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I am writing on behalf of the [Diverse Asset Managers Initiative](#) (DAMI), which successfully advocates for increased allocations to asset management firms owned or managed by women and people of color. We are the lead proponents of the fact that diversity is profitable; it improves performance.

Given your interest and leadership on exploring the diversity and inclusion of women and people of color, we'd like to meet with and work with you on these shared interests and goals.

DAMI was grateful to see Morgan Stanley's important unearthing through an attitudinal survey of an extremely troubling fact: most professionals in the top ranks of asset management believe that women and people of color cannot manage money as well as white men.

Your 2021 Asset Owners and Investing in Diversity [survey](#) makes troublingly clear that the primary barrier that Black, Hispanic, Asian-American and women asset managers face in this industry is prejudice. Your findings cast doubt on the conventional wisdom among leaders in asset management that we have a supply problem of women and people of color; we don't, we have a demand problem, in that the people who say they are demanding minority talent actually disfavors them.

And that demand problem is that most managers are willing to go on the record — in this case in your important survey — and say that “despite acknowledging the

importance of incorporating diversity into their investment decisions, a majority of asset owners (56%) say that doing so comes at the expense of returns.”

More saliently, given their dominance at the top, 70% of white managers admit this on the record. Of that number, 20% strongly agree that diversity sacrifices returns.

Both are astounding facts. That means when you go through the appreciated effort of bringing talented young Black, Hispanic, Asian-American or white female professionals into your workforce, 70% of the white managers believe from day one this person can't achieve in the way expected, and 20% strongly believe that.

From our vantage point, it's malpractice to bring eager and talented young people into an environment that does not believe in them, without attacking the core issue—the false beliefs of leadership.

We'd like to work with you to do something more about this. We applaud your leadership in this area, and would like to support that interest and position.

While the systematic exclusion of people of color and women from the management of endowment assets has been a question of social justice over time, today it is for us a question of fiduciary responsibility. This troubling revelation comes in the face of a number of studies, which show that utilizing diverse managers improves performance.

For reference, the National Association of Investment Companies has produced [several reports](#) showing that diverse managers consistently outperform benchmarks. A [report from Willis Towers Watson](#) stated that “investment teams with diversity, in particular ethnic diversity, tend to generate better excess returns.” And a [2017 study](#) from the Knight Foundation found that the performance of firms owned by women and minorities is not statistically different from the industry as a whole. In fact, minority- and women-owned mutual funds were overrepresented in the top quintile based on performance.

Morgan Stanley is home to one of the largest asset managers in the world. As a leader in this field, we would like to meet and work with you, to determine how you plan to use these findings to affect change in an industry that resists it.

We believe that when an institution of your caliber moves, the field moves. We look forward to your prompt attention and continued leadership in this field.