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# PRIVATE EQUITY ANALYST



NOVEMBER 2020

# Women to Watch

Private Equity's Top Female Talent  
of Today and Tomorrow p. 7

10 VCs Grooming  
Game-Changing Startups p. 13





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# Five Years Celebrating Private Equity's Leading Women

**When we set out to** create our first

Women to Watch list five years ago, we wanted to bring attention to the growing community of talented female professionals across the private-equity and venture-capital industries. We felt that highlighting some of the outstanding deal makers, fundraisers and portfolio managers across the industry would shine a spotlight on potential role models for other women just beginning their careers in the asset class. "If you can see it, you can be it," one honoree said.

One thing that became clear as soon as we published the list, however, was the vast community of deserving women in private equity and venture capital whom we either had to leave off the list or we weren't aware of. So we decided to make it an annual tradition and allow private-equity and venture-capital professionals and their firms to nominate potential candidates of their own. Since that year,



## Editor's Note

on to launch a firm of her own.

Each year, compiling the list grows increasingly difficult as more women rise through the ranks of

the firms where they work or launch new firms of their own. This year, we chose our private-equity Women to Watch from more than 75 nominees, each outstanding in her own right. Needless to say, narrowing this list down was both brutally challenging and humbling. This year's list includes women from firms across different sizes, industries and strategies. As we have done each year since the beginning, we include a small number of outstanding women who are still in the middle stages of their careers alongside women who have risen to senior leadership ranks at their firms.

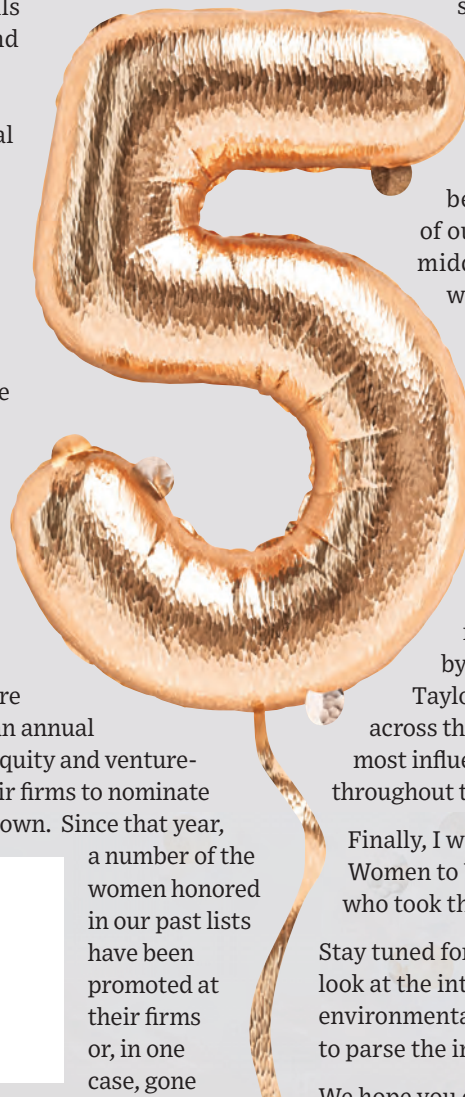
Also in this issue, Yuliya Chernova writes about the challenges female founders face in raising venture capital for their startups, particularly when it comes to later-stage funding rounds, while Laura Cooper profiles a growth investment firm that specifically looks for companies managed and owned at least partially by women. Also, Preeti Singh, Isaac Taylor and I asked a number of women from across the industry to tell us about some of the most influential mentors who have helped them throughout their careers.

Finally, I would like to congratulate all of our 2020 Women to Watch honorees and thank everyone who took the time to submit nominations.

Stay tuned for next month's issue when we will look at the intersection between private equity and environmental, social and governance issues and try to parse the implications of the U.S. election results.

We hope you enjoy this month's issue.

Sincerely,  
Laura Kreutzer  
Editor, Private Equity





In Their Own Words

## Women Weigh In on Their Mentors

By LAURA KREUTZER, PREETI SINGH & ISAAC TAYLOR

**M**entors in the private-equity world can often have a tremendous impact on a professional's career trajectory. We asked some of the private-equity industry's senior women to share their thoughts on the most influential mentors in their careers. Responses have been edited for clarity.

### Melissa Dickerson, Chief Financial Officer, Genstar Capital

**MENTORS:** Richard Paterson, former chief financial officer, Genstar Capital; Gary Michel and Dennis Chookaszian, both members of Genstar's strategic advisory board.

On Mr. Paterson: "He gave me great advice when I became Genstar's CFO. I also went to him when I had just found out I was pregnant. I wanted to ask for a raise, but I was pregnant and felt like it was an awkward situation. I had built trust with him that I could have those frank conversations. I suppose it must have been good advice, because I now have three kids, all while I was at Genstar."



On Mr. Michel: "He's a wonderful listener, which is hard to find. He understands what I'm going through because he has been in my role."

On Mr. Chookaszian: "He's like that professor. He cares about his students' success. That selflessness and caring is pretty critical."

## Rachel Geller, Managing Director, Insight Partners

**MENTOR:** Hilary Gosher, managing director, Insight Partners

“Hilary is the first person I worked for at Insight. She and I have worked together for 12 years and she really has helped shape my career. From the beginning, Hilary has gone above and beyond in the amount of time she’s taken to explore my interests and push me to set goals. Even more importantly, she’s always gone a step further to advocate for me to achieve my objectives, whether that was a promotion or leading a new initiative. There’s been two really influential points in my career that Hilary has sponsored. The first was putting me in a people leadership role with a team that we’ve now grown to more than 20 people. The second is that several years ago, there was an opportunity [for me] to take on a new initiative and increase my responsibilities. When these opportunities came up, Hilary created these opportunities and really advocated for me internally.”

## Tricia Glynn, Partner, Advent International



**MENTORS:** Alison Mass, chairman of the investment banking division, Goldman Sachs Group Inc., and Kathy Elsesser, global chair, consumer retail and health-care groups, investment banking division, Goldman Sachs Group.

“There are so many incredible mentors that helped. These are the [two] that jumped to my mind who did something unique from other people. What they did unabashedly throughout their career is lend me their gravitas. They made sure I was getting introduced to people more senior than me to lift me up. One piece of advice [Alison] gave me when I started at Advent is, “I need you to go and mentally put yourself in the space of being 10 to 15 years older than you are now. You need to come not as a younger woman and a new partner but as a deal maker who has done this forever.”

## Wesley LePatner, Senior Managing Director, Real Estate Group, Blackstone Group

**MENTORS:** Kathleen McCarthy, senior managing director and global co-head, Blackstone Real Estate Group, and Frank Cohen, senior managing director, Blackstone Real Estate Group, and Global Head, Core+ Real Estate.

“Kathleen and I were together at Goldman Sachs, and she has been my mentor for over 15 years. Only a couple of years older than me, Kathleen has consistently been the voice in my

head and outside of it that encourages me and tells me ‘you are ready for this opportunity. Even if you don’t feel ready, you should go for it. I have confidence in you.’ She encouraged me to lean into a variety of assignments and career opportunities and really gave me the push I needed. When I joined Blackstone, Frank and I would be in a lot of meetings together and oftentimes I was the only woman, or one of the few women there. He sensed my hesitation in speaking up and sharing my opinion and guided me on how to advocate for myself and helped me build my confidence.”

## Laurie Martin, Chief Investment Officer, Connecticut Retirement Plans and Trusts



**MENTOR:** Dennis Chalke, former chief financial officer, Baystate Health

In her previous role at Baystate Health, Laurie Martin said she felt intimidated by a peer group and investment committee that was almost entirely male. Dennis Chalke

would bring her into meetings that “I probably wouldn’t have initiated on my own, because I would be intimidated with people that were in the meeting,” Ms. Martin said. She added that the first time she attended a board meeting, Mr. Chalke put her name on the agenda, so she could make a presentation. “It was very difficult for me to do,” she recalls, “but his support really molded my experience and comfort with different audiences in my career.”

## Jackie Rantanen, Head of Product Management, Hamilton Lane

**MENTORS:** Mario Giannini, chief executive officer, Hamilton Lane, and other “strategic advisors”

“As women, it’s sometimes not so easy to embrace networking, but it is really important to have different viewpoints. I joined Hamilton Lane in 1997 when we were a really small firm and I got the opportunity to be mentored directly by Mario. I left the firm in 2011 to take care of my young ones and my elderly father and, two years later, I knew I wanted to come back into the workforce but didn’t know how or what to do. One of the first people that I talked to was Mario and he listened. He was a really good listener and had great advice and was able to walk me through various options and reimagine what I wanted to do in the future. I didn’t know then that I would get the opportunity to re-join Hamilton Lane and get a brand-new start.”

## Kelly Wannop, Principal, Private Equity Group, Blackstone Group

**MENTORS:** Julia Kahr, senior managing director, private-equity group, Blackstone Group, and Eli Nagler, managing director, private-equity group, Blackstone Group

“Julia has been a tremendous role model for me as an investment professional, but also as a working mother. Over the years, she has given me really practical advice on everything from helping to establish my presence in meetings to thoughts on how she and her family managed child care and make it all work. She gave me some great advice around making sure that I had more support than I thought I would need potentially lined up, which has turned out to be very sage advice. Both my mentors have been great advocates for me and afforded me many opportunities to step up and take ownership of my work. They care about my development as a professional and a person and I have a very open and transparent relationship with both of them.”

## Shelby Wanstrath, Co-Head of Private Equity Funds, Teacher Retirement System of Texas



**MENTORS:** A group of advisers, including one she sits down to breakfast with to discuss sticky situations

“My mentor’s mantra was to encourage me to be the best version of myself and to make decisions accordingly. He would not question my decisions, but rather

provided me a framework based on his own experiences. For instance, when I had to make a career decision, he walked me through his own decision-making that encouraged me to think about the culture of the organization, where people went when they left that organization and what roles they took up, how my strengths could fit into the organization and what I was truly passionate about. When I mentor now, I try to develop the same frameworks to give advice.”

## Elizabeth Weymouth, Founder, Grafine Partners

**MENTORS:** Sandra Horbach, managing director and co-head of U.S. buyouts, Carlyle Group, and Edward Mathias, senior advisor, Carlyle Group

Elizabeth Weymouth said her two mentors provided feedback when she was launching Grafine Partners, a firm that backs experienced investment managers who are starting their first private-equity funds. Both cautioned her away from launching the firm as a midmarket firm, according to Ms. Weymouth. “Instead they said, ‘Don’t go build that. You need to be super creative about how you source interesting and off-

market deal flow for investors who will be part of the Grafine ecosystem,’ Ms. Weymouth said. “Hearing it from them solidified my plans for Grafine.”

## Alisa Williams, Partner, VMG Partners



**MENTOR:** Kara Cissell-Roell, general partner, VMG Partners

“We were looking at a company and kind of thinking through partnering with the company. I had given her a call and I walked her through different strengths and weaknesses of the

company. It was really clear that I was going back and forth on whether I thought we should continue conversations with the company or not. I distinctly remember her on the phone and she said, ‘Alissa, trust your gut. You’ve done the research. You’ve looked at the company. You’ve looked at the data. Trust your instincts.’ I think one of the things that is common with women in this space is this sort of internal questioning on whether you’re making the right decision. This is something that stayed with me. When I think there’s a path we could take, that always pops into my head. It speaks to the confidence she had in me and my decision-making at a time when I didn’t have it in myself.”

## Alisa Wood, Partner, KKR & Co.



**MENTOR:** Perry Golkin, founder, Public Pension Capital (former partner at KKR)

“What [he] said to me was ‘focus on the skillset and the individual experiences and what happens at the end of your career is that you will have built a skillset. Don’t think

about jobs, think about skillsets.’ Perry was invested in my success, because if I succeeded, he succeeded.” ■



# Private Equity's 14 Most Influential Women of Today and Tomorrow

Meet the women who rank among the private-equity industry's leading senior and rising star deal makers

By LAURA COOPER, CHRIS CUMMING, LUIS GARCIA, LAURA KREUTZER and PREETI SINGH



**E**ach year for the past five years, Private Equity Analyst has honored a different group of women who have risen through the professional ranks of their respective firms. Although they are still far outnumbered by their male counterparts, more women are proving their mettle in the competitive and demanding deal-making landscape. This year's crop of honorees is no exception and comes from a range of firm sizes, industries and investment strategies.

## AMY CHRISTENSEN

Partner, The Vistria Group

**Amy Christensen** started her career as a business optimization consultant for large health systems—working on driving improvement within companies. After getting to know companies and helping to transform their operations, she said it was often difficult to walk away from a business once her work was done. This desire to help companies transform and grow led her to private equity. Prior to joining **The Vistria Group**, she was an investor at NewSpring Capital, Gores Group and Calder Capital Partners. “[Amy] has a keen intellect, dynamite analytical ability, a passion for health care and the capability to see around the corner to avoid potential issues in a way I have rarely come across in my career,” according to Kip Kirkpatrick, a senior partner and co-chief executive at Vistria. “Perhaps most importantly, she has been instrumental in leading and mentoring the younger women in our firm, and cares deeply about making our firm more inclusive.” Ms. Christensen is a partner and founding member at Vistria, where she focuses on investments in health-care, education and financial services companies and has worked with six portfolio companies so far. Within health care, she is particularly focused on behavioral health, women's health, payer services and health-care staffing companies. Ms. Christensen received her master's in business administration from the University of Chicago Booth School of Business and her bachelor's degree from Northwestern University.



## NISHITA CUMMINGS

Managing Partner and Co-Head of Growth Equity, Kayne Anderson Capital Advisors

**Nishita Cummings** has built a substantial track record during the 13 years she has been working at **Kayne Anderson Capital Advisors**. Under her watch, the growth-equity team has scored 26 platform investments and 13 exits across four funds and five co-investment vehicles, according to the Los Angeles private-equity firm. As part of her role, she oversees all stages of deal making, from spotting opportunities to securing deals to helping portfolio companies expand, and is also a member of Kayne Partners Funds investment committee. She has championed diversity at the firm, as women and minority members represent more than half of the 18-person team she leads. Ms. Cummings previously worked at hedge fund Boston Avenue Capital, among other firms, and attended the University of Pennsylvania, where she obtained a bachelor's degree in economics with a concentration in finance from the Wharton School and in biomedical sciences from the School of Engineering and Applied Science.



## MICHELLE NOON

Co-Founder and Managing Partner, Clearhaven Partners

**Michelle Noon** invested in software for the better part of two decades before launching her own firm last year. Boston-based **Clearhaven Partners** invests in lower-midmarket software and software-driven companies—in other words, the same types of companies Ms. Noon had been investing in for most of her career. “The reception has been phenomenal,” she said, adding that she relishes the opportunity to shape the firm's culture and values—a focus on personal relationships with business owners and investors—from the ground up. Ms. Noon previously spent 11 years at Riverside Partners, building the firm's software practice, and before that, cut her investing teeth at Thoma Bravo, after being recruited by Orlando Bravo to the



firm's first software team. A self-described even-keeled person who grew up in Illinois and attended Harvard Business School and the University of Notre Dame, Ms. Noon says starting her own firm has energized her. "The highs are higher and the lows are lower," she said.

## SILVIA OTERI

**Partner and Head of Health Care, Permira**

As head of the global health-care team for **Permira**, **Silvia Oteri** has led numerous deals in the sector. She steered the investment this year in Neuraxpharm Group, a European pharmaceutical maker for the central nervous system, and last year in Quotient Sciences, a provider of specialist drug-development services. Ms. Oteri has been with Permira since 2004. She started her career working in strategy consulting in Italy and Brazil, before receiving her degree from Harvard Business School and entering private equity, initially with BC Partners. In addition to her formal role as health-care head, she leads Permira's women's network, a group of women who meet regularly for discussion and relationship building.



## SALLY ROCKER

**Managing Director and General Counsel, J.C. Flowers & Co.**

As a member of **J.C. Flowers & Co.**'s management committee, **Sally Rocker** helps the private-equity firm set strategies and make investment decisions. For that, she draws on her long experience at the firm, which she joined in 2000. Ms. Rocker since then has participated in some of the firm's most successful deals, serving on the boards of the acquired companies. J.C. Flowers early this year sold one of these companies, insurance distributor AmeriLife Group, to an investor group led by Thomas H. Lee Partners for more than \$1 billion. Ms. Rocker also was instrumental in increasing gender diversity at J.C. Flowers by leading its hiring process and helping drive the number of women in the firm to a third of its professionals today from only one—herself—20 years ago.



## LEIGH SANSONE

**Founding Partner and Chief Investment Officer, Paceline Equity Partners**

**Leigh Sansone** is one of the founders of Dallas-based **Paceline Equity Partners**, which focuses on private equity, corporate credit and real assets. Before co-founding Paceline in 2018, Ms. Sansone spent 20 years with Lone Star Funds, where she specialized in unwinding complex distressed assets during the financial crisis of 2007 to 2008, and worked on underwriting and asset management for 10 consecutive Lone Star funds. At Paceline, she heads underwriting of the firm's deals and serves on the investment committee. In addition to her work in the financial sector, she helped form and remains involved with Gradus, an organization that invests in nonprofits benefiting families in North Texas and New York City.



## ANUSHKA SUNDER

**Managing Director, Blackstone Group**

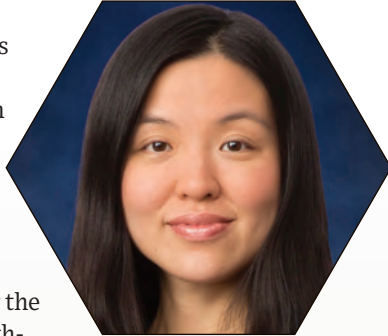
**Anushka Sunder** never expected to wind up in the field of finance. Growing up, she was very interested in biology, so much so that she was a Howard Hughes Medical Institute scholar at the National Institutes of Health in 2002 and 2003. As a scholar, she worked on a project focused on autism, an experience that came full circle when she worked on the deal to invest in autism services provider Center for Autism and Related Disorders LLC for **Blackstone Group** in 2018. Ms. Sunder has been with Blackstone since 2013. In the time she has been with the firm, she has worked on nine deals and has six active portfolio companies, she said. Before joining Blackstone, she was an associate at TPG Capital and an analyst at Goldman Sachs Group Inc. in the financial institutions group. She has a bachelor's degree in economics from Harvard, where she also earned a master's in business administration. Despite not taking the traditional medical path, Ms. Sunder is able to leverage her passion for biology when making investments today. "A lot of investment in scientific knowledge and learning has proven invaluable as we evaluate businesses," she said.



