

From Niche to Normal: Embedding a Gender Lens Within UBS

Since 2017, UBS has been working to support SDG5 to achieve gender equality and the expansion of female empowerment. Here we outline the business case for supporting female entrepreneurs and discuss some of the steps we're taking to improve their access to capital, and broader gender-lens investing opportunities.

Financing female founders: the business case

Despite the challenges faced by businesses last year, research suggests female-owned enterprises weathered the pandemic well. The pandemic has given rise to a new generation of female entrepreneurs, in 2020 76% of women reported feeling more optimistic about owning a business, compared to 66% of men, according to the UBS Investor Sentiment 2020 Q3 Survey.

There is also growing evidence that female-led businesses outperform those led by men. A [recent study by Boston Consulting Group](#) revealed that for every \$1 of investment raised, women-owned start-ups generated \$0.78 in revenue, compared to \$0.31 for male-run businesses.

Despite this growing positive data, challenges remain, with funding the number one barrier for female entrepreneurs at every stage of their journey. According to [The Rose Review of Female Entrepreneurship](#), on average, women launch businesses with 53% less capital than men, are less aware of funding options, and are less likely to take on debt. [Only 3% of Global venture funding goes to businesses with all-female teams](#), severely limiting their ability to scale up.

The problem reflects structural weakness in the investment industry. Of the 16,084 portfolio managers tracked by Citywire around the world, [just over 10% are women](#), and unconscious bias may in turn influence where capital is allocated.

Impact to date

At UBS, we're helping to mobilise private wealth in support of female entrepreneurs, including collaborating with industry partners to bring about change. We're

proud to be a member of The Rose Review's Council for Investing in Female Entrepreneurs in the UK, a government-backed coalition of banking, investment and business representatives working to drive long term behaviour change to close the funding gender gap. On behalf of the Council, we're helping to create an industry-wide online portal for early stage (start-up and series A) female founders to access advice, funding and guidance. Furthermore, we are currently examining the funding gap between female and male led businesses, and the social and economic long-term implications of this.

We're creating networks to help female founders exchange ideas, learn investment readiness strategies and attract capital. In the US, our [Project Entrepreneur](#) program which launched in 2015, has trained over 1,750 female founders and created new on-ramps to entrepreneurship for women across the country, with alumni going on to raise \$55M in funding. Through our Global Visionaries initiative, we are helping female social entrepreneurs scale their businesses and attract investment, supporting female founders through SheEO.

