

Gender Lens Investing Landscape

—
EAST & SOUTHEAST ASIA

Published July 2020

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Foreword

Foreword

In recent years, gender lens investing (GLI) has gained great traction, as the rationale of incorporating a gender lens into investment decision-making has become evident: GLI uncovers overlooked investment opportunities, mitigates investment risks, and provides a way to achieve better social and environmental outcomes. Globally, the concept of GLI has been embraced by various asset owners and managers, including:



Large Institutional
Investors



Development
Agencies



Foundations and
Family Offices



High Net Worth
Individuals



Retail Investors

In 2017, empowering women in Asia became one of The Sasakawa Peace Foundation's five strategic goals. Since then, we have been committed to promoting GLI, as we see the important role that it plays in contributing to the economic development of the region, and in accelerating a more inclusive, dynamic and sustainable development for all. To further realize our vision, we have launched the Asia Women Impact Fund, through which we commit to making gender lens investments of up to USD 100m from our endowment, with a focus on improving gender equality and empowering women in Asia. Aside from making investments, we are also dedicated to the ecosystem-building work of GLI in Asia through action-oriented convening and knowledge-sharing.

As part of our ecosystem-building endeavor, we are honored to partner with Catalyst at Large

and Sagana on this report to identify and deep dive into the gender lens investment vehicles in East and Southeast Asia in both public and private markets. We are very encouraged to see that Asia has become the second-largest market of GLI in the world, while feeling humbled by all the efforts that have been put in to date by so many like-minded players in the region. Yet most importantly, we should not feel contented with ourselves; there certainly still exists a long way to go, to truly achieve the fifth sustainable development goal: gender equality. In light of this, we hope that this report might spark inspiration and interest, and attract more capital and resources into GLI so that together, we are creating societies that are inclusive for all.



Ayaka Matsuno

Director

Asia Women Impact Fund

Gender Investment and Innovation Department

The Sasakawa Peace Foundation



02

Introduction

Introduction

Gender Lens Investing Landscape: East and Southeast Asia was published in July 2020

for investors interested in gender lens investing (GLI) and asset managers who wish to create gender lens investment vehicles in East and Southeast Asia.¹



The report is designed to provide a landscape of gender lens investment vehicles and is intended to be used as a baseline to track the size and state of the market over time. It also highlights interesting innovations already present in the market. We hope it inspires people as they think about this space, and it provides them a springboard for their capital deployment strategies.

The report dives into Private Markets, covering venture capital, private equity and private debt funds, and Public Markets, covering public equity and fixed income funds. It showcases some private bond placements; however it does not cover the entire breadth of that market. It also shares case studies of asset owners already investing with a gender lens to give the investors perspective, but it does not attempt to cover or profile all the active investors in the market.

While the landscape covering private and public market investment vehicles is substantial in size, we do not aim to cover the entire capital spectrum. For example, while angel investors are a key part of the entrepreneurial lifecycle, their activities are often not publicly available and hence are not covered in this report. Similarly, there is capital

from Development Finance Institutions (DFIs), development agencies and foundations being deployed in the region with a gender lens, but this capital is typically in single securities such as private bond placements or grant capital used to develop individual players' capabilities or build the ecosystem.

The report does not cover investment performance, in part due to the lack of public reporting on private market vehicles and in part due to the lack of appropriate benchmarks in the public market segment. We believe there is still a lot of value in highlighting the amount of capital invested through a gender lens.



We recognize that these amounts may have changed significantly since the reporting dates used in this report, given the COVID-19 related market volatility. We believe the snapshot remains valuable as a baseline and as the basis for comparison to other regions.

1. Unless specified, "Asia" in the report will refer to East and Southeast Asia.

Approach

This report seeks to identify and provide a baseline for investment opportunities using a gender lens in East and Southeast Asia. The basis of the private market data is the Project Sage 3.0 (2019) report by Wharton Social Impact Initiative and Catalyst at Large, and the basis of the public market data is the Public Market Scan (2019)^{2,3,4} by Veris Wealth Partners. On top of the raw data from these two sources, we conducted over 20 interviews to understand more in-depth the motivation, structure, language and incentives of vehicles across asset classes. We also interviewed a few investors for context, although this was not comprehensive, nor a primary focus of this report.

The Project Sage 3.0 data was gathered in March 2020 through electronic surveys, and represents vehicle information as of 31st December 2019. The Veris data was collected primarily by gathering publicly available information and represents vehicle information as of 30th June 2019.

While this timing leaves a six-month gap between the two datasets, the information within the private markets and within the public markets is consistent and comparable. The investment vehicles covered in Project Sage 3.0 were private market structured funds and vehicles with a gender lens. Project Sage 3.0 has a taxonomy of funds with a quantified gender lens mandate, funds with a gender lens mandate, funds with gender as a factor of consideration, and funds with no publicly stated gender lens but where there are significant outcomes around gender. There are certainly other funds in private markets that invest in women. And there are funds run by women and gender-diverse teams that do not have a gender lens. These are not included. The scan covered the period through December 2019. We know that there are some exciting new funds that have launched since that time; they were not included in Project Sage 3.0 but we do mention some of them here.

While the researchers of both datasets aimed to be comprehensive in their list of vehicles, neither excludes the possibility that they may have missed funds applying a gender lens. A decision was taken by both researching organizations as well as the authors of this report to exclude microfinance funds. There is no right or wrong answer as to whether MFI instruments fall under the definition of gender lens investing, but the field-builders of GLI have focused on newer strategies, outside the mature and well-established microfinance sector. Neither the private market dataset nor the report includes angel investment. Angel investors are a key part of the entrepreneurial lifecycle. However, their activity is often not structured into a separate investment vehicle, and information about their investments is not publicly available in a consistent way.

2. Note that the Veris scan only covers gender lens mandate vehicles, i.e. those with a named strategy. It does not cover ESG/SRI funds with a strong gender lens, therefore leaving out some funds that we could have considered. Two such examples are: Boston Common Asset Management and RobecoSAM.


3. Veris analysis for 2019: <https://www.veriswp.com/gender-lens-investing-assets-grow-to-more-than-3-4-billion/>

4. For this report, private bond placements included in the Veris analysis, have been excluded.

Defining Gender Lens Investing

Gender lens investments are investments made with an intentional approach to looking at gender factors in investments, in order to get to better business, social, environmental, and investment outcomes. That might mean mitigating risk, or seeing opportunities, or both.

Each investment vehicle or investor has a unique way of defining what “gender lens investing” means for them. Below are two distinct but interconnected approaches to defining it:



Investing in companies with an intent to address underlying gender issues and opportunities, seeing the risk of not paying attention to gender, and/or promoting gender equity. We observed that many funds use a blend of the following three approaches:

- ✓ **Providing women with access to capital:** Funds look at women as entrepreneurs, innovators, or leaders. They invest in businesses which are owned and/or led by women. These could be businesses which would otherwise find it difficult to access capital. Or this could be to recognize excellent businesses with women or gender-balanced leadership as a source of opportunity.
- ✓ **Addressing workplace equity internally and throughout value chains:** Funds look at women in management and as employees more broadly. They invest in businesses which tend to or aim to have a fair representation of women in staffing, management, boardroom representation, and along their supply chains, as well as looking at policies and practice which are good for women. They see investing in workplace equity as a source of strength in a business and may look at those firms who do not address disparities as a source of potential risk.
- ✓ **Promoting products and services that benefit or address the commercial needs of women and girls:** Funds with this focus look at women and girls as consumers and see the market opportunity therein. They invest in businesses that offer products or services that substantially improve the lives of women and girls. Again, they may see those companies who do not understand the distinct needs and opportunities of women and girls as a source of potential risk.



Incorporating a gender lens within their investment process. This could be achieved by:

- ✓ Adapting or sharpening an investment process that is intentional in regarding gender factors, from pre-investment activities (e.g. sourcing, due diligence, and selection) to post-deal execution (e.g. impact metrics, strategic advisory, and exiting).
- ✓ Building a strategy that explores and manages the relationship with an investee in line with the investor’s mandate and intentions with respect to:
 - 👁️ | Their vision or mission to address gender issues
 - 🏢 | Their organizational structure, culture, internal policies, and workplace environment
 - 📊 | Their use of data and metrics for the gender-equitable management of performance and to incentivize behavioral change and accountability
 - ♀️ | How their financial and human resources signify overall commitment to gender equality

It is important to note that while some funds “lead” with gender, some lead with the sectors or themes that they invest in, and their gender lens is important, but not the most important thing they want investors to know about their funds. For LPs or capital allocators who may be leading with climate, healthcare, education, or the fact that they do growth-stage VC with strong diversity as an attribute, they can still find gender lens funds that match their investment priorities.

Why Do We Need Gender Lens Investing?



In a world filled with societal and economic challenges, we need women as leaders and innovators in business.

We need to tap into women's resilience in managing resources, in workforces and as customers.



Whether one is seeking pure business outcomes, sustainable development, social and societal equity, or COVID-19 resilience, business, society and investors need women and diverse teams to thrive. And yet, investors and investment markets have consistently undervalued the role that women play. Leading investors are unlocking that value and creating competitive advantages for their firms and underlying investments.

Investment can be used as a tool to shift market behavior and get capital to the funds and firms that are demonstrating and benefitting from gender equity and equality, and seeing the strength of women as a market force and the risk of not paying attention to gender patterns.

In recent years, businesses, investors and funds have made uneven progress in gender equality and equity. Women's formal and informal workforce participation in supply chains and in supervisory roles shows a steady increase, but labor conditions, pay equity and fair practices are still not the norm. Despite recent advances in female board participation globally, gender diversity among top executives remains disappointingly low across all markets, with only some improvement discerned in the past few years.



20%

of the private equity and venture capital portfolio companies in emerging markets have a gender-balanced leadership team



70%

leadership teams are all male.⁵ And this is despite clear evidence that gender-diverse teams lead to better financial performance.⁶



<20%

of the C-suite in global corporates are female, a number which is significantly lower in many countries in Asia (with some notable exceptions)

Moreover, there does not appear to be a correlation between board gender diversity and gender diversity in the C-Suite at the market level.⁷

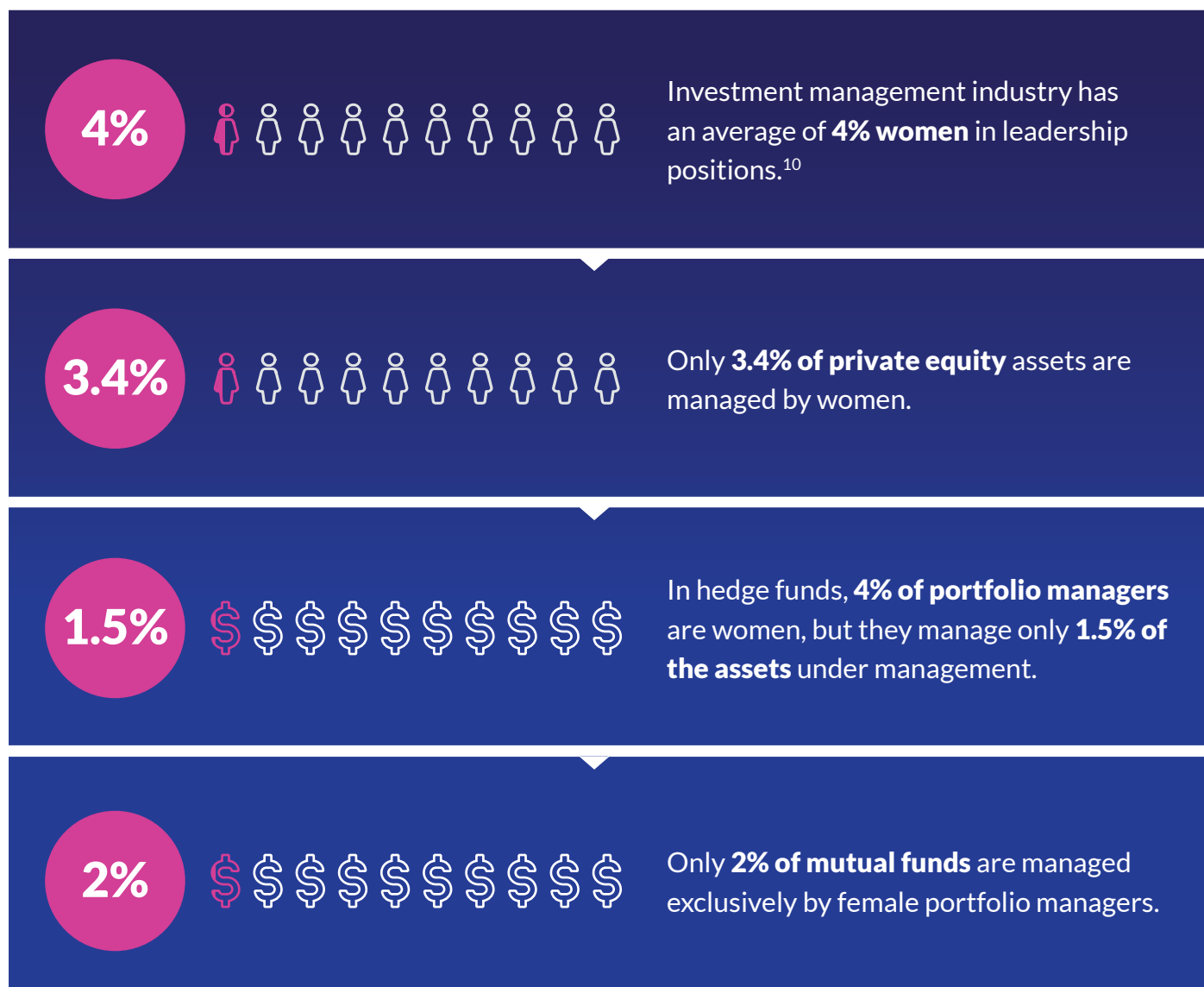
5. <https://www.ifc.org/wps/wcm/connect/79e641c9-824f-4bd8-9f1c-00579862fed3/Moving+Toward+Gender+Balance+Final.pdf?MOD=AJPERES>

6. <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

7. <https://corpgov.law.harvard.edu/2018/08/13/women-in-the-c-suite-the-next-frontier-in-gender-diversity/>

Women's entrepreneurship is widely considered as a key to economic stability and GDP growth and sustainable development,⁸ as well as a source of innovation and business strength. Women's entrepreneurship has steadily risen, globally and in Asia, but access to capital remains stubbornly low. Companies that positively affect the lives of women or see the value of women as innovators, and address structural challenges to gender equity through access to quality jobs, products and services, and roles in value chains, are often undervalued and underinvested. Additionally, one of the cornerstones of the 2030 Agenda for Sustainable Development is women's empowerment – and economic empowerment is essential for achieving it.⁹

Progress on gender diversity in the investment business has been painfully slow. The investment industry, which includes investment management, mutual funds, hedge funds, private equity and venture capital funds might have one of the lowest shares of women in leadership positions.



In emerging markets private equity, 2018 data from IFC shows a global average of no more than **15% women in senior roles** and on ICs – 11% if you leave out China. Hence, investors are prone to unconscious biases against looking at gender factors for analysis regarding women in leadership, policies and practices towards women employees, and are unable to fully understand the need for some of the products and services primarily targeted at women or the value of addressing women's needs in supply chains.

8. <https://www.entrepreneur.com/article/328908>

9. <https://sustainabledevelopment.un.org/post2015/transformingourworld>

10. <https://hbr.org/2019/03/when-will-we-see-more-gender-equality-in-investing>

This is a missed opportunity for investors. Additionally, investors and business leaders are missing market risk by not paying attention to gender, and we are missing a social and societal impact by not addressing this disproportionate lack of access to capital.

The role that investors can play in shifting market dynamics on gender includes:



Investing in listed funds

and firms that are outperformers on gender equity, to drive capital to the better actors and demonstrate that this has value to investors



Engaging in the boardroom,

by investing in structured vehicles in public markets that play an active shareholder engagement role to shift corporate behavior



Investing in private equity, venture capital, and private debt funds

that get capital to women and gender-diverse fund managers and to underlying portfolio companies that demonstrate gender equity or a commitment to gender equity



Seed funding new vehicles

that address issues that disproportionately affect women as leaders, innovators, workers, customers, and supply chain and distribution channel actors



Require funds and investment managers to address gender dynamics

by shifting their processes, teams, and structures. And use better data and analysis to make better investment decisions, mitigate risk, and increase opportunity sets

The best investors see opportunity where others do not. Spotting a potential source of alpha creates competitive advantage – and some investors are using a gender lens to do just that. Whether a fund leads with gender equity as a driver, or whether it is focused on market themes that are driving the economy and solving real problems, but where gender equity is a source of competitive advantage, should be a part of every investor's roadmap. Additionally, gender inequality is a pressing moral and social issue with significant impact on the lives and livelihoods of women and girls. Representing half the world's population, it also has a major impact on human development, labor markets, productivity, GDP growth, and inequality.¹¹

Until capital flows more evenly to gender-balanced teams and companies with policies and practices that are good for both women and men, in addition to women entrepreneurs and companies that are good for women, we believe that targeting gender as a theme in public and private investments is essential. Once we have reached parity and gender is normalized as a factor of analysis in all investment, we might hope that there will be no need to call out “gender lens investing” as it will be inherent in investment best practices. Until then, gender lens investment vehicles solve a compelling need while also driving smarter investment decisions and creating tangible value.

11. “World Bank. 2012. World Development Report 2012: Gender Equality and Development”



03

Summary

Summary



Gender lens investing (GLI) as a strategy is growing globally. Across public and private markets, there is a total of at least 192 “named”, active gender lens investment vehicles, with a total AUM of USD 7.7bn.¹²

This has increased by 61% from USD 4.8bn in 2018. Globally, North America continues to be the leader in GLI with the largest number of both public market and private market investment vehicles. North America-focused investment vehicles represent 41% of all investment vehicles. Meanwhile, Asia¹³ has the second-largest number of public market and third-largest number of private market investment vehicles.

Motivations for investors to invest with a gender lens vary widely. These could include, for example, for-profit asset managers realizing the potential for better financial returns, or decreased risk; philanthropic investors seeking alignment between their investments and their philanthropy and policy work; and impact investors recognizing the potential of improving the double bottom line by investing in women’s empowerment, or arenas where women are disproportionately affected by social issues, or where women are a source of innovation and social impact.

The level of understanding around gender issues and related terminology differs widely across stakeholders. Therefore, different fund managers take distinct approaches to communicating their gender strategy to the various stakeholders.



Private market vehicles are starting to use terms like “gender” and are moving away from terms like “women” and “female” in order to be more inclusive. On the other hand, public market vehicles – especially retail funds – use language that is easily understood by the public, such as “women power”, “women supporter”, and “The Women Fund”. Some funds are using terms like “women-led businesses” less as they expand GLI into the value chain, and recognize that diverse or male-led businesses can also have a positive impact on women and girls.

Despite investing with a gender lens, many funds do not use any language around gender, taking care not to reinforce stereotypes of women’s roles in society and with the understanding that workplace improvements benefit not only women, but all genders.

As GLI is a relatively new strategy in East and Southeast Asia, fund managers face multiple challenges while investing with a gender lens in the region. These include educating investors on GLI terminology; facing pre-conceived notions about GLI, and the perception that investing with a gender lens would result in a narrowing of the investment pipeline; getting gender-disaggregated data, as well as data on labor practices and women in supply chain; and people’s varying levels of understanding of gender issues within the same firm.

12. This AUM does not include angel investors, microfinance and private bond placements.

13. For this analysis, Asia includes East Asia, Southeast Asia and South Asia.

Although GLI is still in its early stages in Asia, it is growing rapidly, with an already sizable amount of capital being invested with a gender lens in the region. Funds have cumulatively raised USD 1.3bn in capital across both private and public markets.¹⁴ There are also a growing number of gender lens investment vehicles available for investors spanning almost all asset classes, across the majority of countries within the region. Yet, given the size of the population and diversity of countries in East and Southeast Asia, they do not cover all asset classes for all countries. There is a need for an even greater number and diversity of shapes and sizes of investment vehicles to meet the needs of asset owners.

Through 2019, 138 private market investment vehicles were identified globally, with a combined capital raised at USD 4.8bn.

In Asia, private market investment vehicles have led the growth of GLI, with capital raised by these vehicles increasing by 350% from 2018, to USD 815m in 2019.



This was caused by an increase in the number of funds joining the GLI fold every year, as well as an acceleration in the average amount of capital raised by them. Many of these funds are still in the process of raising capital, with at least 67% of the investment vehicles currently open to qualified investors. Second-time fund vehicles were also able to raise ~150% more capital on average than first-time funds.

Private market gender lens investment vehicles in Asia are extremely diverse; they invest in entrepreneurs across all investment stages. This report evaluated funds looking to invest in portfolio companies starting at the seed stage up to the growth stage. The AUMs of the funds were also very diverse, ranging from the smallest funds under USD 5m, to the largest funds above USD 500m. They also invest across sectors, with healthcare, consumer, education, and food being the most popular. While 88% of the funds understandably map their investments to Sustainable Development Goal (SDG) #5 “Gender equality”, collectively, they cover all 17 SDGs.

While gender diversity within private market investment vehicles has improved over time, both Asian and global funds have a long way to go. Only 50% of the investment vehicles in Asia have a gender-balanced investment committee, with only 38% of them having gender-balanced partnership teams; only 25% have both. And global numbers are even lower.

14. Calculating the region-wise AUM for private market investment vehicles is complicated, as multiple funds invest across different regions and geographies. For funds that invest in multiple geographies, it is not always possible to clearly designate capital for each region or country, and therefore, to make a fair comparison, their total AUM is being used for this analysis. Hence, AUMs for different regions might overlap and would not be additive.



We noticed that a lower number of investment vehicles in Asia agreed with “advancing more women as fund managers and on investment committees” as a definition of GLI. This is a unique issue in Asia, as global funds consider this definition to be as important as the other definitions. Unsurprisingly, the funds that agreed with the definition had an average of 65% female investment partners, compared to 41% female investment partners in the funds that did not agree.

It is also interesting to note that global private market investment vehicles consider gender to be a more important impact priority, compared to funds in Asia. 89% or “one of several key (3-4) impact priorities of equal importance”, compared to only 68% in Asia.

As previously mentioned, when it comes to public markets, North America continues to be the largest market globally for gender lens investment vehicles; however, GLI is gaining traction across the world – particularly in Asia. The number of Asian funds and their total AUMs have grown rapidly over the past few years. Of the six funds, five were initiated in 2017 or later. And although the number of funds in Asia is still much smaller than in North America, Asia is catching up with Europe and leads Australia, South America and Africa. Notably, a large portion of the public investment vehicles in Asia are based in Japan, perhaps encouraged by Japan’s policy on Womenomics. We also noticed that while Asia has nine investment vehicles available for retail investors and one gender bond, there were no known separately managed accounts (SMA) in Asia that our research uncovered. It is also important to note that there are some global public market investment vehicles that do look at gender as a factor of ESG, engage strongly in the boardroom, and are committed on gender, but these were not included in this report because they were not picked up in the Veris scan.

Finally, we found there to be a diverse group of investors supporting these funds in Asia. While most of them seek market-rate risk-adjusted returns, some of them also provide de-risking mechanisms. These funds include government agencies, development finance institutions, philanthropic institutions, public pension funds, private pension funds and family offices, as well as high net-worth individuals.

GENDER LENS INVESTING LANDSCAPE 2019

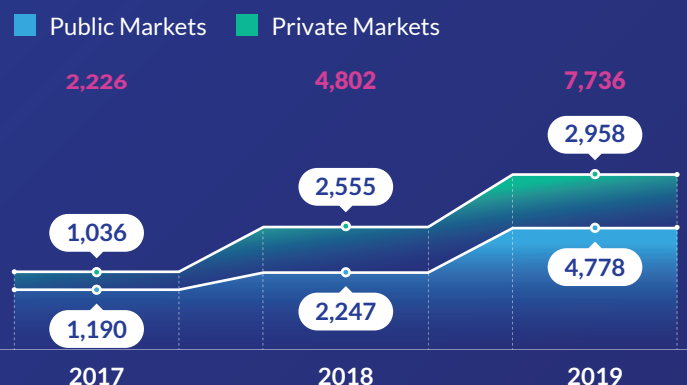
East and Southeast Asia

01

Global Data

There are a total of at least 192 "named" active GLI vehicles across public and private markets, with a total AUM of USD 7.7bn. This has increased by 61% from USD 4.8bn in 2018

Capital raised by GLI vehicles, USD m



While North America continues to be the leader in GLI, Asia ranks second overall, with second-largest number of public market and third-largest number of private market investment vehicles looking to invest in Asia

Number of GLI vehicles targeting each geography



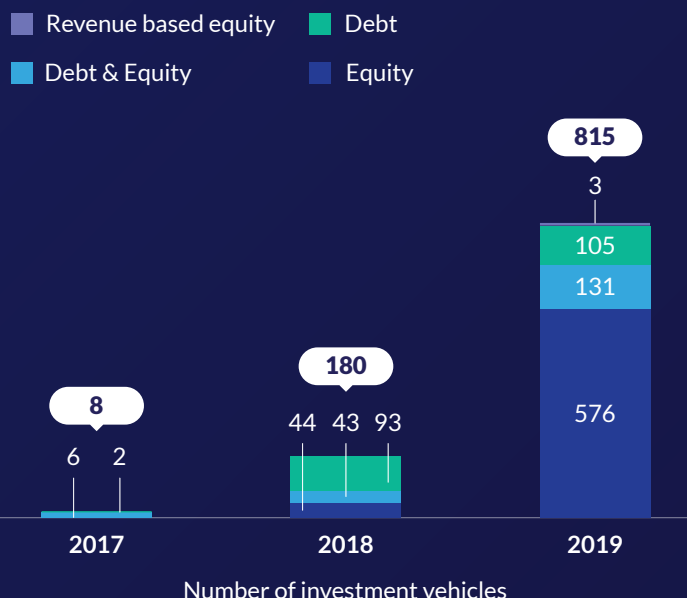
East & South East Specific Data

02

Private Markets

There are 23 active private market GLI vehicles targeting East and Southeast Asia, with a total AUM of USD 815m. This is a 77% increase from 13 investment vehicles in 2018

Capital raised by GLI vehicles, USD m

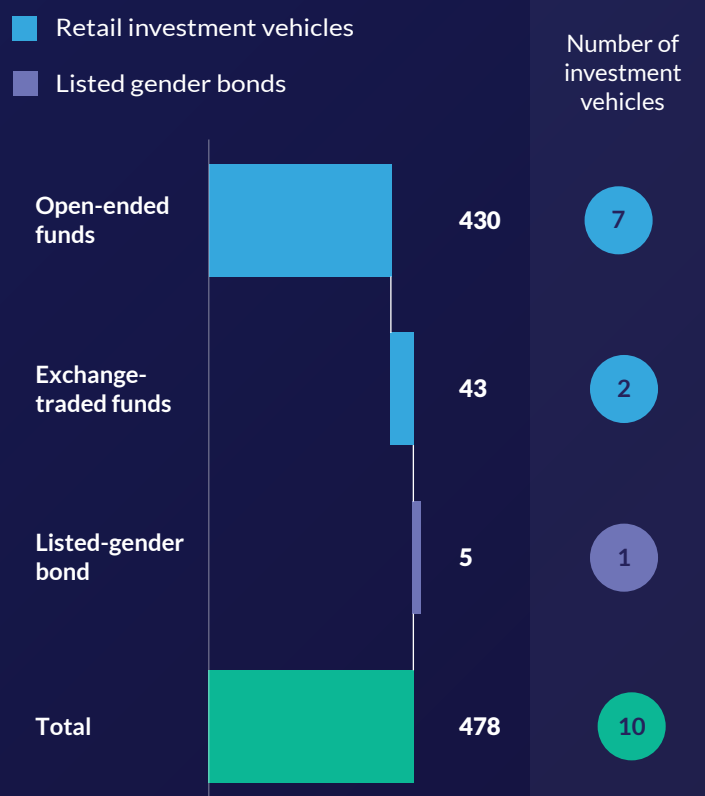


Number of investment vehicles

Public Markets

Total AUM of the 10 public market GLI vehicles investing in East and Southeast Asia is USD 478m

Capital raised by GLI vehicles, USD m





04

GLI Landscape

GLI Landscape

Trends and insights

Global landscape

Gender lens investing (GLI) as a strategy grew at a fast pace through 2019. There is a total of at least 192 active gender lens investment vehicles with a total AUM of USD 7.7bn.¹⁵ Compared to 2018, the AUM has increased by 61% from USD 4.8bn. Private market funds accounted for USD 4.8bn of the AUM in 2019 and have led the growth; their AUM grew by 113% in 2019. This growth in private market AUM was primarily driven by the following factors:



The number of private market investment vehicles covered in the Sage 3.0 report increased by **59%, from 87 in 2018 to 138 in 2019**. 2019 witnessed the launch of 36 new first-time private market gender lens investment vehicles



New private market investment vehicles are targeting bigger fund sizes and have accelerated fundraising. The average capital raised by a private market fund increased by **65% from USD 26m in 2018 to USD 43m in 2019**.¹⁶ This expansion in fund size is led by second-time and third-time funds. There were 20 second-time and 4 third-time private market funds launched in 2019

This growth trend is expected to continue as the relatively newer private market funds continue to raise additional capital.

