MILKEN INSTITUTE

SEPTEMBER 2025

THE MISSING BILLIONS:
Analyzing the Impact of Women-Led Fund Managers

Melanie Schwartz, Maggie Switek, PhD, and Troy Duffie

About Us

ABOUT THE MILKEN INSTITUTE

The **Milken Institute** is a nonprofit, nonpartisan think tank focused on accelerating measurable progress on the path to a meaningful life. With a focus on financial, physical, mental, and environmental health, we bring together the best ideas and innovative resourcing to develop blueprints for tackling some of our most critical global issues through the lens of what's pressing now and what's coming next.

Milken Institute Finance conducts research and constructs programming designed to facilitate the smooth and efficient operation of financial markets—to help ensure that they are fair and available to those who need them when they need them.

The Milken Institute's **Pathways to Capital** portfolio is a one-stop destination to help underserved communities grow economically through public-private partnerships. This portfolio includes our signature programs designed to support the deployment of capital to people, places, and projects and focuses on elevating small business owners, emerging talent, capital allocators, and critical community infrastructure projects through direct engagement, innovation, and public-private partnerships. Pathways to Capital strengthens the Institute's long-standing commitment to fostering equitable access to capital, supporting entrepreneurs and small businesses, and driving sustainable economic development.

The **Inclusive Capitalism** (ICAP) team fosters cross-sector collaboration, data-driven analysis, and action-oriented solutions to positively impact the financial services industry. To that end, the ICAP initiative focuses on creating long-term value for all stakeholders by assisting investment firms, academia, and other institutions in creating a more inclusive financial services sector, including overseeing the Historically Black Colleges and Universities Strategic Initiative and Fellowship Program.

ABOUT RECAST CAPITAL

Recast Capital is a 100 percent women-owned venture capital platform that both invests in and supports top-tier emerging fund managers, with a focus on diverse partnerships. The platform was built to drive returns and create substantive change in the venture industry. Founded by seasoned, institutionally trained fund investors Courtney McCrea and Sara Zulkosky, Recast Capital leverages its network and track record to provide its limited partners with diversified exposure to high-potential emerging managers, as well as access to a pipeline of the future's industry-leading franchises.

Table of Contents

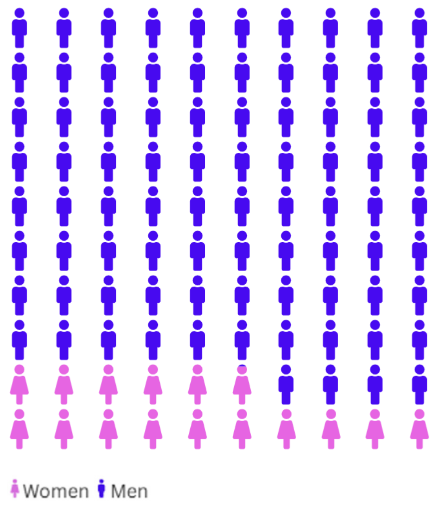
Introduction

In 2024, the Milken Institute Global Conference hosted an all-female, finance-focused public panel—one of the first in the conference's history—with some of the industry's most notable financial icons, engaged in a discussion that highlighted an over $700-billion opportunity: expanding opportunities for more women and underrepresented minorities in finance.[1] As a milestone moment for the Milken Institute, the conversation encouraged the Inclusive Capitalism (ICAP) team to look more closely at a topic that is long overdue for exploration: women in venture capital (VC) and their impact across the financial services industry. This report will spark research on the importance of more women in finance at the Institute, serving as the first step in a series of reports that aim to understand whether unlocking more capital for women-led and nonbinary-led fund managers equates to increased investment in companies led by diverse founders and entrepreneurs.

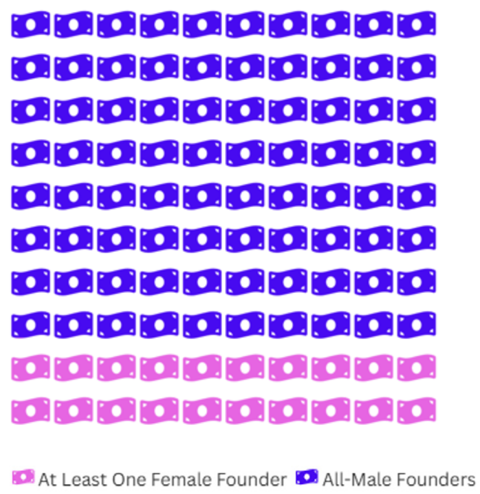
Research in this space is limited, and the data are not comprehensive. PitchBook data reveal a connection between the low representation of women at the general partner (GP) and founder/founding partner levels in VC investment funds and the limited funding received by companies led by female founders and chief executive officers (CEOs). Considering the five-year period from 2018 to 2024, only 15.9 percent of GPs and founders/founding partners at VC-investment funds were women. During the same period, just 20.2 percent of VC-targeted companies had at least one female founder or CEO (Figure 1).[2] Few studies explore the correlation of these figures from the investment perspective. With this report, the Milken Institute contributes more nuanced data that tell a fuller story of VC funding and investments by collecting and analyzing disaggregated data that includes gender, ethnicity, race, and orientation, among other metrics.

Figure 1. Overview of the Presence of Women in the VC Industry Since 2018

1a. Women Among VC GPs and Founders



1b. Capital for Female Co-Founded Companies



Source: Milken Institute analysis using data from PitchBook Data, Inc. (2025)

Existing studies of women in VC often fail to account for diverse backgrounds, such as women of color, thereby lacking the comprehensive analysis needed to develop comprehensive solutions for investors and founders of all backgrounds. Based on data from Crunchbase, just 0.48 percent of **all** VC funding went to Black founders in 2023.[3] Some financial databases, such as PitchBook, only provide demographic information on gender (male/female), which limits the ability to study the connection among different types of diversity in investing. Women and nonbinary emerging fund managers and entrepreneurs include people from a diversity of backgrounds, and research must be sufficiently rigorous to reflect the nuances.

Numerous studies have demonstrated the positive performance of women-led and diverse funds. A report from Harvard Business School found that "VC firms with 10 percent more female investing partner hires make more successful investments at the portfolio company level, have 1.5 percent higher fund returns, and see 9.7 percent more profitable exits."[4] Moreover, research from BCG and Cambridge Associates found that approximately 30.0 percent of transactions completed exclusively by firms owned by diverse leaders are not accessed by non-diverse firms. As a result, non-diverse firms are at risk for reduced exposure to differentiated deal flow.[5] Women-led and diverse firms are an important source of risk-adjusted returns and portfolio diversification, highlighting an opportunity for investment firms to enhance returns by including diverse portfolio managers.

For this report, the ICAP team was honored to collaborate with Recast Capital to collect data that measures the impact of VC firms with female and nonbinary fund managers on increasing diversity in the overall VC ecosystem. In this report, we pair quantitative and qualitative techniques to identify key barriers to capital for women and nonbinary fund managers within the VC industry and provide accurate findings coupled with key recommendations that inspire change toward equitable opportunities within the industry. Through the interviews, roundtables, and surveys used to produce this report, we aim to bring together perspectives from all backgrounds and set a precedent of rigorous analysis and comprehensive solutions. This report is intended to be a tool for both asset allocators and fund managers to inform their understanding of the importance and impact of diversity in investment decisions.

Methodology

The analysis for this report consisted of both qualitative and quantitative research. The qualitative portion of the research consisted of interviews with professionals from the broad investment industry conducted by members of the Milken Institute. Our outreach efforts aimed to include members of the VC industry who identified as members of several diverse communities, including people of color, women, and nonbinary. However, throughout the outreach, we experienced difficulties identifying nonbinary members of the VC industry because they are relatively absent throughout the VC networks. This finding further reinforced our mission to bring attention to the need to expand the presence of underrepresented groups throughout the VC ecosystem.

We asked all interviewees a structured series of questions about key challenges and opportunities in the industry. We also provided time for open-ended answers, which offered additional insight into topics relevant to the core issue. In addition, we posed these questions during a group roundtable discussion and gathered information from the ensuing conversations.

For the quantitative portion of the research, we collected data on the VC ecosystem from two primary sources. First, we obtained benchmark information on the general VC industry through PitchBook, a subscription-based financial data platform. PitchBook collects data on private capital transactions that include value, date, type, location, and gender of the investors and company founders involved. The dataset enabled us to distinguish between transactions conducted by female and male investors and those targeting female-founded and male-founded companies. However, because gender is the only demographic information tracked by PitchBook, we could not explore other types of diversity (e.g., as racial/ethnic divisions or participation of the LGBTQIA+ community) in the VC industry.

The second source of quantitative data for this report was an anonymized survey of VC fund managers that informed our analysis of the challenges in identifying companies with founders who belong to underrepresented groups (including women, women of color, members of the LGBTQIA+ community, and others) and investments in their businesses. The survey was distributed via email to a group of firms that included participants in Recast Capital's Accelerate program (described in detail in a later section) and other VC firms with prior interactions with the Milken Institute. Administered via AirTable, the survey posed questions about each fund's characteristics, including the demographics of the leadership team and the demographics of the founders of the funded companies. In the current study, we focus on the group of funds that participated in the Accelerate program, benchmarking them against data from PitchBook.