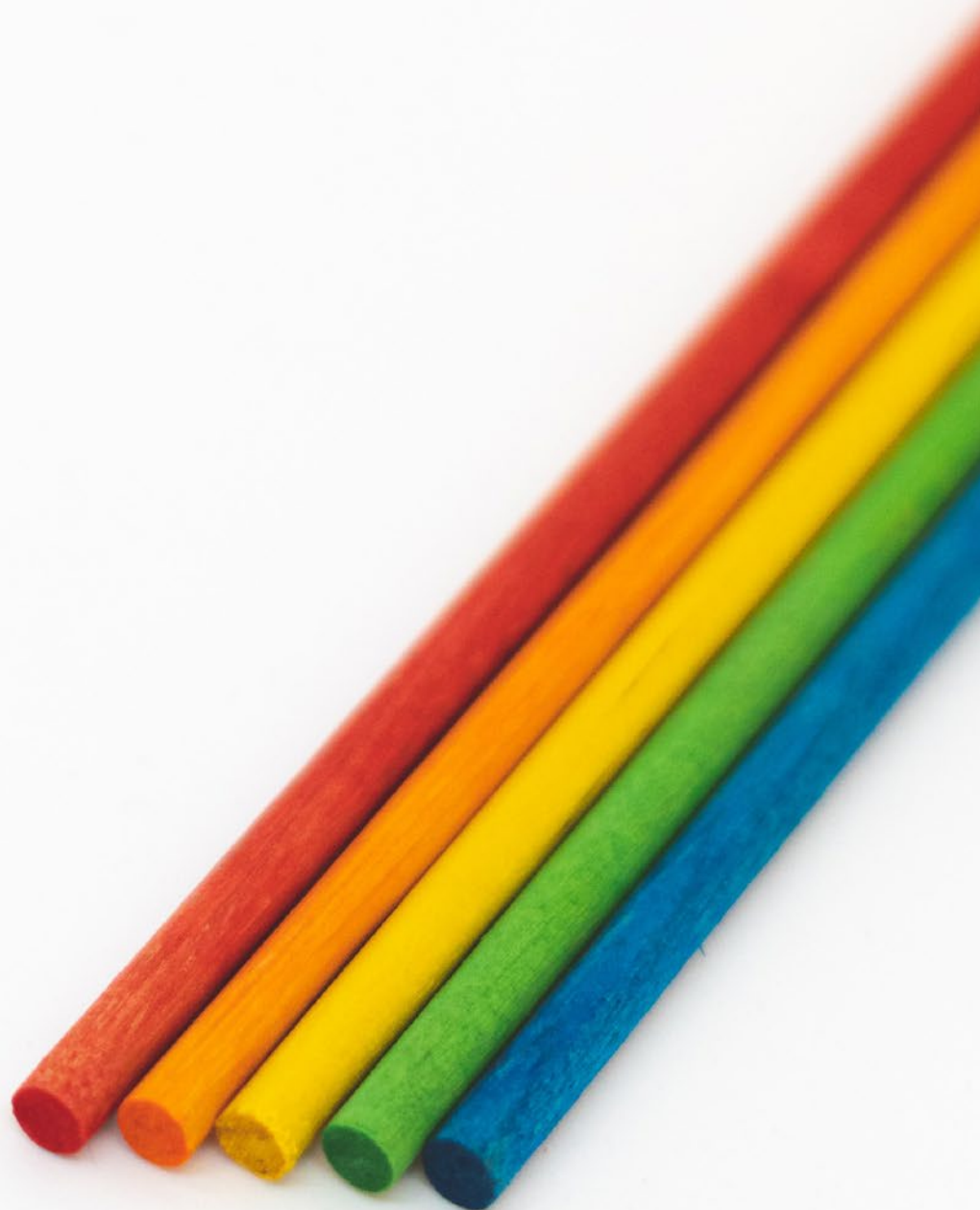
Future plans

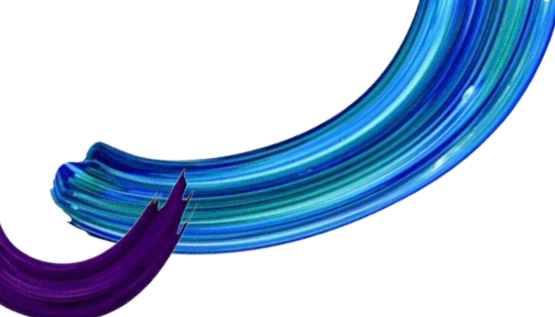
This year will also see us developing a global philanthropy-backed collective fund to support early-stage female-led impact businesses and social enterprises.

In the US, we have also recently sponsored the launch of the [UBS x Luminary Fellowship Program](#). In partnership with Luminary, the global collaboration hub and community for women, the program will support businesses owned by women of colour, who have been disproportionately impacted by the pandemic.

A gender diverse group from identical social and racial backgrounds is not likely to produce especially diverse discussion. However gender diversity is often a visible form of diversity [and] as such may serve as a signal of intent, which can encourage broader diversity.

Paul Donovan
Chief Economist, UBS





Our goal over time is to support the industry-wide growth of female representation among hedge fund managers.

We continue to invest in research, driving rich data and insights to strengthen the investment case for female-led businesses. Following a collaboration in September 2020 on a report tracking the gender funding gap in the Nordics, in partnership with Unconventional Ventures, we will be supporting similar publications in Europe to drive awareness of this issue; sharing platforms with the European Investment Bank and other government linked institutions to do this.

We recognise the importance of championing diversity within our own industry (see our [Women in Economics](#) program) and the business world more broadly.

Paul Donovan, our Global Chief Economist, comments: “The fourth industrial revolution is likely to increase economic complexity, and create a great deal of structural change. Navigating a more complex world of change will require companies to consider their business from as wide a range of perspectives as possible. This requires diversity –but in this sense genuine diversity of thought and experience. It means that diversity has to go beyond a box ticking exercise. A gender diverse group from identical social and racial backgrounds is not likely to produce especially diverse discussion, for example. However gender diversity is often a visible form of diversity (issues like sexuality, religion and disability can be invisible). As such it may serve as a signal of intent, which can encourage broader diversity. With real diversity, better decisions will be taken, and innovation is likely to flourish.”

There is clearly much more to be done to improve female representation in the industry and to address the access to funding challenge for female entrepreneurs. We are looking forward to introducing further initiatives in the coming year, all underpinned by our ongoing commitment to the GenderSmart Investing Summit community.

Supporting female talent in hedge funds

One of the pressing issues in the hedge fund industry is the extraordinary gender imbalance with males outnumbering female CEOs and CIOs by [a ratio of 20 to 1](#). While the reasons for this imbalance vary, it also presents a compelling opportunity for investors as we enter 2021.

At UBS, we are striving to ensure a diverse and inclusive culture where all managers have an equal opportunity to succeed. We believe that attempting to rectify the hedge fund industry’s structural gender imbalance hinges on shining a light on profitable female risk takers – which we define as Portfolio Managers, CIOs and Heads of Research – and improving their ability to raise capital.