## LING YANG

**Managing Director, Carlyle Group**

**Ling Yang** has been instrumental in building out **Carlyle Group's** health-care business in Asia, having originated and led the firm's first such deal in 2012. All told, she has led or has been involved with \$1.7 billion of investment in China across 10 deals, and has helped establish the firm's reputation as a regional player in the sector. Among the deals were preventive health-care provider Meinian Onehealth Healthcare Holdings Co., which was publicly listed in 2015, and clinical laboratory company Adicon Clinical Laboratories Inc. Ms. Yang is versed in working across different cultural and geographical backgrounds, having grown up in China, studied in the U.K. and worked for Carlyle's U.S. buyout team from 2008 through 2011, before joining the firm's Asia practice.



reported \$3 billion in profit—a record for Vista—after helping drive up Marketo's value by sourcing and executing its acquisition of marketing-performance-management software company Bizible. Previously, Ms. Bracken worked as a mergers-and-acquisitions and restructuring analyst at investment advisory firm Perella Weinberg Partners. Ms. Bracken holds an undergraduate degree in government from Dartmouth College.

## JESSICA DELFINO

**Principal, Arsenal Capital Partners**

Since **Jessica Delfino** joined midmarket firm **Arsenal Capital Partners** in 2011 as an associate, she has earned three promotions, including most recently to the firm's principal ranks.

Ms. Delfino works on deals as part of Arsenal's industrials team focusing on specialty chemicals and materials businesses. In 2018, she worked on Arsenal's investment in Polytek

Development Corp., while her

2019 deals included Seal

for Life Industries LLC

and Airnov Healthcare

Packaging. Ms. Delfino

has also been active in

helping Arsenal recruit

additional investment

professionals, including

other women. "We see Jess

as part of Arsenal's next

generation of leadership,"

Terrence Mullen, the firm's co-founder and

managing partner, said in her nomination. "She

is extremely adept at advancing our investment

strategies and at managing relationships across

our markets and our broad deal teams, and with our

management teams." Ms. Delfino attributes some

of her success to the highly collaborative corporate

culture at Arsenal and the firm's willingness to take

a long-term view in employee development. As an

example, she noted that when she joined the firm

as an associate, Arsenal hired an executive coach

to work with its associate class on professional

development. "Especially being a woman in the

industry, when you see a firm that wants to invest in

their people, it makes a lot of those tradeoffs in life

much less stressful," she said. "I just had my first

baby a few months ago, and taking some time with

the baby has not been as stressful as it would be if I

were not working in such a supportive culture."



## WOMEN TO WATCH: THE NEXT GENERATION

Each year, as part of our Women to Watch honorees' feature, we also highlight the accomplishments of a handful of women at the midpoint of their careers. This year's class spans industries that include software, health care, industrials, specialty chemicals, media and communications.

## SHANNON BRACKEN

**Vice President, Private Equity, Vista Equity Partners**

**Shannon Bracken** is one of the fastest deal-side employees to ever be promoted to vice president at **Vista Equity Partners** and "wherever Shannon turns her attention, successful deals happen." Ms. Bracken is a member of Vista's Flagship Fund team and played an integral role in several successful transactions in the last five years. She was the principal deal captain on the 2018 transaction in which Adobe Systems Inc. acquired Vista's marketing technology company Marketo Inc. for a



## Private Equity Previous Classes

This year's class of Women to Watch joins a growing list of accomplished professionals we have honored over the past five years. Below are the women who have appeared in prior years' lists.

### CLASS OF 2019\*

Elizabeth Bell, Principal, Jaguar Growth Partners

Sonya Brown, General Partner, Norwest Venture Partners

Melissa Dickerson, Chief Financial Officer and Managing Director, Genstar Capital

Stephanie Geveda, Managing Director, Warburg Pincus

Carolina Joyce, Vice President, Warburg Pincus

Meghan Leggett, Principal, White Deer Energy

Elena Lieskovska, Partner and Head of European Financial Services, Värde Partners

Jennifer Mulloy, Managing Director, TA Associates

Laura O'Donnell, Investment Professional, Permira

Emily Pollack, Managing Director, Cornell Capital

René Yang Stewart, Co-Head, Vista Endeavor Fund, Vista Equity Partners

Christine Wang, Principal, Francisco Partners

Amy Weisman, Director of Business Development, Sterling Investment

Partners

Suzanne Yoon, Founder and Managing Partner, Kinzie Capital Partners

Caroline Young, Partner, Hammond Kennedy Whitney & Co.

Delara Zarrabi, Principal, Platinum Equity

Angela Zhang, Principal, GI Partners

### CLASS OF 2018\*

Justine Cheng, Partner, Cornell Capital

Candice Corvetti, Principal, Berkshire Partners

Hilary Gosher, Managing Director, Insight Venture Partners

Jill Granoff, Chief Executive, Eurazeo Brands

Laura Grattan, Managing Director, Thomas H. Lee Partners

Karen Kenworthy, Partner, Stripes Group

Natalie Kolbe, Partner and Head of Private Equity, Actis

Jennifer Lee, Vice President, Edison Partners

Sheila Schweitzer, Managing Partner, Blue Ox Healthcare Partners

Alisa Williams, Senior Associate, VMG Partners

Lauren Young, Principal, Advent International

### CLASS OF 2017\*

Anika Agarwal, Principal, Insight Venture Partners

Elizabeth Betten, Managing Director, Madison Dearborn Partners

Inna Etinger, Vice President, One Equity Partners

Tricia Glynn, Managing Director, Advent International

Beth Hoffman, Managing Director, Berkshire Partners

Adiba Ighodaro, Partner, Actis

Gretchen Perkins, Partner, Huron Capital Partners

Meranee Phing, Partner, Riverside Co.

Annette Rodriguez, Managing Director, Warburg Pincus

Heather Smith Thorne, Managing Director, Swander Pace Capital

### CLASS OF 2015/2016\*

Anita Balaji, Principal, Carlyle Group

Melissa Barry, Principal,

New Heritage Capital

Maria Boyazny, Founder and Chief Executive, MB Global Partners

Sarah Bradley, Co-Founder, Kainos Capital

Katherine Brooks, Vice President, TPG Capital

Kara Cissell-Roell, Co-Founder, VMG Partners

Peggy Koenig, Co-Chief Executive and Managing Partner, ABRY Partners

Lauren Leichtman, Chief Executive and Founding Partner, Levine Leichtman Capital Partners

Patricia Lizarraga, Managing Partner, Hypatia Capital Group

Alison Minter, Managing Director, North Castle Partners

Hollie Moore Haynes, Co-Founder and Managing Partner, Luminata Capital Partners

Jennifer Baxter Moser, Managing Director, TSG Consumer Partners

Raquel Palmer, Partner, KPS Capital Partners

Marni Payne, Managing Director, Berkshire Partners

Chelsea Stoner, General Partner, Battery Ventures

\*Titles of prior Women to Watch reflect the titles that the women held at the time they were named to the list.

## LUCY STAMELL DOBRIN

Principal, Providence Equity Partners

**Lucy Stamell Dobrin** took an unconventional path to finance, earning both bachelor's and master's degrees in classics at the University of Pennsylvania before landing jobs in banking and later private equity. Since joining **Providence Equity Partners** in 2011, Ms. Dobrin has steadily risen through the ranks, earning a promotion to principal late last year. She has been involved

with a number of the firm's key deals in recent years, including sports marketing company Learfield Communications Inc., global auto technology provider OEConnection and data center provider EdgeConneX. She currently holds board seats on digital media software



company DoubleVerify Inc., digital advertising platform Smartly.io and EdgeConneX. Davis Noell, a senior managing director at Providence who has worked with Ms. Dobrin on numerous deals, said her competence, poise and ability to connect with people have helped set her apart as a deal maker. “She’s got an unbelievable presence and competence that belies her age,” he said.

## NATASHA LI

**Principal, Ares Management Corp.**

If one fact alone could justify **Natasha Li**’s selection as a rising star, it would be this: She is up for promotion to partner from principal role at **Ares Management** this year, according to the Los Angeles firm. The promotion will be a recognition for her work in all areas of Ares’s private-equity investing, from deal sourcing to due diligence and transaction execution to management of portfolio companies. Ms. Li focuses on the packaging, building products and general industrial markets but gets involved in other sectors. She played a significant role in the June initial public offering of Azek Co., said Jonathan Benloulou, a partner at law firm Kirkland & Ellis LLP who had worked with Ms. Li on deals. By late October, the Ares-backed provider of building products had seen its share price climb roughly 40%. Ms. Li previously worked at Credit Suisse Group as an investment-banking generalist. She joined Ares in 2007.



## KATIE OSSMAN

**Principal, Water Street Healthcare Partners**

**Katie Ossman**, a principal at **Water Street Healthcare Partners** in Chicago, is highly regarded by her peers for helping to make complex deals happen. Ms. Ossman has been at the health-care-focused firm for about seven years. In that time, she has focused on companies within life sciences, medical devices and diagnostic tools, while sometimes assisting with companies in other



areas of health care. Before joining Water Street in 2013, Ms. Ossman worked at Avista Capital Partners in New York, where she was a generalist. There, she got her first taste of health-care investing. “Ultimately we are working with companies that are not just driving successful financial outcomes but a positive impact more broadly, whether it’s better clinical outcomes for patients or changing the way we deliver health care for the better,” Ms. Ossman said of her passion for the sector. The principal investor recently spearheaded the process to sell Key Surgical, which publicly traded Steris PLC announced it has agreed to buy before the end of the year for \$850 million. The deal is expected to result in a gross return of about six-times invested capital to the firm’s Water Street Partners Fund III, according to a person familiar with the matter.

## LAUREN ZLETZ

**Principal, Warburg Pincus**

Based in San Francisco, **Lauren Zletz** helps lead **Warburg Pincus**’s investment activities in cybersecurity, real estate technology, food technology and insurance technology. Before joining the finance world, Ms. Zletz studied social studies at Harvard. She spent multiple summers in college in China, undertaking internships and researching her senior thesis, which was on higher education and development in China. This experience helps her bring a different perspective to the industry. Before joining Warburg in 2015, Ms. Zletz worked at private-equity firm Thomas H. Lee Partners and in investment banking at Greenhill & Co. At Warburg, she is also a member of the firm’s Council for Diversity Equity and Inclusion. She’s been involved in numerous investments at Warburg, including cybersecurity company CrowdStrike Holdings Inc.; privacy software business Privitar Ltd.; Cyren Ltd., a security-as-a-service provider; managed detection and response company eSentire Inc.; and FacilitySource, which provides facility maintenance software. ■



# 10 Female VCs Grooming the Next Generation of Game-Changing Startups

By YULIYA CHERNOVA, TOMIO GERON, BRIAN GORMLEY and MARC VARTABEDAIN

**The venture industry** is slowly making room for women to take charge. This year's Women to Watch list includes some venture investors whose early bets turned into unicorns or are showing promise.

## Candice Matthews Brackeen

General Partner, Lightship Capital

**Candice Matthews Brackeen** is a general partner at Cincinnati-based **Lightship Capital**, which invests in underrepresented founders in the Midwest. She's also founder and chief executive of Hillman, a nonprofit accelerator for underrepresented founders. Ms. Brackeen co-founded Hello Parent, an app for parents. Some of her investments include Fresh Fry LLC, which filters cooking oil to extend its life; food allergy sensor maker Allergy Amulet; and Haute Hijab Inc., an online hijab store.



## Grace Chou

Vice President, Felicis Ventures

**Grace Chou** is a vice president on the investment team at **Felicis Ventures**. She has worked on investments for Felicis including Sendoso, TrialSpark Inc., Blume, Torch Technology Inc., Good Dog, Marigold Health, Floravere Inc. and LabGenius Ltd. Before she joined Felicis, Ms. Chou led strategic projects in mergers and acquisitions, partnerships and global investments at Walmart eCommerce, where she was senior manager of corporate development. Ms. Chou said she's interested in startups focused on enterprise technology and software that enable digital transformation of traditional industries. Menlo Park, Calif.-based Felicis has more than \$600 million in total committed assets.



## Lynne Chou O'Keefe

Founder and Managing Partner, Define Ventures

**Lynne Chou O'Keefe** is founder and managing partner of **Define Ventures**, a San Francisco-based early-stage digital-health investor. With Define, Ms. O'Keefe focuses on trends that are driving change in

health care, including new medical services enabled by technologies such as machine learning, the shift to value-based care that rewards health-care providers for keeping patients healthy and consumers' growing role in shopping for medical services. She has invested in startups such as Hims Inc., a telehealth company that recently struck a deal to go public by merging with a special-purpose acquisition company, and Folx Health Inc., a startup seeking to provide health-care services to lesbian, gay, bisexual and transgender people. Before Define, Ms. O'Keefe was a senior partner with Kleiner Perkins, where she focused on early-stage investments in digital health and connected devices. She earned a bachelor of science degree in industrial engineering from Stanford University and a master of business administration degree from Harvard Business School.



## Kelly Dill

Principal, Imaginary Ventures

**Kelly Dill** joined consumer-focused early-stage venture firm **Imaginary Ventures** at its launch in 2017 after leading strategic finance at beauty startup Glossier Inc. She has since invested in startups, including nutritional

supplements company Hum Nutrition Inc. and men's skin-care brand Hawthorne Lab Inc. She recently led a preseed investment in Bread Beauty Inc., a startup founded by a Black female entrepreneur, Maeva Heim, which makes products for women with curly hair. Ms. Dill is seeking to invest more in "inclusive beauty," she said, as well as categories such as secondhand retail and women's health. During the Covid-19 pandemic, Ms. Dill spent some time

## Venture Capital Previous Classes

Below are the women who have appeared on our previous years' lists.

### CLASS OF 2019\*

Sarah Cannon, Partner, Index Ventures

Connie Chan, General Partner, Andreessen Horowitz

Amanda Eilian, Partner, Able Ventures

Shruti Gandhi, Founder, Array Ventures

Sarah Kunst, Founder, Cleo Capital

Kavita Patel, Venture Partner, New Enterprise Associates

Nicole Quinn, Partner, Lightspeed Venture Partners

Celestine Schnugg, General Partner, Boom Capital

Alexa von Tobel, Founder, Inspired Capital

Lisa Wu, Partner, Norwest Venture Partners

### CLASS OF 2018\*

Christine Aylward, Managing Partner, Magnetic Ventures

Enke Bashilari, Managing Director, Arkitekt Ventures

Abbie Celniker, Partner, Third Rock Ventures

Sarah Guo, Partner, Greylock Partners

Kathryn Haun, General Partner, a16z Crypto

Annie Kadavy, Partner, Redpoint Ventures

Angela Tran Kingyens, General Partner, Version One Ventures

Clare Ozawa, Managing Director, Versant Ventures

Heidi Krauel Patel, Partner, Rethink Impact

Linda Xie, Co-Founder and Managing Director, Scalar Capital

### CLASS OF 2017\*

Kate Castle, Marketing Partner, Flybridge Capital Partners; Operating Partner, XFactor Ventures

Kirsten Green, Founding Partner, Forerunner Ventures

Paulina Hill, Principal, Polaris Ventures

Shadi Mehraein, General Partner, Rivet Ventures

Renata Quintini, Partner, Lux Capital

Kristina Shen, Partner, Bessemer Venture Partners

Lisa Suennen, Senior Managing Director, GE Ventures

Sarah Tavel, General Partner, Benchmark

### CLASS OF 2015/16\*

Joanne Chen, Partner, Foundation Capital

Maria Cirino, Co-Founder and Managing Partner, .406 Ventures

Anu Duggal, Founder, Female Founders Fund

Jan Garfinkle, Founder and Managing Director, Arboretum Ventures

Wende Hutton, General Partner, Canaan Partners

Rebeca Hwang Scheel, Managing Partner, Rivet Ventures

Kim Kamdar, Partner, Domain Associates

Jenny Lefcourt, Partner, Freestyle Capital

Swati Mylanvarapu, Partner, Kleiner Perkins

Julie Papanek, Principal, Canaan Partners

Shauntel Poulson, General Partner, Reach Capital

Ellie Wheeler, General Partner, Greycroft Partners

\*Titles of prior Women to Watch reflect the titles the women held at the time they were named to the list.

back in the small town in Virginia where she grew up, which, she says, inspired her to focus more on consumers in places sometimes overlooked by coastal startups.

## Beth Ferreira

Partner, FirstMark Capital

**Beth Ferreira** is a partner at early-stage venture firm **FirstMark Capital**, investing in innovative commerce, consumer tech and mobile consumer startups. She recently led the Series A investment into startup Simplist Mortgage. Before she joined FirstMark, Ms. Ferreira was the managing partner of WME Ventures, the venture-capital arm of William Morris



Endeavor Entertainment, leading investments in companies that have gone on to become major consumer tech companies, such as Glossier Inc. Ms. Ferreira also served as chief operating officer at Fab and ran operations at Etsy Inc. during its early days. Looking ahead, Ms. Ferreira said she is interested in e-commerce supply-chain technology. She also held positions at venture firm Flatiron Partners. FirstMark is based in New York City and its latest early- and growth-stage funds total \$500 million.

## Jomayra Herrera

Investor, Cowboy Ventures

As an investor at **Cowboy Ventures**, **Jomayra Herrera** focuses on the future of work as well as educational technology and digital health. Previously, she was one of the early hires for the venture team at Emerson Collective,



the firm founded by Laurene Powell Jobs. Her investments at Emerson and Cowboy include college graduate job search startup Handshake, coding bootcamp search app Career Karma and professional network startup Contra.Work Inc. A Florida native, she previously worked at BloomBoard Inc., an edtech startup. Palo Alto, Calif.-based Cowboy focuses on seed-stage technology businesses.



