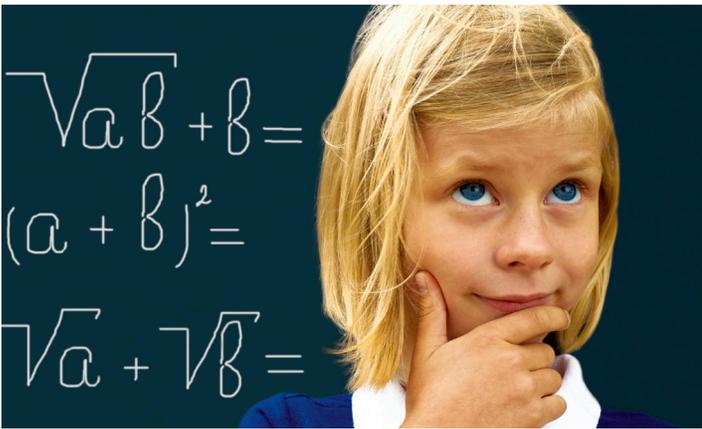


Women, Wealth & Impact: Investing with a Gender Lens 2.0



Luisamaria Ruiz Carlile, CFP®
Lori Choi, CFA®
Patricia Farrar-Rivas, CIMA®
Alison Pyott, CFP®



Values. Wealth. Sustainability.

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INTRODUCTION



Gender lens investing is emerging as one of the most exciting strategies for creating impact. It is an approach to investing that champions diversity and inclusion in all of our communities and workplaces. Traditional financial analysis has mostly ignored gender considerations, and we have tolerated significant imbalances in who benefits from our capital flows. This historic lack of gender equity has stifled innovation, limited gains and masked risks for enterprises large and small. In asking deeper questions about inclusiveness in the enterprises into which we're investing, gender lens investors believe we will get better outcomes – both financial and societal.

As an analytical tool, a gender lens helps us see the world differently. It benefits both women and men as it increases appreciation for deep, diverse talent pools. This approach comes as investors are seeking new, creative ways to achieve sustainable and equitable prosperity. Research shows that they want alternatives to the investment industry's traditional biases. Given historical imbalances in capital flows to women, investors using a gender lens are identifying outsized opportunities for providing more capital and leadership positions to women.

Put simply, investing in women is good for all of us. Whether the goal is to lift women and girls out of poverty or bolster the success of female entrepreneurs, the data bears out that companies perform better and communities are stronger when women participate fully. The portfolios of all investors – institutions, families, men and women – would benefit by selecting investments with a gender lens.

Since we first published “Women, Wealth & Impact: Investing With a Gender Lens” in 2013, interest in gender lens investing has accelerated. This edition of our white paper highlights the key benefits of gender lens investing to women and girls as well as investors. We have also updated the range of strategies that constitute and define gender lens investing.

Gender lens investing is about making the world better for everyone through our investment choices. Investing in all of us, by all of us, has to be the ultimate goal.

WHAT IS A GENDER LENS?

An investor using a gender lens to empower women evaluates opportunities based on how that investment supports

- women's leadership,
- women's access to capital,
- products and services beneficial to women and girls,
- workplace equity, and
- related shareholder engagement and policy work.

Investments that satisfy one or more of these criteria are presumed to deliver greater impact to women and girls.

Traditionally, business practices and social customs have mostly ignored gender considerations when allocating capital.

Another dimension of gender lens investing is that it is inclusionary of other impact lenses. Whether investing to alleviate poverty, build community wealth, or combat climate change, engaging women — from the grass roots to the C-Suite — can only enhance outcomes.