Representing risk-takers

While continuously exploring ways to help drive positive change in our industry, our Hedge Fund Solutions (HFS) team within our Asset Management business seeks to proactively source female hedge fund talent in order to support and allocate to high quality women-run strategies. With USD 36 billion of AUM, more than 20 years’ experience of providing investment solutions to clients, and a proven track record of seeding emerging managers, we are in a unique position to address this imbalance. We are developing a dedicated investment program that allocates specifically to female risk takers while raising their profile within the hedge fund community.

Our research began nearly two years ago, with the goal of producing an actionable investment idea. Throughout this process, HFS has built a continuously expanding database of over 300 female risk takers in the hedge fund space. Today, we are in the final stages of preparing the launch of a Fund of Hedge Funds structure that meets our high due diligence standards, and seeks to deliver competitive returns by selecting funds managed by female risk takers.

While the Day-1 portfolio is expected to launch in Q2 2021 with already established risk takers, our goal over time is to support the industry-wide growth of female representation among hedge fund managers, as well as to increase HFS’s overall invested assets with female risk takers across all strategy buckets. We believe these goals can be achieved alongside a competitive risk/return profile given the bevy of female investment talent we have already sourced. We are excited to assume a leadership position in this important initiative for the industry.

CASE STUDY ▶

Spotlight on a UBS Global Visionary: SheEO

Our Global Visionaries initiative helps entrepreneurs working to achieve the 17 UN Sustainable Development Goals (SDGs) to access capital and scale their enterprises. Below, we hear from Vicki Saunders, founder of SheEO, on her ambition to change the world for the better by igniting opportunities for female entrepreneurs and innovators.

What inspired you to launch SheEO?

I'm a perpetual entrepreneur and my fascination has always been businesses that benefit society.

I launched SheEO in 2015 as an ecosystem built on "radical generosity" financing, supporting and celebrating female entrepreneurs and innovators. It's composed of hundreds of female "activators", who contribute. We annually pool this capital and distribute it interest-free to women-led ventures working to help communities and environment.

How does SheEO want to change the world?

For far too long, we've conflated business success with profit at any cost. But businesses don't need to trample one another to excel.

During the 2008 financial crisis, trillions of dollars suddenly materialised to bail out the system — enough to eliminate global poverty. So, why are we conditioned to think there isn't enough to go around?

We're exploring new ways of doing business, veering off the beaten paths of greed, self-interest and mistrust. We fund women working on UN SDGs and we're



redefining success through a community of generous women supporting, trusting and encouraging one another.

Our approach works and we have the data to prove it. Many of the companies we support have gone from nothing to success stories, these businesses help people whilst being profitable. You can have your cake and eat it, too.

What role does financial confidence play at SheEO when choosing which companies to invest in?

I believe that there's a misconception that financial matters are extremely complicated, in reality it's an industry muddled with engineered complexity and heavy on jargon.



Image courtesy of UBS and SheEO

When SheEO launched, our activators worried about determining which companies to invest in. But shopping is little different, we shape the economy by picking products that have values we relate to. We vote for ventures that excite us.

I probably would have picked few of the companies our activators chose to support, gauged by traditional financial KPIs. But when those companies come to SheEO and demonstrate vision, values and potential, we get excited. So it all comes down to women collectively choosing where to invest based on values — not just financial fundamentals.

Takeaways

- ▶ **Pooling resources.** Beyond capital investments, ensuring success requires support for ventures by customers, influencers, connectors and mentors
- ▶ **Having it all.** A successful business can help people and make money; so long there's trust and a desire to better the world
- ▶ **Values.** Investments don't have to be purely based on financial considerations; choosing investments based on shared values can be extremely effective

FIND OUT MORE ▶

www.sheeo.world

[SheEO on LinkedIn](#)

[See Vicki's profile on UBS.com](#)

[More about Global Visionaries](#)

[#UBSGlobalVisionaries on LinkedIn](#)

Disclaimer:

This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange.

Where products or services are provided from outside the UK, they may not be covered by the UK regulatory regime or the Financial Services Compensation Scheme. UBS AG, Jersey Branch is authorised and regulated by the Jersey Financial Services Commission for the conduct of banking, funds, trusts and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch and UBS AG, London Branch (which is registered as a branch in England and Wales Branch No. BR004507) are both branches of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch is principal place business is 11FC Jersey, St Helier, JE2 3BX.

Although all information and opinions expressed in this document were obtained from sources believed by UBS to be reliable and in good faith, no representation or warranty, express or implied, is made as to its accuracy or completeness.

The price and value of investments and income derived from them can go down as well as up. You may not get back the amount originally invested.

©UBS 2021. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights are reserved.

US Disclosures:

GenderSmart Investing Summit, SheEO and its employees are not affiliated with UBS Financial Services Inc. or its affiliates.

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, please review the PDF document at ubs.com/relationshipssummary.

©UBS 2021. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.