MINORITY BUSINESS DEVELOPMENT AGENCY
U.S. DEPARTMENT OF COMMERCE

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Research Report 2020

Capitalizing Growth Among Ethnically Diverse and Women-Owned Business Enterprises

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About this White Paper

The National Association of Investment Companies, Inc. (NAIC) commissioned this report alongside the report by Lawrence C. Manson, Jr., "Access to Capital: Accelerating Growth of Diverse- and Women-Owned Businesses," as part of a grant from the Minority Business Development Agency (MBDA), an agency within the United States Department of Commerce. The grant seeks to facilitate the aggregation and deployment of $1 billion in growth equity capital to ethnically Diverse- and Women-Owned Business Enterprises (DWBEs).

In this report, Marlene Orozco, Chief Executive Officer of Stratified Insights, LLC, a premier research consulting group and report contributor, Eutiquio "Tiq" Chapa, advance research on the supply of capital focused on growing DWBEs. There is an immense opportunity for increased investment in DWBEs as all trends point to their business resilience, growing numbers, and outsized returns. In turn, this investment represents a trillion-dollar opportunity for the U.S. economy.

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The NAIC (www.naicpe.com) was formed in 1971 as the American Association of MESBICs (AAMESBIC), Inc., under President Richard M. Nixon's Black Capitalism program, which sought to ease access to capital for diverse business. During the 1980s, AAMESBIC lobbied successfully for legislation that would allow diverse firms to repurchase the preferred stock from the U.S. Small Business Administration (SBA) while raising funds that were not SBA regulated. AAMESBIC firms began approaching pension funds and other institutional investors to raise larger pools of capital.

In the next decade, the organization changed its name to the National Association of Investment Companies, Inc. as most members had turned from reliance on the SBA to become independent, institutional private equity firms. Today, the NAIC has a membership of more than 80 diverse private equity and hedge fund firms managing more than $165 billion in assets. Through education, advocacy and industry events, the NAIC is focused on increasing the flow of capital to high-performing diverse investment managers often underutilized by institutional investors. Additionally, NAIC produces unique and compelling research on the performance of diverse managers and executes initiatives to strengthen and position the industry for future success.

The MBDA (www.mbda.gov) is the only federal agency solely dedicated to fostering the growth and global competitiveness of DWBEs in the United States. In 2019, MBDA commemorated 50 years of economic empowerment through programs that better equip entrepreneurs to create jobs, build capacity and expand into new markets.

Stratified Insights, LLC, is a Latina-owned research consulting firm that provides academic grade research solutions to organizations from research planning and design, data collection and analysis, to reports and presentations tailor-made for key stakeholders. For more information: stratifiedinsights@gmail.com

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Section I: Executive Summary

With this report, the Minority Business Development Agency (MBDA) of the U.S. Department of Commerce in collaboration with the National Association of Investment Companies (NAIC), advance research on the supply of capital focused on growing ethnically diverse- and women-owned business enterprises (DWBEs).

In particular, the DWBEs most poised for growth are those in the middle market with revenues ranging from $10 million to $1 billion. There are roughly 20,000 DWBEs in the middle market and we can expect this segment to continue to grow as the overall trends of DWBEs are increasing in number while non-DWBEs are on the decline. These trends parallel larger population shifts in the U.S. which is becoming increasingly diverse and young. Targeted DWBE investment is important on a structural front and also yields a double bottom line.

Nonetheless, the opportunities for growth capital through nontraditional sources for DWBEs are limited. Even at these sizes, DWBE middle market firms largely bootstrap their growth but this organic growth often does not come swift enough to fund business diversification, expansion into new markets, and larger scaling efforts. As a prominent growth strategy, DWBEs leverage government and corporate clients as their suppliers but these same institutions are lagging in providing capital to DWBEs with less than 4 percent accessing this capital across DWBEs. If we consider the role of corporations in providing capital to businesses as an investment strategy, there is a strong focus on corporate venture capital although growth equity can have more reliable and likely greater returns.

Growth equity in particular is a mutually beneficial capital path for DWBEs as it provides desired ownership, taking into consideration the motivations and needs of DWBEs, and provides investors with post-recession growth opportunities through a proven risk-mitigation strategy. In highlighting the opportunity for investment in middle market DWBEs through private equity growth capital, we provide the following key findings related to the DWBE market, growth equity as an asset class, and the corporate role.

The DWBE Market

- Since 2007, **MBE employer firms** have **grown** in number by **38 percent** while non-minority owned firms have declined by 3 percent
- Middle market firms are **2.5x more likely to be MBE** than firms in total and number of **WBE firms grew 120** percent between 2011-2017
- Middle market firms **most resilient** after most recent Global Financial Crisis in 2007-2008
- **$1.37 trillion economic opportunity** in growing MBEs to generate the average revenue of non-MBEs
- Key segments over-index in industries that are high growth post-recessions including Black-owned firms in **health care**, Asian-owned firms in **retail** and **wholesale trade**, and Latino-owned firms as **exporters**
- At least **2x** the current number of firms that have private equity would like this type of capital, among some MBEs

Growth Equity as an Asset Class

- Growth equity **outperformed other private equity strategies** in the past decade
- Growth equity **mitigates risk** by providing less variability in returns and a low capital loss ratio
- Deal structure norms include a control provision for minority investors and preferred equity status but allows for continual control of firm by owner
- Underinvestment in growth equity with **1.6x more AUM in venture than there is in growth PE** and according to the PrEQin Private Equity Quarterly Index,venture capital was the only strategy to underperform all public markets
- **Investable opportunities** in the middle market will be more easily identified as a quarter of middle market firms foresee “catastrophic” impacts from COVID-19 recession
- **Returns of minority-focused funds are higher**, certainly not any lower, than those of mainstream funds, as evidenced by academic and industry research

The Corporate Role

- **Only twenty-three percent of corporations** who invest in private equity **include growth equity** in their portfolio
- Only **four percent of institutional investors** that have growth equity as a focal investment strategy also have a manager **focus on diversity and/or social issues**
- **Opportunity to shift underperforming corporate VC** and strategics to growth equity
- Among corporate investment professionals interviewed, there is **little to no coordination with supplier diversity and procurement teams** leaving an underutilized internal asset among supplier diversity businesses
- **Co-investments with existing fund managers** are one way to focus on DWBE firms as 80 percent of LPs report better performance from co-investments than from traditional fund structures
- Corporations can lead in equity and inclusion through **aligning investment efforts with company principles.** Amongst severe backlashes against firms that face gender, environmental and diversity fiascos, it is increasingly important that investment teams **meet society’s expectations for good corporate behavior**
- **Corporate alignment with foundation themes** provide opportunities to include DWBEs as a direct investment strategy

Section II: Introduction

In the midst of the global coronavirus pandemic, Lupe Hernandez is becoming a household name – a Latina nursing student in the 1960s who some are crediting with creating hand sanitizer. Lupe symbolizes a larger trend that is sweeping the nation – a largely untapped investment and underutilized potential of ethnically diverse and women-owned business enterprises (DWBEs) to the nation's economy.

Perhaps counter to popular perception of minority-owned business enterprises (MBEs), the overwhelming majority are opportunity driven, that is, diverse individuals are starting businesses driven by market opportunities, great ideas, and a desire to generate a greater income, as opposed to out of necessity or a lack of other viable employment options.[1] Additionally, minority entrepreneurs are more highly educated than the general population thus forming a selective group with important human capital skills.[2] Furthermore, MBEs are not confined to local markets as MBEs are located across the United States and have diverse clients and customers beyond the same race or demographic group.[3] MBEs are regional, national, and international in reach with Latino-owned businesses having the highest rate of clientele outside the United States followed by Asian-owned businesses.[4]

As firms most poised to contribute to the U.S. economy, employer firms, or firms with paid employees other than the owner, make up one-quarter of all businesses but account for about 97 percent of business receipts according to the Small Business Administration. It is important to note, however, that on the journey to scaling, a significant obstacle to MBEs is crossing the "employment threshold" or going from a solopreneur (an entrepreneur without employees) to an employer business.[5][i] Those that have crossed this threshold are the most resilient in a historically capital constrained business landscape.

[i] The share of employer firms varies by demographic group For example, roughly 9 percent of all Latino-owned business are employer firms, 4 percent among black-owned businesses, and 25 percent among Asian-owned businesses.

If MBEs were to grow to the average revenue size of non-MBEs, an additional $1.37 trillion would be added to the U.S. GDP.

When considering employer firms, MBEs contribute $1.27 trillion to the U.S. economy in annual revenues and provide 8.8 million jobs to Americans.[6] Women-owned business enterprises (WBEs) contribute another $1.45 trillion and 9.6 million jobs (**Figure 1**).[7] Since 2007, the number of MBEs has grown by 38 percent while non-minority owned firms have declined over the same period by 3 percent. Thus, there is much excitement to be garnered from entrepreneurial dynamism of DWBEs.

Figure 1. The Economic Contribution of DWBES

Source: U.S. Census Annual Survey of Entrepreneurs, 2016.

As the number of diverse firms continues to grow, there is a significant opportunity for growth in the U.S. economy if the gap between the average annual revenues generated by MBEs and non-MBEs were to close. Among employer firms, non-MBEs generate over twice the revenue of MBEs. If MBEs were to grow to the average revenue size of non-MBEs, an additional $1.37 trillion would be added to the U.S. GDP.[8] It is the growth of these firms and the investment opportunity they present that is the focus of this report.

This report provides institutional investors and other stakeholders insights into this growing business ecosystem focusing specifically on employer firms and among these, on the smaller but higher potential group of businesses generating over $1 million in annual revenue, often labeled scaled firms. The most recently available data from the U.S. Census Bureau on employer firms folds all businesses with revenue greater than $1 million into a singular category, thus we are largely limited by this reporting mechanism.[9][ii] Understanding DWBEs and their capital needs will allow for greater alignment to institutional investors. There is an immense opportunity in being the first to provide institutional capital among firms that are ripe for growth capital after having been historically capital constrained.

[ii] The capital needs for firms generating greater than $1 million are varied and segmented by increasing revenue categories. While the EBITDA margin, or the measurement of a company's operating profitability as a percentage of its total revenue, is a preferred measure to understand capital needs, we proceed with the available census data in order to provide a detailed and high-level view of the DWBE ecosystem.

Section III: The DWBE Market

There are approximately 20,000 DWBEs in the middle market or businesses generating between $10 million and $1 billion in annual revenue and approximately 11,000 DWBEs with revenues greater than $5 million registered as suppliers to corporate America.[10] These mid-size firms have a proven business model and have largely self-financed but to get to the next level, there is a need for external sources of capital to accelerate growth.

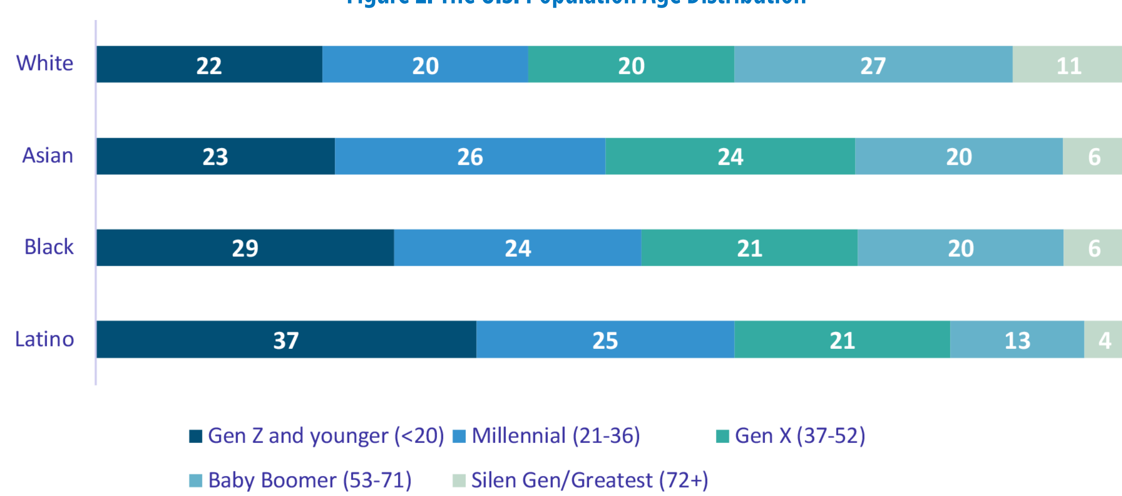
In this section, we highlight recent trends as population and business trends all point to the growing size of this market. We detail industry characteristics and provide an overview of capital needs. Ultimately, research points to institutional investors leveraging growth equity as a way to align incentives for DWBE owners and investors and presents a mutually beneficial path forward.

