

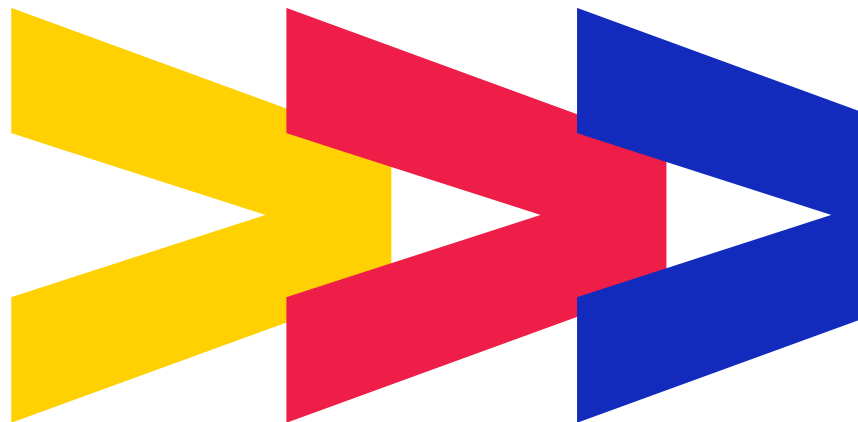


# State of Latino/a VCs

Second Annual Report  
November 2022

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## Acknowledgments

This year's report was made possible by the generous support of our amazing community, partners, and supporters. A heartfelt thank you to our Staff and Board, the following contributors, and the numerous Latinos/as in VC who participated in our interviews and focus groups.

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### Sponsors



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Thank you to our sponsors who support our organization, our mission, and our commitment to producing an annual report.

## About LatinxVC

LatinxVC is a 501(c)(3) non-profit organization focused on growing and supporting the Latino/a venture capital ecosystem. The organization aims to increase the representation of Latino/a professionals in venture capital, help Latino/a venture investors build their careers and networks, and improve access to capital for Latino/a-led venture firms. When venture investors are empowered to show up as their authentic selves, the flow of capital from limited partners to venture capitalists and ultimately to startup founders becomes more diversified, impactful, and representative of U.S. demographics.

For additional information, visit <https://latinxvcs.com>.



## Foreword

It has been incredible to witness what started as volunteer-led gatherings in 2019 grow into the official LatinxVC organization that we are in 2022. While there is significant work ahead of us, this year was focused on completing key milestones that ensured we are building for the long-term.

After receiving our 501(c)(3) designation in March, we brought on Mariela Salas as our Executive Director in August. She has already moved the needle in our organizational effectiveness. In parallel we've moved full-steam ahead on our core pillars with a highly involved Board of Directors: Maria Salamanca, Lisette Tellez, Al Guerrero, Marjorie Lopez, Jomayra Herrera, Rami Reyes, Juan-Pablo Mas, Noramay Cadena, Vanessa Larco, Jacob Mullins, Hector Ramos, and Carmen Palafox.

Despite the unexpected circumstances since our first meeting 2019 we've stayed focused on our core pillars:

1. Increase the representation of Latino/a professionals in VC; our Fellowship Program is now in its third cohort, bringing the total number of fellows to 63.
2. Support the career development of Latino/a VCs through our Mentorship Program.
3. Build community among Latino/a investors for whom we've hosted 15+ intimate gatherings across the country as well as our inaugural Annual Summit, the first national gathering and largest gathering of Latino/a VCs and LPs ever.
4. To improve access to capital for Latino/a-led venture firms, for which we have hosted multiple Founding Manager Showcases to connect GPs to LPs.
5. Be a reliable source of education and data for the industry—just over a year since releasing our first State of Latino/a VCs Report, we're excited to release our second Annual Report.

In this year's report, we expanded into two new areas: First, data about Founding Managers that has allowed us to better understand the growth in Latino/a founded firms and track assets under management (AUM). Second, our Executive Director led a qualitative analysis of the Latino/a venture capital investor experience. We also continued our reporting from 2021 tracking and analyzing where our investment community is in terms of roles, fund sizes, and geographic location.

Our goal with the report is to provide a deeper understanding of the state of the Latino/a community within the venture capital industry. It helps our organization prioritize our resources and make programming decisions. We hope that with more transparency comes more accountability for this industry to be more inclusive and reflective of our broader U.S. economy.

I want to thank the Board, our Executive Director, and the many volunteers who work alongside our organization toward a shared vision.

Maria Salamanca  
LatinxVC Board of Directors President

## Executive Summary

As the broader venture capital ecosystem has reported making progress in achieving broader diversity, we wanted to dive deeper into the state of Latinos/as in the industry. This year's report is broken down into three separate sections:

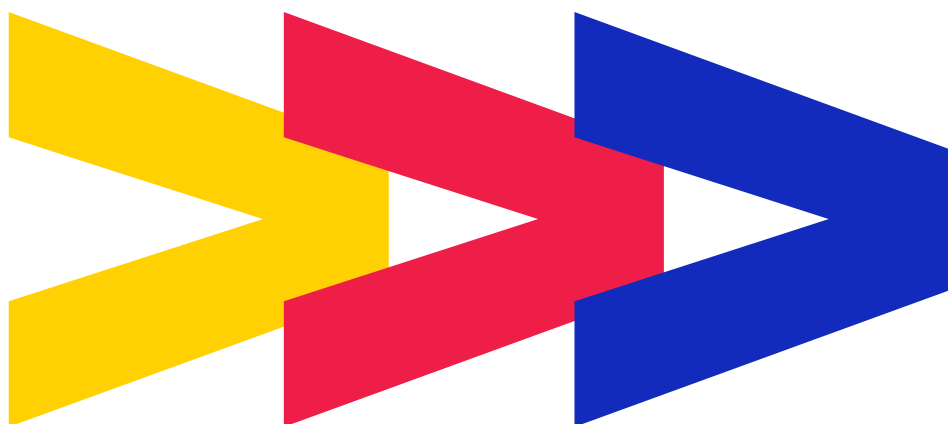
1. The State of Latinos/as in VC, taking a statistical approach to understanding the representation numbers in venture firms.
2. The State of Latino/a Founding General Partners (GPs), digging deeper into Latino/a-founded firms and how the community has grown over the last several years.
3. The Latino/a Experience in VC, taking a qualitative approach (through the lenses of over 20 participants) to understanding the challenges and opportunities our community faces within the sector.

Our goal throughout the research process was to bring light to the lack of representation of Latinos/as across the ecosystem, understanding the Latino/a experience through their own words, and providing a space to discuss the opportunities the sector can leverage to close the gap.

## Key Findings

- **Although the number of Latino/a VC investors grew 36% (y/y), Latino/a investors remain only 2% of the industry.** While the percentage has remained the same, we saw absolute numbers increase from 145 last year to 197 investment professionals this year. Given the small base, Latino/a investors remain 2% of the industry relative to 19% of the US population.
- **There was an increase of non-partner investors at institutional funds (\$100M+) bringing that number from 1% to 2% Latino/a representation.** Total institutional non-partner level VCs increased from 24 to 57 (+138% y/y), bringing Latino/a non-partners to 2% of non-partner institutional VC roles (up from 1% in last year's report). We are cautiously optimistic that we are making progress in getting more junior talent into venture, although these numbers were offset by non-partners at emerging funds decreasing from 42 to 30 as several non-partner VCs at emerging funds moved to the operating side. This means we must double down on retention and support of Latino/a talent in junior roles at emerging funds.
- **The percentage of total Latino/a VCs who work at institutional funds (\$100m+) increased.** Latino/a partners at institutional firms and emerging firms increased by 39% and 40% respectively. More than 80% of non-partner level Latino/a investors who joined the industry joined institutional firms. As a result, of all Latinos/as in the industry, the share of those at institutional firms increased from 41% to 54%.

- **Latinas are making strong progress at the junior level but lagging at the senior level.** While total Latina partners increased from 22 to 29, the % of total Latino/a VC partners that are women is slightly down from last year's report (26% this year vs 28% last year). The percentage of non-partner Latino/a investors that are women continued to grow from 44% in 2021 to 46% in 2022. This is driven by the strong hiring of Latinas at the associate level as Latina associates have increased from 39 to 55 and the % of Latino/a associates that are women has increased from 38% last year to 47% this year.
- **The Bay Area lost Latino/a investors while New York and Miami gained.** In 2021, the Bay Area had 50% of all Latino/a VCs, but in 2022, that dropped to 39%. The biggest increases have been on the East Coast. New York's share of Latino/a VCs increased from 16% to 20%, driven by strong growth at institutional firms. Miami's share rose from 7% to 10% (Miami was part of "other" in the 2021 report, and it is now separate for this report). For the share of institutional investors, New York went from 13% to 24% in 2022 and has surpassed the Bay Area in total Latino/a non-partner investors.
- **Latinos/as make up only 3% of all institutional firm partners, and only 13 institutional firms have had a Latino/a co-founder.** The number of institutional firms founded by Latinos/as continues to be very small and shows how much work is ahead of us.
- **The fund size raised by Latino/a emerging general partners (GPs) is increasing.** From 2021 to 2022, there was nearly a 2x increase in the number of funds \$26M-\$50M and over a 2x increase in the number of funds above \$75M. In the last 12 months, there has been a 3.6x increase in AUM by Latino/a GPs (AUM assumes funds raising achieve their fundraise target). Larger fund sizes enable fund managers to access a wider range of capital sources.



# Section 1: The State of Latinos/as in VC

## The Landscape

Despite decades of research and concerted effort from organizational leaders and policymakers alike, inequity concerning diversity and inclusion persists in many types of U.S. organizations, industries, and sectors<sup>1</sup>. The venture capital (VC) ecosystem is not an exception. Across three key indicators, Latino/a representation has been dismal:

- Latinos/as comprise only 2% of total VC professionals; the pipeline of Latino/a professionals coming up the ranks of VC firms is 2% (non-partner level)<sup>2</sup>
- Minority- and Woman-led firms manage ~1.4%<sup>3</sup> of the \$8 trillion venture capital and private equity industries<sup>4</sup>, of which \$2 trillion is VC; therefore, Latino/a-led firms' assets under management are a fraction of the ~1.4%
- Latino/a-led start-ups received only 1% of investments made by the top 25 VC firms between 2007-2017<sup>5</sup>

Venture capital is the driving force behind many of today's most innovative and influential companies, yet diversity in the industry and capital allocation to Latino/a entrepreneurs and investors has remained stagnant. These disproportions are concerning since there is evidence that private capital markets are key drivers of wealth creation<sup>6</sup>. A lack of balance in wealth creation through private capital markets only continues to perpetuate the wealth disparities in America<sup>7</sup>. Given the evidence of disparities across various metrics, It is essential to study the representation of Latino/a venture capitalists in the broader venture capital ecosystem.