Public markets investment vehicles have an AUM of USD 3.0bn in 2019, an increase of 16% from USD 2.6bn in 2018. The number of public market investment vehicles increased by 42% from 38 in 2018 to 54 in 2019. The average AUM per public market fund has dropped by 18% from USD 67m in 2018 to USD 55m in 2019. This was driven by two factors:

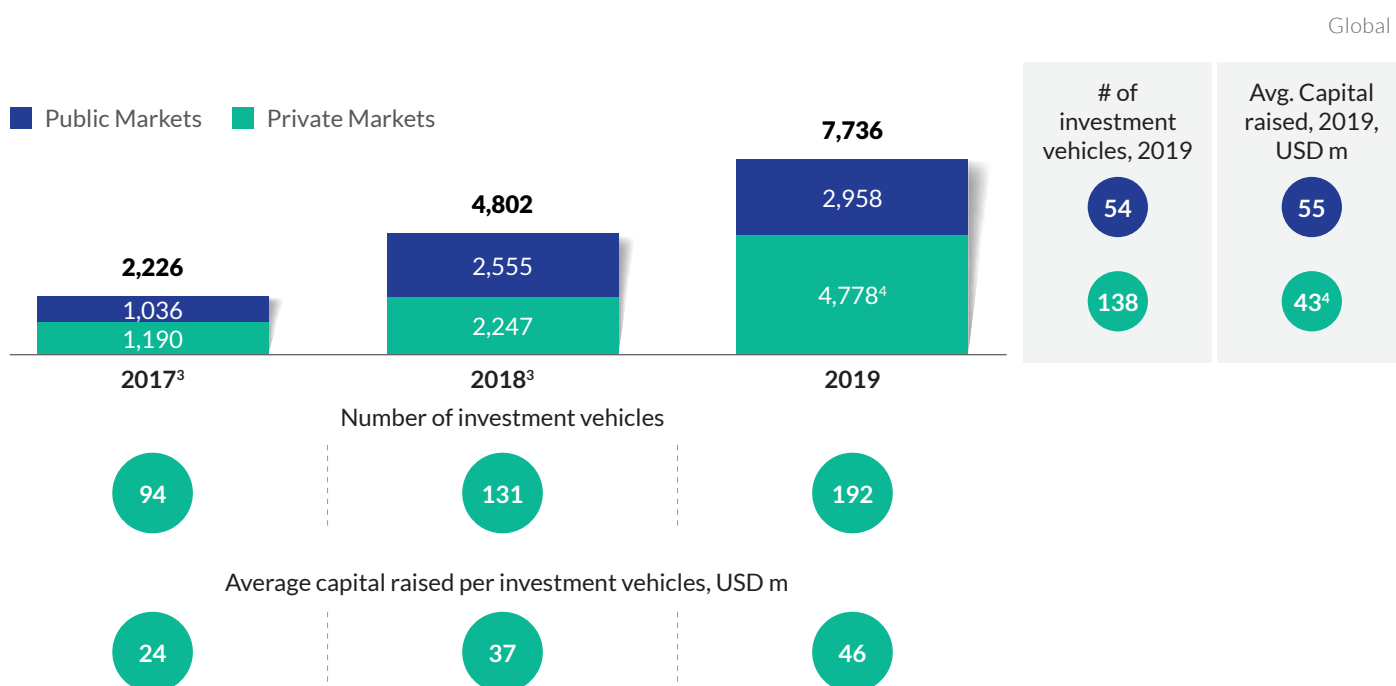
- Some of the newer investment vehicles are in emerging areas and are therefore relatively small in size
- Some of the largest funds, including the Japanese funds, have seen a sharp depreciation in their AUM between 30th June 2018 and 30th June 2019. This is in line with their benchmarks and corresponding market indices

15. This AUM does not include angel investors, microfinance and private bond placements.

16. Comparing the Project Sage 2.0 and 3.0 reports (2018 and 2019).

Exhibit 1.1 : The total size of GLI vehicles in 2019 is USD 7.7bn. It has increased by 61% from 2018

Global size of Gender Lens Investing, Assets Under Management (AUM), USD m^{1,2}



1. Represents capital raised by private markets vehicles as of 31/12/19 and the AUM for public market vehicles as of 30/06/19

2. This does not include capital from angel investments, DFIs, development agencies and foundations and privately issued gender bonds

3. 2017 and 2018 data includes the funds covered by Sage 3.0 and Veris in their older reports. Some funds might have been missed in these reports

4. 2019 Private market AUM only includes 110 funds. 28 funds did not wish for their AUM to be shared (even for aggregated totals)

Source: Veris 2019 gender lens investing report, Project Sage 3.0 survey, Bloomberg and Morningstar

Regional Breakdown¹⁷

Currently, there are GLI funds present in all geographies. North America continues to be the leader with the largest number of both public market and private market investment vehicles targeting it as an investment destination. Investment vehicles targeting North America represent 42% of all investment vehicles. They represent 50% of public market and 38% of private market investment vehicles, respectively.¹⁸

Asia¹⁹ is second in terms of publicmarket vehicles and third in terms of private market vehicles that target it as an investment destination. They represent 19% of public market and 27% of private market investment vehicles, respectively. While broader Asian public markets are relatively underdeveloped, Japan has well-developed capital markets. Of the ten public market investment vehicles in East and Southeast Asia, eight are based in Japan.

Sub-Saharan Africa has the second-largest number of private market investment vehicles, with 26% of all investment vehicles targeting Sub-Saharan Africa as an investment destination. They have relatively underdeveloped public markets, and hence have just one public market investment vehicle targeting it as an investment destination.

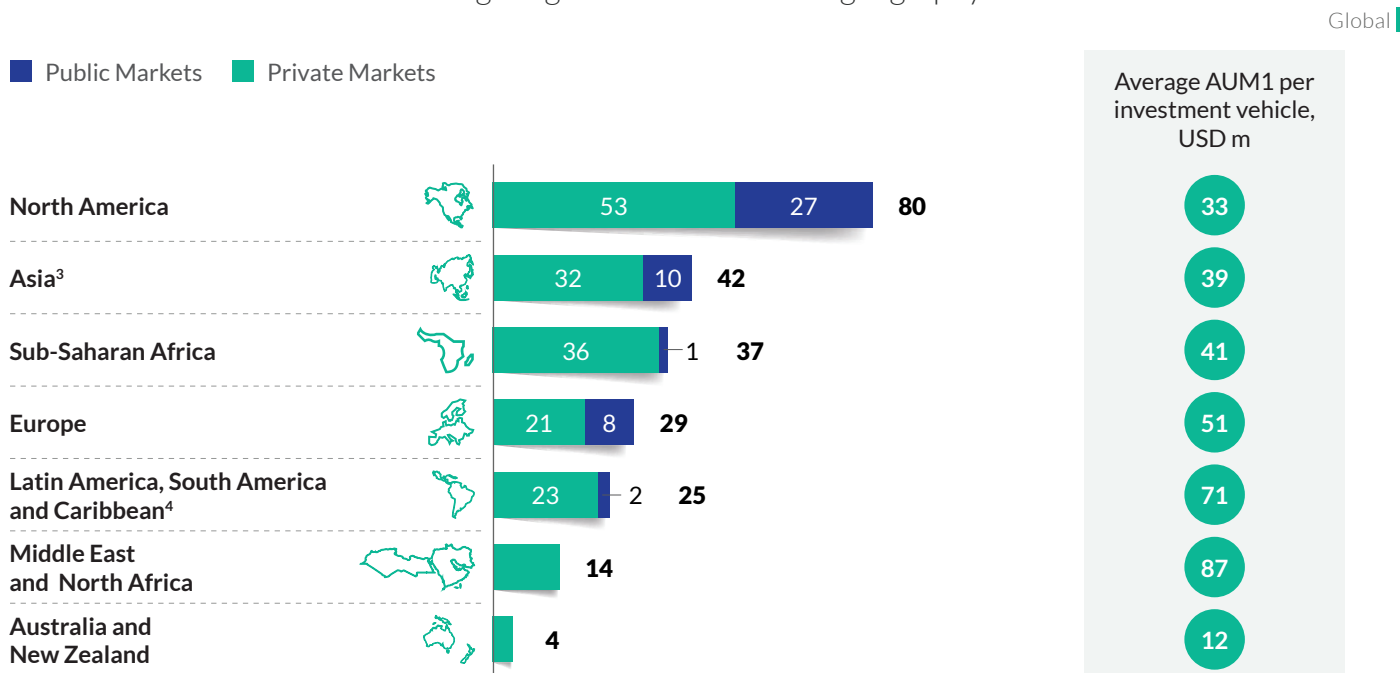
17. Calculating the region-wise AUM for private market investment vehicles is complicated, as multiple funds invest across different regions and geographies. For funds that invest in multiple geographies, it is not always possible to clearly designate capital for each region or country, and therefore, to make a fair comparison, their total AUM is being used for this analysis. Hence, AUMs for different regions might overlap and would not be additive.

18. Many of these investment vehicles also target other geographies outside of North America.

19. For this analysis, Asia includes East Asia, Southeast Asia and South Asia

Exhibit 1.2 : The investment vehicles are targeting a diverse set of geographies. North America has the largest and Asia has the second-largest number of investment vehicles targeting them as an investment destination

Number of investment vehicles targeting investments in each geography^{1,2}



1. AUMs or number of funds are not additive as private market funds can invest in multiple geographies

2. Represents capital raised by private markets vehicles as of 31/12/19 and the AUM for public market vehicles as of 30/06/19

3. For this exhibit Asia includes: East Asia, Southeast Asia and South Asia

4. While Sage 3.0 data includes Latin America, South America and Caribbean, Veris scan includes just South America

Source: Veris 2019 gender lens investing report, Project Sage 3.0 survey, Bloomberg and Morningstar

Spotlight on East and Southeast Asia

Gender lens investing as a strategy has been growing over the last three years in East and Southeast Asia, with new private market funds being set up every year. Of the 33 gender lens investment vehicles targeting East and Southeast Asia as an investment destination, 70% were set up in or after 2017; 78% of these new funds were private market funds. Total capital raised by gender lens investment vehicles targeting this region²⁰ grew by 80% from USD 719m in 2018 to USD 1.3bn in 2019.

Most of this growth in 2019 was driven by the growing private market investment vehicles. The capital raised by them grew by 350% in 2019 from USD 180m in 2018 to USD 815m in 2019. The number of investment vehicles increased from 13 in 2018 to 23 in 2019. The average capital raised by each private market investment vehicles is also increasing; it went up by 179% from USD 14m in 2018 to USD 39m in 2019.

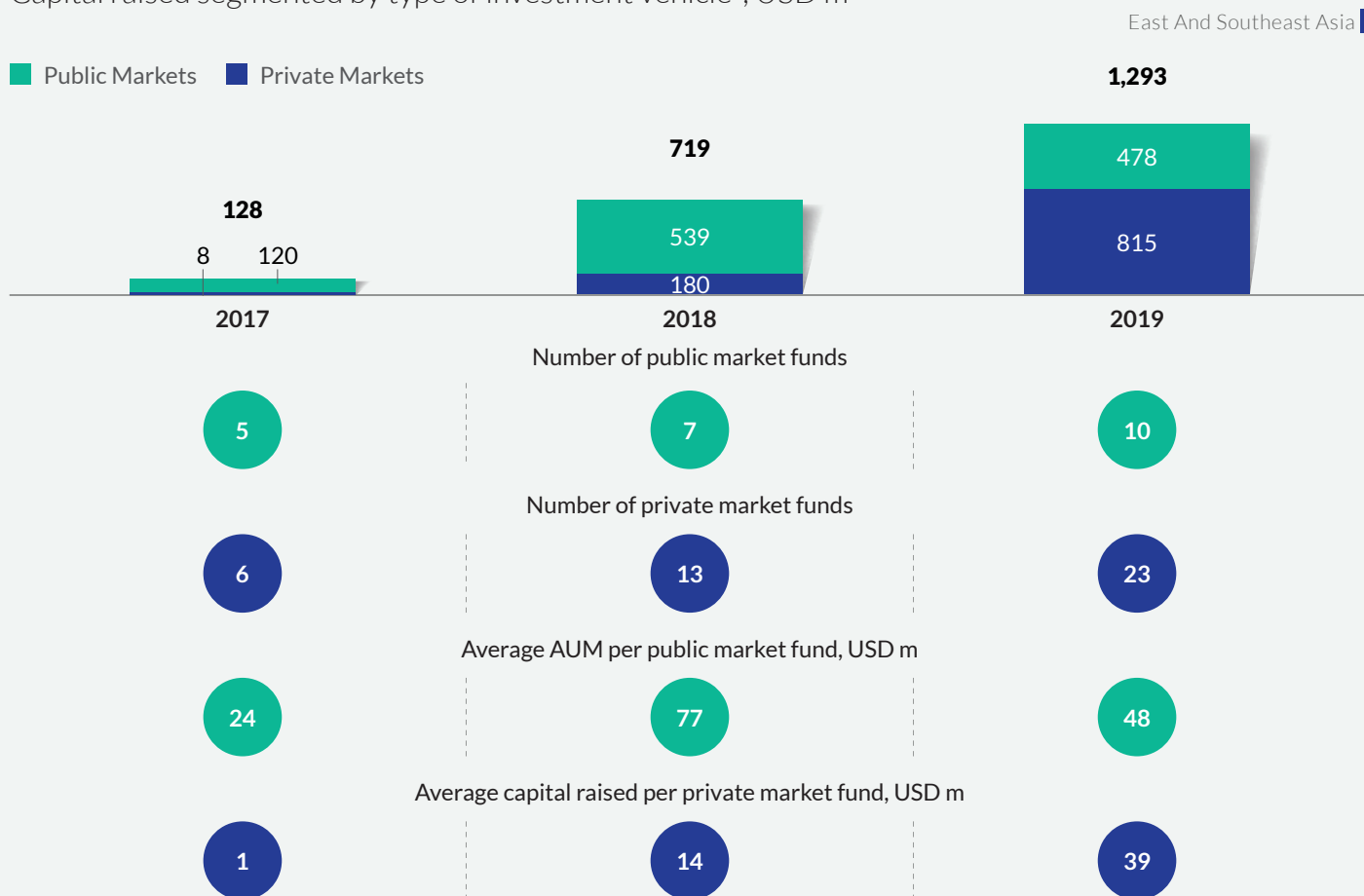
The number of public market investment vehicles in Asia increased by 43% from seven in 2018 to ten in 2019. But the total AUM of public market vehicles in Asia depreciated by 11% from USD 539m in 2018 to USD 478m in 2019. This was primarily caused by a drop in Japanese and Korean stock markets during the period of the analysis²¹ and was also in line with their respective benchmarks.

20. While some of these investment vehicles invest exclusively in East and Southeast Asia, many of them also target other geographies outside of this region. For funds that invest in multiple geographies, it is not always possible to clearly designate capital for each region or country, and hence, to make a fair comparison, their total AUM is being used for this analysis.

21. Time period is from 30th June 2018 to 30th June 2019.

Exhibit 1.3 : Capital raised by GLI vehicles in the region has increased by 80% in 2019. This has largely been driven by an increase in the number and size of private market investment vehicles

Capital raised segmented by type of investment vehicle¹, USD m

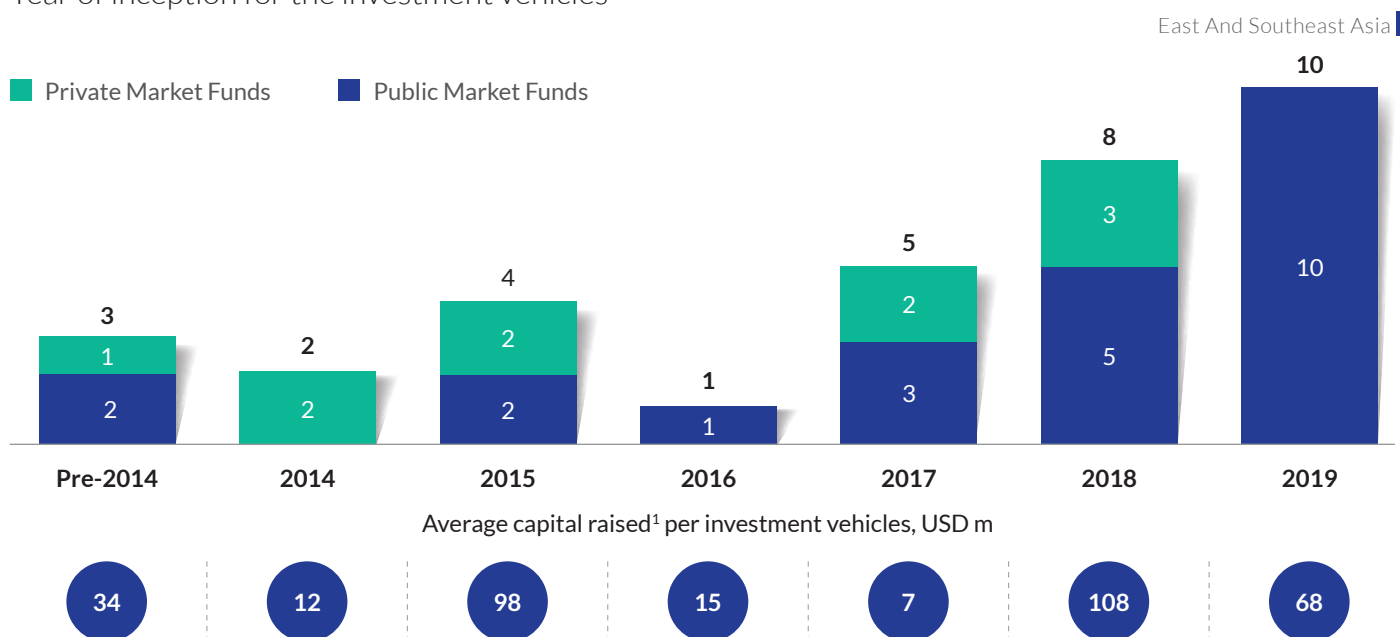


1. Represents capital raised by private markets vehicles as of 31st Dec of the year and the AUM for public market vehicles as of 30th June of the year

Source: Veris 2019 gender lens investing report, Project Sage 3.0 survey, Bloomberg and Morningstar

Exhibit 1.4 : GLI is an emerging and fast-growing strategy in Asia; out of all active investment vehicles, 70% were set up in or after 2017; average capital raised appears to be increasing over the years

Year of inception for the investment vehicles



1. Represents capital raised by private markets vehicles as of 31/12/19 and the AUM for public market vehicles as of 30/06/19

Source: Veris 2019 gender lens investing report, Project Sage 3.0 survey, Bloomberg and Morningstar

Motivations behind Gender Lens Investing

An increasing number of investors in Asia are embracing GLI. Reasons for investing with a gender lens vary widely; for example, for-profit asset managers realizing the potential for better financial returns or decreased risk, impact investors recognizing the potential of improving the double bottom line by investing in women's empowerment or arenas where women are disproportionately affected by social issues or where women are a source of innovation and social impact, and philanthropic investors seeking alignment between their investments and their philanthropy and policy work. Over time, three distinct categories of motivations emerge for GPs and LPs investing in GLI in Asia. While the investors may initially have started with only one of the drivers, over time most have ended up realizing and incorporating some elements of all three.

✔ **Market-driven:** These are commercial, for-profit investment funds that sometimes lead with a gender opportunity or sometimes become involved with GLI at a later stage. To get started, they either needed proven success stories and clear evidence that the strategy would be profitable, or needed access to concessional capital to minimize their risk. Many of the investment vehicles covered in this report fall into this commercial motivation category. These funds leverage gender metrics across their investment process to either increase market value or to reduce risk, or both.

The team at Teja Ventures, a venture capital fund focused on the “She Economy” (their term) in Asia, states that they look at gender as an opportunity rather than as a screen. They leveraged the gender metrics in their evaluation criteria to seize a market opportunity. Some investment vehicles, like the South Korean venture capital fund, YellowDog, have arrived at a GLI strategy less intentionally. After launching YellowDog as a traditional venture capital firm, the investment partners realized that they were one of the very few venture-capital firms in the country with female founders and that became a unique competitive advantage with female entrepreneurs. On the public markets side, Invesco Asset Management's Women Power Focused Fund in Japan adopted a gender focus as the managers of the fund believe gender diversity improves business performance of a company.

✔ **Value-driven:** This approach is somewhere in the middle of impact and market approaches. These investors implemented a GLI strategy at a time when the evidence around its success was not yet proven, but they believed in its value and wanted to pioneer the business case.

Meritz, a South Korea-based asset manager, launched Korea's first public markets investment vehicle with a gender focus. The firm has a strong sense of responsibility to promote gender equality, encourage women to join the labor force and make the case that better gender equality of a company yields better financial performance in the long term. Japan's Government Pension Investment Fund (GPIF), the world's largest pension fund, invested in MSCI Japan Empowerment Women Index (WIN) in 2017. At the time, there was no clear evidence on links between gender equality in the workforce and stock performance. But being a cross-generational investor, GPIF considered it crucial for them to incorporate these factors in order to achieve stable returns in the long term. Now, WIN is one of their best performing indices.

✔ **Impact-driven:** This was a critical approach at the early stage of GLI, when the market was nascent and had no major players in Asia. Philanthropic and mission-related investors identified the challenge that they wanted to solve and built an approach to tackle it. While these investors believed in the commercial viability of GLI as a strategy, they optimized for the social impact. Initially, this approach involved concessional capital to leverage commercial capital, create success

stories, and provide evidence to attract commercial investors. Some impact investors continue to prioritize social outcomes over financial returns, choosing to address themes and arenas where women and gender-specific issues are prevalent.

Investing in Women (IW), Australian Government's Department of Foreign Affairs and Trade (DFAT), Netherland's ICCO Cooperation, Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) are some of the investors that got involved with GLI in Asia with this approach.

Language and Terminology being used

There are a wide variety of investment vehicles available in Asia. Understandably, they have different approaches to communicating their gender strategy. Below are some observations:



Different stakeholders in the space have different levels of understanding of gender issues and related terminology. They prioritize different aspects of GLI. Those leading investment vehicles often understand that GLI has a wider scope but focus their communication on specific aspects of it for each stakeholder. Below are some examples:

- With gender-focused investors, like Investing in Women and DFAT, the investment vehicles are comfortable using GLI terminology
- With investors coming from a broader impact investing orientation, like Development Finance Institutions (DFIs), they may focus more on language such as “economic empowerment of women”
- With pension funds that have a large number of female pensioners, the investment vehicles focus on promoting products and services that improve the lives of women, and advocating gender equality in the workplace
- With most investors including family offices, pension funds and banks, investment vehicles focus on how investing with a gender lens can improve returns and reduce the risks associated with individual investments



Some investment vehicles are only using “gender” or “diversity” and moving away from terms like “women” and “female”, in order to be more inclusive



However, public market vehicles – especially the ones targeting retail investors in Asia – use language that is easily understood by the public, such as “women power”, “women supporter”, and “The Women’s Fund”



Some who are leading investment vehicles are moving away from focusing on “women-led businesses” as they believe that businesses led by men could also have a positive impact on lives of women and girls



Some who lead investment vehicles, despite investing with a gender lens, do not use any language around gender. They believe that the issues they address like childcare and workplace innovation could also potentially benefit men. And they believe that highlighting gender might reinforce the stereotype of women’s role in the society

Main challenges faced by funds

Below are some of the prominent challenges that funds face while investing in East and Southeast Asia with a gender lens:

Challenges with investors:

- Educating traditional investment allocators about gender lens investing and its terminology can be challenging, especially for funds new to this space
- Some of the investors might have pre-conceived notions about GLI. For example: some investors could believe that GLI-focused funds can only invest in female entrepreneurs, or that there is a lower focus on financial returns, or that using a GLI framework might reduce the size of the pipeline or investable universe, and hence also returns
- We did not research the broad availability of these vehicles on the investment platforms accessible to institutional and retail investors across Asia. Distribution for products continues to remain a global challenge. While there are more products available for investors today than there were even five years ago, investors must work hard to seek out these products

Challenges with portfolio:

- For private market vehicles, female entrepreneurs or businesses focused on markets addressing products and services targeted towards women or with women-powered value chains, are still less visible in pipelines. Capital allocators may need to do more work to understand where and how to find these businesses, how female entrepreneurs may manage their businesses differently, what the market opportunities or risks look like, what those businesses look for in investors and what they need from investors
- For vehicles investing in listed companies, there is often a perception that one is narrowing the pipeline too tightly to have an effectively diversified portfolio, the more one focuses on gender factors. There may be a need to educate the market around the risks of not paying attention to gender, and the opportunities inherent in driving to and reporting on better gender balance and equity

Challenges with data:

- Getting gender-disaggregated data on impact metrics can sometimes be challenging with early-stage portfolio companies of private market funds
- Getting data around gender-specific metrics is a tremendous challenge with publicly listed companies in Asia. This makes it difficult to create GLI products
- With poor availability of high-quality data around gender metrics, there is understandably a lower number of public market investment vehicles in Asia
- Those leading some public market gender lens investment vehicles wish to also promote listed companies with good labor practices, large number of women in supply chain and companies whose marketing does not reinforce negative gender stereotypes. Data on these metrics is not consistently and reliably available to portfolio managers. Therefore, they are not currently reflected in most public market vehicles

- High quality information on gender diversity in ownership and management of public market funds in Asia does not yet exist. Therefore, investors that wish to prioritize shifting gender balance in decision-making within public market funds do not have easily accessible, transparent and reliable data on which to base their decisions
- Regarding data disclosure, Japan appears to be the only country in Asia that mandates gender data disclosure from companies with over 300 employees. Those companies must disclose at least one indicator around gender equality in the workplace and work-life balance. They must also share an action plan to improve the above-mentioned areas internally and externally.²² Additionally, Japan's Investor Stewardship Code and Corporate Governance Code ensures appropriate information and transparency is publicly disclosed. Such data disclosure requirement contributes to the creation of indices such as MSCI Japan Women Empowerment Index (WIN) and its sub-indices, which have been invested in by large mainstream investors including GPIF (with around USD 4.4bn²³ as of March 2019)

Challenges with using GLI frameworks and tools:

- Short-term performance pressure and the pressure to deploy a large amount of capital might have pushed some of the fund managers into investing in companies that do not exhibit strong gender markers
- Even within the same firm, every member of the investment team could have a different level of understanding of gender issues and opportunities, and conscious or unconscious biases
- Some funds have not truly invested in increasing the capacity of their teams to implement a gender lens strategy, and some GLI tools could be too complicated for some members of busy or resource-constrained investment teams
- Those leading several of the investment vehicles shared that they find that using gender terminology in the areas that they focus on (like childcare, eldercare, workplace innovation, et al.) could reinforce stereotypes of women's role in the society. Hence, they do not publicly use any GLI terminology



Japanese companies face growing pressure from international investors over the dearth of women in top roles as annual shareholder meetings. Goldman Sachs Asset Management plans to oppose candidates for a company's nominating committee or top executives if its board lacks at least one female member and UK-based Legal and General Investment Management plans to vote against all Topix 100 companies in Japan that do not have at least one woman representative on their board.