Tapping into Growing Population Changes Now

Latino, Black, and Asian populations comprise over one-third of the total U.S. population (17 percent, 13 percent, and 6 percent, respectively) and projections indicate racial and ethnic minorities as the primary demographic engine of future U.S. population growth defined by their youth. As the largest ethnic minority population, for example, well over one third of the Latino population is younger than 21 and 62 percent are millennial age or younger.

By comparison, among the White demographic, 42 percent are millennial age with a greater share of baby boomers and older than any other group (see **Figure 2**). Further, it is expected that the U.S. will be majority-minority by 2045.[11] It is important to get ahead of this curve through diversity and inclusion initiatives that foster productive and collaborative workplaces that respect diversity in background and thought.

Figure 2. The U.S. Population Age Distribution



Note: White, Black, and Asian include only those who are single race and not-Latino. Latinos are of any race. Generation age reported in parentheses for 2017. Figures may not add to 100% due to rounding. Source: Authors' calculations using U.S. Census American Community Survey, 2017.

As millennials dominate the workforce, minority millennials are the business owners of tomorrow. A Harvard poll finds that Latino and black millennials show twice as much interest as white millennials in starting their own businesses.[12] As younger minority populations come of age, they will carry the entrepreneurship fervor forward. Importantly, millennials have a strong preference for diversity and inclusion that will continue to shape norms in the industry. In a survey of over 10,000 millennials across 36 countries, Deloitte found that 83 percent of millennials feel that business success should be measured in terms of more than just financial performance, including making a positive impact on society and diversity and inclusion efforts.[13]

Minority Enterprises Outpacing Growth of Non-minority Enterprises

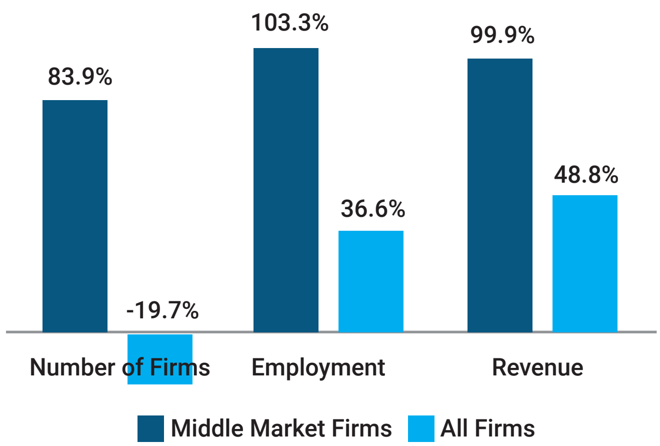
Alongside this rapidly changing demography, the U.S. is experiencing growth in entrepreneurship rates among MBEs. Between 2012 and 2016, employer MBEs grew in number by 16 percent totaling over 1 million businesses. Over the same time period, the total number of non-MBEs grew by 1 percent totaling over 4 million employer businesses after previously decreasing by 4 percent in the previous time period. The number of women-owned business enterprises grew even faster, averaging a 34 percent growth rate since 2007 importantly, WBEs are driving much of the larger MBE growth trends.

Growth in the Middle Market

From Dun & Bradstreet data, we know there are roughly 200,000 middle market firms in the US and roughly 20,000 are ethnically diverse and women-owned business enterprises.[14] These same data show there is a growing presence and greater propensity of firms owned by women and minorities in the middle market. In fact, middle market firms are more likely than average to be women-owned enterprises compared to companies overall (7.2% vs. 6.5%) and are 2.5 times more likely to be minority-owned.[15]

There is an even greater representation of DWBEs who are at the cusp of entering the middle market with revenues between $1 10 million, thus, the future for the middle market will be increasingly diverse. Middle market firms are not only defined by their revenue size of $10 million to $1 billion but they have also play an important role in the economic engine of the U.S. economy. In 2019, middle market firms accounted for 60% of U.S. job growth.[16] Furthermore, after the Global Economic Crisis of 2007-2008 ended, some businesses struggled but middle market firms showed the greatest resilience and thrived (**Figure 3**).[17]

Figure 3. Economic Growth in Middle Market Firms, 2011-2017



Source: Dun & Bradstreet, 2017.

Middle market firms are more likely than average to be women-owned enterprises compared to companies overall (7.2% vs. 6.5%) and are 2.5 times more likely to be minority-owned.

MBES Over Index in Key Industries

Key segments among DWBEs over-index in industries that can expect to be high-growth after an economic downturn and with the current challenges facing the economy. Among scaled Black-owned businesses, 27 percent are in health care and social assistance. We can expect focused attention in this industry. For retail and wholesale trade, Asian-owned businesses over-index, which is an industry that will also likely see a surge in growth at the opening of global economies. Amid the COVID-19 pandemic, construction is considered an essential business and 19 percent of scaled Latino-owned businesses over-index in this industry. Nonetheless, there are current project delays due to pandemic related capital constraints.

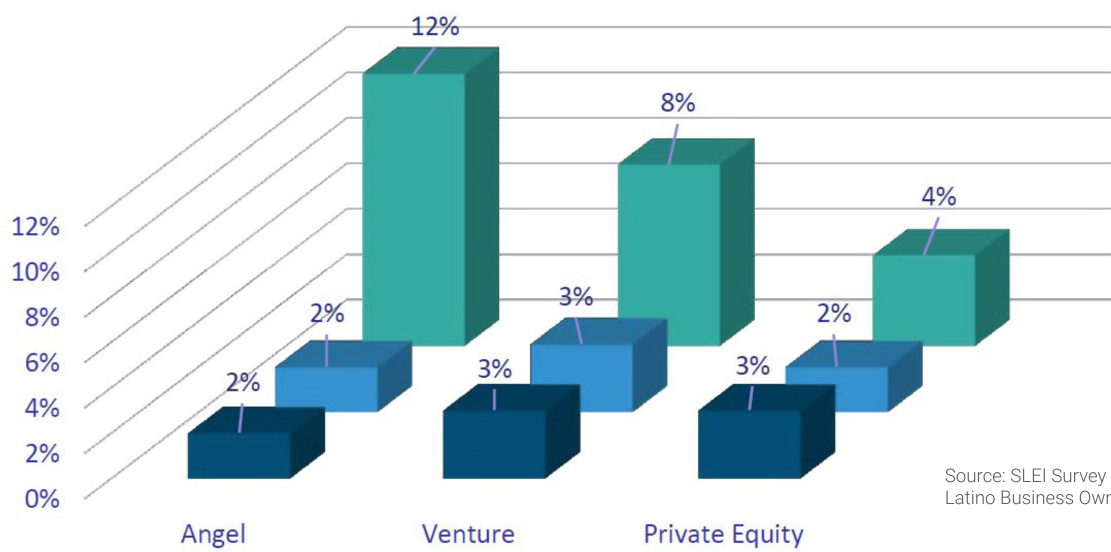
As previously noted, Latino-owned businesses are global businesses as Latinos are more likely to export their products and services relative to all other groups in the United States. Thus, capital can accelerate growth for these U.S. based businesses in global markets. Exporting businesses also have great resilience since according to the Department of Commerce, U.S. businesses that export not only grow faster but are also nearly 8.5 percent less likely to go out of business than non-exporting businesses.[18]

Capital Needs and an Unmet Demand

Understanding and accessing the right type of capital is a crucial step for continual growth among scaled DWBEs and constantly cited as a top barrier to growth. Much of the research on accessing capital among DWBEs has largely focused on debt and commercial borrowing.[19] Indeed, banks have historically financed small businesses but DWBEs report stressful and negative experiences securing financing to grow their business. Similar to historical instances of redlining practices, one study has documented racial discriminatory practices in small business lending within banks.[20]

Among equity capital, the often cited reason for not being able to access this type of funding is lacking a personal relationship or contact followed by not understanding how to secure this type of funding.[21] Furthermore, although about 2-4 percent of DWBEs use private equity as a source of capital growth, two times the number of firms would like private equity than currently have it pointing to an unmet demand (**Figure 4**).

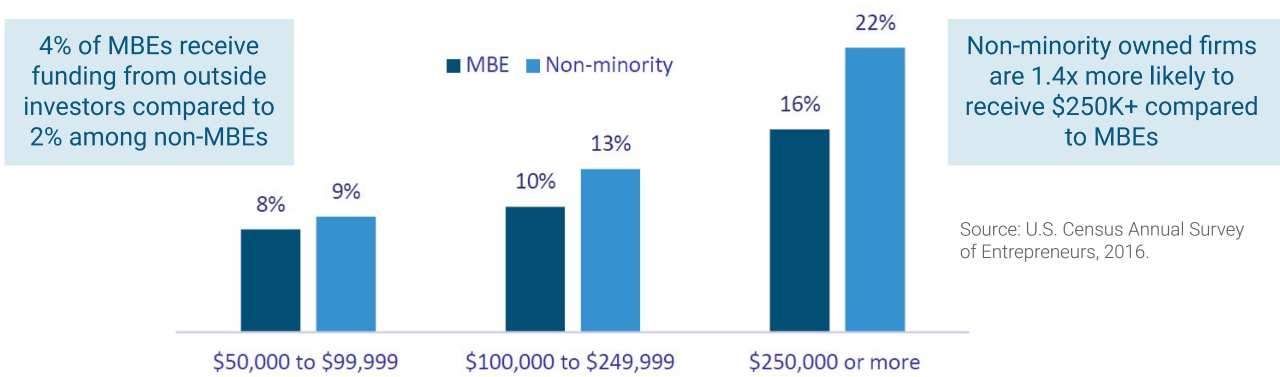
Figure 4. Unmet Need in Desired Funding



Source: SLEI Survey of U.S. Latino Business Owners, 2017.

Furthermore, a greater proportion of MBEs have received funding from outside investors compared to non-MBEs, 4 percent compared to 2 percent respectively. Thus, this indicates that MBEs are open to taking on institutional capital even though ownership for the long run is important to them. **Figure 5** shows the distribution of amounts received from outside investors. It is notable that non-minority owned firms are 1.4 times more likely to receive $250,000 or greater. We can expect that this disproportionate trend of unequal funding between MBE and non-minority owned business continues in even larger funding amounts.

Figure 5. Distribution of Growth Funding Received by MBEs from Outside Investors



Source: U.S. Census Annual Survey of Entrepreneurs, 2016.

Because access to capital is the most cited barrier to growth, the lack of capital constrains business opportunities among DWBEs.

As evidenced in **Case Study 1**, Maria Rios could have diversified her operations and unleashed her potential much earlier.

Case Study 1: Nation Waste, Inc.

