

Upstart Co-Lab: Investments Of \$7.75 Million And Plans For A \$100 Million Portfolio

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Five years ago, Laura Callanan launched Upstart Co-Lab, aimed at connecting investors to creative economy enterprises addressing larger societal problems, creating jobs and stimulating local economies. Then, in June 2020, Callanan, formerly senior deputy chairman of the National Endowment for the Arts, announced the Upstart Co-Lab Member Community, a coalition of families, foundations and others looking to invest in such enterprises.



Mary Stuart Masterson
Evan Agostini/Invision/AP

Upstart just released its 2021 Impact Report with an overview of its accomplishments, including close to \$8 million invested by Upstart members in funds and startups. It's also launching its own portfolio to invest in creative economy funds and companies, with a goal of raising \$100 million.

Upstart defines the creative economy as "a set of art, culture, design and innovation industries, and the economic contribution of those industries within a geographic regions." To refine that further, Callanan identified 145 industries, based on codes from the North

American Industry Classification System, which are used by U.S. federal statistical agencies to classify business establishments. Then she grouped them into five categories—ethical fashion, sustainable food, social impact media, other creative businesses and creative places. They include companies ranging from game designers and food producers to real estate projects with affordable workspace for artists.

Six Funds and Companies

The report highlights six funds and companies that Upstart member invested in since 2020. One example: Upriver Studios. Founded by actor Mary Stuart Masterson and digital, film and TV producer Beth Davenport in 2020, it runs a film and TV production facility in New York's Hudson Valley. There's also Stockade Works, a nonprofit which provides workforce training, focusing on women, BIPOC and veterans. Based in a former 101,000 square-foot warehouse, the facility was repurposed to house sound stages, along with production offices and other spaces.

Construction was delayed by the pandemic, but that also allowed the company to build Covid-friendly elements, working closely with industry and union leaders. According to Callanan, those moves helped Upriver attract its first client, Warner Media/HBO Max's "Pretty Little Liars: Original Sin." Upstart members invested \$350,000

Another example: Startup Preemadonna, a tech company focused on hardware and software boosting creative expression among girls. Its first product, the Nailbot, involves nail art, with the ability to print smartphone images on fingernails using nontoxic ink. Ultimately, the goal is to teach "Preemadonnas" the basics of hardware and engineering by working with their Nailbots, as well as helping them to launch microbusinesses selling nail art on an online platform. Investment from Upstart members: \$100,000.

Other findings from the report:

- Update on member community. Its five families, four foundations and one nonprofit arts funder, who represent over \$1 billion of investment capacity, closed and committed \$7.75 million in 11 impact funds and companies. Members, who typically invest in a variety of areas, not just creative economy enterprises, don't necessarily invest together, though many have. But all tap Upstart's due diligence and other support. Every other month, they meet as a group to hear pitches from fund managers and startups.
- Pipeline. There's a pipeline of around 250 funds, direct company investments and real estate projects sourced from fund managers, accelerators and the Upstart advisory board, among others.
- Capital mobilized. Upstart mobilized more than \$17 million in capital for funds and companies.

- Moving past advisory. The goal is for Upstart to not just act as advisors, but also to become investors. To that end, it's launching a portfolio which will invest in creative economy funds and companies. According to Callanan, she's talking to foundations about program-related investments, along with donor-advised funds, working with ImpactAssets. The goal is to raise \$100 million.
- More training. Along with Mission Investors Exchange and Grantmakers in the Arts, Upstart is hosting an arts and creative economy institute in April aimed at training arts program officers and CFOs, COOs and others at arts and cultural institutions about impact investing.

Callanan also points to Upstart's new impact framework, with five dimensions for investing in the creative economy. One is a focus on diverse entrepreneurs. According to Callanan, 35% of businesses led by women and 38% of enterprises run by BIPOC founders are in creative industries. Another is the importance of quality jobs, since these businesses tend to create work that can't be outsourced.