- Nikkei Asian Review, 16th June 2020²⁴

22. <https://www.mhlw.go.jp/content/11900000/000594316.pdf>

23. https://www.gpif.go.jp/investment/190819_Esg_Katudohoukoku.pdf

24. <https://asia.nikkei.com/Business/Business-trends/Japan-s-all-male-boards-face-rejection-by-foreign-investors>



05

Private Markets

Private Markets

Trends and insights

Key takeaways



Gender lens investing (GLI) as a strategy for private market vehicles has been growing globally. In 2019, the number of funds covered stands at 138, while the combined amount of capital raised reached USD 4.8bn



GLI is growing in East and Southeast Asia. There are 23 private market investment vehicles that target the region as an investment destination.²⁵ The total capital raised by these investment vehicles has increased by 353% in 2019 to USD 815m from USD 180m in 2018. This is a result of an increase in number of GLI funds as well as an acceleration in fundraising. The number of private market gender lens investment vehicles in the region have increased by 77% from 13 in 2018 to 23 in 2019 and the average capital raised per investment vehicle increased by 179% to USD 39m in 2019 from USD 14m in 2018



Most of the private market investment vehicles (65%), are still open for investors looking to invest in the region. A large number of these investment vehicles, 22% of them, are in early stages of fundraising and were yet to complete a first-close at the end of 2019, but had already raised approximately 22% of their target fund size



A lower number of gender lens investment vehicles in Asia agreed with "advancing more women as fund managers and on investment committees" as a definition of gender lens investing. This is a unique issue in Asia, as global funds consider this definition as important as the portfolio company focused definitions



Global funds consider gender a more important impact priority as compared to funds in Asia, with 88% of global funds considering gender to be their "top impact priority" or "one of several key (3-4) impact priorities of equal importance", as compared to 74% in Asia



Compensation for general partners in traditional private equity firms is driven by incentives linked to the fund's financial returns. However, for a GLI firm, they may also seek to maximize the gender impact of the portfolio. Hence, to align incentives, **some funds have created impact-based incentive structures including aligning the carry distribution with gender outcomes,** linking bonuses with multiple impact outcomes, including gender outcomes and aligning investment managers' objectives with portfolio company objectives



There is a common misperception amongst LPs that by adding a gender lens to the investment criteria, one is increasing risk and decreasing the opportunity set. Fund managers we interviewed shared that they believe this is a deterrent to investors into their vehicles and is one of the challenges to fundraising. This is where de-risking mechanisms come into play. De-risking mechanisms are instruments that can significantly reduce the specific type of risk that the risk-averse investors are most concerned about. Different approaches include providing grant capital, investing in junior tranches, providing first-loss capital, adding technical assistance, and more

25. While some of these investment vehicles invest exclusively in East and Southeast Asia, many of them also target other geographies outside of this region. For funds that invest in multiple geographies, it is not always possible to clearly designate capital for each region or country, and hence, to make a fair comparison, their total AUM is being used for this analysis.

Global landscape

Gender lens investing as a strategy has been growing rapidly in the private market since Wharton Social Impact Initiative's Project Sage started tracking it in 2017. Project Sage covered 58 investment vehicles with a total AUM raised at that point, of USD 1.2bn in 2017. In 2018, those numbers increased to 87 vehicles with a total of almost USD 2.2bn AUM raised, and in 2019, to 138 vehicles and USD 4.8bn AUM.^{26,27,28} This growth can be attributed to the following factors:

- ✓ New GLI funds are being set up every year at an increasing pace, with 46% of the 138 funds having been set up only in 2019
- ✓ New funds have a larger target size and have been fundraising faster. The average target fund size for funds set up in and after 2018 is USD 65m, which is 55% larger than the funds set up between 2015 and 2017



In 2019, the major growth in AUM was led by equity funds. The number of equity funds increased to 89, or by 56%, from 2018. The total capital raised by those funds increased by 175% to USD 3.3bn, with an average fund having raised USD 45m in 2019. The number of debt funds increased from seven in 2018 to 17 in 2019. The total capital raised by those funds stood at USD 965m in 2019. The debt funds have the largest average amount of capital raised at USD 60m. The number of funds that invest in a mix of debt and equity increased from 17 in 2018 to 27 in 2019. The total capital raised by those funds stood at USD 547m in 2019. There are several innovative financing structures to deploy capital, including revenue-share, invoice discounting and royalty-based financing. Several have evergreen structures and some use blended finance structures to take capital in.

Investors have a broad range of fund sizes available to choose from. There are funds that are under USD 5m, as well as funds that are over USD 500m in size. However, the largest number of funds, 30%, fit into the USD 20m to USD 50m range. Expanding that range, 72% of the funds have a target size between USD 5m and USD 100m.

New GLI funds are being set up every year at an increasing pace. We observed that of the 138 funds analyzed, 62% were set up in 2018 or later. Some of these new funds have a larger target size and have been fundraising at a faster pace. The average target fund size for funds set up in and after 2018 is USD 65m, which is 55% larger than the average size of funds set up between 2015 and 2017.

26. This AUM does not include angel investors, microfinance and private bond placements

27. While the Project Sage team aimed to include all the relevant gender lens investment funds, they had missed some of the funds in 2017 and 2018 reports and a few of them have now been included in 2019. This might lead us to overestimate the market growth in 2019. However, we also know that some funds did not report in 2019, due to difficulty reaching them. Note also that 2017 and 2018 data was through mid-year, and 2019 was through end of year.

28. The AUM in 2019 includes only 110 funds and excludes 28 funds in the Project Sage 3.0 data that did not wish for their AUM to be shared (even for aggregated totals)

Exhibit 2.1 : Total capital raised by the 138 private market GLI vehicles in 2019 is around USD 4.8bn¹; 3.3bn of this capital is raised by investment vehicles that only invest in equity

Global size of Gender Lens Investing in private markets, capital raised USD m

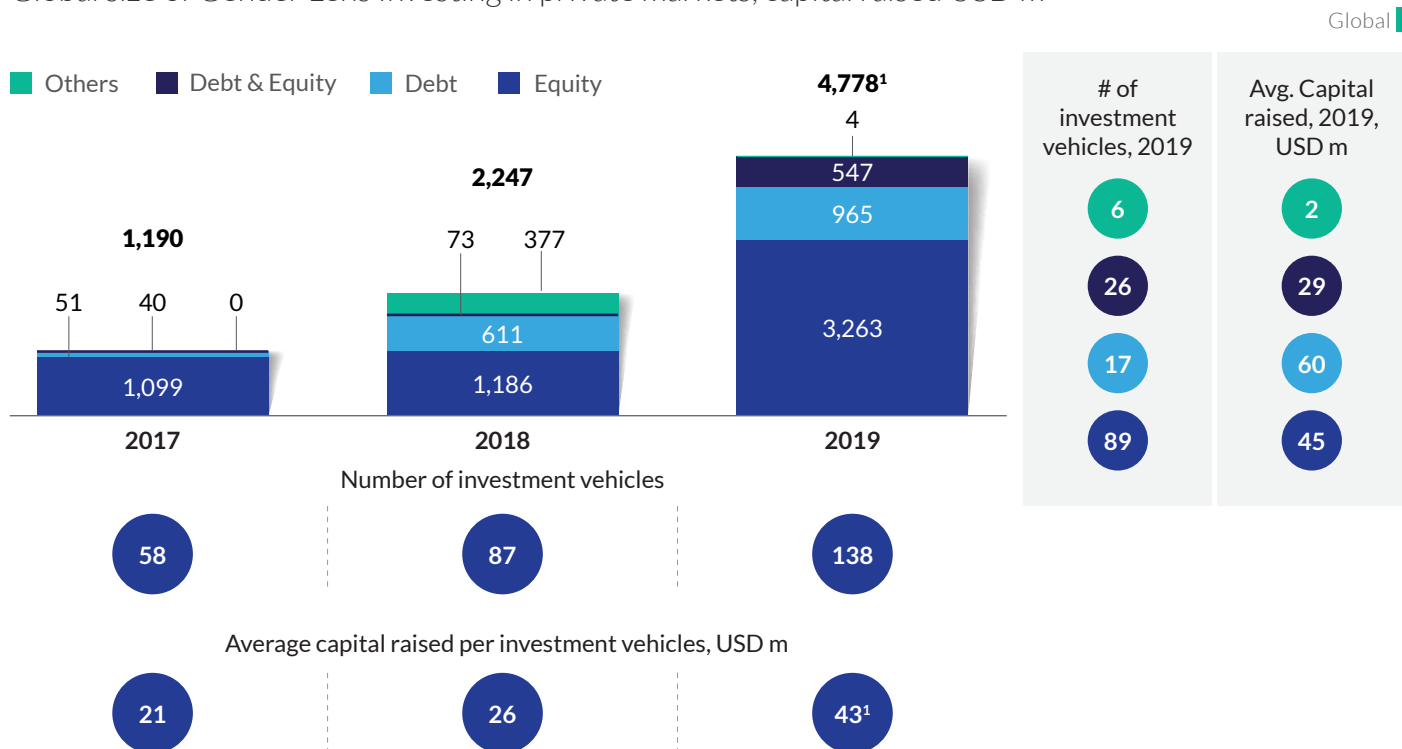


Exhibit 2.2 : Investment vehicle have a broad range of target fund sizes 72% of the investment vehicles have a target size between USD 5m and USD 100m

Target size of the global private market investment vehicles¹

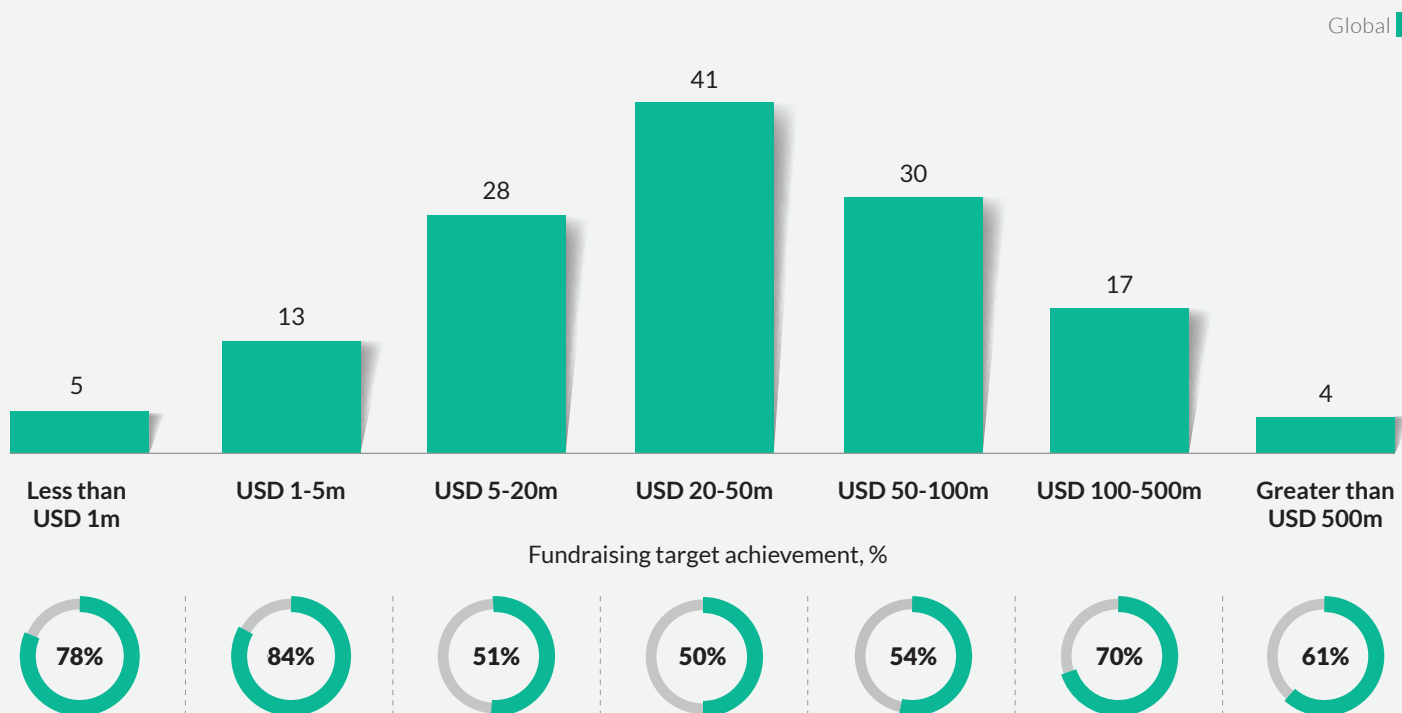
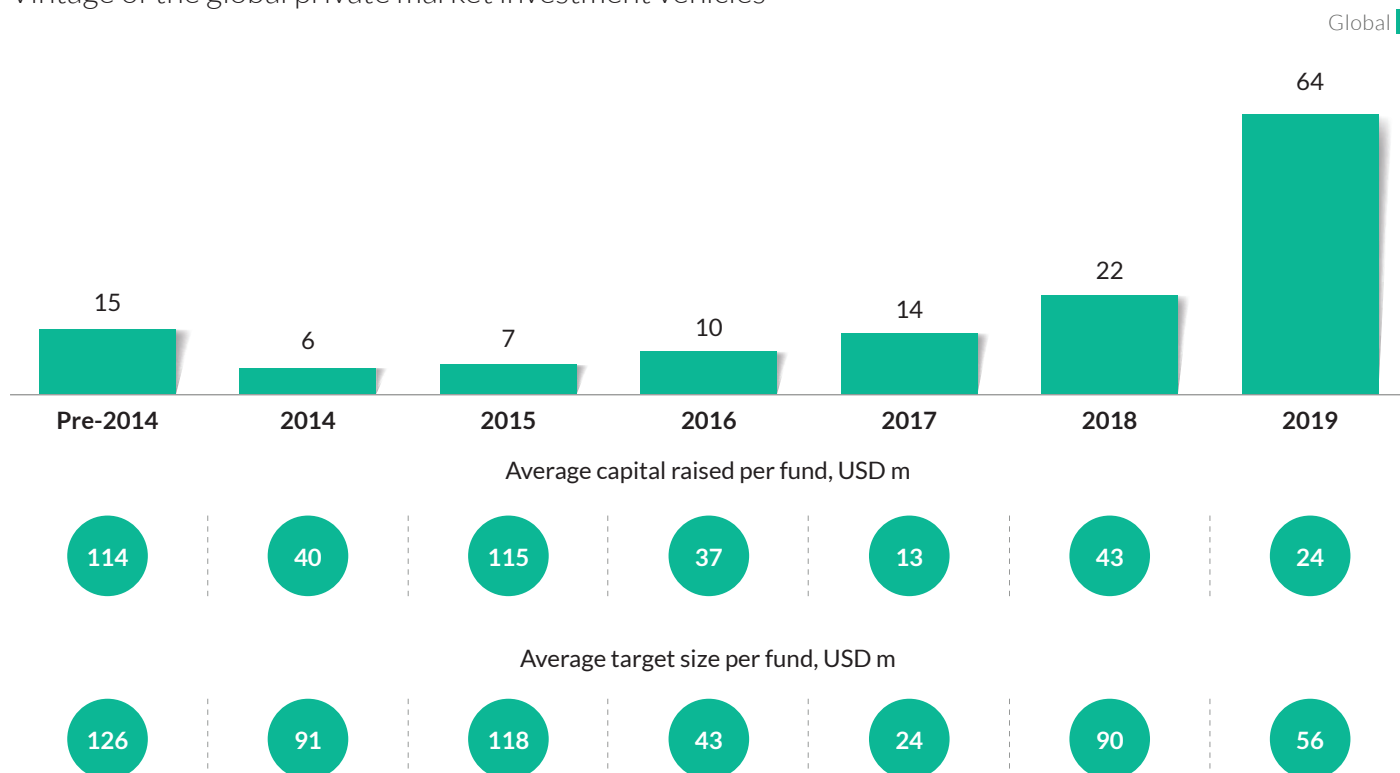


Exhibit 2.3 : GLI has significantly accelerated over the last few years, about 47% of the investment vehicles were set up in 2019

Vintage of the global private market investment vehicles



Source: Project Sage 3.0 survey

Regional Breakdown²⁹

Investors have many options if they wish to invest in a specific region with a gender lens. While North America continues to be the most prevalent investment destination, Africa and Asia are fast catching up. There are 53 funds targeting North America as an investment destination. Sub-Saharan Africa is second, with 36 funds targeting it as an investment destination. Asia is third, with 32 funds targeting it as an investment destination. Latin and South America, Europe, Middle East and North Africa, and Australia have 23, 21, 14 and 4 funds targeting them respectively.

Within Asia, Southeast Asia and South Asia are the most targeted investment destinations. 20 funds have Southeast Asia and 20 funds have South Asia as a target investment destination.³⁰

In East and Southeast Asia combined, there are 23 investment vehicles that target the region as an investment destination. Nine of these investment vehicles invest exclusively in the region. Six of these funds invest exclusively in Southeast Asia; they have a combined AUM of USD 98m. Two of the funds, Shinsei's Japan Impact Investment I and Japan Impact Investment II, invest exclusively in East Asia. They have a combined AUM of USD 55m. Only one fund, Yellowdog's Empowers Fund, invests across both East Asia and Southeast Asia. They have an AUM of USD 5m and are planning to raise an additional USD 20m fund soon.

Additionally, there are 14 funds that target East and Southeast Asia as an investment destination but also target other geographies. They have a combined AUM of USD 682m.

29. While some of these investment vehicles invest exclusively in East and Southeast Asia, many of them also target other geographies outside of this region. For funds that invest in multiple geographies, it is not always possible to clearly designate capital for each region or country, and hence, to make a fair comparison, their total AUM is being used for this analysis.

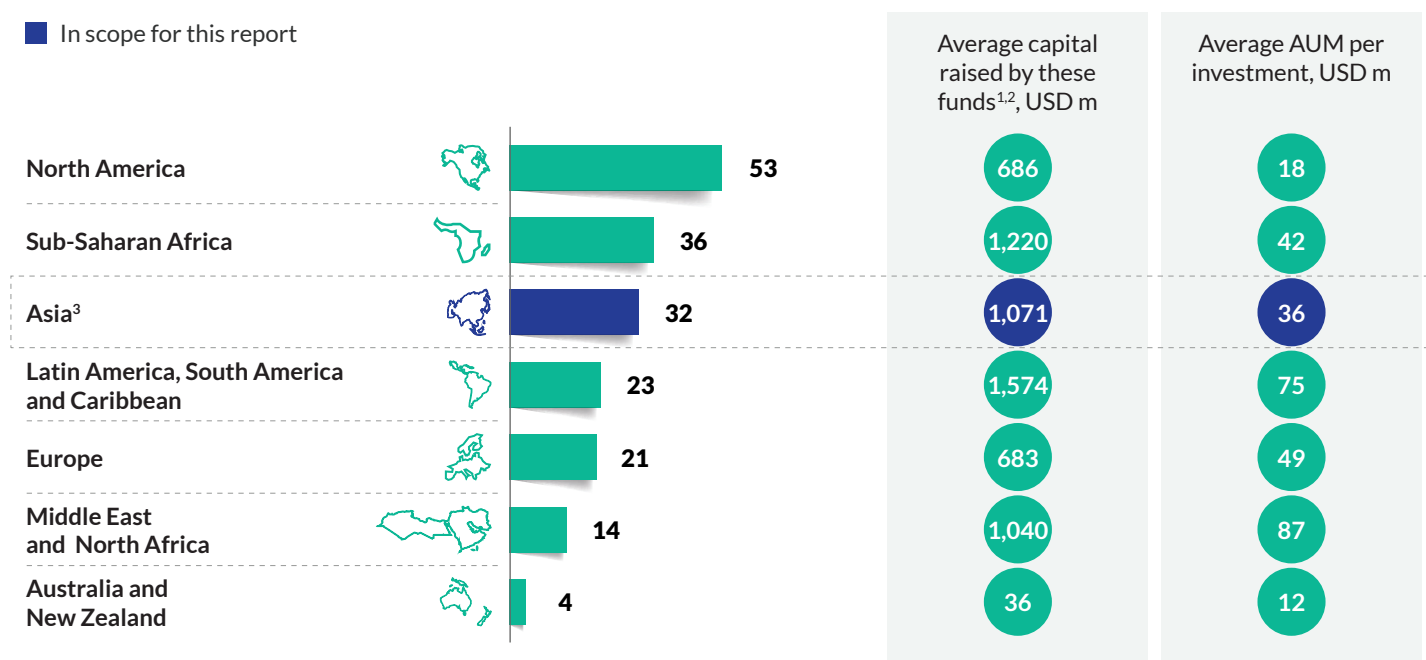
30. These funds also have other target investment destinations.

Exhibit 2.4 : Private market investment vehicles are present in all geographies. Asia is the third-largest both in terms of investment vehicles focusing on it as well as the capital raised by them

Number of investment vehicles looking to invest in each geography

Global

■ In scope for this report



1. AUMs or number of funds are not additive as funds can invest in multiple geographies

2. This only includes 111 funds. 28 funds did not wish for their AUMs to be shared (even for aggregated totals)

3. For this exhibit, Asia includes: East Asia, Southeast Asia and South Asia

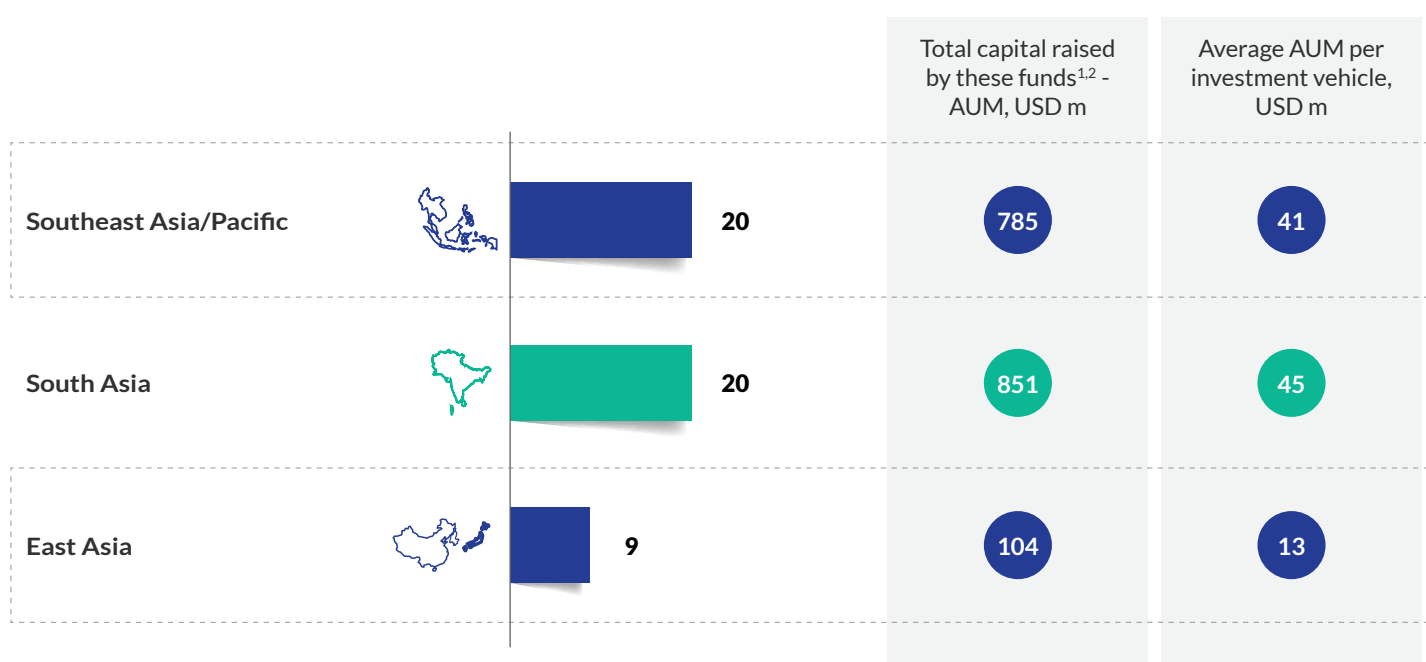
Source: Project Sage 3.0 survey

Exhibit 2.5 : Both Southeast and South Asia have 20 investment vehicles targetting them. Investment targeting South Asia have raised more capital

Number of investment vehicles looking to invest in each region within Asia

Global

■ In scope for this report



1. AUMs or number of funds are not additive as funds can invest in multiple geographies

2. This only includes 111 funds. 28 funds did not wish for their AUMs to be shared (even for aggregated totals)

Source: Project Sage 3.0 survey

Spotlight on East and Southeast Asia

Gender lens investing is growing in Asia. The number of private market investment vehicles that target the region as an investment destination increased from **13 in 2018 to 23 in 2019**. The total funds raised by these investment vehicles increased by **353% from USD 180m in 2018 to USD 815m in 2019**.³¹

Growth has been led by equity-based investment vehicles, followed by mezzanine investment vehicles, which have the flexibility to invest in both debt and equity. Capital raised by equity-based investment vehicles increased from **USD 44m in 2018 to USD 576m in 2019**. Capital raised by mezzanine investment vehicles also increased by over **200% to USD 131m in 2019**. Apart from traditional equity, debt and mezzanine investment vehicles, two innovative investment structures were also listed as GLI funds in 2019. These included:

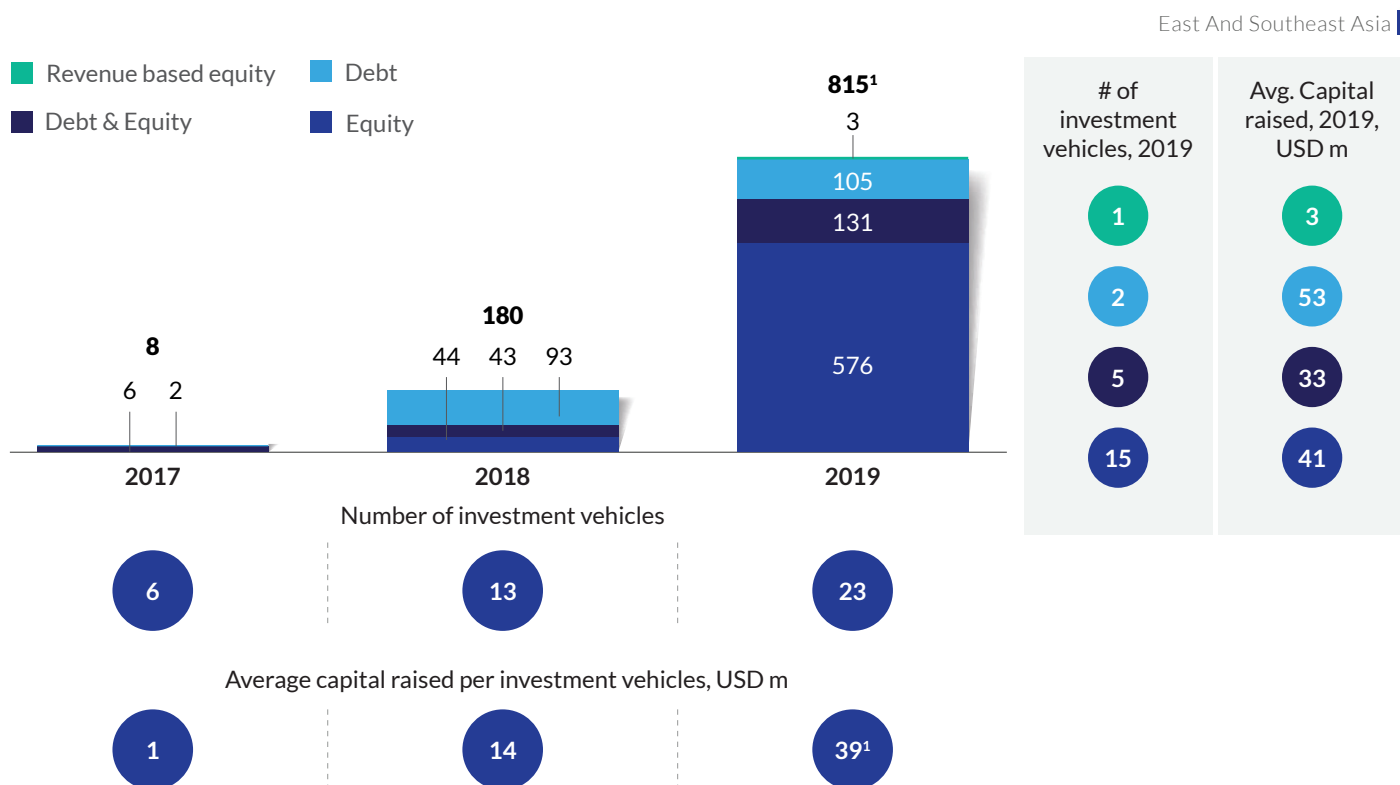
- Patamar Capital's Beacon fund: A Southeast Asia-focused evergreen fund which invests in both debt and equity
- Fledge: A global, revenue-based equity investment fund with rolling closes

In the scan, 30% of the global funds have a target size between **USD 20m to USD 50m**. And the number of funds globally drop rapidly as the target fund size is increased or decreased. Funds in Asia are more evenly distributed across different target sizes.