Historical Context: Evolution of Diverse Fund Manager Appetite

OVERVIEW OF WOMEN IN THE INVESTMENT ECOSYSTEM

The history of modern VC is relatively short. The first independent and publicly funded VC firm, the American Research and Development Corporation (ARDC), was established in 1946 by four men who aspired to create a completely new financial industry—an industry focused on raising money to fund exciting, fresh ideas.[6]

Before ARDC's creation, the pool of capital for new ventures was small. Business founders and entrepreneurs largely had to appeal to wealthy families such as the Rockefellers and Vanderbilts for funding, relying on relationship building and connections. Those who could not finesse an audience with these families were forced to fall back on bank lending, government funding, mergers, and stocks and bonds to raise their capital. ARDC was different.

Founded by Massachusetts Institute of Technology President Karl Compton, Federal Reserve Bank of Boston President Ralph Flanders, Massachusetts Investors Trust Chairman Merrill Griswold, and Harvard Business School Professor General Georges F. Doriot, ARDC acquired its "seed money" from institutions such as universities, insurance companies, mutual funds, and investment trusts. ARDC's establishment signaled to the asset management world that institutional investors were interested in private companies and had a vehicle to invest capital in them. ARDC ushered in a new era of investing—one that unlocked new sources of capital for budding businesses while providing new revenue streams for institutional investors. ARDC's founding framework gave rise to other VC titans, including Arthur Rock, who started the first VC firm in the Bay Area and helped give major tech companies such as Apple and Intel their start. From those bold new beginnings, VC grew into what it is today—an industry turning 80 years old in 2026 with a projected market size of approximately $466 billion and almost 3,500 VC firms in the US alone.[7]

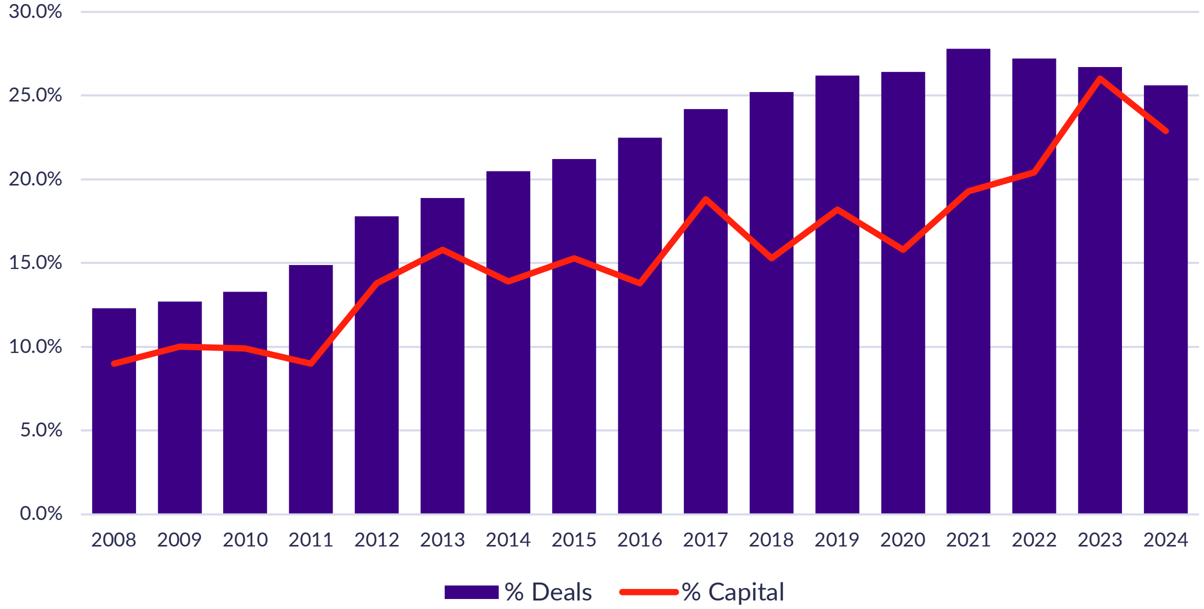
The history of women in VC, however, is much shorter. Women did not have a leadership role in the VC industry until the early 1980s, often entering firms in junior-level positions and working up the ladder.

During the 1990s, the VC industry saw a rise in women-led and women-founded funds. JoAnn Price was one of the first Black women to co-found a firm, starting Fairview Capital in 1994 and raising $100 million that year. Patty Abramson founded the Women's Growth Capital fund in 1997, which became the first women-owned, women-focused fund in the country to be licensed by the Small Business Administration as a Small Business Investment Company.[8] Although these were huge wins for women across the industry, continued growth has been incrementally slow for the past 30 years.

A pivotal moment for all underrepresented minorities was the response to the murder of George Floyd in 2020. This incident sparked widespread scrutiny of inclusion efforts in nearly every sector, including the financial services industry, followed by commitments to racial and gender equity and increased funding for businesses led by people from underrepresented communities. According to a recent survey, 58.0 percent of limited partners (LPs) say the societal events of 2020 influenced their thinking on diversity, equity, and inclusion in investing.[9]

The year 2021 saw a record $56.5 billion invested in companies with at least one female founder and $7.4 billion invested in companies with all-female founder teams.[10] The share of VC deals targeting female-founded or co-founded companies also peaked (27.8 percent) in 2021, decreasing to 25.6 percent in 2024. In contrast to the share of VC deals (i.e., number of transactions), the proportion of VC dollars (i.e., value) invested in female-founded or co-founded companies continued to increase until 2023, when it reached an all-time high of 26.0 percent (Figure 2).[11] Although the share of deals and capital invested in female-founded or co-founded companies dropped in 2024, the overall trend is clearly positive. Over the past 15 years, the proportion of VC investments attracted by companies with female founders or co-founders has more than doubled, increasing from 10.0 percent in 2009 to 22.9 percent in 2024.

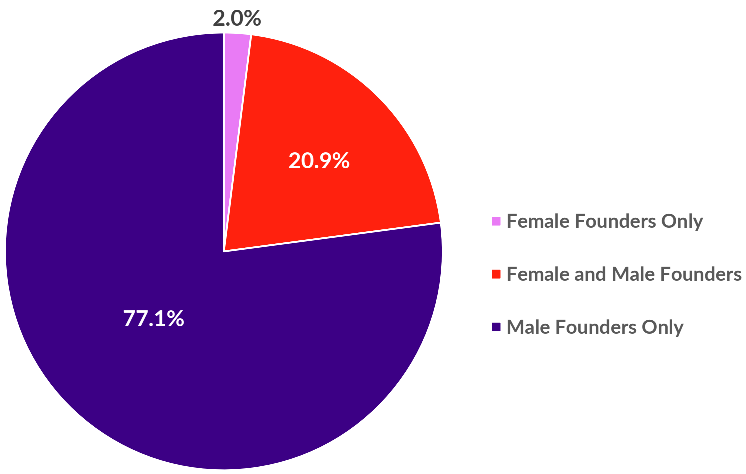
Figure 2. Investments in Companies with Female Founders or Co-Founders (% of total)



Source: Milken Institute analysis using data from PitchBook Data, Inc. (2025)

Despite the progress made to increase investments in entrepreneurs from underrepresented backgrounds (including women), there remains a need to continue to expand access to capital among diverse-led private companies that seek venture backing. Based on the gender data available through PitchBook, only 2.0 percent of US VC was invested in companies with all-female founder teams in 2024, and less than a fourth (20.9 percent) was invested in companies with both female and male founders. In other words, a predominant share (77.1 percent) of VC was invested in companies with all-male founders, leaving female entrepreneurs with little access to capital (Figure 3).[12]

Figure 3. Proportion of VC Attracted by US Businesses in 2024, by Gender of Founders



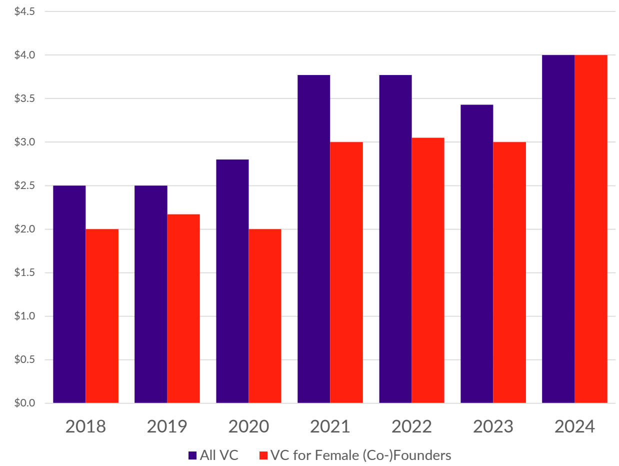
Source: Milken Institute analysis using data from PitchBook Data, Inc. (2025)

> **Companies with female founders or co-founders also tend to attract smaller VC deal sizes than companies with all-male founders.**

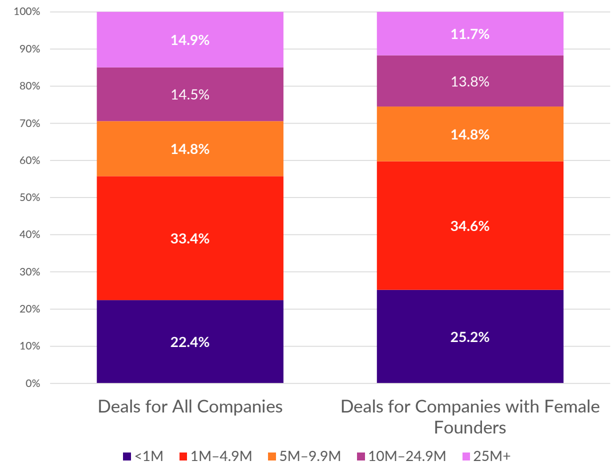
In 2024, the median VC deal size for female-founded or co-founded companies was the same as the median size of all VC deals, but this was an anomaly. From 2018 to 2023, the median deal size for female-founded or co-founded companies was below the overall median deal size of VC investments (Figure 4a). More granular data confirm that large deal sizes are less common among companies with female founders. From 2021 to 2024, the proportion of VC deals that provided $25.0 million or more in a single investment for female-founded or co-founded companies was below the industry average, and the same was true for deals providing between $10.0 million and $24.9 million (Figure 4b).

