



DFIN

WOMEN IN DEALMAKING LANDSCAPE

Women in Global Private Investment and Dealmaking

Data provided by  PitchBook

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Executive summary

Women are playing an increasingly prominent role in dealmaking across the private capital markets, from sourcing investment targets to performing due diligence and shepherding transactions to close. Over the course of the decade since the financial crisis, women's participation in financial services has started to expand into the realm of buyouts and growth capital. Despite the high turnover rates and uneven performance of gender diversity common to the wider industry, more firms operating in the private markets have a current female partner in place today.

Last year, PE firms with at least one current female partner topped out at a record 333 on the back of 5% in compound annual growth globally since 2006. A significant effect of the expanded involvement of women across the private markets has been the increased rate of funding for women-led and women-founded companies, as the number of women involved as lead partners on deals has increased globally. Although several factors have helped expand the participation of women in the dealmaking process, the positive role played by the industry's increased awareness of its historically pronounced gender imbalance—from funding disparities for female-founded startups to advancement opportunities at the executive level of established enterprises—cannot be understated.

The world's largest institutional investors have emerged in the past few years as change agents on governance issues around greater inclusivity and its potential for value creation. However, this still represents an emerging trend in environmental and social governance as well as human capital management, with much more to be done. Due diligence is key here. Investors can ensure that the review process better targets companies for investment with more robust gender diversity policies in place.

**“Everyone’s
consciousness level
has been raised,
including among the
lead-level executives
at companies and
firms.”**

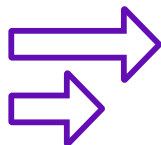
PEGGY COHEN
SVP, DFIN

Industry developments



\$72T

Women’s share of private wealth worldwide is projected to reach \$72 trillion by 2020, increasing from a baseline of 28% in 2010 to 32% overall at a CAGR of almost 8% over the course of the decade.



CFA

At 52%, the share of women sitting the Chartered Financial Analyst exams in China surpassed the share of men last year. Worldwide, women represent just 18% of all CFA holders.



4.6%

Female-owned hedge funds represent 4.6% of all firms identified in a recent John S. and James L. Knight Foundation-funded report. These firms manage 1.5% of total industry AUM, with 26% achieving top-quartile returns.



3x

US-based venture capital firms with women partners are over 2x as likely to invest in women-led enterprises and over 3x as likely to invest in enterprises with women CEOs.



70%

Some 70% of the companies in the top 25% for gender diversity are based in the UK, US or Australia, with McKinsey finding that companies in the top 25% at the executive level outperformed on profitability by 21% and on “superior value creation” by 27%.



1 in 50

A recent study from the International Monetary Fund found that women represent less 2% of CEOs at financial institutions and occupy under 20% of board seats at banks and banking-supervision agencies, globally.

Q&A



Peggy Cohen

Senior Vice President and Managing Director in Global Capital Markets, DFIN

Peggy Cohen is senior vice president and managing director in the Global Capital Markets Division of DFIN, leading the International Capital Markets business that includes APAC, EMEA, Latin America and Canada. Peggy joined DFIN over 15 years ago after serving as a sales manager in the Wealth Management Industry at Citigroup and Bankers Trust Company, where she co-founded their first women's network, Global Partnership Network for Women (GPNW). Peggy was also the co-founder of Women in Law Empowerment Forum (WILEF).

What has been your experience as a woman working in financial services—historically a male-dominated space—and what have you found to be the keys to success in your career?

Cohen: Although I've always been conscious of that context, I've not found that it has hampered my career. What has made me successful is my strong work ethic and the fact that I never hesitate to speak up and express my opinion. I've always believed in what I call the "Big C"—communication; that has been a key to my success. And it's been especially true over the last few years. As DFIN has transformed the core of our business from financial print to become more of a SaaS solution provider, the transition process has required ensuring that every internal resource that works with our client is on the same page every step of the way in that process.

What role has mentorship played in your career as you cultivated this approach?