Of the 23 funds that target East and Southeast Asia as an investment destination, 15 have a target size of USD 20m or larger, 13 of these are new funds and were set up in 2018 or later. Twelve of these funds are still in the process of raising capital and hence the average fundraising target achieved by these larger funds appears to be lower than the smaller funds.

Exhibit 2.6 : Capital raised¹ by private market GLI vehicles investing in the region has increased by 350% in 2019, with 77% increase in number of funds and 179% increase in average capital raised by them

Capital raised by type of investment vehicle in Asia, USD m



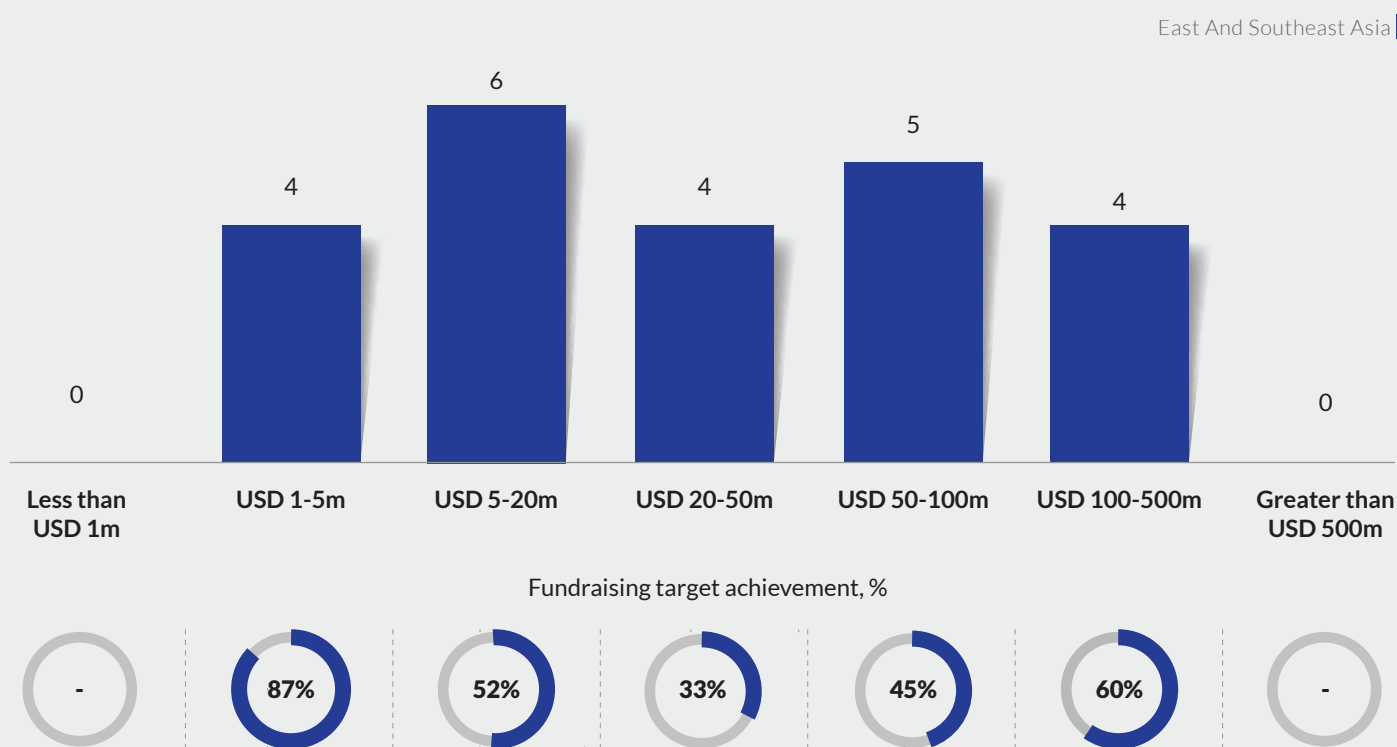
1. This AUM only includes 21 funds. 2 funds did not wish for their AUM to be shared (even for aggregated totals)

Source: Project Sage 3.0 survey

31. This is to total AUM of the funds that have East Asia or Southeast Asia as an investment destination. While some of these funds invest exclusively in the region, many of them also target other geographies outside of this region. Hence this AUM is not completely focused on the region.

Exhibit 2.7 : Investment vehicles in Southeast and East Asia are more evenly distributed across different target sizes than global investment vehicles

Number of GLI vehicles in Asia by target fund size



Source: Project Sage 3.0 survey

Emergence of gender lens investing

In Asia, more gender lens investment (GLI) vehicles are being set up every year. Their target fund sizes are also increasing.

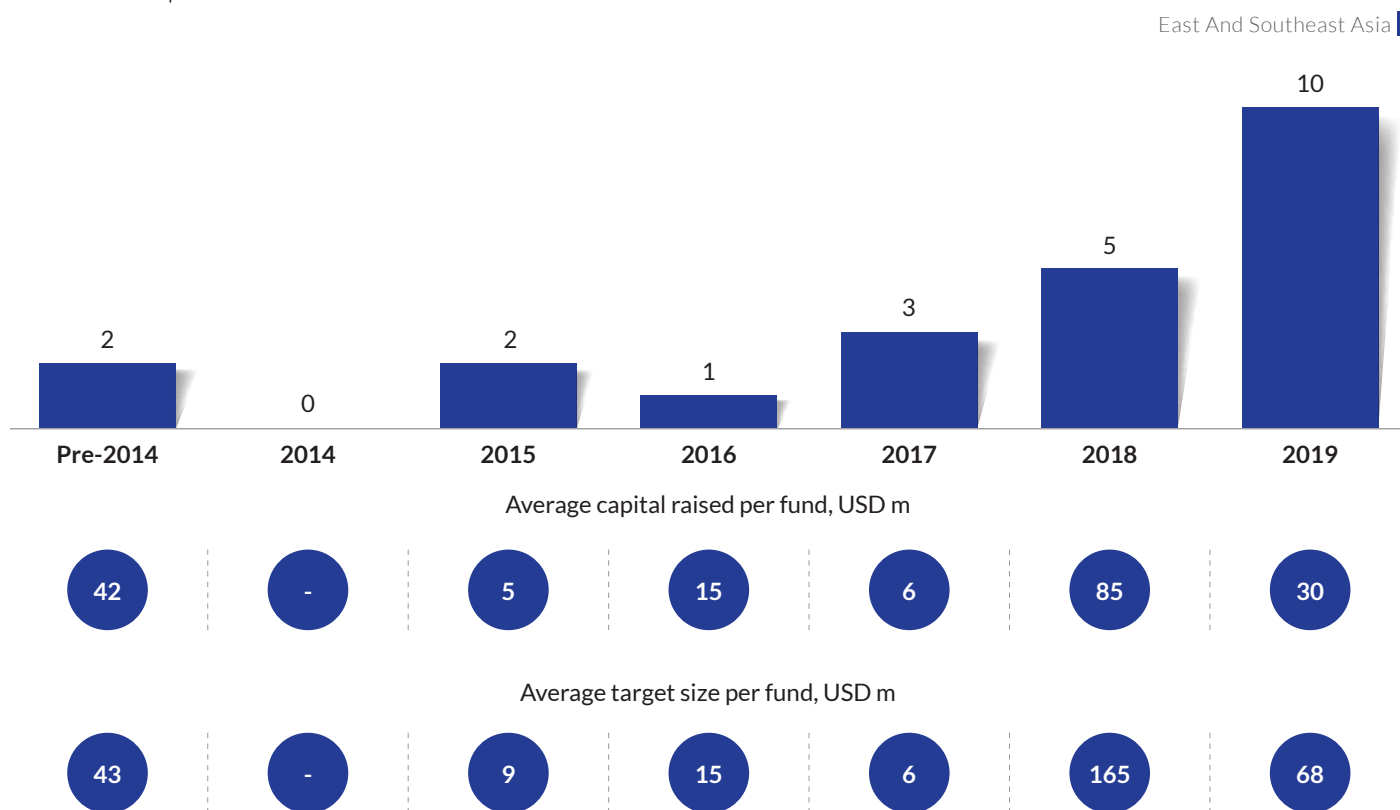


These investment vehicles have an average target fund size of **USD 111m**, which is **6.7x** higher than the average target fund size for investment vehicles set up before 2018.

The newness of the strategy is also apparent when looking at first-time funds. **65%** of the gender lens investment vehicles in private markets are first-time funds while **26%** are second-time funds. The second-time funds are larger (as one would expect) and appear to have raised **252%** more capital on average than first-time funds. A similar trend is observed in the global funds as well, with second-time funds having raised **135%** more capital than first-time funds, and third-time funds having raised **49%** more capital than second-time funds. The normal trajectory in private fund management is that we need to see more first-time fund managers raise their funds – even if small – in order to see larger second, third and successive funds. This is just as true for gender lens funds.

Exhibit 2.8 : GLI is a fast-growing strategy in Asia. 43% of the available investment vehicles were set up just in 2019

Year of inception for the investment vehicle in Asia



Source: Project Sage 3.0 survey

Fundraising status

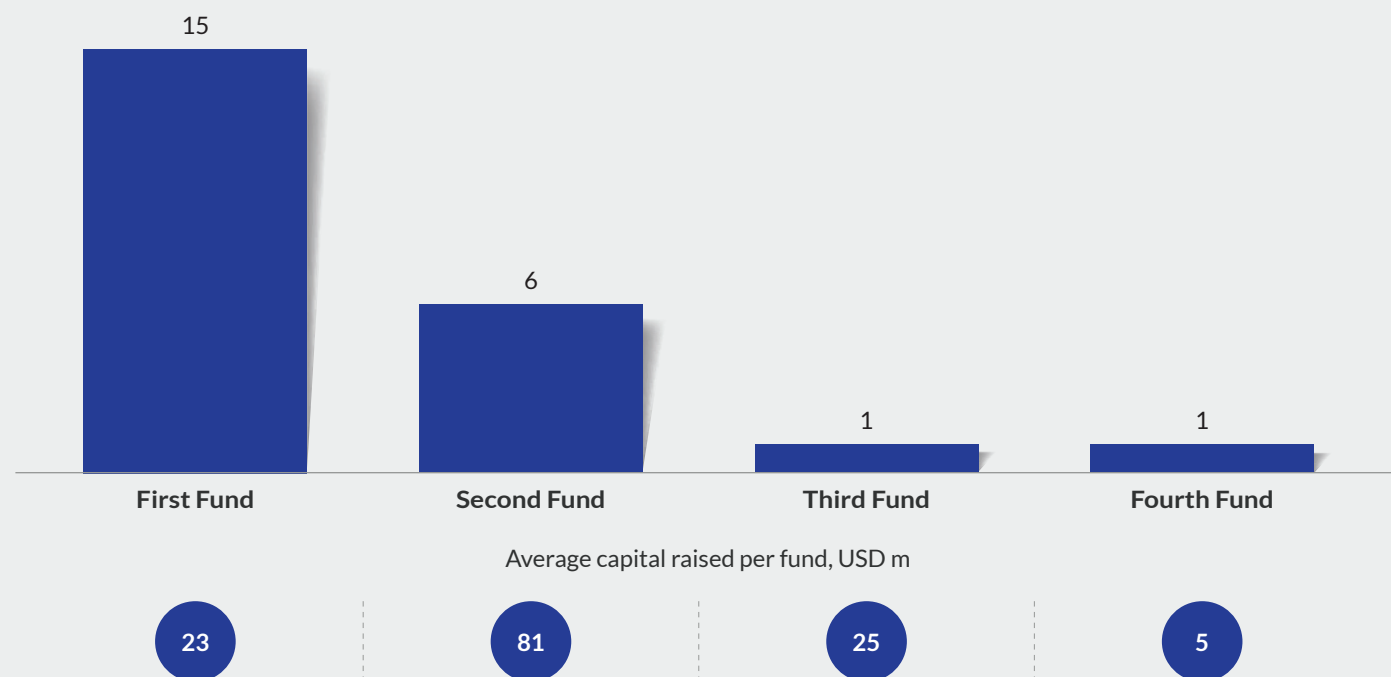
For Asia, most of the private market investment vehicles (65%), are open for investors looking to invest in Asia with a gender lens. A few of the investment vehicles – five of them – are in early stages of fundraising and are yet to complete a first-close, but have already raised around 22% of their target capital on average. Six investment vehicles have completed their first-close, raising an average of 59% of their fundraising target. Seven investment vehicles are now closed to new investors. They were able to raise around 2% more capital than their target and some of them are already considering raising a larger follow-on fund. There are three investment vehicles with innovative approaches to fundraising and capital structures; below are some details about them:

- ✓ **Root Capital's fund** is an open-ended vehicle. Investments flow in and out of their balance sheet over time. They had an initial fundraising target of USD 80m. While they have achieved well above this target, it is not a fixed ceiling and they are open to new investments
- ✓ **Patamar Capital's Beacon fund** is an evergreen fund. Investors can come and go throughout the life of the fund
- ✓ **Fledge**, which invests globally, has rolling closes in their fundraising. This allows them to continue to raise capital long after they start investing. They had an initial target of USD 5m and have been able to raise USD 3m

Exhibit 2.9 : 65% investment vehicles are first-time funds. An average second-time fund has raised 252% more capital than a first-time fund

Fund number for the investment vehicle targeting investments in Asia

East And Southeast Asia

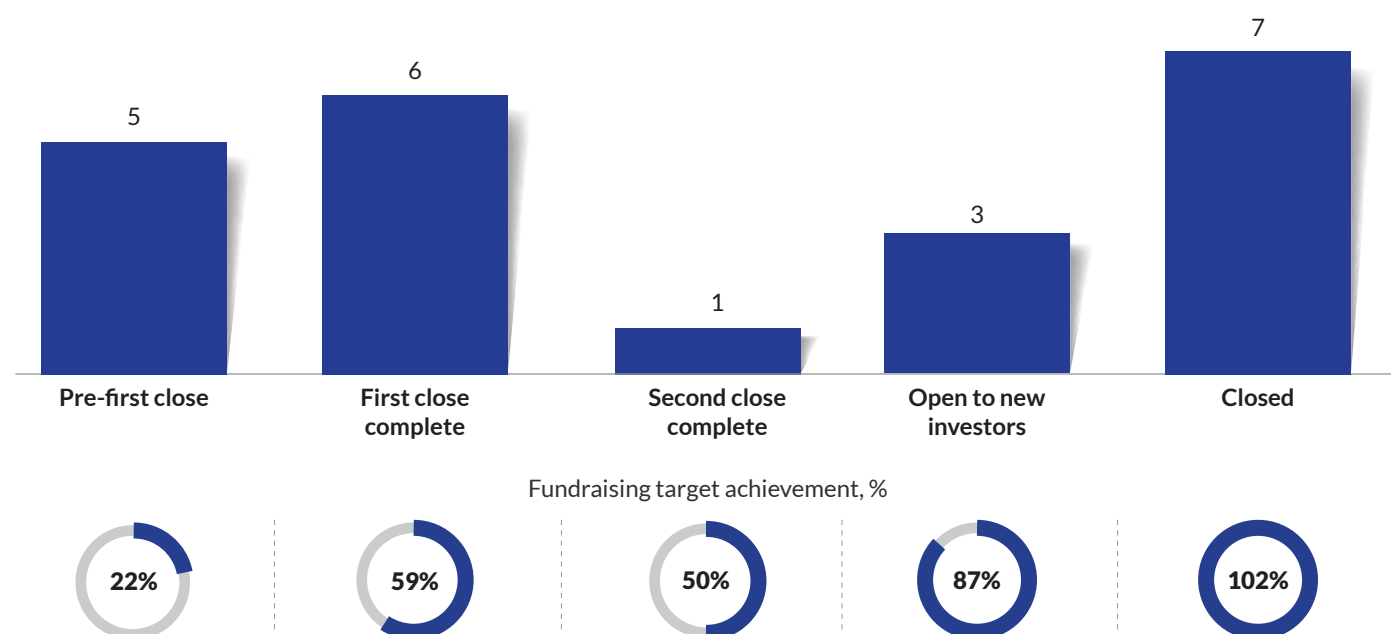


Source: Project Sage 3.0 survey

Exhibit 2.10 : 65% of the investment vehicles are open to new investments. The closed investment vehicles have raised, on average, 2% more capital than their target

Status of fundraising of investment vehicles in Asia

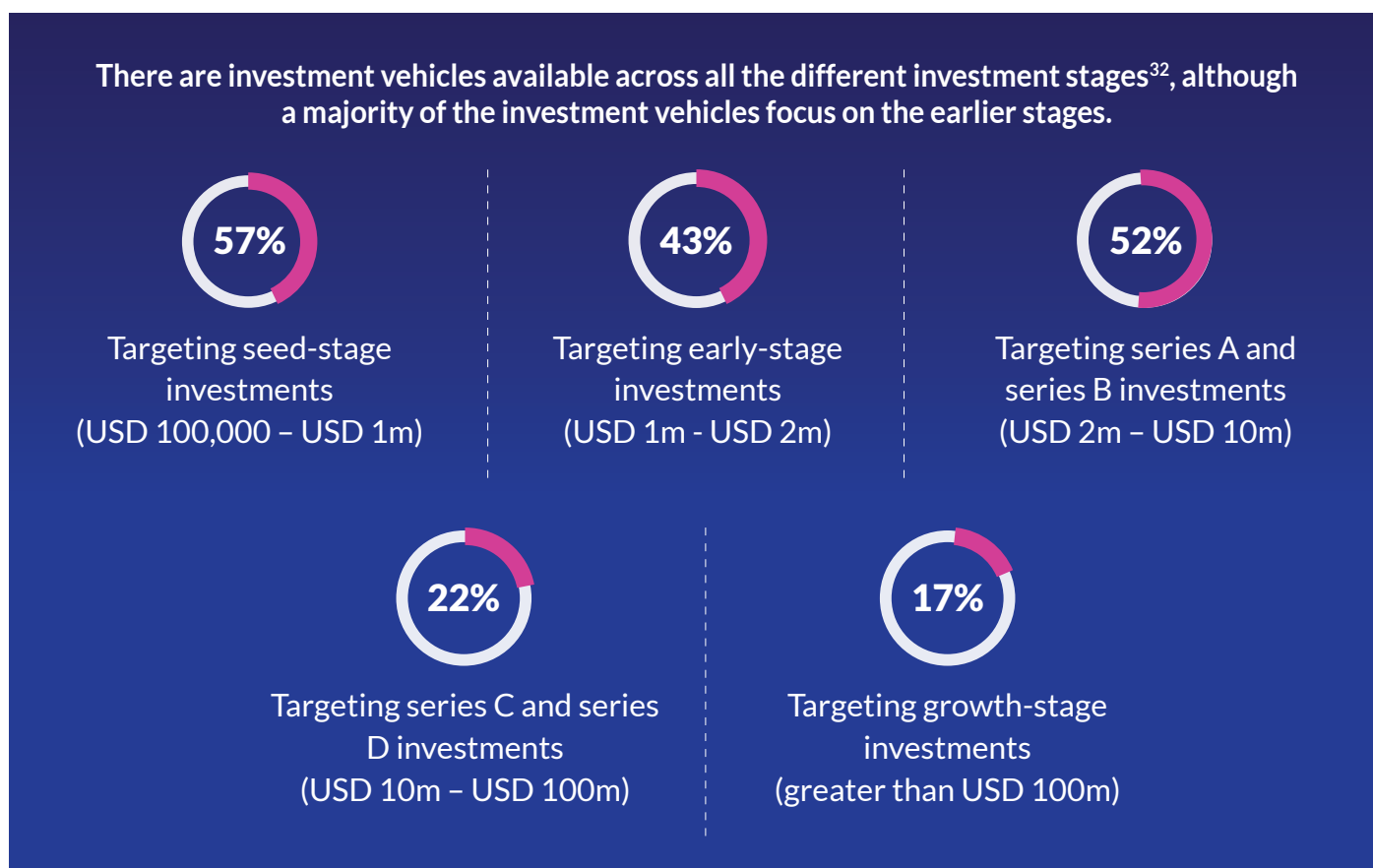
East And Southeast Asia



Source: Project Sage 3.0 survey

Investment focus

Private market gender lens investment vehicles that target investments in Asia are extremely diverse. While there is a fund or multiple funds in each asset class within the region, there is not the same breadth of funds within any specific country, nor is there yet a plethora of options within each category.



These investment vehicles are making gender lens investments across a wide variety of sectors. The most prevalent sectors of focus are healthcare, education, agriculture, consumer, femtech and information technology. There are five sector-agnostic investment vehicles that invest in gender equality-related companies across sectors. There are investment vehicles that have a sector focus outside of the sectors included on Exhibit 2.6. These include gender equality, early childhood development, childcare, nursing care, household support, caring for children and elders, work-life balance for women, new work-style related businesses, professional services, ocean health, and waste and recycling. Most investment vehicles in the space are multi-sector funds. They target an average of eight sectors, with some funds targeting as many as 14 sectors.

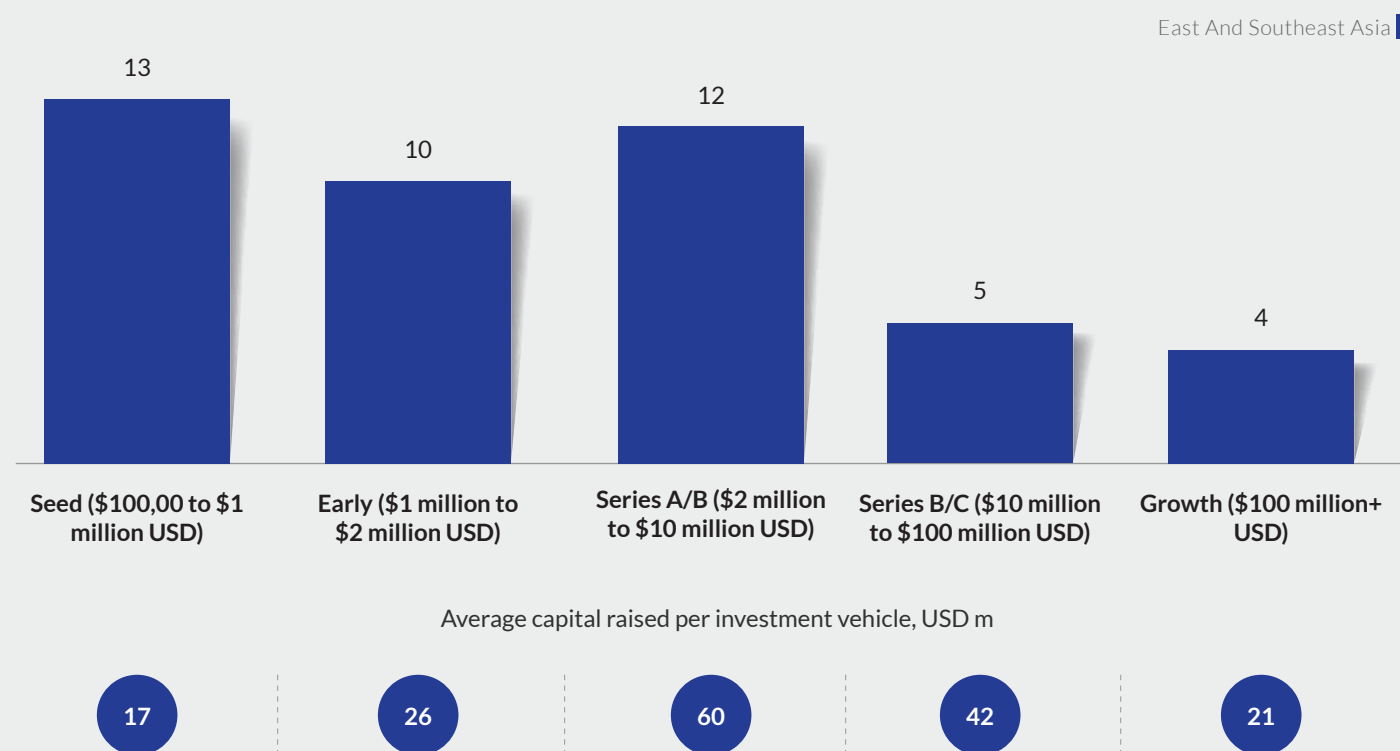
SUSTAINABLE DEVELOPMENT GOALS

Investment vehicles cover all 17 SDGs. All 24 investment vehicles map their investments to SDGs. The most popular SDGs are (unsurprisingly) SDG #5 “Gender equality” and SDG #8 “Decent work and economic growth” with 21 and 19 of the 23 funds using them respectively. The other prevalent SDGs – with over 50% of the investment vehicles mapping their investments to them – were SDG #3 “Good health and well-being” and SDG #10 “Reduced inequalities”. The least prevalent SDGs, with less than 20% of the investment vehicles mapping investments to them were SDG #16 “Peace, justice and strong institutions”, SDG #15 “Life on land” and SDG #14 “Life below water”.