Maria Rios is a former Fortune Most Powerful Women Entrepreneur and CEO of Nation Waste, Inc., the first Latina-owned waste removal company in United States history. Rios came to the United States when she was 13 years old due to a civil war in El Salvador. In college, as part of a class requirement she created a business plan in waste management. As the self-proclaimed "queen of trash," Rios has built a $30 million company with clients across the United States and a desire to make her company global. As one of Houston's largest minority-owned companies, Rios and other MBEs are important employment providers to diverse communities. In 2018, Rios partnered with IBM to develop an IoT device for the safety of her workers. Leveraging her know-how and background in Latin American has become advantageous for business partners like IBM who have the IoT technology and Rios who has vast experience in her business and knows her market. With over $20 million in external financing, Rios has been able to invest in technology and equipment that has allowed for business diversification, such as providing all portable toilets for Super Bowl LI. In reflecting on the powerful growth potential of capital, she notes she would have unleashed her potential and diversified her operations much earlier noting, "once I realized the leverage and power of capital, I was more inclined to execute and take action."

Source: Panel interview at the State of Latino Entrepreneurship Forum, Stanford Graduate School of Business

Scaling Efforts and the Corporate Relationship

The reality of many DWBEs is that they start small and stay small largely due to lower levels of startup capital as a result of historical gaps in wealth followed by limited opportunities to secure growth capital.[22] As a shining light, as the number of diverse led businesses continues to grow, there has been an increase in the educational and mentorship programs dedicated to helping these entrepreneurs scale their businesses such as SLEI-Education Scaling program, the SBA's Emerging Leaders Program, Interise's Street Wise 'MBA', Goldman Sachs 10,000 Small Businesses, among others.[23] Importantly, these programs provide valuable education on understanding the capital landscape and preparing to access the right type of capital through capital match-making sessions.

Education plays an important role in how firms acquire capital as research on firms in the middle market show a strong preference for bank debt with equity offerings preferred by few firms.[24] This lack of desirability likely overlaps with limited knowledge and experience with equity capital. As the adage goes, "50 percent of something is better than 100 percent of nothing" and the reality is that DWBEs can be left behind if not afforded the capital to fund their growth.

Additionally, research shows the importance of relationships in accessing capital as firms who use banks cite a strong relationship as the reason why a bank was chosen for external capital with the added layer of smaller and local banks more successful at establishing relationship banking among MBEs.[25] It would follow that among DWBEs with existing relationships through corporate and government clients, these institutions would be organic meeting grounds for other business exchanges. This is not the case. For example, it has been documented that African American gazelles with a 20 percent or greater rate of growth were more likely to market to the government sector.[26] These firms do not report also receiving growth capital from their contracting institutions.

Understanding the growth desires of DWBEs is an important first step in aligning capital structures. The National Minority Supplier Development Council found that 70 percent of minority business enterprises seek to grow legacy or lifestyle businesses[27] and similarly, the Stanford Latino Entrepreneurship Initiative found that 84 percent of Latino business owners indicate wanting to continue to lead their companies for the indefinite future.[28] For DWBEs, retaining some ownership will likely be important for their capital needs given that procurement is a prominent path these businesses take when scaling.

Growth equity (as opposed to buyout) provides an important path for DWBEs to maintain ownership while benefitting from capital access and institutional networks. From the investor perspective, this is a mutually beneficial arrangement as research shows that among venture capital, minority-oriented funds earned yields that were higher than the returns reported by mainstream VC funds.[29] Thus, an investment strategy that includes DWBEs provides an important double bottom line.

Section IV: Growth Equity as an Asset Class

Definition of Growth Equity

Growth equity (also called growth capital) is a private investment forming a nascent and growing asset class often compared to but distinct from private equity in the form of leveraged buyouts and venture capital.

Private investment strategies have prominently featured private equity in the form of leveraged buyouts and venture capital.[iii] Within the last decade, another strategy of private equity has surfaced into a distinct asset class – growth equity.[30] Growth equity includes some of the best components of both buyouts and venture, compared throughout this section.

Growth equity is uniquely primed to emerge post COVID-19 as a driver of reliable growth for businesses and our broader economy. Cambridge Associates first classified growth equity as a specific asset class in 2013[31] and in 2019 presented an analysis of the overperformance of the growth equity strategy over a 10-year period, evidencing particular resilience from the companies that garnered growth equity investments.[32] This segment of companies grew revenue and EBITDA even during the 2007-2009 Global Financial Crisis. As we reference growth equity as a strategy and asset class, we are guided by the defining characteristics of growth equity, noted below.

Growth Equity Characteristics:

- Founder-owned
- No prior institutional capital
- No, or limited, leverage
- Proven business model (established product and/or technology, and existing customers)
- Substantial organic revenue growth (usually in excess of 10 percent; often more than 20 percent)
- EBITDA positive, or expected to be so within 12–18 months.

Source: Cambridge Associates, 2019

[iii] While there are other strategies deployed by private equity firms such as mezzanine capital, infrastructure investments in public works going private, venture and buyout capital are the most closely related to growth equity as defined in this report.

Between 2008-2017, growth equity generated tremendous value above its related asset classes returning 2.5x gross Multiple on Invested Capital (MOIC) compared to 1.8x for buyouts. Amidst what were then higher and rising entry valuations, the higher entry costs of investment that growth equity firms faced will be less of a concern in a post-COVID world. Indeed, for private equity, GPs in almost every region formerly listed valuations among their primary concern.[33]

Characteristics of growth equity investments are companies that are usually too small for a buyout but are not growing fast enough for a VC firm. Growth equity targets are thus relatively mature or emergent companies with proven business models.[34] Unlike many buyout plays, growth equity investors do not take control of the business. These growth equity investable opportunities often have no prior institutional capital and little to no debt on their balance sheets. This profile aligns very closely to the growing subset of mid-market DWBEs and together become a dynamic investment strategy. **Figure 6** provides a comparative overview of additional characteristics of target firms for growth equity, buyout, and venture capital.

Figure 6. Target Firm Characteristics of Growth Deals

	Growth Equity	Buyout	Venture Capital
Firm Size	Middle Market	Large	Early stage
Growth rate (revenues)	Robust/reliable	Steady/reliable	Rapid/expected
Maturity	Emergent	Mature	Startup
Investor Ownership	Minority	Majority	Minority
Investor Returns (Gross IRR*)	19.7%	10.6%	13.3%
Aggregate Capital Loss Ratio	13.7%	15.1%	35.4%

* Return after 5-year hold period. Source: Cambridge Associates, 2019 and 2013.

In practice, growth equity is operationalized into 3 types of growth equity deals and targets as noted in **Table 7** but are often used interchangeably.

Figure 7. Growth Equity Deals

Type	Revenue Target	Descriptors
Mid-cap growth	$10M-$50M	Founder/family owned and controlled; Growing 20-50% year over year
Hyper growth	$10M-$50M+	Highest multiples; typically, a little pricier; over 100% growth year over year
Late stage/scaled growth	$50M+	Least risky, lowest reward

The Evolution of Growth Equity as an Asset Class

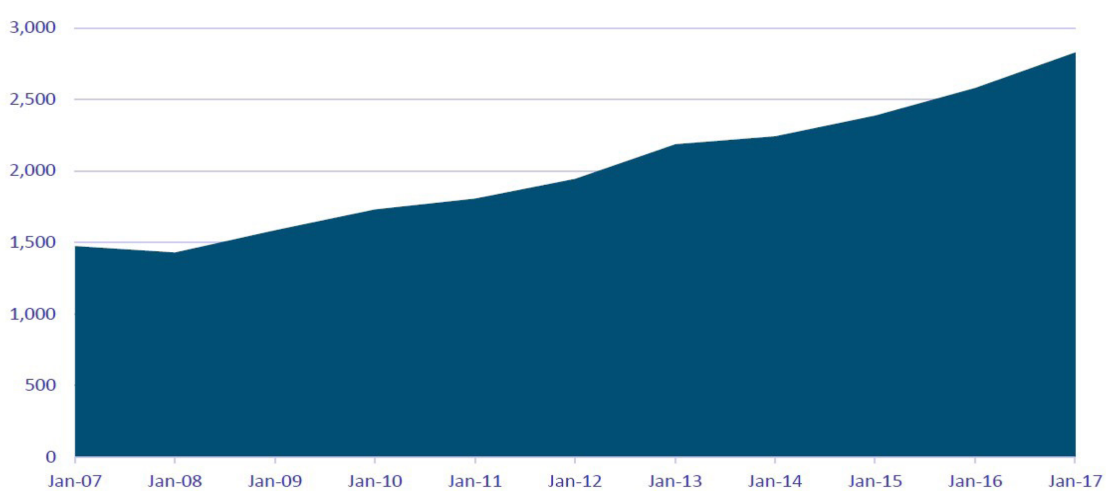
Historically, the terms private equity and leveraged buyouts were used interchangeably and, in some cases, still are today given the prominence of buyouts as a private equity strategy.[35] In the late 1980s leveraged buyout rebranded to private equity after a negative reputation of hostile takeovers of publicly traded companies. Prior to emerging as a distinct asset class, growth equity strategies as outlined in this report were reported out as part of buyout or late stage-venture investing.[36] Although private equity as we know it today has been around since the 1980s, the term entered into the U.S. lexicon in the late 1990s and was formally recognized in 2013. **Figure 8** depicts the timeline of growth equity as a nascent and distinct asset class.

Figure 8. Evolutionary Timeline of Growth Equity

Source: General Atlantic, 2020

Given its fairly recent distinction as an asset class, historical data for growth equity is folded into the larger growth equity framework. **Figure 9** depicts the rapid rise of private equity in recent years, with assets under management having doubled the size in the 10-year period that includes the Global Financial Crisis.

Figure 9. Private Equity AUM, 2007-2017 ($Bn)



Source: Prequin, 2017.

There are over 8,000 private equity-backed companies, which is nearly double the number of companies that are publicly listed.[37]

Growth Equity Performance

A shared characteristics across private equity is the hands-on-investment approach. As value increasing actions, private equity firms typically apply financial, governance, and/or operational engineering.[38] In a highly competitive market, willingness to provide capital is no longer a differentiating factor, thus, operational expertise is becoming increasingly important for growth equity deals. Valor Equity Partners is an operationally focused growth equity firm that invests in high growth companies across various stages of development and has a resounding success story providing growth equity capital to Tesla as detailed in **Case Study 2**.[39]

Case Study 2: Valor Equity Partners

Valor Equity Partners is a private equity firm founded in 2001 by Antonio Gracias who is of Hispanic background and immigrant parents. Valor has $2.2 billion AUM and focuses heavily on the idea of operational growth – a strategy that has been proven effective as the first institutional investor in Tesla.

Between 2005-2008, Valor invested nearly $15 million in its first and second funds. As shown in **Table A**, this investment resulted in a return of nearly $140 million and an average MOIC of 9.5x for the two funds.