Figure 4. Size of Deals Targeting Companies with Female Founders or Co-Founders Compared to Overall VC Deal Size

4a. Median Deal Size (in Millions), by Year



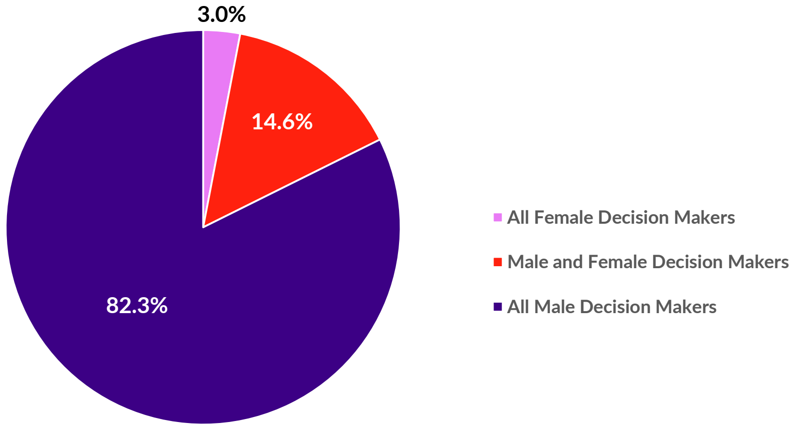
4b. Share of VC Deals, by Size (2021–2024)



Source: Milken Institute analysis using data from PitchBook Data, Inc. (2025)

The relatively low presence of women among the leadership of companies that receive VC funding reflects a broader lack of women in high-ranking positions in the VC ecosystem. Among VC investors, women are less likely than men to be a founder, GP, or other partner, which limits their ability to actively participate in the capital management decision-making process. In 2024, women represented only approximately 17.0 percent of all GPs, founders, and other partners (referred to jointly as "decision makers") among VC fund managers participating in VC transactions in the US.[13] Moreover, only approximately 17.6 percent of the firms with VC fund managers had at least one female decision maker, and only 3.0 percent had an all-female leadership team (Figure 5).

Figure 5. Share of VC Investors, by Gender of the Decision-Making Team



Source: Milken Institute analysis using data from PitchBook Data, Inc. (2025)

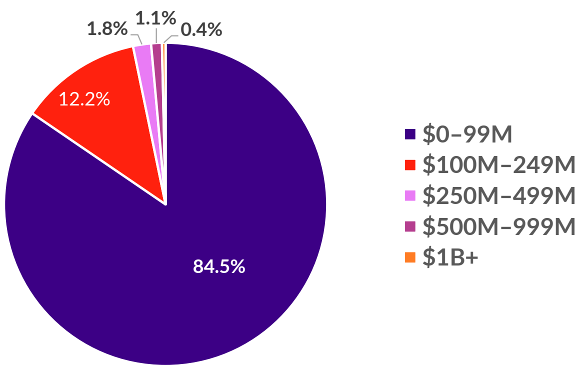
Although large VC firms such as Sequoia Capital and Andreessen Horowitz often include at least one woman among their decision makers, VC investors with teams of all-female decision makers tend to be considerably smaller than the typical investors that dominate the VC ecosystem. In 2024, the largest VC firm (in terms of assets under management [AUM]) with investments in the US and an all-female leadership team held about 20 times less in total AUM than the largest VC firm overall.

Beyond gender, third-party research shows that both women and people of racial and ethnic minorities remain underrepresented among private capital firms. Aggregating four asset classes (mutual funds, hedge funds, private equity [PE], and real estate), a 2021 study commissioned by the Knight Foundation found that firms with majority ownership held by women or minorities represented just 1.4 percent of total industry AUM.[14] This statistic can be partially explained by the fact that funds led by women and people from other underrepresented backgrounds tend to be smaller than non-diverse male-led funds. A 2024 study by PitchBook focused exclusively on women in the VC ecosystem found that about 29.2 percent of VC firms with less than $50 million in AUM had a majority female decision-making team, compared to 10.8 percent of VC firms with $50 million or more in AUM.[15]

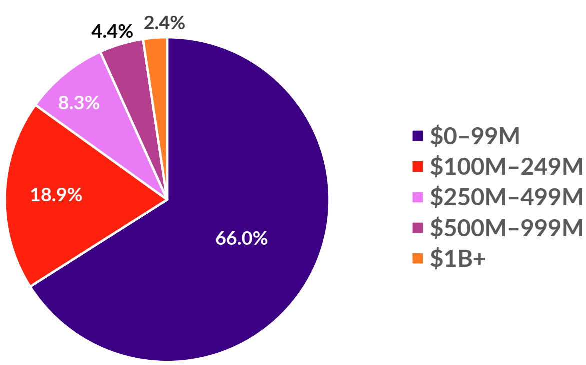
The lower AUM of VC firms predominantly led by female decision makers also translates to a lower median fund size and a higher share of funds with less than $100 million. The difference is especially stark when comparing the size of funds raised by investors with all-female decision makers with VC deals in the US to the size of funds raised by all investors with VC deals in the US. According to PitchBook data on funds that made VC deals in the US during 2024, only 15.5 percent of funds raised by investors with all-female decision makers had more than $100 million in capital, as compared to 34.0 percent among funds raised by all investors. Similarly, only 1.5 percent of funds raised by all-female decision makers had $500 million or more, as compared to 6.8 percent of funds raised by all investors (Figure 6).

Figure 6. Size of Funds Raised by Investors with All-Female Decision Makers with VC Deals in the US in 2024 vs. All Investors with VC Deals in the US in 2024

6a. Investors with All-Female Decision Makers



6b. All Investors



Source: Milken Institute analysis using data from PitchBook Data, Inc. (2025)

These data confirm the perception of a bias that puts women and people of diverse backgrounds at a relative disadvantage in the VC ecosystem, which was voiced by participants of the roundtables and interviews conducted by the ICAP team for this project. Participants mentioned the existence of both implicit and explicit bias against emerging managers. Participants were also concerned about the small size of funds led by emerging managers, mentioning that "women try to raise $10 million to $20 million less than male counterparts" and that "there might not be enough capital at $100 million or more [for emerging fund managers]." Once again, these concerns are validated by the data and analyses presented above.

The issues emerging managers face are further exacerbated by a lack of access to emerging manager programs that could expand access to networking opportunities and further support the development of GPs of diverse backgrounds, which was highlighted during the roundtable. Moreover, GPs also expressed concerns about a lack of standards among emerging manager programs, with a divergence in quality of these programs across the US.

THE CASE FOR INCREASING DIVERSITY IN THE VC ECOSYSTEM

Numerous studies analyzing the effects of increasing gender equality and diversity in the financial ecosystem arrived at the same conclusion.

> **More diversity in the private capital ecosystem could drive both economic gains and asset manager success.**

A 2021 study of diverse PE firms produced by the National Association of Investment Companies (NAIC) found that, for the vintage years from 1998 to 2020, diverse PE funds produced higher net Internal Rates of Return (IRR; the difference between a fund's returns and the returns of a peer benchmark) than a comparable benchmark in 76.5 percent of the vintage years studied.[16] Moreover, the diverse funds studied by NAIC also outperformed the benchmark in 83.3 percent of the vintage years based on net Multiple on Invested Capital (MOIC).[17] In 2023, NAIC carried out a sequel study that confirmed its prior findings, concluding that "diverse private equity funds can produce alpha for private investors."[18]

A 2024 study by PitchBook focused specifically on emerging managers in the VC ecosystem also confirmed these findings. Defining emerging managers as GPs with three or fewer successful fund launches, the study found that since the late 1990s, VC funds of emerging managers have consistently outperformed funds of established managers, though their returns tend to be more volatile. Although the higher performance of emerging managers' VC funds is partially due to smaller fund size, the study concluded that emerging managers could provide attractive upside while offering exposure to niche strategies that can be difficult to replicate in other parts of the portfolio.[19]

> **Gender diversity can result in gains at multiple stages of the VC flow.**

A study by the International Finance Corporation in partnership with Oliver Wyman and RockCreek analyzed the relationship between gender balance and performance among PE and VC funds and the companies they invest in. Using data from more than 700 PE and VC funds, they found that the median gender-balanced fund outperformed its median unbalanced (i.e., male- or female-dominated) peers by as much as 20 percent in annual returns. For VC funds specifically, the median excess net IRR was about 4.5 percentage points higher for gender-balanced funds. Focusing on portfolio companies, they found that companies with gender-balanced leadership teams had step-up valuations (evaluated between two rounds of liquidity) that were 13 percentage points higher than companies with leadership teams dominated by men.[20]

Beyond gender, other forms of diversity can also result in substantial economic gains. As an example, research from Citi's Global Perspective & Solutions group suggested that providing fair and equitable lending to Black entrepreneurs could generate an additional $13 trillion in business revenue and 6.1 million jobs per year in the US.[21] Such financial gains can result from the multiple benefits that diversity provides to a leadership team. The authors concluded that their research "suggests that firms could become competitively disadvantaged if they do not have diverse investment teams" and that, while change does not occur overnight, "[a]ctions taken today can help LPs, GPs, women-owned and -led businesses, and the PE/VC industry as a whole reap the benefits of gender diversity."[22]

In summary, prior research findings show that diverse funds have better outcomes in terms of IRR and MOIC, emerging VC fund managers outperform established managers, funds with a gender-balanced team have higher median IRR, and racial and ethnic diversity can increase business revenue and employment. These findings suggest that investing in diversity has net positive economic impacts for both investors and the broader economy.

