





PREQIN SPECIAL REPORT: **WOMEN IN VENTURE CAPITAL**

MARCH 2018

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Palo Alto Public Employees Retirement Fund  

ASSETS UNDER MANAGEMENT USD 100,000 mn	INVESTOR TYPE Public Pension Fund	LOCATION Palo Alto, CA, USA	ASSET CLASSES OF INTEREST PE RE HF PD INF NR	LAST UPDATED 30 - Sept - 17
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Snapshot						
ASSET CLASS	INVESTING	NEXT 12 MONTHS	TICKET SIZE (mn)	CURRENT ALLOCATION (mn)	TARGET ALLOCATION (mn)	ALLOCATION DIFFERENCE
Private Equity	Yes	2 - 5 funds/USD 10 - 100 mn	USD 5 - 20	USD 200	USD 300	100 under *
Real Estate	Yes	1 - 3 funds/USD 5 - 60 mn	USD 5 - 20	USD 50	USD 100	50 under *
Hedge Funds	Considering	Plan to Invest	USD 10 - 20	USD 0	USD 20	20 under *
Private Debt	Considering	Plan to Invest	USD 5 - 20	USD 0	USD 30	30 under *
Infrastructure	Yes	1 - 2 funds/USD 10 - 120 mn	USD 10 - 40	USD 100	USD 140	40 under *
Natural Resources	Yes	Plan to Invest	USD 5 - 20	USD 15	USD 30	15 under *

We're excited to share with you how we're evolving. Get in touch to find out more:

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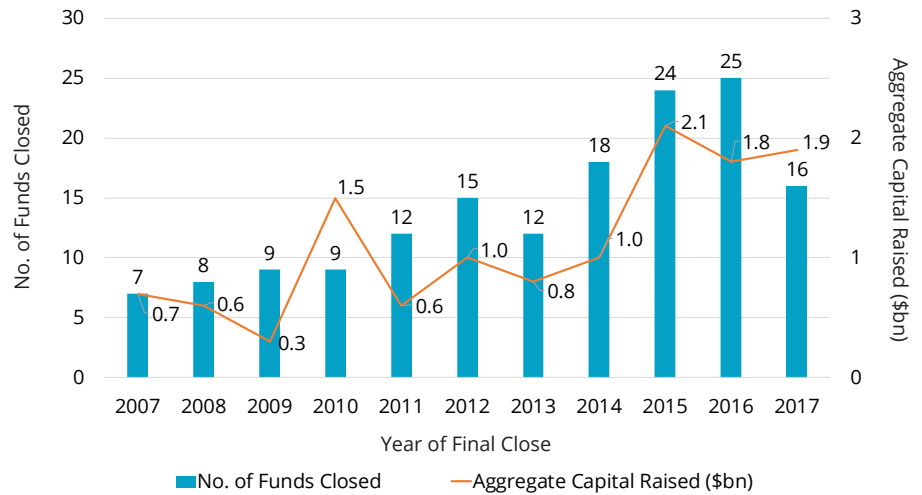


WOMEN IN VENTURE CAPITAL

Expanding on data featured in Preqin's **Women in Alternative Assets** report, we focus on women-owned venture capital firm activity and look at the recent developments and reactions regarding initiatives to improve the gender imbalance and respond to misconduct allegations. Content originally appeared in Preqin's November **Private Equity & Venture Capital Spotlight** edition and is updated to reflect end-of-year figures.

Following recent allegations of discrimination within the venture capital industry, the issue of gender balance has received renewed attention. Women represent a mere 21% of all venture capital employees, with the largest representation (36%) of women in venture capital in junior-level positions, followed by 29% in mid-level positions and 11% in senior-level positions. The proportions of female board members are even smaller: just 6% of all venture capital board representatives are women. Geographically, the ratio of total female employees in the industry lingers at around a fifth across all regions, although North America has a greater percentage (13%) of women in senior positions compared to Europe (9%). In this feature, we look at the members of the industry working to raise industry standards of conduct, the impact of women deal-makers, the relationships of institutional investors with women-owned firms and women-led fundraising activity.