According to the U.S. Census<sup>8</sup>, the Hispanic or Latino population, which includes people of any race, was 62.1 million in 2020 and accounted for 51.1% of the total US population growth between 2010 and 2020. Studies suggest that by 2025, 66,000 Latinos/as will turn 18 every week and will continue to outpace labor market saturation, accounting for one of every two new workers entering the job market<sup>9</sup>; this suggests that Latinos/as are poised to transform the U.S. economy and, by extension, thousands of workplaces in the US over the next three decades. By 2060, the census projects whites will comprise only 36 percent of the population under 18 years of age, with Latinos/as accounting for 32 percent<sup>10</sup>.

Research has demonstrated homophily<sup>11</sup> in private capital markets<sup>12</sup>. Despite the dynamic nature of venture capital, the sector has a long history of being led by homogenous groups that are not representative of the rich diversity we have nationally. Studies have shown that the representation of white employees remains steady and dominant at 72%<sup>13</sup>; this is in stark contrast to the 2% representation that Latinos/as have in the sector.

Without access to these networks, Latinos/as still face the daunting task of breaking barriers for entry or promotion within organizations. Unfortunately, many Latinos/as who are the first in their families to attend college or university, or perhaps are the first in their families to deviate from the cultural expectations of having a doctor or a lawyer in the family, face a two-sided problem: lack of access and lack of guidance. This can be a significant hurdle for Latinos/as navigating an industry that wasn't built with them in mind.

A direct reason for the lack of representation of Latinos/as in the VC workforce could be traced to the “birds of a feather” phenomenon; researchers contend that venture capitalists prefer to hire, invest in, or co-invest with those that are similar to themselves in characteristics such as gender and ethnicity<sup>14</sup>. This type of “like me” hiring practice perpetuates the cycle of Latino/a underrepresentation. Of further concern, the venture capital industry has not come to a consensus on how to alleviate its diversity problem. Reports show there has been a sharp divide amongst practitioners as to whether the emphasis should be on funding more diverse managers today or encouraging incumbent majority-owned groups to hire and train minority investment professionals in the hopes of building a pipeline of diverse managers in future years<sup>15</sup>.

A recent study highlighted the lack of racial diversity in private capital fundraising<sup>16</sup>. The statistics concerning Latino/a-led asset management are well-documented<sup>17</sup>. Not only do Latinos/as raise smaller funds, but also follow-on fundraising for Latino/a-led GPs has been difficult. LPs have suggested that a) minority valuations are overstated, b) minority funds find it more difficult to deploy funds, and c) minority funds have difficulties hiring personnel<sup>18</sup>. Findings from this analysis negate the three rationales above and suggest that a) minority valuations are conservative, not overstated, b) there is no evidence to suggest that minority funds struggle to deploy capital, and c) there is no evidence that minority funds struggle to find personnel<sup>19</sup>.

Although the benefits of diversity in practice have been widely reported, very little research has been published in relation to the benefits of diversity in venture capital. Researchers have reported positive effects in ethnicity matching in the U.S. venture capital market. In 2015, researchers found that a shared ethnicity between founder and VC increased the probability of an investment match by about 21% (incrementally)<sup>20</sup>. Additionally, the report found that co-ethnicity between parties (founder/VC) leads to increased funding by an average of \$3 million and to more entrepreneur-friendly agreements<sup>21</sup>. Yet, even with the promising outcomes listed above, research has not expanded to discuss the representation of Latinos/as in VC.

The minimal representation of Latinos/as in the venture capital ecosystem ultimately underscores a significant gap in funding for Latino/a-founded startups, despite Latino/a entrepreneurs fueling the U.S. economy<sup>22</sup>. Bain & Company<sup>23</sup> argues that Latinos/as “have been responsible for approximately 50% of net new small business growth over the past decade (2007–2017).” Their businesses are growing in annual revenue faster than white-owned businesses (WOBs) at 10% versus 7% for WOBs. With these small and midsize business growth numbers led by Latinos/as, we should also expect the Latino/a private company creation will also increase in years to come.



Despite their rapid growth, there is a serious problem preventing Latino/a-founded companies from scaling to reach their full potential: they are not getting their fair share of capital from the investment community. If today's Latino/a-founded startup population were equitably funded with WOBs, they could generate \$1.4 trillion in additional revenue today and \$3.3 trillion in additional revenue by 2030<sup>24</sup>.

The undergirding of the problem isn't the investment potential for Latino/a-founded startups. As mentioned earlier, their companies outpace the revenue growth of their WOB counterparts at every business size<sup>25</sup>. Rather, the problem is that "the structures that exist today appear to systemically underfund these businesses<sup>26</sup>". Research shows that less than 1% of funds from today's top VC firms were checks written to Latino/a entrepreneurs. The data also suggests that Latino/a entrepreneurs need to enroll twice as many investors as WOBs to get the same level of funding and are 30-50% less likely to be funded by angel investors<sup>27</sup>. There is, however, evidence that lack of racial representation in the ownership of private capital groups can significantly affect the types of entrepreneurs who get funded, raising the barriers to wealth and job creation<sup>28</sup>.

Venture capital is a critical catalyst for business growth, but Latinos/as are grossly underrepresented in today's equity investment landscape. This lack of diversity within the ranks of the VC ecosystem impacts not only Latino/a venture capitalists themselves but also the amount of funding allocated to Latino/a-founded startups. Without diversity on the equity investment side, VC firms will continue to miss funding opportunities due to systemic, structural, and cultural barriers.

