

Executive Summary

Gender Lens Investing Q2 2021 Review

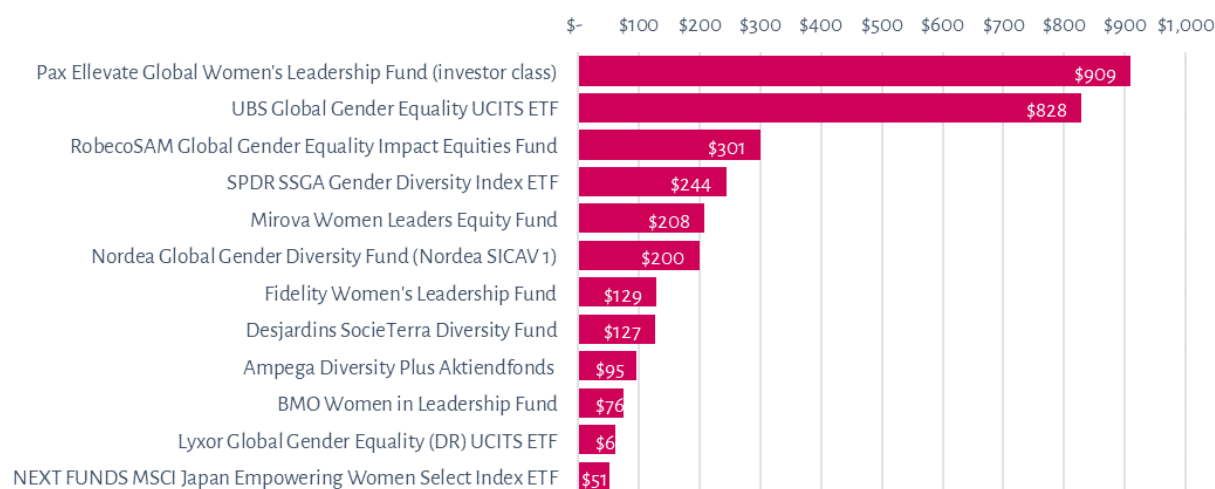
Including A Country Analysis



Key Findings

- ❖ Publicly traded **gender lens equity funds (GLEFs)** totaled **US\$3.47 billion in AUM** as of June 30, 2021. **AUM grew 8% during the second quarter**, for funds in our coverage universe as of March 31, 2021.
- ❖ There are **10 global equity funds** and **17 regional equity funds** available to individual investors. These are domiciled in the U.S., Canada, the E.U., South Korea, and Japan.
- ❖ AUM-weighted **country allocations remain dominated by the U.S. at 60%**. France, Canada, the U.K., and Australia round out the top five. Financials and Information Technology remain the top sectors of these equity funds.
- ❖ Within the growing range of gender lens fixed income offerings, **four gender bonds were issued during the quarter** in emerging Asia, Colombia, and Mexico. We spotlight a **recent UN call for the first sovereign gender bond**.
- ❖ **Gender lens fixed income AUM was US\$7.71 billion** as of June 30, 2021. This reflects a **20% increase** from March 31, 2021. Vehicles include U.S. and emerging markets funds, private financial institution bond issues, development finance institution (DFI)-backed bonds, U.S. notes and certificates, and a lending platform.
- ❖ **Diversity, equity, and inclusion (DEI) funds** totaled **US\$154 million in AUM** as of June 30, 2021. This growing group of funds focus on investing in companies with robust DEI policies.
- ❖ The report provides a comparative analysis of gender lens investing, **top-ranked gender equality countries**, equity market size, and women-in-leadership metrics.
- ❖ We **define a proposed investment-in-women metric** and issue a **call to action** for its incorporation in country rankings of gender equality.

