Gender Lens Investing:
A Guide to Roles in the Ecosystem

November 2016
The following guide is for anyone who wants to understand the ecosystem of individuals and institutions moving money with a gender lens.

Gender lens investing incorporates gender into financial analysis to get to better outcomes, with innovators creating financial vehicles and investable products to create a better world for women and girls. It’s a way of looking at an investment portfolio through a different set of frames or ‘lenses’. These lenses can be applied across a broad base of sectors, investment themes, approaches and asset classes, making the landscape of actors (opposite) fairly complex.

You may be starting with a desire to move capital towards women entrepreneurs or co-founders, move capital to businesses that have products and services which disproportionately affect women and girls, or to take advantage of the powerhouse market of women as buyers and consumers. You may be starting with a human rights or social justice issue that directly affects women and girls, a desire to look at businesses which aim to disrupt structural gender inequality, or you may be looking at gender equality throughout the value chain of a business. You may lead with gender or you may lead with a theme or sector or geography that you are focused on. No matter where you’re starting from, it’s valuable to understand the landscape of players that can help you move your capital.

The following guide is for investors, philanthropists, or those helping to move capital, who want to apply a gender lens to portfolios. It explains the role of each actor in the ecosystem, considering where they sit in the gender lens investment landscape and what you need to know about them as someone who’s interested in moving more capital with a gender lens.

We hope you find it useful - let us know on Twitter or email us any feedback and suggestions using the email address below. You can also see more gender lens investing resources, news and views on the Women Effect site.

About Women Effect

Women Effect was designed to be the home for people moving capital with a gender lens.

We piloted a community model in 2015-2016. While this pilot has ended, the resources of Women Effect live on, here on WomenEffect.com and elsewhere. Our beta member guests were a global community of people and institutions investing or wishing to invest with a gender lens. Key activities included mapping and tracking the players and activities in the field, and sharing selected findings and resources with the wider community.
THE LANDSCAPE: OVERVIEW
Wealth Managers

Wealth managers can either manage all of an investor’s money, or a portion of their portfolio. They are for people who are high net worth or ultra high net worth.

Wealth managers sometimes have their own products to sell and recommend. You can only invest through them in products they have approved to put on their platforms.

Reasons a fund or investment opportunity isn’t available through a wealth manager could be:
- The fund doesn’t have enough track record
- The fund doesn’t have enough assets under management
- The fund doesn’t meet the benchmarks or performance criteria of the wealth manager
- The wealth manager just doesn’t know about it

Wealth managers should be responsive to what their clients want, and they should be able to help you invest with a gender lens. Some have direct expertise in this area, some are still learning and some don’t have any expertise in this area.

Many wealth managers will help you to invest in public equities and structured vehicles, but they can’t or won’t help their clients at the level of angel, venture or private equity solutions, or community solutions. This may be because they don’t have the resources, or they don’t know enough about it, and/or from a regulatory standpoint they can’t responsibly advise you on it.

In this case you can either stick with what they can advise you on, push them to support you more fully, or go ahead and make the investment independently. Proactive wealth managers will make a recommendation for who you could work with to help you with the asset classes they can’t cover. Some will also get involved in shareholder engagement.

Specialist Advisors

People hire specialist advisors for a variety of reasons. They can:

As an investor you can choose to:
- a) educate your wealth manager about gender lens investing,
- b) find another resource to work with or
- c) do your own investing on the side
• Help you develop your strategy
• Source and review impact venture funds you are considering
• Help you on angel investments
• Help you on community investments
• Structure new investment vehicles

Specialist advisors are paid a fee and usually have specific domain expertise. Some can also be hired to augment your relationship with your wealth manager. They don’t manage your money, but they can advise on deployment of capital. Some have gender lens investing expertise, many do not.

There are multiple types of specialist advisors. For example, one type will help an investor to devise a strategy and/or deploy their capital. There are also specialist advisory firms that design and structure new funds and investment vehicles and can also help raise the capital.

Financial Advisors

Financial advisors can either advise on or manage all of an investor’s money, or a portion of their portfolio. Anyone can hire a financial advisor. Financial advisors sometimes have their own products to sell and recommend. You can only invest through them in products they have approved to put on their platforms, or they can just advise you on your investments and overall financial planning.