## Methodology

LatinxVC maintains a database of active Latino/a investment professionals at active US venture capital firms with a fund size of at least \$5M. While identifying who is Latino/a isn't always obvious (this is part of the reason this report has never been done before), most Latino/a venture capital professionals are members of LatinxVC, and they have referred names to the organization. The organization also receives data through its website, where venture capitalists who identify as Latino/a can submit their names.

The organization does online research to validate that each investor in its database is working in an investment role at an active firm with a fund size of at least \$5M. The numbers in this report are as of June 30, 2022.

For the institutional fund analysis, LatinxVC pulled the list of all the active U.S. VC firms with funds >\$100M from Pitchbook. The organization's Board then evaluated each firm's teams to estimate the number of total investment professionals and partner-level investment professionals.

## Findings

Despite the Latino/a population comprising 19%<sup>29</sup> of the US population, Latino and Latina investment professionals comprise only 2% of total venture capital investment professionals and 3% of partner-level venture capital investment professionals at institutional VC firms. While the overall representation of Latino/a representation did not shift year over year, the data shows a slight improvement in non-partner Latino/a professionals at institutional funds now representing 2% of non-partner professionals compared to 1% last year and partner-level Latino/a professionals at institutional funds now representing 3% of partners vs 2% last year.

The vast majority (77%) of institutional venture capital firms have 0 Latino/a investment professionals. Only 3% of institutional VC firms have 2+ Latino/a investment professionals

**46%** of Latino/a venture capital investment professionals work at emerging VC funds (<\$100M), and 48% of Latina venture capital investment professionals work at smaller VC funds.

These numbers are lower than last year, driven by growth in non-partner hiring at larger funds (especially at the associate level) and a lower number of junior professionals at smaller firms (mostly driven by junior investors leaving smaller VC funds to an operating role), but Latinos remain skewed towards smaller funds relative to the rest of the industry. We also identified several associates and principals at larger firms that were previously unknown to self-identify to the LatinxVC network.

**63%** of all Latino (male) investors hold Partner/GP titles compared to 42% of Latina (female) venture capital investment professionals. For all Latino/a venture capital investment professionals, the odds of reaching partner-level decrease as fund size increases.

**35%** of total Latino/a venture capital investment professionals are women, 26% of partner-level Latino/a venture professionals are women (24% at institutional funds vs 28% at smaller funds), and 46% of non-partner-level Latino/a venture professionals are women (42% at institutional funds vs 53% at smaller funds).

Overall, the number of Latino/a investors has increased from 145 to 197. In particular, there has been an increase in the number of investors at >\$100M funds, going from 60 to 107 total investors. Part of this increase is due to identifying Latino investment professionals not previously known to the LatinxVC network, but most of the growth is due to larger firms hiring non-partner-level Latino professionals.

There are 50 Latino/a partners at funds >\$100M, and 27 of those 50 partners came from an operating background before joining venture funds at a senior level. We don't have data on what percent of institutional VC partners come from operating backgrounds in order to benchmark how that compares to the wider industry. Still, the operator world has clearly been a major pipeline for Latinos becoming partners at institutional funds versus funds investing in building up Latino talent from the junior levels. 13 funds >\$100m have a Latino/a co-founder.

## Data

### Institutional VC Firms (100M+)

	Men	Women	Total	Women (% of total)
Associates / Sr Associates	25	15	40	38%
VPs / Principals	8	9	17	53%
GP / Partner	38	12	50	24%
<b>Total</b>	<b>71</b>	<b>36</b>	<b>107</b>	<b>34%</b>

### Emerging Firms (Under \$100M)

	Men	Women	Total	Women (% of total)
Associates / Sr Associates	4	11	15	73%
VPs / Principals	10	5	15	33%
GP / Partner	43	17	60	28%
<b>Total</b>	<b>57</b>	<b>33</b>	<b>90</b>	<b>37%</b>

### Total US VC Firms

	Men	Women	Total	Women (% of total)
Associates / Sr Associates	29	26	55	47%
VPs / Principals	18	14	32	44%
GP / Partner	81	29	110	26%
<b>Total</b>	<b>128</b>	<b>69</b>	<b>197</b>	<b>35%</b>

### Institutional VC Firms (\$100M+)

	Bay Area	New York	LA	Miami	Other	Total
Associates / Sr Associates	7	14	5	4	10	40
VPs / Principals	6	5	4	0	2	17
GP / Partner	29	7	3	4	7	50
<b>Total</b>	<b>42</b>	<b>26</b>	<b>12</b>	<b>8</b>	<b>19</b>	<b>107</b>

### Emerging Firms (Under \$100M)

	Bay Area	New York	LA	Miami	Other	Total
Associates / Sr Associates	5	4	3	1	2	15
VPs / Principals	5	4	1	1	4	15
GP / Partner	25	6	6	9	14	60
<b>Total</b>	<b>35</b>	<b>14</b>	<b>10</b>	<b>11</b>	<b>20</b>	<b>90</b>

### Total US VC Firms

	Bay Area	New York	LA	Miami	Other	Total
Associates / Sr Associates	12	18	8	5	12	55
VPs / Principals	11	9	5	1	6	32
GP / Partner	54	13	9	13	21	110
<b>Total</b>	<b>77</b>	<b>40</b>	<b>22</b>	<b>19</b>	<b>39</b>	<b>197</b>



# Section 2: The State of Latino/a Founding General Partners

Since 2019, LatinxVC has been supporting Latino/a-founded venture capital firms by providing opportunities for visibility and networking with limited partners, as well as sponsoring collaboration amongst general partners. Improving access to capital for Latino/a-founded venture firms is one of the key focus areas of LatinxVC, and executing this mission has included showcases of Latino/a-founded firms, networking events between limited partners and general partners, and direct introductions to capital allocators. Although we've seen the number of Latino/a-founded firms increase in the last three years that we've been tracking data, the overall number of firms, GPs, and AUM by Latino/a venture capitalists are still not representative of the Latino/a population, the talent of our community, or the opportunities to invest through our lens of experience and culture.

