



CNote Launches Wisdom Fund to Close Lending Gap for Women

New impact investment vehicle provides funding to underserved women of color and low-income women entrepreneurs across the country

OAKLAND, Calif., March 20, 2019 — Women are the fastest-growing group of entrepreneurs in the U.S. Yet less than 5 percent of small business lending—only \$1 in \$23—goes to women. CNote aims to fix this disparity with the [Wisdom Fund](#), a new impact investment opportunity launching today.

Created in partnership with mission-driven lender CDC Small Business Finance and four innovative nonprofits, the Wisdom Fund funnels money from accredited investors—institutions, funds, foundations, family offices and individuals—into business loans for low- to moderate-income women and women of color. The loans are provided by nonprofit community lenders with decades of experience delivering the capital and resources that women small business owners need.

Fixing a social injustice

“We hear a lot about the gap in venture capital funding for women, but the vast majority of women who need capital are not forming hyper-growth startups; they are starting small businesses to pursue economic freedom, flexibility and independence. The financial system is not serving them well, and we’re very much failing women of color in particular,” said Catherine Berman, CEO and co-founder of CNote, an impact investing platform whose mission is to close the wealth gap in the U.S.

“With the Wisdom Fund, we’re taking a major step toward fixing a huge injustice—women’s businesses receive far less funding than they deserve,” said Berman. “We’re working with an amazing group of nonprofit community lenders nationally to entirely rethink lending to women.”

CNote is also already earning support from major corporations as well as nonprofits. “Access to capital is one of the top challenges female small business owners face and we’re excited to see CNote working to combat this with the introduction of their Wisdom Fund collaboration,” said Amy Neale, vice president and startup engagement lead for Mastercard [Start Path](#), which supports high-potential startups around the world, including CNote. “At Start Path, we look forward to helping CNote scale their business to ensure a more inclusive economy, because when you invest in women the returns are priceless.”

Collaboration drives scalability and impact

During a three-phase build-up, Wisdom Fund partners will collect, share and act on data about what works for women entrepreneurs. In the first eight months, participants will fill in the knowledge gap, gathering information on how women interact with the loan process, what hangs them up and what eases their path. In phase two, the partners will experiment with new ways to serve women that remove barriers. Around the one-year mark, the focus will shift to scaling the program by continuing to add new lending partners, increasing investment and implementing best practices across the network.

“There’s lots of data on how women are shut out of venture capital. We don’t know as much about why women are shut out of debt capital,” said Allison Kelly, senior vice president of strategy and innovation at CDC Small Business Finance. “What are the product-level needs? Who are the business owners and what barriers are they experiencing? Why are women opting out of taking on debt? The whole financial system is set up to serve a certain segment of the



population. Maybe we need to rethink the distribution of capital and how we assess risk. The Wisdom Fund is an opportunity to create new debt products by working collaboratively with the women we aim to serve.”

CDFIs are an under-the-radar impact powerhouse

Community development financial institutions (CDFIs) like the ones CNote is working with are perfectly positioned to take on this work. They’re distributed across the country, they have always invested in financially underserved communities, and they have enormous unrealized potential for financial and impact returns.

“We looked at the trends and realized that CDFIs are undercapitalized,” said Kelly. “The sources of capital were mismatched to CDFI needs—it was all big capital sources deploying larger chunks of capital to fewer and fewer CDFIs.”

That’s where CNote comes in. Since its September 2017 debut with a [product for retail investors](#), the fintech startup has invested more than \$18 million in underserved communities through a growing CDFI network covering more than 35 states. Those investments have helped to create or maintain over 2,000 jobs and fund more than 400 small business loans.

Investors can start funding women-owned businesses now

Investors in the Wisdom Fund will earn an estimated 4 percent annual return, over a 60-month term, on a loan portfolio that’s diversified across established CDFIs. Email wisdomfund@mycnote.com to learn how you can help fund more women-owned businesses today.

Women seeking loans should contact a participating CDFI. Partners in the Wisdom Fund’s first phase include:

- [Carolina Small Business Development Fund](#), which provides small business loans and financial training to startups, existing businesses and community organizations in North Carolina.
- [LiftFund](#), a Texas-based organization that empowers underserved entrepreneurs with capital and support services in 13 states.
- [TruFund](#), a national nonprofit organization that provides affordable capital and business development services to small businesses and nonprofits in Alabama, Louisiana and New York.

In addition, [Pacific Community Ventures](#) will match all borrowers from the Wisdom Fund with pro bono business advisors. Pacific Community Ventures, a Bay Area–based CDFI, invests in small businesses in California that are past the startup phase and creating jobs, and manages a national network of pro bono expert advisors who mentor small business owners on any topic, challenge, or opportunity.

About CNote

[CNote](#) is an award-winning, first-of-its-kind financial platform that allows anyone to make money investing in causes and communities they care about. With the mission of closing the wealth gap, CNote directs every dollar invested toward funding female- and minority-led small businesses, affordable housing and economic development in financially underserved communities across America.

About CDC Small Business Finance

[CDC Small Business Finance](#) is a leading small business lender, award-winning nonprofit and advocate for entrepreneurs. Over four decades, it has provided more than \$18 billion in funding to over 11,000 borrowers...and



counting. Its lending also plays a role in bolstering economic development, and has helped to create or preserve more than 200,000 jobs in California, Arizona and Nevada.

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