

# Case study

## Diversity dividend: female fund managers in Africa

Alitheia Capital

**Adam Smith Europe**  
part of the Adam Smith International group



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# Case study:

## Tokunboh Ishmael, Alitheia Capital

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Gender diversity in VC teams has a demonstrable link to increased profitability. And yet a tiny minority of decision makers in the VC space globally are women. In the US, the figure stands at nine per cent. In Africa, female fund managers are even less commonly encountered.

Witnessing first hand the extent to which prosperity and poverty exist alongside each other in Nigeria raised some important questions around venture capital models and social development for a young Tokunboh Ishmael starting out in her investing career. The result? She went on to launch one of Africa's only female-led VC funds, Alitheia Capital, which recently started deploying its US\$100 million Alitheia IDF gender smart fund - actively looking to back female founded businesses and companies serving female consumers.



**Tokunboh Ishmael**  
Based in Lagos, Nigeria

<b>Born</b>	Germany, grew up in UK
<b>Education</b>	BSc Computer Science and Economics, Obafemi Awolowo University MSc Advanced Computing Methods, Queen Mary University of London MBA, London Business School
<b>Career</b>	Investment banker, Solomon Smith Barney (New York) Silicon Valley-based startup Obongo, "where I got my penchant for VC and private equity investing and a passion for leveraging technology to drive development" Investment Principal, Sussex Place Ventures (UK) Partner, Aureos Capital (Nigeria) Managing director, Alitheia Capital (Nigeria)
<b>Hobbies</b>	"I'm a triathlete - I usually have a work-out four or five days a week."

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# The path to VC

Born in Germany and raised in the UK, Tokunboh fell in love with Nigeria, her parents' country of birth, as soon as she first visited there as a young adult. Completing a computer science degree at Obafemi Awolowo University, she went on to business school, worked in investment banking on Wall Street and moved to Silicon Valley before landing a job at a fund management firm that sent her back to Nigeria: her ultimate goal.

"When I moved to Nigeria and I started working, and it was the first time I had been in Nigeria as a working adult and productive member of the economy, I couldn't really believe the cheek-by-jowl nature of prosperity and poverty," she says.

Responsible for deploying millions, even hundreds of millions of dollars, she asked: "If we're deploying this kind of capital, how is it not trickling down to solve these problems or provide access to some of the essential services that these people really need?"

*"Is it true that in addressing those needs you were being charitable, or could you address those needs by deploying capital and still drive for returns by also being intentional about the social and developmental returns? That's really what struck the desire in me."*

The rest is history. In 2007, Tokunboh co-founded Alitheia Capital alongside Jumoke Akinwunmi, with the intention of addressing the twin pillars of financial and developmental returns.

As one of the only female-founded VC firms in Africa, it is perhaps no surprise that one of the key tenets underpinning Alitheia Capital is to be proactive and intentional about supporting female founders and colleagues.

"By investing in diverse teams and being inclusive of female founders we can achieve superior returns. It has been shown that companies that have diverse teams are able to achieve over 20 per cent above the average company in terms of their returns," Tokunboh says.



Alitheia doesn't just invest in women for the sake of being women, the focus is on finding where there is an overlooked opportunity, and where money is being left on the table. The case for investing in solutions targeting female consumer spending is substantial, Tokunboh adds. All these considerations combined with a diverse founding team is how the firm hopes to unlock superior performance and returns.





## Why is diversity important? Better decision making, better corporate governance, and better innovation.

"If over 30 trillion dollars of consumer spend globally is decided by women, you need to be thinking about how they're thinking, and you want to make sure you have the right people in the right seats to do the right sorts of innovations that will address their tastes and preferences. So you can't be homogenous and think that you're going to have the best innovation in the market. You need that diversity to ensure that."

Within its own ranks, Alitheia also strives to be a gender diverse team, and has multiple male associates. Tokunboh says gender does not play a role in how candidates are chosen or how the company operates, but believes it does take a central role in the company culture, which is very "collegiate" and different from the dog-eat-dog environments often found in the investment space.

