

Glenmede and Women: An Alignment of Values and Vision

We recognize women investors know the road to financial well-being encompasses more than investment returns and are committed to providing women the financial tools, guidance and education they require, tailored to their personal needs.

Glenmede is uniquely positioned to offer women a high-quality investment and wealth management experience. Two key factors are the large number of women in key leadership roles and a culture that values collaboration and personal service.

GLENMEDE BY THE NUMBERS

2 of 4

of Glenmede's founders were women

50%+

of Glenmede's Senior Management Committee are women

50%+

of employees are women

1/3

of client-facing staff are women

2-3 women

on the Board of Directors since 1972

11+ years

average tenure of women employees

Women in Leadership



ABBY BROWN
Wealth Advisory

Diversification has been a sacred tenet of the investment world for decades. History has shown that asset-class diversification can help investors enjoy higher returns with lower risks. In recent years, investment professionals have identified a more nuanced category of diversification — specifically, gender diversification within workplace leadership.

Data shows that leadership diversity tends to provide the same benefits as asset-class diversification: higher returns and lessened risk. Given this research, investors, particularly those committed to ESG investing—environmental stewardship (E), social impact (S) and responsible corporate governance (G) —are allocating funds to companies with strong female leadership. This article will examine the business case for weighing leadership diversity as a factor in investment analysis. It will also explore the potential impact of utilizing women in leadership as an investment strategy within a growing field called “gender-lens investing.”

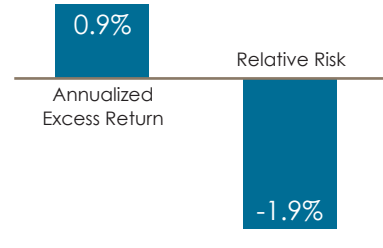
Field Data: Companies with Women in Leadership May Outperform

The benefits of gender diversity have been traditionally understood in moral terms. But, armed with a decade of data, the investment industry is now beginning to understand that there may be economic benefits to be gained from leadership diversification as well. Studies from various disciplines have investigated the correlation between female leadership and financial performance. These seem to show that companies with superior diversified leadership characteristics outperform their less-diversified peers.

For instance, companies with more women in leadership—defined as women board members, senior managers or in executive roles—tend to outperform those with lower representation by certain standard metrics of financial performance such as return on sales, return on equity and return on invested capital.¹ These companies, therefore, may have greater potential to outperform their benchmarks. In addition, companies with these characteristics seem to experience less volatility.²



Women in Leadership (WIL) Companies Outperform with Less Risk*



Source: Glenmede

*Within the Russell 1000, we compared the 300 companies with WIL attributes relative to the 700 companies without WIL attributes from 7/09 -10/15.

The Russell 1000 is a large-cap, unmanaged index which investors cannot invest.

Results are based on historical performance, which may not be repeated.

Risk is measured by standard deviation.

It is believed that these results may be attributable to a link between the presence of women on boards and corporate reputations;³ female directors could serve as role models, improving female employees' performance, and boosting their companies' images. Other studies suggest that because women are responsible for 80 percent of decisions related to consumer purchases in U.S. households, female leaders may be more closely aligned with the customer's view and therefore better able to drive successful product and service development.⁴ It would also appear that companies benefit from enhanced decision-making and problem-solving when leadership roles are gender-diverse.

Glenmede's Distinct Approach to the Data

Previous studies on women in leadership have focused on one discrete variable—female

board representation or women in senior management or female executives. What would happen if we included all of these factors? Glenmede embarked on this type of analysis using the companies in the Russell 1000 with one of the following characteristics:

- Women represented more than 20% of the board members;
- Women represented more than 25% of senior management;
- A woman is the CEO;
- A woman is the chair.

Our research supports the findings that the gender-diverse companies do better than their peers.⁵ Looking at the Russell 1000 between July 2009 to October 2015, roughly 300 companies had at least one of our women-in-leadership attributes. These firms outperformed the 700 companies that had none by 0.9% annually with less risk.

Women in Leadership: Finding Value

Glenmede believes that stocks with attractive valuations, strong financial fundamentals (e.g., profitability), good earnings growth, and positively trending technical factors have a greater probability of outperforming the markets. As a complement to these traditional factors, Glenmede research efforts consider a fourth attribute: uniqueness. Typically, we measure the uniqueness of our sample by calculating the correlation coefficient with the other ranking methods. In this case, our findings show the calculated correlations are relatively close to zero, suggesting that the selection of companies based on women in leadership provides a new and distinct form of value-added.

While gender criteria are commonly incorporated into broader ESG analysis, our research indicates that leadership diversity captures additional attributes heretofore unobtainable by broader ESG strategies. The analysis of our sample with other ESG factors presents only a small composite ESG score correlation of 0.13, with even smaller correlations with the individual ESG rankings. This suggests that while ESG strategies may integrate gender criteria, women in leadership specifically represents a value measure not otherwise found by more common measures of social impact.



Alignment of Value and Vision

This review underscores the business case for diversified leadership. Investors—individuals, families, foundations—may seek opportunities to incorporate gender-lens investing, and specifically leadership diversity, in their investment decisions.

Whether motivated to generate measurable, beneficial social impacts alongside financial returns or by the opportunities associated with diversified leadership, these investors can rely on research, including our own, as support for the possible economic advantages of women in leadership. As the number of women in leadership continues to rise,⁶ we expect that investors will continue to benefit, both socially and financially, from women in leadership.

This article is not a recommendation to invest in any security or strategy. Research is conducted in good faith, but accuracy is not guaranteed.

¹ Nancy M. Ph.D., and Harvey M. Wagner, Ph.D., "The Bottom Line: Corporate Performance and Women's Representation on Boards (2004-2008)," Catalyst, (2011). <http://www.catalyst.org/knowledge/bottom-line-corporate-performance-and-womens-representation-boards-20042008>

² Andre Chanavat and Katharine Ramsden, "Mining the Metrics of Board Diversity," Thomson/Reuters, (June 2013).

³ Catalyst, "Why Diversity Matters," Catalyst Information Center, p. 9-10, (July 2013). http://www.catalyst.org/system/files/why_diversity_matters_catalyst_0.pdf

⁴ Yilmaz Arguden, "Why Boards Need More Women," Harvard Business Review (June 7, 2012).

⁵ Data from September 2009 through October 2015.

⁶ In 2014, the percentage of women serving on corporate boards of S&P 500 companies was 18.7 percent up from 15.6 percent in 1995; Edward Kamonjoh, "Gender Diversity on Boards," Institutional Shareholder Services, p. 7 (September 25, 2014).

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