32. Investment vehicles could choose multiple investment stages in the Project Sage 3.0 survey.

Exhibit 2.11 : While most investment vehicles focus on the earlier investment stages, there are investment vehicles available at every stage

Investment stage for the investment vehicles¹ in Asia

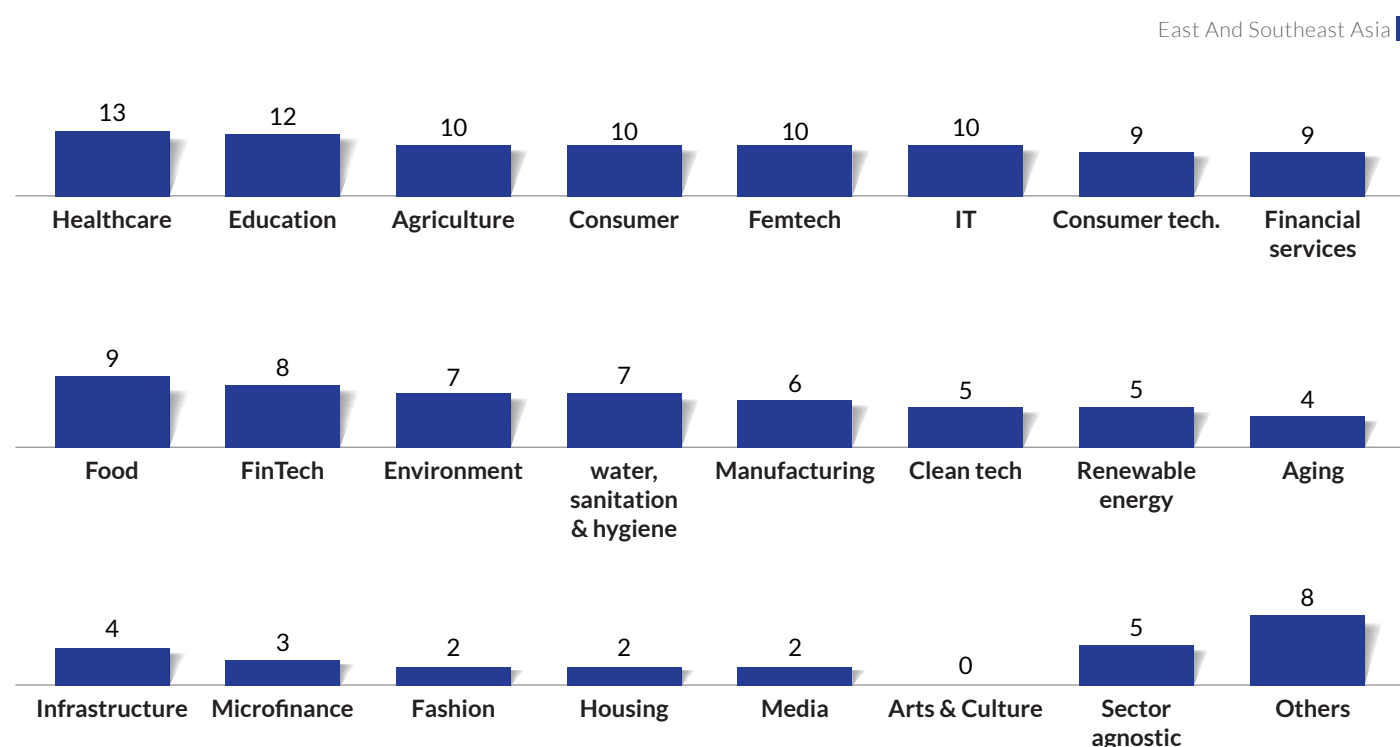


1. Investment vehicles were allowed to choose multiple investment stages

Source: Project Sage 3.0 survey

Exhibit 2.12 : Investment vehicles¹ have a very diverse set of sector focuses. Most prevalent sectors are healthcare, education and agriculture

Sector focus of the investment vehicles in Asia



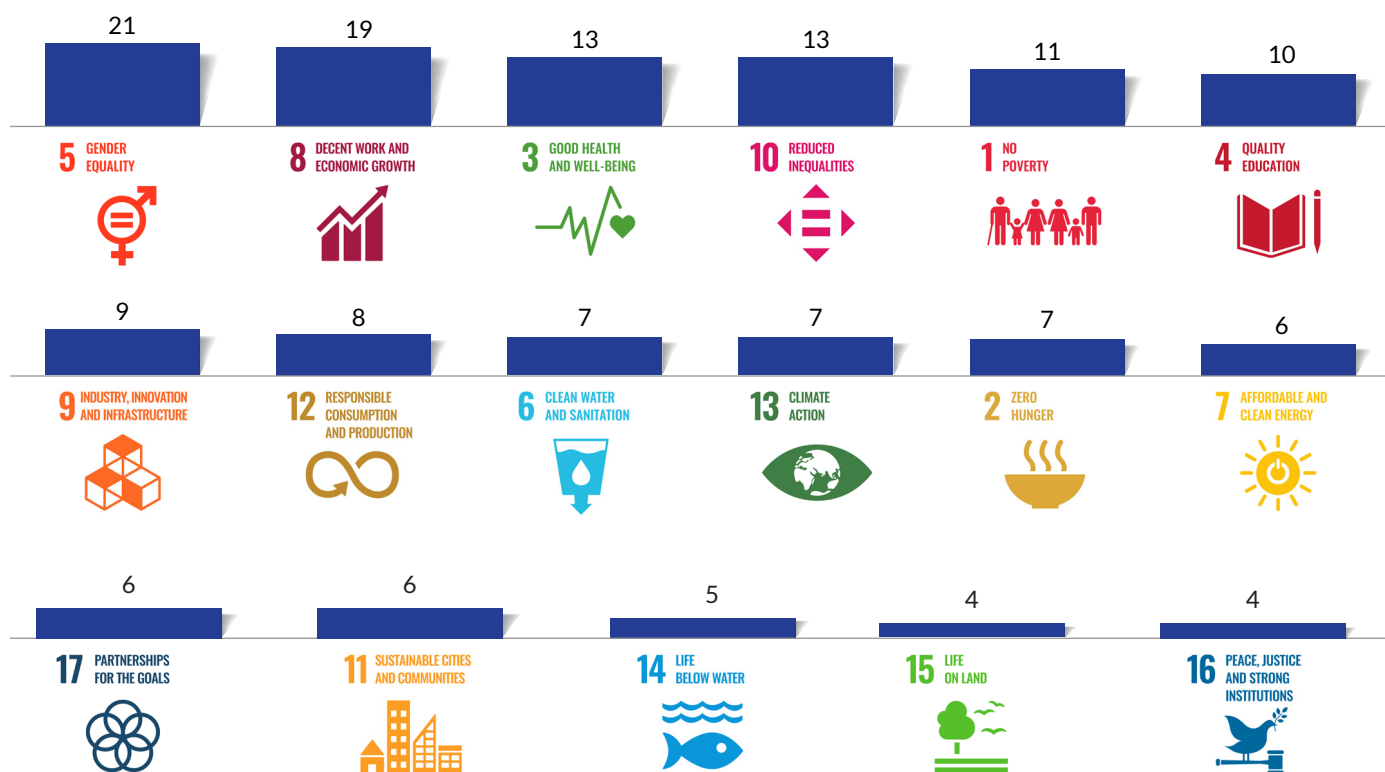
1. Investment vehicles were allowed to choose multiple sectors

Source: Project Sage 3.0 survey

Exhibit 2.13 : Investment vehicles in Asia together seek to advance all 17 SDGs “Gender equality” and “Decent work & economic growth” are the most prevalent

SDG focus of the investment vehicles¹ in Asia

East And Southeast Asia



1. Investment vehicles were allowed to choose multiple SDGs

Source: Project Sage 3.0 survey

Definition and role of gender lens investing

To fully understand the investment vehicles, it is critical to compare the way the funds define gender lens investing, their semantics and the priority of gender as a criterion for them. Each investment vehicle has its own way of defining GLI, and while there are many similarities, there are also a few differences.

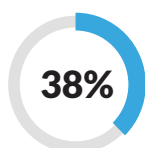
We used the Project Sage 3.0 survey and fund manager interviews in order to understand how the definitions compared across the board. The survey included the five elements of a broad GLI definition and asked the investment vehicles if they agreed to each of them individually. In Asia, all of the 23 investment vehicles agreed with “advancing women in corporate leadership” (which meant entrepreneurship, given that these are private market funds).



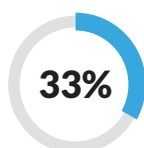
Over **90%** agreed with “advancing products and services that improve the lives of women”, **87%** agreed with “advancing companies that improve the lives of women in their ecosystem” and **83%** agreed with “advancing companies that have a positive impact on the women they employ”. The lowest number, **52%**, agreed with “advancing women in finance (more women fund managers, on IC’s, etc.)”. This is a unique issue in Asia, as global funds consider this definition as important as the portfolio company focused definitions.

Around half of the investment vehicles consider themselves both “an impact investing fund” as well as “a gender lens investing fund”. It was interesting to note that relatively larger investment vehicles tend to consider themselves impact investment funds while smaller investment vehicles consider themselves only gender lens investment funds, without self-defining as an impact fund. From the interviews, it was clear that this topic has a lot of nuance.

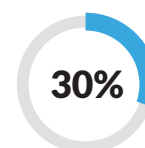
Gender is high on the priority list for the investment vehicles



consider gender as their “top impact priority”



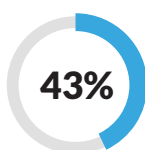
consider gender “one of several key (3-4) impact priorities of equal importance”



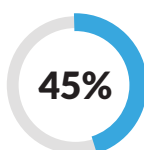
consider gender as “one of many (5-7) impact priorities of equal importance”.



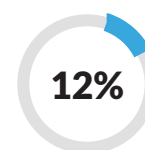
Comparing this to the global funds it appears that global funds consider gender an even more important impact priority.



consider gender as their “top impact priority”



consider gender “one of several key (3-4) impact priorities of equal importance”

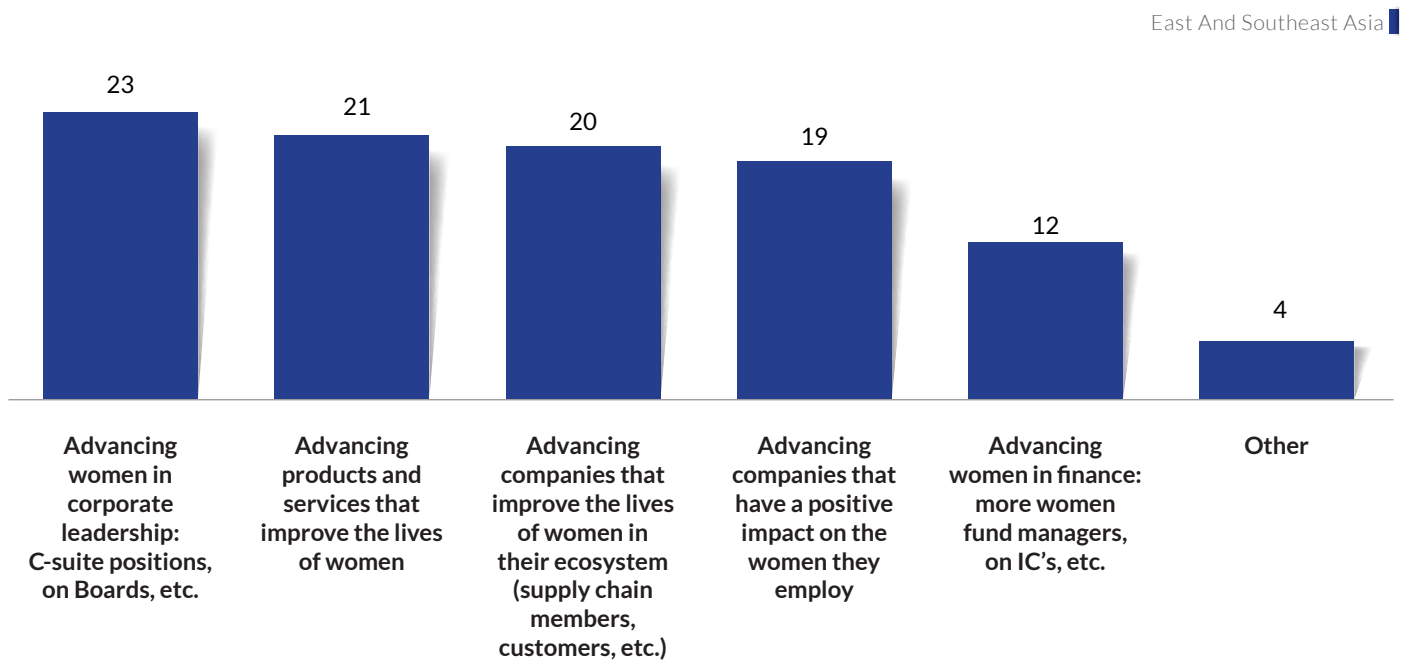


consider gender as “one of many (5-7) impact priorities of equal importance”

At first glance, it appears that as the priority of gender increased, the average capital raised by the investment vehicles appears to decrease. Investment vehicles that target investments in Asia, with gender as “one of many (5-7) impact priorities of equal importance” were able to raise an average of over 6.6x the capital that investment vehicles which consider gender as their “top impact priority” could raise. This trend also appeared to remain consistent with global funds. A deeper analysis reveals that investment vehicles that consider gender as their “top impact priority” are relatively newer funds. Most of them were set up after 2017 and are mainly first-time funds, whereas investment vehicles which consider gender as “one of many (5-7) impact priorities of equal importance” are relatively older and more established funds. Most of them were set up before 2016 and have a healthy mix of first- and second-time funds. This illustrates the fact that GLI is a relatively new strategy and is becoming more important for newer funds.

Exhibit 2.14 : More than 80% of investment vehicles¹ agree with each of the four definitions that focus on portfolio companies. Only 54% agree with the definition around advancing women in finance

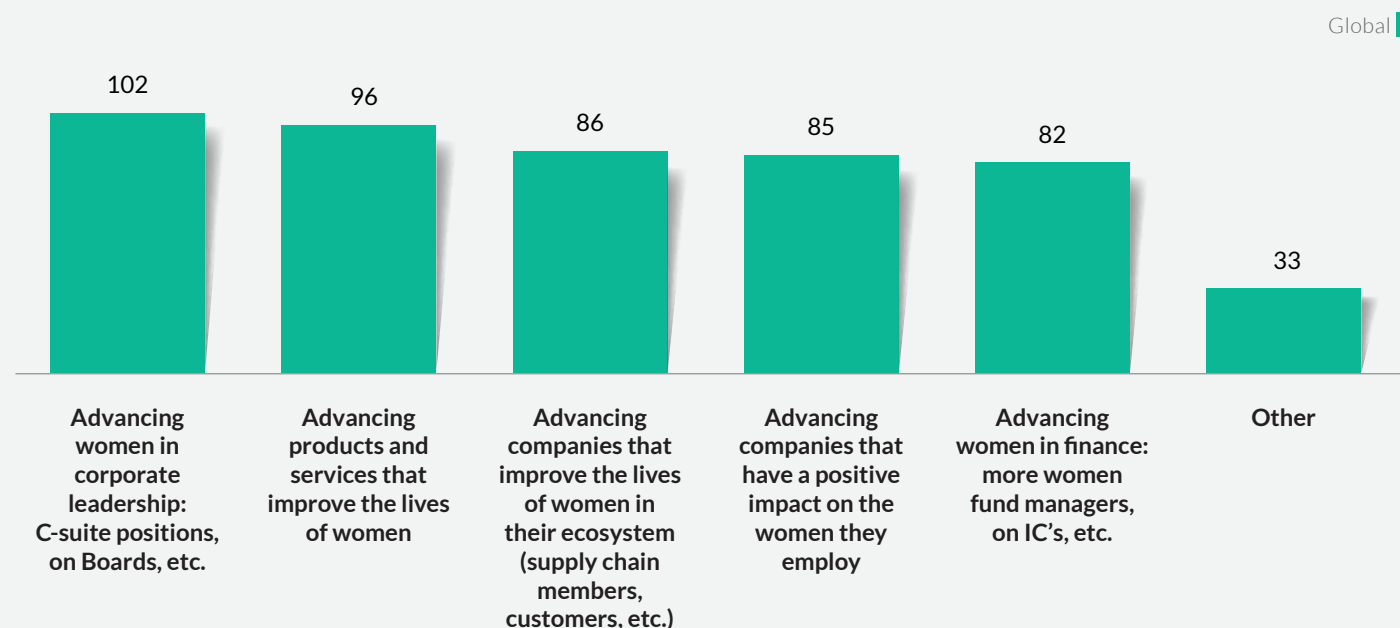
How do the investment vehicles in the region define Gender Lens Investing (GLI)?



1. Investment vehicles were allowed to choose multiple definitions of GLI
Source: Project Sage 3.0 survey

Exhibit 2.15 : Over 60% of global investment vehicles¹ agree with the four definitions that focus on portfolio companies. Unlike in Asia, this number stays consistent for the definition around advancing women in finance

How do the global investment vehicles define Gender Lens Investing (GLI)?

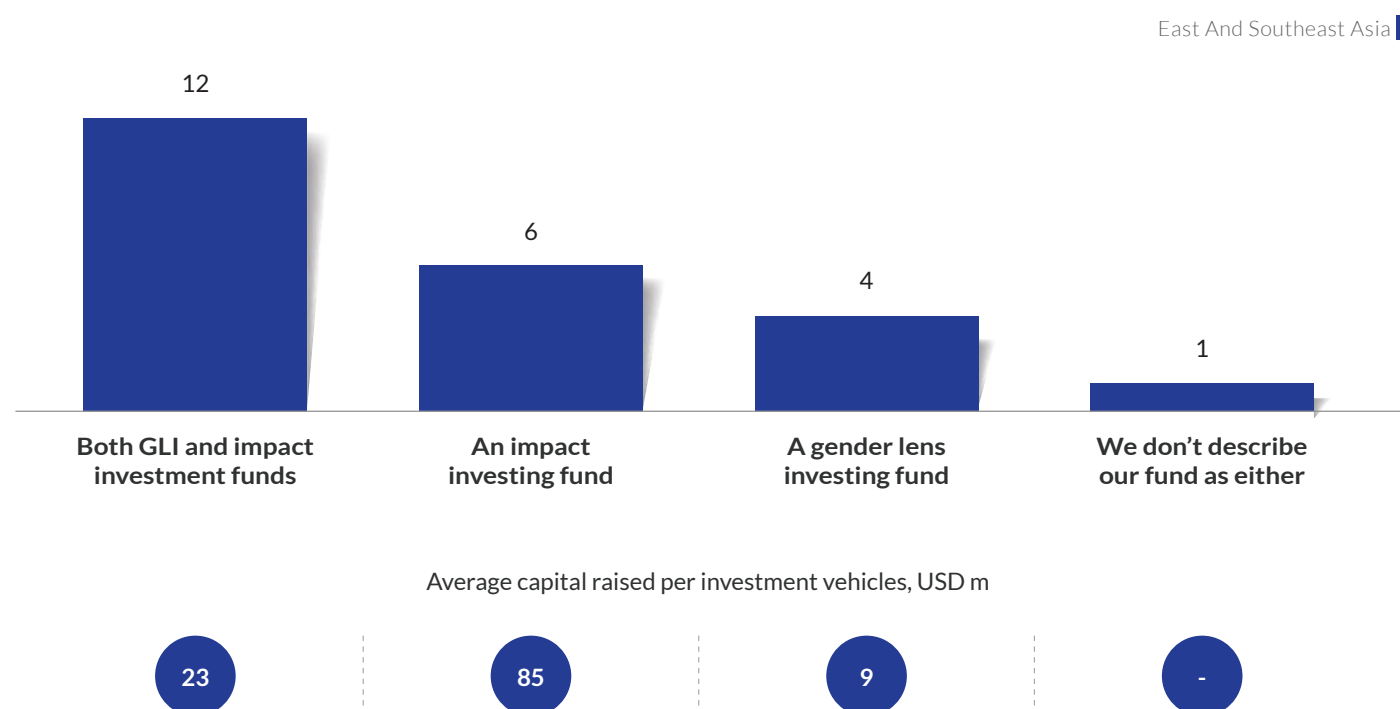


1. Investment vehicles were allowed to choose multiple definitions of GLI

Source: Project Sage 3.0 survey

Exhibit 2.16 : 52% of investment vehicles consider themselves both a “GLI fund” and an “Impact Investing fund”.

Semantics- What do the investment vehicles consider themselves?

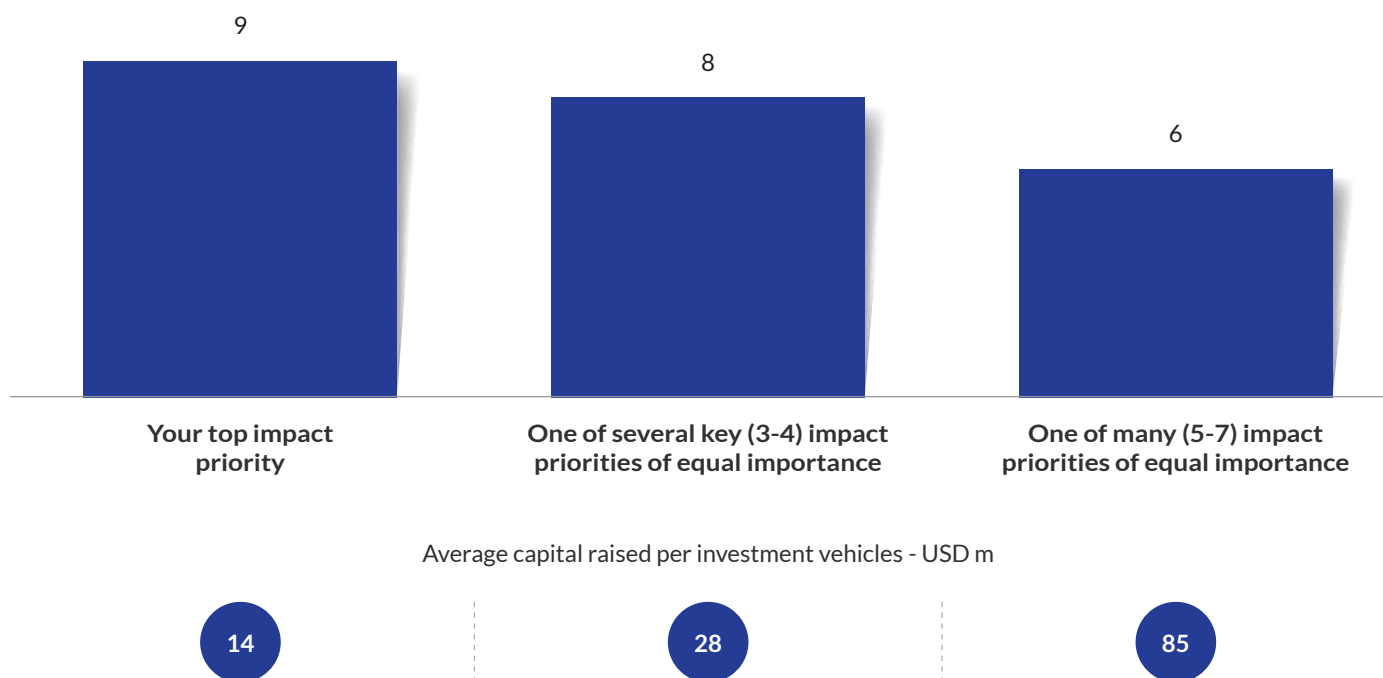


Source: Project Sage 3.0 survey

Exhibit 2.17 : 39% of the investment vehicles consider gender their top impact priority. Investment vehicles that tend to rate gender as the top priority are some of the newest and smallest investment vehicles in the scan

Priority of gender as an impact criterion for investment vehicles targeting to invest in Asia

East And Southeast Asia

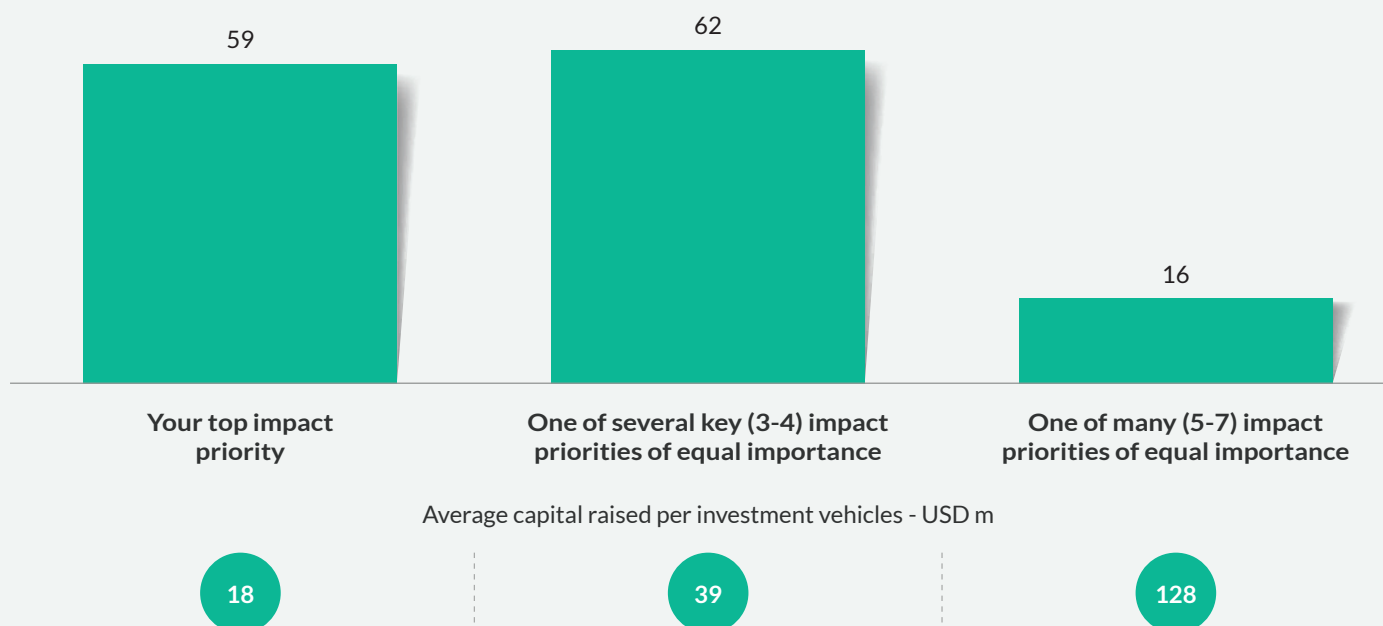


Source: Project Sage 3.0 survey

Exhibit 2.18 : Priority of gender appears to be higher for global investment vehicles. Globally too, investment vehicles that rate gender as the top priority are some of the newest and smallest investment vehicles

Priority of gender as an impact criterion for global investment vehicles

Global



Source: Project Sage 3.0 survey

Gender balance within the funds

While gender diversity within funds has improved over time, both funds that target investments in Asia and global funds have a long way to go.

52%

Investment vehicles investing in Asia have a gender-balanced investment committee³³,

39%

39% of them have gender-balanced partnership teams³⁴

26%

Have both



Global investment vehicles are similar:

46%

Have a gender-diverse investment committee

29%

Have gender-diverse partnership teams

20%

Have both

It appears that both globally and in Asia, investment vehicles with a female majority (50% or more) partnership team or a female majority investment committee (50% or more) appear to be smaller in terms of the capital raised. This disparity exists in both first-time funds as well as later funds.