Recommended Strategies

The barriers to capital for women and nonbinary fund managers are multilayered and stem from different stakeholders within the industry. Our recommended strategies are geared toward two cornerstone stakeholders: the LPs/asset allocators, who control the capital, and the fund managers/GPs, who select the companies to which the capital flows next. These two stakeholders determine how inclusive the VC industry can be moving forward.

RECOMMENDATIONS FOR ASSET ALLOCATORS

Acknowledge Any Bias

Bias can lead to unequal treatment of people unrelated to merit or performance because of characteristics such as race, ethnicity, gender identity, sexual orientation, age, disability, and health status. In VC, the over-indexing of white male leaders across funds perpetuates the idea that men are the "standard of excellence" in terms of making bold, successful investments in budding companies. Here is where implicit biases, such as affinity bias, are most prevalent—decision makers perceive women, nonbinary, and other diverse fund managers as less capable, because they do not fit the traditional ideal of a successful manager. LPs can help mitigate these biased beliefs through a few key shifts.

- **Start with the composition of your investment committee.** Investment committees should reflect more than one perspective. The inclusion of more women, people of color, and other underrepresented minorities as decision makers helps to reverse the negative impacts of potential affinity bias. The more perspectives that are housed at the decision-making level, the less concentrated the effects of unconscious, implicit bias will be. At the current rate of progress, reaching gender parity in investing roles at the managing director level would take more than six decades.[23] A conscious effort to increase diversity across investment committees can accelerate the pace of the changes that drive greater inclusivity in investing.
    - Implementation steps:
        - Conduct an internal audit of investment committee composition and demographics.
        - Recruit committee members from nontraditional backgrounds (e.g., operators, academics, and entrepreneurs) to broaden perspectives.

- Contextual resources:
  - Cambridge Associates: With 63 percent of its executive leaders being women and 32 percent of its US employees identifying as ethnic minorities, Cambridge Associates demonstrates how leadership diversity translates into investment decisions.
  - Kresge Foundation: Kresge's investment team is 54 percent women and 31 percent people of color. The foundation has prioritized inclusive governance as part of its broader equity and inclusion goals.

– **Challenge the idea that investing in women-led or women-owned funds automatically means diminished returns.** Highlight evidence that women-led and diverse funds often perform competitively, addressing concerns about returns with data-driven insights. As highlighted in "The Case for Increasing Diversity in the VC Ecosystem" section above, allocators with diverse fund managers tend to produce higher returns. LPs should incorporate these data points into their capital allocation strategies.

- Implementation steps:
  - Conduct an internal education campaign for decision makers on performance research related to women-led and diverse-led firms.
  - Host webinars or convenings featuring research institutions (e.g., Knight Foundation, Stanford) to present evidence.
  - Incorporate third-party data into due diligence rubrics to normalize expectations.
- Contextual resources:
  - Knight Foundation: Knight Foundation's research across asset classes shows no performance penalty for working with diverse managers.
  - Illumen Capital + Stanford Research: This study describes how race and gender bias negatively impact manager evaluation, even when performance is identical.

Build a Better Bench

Many of the challenges outlined by the interviewees for this report have been prevalent since women started to become fund managers. Access to opportunities in the financial services industry is a mixture of who you know and how you perform. White male fund managers tend to have more access to high-net-worth contacts in their networks, but women and fund managers of diverse backgrounds face considerable challenges building initial connections, often having to navigate cold-calling investors and operating without an established network. Allocators can make small adjustments to expand their pool of investable funds by making conscious decisions that facilitate their access to funds led by women and other diverse emerging managers.

- **Design emerging manager investment programs with scale in mind.** Emerging manager programs are critical pathways to institutional capital for many emerging funds. They are also an important method for institutional investors to de-risk their investments. However, emerging manager programs often fail to provide a path from small funds to institutional-scale funds, limiting growth opportunities.

  Create flexible pools of capital that help women and diverse managers transition beyond early-stage emerging manager programs into larger institutional capital platforms. By keeping scale in mind, LPs can make it easier for fund managers to move along the spectrum of access to different types of capital within their investment portfolio.

  - Implementation steps:
    - Create a transitional portfolio that fills the gap between small investment sizes featured in emerging manager portfolios and standard investment allocations featured in general portfolios with more established fund managers.
    - Create transitional capital pools larger than typical emerging manager allocations but smaller than flagship commitments.
    - Define clear criteria and "graduation" pathways for funds to access larger pools of capital.
  - Implementation models:
    - New York State Common Retirement Fund: The fund committed more than $10.9 billion to emerging managers, with programming that includes transitional capital pools and pathways for growth.
    - Teacher Retirement System of Texas: Their $6.2 billion Emerging Manager Program supports early-stage firms with a clear "graduation path" toward larger trust-level commitments.
    - Fairview Capital: This VC and PE investment management firm implements strategies across the full spectrum—from seed and early-stage to late-stage growth equity—as well as fund-of-funds that provide access to both established managers and the next generation of emerging talent.
    - First Close Partners: This VC fund-of-funds invests in both established and emerging VC funds globally.

        - Recast Capital: This platform both invests in and supports emerging managers in VC. Recast offers fund-of-funds investment strategies as well as emerging manager programs that provide educational content, executive coaching, shared services, and operating capital.

- **Perform due diligence differently.** Many fund managers from underrepresented groups, including women, have experience in related or relevant work that is not reflected in traditional track records. In the absence of traditional data, LPs can expand diligence frameworks to value nontraditional track records and contextual experience. By doing so, allocators can establish a due diligence framework that provides improved metrics for a more accurate evaluation process for emerging managers.

    - Implementation steps:

        - Adopt the Due Diligence 2.0 Commitment guidelines.

        - Broaden criteria to include relevant operational and sectoral experience.

        - Provide bias training to diligence teams to mitigate implicit bias.

    - Implementation models:

        - Due Diligence 2.0 Commitment: These guidelines—undersigned by more than 100 asset allocators and advisors, asset owners, and other members of the investment community—can serve as a starting point for allocators searching for meaningful ways to adjust their diligence processes.[24]

- **Challenge your consultants.** Consultants play a powerful role in shaping the investment decisions of institutional allocators, but their processes may unintentionally hinder the growth of diverse-led and women-led VC firms. Firms may recommend a narrow pool of fund managers who already meet traditional criteria: long track records, large AUM, and prior experience at well-known, often male-dominated firms. These traditional criteria negatively impact first-time funds and funds led by former operators (versus GPs that previously worked at established firms), both of which are more likely to have diverse-led VC funds.

  In many cases, consultants rely on legacy relationships and closed networks, where women were recently admitted or locked out altogether. This adverse situation is compounded by the lack of diversity within consulting firms' ranks, where leadership and decision-making roles remain less diverse across several factors.

  The power, however, rests with boards and investment committees; consultants serve at the direction of the asset owners and can only implement recommendations that have sign-off.

    - Implementation steps:

        - Mandate metrics in recommendations. Track how many firms are women-led, first-time, or diverse by ownership.

        - Require process transparency. Ask your consultants to explain why certain managers are or are not being recommended. Push back on vague rationales such as "not institutional enough" or "too early." Insist on clear, criteria-based decision-making.

        - Conduct an independent pipeline review. Ask to review the entire database with these questions in mind: What is the success rate of women-owned firms making it from the "top of the funnel" to an investment recommendation? Has this rate improved over time? What are the common hurdles preventing women-owned firms from completing the process? Are similarly-sized or experienced firms experiencing the same challenges? If not, why not?

        - Engage directly with managers. Build your own relationships, attend emerging manager conferences focused specifically on diverse-led VC funds, and host open calls or listening sessions with diverse- and women-led firms.

- **Clarify what you seek in emerging managers.** The interviews conducted for this report revealed an absence of a cohesive understanding of the meaning of and expectations for emerging manager programs. Lack of clarity on the criteria that define emerging managers can create confusion, discouraging certain groups of diverse managers from joining these programs.

    - Implementation steps:

        - Publish clear definitions and eligibility criteria for emerging manager programs.

        - Regularly solicit and incorporate feedback from managers on program accessibility.

        - Train investment teams on the criteria to ensure consistent application.