Cohen: I believe in mentoring. I believe in sponsoring people. And I think that support from others has helped to make me successful in my career. As I've climbed the corporate ladder, I've taken it upon myself to mentor my junior colleagues, especially over the last decade. Years ago, women weren't as interested in helping other women. A lot of women felt like they had to climb the corporate ladder on their own and they either didn't have the time to help

others to navigate a large organization, (like an investment bank), or they felt if they worked through it on their own others should as well. And that's so tough.

Today, things have largely changed for the better—not just in the US, but for women globally. Meanwhile, in addition to mentorship, companies have developed more formal sponsorship programs as well as new programs to support recruiting, training and retaining women across myriad roles in financial services. But it's something that organizations of all sizes should do more to improve their own performance. Take negotiation: A woman who can negotiate effectively for herself, say, around compensation, can turn those skills around to negotiate better on the dealmaking side.

What other changes in market sentiment have you observed regarding women-led companies or firms?

Cohen: Female-founded companies are commanding higher valuations today, with more now than ever becoming unicorns. By my count, just halfway into this year, 10 female founded companies have achieved valuations in excess of \$1 billion—we would never have been anywhere near that five or six years ago. However, it's still far more challenging for female founders to get venture capital funding, as VC is still male-dominated. That's one aspect of this phenomenon that's important to note; namely, that

there appear to be slight differences to women's experiences in the market based on asset class. While women have entered financial services in greater numbers than they have in the past, they remain underrepresented in senior dealmaking roles at private equity firms, for example. But it's also a sign of the times that things have started to change across the industry—it's what we read in the media almost every day. It's what's happening. Everyone's consciousness level has been raised, including among lead-level executives at companies and firms, who are coming out and making more of a statement in this area, signaling to their peers that they support measures to address greater forms of inclusivity.

How have you seen issues around gender and diversity in finance evolve—for example, more women in charge of investment decisions at firms? Which structural or informal barriers to women have you seen come down and which remain intact?

Cohen: I read recently that fewer than one in five C-suite financial services positions are held by women. When they do hold these roles, they tend to be CFO or CIO or investment business heads, while others—famously, Abigail Johnson at Fidelity Investments and Marie Chandoha at Charles Schwab Investment Management—have risen to CEO. So, yes, more women oversee investment decisions today than in the past but not in dealmaking per se.



Key to increasing gender diversity among dealmakers in the private markets is more formal sponsorship programs for up-and-coming women dealmakers. I believe that as a result of these programs, the problem will largely correct itself in time, especially if more women get into dealmaking roles, inspiring younger women to overcome challenges like risk aversion that do seem to go with our gender identities. I've already found a lot to be encouraged by from my vantage point. We work with private companies that are planning to go public and we try to get into those companies before they make that decision, to introduce them to our virtual data room solutions. What's been encouraging to see is that more female-founded companies are starting to come into that process on the private side after women first started to be more involved on the public side as investment business heads.

Many observers have remarked that women bring a distinct perspective to making investment decisions. What has been your experience with how this form of diversity contributes to improved outcomes? How can the financial services industry lock in any gains in gender diversity as you see them?

Cohen: I agree, insofar as what I've seen is that women will tend to come to the table with fewer similarity biases, while their male counterparts often anchor onto one or two factors when mulling

over an investment decision. In my experience, women will tend to look at the broader picture and they will look beyond their comfort zones with greater frequency. I've often found that when working groups consider an investment decision, sometimes women will be a little more inquisitive. They will ask more questions and they do not necessarily anchor themselves to one or two specific factors.

What have been the most effective actions that you have seen companies or firms make to improve the conditions for women in dealmaking? What would you identify as the primary challenges to accessing funding or investment opportunities for women-led companies?

Cohen: Recruiting, developing and retaining women, as I previously mentioned, as well as more formal sponsorship programs and more networking opportunities have really helped here. But the primary challenge is the lack of women representation across the private markets, particularly in VC and PE. Women tend, I think, not be risk takers, as some research has also found. But if the younger generation sees women benefit from more robust sponsorship, they will tend to be more open to taking risks because they feel supported while they work their way into dealmaking positions. One of the things that I always say to the younger women I mentor, though, is that nobody is going to manage your career but yourself.