### Fatima Husain

#### Principal, Comcast Ventures

**Fatima Husain** is a principal at **Comcast Ventures**, the venture-capital arm of Comcast Corp. Ms. Husain joined Comcast Ventures in 2019 and has participated in deals such as a \$25 million Series B round into supply-chain robotics startup Attabotics Inc. Ms. Husain also co-manages Catalyst Fund, a subfund focused on investing in Black, Latinx and female founders. Basketball star Andre Iguodala joined Catalyst earlier this year. Prior to joining Comcast Ventures, Ms. Husain was a senior growth product manager and early team member at Airbnb Inc., where she focused on driving strategy and other functions. Going forward, Ms. Husain said she's interested in technology related to climate change, food security, financial inclusion and other sectors.



### Lauren Kolodny

#### Founding Partner, Acrew Capital

**Lauren Kolodny** is a founding partner at **Acrew Capital**, a firm she calls "my startup" and that she created with her former colleagues at Aspect Ventures. Ms. Kolodny had joined Aspect in 2014, was promoted to principal the next year and to partner in 2017. Ms. Kolodny focuses on fintech and software-as-a-service startups. In 2016, she led the Series A-1 round in mobile banking startup Chime Financial Inc. at a valuation of about \$35 million, according to PitchBook Data Inc. This year, Chime was valued at \$14.5 billion in a private round, making it one of the most highly valued fintech startups in the U.S. Ms. Kolodny served as a director on Chime's board for three years and is currently a board observer. Ms. Kolodny's other deals include DivvyPay Inc., Future Family and Gusto. Ms. Kolodny said she is



currently interested in fintech infrastructure and consumer fintech for populations that are getting new comfort with digital financial services, such as retirees and emerging-market consumers. Ms. Kolodny was previously in product marketing at Alphabet Inc. unit Google. She had served as Brown University's youngest board member, which she joined at age 23.



### Michèle Ollier

#### Co-Founder and Partner, Medicxi

At health-care-focused **Medicxi**, **Michèle Ollier** has led investments in several biotechnology companies, including Palladio Biosciences Inc., a developer of therapies for orphan kidney diseases; Alderaan Biotechnology SAS, which develops monoclonal antibody drugs for cancer; and Villaris Therapeutics Inc., which seeks to create treatments for vitiligo, in which patches of skin lose pigment cells. Dr. Ollier previously was a partner with Index Ventures for 10 years. She was also a director of biotech companies such as OncoEthix SA, a cancer-drug startup acquired by Merck & Co., and Minerva Neurosciences Inc., a neurological drug company that went public in 2014. Before Index, she was investment director with Edmond de Rothschild Investment Partners (now Andera Partners) in Paris for three years, where she served on the board of U3 Pharma, which was acquired by Daiichi Sankyo Co. in 2008.

### Elizabeth Yin

#### Co-Founder and General Partner, Hustle Fund

**Elizabeth Yin** is a co-founder and general partner at preseed venture firm **Hustle Fund**, which has invested in more than 200 startups, focusing on enterprise, as well as fintech and consumer digital health. Her investments at San Carlos, Calif.-based Hustle Fund include Pill Club Holdings Inc., Collective, Pulley, Karat Inc., OthersideAI Inc. and Vinovest. She previously was a partner at 500 Startups and ran the firm's Mountain View, Calif., accelerator. She was co-founder and chief executive at LaunchBit, an adtech startup that was acquired in 2014. Ms. Yin has also worked at Alphabet Inc. unit Google as a product marketing manager. ■



# 10 Women on Both Sides of the Fundraising Negotiating Table

By LAURA COOPER, CHRIS CUMMING, LUIS GARCIA, LAURA KREUTZER and PREETI SINGH

**Women have played** an active role in the limited-partner and fundraising communities even before they made inroads in the world of deal-making. As part of our annual Women to Watch list, we highlight top female talent in roles across fundraising, business development and portfolio management in the general-partner capital-formation or limited-partner worlds. This year's class hails from global placement agents, private-equity and venture-capital firms, as well as some of the industry's most active limited partners.

## Lara Banks

**Managing Director and Co-Head of Private Equity, Makena Capital Management**

In just eight years since she joined **Makena Capital Management** from GE Capital, **Lara Banks** has risen to become co-head of Makena's private-equity team, which manages about 25% of the firm's assets. She recently led the firm's efforts to source and execute investments in and alongside high-quality hybrid public/private and growth-equity managers, who in turn were investors in some of this year's largest initial public offerings of technology companies. Ms. Banks also played a major role building and executing Makena's emerging-manager program, which has accounted for about 40% of the manager allocations from the firm's private-equity portfolio over the last five years. She also leads the firm's commitment to environmental, social and governance factors, and has directed two surveys of Makena's manager population to understand and then to set and execute specific actionable ESG policies with them. Ms. Banks has a master's degree in business administration from Harvard Business School and holds an undergraduate degree in economics and government from Cornell University.



## Alexandra Bazarewski

**Principal, Head of North American Coverage, Rede Partners**

**Alexandra Bazarewski** launched **Rede Partners'** presence in North America in 2017, helping the firm open its first office outside its home base of London. Coming in cold with no sponsor relationships in the region, her team has raised about \$20 billion and has established relationships with a strong stable of sponsors, including TCV, Blue Wolf Capital Partners



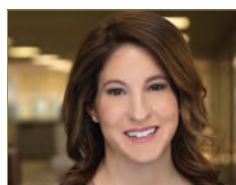
and Activant Capital. Ms. Bazarewski has spent virtually her entire career in fundraising since graduating from the University of Pennsylvania, and says, "I love the storytelling aspect" of raising capital. Her career has taken her from Blackstone Group to Park Hill Group and Raveneur Investment Group, a Blackstone-seeded distressed-credit and special situations fund, before she joined Rede. She says she enjoys the strategic-consulting emphasis at Rede, especially identifying what sets a sponsor apart and articulating it in a way that resonates with LPs.



## Kenly Drake

**Investment Director, Cambridge Associates**

**Kenly Drake** is a founding member of the secondary investment practice at **Cambridge Associates**. Since its inception in 2016, the team has overseen over \$34.6 billion across 1,152 prospective deals. Colleagues described Ms. Drake as "wicked smart" and say they admire her ability to remain balanced, measured and unflappable in high-pressure situations. Ms. Drake has strong conviction in her investment ideas and a quiet confidence that is unmistakable even when she is the youngest and sometimes only woman in the room, her colleagues said. Prior to joining Cambridge, Ms. Drake worked at Pomona Capital, where she was responsible for evaluating more than 100 secondary transactions representing \$5.5 billion. Ms. Drake has a master's degree in business administration from the Tuck School of Business at Dartmouth College and holds an undergraduate degree in religion and music from Amherst College.



## Lindsay Grider

**Head of Investor Relations, Tailwater Capital**

**Lindsay Grider** is the first person to oversee investor relations and fundraising at energy-focused **Tailwater Capital**. Since mid-2018, the year she joined the firm, it has raised about \$2.1 billion across two funds during a difficult period for energy-focused fundraising. Ms. Grider said the secret to being effective at her job is simple: be a good listener. "I listen to what my team is saying about what the best opportunities are, and I listen to our investors about what they're most interested in," she said. "I love

being the connection between investors and our team.” Ms. Grider, who previously worked at NGP Energy Capital Management, also supports women in the energy industry by dedicating time to organizations such as the Women’s Energy Network. She has advice for female professionals looking to build a career in the industry or private equity. “You have to have confidence and be able to get your foot in the door,” she said. “Once you get the door open, people are going to want to see you grow.”

## Jennifer James

**Managing Director and Head of Investor Relations and Marketing, Thoma Bravo**

**Jennifer James**, who is based in **Thoma Bravo’s** San Francisco office, has almost two decades’ worth of experience in investor relations for private-equity and venture-capital firms, including fundraising and marketing. At Thoma, she focuses on working with existing investors and introducing potential future investors to the firm. Managing Partner and founder Orlando Bravo said Ms. James “combines a creative approach to problem-solving with an action-oriented approach,” enabling the growth of Thoma Bravo. “This track record, coupled with Jennifer’s upfront, down-to-earth and fun personality, makes her an impressive and unique leader at our firm,” he said. She previously was a partner focused in investor relations and marketing for Sofinnova Ventures. Before this, she was a director of marketing and communications for Alta Partners. She has a master’s degree in business administration from Northwestern University and an undergraduate degree in history from Bowdoin College.



## Neha Champaneria Markle

**Managing Director and Portfolio Manager, Morgan Stanley Alternative Investment Partners**

As a portfolio manager at **Morgan Stanley Alternative Investment Partners**, **Neha Champaneria Markle** has worn both limited-partner and general-partner hats. She heads the fund-of-funds unit’s North American growth and buyout investing program. As a member of the investment committee, she also guides commitments and investments across other parts of the globe. Morgan Stanley has deployed around \$1 billion to \$1.5 billion annually into funds and co-investments over each of the past several years, according to Ms. Markle. She has also led the team’s efforts to establish a dedicated co-investment platform and has played a key role in raising and deploying its first co-investment fund, which closed with \$425 million in 2018, ahead of a \$350 million target. Ms. Markle said staying open to the potential learning opportunities in each fund



or deal that comes to her has helped her build a successful career in private equity. “So much of this business is not what you read in a report but what you learn from talking to others,” she said. “Part of that is establishing a relationship and making them want to share information with you.” Ms. Markle serves on the diversity council for Morgan Stanley Investment Management (AIP’s parent) and also leads the firm’s internal mentoring program to help it cultivate and retain promising talent.

## Molly Murphy

**Chief Investment Officer, Orange County Employees Retirement System**



**Molly Murphy** joined the **Orange County Employees Retirement System** as its chief investment officer in 2017 after almost 12 years at health-care system operator Mercy Health and is credited with building out the private-equity portfolios at both organizations. In her current role, Ms. Murphy has focused on boosting the morale of her staff and building out a team with the skillset required for investing in comingled funds and making co-investments with general partners that invest across all regions of the world. Her relationships within the private-equity industry helped bring some coveted general partners to the Orange County pension system portfolio. Moreover, Ms. Murphy enjoys the board’s approval and is “smart and experienced, has a vision and is an excellent communicator,” one of her peers said.

## Renee Noto

**Partner and President, Brightstar Capital Partners**



**Renee Noto** helps **Brightstar Capital Partners** not only raise capital and communicate with investors but also find deals. She joined the New York firm as partner shortly after its inception in 2015 and three years later was promoted to president. She’s a member of the firm’s investment committee and sits on the boards of portfolio companies. “Renee is essential to what we do and how we do it, both in our fundraising and our day-to-day internal operations,” said Andrew Weinberg, Brightstar’s managing partner and chief executive. A graduate of Harvard Business School and Dartmouth College, Ms. Noto uses her past experience as a two-sport athlete to foster teamwork at Brightstar, Mr. Weinberg added. “She’s committed to making each member of our firm better.”

## Katie Riester

**Head of Investor Relations, Felicis Ventures**



**Katie Riester** knew **Felicis Ventures** long before she joined the multistage venture firm in 2017 as its head of

investor relations. Before joining the firm, she worked for one of its early limited partners in her role as a director at SVB Capital, the fund-of-funds arm of Silicon Valley Bank. At Felicis, Ms. Riester has helped the firm grow and diversify its investor base, which includes historically black colleges and universities, and seven hospital systems, according to one nomination. Felicis raised \$510 million for its seventh and largest fund earlier this year.

## Alisa Wood

Partner, KKR & Co.

**Alisa Wood**, a partner in the client and partner group at **KKR & Co.**, is described in one Women to Watch nomination as the “unofficial key executive to every private-markets fundraising at KKR.” Throughout her more than 17-year career with the firm, she has helped lead fundraising efforts on more than an estimated \$150 billion in capital and is seen as a key



component to the firm’s successful expansion beyond its buyout roots into real estate, infrastructure, credit and other asset classes. “She is a critical and integral component of these funds,” the nominee said. “They simply do not exist without her creativity in crafting new products or her leadership in driving the fundraising.” Ms. Wood also helped grow the client and partner group from fewer than five people to more than 80 today. Finally, several of the nominations for Ms. Wood cited her efforts to support racial and gender diversity not only within KKR but also across the industry. She serves on KKR’s own diversity and inclusion advisory group, as well as the steering committee at the Private Equity Women Investor Network. Ms. Wood advises women embarking on careers in private equity to have the courage to take risks: “You should do at least one thing every day that scares you,” she said. “Because if you’re not, you’re playing it safe.” ■

## Previous Classes of Women to Watch Across Fundraising and LP Communities

Below are the women who have appeared on our previous years’ lists.

### CLASS OF 2019\*

Alicia Cooney, Co-founder and Managing Director, Monument Group

Monica Davis, Director, L Catterton

Anisa Javeri, Managing Director and Founding Member, Evercore Inc.’s Private Funds Group

Amanda Outerbridge, Managing Director, HarbourVest Partners

Imogen Richards, Partner, Pantheon

Jill Shaw, Managing Director, Cambridge Associates

### CLASS OF 2018\*

Susannah Carrier, Head of Fundraising and Investor Relations, Silver Lake

Andrea Minardi, Senior Research Fellow, Professor, Inesper Institution of Education and Research

Kelli Roiter, Global Head, Private Capital Group, Jefferies LLC

Kelly Williams, Senior Adviser, Grosvenor Capital Management

### CLASS OF 2017\*

Kathleen Bacon, Managing Director, HarbourVest Partners

Meghna Desai, Director of Investments, New York Presbyterian Hospital

Jennifer Cho Rinehart, Partner and CEO, Acalyx Advisors Inc.

Sheryl Schwartz, Managing Director of Investments, Caspian Private Equity

Suzanne Streeter, Partner and Head of Private Markets, Partners Capital

Margot Wirth, Director of Private Equity, California State Teachers’ Retirement System

### CLASS OF 2016\*

Andrea Auerbach, Managing Director, Cambridge Associates

Tatiana Chopova, Managing Director, AlInvest Partners

Michelle Davidson, Managing Director, TorreyCove Capital Partners

Joelle Kayden, Managing Member, Accolade Partners

Andrea Kramer, Managing Director, Hamilton Lane

Melissa Ma, Managing Partner, Asia Alternatives

Susan Long McAndrews, Partner, Pantheon

Diane Mulcahy, Senior Fellow, Ewing Marion Kauffman Foundation

Olivia Ouyang, Director, Private Funds, Ontario Teachers Pension Plan

JoAnn Price, Managing Partner, Fairview Capital Partners

Joanna Rupp, Managing Director of Private Equity, University of Chicago

\*Titles of prior Women to Watch reflect the titles the women held at the time they were named to the list.

# Venture Capital Struggles to Boost Funding for Startups With Women Founders

*Some progress has been made at young companies, but a surge of giant late-stage funding deals largely left female entrepreneurs on the sidelines*

By YULIYA CHERNOVA

**Sara Jensen believes** venture capitalists want to back female entrepreneurs. That's why, when it came time for the startup she launched with her husband to raise seed-stage funding, she took charge of reaching out to investors.

"I've seen people respond to me and wanting to support a female co-founded business," said Ms. Jensen, co-chief executive of skin-care brand **Hugh & Grace**, which secured a funding round led by women-focused **XFactor Ventures** in September.

Data show that women founders of young companies like Ms. Jensen's are in a slightly better position to win venture funding than they were before 2017, when the rising #MeToo movement helped focus the attention of the venture industry on female underrepresentation.

But overall venture funding to women founders has fallen back after a brief boost. That is raising questions about the durability of recent pledges to increase funding to other underrepresented groups.

Just 11% of venture capital this year through Sept. 1 went to startups with at least one female founder, according to data from Crunchbase Inc. That is down from 16% in 2017, and is the same proportion as in 2015. But it is up from 2010, when 7.6% of all venture capital went to female-founded startups.



Sara Jensen, co-chief executive of Hugh & Grace.

The numbers are higher for early-stage startups led by women, suggesting that efforts to boost funding and deals in this area are leading to some progress. But after a jump in 2017, the proportion of funding to female-founded startups at the late stage was stuck at about 8% most of the decade, Crunchbase data showed.

"Generally speaking, megarounds and later-stage investments raised by all-male founding teams caused big shifts," resulting in a decrease of the share of venture funding going to women, said Pam Kostka, chief executive of All Raise, a nonprofit launched in 2018 to boost the success of female founders and investors.

All Raise originally set a target of increasing the proportion of venture capital going to female founders to 25% over five



Regina Gwynn, co-founder of Black Women Talk Tech, which seeks to improve funding for Black female entrepreneurs.

years. But Ms. Kostka said that changes in the market caused the nonprofit to alter its goals.

"We've actually refined our goal at All Raise to focus on earlier stages of fundraising because that's where we can most effectively move the needle and build a pipeline of future female-founded unicorns," Ms. Kostka said. All Raise now hopes to see the share of early-stage funding going to female entrepreneurs rise to 23% by 2030. The nonprofit's work includes facilitating introductions between early-stage investors and women founders, with part of its focus on Black female founders specifically. It also runs workshops for women to prepare for their seed and Series A fundraising processes.

All Raise's analysis of data through June shows that early-stage funding going to female-founded startups has stagnated at about 12%. "Although we are not backsliding, it is disappointing that we are also not moving forward," Ms. Kostka said.

"Entrenched behaviors like risk aversion and pattern recognition," Ms. Kostka said, as well as "investors going back to repeat entrepreneurs...inherently excludes women and people of color, who have traditionally not had the same opportunities to found and scale companies."

Crunchbase data suggest a slightly higher level of about 18% of early-stage funding going to female entrepreneurs, double the level in 2010. There is often some discrepancy between how data is collected on private financings, since there is no mandate to report such deals. Women-founded startups now account for about 19% of all companies raising venture capital, up from 8% in 2010, according to Crunchbase.