Be Willing to Lead

Institutional LPs with existing emerging manager programs who are intentional about expanding diversity in their capital allocation drive the change needed to increase inclusivity in the VC industry. By tracking, disseminating, and publicly discussing their experience and success with these programs, allocators can normalize the perception of diversity as a driver of alpha in investing. In addition, by collaborating closely with other institutional LPs, allocators can build a community of like-minded funders to drive further impact. The following steps can help spread information and create such communities.

- **Be vocal and explicit about your successes with emerging manager programs.** Allocators who have prioritized diversity can send a powerful signal to the allocator community by publicly discussing their experiences with emerging managers. Tracking returns of small funds and publicizing success stories counteract the narrative that diversity comes at the expense of returns. Openly discussing obstacles faced and insights gained through working with emerging managers can help other allocators design programs to avoid those obstacles.

    - Implementation steps:

        - Publish performance case studies from diverse and women-led funds.

        - Openly share obstacles and lessons learned to help peers improve their programs.
        - Use public forums to advocate for emerging manager investing.
    - Implementation models:
        - Kresge Foundation: This foundation regularly shares outcomes from its diversity, equity, and inclusion initiatives and emerging manager partnerships through publications and speaking engagements.
        - Knight Foundation: This foundation publishes longitudinal studies that show no underperformance among diverse managers, helping to debunk outdated perceptions.

- **Be a leader in investing in emerging managers.** Be the first check. LPs that lead seed rounds or anchor funds send a powerful signal. LPs who are willing to be the cornerstone investor in an emerging manager's fund send a salient message to the market. Beyond investment, allocators can still support emerging managers; there is ample room for creative solutions from allocators willing to drive impact.
    - Implementation steps:
        - Make anchor or seed investments in women-led and/or nonbinary-led funds.
        - Provide non-investment support such as:
            - Operational costs
            - Warehouse capital
            - Competitive loan products for capital calls or GP commitments
    - Implementation models:
        - Illumen Capital—Catalyst Fund: This fund provides flexible, early-stage capital to diverse managers and technical assistance and coaching.
        - Blue Haven Initiative: This innovative family office specializes in providing catalytic capital to emerging fund managers.
        - Recast Capital: This platform both invests in and supports emerging managers in VC. Recast offers fund-of-funds investment strategies as well as emerging manager programs that provide educational content, executive coaching, shared services, and operating capital.

- **Resist the "IBM Effect."** LPs should avoid the urge to equate the number of times they have heard about a fund with proof of that fund's performance. Avoid overvaluing name-brand funds and overexposure to the most visible GPs. Smaller and lesser-known funds led by women and managers of other underrepresented backgrounds can be powerful tools to diversify a portfolio and expand access to different niches of investment opportunities, while still generating returns.

Instead of relying on a fund's brand equity, allocators should do their own research on performance and expand their due diligence processes to incorporate information on emerging managers. Lack of information on their performance signals a failure of due diligence, not a failure of their funds.

- Implementation steps:
  - Train investment teams to use analytical diligence beyond equity.
  - Identify and elevate hidden gems through network building and alternative data.
  - Avoid bias toward name recognition in allocation decisions.
- Implementation models:
  - CapEQ: CapEQ advises foundations and institutions on equitable investment frameworks, including due diligence, innovation, and implementation.
  - Trinity Church Wall Street: This firm uses a social equity lens that proactively surfaces lesser-known, impact-focused fund managers.

– **Collaborate with other allocators to build a community of like-minded funders.** By intentionally communicating about their experiences with emerging managers, allocators can build a community of funders that jointly drive change in the VC industry. Form collaboratives and share pipeline, due diligence frameworks, and insights. This approach reduces the individual burden on allocators and enables higher-impact systemic change.

- Implementation steps:
  - Join coalitions focused on diverse manager investing.
  - Share deal flow, diligence insights, and best practices openly.
  - Create joint investment vehicles or co-investment opportunities.
- Implementation models:
  - NAIC and the Allocator Collective partnership: This partnership facilitates conversations among LPs, GPs, and consultants to standardize best practices for diverse manager investing.
  - Impact Capital Managers Mosaic Fellowship: This fellowship helps underrepresented professionals gain exposure to asset allocation roles while creating a pipeline of diverse talent.

We recognize that allocators face real constraints when investing in emerging managers—chief among them are maximum ownership thresholds. The large minimum check sizes required by many allocators often prevent them from investing directly in emerging managers' primary funds. To address this issue, allocators may consider models that enable them to right-size their investments. Fund-of-funds and Separately Managed Accounts are powerful tools—whether for institutions that are too large to invest directly or for smaller institutions that could invest directly but lack the network, capacity, or expertise to source top emerging managers. By engaging in "alternative investment models," allocators can build relationships early, grow their investments as the firms grow, and invest directly in managers once concentration risk has been eliminated.

RECOMMENDATIONS FOR FUND MANAGERS

Our recommendations for fund managers are more concise and reflect the counter side of the recommendations for asset allocators. The interviews and roundtables revealed several ways for emerging managers to help drive more capital to their funds.

- **Clarity is key for fund managers, too.** From the investment thesis to the fund construction, the emerging manager's goals and processes should be clear and defined. A clear investment thesis enables LPs to more quickly determine whether their mission aligns with that of the fund being evaluated. The LPs surveyed for this report highlighted a higher rate of success with fund managers who have a strong pitch that demonstrates a thorough understanding of the problem they are trying to solve. Create a clear investment thesis and then curate a pool of potential LPs that align with your mission.
- **Your fund size defines your target investor base.** Most institutional investors manage multibillion-dollar portfolios and often have an established minimum check size to ensure that their investments are as cost-effective and impactful as possible. Managers with small funds must acknowledge the reality that many institutional investors are not ready to invest in small funds because of their minimum check size. Therefore, they should expand their LP pool and consider family offices, foundations, and endowments that are mission aligned and have fewer capital allocation restrictions. In their pitches to institutional investors, emerging managers should clearly communicate their investment strategy in a way that demonstrates potential for growth and scalability of small funds.
- **Share your successes as you achieve them.** How fund managers communicate matters, and beyond a pitch deck, storytelling is a powerful tool that they can use to build reputation and trust. It helps translate technical deals and strategies into relatable, human-centered narratives, making information more accessible and engaging. By connecting with target investor audiences, storytelling fosters transparency and credibility, which are essential to building long-term trust. Fund managers can invest in their fund's story by actively promoting successes in earned media opportunities, especially in trade publications that target asset owners, and on LinkedIn and other social media platforms to create a cohesive narrative of their fund's impact and returns.

The Case of Recast Capital's Accelerate Program

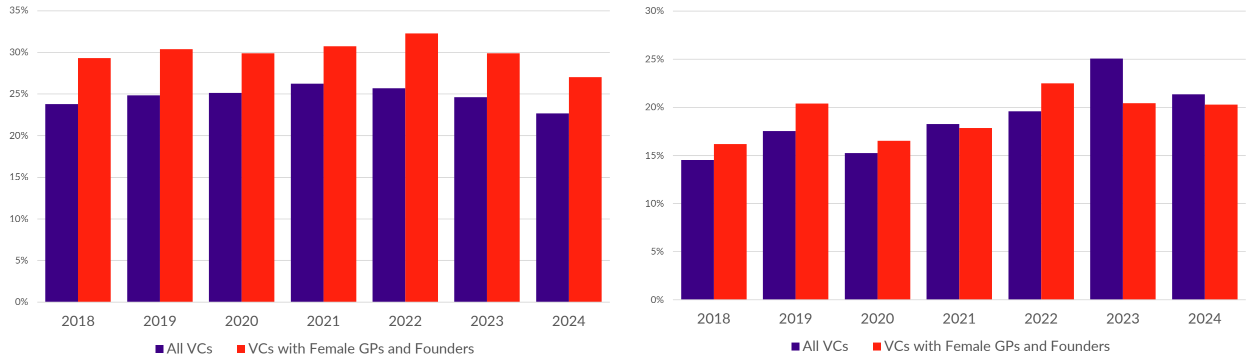
AN OVERVIEW OF THE ACCELERATE PROGRAM AND ITS PARTICIPANTS

Recast Capital's Accelerate program provides a practical example of how strategies such as those outlined above can support fund managers and entrepreneurs from diverse backgrounds, including those who identify as women and nonbinary. Recast Capital designed the Accelerate program with the objective "to accelerate the success of women-led, emerging US venture capital funds."[25] The focus on women was based on the hypothesis that increasing female representation among early-stage fund managers would increase VC funding to early-stage companies led by women and those from other underrepresented backgrounds.

