



Women Leading the Way in Impact Investing Project Findings

In partnership with:



Jacquelyn and Gregory Zehner
Foundation

Introduction

Several powerful trends are converging in the United States which could shape the future of the capital markets, most notably the growth of impact investing (broadly defined to include socially and environmentally responsible investing) and the increased influence of women over this country's wealth. Study after study has shown that women are more interested in socially responsible and impact investing than their male counterparts. And yet research suggests women have been slow to convert this interest into action.

Over the past 12 months, The Philanthropic Initiative (TPI) conducted a literature review and interviews with more than 40 advocates, investors, and advisors on the issues and opportunities around women and impact investing. The goals of this research were to:

- (1) Better understand the disconnect between interest and action;
- (2) Highlight approaches that have successfully engaged women in impact investing; and
- (3) Explore new ideas for galvanizing women's leadership and participation.

The ultimate goal of this project is to catalyze growth of the impact investing ecosystem to significantly increase the amount of capital directed by women *and* men to impact investing.

This document provides a high-level summary of the project's findings, including reports on a number of promising strategies for increasing women's engagement and the identification of potential priority strategies for the future.

On November 18, 2016, a number of advocates, field builders, women investors, and pioneering advisors came together at a planning summit to share learnings, identify priorities, and develop individual and collaborative action plans for scaling the work going forward. At the conclusion of this report is a summary of the priorities developed at the planning summit.

NOTE: This research is focused on women as investors, not on gender-lens investing, although they are complementary and sometimes overlapping movements.

Project Vision

More high net worth women have engaged in impact investing, inspired others, influenced advisors, and served as champions of change to accelerate the development of an inclusive and vibrant impact investing ecosystem. As a result, there is an expansion of sustainable capital to address the most pressing social and environmental issues worldwide.

“This is going to be a moment for women. They are going to drag this field forward and they are going to have a seat at the table at the highest level.”

Jean Case, Case Foundation

Why this project?

This project emerged out of a growing recognition that women appear to be at the center of several catalytic **trends** which are likely to shape the future of the capital markets.

- The escalating interest, participation, and infrastructure in impact investing over the last five years, and expectations that this momentum will continue to build, based on a track record of successful products. Impact investing is estimated to go from \$80 billion in 2011 to a projected \$400 billion or more in 2020¹.
- The growing influence of women (those who earn as well as those who inherit) over this country’s wealth as investors (from estimated \$14 trillion in 2016 to \$22 trillion in 2020)² as well as influencers in the financial, philanthropic, and corporate sectors.
- An intergenerational transfer of wealth of \$41 trillion that is taking place in the U.S. over the next 40 years, 70% of which is expected to go to women³ because of their longevity.
- Finally, the consistently greater interest in socially responsible and impact investing reported by not only women (vs. men) across all age cohorts but also by millennials (vs. other age groups) across both genders. Millennials are already influencing their parents and advisors and in the not-too-distant future will earn or inherit assets of their own to invest.

Yet, many are concerned that the opportunities presented by these trends will not be realized unless steps are taken to develop an intentional and coordinated focus on increasing women’s participation and leadership in impact investing.

“If the impact field moves in the same way that the finance field moved, it is not going to include women. How do we accelerate it, but not wind up ten years from now saying, ‘Whoa, how are women not impact investors?’”

Jackie VanderBrug, U.S. Trust/Bank of America

Approach

This paper seeks to synthesize findings about the role of women in impact investing through a field scan of literature and interviews, informed by feedback at a Mission Investors Exchange workshop and from an Advisory Committee of leading advocates, advisors, and thought leaders. It will serve as a reference document for the November 18, 2016 planning summit aimed at identifying priorities and next steps.

- **Field scan** of literature and more than 40 interviews conducted from November 2016 to October 2016, studying how women have and could influence the impact investing field, barriers to doing so, successful and promising models, and recommended priorities going forward.
- **Preliminary Findings** presented and discussed at a workshop at the Mission Investors Exchange annual conference in May 2016.
- **Advisory Committee** of leading advocates, advisors, and thought leaders who have provided thoughtful feedback and advice throughout the project, particularly around shaping the planning summit.
- **Planning Summit** on Women Leading the Way in Impact Investing for advocates, investors, and field builders to develop a blueprint for collaboration going forward. (November 18, 2016)

Research Findings

The hypothesis that launched the project – that women could be a critical part of the solution towards accelerating the development of the impact investing ecosystem – was well supported by the literature review and in-depth interviews. While for many interviewees, the argument lay largely in the simple reality that women are essential because they are half the population (and hold a growing percentage of the wealth), and that diversity across gender lines improves outcomes, most interviewees believe that women present a major opportunity due to a number of gender-specific differences in attitudes and behavior.