Table A. Valor's Investment Returns with Tesla

	Invested	Returned	MOIC	IRR
Valor Equity Fund 1	$7.0M	$73.8M	10.4x	51%
Valor Equity Fund 2	$7.5M	$64.8M	8.6x	112%

Source: Pitchbook

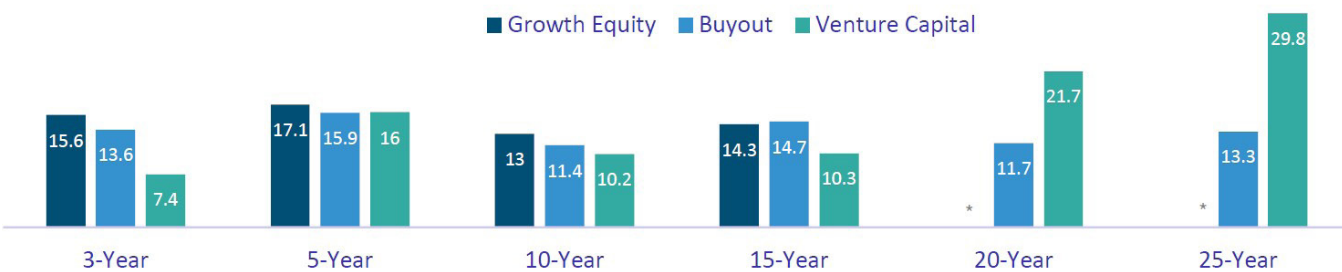
The investment in Tesla was a minority, non-control investment and although earlier stage than Valor's previous fund investments, their unique relationship-based deal sourcing strategy solidified the leap of faith. During their partnership, Valor created a sales infrastructure designed to maximize test drives within Tesla's direct sales model. An experience without a test drive was considered a sales team failure. This led to the successful sale of Tesla's first produced car – the Roadster. In addition to the driving focus on building out the sales infrastructure, Valor identified other challenges hindering Tesla's scaling efforts including ramping up production efficiency, manufacturing at scale, and improving human capital. According to each Tesla member interviewed, "the Roadster sales, and consequently Tesla's future growth, would not have been possible without Valor's partnership."

Source: Kaplan et al.,2017.

As evidenced in previous economic downturns, private equity delivers greater relative returns among other asset classes and public markets. After the Global Financial Crisis, private equity outperformed other asset classes and public markets. According to the PrEQin Private Equity Quarterly Index, private equity has outperformed the S&P 500 TR and MSCI World TR every quarter since 2005.[40]

Thus, growth equity is an attractive strategy for investors with growth equity portfolio companies historically growing revenue annually at rates from 15 percent to north of 20 percent. Figure 10 presents the periodic rates of return for growth equity, buyout, and venture capital. In a 3-, 5-, and 10-year period, growth equity is excelling above the rest.

Figure 10. Growth Equity Periodic Rates of Return (%)



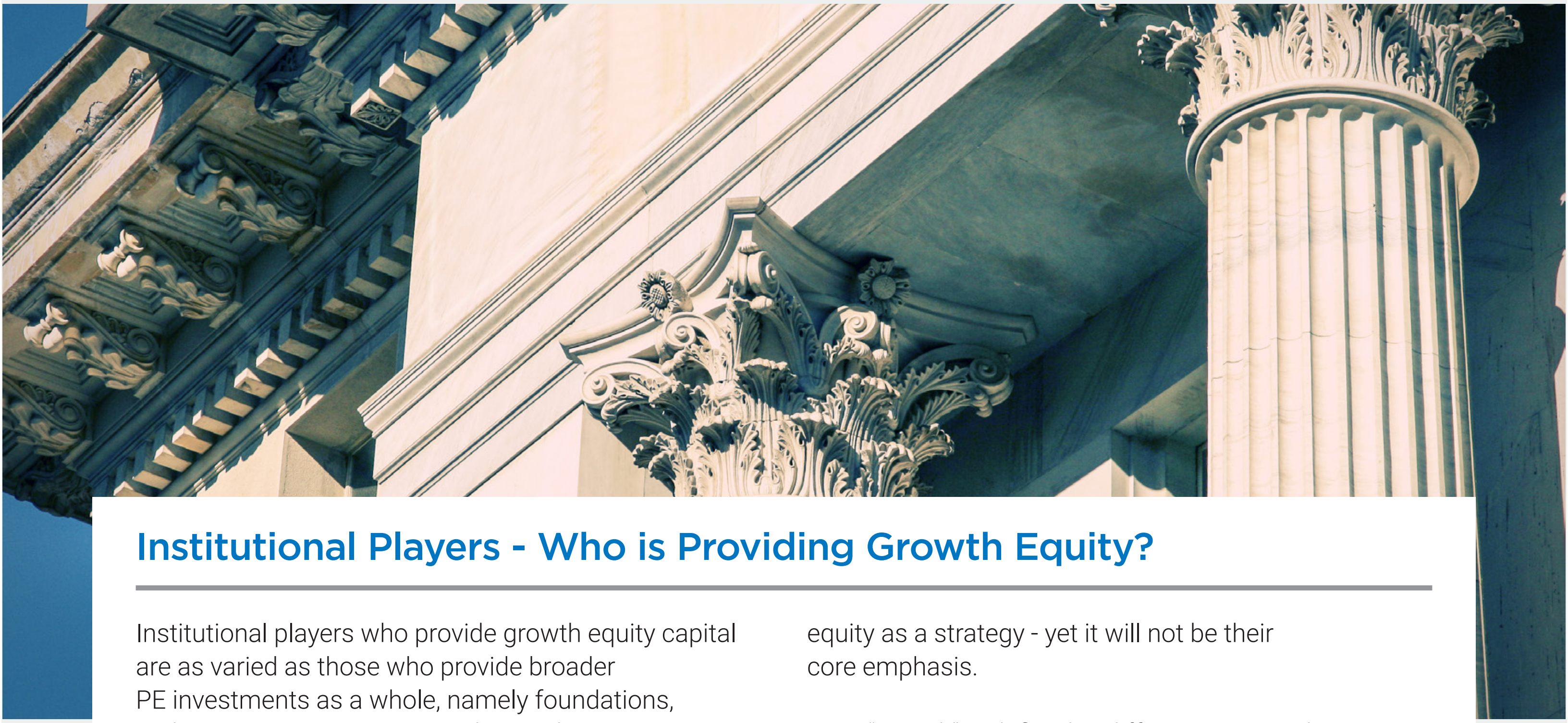
* Growth equity sample unavailable. Source: Cambridge Associates, 2019. Note: Periodic asset class returns pooled for each asset class, net to LPs

Taking a deeper dive to its most closely related asset class, growth equity shows overall greater returns relative to buyout as shown in **Figure 11.**

Figure 11. Growth Equity vs. Buyout Investment Returns

	Growth Equity	Buyout
EBITDA Purchase Price Multiple	18.0x	11.2x
Equivalent Revenue Purchase Price Multiple	3.0x	x*
Debt/EBITDA at Entry	1.0x	5.5x
Annual Revenue Growth	18.6%	8.5%
EBITDA Margin at Entry	16.5%	21.0%
EBITDA Margin Expansion Rate**	5.0%	10.0%
EBITDA Exit Multiple	18.0x	11.2x

* Buyout not priced on a multiple revenue basis. **EBITDA margin expansion rate assumed to linear over holding period.
Source: Cambridge Associates, 2019.



Institutional Players - Who is Providing Growth Equity?

Institutional players who provide growth equity capital are as varied as those who provide broader PE investments as a whole, namely foundations, endowments, corporations, public and private pension funds, corporations, as well as wealthy individuals. **Figure 12** ranks the top institutional investors by type of firm based on their share of involvement in the growth equity ecosystem. Oftentimes, PE firms will speak to leveraging growth equity as a strategy - yet it will not be their core emphasis.

Also, “growth” is defined in different ways and some “growth equity” includes “post-VC” technology deals that do not fit the above and often used criteria for growth equity investments. Nonetheless, we report out institutional investors that include growth equity as an investment strategy in the Preqin database.

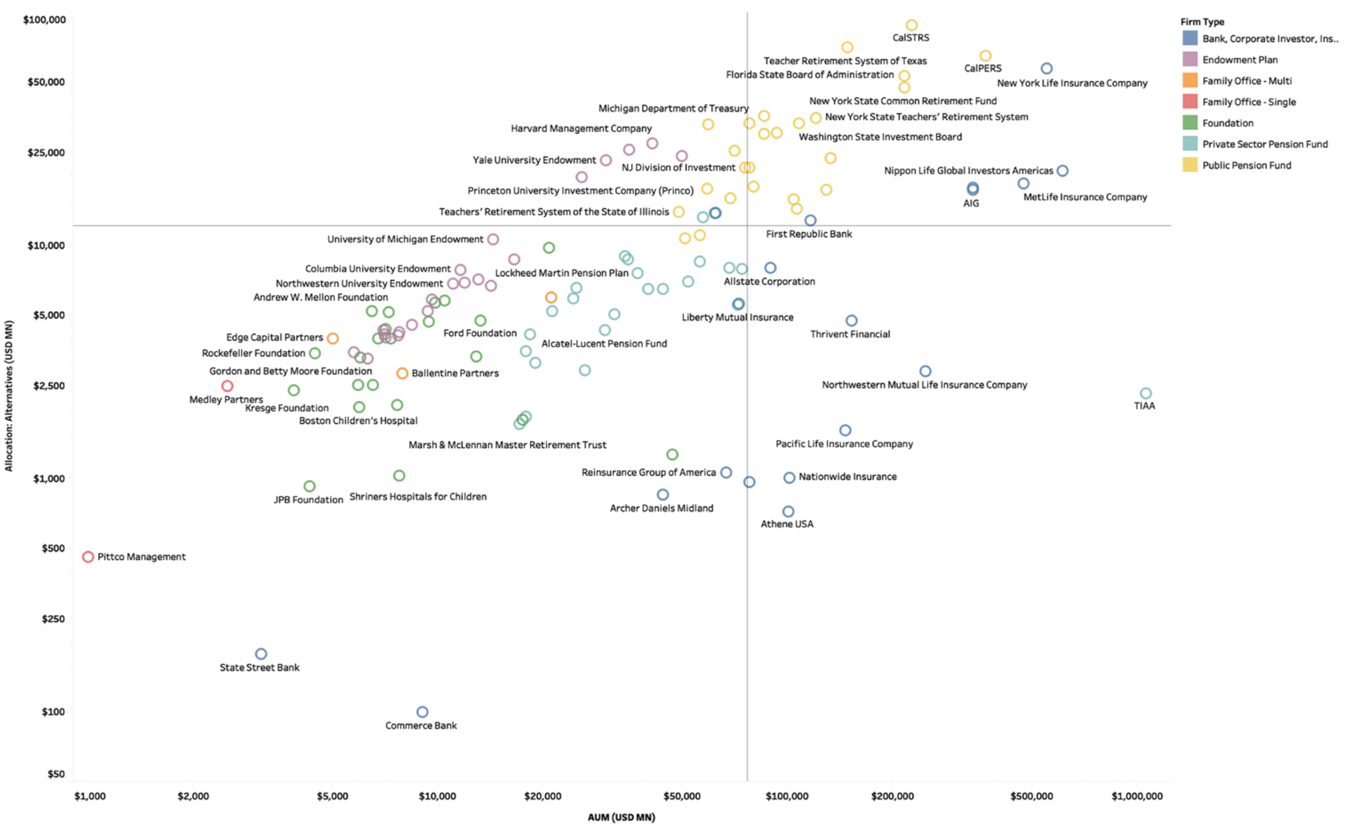
Figure 12. Top Institutional Investors Providing Growth Equity

Rank	Institutional Investor	Percent
1	Foundation	22%
2	Endowment	16%
3	Private Sector Pension Fund	15%
4	Public Pension Fund	12%
5	Corporation*	8%
5	Family Office	8%

* Corporations include insurance companies (6%), banks (1%) and other corporate investors (1%). Other institutional investors providing growth equity not shown here include managers (fund of funds, wealth, fund, and asset), government agencies, PE firms, and sovereign wealth funds.
Source: Preqin Database, 2020.

Figure 13 presents the alternative allocation of institutional investors relative to their AUM. For the list of top 25 institutional investors within each firm type, see **Table 1** in the **Appendix**. As growth equity continues to over-perform, some analysts envision increased investment in firms that focus solely on growth equity investments. A cursory search revealed that among the corporations who invest in private equity, 23 percent invest in growth equity.