"We don't put gender first as to how we operate, we put professionalism and results orientation first. But what I know is different is that we are more of a family, and collaborative in nature in the way that we work as a team. The partners at the helm have more of a natural tendency to be collaborative - research shows female characteristics are more prevalent in female leaders and that plays out in our firm."

One of the key areas where women are disadvantaged in the VC workplace is job progression, and retention of female colleagues is notoriously low in this space, Tokunboh says. As such, Alitheia consciously tries to create an enabling environment that is responsive to the changing nature of women's commitments.

"We create an environment for women to progress, and if they need to take time out - for family reasons, or to have a baby - they're able to scale back their hours but they're still able to operate at the level that their skills and time and professionalism enables them to operate. So they don't suffer from the fact they take that time out," she says.

"What that means is we have a high retention rate, particularly among women, which is not something that you see typically in the industry, because mostly if women need to take that time out, they actually have to step out."



The result of poor retention rates and lower levels of progression to senior VC roles, is a vicious cycle where female founders and female-focused sectors are overlooked by investors, Tokunboh says. There aren't enough female decision makers able to pick up on overlooked sectors and entrepreneurs.

"Why don't we have enough? I think maybe in the younger generation it's starting to turn around. But part of it is that we do take career breaks, and if you're not in an environment that supports your career breaks then you can be the best at school, in finance, in technology, what have you, but if you come off that track you might not get back on it. We need to have more environments that are retaining women in those types of workplaces. That then impacts the pipeline of women that are able to go through to those senior roles."

On a personal level, Tokunboh says while she believes it has been a level playing field as a woman obtaining an education in the technology and financial spaces in Nigeria, she has experienced first hand the disparities between how female and male candidates are treated in the professional world. Most recently, she says the fundraising process for Alitheia served to highlight how differently female fund managers are treated.

"When we started on the fundraising trail for raising the fund, it became clear that the sort of questions myself and my colleagues were being asked as women were very different from the sort of questions our male counterparts were answering."





# DID YOU KNOW?

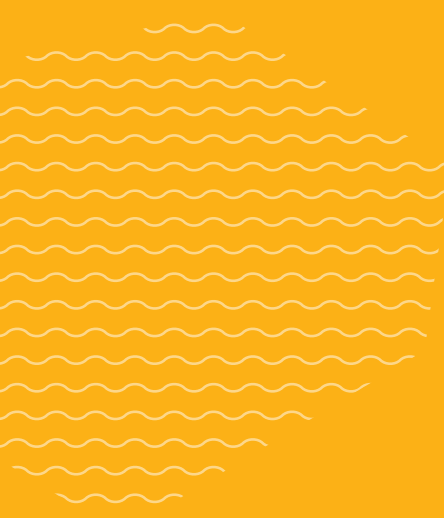
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African tech startup funding has been increasing dramatically over the last few years. From just US\$129 million in 2016, total investment secured per year in the sector hit US\$195 million in 2017, US\$335 million in 2018, US\$492 million in 2019, and US\$702 million in 2020.

**A jaw-dropping 2021 saw the sector really take off, with total investment passing the US\$2 billion mark.**

The number of startups securing investment each year has also been on the rise. In 2015, only 125 startups secured investment. This figure grew to 146 the following year, 159 in 2017, and 210 in 2018. The number leapt in 2019 to 311, and climbed to 397 in 2020. **In 2021, 564 companies received funding.**

A key feature of the African startup landscape over the last few years has been growth in the number of active investors on the continent. Disrupt Africa tracked just 155 investors in 2018, which increased to 261 in 2019 and 370 in 2020. **In 2021, we saw 771 different investors back African tech startups.** With a large range of institutional investors, VC firms, family offices and angels active in Africa, there is clearly an increasing confidence and interest in backing startups on the continent across all stages of the startup lifecycle.





# A day in the life at Alitheia

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Days start quite early, Tokunboh says, and are based around daily contact with the Alitheia team to follow up on what everyone is focusing on currently; as well as constant discussion with entrepreneurs.

"At the moment, given that everyone's in virtual worlds, I'm spending most of my time taking meetings in front of my computer. I speak to my team every day, if we're not meeting in person."