“Women want money not so much for what it can buy,
but rather, for what it can do.”

Jacki Zehner

Women across all age cohorts show **overwhelming interest** in socially responsible and impact investing as compared to men. Study after study affirm this finding (70-79% of women show interest vs. 28-62% of men, depending on the study)⁴, and opinion leaders credit this interest in part to women’s more holistic, values-based attitudes towards money, be it as a way to care for their families or to improve society.

Yet, there appears to be a **disconnect between women’s interest and action**. While there are few sources of data on actual investment behavior, the 2016 U.S. Trust Insights on Wealth and Worth survey of high net worth individuals showed that only 9% of men and 15% of women report engaging in impact investing (with a respective 19% and 38% reporting interest)⁵, suggesting a much more significant gap between interest and action among women than men.

Why the gap? In addition to the **universal barriers** to rapid adoption – advisor knowledge and behavior, return myths, limited track record, opaqueness of financial products, limited on-ramps, pipeline, etc. – women’s adoption of socially responsible and impact investing faces the following distinctive hurdles:

- A number of reports show that women are **less confident** in their investment knowledge and prowess (ranging from 20-50% less than men)⁶. However, The Center for Talent Innovation’s groundbreaking report show that these same women have **comparable knowledge** (35% of women vs. 39% of men passed financial literacy assessment).
- A factor contributing to lower confidence may be the fact that women are reported to spend **far less time on investment activities** (39% less than men)⁷. This may be due to the fact that women spend more time on family chores and caretaking, and/or because they choose to spend their time on different activities. “Time poverty,” a term recently coined by Melinda Gates, is a reality for women around the world.
- Consistent with the lesser dedication of time to investing is the fact that **fewer women take responsibility** for household investment decisions vs. men (50% men, 37% together, and 13% women)⁸. Many studies suggest this pattern holds true across age groups, although at least one study of high net worth Americans showed Gen X and Millennial women nearly on a par with their male counterparts (40-44% men, 22% together, 35-38% women)⁹. The family politics or governance structures in high net worth families may also inhibit women from controlling their investment decisions.
- Women are reported to have a **lower risk tolerance** and **higher need for more information**. Research studies vary on their conclusions here, with some suggesting that risk profiles are

appropriately related to women's perceived level of knowledge. The fact that women are more likely to be happy with a smaller, guaranteed rate of return while men are more interested in beating the market¹⁰ may work in favor of impact investing, while the need for more information may work against it, given the immaturity of the field.

- There exists among women an **underinvestment in markets**, especially among the **unadvised**¹¹. The percentage of women using financial advisors dropped from 48% in 2008 to 31% in 2014¹², and women without advisors tend to hold 20% of their portfolio in cash vs. 9% for those with advisors.¹³
- There are **not enough diverse “on-ramps”** to gain first-hand experience in impact investing¹⁴. To date, there have been limited opportunities for all impact investors to allocate a small amount of resources and/or time to experiment and try impact investing. While there have been a growing number of learning-focused angel investing networks (including several with a gender lens), this approach is appropriate for only a subset of the market and may be too time intensive and/or risky for many women.
- The **traditional advisor ecosystem**, which is designed around pushing products, is particularly ineffective for women who value deep listening, values-based goal setting, and a comfortable space for asking questions and learning. When combined with the reality that not enough advisors actually understand or have experience with impact investing, the challenges are magnified for women.
- Finally, interviewees highlighted the structural problem of **women neither seeking to nor serving on investment committees** where they might learn more about impact investing or be in a position to influence investment policies. One study reports that 61% of foundations have “at least one female” on their investment committee, and anecdotal evidence suggests that the vast majority are male members¹⁵.