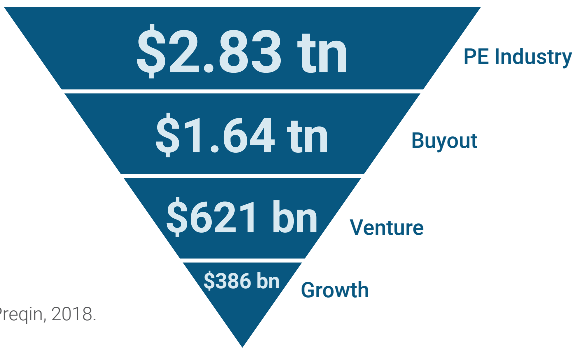
Figure 13. Alternative Allocation of Top Institutional Investors Relative to Overall AUM



Source: Preqin, 2020. Note: Allocation in alternatives pooled for each asset class, net to LPs.

Beyond the dominance of large public pensions in the alternative ecosystem (e.g. CalSTRS and CalPERS), insurance companies like New York Life, MetLife and AIG are Fortune 500 companies who have leveraged growth equity as a core part of their alternatives and private equity thesis. Only a small number of their Fortune 500 corporate peers have a meaningful footprint of current investments allocated to growth equity. This is quite in contrast to the "takeover of corporate venture capital" where 77 percent of the Fortune 100 companies invest in VC.[41] Among asset classes, growth equity has the smallest share of AUM as shown in **Figure 14**, although it has the upside of consistent and reliable returns.

Figure 14. Global Industry AUM by Funds



Source: Preqin, 2018.

Growth equity represents a small fraction of the total funds in private equity. Furthermore, growth equity funds specially targeting DWBEs are rare. We find that only four percent of institutional investors that have growth equity as a focal investment strategy also have a manager focus on diversity and/or social issues. This manager requirement serves as a proxy into the institution's appetite for investing in DWBE firms. **Table 2** in the **Appendix** lists the roughly 60 firms whose funds focus on DWBEs and commonly associated social issues.

The Future of Growth Equity

Amidst a shrinking universe of stocks,[42] we can expect PE as an investment strategy to garner greater interest whereby corporations and strategic investors may see a shift in focus from early stage to more established businesses. As Hamet Watt, an entrepreneur and investor highlighted in **Case Study 3** notes,

> *"The strategic investor community is going to move upstream. They will become more interested in businesses that have some revenue critical mass. Over time, they're going to realize they get a bigger bang for their buck if they invest in companies that are already derisked, are deeper into the market, have more people."*

Moreover, direct investments, including co-investments, have increasingly become part of private equity discourse and will likely remain attractive due to the lower fees and greater potential for return. **Table 3** in the **Appendix** lists the top 50 growth equity firms by aggregate fund size. Ultimately, a winning combination to boost the economy after the financial impacts of COVID-19 will be private equity in the middle market. Given the trends of DWBEs, growth equity surfaces as the right type of equity capital to meet both investor and business needs.

Case Study 3: Hamet Watt, Entrepreneur and Investor

Hamet Watt has been able to successfully navigate the business world as both a serial entrepreneur and an investor. His creative outlet has been entrepreneurship — from his "first hustle" in starting a grass cutting business when he was 14 years old to the storage business he started in college and several venture-backed businesses since, including MoviePass, a subscription service for movies in theaters. Hamet's first venture-backed company was NextMedium, which tracked product placement on TV that sought to remedy the $11 billion worth of ads that were being fast-forwarded with the new DVR phenomenon. Without VC, Hamet reflects, "in many ways, it might have been a smaller business… We wouldn't have been able to scale up as fast as we did." NextMedium had a strategic partnership with Nielsen but they never invested. The group at Nielsen was not focused on earlier stage companies and on the whole, were not doing deals during that time. Now as a Board Partner at Upfront Ventures, he sits on the investment side. In comparing VC to growth equity, Hamet believes diversity issues are "not as acute in growth equity because greed takes over real quick. In the best growth equity investments, numbers are driving those decisions disproportionately. If I were looking at an early stage investment, I have a small bit of data that I have to really zoom in on… Whereas if I'm a growth equity investor, I have this string of data. It's almost like buying a stock at some level, it's different, but it's closer to that than making a really informed guess. It's orders of magnitude more challenging for diverse entrepreneurs that are saying, 'believe me, believe in this market, believe in my vision.'"

Source: Interview with Hamet Watt, May 6, 2020.

Section V: The Corporate Role

Research is providing greater awareness of implicit bias and historical discrimination among the investment decisions of asset allocators[43] and other aspects of social life. Thus, it is important that corporations reflect societal values and meet expectations for good corporate behavior. We are increasingly seeing companies pay attention to environmental, social and governance (ESG) issues, with executives and investment professionals now largely agreeing that these programs and initiatives create shareholder value with the majority willing to pay a 10 percent median premium to acquire a company with a positive ESG record.[44]

As the top reason attributed to increasing financial performance, 71 percent of corporate executives seek to maintain a good corporate reputation followed by attracting and retaining talent (49 percent). Importantly, over the last 10 years, a greater share of corporate executives see ESG programs as strengthening their company's competitive position, 34 percent up from 23 percent.

In-depth interviews with banks, insurance companies and other corporations, reveal a general lack of proactive corporate appetite for diverse firms (see **Appendix** for interview methodology). However, institutions are excited when there happens to be overlap between investments and ESG criteria. Institutionally, there are many homophilous networks hindering this congruence and an underutilization of businesses already in the corporate pipeline as suppliers.

A large number of corporations invest in private equity and employ growth capital into companies as an investment strategy. In this section, we highlight how corporations can invest in DWBEs alongside current investment practices. It is important to note that investing in DWBEs is a prudent investment strategy that should be folded into the primary portfolio, rather than constituted as a separate and typically smaller program.

Indeed, it is becoming increasingly common for society to expect corporations to uphold societal values. The nonprofit, Just Capital, measures what business behaviors Americans want from corporations and releases annual rankings on a number of these values including diversity issues. The CEO of BlackRock, Larry Fink, captures this sentiment:

> *"Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers and the communities in which they operate."*

The financial services industry is experiencing significant paradigm shifts in business conduct as one institution in our sample commented on pulling out their investments from Ken Fisher's firm after making a sexist joke. These shifts will certainly continue, largely driven by millennial sentiment regarding the importance of diversity and inclusion efforts.[45]

Implications of Diversity Across the Pipeline

As highlighted in Section III, there are a number of MBEs who are poised for growth and have an unmet capital need. Across the investment industry, there are challenges with a diverse pipeline, but many investment firms are recognizing that "the diversity of their employees can be as much a part of their investment management success as diversification of their investment portfolios."[46] A number of research studies show that teams with high cognitive diversity are the most effective and that often, but not always, cognitive diversity overlaps with social diversity.[47] Research also shows that diverse leadership teams are more likely to hire diverse people. For example, research by the Kauffman Fellows found that startups with at least one female founder hire 2.5 times more women.[48]

Related to the composition of teams, studies also show that investors are far more likely to partner with entrepreneurs if they share their gender or race,[49] thus, diversifying the investor pool (e.g. diverse-owned private equity firms, diverse and emerging managers programs) can get institutions to a greater alpha-rich opportunity set by tapping into a largely noninstitutionalized (i.e. not connected to institutional investors) market with DWBEs. Up and down the pipeline, diversity matters for the performance of teams but also the allocation of capital which has been constrained among DWBEs that are poised for growth.

How to Invest in DWBES

As a brief summary of the research laid out in this report, there is strong evidence to suggest an investable opportunity among DWBEs seeking growth capital through growth equity:

Summary of Research:

- Middle market DWBEs are growing in number alongside rapid growth in U.S. minority population, which is defined by its youth
- Millennial sentiment will shape industry norms with views on diversity as "a tool for boosting both business and professional performance… rather than the mechanical filling of quotas[i]"
- Growth equity provides a path for DWBEs to maintain desired ownership and access needed capital
- Underinvestment in corporate growth equity but it has a proven track record of performance during economic downturns
- Minority-focused funds earn yields that are higher, certainly not any lower, than those of mainstream funds

Among corporations and other LPs that we interviewed, although we find a general lack of proactive investment in DWBEs, we did learn about investment strategies already being deployed that can be leveraged to focus on DWBEs. Taken together with research on the DWBE market, we advance four strategies for the corporate investment in DWBEs: *co-investment of companies*, leveraging *DWBE fund managers*, an internal look into their *diverse suppliers*, and *alignment* with *corporate foundation* and broader diversity efforts.

Co-investment of Companies

Our interviews reveal that some corporations do not consider any outside companies not already in their current deal flow. We also heard from some public investment vehicles that while they cannot directly invest into companies, they would like to as they view this as an effective investment strategy. To this end, a study conducted by ValueWalk found that 80 percent of LPs reported better performance from co-investments than from traditional fund structures with the overwhelming majority preferring small to mid-market strategies and $2-10 million per co-investment.[50] Corporations can turn to their existing fund managers and specifically request to look at DWBEs. A managing director of a corporate financial services company describes their approach:

> *"For the existing managers, we have a calling program where a few times a year we're interacting with them, getting updates, reaching out to them saying, 'hopefully you remember, but we're interested in co-investing, are you looking at any deals right now that need additional capital?'"*

Co-investments surfaced as a way to get to know new managers but similarly for corporations seeking to invest in DWBEs, it can be leveraged as a strategy to get to know the market as a strategic investor.

Leveraging Diverse-Owned Private Equity Firms

As markets are becoming increasingly institutionalized, proprietary deals are becoming harder to find[51] while PE interest and investment continues to rise as discussed in **Section IV**. However, as evidenced in **Section III**, the DWBE market is largely untapped by investors and is thus a noninstitutionalized market where proprietary deals remain in the shadows. Diverse-owned private equity firms have consistently proven to outperform established benchmarks and may be in a unique position to win competitive deals at least in part due to their brokerage in bridging social worlds and through previously established relationships with DWBEs. In established network theories, structural holes provide opportunities for those who can emerge at the intersection of social worlds to provide a wider vision of and connection between groups.[52]

As an understated characteristic of growth equity, investors must be particularly proactive when sourcing deals. As such, DWBE companies need to be found and convinced of the value proposition.[53] A common approach is carried out through "cold calling" where growth equity managers reach out to potential companies to build a relationship. As Cambridge[54] notes in their early playbook:

> *The courting of a company often takes years and managers anecdotally report a success rate of 25% or less, but an effective cold-calling strategy has become a prerequisite for successful growth equity investing in an increasingly competitive market.*

The relationship approach to financing is key for DWBEs and diverse fund managers are uniquely positioned to foster these relationships through a "warm calling" approach within their existing and diverse networks. Our interviews reveal that at the GP level, sourcing fund managers largely occurs through closed and homophilous networks – same race/ethnicity, gender, educational, and class background.[55] The managing director of a university endowment discussed his take on finding new managers:

> *I don't really go to conferences. A long time ago I would occasionally go, and I'd sort of look around the room and see who was there, and most of them were people whose phone calls I wasn't returning. I realized that the people that we want to work with are generally too busy to waste their time going to conferences, and the people that have the time to go to conferences are probably not the people that we want.*

This sentiment captures the important role that fund managers play in being proactive by getting connected to GPs in creative ways but on the opposite end in their ability to tap into a DWBE market that is largely shut out of a largely closed network.

Underutilized Asset of Supplier Diversity Businesses

Among all investment teams interviewed, none currently coordinate with supplier diversity and procurement teams. As highlighted in **Section III**, DWBEs with corporate and/or government clients are among the most likely to continue to scale. These businesses can be seen as the "best in class" due to their size and sophistication, having navigated the path to procurement. **Case Study 4** shows how looking within can accelerate growth for DWBEs.