Compared to Asia, global funds have a relatively large proportion of all-female partnership teams:

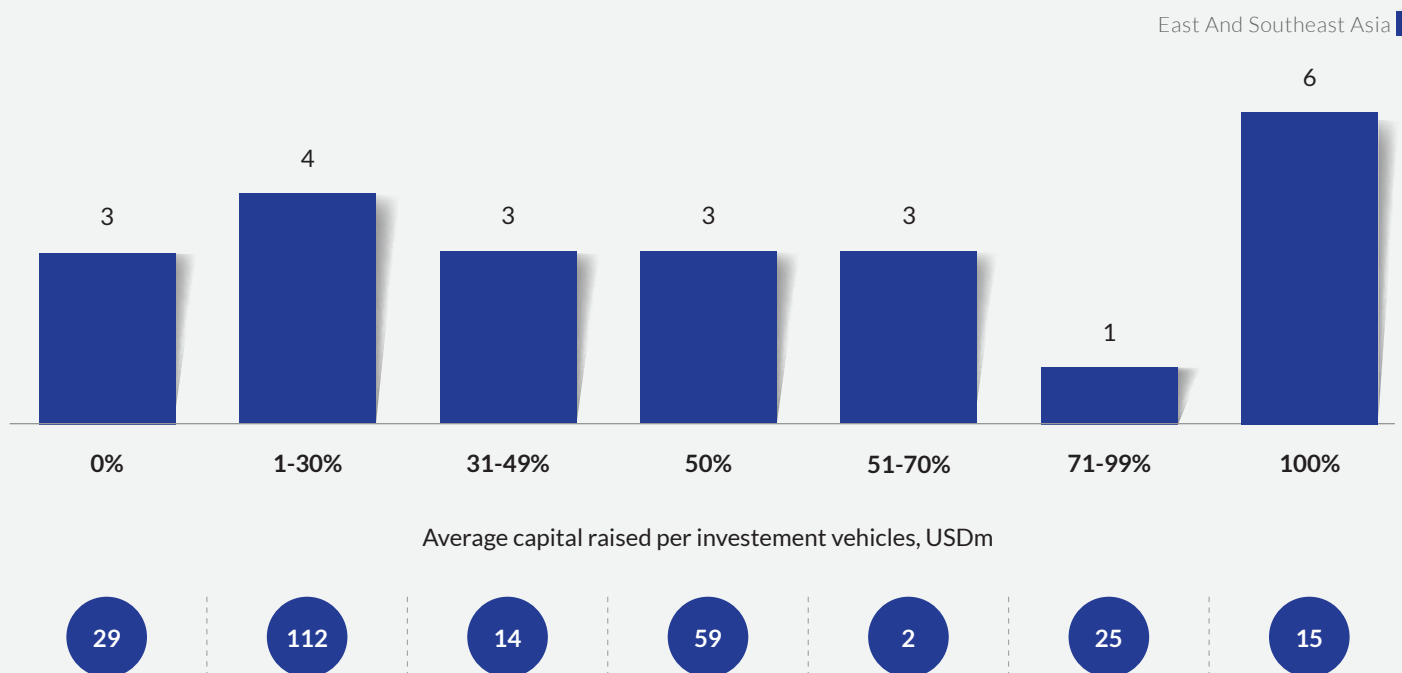


33. We considered an investment committee that has between 31% to 70% women or men to be gender-balanced

34. We considered a partnership team that has between 31% to 70% women or men to be gender-balanced

Exhibit 2.19 : Only 39% of investment vehicles in Asia have gender-balances partnership teams¹, while 26% have only female partners. Investment vehicles with more than 50% female partners appear to be on the smaller side

Proportion of female partners in the investment vehicles in Asia

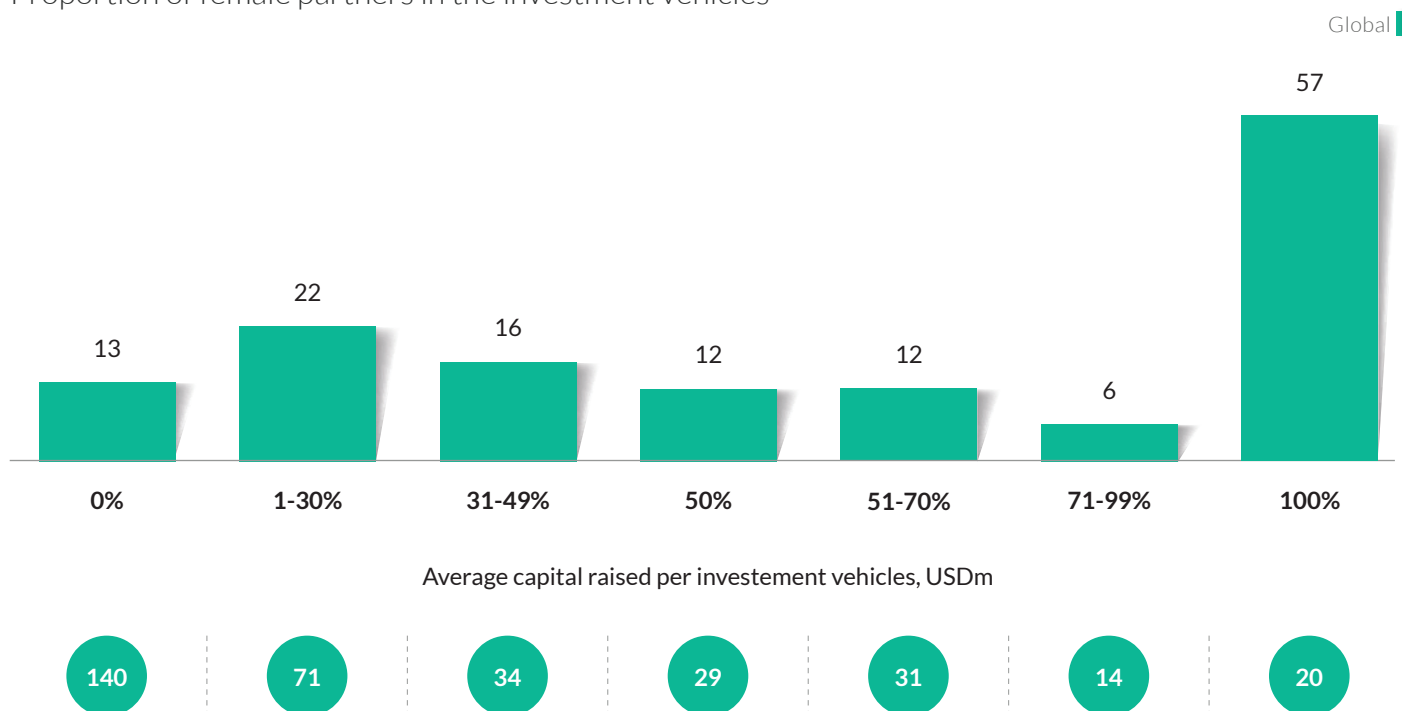


1. A partnership team that has between 31% to 70% women is considered gender balanced

Source: Project Sage 3.0 survey

Exhibit 2.20 : Globally, only 29% of investment vehicles have gender-balanced teams¹; 41% have all-female partnership teams. Even globally, investment vehicles with more female partners are currently on the smaller side

Proportion of female partners in the investment vehicles

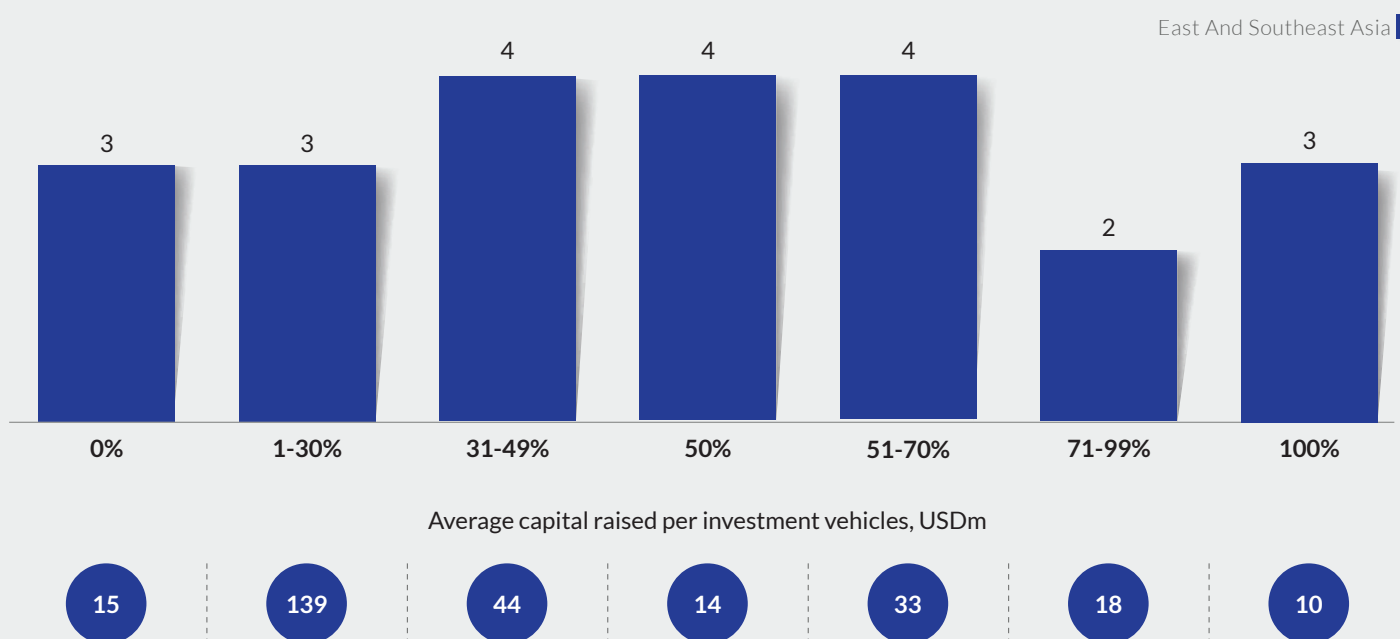


1. A partnership team that has between 31% to 70% women is considered gender balanced

Source: Project Sage 3.0 survey

Exhibit 2.21 : 52% of investment vehicles have a gender-balanced¹ investment committee.
Investment vehicles with investment committees that have 50% or more women tend to be smaller.

How many of the investment committee (IC) members are female in investment vehicles in Asia?

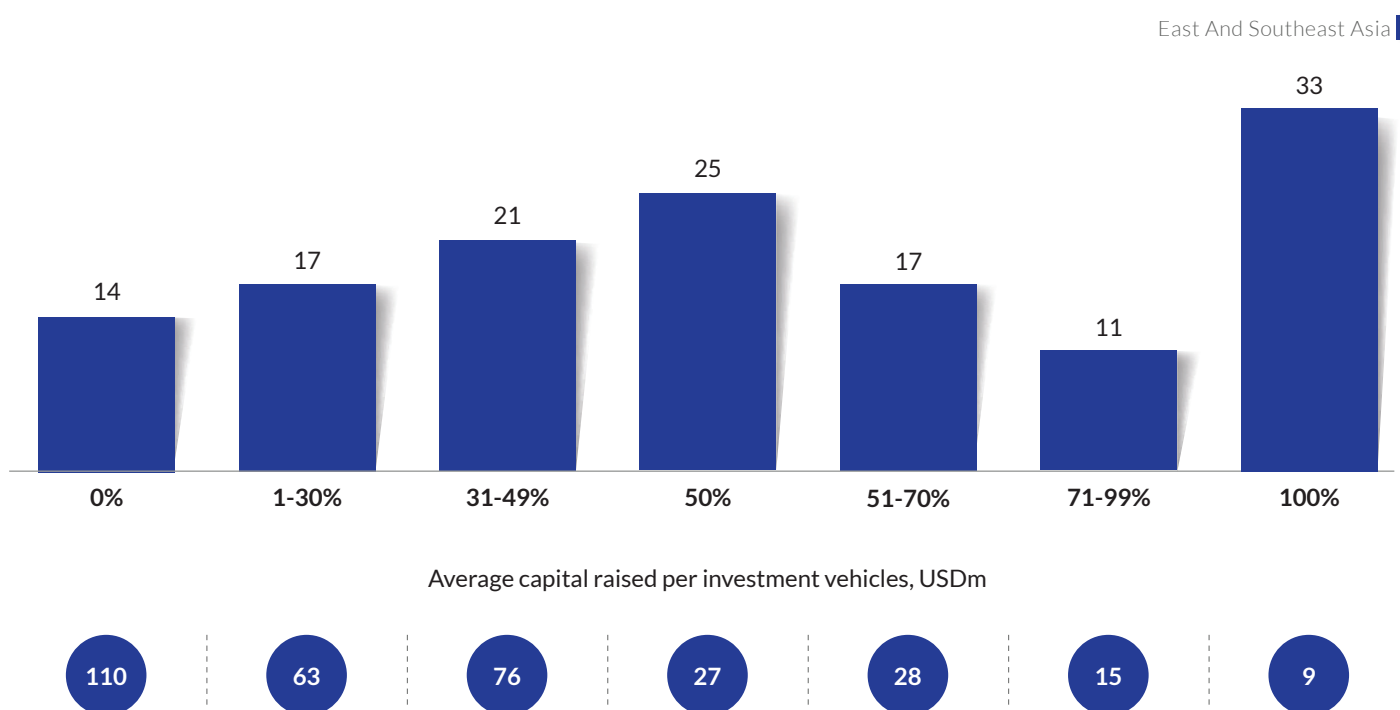


1. An investment committee that has between 31% to 70% women is considered gender balanced

Source: Project Sage 3.0 survey

Exhibit 2.22 : 46% of global investment vehicles have a gender-balanced investment committee.¹ Even globally, Investment vehicles with investment committees that have 50% or more women tend to be smaller

How many of the investment committee (IC) members are female in global investment vehicles?



1. An investment committee that has between 31% to 70% women is considered gender balanced

Source: Project Sage 3.0 survey

Gender-outcome based incentive structures

Incentive structures for general partners

In traditional private equity funds, the compensation for general partners is driven by incentives linked to the funds' fundamental objective – the maximization of profits for their investors. Most gender lens investment vehicles also follow the same compensation structure, where GPs take a share of the profits realized from their portfolios. However, some investment vehicles have now created impact-based incentive structures. Below are some examples:

- ✓ **Capital 4 Development Partners (C4D)**, a Netherlands and Indonesia-based impact investment manager with a focus on Southeast Asia, has linked their newest fund's carry distribution with social impact. If an agreed gender-based target is not achieved the carry distribution drops by 50%
- ✓ **At Bamboo Capital Partners**, for their CARE SheTrades Impact Fund – also with a focus on Southeast Asia – the impact performance is linked to carry distribution as well. They use an internally developed framework to measure impact performance and use thresholds for carry distribution. Their framework uses IRIS metrics and generally accepted standards
- ✓ **At SEAF**, for the Southeast Asia-focused funds listed here, the team has individual objectives which also include gender objectives on the portfolio management side. The team's incentive is aligned with the gender outcomes of the portfolio companies

Incentive structures for portfolio companies

Most impact investment vehicles regularly track impact performance along with financial performance for their portfolio companies. It needs to be recognized that early-stage companies usually do not have robust reporting systems. Hence, impact-performance discussions are typically designed individually with each company. The funds prefer to keep a collaborative working relationship with their portfolio companies, and some investment partners believe that creating a gender-outcome based incentive model would act as a deterrent to that. But there are new funds that are trying to move away from that approach and incorporate portfolio company incentives, while maintaining a collaborative working relationship.

General partners in Patamar's new Beacon fund, a Singapore-based evergreen venture capital fund, are considering setting up a stepped incentive system for the portfolio team, based on performance as well as gender metrics.

De-risking mechanisms

There is a misperception amongst some LPs that by adding a gender lens to the investment criteria, one is increasing risk. Fund managers we interviewed shared that they believe this is a deterrent to investors into their vehicles and is one of the challenges to fundraising. The traditional solution to this challenge is to give the market some time and let “other investors” create success stories and build a track record. But the challenges that GLI addresses are too urgent to take a “wait and see” approach. This is where de-risking mechanisms come into play. De-risking mechanisms are precise instruments that can significantly reduce the specific type of risk that the risk-averse investors are most concerned about.

Below are some examples of de-risking mechanisms in Asia:

- ✓ **Investing in Women (IW)**, an initiative of the Australian Government and Australia’s Department of Foreign Affairs and Trade (DFAT) have provided grant capital to multiple fund managers including SEAF, Patamar, C4D and Root Capital, to focus on gender equality and specifically to invest in women entrepreneurs in Vietnam, Indonesia, and the Philippines. This capital was allowed to cover the costs of funds and their internal work to shift their own gender theses, process and teams, and to improve their pipelines, and could be invested in the portfolio companies of the funds. This has allowed the funds to make perceived “riskier investments” to prove their business model and hence attract larger amounts of capital in the future. The hope was also that by demonstrating the viability of this strategy, the demonstration effect would carry into their other funds and to the broader market
- ✓ **Japan ASEAN Women Empowerment Fund (JAWEF)**, is a microfinance investment fund managed by BlueOrchard Finance Ltd. The Sasakawa Peace Foundation invested USD 30m in JAWEF. The Japan International Corporation Agency (JICA) and The Japan Bank for International Cooperation (JBIC) de-risked this investment by investing as junior investors and taking lower returns than senior investors
- ✓ **IFC**, a member of the World Bank Group, and **DEG - Deutsche Investitions- und Entwicklungsgesellschaft**, a German development finance institution (DFI), subscribed to the USD 220m Women Entrepreneurs Bonds issued by Krungsri (Bank of Ayudhya) in Thailand. The aim of this offering was to boost lending to women-led small and medium-sized enterprises (WSMEs) in Thailand and create a competitive advantage for the Bank by being the bank of choice for women. IFC and DEG led a large-scale Technical Assistance program with Krungsri to train their bank manager and frontline staff to effectively target women as potential customers. This bond introduced WSME loans as an attractive asset class for investors and paved the way for issuance of future capital markets instruments that benefit socially responsible initiatives in the region
- ✓ **Impact Investment Exchange (IIX)** launched the Women’s Livelihood Bond 2 (WLB2) in 2020 with first-loss capital provided by The Rockefeller Foundation and a 50% loan portfolio guarantee by USAID
- ✓ **ICCO Cooperation**, a leading Dutch NGO, is the sponsor investor of **Capital 4 Development (C4D)**, a Dutch impact investment manager. C4D raised a USD 30m fund to support SMEs that address and solve for local challenges and/or industry inefficiencies in India, Indonesia and the Philippines. ICCO provided de-risking features to the fund, including a USD 10m first-loss facility and a preferred return rate for other investors

Ecosystem-building role of fund managers

In the interviews we did for this report, and in the interviews done by the Project Sage team, one thing that came out is the number of gender lens fund managers who take an ecosystem approach to building their fund and their impact. This includes playing an active role in field-building on GLI overall, supporting a much broader base of entrepreneurs than are in their investment portfolios (with specific programs like “Founders Office Hours” and coaching for entrepreneurs pre-investment), connecting with other fund managers to share pipeline, building and sharing new tools and more.

Case studies

Capital 4 Development Partners (C4D)

The Capital 4 Development Asia Fund was launched in 2018. They raised USD 30m at the first close in 2019 and were targeting a final closing at USD 50m by mid-2020. Its leading investors are ICCO Cooperation, Dutch Good Growth Fund, FCA Investments and Investing in Women.

ICCO provides de-risking features, such as a USD 10m first-loss facility and a preferred rate of return for other investors. The Fund invests in SMEs in Indonesia, Philippines and India that address and solve for local challenges or industry inefficiencies. For their investments in Philippines and Indonesia, they use a variety of debt instruments including subordinated debt, convertible bonds and revenue share instruments. They prefer to take board seats and can get actively involved in portfolio companies even while using debt instruments.

C4D supports gender equality by encouraging gender-balanced business strategies; for example, including women in supply chains and staffing, etc. They have committed 30% of their capital to women-owned/led SMEs to include more women in the economy. They also try to educate top management of their portfolio companies on gender awareness. Investments of the Fund are also backed by an Investee Support Facility (ISF), offering non-financial support designed to address specific needs and challenges of each portfolio company. They help portfolio companies increase positive social-economic impact (including gender factors), scale up, improve performance rates, and decrease investment risks.

C4D has 23 companies in their portfolio in Southeast Asia and India; eight of these are women-owned/led and constitute around 50% of their committed capital. They have created a gender scorecard to track gender metrics (e.g. number of women employees, number of women suppliers, etc.) across their portfolio companies, which they believe have a big ecosystem effect. They have strengthened the focus on impact by aligning their carry distribution with certain agreed gender-based targets. The partners stand to lose 50% of the carry in case these targets are not met.

Patamar Capital

Patamar is a leading venture capital firm focused on Southeast and South Asia's mass market. **They announced the first close of Patamar Fund II in June 2019.** It has a target of **USD 100m** and already has commitments from a diverse set of investors including family offices and institutional investors from US, Europe and Asia.

Patamar has developed its own framework for GLI with the support of the Criterion Institute. They aspire to build an investment market around female entrepreneurs by creating success stories which demonstrate the value of applying a gender lens to their investment strategy. To further this cause, they partnered with Investing in Women to establish an innovative blended-finance investment vehicle – Patamar Investing in Women Fund – to reduce the funding gap and mobilize capital flow to women's SMEs. It provided capital for both direct investment as well as operational support for the investments. The objective was to create “proof of concept” investments that demonstrate the merits of GLI. This investment vehicle is now fully invested into **14 companies**.

Working with the Investing in Women Fund, they started segregating impact data by gender, which resulted in richer insights around gender equality. For example, they realized that **~80%** of their invested companies had all-male boards. Now they have started reporting all impact metrics segregated by gender across all their funds.

They have created an accessible and easy-to-use gender analysis tool, ensuring that one does not need to be an expert on gender to utilize it well. The tool is structured as a 2-page conversation starter which helps the team integrate gender analysis in the due-diligence process. The analysis focuses on the role of women in the market, the business model, the HR processes, and the leadership of the company. Gender is also considered an important factor at the time of sourcing and exit.



While creating the gender-balance analysis, we wanted to move away from an artificial checklist approach, where, after finishing with the important diligence questions, you would quickly run through the customary gender related questions. Instead, gender analysis should be fully integrated into the due diligence process

– Shuyin Tang, Partner, Patamar Capital

Shinsei Bank Group's Japan Impact Investment I Limited Partnership (Child-care Support Fund) and Japan Impact Investment II Limited Partnership (HATARAKU Fund)

Shinsei Bank Group, one of the large financial groups in Japan³⁵,

in January

2017

launched its first impact investing fund, namely Japan Impact Investment I Limited Partnership (a.k.a. "Child-care Support Fund")

From the beginning, Shinsei has envisioned launching a series of funds tackling the life challenges that are faced by the working population of Japan, such as child-care, elder-care, work-life balance and work-style innovations.

While focusing on the social issues on child-care, the first fund, Child-care Support Fund, without being explicit on gender-focus, addresses a social problem that disproportionately affects the female working population, as traditionally the responsibility of child-care falls upon women in a typical Japanese household. In Japan, capacity at government-authorized day-care centers is constantly undersupplied. On average, around **20,000** children are on the waitlist to enter day-care centers at any point in time.³⁶ Child-care Support Fund was closed at approximately **USD 5m**, with Shinsei Bank Group intentionally being the sole investor. The fund invested in six companies and was fully deployed ahead of schedule, indicating that the demand for such solutions and quality of available deals were better than initially expected.

Riding on the success of Child-care Support Fund, the second fund, Japan Impact Investment II Limited Partnership was launched in June 2019. The second fund is co-managed by Shinsei Bank Group and Japan Social Innovation and Investment Foundation (SIIF), a Japanese foundation aiming to unlock private capital to invest in Japan's social and environmental challenges. The fund also has close collaboration with Mizuho Bank, one of the three so-called "mega-banks" in Japan. The fund has received investments from Shinsei Bank Group, SIIF, and other large financial institutions including Mizuho Bank, Sumitomo Mitsui Trust Bank and other Japanese institutional investors. The second fund is targeted at USD 50m in size – ten times the size of the Child-care Support Fund – and aims to address issues on child-care, nursing care, and work-style innovation.

The fund manager strives to achieve high standards of impact measurement and management process with both funds. For example, in addition to laying out the theory of change at the fund level, the fund manager supports each portfolio company in articulating and developing detailed individual theories of change, which has been very well-received by the social entrepreneurs. They believe this exercise helps with various company management aspects, such as their sales and marketing communication, employee motivation, talent hiring, company branding, and eventually, providing evidence-based data to support equity theory at future IPO events.

35. Shinsei Bank has a reported AUM of around USD 95bn (JPY 10,226bn) as of 31st March 2020.

<https://www.shinseibank.com/corporate/en/ir/factsheet/>

36. <https://www.nippon.com/en/features/h00289/>

Small Enterprise Assistance Fund (SEAF)

Small Enterprise Assistance Funds (SEAF) is a global impact investor with 30 offices globally which focuses on achieving meaningful and measurable impact results and positive financial returns by providing entrepreneurs in emerging markets with the capital, knowledge, and networks they need to grow their businesses. Since 1989, SEAF has made more than 425 investments across 40 funds in more than 31 countries underserved by traditional sources of capital.

SEAF has long been involved in gender lens investing with 75 of SEAF's over 425 investments relating to women's economic empowerment. They started their first women's economic empowerment dedicated fund in 2017, partnering with Investing in Women (IW), an initiative of the Australian government. They currently operate four gender lens investment vehicles that are focused in or include Asia as a destination:

- ✓ **SEAF Women's Opportunity Fund (SWOF):** Launched in 2017 in partnership with Investing in Women. This fund made equity and quasi-equity 6 investments between USD 500,000 –2.0 million in women-led businesses in the Philippines, Vietnam and Indonesia
- ✓ **SEAF Women's Global Finance Facility:** This is a global debt fund which provides USD 1–4m in expansion capital in the form long-term senior debt to SEAF-invested women-led SMEs or those supporting women through employment or products/services
- ✓ **SEAF Women's Economic Empowerment Fund (SWEFF):** This is a fund dedicated to developing a portfolio of companies with high growth business models seeking to tackle the economic empowerment challenges facing women in Southeast Asia. The Fund will create shared value for investors, women, and entrepreneurs by investing in 10-12 high growth SMEs in Vietnam, Indonesia and the Philippines and opportunistically in Malaysia, Thailand, Cambodia, Laos and Timor-Leste. The targeted SMEs will be positioned to not only profitably scale to produce market-based returns, but also to drive women's economic empowerment and gender equality in the marketplace and in the workplace
- ✓ **SEAF COVID-19 Global Gender Lens Emergency Loan Finance facility:** A global debt facility providing emergency funding and business support for SMEs supporting women. The Facility is designed to allow entrepreneurs to implement the necessary response actions which will make a fundamental difference in the ability for 2X SMEs supporting women to support their employees and local communities through this global crisis and its aftermath

SEAF's investment strategy is based on the conviction that companies with strong internal gender equality are superior business performers. They believe that gender biases often result in women being undervalued in the workplace, resulting in specific businesses also being undervalued. Hence, SEAF looks at four investment categories:

- 1. Women-led Firms:** Addressing the financing gap for women in leadership positions in SMEs as well as improving their business skills
- 2. Women's Sectors:** Firms in sectors where women comprise a large portion of the labor force and provide critical labor and social protection
- 3. Women's Products:** Firms delivering products and services that meet the unique and unmet wants and needs of women and girls
- 4. Role Models that Commit to Gender Equality:** Based on the conviction that firms that commit to both strong internal gender equality efforts and continuous operational improvements will be superior business performers

Through the SWOF program, SEAF has been able to develop the SEAF "Gender-Equality Scorecard©" to assess, monitor and improve women's economic empowerment and gender equality within investments. This is now being rolled out across all global funds and is extremely useful to track outcomes over time. This has also helped the overall firm become more gender-conscious itself. While only two of the five board members at SEAF are women, their investment team consists of a strong proportion of women, including in senior roles. The Southeast Asian team is 85% women. The team's annual incentives are tied to their own individual objectives which also include portfolio management goals relating to gender equality. Hence, there is an indirect gender-outcome based incentive for the team. They do not align entrepreneur incentives with impact outcomes as they wish to keep the partnership with the entrepreneurs collaborative and open. This GES© tool is now available for use by any fund manager as a public resource.

Teja Ventures

Teja Ventures is a pan-Asian venture capital fund focused on the “**She Economy**”, founded by Virginia Tan in November 2018. It focuses on investing in technology companies in South East Asia, with strategic exposure to China and India, leveraging synergies between the different geographies. In addition to objective investment criteria, the gender lens it employs targets businesses which are either women-led, focus on women consumer-led markets, or which create positive impact on women in the wider ecosystem. The fund sees particular opportunities in the fintech or financial inclusion, consumption, digital distribution, healthcare and wellness and content economy verticals.