VC industry trends support this hypothesis. On an annual average, VC funds with female decision makers engage in a higher proportion of deals targeting companies with female founders relative to all VC funds (Figure 7a).[26] In addition, VC funds with women decision makers also tend to allocate the same or a higher proportion of their capital to companies with female founders, although the evidence here is more mixed and depends on the year considered (Figure 7b). These investment patterns are confirmed by third-party research. A 2019 study by the International Finance Corporation found that female partners are almost twice as likely to invest in female entrepreneurs as male partners.[27]

Figure 7. VC Investments in Companies with Female Founders, by Gender of Investment Managers and Year

7a. Proportion of Deals *7b. Proportion of Capital*



Source: Milken Institute analysis using data from PitchBook Data, Inc. (2025)

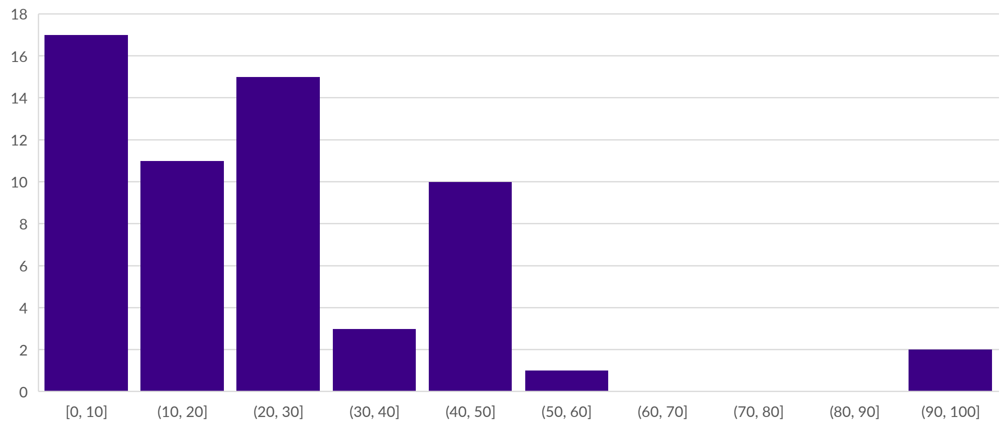
The Accelerate program was designed to support VC funds with at least one GP who identifies as a woman or nonbinary person. Throughout the program, Recast Capital provides the participant funds with opportunities that might not otherwise be available to them, including access to educational content, opportunities for peer learning, firm-building resources, and complimentary executive coaching. In return, Recast Capital requires Accelerate program participants to track and report back the demographic information of the founders of companies in which they invest. Because of its design and mission, the program provides a unique case study of how support for women-led funds can increase funding for companies led by entrepreneurs from diverse backgrounds.

The Accelerate program was announced in spring 2023, with cohort 1 participants selected by August 2023 and the official launch of the program in September 2023. By March 2025 (when the data for the current study were collected), the program provided support for two cohorts of women emerging VC managers, for a total of 61 funds. For ease of discussion, we refer to this group as the "Accelerate participants."

As described in the "Methodology" section above, the Milken Institute ICAP team, in collaboration with Recast Capital, conducted a survey that asked the Accelerate participants to report information about their funds and the companies they had financed. Although the data presented here do not reflect the entire investment period of these funds, they provide an interesting and informative snapshot of the early challenges, management decisions, and investment choices made by the participants' VC funds. In future collaboration with Recast Capital, we plan to update these data as cohorts 1 and 2 complete their investment periods and information on cohort 3, which will begin this year, becomes available.

Accelerate participants consist of early-stage funds, with 46 (78.0 percent) of the 59 funds that answered our survey focusing solely on pre-seed and/or seed investments and only 3 funds (5.1 percent) mentioning a focus on Series B investments. The majority of the participants were on their first fund iteration, with 12 on their second fund iteration and 1 with a permanent fund structure.

Figure 8. Histogram Distribution of Target Fund Sizes of Accelerate Participants



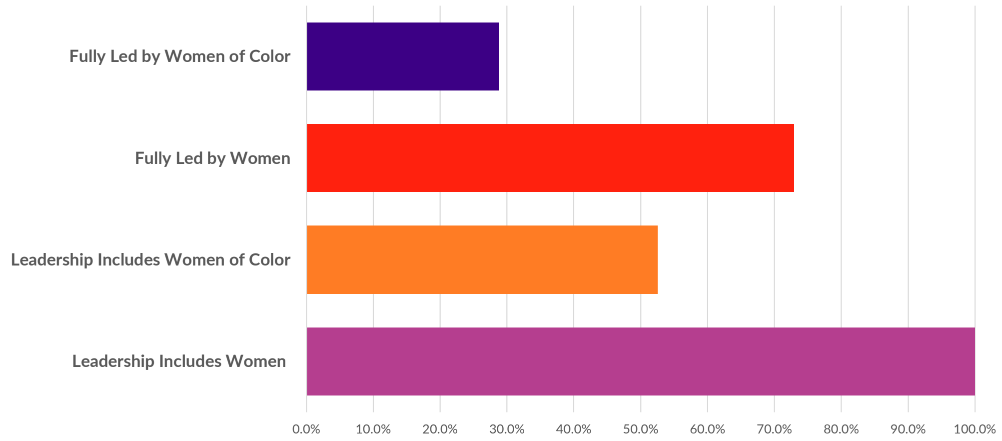
Source: Milken Institute (2025)

The median target fund size was $25 million, with most (46, or 78 percent) with a target fund size below $50 million and only two with a target fund size of $100 million (Figure 8). These targets, while low compared to funds with established managers, are in line with average targets established by emerging VC fund managers, as established by previous studies. Most (13 out of 23) of the Accelerate funds that had held a final close of their funds by the time the survey was conducted had achieved their target fund sizes.

DEMOGRAPHICS OF ACCELERATE PROGRAM'S PARTICIPANTS AND THEIR FUNDED COMPANIES

Because of the program's design and objectives, the funds that participate in the Accelerate program are largely led by women and people of other diverse backgrounds. Of the 59 participants in our survey, 43 (72.9 percent) were fully led by GPs who identify as women or nonbinary, while the leadership teams of the remaining 16 were composed of male and female or nonbinary GPs. Moreover, more than half of the funds (31, or 52.5 percent) included a woman of color (WOC) among their leadership team, and 17 (28.8 percent) were fully led by GPs who identified as a WOC (Figure 9).

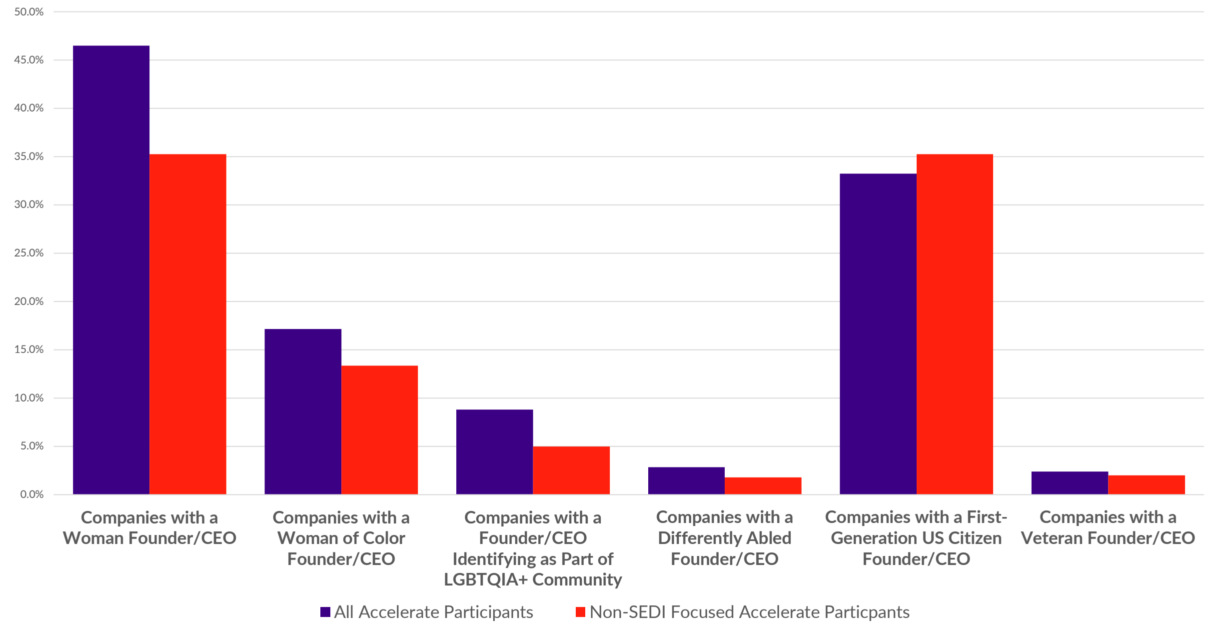
Figure 9. Proportion of Accelerate Participants, by Demographics of Leadership Team



Source: Milken Institute 2025

Their fund's investment decisions reflect the diversity among Accelerate participants' leadership teams. Nearly half (46.5 percent) of the companies they funded had at least one female-identifying founder or CEO. This percentage is well above the VC industry standard, which is closer to 25 percent, as discussed above. A number of other diversity metrics also distinguished the leadership of companies funded by Accelerate participants. Of these companies, 33.2 percent included a first-generation US citizen among their leadership, 17.1 percent included one or more WOC, 8.8 percent included a person who identified as belonging to the LGBTQIA+ community, 2.8 percent included a person disabled, and 2.4 percent included a veteran founder or CEO (Figure 10).