The reasons a fund or investment opportunity isn’t available through a financial advisor could be:
• The fund doesn’t have enough track record
• The fund doesn’t have enough assets under management
• The fund doesn’t meet the benchmarks or performance criteria of the financial advisor
• The financial advisor just doesn’t know about it

Financial advisors may or may not know about investing with a gender lens. Some have direct expertise in this area, some are still learning and some don’t have any expertise in this area.
Most financial advisors will help you to invest in public equities and structured vehicles, but they can’t or won’t help their clients at the level of angel, venture or community solutions. See above re: Wealth Managers.

**Philanthropic Advisors**

Philanthropic advisors advise individual philanthropists and/or foundations and trusts. Some also run private foundations. They can:

- Help you with strategy and assess options for your philanthropy
- Find and vet philanthropic opportunities you can donate and make grants to

Some are knowledgeable about where you can make grants to support the infrastructure for gender lens investment, make seed funding grants or philanthropic layers of impact investments with a gender lens. Some are also starting to help with impact investing, including help with scanning, scouting, selecting and recommending impact investments.

**PHILANTHROPISTS**

**Foundations and Trusts**

These may be set up as:

- Public foundations or private foundations
- Corporate foundations, community foundations, family foundations or other

They have the ability to both move philanthropy towards gender lens investing infrastructure, seed funding or grant layers in investments. They also have the ability to use their power or influence as active shareholders, and some already are.

They can use some philanthropy as program-related investments, and have the ability to use their endowments for mission-related investments.
They may lead with women and girls impact, or they may lead with themes or sectors but have gender equality as a cross-cutting goal.

There are a number of foundations who have been playing a role in gender lens investing, and some who are only just getting started. There is a huge potential impact from foundations and trusts engaging in gender lens investing. Some barriers are that they might need to shift their investment policies, get alignment of trustees, or get buy-in and support from financial advisory teams.

Women’s Funds, some of which call themselves foundations, are made up of (primarily) women donors focused on mobilizing philanthropic capital towards women and girls or gender equality. Some are already engaged in gender lens investing, and many have not yet started.

**Individual Philanthropists**

Individual philanthropists often have the most flexibility. They can use their philanthropy towards gender lens investing infrastructure, seed funding or philanthropic layers in investments. Some philanthropists have started to align their investments with their philanthropy but many are just getting started.

They also have the ability to use their power as active shareholders and some already are. They can move most fluidly between philanthropy and investment in deploying their capital, and because they have fewer structural restrictions, they can view their whole portfolio as a spectrum between philanthropy and investment.

They may lead with women and girls impact as core to their mission, or they may lead with themes or sectors but have gender equality as a cross-cutting goal.

Many philanthropists also play governance roles on endowments and boards where they influence other pools of investment. Some philanthropists have started to align their investments with their philanthropy but many are just getting started.
Philanthropic Networks

Philanthropic networks can range from women’s giving circles to professionally-run networks of individual philanthropists and/or foundations and trusts. A network may be geographically-based or focused, based on the profile of who is in the network, or have a thematic focus.

For the purposes of thinking about gender lens investing, these may be networks of women donors and philanthropists, or they may be networks of mostly women and including men, who are giving philanthropically with a gender lens. They may be thematically leading with women and girls, for example around reproductive and sexual health, or education or what may define them is the fact that they are women donors. A number of philanthropic networks don’t focus on gender but have many members who care about and are or could be investing with a gender lens.

In the US alone there are over 600 philanthropic networks or “affinity groups”. There are also significant philanthropic networks across the globe. Philanthropic networks may be geographically-based or based on the profile of who is in the network, or have a thematic focus.

There are at least two major networks of women’s funds including Women’s Funding Network and International Network of Women’s Funds.

Some philanthropic networks have been engaged in venture philanthropy and impact investing for some time, and others are just getting started which is really starting to shift things in terms of impact.

Some philanthropic networks, such as Confluence Philanthropy, EVPA, and AVPN have been formed to expressly mobilize philanthropists and foundations and trusts towards venture philanthropy, mission-related investing and/or impact investing.

Gender lens investing is relatively nascent as a theme or area of practice within philanthropic networks.