## **2019 - We piloted a General Partner (GP) Showcase**

The first General Partner Showcase event took place in Oakland, in the summer of 2019, in partnership with the Hispanic Heritage Foundation. Eleven fund managers showcased their theses in front of institutional limited partners (LPs). Several limited partners commented as to how many managers were new to them. One asked to meet each and every showcasing general partner and the LatinxVC team coordinated the 1:1 interactions. It was our first indication of the gap in networks and access between GPs and LPs.

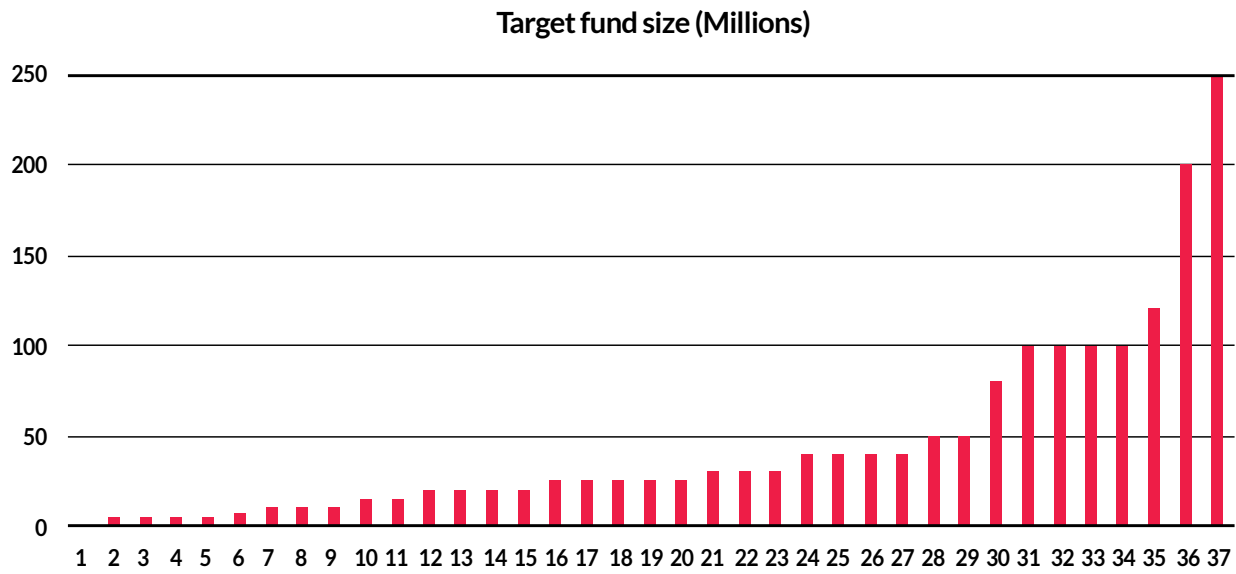
## **2021 - We surveyed the community for a deeper look at the data**

In November of 2021, LatinxVC, in partnership with Silicon Valley Bank, hosted a GP showcase with 10 fund managers, selected by a committee of limited partners from a pool of 37 survey applicants.

When exploring the 2021 survey data, we saw an increase in funds founded and owned by Latino/a GPs, as follows:

- 37 funds representing \$1.5B in AUM (assuming those fundraising reach targets)
- Stage: Pre-Seed to Growth
- 81% reflect 51%+ Latino ownership
- Ownership by women
  - 30% of funds reflect 51%+ ownership by women
  - 41% reflect 0% ownership by women

Furthermore, a pareto shows a critical mass of funds in the <\$50M fund size; this is an important insight for limited partners with an interest in supporting Latino/a-founded firms and funds.