In 2013, Virginia founded “Lean In China”, now one of Asia’s largest communities for women. Their mission is to empower Chinese women to pursue their goals and aspirations. They built a community for over 100,000 women across China, promoting a culture of mentorship, leadership and mutual support. Virginia also founded “She Loves Tech”, a global start-up competition designed to give the world’s most promising women tech entrepreneurs and women impact start-ups a unique opportunity to showcase their businesses to a global audience of investors and influencers. Today, it is the world’s largest women and tech start-up competition, is held across 30 countries in 2020. “**Lean In China**” and “She Loves Tech” helped Virginia understand additional barriers that women face as employees and entrepreneurs, but also the unique consumer behaviors of women, and the opportunities that technology affords as a leveler to women.

Teja Ventures’ investment strategy aims to leverage the economic potential of women in Asia – valued at USD 8tn in 2020 – as a demographic across the entire value chain of investment, in their roles whether as consumers, online traffic, mobile force, supply chain etc. They combine traditional VC investment criteria alongside a gender lens methodology focused on organizational diversity, economic impact, and products and services which disproportionately benefit women. They have a detailed gender lens section in their diligence process. They aspire to make GLI a mainstream approach, by selecting companies which use technology to unlock ecosystem impact for women and with innovative and commercially scalable business models. For fundraising, they connect their portfolio companies with larger, more established investors, and in the process educate them about the gender lenses they use while making investments.

Teja Ventures has been able to build a deal-sourcing advantage with female entrepreneurs and the “She Economy”- focused start-ups by leveraging their partnership with “She Loves Tech”, their unique positioning with female entrepreneurs, and their strong network in the angel investing community, in particular their close partnership with Angel Investment Network of Indonesia (ANGIN), which is one of Asia’s most active angel investment networks. They have ten portfolio companies; six of them are women-led. They also advise their portfolio companies on how to become more gender-inclusive in their business models and recruit gender-diverse leadership teams.

They measure the gender impact of their portfolio companies with the same seriousness as their financial impact. They have not standardized impact measurement across the portfolio but decide the relevant impact metrics for each portfolio company individually during the diligence, and continue to track it throughout the investment period.



While some investors might think of adding a gender lens akin to adding additional screening criteria, we use our gender lens to identify and evaluate new opportunities and mitigate risk

– Virginia Tan, Founding Partner, Teja Ventures

Yellowdog

Yellowdog is a South Korea-based venture capital (VC) firm founded in October 2016. Yellowdog is one of a mere four VC firms led by a female managing partner, among 149 in South Korea. Unintentionally, since its early days the firm has meant a lot to the VC industry in South Korea, a country that was ranked 115 out of 118 countries on overall gender equality level in the Global Gender Gap Report published by the World Economic Forum in 2018. Yellowdog has built its track record fast and,

as of June

2020

is currently managing approximately **USD 100m assets.**

Interestingly, being a female-led VC firm became a unique competitive advantage for Yellowdog. They were able to attract talented women entrepreneurs, many of whom prefer to get investments from Yellowdog over the more established but male-dominated VC firms.

Recognizing their unique positioning, Yellowdog launched their first GLI fund in 2018: Yellowdog Empowers Fund. The fund is USD 5m in size, with a focus on investing in women-owned and women-led businesses in South Korea. Yellowdog Empowers Fund completed fundraising in 2018 and is expected to have been fully deployed by the third quarter of 2020. Investors of the fund are strategic partners, such as large South Korean corporations with primarily female end-customers, as well as high net worth individuals (HNIs) in South Korea who share the same values. Currently, Yellowdog are in the process of launching its second GLI fund – Yellowdog Leaps Fund – with a target size of USD 15m. Riding on the success of Empowers Fund, the firm plans to expand the investment universe to include companies providing products and solutions that could fundamentally improve the lives of women, and also expand its geographic scope outside of South Korea to include Vietnam and Indonesia.

Yellowdog adds value to the portfolio companies by providing strategic supports in various forms, which can be crucial for early stage startups. They prefer to take the lead investor role in the funding round, and are usually the first institutional investor of their portfolio companies of its GLI funds, with an aim to play a bridge role to invite more institutional investors in later funding rounds. There is a significant information asymmetry in the venture capital market, and it is not easy for early stage founders to find a pool of right investors who would understand their model and provide best support. Yellowdog aims to be a right and friendly investor for women entrepreneurs with capabilities but less connection to the investing world.

Private gender bond placements

The gender bonds included in this report are listed with and trade on public exchanges. But there are multiple privately placed gender bonds that are not traded on public exchanges. Private gender bond placements are typically offered to a limited number of large institutional investors, including large banks, insurance companies, development agencies, development finance institutions (DFIs) and foundations. Private placements can be custom-built to meet the financial and impact-related needs of both the issuer and investors. They also typically result in lower underwriting fees and faster timelines.

While private gender bond placements are an integral part of the gender lens investing landscape and can be used to develop individual players' capabilities or to build the ecosystem, information about them is not always publicly available and hence they are not covered in this report. We identified two large private gender bond placements in Asia. Below is a short brief on them:

Asian Development Bank's Gender Bonds

The Asian Development Bank (ADB) issued its inaugural gender bond in 2017, raising USD 87m (NZD 130m) through a 10-year fixed-rate note. ADB receives ongoing demand for these bonds and currently has nearly USD 200m outstanding. These bonds demonstrate that ADB can integrate gender considerations into its funding operations. ADB believes that incorporating gender equality into its work is essential in its mission to promote sustainable and inclusive growth in Asia and the Pacific.

Accelerating progress in gender equality in Asia and the Pacific is one of the seven operational priorities in ADB's Strategy 2030. Along with this priority is the commitment to supporting gender equality through gender-inclusive project designs in at least 75% of its sovereign and non-sovereign operations by 2030. Proceeds from ADB's gender bond issuances are used towards achieving this target as it supports ADB's operational approaches on gender as follows:

- ✓ **Scale up gender mainstreaming in operations across sectors and themes**
- ✓ **Integrate Sustainable Development Goal (SDG) 5's transformative gender agenda, e.g. economic assets and resources for women, unpaid care and domestic work, digital technology/ ICT, and gender-based violence**
- ✓ **Expand gender mainstreaming in non-sovereign operations**
- ✓ **Tackle multiple gender inequalities through integrated solutions, e.g. livable cities program**
- ✓ **Develop capacity of developing member countries and clients in tracking and achieving gender-related SDGs**

Projects that are funded are those that promote gender equality and women's empowerment, directly or indirectly through governments of ADB members, or financial or other institutions, or investments in private sector projects. Such projects would typically address one or more of the following five dimensions of gender equality and women's empowerment:

- ✓ **Women's economic empowerment**
- ✓ **Gender equality in human development**
- ✓ **Reduced time poverty of women**
- ✓ **Participation in decision-making and leadership**
- ✓ **Women's resilience against risks and shocks including climate change and disaster**

ADB has seen increasing interest in gender bonds from investors and plans to issue more such bonds in the near future.

Krungsri's (Bank of Ayudhya) Women Entrepreneurs Bonds

In October 2019, International Finance Corporation (IFC), a member of the World Bank Group and DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, a German development finance institution, subscribed to the USD 220m Women Entrepreneurs Bonds issued by Krungsri (registered as Bank of Ayudhya) in Thailand. Krungsri is one of Thailand's largest universal banks and a leader in retail and SME banking. The investment is supported by the Women Entrepreneurs Opportunity Facility, a joint initiative of IFC and Goldman Sachs' 10,000 Women (which also includes such investors as FMO and Sweden's AP2), to expand access to capital for women entrepreneurs globally. MUFG Securities Asia Limited is the social bond structuring advisor, arranger and placement agent. IFC and DEG have invested in the bond with USD 150m and USD 70m, respectively.

The objective of this offering is to expand credit lines and boost lending to women-led small and medium-sized enterprises (WSMEs) in Thailand and promote transparency and integrity in Asia's nascent gender bond market. More than half of the small and medium-sized enterprises (SMEs) in Thailand and especially those owned by women, lack adequate access to finance. The finance gap for WSMEs in the country is estimated to be USD 25bn, accounting for 61% of the overall micro and SME finance gap in Thailand. The bond sets out to target financially sustainable businesses which are women-led and women-owned, and plans to introduce WSME loans as an attractive asset class for investors and pave the way for the issuance of future capital markets instruments that benefit women's initiatives in Thailand and the region.

For Krungsri the women entrepreneur bond is an opportunity to contribute to the broader goal of financial inclusion for the underserved WSME segment. With 70% of its employees being women, the bank can be considered a pioneer of women finance in Thailand and the bond issuance reaffirms Krungsri's ambitions to meet the UN Sustainable Development Goals.

IFC advised Krungsri on how to target women as potential new customers DEG also provided a risk advisory facility to help the bank improve its environmental and social risk assessment capabilities for its lending business.

Going forward, Krungsri has also committed to an annual reporting on the allocation of funds to women businesses on its website.



06

Public Markets

Public markets

Trends and insights

Key takeaways



As of mid-2019³⁷, there were a diverse and growing set of **54 active GLI-focused public market funds and SMAs** across the world. These investment vehicles had total assets under management (AUM) of USD 3.0bn, representing a 33% increase over 2018



GLI is a relatively new concept in Asia, with five of the ten funds set up in the last three years



As of mid-2019, North America was the largest market for gender lens investment vehicles, and, **Asia was the second-largest market**, ahead of Europe



The average AUM of the **investment vehicles in Asia are smaller** compared to their global counterparts, but they are growing rapidly



The Japanese government's policy on Womenomics (launched in 2013), has paved the way for the creation of many public market investment vehicles in Japan, seen by the fact that 80% of the Asian investment vehicles are based in Japan



Public market vehicles in Asia lag behind their global peers in shareholder advocacy and signing the Women's Empowerment Principles (WEPs)

Global landscape

The global public market GLI landscape is dominated by retail investment vehicles, with 65% of public market capital invested in 36 vehicles. On the institutional side, there are fewer and relatively smaller separately managed accounts (SMAs) mandated by institutional investors and high net-worth individuals (HNIs), and only two publicly listed gender equality bonds. In 2019, there were 54 active GLI-focused public market investment vehicles³⁸. These investment vehicles have total assets under management of USD 3.0bn³⁹, which has increased by 33% from USD 2.3bn in 2018².

These vehicles span multiple asset classes and structures, but can be broadly classified into two categories:

Retail investment vehicles

Institutional investment vehicles

37. For public markets we have used Veris's public market scan 2019. The scan represents information as of 30th June 2019

38. Data source: Veris Gender Lens Investing report for 2018 and 2019, Bloomberg and Morningstar

39. AUM as of 30th June 2019 and 30th June 2018

1. Retail investment vehicles:

There are a total of 29 investment vehicles available for retail investors including:

- ✓ 11 mutual funds
- ✓ 11 open-ended funds
- ✓ 9 exchange-traded funds (ETF)
- ✓ 2 exchange-traded notes (ETN)
- ✓ 2 closed-ended funds
- ✓ 1 certificate of deposit (CD)

2. Institutional investment vehicles:



Separately managed accounts (SMA):

There are 16 separately managed account offerings mandated by institutional investors and high net-worth individuals (HNIs)



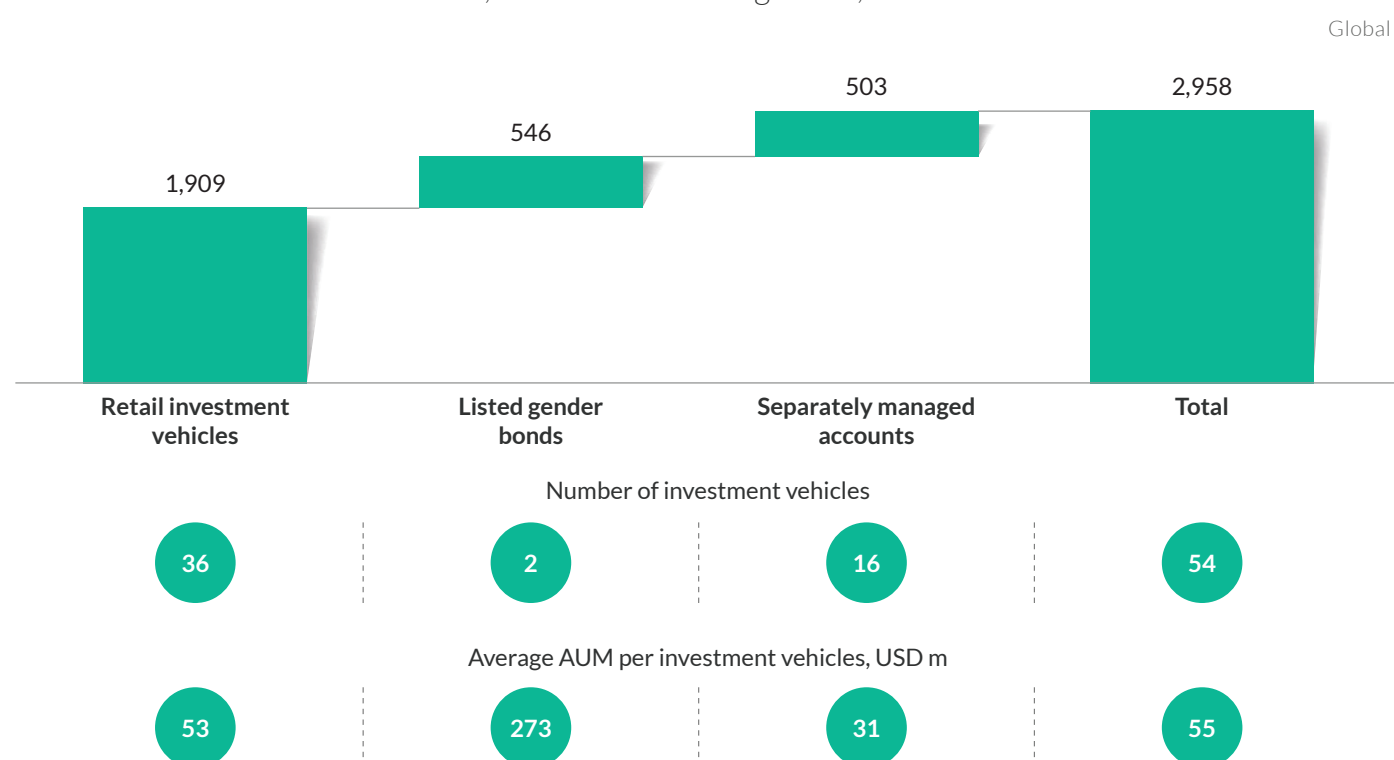
Listed gender equality bonds:

There are two publicly listed gender equality bonds

A diverse mix of asset classes and structures are available for investors. Retail instruments account for 67% of vehicles and constitute 65% of the AUM. They have an average AUM of USD 53m. Separately managed accounts have a much lower average AUM per investment vehicle at USD 31m. Hence, despite being 30% of the vehicles, they represent just 17% of the AUM. There are two publicly listed gender bonds: IIX Women's Livelihood Bond with assets under management at USD 5m and QBE's gender equality bond with substantially larger assets under management of USD 541m. Privately placed bonds, such as National Australia Bank's USD 384m gender equality bond, are not included here in the public markets section, but are explored separately, later in the report.

Exhibit 3.1 : There are 54 GLI vehicles in the global public markets; they have combined AUM of USD 3.0bn¹

Global size of GLI in Public markets, Assets under management, USD m



1. AUM calculated as of 30th June 2019

Source: Veris 2019 gender lens investing report, Bloomberg and Morningstar

Regional breakdown

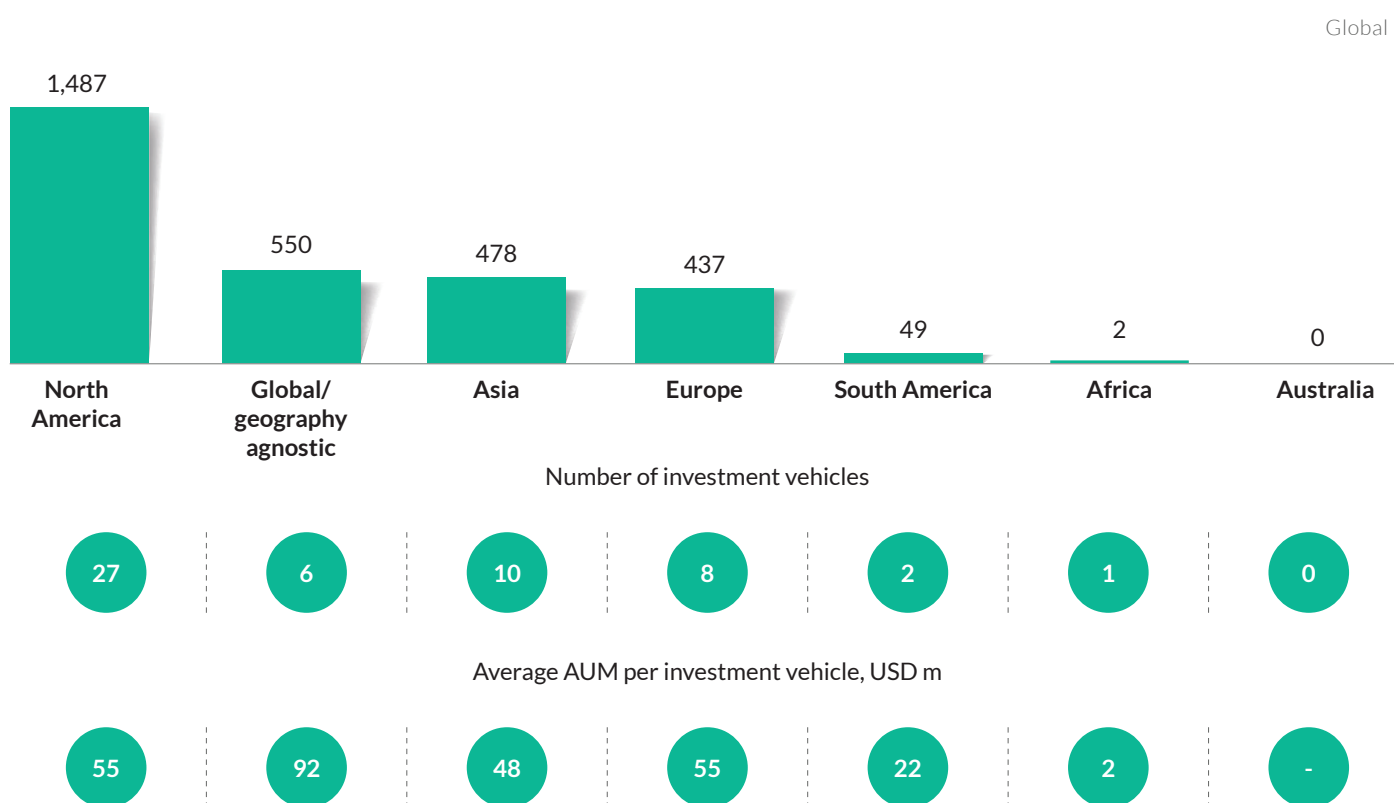
While North America still dominates the space, public market GLI offerings are becoming more globally diverse every year. **Although Asia is still much smaller than North America, it is now the second largest market, ahead of Europe** in terms of both number of funds as well as total assets under management (AUM). There are six globally agnostic funds with a total AUM of USD 550m. The largest of these vehicles is the QBE gender equality bond, with AUM of USD 541m. This bond is also partially invested in Asia.⁴⁰

50% of the investment vehicles are focused on North America, down from 67% in 2018 – a result from the growth in other parts of the world rather than a decrease in capital. Share of AUM of these investment vehicles focused on North America also came down to **50% in 2019 from 69% in 2018**. In 2019, there are ten investment vehicles that focus on Asia, and they represent **16%** of the total global AUM. There are eight Europe-focused funds with **15%** of the AUM, two South America-focused funds with less than **2%** of the AUM, one Africa-focused fund with less than **1%** of the AUM and six geography-agnostic funds with **19%** of the AUM.

While there are no Australia-dedicated public market funds in 2019, the USD 541m QBE gender equality bond is based in Australia, even though it invests in multiple geographies including Australia. Australia also has the USD 384m National Australia Bank's privately placed gender equality bond, but it is out of scope for this section.

Exhibit 3.2 : Most public market GLI vehicles target North America followed by Asia. Asia-focused investment vehicles have 16% share of the AUM

Investment focus of GLI vehicles, Assets under management, USD m



Source: Veris 2019 gender lens investing report, Bloomberg and Morningstar

40. These globally agnostic funds also invest in Asia. But they have not been included within Asia in the report as a large part of their AUM is outside of Asia.

Spotlight on Asia

The number of public market gender lens investing (GLI) funds in Asia are growing.

As of mid

2019

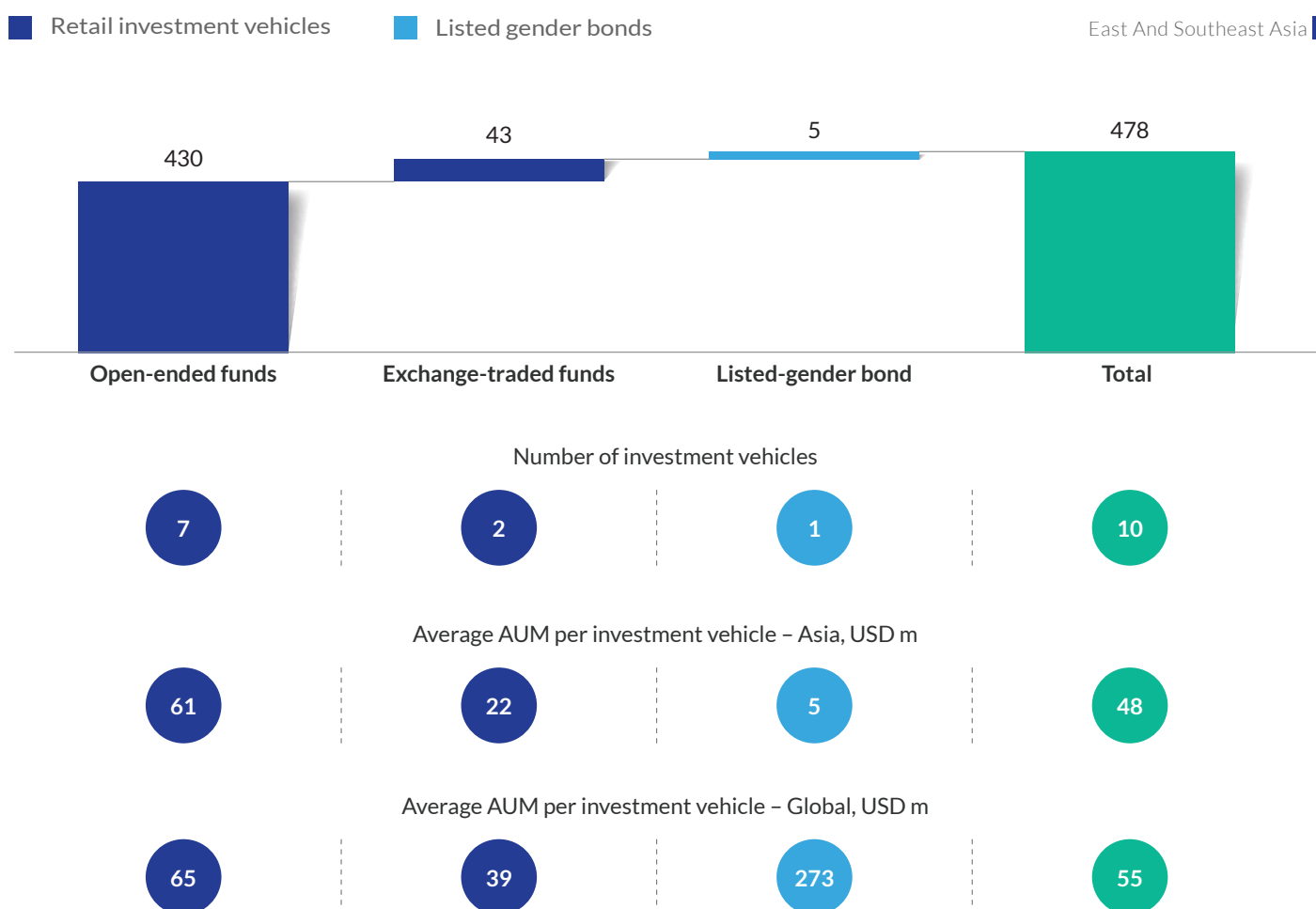
there were ten investment vehicles in Asia with combined assets under management (AUM) of USD 478m.

Of the ten investment vehicles, nine are open for retail investors and one is a listed gender equality bond. There were no separately managed accounts (SMA) in Asia at the time of writing this report.

Seven investment vehicles are open-ended funds, with an average AUM per investment vehicle of USD 61m. While this is close to the global average of USD 65m, most funds in Asia are much smaller. Daiwa's Women Supporter Mother Fund is the largest open-ended fund in Asia with an AUM of USD 332m; the other open-ended funds have an average AUM of USD 16m. There are two exchange-traded funds (ETFs) with an average AUM of USD 22m; this is 44% smaller than the global average AUM of USD 39m for ETFs. This is broadly in line with the relative size of funds in the Asian markets with respect to the global markets.

Exhibit 3.3 : 9 of the 10 public market investment vehicles targeting East and Southeast Asia are retail investment vehicles; total assets under management in Asia are USD 478m

Size of Public market GLI vehicles in East and Southeast Asian, Assets under management, USD m



Source: : Veris 2019 gender lens investing report, Project Sage 3.0 survey, Bloomberg and Morningstar

Highlighting the investment vehicles in Asia

Since GLI is a relatively new concept in Asia, the average AUM of the investment vehicles are relatively small compared to their global counterparts. But they have been growing and are expected to continue to grow as fund managers continue to build expertise and an increasing number of investors become aware of GLI.











At first glance, the average AUM of retail investment vehicles in Asia, at USD 53m, appears in line with the global average of USD 54m. But Daiwa's Women Supporter Mother Fund with an AUM of USD 332m amplifies the average, and the other eight funds have a much smaller average AUM of USD 18m.

While five of the funds were initiated in 2015 or before, three of the funds were started in 2018 and two of them were started in 2017. It is too early to report investment returns for the newer funds, but the funds set up in 2015 or before seem to be broadly tracking their respective benchmarks.⁴¹ For the five funds which are older than three years, the average 3-year annualized returns are 7.6%. In regard to geography, eight of the ten funds are based in Japan. Meritz, The Woman Securities Investment Company, is based in South Korea and IIX Women's Livelihood Bond is based in Singapore.

Exhibit 3.4: 5 of the 10 investment vehicles in the region were created in 2017 or later

Details of public market investment vehicles targeting East and Southeast Asia

East And Southeast Asia

	Firm	Fund name	AUM, USD m	Year of inception	Investment minimum, USD	One-year return ¹ , %	Benchmark return ¹ , %
Open-ended funds		Women Supporter Mother Fund	332	2015	N/A	-19.2%	-9.0%
		Promotion of Women's Active Participation Fund	44	2015	N/A	-15.9%	N/A
		Women Power Japan Equity Mother Fund	18	2014	N/A	-17.6%	N/A
		Women Power Focus Japan Equity Fund	18	2006	N/A	-13.5%	N/A
		Select Active Women Fund	6	2014	N/A	-8.4%	N/A
		Dreyfus Japan Womenomics Fund	2	2018	1,000	N/A	-9.0%
		The Women Fund	2	2018	N/A	N/A	N/A
Exchange-traded funds (ETFs)		Japan Empowering Women Index (WIN)	33	2018	1 share	-9.0%	-9.1%
		Japan Empowering Women Index (WIN)	10	2017	1 share	-8.5%	-9.1%
Gender bond		Women's Livelihood Bond (WLB) TM	5	2017	200,000	N/A	N/A

1. Performance for 1-year ending on 30th Jun 2019

Source: Veris 2019 gender lens investing report, Bloomberg and Morningstar

41. Benchmarks: Daiwa Women Supporter Mother Fund and BNY Mellon Dreyfus Japan Womenomics Fund: Tokyo stock price index
Nomura – Japan Empowering Women Index (WIN)

Gender balance in the firm⁴²

Firms behind the Asian public market investment vehicles lag behind their global peers in signing the Women's Empowerment Principles (WEPs), of which promoting gender equality and women's empowerment in the workplace, marketplace, and the community is a key area. Globally ~26% investment vehicles have either signed the WEPs as a firm or have a fund manager who is a signatory, but none of the Asian fund managers or funds are signatories to it.