See also Philanthropic Advisors.
ASSET AND FUND MANAGERS

There are myriad asset and fund managers. You may interact directly with these players, or you may interact only through a wealth management firm or financial advisor. It’s good to understand the different kinds of players in the market.

Public Markets Fund Managers

There are different kinds of public markets fund managers. These include managers of public equities and debt portfolios, as well as mutual fund managers, ETF (Exchange Traded Funds) managers, and more.

Some public markets asset managers are also involved in shareholder engagement. They will take different approaches with regard to a gender lens. Some may look at and possibly prioritise gender as one of many factors of analysis in assessing companies, and define it as part of ESG. Other asset managers may have a gender lens investing mandate where they’re explicitly investing in business with a minimum number of women on boards, women as CEOs, a certain percentage of women in the C-suite, policies and practices around women, or other factors.

You can also look through a gender lens at the governance, leadership, and policies and practices of the fund managers or asset manager themselves.

Venture and Private Equity Fund Managers

Venture funds invest in a portfolio of privately held companies.

The GP (General Partner) is responsible for the fund and the administration, from raising the money through to searching and screening, investing, managing the investments to exit, and then reporting on financials (and for impact fund managers, on impact.) LPs (limited partners) are the investors. Usually, GPs are also investors in their own funds.

There are a small but increasing number of venture fund managers that are
prioritizing investing with a gender lens. You might also look at the gender profile and practices of the fund management team.

There are venture and private equity fund managers that explicitly target women entrepreneurs or co-founders, companies that address the women’s market, or businesses addressing issues that disproportionately affect women and girls.

There are others that include gender as a factor of analysis but don’t make a commitment around targets.

Community Investment Fund Managers

These managers manage either local/regional, thematic or sectoral funds which do debt investing, usually at a low interest rate for the investors. They:

- put money in as debt at a low interest rate
- generally lend to micro businesses, small businesses or nonprofits, often invest in low income communities and have a community benefit focus, or specialist focus with a particular population
- are often set up as nonprofit institutions

Some have a gender lens. This may be based on the target audience of entrepreneurs, or on the beneficiaries.

Microfinance/Inclusive Finance Fund Managers

These types of managers have been around for as long as 40 years. They may be non-profit or for-profit institutions. Some:

- work with capital that has been philanthropically contributed and then loan it out
- manage funds of funds, and often use a mix of blended capital

Many of these funds started with lending but now provide a much more comprehensive suite of services such as different types of insurance.

Many people assume that microfinance is always focused on women, but that isn’t true. Some of these firms and the funds they manage prioritise
women as customers, but some have much closer to a 50:50 gender split, so take a closer look at who they are lending to. Again, you might wish to look at the gender profile of the leadership teams themselves.

**Collaborative Angel Fund Managers**

A new class of collaborative angel fund managers is emerging to aggregate capital from individual investors with a high degree of engagement from those investors.

Two recent examples are:

- **Rising Tide**, which aggregates capital from women investors to invest equity in early stage ventures. They have the emphasis on training those women investor members to be angels.
- **SheEO**, which aggregates capital from non-accredited and accredited investors in a geography with a high degree of engagement from the investor members in sourcing, selection and support for the women entrepreneurs who receive debt capital from the fund.

**PLATFOR AND PROGRAM MANAGERS**

**Crowdfunding**

Crowdfunding platforms can be donation-based, rewards-based, equity or debt. They are accessed online and there are myriad investment opportunities. Often the investment minimums are quite low.

They may be thematic, sectoral, geographic or based on other attributes. They are usually characterized by a wide range of investors pooling their capital to fund an individual enterprise or venture.

Syndicates often work through debt or equity crowdfunding platforms where there is a lead investor or group of investors who take the most active role, and others can follow.
Other Innovative Investor Programs

These are online deal networks which can be specific to a particular type of investor such as family offices, foundations, investors with a particular investment focus.

INVESTORS

Individual Investors

Individual investors are, well, individuals. They can invest across a portfolio in different asset classes. High net worth or sophisticated or accredited investors have more investment choices than retail investors.