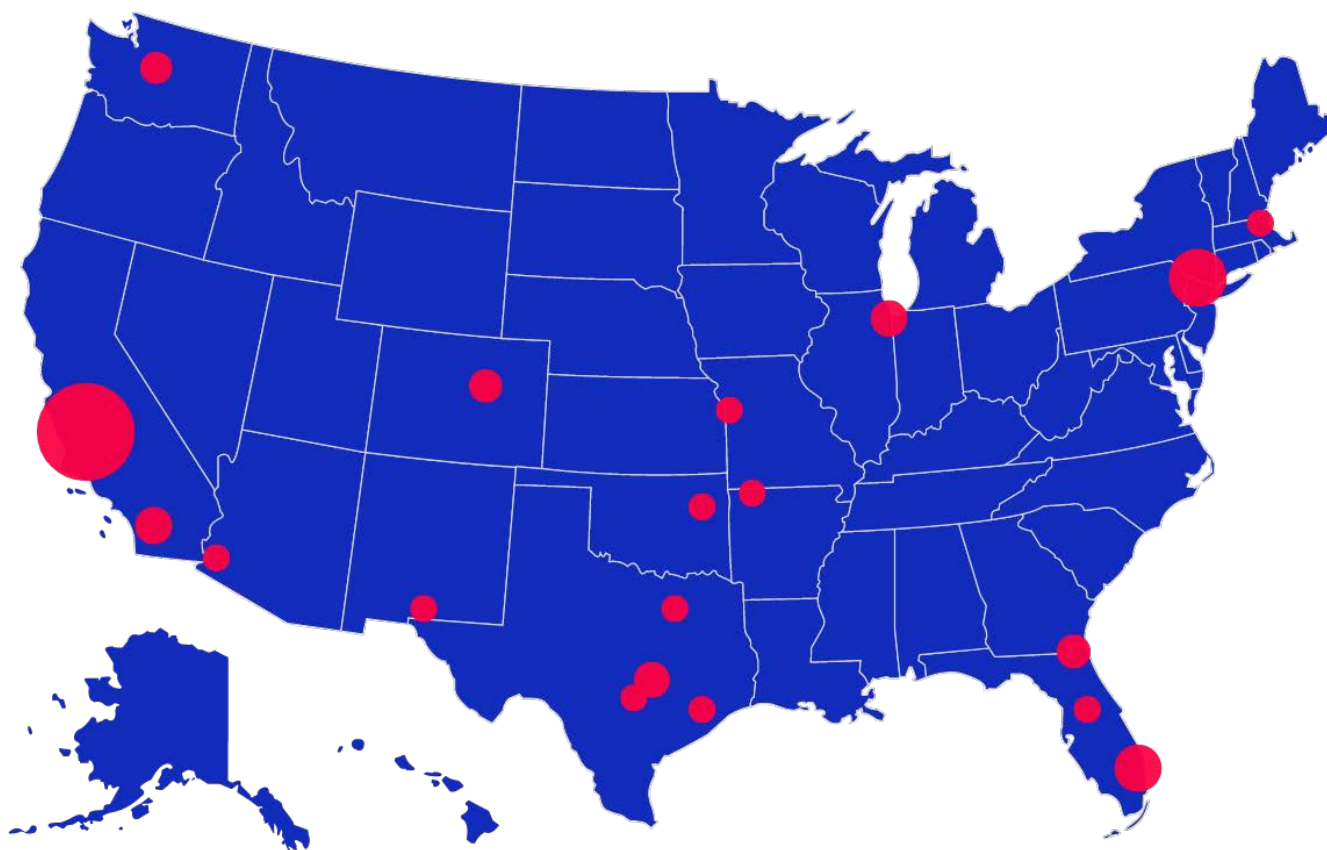
Looking more granularly at the data:

Target Fund Size (\$Millions)	# of Funds
<=10	9
11-25	11
26-50	9
51-75	0
76-100	6
101-500	2

## 2022 - We surveyed the community to identify growth

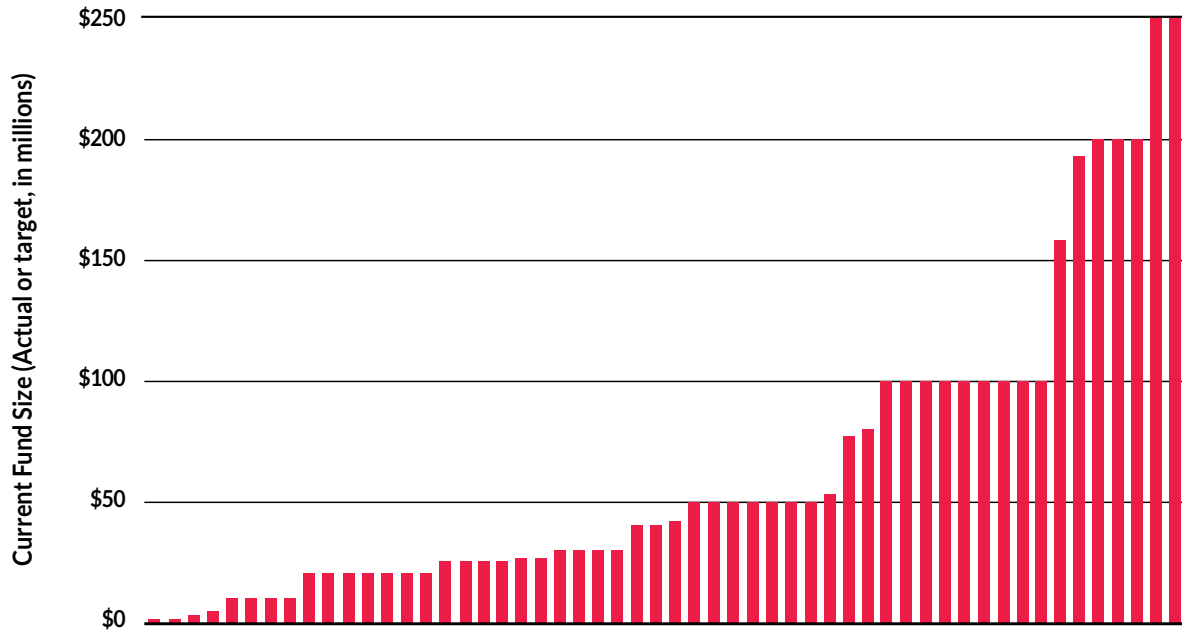
In the September 2022 survey responses, we observe 57 Latino/a-founded firms, with 31 actively raising at the time of the survey and an additional 15 indicating a raise in the next 6 months. 56% percent of firms are raising their inaugural fund, 19% are or will be pursuing a Fund 2, 19% are or will be pursuing a Fund 3, and 5% are or will be pursuing a Fund 4 or higher.

