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SNAPSHOT OF GENDER DIVERSITY IN PRIVATE CAPITAL

**THE AUSTRALIAN INVESTMENT COUNCIL
ACKNOWLEDGES THE TRADITIONAL
CUSTODIANS AND ELDERS OF COUNTRY
THROUGHOUT AUSTRALIA, AND THEIR
CONNECTION TO LAND, SEA AND COMMUNITY.**

DISCLAIMER: The Snapshot of Gender Diversity in Private Capital is intended to serve as a helpful resource for investment firms to advance their understanding, consideration, and adoption of Diversity, Equity and Inclusion (DE&I) in the Australian private capital industry. This document is for guidance purposes only and does not constitute investment advice or investment recommendations. The Australian Investment Council Limited does not assume or accept any liability or responsibility for the accuracy of any information provided, whether from the passage of time or otherwise; any errors or omissions in any information provided; any loss or damage suffered in any way by any person relying on any information provided; and any computer viruses or other contamination inadvertently passed on.

FOREWORD

In 2021 and 22, the Australian Investment Council and McKinsey & Company looked at investment teams in private equity and venture capital firms that are active in Australia. We looked at female representation across all levels of seniority, as well as attrition levels. The last time that the Council conducted a similar exercise was 2019.

The work on female diversity, equity and inclusion (DE&I) is never done and we hope members will be encouraged by this snapshot. More women are working in our industry today than in 2019 and generally comprise a larger proportion of junior and senior ranks. Across private equity and venture capital, women comprised 36 per cent of junior ranks and 12 per cent of senior ranks, up from 23 per cent and seven per cent in 2019 respectively.

It's a welcome result and we commend our members for their contributions to a broader movement taking place in the business community and in wider society.

The one area requiring targeted focus is female representation in the middle levels of firms, particularly in private equity. It is not an uncommon trend in knowledge-based industries but it does require further investigation to understand if there are industry-specific drivers of that trend.

The Council believes that this is work worth doing, along with other initiatives that foster diversity, equity and inclusion. There are a wider range of stakeholders expecting more gender diverse teams, including superannuation and pension funds which now routinely examine gender diversity when evaluating investment managers and possible investments. *McKinsey's The State of Diversity in Global Private Markets: 2022* report includes findings that chief investment officers would allocate twice as much capital to the more gender diverse private equity firm if choosing between two comparable firms.¹

Additionally, private capital firms invest in almost every sector of the economy and, as such, there is substantial value in a diversity of thought and experience that is reflective of society as whole. And, in a highly competitive market for high-calibre talent, DE&I policies (such as parental leave and flexible working) and equitable pay and progression paths are becoming a larger part of the employee value proposition.

We need to encourage each other so that female representation remains on the agenda and that we continue to be informed about the benefits of DE&I. For our part, the Council is committed to: equipping our members with the tools and resources that they need to make informed decisions; connecting our members who share an objective to achieve greater DE&I in their organisations; and demonstrating leadership through research, bringing international perspectives to our and role modelling.

Navleen Prasad

Chief Executive Officer
Australian Investment Council

¹ McKinsey & Company, *The State of Diversity in Global Private Markets: 2022*

ACKNOWLEDGEMENTS

The Australian Investment Council acknowledges and appreciates the valuable contribution of McKinsey & Co, our DE&I partner, towards the research findings and to the Council's DE&I Advisory Committee for their work on this report.

FEMALE INVESTMENT PROFESSIONALS BY LEVEL IN PRIVATE EQUITY AND VENTURE CAPITAL

Overall, the *Snapshot of Gender Diversity in Private Capital* shows an uplift in the number of women working in private capital since the previous survey in 2019.

Women now comprise 36 per cent of junior staff and 12 per cent of senior staff working in private capital markets. By comparison, in 2019, when the data was collected, women made up 23 per cent of junior staff and just seven per cent of senior staff. There was a small decline in women employed at mid-level roles in private capital markets from 25 per cent in 2019 to 23 per cent in 2022.

