

DIVERSITY VC

# The Equity Record

2022 Edition



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# Foreword

**For over five years, Diversity VC has worked to build a more diverse and inclusive VC ecosystem across the world.**

Data and insights are the foundation of that work: by using data to identify areas of inequities in the industry, we can design and build resources to reduce them. As the industry progresses, so does our research and resource-building - continuously pushing funds in the ecosystem to do better.

**Diversity in US Startups** - published in 2019 and 2021 - laid our data foundation in the US. In these reports, we investigated the profiles of founding teams receiving venture capital financing (in 2018 and in 2020, respectively) from the 100 most active funds across the country. What we found was that VC-backed startups were still disproportionately men (89.3%), white (71.6%), based in Silicon Valley (35.3%) and Ivy League-educated (13.7%); the data had hardly changed in two years.

But venture capital is a long-term investment, and we were beginning to see the roots of more systemic change taking hold. Household names among institutional investors - from Goldman to Citi to Carta - announced commitments to funds run by emerging managers and/or to General Partners from underrepresented backgrounds. We also saw many brand-name VCs carve out a slice of their AUM or raise separate funds to invest in underrepresented founders. Altogether, we saw billions of dollars get earmarked for investment in non-majority investors and entrepreneurs.

The exact language of these commitments varies, but overall the goal is similar: put more capital into the hands of underrepresented investors and founders, who will in turn invest in underrepresented communities. There is some [research](#) that confirms this hypothesis, yet the numbers for funding underrepresented founders remain disappointingly low.

So why the disconnect? We wanted to understand how to square the availability of “DEI Capital” with the reality of capital allocation to DEI strategies. In other words, if we know the money is out there for DEI funds or underrepresented managers, where is it going? How are LPs determining where it should go and who it should go to?

**And most importantly, how do Diversity, Equity, and Inclusion play a role in their decision-making?**

This report is the first in a series of annual reviews investigating the state of DEI in VC, with a particular focus on capital allocation decisions on the part of both LPs and GPs. These findings are simply the starting point for conversation and action around how to facilitate greater diversity, equity, and inclusion in VC. We hope you’ll join us on that journey.

If you are interested in supporting our work, or learning more about Diversity VC, please reach out to us at [us@diversity.vc](mailto:us@diversity.vc).



**Sarah Millar**  
Chief Operating Officer

# Methodology Overview

## Questionnaire

Diversity VC, in collaboration with sponsors and partners, drafted a survey to collect information at the fund level from venture capital firms with a US presence. That survey - including high-level categories and specific questions - can be seen in the [appendix](#). At a high level, we collected information on:

- Fund overviews (investment mandates, AUM, etc)
- GPs' demographics
- DEI mandates
- Fundraising experiences
- Portfolios

In some cases, self-reported fund information was supplemented by data available through Crunchbase. Information was accessed via API.

The survey was conducted from June 28 through September 20, 2022. Funds were reached through a combination of direct email, Slack communities, and strategic partner communications. Of the thousands of funds that were exposed to the survey, we received 393 responses. Each response represents a single VC fund, and each respondent filled in the survey on behalf of their respective institutions for both firm-level and individual questions (e.g. a single respondent provided all information on GP demographics).

Not every respondent has answered every question so percentage data is presented on a respondents-only basis. Further, given the sensitive nature of the data we collected, some respondents opted to forgo answers to some questions. As a result, our analysis includes 213 VCs total and demographic data for 172 individual GPs.

## Analysis

The results of this research study lean primarily on deductive research methods, but has also incorporated inductive research methods where appropriate.

A combination of both qualitative and quantitative methods, mixed methods, have been used to explore and establish an in-depth understanding of the nuances inherent in diversity and representation in venture capital and generate ideas for further research while testing hypotheses and making objective measurements of the current state of the industry.

For data analysis, we used a combination of statistical and thematic analysis techniques: statistical analysis methods to test relationships between variables and thematic analysis methods to interpret patterns and meanings in the data.

We employed descriptive and correlational research designs to measure variables and describe relationships between them.

For all numeric variables, we produced the mean and standard deviations. For categorical variables we produced statistics on the frequency of responses.

Regression and correlation analysis were employed to test the relationship/associations between variables.

## Key Terms

There are several key terms that we will use throughout this report that we want to make clear from the beginning to avoid confusion. A summary of these terms is found below. All terminology is specific to this research.

### DEI

Diversity, Equity, and Inclusion.

### URM

Underrepresented minority. For the purposes of this survey, an underrepresented minority is defined as any person not identifying as a man or white. In most instances through this survey, we use URM to signify nonwhite.

### DEI Fund

A fund that allocates part or all of its capital to DEI or URM investments. Used interchangeably with "DEI Manager".

### 100% DEI Mandate Fund

A fund that has an explicit mandate to invest in DEI or URM investments. \*The distinction between a 100% DEI Mandate Fund and a DEI Fund is that the former exclusively makes DEI / URM investments, while a DEI Fund can invest in anyone - though it has capital set aside for DEI / URM investments. Generally, this distinction can be understood as 100% DEI Mandate Funds allocate 100% of their capital to DEI investments, while DEI Funds allocate less than 100%.

### URM Fund

A fund who counts an underrepresented minority (or nonwhite person) amongst its GPs. Used interchangeably with "URM Manager".

### DEI or URM Investment

Investment made with the express intent of funding underrepresented minorities, including but not limited to women, black, indigenous, and people of color populations, LGBTQ+ populations, and disabled populations.

### GP vs VC

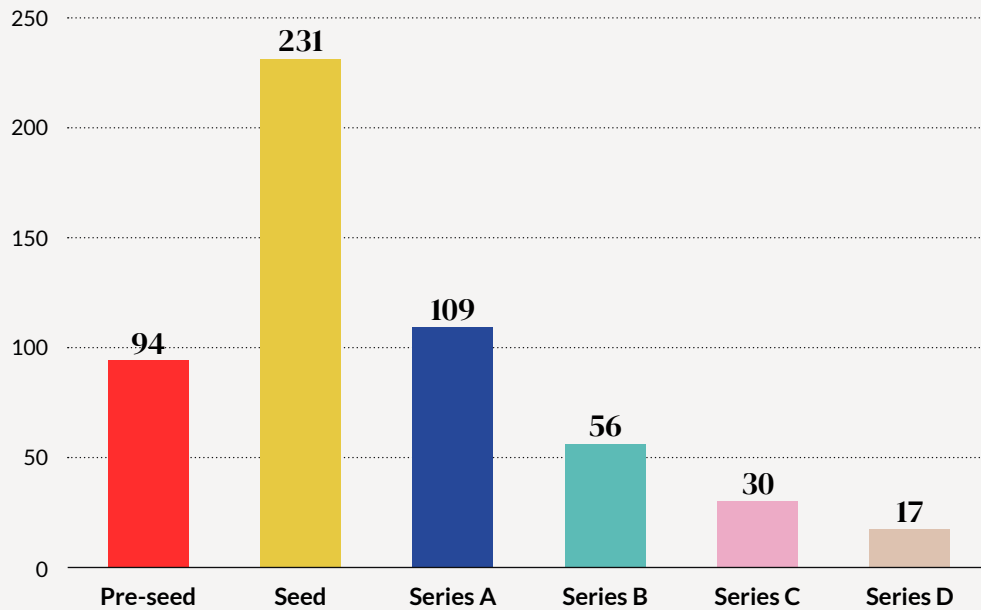
Throughout this survey, GP refers to individuals while VC refers to funds.

# Results Summary

## Funds

The 213 VCs surveyed represent a broad spectrum of the venture ecosystem. Respondents invest across nearly every stage (up to Series D), with **most funds focusing on earlier-stage companies (pre-seed - Series A).**

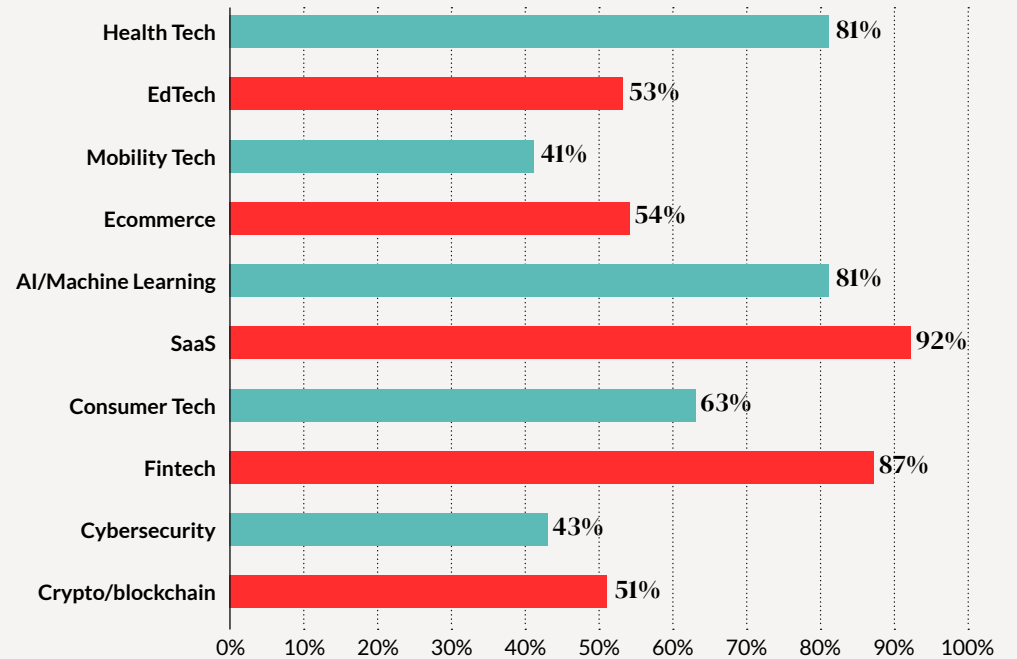
Chart 1: Focusing funding stage



Number of funds responding that they invested in the selected stage

Funds also focused on nearly every imaginable industry for investment.