Women have made strides in venture capital on the investor side in recent years. Top firms like **Andreessen Horowitz**, **FirstMark Capital** and **Sequoia Capital** have named women to partner roles. Last year, a record 54 women became partners, according to All Raise, increasing the proportion of all venture-capital decision makers to 13%, from 9% in 2018. Still, 68% of venture firms have no female partners, according to Ms. Kostka.

At the same time, in the past couple of years venture funds focused on women got under way, and several venture funds launched by women raised significant funding.



Amber Atherton, founder and chief executive of Zyper.

Amber Atherton, founder and chief executive of marketing software startup **Zyper**, said she was the sole female founder in a 2019 batch of startups in **Y Combinator**'s Series A class. Y Combinator didn't respond to a request for comment.

"The vast majority of fundraising conversations tend to happen with white male investors and so I think there's still subconscious bias and years of a more traditional way of communication that we need to bypass," Ms. Atherton said.

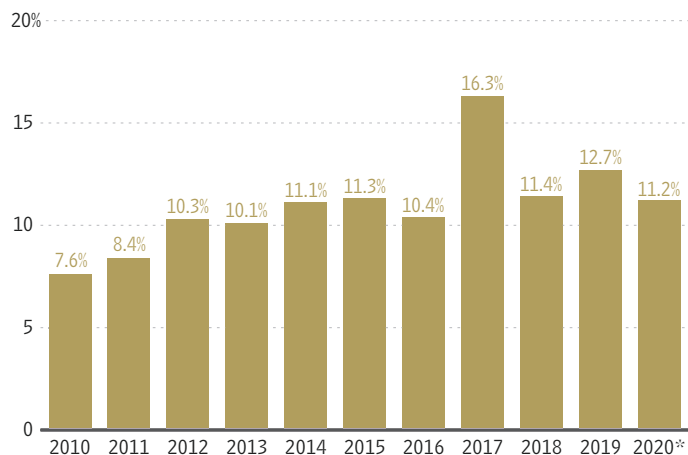
Zyper went on to raise a Series A round last year led by **Talis Capital**, with participation from YC and **Forerunner Ventures**.

As the attention of the venture industry shifts to bringing more Black and other minority founders into the fold, the experience of female entrepreneurs shows that change doesn't come easily.

Black and Latino founders have raised \$2.3 billion this year, representing 2.6% of U.S. venture funding, according to Crunchbase. In the summer, several venture investors,

## Declining Share

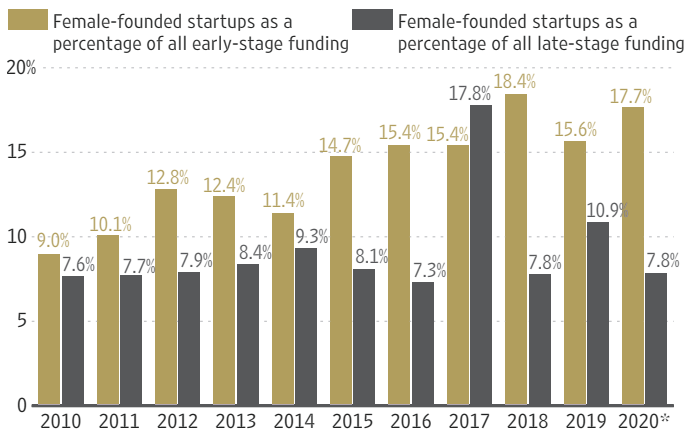
The percentage of all venture funding in the U.S. raised by startups founded by women.



Source: Crunchbase Inc. Note: Data include U.S.-based companies that have at least one female founder. \*As of Sept. 1.

## Early to Late Stages

The proportion of venture-capital funding is higher for early-stage startups led by women compared with funding for female-founded startups at the late stage.



Source: Crunchbase Inc. Note: Data include U.S.-based companies that have at least one female founder. \*As of Sept. 1.

including **SoftBank Group Corp.**, raised or set aside capital specifically to back entrepreneurs of color.

Black Women Talk Tech, an organization that seeks to improve funding for Black female entrepreneurs, found that startups launched by Black women fall squarely within the venture market's interest, according to Regina Gwynn, co-founder of the organization. A third of Black female founders operate in high-growth industries such as education, fintech and health care, and 40% of their businesses are generating revenue even without seed funding, according to a recent survey by Black Women Talk Tech.

But such startups are sometimes overlooked by VCs, according to Ms. Gwynn, because almost all of the founders hold other jobs while running their startups.

"Investors traditionally think that if the founders aren't 100% dedicated to their startup, working full time without any other distractions, then they aren't truly focused," Ms. Gwynn said. But for businesses that have no friends-and-family fundraising to circle up, there is no other choice. "I believe dedicating twice the amount of time and effort shows a much higher level of commitment," Ms. Gwynn said.

Some firms are committing to change. **EQT Ventures** wants to double the share of female-founded companies in its portfolio, and last year changed the algorithms in its database of potential deals to surface more such startups.

EQT, which is based in Stockholm, has increased the proportion of women among its investing and operating partners to 61%. The five voting partners of the firm are all male, but the firm hopes to change that with its next fund, said Alastair Mitchell, a San Francisco-based partner.

"We are pleased we've got the pipeline in place," he said. ■

# Blackstone Casts a Wider Net in Diversity Push

By PREETI SINGH

**Private-equity giant** **Blackstone Group Inc.** is making a wider push to increase diversity in portfolio companies and their boards of directors with two new initiatives.

The first focuses on board-level representation, with a mandate that a third of board seats at newly acquired U.S. and European companies are filled by diverse candidates within a year after Blackstone's acquisition of a controlling interest. New York-based Blackstone defines diversity based on race, gender and sexual orientation, where known.

The diverse directors would include those from company management, from within Blackstone's ranks and among independent directors, according to Joseph Baratta, Blackstone's senior managing director and global head of private equity. Mr. Baratta is also a member of the firm's management committee and has long championed diversity. Earlier this year, Blackstone said it would aim to diversify its own hiring by expanding the number of colleges from which it recruits.

"We wanted to be very specific and intentional," Mr. Baratta said of the new mandate, adding that the one-third representation goal "was something we thought was realistic to accomplish now and over time we'd like to drive it higher."

According to Mr. Baratta, Blackstone makes 25 to 30 control investments annually across its private-markets businesses, and in recent years has focused on adding women to portfolio-company boards: Women filled half of the independent director seats it controlled at portfolio companies last year.

"The new mandate would help cast the net to expand ethnic diversity," Mr. Baratta said. The firm was already working with executive search firms and forums that focus on diversity to identify board candidates, he said. Blackstone began the effort on a less formal basis several years ago.

The second initiative focuses on portfolio-company staff all the way down to entry-level jobs.

As part of the initiatives, Blackstone hired an experienced executive, Marcus Felder, to spearhead strategic hiring initiatives as a vice president in portfolio operations. Previously Mr. Felder worked at the Posse Foundation, leading efforts focused on military veterans, and has more

than 15 years of experience developing and executing strategies and programs to create access and opportunity for diverse groups of people.

Among his initial duties, Mr. Felder will lead the pilot program, called Career Pathways, to help expand traditional entry-level applicant pools for portfolio companies.

Chosen for their large staffs, three Blackstone portfolio companies will participate in the Career Pathways program, partnering with two nonprofit organizations, Year Up and COOP Careers. Both provide job training and recruiting from underserved communities, and Mr. Baratta serves on the Year Up board.

The companies are **Alight Solutions LLC**, a benefits administration provider in Illinois, **Great Wolf Resorts Inc.**, an operator of indoor water parks based in Wisconsin, and **BME Group Holdings BV**, a European building materials company.



Blackstone's Joseph Baratta is a leading voice for diversity and inclusion within the private-equity giant.

Year Up trains young people who have been derailed from a regular career path. The group works with almost 5,000 people each year on functional skills in areas like software coding and finance and accounting, and in soft skills such as

working within a corporate setting.

COOP Careers recruits recent graduates from low-income backgrounds who come out of urban public colleges and universities to help them learn technical skills through apprentice-like programs and to build contacts within the digital marketing and data analytics industries.

At Year Up, Mr. Baratta said an opportunity gap exists for high-quality student participants.

"These people are not in the ecosystems and patterns of regular recruitment processes," Mr. Baratta said. "The new program is an attempt to change those patterns to access different pools of very high-quality talent that brings diverse backgrounds, diverse opinions and will really make these companies better."

Ultimately, Mr. Felder's efforts and the pilot program are expected to help portfolio companies recruit diverse candidates, Mr. Baratta said. The efforts at inclusion will help drive results at the companies, he said.

"This is meant to be like an organic development that becomes part of their standard operating procedure over time and where they appreciate that it benefits their businesses to have a diverse pool of employees," Mr. Baratta said. ■

## Briefs



SEC Chairman Jay Clayton said the regulator is examining certain aspects of blank-check companies.

### Blank-Check Firms Offering IPO Alternative Get SEC Scrutiny

Blank-check companies that have raised tens of billions of dollars to acquire hot startups are under the microscope at the Securities and Exchange Commission. Such companies, also called special-purpose acquisition companies, or SPACs, are shell-like entities that go public in order to raise cash for acquisitions. Startups can then combine with a SPAC to go public, in an alternative to a traditional initial public offering. SEC Chairman Jay Clayton on Sept. 24 said the regulator is examining how sponsors of blank-check companies disclose their ownership and how any compensation is tied to an acquisition. Investors buy shares in SPACs before the SPACs have done a deal, and they have the option to exit before a transaction is finalized. “One of the areas in the SPAC space I’m particularly focused on, and my colleagues are particularly focused on, is the incentives and compensation to the SPAC sponsors,” Mr. Clayton said in an interview on CNBC. “How much of the equity do they have now? How much of the equity do they have at the time of the IPO-like transaction? What are their incentives?” Mr. Clayton’s comments were intended to communicate that regulators are closely reviewing SPAC written disclosures, a person familiar with the matter said. The SEC staff reviews thousands of public-company disclosures every year and offers written comments about them, with

“We expect the general partners we do business with to follow the same core values of integrity and accountability that guide our own investment decision-making.”

—Wayne Davis, a spokesperson for California Public Employees’ Retirement System, in an email commenting on reports about financial ties between Leon Black, Apollo Global Management Inc.’s co-founder, and the late Jeffrey Epstein, who killed himself while awaiting trial on sex-trafficking charges.

an eye toward enhancing disclosure for investors. Mr. Clayton’s remarks weren’t intended to signal the existence or possibility of enforcement action, the person said.

### Vista Equity’s Robert Smith Reaches Settlement With DOJ in Tax Probe

**Robert Smith**, the billionaire chief executive of **Vista Equity Partners**, has reached a \$140 million settlement with the Justice Department, ending a yearslong criminal tax probe, according to people familiar with the matter. As part of the settlement, Mr. Smith will enter into a nonprosecution agreement, the people said. He will admit liability for additional taxes owed and not properly filing foreign bank account reports but won’t be prosecuted. He will agree to abide by certain conditions set forth by the government, the people said. The settlement includes a penalty of \$85 million, back taxes of roughly \$30 million and about \$25 million of interest, one of the people said. It is among the largest known agreements by a U.S. taxpayer to resolve issues involving undeclared offshore accounts. The settlement is a result of a four-year criminal inquiry by officials in the Justice Department’s Tax Division and the U.S. attorney’s office for the



Robert Smith is the wealthiest Black person in the U.S., with a net worth of more than \$5 billion.

Northern District of California. At issue was whether Mr. Smith failed to pay U.S. taxes on more than \$200 million in assets from Caribbean entities set up by the sole investor in Vista’s first private-equity fund. These assets ended up flowing into a charitable foundation Mr. Smith created. Much was at stake in the case for Mr. Smith and Vista, which previously told investors it wasn’t a subject of the investigation. Institutions that invest in private-equity funds have become increasingly focused on corporate governance when deciding where to put their money. Depending on the language in Vista’s fund documents, the firm’s existing investors might have had the power to pull their money if Mr. Smith had been convicted of a crime, according to fund lawyers.

### Mubadala Backs Silver Lake’s New Investment Strategy

Abu Dhabi sovereign-wealth fund **Mubadala Investment Co.** is making an investment in **Silver Lake** and contributing \$2 billion to help the technology-focused private-equity firm launch a new long-term strategy. Mubadala will take a stake of less than 5% in Silver Lake, buying roughly half of what Neuberger Berman Group LLC’s **Dyal Capital Partners** purchased in 2016, the private-equity firm said. Under the new strategy, Silver Lake will have 25 years to deploy the capital and harvest any gains, allowing it to hold assets for much longer than the typical 10-year buyout-fund time horizon. It couldn’t be learned what Mubadala is paying for the stake, what it values Silver Lake at or how much in total the firm intends to raise for the new strategy. The twin investments represent a vote of confidence that will give a boost to a big expansion that is



under way at Silver Lake as the firm seeks to capitalize on a surge in interest in tech investments. It has been one of the most active investors since the coronavirus pandemic began, striking billions of dollars' worth of deals with companies including Twitter Inc., **Airbnb Inc.** and Expedia Group Inc.

### Apollo LPs Focus on Epstein Ties

Several pension backers of **Apollo Global Management Inc.** have expressed concern after a recent news report about financial ties between Leon Black, the firm's co-founder, and the late Jeffrey Epstein, who killed himself while awaiting trial on sex-trafficking charges. One of the firm's pension backers, the **Pennsylvania Public School Employees Retirement System**, said it would halt commitments to future Apollo funds. Other large public pension backers appear to be taking a wait-and-see approach. Representatives for the **California Public Employees' Retirement System** and the **Teacher Retirement System of Texas** said they are monitoring the situation closely. "We expect the general partners we do business with to follow the same core values of integrity and accountability that guide our own investment decision-making," Wayne Davis, a spokesperson for Calpers, said in an email. Scrutiny over Mr. Black's relationship with Mr. Epstein has intensified following a New York Times report on Oct. 12 that the Apollo founder had paid at least \$50 million for financial services and advice from Mr. Epstein after the latter's 2008 conviction for soliciting prostitution from a teenage girl. Last year, Mr. Epstein killed himself in jail, while awaiting trial on federal sex-trafficking charges involving underage girls. Apollo has hired law firm Dechert LLP to conduct an independent outside investigation into Mr. Black's relationship with Mr. Epstein, at Mr. Black's request. Mr. Black has said Mr. Epstein provided him with tax-and-estate-planning advice, for which he paid millions of dollars over a multiyear period. "We are firmly committed to transparency," said Joanna Rose, a spokeswoman for the private-equity firm, which manages some \$414 billion

## Pandemic Causes Shift to Venture, Growth Investing

The pandemic economy is spurring fund managers to turn from tried-and-true leveraged buyouts to venture and growth strategies, a new survey found.

The technology sector has been the big economic winner of the disruption caused by the coronavirus, with tech stocks and initial public offerings surging. Managers of private funds are trying not to be left behind, a survey from BDO USA LLP shows.

Sixty-two percent of private fund managers polled said they are employing early-stage venture-capital strategies going forward, while 57% and 45% say they are employing growth-equity and late-stage VC strategies, respectively. The survey conducted in September polled 100 private-equity and 100 venture-capital fund managers at U.S. firms.

Leveraged buyouts, on the other hand, have become less popular, as financing tightens and reaching agreement on pricing gets tougher. Only 24.5% of survey respondents say they are employing leveraged buyouts, according to the survey released by the advisory services firm. In a similar BDO survey of private-equity and venture fund managers conducted last December, 31% said they were employing buyouts.

Several factors are behind the tilt toward venture and growth investing, said Scott Hendon, the national leader for BDO's private-equity practice. The pandemic has forced businesses to shift formerly in-person activities to digital and online, providing a boon for companies that provide such services, while the healthy IPO market has given the trend a further boost.

in assets. "Leon has communicated directly with our investors on this issue and we remain in regular dialogue with our investors and other stakeholders," she said, adding that Apollo never did business with Mr. Epstein.

### Yale's Swensen Calls for Manager Diversity

America's most prominent endowment chief has a message for the firms that manage the school's money: Hire more women and minorities, or possibly lose the university's backing. David Swensen, the veteran investment chief of Yale University's \$31.2 billion endowment, earlier in October told the dozens of firms that manage Yale's money they would be measured on their progress increasing the diversity of their investment staffs. Mr. Swensen said the Yale Investments Office would be working to improve its own team's composition, too. "Our goal is a level of diversity in investment-management firms that reflects the diversity in the world in which we live. Genuine diversity remains elusive,

giving investors like Yale and your firm an opportunity to drive change," Mr. Swensen wrote in a letter sent to 70 U.S. money managers in October. Yale plans to ask its managers for relevant data on diversity annually, the letter said. Mr. Swensen said firms would be measured annually on hiring, training, mentoring and retaining women and minorities on their investment staffs. Though Yale isn't mandating specific targets, Mr. Swensen said the university could pull its money from firms that show little progress over time. Small firms that rarely make new hires will likely have more time to show progress, he said.

### Goldman Sachs Malaysia Subsidiary Pleads Guilty in 1MDB Case

A unit of Goldman Sachs Group Inc. has pleaded guilty to conspiring to violate U.S. antibribery laws, the first step in an expected resolution of a long-running investigation into its role in a Malaysian corruption scandal. Lawyers for Goldman said the bank's subsidiary in Malaysia would plead

## Pandemic Rocks Private-Markets Fundraising

A record number of private-market investment firms are seeking capital despite the coronavirus pandemic, which held back fund closings during the third quarter, according to Preqin Ltd.

The data provider said there were 3,968 private-markets funds raising cash at the start of the fourth quarter, including about 2,300 venture-capital vehicles, a 12.6% increase in funds in the market from the start of this year. Preqin also noted that the \$1 billion average goal of funds focused on secondary investing, or acquiring previous investments from fund managers and their limited partners, had eclipsed the average target of buyout funds.