CONVERGING TRENDS



A number of factors are driving the interest in gender lens investing. These include the following:

- An increasing recognition that impact investing, with a specific focus on empowering women, is a powerful catalyst for both economic gain and positive social change
- A heightened public awareness of — and impatience with — the under-representation of women in corporate leadership positions
- The growing assertiveness of women in managing their investments
- The proliferation of new investment options (local, national and global) that, even a few years ago, did not exist
- The expanded influence of women in determining the economic prosperity of developing countries
- The evolution of measuring social progress in the boardroom and executive suite with more substantive metrics

Over the past five years, there's been a remarkable transformation in capital markets. A growing number of investors now realize they can generate both financial gains and positive social and environmental impact. Impact investors can evaluate investments based on non-financial criteria that capture Environmental, Social and Governance (ESG) factors. The desire to have social impact and generate meaningful financial returns is driving the growth of Sustainable, Responsible and Impact (SRI) investment strategies. In the United States alone, about \$6.6 trillion (18%) of the \$36.8 trillion in total US assets under management now use SRI strategies. This represents a 76% jump from 2012 to 2014.¹

Investors seeking to build a sustainable and equitable global economy use a series of investment screens or lenses, both financial and social. These lenses can be thematic, addressing poverty and climate change or promoting sustainable agriculture, education or the arts, or they can be geographic, focusing on local, national or international spheres.

EXPLORING THE BUSINESS CASE FOR GENDER INCLUSIVENESS

Research underscores the compelling business case for gender inclusiveness. These studies include an analysis of female small business owners in emerging markets (who repay loans at extraordinarily high rates) and research on venture-backed startups with women on the executive team (that performed as well as or better than firms led exclusively by men). A sample of findings appears below.

- Fortune 500 companies with three or more corporate directors who are women (in at least four out of five years) outperformed those with zero women directors (in at least four out of five years) by 84% on return on sales (ROS), 60% on return on invested capital (ROIC), and 46% on return on equity (ROE).² Yet, as of October 2014, women held only 19.2% of board seats at S&P 500 companies, while 3.6% of those companies (for a total of 20) had no women at all on their boards.³
- The quality of companies' reported earnings is positively correlated with greater gender diversity in senior management.⁴
- Microfinance institutions (MFIs) with more women clients have lower write-offs and lower credit-loss provisions, confirming the common belief that women in general are a better credit risk for MFIs.⁵
- Venture-backed companies in Silicon Valley run by women had annual revenues that were 12% higher than those run by men. These companies also used an average of one-third less committed capital, and had lower failure rates than those led by men, a 2009 study found.⁶

EXPLORING THE BUSINESS CASE FOR GENDER INCLUSIVENESS



- In developing countries, poor women, on average, account for 43% of the agricultural labor force and about two-thirds of the world's 600 million livestock farmers. However, they receive only a fraction of the credit, land, information, training and inputs (seeds and fertilizer) allocated to men. The Food and Agriculture Organization of the United Nations estimates that if women received resources on par with men, the additional yield could reduce the number of undernourished people by 100 million to 150 million (12-17%).⁷

This data is just the tip of the mountain of research corroborating the importance of allocating more capital to companies that enable women and girls to escape poverty, and to elevate women's leadership and financial status in both developing and developed economies.

FROM LENSES TO PORTFOLIOS

For those ready to use their portfolios to support the advancement of women and girls, there are two main investment options:

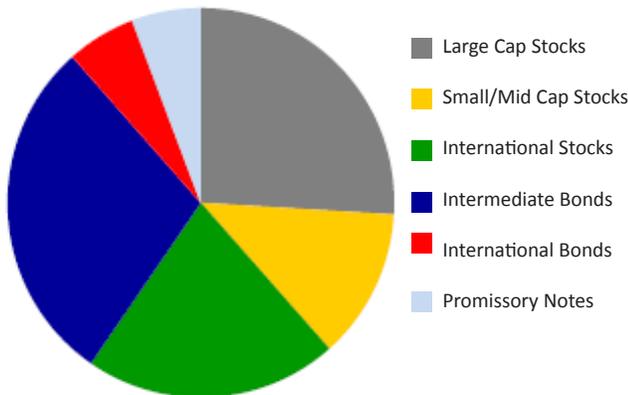
1. Investments that are dedicated gender lens solutions and explicitly adopt one or more of the goals on page 1.
2. Funds and portfolios that integrate significant gender criteria into their security selection and/or engage in shareholder advocacy and policy work to advance gender inclusiveness.

By using either option or a combination of both, an investor's portfolio can support gender-inclusiveness across several asset classes. The investment mix could include dedicated gender lens products, as well as offerings from fund managers that employ comprehensive gender criteria. Furthermore, investors can round out their investment strategy by selecting firms led by women and advisors and/or portfolio managers who are women.