Many individual investors come into gender lens investing through one asset class, such as angel investing, investing in public equities, or investing in microfinance. One next opportunity is for individual investors to look across their whole portfolio with a gender lens.

Individual investors can get directly involved in supporting privately-held enterprises, or providing investment capital to non-profit organizations with a gender lens. They might invest directly and/or through funds.

Some may be angel investors either directly, through crowdfunding platforms or through angel networks.

They can also play a role in shareholder engagement.

Family Offices

These are private financial organisations set up to manage the investment portfolios of one family or multiple families.

Some family offices have already been engaged around gender lens investing but for many this is a relatively new area. They are driven primarily by
managing financial risk and return and not impact objectives but that’s starting to change.

They have the ability to think long-term about their family’s legacy and portfolio. Most families represented by family offices are multi-generational, and the drive toward gender lens investing is significantly being driven by next generation family members.

**Asset Managers**

Asset managers are involved in overseeing the management and investment strategy of an investment fund (such as a mutual, pension, trust or hedge fund).

Asset managers who are managing portfolios of publicly-listed companies or private equity have the opportunity to use a gender lens as an intentional focus for a fund or investment vehicle, or to use gender as a factor of analysis as just one part of their investment thesis.

Some asset managers lead or get involved with shareholder engagement on gender specific issues and others do not.

You might also look at who’s in the governance and leadership teams to determine whether you want invest through them.

It’s valuable to ask questions about gender factors and recognize that some asset managers will be more prepared and able to answer them than others.

**Banks and Lending Institutions**

Banks generally lend and rarely provide equity investment. They are usually quite rigid in their structures, and may be very specific in terms of the amount they will lend, geography, and the type of capital needs they will be willing to lend for.

From a gender lens perspective, you have a number of options about where to keep your cash:

- Bank with a women-focused bank; then you know that the money
that you are putting in the bank is getting used to lend to women. For example, the banks that are members of Women’s World Banking
   • Bank with a CDFI (Community Development Financial Institution), who lend to non-profits, enterprises or businesses from disadvantaged communities and should be able to tell you what their gender profile is
   • Bank with a women-owned/women-led bank
   • Bank with a bank that commits to gender equity across governance, leadership, workforce, and lending practices. Take a look at the Global Alliance for Banking on Values banks, for example, and see their principles for sustainable banking, or see the Global Banking Alliance for Women.

Development Finance Institutions (DFIs)

They are the investment arms of the development agencies of individual countries, or might be multilaterals. They have development financing, so they may be able to use grants, debt, or equity.

They can use grant money to seed fund pre-investable ventures and they will sometimes finance projects, enterprises or funds that are investable by others means. Their mandate is that investing with equity, debt or grants will help spark economic development or solve a particular development priority such as poverty alleviation, food security, access to vaccines, or education. Some of their capital is only available for large investments.

DFIs are increasingly part of the gender lens investing picture. They can often only place bigger pools of capital. They care about scale, they can be much more bureaucratic, but they might also be able to take bigger risks if that is part of their mandate.

Some gender lens examples include:

   • DFAT, the Australian Foreign Affairs and Trade Ministry have an initiative called ‘Investing in Women’
   • GIZ have funded mapping the field in India for women SME finance gaps and opportunities
   • DFID and USAID are funding projects like Spring Accelerator, which are using development grant capital to unlock both public and private sector solutions to improve the lives of adolescent girls in poverty

Many DFIs are already allocating capital to specific projects, programs and investments that address women and girls equality (as expressed in SDG #5). The opportunity is that they both deepen their commitment in that realm, and also look at gender as a factor of analysis in deploying capital across their whole investment portfolio.
Corporates

Corporations are a huge source of venture capital and some debt, but most is not directed with a gender lens. They may invest out of a corporate venture fund or out of a corporate foundation. Some, but not many, have started to prioritise investing with a gender lens. For example:

- Loan funds that lend to women entrepreneurs (Capital for Women for example – the Goldman Sachs Foundation/IFC/OPIC programme.)
- Prize funds that award grant money to women entrepreneurs (such as Eileen Fisher or Cartier Foundation)
- Venture capital to back businesses in a particular domain that prioritizes women (e.g. Unilever Ventures and Intel Capital’s Diversity Fund)

You may be part of a corporate that is already engaged in this way, or you may want to co-invest with a corporate venture fund or corporate foundation, or find deal flow from the prizes and competitions funded by those corporations.