Figure 10. Proportion of Firms Funded by Accelerate Participants, by Demographics of Companies' Leadership Teams



Source: Milken Institute (2025)

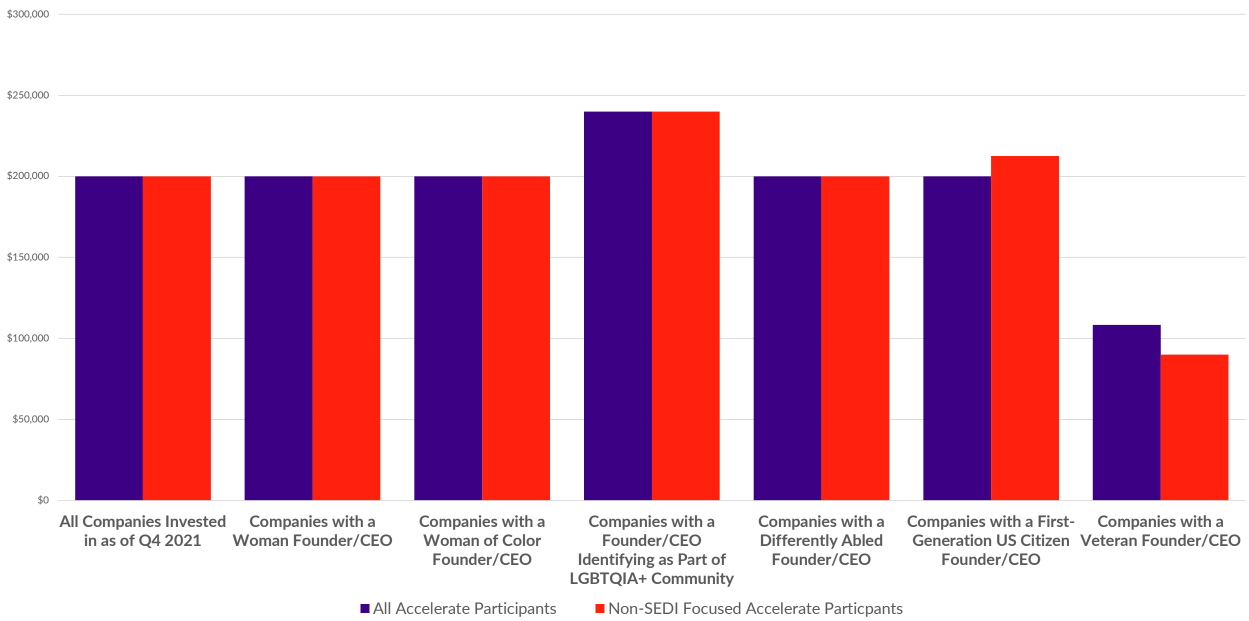
The high diversity among the leadership of companies funded by Accelerate participants is not exclusively due to a focus on socially or economically disadvantaged individuals (SEDI). Only 16 of the funds that have participated in the program reported a focus on SEDI. Although these 16 funds were more likely to invest in companies with a diverse leadership team than other Accelerate participant funds, participant funds without a SEDI focus also displayed an affinity to invest in companies led by women and people of diverse backgrounds.

> Over a third (35.3 percent) of the 502 companies funded by Accelerate participants without a SEDI focus had a female founder or CEO.

In addition, 13.3 percent of these 502 companies had leaders who identified as WOC, 5.0 percent had leaders who were members of the LGBTQIA+ community, 2.0 percent had veterans, and 1.8 percent had people who are differently abled among their leadership teams. Of note, Accelerate participants without a SEDI focus were more likely to invest in companies with first-generation US citizen founders and CEOs compared to the rest of the group (Figure 10). In sum, participants display an inclination toward diversity in their investment decisions, regardless of whether they have an explicit focus on SEDI.

In terms of deal size, the companies with diverse leadership teams funded by Accelerate participants benefited from deals of similar magnitude as their counterparts with non-diverse leadership. Indeed, the median of the average amount of capital provided by participants to companies led by women, WOC, LGBTQIA+ people, people who are differently abled, and first-generation US citizens was as high as or higher (in the case of LGBTQIA+ founders) as the overall median of the average deal size (Figure 11). This fact holds true regardless of whether we consider all Accelerate participants or just the participants without a particular focus on SEDI. The only group of companies that were funded through deals that provided relatively lower values of capital (on median) were companies with veterans on their leadership teams.

Figure 11. Median of the Average Deal Size Made by Accelerate Participants, by Demographics of Companies' Leadership Teams

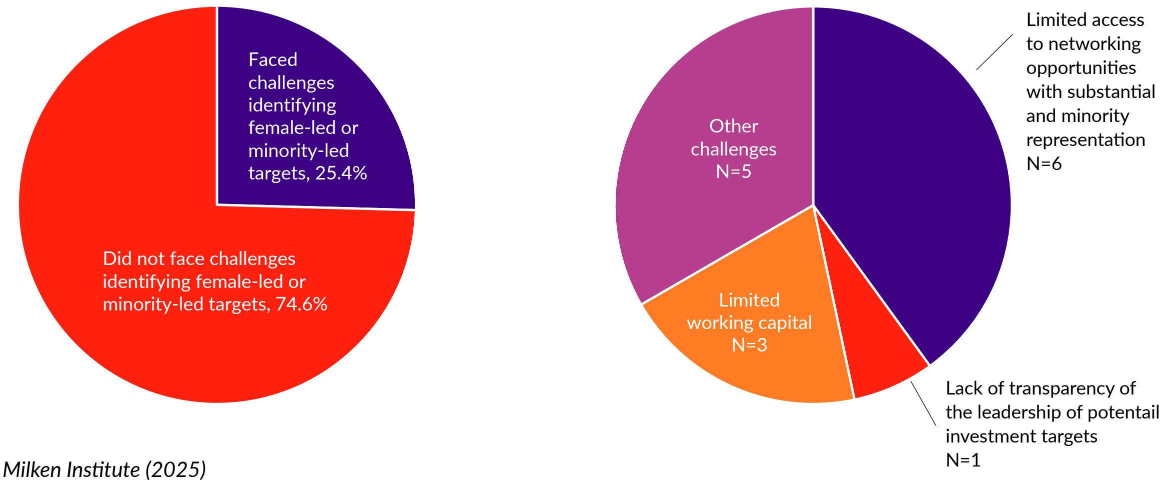


Source: Milken Institute (2025)

The above-average investments made by Accelerate participants in companies with founders and CEOs of diverse backgrounds likely reflect the diversity of fund managers' networks. Most (74.6 percent) participants did not report challenges to identifying female or minority-led targets, and only 6 reported limited access to networking opportunities with a substantial minority representation as a challenge (Figures 12a and 12b).

Figure 12. Access to Diverse Founders Among Accelerate Participants

12a. Perception of Challenges to Identifying Diverse Targets *12b. Types of Challenges (if any)*



Source: Milken Institute (2025)

When asked to elaborate on why they did not perceive substantial challenges to identifying diverse targets, fund managers listed reasons such as having a "strong network of women and minority founders" and "an overwhelming amount of deal flow from female and minority co-founded or founded companies." One female fund manager who participated in the Accelerate program stated that "female and minority-led start-ups have flocked to me, likely because I am a female minority GP," while another said that her fund has no issues finding top founders of diverse backgrounds "because we are an all-female team and have created an operator community of female leaders at top companies that acts as a scout program." These statements provide further support for Recast Capital's hypothesis that supporting GPs and emerging fund managers can increase VC funding for companies founded or led by people from underrepresented backgrounds.

The Path Forward

This report is part of a broader effort to revitalize data collection practices and strengthen commitments to include women and nonbinary emerging fund managers in VC. It is a starting point for a more comprehensive analysis of the performance and impact of these fund managers, with the goal of developing data-driven strategies that support their continued growth and long-term success in VC.

As part of our ongoing efforts, the Milken Institute Research team and the ICAP team will continue to partner with Recast Capital to manage the data collection process for present and future Accelerate participants. In doing so, we will seek to analyze the demographic characteristics—including race, gender, ethnicity, and sexual orientation—of the company founders receiving money from the participants. Initial findings from this report are strong: capital that is allocated to women emerging fund managers directly impacts the amount of capital that is deployed to founders and entrepreneurs of all backgrounds. We recognize that all sectors of the financial services industry, including institutions like the Milken Institute, can contribute to expanding opportunities for diverse fund managers. We aim to build a strong, inclusive network of asset managers, allocators, thought leaders, educational institutions, and consultants to advance this research and drive meaningful increases in capital flowing to women- and nonbinary-led funds.

Appendix

Asset Manager: Asset managers play a crucial role in the investment landscape, with fiduciary duties similar to those of limited partners. They are obligated to act in the best interest of their clients, leveraging their expertise to guide institutional investors such as endowments, pension funds, and insurance companies toward wise investment decisions. Asset management is the practice of growing a client's investment portfolio while mitigating losses in accordance with investment goals and risk tolerance.[28]

Diverse Fund Manager: A firm that is at least 25 percent owned by women and/or ethnic minority group members and/or people of the LGBTQIA+ community or where diverse teams receive 25 percent to 50 percent of the fund's carried interest.

Emerging Fund Manager: While others define emerging managers using assets under management, we define emerging managers as venture capital firms with first, second, and third-generation funds.

Gender Lens Investing: The process of integrating gender as an analysis factor into investment processes for better social and financial outcomes.[29]

General Partner: A general partner is a member of a limited partnership who plays an active role in day-to-day operations and assumes unlimited personal liability for any business debts.[30]

Institutional Allocator: An institutional allocator buys, sells, and manages stocks, bonds, and other investment securities on behalf of its clients, customers, members, or shareholders; may include but is not necessarily limited to pensions, insurance companies, sovereign wealth funds, outsourced chief investment officers, single- and multi-family offices, and endowments and foundations.

Investment Leadership Team: The firm's partners and general partners compose the investment leadership team.

Limited Partner: Limited partners are investors in general partnerships; they include institutional allocators and individual accredited investors.