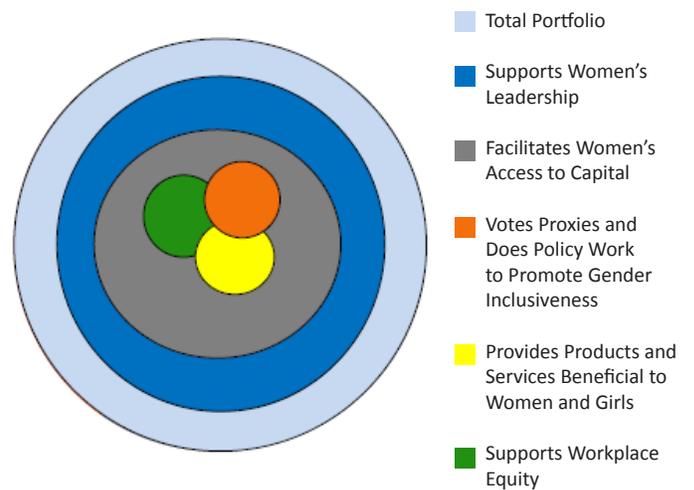
The graphs on the next page shows two views of the same portfolio once a gender lens is applied. The pie chart on the left depicts traditional asset allocations to stocks and fixed income, while the graph on the right captures the ways that the portfolio may elevate women's leadership and financial status. Impact may arise from channeling capital to entrepreneurs or portfolio managers who are women and/or by investing with managers who engage in significant policy work and shareholder engagement to increase board diversity and workplace equity. The impact exists whether or not the investor is aware of it. Intentionally mapping and directing that impact brings its own rewards, reinforcing the power of portfolios to generate both financial and social benefits — not to mention the satisfaction of aligning investors' values with their portfolios.



VIEWED THROUGH AN ASSET CLASS LENS



VIEWED THROUGH A GENDER LENS



A GROWING MENU OF INVESTMENT OPTIONS

Just a few years ago, only a handful of investments were specifically designed to support the development of women as business leaders or to provide women with access to investment capital. But now, in 2015, more than a dozen dedicated gender lens investment opportunities exist, and many other creative investment opportunities are in development. These options range from fixed-income to equity investments in private and public markets. Some investments are open to all investors at relatively low minimums, while others are only for accredited or qualified investors. A few investments are proprietary and available only to clients of the advisors or firms that sponsor them.

Exhibit 1 on the following page highlights a sample of these dedicated gender lens investment opportunities and the broad asset groups into which they fall.

Exhibit 2 on page 6 is titled “Gender Lens Investing Incorporates Multiple Criteria.” It groups dedicated gender lens investment opportunities according to the goals they are targeting. As new strategies are being developed, investors are seeing more and more ways to promote and profit from the prosperity and well-being of women.

Some products have a singular focus. For example, several strategies assume that a greater proportion of executive women in leadership – whether in the C-suite or on boards — will translate into stock market outperformance.

Other opportunities support women in leadership positions, while also channeling capital their way, whether as farmers in developing countries, entrepreneurs in California, or first-time homebuyers in North Carolina. Other investment options are funding innovative products and services that are beneficial to women, including banking services in Japan, HIV prevention in South Africa, and better cardiac outcomes in the U.S.

Lastly, several impact investment firms, such as Veris Wealth Partners and Imprint Capital, offer customized gender lens portfolios. Depending on client preferences and investment amount, these customized portfolios can target investments in private or public markets, or allocate capital across many asset classes.