Fig. 1: Annual Venture Capital Fundraising by Women-Owned Firms, 2007 - 2017



Source: Preqin Venture Capital Online

DECENCY PLEDGE

In the wake of recent sexual misconduct allegations, many prominent venture capitalists have sounded a call for action. Reid Hoffman, LinkedIn co-founder and partner at Greylock Partners, suggested

that those in the industry adopt a set of moral guidelines, which he has dubbed the "decency pledge". While many firms quickly adopted the pledge, such as Sequoia Capital, Norwest Venture Partners, First Round Capital and General Catalyst

Fig. 2: Largest Women-Owned Venture Capital Funds in Market (As at January 2018)

Fund	Firm	Vintage	Type	Industry Focus	Primary Geographic Focus	Fund Status	Target Size (\$mn)
Baidu Capital	Baidu Capital	2017	Expansion/Late Stage	Technology	Asia	First Close	2,950
Ariadne Ecosystem Economics Fund	Ariadne Capital	2018	Venture Capital (All Stages)	Retail	Europe	Raising	204
Amadeus V Digital Prosperity II	Amadeus Capital Partners	2018	Expansion/Late Stage	Technology	Americas	Raising	200
AMBI Film Fund	AMBI Pictures	2017	Venture Capital (All Stages)	Media	US	First Close	200
Arbor Ventures Fund II	Arbor Ventures	2017	Early Stage: Start-up	Technology	Asia	First Close	200
Aspect Ventures Fund II	Aspect Ventures	2018	Early Stage	Technology	US	Raising	175
Glasswing Ventures	Glasswing Ventures	2017	Early Stage	Technology	US	First Close	150
Amadeus V Technology Fund	Amadeus Capital Partners	2018	Early Stage	Technology	Americas	Raising	136
Hummer Winblad Venture Partners VII	HWVP	2018	Venture Capital (All Stages)	Technology	US	Raising	125
iBionext Growth Fund	iBionext	2016	Early Stage: Start-up	Healthcare	Europe	First Close	111

Source: Preqin Venture Capital Online

Partners, some in the industry argued that moral decency should not have to be pledged, and others argued that the pledge alone is not enough to motivate change in the industry.

The pledge states that when venture capitalists are engaging with entrepreneurs, they have the same moral position to them as a manager to an employee or a college professor to a student. Moreover, once potential business relationships are underway, the pursuit of any romantic or sexual relationship must be forfeited. The pledge also maintains that industry peers have a duty to report behaviour that is not up to

standard and that gender discrimination should be treated with zero tolerance; that fellow venture capitalists should not do business with peers who engage in discriminatory or predatory behaviour; and that institutional investors should not invest with those particular individuals or firms, and entrepreneurs should not consider their funding offers.

One example of this pledge in action can be found in Y Combinator's (YC) long-standing tracking of investors with a history of poor conduct within the YC network, known by some as the "Silicon Valley Blacklist," and its more recent anonymous submission system

for YC network founders to report any misconduct they have experienced personally, observed themselves or been told as a confidant of a victim.

WOMEN DRIVING CHANGE

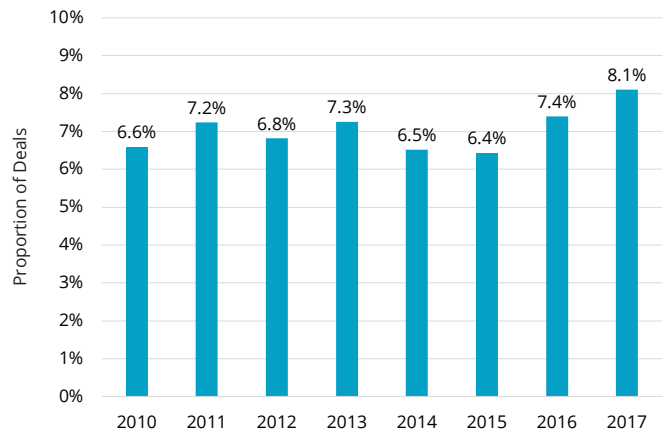
By incorporating gender diversity values into their business models, firms are paving the way to a more inclusive and diverse industry. XFactor Ventures, a pre-seed and seed stage fund, was created to help make a difference for the next generation of female-led businesses. The firm has eight female founders and nine female investment partners, and has raised \$3mn to make pre-seed and seed investments in 30 female-led companies

