

Backing women in business

Why gender-smart investing is today's megatrend

Women are every bit as able and ambitious as men. But female entrepreneurs face many obstacles when raising capital for their businesses. And that's costing global economies dear. How can we break the barriers together? For the answers, we spoke to gender-smart investment specialist, Suzanne Biegel, and UBS sustainable investment expert, Michaela Seimen...

In 2019, the UK government published The Alison Rose Review of Female Entrepreneurship¹, which looked into the challenges facing female business leaders. Among its findings, the report identified that 92% of partners in venture capital firms are male – opening the door to possible unconscious bias against investing in female entrepreneurs. The report also concluded that up to £250 billion could be added to the UK economy if women launched and grew businesses at the same rate as British men.

The solution lies in a relatively recent investment megatrend: gender-lens investing or, as Suzanne Biegel prefers to call it, gender-smart investing. Put simply, it involves investing for returns in organizations with the structure and ambition to recognize the power of women in business and as customers.

How did Suzanne get started? "I built a business with a brilliant woman founder, in the education-technology space," begins the founder of Catalyst at Large, a leading gender-smart consultancy. "Our strength came significantly from our diversity. We were a team of women, men and all sexual orientations, with racial, ethnic, and age diversity from all over the world. When the business was sold to a multinational, I had wealth ready to deploy. I wanted to invest in businesses like ours with a strong social and environmental ethos, and commitment to diversity."

Suzanne's words aren't simple conjecture. There's growing evidence that diverse businesses perform better than their homogenous counterparts. For example, a UBS study² found that diverse workforces demonstrate superior collective intelligence and informational diversity – both factors that relate positively to group performance.

"Diverse voices make better decisions," Suzanne elaborates. "They ask different things, consider different perspectives, and are more deliberative. Whether you're marketing worldwide or to a diverse community, you need a diverse workforce that can represent and relate to your audiences."

Michaela picks up the theme: "Investors want to invest in companies that are well-managed and sustainable. Diversity is at the heart of that. If a business isn't focused on having diverse staff, services and products, it's already at a disadvantage."

Suzanne believes supporting female entrepreneurs is a vital element in encouraging diversity. "There are many innovative female entrepreneurs and business leaders out there who lack access to capital," she says.

"That has to change. For example, I know a female fund manager who's investing in a female-led business that gives people access to affordable on-demand video consultations. Consumers can also gain rapid access to tests for common health problems including strep, flu, urinary tract infections and anemia. Right now, the business is working on providing rapid tests for COVID-19, and needs to scale up massively. Women are helping solve the world's biggest problems. In these times, female entrepreneurs and investors shouldn't be pausing. They need to close the deal."

Despite the challenges, Suzanne feels gender-smart investing has come a long way. "When I started investing, there was only one gender-smart public markets fund and SMA (separately managed account) offering available. Now there are over 50, and many of those launched in the last three years."

But it's not all good news. "While there are more funds, they're not available worldwide and on every platform. And gender data in businesses isn't universally transparent, current or accessible. Investors are doing their best with the information they have. But they really want products that deliver more than the usual business data, like how many women are on the board. They want data that moves towards how good those companies are for their employees, customers and value chains; and how they're being environmentally sustainable."

Another challenge involves the growing numbers of women seeking to invest. More than ever, financial companies need to communicate investment opportunities in ways that resonate with females. "Our advisors realize the importance of talking to female clients about gender-smart investments," said Michaela. "Only by conversing with and listening to our clients can we provide the products they want."

Suzanne echoes Michaela's sentiments: "I'm aware of remarkable female clients who are asking for more gender-smart products. UBS is leading the way, for example, by setting up industry-wide initiatives, working with women investors and entrepreneurs, and getting girls interested in finance. I see UBS as a committed partner in efforts to change the marketplace."

UBS's achievements include the Global Gender Equality ETF (exchange-traded fund), which launched in 2018 and became the fastest fund of its kind to attract \$100 million, and now stands at around \$250 million. The bank is also a founding partner of the global GenderSmart Investing Summit, which is helping mobilize capital for female entrepreneurs and more.

"Gender is a big part of our sustainable investment offering," explains Michaela. "Our investment strategy focuses on supporting the UN's Sustainable Development Goals, which include achieving gender equality and empowering all women and girls."

Suzanne's goal is a world where investors see gender-smart investing as the norm. "I hope that in the future we won't need the title of gender-lens funds. I think it will be so core to investing, we won't need to call it that."

That's gender-smart investing: a way to assess and invest in businesses and achieve better returns – not just for investors, but the planet. Surely that's something we can all get behind.

Five big takeaways

1. Gender-smart investing can send strong signals to companies that they need to operate ethically and sustainably with good gender-balanced governance. That's especially true when investors directly encourage company management to make positive changes.
2. Look for opportunities to invest in diverse and female-led businesses. Ask your advisor what's out there. Get insights from your financial team. There are many great opportunities to invest in well-run and world-changing businesses.
3. Gender-smart investments come in many shapes and sizes. They range from publicly traded shares and bonds that focus on gender equality in workforces, to private market investments in female owned and led businesses, and organizations that serve women well.
4. Businesses should continually examine and, where necessary, improve their practices, processes and cultures, and share more data with investors. Venture capitalists can also ensure they have more diverse teams – and that their funding criteria doesn't inadvertently exclude women, but instead proactively seeks diverse opportunities.
5. When deciding where to invest, consider every area of diversity through an 'intersectional lens' (examining various forms of diversity, including gender, racial, ethnicity and age). For example, you might invest to support underserved minority groups or those typically excluded from capital flows. Investing in this way opens up great possibilities for addressing gender equality and diversity globally – and benefitting from potentially missed market opportunities.

What do you think?

Are you inspired to explore gender-smart investing? Would you like to know more about the opportunities? What more can be done to support female entrepreneurs? We'd love to [hear](#) from you!

You can find out more about the GenderSmart Investing Summit [here](#)

¹ The Alison Rose Review of Female Entrepreneurship – <https://www.gov.uk/government/publications/the-alison-rose-review-of-female-entrepreneurship>

² Laura Kane, Michelle Laliberte, Chief Investment Office Americas, UBS Wealth Management, Investing with a gender lens – update 11 October 2018

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