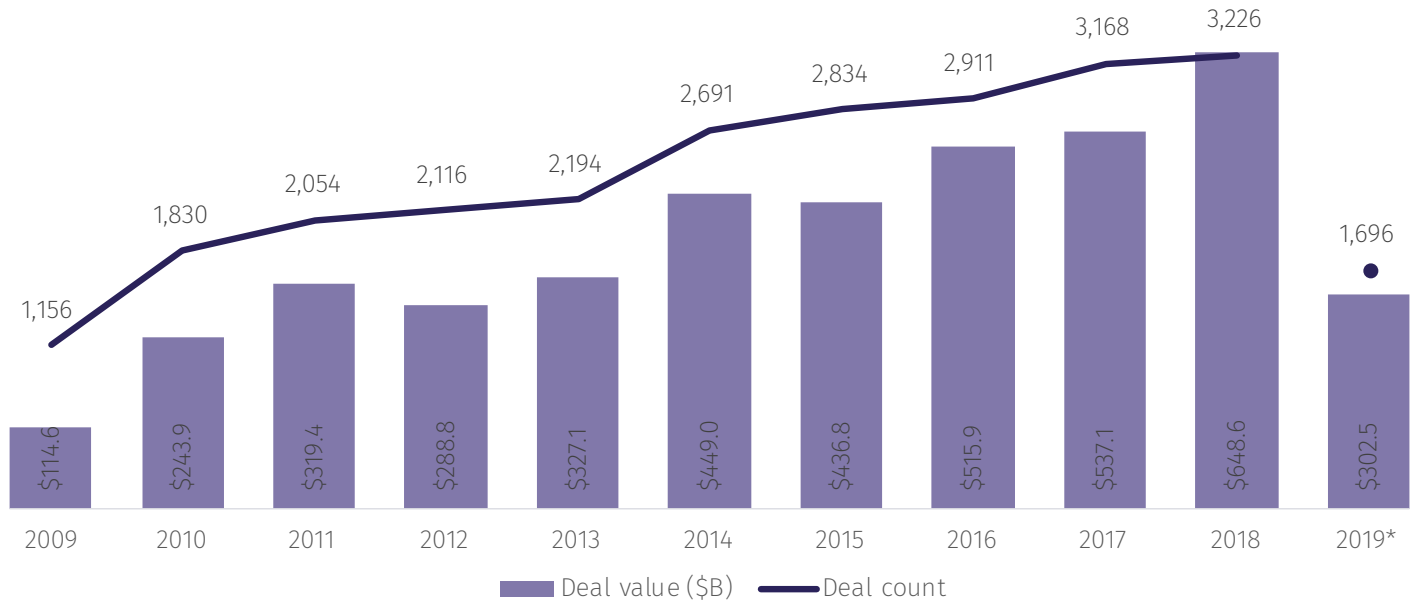
When a woman has a sponsor in place for guidance, however, that can play a key role in cultivating her confidence.

What have been effective tools or metrics that those in investment decision-making roles can use to improve gender inclusivity in their portfolio? How does gender diversity factor into how you conceptualize the role of environmental, social and governance and human capital management in the due diligence process?

Cohen: Companies have become much more conscious of gender diversity in the last decade or so as they reflect where things stand for the enterprise in their sustainability impact statements. These provide a good source of data on this aspect of a company's operations when considering an investment. I am also a co-founder of Women in Law Empowerment Forum (WILEF), and women attorney members have shared stories about how deals can be won and lost on the diversity of the pitching team. In addition, studies have shown with increased reliability that gender balance does tend to lead to a higher return on equity. But these aren't just effective metrics to review in the US, for example, for emerging markets investments, data on what a company is doing to help women's lives, their representation on the board or in the C-suite along with workforce diversity data—these have all become essential to the due diligence and investment review process.