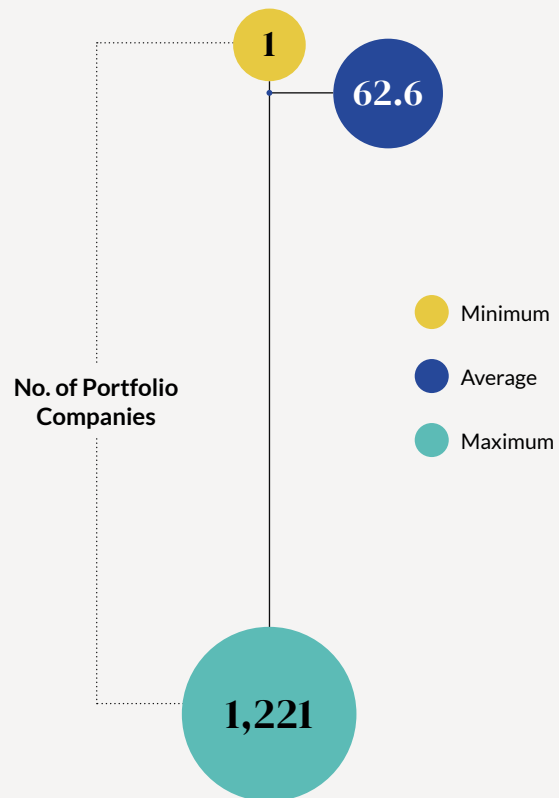
Chart 2: Industry focus



Percentage of funds responding that they invested in the selected industry

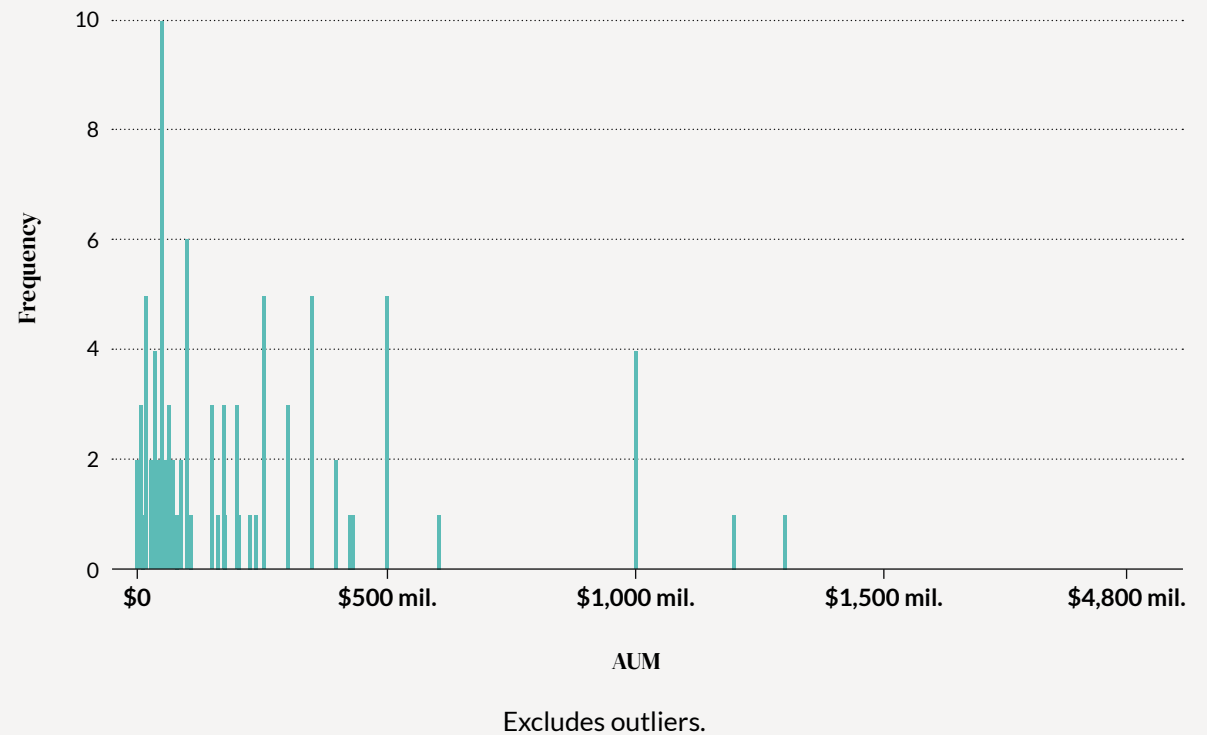
Portfolio sizes varied greatly; some VCs had only one portfolio company, while others counted more than 1,200. Funds had a median of 24 portfolio companies in our sample.

**Chart 3: Portfolio size**



Similarly, AUM ranged from zero (funds currently seeking investment) to \$4.5 billion. The average fund in our assessment managed \$254 million.

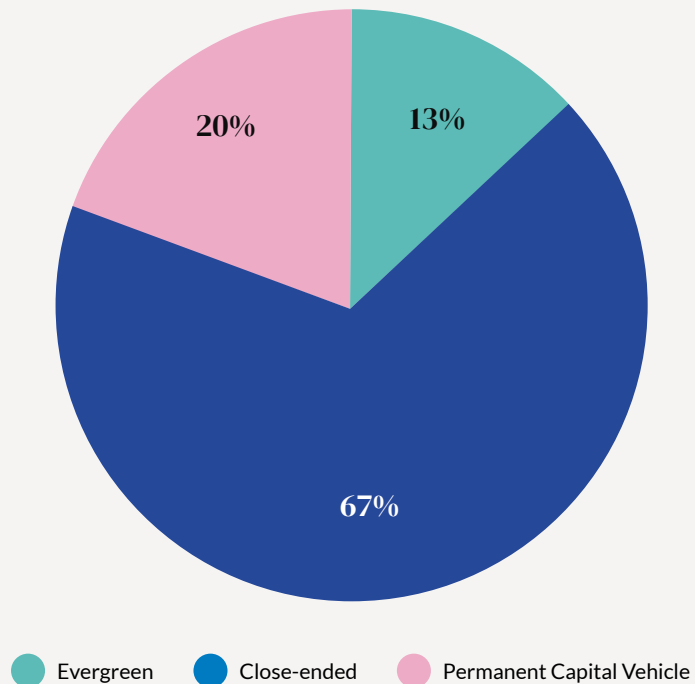
**Chart 4: Total Assets Under Management**





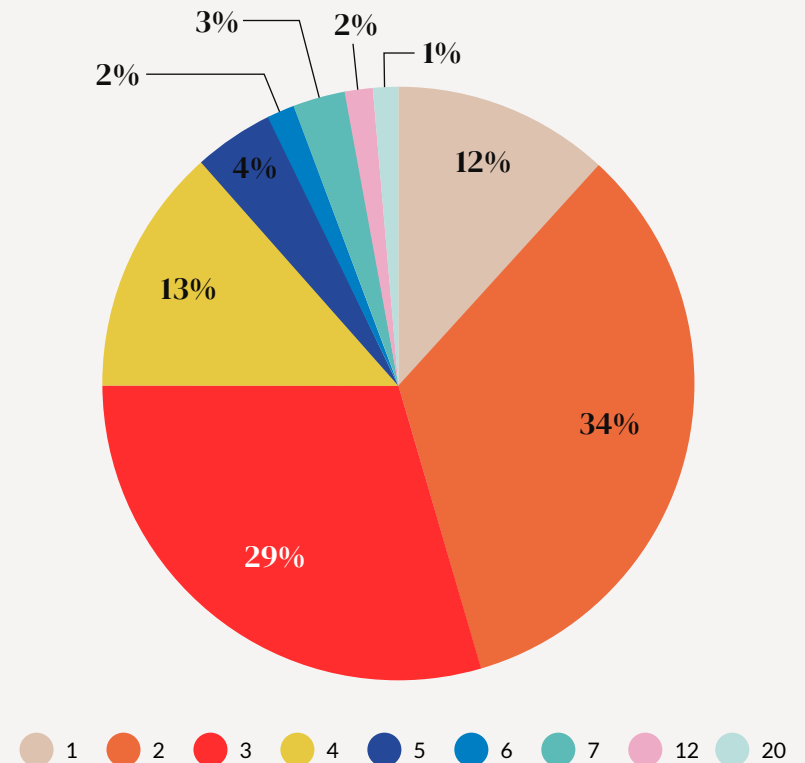
The VCs evaluated were also fairly similar in terms of structure. About 2/3 were close-ended funds; 20% were permanent capital vehicles and 13% were evergreen.

**Chart 5: Fund type**



Finally, the number of GPs per fund ranged from 1 ("Solo GP") to 20 - indicating representation of both Micro VCs and large, institutional funds.

**Chart 6: GPs per firm**

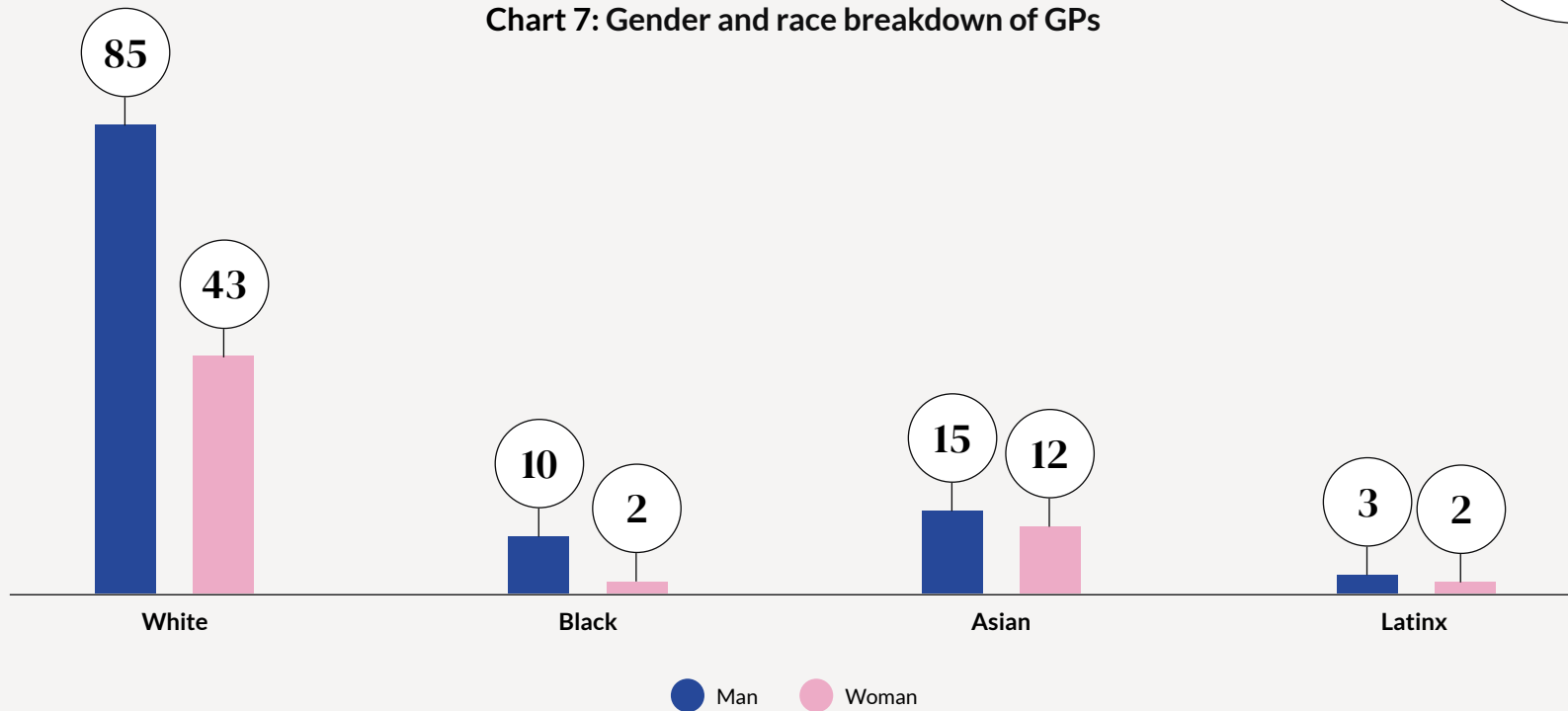


## Individual Respondents

Our survey collected information on 172 individuals across the 213 funds. The demographics of those 172 are outlined below.

