

THE MISSING BILLIONS:

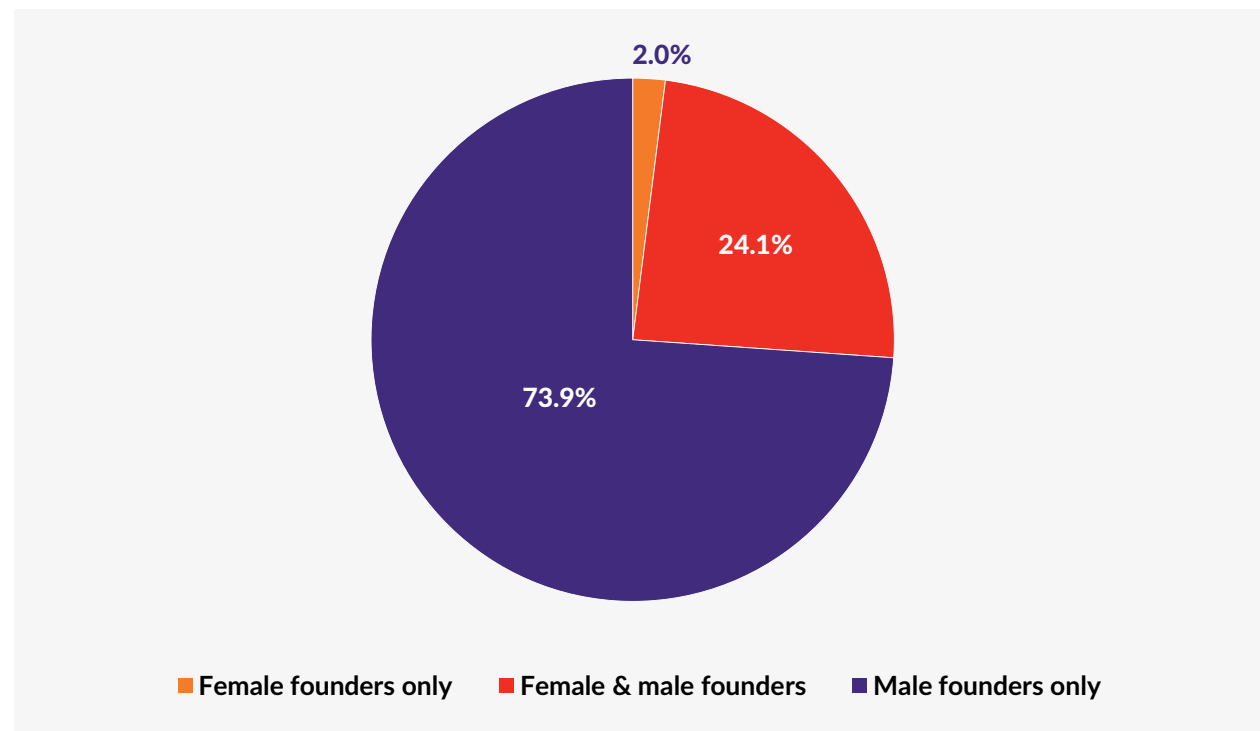
Analyzing the Impact of Women-Led Fund Managers

Executive Summary

An upcoming report from the Milken Institute Inclusive Capitalism Program analyzes the impact of female emerging venture funds on the greater financial landscape and highlights the opportunities to unlock more capital for them.

Research from Nasdaq found that including more women and more Black Americans in the early stages of innovation can boost the US GDP by \$640 billion.¹ However, based on data from PitchBook, only 2 percent of US venture capital (VC) funding was allocated to businesses with all-female founders in 2024 (see Figure 1).²

Figure 1. Proportion of VC Capital Attracted by US Businesses, by Founders' Gender



Source: Authors' analysis (2025) based on data from PitchBook (2024)

