ORGANIZATIONS THAT LOBBIED AGAINST DEI DURING 2023?

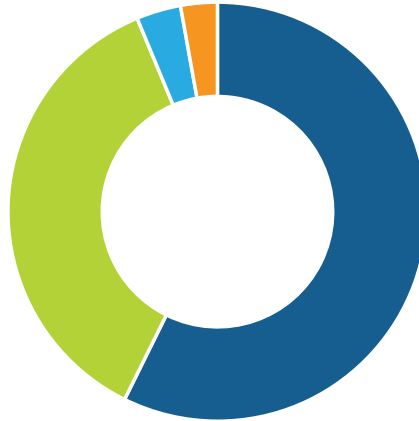
Source: Meketa Investment Group 2023 Questionnaire.

EQUAL PAY

Due To Be Implemented In The Next 12 months, 3%

Not Responding, 3%

No, 36%



Yes, 57%

FIGURE 25

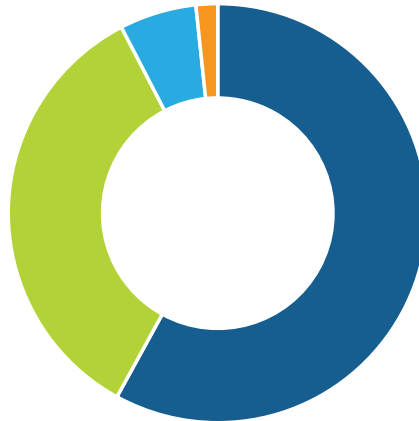
DOES THE FIRM HAVE A WRITTEN POLICY IN PLACE TO ENSURE THAT EQUAL PAY IS PROVIDED FOR EQUAL PERFORMANCE IN EQUIVALENT ROLES REGARDLESS OF GENDER AND MINORITY CATEGORIZATION?

Source: Meketa Investment Group 2023 Questionnaire.

Due To Be Implemented In The Next 12 months, 2%

Not Responding, 6%

No, 34%



Yes, 58%

FIGURE 26

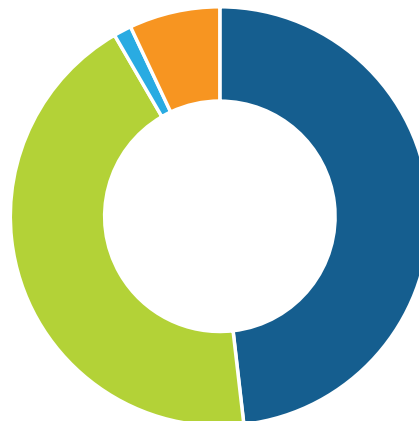
DOES THE FIRM MONITOR GENDER PAY GAP DISPARITY?

Source: Meketa Investment Group 2023 Questionnaire.