**172**  
Individuals across  
213 funds

Chart 7: Gender and race breakdown of GPs



# Findings & Insights

**This survey was created to investigate the allocation of capital to underrepresented managers and funds focusing on DEI investments in the VC industry.**

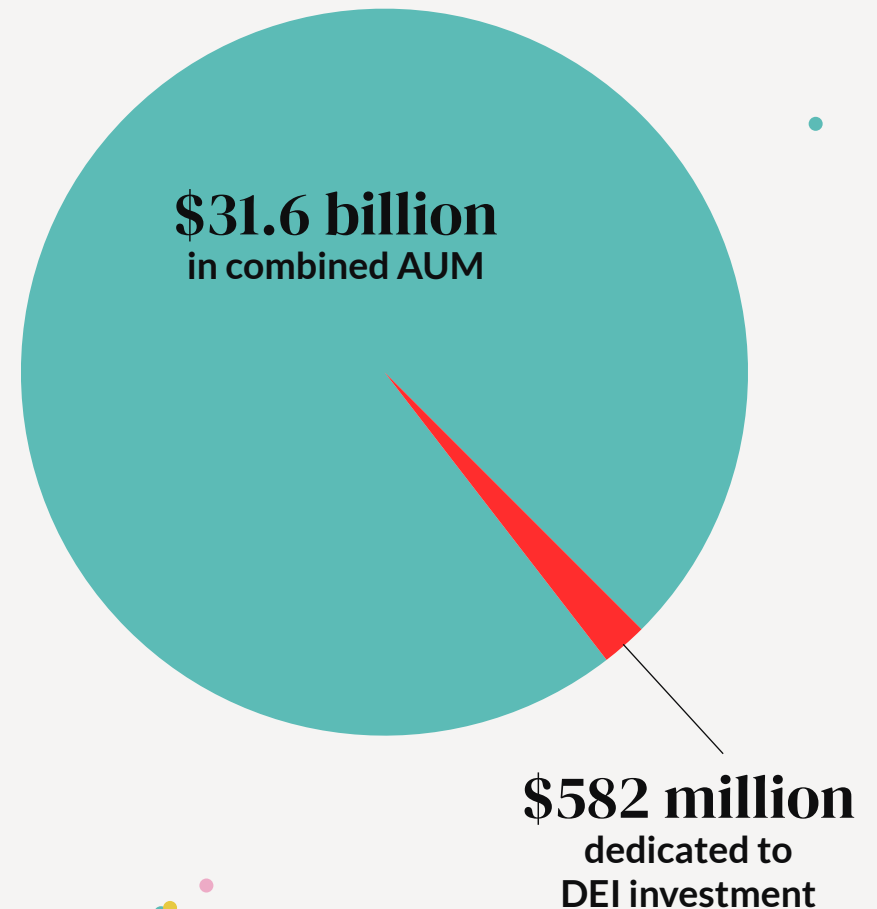
In particular, we wanted to understand where there are material differences in the fund and investment characteristics of DEI and URM fund managers compared to their peers. Were their funds of comparable sizes? What about portfolios?

**We conducted a series of comparative analyses to analyze the profile of DEI funds or 100% DEI mandate funds compared to funds that belonged to neither category.** In general, we found that DEI and 100% DEI Mandate funds were smaller and invested in smaller rounds, and were on average more likely to have woman or URM representation in the general partnership. On most other metrics, though - from industry focus to stage focus to LP types - DEI / 100% DEI Mandate funds were fairly similar to their peers. These analyses are further outlined below.

**The biggest divergence between these sets of funds was DEI investment allocation: of the \$31.8 billion in AUM represented in the study, only \$582 million was specifically allocated to DEI investments - or 1.87% of the total.** Among DEI and 100% DEI Mandate funds, the average percentage of AUM dedicated to DEI was 73% - but given smaller fund sizes, this 73% is itself representative of a relatively small pool of capital.

**This number - 1.87% - is consistent with other headlines we see for DEI investment: 2.4% of investment going to companies solely founded by women, 1.3% to Black founders - and the list goes on.** We believe there is a direct tie between how much capital is allocated to invest in these entrepreneurs, and how much capital they raise. Likewise, the amount of capital allocated to DEI or 100% DEI Mandate funds - whose AUMs are currently just 16% the size of their non-DEI peers - seems insufficient for growing investment into underrepresented communities.

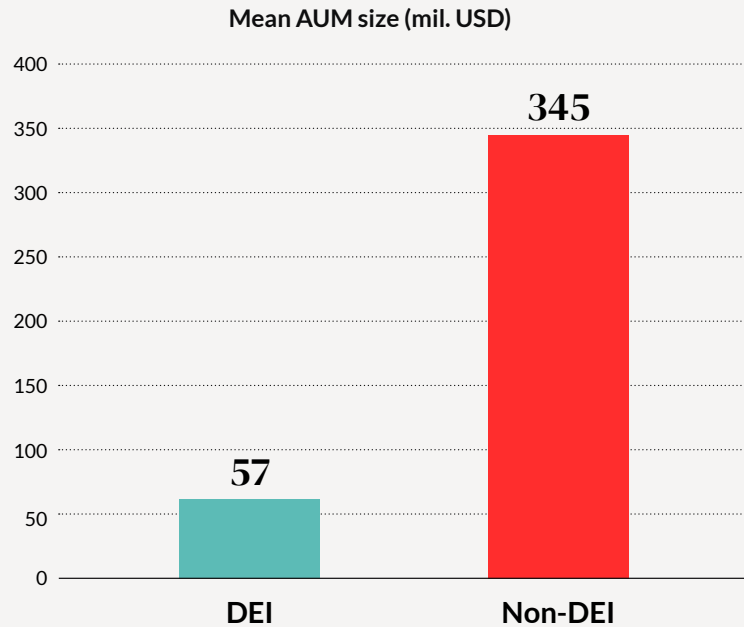
**Without more capital dedicated to DEI investment, at both the LP and VC level, these numbers will be difficult to change.**



## Fund Overviews

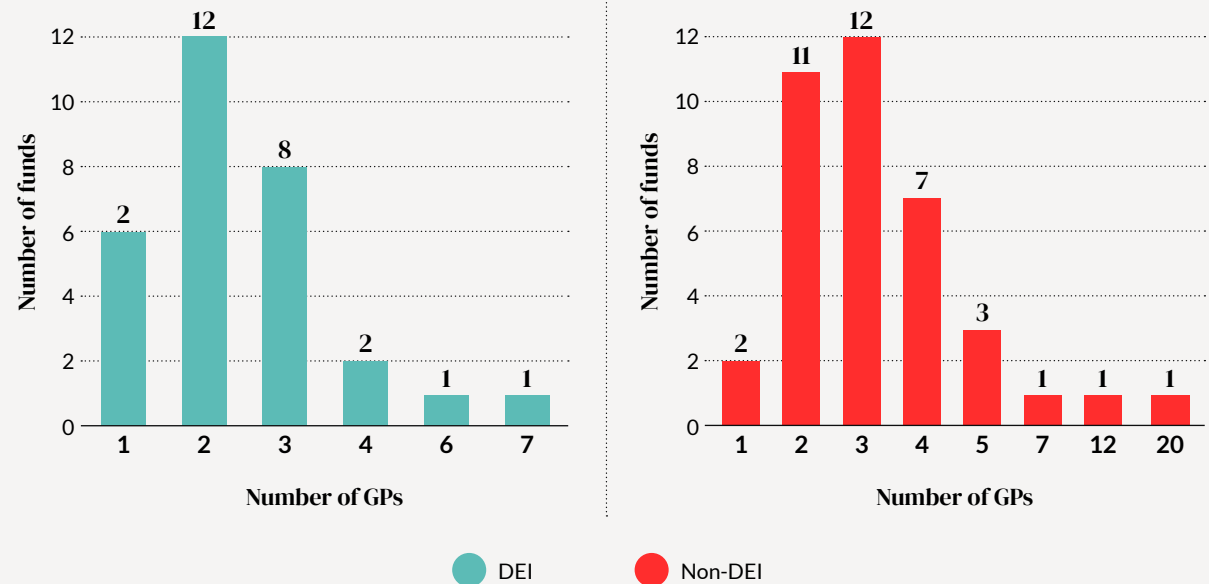
The first and most clear difference between DEI funds and their peers was size. DEI funds were about \$57 million in AUM on average, compared to \$354 million for non-DEI funds.

Chart 8: DEI vs Non-DEI funds



The majority of funds we surveyed employed a multi-stage strategy, but DEI funds were much more likely to focus on the earliest stages of investment (pre-seed & seed). In fact, 100% of DEI funds we surveyed invest at the seed stage; 64.6% invest in pre-seed, and 58.3% invest at Series A. They are slightly less likely to focus on the later stages compared to non-DEI funds.

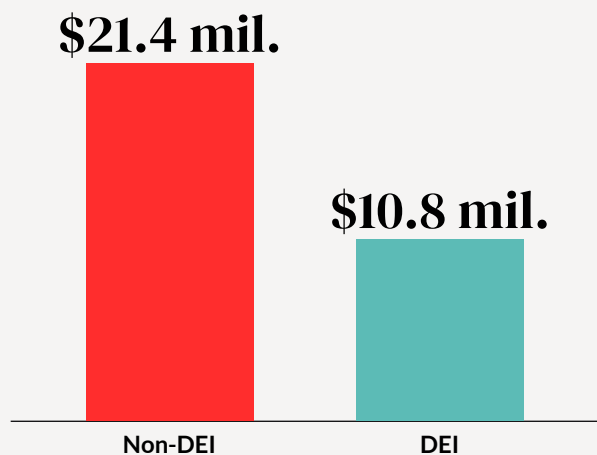
Chart 9: Number of GPs



All funds were fairly similar in terms of the sectors they focused on, indicating there is quite a bit of commonality in investment strategy at a high level.