Fig. 3: Most Active Female Board Representatives at Venture Capital-Backed Portfolio Companies, 2010 - 2017

Name	Firm(s)	No. of Board Seats
Cindy Padnos	Illuminate Ventures	13
Wende Hutton	Canaan Partners	12
Vani Kola	Kalaari Capital	11
Hilary Goshier	Insight Venture Partners	10
Elaine Jones	Pfizer Venture Investments	9
Jenny Lee	GGV Capital	8
Dana Settle	Greycroft Partners	8
Rafaële Tordjman	Sofinnova Partners	8
Nilanjana Bhowmik	Longworth Venture Partners	7
Stacey Bishop	Scale Venture Partners	7
Jan Garfinkle	Arboretum Ventures	7
Maha Ibrahim	Canaan Partners	7
Kim Kamdar	Domain Associates	7
Deepa Pakianathan	Delphi Ventures	7
Nicole Vitullo	Domain Associates	7

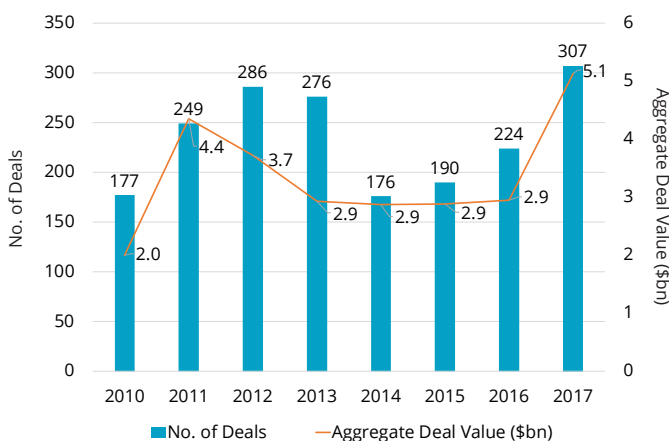
Source: Preqin Venture Capital Online

Fig. 4: Proportion of Venture Capital Deals Led by Female Partners, 2010 - 2017



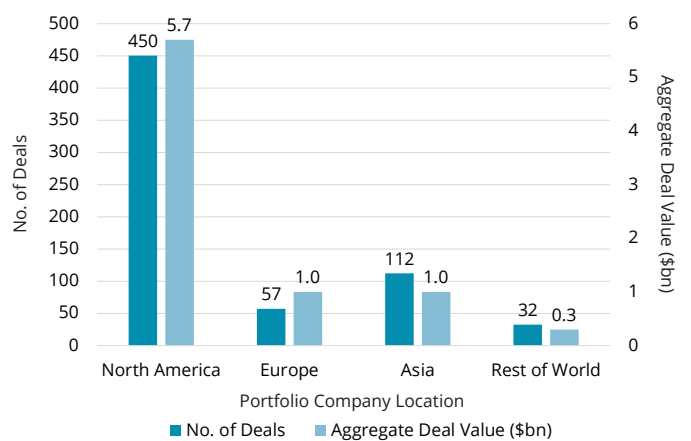
Source: Preqin Venture Capital Online

Fig. 5: Venture Capital Deals Led by Female Partners, 2010 - 2017



Source: Preqin Venture Capital Online

Fig. 6: Women-Owned Venture Capital Firms: Deals by Portfolio Company Location, 2017



Source: Preqin Venture Capital Online



over the next couple of years. XFactor Ventures is one of the few firms in the industry that strives to have female representation on both the investment and founder side.