Due To Be Implemented In The Next 12 months, 1%

Not Responding, 7%

No, 43%



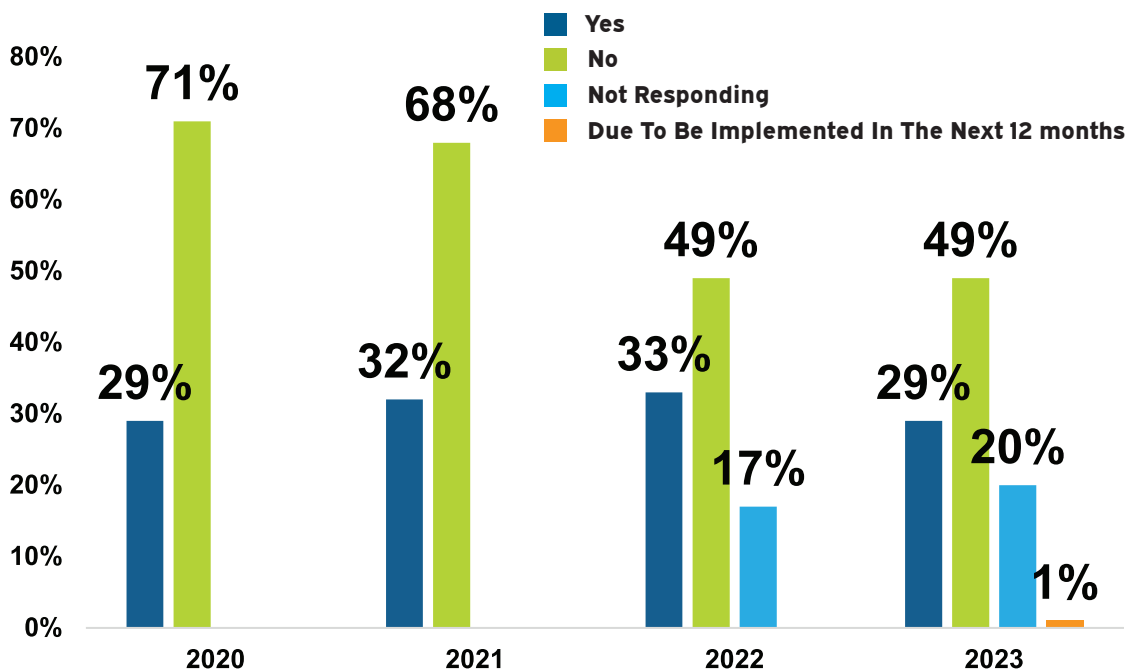
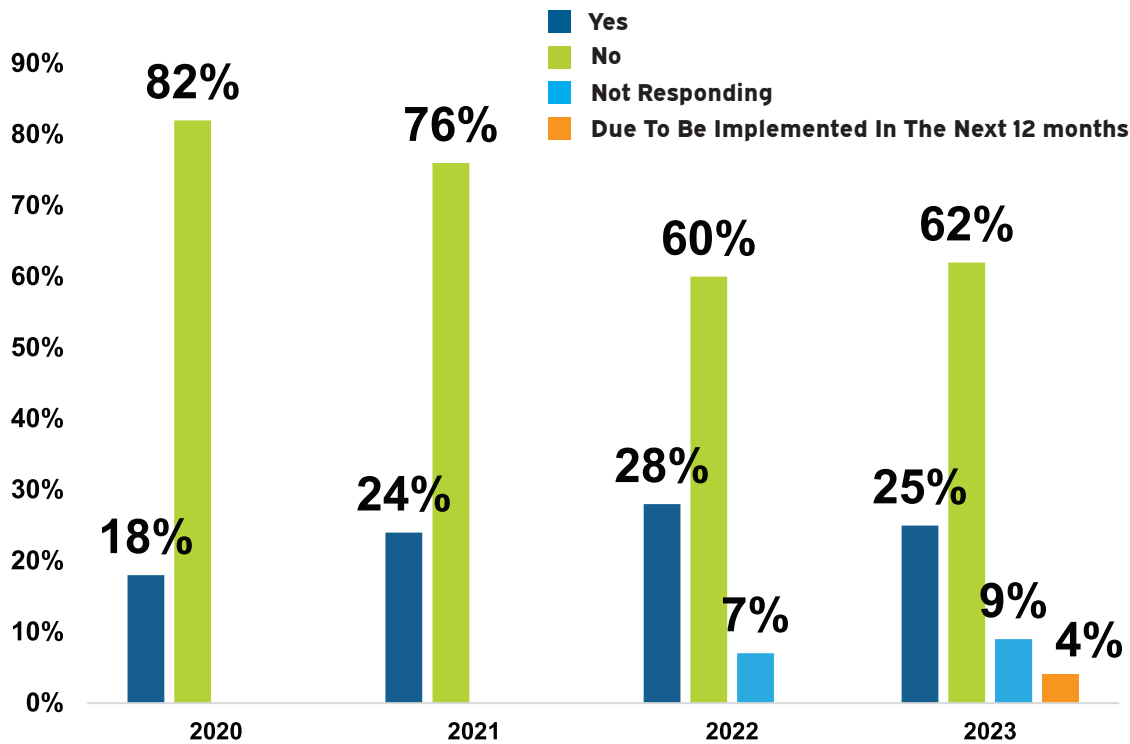
Yes, 48%

FIGURE 27

DOES THE FIRM MONITOR ETHNICITY PAY GAP DISPARITY?

Source: Meketa Investment Group 2023 Questionnaire.

SERVICE PROVIDERS AND DEI





SECTION III EMPLOYEE CONDUCT

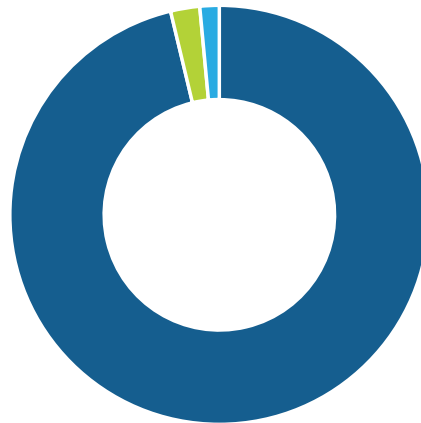
KEY TAKEAWAYS

Nearly all firms, 96%, have a Code of Conduct addressing harassment, discrimination, and workplace violence, reflecting a 3% decrease from the previous year. However, 10% of firms do not mandate anti-harassment or discrimination training for employees or managers. Additionally, written procedures for anonymous reporting and investigation of issues related to violations of the code of conduct saw a 5% decrease compared to the prior year.

Due To Be Implemented In The Next 12 months, 0%

Not Responding, 2%

No, 1%



Yes, 96%

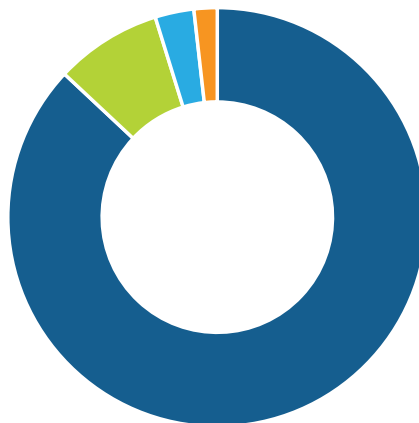
FIGURE 30
DOES THE FIRM HAVE A CODE OF CONDUCT THAT ADDRESSES HARASSMENT, DISCRIMINATION AND/OR WORKPLACE VIOLENCE IN AND/OR OUTSIDE OF THE WORKPLACE?

