



Latino/a Venture Capital Snapshot 2022

A new report by

Culture Shift Labs

Since 2006

By Andrea Hoffman

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Introduction

In 2021, the Latina/o Venture Capital market moved from an emergent state to an intentional process of building community and shaping a culture for both immediate and future benefit. This process has been primarily shaped by Latinas, who are represented in the venture investor community at three to four times the percentage of Latinas in the general population. LPs in the Latino/a VC market have been catalyzing proof points, with the Kwanza Jones & José E. Feliciano family office, Carolina Huaranca Mendoza of First Close Partners, and the Knight Foundation leading the way. Of the 150+ U.S. domiciled VCs in our dataset, we found their firms control approximately \$75B in venture assets under management. The momentum is the result of using a network-level integration system to work with trusted family office networks. While there is new momentum at the macro level, taking a closer look at the micro-trends of this movement shows that younger Latina/o investor talent is moving across the capital stack to lead their own funds and focus on how to best support early-stage startups. This talent is being sourced from a mix of emerging leaders at other VC firms, former LPs, former founders, as well as entrepreneurial support program leaders. There has been a nascent push to support these new fund leaders by financing the startup costs of new funds, helping with operating expenses of new funds, and assisting with GP commitments. Additionally, we've seen Latina/o investors in the U.S. help seed and build new infrastructure for hubs in Latin America. This effort of community-driven support has resulted in approximately 30-50 U.S.-focused, Latina/o GPs being in the current market. So the questions moving forward are: how can the rest of the market support these GPs to keep the trends from 2021 going, and how can we better understand the capital flow between the U.S. and Latin America - from LP's to GP's to founders?

The high-level growth story behind the momentum

According to the 2020 census, Latina/os make up about 20% of the U.S. population, which has grown 23% since 2010.[1] Of note, Generation Z is 25%+ Latina/o, there is alignment with the trends in the VC market growth that have been driven by the emergence of new talent entering the market, primarily young and female leaders. This trend has happened on both sides of the market – VCs and startups. While there isn't yet a lot of micro-level data to help illustrate this movement, we do know that U.S. Latina/os are now starting tech companies at the same rate as other race/ethnicity groups, which is already starting to shape consumer growth and industry trends. Stanford's 2021 report on the State of Latino Entrepreneurship shows that 19% of Latina/o entrepreneurs report "developing and selling a technology or software product compared to 14% among white entrepreneurs. [2] Because quickly scalable tech startups are generally where the majority of VCs invest, this data points to why there are more VC dollars getting into the hands of Latina/o founders, both in the U.S and in Latin America, with Latina/o LPs and GPs in the U.S. positioned to lead invest and provide bridge capital to those startups. A critical mass of these new startups are in the fintech and proptech verticals.

On the VC side of the market, we've seen the talent that was previously spread throughout the entire capital stack as corporate LPs, operators, and investors, move to GP status or start their own funds, and are now allocating capital from their Fund I or Fund II. Instances of this activity include Mario Ruiz leaving his post at PayPal Ventures – which included supporting LP investments – to start Infinity Ventures, Sergio Monsalve stepping away from

[1] Jones, Nicholas, Rachel Marks, Roberto Ramirez, and Merarys Rios-Vargas. 2021. "Improved Race and Ethnicity Measures Reveal U.S. Population Is Much More Multiracial." U.S. Census Bureau. <https://www.census.gov/library/stories/2021/08/improved-race-ethnicity-measures-reveal-united-states-population-much-more-multiracial.html>

[2] Stanford Graduate School of Business and the Latino Business Action Network. 2021. "State of Latino Entrepreneurship Report" <https://www.gsb.stanford.edu/sites/default/files/publication/pdfs/report-2021-state-of-latino-entrepreneurship.pdf>



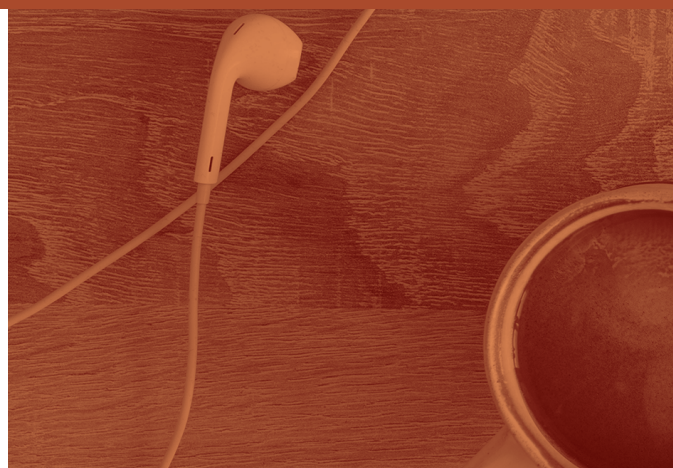
Norwest Venture Partners after 14 years to start and become the GP at Roble Ventures, Samara Hernandez founding Chingona Ventures after being an early-stage investor at MATH Venture Partners, Roman Leal becoming the managing partner at Leap Global Partners after spending years with Goldman Sachs and PayPal, and Emanuel Pleitez, a former investor with Sunstone Capital, investing in Cap Table Coalition. The volume of new Latina/o led funds combined with the valuable experience of these new GPs points to a high probability of success and even more growth in the future.