Investor Networks

As an individual investor, family office, or foundation you may find investments through your financial team, or through friends and family, through events, or you can join an investor network. Over the last 10 years this has become more popular - e.g. a focus on female entrepreneurs or impact investments. They may not have a specific gender focus but there could still be a significant positive gender story. For example, Clearly Social Angels which is based in the UK, has a thematic focus on social and environmental impact, is gender neutral in members and entrepreneurs, but 40% of members are women, and 50% of deals to date have a positive women effect. Toniic, Investors’ Circle, PYMWYMIC, and Go Beyond have similar profiles. Or a network may be specific to investing in women-founded or co-founded teams, such as Astia, Plum Alley Investments, Golden Seeds, Scale Angels, Angel Academe, 37 Angels, Pipeline Angels, and Womena. There are many more.

With an investor network, you usually pay a membership fee and get the following benefits:
• Deal flow
• Camaraderie
• People to learn and share due diligence with
• People to lead or co-lead on deals, and you can follow on
• In person meetings with the entrepreneurs

Some networks are loosely organised, and others are professionally managed. Some also have their own funds or deal flow platforms. Some networks are specific to one asset class, stage, sector or geography, and others cover investments across multiple asset classes, for example Toniic (a global “action community” for impact investors) and Confluence Philanthropy (a network of foundations, philanthropists and their investment advisors who collaborate in Mission-Related Investing).

Some investor networks are embedded in other professional or academic settings such as YPO’s internal deals network, or university-led angel networks.

ENTREPRENEURS

Incubators and Accelerators

Incubators and accelerators support early stage ventures with coaching, mentoring, investment readiness support and sometimes physical space to work from as well as access to capital.

They will often hold pitch events, showcases and offer opportunities for investors to get involved as mentors which can be a way of finding future investment opportunities. There are increasing numbers of incubators and accelerators that are either exclusively focused on women entrepreneurs, or are working to improve their support for women entrepreneurs or co-founders.

Funding an incubator or accelerator can be a way to use philanthropic capital to support a pipeline of investible ventures with a gender lens.
Entrepreneur Networks

These are networks of entrepreneurs who offer support, shared learning, opportunities, mentoring and coaching, and business to business networking opportunities.

Women’s entrepreneur networks can be a source of identifying businesses seeking capital, and some of those entrepreneurs may themselves be investors. Examples of women entrepreneurial networks (there are many!) include NAWBO (National Association of Women Business Owners) in the US, NextWomen, United Success, DELL Women’s Entrepreneur Network and Women 2.0.

Mentoring Programs

Mentoring, coaching and support programs for women entrepreneurs and co-founders have been around since the 1980s. Most recently a new set of platforms have emerged to connect women entrepreneurs with male or female mentors for both online and offline experiences. Some examples of online and offline programmes include Cherie Blair Foundation for Women, Goldman Sachs’ 10,000 Women, Global InvestHer, Mara Mentor, and BPeace.

Other programs aren’t specific to women entrepreneurs but ensure that women entrepreneurs are a strong part of their focus. Mentoring a woman entrepreneur is a great way to lead into investment, and these programs can also be a way to scout for pipeline.

EXPERTS

Research and Opinion

Several departments at well-known business schools, including Wharton Business School, Oxford’s SAID Business School and University ofToronto’s Rotman School of Management, have researchers focused on gender and the economy. Gender studies programs at numerous colleges and universities also have academics with relevant gender expertise.
Other organisations such as ICRW or Dalberg have gender experts in a particular thematic area, geography or sector, who will be able to bring a different dimension to due diligence or measurement and evaluation.

Training and Education

There are training and education programs for:

- Women as investors, often funded by wealth management firms and banks
- Women as angel investors, for example Angel Capital Institute, 37 Angels, Pipeline Angels and Golden Seeds Training Academy
- Gender lens investing, e.g. Criterion Institute’s TOOLKIT

We hope you have found this guide useful. If you have any feedback or additions, please let us know at info@womeneffect.com. You can also access other gender lens investing resources on the site at womeneffect.com.