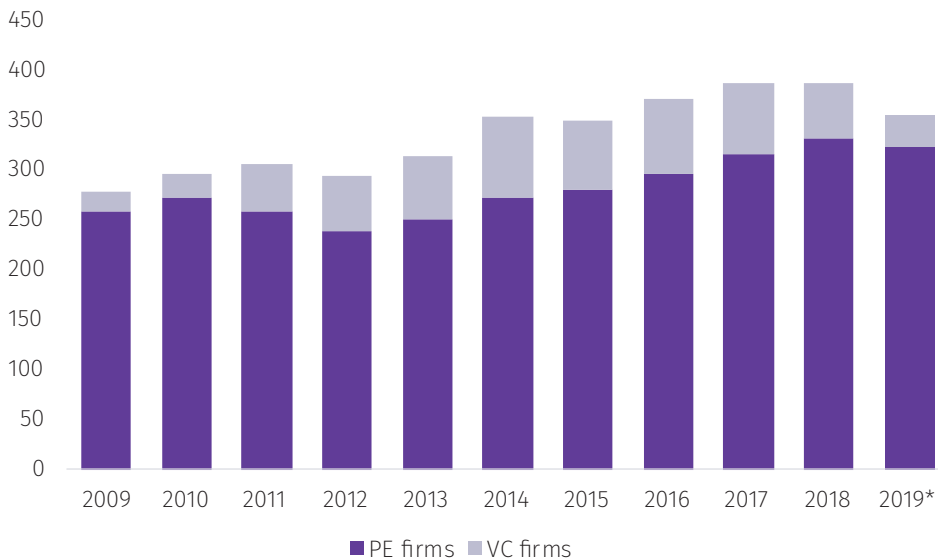
Women in dealmaking landscape

Global PE deal activity with current female partner participation



Source: PitchBook
*As of September 6, 2019

Global firms (#) with current female partner by type

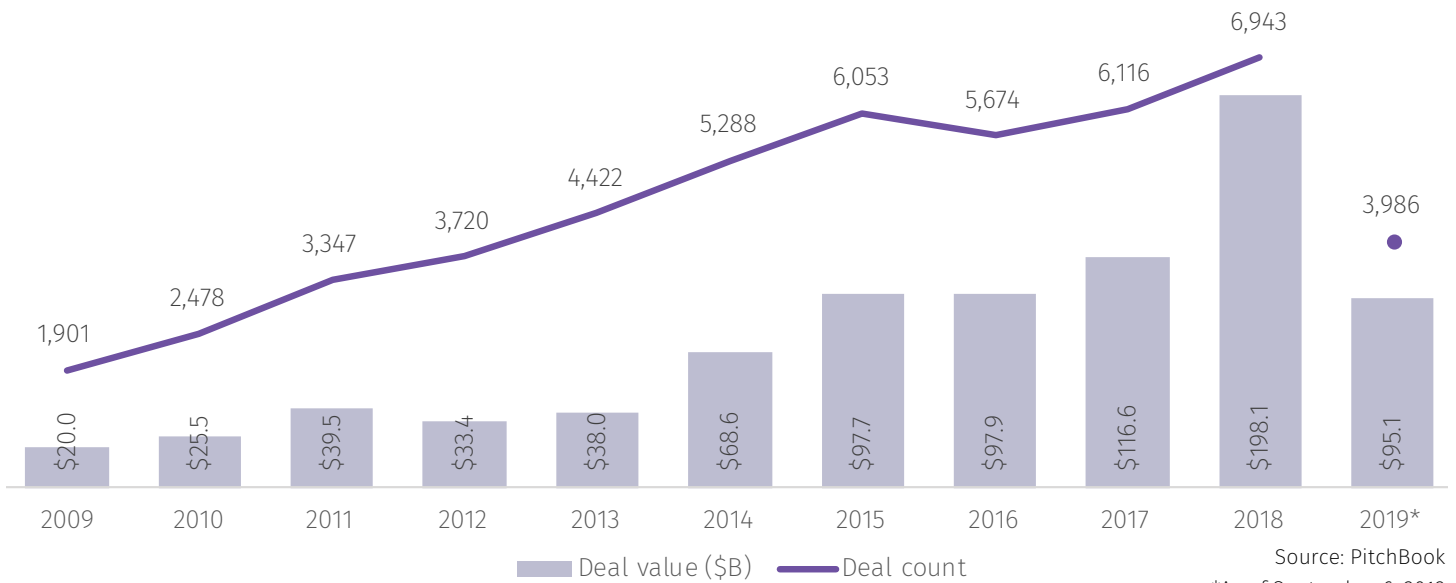


Source: PitchBook
*As of September 6, 2019

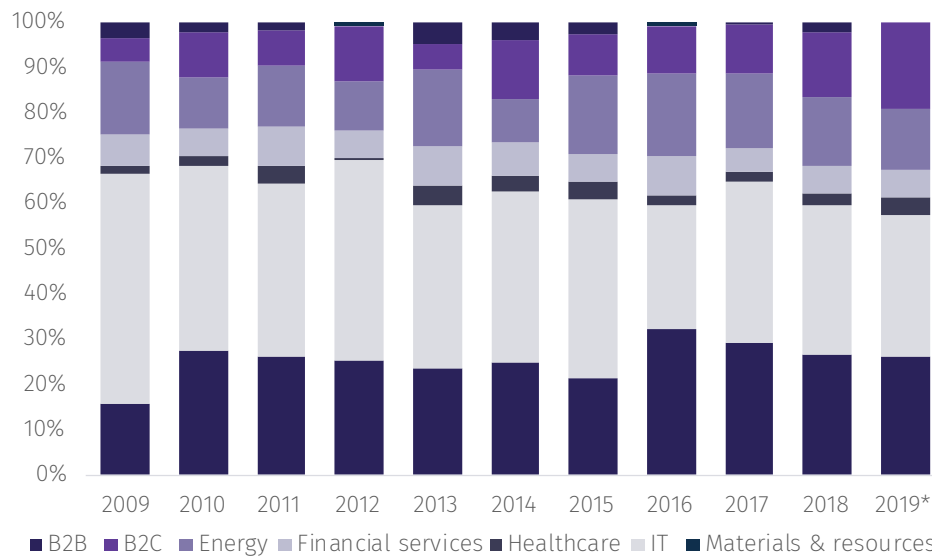
3.6x

The rate at which VC-backed companies with a female founder or female CEO at time of deal exited the portfolio in North America compared to Europe last year.

Global VC deal activity with current female partner participation



Global PE exits (#) in companies with female founder or CEO at time of deal by sector



\$512B

Global private equity deal flow into companies with a current female C-level executive in 2018.