Figure A: 12 Largest GLEFs by AUM (in US\$ millions)



As of June 30, 2021

Sources: Fund fact sheets

Figure B: Top GLEF Performers. Along with the broader market, the group of 27 gender lens equity funds (GLEFs) generally turned in single-digit gains for the three-month period ended June 30, 2021. *A full discussion of performance and composition of the GLEF group is included in the report.*

As of June 30, 2021		Performance (%)		Financials	Technology	
		<i>in base currency</i>	<i>3 months</i>	<i>Group average:</i>	<i>Group average:</i>	
Gender Lens Equity Funds (GLEFs)				19.7%	16.6%	
	Meritz The Woman Securities Investment Company	KRW	10.82	50.18	4.0%	37.0%
	RBC Vision Women's Leadership MSCI Canada Index ETF	CAD	8.70	38.20	32.7%	12.4%
	BMO Women in Leadership Fund	CAD	8.42	25.46	24.1%	21.8%
	BMO Women in Leadership Fund ETF	CAD	8.42	25.47	24.5%	22.2%
	Nordea Global Gender Diversity Fund (Nordea SICAV 1)	USD	7.97	36.65	14.1%	25.4%
	Impact Shares YWCA Women's Empowerment ETF	USD	7.94	52.85	8.2%	32.5%
	Pax Ellevest Global Women's Leadership Fund (investor class)	USD	7.80	35.38	18.1%	16.9%
	Fidelity Women's Leadership Fund	USD	7.54	45.45	11.5%	27.5%
	Barclays Women in Leadership ETN	USD	7.47	42.53	N/A	N/A
	Ampega Diversity Plus Aktiefonds	EUR	7.24	23.35	13.9%	4.2%
	Glenmede Women in Leadership U.S. Equity Portfolio	USD	7.20	48.22	11.9%	28.1%
	Fidelity Women's Leadership Fund (Canada)	USD	7.13	43.63	11.7%	29.2%
	Desjardins SocieTerra Diversity Fund	CAD	7.10	22.12	15.3%	22.4%
Gender Lens Indexes						
	Solactive Equileap Global Gender Equality NTR Index	USD	6.03	46.11	N/A	N/A
	MSCI World Womens Leadership Index (Net)	USD	7.40	41.92	13.6%	22.4%
	MSCI USA Womens Leadership Index (Net)	USD	7.87	46.95	10.8%	28.1%
Broad Market Indexes						
	S&P 500 Net Total Return Index	USD	8.44	40.14	11.3%	27.4%
	S&P 500 Financials Net Total Return Index	USD	8.23	60.75	100.0%	0.0%
	S&P 500 Information Technology Net Total Return Index	USD	11.48	41.98	0.0%	100.0%
	MSCI All Country World Net Return Index	USD	7.39	39.27	14.1%	21.9%
	MSCI ACWI Financials Gross Return Index	USD	6.43	49.81	100.0%	0.0%
	MSCI ACWI Information Technology Gross Return Index	USD	10.61	46.43	0.0%	100.0%

Sources: Fund & index fact sheets

by: Parallele Finance

Q2 Update on the Need for a Women-Focused Recovery

In looking at U.S. employment as the second quarter came to a close, women had 47.6% of job gains for the month of June, according to the National Women's Law Center (NWLC). Women's June unemployment levels came down from the highs of April 2020, with the rate falling to 5.5%. However, over 40% of unemployed women had been out of work for longer than six months. If the women who left the labor force since February 2020 were counted in unemployment figures, the June rate would have been 7.6%. Moreover, unemployment remained higher for minority women, with Black women at 8.5% and Latinas at 7.9%. June unemployment for White men stood at 5.2%.

Globally, Oxfam International estimates that women lost US\$800 billion in earnings in 2020. This represents a loss of 5% of global jobs held by women, compared to 3.9% by men. This does not include job losses by the millions of women who work in the informal economy. UN Women estimates that an additional 47 million women will be pushed into poverty this year due to the pandemic and the lack of policy responses to address women's economic security and the rise in unpaid care work. Moreover, the United Nations (UN) has been repeatedly calling attention to the increased risks of both domestic violence and child marriage as women are staying at home due to lockdowns, job losses, and unpaid caregiving work.

Supporting women back to full-time work, with the accompanying economic gains, requires complex solutions. The flexible policies extended by some companies are not enough. At a minimum, surveys have shown that women need reliable school schedules, affordable and high-quality childcare, higher wages, paid caregiving leave, and flexible work policies. Before the pandemic, low-paying services jobs were predominantly held by women. As a choppy U.S. re-opening got underway through the spring and summer, a high number of openings for services jobs have been left unfilled. Following the disruptions of the

pandemic, workers, including the women who have traditionally been filling such posts, have shunned many services openings, shifting their focus into jobs with better pay and working conditions.