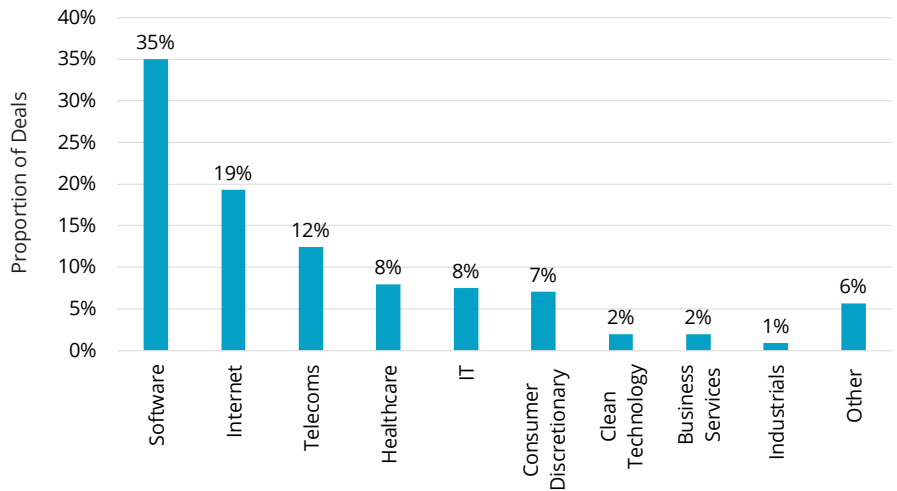
BBG Ventures is another example of a firm founded on the principles of driving and developing female talent in the industry. Founded by Susan Lyne, the early stage fund is focused on investments in technology companies with at least one female founder. The firm is backed by AOL as a part of its #BuiltByGirls initiative; started by BBG Ventures' partner Nisha Dua, it challenges young women to take part in the tech-enabled economy through a series of offline and online programs, to teach girls the fundamentals of venture capital and prepare them for a career in technology. The BBG Ventures portfolio currently holds over 30 investments in women-led firms.

WOMEN DEAL-MAKERS

Since 2010, there has been steady growth in both the number of women in lead partner positions and the aggregate size of venture capital deals led by women. 2017 saw over 83 more deals with women acting as lead partners, with over \$2.0bn more in deal value compared to 2016 (Fig. 5).

North America is the most active region for venture capital deals completed by women-owned firms in 2017 by both number and aggregate value: there were 450 investments in the region totalling over \$5.7bn, nearly 2.5x more than all

Fig. 7: Women-Owned Venture Capital Firms: Deals by Portfolio Company Industry, 2017



Source: Preqin Venture Capital Online

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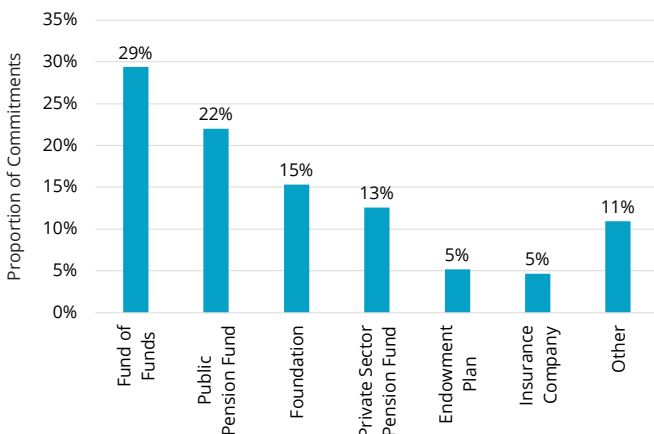
other regions combined (Fig. 6). Asia is the second most active region for women-owned firms in terms of the number of deals (112 deals valued at an aggregate \$1.0bn). Nonetheless, Europe is not far behind, with 57 venture capital financings by women-owned firms in 2017 valued at a total of \$1.0bn.

Female deal-makers are active in a wide range of industries: the largest proportions of deals completed by women-owned firms in 2017 year to date are in the software (35%), internet (19%) and telecoms (12%) sectors (Fig. 7).