Case Study 4: Santana Group & Forma Automotive LLC

Rosa Santana is the CEO of Integrated Human Capital (IHC) and Forma Automotive. After Toyota built a plant in San Antonio, Santana who is a certified MBE and WBE, began to provide the car company with human capital solutions including temporary staffing, payroll services, staff management and other human resource sources. Santana expanded her business portfolio in 2009, which also includes reach in Mexico, and her operations now generate over $40 million in revenues. In 2014, Santana jumped on an opportunity to become a direct supplier to Toyota after being the supplier diversity pipeline with champions on inside rooting for her success. Forma Automotive became the first Latina-owned direct Tier 1 parts supplier for Toyota. Santana recounts, "partnering with Toyota and their suppliers has been instrumental in helping me grow my business, create jobs, and impact the community in ways that would have never been possible otherwise. Likewise, Toyota gained a loyal, hardworking partner who has become an integral part of their San Antonio manufacturing operations."

Source: SBA El Paso District Office and Mantilla, 2020.

Corporate Alignment

Given the increasing desire among stakeholders for corporations to reflect societal values, there are opportunities to align corporate foundation goals and corporate-wide diversity efforts into investable gains – the double bottom line. One interview respondent, the managing director of a large bank, called this "cross fertilization" with what is occurring inside the company – using business funding from the treasury to support foundation target areas from a bottom-line perspective. He describes:

"We have a lot of potential cross fertilization that's occurring inside the company, particularly in the investment bank and corporate side, so our banking colleagues are looking at or interacting with businesses that could be good fits for us, particularly in some key areas."

This cross fertilization was lacking among supplier diversity teams but there are many investable opportunities beyond what are often considered separate or niche "impact" funds.

Section VI: Conclusion

In 2020 and beyond, asset managers have the chance to reshape the global economy. Middle market firms in the United States drive job creation and DWBEs are the fastest growing businesses in that segment. While DWBEs have been historically met with limited capital, there is an opportunity for increased investment in DWBEs as all trends point to their business resilience, growing numbers, and equal or outsized returns. Institutional investors in particular can capitalize on the growth of ethnically diverse and women-owned businesses enterprises. To date, **only four percent of institutional investors that have growth equity as a focal investment strategy also have a manager focus on diversity**. By extension, we expect the focus on DWBEs to be even more limited. This presents an immense market opportunity.

Corporations in particular have an opportunity to become trusted lending partners to accelerate growth among the DWBEs most poised for growth, including those already leveraging procurement as a prominent growth strategy. Beyond reflecting diversity as an important societal value, investment in mid-market DWBEs surfaces as a prudent fiduciary responsibility from a double bottom line perspective. Because minority-focused funds earn yields that are higher, certainly not any lower, than those of mainstream funds, this investment strategy should be folded into the mainstream portfolio to go beyond symbolic measures. The CIO of a large public pension made this point clear when commenting on diversity programs in the investment industry:

> *"Other plans are usually run by one person and there's so much turnover between funds. When that person leaves, it seems like they're challenged with keeping the program together [...] For us, I want to make this a part of every investment staff's job."*

NAIC and other investment ecosystem actors call upon firms that serve as Limited Partners to seek growth equity funds as they assess their portfolios in a post-COVID world. Ensuring that OCIO's, consultants, and funds of funds strategically emphasize strategies that target DWBEs reinforce diversity priorities but also their fiduciary responsibility. Investing in DWBEs through growth equity and diverse and women managers should no longer be supplementary but rather a key component of portfolio allocation.

Growth equity has proven to be a patient, fundamentals driven strategy that has generated both stable economic growth and consistently overperformed relative to other asset classes. After the 2008 Global Financial Crisis, companies that brought on growth equity capital outperformed their peers. When business growth and job creation are sorely needed, a growth equity strategy consistently provides top quartile returns while also strengthening the core economy.

As a reliable asset class, growth equity aligns incentives for DWBEs and investors in a time where business dealings can be fundamentally restructured and transformed. Taken together with the industries highlighted for growth among DWBEs, investing in DWBEs through growth equity is a shining light within the everchanging business landscape amid a once in a century global pandemic and broader social unrest.

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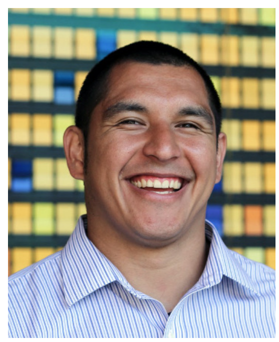
Experience
Marlene Orozco is the Chief Executive Officer of Stratified Insights, LLC, a research consulting firm. She is a mixed-methods researcher by training with over 250 hours of in-depth interview experience and quantitative expertise in big data. As a public scholar, Marlene's research has been featured in over 60 media outlets including Bloomberg, MarketWatch, Forbes, NBC News, CNN en Español, and Univision, among others.

Marlene is the lead editor and co-author of an academic volume on Latino entrepreneurship and has written academic publications in peer-reviewed journals in addition to several industry reports and research briefs. She has been previously named 40 Under 40, Top Young Professionals by Silicon Valley Business Journal and recently presented the Stanford Community Impact Award by the Stanford Alumni Association.

Education
Marlene received her BA with honors in Sociology from Stanford, a Master's in Education Policy and Management from the Harvard Graduate School of Education, and is a PhD Candidate in Sociology at Stanford with a focus on entrepreneurship.

EUTIQUIO "TIQ" CHAPA III



Report Contributor
Independent Researcher

Experience
Eutiquio "Tiq" Chapa III has worked to support Latinx and Black entrepreneurs in the technology sector throughout his career. He has evaluated hundreds of early stage tech companies along with supporting industry and academic research regarding diverse investors and entrepreneurs.

In the past, he held leadership roles with the Stanford Latino Entrepreneurship Initiative and StartX, an accelerator serving Stanford founders. From engaging institutional limited partners to mentoring student entrepreneurs and collecting research data, Tiq prides himself on understanding and supporting diverse individuals at every level of the innovation "supply-chain."

Education
Tiq is a Booth MBA student and received a BA in Sociology from Stanford University.

Appendix

Glossary of Terms

- **Asian-owned business**
  Person(s) of Asian background owns 51 percent or more of the stock or equity of the business.

- **Black-owned business**
  Black person(s) or African American(s) owns 51 percent or more of the stock or equity of the business.

- **Co-investment**
  A fund structure whereby an LP makes a direct investment in a company backed by a fund. The LP acquires a stake indirectly through the fund and one directly in the company.

- **Diverse and Women-owned Business Enterprise (DWBE)**
  A term to jointly express ethnically diverse and women-owned business enterprises.

- **Employer firm**
  A firm that has employee(s) on payroll

- **Growth Equity**
  A private investment forming a nascent and growing asset class often compared to but distinct from private equity in the form of leveraged buyouts and venture capital (also called growth capital). Typically takes a significant minority position without the use of leverage, targeting profitable, still maturing companies with a growth horizon in the form of a mid-to-long term investment.

- **Latino-owned business**
  Latino(s) owns 51 percent or more of the stock or equity of the business.

- **Middle-market**
  Companies with revenues between $10 million and $1 billion.

- **Multiple on Invested Capital (MOIC)**
  A metric used in private equity to calculate investor's return on an investment (see IRR for the other). MOIC focuses on the total value of the portfolio and standardizes quick returns that may be experienced at different holding periods.

- **Minority-owned Business Enterprise (MBE)**
  A black or African American, American Indian and Alaska Native, Asian, Native Hawaiian and Other Pacific Islander, and/or Latino person owns 51 percent or more of the interest or stock of the business.

- **Internal Rate of Return (IRR)**
  A metric used in private equity to calculate an investor's return on an investment (see MOIC for the other). IRR factors in time of return whereas time does not affect the multiple in the MOIC metric.

- **Scaled firm**
  A firm that generates $1 million annual gross revenue or more.

- **Strategic investor**
  A company that invests primarily for strategic rather than financial return such as gaining future access to a new market, technology, or product.

- **White-owned business**
  White person(s) owns 51 percent or more of the stock or equity of the business.

- **Women-owned Business Enterprise (WBE)**
  A woman owns 51 percent or more of the interest or stock of the business.

Methodology

We conducted a rigorous review of the latest research on the topic of diversity in investment management and strategy with an eye towards growth investment targeting Ethnically Diverse and Women-Owned Business Enterprises (DWBEs). In order to gauge corporate America's appetite for this type of investment and avoid the pitfalls of confirmation bias due to sample selection, we recruited investment professionals with the stated goal of understanding the financing ecosystem. We conducted targeted outreach as follows through curated lists and web scraping:

- Tier 1: Corporate, Private Pensions, Insurance Companies, and Banks
- Tier 2: Advisors who advise Tier 1 directly on manager selection
- Tier 3: All other LPs, Endowments, Public Pensions, Sovereign Wealth Funds, etc.

We conducted four large email blasts. We had an average email open rate of 35 percent. Among those who opened the outreach email, we had a response rate, or conversion rate, of 54 percent. We conducted 25 in-depth interviews ranging between 32-84 minutes.

To ensure open and candid responses, interview respondents were told that their information would be anonymous. The interview protocol included questions to understand their role, investment strategy, manager selection and what they are doing related to diversity and inclusion in investment management and in the investment of companies. We present quotes anonymously with general attribution. Below is a breakdown of our sample by firm and roles.

Firm-level

Type of Institution	Percentage
Corporations:	
Banks (national)	8%
Insurance Companies	16%
Other Corporations	3%
Public Pensions	24%
PE/Capital Firms	28%
Other	26%

Note: "Other" institutions include university endowments, non-profit hospitals, Indian tribes)

Person-level

Roles	Percentage
C-Level Executives	48%
Managing Director/Head/Vice President	52%

Tables

Table 1. List of Top Institutional Investors in Growth Equity by Organization Type

Name	Organization Type	AUM (USD MN)	Allocation: Alternatives (USD MN)	PE: Typical Investment (Curr. MN-Min)	PE: Co-Invest
Bill & Melinda Gates Foundation Trust	Foundation	46,745.00	1,262.00		
Howard Hughes Medical Institute	Foundation	20,708.00	9,803.00	30.00	Yes
UPMC Health System	Foundation	17,520.00	1,784.00		
Ford Foundation	Foundation	13,270.00	4,83.00	25.00	No
Dignity Health	Foundation	2,880.00	3,357.00		Yes
Robert Wood Johnsonn Foundation	Foundation	10,459.00	5,783.00	20.00	Consider
William and Flora Hewlett Foundation	Foundation	9,800.00	5,684.00	5.00	No
Mayo Clinic	Foundation	9,384.00	4,730.00		No
New York-Presbyterian Hospital	Foundation	8,400.00		15.00	Consider
Shriners Hospitals for Children	Foundation	7,768.00	1,028.00		
W.K. Kellogg Foundation	Foundation	7,667.00	2,067.00	5.00	Yes
J. Paul Getty Trust	Foundation	7,325.00	3,972.00	5.00	No
Andrew W. Mellon Foundation	Foundation	7,220.00	5,170.00		No
David and Lucile Packard Foundation	Foundation	7,058.00	4,386.00	10.00	Yes
Pew Charitable Trusts	Foundation	6,752.00	3,998.00		Consider
Gordon and Betty Moore Foundation	Foundation	6,500.00	2,508.00		Consider
John D. and Catherine T. MacArthur Foundation	Foundation	6,458.00	5,250.00	2.00	No
Alfred I. duPont Testamentary Trust	Foundation	6,000.00	3,300.00	10.00	Yes
Boston Children's Hospital	Foundation	5,963.00	2,023.00	10.00	
Leona M. And Harry B. Helmsley Charitable Trust	Foundation	5,900.00	2,534.00		Consider
St Jude Children's Research Hospital	Foundation	5,517.00			No
Rockefeller Foundation	Foundation	4,444.00	3,437.00	5.00	No
JPB Foundation	Foundation	4,284.00	929.00		
NorthShore University Health System	Foundation	3,900.00			Yes
Kresge Foundation	Foundation	3,861.00	2,405.00	10.00	Consider