In spite of these barriers to greater adoption of impact investing by women, the following trends give us **optimism** that the gap can be bridged between interest and action and women can lead the way:

- **Women led the way** in the early development of socially responsible funds, and **increasingly fill senior impact investing roles** in foundations and family offices. Interviewees cited an honor roll of female leaders who created the earliest socially responsible and impact investing funds – Amy Domini, Joan Bavaria, Shari Berenbach, Geeta Aiyer, and Jacqueline Novogratz, among others. They also note that a higher percentage of today's leadership professionals in the impact investing world – be they asset owners, professional managers, advisors, or field builders – are female than in the traditional investment arena.
- Women who try impact investing reportedly become more engaged, spend more time, and **increase their investing agency** overall. While data to support this claim is not yet available, leaders point to the high percentage of women who are consistently engaged in such networks as Confluence (60%), Investors Circle (40%), and Toniic (50%) versus the lower engagement of women in angel investing networks overall (25%). Women's interest in multi-dimensional return can be increasingly satisfied through improved frameworks for demonstrating social and environmental return.

- Recognizing the demographic trends in wealth control, **financial institutions everywhere are focused on better serving women** investors. Mainstream institutions have launched a plethora of programs aimed at bringing women together to learn about issues related to financial planning, investing and wealth, and are beginning to equip their employees to work well with women. As mainstream institutions begin to appreciate female interest in impact investing, they will fill the demand.
- The advisor demographic is becoming more female – and **female advisors are disproportionately drawn to socially responsible and impact investing** (59% vs. 34% of men)¹⁶. Even if their employers do not support their professional development in impact investing, these women are building networks of support, innovating their practices, and applying impact investing to their own portfolios.
- Women typically like to **learn with others**, whether that means with an advisor, or in learning communities and networks of like-minded people. Their propensity to seek knowledge and to affiliate with others means that they can be reached through relational pathways and programming.
- Finally, the recent focus on **gender-lens investing** – including the development of more gender-lens products and advisory firm enthusiasm for promoting gender-lens investing – provides an appealing opening for many female investors. Women are often highly interested in women-focused causes and, according to at least one gender-lens product provider, female advisors are more likely to use this approach.

Endnotes:

¹ Lisa A. Hagerman, DBL Investors; and Daniel W. Geballe, Stanford Graduate School of Business, “The New Family Philanthropy: Investing for Social and Environmental Change” (Center for Community Development Investments, Federal Reserve Bank of San Francisco, August 2013), 2.

² Michael J. Silverstein and Kate Sayre, “The Female Economy” (*Harvard Business Review*, September 2009).

³ Boston College’s Center on Wealth and Philanthropy, 2009.

⁴ Morgan Stanley Institute for Sustainable Investing, “Sustainable Signals: The Individual Investor Perspective” (Morgan Stanley & Co. LLC and Morgan Stanley Smith Barney LLC, February 2015), 5; Sylvia Ann Hewlett and Andrea Turner Moffitt with Melinda Marshall, “Harnessing the Power of the Purse: Female Investors and Global Opportunity for Growth” (Center for Talent Innovation, 2015), 13; “U.S. Trust Insights on Wealth and Worth Survey” (U.S. Trust, 2016), 40.

⁵ “U.S. Trust Insights on Wealth and Worth Survey” (U.S. Trust, 2016), 40.

⁶ Fidelity Investments, “Maximizing a Major Opportunity: Engaging Female Clients” (2015), 16; Pershing, “Women: Investing with a Purpose, Why Women Investors May Need a Different Approach to Reach Their Goals” (BNY Mellon, 2015), 6; Merrill Lynch, “Women and Investing: A Behavioral Finance Perspective” (Fall 2014), 2.

⁷ Hewlett, Moffitt and Marshall, 24.

⁸ UBS, “Couples and Money, Who Decides?” (UBS Investor Watch, Q2 2014), 2.

⁹ “U.S. Trust Wealth & World Survey” (U.S. Trust, 2016), 9.

¹⁰ UBS, “Couples and Money, Who Decides?” (UBS Investor Watch, Q2 2014), 2.

¹¹ Hewlett, Moffitt and Marshall, 9.

¹² Prudential, “Financial Experience & Behaviors Among Women” (2014-5), 7.