EXHIBIT 1: DEDICATED GENDER LENS INVESTMENT OPPORTUNITIES



	PRIVATE	PUBLIC
EQUITY	<p>astarteventures <i>Venture Capital, Women's Health</i></p> <p>EXCLAIM CAPITAL PARTNERS <i>Venture Capital, Women's Health</i></p> <p>Golden Seeds <i>Angel investing, Women-Led Startups</i></p> <p>OXFAM America <i>WISE Women's Empowerment Fund, Women-Run Small Enterprises in Latin America</i></p> <p>Springboard[®] ENTERPRISES <i>Venture Capital, Women-Led Startups</i></p>	<p>aperio <i>Women Inclusion Portfolio, US & Global Equities</i></p> <p>Makeda Capital, LLC <i>Makeda Fund, L.P. Women-Led Companies, U.S. Equities</i></p> <p>Morgan Stanley <i>The Parity Portfolio, U.S. Equities</i></p> <p>nia global solutions <i>Innovative Small/Mid Cap Companies Supporting Gender Diversity Global Equities</i></p> <p>PAX ellevate <i>Global Women's Index Mutual Fund, Global Equities</i></p> <p>U.S. TRUST Bank of America Private Wealth Management <i>Women & Girls Equality Strategy, U.S. Equities</i></p>
FIXED INCOME	<p>rootcapital PIONEERING FINANCE FOR RURAL COMMUNITIES <i>Women in Agriculture Initiative, Promissory Note</i></p> <p>SELF HELP CREDIT UNION <i>Women & Children's Certificate of Deposit</i></p> <p>WINWIN A PROJECT OF CALVERT FOUNDATION <i>Women Investing in Women Initiative, Promissory Note</i></p>	<p>BARCLAYS <i>Women in Leadership Exchange, Traded Notes - value linked to U.S. Equities</i></p> <p>Breckinridge CAPITAL ADVISORS <i>Gender Lens Mandate Portfolio, U.S. Bonds</i></p> <p>COMMUNITY CAPITAL MANAGEMENT Revitalizing America <i>U.S. Government & Agency Bonds, Capital and Services to Women</i></p>
CUSTOMIZED PORTFOLIOS	<p>ImprintCapital</p>	<p>VERIS Wealth Partners Values. Wealth. Sustainability.</p>

EXHIBIT 2: GENDER LENS INVESTING INCORPORATES MULTIPLE CRITERIA



INVESTMENT OPPORTUNITIES	PRODUCTS	WOMEN'S LEADERSHIP	ACCESS TO CAPITAL	PRODUCTS & SERVICES	WORKPLACE EQUITY	SHAREHOLDER ENGAGEMENT/POLICY WORK
 BARCLAYS	Exchange Traded Note	√				
 Makeda Capital, LLC	Public Equities	√				
Morgan Stanley	Public Equities	√				√
 PAX ellevate	Equity Mutual Fund	√			√	√
 Golden Seeds	Angel Investing	√	√			
 Springboard [®] ENTERPRISES	Venture Capital	√	√			
 OXFAM America	Venture Capital	√	√			
 COMMUNITY CAPITAL MANAGEMENT <i>Revitalizing America</i>	Bond Mutual Fund		√	√		
 EXCLAIM CAPITAL PARTNERS	Venture Capital	√	√	√		
astarteventures	Venture Capital	√	√	√		
 SELF HELP CREDIT UNION	Certificate of Deposit	√	√	√		
 WINWIN A PROJECT OF CALVERT FOUNDATION	Private Debt	√	√	√		
 rootcapital PIONEERING FINANCE FOR RURAL COMMUNITIES	Private Debt	√	√	√		
 Breckinridge CAPITAL ADVISORS	Public Bonds	√	√	√	√	
 nia	Public Equities	√	√	√	√	√
aperio	Public Equities	√	√	√	√	√
 U.S. TRUST Bank of America Private Wealth Management	Public Equities	√	√	√	√	√
 ImprintCapital	Gender Lens Portfolios	√	√	√	√	√
 VERIS Wealth Partners	Gender Lens Portfolios	√	√	√	√	√

FROM COUNTING TO VALUING



In addition to dedicated gender lens products, various investment managers offer opportunities to invest in diversity and gender inclusion. With or without an identified gender lens strategy, these managers are integrating comprehensive gender criteria into their analytical processes.

Several managers are deeply committed to engaging with companies to improve workplace equity and diversity. For example: a decade ago, Calvert Investments developed the Calvert Women's Principles⁸ for evaluating a corporation's impact on women. Pax World Investments has a "Say No to All Male Boards" campaign.⁹ Other managers, such as Boston Common Asset Management, Domini Social Investments, Trillium Asset Management, Community Capital Management, and Walden Asset Management, among others, integrate gender equity criteria into their security selection processes and most have extensive engagement strategies regarding workplace equity, diversity, and respect for LGBTQ employees.