Source: PitchBook
*As of September 6, 2019

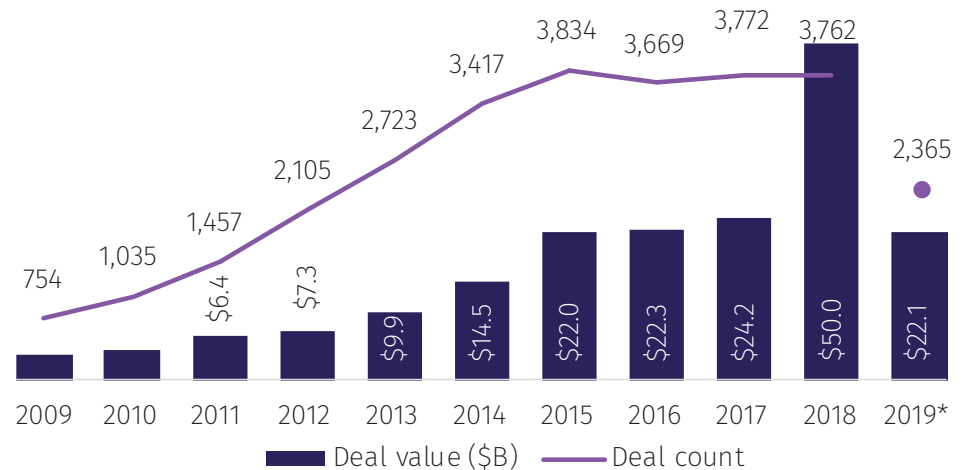
Dealmaking landscape

Mentoring and sponsorship initiatives among key players in the global private markets has encouraged the recruitment and, more importantly, retention of women in dealmaking roles. However, PR still outpaces parity, as buyout shops and VC firms continue to represent largely male-dominated corners of the private markets. In the US, for example, only one in 10 senior private equity executives are women. But change does take time, particularly in PE, even after several years of expanded participation for women in the C-suite. There's good reason to suspect that both VC and PE firms, eager to secure partners with operational experience, will be incentivized to hire more women than at present. Meanwhile, the proliferation of networking events aimed at bringing women from the wider financial services industry together, not only in the US and Europe but also in parts of Asia, are connecting female founders with a new generation of female investors. As a result, male and female dealmakers alike are connecting with a greater number of prospective targets in often overlooked corners of the market.

The analysis of global VC deal flow into companies with a current female C-level executive reveals the steady development of this trend. Since 2006, venture funding rounds have expanded at a CAGR of some 18% to top out at a record level worldwide last year comprising \$150 billion in aggregated capital commitments—nearly double the prior year's total. At the same time, although investment activity figures for PE are much lower than VC, the sums are massive by comparison, as PE's *raison d'être*, in part, represents cutting fewer but larger checks for growth rounds into more mature enterprises or sponsoring their purchase outright.

Last year, global PE deal flow into companies with a current female C-level executive topped out at some 1,700 deals

Global VC deal activity in companies with female founder or CEO at time of deal



Source: PitchBook

*As of September 6, 2019

comprising more than \$500 billion. That outsized performance for women-driven enterprises globally caps off a steady recovery in dealmaking since the financial crisis, in the wake of which overall activity plunged as part of an industry-wide contraction. In 2009, just 500 transactions closed on \$70 billion in value.

The increases to both PE and VC investment activity targeting women-driven enterprises since the crisis has drawn on a larger crop of distinct investors per year than ever, while the number of firms with women in decision-making roles has expanded. Last year, that growth in dealmaker diversity helped to push global VC deal flow from firms with a current female partner to some 7,000 rounds and \$200 billion in aggregate commitments. For PE, overall performance worldwide also represented record levels, with dealmaking activity comprising \$649 billion across more than 3,000 completed transactions from firms with a current female partner.

Although this data represents encouraging developments for women

in global private investment and dealmaking, tucking into the figures for firms with a current female partner reveals a divergence forming between PE and VC on an annual basis. Since the start of 2012, the number of active PE firms with a female partner started to climb steadily again YoY after falling by 12% from a high of 273 in 2010. Last year, PE firms with at least one current female partner topped out at a record 333 on the back of 5% in compound annual growth since 2006. That trend is projected to continue. By contrast, after years of steady expansion to a peak of 80 firms with a female partner in 2014, the number of venture shops employing at least one woman at the partner level dropped to 55 last year, representing a 31% decline over that period. This year appears poised to pull in figures more in line with those last registered a decade ago.

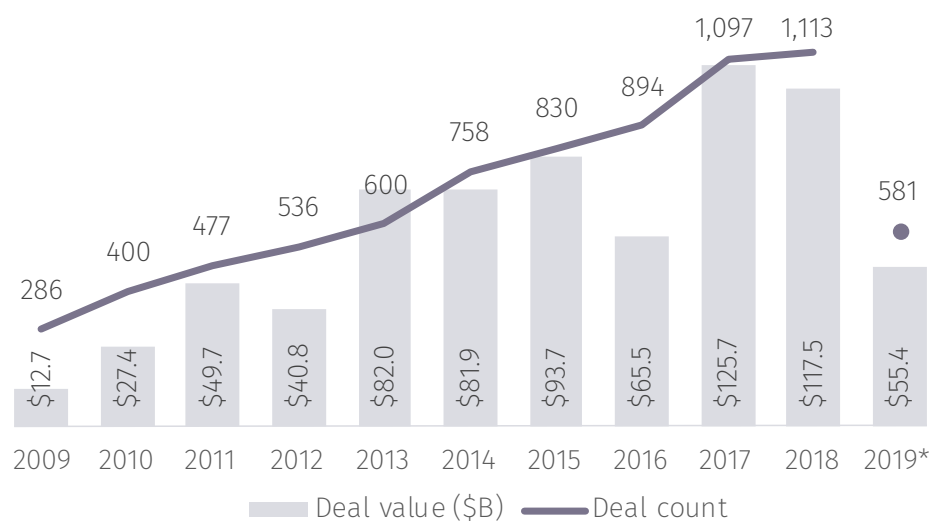
But that's not to say progress hasn't been made for women in venture capital. The rise in women partners at VC firms has gone hand-in-hand with a rise in VC deal flow for companies with a current