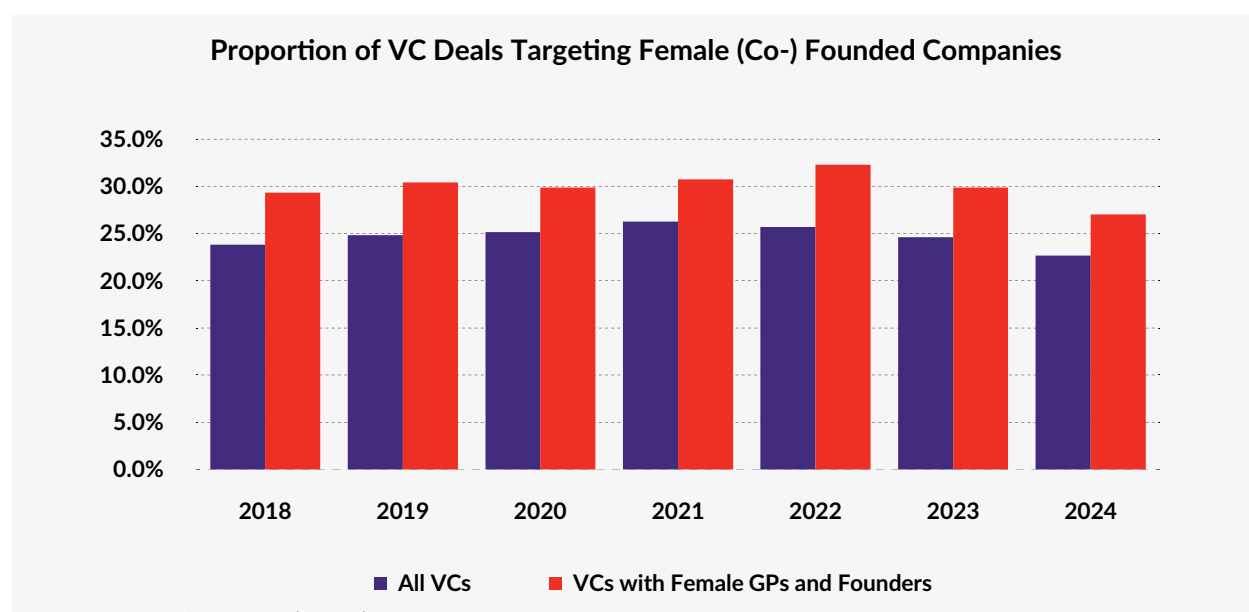
Existing research as to why capital flows into female-led businesses are relatively low tends to focus on investor biases. But what if we took a step back and looked at the demographics of the investors themselves? Investment firms owned by women and other underrepresented minorities manage only 1.4 percent of the investment industry's total assets under management (AUM)—a number that directly impacts the prevalent and persistent shortage of funding for diverse entrepreneurs.³ Moreover, the percentage of the US investment industry's \$82 trillion AUM with diverse managers has increased by only 0.4 percentage points in the last five years. Such slow change can hamper economic growth by keeping an important portion of the population on the sidelines of the US economy.

The question the industry needs to answer now is: Does unlocking more capital for women-led and nonbinary-led fund managers equate to increased investment in diverse founders and entrepreneurs? Women are expected to collectively inherit around \$30 trillion from the baby boomer generation within the next five years⁴ and are projected to control 75 percent of discretionary funding worldwide, a phenomenon that financial service company Ellevest dubs “the feminization of wealth.”⁵ If even a fraction of these dollars is invested in women entrepreneurs and other underrepresented minorities, this shift in funding could permanently change the financial services industry.

In partnership with Recast Capital, our upcoming report aims to analyze the impact of capital deployment from female-led fund managers in venture capital: Does money allocated to diverse managers get equally deployed to diverse entrepreneurs and founders? The report will highlight the barriers for these fund managers in venture capital and outline tangible next steps to unlock more capital for these fund managers.

Based on preliminary analysis of data on VC activity in the US obtained from PitchBook, we observe that VC firms with female general partners (GPs) and founders have a higher proportion of deals targeting female-founded and female-cofounded companies than the industry average (see Figure 2).

Figure 2. Proportion of VC Deals Targeting Female-Founded and Cofounded Companies, by Year and Investor's Gender



Source: Authors' analysis (2025) based on data from PitchBook

To complement this analysis, the Milken Institute's Inclusive Capitalism team conducted interviews with more than 50 key players and thought leaders in the industry to inform the development and design of future programs focused on women-led emerging venture funds. The team also surveyed new fund managers, including those participating in Recast Capital's Accelerate program, to better understand their investment demographics. By coupling qualitative and quantitative research techniques, the resulting report will offer a comprehensive overview of diversity in the investment landscape, providing data-backed opportunities for asset allocators to help increase the number of high-performing women and nonbinary-led fund managers in venture capital.

The full report will be available in summer 2025. For more information, visit <https://milkeninstitute.org/content-hub/research-and-reports/reports/missing-billions-analyzing-impact-women-led-fund-managers>.

Endnotes

1. *Revitalizing Innovation: Models of Equitable Entrepreneurship Across the US* (Nasdaq Entrepreneurial Center, 2024), <https://nasdaqcenter.org/venture-equity-project/>.
2. "US VC Female Founders Dashboard," PitchBook, March 4, 2025, <https://pitchbook.com/news/articles/the-vc-female-founders-dashboard>.
3. *Underrepresented Start-Up Founders: The Untapped Opportunity* (McKinsey, June 23, 2023), <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/underestimated-start-up-founders-the-untapped-opportunity>.
4. Cheryl Contee, "The Great Wealth Transfer: An \$84 Trillion Investment Opportunity for Women," *Forbes*, November 18, 2024, <https://www.forbes.com/councils/forbesbusinesscouncil/2024/11/18/the-great-wealth-transfer-an-84-trillion-investment-opportunity-for-women/>.
5. "Shaping Success: A Deep Dive into Women's Impact on the CPG Landscape," NIQ, April 4, 2024, <https://nielseniq.com/global/en/insights/analysis/2024/shaping-success-a-deep-dive-into-womens-impact-on-the-cpg-landscape/>.