Exploring the Business of Money with a Few 'Girls Who Invest'

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In recent weeks, Knowledge@Wharton High School began noticing young women on the Wharton campus in Philadelphia, Pa., U.S., who were wearing hats and carrying bags inscribed with three simple words: Girls Who Invest. Since we happen to know lots of girls with this interest – thousands from around the world have participated in our annual KWHS Investment Competition for high school students – we decided to look further into this intriguing GWI sorority. Who were they? Why were they here? And were they truly stock market devotees?

Turns out that most of these "girls" were actually young women of 18 and 19 who had just finished up their sophomore years at colleges around the U.S. They were all participants in a Wharton campus-based summer program developed by Girls Who Invest, a nonprofit dedicated to increasing the number of women in portfolio management and executive leadership in the asset management industry. Asset management is the management of clients' investments by a financial services company, usually an investment bank. Founded by Seema Hingorani, a champion dedicated to getting more women involved in the finance industry, Girls Who Invest trains young women about finance in hopes of getting 30% of the world's investable capital managed by women by 2030.

The organization maintains that women investment managers in the U.S. in the $15 trillion mutual fund marketplace have fallen from 10% of the industry in 2009 to less than 7% today. In alternative asset classes, women represent 6% in private equity, 4% in real estate and 3% in hedge funds. The pipeline of young women moving into these types of careers is not promising, in part because they don't understand the industry and they don't have available role models.

Girls Who Invest wants to fundamentally transform the finance-industry landscape. "A lot of young women who are [college] freshmen have no idea that the asset management industry exists," said Janet Cowell, CEO of Girls Who Invest and a recent speaker at the Wharton Global Forum in New York City. Cowell joined the Knowledge@Wharton radio show, which airs on Wharton Business Radio on SiriusXM, to discuss why it's important to get more women and minorities involved in finance. "People have vague notions of banking, but they don't really know what that means. So, it's exposing them to the industry and the opportunities, and dispelling some of the myths about the finance industry or at least giving them a more holistic perspective. It's not all the *Wolves of Wall Street* or some of these movies they've seen. And it's not all about greed. Finance can be about social impact. As they start learning that, we have young women who have the quantitative skills and interest, and we train them."

KWHS set out to meet some of this summer's Girls Who Invest scholars to find out about their interest in the financial industry and some of their most valuable lessons from the four weeks they spent learning about finance at Wharton. As part of the program, all of the girls are now working in a six-week paid finance-related internships. The hope is that they continue to engage with their Girls Who Invest network as they build their careers and ultimately boost the number of women in top finance positions. "To me, the combination of women and finance and education is just one of the most powerful on the globe," observed Cowell. "We've seen study after study. If women can manage their own money, then families are better, violence is reduced, nutrition goes up…if more women manage money at portfolios, you see greater diversity of hiring, more optimization of portfolio returns. It's a better outcome with so many collateral benefits. There's certainly an intellectual understanding that diversity of thought in all its forms, including gender, is a good thing for business. Getting to the result is harder."

We've profiled a few of the aspiring teen asset managers below. Look for them on Wall Street (and throughout the financial services industry) in a few years.

GWI Scholar: Olivia Ott, rising junior at Princeton University, studying public policy and economics

Money Motivation: "I had always thought about finance before this program with not such a positive lens. There are a lot of people who are focused on the money. That was one reason why I was intimidated by getting into finance to begin with. A lot of times those people can be very loud and overwhelming. It can give a negative perception of the industry. The people at Princeton pursuing finance are very intense. I was meeting kids who had been on a finance track for years and I wasn't. I now realize that was a very skewed perspective of the industry. A lot of the asset managers and portfolio managers that we've met in this program came from a liberal arts background."

Top GWI Takeaway: "An important thing to realize is that there are certain types of financial firms and investment strategies focused on doing some sort of social good. We've been learning about ESG investing, which is Environmental, Social and Governance Investing [which refers to three central factors in measuring the sustainability and ethical impact of in investment in a business] . That is something directly designed to make things better, but through the use of financial tools. We also found out about foundations and investing for not-for-profits. All of that combined has shown me that there is still a way to be in finance and pursue some form of public service. I was very interested in law and politics from the social-good perspective, and I'm seeing those worlds align with finance."