¹³ Hewlett, Moffitt and Marshall, 15.

¹⁴ Joy Anderson and Katherine Miles, “The State of the Field of Gender Lens Investing” (Criterion Institute, 2015) 58.

¹⁵ NEPC Endowment and Foundation Practice Group Quarter 1, 2015 Survey Results, May 1, 2015.

¹⁶ “Gateways to Impact: Industry Survey of Financial Advisors on Sustainable and Impact Investing” (Calvert Foundation, June 2012), 4.

Promising Approaches and the Pathway Going Forward

It is important to acknowledge that a number of leaders, advocates, and pioneering advisors have been working for years on developing education and engagement communities for investors, guides and toolkits on impact investing, and advisor support networks to grow the impact investing ecosystem – for both women and men. The focus on women investors as a target group has been a more recent phenomenon.

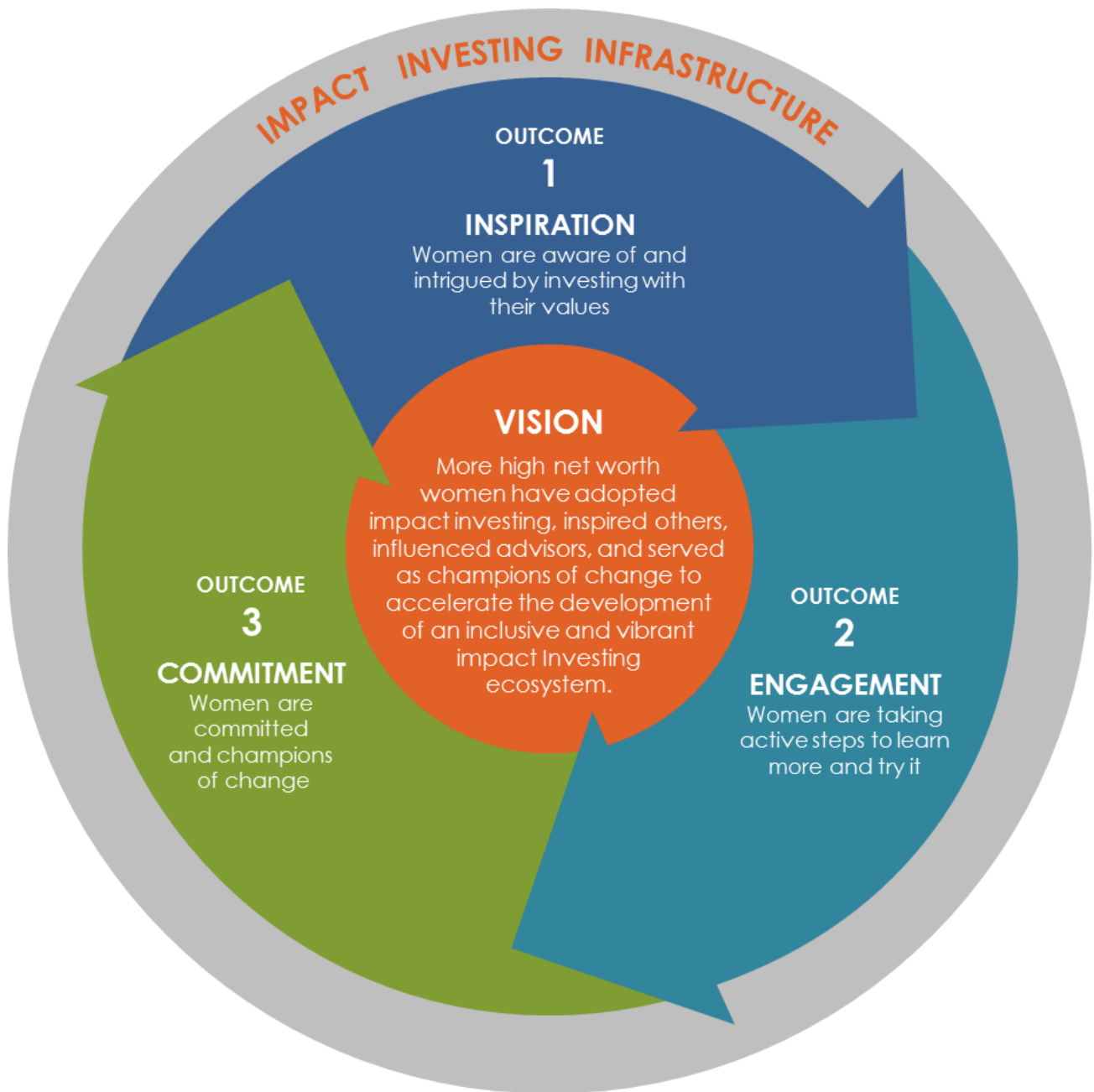
Proven and promising approaches to working with women to date include the following (some of which intentionally target women and while others do not):