The venture firms have a presence across the United States with concentrations in the San Francisco/Bay Area, New York City, Miami, and Los Angeles. Here's a regional view of firm presence (note that many firms indicate multiple cities):



The pareto of fund sizes shows growth in the number of firms with fund sizes \$26M-50M, nearly a 2x growth in firms with \$76M-100M fund size and a +3x increase in firms with a fund size over \$100M. This fund size growth opens LP capital from a wider variety of prospects and also creates platforms that can offer more employment and development opportunities.

Current Fund Size (Actual or target, in millions)



	2021	2022
Target Fund Size (\$Millions)	# of Funds	# of Funds
<=10	9	8
11-25	11	11
26-50	9	16
51-75	0	1
76-100	6	11
101-500	2	7



In terms of stage focus, most Latino/a-founded firms are focused at the early stages of venture capital investing. Of the 51 firms reporting, below are the percentage of firms investing in a given stage:

Pre-Seed	57%
Seed	80%
Series A	55%
Series B	16%
Series C	10%
Growth	4%
Other	4%

Overall, LatinxVC has seen the following indicators of increased leadership by Latino/a general partners in venture capital, as well as increased investment in Latino/a fund managers by limited partners:

	2019	2021	2022
Number of Latino/a GPs	11	38	57
Number of Latina GPs	8	11	17
Fund 1		24	32
Fund 2		7	11
Fund 3		2	11
Fund 4+		5	3
Collective AUM (assumes open funds hit target size)	\$650,000,000	\$1,662,550,000	\$5,944,000,000

We've observed the following wins from 2019 to 2022:



And in the last 12 months alone:



We look forward to continuing to catalyze the growth and success of Latino/a-founded venture capital firms. We have partnerships with limited partners who have a demonstrated track record of supporting Latino/a general partners and look forward to building on those relationships. We encourage all limited partners to attend our annual GP Showcase events and to reach out to us to learn about other ways to stay engaged. Our call to action? If you don't know all 57 Latino/a founding GPs, or those in your region, make it your mission to meet them and find ways to support them!

**Disclaimers:** Data is based on survey responses and may not be fully representative of the ecosystem of Latino/a-founded firms with headquarters in the United States. Responses related to firms with headquarters outside of the United States were not included in the data roundup. This data may be overstated as it assumes funds actively raising achieve their targets; the target values were used as the in-progress amounts of open funds are typically not publicly available. This data may be overstated as it assumes funds actively raising achieve their targets; we used the targets as we don't know the amount closed for most open funds.

# > Section 3:

## The Latino/a Experience in VC

**Latino/a venture capitalists discuss their experiences in their roles, the barriers they have faced, and opportunities for the path forward.**

Given the current state of Latinos/as in venture and the often daunting work ahead, we wanted to dive deeper into the lived experiences of Latinos/as in venture capital. As part of this effort, we interviewed 21 anonymous participants that included men and women at different stages of their VC careers. Our goal was to discuss a range of topics, including their personal histories and careers. Three major themes emerged from those interviews.

### 1. **Despite challenges, Latinos/as have blazed a trail for themselves in venture capital.**

Before beginning to take on the challenge of finding open venture capital roles, many Latinos/as face an uphill battle starting at home due to **cultural barriers**. Participants reported strong pressure from their families to be either doctors or lawyers. This can be attributed to a lack of representation of successful Latinos/as in business. Even with successful careers in venture, some participants reported having difficulty explaining the concept of venture capital to their families. Cultural barriers paired with **socioeconomic barriers** make the lack of access more palpable.

Since venture capitalists tend to hire from or through their direct networks, new team members often look like them and have the same background. Even when Latinos/as are able to break into venture, participants described being acutely aware that they weren't invited to participate in events. It's important to note, however, that none believed that their exclusion was malicious; rather, participants felt as though they were **"just not thought of."**

*"It's very much still an old boys club. Even when it's not an old white man, it's still very much about who you know; it is super frustrating. For both investing jobs that I've had, neither one was an open job posting; it was all talking to someone who knew someone who knew someone. And it's a privilege for me to be a part of these networks, **But those networks aren't available to a lot of folks, especially to Latino/a folks, first-gen, people from low-income backgrounds, etc.**" - PARTICIPANT 14*

## Opportunity:

**Mentorship and a strengthened community.** 100% of interview participants with mentors spoke to the power of mentorship, some crediting mentor relationships with creating an impact in their careers that they could not have foreseen. Latino/a VCs also crave a strong community and peer network with which they can share experiences and perhaps even deal flow.

Mentors play a critical role in career advancement. Increasing opportunities for Latinos/as in venture capital requires the active participation of leaders who are non-Latino/a. This includes identifying high-potential Latinos/as, commitment to their development, and perhaps most importantly, ensuring that Latinos/as who perform are rewarded.

### How LatinxVC is helping close the gap:

Since our founding meeting with the community, it was clear mentorship was key in retaining Latino/a investors in the industry. This year, we've kicked off the second round of our mentorship program, designed to match Partners with Senior Associate/Principal level investors in our community. The data from this year's report shows a strong uptick in junior investment talent joining the industry, so we will be doubling down on programming focused on retention and professional development.

## 2. Latino/a VCs report having to give up or hide parts of their identities in order to be relevant around their peers.

Participants agree, as it relates to Latinos/as, no one has it harder than Afro-Latinos/as when trying to navigate a career in VC. Deciphering the role of intersectionality in VC careers is beyond the scope of this report, yet it is our duty to call out the need for better representation of Afro-Latinos/as across the VC ecosystem.

Ethnically ambiguous Latinos/as reported witnessing microaggressions towards other people of color from their non-Latino/a managers and peers. This has been especially notable during hiring cycles. Rejections of otherwise great candidates are often veiled with excuses such as they were “not a good culture fit for the organization.”

