



The Honorable Kevin McCarthy,
The Honorable Patrick McHenry,
The Honorable Maxine Waters,
U.S. House Committee on Financial Services,
2129 Rayburn House Office Building,
Washington, DC 20515

Distinguished Members,

As you prepare for the 118th Congress, the [Diverse Asset Managers Initiative](#) (DAMI) would like to underscore the importance of retaining the historic and productive House Financial Services Subcommittee on Diversity and Inclusion. Created in the 116th Congress, the Subcommittee has taken the lead on investigating, analyzing and reporting on the importance – and lack of – diversity and inclusion in the financial services sector.

DAMI is a c3 initiative organized to significantly improve allocations to asset management firms owned or managed by women and people of color, and the Subcommittee has taken the laboring oar of drawing attention to the underutilization of this talent pool, and how it harms us all.

Diversity and inclusion remains one of the biggest issues facing the field of asset management today and the Subcommittee has led essential efforts to address this problem. It is imperative that this important work continue.

Nationwide, across [\\$82 trillion](#) in U.S. assets, only 1.4 percent is entrusted to asset management firms owned by women and/or people of color. That's despite the fact that an abundance of research shows that diverse managers improve performance.

Research shows that women and people of color perform at par, and sometimes better, than white men. The Knight Foundation, for example, released a [study](#) in 2019 that found that women and minority-owned mutual funds were overrepresented in the top quartile of performers. [Multiple analyses](#) from the National Association of Investment Companies reveal

that diverse private equity firms consistently outperform benchmarks. The [Kellogg Foundation](#), too, has found that a new diverse manager portfolio exceeded benchmarks. The list goes on.

The bottom line is: Diversity enhances returns. And most significant asset allocators now say that publicly. At a time when Americans are facing significant economic strain, it is vital that institutional investors work with diverse asset managers to maximize investment performance.

The Diversity and Inclusion Subcommittee has been instrumental in not just bringing attention to the issue of diversity in the realm of asset management, but addressing it.

Thank you for your attention to this issue. DAMI has at its fingertips the nation's experts on these questions, and we'd be delighted to offer our support and bring you and your staff up to speed on what success looks like. Through our work with institutional investors, researchers, and key industry leaders, we've developed an in-depth understanding of the challenges in the asset management industry and possible solutions.

Best,

Robert Raben