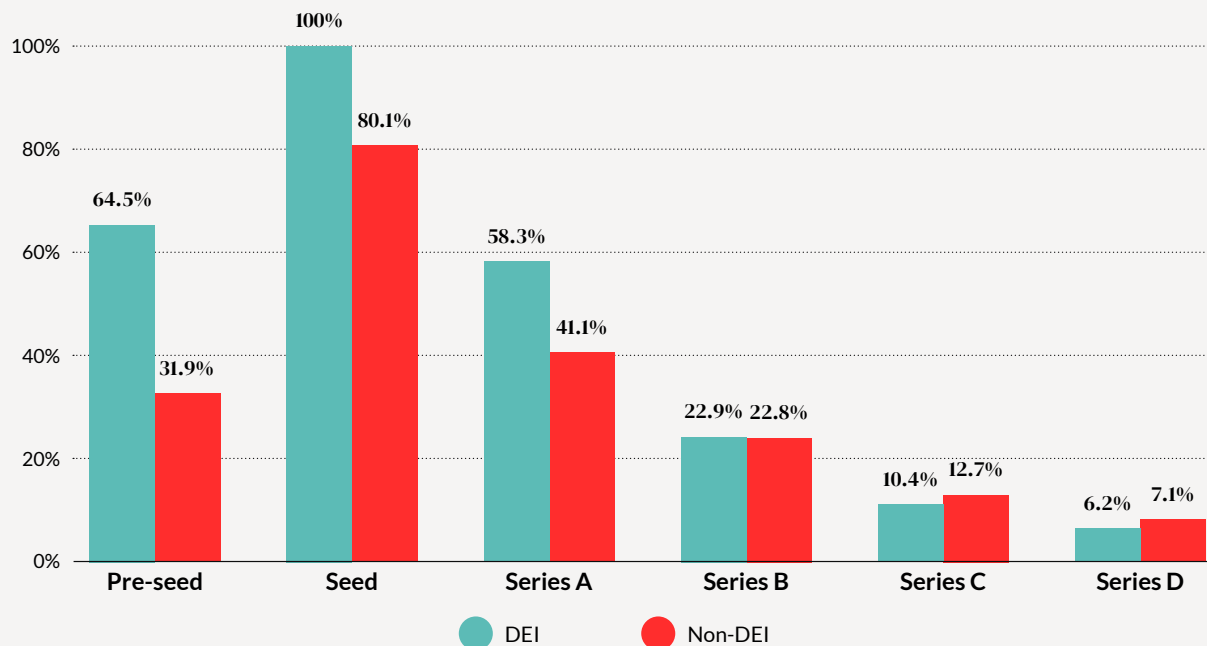
Given DEI funds tend to be overrepresented in the pre-seed-Series A categories, it makes sense that fund sizes would generally be smaller. According to Crunchbase data, the DEI funds represented in our survey also participated in smaller rounds: \$10.8 million on average, versus \$21.4 million for non-DEI funds.

Chart 10: Round sizes



And GP sizes were fairly similar, with non-DEI funds skewing slightly larger - likely due to larger fund sizes, on average.

Chart 11: Investment stage



## GPs

### Gender

Of the 172 GPs for whom we collected demographic data, 59 identified as women - or 34% of the overall sample. 32 funds out of 141 for which we had full gender data consisted of only men GPs - only 22.7% of the total. 10 funds (or 7%) were 100% women GPs. The remainder - 99 funds - had at least one GP who identified as a woman. On average, 31% of GPs are women per VC - meaning, **the average fund will have approximately 1/3 of its General Partnership made up of women.**

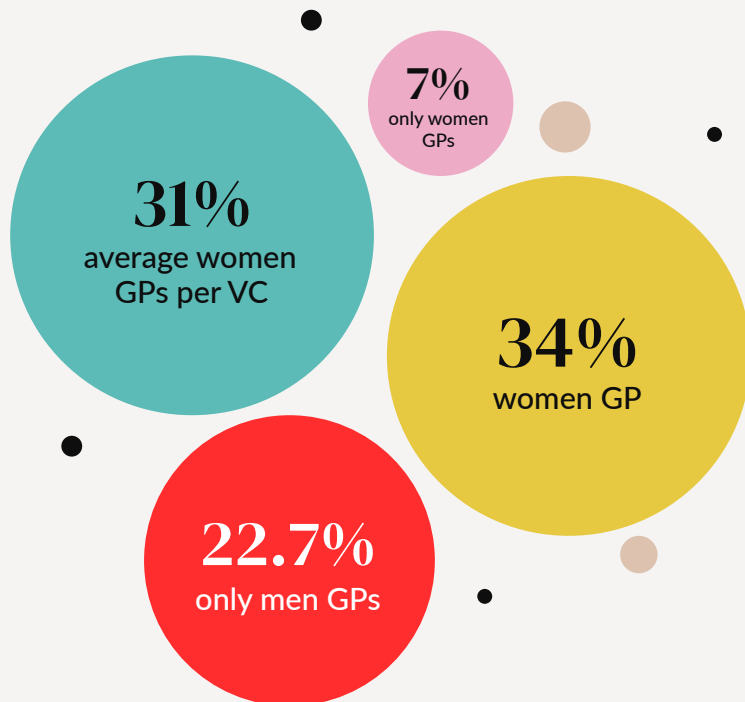
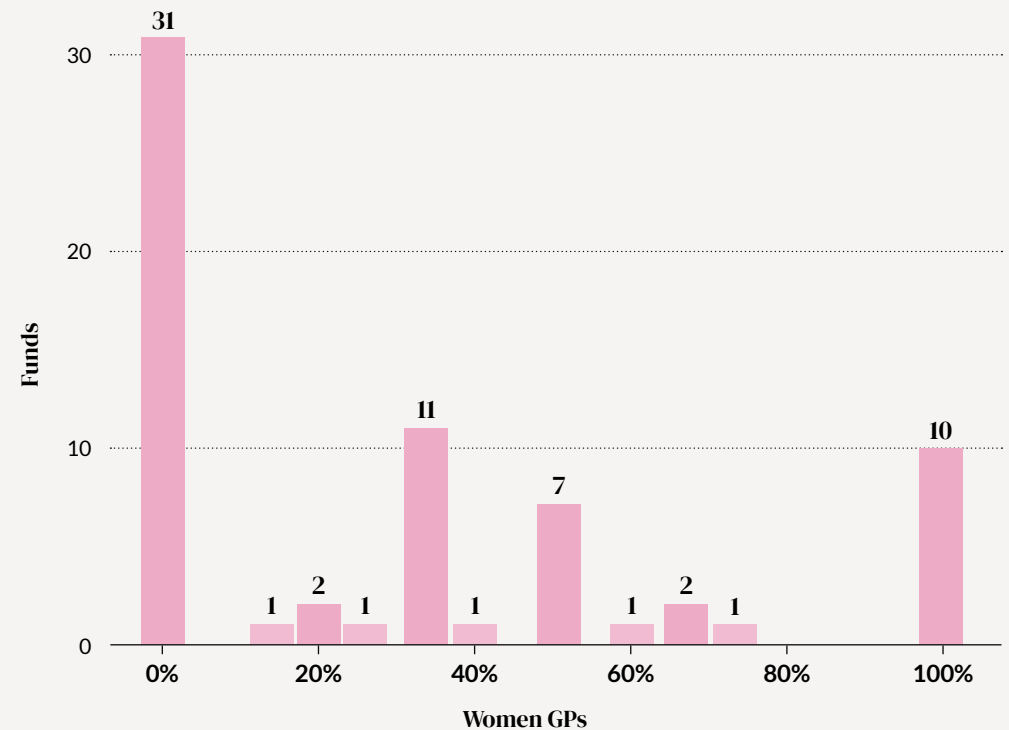


Chart 12: Distribution of women GPs



## Race/Ethnicity

Of the 172 GPs for whom we collected demographic data, 25 identified as URM - or 8.9% of the overall sample. 50 funds out of 92 for which we had full race data had zero nonwhite GPs (54.3%). Only 6 funds (or 6.5%) were 100% URM GPs. The remainder - 46 funds - had at least one GP who identified as an URM. On average, 14% of GPs are URM per VC fund - meaning, **the average fund will have approximately 14% of its General Partnership made up of URM.**

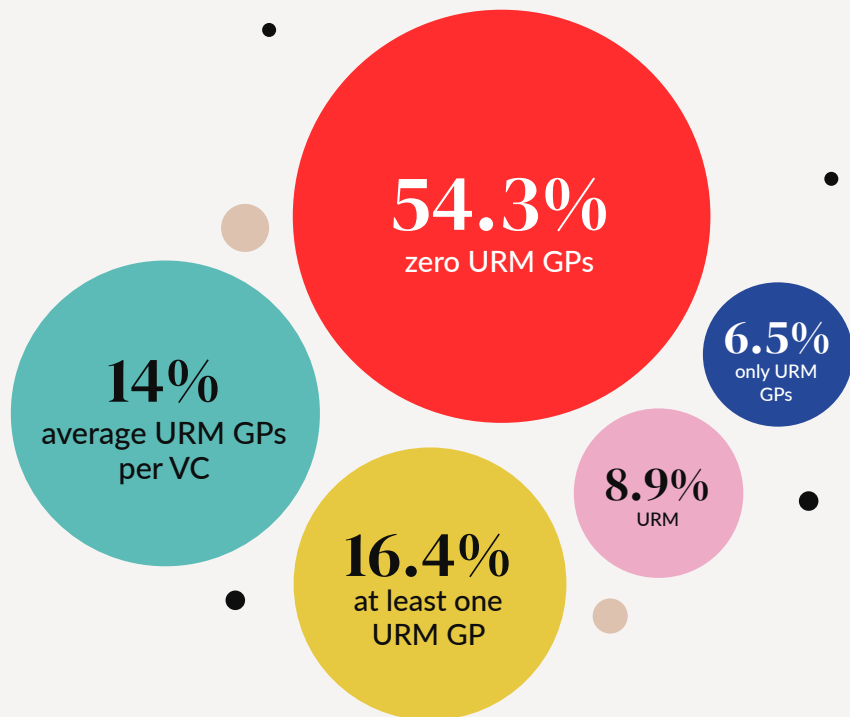
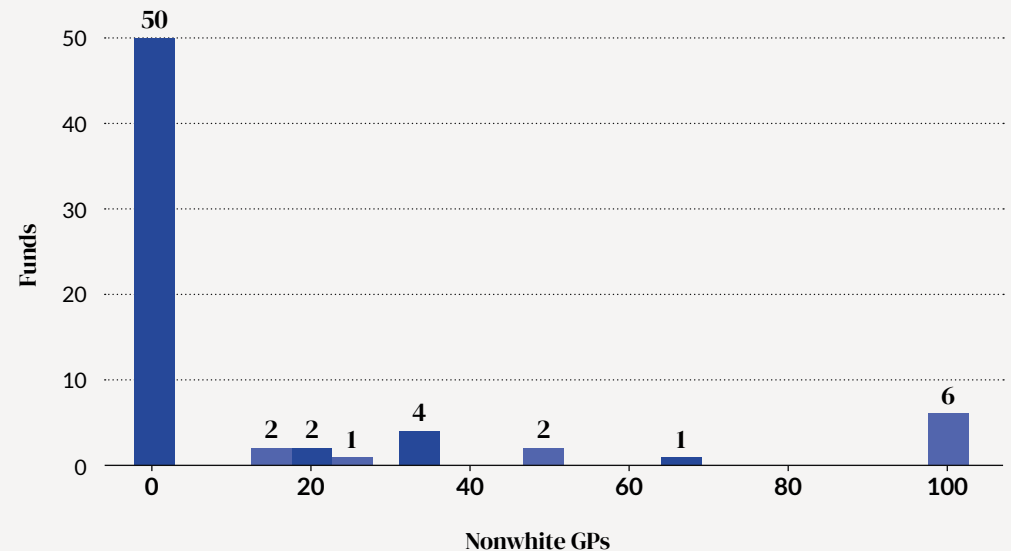