Table 1. List of Top Institutional Investors in Growth Equity by Organization Type (cont'd)

Name	Organization Type	AUM (USD MN)	Allocation: Alternatives (USD MN)	PE: Typical Investment (Curr. MN-Min)	PE: Co-Invest
University of Texas Investment Management Company	Endowment Plan	49,816.00	24,231.00	25.00	Yes
Harvard Management Company	Endowment Plan	40,930.00	27,423.00	25.00	Yes
Stanford Management Company	Endowment Plan	35,292.00	25,809.00	5.00	
Yale University Endowment	Endowment Plan	30,295.00	23,176.00	2.00	No
Princeton University Investment Company (Princo)	Endowment Plan	25,812.00	19,700.00	20.00	Yes
University of Pennsylvania Endowment	Endowment Plan	16,499.00	8,720.00	10.00	Yes
University of Michican Endowment	Endowment Plan	14,385.00	10,620.00	10.00	Yes
University of California, Merced Foundation	Endowment Plan	14,200.00	6,700.00		Yes
University of Notre Dame Endowment	Endowment Plan	13,043.00	7,185.00	10.00	No
Kamehameha Schools	Endowment Plan	11,929.00	6,897.00	5.00	
Columbia University Endowment	Endowment Plan	11,563.00	7,865.00	5.00	
Northwestern University Endowment	Endowment Plan	11,049.00	6,843.00	10.00	Yes
University of Virginia Investment Management Company	Endowment Plan	9,600.00	5,846.00	35.00	Yes
University of Chicago Endowment	Endowment Plan	9,337.00	5,204.00	10.00	Consider
Duke University Endowment	Endowment Plan	8,609.00			
University of Chicago Medical Center Endowment	Endowment Plan	8,500.00			Yes
John Hopkins University Office of Investment Management	Endowment Plan	8,416.00	4,577.00	5.00	No
Washington University in St. Louis Endowment	Endowment Plan	8,130.00		15.00	Yes
Cornell University Endowment	Endowment Plan	7,756.00	4,258.00	10.00	No
Emory University Endowment	Endowment Plan	7,710.00	4,133.00	15.00	Consider
Rice University Endowment	Endowment Plan	7,079.00	4,048.00	20.00	Yes
Northwestern Memorial Healthcare	Endowment Plan	7,049.00	4,157.00		No
University of North Carolina at Chapel Hill	Endowment Plan	7,000.00	4,347.00	5.00	

Table 1. List of Top Institutional Investors in Growth Equity by Organization Type (cont'd)

Name	Organization Type	AUM (USD MN)	Allocation: Alternatives (USD MN)	PE: Typical Investment (Curr. MN-Min)	PE: Co-Invest
Vanderbilt University Endowment	Endowment Plan	6,271.00	3,261.00	10.00	
Dartmouth College Endowment	Endowment Plan	5,731.00	3,496.00		Yes
TIAA	Private Sector Pension Fund	1,059,000.00	2,330.00	20.00	Yes
General Motors Investmenet Management Corporation	Private Sector Pension Fund	74,200.0	7,925.00		
General Electric Pension Trust	Private Sector Pension Fund	71,775.00	5,584.00	5.00	Yes
United Nations Joint Staff Pension Fund	Private Sector Pension Fund	67,920.00	7,981.00	65.00	
Boeing Company Pension Fund	Private Sector Pension Fund	61,711.00	13,743.00	10.00	
UAW Retiree Medical Benefits Trust	Private Sector Pension Fund	57,453.00	13,295.00	100.00	Consider
AT&T Pension Fund	Private Sector Pension Fund	55,958.00	8,522.00	25.00	Yes
IBM Retirement Fund (USA)	Private Sector Pension Fund	51,784.00	6,991.00	50.00	Yes
Western Conference of Teamsters Pension Plan	Private Sector Pension Fund	43,834.00	6,505.00	100.00	
Ford Pension Fund (US)	Private Sector Pension Fund	39,774.00	6,503.00		Yes
Lockheed Martin Pension Plan	Private Sector Pension Fund	37,331.00	7,582.00	5.00	
United Technologies Pension Fund	Private Sector Pension Fund	34,870.00	8,718.00	350.00	No
Kaiser Permanente Pension Plan	Private Sector Pension Fund	34,297.00	8,989.00		Yes
Northrop Grumman Pension Plan	Private Sector Pension Fund	32,102.11	4,345.70		
Alcatel-Lucent Pension Fund	Private Sector Pension Fund	30,102.11	4,345.70		
Honeywell International Retirement Trust	Private Sector Pension Fund	26,302.00	2,925.00	5.00	Yes
Dow Chemical Company Pension Fund	Private Sector Pension Fund	24,908.00	6,596.00		Consider
3M Pension Plan	Private Sector Pension Fund	24,360.00	5,937.00	50.00	Yes
FCA Master Retirement Trust	Private Sector Pension Fund	22,929.00		25.00	No
Exelon Corporation Pension Fund	Private Sector Pension Fund	21,251.00	5,247.00		
E.I.Du Pont Nemours and Company Pension Plan	Private Sector Pension Fund	18,918.00	3,150.00	25.00	Yes

Table 1. List of Top Institutional Investors in Growth Equity by Organization Type (cont'd)

Name	Organization Type	AUM (USD MN)	Allocation: Alternatives (USD MN)	PE: Typical Investment (Curr. MN-Min)	PE: Co-Invest
Raytheon Company Pension Plan	Private Sector Pension Fund	18,291.00	4,169.00	10.00	Consider
Verizon Pension/Benefits	Private Sector Pension Fund	17,816.00	1,849.00		
Central Pension Fund	Private Sector Pension Fund	17,779.00	3,526.00	25.00	Consider
Marsh & McLennan Master Retirement Trust	Private Sector Pension Fund	1,085.00	1,715.00		
CalPERS - California Public Employees' Retirement System	Public Pension Fund	369,380.00	65,122.00	50.00	Yes
California State Teachers' Retirement System (CalSTRS)	Public Pension Fund	226,853.00	88,609.00	20.00	Yes
New York State Common Retirement Fund	Public Pension Fund	215,400.00	47,603.00	20.00	Yes
Florida State Board of Administration	Public Pension Fund	215,068.00	53,767.00	50.00	Yes
Teacher Retirement System of Texas	Public Pension Fund	148,000.00	70,611.00	150.00	Yes
Regents of the University of California	Public Pension Fund	132,600.00	23,669.00	25.00	Yes
State of Wisconsin Investment Board	Public Pension Fund	128,864.00	17,294.00	50.00	Yes
New York State Teachers' Retirement System	Public Pension Fund	120,483.00	35,302.00	25.00	Yes
Washington State Investment Board	Public Pension Fund	107,542.00	33,302.00	25.00	Yes
North Carolina Department of State Treasurer	Public Pension Fund	106,345.00	14,410.00	100.00	Consider
Minnesota State Board of Investment	Public Pension Fund	104,325.00	15,857.00	75.00	No
Ohio Public Employees' Retirement System	Public Pension Fund	92,940.00	30,317.00	25.00	Yes
Oregon State Treasury	Public Pension Fund	85,858.00	36,112.00	250.00	Yes
Virginia Retirement System	Public Pension Fund	85,400.00	30,001.00	25.00	Consider
Teachers' Retirement System of the City of New York	Public Pension Fund	79,667.00	17,814.00	50.00	Yes
State Teachers' Retirement System of Ohio	Public Pension Fund	77,904.00	21,540.00	15.00	Yes
Michican Department of Treasury	Public Pension Fund	77,698.00	33,441.00	25.00	Yes
NJ Division of Investment	Public Pension Fund	75,454.00	21,504.00	75.00	Yes
Massachusetts Pension Reserves Investment Management Board	Public Pension Fund	70,694.00	25,627.00	10.00	Yes

Table 1. List of Top Institutional Investors in Growth Equity by Organization Type (cont'd)

Name	Organization Type	AUM (USD MN)	Allocation: Alternatives (USD MN)	PE: Typical Investment (Curr. MN-Min)	PE: Co-Invest
New York City Employees' Retirement System	Public Pension Fund	68,805.00	16,025.00	50.00	Yes
Pennsylvania Public School Employees' Retirement System	Public Pension Fund	59,322.00	33,203.00	75.00	Yes
Los Angeles County Employees' Retirement System	Public Pension Fund	58,819.00	17,563.00	100.00	Yes
Maryland State Retirement and Pension System	Public Pension Fund	56,122.00	11,107.00	50.00	No
Colorado Public Employees' Retirement Association	Public Pension Fund	50,780.0	10,715.00	25.00	Consider
Teachers' Retirement System of the State of Illinois	Public Pension Fund	48,924.00	13,894.00	25.00	Yes
Apple	Corporate Investor	373,719.00			
Charles Schwab	Corporate Investor	296,482.00			
Microsoft	Corporate Investor	286,556.00			Consider
IBM Ventures	Corporate Investor	152,186.00			No
Cisco Systems	Corporate Investor	108,784.00		50.00	Yes
PepsiCo	Corporate Investor	77,444.00			
Archer Daniels Midland	Corporate Investor	43,997.00	854.00		Yes
DTE Energy	Corporate Investor	41,882.00			
DUMAC	Corporate Investor	17,000.00			No
Sumitomo Corporation of Americas	Corporate Investor	10,270.0		1.00	Yes
Battelle Memorial Institute	Corporate Investor	4,800.00		30.00	Yes
Lord Baltimore Capital Corporation	Corporate Investor	1,200.00		5.00	Yes
American Trading and Production Corporation	Corporate Investor	1,000.00		5.00	Yes
ImpactAssets	Corporate Investor	318.00	47.00		
Alphabet	Corporate Investor	257.00			
Philadelphia Industrial Development Corporation	Corporate Investor	48.00			Yes
Granite Associates	Corporate Investor			5.00	Yes

Table 1. List of Top Institutional Investors in Growth Equity by Organization Type (cont'd)

Name	Organization Type	AUM (USD MN)	Allocation: Alternatives (USD MN)	PE: Typical Investment (Curr. MN-Min)	PE: Co-Invest
Prudential Financial	Insurance Company	1,550,900.00		5.00	Yes
Nippon Life Global Investors Americas	Insurance Company	613,431.00	20,857.00	20.00	Consider
New York Life Insurance Company	Insurance Company	550,000.00	57,750.00		Yes
MetLife Insturance Company	Insurance Company	473,795.00	18,478.00	35.00	No
American General Life Insurance Company	Insurance Company	337,615.00			
AIG	Insurance Company	337,615.00	17,320.00	600.00	Yes
Chartis	Insurance Company	337,615.00	17,657.00		
Jackson National Life Insurance Company	Insurance Company	257,704.00		15.00	Yes
State Farm	Insurance Company	250,000.00		30.00	No
Northwestern Mutual Life Insurance Company	Insurance Company	248,279.00	2,880.00	15.00	Yes
AXA US	Insurance Company	228,041.00			
Massachusetts Mutual Life Insurance Company	Insurance Company	175,000.00		15.00	Yes
Thrivent Financial	Insurance Company	152,000.00	4,758.00	25.00	Yes
Pacific Life Insurance Company	Insurance Company	146,303.00	1,609.00	10.00	No
Lincoln National Life Insurance Company	Insurance Company	133,697.00		10.00	Yes
Allianz Insutance Company of North America	Insurance Company	130,872.43			
Chubb Limited	Insurance Company	109,234.00		15.00	
Genworth Financial	Insurance Company	101,342.00			Consider
Nationwide Insurance	Insurance Company	101,100.00	1,011.00	20.00	Yes
Athene USA	Insurance Company	100,722.00	725.00		
Allstate Corporation	Insurance Company	89,307.00	7,993.00	30.00	Yes
Travelers Companies	Insurance Company	77,884.00	966.00	5.00	Consider
Liberity Mutual Insurance	Insurance Company	72,500.00	5,604.00	30.00	Consider
Reinsurance Group of America	Insurance Company	66,555.00	1,058.00	10.00	Yes
Guardian Life Insurance	Insurance Company	62,204.00	13,778.00		Yes