female C-level executive. Between the end of 2009 and the start of this year, the number of financing rounds has expanded at a 14% CAGR to nearly double last year's total, itself a record sum to that point. This year, global VC deal flow into companies with a current female C-level executive has already topped the total for 2017 after women-driven companies closed on more than 3,000 fresh financing rounds into the third quarter.

Improving participation rates for women in the wider financial services industry will require further research to capture the impact on greater gender inclusivity on returns. Finding comparable methods for evaluating the relationship between financial performance and diversity at privately held companies can make it difficult to anchor findings of any positive correlation between gender diversity and the probability of outsized returns. However, exit activity suggests that a founder's and/or C-suite executive's gender may be a key contributor. Despite a funding climate that has encouraged companies to stay private, global VC exit flow for women-driven enterprises topped \$30 billion across some 260 deals in 2018.

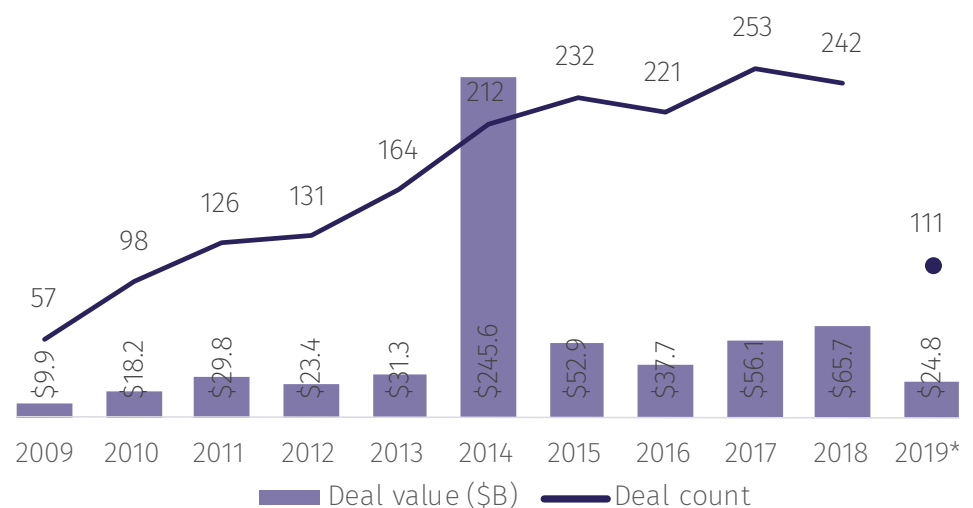
Over the past decade, the rate of funding for women-led and women-founded companies has steadily improved alongside the number of women involved as lead partners at firms in the global private markets. Although women fund female founders and invest in women-driven enterprises at a higher rate, women pursue external funding via the private markets overall at a lower rate than their male counterparts. Encouraged by greater mentoring and sponsorship initiatives to improve the participation of women in the wider financial services industry, however, a younger generation of founders and investors could well overturn that trend.

Global PE deal activity in companies with a female founder or CEO at time of deal



Source: PitchBook
*As of September 6, 2019

Global PE exit activity in companies with a female founder or CEO at time of deal



Source: PitchBook
*As of September 6, 2019

Shana Hennigan, SAFENED

Shana Hennigan, Chief Commercial Officer for Dutch fintech firm SAFENED, started her career in the financial services industry after attending Lafayette College in Easton, Pennsylvania, where she studied economics and business. Deploying this foundational study in combination with her other major, English, Hennigan has devised innovative deposit products and efficient funding strategies for her clients. She realized early in her career at Merrill Lynch that “finance is first and foremost a human capital business.”