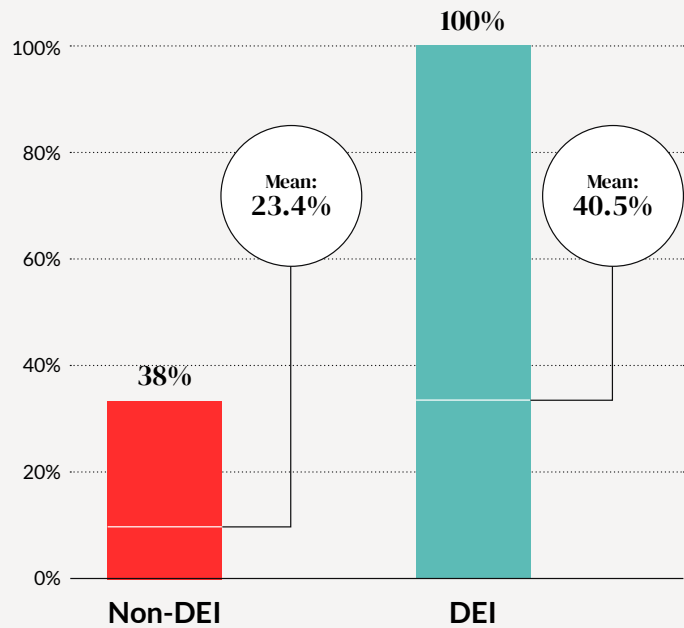
Chart 13: Distribution of URM GPs



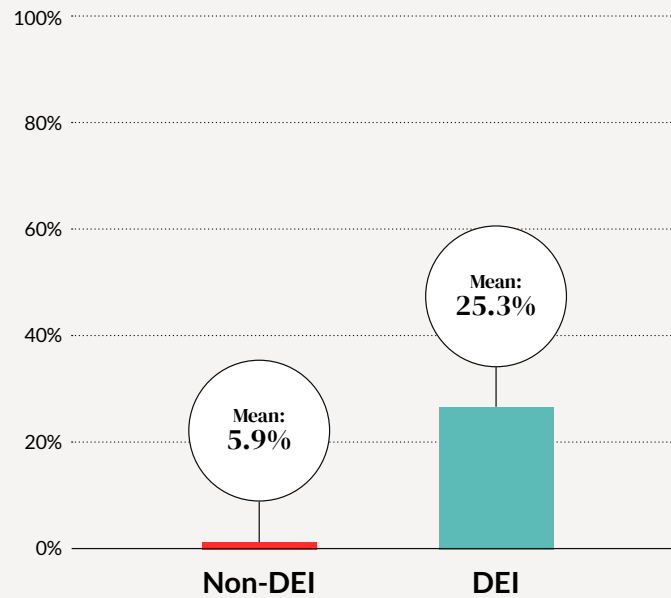
**Both of these results indicate that women and URM are still underrepresented in the venture industry at the GP level.**

If they are present, they are more likely to be part of a demographically heterogeneous team.

Chart 14: Gender and race representation among GPs, DEI vs. non-DEI funds



Portion of women GPs in box plot



Portion of minority GPs in box plot

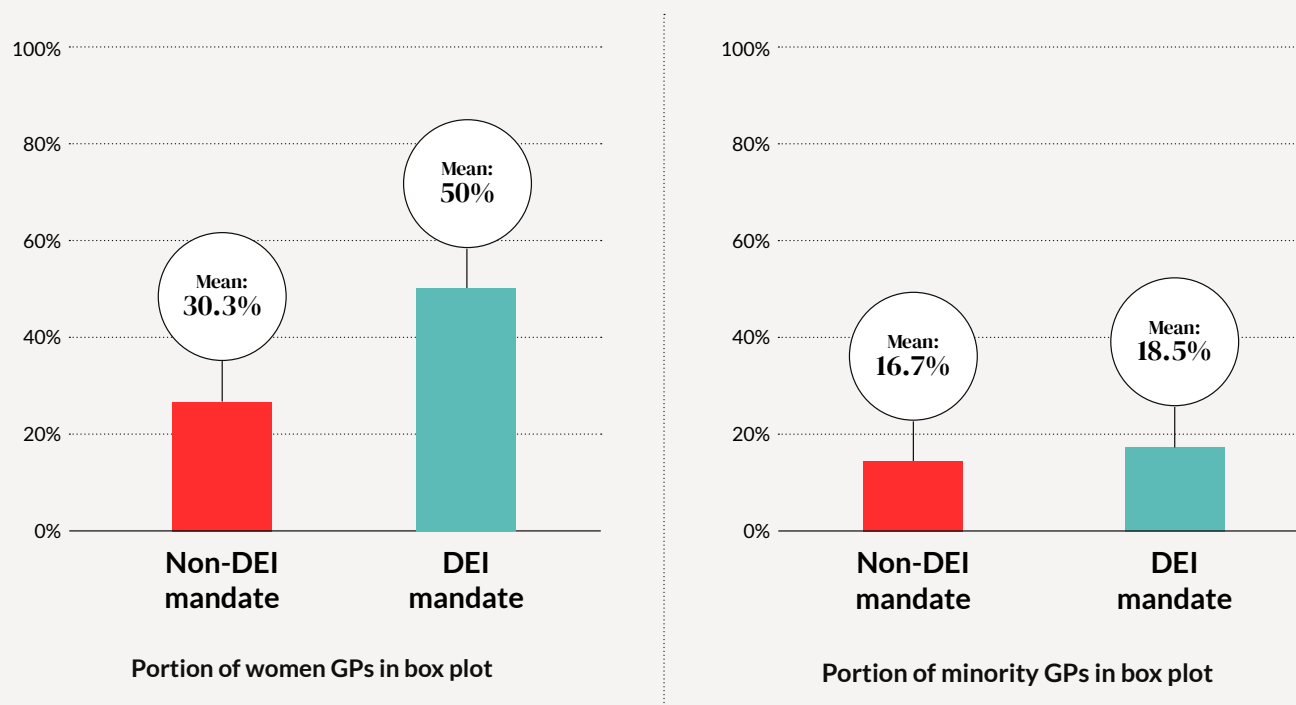
**One initial finding was that DEI funds were much more likely to have a woman-identifying or URM GP.**

For women, about 23% of non-DEI funds had a woman GP; 40.5% of DEI funds did. Only 5.9% of non-DEI funds counted a URM GP in their partnership, meanwhile, compared to 25.3% of those with a 100% DEI mandate.



Interestingly, the differences change slightly when looking at funds with a 100% DEI Mandate<sup>1</sup>. A fund with a 100% DEI mandate is more likely to have a woman-identifying GP, URM GPs are nearly equally represented at funds with and without 100% DEI mandates.

Chart 15: Gender & Race representation among GPs, DEI mandate vs. non-DEI mandate



1. As a reminder, a “DEI Fund” has capital set aside for DEI investments, but does not make them exclusively, while a 100% DEI Mandate Fund only invests in DEI investments.

**One interpretation of this data is that the presence of a woman in the general partnership increases the likelihood that a fund has capital allocated to invest in DEI / URM investments.**

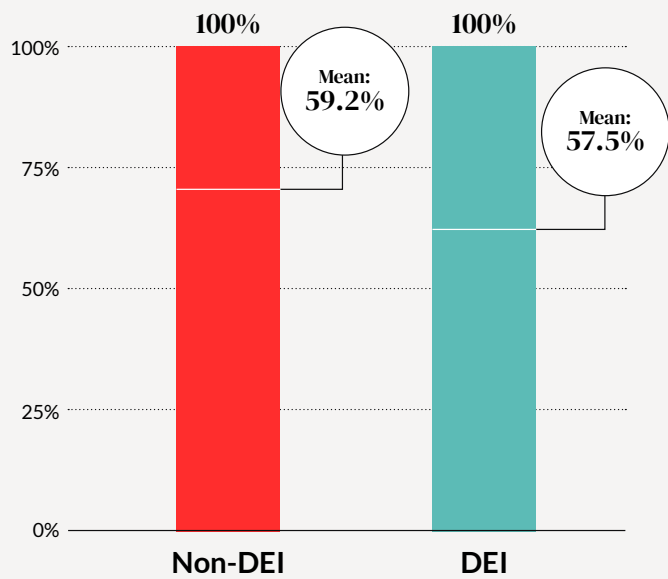
This is true whether the fund simply has a carve out for DEI investments, or whether it has an explicit mandate to make DEI investments (100% of its capital).

A URM GP, meanwhile, increases the likelihood that a fund has capital allocated to DEI investments, but does not increase the likelihood that the fund has a mandate to invest 100% of its capital in DEI investments. In other words, a URM partner indicates some, but not all, of the AUM will be dedicated to DEI investments.

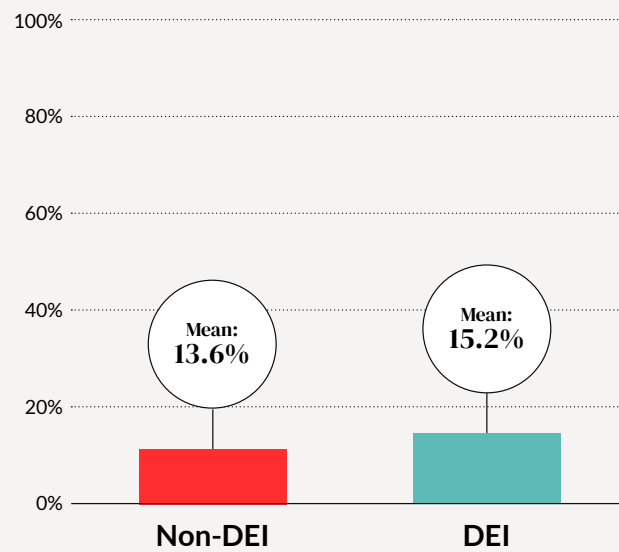
Overall, a fund with a woman or URM GP was much more likely to have capital allocated to invest in URM founders / DEI investments. We could also understand this to mean that women and URM GPs are more drawn to funds that have DEI pools of capital.

On three other measures of diversity in the VC industry - educational attainment, immigration status, and previous experience - funds across the spectrum actually looked pretty similar. That is to say, we found that DEI or 100% DEI mandate funds were just as likely as their counterparts to identify as immigrants, to have completed an elite education (>50%), and to have previous experience in VC.

