

# The Conversation: Investing with a Gender Lens

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More than ever, investors are using their money to improve the lives of women and girls across the globe. They are supporting companies, funds and types of investments that focus on women, with the goal of championing women business leaders, as well as products and services directed at women. This, in a nutshell, is gender lens investing.

Teen entrepreneur Mikaila Ulmer, [featured](#) here in Knowledge@Wharton High School, could well be an example of gender lens investing. The 15-year-old founder of Me & the Bees Lemonade, a successful private company that makes and sells bottled lemonade and donates a percentage of the profits to save the honey bees, received a \$60,000 investment from Shark Tank star entrepreneur Daymond John and an \$810,000 infusion of capital in 2017 from a group of NFL football players and businessmen. It's likely that Mikaila's role as a strong young woman entrepreneur influenced these investors' decisions.

## Eye on the Investor

In financial services, investing with a gender lens typically means buying shares in a mutual fund or other fund that picks stocks (shares of ownership in a public company) with the goal of advancing the interests of women, while also making investment returns. Funds are pools of outside investments that are managed by professional fund managers who decide how to invest the money. "There's a lot of interest in gender-lens investing, and it's more than just a trend," said Seema Hingorani, managing director at Morgan Stanley Investment Management in New York City. "Lots of capital is going in this direction, billions and billions of dollars."

### 5 ways that gender lens investing positively improves the lives of women:

1. Advancing women in finance
2. Advancing women in leadership
3. Advancing products and services that improve the lives of women
4. Advancing companies that have a positive impact on the women they employ
5. Advancing companies that improve the lives of women in their ecosystem (suppliers, distributors, customers)

Source: Project Sage 3.0 Report

Hingorani spoke to high school students participating in the 2020-2021 [Wharton Global High School Investment Competition](#) as part of our *Meet the Experts* series. While she champions investing directly in women entrepreneurs and businesses, Hingorani also wants to see more women on the other side of gender-lens investing – among the

She – and many others – are convinced that gender-diverse investment teams get better outcomes.

“One of the reasons I joined Morgan Stanley was to build my fund, which invests in women fund managers [who manage how money is invested in specific funds],” noted Hingorani, who also started the nonprofit [Girls Who Invest](#). “A lot of men manage money in our industry and they don’t have the same viewpoint that women do. If you’re going to invest in a woman-owned business or a business that focuses on creating products and services for women and girls, and you have no women on your investment team, do you think you’re going to make great investment decisions? When you have a woman on your investment team, you can evaluate that business for its true potential.”

“How are you going to perform well and serve your customers well when you only see a certain part of the world?” — Seema Hingorani, Managing Director, Morgan Stanley Investment Management

Asset managers like Hingorani who are building gender lens investing networks are watching this growing market closely. Here’s some of the latest research:

- The Wharton Social Impact Initiative at the Wharton School, University of Pennsylvania, and the consulting firm, Catalyst At Large, recently published [Project Sage 3.0](#), a new report about gender-lens investing that looks at data from the field through 2019 drawn from a survey of more than 140 funds. The report focuses on funds into which outside investors can put money. The co-authors of the report, Social Impact’s Sandi M. Hunt and Catalyst’s Suzanne Biegel, talked about it during their [Dollars and Change podcast](#).
- Gender lens investing in the financial sector has really grown in the last few years. A total of 138 Wall Street investors, including private equity and venture capital firms, have raised a cumulative \$4.8 billion through 2019 for specific funds that invest in gender-diverse teams and generate a positive impact on women. That figure is up from 87 firms that raised \$2.2 billion through 2018, and 58 firms that raised \$1.1 billion through 2017. And the number of actual gender lens funds grew 59% in 2019. “I get notes from people every week telling me about a new fund they’re launching” with a gender lens, said Biegel. “The 2020 data makes this whole thing much bigger.”
- The report found that gender lens investment supports more than women entrepreneurs, it also supports different types of companies and industry sectors, including health care, online education, sustainable food systems, climate change, reusable packaging, deep technology like lidar lasers for drones, cleaner oceans and cleaner water. “I’m hoping that people will see that whatever issue they care about, they can do [gender lens investing],” said Biegel.
- Funds are thinking about all kinds of diversity. Among the funds surveyed in *Sage 3.0*, 45% consider gender as one of several key impact priorities of equal importance. Other priorities in their investment criteria (what they think about as they consider where to invest their money) include racial/ethnic diversity (24.6%) and LGBTQIA diversity (7.2%). Biegel said the widening commitment to diversity is good news, but she also noted the bad news. “There were a lot of funds in this study that had no women of color, no people of color in fund management or on their investment committee.” Hingorani is dedicated to change in this area. “Your customer base is so diverse. Your supply chain is so diverse. If you have people making investment or business decisions who are themselves not diverse, how are you going to perform well and serve your customers well when you only see a certain part of the world?”