(UBS)

Gender-lens: A look at VC data

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The number of female entrepreneurs is steadily increasing, creating more investment opportunities.

PitchBook data show that in 2023, companies with at least one female founder made up about a quarter of all venture capital (VC) deals in the US. Similarly, nearly 25% of all exits that year involved female-led companies. This suggests female-led companies have similar chances of exiting as other companies in the market.

PitchBook's data show that from 2014 to 2023, female-led companies consistently had a lower burn rate compared to the broader US market. A lower burn rate, which reflects efficient capital use, may also indicate tougher fundraising conditions for these companies. While investors favor capital efficiency, this trend might have limited the growth potential of female-led businesses.

Indeed, despite incrementally higher availability of capital, female founders still face challenges. Companies only led by women received single digits of funding from VC throughout the last 10 years. We explored an additional question to further investigate the persistence of the VC funding gap: Are women choosing to operate companies in sectors that are less favored by VC investors?

In aggregate, between 2014 and 2023, nearly 60% of VC-funded companies led by women were in the tech and AI sector, much higher than the approximately 40% for the broad US market. This result is counterintuitive, considering it has been widely documented there is a STEM gap in which far fewer women have technology training than men.

Unfortunately, absent data on the number of deals by sector that were not funded by VCs, it is not possible to clearly explain this skew, but our belief is it might have something to do with the single-digit funding level. It could be a higher proportion of women in STEM are willing to become entrepreneurs than men, and therefore more of those companies receive financing. It could also be the tech businesses stand out in the broader investable universe, and investors disproportionally select businesses in high growth areas like tech for female founders.

Looking at the total VC-funded deals, we note about 10% of the funded deals were in impactful areas, like education, femtech or fintech, creating opportunities for investors interested in those business models.

Investor takeaways:

- Female-led companies have consistently demonstrated higher capital efficiency, as evidenced by their lower burn rates compared to the broader US market from 2014 to 2023.
- Despite the challenges in fundraising, female entrepreneurs are increasingly entering high-growth sectors like tech and AI; nearly 60% of VC-funded companies led by women are in these areas.
- The historical focus on gender-lens investing in private markets has at a minimum coincided—if not directly impacted—the gradual increase in share of early-stage funding for female (co-)led companies, creating broader opportunities for investors interested in these topics.

For further details, see **Sustainable investing perspectives Gender-lens investments**.

And for much more, please see CIO's flagship report, **Sustainable investing opportunities – Gender-lens investment: The state of women in 2025.**