Best Advice: "Talk to people who do different types of investing or work in finance. Ask questions. Ask them specifically what they do. That's a good piece of life advice: ask questions all the time."

Internship: Partners Group, Denver, Colorado

GWI Scholar: Victoria Flores Najas, rising junior at Claremont McKenna College near Los Angeles, California, majoring in economics

Money Motivation: "I'm really interested in technology, and my interest in finance started with cryptoinvesting. Four years back I read the *Bitcoin Whitepaper* and I thought it sounded like an amazing technology. This was before everyone started talking about cryptocurrencies. People thought I was crazy buying bitcoin, but it ended up being a great investment because last December it jumped up to $20,000 and I had bought it around $1,000. I sold my bitcoin then and made $7,000. I still have .22 of a bitcoin just in case it goes up again. I started by learning the fundamentals. Right now there are so many different cryptocurrencies people are trying to buy in these initial coin offerings, but if you don't dive into the fundamentals and understand how the technology works, you could get scammed and lose money. You shouldn't put money into something that you don't understand."

Top GWI Takeaway: "It's so incredible to be with a bunch of talented, smart, nice women. These women genuinely want to help and we all want to succeed together. That is something I haven't encountered before. In general, it's very competitive with women. We feel that there are only a few spots at the top and we have to take each other down. Here, there are enough opportunities, and if we help each other out it's better for each individual."

Best Advice: "When I was younger finance sounded scary, but it really isn't. You can have an interest in health care or technology and that translates into finance in some way. Consider your interest in one thing and see how it connects to finance. I was interested in technology and then saw how it connected to finance. That made it less scary. Fintech or financial technology is actually really exciting right now."

Internship: Axa Investment Managers, San Francisco Bay Area

GWI Scholar: Rachel Simpson, rising junior at Duke University in Durham, North Carolina, majoring in economics

Money Motivation: "Coming from a liberal arts background, I wanted real-world knowledge about finance. My parents aren't in finance and I don't have much of a background in finance. With econ as my major and learning theoretical things, it was worrisome to me. Am I going to be way behind everyone else? But they told us that you learn everything on the job."

Top GWI Takeaway: "In investment banking, they're always making DCF models. I've always wondered, 'What does this stand for? What are they doing?' While we were here we worked in Excel and found out about DCF. DCF stands for Discounted Cash Flow [and is a valuation method used to evaluate the attractiveness of an investment opportunity.] I saw [company] income statement, balance sheet, working capital, cash flows; these are all different sheets within Excel that you bring together to create the DCF. I also saw how it intertwined with finding the value of a company, because you have to account for inflation and how much a company would be worth in five years."

Best Advice: "Start reading the news! Even if it's just one article about finance. You can sign up for alerts on your phone when anything happens in the market. That way you can learn about different financial terminology. The most nerve-wracking part of this industry is speaking to professionals and not sounding dumb or ignorant about the topics. I read *The Wall Street Journal*, and you can also listen to Bloomberg while you're walking to class, just so you can hear the terminology."

Internship: Vista Equity Partners, Austin, Texas

GWI Scholar: Lucy Grierson, rising junior at University of Michigan, Stephen M. Ross School of Business in Ann Arbor, Michigan

Money Motivation: "At the business school at Michigan, a lot of people go into finance. It's a new world to me because my dad was never on Wall Street. I was interested in learning more. I'm part of the Michigan businesswomen's club. I do notice a lot of women at my school don't go into the roles that men go into. They go into marketing. I wanted to learn the other side of finance and business."

Top GWI Takeaway: "I've heard of the term junk bond before, but I couldn't understand why anyone would invest in them. The word has such a negative connotation. I've learned that junk bonds are high-yield bonds. They have a high risk of default, but they have a high return and offer higher yields than bonds with higher credit ratings. And they can actually be valuable investments for some investors."

Best Advice: "A lot of young people are told to do what you're passionate about. I say do something that challenges you. Don't' think about it too much. I tend to overthink about whether I really like something. Nothing is going to be this absolutely perfect fit. But as long as you're learning, you're going in the right direction. Get on a path and start learning as much as you can. When you're not learning as much anymore, then it may be time to take a different path. I still have a lot to learn in the finance field. It would not do me justice to shy away right now because I'm just beginning to learn."

Internship: Charles Schwab Investment Management, Denver, Colorado