- **For investors:**
 - Philanthropically rooted women’s education and support communities (e.g., High Water Women/Investors Circle salons, Women Moving Millions education)
 - Impact investing networks, showcases, and collaborative investing (e.g., Investors Circle, Toniic)
 - Investment literacy and women’s wealth programs (e.g., bank programs)
 - Gender-lens angel investing groups (e.g., Golden Seeds, Plum Alley) and products
 - Boutique wealth management practices focused on women and impact
 - Toolkits for using finance for social change (e.g., Criterion Institute)
- **For advisors:**
 - Advisor support networks (e.g., Women Investing for a Sustainable Economy)
 - Training on working with women (e.g., Pax World Management)
 - Training on impact investing (e.g., US SIF, in-house programs)

Interviewees are excited about the possibilities for more **intentional, targeted, and coordinated programming** to help women lead the way going forward. Many ideas were offered for increasing women’s engagement and leadership at a variety of levels, with a particular focus on high net worth women.

The following is an attempt to organize these new ideas – and the current landscape of programming – into a framework that identifies the progressive outcomes necessary to cultivate a cadre of female impact investing leaders. Supported by an established **infrastructure** with the basics of transparency, information, and product offerings to make impact investing accessible and inviting, the framework begins with (1) **inspiration** of women, where women become aware of and intrigued by investing with their values; advances to (2) initial **engagement**, where women take steps to learn more about impact investing and to try it; and finally move to (3) **commitment**, in which more women are committed to impact investing and become champions of change.

Framework for Deepening Women's Engagement in Impact Investing



Potential Strategies

The following pages outline some of the strategies intended to achieve the three outcomes in the framework above, including examples of current efforts as well as new ideas and suggestions for the future. One of the goals of the November 18, 2016 planning summit is to enrich these strategy grids and identify those strategies with the greatest promise for impact.

Outcome 1: Inspiration

Women are aware of and intrigued by investing with their values

STRATEGIES	CURRENT EFFORTS	NEW IDEAS
Accessible language, basic information on impact investing	GIIN	Demystified, user-friendly language that speaks to women's interests, investor friendly websites
Research/knowledge sharing	Calvert, Case Foundation, Case i3, Harvard IRI, ImpactAssets, Toniic	Research on strategies to turn women's interest into action
Advisor education, networks and support on impact investing	US SIF, ImpactAssets, in-house programs, First Affirmative Financial Network Base Camps, WISE*, WISF*, WIFI*	
Advisor education on working with women	Pax training program*, in-house training programs	
Visibility campaigns	Colorado Impact Day, Divest-Invest, The ImPact, Toniic video*	<ul style="list-style-type: none"> - "Porpoise Tank" - program with female investor judges choosing social purpose businesses - Female role model campaign "Know what you own" - Case studies, stories - Speakers bureau - Mainstream media stories
Peers and peer networks	High Water Women/IC salons*, Ellevest Network*, Women Moving Millions curriculum*, Women's Funding Network*, Rachel's Network*	<ul style="list-style-type: none"> - Partnerships with women's funds, community foundations, women's business groups, colleges, etc. - Investment circles/clubs that include impact investing
Women and wealth programs	Various financial institutions, boutique advisory firms*	
Gender-lens investing movement	Criterion Institute, Women Effect*, Women Moving Millions	