A focus on the Latin America market

Some of these new fund managers and partners have even helped seed and build investing infrastructure for hubs in Latin America, which has led to record amounts of investment into LatAm tech startups, before cooling off in the first quarter of 2022. The focus on LatAm from American GPs is an important data point as we assess the state of Latina/o VC in the United States. Of the 150+ U.S. domiciled VCs in our dataset, we found their firms control approximately \$75B in venture assets under management and the LatAm venture ecosystem has been welcoming and productive.

An important player in the momentum in Latin America over this course of growth has been Susana Garcia Robles, who was previously the Chief Investment Officer for IDB Lab. Over the past 20 years, Robles and her team at IDB have invested more than \$320 million in 85+ funds.[3] In 2020, Robles stepped down from her role at IDB to become the Executive Director of the Association for Private Capital Investment in Latin America. She's also a senior partner at Capria, a firm that has more than \$750 million AUM. Four of Capria's ten portfolio companies are from Latin America, with the firm having investments in six other LatAm funds. In a 2020 interview with LatinFinance.com, Robles pushed for the importance of VCs having an active role in the LatAm ecosystem, stating that some funds have dedicated teams for moving the ecosystem forward. This role means more than just attending events and networking, but also taking tactical actions to continue improving the ecosystem, such as running accelerator and incubator programs.

[3] Vinod Sreeharsha, LatinFinance.com. 2020. "Susana Garcia Robles"
https://read.nextbook.com/latinfinance/latinfinance/2020_q1/susana_garcia_robles.html



A growing number of Latinas at the helm of VC firms

Robles is not alone as a Latina in the growing momentum in the Latinx VC market. Within the U.S. VC network, 14% of check writers are female – and 5%+ of those women are Latinas. There are not enough Latinas in VC, but we're optimistic that success from the current leaders in the space will entice more LPs to prioritize Latina investors.

As the founding and managing partner of SV LATAM, Consuelo Valverde has been a pioneer for Latinas in VC since 2013, when she became the first Mexican woman to start an early-stage VC firm. SV LATAM is based in Silicon Valley but focuses its investments on Latin American startups. This has led to opportunities for women like Samara Hernandez, founding partner and managing director of Chingona Ventures, who recently closed a \$52M Fund II.

Latina/o LPs are catalyzing proof points

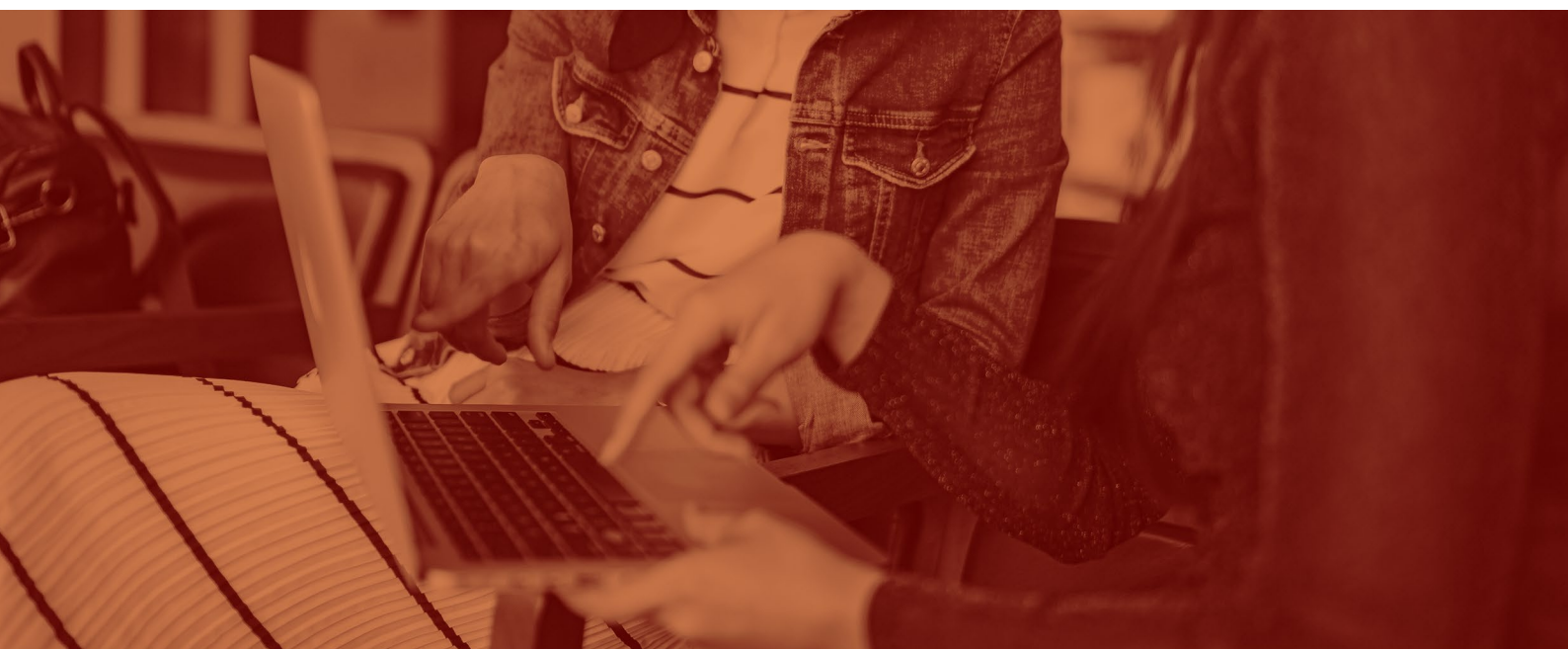
The increasing momentum of the Latinx VC market can also be attributed to some leaders across the asset class spearheading investment into the wave of new GPs. Jose Feliciano has put \$100+ million of family office funds toward the success of new fund managers. Carolina Huaranca with First Close Partners has invested in at least 40 emerging fund managers, in addition to making direct investments in an array of companies. In addition to starting his own fund, Mario Ruiz prior work with Paypal included seeding a cohort of emerging fund managers as well.