Just 237 funds closed to new investors in the just-ended quarter, down 18.3% from the April through June period, Preqin said in a report released in October. It cited “operational challenges of carrying out remote due diligence” as a likely factor in the decline, and said many of the funds that closed in the quarter may have secured their commitments before the pandemic hit.

But despite the pandemic-challenged market, Preqin said that “global buyout deal flow has rebounded significantly” from the second quarter, which may have fueled a surge in funds seeking investors. The number of transactions during the most recent period fell only 0.5% from the third quarter of last year as fund managers scrambled to deploy previously uncommitted capital, or dry powder, Preqin said.

The increase in deal flow helped fund general partners move up their schedules for raising fresh commitments during the summer months, according to David Fann, vice chairman of investment adviser Aksia LLC. He said the result for fund investors has been an endless stream of video-conferencing calls with firms raising capital and with placement agents pitching new funds.

guilty to violations of the Foreign Corrupt Practices Act, which bars U.S. companies from paying bribes to government officials abroad. The Wall Street firm also agreed to pay nearly \$3 billion to officials in four countries to end a yearslong probe into its dealings with the 1Malaysia Development Bhd. investment fund, known as 1MDB. That is on top of the \$2.5 billion it agreed in July to pay the government of Malaysia. Earlier, Hong Kong’s financial regulator fined Goldman \$350 million for its role in the scandal. All in, the penalties exceed \$5 billion. Prosecutors in the U.S. have accused an international cast of characters—including two former Goldman bankers—of embezzling billions of dollars from the fund, and U.S. officials had been preparing a case that the bank ignored signs of fraud in pursuit of fees. In 2012 and 2013, Goldman helped raise \$6.5 billion for 1MDB by selling bonds to investors. Prosecutors say much of that money was stolen by an adviser to the fund named Jho Low, aided by two Goldman bankers and associates in the Malaysian and Emirati governments.

## Rich Exit Deals Bolster Florida Pension’s PE Portfolio

Richly valued exit deals are helping the private-equity portfolio of Florida’s largest public pension fund head toward the end of the year with as much positive cash flow as it has ever had, according to John Bradley, a senior investment officer with the agency that oversees the assets. The system’s liquidity level, or the amount of readily available funds, has been closely watched by members of Florida’s State Board of Administration’s investment advisory council, which manages the \$167.9 billion **Florida Retirement System Pension Plan**, amid the sharp market swings and economic disruption caused by the coronavirus pandemic. Entering the year, the system’s \$12.6 billion private-equity portfolio was heavily tilted toward technology, compared with both its public and peer benchmarks, Mr. Bradley told the pension overseers at a recent public meeting. That helped produce significant returns as some of those investments were realized with healthy gains, allowing distributions from those

transactions to exceed contributions of capital for new deals. “Investments in technology were a big tailwind for us and a driver of our outperformance,” Mr. Bradley said.

## Former Sun Capital Execs Launch Lower-Midmarket Firm

Michael Kalb and Scott Edwards, two former executives from **Sun Capital Partners**, have reunited to launch **Navaid Equity Partners**. Navaid Equity aims to invest in small and midsize companies that face financial or operational challenges caused by economic, industry or technological disruptions. The Fort Lauderdale, Fla.-based firm plans to back North American businesses with as much as \$500 million in annual revenue and earnings before interest, tax, depreciation and amortization ranging up to \$25 million, according to its founders. “We see real opportunity in the market,” said Mr. Edwards, who was a managing director at Sun Capital before parting ways with the Boca Raton, Fla.-based firm early this year. “Some firms grew up and left this gap and we see the chance to fill that gap.” Navaid will target companies, particularly in packaging, manufacturing, services and consumer products, that face headwinds either because of industry shifts or economic challenges, similar to those many businesses experience as the world struggles with the coronavirus pandemic.

## Harvard Spins Out Natural-Resources Team

Harvard University’s endowment has spun out its natural-resources team into an independent investment firm that will take over some of the endowment’s portfolio of orchards, farms and plantations. **Harvard Management Co.** and insurer American International Group Inc. are expected to contribute some \$200 million each as anchor investors to the new Boston firm, **Solum Partners**, people familiar with the matter said. They will also invest in a portfolio of assets the firm is buying from Harvard that includes fruit orchards, soybean plantations

and stakes in companies that distribute avocados and make olive oil. The spinout shrinks the \$41.9 billion endowment's controversial natural-resources portfolio and marks the exit of the last group inside Harvard tasked with running an entire asset class directly without outside fund managers. Solum is led by Colin Butterfield, a 47-year-old Brazil native who before Harvard managed Brazilian farmland for an investment venture of TIAA-CREF and Cosan SA.

### Pennsylvania Pension System Eyes Retreat From Private Equity

Pennsylvania's \$59 billion pension system for school workers is mulling a reduction of its \$8.6 billion in private-equity investments as a way to enable the system to convert the assets to cash more easily. Under the proposed pullback, the pension system would allocate 12% of its assets to private equity, down from a current 15%, according to James Grossman, the chief investment officer for the **Pennsylvania Public School Employees' Retirement System**. Private equity accounted for about 14.5% of the underfunded system's assets as of Dec. 31. The reduction is part of an overall proposal to diversify the system's investments and increase liquidity as well as improve its ability to meet or surpass a 7.2% annual return target, according to adviser AON PLC. At present, the system holds only enough assets to meet 55.8% of its projected liabilities. The proposed pullback was detailed during a public meeting of the system's state overseers. The proposal includes reducing overall private-markets allocations to 38% from the current 44% and increasing investments in stocks, bonds, gold and other commodities as well as infrastructure.

### Trump Administration Overhauls H-1B Visa Program

The Trump administration announced an overhaul of the H-1B visa program for high-skilled foreign workers that will require employers to pay H-1B workers significantly higher wages, narrow the types of degrees that could qualify an applicant and shorten the length of

visas for certain contract workers. The changes, introduced by the Departments of Labor and Homeland Security, will likely make it tougher to qualify for one of the coveted visas. Under the new rule, the required wage level for entry-level workers would rise to the 45th percentile of their profession's distribution, from the current requirement of the 17th percentile. The requirement for the highest-skilled workers would rise to the 95th percentile, from the 67th percentile. The Department of Homeland Security's rule would narrow who qualifies for H-1B visas based on their specific education. Currently, foreigners with a college degree or the equivalent amount of experience can apply to work in what is known as a specialty occupation. Under the changes, an applicant must have a college degree in the specific field in which he or she is looking to work. The new rules also aim to curb business arrangements under which an H-1B worker hired by one company works primarily at a second company. The changes target information-technology companies that rely on H-1B workers, mostly from India, whom they outsource to companies to work as on-site IT staff. Critics of the H-1B program take issue with these deals, pointing to companies that lay off internal IT staffs in favor of cheaper outside workers.

### Stock Recovery Boosts Alaska Permanent Fund's Private-Equity Rebound

**Alaska Permanent Fund Corp.**'s private-equity portfolio has regained lost ground in the second quarter, thanks in part to a rebound in public stocks. Although the private-equity portfolio lost nearly 5.26% of its value in the first quarter, its subsequent performance has been particularly strong, Chief Investment Officer Marcus Frampton told the trustees at the board meeting on Sept. 24. Performance has significantly improved since March 31, with around 75% of the private-equity funds in the Alaskan investor's portfolio having reported second-quarter results as of late August, according to documents

presented at the meeting. The portfolio is positioned to deliver a return in the midteen percentages for the second quarter with an associated gain of more than \$1 billion, the documents show. The second-quarter rebound would be included in the Permanent Fund's Sept. 30 performance numbers, Mr. Frampton told the board. Private-equity returns are reported with a single-quarter lag. The fund's portfolio got a lift from the public-market recovery. The 20 largest public stockholdings in the private-equity portfolio generated incremental gains of around \$750 million between June 30 and late August, more than offsetting first-quarter losses, according to the documents.

### WeWork Consulting Deal With Adam Neumann No Longer in Effect

A \$185 million consulting deal that **SoftBank Group Corp.** signed with **WeWork** co-founder Adam Neumann upon his departure last year is no longer in place, a WeWork executive chairman said. "I don't think that consulting agreement is still in force," Executive Chairman Marcelo Claure said of the agreement, speaking at The Wall Street Journal's Tech Live conference, held remotely on Oct. 19. "I think Adam may have violated some of the parts of the consulting agreement, so that's no longer in effect." Mr. Neumann was "incredibly helpful at the beginning" in assisting SoftBank to understand WeWork, he said. Mr. Claure, who is also a top executive at SoftBank, declined to elaborate on how Mr. Neumann might have violated the agreement, saying it was part of continuing litigation. Mr. Neumann left under a cloud following the office-space operator's botched attempt at an initial public offering last fall. As part of the former startup chief's exit package, SoftBank agreed to buy about \$1 billion of stock from Mr. Neumann, refinance a \$500 million debt and pay him \$185 million to consult. WeWork employees and others criticized the payments as a sweetheart deal for the co-founder. A spokesman for Mr. Neumann didn't provide an immediate comment. ■

## U.S. & Canada

### Buyouts

#### ► Arbor Investments, Chicago

**Arbor Investments** is armed with a fresh \$1.67 billion for investments in the food and beverage industry. The firm wrapped up fundraising for two new funds focused on the sectors, bringing in \$1.5 billion in investor commitments for its private-equity fund, Arbor Investments V LP, and \$168 million for its second mezzanine debt fund, Arbor Debt Opportunities Fund II LP. Arbor targets investments in food and beverage brands, as well as businesses that serve the sector, such as packaging and distribution companies.

#### ► Bain Capital, Boston

**Bain Capital** has collected around \$1.1 billion for its midmarket tech fund Bain Capital Tech Opportunities Fund LP, according to a Securities and Exchange Commission filing. Bain has backed at least two deals out of the fund, including cloud computing training platform **A Cloud Guru Ltd.** and cybersecurity company **BioCatch Ltd.**

#### ► Blue Sage Capital, Austin, Texas

**Blue Sage Capital** raised \$300 million for its third fund and 20% above its \$250 million target. The firm said the new fund is twice the size of its predecessor. Blue Sage aims to invest in founder-owned businesses with cash flow of \$4 million to \$15 million. The firm focuses on businesses in the environmental solutions, niche manufacturing and specialty services sectors.

#### ► Brightstar Capital Partners, New York

**Brightstar Capital Partners** has rounded up at least \$929.3 million for Brightstar Capital Partners Fund II LP and related parallel vehicles, according to a regulatory filing. The new fund is already larger than the more than \$710 million Brightstar raised for its debut offering in 2018. The firm typically invests \$50 million to \$250 million across each portfolio company throughout the life of an investment.

#### ► Clayton Dubilier & Rice, New York

**Clayton Dubilier & Rice** could collect about \$14 billion for its largest buyout fund to date, surpassing its fundraising goal, according to people familiar with the matter. While the firm has reached its \$13 billion target for its 11th flagship fund, Clayton Dubilier & Rice Fund XI LP, it is still raising money for the new vehicle, the people added. Fundraising is expected to wrap up around year-end but could continue into early next year to accommodate investors aiming to make commitments in 2021, they said. So far, the fund has raised 30% more than its predecessor, which closed in 2017 with \$10 billion.

#### ► Columbia Capital, Alexandria, Va.

**Columbia Capital** aims to raise \$1 billion for its latest private-equity fund, Columbia Spectrum Partners IV-A LP,

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a regulatory filing shows. That's five times the \$200 million target size of the firm's predecessor vehicle, Columbia Spectrum Partners III-A LP, which it began marketing about a year ago, a separate filing indicates. The firm raised about \$247 million for the first in the series in 2016.

#### ► Genstar Capital, San Francisco

Shooting for \$10 billion, buyout firm **Genstar Capital** is pitching its 10th midmarket fund to institutional investors less than two years after collecting \$7 billion for its ninth flagship vehicle and a related overage fund, according to people familiar with the matter. The firm aims to raise \$8 billion for the fund plus \$2 billion for an overage sidecar vehicle that can be used to finance larger deals, the people said. Should the firm reach its goals, it would rake in almost 43% more than the \$7 billion committed to Genstar Capital

Partners IX LP and a related overage fund when they closed to new investors last year.

#### ► **Gryphon Investors, San Francisco**

**Gryphon Investors** has rounded up at least \$752 million so far for Gryphon Partners VI LP, according to a regulatory filing. The amount puts the fund a little more than a third of the way toward a \$2.2 billion offering amount indicated in the filing. The offering amount is lower than a \$2.7 billion offering amount indicated for the fund in a separate filing in early March.

#### ► **H.I.G. Capital, Miami**

**H.I.G. Capital** closed its latest lower-midmarket fund with capital commitments of \$1.3 billion. The firm said the total exceeded its goal for the H.I.G. Capital Partners VI fund. H.I.G. in 2013 closed H.I.G. Capital Partners V at its \$1 billion cap. The firm expects to invest from the new vehicle under the same strategy it pursued with its five earlier buyout funds.

#### ► **LLR Partners, Philadelphia**

**LLR Partners** raised \$1.8 billion in new capital, arming the firm with fresh cash to buy founder-owned businesses. The new vehicle, LLR Equity Partners VI LP, is 50% larger than its predecessor, which closed on \$1.2 billion in 2018. LLR targets investments in the technology and health-care sectors. The firm focuses specifically on companies with \$100 million or less in revenue, typically investing between \$25 million and \$100 million to take minority or majority equity positions.

#### ► **Long Ridge Equity Partners, New York**

**Long Ridge Equity Partners** wrapped up its latest fund with \$445 million, the bulk of which the firm raised over the pandemic-impaired summer months. The firm collected \$400 million from outside investors for Long Ridge Equity Partners III LP, making the fund its largest yet. The remaining \$45 million came from Long Ridge itself and members of the firm's industry advisory network, which provides sector expertise to the firm as well as helps with sourcing, diligence and portfolio management. Long Ridge, which focuses on investments in business and financial technology companies, closed its previous fund with \$227 million in 2016.

#### ► **L Squared Capital Partners, Newport Beach, Calif.**

**L Squared Capital Partners** wrapped up fundraising for its L Squared Capital Partners III fund with more than \$500 million in commitments, mostly from investors in previous L Squared funds. Founded in 2014, the firm has surpassed the \$1 billion mark in assets under management, according to a news release. The firm targets sectors including education technology, tech-enabled services and software.

#### ► **Quantum Energy Partners, Houston**

**Quantum Energy Partners** is defying an investor exodus from the oil-and-gas sector, betting it can amass \$5 billion for a new energy-focused fund while many of its peers wait for the market to improve. The firm aimed to launch formal fundraising efforts for its eighth flagship fund, Quantum

Energy Partners VIII LP, in October, said people familiar with the matter. The firm wants to raise about \$4.25 billion for a flagship fund and another \$750 million for a co-investment pool it could use for larger deals, the people said. The fund will have a hard cap of \$5.5 billion, similar to the \$5.58 billion Quantum collected for its previous flagship fund, which closed in 2018.

#### ► **Pontifax AgTech Management, Santa Monica, Calif.**

**Pontifax AgTech Management** closed its sophomore fund at nearly three times the size of its debut vehicle. Pontifax Global Food and Agriculture Fund II closed at \$302 million. The previous fund closed in 2017 with \$105 million. About 70% of the money raised came from new investors, said co-founder and Managing Partner Ben Belledegrun. Pontifax AgTech makes growth investments in companies that provide technology for the food and agriculture sector.

#### ► **Silversmith Capital Partners, Boston**

Challenging market conditions didn't stop **Silversmith Capital Partners** from collecting a quick \$880 million for its third fund, thanks partly to relationships the firm's founders built with investors and entrepreneurs over the years. "This is our first and hopefully last experience raising capital in a global pandemic," said Jim Quagliaroli, one of four managing partners who founded Silversmith in 2015. The firm, which targets growth investments in technology and health-care companies, raised the bulk of money for its third fund from investors that backed one or both of two earlier funds. Silversmith Capital Partners II LP wrapped up with \$670 million in 2018.

#### ► **Staple Street Capital, New York**

**Staple Street Capital** is seeking to raise \$400 million for its Staple Street Capital III LP and parallel funds, an SEC filing shows. The firm collected \$265 million for a predecessor fund, which closed in 2015. Staple Street typically seeks to invest \$20 million to \$75 million of equity per transaction in companies with revenue between \$50 million to \$500 million.

#### ► **TPG, San Francisco**

**TPG** is nearing the target for its latest impact-investment fund, more than a year after fundraising was thrown into disarray by a top executive's arrest in a college-admissions cheating scandal. The firm has gathered \$2.17 billion for its Rise Fund II LP and parallel vehicles, its environmental, social and governance investment pool, according to an SEC filing. TPG cut the target for the fund to \$2.5 billion from \$3 billion after William McGlashan Jr., who founded the impact-investing unit in 2016, left the firm last year after he was charged in the Operation Varsity Blues college-admissions cheating scandal. Federal prosecutors said he attempted to bribe officials at the University of Southern California, among other charges. Mr. McGlashan has denied the accusations. TPG offered investors the opportunity to withdraw their commitments from the fund following Mr. McGlashan's departure from the firm. The first Rise Fund closed with \$2 billion in 2017.

## ► Wind Point Partners, Chicago

**Wind Point Partners** has rounded up at least \$1.25 billion so far for Wind Point Partners IX-A LP and related parallel offerings, according to SEC filings. The amount raised puts the fund most of the way toward a \$1.4 billion offering amount indicated in the latest filing. Investors that have disclosed commitments thus far to the fund include the **Minnesota State Board of Investment** and the **Pennsylvania State Employees' Retirement System**.

## Mezzanine & Other Debt

### ► Antares Capital Advisers, Chicago

Midmarket-focused private-credit firm **Antares Capital's Antares Capital Advisers** unit has raised about \$3 billion for its first senior loan fund. The firm began raising money for the fund in December with a goal of bringing in about \$1.5 billion, according to a news release. Antares intends to use the fund to acquire sponsor-backed senior secured loans from private-equity-owned midmarket businesses in the U.S. and Canada.