**Efforts primarily targeting women investors or women advisors*

Outcome 2: Engagement

Women are taking active steps to learn more and try impact investing

STRATEGIES	CURRENT EFFORTS	NEW IDEAS
Information guides/tools	Case Foundation, Toniic, The ImPact, Criterion Institute	Sample portfolios, sample plans
Introductory courses, workshops, conferences, salons	Women Moving Millions*, High Water Women/IC salons*, The ImPact, MIE Mission Investing Institutes, Confluence Philanthropy to Impact Investing Intensive, Acumen online social entrepreneurship courses, Phillips Foundation Impact Investing Think Tank Series	How to talk to your advisor curriculum; to your husband
Community/learning networks	FWA Impact Investing Committee, WDN Values Based Investors Circle*, Women Effect, Women Moving Millions Impact Investing Circle*, Rachel's Network Impact Investing Learning Circle	
Communities of practice/investing networks	Investors' Circle, Toniic, MIE, Confluence, US SIF, Transform Finance Network, Plum Alley Investments, Acumen, SheEO*, Golden Seeds	
Access to Expert Advisors	Confluence Philanthropy Advisor Bay, MIE directory, US SIF Directory	
Pooled investments	Investors Circle PCC, ImpactAssets DAF, SheEO*, Acumen	
Gender-lens impact investing vehicles	Calvert Women Investing in Women Initiative, Pax Ellevest Global Women's Index Fund, women entrepreneurs angel investment, U.S. Trust	

**Efforts primarily targeting women investors or women advisors*

Outcome 3: Commitment

Women are committed and champions of change for impact investing

STRATEGIES	CURRENT EFFORTS	NEW IDEAS
Intensives, boot camps, personalized curriculums	Toniic ImpactU practicums, Harvard Next Gen program, MIT Family Office program, Case i3 custom executive education programs, Colorado Impact Finance Center customized investor readiness curriculum, Play BIG, Pipeline Angels bootcamp*, Golden Seeds*, Mission Investing Institutes, Criterion Institute TOOLKIT gender lens investing workshop, Confluence Philanthropy Introduction to Impact Investing Intensive*	
Advocacy/campaign leadership	The ImPact, Divest-Invest	
Leadership development programs	Women Moving Millions Women's Philanthropic Leadership Curriculum, Rachel's Network board placement program	<ul style="list-style-type: none"> - Investment Committee training and placement programs for women - Customized professional development programs for women
Advisor support for 100% portfolio commitment	Toniic 100% IMPACT Network	
Angel networks	Pipeline Angels*, Plum Alley*, Golden Seeds*	

**Efforts primarily targeting women investors or women advisors*

Next Steps and a Call to Action

Women can lead the way in impact investing, and a coordinated strategy focused on increasing women's engagement in impact investing could accelerate the development of the ecosystem, inspire others, and contribute to an explosive growth in sustainable social capital. Women do not need to be persuaded that impact investing makes sense; they need an ecosystem that makes it easier for them to make the leap from excitement to action.

At the November 18, 2016 planning summit, TPI brought together 24 of the leading individuals and organizations in the sector to share their perspectives and knowledge; to collectively identify the biggest gaps, opportunities, and priorities for action; and to seek areas for alignment and collaboration. In an extraordinary day of reflection, exploration, and debate, the group ultimately and enthusiastically agreed on the following collective priorities for action.

- ✓ ***Creating a visibility/media campaign to inspire high net worth women to learn more about and engage in impact investing.***
- ✓ ***Curating, developing, and sharing practice-oriented stories about women investors and tools they use, helping women understand how to move from inspiration to practice.***
- ✓ ***Promoting small group training, peer-to-peer education, and coaching initiatives that would help women who have begun to engage in impact investing move to full commitment.***

The group agreed to continue to work as a network to promote these priorities, and formed subcommittees to further define each of the initiatives and strategies for moving forward. The group seeks additional partners who are interested in working as part of a coalition that will share best practices, bring in needed resources and additional actors, and serve as a leadership team in this effort to grow and strengthen women's leadership in the impact investing ecosystem. Please contact Ellen Remmer at TPI (eremmer@tpi.org) if you would like to join us!

Interviewees

Joy Anderson, Criterion Institute
Melanie Audette, Mission Investors Exchange
Drienne Benner, Appomattox Advisory and High Water Women
Suzanne Biegel, Women Effect
Jean Case, Case Foundation
Ron Cordes, Cordes Foundation
Nicole Davis, Veris Wealth Partners
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**Informal advisor, as cannot be an official member due to White House position*



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