Junior



Mid-level



Senior



Staff level

- 2022
- 2019

Junior Staff	(Investment Associate, Analyst etc.)
Mid-level Staff	(Manager, Investment Manager, Director, Associate Director, Investment Director)
Senior Staff	(Partner, General Partner, Founding Partner, Managing Director, etc)

PRIVATE EQUITY AND VENTURE CAPITAL



PRIVATE EQUITY

Percentage of female investment professional staff by level in private equity

Junior



Mid-level



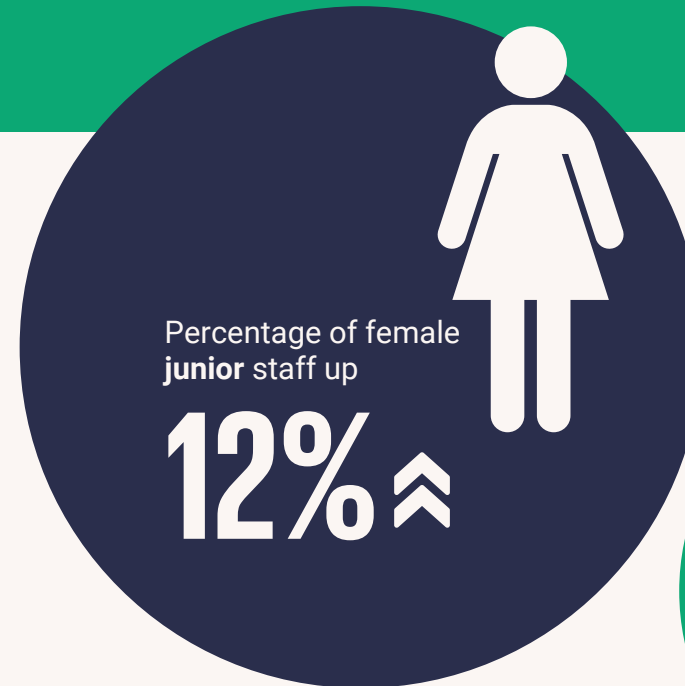
Senior



Staff level

- 2022
- 2019

Junior Staff	(Investment Associate, Analyst etc.)
Mid-level Staff	(Manager, Investment Manager, Director, Associate Director, Investment Director)
Senior Staff	(Partner, General Partner, Founding Partner, Managing Director, etc)



VENTURE CAPITAL

Breakdown percentage of **female investment professional** staff by level in venture capital

Junior



Mid-level



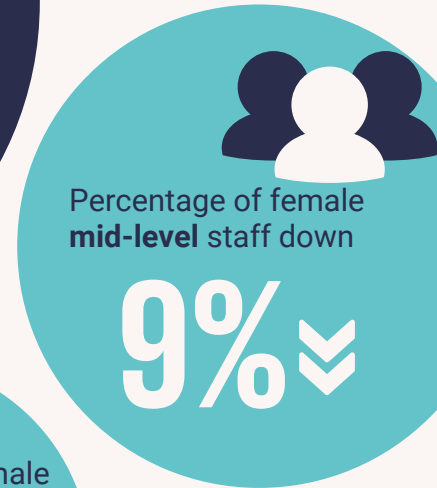
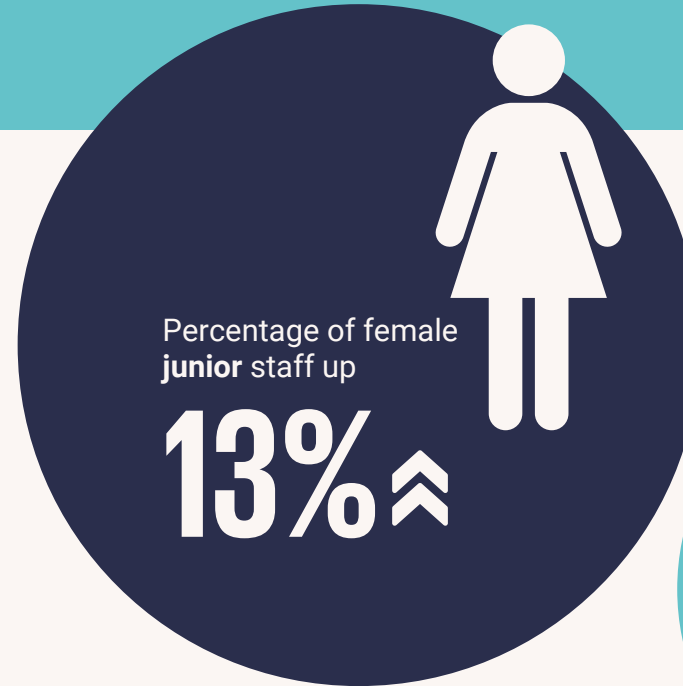
Senior