INVESTORS IN WOMEN-OWNED FIRMS

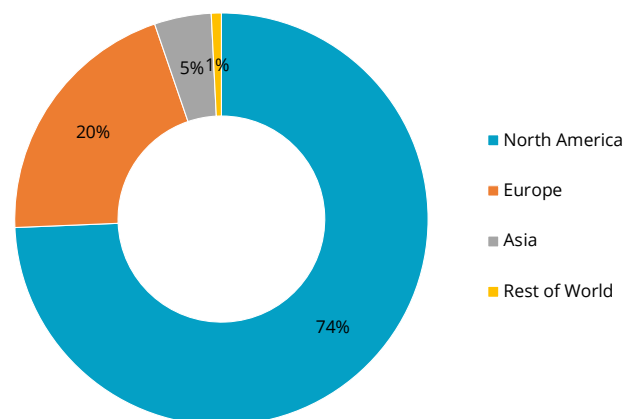
For the period 2000-2017, funds of funds accounted for the greatest proportion (29%) of investors in women-owned firms, followed by public pension funds (22%) and foundations (15%, Fig. 8). Of the 14 most active investors in women-owned firms, seven are pension funds, six are fund of funds managers and one is a foundation.

Fig. 8: Proportion of Investor Commitments to Women-Owned Venture Capital Firms by Investor Type, 2000 - 2017



Source: Preqin Venture Capital Online

Fig. 9: Proportion of Investor Commitments to Women-Owned Venture Capital Firms by Investor Location, 2000 - 2017



Source: Preqin Venture Capital Online

Seventy-four percent of investors in women-owned venture capital firms over the same period are North America based, more than triple the proportion based in Europe (20%, Fig. 9). North America is home to 12 of the 14 most active investors in women-owned firms, including US-based Illinois Municipal Retirement Fund and HarbourVest Partners, along with Europe-based Pantheon, which are tied for the most active global investor in women-owned venture capital firms, having each made seven known commitments in the 21st century.

WOMEN-LED FUNDRAISING

As at January 2018, annual venture capital fundraising by women-owned funds has reached a new record high of \$1.9bn for 2017 (Fig. 1). Fundraising by women-owned firms has grown steadily over the past 10 years, both in the number of funds to reach a final close and aggregate capital raised. Fundraising this year is led by Baidu Fund Partnership, a \$1bn joint venture between China Life Insurance Company and led by Baidu's CEO Jennifer Li, CFO Zhang Jinling and managing partner Wenjie Wu, targeting late stage internet investments in China (Fig. 2).

The largest women-owned venture capital fund currently in market is also being raised by Baidu Capital: a self-named late stage technology fund targeting \$2.9bn, almost half the total capital (\$6.4bn) targeted by women-owned venture capital funds in market. The remaining 61 funds in market are seeking an aggregate \$3.5bn in capital. The majority (68%) of women-led funds on the road are early stage vehicles, followed by general venture capital (24%), expansion (6%) and growth (2%) funds.

Fig. 10: Top Investors in Women-Owned Venture Capital Firms by Number of Known Fund Commitments, 2000 - 2017

Investor	Type	Location	Assets under Management (\$bn)	No. of Known Fund Commitments
HarbourVest Partners	PE Fund of Funds	North America	40.0	7
Illinois Municipal Retirement Fund	Public Pension Fund	North America	38.6	7
Pantheon	PE Fund of Funds	Europe	36.6	7
Alcatel-Lucent Pension Fund	Private Sector Pension Fund	North America	30.9	6
Greenspring Associates	PE Fund of Funds	North America	5.9	6
Los Angeles Fire and Police Pension System	Public Pension Fund	North America	20.6	6
Michigan Department of Treasury	Public Pension Fund	North America	64.2	6
Alaska Retirement Management Board	Public Pension Fund	North America	1.6	5
California Public Employees' Retirement System (CalPERS)	Public Pension Fund	North America	339.1	5
GCM Grosvenor Private Markets	PE Fund of Funds	North America	50.0	5
Hamilton Lane	PE Fund of Funds	North America	41.8	5
Meyer Memorial Trust	Foundation	North America	0.7	5
Oregon State Treasury	Public Pension Fund	North America	73.6	5
Pearl Holding	Listed Fund of Funds	Europe	0.5	5

Source: Preqin Venture Capital Online

PREQIN SPECIAL REPORT: WOMEN IN ALTERNATIVE ASSETS

Across all private capital and hedge fund industries, women are underrepresented: just one in every five alternative assets professionals is female.