### ► Evolution Credit Partners Management, Boston

**Evolution Credit Partners Management**, which spun out of **Harvard Management Co.**, closed its debut midmarket direct lending fund, Evolution Credit Partners I LP, with \$565 million, including leverage. The firm also said it had raised \$1.1 billion late last year for contingent credit strategy fund, Evolution Credit Partners Finance I LP.

### ► HPS Investment Partners, New York

**HPS Investment Partners** wrapped up fundraising for its Mezzanine Partners 2019 Fund with \$11 billion in commitments, easily surpassing the firm's \$8 billion target. HPS said the new fund will pursue a junior debt strategy as well as select investments in "equity-like instruments." The predecessor fund, Mezzanine Partners Fund III, closed in 2016 with about \$6.5 billion. The new fund is about 50% invested, HPS said.

### ► Insight Partners, New York

**Insight Partners** is pitching a new preferred-equity investment strategy that takes advantage of market dislocations brought on by the coronavirus pandemic, returning to the fundraising circuit barely six months after closing its largest flagship fund with \$9.5 billion in commitments. The firm's new strategy calls for purchasing convertible preferred equity that also carries a contractual return, and aims to raise \$875 million to pursue the investments through its Insight Partners Opportunities Fund I LP, **Pennsylvania Public School Employees' Retirement System** documents show. The firm plans to invest in sponsor- and founder-owned companies through the strategy.

### ► Strategic Value Partners, Greenwich, Conn.

**Strategic Value Partners** collected more than \$1.65 billion for its opportunistic Strategic Value Dislocation Fund LP, which aims to take advantage of recent market disruptions through distressed-debt and other investments. The firm said

it has already committed more than a quarter of the new fund, including through a debt-for-equity restructuring of European logistics company **Swissport Ltd.** and the acquisition of roofing products maker **OmniMax International Inc.**

## Secondary, Fund of Funds and Other

### ► HarbourVest Partners, Boston

**HarbourVest Partners** wrapped up fundraising for its largest-ever flagship secondaries fund. Dover Street X LP closed at its hard cap with \$8.1 billion. The fund size is a major step up from the firm's predecessor fund, which closed at \$4.77 billion in 2016. Public pensions that approved commitments to the new fund include the **Nebraska Investment Council**, the **Vermont State Employees Retirement System** and the **Policemen's Annuity & Benefits Fund of Chicago**.

### ► Twin Bridge Capital Partners, Chicago

**Twin Bridge Capital Partners** is seeking \$800 million for its newest lower-midmarket fund of funds, Pacific Street Fund V LP, according to an SEC filing. Twin Bridge specializes in backing small and lower-midmarket private-equity funds and co-investments in deals alongside those funds. The firm targets buyout funds that range from over \$400 million to \$1.5 billion in size and typically back companies with enterprise values ranging from \$100 million to \$500 million.

## Venture Capital

### ► Altimeter Capital Management, Boston

**Altimeter Capital Management**, a technology-focused investment firm that manages hedge funds and growth-equity funds, is seeking \$480 million for Altimeter Growth Partners Fund V LP, according to a regulatory filing. The offering amount is slightly higher than the \$400 million offering amount indicated for the firm's fourth growth partners fund in a 2018 regulatory filing. It's unclear how much Altimeter raised for that fund. The firm's recent investments include API composition platform **Transposit Corp.**, open-source database developer **Cockroach Labs Inc.** and data-analytics startup **Confluent Inc.**

### ► Canaan Partners, Menlo Park, Calif.

**Canaan Partners** raised \$800 million for its 12th fund, the same amount the firm closed on for its preceding fund in 2017. In September, Canaan, which invests across health care and technology, participated in funding rounds for private application access startup **Axis Security** and cytokine therapeutics developer **Synthekine Inc.**

### ► Crosslink Capital, Menlo Park, Calif.

**Crosslink Capital** raised \$275 million for its ninth fund, the same amount the firm secured for its eighth fund in 2018, according to a regulatory filing. Crosslink recently participated in investments for industrial-supply-chain marketplace **GoExpedi** and 3D geospatial data analytics provider **Enview Inc.**

## Market Monitor

“Investors are seeking security in larger managers with larger funds, at the expense of smaller or emerging managers. Average fund size is up 26% compared to the prior quarter,” according to Preqin Ltd. The data provider in its third-quarter report said the majority of funds closed in the third quarter were focused on North American investment but that “Europe-focused vehicles raised considerably more capital through fewer but larger funds.” Recent data demonstrates investors’ appetite for larger private-equity managers. All five of the largest private-equity funds closed in the 35 days ending Oct. 19 were raised by large fund managers, including Nordic Capital, Ardian and Advent International. And all five funds raised \$1.5 billion or more. European firm Nordic Capital’s Nordic Capital Fund X was the largest, closing on €6.1 billion (\$7.16 billion).

### 2020 Funds Through Mid-October

Fund Type	No. of Funds Closed	Amount Raised (B)
Buyout	161	\$199.9
Growth	148	\$46.1
Venture Capital	507	\$93.3
Funds of Funds	59	\$22.1
Secondaries	20	\$44.1
Other Private Equity	0	\$0.0
<b>Total</b>	<b>895</b>	<b>\$405.5</b>

Source: Preqin Ltd. As of Oct. 19. Totals rounded to one decimal place.

#### Largest Buyout Funds Closed in Most Recent Month

Fund Name	Region	Fund Manager	Fund Size (M)
Nordic Capital Fund X	Europe	Nordic Capital	\$7,234.24
Ardian Expansion Fund V	Europe	Ardian	\$2,366.30
Advent Latin America Private Equity Fund VII	Americas	Advent International	\$2,000.00
Aurora Equity Partners VI	North America	Aurora Capital Partners	\$1,600.00
Arbor Investments V	North America	Arbor Private Investment Company	\$1,500.00

#### Largest VC Funds Closed in Most Recent Month

Fund Name	Region	Fund Manager	Fund Size (M)
Gaorong Partners Fund V	Asia	Gaorong Capital	\$1,150.00
Greylock XVI	North America	Greylock Partners	\$1,000.00
Lead Edge Capital V	North America	Lead Edge Capital	\$950.00
Canaan XII	North America	Canaan Partners	\$800.00
Source Code RMB Fund IV	Asia	Source Code Capital	\$567.63

Source: Preqin Ltd. As of Oct. 19.

#### ► GGV Capital, Menlo Park, Calif.

**GGV Capital** is on the fundraising trail seeking about \$2 billion for three new funds focused on technology investments in the U.S. and China. The growth and venture investment firm plans to invest the funds in startups as well as more mature companies with market values of at least \$100 million, according to documents from the **Rhode Island State Investment Commission**. Targeting \$1.2 billion, the core GGV Capital VIII fund will invest mainly in later-stage financings of companies with valuations of \$100 million or more, the documents show. The firm’s GGV Capital VIII Plus fund will serve as a backup to invest in later-stage GGV VIII portfolio companies that require more capital. It has a \$300 million fundraising goal. The firm also aims to raise \$500 million for its GGV Discovery III fund, which will make seed and Series A investments in startups with valuations of no more than \$50 million.

#### ► Greycroft, New York

**Greycroft** closed Greycroft Partners VI LP at \$310 million to make early-stage investments, and Greycroft Growth III LP with \$368 to make growth investments. Across Greycroft’s 10 investment vehicles, the firm has raised \$2 billion in commitments and has over 200 active investments. Recent Greycroft investments include customer-training-management startup **Strigo** and **Spectrum Labs Inc.**, which helps consumer internet brands identify toxic behavior online.

#### ► Greylock Partners, Menlo Park, Calif.

**Greylock Partners** closed its 16th fund with \$1 billion, the same amount raised by the firm’s 15th fund in 2016. With Fund 16, Greylock will continue to focus on seed and Series A investments in enterprise and consumer software. With the new fund, **Management Leadership for Tomorrow** was added to the firm’s roster of limited partners, which includes university endowments, nonprofit foundations and other organizations.

#### ► Khosla Ventures, Menlo Park, Calif.

**Khosla Ventures** is seeking \$1.1 billion for Khosla Ventures VII LP, according to a regulatory filing. The firm’s sixth fund was seeking \$1 billion, according to a 2018 SEC filing. The firm recently participated in financing rounds for temperature-monitoring sock maker **Siren Care Inc.**, 3D printing startup **Velo3D Inc.** and landlord financial services provider **Zibo**.

#### ► Lead Edge Capital, New York

**Lead Edge Capital** raised a \$950 million fund for growth-stage technology investing. Lead Edge Capital V LP is more than 80% larger than its predecessor fund, which closed in 2018 at \$520 million. The new fund will write checks of up to \$150 million to fuel mature startups that are capitalizing on society’s increasing embrace of digital technologies, a trend that has been pushed forward by the coronavirus pandemic, said Lead Edge founder and Managing Partner Mitchell Green.

## ► Longitude Capital, Menlo Park, Calif.

Health-care investor **Longitude Capital** has rounded up its largest fund yet, raising \$585 million to invest in biotechnology and other medical startups. The firm began seeking \$550 million for Longitude Venture Partners IV LP in March 2019. Longitude previously raised \$525 million for its third fund in 2016.

## ► Menlo Ventures, Menlo Park, Calif.

**Menlo Ventures** has launched its 15th fund with \$500 million in commitments. The new fund will make seed and Series A investments in companies spanning consumer, enterprise, frontier tech and health care. Menlo Ventures XV LP is complemented by the Menlo Inflection Fund, a \$500 million fund raised in 2019. The firm closed its 14th fund with \$450 million in 2017.

## ► OpenView Venture Partners, Boston

Business software investor **OpenView Venture Partners** said its sixth fund reached its hard cap with \$450 million in commitments. The firm raised \$297 million for its fifth venture fund, OpenView Venture Partners V LP, according to a 2018 SEC filing. OpenView recently participated in funding rounds for remote patient monitoring startup **Optimize.health**, Australian software testing and deployment provider **Buildkite** and cybersecurity-asset-management platform **Axonius Inc.**

## ► RA Capital Management, Boston

**RA Capital Management** closed its second venture fund with \$461 million. Following in the footsteps of the firm's inaugural fund, which closed in 2019 with \$300 million, RA Capital Nexus Fund II LP will participate in investments in private companies made by RA Capital from its evergreen fund, which backs both public and private biotech companies. The firm invests in biotechnology companies from seed-stage through post-IPO growth stages.

## ► True Ventures, Palo Alto, Calif.

**True Ventures** closed two new funds with a combined total of \$840 million. True Core Fund VII LP raised \$465 million to continue providing seed- and early-stage investments focused on sectors including technology-enabled consumer brands, software as a service and infrastructure software, and health and life sciences. True Select Fund IV, at \$375 million, will provide follow-on capital to existing True portfolio companies. The firm closed its sixth fund at \$350 million, and its third Select fund with \$285 million in 2018.

## Europe

### Buyouts

#### ► Ardian, Paris

**Ardian** collected €2 billion (\$2.37 billion) for its fifth growth fund, doubling the amount raised by its predecessor vehicle only six months earlier. Ardian Expansion Fund V received

half of its commitments from investors in the firm's previous Expansion funds, while many of the new investors hail from Asia and the Middle East. The new fund focuses on European high-growth midsize companies and has made two investments so far, including digital storage technology provider **Swissbit** and French insurance broker **Finaxy**.

## ► Copenhagen Infrastructure Partners, Copenhagen

**Copenhagen Infrastructure Partners** has collected €4 billion so far for its Copenhagen Infrastructure IV fund, which the Danish firm began marketing just five months ago. The global fund has a €5.5 billion target and could raise as much as €7 billion to invest in greenfield renewable-energy projects, according to a news release. The firm's predecessor fund closed with €3.5 billion in commitments.

## ► Highland Europe, London

**Highland Europe** is seeking \$706.3 million (€600 million) for Highland Europe Technology Growth Fund IV LP, a regulatory filing indicates. Highland Europe, which launched in 2012, collaborates closely with U.S. venture firm **Highland Capital Partners**, targeting investments across internet, mobile and technology companies, namely ones in Europe that have global ambitions. It typically invests €10 million to €50 million in companies with more than €10 million in current annualized revenue.

## ► Levine Leichtman Capital Partners, Beverly Hills, Calif.

**Levine Leichtman Capital Partners** wrapped up marketing for its Levine Leichtman Capital Partners Europe II SCSp fund with €463 million (\$544.5 million) in commitments. The firm closed its first Europe-focused private-equity fund with €100 million in capital in early 2015. The firm said it has already closed one investment through the new fund and has agreements in place for two more.

## ► Nordic Capital, Copenhagen

**Nordic Capital** raised €6.1 billion (\$7.16 billion) for Nordic Capital Fund X. The vehicle, the firm's largest capital pool to date, considerably surpassed its initial €5 billion target within just six months. Launched in April this year, the fund was entirely raised remotely amid the pandemic, without any face-to-face meetings, the firm said.

## Mezzanine & Other Debt

### ► Triton Partners, Saint Helier, Channel Islands

**Triton Partners** amassed €744 million (\$874 million) for its latest debt fund. The vehicle, Triton Debt Opportunities II, was launched in 2018 and surpassed its initial €550 million target, making it considerably larger than its predecessor, which collected €500 million in 2014. The firm also said it raised a separate managed account, which will serve as an overflow account for the fund. TDO II invests in noncontrol positions in midmarket companies, with its average investment size typically between €10 million and €40 million. Its main targets are in the industrials, business



services, consumer and health sectors, across the Nordics, DACH and Benelux regions.

## Secondary, Fund of Funds and Other

### ► Arcano Asset Management, Madrid

**Arcano Asset Management** launched a secondary private-equity fund, its fourth vehicle of this type, which aims to raise €300 million (\$351 million). Arcano Secondary Fund XIV is expected to capitalize on attractive prices derived from the “uncertainty caused by Covid-19,” the firm said. The firm aims to invest the fund globally, with a particular focus on Europe and the U.S. Managers who are specialized in the midmarket and in specific sectors or geographic areas will be the main targets.

## Venture Capital

### ► Future Energy Ventures, Essen, Germany

**Future Energy Ventures**, the venturing and collaboration platform of German energy company E.ON, launched with €250 million invested capital in its portfolio. Future Energy’s portfolio consists of startups including **Bigdely Inc.**, a provider of energy monitoring and management services; **Holobuilder Inc.**, a construction-progress-management platform; and **Thermondo GmbH**, an energy services provider.

### ► Pureos Bioventures, Zurich

**Pureos Bioventures** closed its first fund with commitments of \$170 million. BB Pureos Bioventures LP will invest in European drug development startups with an emphasis on novel biological drugs and emerging modalities such as nucleic acid, cell and gene therapies. The fund plans to back 15 to 20 companies, and has so far invested in **Alentis Therapeutics AG**, **AM-Pharma BV**, **Eyevensys SAS**, **Imcheck Therapeutics SAS**, **Lava Therapeutics BV**, **NovaGo Therapeutics AG** and **Vico Therapeutics BV**.

## Asia & Rest of World

## Buyouts

### ► Advent International, Boston

**Advent International** wrapped up fundraising for its latest fund focused on investing south of the border with \$2 billion in commitments. The firm said that with its new fund, Advent Latin American Private Equity Fund VII, it has collected about \$8 billion to invest in the region since 1996. Advent will target investments in Brazil, Colombia, Mexico and Peru through the latest fund, and could also invest in neighboring countries including Argentina and Chile.

### ► Ocean Link Partners, Shanghai

**General Atlantic**-backed investment firm **Ocean Link Partners** has raked in nearly \$500 million for its second flagship fund,

which focuses on the travel and tourism sector in China. The firm has raised at least \$490.7 million so far for its Ocean Link Partners II LP fund, a regulatory filing shows. Mercury Capital acted as the fund’s placement agent, the filing shows. General Atlantic backed newly formed Ocean Link in 2016.

### ► GLP Pte. Ltd., Singapore

Logistics investment firm **GLP Pte. Ltd.** held a first closing for its GLP Europe Income Partners II fund with €1.1 billion (\$1.29 billion) so far in commitments. GLP didn’t disclose the fund’s target amount. The fund has already amassed a portfolio of 25 logistics locations in nine countries across Europe. Across all its investment strategies, the firm has collected nearly \$9 billion in capital so far this year, including \$2.6 billion raised by its GLP Japan Income Fund.

### ► Keppel Capital Holdings, Singapore

**Keppel Capital Holdings** collected more than \$250 million for its Keppel Education Asset Fund, a private-equity vehicle focused on investing in private education businesses in the Asia-Pacific region. The firm aims to raise at least \$500 million for the fund and plans to invest across the range of educational institutions from prekindergarten through specialty graduate schools. Its first real estate investment involved a K-12 bilingual school run by Malvern College Chengdu in China.

### ► Polaris Capital Group, Tokyo

**Polaris Capital Group** added the largest Pennsylvania pension system to its investor roster as it gears up to hold a final close for its fifth and largest fund for investing in Japan. The firm aims to collect 150 billion yen, equivalent to roughly \$1.41 billion, for its Polaris Private Equity Fund V LP, according to its website. At least 2% of the total would come from the fund’s general partner, which expects to wrap up fundraising during the current quarter, according to a report from investment adviser Hamilton Lane for overseers of the \$59 billion **Pennsylvania Public School Employees’ Retirement System**.

### ► Siguler Guff & Co., New York

**Siguler Guff & Co.** has rounded up at least \$285 million so far for Siguler Guff Brazil Special Situations Fund II LP, according to a regulatory filing. Siguler Guff raised \$309 million for the fund’s predecessor to invest in legal claims against Brazilian government entities, according to press reports and a document from the **University of Michigan Board of Regents**, which recommended a commitment of up to \$100 million to that fund in 2017.