Tokunboh aims to listen to presentations from one or two new entrepreneurs a day, and to very quickly screen through how those entrepreneurs might fall into the firm's ranks. She also speaks to existing portfolio company founders on an almost daily basis - around 30 to 40 per cent of her personal time is spent engaging with existing founders, in addition to the more formal team sessions they have with portfolio companies.

"It's a mix of working on existing transactions, being proactive about new transactions, and speaking to our existing founders who typically find a way of getting to have mini strategy sessions over Whatsapp with me."

When it comes to attracting new founders, Tokunboh feels Alitheia is good at making itself available to female founders, and they often reach out directly to her and her colleagues to have an initial conversation and ask questions. She says female entrepreneurs feel they can approach the company without being judged, and they don't feel shy about asking the "wrong" questions, thanks to having such a gender diverse and female-forward team.

"I definitely think I bring that different perspective and lens, also I believe that as a woman in this industry I have presented a more approachable face to some of the entrepreneurs that have approached us."



Company name	Alitheia Capital
Founded	2007
HQ	Lagos, Nigeria
Other locations	Mauritius
Partners	Tokunboh Ishmael Polo Leteka Radebe Olajumoke Akinwunmi
Focus areas	Enabling accessibility, affordability, and/or inclusion to underserved sectors and markets such as financial services, clean energy, agribusiness, mobility and logistics, education, health, and digital infrastructure.
Number of portfolio companies	14
Assets under management	\$200 million
LPs	African Development Bank (AfDB), European Investment Bank (EIB), Industrial Development Corporation of South Africa (IDC), Bank of Industry Nigeria, FinDev Canada, Nigerian Sovereign Investment Authority (NSIA), the Dutch Good Growth Fund (DGGF), and Soros Economic Development Fund.

# Young women in tech

Young women entering or operating in the tech startup ecosystem need to be more confident about being persistent, is Tokunboh's advice. There will be a lot of "nos", which female founders should listen to, process the feedback from, and then continue to push their case forwards.

*Never take "no" as the final answer. In fact, take "no" as the first answer to be discussed and changed into what the final answer needs to be. But when that first "no" comes, don't dismiss it, listen to the feedback, and address accordingly. But never take "no" as the final answer. Just keep pushing the envelope and believe in yourselves to do and achieve what you have set your heart on.*

In today's world, she also says all founders - not only women - need to ensure they don't shy away from understanding the tech behind their business. While founders don't necessarily need to know the deep nuts and bolts, they should know the way technologies and digital solutions can help to transform their business, give them greater access to markets, enable them to have more efficient ways for their customers to access their products and services and pay them, and help them to organise for efficiency for their workflow and operations processes.

*Everybody now knows that there's nothing you touch today that doesn't have tech in there. You can leverage tech without knowing the nuts and bolts but you should really know how it adds value to your business.*



To other women in the VC space, she asks that they be "intentional and inclusive" about helping more women enter and achieve in the investment space. But also, to consider their own skills and characteristics on an on-going basis, with a view to facilitating their own career progression.

"The things that got you into the VC world may not be the factors that take you to the next level. Because you now want to differentiate yourself, and in order to do that you need to look beyond where everyone else is looking."



*Boost Africa Technical Assistance Facility (BATAF) provides bespoke support to strengthen the core professional and operational skills of partner fund managers and their investees to realize growth potential among innovative tech start-ups and high growth SMEs in Sub-Saharan Africa (SSA). BATAF is funded by the European Commission and the Organisation of African Caribbean and Pacific States, through the 11th European Development fund. The funding is managed by the European Investment Bank and implemented by Adam Smith Europe, part of the Adam Smith International Group.*

*Women's empowerment is at the core of BATAF's mission, recognizing that women's inclusion is both the right and the smart thing to do. This case study is part of a series highlighting leading female fund managers in SSA. By showcasing the successes and challenges women face in the investment fund world these women's stories shed light on the alternative investment lens that women's inclusion in top management positions brings as well as the business and social transformation it can drive. The series is financed by the European Union under EDF Thematic Blending and Cotonou Investment Facility.*



Boost Africa Technical Assistance Facility



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