This community-driven, bottom-up approach to strengthen the Latina/o VC ranks is highlighted by additional efforts from VC Familia, Latinx VC, Cap Table Coalition, and VC Unleashed. VC Familia is helping shift the culture and grow new VCs at every level through leveraging its 200+ investors to shape a network-driven approach of sharing best practices and deals and building a community around this new culture. Latinx VCs, which has a network of 50+ mid-level to senior VCs, has encouraged Latina/o GPs from other firms to support each other in an array of ways - including by raising funds and becoming GPs of their own funds. Cap Table Coalition has made 10+ investments into best-in-class startups by syndicating diverse investors and is led by Emanuel Pleitez, Qiana Paterson, Richie Serna and others.



VCs getting younger and more diverse

We've also seen a significant focus being put toward developing BIPOC youth who are interested in investing. VC Unleashed was started as a way to help minority and female business school students break into and navigate the VC world. Their programming, focused on peer learning of MBA students, has resulted in a community of more than 300 young BIPOC and aspiring female investors. More than half of those in the VC Unleashed community are Latina/o. This signal of the deep desire that young, diverse talent has for breaking into the VC industry, will bolster the existing grassroots, bottom-up manner driving the Latina/o venture ecosystem. This should support continued expansion even as an economic downturn is forecasted.



Limitations in attention and data

The press around the successful Latina/o venture ecosystem has been limited. This is an important piece in understanding why ecosystem growth has been driven by a bottom-up approach. The velocity of growth and lack of media attention means that data in this space is lagging. Current and future Latina/o investors need more visibility and additional support outside of their community. LP investment into Latina/o GPs is an easy way to accomplish both. With many new leaders stepping up to take tactical action to catalyze and build on the demand for more Latina/os in VC, there's no question that the fly-wheel is turning. It's only a matter of time before these actions turn into more success stories that penetrate the national media and LP base. Future versions of this report will also benefit from greater public awareness of successful ecosystem participants.

About the Authors

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Andrea is a strategist, dealmaker, 2x author, and the founder and CEO of Culture Shift Labs. She has been at the forefront of diversity and innovation since 1999 with an expertise in racial equality. Andrea consults with Boards, CEO's and their teams, with a focus on Tech, Fortune 500s and the Investment Communities to help them rethink capitalism and impact.



ABOUT CULTURE SHIFT LABS

Culture Shift Labs (CSL) is a diversity and innovation consultancy that provides services under three pillars: Advising, Strategy, and Activation. Since 2006, we have been a recognized leader in integrating social and financial returns in ways that improve businesses and society. Our Knowledge + Network Formula powers those outcomes in tangible ways.

Our clients are first-movers, visionaries, and early adopters who are eager to accelerate their diversity and innovation objectives. Culture Shift Labs serves F500, Tech Companies, Institutional LPs, Investors—Private Equity, VC, Impact, Family Offices— and Nonprofits.

Our range of consulting services accelerate board, leadership, workforce, business and corporate development, and corporate social responsibility. The Katapult Talent Database of 10,000+ Black/Latinx experts delivers results. This private network grows daily.

Our consulting services are supported by our Culture Shifting Weekends—annual invite-only summits that narrow the inequality gap in tech, venture, entrepreneurship, and on boards and the Csuite, as well as enabling deals and collaborations among our Culture Shifting Community. The New York City event is the largest gathering of Black VCs in the US and has helped to channel over \$410MM to the Black and Latinx venture firms who have attended our events.

The Culture Shifting Black & Latinx VC investor community of GPs grew from 40 in January 2020 to 300 by August 2022. This extraordinary momentum is showing no signs of slowing down, with LPs actively seeking to invest in Black and Latinx venture fund founders.



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