As the leading source of intelligence on alternative assets, Preqin has compiled the inaugural Women in Alternative Assets Report using a database of over 200,000 industry professionals to highlight the trends in the workforces of active fund managers and investors.

To download this exclusive report, please visit:

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CASE STUDIES: WOMEN-OWNED VENTURE CAPITAL FIRMS

KARMIJN KAPITAAL

Karmijn Kapitaal was founded by Désirée van Boxtel, Hadewych Cels and Cilian Jansen Verplanke in 2010. Karmijn invests equity capital in Dutch SMEs, managed by a balanced team of men and women because the firm believes in the power and potential of these companies and in the added value of diversity.

- Established:** 2010
- Strategies Targeted:** Management Buyout, Growth Finance, Succession, Majority or Minority Shareholdings
- Geographic Focus:** Netherlands
- Latest Fund Closed:** Karmijn Kapitaal Fund II (closed on €90mn in June 2016)

ILLUMINATE VENTURES

Illuminate Ventures focuses on funding and accelerating great founding teams in the B2B/Enterprise software space. Illuminate invests in companies building SaaS platforms and applications that leverage vast datasets and enhanced analytics, such as machine learning, to improve business results. Illuminate invests in innovative teams that frequently marry “creative destruction” with new technologies to solve old problems in new ways.

Illuminate is typically a start-up’s first institutional investor, leading Series Seed equity financings – filling the gap between angel capital and larger Series A rounds of traditional VCs.

With three funds under management, Illuminate has been an early investor and board member in deep technology platforms and SaaS business applications that have gained profitable exits via IPO (NYSE: XTLY) and acquisitions by market leaders such as Vista Equity Partners, New Relic, Autodesk, Coupang and Cloudera.

- Established:** 2009
- Strategies Targeted:** Information Technology - Seed, Early Stage, Start-up Venture Capital
- Geographic Focus:** North America
- Funds in Market:** Illuminate Ventures II, L.P. (targeting \$30mn, first close completed)
- Latest Fund Closed:** Illuminate Ventures I, L.P. (closed on \$20mn in November 2013)

“ *I am delighted by the increase in the number of talented women entering the VC community in the last five years, but there is no question that the ecosystem would benefit from broader representation of women investors and entrepreneurs. There have historically been far too many barriers to partner-level diversity, some of them self-imposed, but many that are related to the fundamental nature of partnerships. The natural instinct of a team is to continue to bring in more people like themselves.*

Some aspects of our industry are changing rapidly, with many firms making a conscious effort to hire more diverse talent, but other things are likely to take much longer to change. Venture capital is unique in that the 10+ year nature of a fund means that things like investment decision-making authority and carry allocation change very slowly – typically only as a new fund is raised. What I see is an evolution rather than a revolution.

Illuminate has been proactively accessing a pipeline of more diverse founding teams since the inception of the firm. As a prior VC-backed founder/CEO and the founder of a VC firm, the gap that exists between some amazingly talented entrepreneurs and the limited capital that is targeting them is obvious and spells opportunity. We don’t consider attributes like gender or ethnicity as investment criterion, but do go out of our way to ensure that they are not barriers.

Our thesis that an inclusive sourcing strategy would benefit our performance has proven out. We gain this expanded deal flow via support from our Business Advisory Council members, our local MBA interns, our Students in Residence that are located outside of the Bay Area and a variety of other efforts such as the white paper we wrote documenting the high performance of women entrepreneurs. The networks we are building are designed to expand both access to and management of capital by a broader group of entrepreneurs and investors. Even our investing team is split 50/50 female-male and across the Illuminate portfolio nearly 50% of our companies have at least one woman co-founder, an order of magnitude higher than the industry norm.

- Cindy Padnos, Founder & Managing Partner



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info@preqin.com
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