Table 1. List of Top Institutional Investors in Growth Equity by Organization Type (cont'd)

Name	Organization Type	AUM (USD MN)	Allocation: Alternatives (USD MN)	PE: Typical Investment (Curr. MN-Min)	PE: Co-Invest
CIBC Merchant Banking	Investment Bank	452,411.97			No
Raymond James Financial	Investment Bank	40,154.00		2.00	No
BDT Capital Partners	Investment Bank	15,900.00			
State Street Bank	Investment Bank	3,116.00	176.00		
JPMorgan Chase	Bank	2,687,379.00			Yes
Wells Fargo Bank	Bank	1,913,444.00			
PNC Financial Services Group	Bank	382,315.00		10.00	Yes
SunTrust Banks	Bank	227,400.00			No
KeyBank	Bank	146,691.00			
Inter-American Development Bank	Bank	129,459.00			
First Republic Bank	Bank	115,264.00	12,789.00		
Silicon Valley Bank	Bank	71,005.00			Yes
CIT Group	Bank	51,403.00		1.00	
Commerce Bank	Bank	9,000.00	99.00		Consider
Mercantile Bank of Michigan	Bank	3,576.00			
Soros Fund Management	Family Office - Single	30,000.00			Consider
Hillspire	Family Office - Single	10,000.00			Yes
Medley Partners	Family Office - Single	2,500.00	2,500.00	25.00	Yes
Willett Advisors	Family Office - Single	2,500.00			
Argonaut Private Capital	Family Office - Single	1,986.00			
Benida Group	Family Office - Single	1,300.00		4.00	Yes
C.M. Capital Advisors	Family Office - Single	1,294.00			Yes
Gordon Family Office	Family Office - Single	1,100.00			Yes
Avalon Investment	Family Office - Single	1,000.00			Consider
Pittco Management	Family Office - Single	1,000.00	460.00	2.00	Yes
Bessemer Trust	Family Office - Multi	110,000.00		5.00	Consider
Hawthorn PNC Family Wealth	Family Office - Multi	35,200.00			Consider
Iconiq Capital	Family Office - Multi	32,696.00			
BMO Family Office	Family Office - Multi	21,090.00	6,019.00	20.00	No
Crow Holdings Capital - Investment Partners	Family Office - Multi	18,000.00			Consider
Whittier Trust Company	Family Office - Multi	13,000.00		1.00	No
Ascent Private Capital Management	Family Office - Multi	10,000.00			Yes
GenSpring Family Offices	Family Office - Multi	9,797.00		20.00	No
Ballentine Partners	Family Office - Multi	7,928.00	2,818.00		No
MSD Capital	Family Office - Multi	6,929.00		100.00	
Tolleson Wealth Management	Family Office - Multi	6,500.00		10.00	No
Edge Capital Partners	Family Office - Multi	5,000.00	4,000.00		Yes
Capricorn Investment Group	Family Office - Multi	4,542.00			Yes
Seven Bridges Advisors	Family Office - Multi	4,500.00			Yes

Note: The top 25 institutional investors for each firm type listed shown here. Institutional investors considered if growth equity part of investment strategy.
Source: Preqin Database, 2020.

Table 2. List of Institutional Investors in Growth Equity with Diverse Manager Focus

Firm Name	Firm Type	AUM (USD MN)	Manager Focus
Nippon Life Global Investors Americas	Insurance Company	613,431.00	Social, Environment, Local
CalPERS - California Public Employees' Retirement System	Public Pension Fund	369,380.00	Social, Environment
California State Teachers' Retirement System (CalSTRS)	Public Pension Fund	226,853.00	Social, Environment
New York State Common Retirement Fund	Public Pension Fund	215,400.00	WBE, MBE
Teacher Retirement System of Texas	Public Pension Fund	148,000.00	WBE, MBE
KeyBank	Bank	146,691.00	Social, Environment
Allstate Investments	Asset Manager	89,307.00	WBE, MBE
Teachers' Retirement System of the City of New York	Public Pension Fund	78,667.00	WBE, MBE
New York City Employees' Retirement System	Public Pension Fund	68,805.00	WBE, MBE
United Nations Joint Staff Pension Fund	Private Sector Pension Fund	67,920.00	Social Environment
HarbourVest Partners	Private Equity Fund of Funds Manager	63,000.00	WBE, MBE
Illinois Municipal Retirement Fund	Public Pension Fund	42,409.00	WBE, MBE
New York City Police Pension Fund	Public Pension Fund	41,225.00	WBE, MBE
State of Connecticut Retirement Plans and Trust Funds	Public Pension Fund	37,600.00	WBE, MBE, Local
CIBC Private Wealth Management	Wealth Manager	25,336.00	Social
Los Angeles Fire and Police Pension System	Public Pension Fund	21,316.00	WBE, MBE
State Universities Retirement System of Illinois	Public Pension Fund	19,269.00	WBE, MBE
New York City Fire Department Pension Fund	Public Pension Fund	14,907.00	WBE, MBE
Ford Foundation	Foundation	13,270.00	Social
Church Pension Group	Private Sector Pension Fund	13,185.00	WBE, MBE, Social, Environment
Pomona Group	Secondary Fund of Funds Manager	12,000.00	Social, Environment

Table 2. List of Institutional Investors in Growth Equity with Diverse Manager Focus (cont'd)

Firm Name	Firm Type	AUM (USD MN)	Manager Focus
Public School Teachers' Pension & Retirement Fund of Chicago	Public Pension Fund	10,737.00	WBE, MBE, Local
Bel Air Investment Advisors	Wealth Manager	9,000.00	Social
PineBridge Investments	Fund Manager	9,000.00	Social, Environment, Sharia Compliant Firms
Fairview Capital Partners	Private Equity Fund of Funds Manager	7,724.00	WBE, MBE, Social, Environment
New York City Board of Education Retirement System	Public Pension Fund	6,634.00	WBE, MBE, LOCAL
John D. and Catherine T. MacArthur Foundation	Foundation	6,458.00	Social, Environment
Vanderbilt University Endowment	Endowment Plan	6,271.00	WBE, MBE
Joint Industry Board of the Electrical Industry	Private Sector Pension Fund	3,800.00	Social
National Automatic Sprinkler Industry Pension Fund	Private Sector Pension Fund	3,371.00	Social, Local
McKnight Foundation	Foundation	2,300.00	Social, Environment
Georgetown University Endowment	Endowment Plan	1,822.00	Social
California Community Foundation	Foundation	1,43.00	Social, Environment
Rocky Mountain UFCW Unions and Employers Pension Plan	Private Sector Pension Fund	1,110.00	Social, Environment
Baldwin Brothers	Family Office - Multi	1,010.00	Social, Environment
Muller & Monroe Asset Management	Private Equity Fund of Funds Manager	922.00	WBE, MBE
Chicago Firemen's Annuity & Benefit Fund	Public Pension Fund	884.00	WBE, MBE
Meyer Memorial Trust	Foundation	752.00	Social, Environment, Local
Creighton University Endowment	Endowment Plan	587.00	Social, Environment

Table 2. List of Institutional Investors in Growth Equity with Diverse Manager Focus (cont'd)

Firm Name	Firm Type	AUM (USD MN)	Manager Focus
Loyola Marymount University Endowment	Endowman Plan	547.00	Social, Environment
United Mine Workers of America 1985 Construction Workers Pension Plan	Private Sector Pension Fund	396.00	Social
Sonen Capital	Real Assets Fund of Funds Manager	388.00	Social, Environment
Park Foundation	Foundation	363.00	Social, Environment
ImpactAssets	Corporate Investor	318.00	Social, Environment
Lewis & Clark College Endowment	Endowment Plan	238.00	Social, Environment
Gatewood Capital Partners	Private Equity Fund of Funds Manager	221.00	Social, Environment
Unitarian Universalist Association	Endowment Plan	206.00	Social, Environment, Local
Fund Mujer	Government Agency	200.00	WBE, MBE, Social, Environment, Local
Walther Cancer Foundation	Foundation	150.00	Social, Environment
Soros Economic Development Fund	Foundation	142.00	Social, Local
Russell Family Foundation	Foundation	128.00	WBE
Brown Advisory	Fund Manager	111.00	Social, Environment
Chambers Family Fund	Foundation	77.00	WBE
General Service Foundation	Foundation	76.00	WBE, MBE, Social, Environment
Woods Fund of Chicago	Foundation	70.00	MBE
Helen Bader Foundation	Foundation	19.00	Social, Local
PeakChange	Private Equity Fund of Funds Manager		Social
New Island Capital	Investment Trust		Social, Environment
Armonia	Family Office - Single		Social, Environment
Boinu Capital	Private Equity Fund of Funds Manager		Social, Environment, Local
Green Mesa Capital	Family Office - Single		WBE, MBE, Social, Environment

Source: Preqin Database, 2020.

Table 3. Top 50 Growth Equity Firms by Aggregate Fund Size

Rank	Firm Name	Aggregate Fund Size (USD MN)	Rank	Firm Name	Aggregate Fund Size (USD MN)
1	Insight Partners	27,166.20	26	Edgewater Funds	3,066.10
2	Neuberger Berman	17,700.00	27	Bregal Sagemount	2,960.00
3	Summit Partners	17,378.30	28	RedBird Capital Partners	2,865.00
4	Sequoia Capital	15,208.64	29	ABS Capital Partners	2,853.70
5	General Atlantic	14,432.00	30	K1 Investment Management	2840
6	TPG	12,641.30	31	Valor Equity Partners	2,793.90
7	Technology Crossover Ventures	9,279.00	32	IFC Asset Management Company	2,360.40
8	Spectrum Equity	8,590.10	33	Frontier Capital	2,350.10
9	Carlyle Group	8,258.00	34	Emerging Capital Partners	2,345.00
10	Goldman Sachs AIMS Private Equity	8,024.00	35	Ampersand Capital Partners	2,288.00
11	Blackstone Group	6,600.00	36	Investcorp	2,259.00
12	L Catterton	5,631.09	37	Proterra Investment Partners	2,238.80
13	Providence Equity Partners	5,355.40	38	Z Capital Group	2,050.00
14	KKR	4,891.60	39	Cartesian Capital Group	2,010.00
15	Accel	4,875.00	40	Wellington Management	2,000.00
16	PineBridge Investments	4,439.40	41	Sapphire Ventures	1,950.00
17	JMI Equity	4,315.00	42	WestView Capital Partners	1,650.00
18	Warburg Pincus	4,250.00	43	OrbiMed Advisors	1,626.00
19	Comcast Growth	4,100.00	44	Essex Woodlands	1,588.00
20	Pine Brook Partners	3,869.00	45	Glade Brook Capital Partners	1,563.40
21	FTV Capital	3,810.00	46	NewView Capital	1,531.00
22	LLR Partners	3,573.00	47	GuidePost Growth Equity	1,528.70
23	Riverwood Capital	3,436.00	48	Lombard	1,481.00
24	Banc Funds Company	3,292.50	49	Level Equity	1,470.00
25	J.P. Morgan Asset Management - Private Equity Group	3,262.00	50	H.I.G. Growth Partners	1,470.00

Source: Preqin Database, 2020.

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