Over the past two years, a notable shift has occurred away from merely counting the number of CEOs, venture capitalists, and portfolio managers who are women. While the growing number of women in leadership positions clearly demonstrates progress, a gender headcount captures only partial gains in measuring women's full inclusion as high-value workers and leaders. Managers using a gender lens are also assessing qualitative factors, such as the quality of workplace benefits and environment, the depth of commitment to mentoring, the degree of institutional buy-in for diverse and inclusive teams, and the progress achieved from investments and services that address the needs of women. Some managers are extending their analysis far beyond the shop floor, looking also at companies' supply chains and depictions of women and girls in their advertising campaigns.

CONCLUDING THOUGHTS

"Gender is a social construction that assigns value. Counting sex is about whole numbers (how many women, how many men), but gender is a dynamic concept that defines norms, behaviors, identities and how those are (or are not) valued in a culture. Gender analysis, like financial analysis, seeks to assess how value is constructed and assigned."¹⁰ -The Criterion Institute

As a society, we own and shape the social constructs and financial systems that govern our lives. We make the rules. We assign the value. Yet we can feel removed from these processes and our power to bend the arc of our institutions. At its core, investing with a gender lens challenges the financial system and investors to better allocate capital with much more thought to gender imbalances. Investors are increasingly looking for alternatives to the traditional biases of the investment industry that can offer creative new ways to achieve sustainable and equitable prosperity. Gender lens investing is one such alternative that proves to be good for all of us, in both social and economic terms. 

ADDENDUM: SUPPORTING THE MOVEMENT



Investing to improve the lives of women is a powerful catalyst for positive social change. Another is supporting the large ecosystem of networks and organizations that engage investors, the business community and philanthropies.

Networks Active in Empowering Women:

- **Criterion Institute** – A pioneer in building the field of gender lens investing.
- **Ellevest Network** (formerly 85 Broads) – A global network of professional women and a partner with Pax World Investments in developing the Pax Ellevest Global Women's Fund.
- **Women Moving Millions** – A community of individuals who have donated or pledged \$1 million or more to organizations and initiatives promoting the advancement and empowerment of women and girls.
- **Women Donors Network** – Through member-led donor circles, regional events and trainings, and network-wide strategic initiatives, members connect with leaders in the social change movement and make strategic grants.
- **Women's Funding Network** – One of the largest collaborative philanthropic networks in the world, connecting more than 160 global public charities and private and community foundations.

Organizations Working to Increase the Number of Women on Boards

- **20/20 Women on Boards** – A national campaign to increase the percentage of women on U.S. company boards to 20% or more by the year 2020.
- **Catalyst** – The leading nonprofit organization dedicated to creating more inclusive workplaces where employees representing every dimension of diversity can thrive.
- **30% Coalition** – Business leaders, institutional investors, and women's organizations whose shared goal is that, by the end of 2015, women will hold 30% of public company board seats.

Nonprofits Increasing Female Entrepreneurs' Access to Venture Capital

- **Pipeline Fund** – Providing training to help more women become angel investors and social entrepreneurs.
- **Astia** – A community of men and women supporting high-growth ventures led by women.
- **Women's Venture Fund** – A not-for-profit women's organization providing entrepreneurial skills training, business loans, and business assistance.
- **Springboard Enterprises** – A national not-for-profit organization that produces programs to educate, showcase and support women entrepreneurs seeking equity capital for expansion.

Investing Networks

- **Golden Seeds** – An investment firm providing early-stage venture capital to women who lead businesses. Golden Seeds' Knowledge Institute offers extensive investor training to its members.
- **37 Angels** – A community of female investors committed to increasing the percentage of female angel investors from the current 13% to 50% (hence the number "37"). The network offers a training program in the fundamentals of investing in early-stage startups.
- **Phenomenelle Angels Fund** – A new, early-stage fund that invests in women and minority-owned or managed businesses in Wisconsin and the Midwest.
- **Belle Capital** – An early stage angel fund providing human and financial capital to women-led companies.
- **Texas Women Ventures** – Invests in women-led companies in Texas and the Southwest U.S. with established track records and \$10 - \$100 million in annual revenue.

