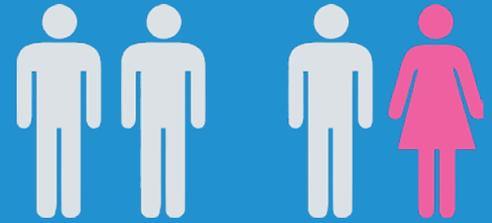


## Evolve North American Gender Diversity Index Fund

HERS invests in equity securities of North American companies that have demonstrated commitment to gender diversity as part of their corporate social responsibility strategy.

As at November 29, 2019



**TICKER:** HERS (Hedged); HERS.B (Unhedged)

### MACROECONOMIC HIGHLIGHTS:

In its fifth year of research on women in the workplace, conducted by McKinsey in partnership with LeanIn.org, it was found that there have been signs of progress in the representation of women in corporate America. The study stated that this is particularly true in the C-suite, where the representation of women has increased from 17 percent to 21 percent. However, although this is a step in the right direction, parity remains out of reach. Women—and particularly women of colour—are underrepresented at every level. About 1 in 5 C-suite executives is a woman—and only 1 in 25 C-suite executives is a woman of color.

The researchers looked at data and insights since 2015 from close to 600 companies that participated in the study, more than a quarter of a million people that were surveyed on their workplace experiences, and more than 100 in-depth one-on-one interviews that were conducted.

It was found that 87 percent of companies are highly committed to gender diversity, compared to 56 percent in 2012, when a similar study was first conducted on the state of women at work. Since 2015, senior leader and manager commitment to gender diversity has also increased, and employee commitment—especially among men—has risen significantly. But while it was encouraging that so many companies prioritized gender diversity, employees were less convinced: only half of employees think gender diversity is a high priority to their company, and that number hasn't changed over the last five years.<sup>i</sup>

Comparatively, the 2020 Women on Boards (2020WOB), the preeminent education and research campaign tracking the progress of women on corporate boards in the U.S. over the last ten years, released its annual 2019 Gender Diversity Index (GDI) showing that while women corporate directors hold a record 20.4% board seats nationally for the first time, 311 companies in the Russell 3000 Index still have no women on their boards.

Nearly two-thirds of corporate boards of all Russell 3000 companies changed their board composition between July 2018 and June 2019, and the majority of boards that added women corporate directors actually increased the total number of directors in order to add these women. Gains for women corporate directors accelerated in 2019, and the number of companies with 20% or more women increased by nearly 10% since last year.<sup>ii</sup>



Microsoft took the lead among its peers by breaking down the composition of its workforces by gender and ethnicity in its annual diversity report. This year, the company separated out its racial and gender diversity data by levels of management and what it calls “individual contributors”—or workers who don’t manage other employees.

Across all of Microsoft, women make up 27.6% of the company’s workforce. Among executives, women hold 19.3% of jobs; when expanded to all positions with management responsibilities, women hold 25.4%. Among Microsoft workers who don’t have oversight over anyone else, women represent 28% of the workforce. (at Microsoft, women this year make up 21.4% of the technical workforce, compared to 19.9% a year ago, and 39.4% of the non-technical workforce.)

The separation of levels of management revealed similar trends for racial and ethnic diversity, too. Of the company’s black employees, 2.7% are managers, while 4.9% are non-management workers. Hispanic managers vs. Hispanic workers: 5% compared to 6.5%. Among Asian employees, 28.6% compared to 33.9%. In addition to the new categories, Microsoft’s diversity report showed some progress from last year. Representation of women company-wide went up to 27.6% female from 26.6% female in 2018.

Most of Microsoft’s peers in the tech industry, including Apple, reveal diversity in leadership and across the company, but few separate out the granular levels of management roles. Tech companies are more likely to break out the data for their technical and non-technical workforces.<sup>iii</sup>

To compile its Diversity Leaders Index, FT.com, in collaboration with its research partner, Statista, ranked 700 top European companies based on diversity of gender, age, ethnicity, disability and sexual orientation. In arriving at its ranking, the researchers surveyed the performance of 10,000 privately held and publicly listed companies employing at least 250 people in the 10 European countries, including Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Sweden, Switzerland and the UK.

Among the top 10 companies are: the travel and leisure company, Booking.com (Netherlands); the packaged goods company, Colgate Palmolive (Switzerland); the UK construction company, Wilmott Dixon; the electronics, electrical engineering and hardware company, Infineon (Germany); the Swiss insurance company, Helsana; the French retail company, Biocoop; the retail company, Ikea (Netherlands); the automotive producer and supplier, Tesla (Netherlands); the oil and gas operations, mining, and chemicals company, Solvay (Belgium) and Friedrichshafen, the German automotive producer and supplier.<sup>iv</sup>

## PERFORMANCE ATTRIBUTION:

The fund held a widely diversified portfolio, with exposure of less than 1% to each holding. The top performing stock in the Fund for the month was Splunk Inc., followed by Autodesk Inc.



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**SOURCE:**

<sup>i</sup> <https://www.mckinsey.com/featured-insights/gender-equality/women-in-the-workplace-2019>

<sup>ii</sup> <https://www.businesswire.com/news/home/20191114005909/en/>

<sup>iii</sup> <https://fortune.com/2019/11/12/microsoft-2019-diversity-report/>

<sup>iv</sup> <https://www.ft.com/content/bd1b4158-09a7-11ea-bb52-34c8d9dc6d84>

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