Staff level

- 2022
- 2019

Junior Staff	(Investment Associate, Analyst etc.)
Mid-level Staff	(Manager, Investment Manager, Director, Associate Director, Investment Director)
Senior Staff	(Partner, General Partner, Founding Partner, Managing Director, etc)



PRIVATE EQUITY AND VENTURE CAPITAL INVESTMENT PROFESSIONAL STAFF ATTRITION RATE BY LEVEL

Junior



Mid-level



Senior



Vacant Roles

- Female
- Male

Junior Staff	(Investment Associate, Analyst etc.)
Mid-level Staff	(Manager, Investment Manager, Director, Associate Director, Investment Director)
Senior Staff	(Partner, General Partner, Founding Partner, Managing Director, etc)

*Attrition rate is equal to the number of employees who left during the period.

*Source: Australian Investment Council database, updated in 2022

*Total sample ~821 investment professionals - 36% F and 64% M

*Operations staff not included in analysis

PROGRESSING CHANGE

The Australian Investment Council is committed to supporting our members in closing the gender diversity gap across all levels of employment within the private capital ecosystem we represent. It is well documented, that to build high-performing teams, organisations need to prioritise, promote and foster diverse, equitable and inclusive cultures. In doing so, they empower employees to bring their best and whole selves to their roles, and they do so with pride.

The Council is pleased the industry is moving in the right direction, but as our analysis shows, there is more work to be done. To support progress in gender diversity, we are committed to providing resources and tools to our members for the betterment of the industry and our communities. To achieve this, we have set out key priorities to support our members in moving the needle further such as continuing to review initiatives that have already seen a genuine impact, like our mentoring programs, and building upon their success year on year to provide real support for the emerging talent who will be our industry's future leaders.

Our Melbourne-based, and venture capital industry members are central to the expanded focus of industry mentoring, as well as bolstering our mentor ranks to ensure the best counsel is provided to those mentees. We are also looking to pilot a reverse mentoring program so our industry can benefit from the emerging talent that brings a fresh perspective and new directions to those who are currently in leadership roles.

Our professional development courses and knowledge series sessions are a great way of equipping our members, especially, but not limited to, those early in their careers, with foundational skills to set them on a course for success. The Council continues to review these courses to ensure they are relevant and impactful and is looking at new ways to incorporate best practice DE&I content.

The Council believes an ongoing commitment and support for DE&I is critical right across the private capital industry from building investment teams, to making investments and supporting companies within the ecosystem.



ABOUT THE AUSTRALIAN INVESTMENT COUNCIL

The Australian Investment Council is the peak body for private capital in Australia and has 200+ members who work to build strong businesses that support our communities, create new employment opportunities, and grow our nation's economy. Members of the Council comprise the leading domestic and international private capital firms operating in Australia, and span private equity, venture capital, private credit, family offices, superannuation and sovereign wealth funds as well as leading financial, legal, and operational advisors. Our investment members directly or indirectly employ approximately 500,000 people across the economy, contribute almost three per cent to GDP, and support entrepreneurship and local capability by investing in Australian industries and businesses.

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