Source: Meketa Investment Group 2023 Questionnaire.

Due To Be Implemented In The Next 12 months, 2%

Not Responding, 3%

No, 8%



Yes, 87%

FIGURE 31
DOES THE FIRM HAVE WRITTEN PROCEDURES IN PLACE FOR THE ANONYMOUS REPORTING AND INVESTIGATION OF HARASSMENT, DISCRIMINATION AND/OR WORKPLACE VIOLENCE?

Source: Meketa Investment Group 2023 Questionnaire.

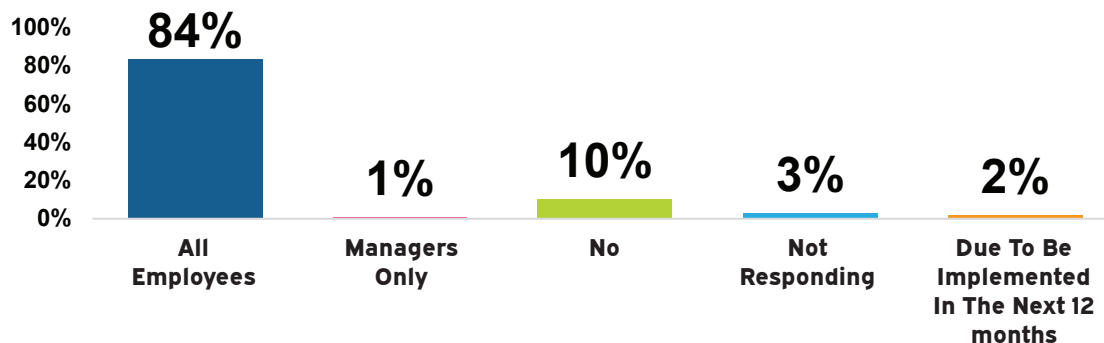


FIGURE 32
DOES THE FIRM PROVIDE MANDATORY ANTI-HARASSMENT AND NON-DISCRIMINATION TRAINING TO ALL EMPLOYEES OR MANAGERS ONLY?

Source: Meketa Investment Group 2023 Questionnaire.



SUMMARY CONCLUSIONS

In the asset management industry, there were marginal decreases in nearly all areas of the DEI survey results when compared to 2023. On a more positive note, a notable number of investment managers reported diversity statistics to Meketa for the first time, and there was an increase in diverse talent gaining equity ownership. We find encouragement in the transparency exhibited by firms as they take steps toward fostering Diversity, Equity, & Inclusion through reporting. Our annual DEI survey is refined annually and this year included questions on how court cases have impacted DEI policies. While there was an overall increase in the dispersion of responses, we expect more progress and transparency in Diversity, Equity, & Inclusion efforts and look forward to ever increasing participation in the questionnaire in the future.

We acknowledge that Diversity, Equity, & Inclusion is a long path. Managers will need time, resources, and buy-in at all levels to sustainably evolve organizations to become more diverse. Asset managers may continue to differentiate themselves by focusing on the following areas:

- Reevaluate recruitment practices to ensure the firm is attracting a broad range of talent.
- Set a goal to increase the diversity of voices in influential roles.
- When navigating the details, focus on the fundamental goals of fairness, inclusivity and equity. Monitor how the firm's actions and structures support its DEI vision.
- Look at vendors' Diversity, Equity, & Inclusion policies to ensure an alignment of values across the firms supply chain.

APPENDIX

Asset Manager: Includes public and private managers in Meketa's database as of January 2024.

Clients: Current clients of asset managers who responded to the questionnaire.

Consultants: Oversee asset managers who responded to the questionnaire.

Prospects: Potential client of an asset manager who responded to the questionnaire.

Regulators: Bodies established by governments or other organizations that oversee the functioning and fairness of financial markets and the firms that engage in financial activity.

Service Providers: Third-party suppliers, vendors, or subcontractors of asset managers who responded to the questionnaire.

Definitions: Below are definitions of the DEI-related terms specific to this questionnaire:

- Diverse groups are defined on the basis of the following factors: race/ethnicity, LGBTQIA+ identity, veteran status and disability.
- Racial/Ethnic Minorities are defined as non-white minorities.
- Other Diverse Groups refer to those who identify as LGBTQIA+, Veterans and Persons with Disabilities.
- Diversity is defined as the inclusion of Women and Diverse groups while Inclusion is defined as the practice of equal recognition, respect, and merit-based evaluation.
- The use of the term Diverse is meant to represent a numerical minority.

Methodology: The questionnaire was distributed to all public and private markets asset management firms in November 2023. Asset managers completed the questionnaire with best available data. All responses were collected from January 18, 2024 through February 1, 2024.



WWW.MEKETA.COM
2024 DIVERSITY, EQUITY & INCLUSION
ANNUAL QUESTIONNAIRE

If you want to learn more, or access Meketa's library of white papers and economic research, please contact us or visit <https://meketa.com/thought-leadership/>.

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