

Empowering women through impact investing



In 2015, the United Nations General Assembly adopted the Sustainable Development Goals (SDG) – a global agenda aiming to end poverty, protect the planet and ensure prosperity for all by the year 2030. The framework established 17 overarching goals detailing specific actions that governments, non-profit organizations, corporations and individuals can take to make progress toward these ambitious goals.

Goal Five focuses specifically on Gender Equality, though the other 16 SDGs also have targets that focus on the critical role women and girls play in societies around the world. Women's empowerment is a pre-condition for social, political, and economic progress. Yet much work remains to be done to identify and eliminate the many gender disparities that still exist. According to the 2023 progress report, "With only seven years remaining, a mere 15.4 percent of Goal Five indicators with data are "on track," 61.5 per cent are at a moderate distance and 23.1 per cent are far or very far off track from 2030 targets."¹

Gender inequities persist

While some progress has been made, gender inequality persists everywhere. These disparities have come into even sharper focus since 2020, when the COVID-19 pandemic magnified the existing inequalities in our society that women continue to face globally:

- Over 380 million women and girls are living in extreme poverty. That's more than the entire population of the United States living on less than \$1.90 a day.²
- In 2023, women held just 32% of managerial positions worldwide. That's 10 percentage points lower than women's overall 2023 workforce representation of 42%.³
- Women and girls perform a disproportionate share of unpaid domestic work.³
- More than 1 in 4 women (age 15+) have been subjected to intimate partner violence at least once in their lifetime.⁴
- Gender discrimination persists, resulting in unequal access for women and girls to the right to own property, access to financial services, technology, education and health care.
- At the current rate, it will take an estimated 300 years to end child marriage, 286 years to close gaps in legal protection and remove discriminatory laws, 140 years for women to be represented equally in positions of power and leadership in the workplace, and 47 years to achieve equal representation in national parliaments.⁵

In 2022, on average, American women earned 82% of what men earned.

Pew Research Center,
based on U.S. Census data

¹The Sustainable Development Goals Report (unstats.un.org)

²Global Citizen Facts (globalcitizen.org)

³WEF Global Gender Gap report (weforum.org)

⁴Unpaid Care Work: Everything You Need to Know (globalcitizen.org)

⁵THE LANCET: More than a quarter of women have experienced intimate partner violence in their lifetimes, finds new study (eurekalert.org)

Why this is important

Gender equality is a fundamental human right, but there are many other reasons why the pursuit of gender equality can be a force for economic strength and social betterment over the long run:

- Over the years, mounting evidence has emerged demonstrating that investments in gender equality yield high returns on social and economic development. Increasing the role of women in the economy is critical for economic resilience and growth.
- Women, as entrepreneurs, leaders, and employees, are an important economic force. By creating opportunities for broader participation of women in the economy, extra wealth is created. Around the world, gender diverse companies are 25% likelier to earn more than their competitors, according to McKinsey & Company.⁶ Countries can gain as much as a 20 percent increase in GDP per capita and a 14 percent increase in wealth, on average, if women's employment was as much as men's and if women earned as much as men, respectively.⁷ Women started 49% of new businesses in the US in 2021, up from 28% in 2019, according to a new study.⁸

Investing in women

There are a myriad of factors contributing to gender inequality and no single solution. Public policy around childcare availability (and affordability), paid sick leave, and gender discrimination could be improved, for example. But investors can address some of these systemic problems by investing in ways that support women and girls and promote gender equality. Investment opportunities can be

found within the highly-rated and liquid portions of the fixed income market without exposing investors to excessive risk or illiquidity. Some examples are:

- Support for homeownership, one of the most effective ways for women to build wealth. Investors can elect to work with a manager who can create customized mortgage pools where all the underlying loans are made to women-headed households (Agency mortgage-backed securities or mortgage-backed securities).
- Invest in affordable rental housing offering subsidized rent programs to predominantly female-headed households. Investing in this niche of the Agency commercial mortgage-backed securities (CMBS) market can help women and their families access a safe, affordable place to live, and lower rent means more money to spend on other necessities.
- Finance women-owned businesses by buying Small Business Administration (SBA) loans supporting female entrepreneurs and/or businesses offering products or services that are beneficial to women.

These are just a few examples of how a fixed income portfolio could be constructed to align with investor desires to support gender equality. Investments in women and girls result in social and economic progress that ultimately benefits everyone.

⁶Diversity wins: How inclusion matters ([mckinsey.com](https://www.mckinsey.com))

⁷How to increase women's economic participation (blogs.worldbank.org)

⁸Here's what women's entrepreneurship looks like around the world ([weforum.org](https://www.weforum.org))



Sample investments

Below are two examples of investments that can be made to further gender equality within the healthcare and education sectors. These and other investments like these may be made within the fixed income market and target key sectors that directly impact women and their families.



Supporting women's health

OB/GYN – Lakewood, NJ

- Has a female-owned birthing center in moderate income tract.
- Has a 100% female team of certified nurse midwives.
- Focuses on empowerment where the expectant mother chooses the birth plan suitable for her based on comfort, care, optimized medicine, and freedom versus the standard hospital approach of a one-size-fits-all protocol.
- Partners with local hospital so that mothers who choose or require a hospital birth can have their needs met.



Supporting early childhood education

Preschool – New Bedford, MA

- Offers childcare and educational development programs for infants through pre-K; also offers a before-and-after school program for school-aged children.
- Has 13 centers and 1 summer camp serving the greater southeastern Massachusetts area.
- Founded by a pair of sisters in 1980 who were also public school teachers.
- The teaching team attends local trainings and workshops and undergoes more than 100 hours of internal training annually; newly hired staff also participate in a mentoring program.

Closing

There remain stark disparities in socio-economic conditions among certain populations, and women are still fighting for equality in many aspects of their lives. As the issue of gender inequality remains a pressing one, there are options for improvement through investments, particularly within the liquid fixed income market. These investments have the potential to improve women's financial security, bolster the

outlook for their children and increase access to necessary services and supports. Making targeted investments that aim to reduce gender inequalities is one way to employ impact investing to stimulate positive social outcomes for the good of all.

Learn more about RBC's Impact Investing strategies.

With a legacy of deep expertise in impact investing, the **RBC Impact Bond** strategy provides market returns on liquid fixed income investments while also producing measurable positive impacts on communities and the environment.

The **RBC Access Capital Community Investing** strategy presents investors with excellent opportunities to help build stronger communities through fixed income investments offering safety, liquidity and competitive returns.

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