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MassMutual invests in VC fund targeting founders of color

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Massachusetts Mutual Life Insurance Co. is investing \$5 million in a venture capital fund overseen by Boston-based Reinvesture Capital and will put up as much as \$5 million more if other limited partners match its investments.

The Reinvesture Capital fund invests solely in businesses founded and run by people of color and women. The firm itself is run by Edward Dugger III, a longtime impact-investment manager in Boston.



Reinvesture President Edward Dugger III.

Springfield-based MassMutual is making the investment through its Emerging Manager program, which supports private-equity funds led by managers who are underrepresented in the industry. It marks one of the program's first investments.

Prior to the MassMutual money, Reinvesture had raised about \$11 million for the fund, Dugger said. It is still raising money and is hoping to bring in as much as \$50 million.

The matching challenge is "intended to be a clarion call, not just for investors, institutional or otherwise, in the Greater Boston area, but throughout the country,"

Dugger said. "I can't point to an institutional investor of MassMutual's stature that has ever done something like that."

The firm has invested in three businesses so far through the fund, including New York-based Canela Media, which runs a streaming service with shows aimed at U.S. Hispanics, and Oregon-based OpConnect LLC, provider of electric vehicle charging systems.

Dugger is looking for "early growth" companies that are operating at breakeven or better and are poised for profitable growth, he said. The founders sought by his firm tend to be experienced entrepreneurs, typically in their late 30s to early 50s, he added.

"MassMutual recognizes that measurable positive social and environmental impact is not at odds with market-rate financial returns. On the contrary, our commitment to diversity, equity and inclusion is at the core of our investment and operational practices because we believe that inclusion drives innovation, creativity and financial performance," Liz Roberts, MassMutual's impact-investing director, said in a statement.

In the wake of George Floyd's death last year, many companies and investors committed to becoming more intentional about addressing racial inequities, and Reinvesture has received more interest from investors in that time, according to Dugger.

"With that swing of the pendulum towards issues of racial equity, suddenly we've become exactly what folks are looking for," he said. "Many of the investors we've had, quite frankly, were individuals who found us on the website looking for a way to put their money where their mouth is."

When it comes to diversity-minded corporate initiatives in Boston, "when you see some exciting things happening, they tend to be on the philanthropic side or diversity, equity and inclusion side, but not really addressing the issue of investing," Dugger said. "It's investment that is needed, because those investments will have long-term inter-generational effects."

Greg Ryan

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