In the largest gender equality gathering of global public and private sector leaders since the 1995 Conference on Women in Beijing, UN Women convened the Generation Equality Forum in Paris in June, hosted by France and Mexico. The Forum announced US\$40 billion in commitments to gender-focused initiatives by governments, development finance institutions (DFIs), global philanthropic organizations, and the private sector. In addition to the Generation Equality Forum, the June Group of 7 (G7) meeting included 13 recommendations by the Gender Equality Advisory Council (GEAC). For gender lens investors, the commitments and recommendations from the recent global meetings present opportunities to advocate for their implementation, as well as to become shareholders or bondholders of the investment vehicles that respond to the call.

Parallele Finance Coverage Universe: Q2 Update

A suite of gender lens equity funds (GLEFs) has grown from the wide body of research demonstrating the performance and other benefits of higher levels of women in corporate leadership (WIL). GLEF fund criteria are centered around investing in companies with higher WIL levels and strong WIL-supportive metrics, including pay equity and disclosure. As of June 30, 2021, there are 27 GLEFs available to individual investors, including 10 global equity funds and 17 regional equity offerings. This includes three pairs of mutual funds/ETFs. As of June 30, 2021, AUM for the GLEF group is US\$3.47 billion. Eight funds in the GLEF universe are domiciled in the U.S., including one global fund, six U.S. equity funds, and one Japan equity fund. Seven are based in Canada, with eight in Europe, three in Japan, and one in South Korea. These funds hold between 30 and 422 stocks each. *For key stats on these 27 funds, see [here](#).*

Along with the broader market, the group of 27 gender lens equity funds (GLEFs) generally turned in single-digit gains for the three-month period ended June 30, 2021. [Figure B](#) shows the top absolute performers for the quarter (in base currencies), as well as their weights in the top two sectors for the asset class. Relative performance for the quarter was tepid as a whole. Only two of the global equity funds ended the period in line with or ahead of the MSCI World and ACWI indexes for the period. In the regional group, the U.S. funds came in modestly behind S&P 500 Index and the Russell 3000 and 1000 indexes. *A full discussion of fund performance and composition is included in the report. For multi-period performance figures, see [here](#).*

In addition to equity funds, there is a growing array of private and public gender lens fixed income funds and products. Our coverage universe includes U.S. and emerging markets funds, private financial institution bond issues, DFI-backed bonds, DFI-issued bonds, U.S. notes and certificates, and a lending platform. A global emerging markets fund is pending launch. As of June 30, total AUM of gender lens fixed income funds and vehicles was US\$7.71 billion. This represents a 20% increase in AUM since March 31, 2021. *A discussion of the latest gender lens fixed income market is included in the report.*

A small but growing number of public DEI funds have investment philosophies centered on investing in companies with robust and public corporate diversity policies. Research has demonstrated that closing racial and gender gaps would raise U.S. GDP. With our coverage of DEI funds, we have shifted two funds to DEI from the GLEF list. These are the Adasina Social Justice All Cap Global ETF and the iShares Refinitiv Inclusion and Diversity UCITS ETF. Both have fund criteria centered on a range of company DEI policies. AUM in the DEI fund group is US\$154 million as of June 30, 2021.

A Country Analysis of Gender Lens Investing

The report provides a comparative analysis of gender lens investing, top-ranked gender equality countries, equity market size, and women-in-leadership metrics. The analysis focuses on a range of questions, including:

- How are the top-ranked countries for gender equality faring in terms of where gender lens equity and fixed income is developing?
- Where are the disconnects in global rankings, equity market size, and the presence of gender lens equity and fixed income investment opportunities?
- How are the top-ranked countries doing on women on corporate boards?

Economic participation has a leading role in economy-wide and business climate global rankings of gender equality. But where is the measure of a country's *investment-in-women* landscape? We believe that metrics around the environment for, presence of, and sovereign support for investing in women should be incorporated into country gender equality rankings. An *investment-in-women* pillar should have a place next to economic participation and business climate scores. *The report outlines criteria for this proposed investment-in-women pillar.*