While a correlation between gender diversity in fund management and ownership is established for private market funds, quality data around gender diversity for public market investment vehicles in Asia was not available, hence, we have been unable to analyze it. The one vehicle for which we do have data and deserves note is the IIX team, that stands out with 46% female ownership and 67% women in senior management.

Shareholder advocacy⁴³

Asian investment vehicles lag behind their global peers in shareholder advocacy. None of the Asian retail investment vehicles are involved in shareholder advocacy. Globally ~38% of retail investment vehicles are involved in shareholder advocacy. Among institutional investment vehicles in Asia, only the IIX Women's Livelihood Bond is involved in shareholder advocacy.

42. This section only includes the four funds included in the Veris survey – Daiwa's Women Supporter Mother Fund, BNY Mellon's Dreyfus Japan Womenomics fund, Meritz' The Women Fund and Nomura – Japan Empowering Women Index (WIN)

43. This section only includes the four funds included in the Veris survey – Daiwa's Women Supporter Mother Fund, BNY Mellon's Dreyfus Japan Womenomics fund, Meritz' The Women Fund and Nomura – Japan Empowering Women Index (WIN)

Case studies

Invesco Asset Management (Japan) Ltd – Invesco Women Power Focus Japan Equity Fund

In 2006, Invesco Asset Management (Japan) Ltd (total AUM of around USD 34.8bn⁴⁴) established “Invesco Women Power Focus Japan Equity Fund” by centering the concept of “Womenomics⁴⁵” under heightened interests to encourage women’s active participation in the workplace in Japanese society. The fund is one of the pioneering funds that focus on gender diversity in Japan, with the longest track record. The fund manager believes that gender diversity in the workplace leads to improved performance. They believe that introducing diverse perspectives leads to an increase in creativity and innovation, resulting in a higher growth rate, profitability, and stability. With this belief, the fund manager sets its focus on investing in companies that commit to advancing gender equality practices in their business operations.

For stock selection, the fund manager places most importance on “women power” throughout its investment analysis, along with the fundamental research. To define the universe of the stock selection, Invesco uses the “Womenomics score” by Nikko Research Center, as well as other gender equality factors. As a second step, Invesco conducts a “women power” analysis for the shortlisted stocks, which analyzes much more than just the numbers of women employed in a company. The “women power” of each company is analyzed based on multiple criteria principally in the following four categories:

- ✓ **Management’s commitment towards women’s advancement**
- ✓ **Policies promoting women’s advancement and their past achievements**
- ✓ **Qualitative data on promoting women’s advancement in leadership in the workplace and its rate of improvement**
- ✓ **Initiatives taken to promote women’s advancement**

The fund manager would like to enhance her research on diversity further. In addition, it may take some time for Japanese companies to improve their diversity. However, when their diversity improvement is achieved, their corporate value is expected to be enhanced. The fund is only available for Japanese retail investors, with AUM of approximately USD 17.9m, as of end of June 2019. Through its investment approach, Invesco wishes to build more sustainable companies and a society that embraces diversity.

44. As of 1st April 2020

45. Womenomics is the idea that women’s economic advancement will improve the overall economy.

The term “Womenomics” was first presented in 1999 in a report by Goldman Sachs, and the idea became part of the prime minister’s broader “Abenomics” plan hatched in 2014. “Womenomics scores” refers to those companies that have comparatively high “Women-Power Scores” by Nikko Research Centre, Inc. The idea is based on a viewpoint that the value of a company is increased by those people (human capital) who work in it, thus those companies that can maximize the potential of women as consumers and workers will have added value.

Meiji Yasuda Asset Management – Meiji Yasuda Promotion of Women’s Active Participation Fund

Meiji Yasuda Promotion of Women’s Active Participation Fund was established in **2015** by Meiji Yasuda Asset Management Company Ltd in Japan. The firm’s largest shareholder is Meiji Yasuda Life Insurance Company, one of the oldest and largest insurers in Japan. Together with other subsidiaries, the firm is considered a part of the Meiji Yasuda Group. The inception of this fund stemmed from the group’s strategic goal on diversity management, as well as Japanese Prime Minister Shinzo Abe’s strategy of promoting women’s active participation in the workforce. With these drivers, asset management team with several female members at the firm came together to create the Meiji Yasuda Promotion of Women’s Active Participation Fund, to invest in companies which satisfy the selection criteria below:

✔ **Nadeshiko Brand**⁴⁶

✔ **Companies that take actions to promote active participation by women:** The fund scores companies on women participation and work-life balance by using CSR data published in annual reports. In addition, it conducts qualitative research to analyze companies’ level of commitment, policies, initiatives, outcomes etc.

✔ **Companies that provide products and services that support women’s active participation:** The fund identifies companies providing products and services for all – not only women – to address social issues that support active participation by women. For example, companies that provide day-care services, after school and house chores support. CSR data and qualitative research are also the main data source for these criteria

The fund conducts further research and analysis to build a portfolio. Bottom-up approach is used by utilizing growth and financial data for making the final decision. The fund’s investment strategy and selection criteria have been consistent throughout its lifetime, which demonstrates its dedication and commitment. Since its launch, more and more Japanese companies have started to promote active participation by women in the workplace, partially thanks to the announcement of “The Act on Promotion of Women’s Participation and Advancement in the Workplace”, which was put into partial effect in 2015, then full effect in 2016 by the Japanese government. Moving forward, the fund believes that more capital will flow into such investment vehicles, creating a virtuous cycle in the medium to long term.

46. The “Nadeshiko Brand” is a program implemented every fiscal year since FY2012 as a joint effort by the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange. They select and award “Nadeshiko Brand” to listed enterprises that are promoting active participation by women. Promotion of active participation by women is expected not only from the perspective of the maintenance of the working population in Japan under demographic crisis, but also from the perspective of enhancing competitiveness through promotion of active participation by women as a corporate value booster. The “Nadeshiko Brand” program aims to raise interest among investors in listed enterprises that are promoting active participation by women and to accelerate efforts by enterprises by introducing such enterprises as brands attractive for investors prioritizing mid- and long-term vitality.

Meritz Korea Woman Security Investment Trust – Meritz The Women Fund

Meritz Asset Management is a South Korea-based asset manager with assets under management (AUM) at around **USD 3.5bn**.

in November

2018

Meritz launched **“The Women Fund”** which is the first public market investment vehicle with a gender focus in the country.

The Women Fund invests in listed companies that empower women and promote gender equality in South Korea. With a strong sense of responsibility to promote gender equality in South Korea, the fund has two main objectives: firstly, Meritz aims to encourage more women joining the labor market; secondly, it aims to make the case that better gender equality of a company could yield better financial performance in the long term. In order to do so, the holding period of each security is expected to be over ten years unless material violation on ethical practices occurs or companies' fundamentals deteriorate.

So far, The Women Fund has invested in around 30 listed companies across various industries. For the first screening during stock-selection, they use a quantitative criteria framework. The framework was co-developed with an ESG consulting firm, SUSTINVEST, and the criteria includes metrics on gender diversity, such as ratio of female board members, executives, and employees, as well as metrics on gender equality, such as promotion rate by gender, years spent with the company by gender, and gender pay gap. After quantitative screening, Meritz makes adjustments by factoring in elements such as industry gender gap and improvement of gender performance in the past five years etc. They use public information and regular company visits as the source for this data.

Meritz indicated that gender equality is not yet a common stock-picking strategy among institutional investors in South Korea, therefore most of the investors of The Women Fund are retail investors – in particular, younger retail investors that share the same values as the fund. Occasionally, Meritz holds workshops for retail investors to educate them on asset management and the importance of gender equality, which is another way that the asset manager attempts to create positive social impact.



07

Investors

Investors



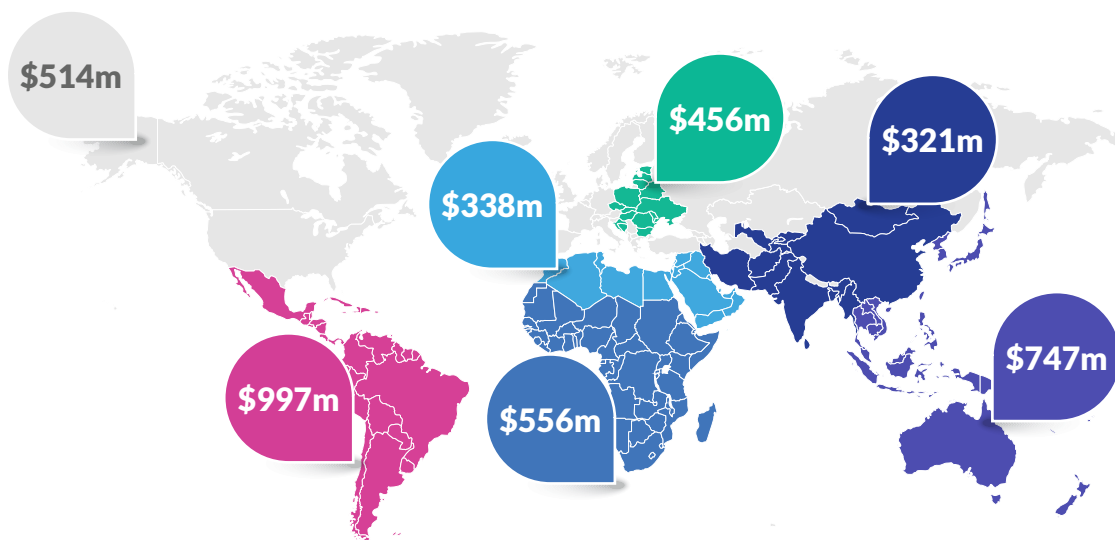
While the focus of this report is on investment vehicles using a gender lens in Asia, it is also helpful to provide the perspective of investors seeking GLI products, to understand the motivation and action of this group. To that end, several interviews were conducted and their entity is profiled below: Government Pension Investment Fund (GPIF), Australia's Department of Foreign Affairs and Trade's (DFAT) Investing in Women Initiative, The Sasakawa Peace Foundation's Asia Women Impact Fund and Deutsche Investitions und Entwicklungsgesellschaft (DEG).

This is a very small sample of investors, but it is interesting to note that all of the investors interviewed were larger players seeking to drive change by empowering women. Two themes evolved: investing in providing women access to capital and investing for better work environments for women (and men). Most of the investors are seeking market-rate risk-adjusted returns, except for DFAT's grant-based Investing in Women initiative. And while the investors were cautious and careful in their deployment of capital, they have found both financial and impact returns to be achievable.

In addition to the publicly funded entities profiled, there are many more development finance institutions investing in women. A global DFI initiative called the 2X Challenge ([2xchallenge.org](https://www.2xchallenge.org/)) was announced in 2018, committed to investing USD 3bn in women globally. Currently there are 13 participating organizations. They have achieved USD 4.5bn by July 2020 and spurred additional private sector capital to join the initiative. Of the USD 4.5bn already committed, USD 1.1bn or 24% is being invested with a gender lens in Asia Pacific (including South Asia and Australia).

More and more family offices and high net-worth individuals (HNIs) are also investing with a gender lens.

Commitments in the 2X Challenge^{47,48}



47. <https://www.2xchallenge.org/>

48. Commitments announced by July, 2020.

Case studies

DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH

DEG is a German development finance institution (DFI) and a subsidiary of KfW Group, the German promotional bank. DEG has 21 locations worldwide, including in Asia: Bangkok, Beijing, Colombo, Dhaka, Hanoi, Jakarta, New Delhi, Singapore and Yangon. In 2019, DEG committed USD 2bn to entrepreneurial investment, including investments worth USD 710m in Asia (including South Asia). DEG closely coordinates its activities with other European Development Finance Institutions, many of which have joined in the Association of the European Development Finance Institutions (EDFIs). DEG also frequently partners with International Finance Corporation (IFC), a member of the World Bank Group, the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), as well as numerous local and regional development companies. DEG believes that the pooling of financing capacities and in-house knowledge leads to broader developmental efficiency and greater sustainability.

In October 2019, DEG partnered with IFC to subscribe to Krungsri's (Bank of Ayudhya) USD 220m Women Entrepreneurs Bonds.

DEG and IFC were the sole investors in the bond with

USD 70m

&

USD 150m

respectively

The objective of this offering is to expand credit lines and boost lending to women-led small and medium-sized enterprises (WSMEs) in Thailand and promote transparency in Asia's nascent gender bond market. The bond allows Krungsri (Bank of Ayudhya) to provide loans to their existing and new WSMEs clients for a wide variety of use of funds, including working capital and capex. DEG partnered with Krungsri as the bank is committed to serve the needs of SMEs in Thailand and in 2017 had created a new business banking segment focusing on smaller SMEs including WSMEs. IFC advised Krungsri on how to effectively target women as potential new customers. This training also helped the staff to provide better support to women-led businesses. DEG also provided a risk advisory facility to help the bank improve its environmental and social risk assessment capabilities for its lending business.

Based on its overall strategy, DEG has a strong focus on SME promotion as this client segment is vital for creating jobs and the overall development of an emerging economy. One of DEG's goals is to help reducing the funding gap for SME via providing credit-lines to financial institutions earmarked for SME. DEG believes that WSMEs can offer untapped investment potential. and that a targeted financing of women-enterprises can prove to be a profitable strategy for the lender while it can also help to promote gender equality, job-creation, growth and boost the economic growth. To this end, DEG would be interested to invest in more gender bonds and is looking for similar partnerships with other banks in Southeast Asia (such as Indonesia, Vietnam, Thailand, Philippines, Malaysia and Cambodia).

Government Pension Investment Fund (GPIF)

GPIF is the asset owner of Japan's public pension fund. With AUM at USD 1.6tn (JPY 169tn)^{49,50}, GPIF is currently the largest pension fund in the world. Since 2015, initiated by the then newly appointed CIO, Hiromichi Mizuno, GPIF started to focus on ESG investing with gender equality as one of the topics under the broader ESG theme. It took GPIF a while to identify three indices to invest in – one of which is MSCI Japan Empowering Women Index (WIN), an index that looks at gender-diversity performance and practices assessment across core elements of the employment cycle: attraction, retention, and promotion⁵¹, among companies in Japan.

“WIN required a lot of belief from GPIF” said Hiromichi Mizuno, as the evidence on causation between gender equality in the workforce and stock performance has been mixed. However, being the universal owner and cross-generational investor, GPIF believes it is crucial for them to incorporate these factors, to achieve a stable return in the long term. After two years, WIN turned out to be one of its best performing indices.

GPIF's goal is not merely to signal that these topics matter to the mainstream financial market through its investments, but also to exercise its influences through various means. For example, GPIF joined the “30% Club Japan”, which is an organization aiming to improve gender balance on boards and in senior management at corporations. In addition, GPIF aims to encourage data transparency among corporations, as transparency is the first step to drive change. To do so, GPIF basically requires that all indices be built based on publicly available information. Moving forward, GPIF aims to invest in other gender-focused indices outside of Japan, but no details have been confirmed yet.

Internally, as of March 2019, women accounted for 30% of GPIF's employees and 13% of their senior management. In January 2020, GPIF established a Diversity and Inclusion Promoting Team, which holds meetings and discussions regularly on actions to improve diversity and inclusiveness at GPIF.

49. AUM as of end of December 2019

50. https://www.gpif.go.jp/en/performance/pdf/2019-Q3-0207-En_035988.pdf

51. https://www.msci.com/eqb/methodology/meth_docs/MSCI_Japan_Empowering_Women_Index_Methodology_Nov2019.pdf

Investing in Women (IW)

Investing in Women (IW) was established in 2016 as an initiative of the Australian Government. They focus on tackling gender inequality, which they believe is one of the most critical social and economic issues of our time. They use women's economic empowerment as the primary means of promoting gender equality. IW also recognizes that it is vital to enhancing business competitiveness, fueling inclusive economic growth and building equitable societies. They use market-based approaches to improve women's participation in the workforce as employees and as entrepreneurs. They are an ecosystem builder and use their influence to create an enabling environment to promote women's economic empowerment in the Philippines, Indonesia, Vietnam and Myanmar through:

- ✔ **Workplace gender equality :** They support business coalitions who work with influential businesses on shifting workplace cultures, practices and policy barriers to achieve workplace gender equality
- ✔ **Impact investment for women's SMEs:** They partner with impact investors and other ecosystem builders to expand market opportunities for women. They incentivize and catalyze access to capital for SMEs – led by and responsive to the needs of women
- ✔ **Influencing gender norms:** They work with their partners to positively shift attitudes and practices to support women in the workforce

With women's SMEs, IW's main objective is to catalyze more investments into and within Southeast Asia. They aim to attract more investors and capital in the space. To achieve this objective, they have been promoting women and gender lens investing in the impact investing space and have focused on building a strong business case for incorporating gender as a category of analysis in investment decisions. Importantly, they have incentivized investment managers to adopt a gender lens mandate by using blended finance instruments that underwrite investor risks and shoulder a portion of the fund manager's operations. These instruments are laden with commercial incentives for fund managers to close as many deals as quickly as possible, while leveraging private sector co-investments.

IW has developed long term grant-based partnerships with seven impact investors that establish women's SME-focused investment structures in the region: Capital 4 Development Partners, Foundation for a Sustainable Society Inc, Indonesia Women Empowerment Fund, Manila Angel Investors Network, Patamar Capital, Root Capital and the Small Enterprise Assistance Funds. Through these partners, the blended finance structures must recycle profits from IW's investments. After 10 years, the investment structures are liquidated, with remaining proceeds directed to promote the objectives of the program, in related impact investing activities. IW selected these partners based on the presence of or potential for women entrepreneurs in their portfolios and the depth of expertise and local presence within the target markets (Philippines, Indonesia, and Vietnam). They have also created a standardized scorecard to measure gender impact which includes broad metrics around the number of beneficiaries reached, jobs created, customers, and workplace gender equality metrics.

IW also recognizes that smaller-sized women's SMEs have a greater potential for impact and are also focused on accelerators and angel investments. To work with these small and growing businesses, IW provides funding to its impact investing partners for operational support and technical assistance to develop strong and thriving impact enterprises at scale.

IW has 34 employees, mostly based in Philippines. 85% of their employees are women.

The Sasakawa Peace Foundation – Asia Women Impact Fund (AWIF)

In 2017, The Sasakawa Peace Foundation (SPF) created the Asia Women Impact Fund (AWIF), which is an initiative that aims to invest up to USD 100m into investment opportunities that empower women and improve gender equality in Asia, while generating sustainable financial returns.

The initiative ties to one of the five primary goals of the foundation – empowering women – and is a derivative of the foundation’s intent to explore financial tools aside from grants and donations in achieving its mission.

To date, AWIF has made investments into BlueOrchard Microfinance Fund (BOMF) and Japan ASEAN Women Empowerment Fund (JAWEF). JAWEF is the first gender-lens investment fund established to materialize the commitment made by the Japanese Prime Minister at the ASEAN Business and Investment Summit in 2015, to promote the empowerment of women. It is designed to mobilize private capital to the cause, with the Japanese development organizations – namely, Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) – de-risking the instrument by investing in JAWEF as first-loss providers. AWIF invested in JAWEF as one of the senior investors.

In addition, as AWIF places importance on its impact to the target beneficiaries, it is in the process of conducting an impact performance study on selected MFIs within the portfolio. Centering AWIF as the key initiative of SPF’s work on empowerment of women, SPF supports ecosystem-building activities of GLI markets in Asia, including knowledge sharing through publications, as well as sponsoring and organizing gatherings.



08

Conclusion

Conclusion



While gender lens investing (GLI) is in a nascent stage in Asia, it is growing and has some exciting and innovative approaches emerging. Both the number of private and public investment vehicles are increasing over the years, but the growth in assets under management (AUM) is driven by the private market funds. There are already success stories in the market; we have highlighted some of them, and the stories we heard about new funds and vehicles in development, too early to share here, are equally exciting. While there are some commercial successes already, the sector is still benefitting from the support of philanthropic and mission-focused investors to catalyze additional commercial capital.

We hope this report inspires people as they think about and make commitments in this arena, and provides a springboard for capital deployment strategies in GLI. Whether one leads with a gender agenda, or one leads with a search for smart, high-impact performance in a variety of sectors and themes, using a gender lens can highlight opportunities and mitigate risks that investors might otherwise miss. And there is much room to grow the number, diversity, and quality of both investment process and fund sizes and shapes in this domain. The capital needed for businesses – both public and private – that are or could be gender exemplars far exceeds the amount of capital already raised to date in the market. The passion and commitment of many of the fund managers we spoke with is matched by the portfolio companies who are creating the products and services, driving the employment pictures, and supporting value chains that are needed for a sustainable and equitable future.

We hope that this report will be useful as a baseline to track the progress made by both public and private investment vehicles over the next years, and we look forward to the opportunity to share more about this emerging field with others who are tracking different aspects of its growth and development.



09

Appendix

Appendix

List of gender lens investing resources

Catalyst at Large

<http://www.catalystatlarge.com/>

The Sasakawa Peace Foundation

<https://www.spf.org/en/>

Wharton Social Impact Initiative

<https://socialimpact.wharton.upenn.edu/tag/gender-lens-investing/>

The GIIN

<https://thegiin.org/gender-lens-investing-initiative>

The Criterion Institute

<https://criterioninstitute.org/explore/gender-lens-investing-resources>

GenderSmart Investing

<https://www.gendersmartinvesting.com/gender-smart-resources>

US SIF

<https://www.pionline.com/esg/us-sif-investing-gender-lens-rise>

The Women's Empowerment Principles (WEPs)

The Women's Empowerment Principles (WEPs) are a set of principles offering guidance to investment vehicles and business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. Established by UN Global Compact and UN Women, the WEPs are informed by international labor and human rights standards, and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women's empowerment. The WEPs are a primary vehicle for corporate delivery on gender equality dimensions of the 2030 agenda and the United Nations Sustainable Development Goals. By joining the WEPs community, a fund manager or CEO signals commitment to this agenda at the highest levels of the company, to work collaboratively in multi-stakeholder networks to foster business practices that empower women. The principles being:

- **Principle 1:** Establish high-level corporate leadership for gender equality
- **Principle 2:** Treat all women and men fairly at work; respect and support human rights and non-discrimination
- **Principle 3:** Ensure health, safety and well-being of all women and men workers
- **Principle 4:** Promote education, training and professional development for women
- **Principle 5:** Implement enterprise development, supply chain, and marketing practices that empower women
- **Principle 6:** Promote equality through community initiatives and advocacy
- **Principle 7:** Measure and publicly report on progress to achieve gender equality

Link: <https://www.weps.org/>

Abbreviations and acronyms

- AUM** – Assets Under Management
- AWIF** – Asia Women Impact Fund
- CD** – Certificate of Deposit
- ETF** – Exchange Traded Fund
- ETN** – Exchange Traded Notes
- ESG** – Environmental, Social and Governance
- GLI** – Gender Lens Investing
- GP** – General Partner
- GPIF** – Government Pension Investment Fund
- HNI** – High Net-worth Individual
- IW** – Investing in Women
- JAWEF** – Japan ASEAN Women Empowerment Fund
- JBIC** – Japan Bank for International Cooperation
- JICA** – Japan International Cooperation Agency
- LP** – Limited Partner
- SMA** – Separately Managed Account
- SME** – Small and Medium-sized Enterprise
- SPF** – The Sasakawa Peace Foundation
- WEPs** – Women’s Empowerment Principles
- WSME** – Women-led Small and Medium-sized Enterprise

About the authors



Suzanne Biegel

Founder & Chief Catalyst at Catalyst at Large and Co-Founder, GenderSmart Investing Summit

Suzanne Biegel is the founder of Catalyst at Large and a global leader in gender-smart investing. She is the Co-Founder of the GenderSmart Investing Summit. She leverages her deep networks in finance, philanthropy, development, research, and entrepreneurship to connect public and private investors to the people and information they need to move their capital in a gender-smart way. Suzanne's mission is to increase the flow of global capital to gender-smart investments and initiatives, to make sure this capital is used in ways that will generate the most impact, and to ensure that it reaches the entrepreneurs and innovators who need it in the most efficient way possible. To do this, she works with actors spanning the spectrum of investment to forge catalytic relationships, build collaboratives, and transform the entire system of global capital. Her work has influenced hundreds of funds and institutional investors, to move capital in a gender-smart way. Suzanne has more than 25 years' experience as an entrepreneur, investor, board member, and consultant. She has worked with CDC Group (the UK's Development Finance Institution), IDB Invest, DGGF, the US DFC, DFID, DFAT, USAID, Tara Health Foundation, Linked Foundation, and many others. Suzanne is a fellow of the Aspen Institute and a senior advisor to the Wharton Social Impact Initiative. Suzanne and Catalyst at Large are based in London.



Raya Papp

Co-founder & Partner at Sagana

Sagana is an impact investing advisory and consulting firm dedicated to helping high net worth individuals, family offices, foundations and development agencies shift their capital into impactful investments/grants. Raya specializes in US and SEA investments, covering public and private markets. She co-leads the consulting project for Cartier Women's Initiative, finding, analyzing and supporting 70 women-led impact companies across seven regions. Previously, Raya co-headed LGT Venture Philanthropy in Asia Pacific, managing the Asia Investment Portfolio. Prior to LGT VP, Raya ran the Social Enterprise Team at IIX, helping social entrepreneurs prepare for and raise Angel and Growth Capital. She is an advocate of gender equity and supports women-led businesses as a member of angel networks CRIB (Singapore) and ANGIN (Indonesia). Raya holds an MBA from Harvard Business School and a Bachelor of Science in Systems Engineering from the University of Virginia.



Ahmed Aslam
Investment Director at Sagana

At Sagana, Ahmed leads investment opportunities in Europe from sourcing to deal closure, and provides strategic advice to the portfolio companies focused on business development, fundraising, key-hiring decisions, gender and diversity, financial management and governance. Ahmed has over six years of management consulting experience. He has worked at McKinsey's Private Equity and Principal Investors practice across Asia, Europe, North America and Australia. He has served a diverse set of clients including impact investors, private equity funds, venture capital funds, institutional investors and large corporates. Ahmed is a graduate of Indian Institute of Management Calcutta, Copenhagen Business School and Indian Institute of Technology Kharagpur. He is also a CFA charterholder.



Natasha Shih
Senior Investment Officer at The Sasakawa Peace Foundation

Natasha's primary responsibility at SPF is to lead the investment process of Asia Women Impact Fund (AWIF), a USD 100m commitment to make impact investments into opportunities that empower women and improve gender equality in Asia. Natasha leads deal sourcing, screening, due diligence, monitoring, as well as impact measurement and management etc. In her role at SPF, she also supports ecosystem-building activities of GLI and impact investing, such as co-authoring and coordinating knowledge products, and speaking at various impact investing forums e.g. AVPN, GIIN Roadshows, Asia Impact Night etc. Prior to SPF, Natasha was a Volunteer Consultant at TechnoServe Nairobi Office, a founder of a social enterprise aiming to fundraise for NPOs in Cambodia, and an equity research analyst at UBS Investment Bank. Natasha holds an MBA degree from Kellogg School of Management, Northwestern University, and a bachelor's in finance from National Taiwan University.



Yuka Yabashi
Program Officer at The Sasakawa Peace Foundation

The Sasakawa Peace Foundation is a public interest foundation dedicated to serving the international community. At SPF, Yuka co-leads "Promoting Investment for Women Entrepreneurs in Asia" and "Women Leadership and Empowerment" projects, and also engages in investment and ecosystem-building projects under AWIF. She has been taking part in providing financial products and technical assistance projects to enable applying innovative knowledge and solutions to the social challenges. Previously she worked for the World Bank for over ten years, and UN organizations (UNCRD and UN Women) for a few years.