

Women-Owned Managers Continue To Face Challenges To Inclusion

Challenges continue to persist in women achieving greater inclusion in the asset management landscape, investment managers and allocators noted in one-on-one interviews conducted by EMM at the 100 Women in Finance West Coast Senior Practitioner Conference held on April 20 in San Francisco.

For value-oriented equity manager AltraVue Capital, which was founded in 2016 by Managing Partners DeShay McCluskey and Touk Sinantha, the status of being a woman-owned firm has provided some level of opportunity for the firm in light of the larger narrative being pushed on the national level.

“I think it’s worked out in our favor and not worked out in our favor,” McCluskey said. “It’s worked out in our favor because there is a national dialogue and a groundswell in the press today about the lack of women and minority managers or representation in finance. Because of that dialogue, because of the [Fearless] Girl on Wall Street, because of these discussions, conferences like this, it is at the forefront of discussions in our industry and making people who feel that they have been doing this process very fairly and very equally step back and ask themselves are they actually running a fair and open process.”

She noted that this conversation has opened doors in the sense that an increasing number of allocators are at least open and willing to talk to more women- and minority-owned firms, which allows for these firms to get in the door and share their respective stories. Despite the perhaps greater willingness to meet with and review women-owned firms, the interest has not yielded a more tangible level of commitment from a capital perspective, an obstacle the team was warned about by already established players in the space prior to AltraVue’s launch, according to McCluskey.

“The part that doesn’t work out for us is just the mere fact of the numbers are what they are. It is very difficult to raise capital,” she said. “When we decided to start this firm we called a number of women that we know

in this business and said ‘We’re starting this firm, do you have any advice? What do you think?’ And the round answer was do not do it. They will never give you money, do not do it. You will never be able to raise money, do not do it, do not do it. And we thought ‘Oh god, why are they so disgruntled? We are going to try it anyway.’”



DeShay McCluskey



Touk Sinantha

While AltraVue has been able to secure its first institutional mandate in the run-up to its one-year anniversary, Sinantha noted the higher risk premium allocators have seemed to place on women firms.

“I honestly think there is a higher risk premium put on women-owned money management firms than there are on male-owned money management firms. I don’t know why—maybe it is because there are fewer of us and we are less familiar. So even though there is dialogue for more diversity in our industry, when it comes to actually writing the check, I think there’s a higher risk premium put on us and I’m not sure that is justified,” she said. “Now, how do we reduce that risk premium, right? We need

somebody who can be brave enough to be different and take on those kinds of ‘perceived’ risks, per se.”

As a woman in a senior asset allocator role, CIO Aoifinn Devitt of the Chicago Policemen’s Annuity and Benefit Fund considers herself more sensitive to the challenges faced by women-owned firms in a landscape where the gatekeeper roles have historically been dominated by men.

“I haven’t seen an increase, we’re still very much in the minority,” Devitt said of women in senior investment positions. “I’m not sure whether there’s an advantage or disadvantage to it, to be honest. I certainly have a heightened sensitivity to the challenges women-run firms have because I’ve worked in the industry now for 20 years. I’ve seen the fact that it tends to be men occupying senior roles, so I’ve seen that attrition occur with women in investment management. I’ve seen fewer at



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the entry level and fewer leading firms.”

In her position, Devitt feels this sensitivity to the obstacles plaguing women-led firms inhibits her from becoming hung up on such factors without a deeper and more meaningful exploration of each firm and what they can bring to a partnership.

“I suppose having achieved a position like this myself, I’m much more sensitive to the challenges that women face so I am more perhaps sensitive to the fact that they may not have raised assets or they may not have developed the network that their male peers have, but I don’t let that act as a barrier to me because I can understand, I think, why they may have had a longer trajectory to asset raise...I’m focused on the talent of the managers themselves, their integrity, whether I think they’ll be a good partner. And I think I am less likely to have a cutoff in terms of minimum asset size or various other size criteria because of that,” she said.

That philosophy on vetting women-led firms is a welcome one for managers such as AltraVue and their contemporaries looking to scale up in the space moving forward, but one that has not yet caught up to the initial dialogue, producing more tangible results by moving beyond those conversations and actually investing with women-owned firms.

“They still weren’t really able to scale,” McCluskey said of the various women-led firms AltraVue spoke with prior to launch. “This is a quantitative business that should be a complete meritocracy. Do I make more money for you than the next guy on a risk-adjusted basis or an absolute basis? Whatever way you want to measure it. You should care less about what I look like or where I come from. I make money for you. And so these women looked at their numbers and said, ‘Wow, I make money for people and I still cannot get money,’ and so one of their main conclusions was that it must be because they are women-owned firms. For us, only time will tell.”