FOUNDATIONS, ENDOWMENTS AND INSTITUTIONS



For any organization that may be interested in gender lens investing, a good first step would be to ask the board or the investment committee to consider incorporating impact and gender-inclusive goals into the institution's investment plan. Possible strategies for starting the process are below.

Invite a professional with gender lens investing expertise to present to the board or investment committee in order to inform and spark dialogue.

Work with a gender lens professional to:

- Evaluate the existing portfolio to assess how it is currently supporting the organization's mission.
- Review the Investment Policy Statement and work with the board/investment committee to incorporate gender and other impact lenses into the organization's investment strategy.
- Analyze the "landscape" of investment options that could align the foundation or endowment's financial goals and its mission. What fixed income and/or equity investments, whether private or public, are consistent with the organization's intentions? How is a gender lens congruent with other mission focuses, such as sustainable agriculture, clean energy, education, poverty alleviation, etc.?
- Include investments that are managed by women in all advisor and manager searches and requests for proposals.

Allocate a portion of the portfolio for targeted investment if the organization is not ready for full mission alignment.

ABOUT THE AUTHORS



Patricia Farrar-Rivas, CIMA®, is a founding principal and Chief Executive Officer of Veris Wealth Partners, LLC. She has provided wealth management services and impact investing to families, family offices and foundations since 1992. Patricia is a member of the Advisory Board for Envestnet Asset Management and a member of the Standards Council for the Sustainable Accounting Standards Board (SASB). Patricia is a Certified Investment Management Analyst (CIMA®) and a Certified Investment Strategist (CIS).



Luisamaria Ruiz Carlile, CFP® is a Wealth Manager and a Certified Financial Planner™ in Veris' New York office. She manages client portfolios and designs comprehensive strategies to meet a wide range of clients' financial goals. Luisamaria co-leads the firm's Women, Wealth & Impact Committee and is a member of the firm's Investment Working Group and Sustainability Committee. She is a member of the Financial Planning Association of New York. Luisamaria serves on the Advisory Board of Oxfam America's WISE Women's Empowerment Fund. She graduated summa cum laude from Wellesley College with a B.A. in Economics and has a Certificate in Financial Planning from New York University.



Lori Choi, CFA® is a Wealth Manager and CFA Charterholder in the Veris New York office. She manages client portfolios and designs comprehensive strategies to meet a wide range of clients' financial goals. She also helps to conduct customized due diligence research on asset managers and community development financial institutions for clients. Lori is a member of the firm's Investment Working Group and Marketing Committee. She graduated from the Wharton School, University of Pennsylvania with a B.S. in Economics. Lori serves on the board at Resource Generation and recently co-founded Women Investing for a Sustainable Economy, a professional networking group.



Alison Pyott, CFP® is a Wealth Manager and Certified Financial Planner™ for the Veris Portsmouth office. She manages client portfolios and designs comprehensive strategies to meet a wide range of client's financial goals. Alison leads the firm's Sustainability Team and co-leads the Women, Wealth & Impact Committee. Alison currently serves as the Treasurer for The New Hampshire Women's Initiative and is the Vice Chair of The New Hampshire Charitable Foundation - Piscataqua Region. She serves on the Advisory Boards of both Coastal Enterprises Community Investment Notes and Nearby Registry, a women-owned New Hampshire startup company. She is also a member of the Seacoast Women's Giving Circle. Alison graduated from University of New Hampshire's Whittemore School of Business and Economics with a B.S. in Hotel Administration and from Merrimack College with a Certificate in Financial Planning.

ABOUT VERIS WEALTH PARTNERS



Veris Wealth Partners, LLC is an independent, partner-owned wealth management firm that aligns investors' wealth with their financial and social objectives. Veris believes that superior investment performance and positive impact are complementary parts of a holistic investment strategy. A certified B Corp, Veris has been named a B Corp "Best for the World" company, a recognition based on B Corp's comprehensive assessment of a company's impact on their workers, their community, and the environment. Veris is based in San Francisco with offices in New York, and Portsmouth. For information, call 415.815.0580, or visit www.veriswp.com.

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FOOTNOTES & RESOURCES

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