**Chart 16: Educational attainment, immigration status, and previous experience among GPs, DEI vs. non-DEI VCs**



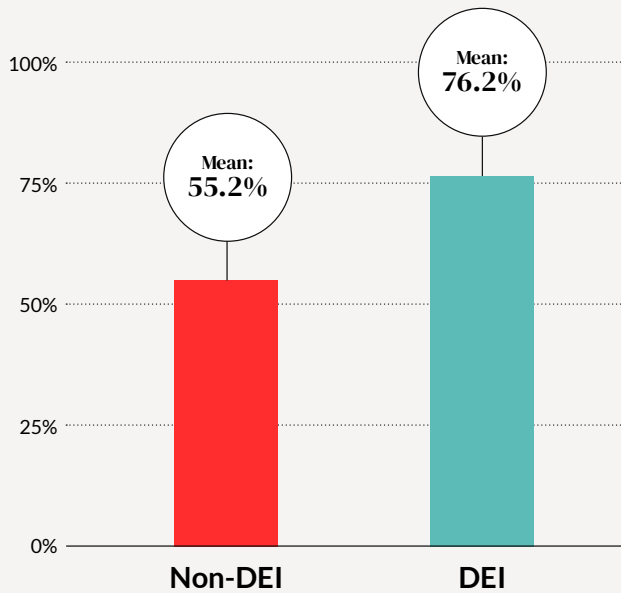
Portion of GPs with Elite Education in box plot



Portion of Immigrant GPs in box plot

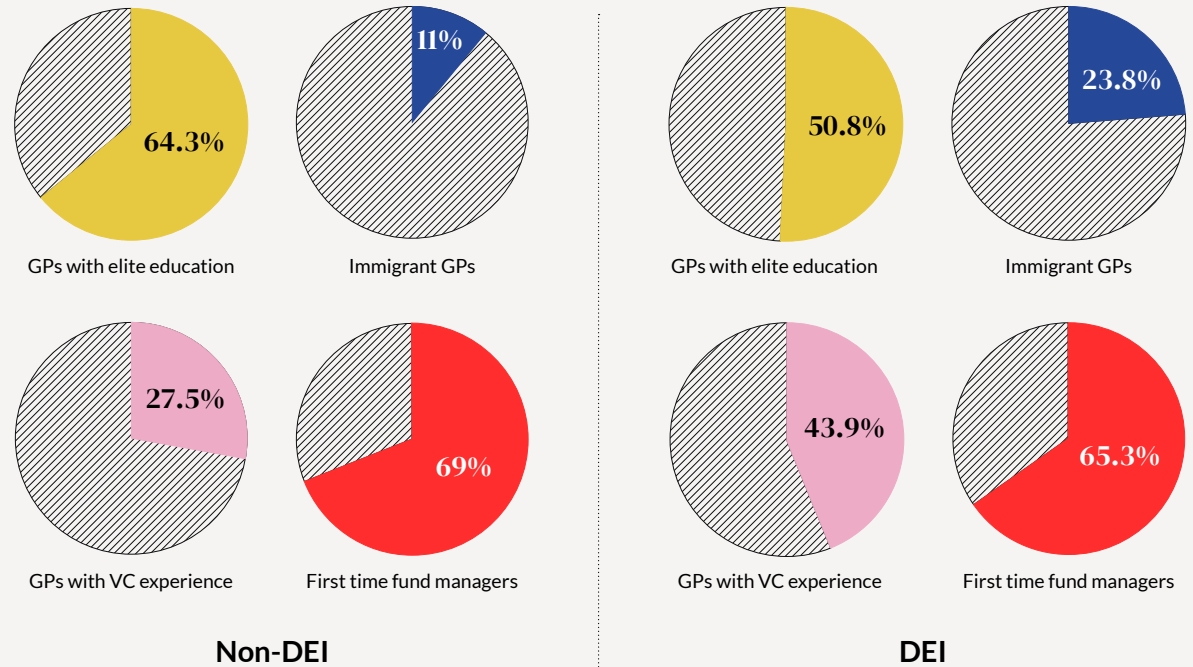
VC experience varied, however, with DEI fund GPs more likely to be first-time fund managers versus their non-DEI counterparts.

**Chart 17: Percentage of first time fund manager**



Again, these numbers change when looking at funds that have a mandate to invest in URM founders. Funds without a 100% DEI mandate tend to have higher educational attainment, are less likely to be immigrants, less likely to have VC experience, but equally as likely to be a first-time fund manager.

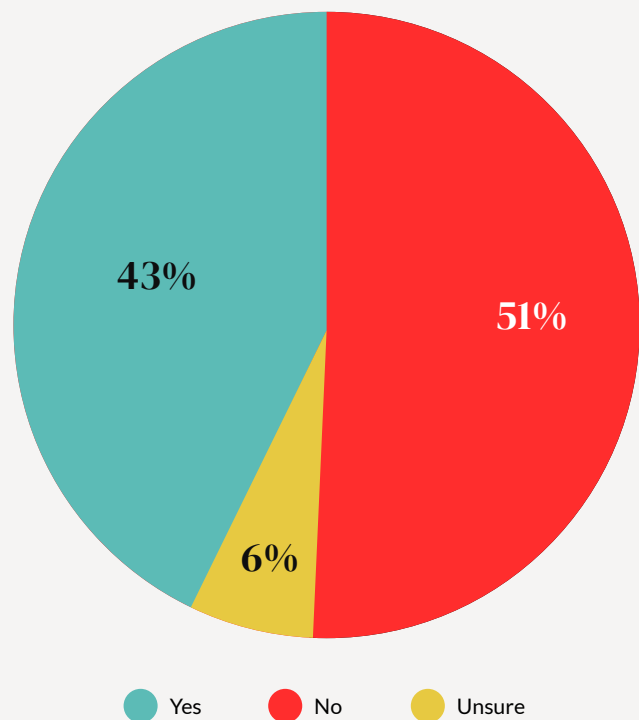
**Chart 18: GP Characteristics at non-DEI vs. DEI funds**



## DEI Mandates

Out of the 69 funds that responded to our question about whether or not they allocated any portion of AUM to DEI investments, 43% said Yes. Just over half said they did not, while a small percentage were unsure. 19% of funds had committed 100% of their AUM to DEI investments. The average amount of AUM dedicated to DEI investments was 73%.

Chart 19: Assets under management allocated to DEI focused investments

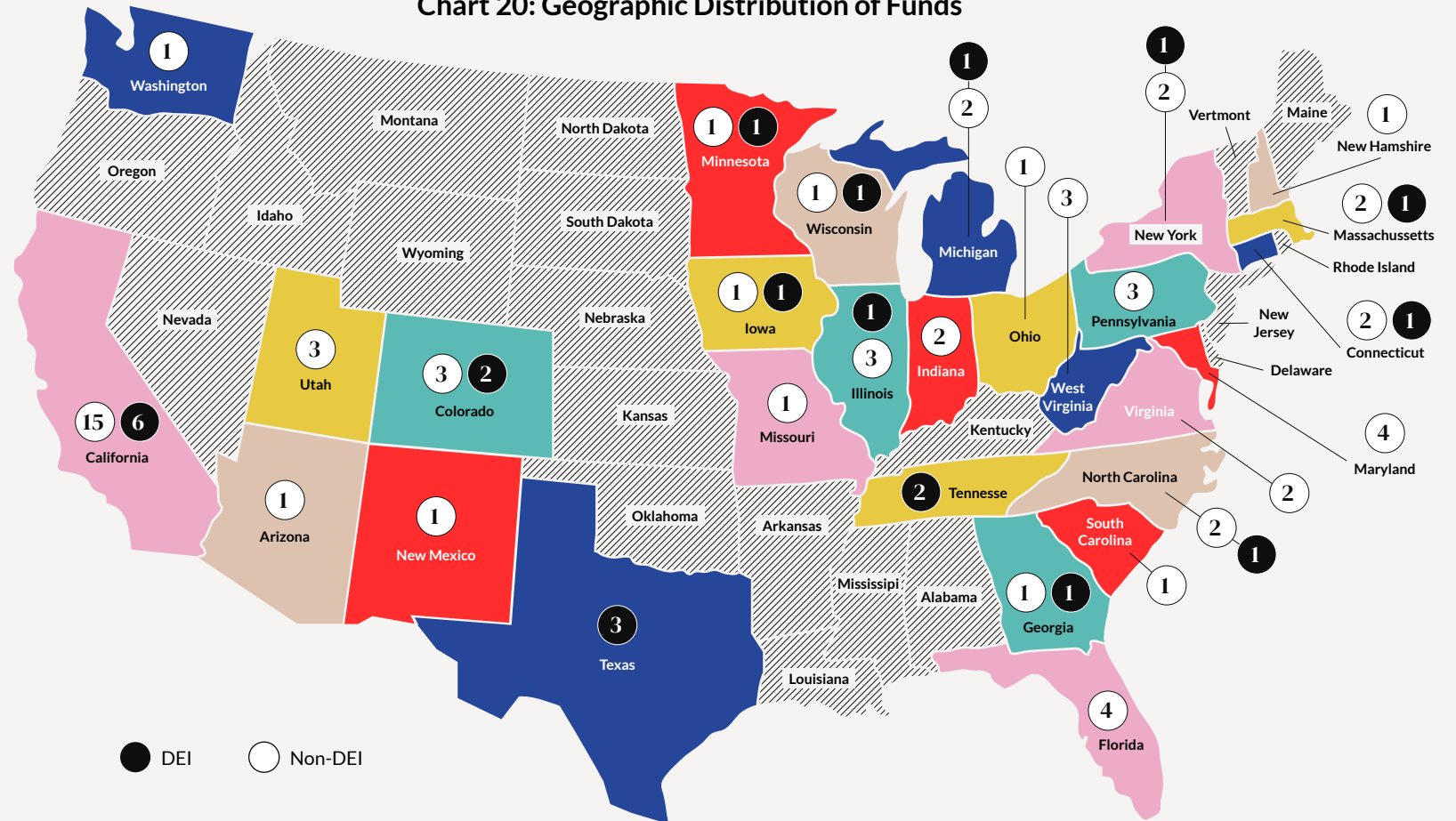


Our sample represented more than \$31.6 billion in combined AUM; \$582 million of that was dedicated to DEI investments, or 1.87%.

About \$2.2 billion combined AUM came from funds that identified as DEI funds. This percentage is consistent with smaller fund sizes, as we mentioned above, as well trends we see in startup funding for underrepresented founders; there simply isn't as much capital dedicated for investment into underrepresented groups.