## Venture Capital

### ► Legend Capital, Beijing

**Legend Capital** closed LC Fund VIII LP with \$500 million in commitments, according to a news release issued by Atlantic-Pacific Capital, which placed the fund. The firm began marketing the fund in February of last year and had collected about \$321.2 million for it by February of this year, regulatory filings show. Legend

## Recently Disclosed LP Commitments

Limited Partner	Fund	Manager	Commitment (M)	Fund Target (M)
Alameda County Employees' Retirement Association	BlackRock Direct Lending Fund IX LLC	BlackRock Inc.	up to \$75	NA
	Clayton Dubilier & Rice Fund XI LP	Clayton Dubilier & Rice	up to \$35	\$13,000
	EQT Infrastructure V LP	EQT	up to \$30	€12,500
Alaska Permanent Fund Corp.	Audax Mezzanine Fund V LP	Audax Group	\$50	N/A
	Whitehorse Liquidity Partners IV LP	Whitehorse Liquidity Partners	\$50	\$3,000
	Spectrum Equity IX LP	Spectrum Equity Management	\$40	\$1,500
	Summit Partners Venture Capital Fund V LP	Summit Partners	\$20	\$963*
California State Teachers' Retirement System	CVC European Equity Partners VIII LP	CVC Capital Partners	\$450	N/A
	Blackstone Core Equity Partners II LP	Blackstone Group LP	\$425	N/A
	Clayton Dubilier & Rice Fund X LP	Clayton Dubilier & Rice	\$350	\$13,000
	Francisco Partners VI LP	Francisco Partners	\$300	\$5,500
	Thoma Bravo Fund XIV LP	Thoma Bravo	\$300	\$14,000
	Vitruvian Investment Partnership IV	Vitruvian Partners	\$217	€4,000*
	Ares Corporate Opportunities Fund VI LP	Ares Management LP	\$200	N/A
	Advent Latin American Private Equity Fund VII SCSp	Advent International	\$150	N/A*
	GI Data Infrastructure Fund	GI Partners	\$150	\$1,250
	Hg Saturn 2	HgCapital	\$150	€3,000
	Hg Genesis 9 LP	HgCapital	\$110	€3,000
	Summit Partners Europe Growth Equity Fund III SCSp	Summit Partners	\$110	\$1,100
	CVC Capital Partners Asia V LP	CVC Capital Partners	\$100	\$4,000
	Rubicon Technology Partners Fund III LP	Rubicon Technology Partners	\$100	\$1,270
	Tenex Capital Partners III LP	Tenex Capital Management	\$100	N/A
	Thoma Bravo Discover Fund III LP	Thoma Bravo	\$100	\$3,000
	Vista Foundation Fund IV LP	Vista Equity Partners	\$100	\$3,250
	Summit Partners Venture Capital Fund V LP	Summit Partners	\$90	\$963*
	Strategic Investors Fund X LP	SVB Capital	\$75	\$1,000
Ares Special Opportunities Fund LP	Ares Management LP	\$50	\$2,000*	
Francisco Partners Agility II LP	Francisco Partners	\$50	\$1,350	
Houston Firefighters' Relief & Retirement Fund	EQT Infrastructure V LP	EQT Partners	up to \$30	€12,500
Kern County Employees' Retirement Association	Crown Global Secondaries V	LGT Capital Partners	\$50	N/A
Merced County Employees' Retirement Association	Khosla Ventures VII LP	Khosla Ventures	\$6	\$1,100
New Hampshire Retirement System	Thoma Bravo Fund XIV LP	Thoma Bravo	up to \$75	\$14,000
New Mexico State Investment Council	Brookfield Infrastructure Fund IV Renewable Power Sidecar Fund	Brookfield Asset Management	up to \$75	N/A
New York State Common Retirement Fund	Insight Partners Opportunities Fund I LP	Insight Partners	\$150	\$875
Ohio Police & Fire Pension Fund	GTCR Fund XIII LP	GTCR	up to \$30	N/A
Pennsylvania Public School Employees' Retirement System	Polaris Private Equity Fund V LP	Polaris Capital Group	\$100	\$1,400
Pennsylvania State Employees' Retirement System	Thoma Bravo Fund XIV LP	Thoma Bravo	up to \$50	\$14,000
	Thoma Bravo Discover Fund III LP	Thoma Bravo	up to \$25	\$3,000
San Mateo County Employees' Retirement Association	White Oak Yield Spectrum Fund V LP	White Oak Global Advisors	\$35	\$2,000
	Clayton Dubilier & Rice Fund XI LP	Clayton Dubilier & Rice	\$30	\$13,000
Teacher Retirement System of Texas	Actis Arroyo PIV LP	Actis	\$100	N/A
	Crestview Partners IV LP	Crestview Advisors	\$100	N/A
	SLP Mistral Co-Invest LP	Silver Lake Group	\$20	N/A
Texas County & District Retirement System	TCV XI LP	Technology Crossover Ventures	\$125	N/A
	Khosla Ventures VII LP	Khosla Ventures	\$95	\$1,100
	OrbiMed Private Investments VIII LP	OrbiMed Advisors	\$50	\$1,400
	Khosla Ventures Seed E LP	Khosla Ventures	\$30	\$400
	Shine Capital I LP	Shine Capital	\$23	\$100
Virginia Retirement System	Carlyle Diversified Credit	Carlyle Group	\$1,000	N/A
	Ares Capital Europe V	Ares Management LP	\$300	€9,000
	Bain Capital Fund XIII LP	Bain Capital	\$225	\$9,900
	Audax Mezzanine Fund V LP	Audax Group	\$200	N/A
	Virginia Asia Investors III LP	Asia Alternatives Management	\$200	\$201
	H.I.G. Capital Partners VI LP	H.I.G. Capital	\$45	\$1,250

\*Closed. N/A - not available. Source: Compiled by Private Equity Analyst from pension fund disclosures. For more limited-partner commitments, view our interactive chart at [wsj.com/lpcommitment](http://wsj.com/lpcommitment)

invests in telecommunications, media and technology, and consumer companies.

### ► Northern Light Venture Capital, Beijing

Northern Light Venture Capital is raising \$375 million for its sixth fund, Northern Light Venture Fund VI LP,

according to a regulatory filing. The target for the latest fund is lower than the \$445 million the previous fund raised in 2019. The firm earlier this year participated in a funding round for data center startup MemVerge. ■

# Texas Pension Commits \$400 Million for Private-Equity Co-Investments

By PREETI SINGH

## The Texas Municipal Retirement System

is making a big push into private-equity co-investments after voting to double its private-equity investment pace earlier this year.

The Austin-based pension system, which manages \$29.99 billion in pension assets for city employees across Texas, has set up a \$400 million separate co-investment account with alternative asset manager **HarbourVest Partners**, giving the firm up to \$100 million to co-invest every year over the next four years, the pension's director of private equity, Tom Masthay, confirmed.

Boston-based HarbourVest had deployed more than \$16 billion in co-investments since 1989, with more than \$6 billion of that capital invested through separately managed accounts since 2011, according to documents prepared for a Sept. 17 meeting of the pension trustees.



The Texas State Capitol in Austin, Texas. The Texas Municipal Retirement System has pledged \$400 million to a new co-investment account to be managed by Boston-based HarbourVest Partners.

Six of HarbourVest's 53 co-investment professionals would have a formal role working on the Texas Municipal Retirement account, the documents said.

Backing co-investments, which allow limited partners to invest alongside general partners directly in deals, was "about getting closer to the assets we commit capital to," Mr. Masthay said.

He added that such deals also help the Texas Municipal pension system develop better relationships with the fund managers in its private-equity program, reduce costs associated with the portfolio and enable the pension to better reach its new 10% target allocation for the asset class.

Earlier this year, the pension system doubled its private-equity target from 5% to 10% of its total assets.

Private-equity investments represented 3.36% of the total fund assets as of June 30.

Mr. Masthay said the pension system opted to partner with an investment manager in part to help navigate what has become a competitive environment for co-investment deal flow.

"There wasn't a way we were going to be able to compete and get much capital out the door on our own," he said. "We're not reinventing anything but following in the tried and tested footsteps of the bigger, more sophisticated institutions," Mr. Masthay said. "We have been able to watch the industry develop and we may have been able to skip a step here to getting there."

Eventually, the Texas Municipal pension system would also likely graduate to establishing an internal co-investment program managed by the staff, which would further reduce costs for the total fund and its beneficiaries, Mr. Masthay said.

Most of the capital in the co-investment program is earmarked for investments alongside managers that the pension system has already backed through its fund portfolio, Mr. Masthay said. Since 2015, when the pension system began investing in private equity, it has favored midmarket funds as well as backed a number of firms raising their first or second funds.

The pension system will retain veto rights for co-investment opportunities presented by HarbourVest, though historically "our mind-set across the total program has been a bias to say yes to deals because that helps scale the program," Mr. Masthay said. He added that the team only rejects deals that don't fit the manager's investment thesis. ■

## Texas Municipal Retirement System

**History:** The Texas Municipal Retirement System was established in 1947 and is administered in accordance with the Texas Municipal Retirement System Act.

**Profile:** Based in Austin, the Texas Municipal pension system manages \$29.99 billion in pension assets for 888 Texas cities. The pension system offers a choice of benefits so that each participating city can design a plan to suit its needs and budget.

**Asset Allocation** (as of June 2020): 29.8% global equities, 13.3% core fixed income, 18.8% noncore fixed income, 10.7% real return, 9.2% real estate, 9.8% absolute return, 3.4% private equity and 5.1% unallocated cash

**Strategic Target Allocation** (effective Jan. 1, 2020): 30% global equity, 10% core fixed income, 20% noncore fixed income, 10% real return, 10% real estate, 10% absolute return, 10% private equity

**Annual Investment Returns:** 10.2% in 2009, 9.0% in 2010, 2.4% in 2011, 10.1% in 2012, 9.86% in 2013, 5.99% in 2014, 0.34% in 2015, 7.04% in 2016, 13.78% in 2017, -2.1% in 2018 and 14.27% in 2019

**Private-Equity Portfolio Returns:** As of Sept. 30, the pension's private-equity portfolio returned 23.51% over a three-year period and 16.75% since its inception in 2015.

LBO Focus

# Springboard Looks to Bridge Funding Gap for Women-Led Companies

By LAURA COOPER

**When Amy** Wildstein started her career in private equity as a financial analyst at **Blackstone Group** nearly 30 years ago, she noticed one thing that was in short supply around the conference table when discussing deals: other women.

“The absence of women has shaped my path,” said Ms. Wildstein, a co-founder and managing partner at **Springboard Growth Capital**. “If you look at the landscape of firms with a female-focused investing strategy, you can see there aren’t any on any meaningful scale,” she said.

Ms. Wildstein sought to change that landscape when she teamed up with Kay Koplovitz to launch Springboard Growth in 2016 to invest in women-led companies. The firm is currently staffed entirely by women and backs businesses with at least one woman among their upper ranks with an equity stake in the business.

Springboard Growth has invested in some prominent consumer-facing startups even though it writes smaller checks than some of its private-equity peers investing in the sector. The growth-focused firm can fund investments between around \$25 million and \$75 million and participates in Series B to Series H funding rounds. So far it has done a dozen investments across five portfolio companies, Ms. Wildstein said.

This summer, for example, it led a \$25 million funding round into **Hint Inc.**, a flavored water business. It has also invested in online consignment shop **The RealReal Inc.** and subscription fitness company **ClassPass Inc.**

New York-based Springboard Growth also aims to build on the work of **Springboard Enterprises** by investing in businesses coming out of the nonprofit accelerator. Springboard Enterprises has selected and supported more than 800 companies since 2000, raising over \$10 billion along the way. The accelerator counts female entrepreneurs, influencers and investors among its members. Springboard Growth now donates a portion of its fees to the nonprofit.

The network at Springboard Enterprises also helped the firm land one of its earliest deals. Julie Wainwright, chief executive of The RealReal, said she became acquainted with Ms. Wildstein and the other women who launched Springboard Growth many years ago.

Springboard Growth’s founders met with Ms. Wainwright in 2015 when they were considering forming the firm and after The RealReal had raised a \$40 million series D fundraising round. “We told Julie we wanted to be her first call if and when

she decided to raise a series E fundraising,” Ms. Wildstein said. “We were pleased to get Julie’s call in late 2015.”

The \$40 million Series E fundraising round was Springboard Growth’s first deal. Though the company is now public, the growth firm maintains a small equity stake in the business.

Springboard Growth’s dedication is one thing that Ms. Wainwright said struck her. Despite investing in The RealReal many years ago, Springboard Growth keeps in touch with Ms. Wainwright’s company and has worked to promote the business, asking her to speak on panels involving the intersection of fashion and technology.

“I have a few investors like that but not many. Most people make their money and move on—it’s all about the Benjamins for venture capital,” Ms. Wainwright said. “But [Springboard Growth] really stands behind the people they invest in.”

Springboard Growth differs from many of its peers in that it doesn’t invest out of a single fund. Instead, the firm has to raise capital from limited partners for each new investment it wants to make, building a track record along the way. The firm has about 150 limited partners that it calls for capital when it is poised to make an investment, according to Ms. Wildstein.

One of those limited partners is Lauri Kien Kotcher, CEO of natural personal-care products maker Hello Products LLC. Ms. Kien Kotcher also met Ms. Wildstein through Springboard Enterprises—where she is a longtime member of the mentor network—and decided to personally invest in three of Springboard Growth’s companies across four funding rounds.

“Each deal is stand-alone, so each deal has to work,” Ms. Kien Kotcher said of Springboard’s fundless sponsor strategy. “It’s not like a fund where you expect some investments won’t work. With these guys, it’s actually much higher standards—every deal has to work and provide an attractive return.” ■

## Springboard Growth Capital

**The Founders:** Amy Wildstein and Kay Koplovitz launched Springboard Growth Capital in 2016. Before founding the firm, Ms. Wildstein worked at private-equity sponsors including Blackstone Group and Morgan Stanley Capital Partners. Ms. Koplovitz, meanwhile, is the founder and former chief executive of USA Networks, a television network that was sold for \$4.5 billion in 1998.

**The Strategy:** Springboard invests in companies led by female entrepreneurs, with the goal of building leading consumer brands.

# Small Software Companies Find a Home With ESW Capital

*Backed by Texas billionaire Joseph Liemandt, ESW has built a Netflix-like service for business-to-business software by buying startups whose owners are looking to cash out*

By BECKY YERAK and PEG BRICKLEY

**Founders of small** technology businesses can sometimes hit a wall generating enough profits to expand their companies. Some have found a solution by selling their companies to **ESW Capital LLC**, an investment firm that is stocking a Netflix-like subscription service with business-to-business software.

ESW, short for enterprise software, is controlled by Texas billionaire Joseph Liemandt. Over the past couple of decades, the firm has bought more than 100 companies in deal sizes ranging from less than a million dollars to at least \$460 million. ESW aims for at least 30 more acquisitions next year as the big companies that are its target customers rely ever more heavily on technology to get through the pandemic.

Austin, Texas-based ESW has the infrastructure—managers, lawyers, recruiters, developers and sales professionals—that small companies struggle to afford. It also has the cash to allow early investors and founders to move to the next creative challenge.

Andrew Einhorn co-founded media-intelligence company **Synoptos** in 2014 and sold the Virginia-based provider of real-time reputation-management software to ESW last year for an undisclosed sum. Synoptos had been growing steadily, but its founders wanted it to expand faster, either by raising venture capital in exchange for partial ownership or by selling the company outright to a large company like ESW, he said.

ESW, Mr. Einhorn said, offered “founder-friendly” terms and, important for him, allowed Synoptos customers to tap into other software products as part of the subscription service. He is now chief executive of LevelFields Inc., a financial-technology startup that hasn’t come to market yet, and says he has no regrets about selling to ESW.

Instead of buying and selling companies the way private-equity firms do, ESW operates the software businesses it buys, increasingly through its **Aurea Inc.** unit.

Technology created by the small businesses ESW has bought is often collected in a library of software tools for sales and marketing, collaboration and integration, and other business essentials. ESW sells access to the collected offerings under a subscription model.

The deal team works with venture capitalists and sometimes directly with founders who have hung on to equity in their



Billionaire Joseph Liemandt and his wife, Andra Liemandt, at a state dinner hosted by President Obama in 2012. Mr. Liemandt’s ESW Capital has bought more than 100 companies in past decades and aims for at least 30 deals in 2021.

software startups through the rounds of early investments, product creation and customer capture, only to stall when it came time to scale the business.

An early technology pioneer, Mr. Liemandt dropped out of Stanford University to co-found **Trilogy**, which sold software to large companies. Trilogy boomed in the 1990s, retracted when the technology bubble burst in 2001, and is now part of ESW. Mr. Liemandt couldn’t be reached for comment.

ESW occasionally invests in larger tech companies such as Canada-based **Optiva Inc.** In other cases, the firm acts as a see-you-in-court patent owner, ready to battle over its rights to valuable technology.

Besides the field of companies backed by venture capitalists looking to cash out, ESW’s hunting grounds include smaller, ailing software businesses destined for bankruptcy court. Since 2015, ESW has sealed deals for about 10 bankrupt companies, including at least three in 2020, a Wall Street Journal review of court records found.

Because bankruptcy deals are public, they offer a view of privately held ESW’s distinctive buying style.

ESW doesn’t just buy up bankrupt businesses’ assets, software and patents. It acquires the entire company—including the potential for tax breaks. The big losses that pushed the companies into bankruptcy translate into tax-break opportunities once ESW owns the business and starts generating profits.



Andrew Einhorn co-founded media-intelligence company Synoptos in 2014 and sold it to ESW Capital last year.

Losses usually stack up in tech companies' early years as they plow millions into product creation. Once a startup starts making money, it can use net operating losses

recorded earlier to offset income on tax returns. Bankrupt companies are often sold for parts in chapter 11, their tax breaks wasted. ESW's deals typically are designed to preserve net operating losses, essentially using the previous CEO's losses to reduce the next CEO's taxes.