During that twelve-year stretch with Merrill, and subsequently BofA, Hennigan benefited from the sustained mentoring provided by a fellow Lafayette alum. As an associate in the global money markets group that he oversaw, the example that he set helped her to privilege integrity above all—an approach to working with clients that she’s maintained throughout her career in financial services. “That mentoring experience, along with several others in the years since, were instrumental in leading me on the path to where I am today,” Hennigan observes. In 2016, Hennigan pivoted from large established players in the financial services industry and joined SAFENED. The compelling platform that SAFENED was building opened the door for innovative deposit raising strategies and offered an exciting new way to add value for financial institution clients.

Hennigan’s roles in the financial services industry spanned the period leading up to and following the financial crisis, an experience that helped her to draw critical distinctions around risk appetite that now inform her perspective on the essential importance of gender and other forms of diversity to help make sound decisions and assess risk.

For Hennigan, female mentors provided her with the tools that they’d used as trailblazers to manage conscious or unconscious bias, including those keyed to perceived age as well as gender. “There’s certainly a measure of underestimation from others that women—especially in junior roles—experience that can feel disproportionate and, as a result, frustrating,” Hennigan says. “But there’s always a flip side, as it can also make it easier to surprise to the upside.”

In this way, perceptions around one’s gender for Hennigan represent a “double-edged sword,” with every disadvantage having an equal and opposite advantage that can put it on a positive footing and, in particular, she has found in her experience that women manage expectations around performance and risk much more realistically, avoiding overpromising and underdelivering on a product or service.

“The best advice I may have ever received remains advice I was given years ago by a female mentor, one of the first women out there on the trading floor. One of her secrets to surviving was to know when to ‘throw down.’ What she learned and shared with me is that, if you always run to your manager, it looks like complaining, like you’re not tough enough or the like. It may feel unfair that, as a woman, you need to be much more selective in your battles.



Shana Hennigan

Chief Commercial Officer,
SAFENED

But by choosing them more carefully, you demonstrate that you are fighting for something you truly believe in when you choose to engage.”

Since joining SAFENED, which has entailed expanding her engagement with clients throughout Europe, Hennigan has also noticed that “the US can seem a bit more antiquated on questions around gender and other forms of diversity. In working for a Dutch company, my experience has been that it feels more egalitarian and gender, frankly, has not been much of an issue.”

“When a woman has a sponsor in place for guidance, that can play a key role in cultivating her confidence.”

PEGGY COHEN
SVP, DFIN

About us

Donnelley Financial Solutions (DFIN)

DFIN is a leading global risk and compliance solutions company. We provide domain expertise, enterprise software and data analytics for every stage of our clients' business and investment lifecycles. Markets fluctuate, regulations evolve, technology advances, and through it all, DFIN delivers confidence with the right solutions in moments that matter.

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Methodology

PitchBook includes equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, VC and/or PE firms, corporate venture firms and corporate investors. Investments received as part of an accelerator program are not included, however, if the accelerator continues to invest in follow-on rounds, those further financings are included. For M&A, PitchBook defines a deal as the substantive transfer of control or ownership. We track only completed control transactions, including control acquisitions, leveraged buyouts (including asset acquisitions), corporate divestitures, corporate asset purchases, reverse mergers, spinoffs and asset divestitures. Announced, rumored or canceled deals are not included.

Unless otherwise stated, for aggregate totals—as opposed to figures for median or average transaction sizes—on PE deals and exits along with M&A activity represent extrapolated sums. However, for aggregate totals on VC deals and exits along with IPO activity, these figures represent actual sums. An active PE firm is one that has raised a PE fund within the past five years or made a PE investment within the past three years. An active VC firm is one that has made at least four VC investments within the past three years.

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