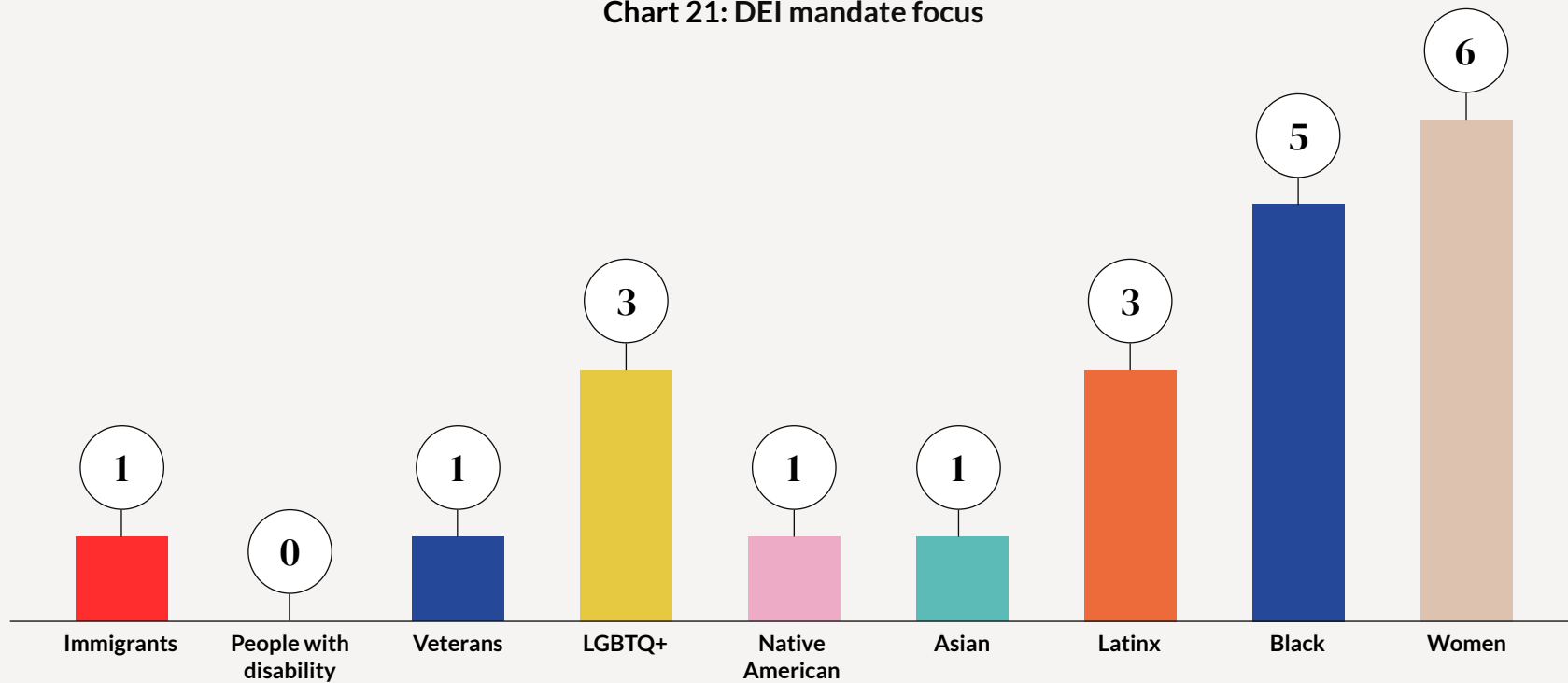
All funds were fairly similarly distributed geographically, though DEI funds were more prevalent in the South (heavily concentrated in Texas) than non-DEI funds. The Northwest and Southwest did not have any DEI funds represented in our sample.

Chart 20: Geographic Distribution of Funds



Of those funds that had DEI capital to deploy - both mandated and carved out - most focused on women and black founders. Other minority and overlooked groups were not as frequently cited as focuses. Though our sample size is quite small on this question, we believe more research is warranted to understand how VCs think about their own capital allocation.

Chart 21: DEI mandate focus

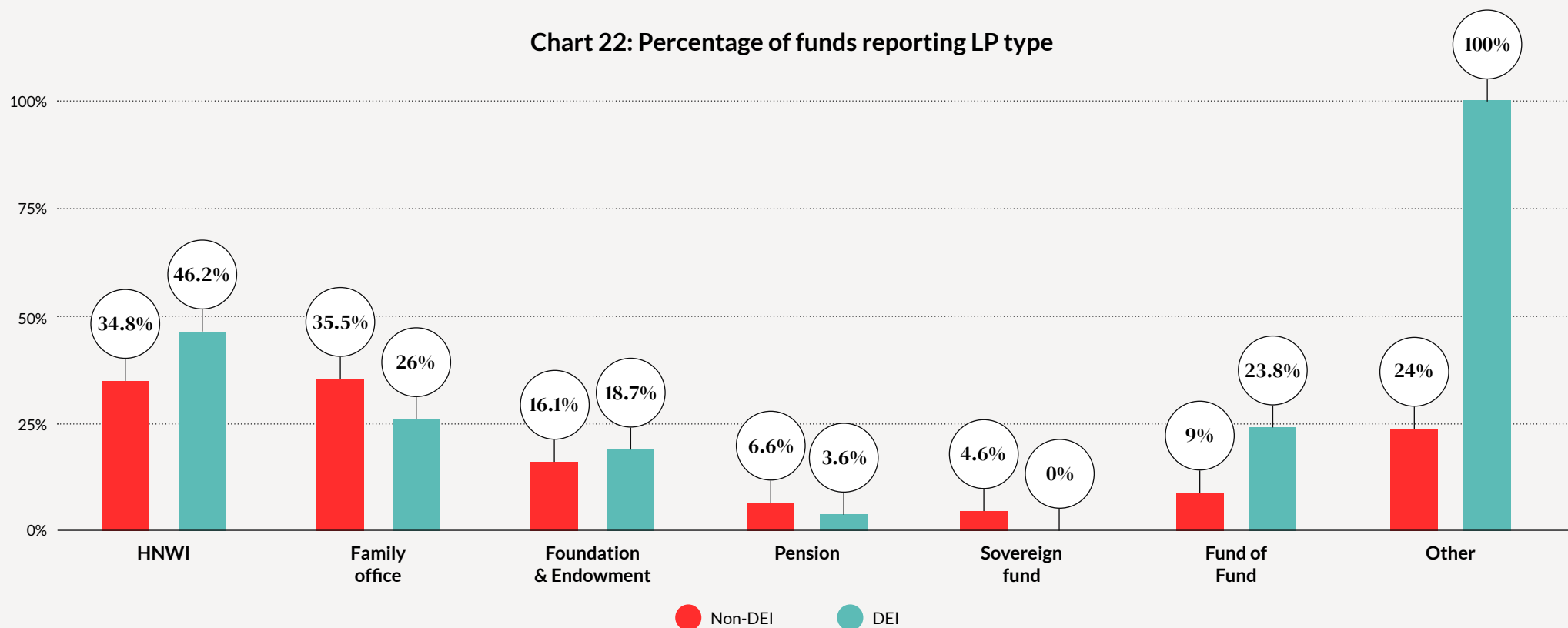


## LPs

Though we received limited data on Limited Partner investment into funds, we did learn a few high-level data points. The majority of funds said their LPs did not have a DEI mandate for investment (63%); 12% said they were unsure. Just under a quarter said their investors did have a mandate.

Where these GPs raised funds varied slightly, with institutional capital appearing less often in the LP bases of DEI funds. The most common sources of capital were high net-worth individuals (HNWI), Fund of Funds, and “Other” - while non-DEI funds were more likely to raise capital from Family Offices than their DEI counterparts. Pensions were a relatively small percentage for all, while sovereign funds only invested in non-DEI funds among our sample.

Chart 22: Percentage of funds reporting LP type



# Takeaways

Overall, funds focused on DEI and funds managed by URM talent are **still disproportionately underfunded compared to their peers**. Though large commitments from major institutions may bode well for long-term impact, we are still some ways away from equal and equitable access to capital in the venture ecosystem. None of this information is necessarily new - but it is important to analyze and set a baseline from which to improve. Capital allocation to DEI and URM fund managers continues to face structural barriers, from Limited Partner diligence rubrics to GP commit expectations. And until these barriers are lifted, it will be difficult to make progress on creating an equitable system in VC.

But there are some positive findings to highlight: there is a good amount of capital earmarked for DEI investments, and though woman- and URM-GP representation is still below where it should be to reflect society at large, it is moving in the right direction. We hope this report serves as a benchmark from which to improve, and an informational guide to LPs, GPs, and founders seeking to make or receive investment.

There are a few areas of research we also hope to explore in the coming years. Fundraising experiences - from timelines to raise to number of LP meetings taken - still remains a largely anecdotal data collection process. Similarly, returns (IRR, DPI) will play a large role in capital allocators' decision-making for investment; seeing this comparison between DEI and non-DEI funds could help create a performance index demonstrating the economic opportunity of DEI investment.

We also believe that an intersectional approach is fundamental to correcting the inequities in the venture capital industry. While this report spotlights a broad spectrum of DEI, other organizations and data efforts - such as the [State of Black Venture from BLCK VC](#), the [NVCA Human Capital Survey](#), [The Information's VC Diversity Index](#), [AllRaise's Impact Report](#), and [StartOut's Pride Economic Inclusion Index](#) present a more holistic picture of the realities of DEI in the VC industry. These data reports are only one piece of the process of making VC more diverse and inclusive; ambitious and defined steps of action must also be taken to achieve that goal.



# Call to Action

**We call on all stakeholders in the VC ecosystem - and especially on Limited Partners and Venture Capitalists - to consider their use of DEI as a lens for capital allocation.**

What changes are attainable in the short- and medium-term to make the industry more equitable? What processes can be reevaluated, taking into consideration the clear disparities in allocation to different VCs and fund strategies? With this information in hand, we hope to better understand how to innovate within our own organizations to improve access to capital - and to achieve growth.

# Acknowledgement

## Our work would not be possible without the incredible support of our partners and sponsors.

We would like to thank Silicon Valley Bank, Amazon Web Services, and the Nasdaq Entrepreneurial Center for backing us from the beginning, and for serving as insightful voices during our research process. We also extend our gratitude to Moaz Hamid of Mvmt Ventures and Anthemis, who graciously supported our work. And to Crunchbase, which provided supplementary data to enhance our analysis.

The team at Penn State University was absolutely fundamental to our research and analysis, and we are eternally grateful for their hard work and persistence in seeking answers and insights.



**Aisling Carlson**  
Marketing & Partnerships Lead  
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Access to Innovation is SVB's signature program designed to help advance women, Black and Latinx individuals to positions of influence in the innovation economy. By leveraging powerful connections among founders, funders and talent, SVB is helping increase the pipeline of diverse talent, and helping underrepresented groups unlock greater access to capital, professional relationships and career opportunities. Join SVB to amplify Access to Innovation and stay up to date on news and ways to engage with our work.

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## Commentary

The venture capital community is enormously influential and holds tremendous power to shape the future of our society. In recent years, we saw many firms commit capital to diverse funds and founders – a step in the right direction to be sure. Yet, we continue to see major discrepancies in the money making its way to these underrepresented groups versus their white male peers.

In 2017, SVB launched its signature Access to Innovation initiative to help address this disparity, supporting diverse founders and funders with critical capital, connections and development opportunities. We are proud to sponsor Diversity VC and this new research, which helps us to continue to analyze whether recent DEI capital commitments are having the intended impact and fosters important discussion necessary to improve access to capital.



