

# INVESTMENTS & WEALTH MONITOR

*A reprinted article from July/August 2019*

## **ADVISOR PROFILE**

Margaret M. Towle, PhD,  
2019 Investment Consulting Impact  
Award Honoree



**INVESTMENTS & WEALTH INSTITUTE**  
formerly **IMCA**

## ADVISOR PROFILE

# Margaret M. Towle, PhD, 2019 Investment Consulting Impact Award Honoree

*Investments & Wealth Institute presented the Investment Consulting Impact Award to Margaret M. Towle at the recent 2019 Annual Conference Experience to recognize her many years of thought leadership and service to the investment consulting industry. The Editorial Advisory Board wanted to take this opportunity to ask Margaret about the many challenges and lessons she has encountered during her outstanding career.*

**I&WM:** Margaret, congratulations on being recognized with the prestigious Investment Consulting Impact Award. This is the culmination of your many years of contributing to the advancement of the industry, as both a practitioner and volunteer. As you reflect on your career, how has the industry changed over the years?

**Towle:** First, it is an honor and a privilege to receive such a prestigious award and I would like to thank the nominating committee for selecting me. I joined the industry in the early 1980s and became acquainted with Investments & Wealth Institute (formerly IMCA) in the early 2000s, first as a member of the Advisory Council and then as a board member, and finally as editor-in-chief of two Institute publications. I see two synergistic developments that are changing the direction of the financial services industry today. The first is the acceptance by industry cognoscenti of the behavioral finance paradigm, which has fundamentally changed how advisors and asset managers work with clients. The second is the recent emergence of “Fourth Industrial Revolution”



Margaret M. Towle, PhD

technologies, ushering in an era of cognitive computing. By fusing the behavioral finance model with big data and artificial intelligence modeling techniques, we can now turn investor data into computational products that predict market behavior and provide superior outcomes for clients. Armed with these tools—one qualitative and the other quantitative—advisors can better serve both institutional and individual clients.

**I&WM:** I know that you have served as a mentor to many advisors over the years. How important is it for you to serve as a role model?

**Towle:** One of my passions is to mentor women in the business. I believe that it is of the utmost importance for all—not just women—to serve as role models for those in our industry. The data now confirm that providing women with mentors reaps many positive outcomes. For example, Iris Bohnet in her book, *What Works: Gender Equity by Design*, discusses the many benefits of a robust mentorship program. These include increases in salary, as well as more promotions and higher career satisfaction. And perhaps most importantly, Bohnet found that mentorship programs are associated with an increase in diversity in management, which leads to better decision-making.

**I&WM:** One of the challenges for our industry is attracting more women and

minorities. How can we do a better job attracting the next-generation advisor?

**Towle:** I believe that it is essential for all within an organization to learn the best practices and tools of eliminating gender and racial biases. In this way, we will attract more women and minorities within our organizations, and thus the financial industry. The lens with which I view the world is an economic one. Data on the economics of discrimination, be that gender or racial bias, confirm that discrimination benefits no one—neither employers nor employees. From the perspective of the hiring entity, excluding women and minorities through the hiring process, or from within through lack of promotions, puts companies at a competitive disadvantage. For example, women represent one-half the talent pool within the opportunity set of potential employees. As an asset manager, would you want to exclude half of the investment opportunity set? I think not. Even though we now recognize that the majority of gender and racial bias is unintentional, that doesn't change the fact that biases exist. Thus, I believe that it is essential to obtain buy-in, not only from senior management but also from the (mostly male) market executives and managers in the field. Educating those in charge regarding the benefits of a diverse workforce is a first step in changing the status quo. In addition to the Bohnet book mentioned earlier, I recommend getting a copy of the recent McKinsey & Company study, “Closing the Gap: Leadership Perspectives on Promoting Women in Financial Services.” It is my personal belief that we can change the world one person at a

time; let's start with mitigating gender and racial bias.

**I&WM:** One of your passions is environmental, social, and governance (ESG) and impact investing. Studies have suggested that in addition to endowments and foundations, women and millennials are focused on reflecting their views and values in their portfolios. Do you think this is understood by our membership? How can we do a better job educating advisors about the merits of embracing ESG?

**Towle:** I predict that in 10 years, we no longer will identify ESG investing as a distinct category. Essentially, ESG investing requires considering material nonfinancial factors within the investment decision process (along with fundamental and financial factors). What do I mean by nonfinancial factors? In 1975, the category of tangible assets (e.g., factories, machines, etc.) accounted for more than 80 percent of the value of the S&P 500. Today, more than 80 percent of the value of the index consists of intangible assets (e.g., brand recognition, intellectual property, reputation). Once advisors understand the importance of considering all drivers of return in building client portfolios—both financial and nonfinancial—we will see a major shift toward ESG investing within the financial advisor community.

**I&WM:** What role has Investments & Wealth Institute played in your career and personal development? What advice would you offer young advisors who are struggling to define their value proposition?

**Towle:** Being associated with Investments & Wealth Institute as a board member, volunteer, and association member has contributed greatly to my success as an asset manager, advisor, and institutional consultant. To me, the benefits are numerous, including enhancing my professional development, providing me with relevant educational offerings, maximizing my networking opportunities, contributing to the development of robust publications, and “sharpening my saw” through practically oriented seminars and conferences. My advice to young (newer) advisors searching for their niches is to find your passion and translate that passion into a differential advantage. For example, my passion is helping clients navigate the world of alternative investments and providing clients with the guidance and advice to invest in a manner consistent with their values. On a more personal level, I strongly believe that pursuing an ambition of lifelong learning will keep your brain healthy and your mind sharp—as well as improve your self-confidence. In this regard, I suggest reading Hollywood movie

producer Brian Grazer's book, *A Curious Mind*. In it, Grazer offers some excellent advice: Ask good questions of employees, collaborators, and brilliant people. (I would add clients to the list.)

Thank you for taking the time to speak with me. ●

*Margaret M. Towle, PhD, is managing member of Yakima River Partners, LLC. She has been an influential driver of the adoption of impact investing and has advanced thought leadership throughout the investment consulting profession through a variety of high-profile roles. She received the Investments & Wealth Institute 2019 Investment Consulting Impact Award to honor her outstanding contribution and demonstrated commitment to the field of investment consulting. She has served as chair of the Investments & Wealth Monitor editorial board and editor-in-chief of the Journal of Investment Consulting. Contact her at [margaret@yakimariverpartners.com](mailto:margaret@yakimariverpartners.com).*

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