Women- or Nonbinary-Led Fund: A women- or nonbinary-led fund has at least one general partner who identifies as a woman or nonbinary individual.

Endnotes

1. “The $700 Billion Opportunity: Women Investors Unlocking the Female Dollar,” Milken Institute, Global Conference 2024, May 7, 2024, https://milkeninstitute.org/content-hub/event-panels/700-billion-opportunity-women-investors-unlocking-female-dollar.

2. Milken Institute analysis using data from PitchBook Data, Inc. (2025).

3. Chris Metinko and Gené Teare, “Drop in Venture Funding to Black-Founded Startups Greatly Outpaces Market Decline,” *Crunchbase News*, February 27, 2024, https://news.crunchbase.com/diversity/venture-funding-black-founded-startups-2023-data/.

4. “Venture Capital and Entrepreneurship,” Harvard Kennedy School, Women and Public Policy Program, accessed May 27, 2025, https://www.hks.harvard.edu/centers/wappp/research/past/venture-capital-entrepreneurship#:~:text=Currently%20in%20the%20United%20States,share%20in%202018%20(2.3%25).

5. Kendra Newson Reeves, Chris McIntyre, et al., “In Private Investment, Diverse Fund Management Teams Have Opened Doors,” BGC, March 6, 2024, https://www.bcg.com/publications/2024/diversity-in-private-investment.

6. Ivelina Niftyhontas, “Journey Through Time: A Comprehensive History of Venture Capital,” GoingVC, December 7, 2023, https://www.goingvc.com/post/journey-through-time-a-comprehensive-history-of-venture-capital.

7. Projected market size is calculated using a starting value of $337.4 billion and a compound annual growth rate of 17.56 percent from 2025 to 2033, based on “Venture Capital Investment Market Size, Share, Trends, and Forecast by Sector, Fund Size, Funding Type, and Region, 2025–2033,” IMARC Group, accessed May 30, 2025, https://www.imarcgroup.com/venture-capital-investment-market. See also, “NVCA Yearbook,” NVCA, accessed May 30, 2025, https://nvca.org/nvca-yearbook/.

8. Julian Guthrie, *Alpha Girls: The Women Upstarts Who Took on Silicon Valley’s Male Culture and Made the Deals of a Lifetime* (New York: Currency, 2019). See also, “Founder and Managing Director of Women’s Venture Capital Fund to Speak,” Universities of Wisconsin, June 16, 2000, https://www.wisconsin.edu/news/archive/founder-and-managing-director-of-womens-venture-capital-fund-to-speak/#:~:text=The%20Women’s%20Growth%20Capital%20Fund,a%20Small%20Business%20Investment%20Company.

9. *Diverse Manager Investing: Poised for Sustained Momentum* (GCM Grosvenor, October 2022), https://www.gcmgrosvenor.com/wp-content/uploads/Diverse-Manager-Momentum-GCM-2022-10.pdf.

10. Andrea Hoffman, "Black Venture Capital 2022," Culture Shift Labs, accessed May 30, 2025, https://cultureshiftlabs.com/wp-content/uploads/2022/08/BlackVCReportVolumeII_092122.pdf?hsCtaAttrib=165298450742.

11. Milken Institute analysis using data from the "US VC female founders dashboard," PitchBook Data, Inc., last updated May 7, 2025, available at https://pitchbook.com/news/articles/the-vc-female-founders-dashboard.

12. Milken Institute analysis of data from the "US VC female founders dashboard," PitchBook Data, Inc., last updated May 7, 2025, available at https://pitchbook.com/news/articles/the-vc-female-founders-dashboard.

13. Milken Institute analysis using data from PitchBook. This analysis includes all investors conducting venture capital deals in the US in 2024, including venture capital firms and other types of venture capital investors, such as family offices, corporations, and government entities.

14. Josh Lerner, Rahat Dewan, et al., *Knight Diversity of Asset Managers Research Series: Industry* (Knight Foundation and Bella Private Markets, 2021), https://knightfoundation.org/wp-content/uploads/2021/12/KDAM_Industry_2021.pdf.

15. *US All In: Female Founders in the VC Ecosystem* (PitchBook, March 5, 2025), https://pitchbook.com/news/reports/2024-us-all-in-female-founders-in-the-vc-ecosystem.

16. *Examining the Returns: The Financial Returns of Diverse Private Equity Firms* (National Association of Investment Companies, 2021), https://naicpe.com/wp-content/uploads/2021/11/NAIC2021-ExaminingTheResults.pdf.

17. *Examining the Returns.*

18. *Examining the Returns.*

19. Zane Carmean, Susan Hu, et al., *Establishing a Case for Emerging Managers: Exploring the Effect of Managers' Experience on Private Fund Returns* (PitchBook, April 29, 2024), https://www.scribd.com/document/813097988/Q2-2024-PitchBook-Analyst-Note-Establishing-a-Case-for-Emerging-Managers.

20. Dana M. Peterson and Catherine L. Mann, "Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the US," Citi, September 22, 2020, https://www.citigroup.com/global/insights/closing-the-racial-inequality-gaps-20200922.

21. "Closing the Racial Inequality Gaps."

22. *Moving Toward Gender Balance in Private Equity and Venture Capital* (International Finance Corporation, Oliver Wyman, and RockCreek, March 6, 2019), https://www.ifc.org/en/insights-reports/2019/gender-balance-in-emerging-markets.

23. Pontus Averstad, Fredrik Dahlqvist, Alexandra Nee, Gary Pinshaw, David Quigley, Eitan Lefkowitz, and Mohammed Shafi, "The State of Diversity in Global Private Markets: 2023." McKinsey & Company, August 22, 2023, https://www.mckinsey.com/industries/private-capital/our-insights/the-state-of-diversity-in-global-private-markets-2023.

24. "Due Diligence 2.0 Commitment," The Real Racial Equity Asset Lab, accessed June 3, 2025, https://racialequityassetlab.org/due-diligence-commitment/.

25. "Accelerate the Change," Recast Capital, accessed March 27, 2025, https://recastcapital.com/accelerate/.

26. We focus on female-funded companies due to limited data on other demographics (e.g., race) of the female founders available through PitchBook.

27. *Moving Toward Gender Balance in Private Equity and Venture Capital*.

28. Plamena Malinova, "How Do Asset Managers Create Value for LPS?" Pitchbook, accessed July 28, 2025, https://pitchbook.com/blog/how-do-asset-managers-create-value-for-lps.

29. "Develop a Foundational Understanding of Core Gender and JEDI Investing Tools and Concepts," JEDI Investor Toolkit, accessed July 28, 2025, https://www.jediinvesting.com/get-started#foundations.

30. Will Kenton, "General Partner: Definition, Role, Examples, and Main Benefits," Investopedia, Accessed July 28, 2025, https://www.investopedia.com/terms/g/generalpartner.asp.

About the Authors

Melanie Schwartz is an associate director with Milken Institute Finance and has a background in African and emerging markets, strategic communications, and international development. Schwartz works within the Institute's Inclusive Capitalism initiative and proudly supports the program's various initiatives designed to progress diversity, equity, and inclusion in the financial sector. Prior to her role at the Institute, Schwartz led communication strategy at an investment advisory firm working to increase US capital into African markets. Schwartz received her Bachelor of Arts in international studies from Spelman College and her Master of Arts in global communication from George Washington University.

Maggie Switek, PhD, is a senior director on the research team at the Milken Institute. She heads all projects related to economic growth and opportunities across regions and communities in the US and abroad. Before joining the Institute, Switek worked in academia and consulting, developing a broad range of expertise in economic competition, labor, public policy, and well-being. Her experience includes working with enforcement agencies to evaluate changes in economic competition structures, advising on the impacts of regulation, and lecturing on economic policy and related topics. In research, Switek's interests include labor, economic well-being, and regional economics. She has published studies related to the effects of public social spending on the quality of life in Latin America, the impact of rapid economic growth (and accompanying economic changes) on well-being in China, and migration patterns among young adults in Sweden. Switek received her PhD in economics from the University of Southern California in 2014.

Troy Duffie is director of financial markets at the Milken Institute and has a background in venture capital, social impact investing, and affordable housing. Prior to his role at the Institute, Duffie held numerous roles at S&P Global and worked as a climate tech and social impact investor at NextEra Energy Investments, the corporate venture arm for NextEra Energy, the largest generator of renewable energy in North America. As a proud Historically Black College and University (HBCU) alumnus, Duffie serves as head of the Milken Institute's HBCU Strategic Initiative and Fellows Program and, in partnership with eight HBCUs, connects students with resources, soft skills, and internships with asset managers. Duffie has conducted independent research in Ghana, China, and Cuba around the importance of equitable investment and the impacts of globalization on "non-Westernized" cultures. As a passionate advocate for affordable housing, he has partnered with startups, local governments, and community development corporations to alleviate the affordable housing shortage across the US and Canada. Currently, Duffie serves as chairman of the board of the St. John Community Development Corporation, a multimillion-dollar not-for-profit developer of affordable housing in South Florida and is leading a team to create a faith-based 501(c)(3) to advocate for and build affordable housing in the Denver Metropolitan Area. Duffie received his MS in finance and BA in economics and community development from Howard University.

MILKEN INSTITUTE

LOS ANGELES | WASHINGTON | NEW YORK | MIAMI | LONDON | ABU DHABI | SINGAPORE