**Tosh Ernest**  
Head of Access to Innovation

## Our Sponsors



Amazon Web Services (AWS) established the Underrepresented Founder (URF) Startup Business Development (BD) team in 2020 to deepen our intentional focus on accelerating businesses led by founders that belong to a group that the venture industry as a whole underinvests in relative to the percent of the overall population. This includes founders that are women as well as people of color, including those of African, Latin American, or Native American descent, and individuals who identify as LGBTQIA+. We developed this effort after diving deep into data that demonstrates a critical lack of investment in underrepresented founders. The URF Startup BD team is part of the AWS Startup business team, which strives to earn trust by building relationships with underrepresented founders early in their business lifecycle. We engage underrepresented founders through partners, events, and programs, as well as through high-touch engagements, such as technical office hours. Our vision is to democratize access to tools and resources to all founders, regardless of where they sit in the world or how they identify.

## Commentary

Uncovering evidence that shows the systemic shortcomings of venture capital in supporting innovations and businesses led by women and minority founders is the first step in making meaningful change—that’s why we backed this report. Talent is equally distributed, but opportunity is not. Creating a drumbeat of significant data like this and sharing blueprints for intentional efforts such as [Amazon Catalytic Capital](#) and [AWS Impact Accelerator](#), among others, are crucial to encourage the industry to lean in.



**Howard Wright**  
VP and Global Head  
of AWS Startups

## Our Partners



The Evidence-to-Impact Collaborative (EIC) is a research center and information hub for the science of using social science – we aim to improve the data, methods, and processes related to research, the dissemination of evidence, and to understand the impacts of the use of research evidence on societal well-being. We leverage our expertise in administrative data, program evaluation, and researcher-policymaker relationships for social investment optimization.



**Yoon Sun Hur**  
Research Faculty



### Entrepreneurial Center

The Nasdaq Entrepreneurial Center is an independent, non-profit building a better path for entrepreneurs worldwide. Established in 2014, the Center is dedicated to improving inclusion, access, and knowledge in entrepreneurship by meeting the real time needs of entrepreneurs and then translating those needs to actionable data that is shared with policy makers and institutions around the world to build more opportunities for all entrepreneurs. As part of this work, the Center is leading the Venture Equity Project (VEP), a 10-organization collective, with a goal of improving capital pathways for entrepreneurs and venture fund managers of color. In collaboration with partners across the field, both in the US and across the UK, our objective is to design interventions that bring together first movers and produce informed policy recommendations using critical data-driven research. We invite you to learn more about our work and findings at [thecenter.nasdaq.org](https://thecenter.nasdaq.org).



**Nicola Corzine**  
Founding Executive Director  
Nasdaq Entrepreneurial Center

## Our Partners



Lucid Capitalism is a women-led advisory firm accelerating climate and social justice strategies in venture capital, Lucid Capitalism believes that a more diverse, inclusive, and equitable VC ecosystem will bring higher returns for GPs and LPs alike. Increased diversity among investors and entrepreneurs, a powerful force for change to address systemic barriers many face to equitable societal and economic participation, is also increasingly a driver of business resilience and responsible practices. We are proud to partner with Diversity VC, and hope to see data in the near future trending towards higher numbers of URM managers, with larger AUM, investing at later stages and in larger rounds, as efforts to diversify the field at early stages increasingly bear fruit.



**Shu Dar Yao**  
Founder, Managing Partner

# Appendix

## Research Goals and Hypotheses

### Research Objective 1

Gain a better understanding of the demographic composition of the venture capital general partners (GPs) and limited partners (LPs).



#### Assumption

The majority of venture capital general partners (GPs) and limited partners (LPs) are white men.



#### Hypothesis

Limited Partners primarily invest in General Partners that are demographically similar to them.

### Research Objective 2

Estimate the amount of capital invested into funds managed by underrepresented minorities (URM) (“URM funds”), funds managed by women (“Women Funds”), and funds with a DEI investment mandate (“DEI funds”).



#### Assumption

Limited Partners are making an increasing number of investments in funds managed by underrepresented minorities (URM) and/or women (“URM funds”) and in funds with a DEI investment mandate (“DEI funds”).



#### Hypothesis

The amount of capital invested into URM, Women, and DEI funds has significantly increased since the murder of George Floyd (May 25, 2020).

## Research Objective 3

Determine if greater investments into URM funds, Women funds, and DEI funds lead to greater investment into underrepresented founders (women and URM) - both in terms of number of companies funded and total dollars invested.

### Assumption



These investments are being made under the LP's assumption that greater investment into URM funds, Women funds, and DEI funds will lead to greater investment into underrepresented founders (women and URM) - both from the amount of companies funded and the \$ invested.

- The further assumption here, presumably, is that this will lead to a more equitable VC ecosystem where identity is not a barrier to investment.

### Hypothesis



- URM and DEI funds invest in a greater number of URM founders than funds that are not led by underrepresented fund managers and/or have a DEI mandate.
- However, the total dollar amount invested into these founders is less than that of their white peers (peers meaning, same stage, educational background, location, etc.)

## Research Objective 4

Determine the average percentage and amount of total capital managed by Limited Partners that is allocated to Women, URM, and DEI funds.

### Assumption



Less than 5% of the total capital managed by Limited Partners is earmarked for Women, URM, and DEI funds.

### Hypothesis



The amount of capital allocated Women, URM, and DEI funds by Limited Partners is very small and therefore will not have a material impact on portfolio performance regardless of the performance of funds and underlying companies



## Research Objective 5

Determine if the capital used by Limited Partners to invest into Women, URM, and DEI funds is primarily coming from pools of capital earmarked for DEI investments.



### Assumption

Limited Partners are primarily making investments into URM and DEI funds out of a pool of capital earmarked for DEI investments.



### Hypothesis

- Most of the institutional capital flowing to URM and DEI funds is DEI-focused, while institutional capital going to homogenous funds is not.
- The total value of funds going to URM and DEI funds is still less than that of homogenous funds, even controlling for similarities in stage focus, etc.

## Research Objective 6

Assess the percentage of total funds allocated for Women, URM, and DEI funds that have been deployed. And in cases of under-deployment, determine causes.



### Assumption

Less than 50% of the funds earmarked by Limited Partners for Women, URM, and DEI funds have been deployed.



### Hypothesis

There are barriers preventing the effective deployment of Limited Partner capital allocated for Women, URM, and DEI funds.

## Research Objective 7

Assess if Limited Partners plan to increase their investments into well-performing Women, URM, and DEI funds over time.



### Assumption

Limited Partners are willing to increase their allocation to well-performing funds over time.



### Hypothesis

- The amount of DEI capital available is limited, and URM/DEI funds will find it difficult to increase the total sizes of their funds.
- LPs do not intend to invest capital into Women/URM/DEI funds out of traditional (non-DEI earmarked) pools of capital.

## Research Objective 8

Calculate the portfolio performance of Women, URM, and DEI funds



### Assumption

URM and DEI funds can and will perform at equal or greater levels than their homogenous counterparts, in terms of returns.



### Hypothesis

The amount of DEI capital available is limited, and Women/URM/DEI funds will find it difficult to increase the total sizes of their funds over time regardless of performance.



## Methodology Detail

The full list of questions asked in the survey can be found at the survey link [here](#). All questions were optional, including fund-specific information such as names and websites.

**1 Person/respondent questions** - Provides detailed information on who is completing the survey including their role, function, and years of experience. Establishes a point of contact in case we want to ask clarifying questions and allows us to establish data points regarding their function and role within the firm. Also allows us to determine if they're a general partner.

**a What We're Most Interested In.**

- i** Function of the person completing the survey
- ii** Are they a general partner?

**2 Investment fund questions** - Allows us to gain information about fund specifics. Provides information we can use to collate our data with available data sources.

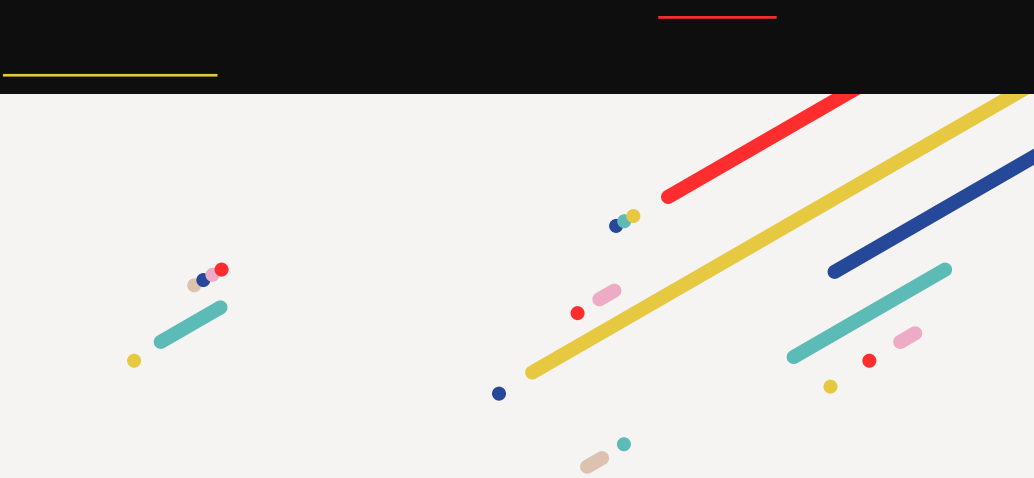
**a What We're Most Interested In.**

- i** Where is the fund headquartered?
- ii** Total assets under management
- iii** Business stage focus?
- iv** Does the fund have a DEI mandate?
- v** What percentage of total assets under management is dedicated to DEI initiatives?
- vi** Fund performance where applicable

**3 Fundraising questions** - Allows us to gain insight into their sources of capital and their overall fundraising journey.

**a What We're Most Interested In.**

- i** Total amount of the most recent fund?
- ii** Did they meet their target close date and capital raise amount?
- iii** Number of limited partners and the categories of LPs represented
- iv** Percentage of their most recent fund that is from dedicated DEI capital pools?
- v** Are there DEI mandates set in place by LPs?
- vi** Which category of LPs are allocating capital to DEI initiatives?



**4 General Partner questions** - Better understanding demographic representation among General Partners.

**a What We're Most Interested In.**

- i** Percentage of GPs that identify as underrepresented minorities (underrepresented minorities are defined as a U.S. citizen who identifies as Black/African American, Hispanic/Latino, or American Indian/Native American.)
- ii** Gender representation among general partners
- iii** Average educational attainment of GPs
- iv** Prevalence of First-time fund managers

**5 Investment Team questions** - Gaining insight in the demographic representation of the investment team.

**a What We're Most Interested In.**

- i** How many investment professionals are on the investment team?
- ii** What is the racial and gender breakdown of the investment team?

**6 DEI Mandate questions** - Allows us to gain insight into their sources of capital and their overall fundraising journey.

**a What We're Most Interested In.**

- i** Does the fund have a Diversity, Equity & Inclusion (DEI) mandate?
- ii** Which DEI group(s) is the fund focused on?
- iii** When was the mandate or initiative initiated?
- iv** Are DEI investing activities separate from their flagship investing activities?
- v** What percentage of capital is devoted to this DEI initiative/mandate?
- vi** What percentage of DEI capital has been deployed?



# DIVERSITY VC