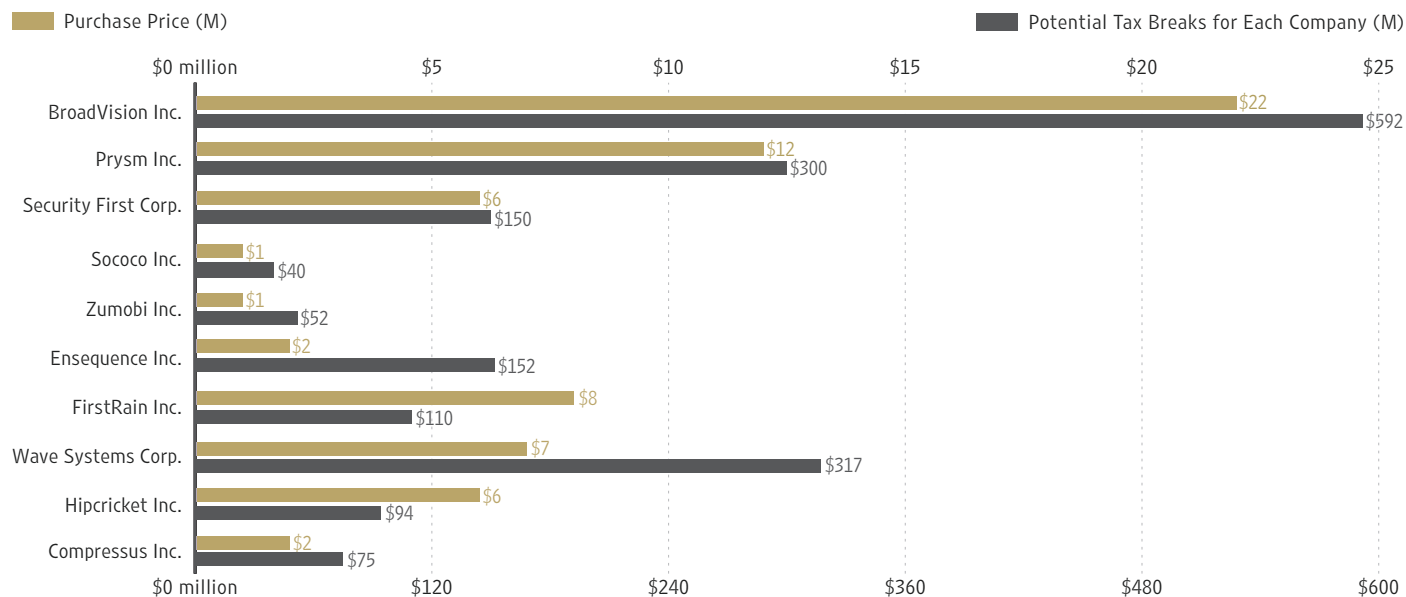
Take ESW's recent deal for **Security First Corp.** The California-based cybersecurity software company filed for bankruptcy in August, having burned through at least \$140 million in debt and equity financing since its 2002 founding. In the two years before filing for bankruptcy, Security First had recorded just \$92,000 in revenue. It entered bankruptcy with three employees and no office. But it did have net operating losses that could eventually translate into more than \$150 million in tax breaks. ESW has offered at least \$6 million for Security First.

Closing the deal will start the clock running on ESW's ability to use Security First's potential tax breaks, which expire over time. It will have to take the company from almost no sales to sizable profits, and while it might never generate enough income to use up the entire \$150 million in potential tax breaks, it will be able to avoid paying tax on the profits it does make, at least for a while.

One advantage of running a private empire like Mr. Liemandt's is that if his strategy succeeds, nobody knows but the Internal Revenue Service. The exception would be if Security First landed back in bankruptcy court, opening its books to inspection. That has hardly ever happened to businesses ESW has acquired, according to a person familiar with the company. ■

## Small Price, Big Potential Tax Breaks

The bankrupt companies ESW has made deals for in recent years carry potential tax breaks that far outweigh their purchase prices.



## VC Focus

# Longitude Capital Taps Investor Interest in Health Care With New Fund

*The firm exceeded its target for the fund, its largest so far, and will invest 65% of the proceeds in biotech*

By **BRIAN GORMLEY**

**Health-care venture** investor Longitude Capital has rounded up its largest fund yet after having a string of portfolio companies go public or be acquired, raising \$585 million to invest in biotechnology and other medical startups.

Longitude began seeking \$550 million for Longitude Venture Partners IV LP in March of last year and six months later closed on just more than that, co-founder and Managing Director Juliet Bakker said.

In August of this year, it held a final closing on the fund, whose investors include pensions, foundations, endowments and others, she said. Longitude, which operates from offices in Boston, Menlo Park, Calif., and Greenwich, Conn., previously raised \$525 million for its third fund in 2016.

Longitude is one of several health-care venture firms closing new funds this year. Others include Questa Capital, which disclosed a \$348 million fund in September; venBio, which raised \$394 million in April; Atlas Venture, which in June collected \$400 million; and ARCH Venture Partners, which rounded up \$1.46 billion across two investment pools, also in April.

Surging public-market interest in health-care initial public offerings is helping venture firms finance and ultimately profit from bets on medical startups. This year, several Longitude holdings have gone public, including cancer immunotherapy company Checkmate Pharmaceuticals Inc., rare-disease drugmaker Inozyme Pharma Inc. and vaccine developer Vaxcyte Inc.

Health care is a good market for investors in a downturn because medical products are used in good times and in bad, said Longitude co-founder and Managing Director Patrick Enright. Interest in health care also is rising because of the aging of the population and the strength of many biomedical companies forming in recent years, he said.

“The solution to live more healthy, active lives is going to be driven by technology,” Mr. Enright said.



Juliet Bakker, co-founder and managing director of Longitude Capital.

Two Longitude portfolio companies have agreed to be acquired this year. Aimmune Therapeutics Inc., which developed a peanut-allergy treatment, went public in 2015 and recently struck a \$2.6 billion merger deal with Nestlé Health Science. The other, KaNDy Therapeutics Ltd., is developing a therapy for hot flashes and other “vasomotor” symptoms of menopause. Bayer AG recently acquired KaNDy for \$425 million upfront, plus additional success-based payments.

Longitude expects to invest 65% of the new fund in biotech companies and the rest in medical-technology concerns and “health solutions” startups, a category that includes technology-enabled health-care services, Ms. Bakker said.

In February, Longitude joined with .406 Ventures to lead a \$30 million growth-equity financing for Menlo Park, Calif.-based WelbeHealth LLC, which provides medical care and social services to frail elderly people.

WelbeHealth provides care through a federal program called Programs of All-Inclusive Care for the Elderly, or PACE, an effort to help people who typically qualify for both Medicare and Medicaid to avoid the need to live in a nursing home.

Longitude’s funding has helped WelbeHealth expand its services in California. The company, which operates PACE programs in areas such as the state’s Pasadena and Fresno regions, focuses on delivering holistic services that help people avoid hospitalization and continue living in the community, Ms. Bakker said. ■

## Longitude Capital

**Firm History:** Formed in 2006, Longitude is a spinout from **Pequot Capital**. Its founders are Managing Directors Patrick Enright, Juliet Bakker, Marc Galletti and David Hirsch.

**Strategy:** The firm invests in biotechnology, medical-technology and technology-enabled health care-services companies. Most of its investments are venture-capital financings, but it also uses other structures, including investments in corporate spinouts, publicly traded companies and royalty deals.

**The Name:** Longitude’s founders named the firm after The Longitude Prize, a competition created in 1714 by the British monarchy in 1714 to tackle one of the pressing scientific problems of the day.



Some companies are helping startups that expect future subscription revenue to access upfront cash.

# Startups Tap Upfront Cash Alternative to Venture Capital

*Growth of software-as-a-service startups drives interest in “deferred revenue” funding*

By TOMIO GERON

**Venture-capital** funding has been steadily increasing in Silicon Valley, but that doesn’t mean it is easy to raise or always desirable for startups.

As an alternative, some companies are helping startups that expect future subscription revenue to access upfront cash. This appeals to fast-growing startups that don’t want to dilute their ownership stakes by raising venture capital.

Two new entrants in the startup funding business, **Capchase** and **Pipe Technologies Inc.**, analyze a startup’s finances and accounting, then provide cash upfront for a share of deferred revenue that the startup will provide monthly or quarterly over the course of a year. Both companies target startups in the fast-growing software-as-a-service sector, in which companies get paid in subscription revenue.

“Companies use Capchase to accelerate their cash flow from long-term customer contracts, while minimizing dilution to the company,” said Ben Ling, founder of Capchase investor **Bling Capital**.

Pipe was founded in 2019 and launched in June of this year, while Capchase was founded this year. Another startup, **Clearbanc**, which has focused on providing upfront cash to e-commerce startups to fund advertising, also recently added a new funding service for software-as-a-service companies.

With the growth of SaaS companies, more people are viewing SaaS contracts as “assets worthy of being financed,” said Sunil Dhaliwal, who invests in software

**“Companies use Capchase to accelerate their cash flow from long-term customer contracts, while minimizing dilution to the company.”**

—Ben Ling, founder of Capchase investor Bling Capital



startups as general partner at **Amplify Partners**. However, the model isn't without risk, he said.

"The offering makes sense. However, every startup company has to make a decision on how useful or risky a tool like this is given their own cost of capital," Mr. Dhaliwal said. "Just like the fact that taking on debt from banks isn't a zero-risk proposition for startups, neither is discounting future cash flows using the Pipe and Capchases of the world."

Whether or not raising capital this way makes sense for a particular SaaS startup will depend on the discount and implied interest rate, Mr. Dhaliwal said. Taking cash upfront may also weigh on the startup's future valuation, which is determined in part by the expected value of future cash flows, he added.

Miguel Fernández, co-founder and chief executive of Capchase, said the company would provide \$120,000 upfront, minus a fee, to a software startup that has signed up a customer to a contract worth \$10,000 a month for a year. Mr. Fernández said the fee is less than what a SaaS company would give as a discount to incentivize customers to pay upfront—an established funding tactic for subscription-based startups.

The fee is comparable to the cost of venture debt, when you include other costs, but venture debt has the potential to turn into equity, unlike Capchase's funding, Mr. Fernández said.

Capital provided by Capchase is a deferred revenue advance that sits on a startup's balance sheet as booked revenue that hasn't yet been realized, he said.

The company employs data scientists who created algorithms to analyze data such as a startup's finances, growth, churn rate and customer-acquisition costs, to quickly determine how well the company is doing and decide whether to advance cash, Mr. Fernández said. Based in Boston, Capchase has raised \$4 million led by Bling Capital, **SciFi VC** and **Caffeinated Capital**.

Upfront cash can help startups avoid or delay raising venture capital, or just speed up their growth. By using these services, startups can boost their growth to be in a stronger position when they do raise capital and thus have to give up less of their company, said Harry Hurst, co-founder and co-CEO of Los Angeles-based Pipe, which has raised \$66 million in funding from **Craft Ventures**, **Fin VC**, **Tribe Capital** and others.

"It puts the power back in founders' hands," Mr. Hurst said.

If a customer doesn't pay a SaaS company or fulfill its contract, Capchase and Pipe have systems that will automatically substitute revenue coming in from another subscription customer to get back the money.

Mr. Hurst sold his last startup, vehicle rental and delivery service **Skurt**, to **Fair.com** in 2018. After that, he wanted to help other founders seeking venture funding and saw an opportunity to build Pipe. "I've experienced personally having to give up dilution through multiple rounds of



Pipe Technologies co-founder and co-CEO Harry Hurst, center, with co-founders Zain Allarakhia, left, and Josh Mangel.

funding to grow my company," Mr. Hurst said. "Only in retrospect I realized how expensive it was to take on dilutive funding rounds."

Unlike Capchase, Pipe acts like a stock exchange or marketplace instead of providing capital itself. Hedge funds and institutional firms can fund deals for startups on Pipe's platform, Mr. Hurst said. He and Mr. Fernández said their products aren't required to be regulated since they aren't loan or debt products. Capchase funds startups off its balance sheet but plans to raise debt to fund these deals, Mr. Fernández said.

**MainStreet Work Inc.**, a startup that charges a subscription fee for helping companies find tax credits for their businesses, signed up with Capchase in late August. The service is useful to help MainStreet grow faster, said Doug Ludlow and Dan Lindquist, co-founders of the company. They said they plan to also try out Pipe.

"We didn't need the cash, but it's a great way to fuel growth in a nondilutive manner," said Mr. Ludlow. "We're not doing anything differently than we would've done otherwise, but now we can do everything a little faster."

Toronto-based Clearbanc, founded in 2015, provides a similar service. It started out financing ads for e-commerce companies to help fund their growth, taking a 6% fee as clients make money back from the ads. It says it has distributed more than \$1 billion to 3,300 companies.

Clearbanc, which raised \$65 million in venture funding from **Founders Fund**, **Inovia Capital**, **Emergence Capital** and **Highland Capital Partners**, as well as a \$250 million fixed-income fund from **Arcadia Funds** and **Upper90** to provide cash to its startup customers, recently started a new product to provide upfront payments on software-as-a-service for up to two years of subscription revenue. Clearbanc also charges a 6% fee on this product.

"Most savvy founders have gotten incredibly dilution-sensitive," said Andrew D'Souza, Clearbanc co-founder and CEO. "People are really starting to get intelligent about saying there's way cheaper ways to fund that growth." ■

## Comings & Goings

► **General Atlantic** has added life sciences as its fifth stand-alone investment sector, hiring a longtime health-care investor to lead the newly independent practice. **Brett Zbar**, a former managing director at **Foresite Capital**, joined General Atlantic as a managing director and the global head of life sciences. He has more than 15 years of experience investing in health-care companies.

► **NFX** appointed **Morgan Beller** as its fourth general partner. She previously co-founded payment system Libra and Facebook Inc.'s Novi wallet for the Libra network. Before that, she headed up corporate development at Medium and played a key role in developing its subscription model.



Morgan Beller

► **Riverside Co.** hired **Christian Stein** as partner and **Michael Aring** as an associate on its Riverside Acceleration Capital team. Based in Cologne, Germany, they focus on sourcing growth investment deals, executing transactions and working with portfolio companies. Both join from investment firm **Coparion**, which Mr. Stein co-founded and helped lead as a managing director. Mr. Aring was an investment professional for venture capital at the firm.

► **EQT AB** said **Marc Brown** joined as partner and head of the firm's growth investment strategy. Mr. Brown, formerly Microsoft Corp.'s corporate vice president of corporate development, will head EQT Growth, the company's new dedicated investment strategy focused on partnering with founders and management teams through growth investments in a range of technology, technology-enabled and scalable businesses.

► Israel-based equity crowdfunding platform **OurCrowd** named **Sabah al-Binali** as a United Arab Emirates-based venture partner and head of the Gulf region. Mr. al-Binali has 22 years of experience in investments. He previously worked at **Shuaa Capital** and Credit Suisse Group in Saudi Arabia.



Sabah al-Binali

► **Flagship Pioneering** named **Tuyen Ong** as chief executive and partner. Mr. Ong was most recently senior vice president, head of the ophthalmology franchise at Biogen Inc. Additionally, Flagship Pioneering appointed **Christine Heenan** as senior partner and chief communications officer. She is founder and president of consulting firm Clarendon Group.

► **Eurazeo** named **Christophe Bavière** as senior managing partner and head of investment partners, bringing on the president and CEO of **Idinvest Partners**, which Eurazeo acquired in 2018. Eurazeo completed the acquisition last month, picking up the remaining 20% of Idinvest's equity that it didn't already own.

► **Shamrock Capital** hired **Michael Wilkins** as a partner. He joins from investment bank Harris Williams & Co., where he was a managing director and global co-head of its technology, media and telecom group.

► **Grafine Partners**, a firm that backs experienced investment managers that are starting their first private-equity funds, hired **Katherine Park** as a managing director. Ms. Park most recently worked as managing director and head of U.S. fund and private capital at Goldman Sachs Group Inc.



Katherine Park

► **H.I.G. Capital** hired **Ahmad Atwan** as a managing director to its infrastructure team. Before joining H.I.G., Mr. Atwan was a managing director at **Morgan Stanley Infrastructure Partners**, and before that, he held the same title in BlackRock Inc.'s global private-equity team.

► **Defy Partners** named **Bob Rosin** as partner, where he will focus on investments across fintech, software as a service, productivity and communications. He previously held leadership positions at **Stripe Inc.**, LinkedIn Corp. and Skype Inc.

► **Amy Banse** is retiring as executive vice president of Comcast Corp., and managing director and head of funds for **Comcast Ventures**. She was at Comcast for nearly three decades, and will serve as a senior adviser to Comcast's executive leadership team through the end of next year.

► **VC ROUNDUP: Information Venture Partners** appointed **Peter Carrescia** as venture partner. Mr. Carrescia was previously senior vice president of strategy and corporate development at Wave Financial...**Halifax Group** named **Jerry Johnson** as its second operating executive. He previously was a founding member and partner of **RLJ Equity Partners**...**Sofinnova Partners** named **Joe Anderson** as partner in the Sofinnova Crossover Fund. He was most recently co-founder and CEO at Arix Bioscience PLC...**Runway Growth Capital** said it has hired Charles Baker as the firm's first director of business development and investor relations. Mr. Baker most recently was at placement agent Pinnacle Trust Partners LLC...**BuildGroup LLC** hired **Craig Kennedy** as managing director. Mr. Kennedy joins from boutique investment bank Allen & Co.

► **LBO ROUNDUP: Ares Management Corp.** appointed **John Knox** as Australia & New Zealand chairman of Ares SSG, an Asia-Pacific asset-management subsidiary of the global firm. Mr. Knox is the former CEO of Credit Suisse Australia...**Churchill Asset Management** hired **Kelli Marti** as managing director and CLO portfolio manager. He most recently served as chief credit officer at **Crestline Denali Capital**...**Global Infrastructure Partners** appointed **Jim Amine** as a partner. Mr. Amine previously worked at Credit Suisse Group. ■



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December 2, 2020 | Online

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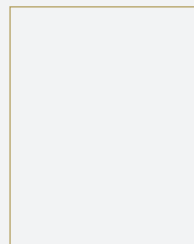
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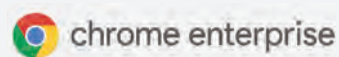


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