Some participants reported having to hire speech coaches to help “get rid” of their accents in order to be taken more seriously by non-Latino/a VCs. Ethnically ambiguous Latinas couldn't answer which part of their identities was harder to navigate between identifying as a woman or being a Latina. Others reported never speaking Spanish in front of colleagues.

*“I'm not even telling people who I am and what I'm about for career preservation concerns... you're kind of at a disadvantage. And, and in order to do it, if it's anyone you're compromising, you're compromising your own persona, your own personality...” - PARTICIPANT 3*

## Opportunity:

**Celebrate Latino/a VC wins while calling attention to the disproportionate underrepresentation of Latinos/as industry-wide.** The community and its allies should be a united front in celebrating and amplifying each other's wins as well as in advocating for creating a more diverse and inclusive ecosystem. An inclusive ecosystem can be a baseline for informing, connecting, and creating opportunities.

Leaders can help Latinos/as feel included and valued by cultivating a culture-smart ecosystem. Non-Latinos/as can help by being outspoken allies when Latinos/as are diminished or snubbed, even when they're not present. Smart leaders understand that diversity of thought creates a space for inclusivity, innovation, and the establishment of trust.

### How LatinxVC is helping close the gap:

Our organization is committed to investing in a content strategy to support the growing successes of the community and amplifying the deep expertise that Latino/a VCs have unique perspectives on. We understand the future demographics of this country better than most and we hope to lead the rest of this industry in understanding the opportunities. As a volunteer-led organization, we have prioritized programming over content or social media. However, with these interviews and feedback from the community we want our presence to be heard and felt throughout the industry.

## 3. Latino/a VCs must work harder to move past bias and prove their value.

As mentioned above, VC is an industry built on networks and trust. Due to various reasons, whether it be geography, school, and/or income/class, Latinos/as do not inherently have access to those networks, and reaching out to Latinos/as in VC is challenging as they only make up ~2% of the industry. Even when they do manage to break into the networks, they find it difficult to gain trust and prove additive network value.

Participants described working in venture as a "very lonely experience." Many have found it very difficult to build local communities, even in cities where VC is prominent. Frequently, respondents have been the only Latino/a in the room, yet rather than being known as the token representative of diversity, they want to be known for the merits of their work.

Given the lack of upward mobility in smaller firms, some Latinos/as prefer to start their own. While this allows for more freedom to create their own investment theses and make investments they are truly passionate about, launching their own funds comes with its own problems. Participants who are emerging managers reported taking three to five times as long as their non-Latino/a counterparts to raise funds.

*“Venture capital was designed for a very specific person, which at the time happened to be male, white, cisgender. So really, women weren’t taken into consideration, people of color weren’t taken into consideration, and immigrants weren’t taken into consideration. I think we’re working in a space that wasn’t designed intentionally with us in mind. So, we just have to work harder. We have to, you know, break biases that, whether they’re conscious or unconscious, the fact is that they exist. And we just have to constantly prove ourselves and work 10 times harder to get half of the money, half of that attention that I think we deserve.”* - PARTICIPANT 16

## **Opportunity:**

**Create space and accountability.** If Latino/a VCs cannot bring their whole selves to work, the ecosystem must create a space where they feel they can be themselves. Within that space, there should be room to talk about unconscious bias, and room to lean into understanding that Latinos/as are not a monolith. Leaders should be held accountable for their diversity goals.

Existing Latino/a VCs should also open doors for the next generation through mentoring, providing guidance, and helping them build their networks. There are currently several Latinos/as in VC that are not only outspoken about the lack of representation in the ecosystem but are also doing something about it. This is also an opportunity for allies of our community to hold the industry and themselves accountable.

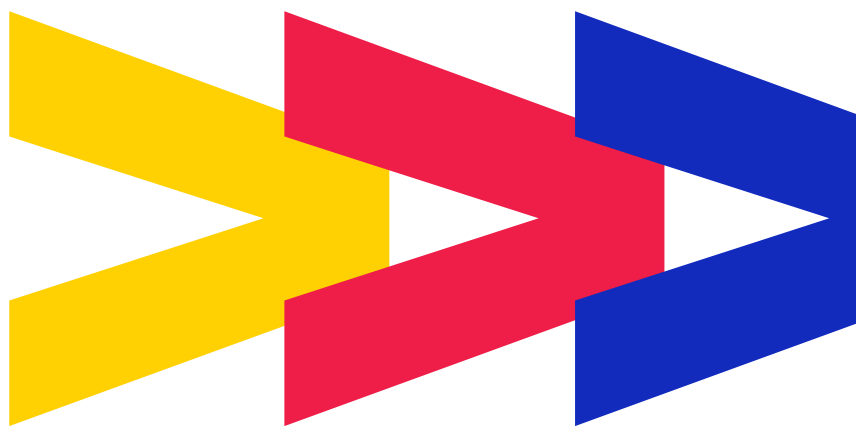
### **How LatinxVC is helping close the gap:**

Our organization is committed to tracking the data, measuring the progress our industry makes every year, and holding all stakeholders accountable to meaningful long-term progress.

# > Conclusion

This year's report allowed us to get a broader view of the landscape for Latinos/as in the venture capital ecosystem. While we have a clearer picture of some of the obstacles our community experiences, we also are hopeful for the path ahead. We look forward to working with the broader venture capital community (and beyond) to help drive improvements for Latinos/as in the industry.

Thanks again to all those who participated in helping us create such a comprehensive report. See you in 2023!



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