

Creativity. Investment. Impact.



Inclusive Creative Economy Strategy

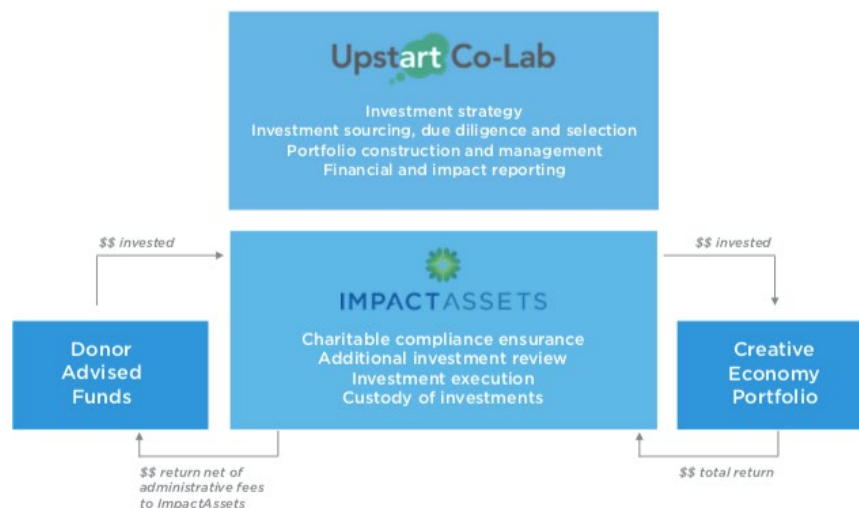
THE FIRST, NATIONAL CREATIVE ECONOMY IMPACT INVESTMENT STRATEGY IN THE U.S.

Upstart Co-Lab is launching a portfolio of up to \$100 million to invest in impact funds with [creative industry](#) exposure and Seed/Series A companies in food, fashion, film & TV, video games, the creator economy, and other creative industries. The Inclusive Creative Economy Strategy will demonstrate how the American creative economy can deliver market rate returns and deep people-focused impact.

The impact goals of the Inclusive Creative Economy Strategy include: to increase opportunities for BIPOC individuals and women to start and grow businesses in the creative economy from which they have been historically excluded or disadvantaged; to create quality and sustainable jobs in the creative economy, particularly for unemployed and underemployed persons and/or BIPOC individuals and women and/or people in distressed communities; to anchor vibrant communities and advance the goals of comprehensive community development through the creative economy; to increase economic opportunities for artists, designers, and other creative people, particularly BIPOC individuals and women and/or people in distressed communities; and to improve diversity and inclusivity through the creative economy particularly for BIPOC individuals and women and/or people in distressed communities.

This is an opportunity for program related investments and recoverable grants from foundations, donor advised funds, and endowed cultural institutions. All investments in the portfolio will be shared by all participants on a pro rata basis. This is not an “evergreen fund”: returns revert to participating foundations, donor advised funds, and cultural institutions for future grantmaking and programs. This is not a solicitation of or sale of securities.

[ImpactAssets](#) is Upstart Co-Lab’s 501(c)3 public charity implementation partner for the Inclusive Creative Economy Strategy. ImpactAssets will be responsible for charitable compliance, transaction management, custodian services, portfolio valuation, and financial reporting.



ABOUT UPSTART CO-LAB

A sponsored project of Rockefeller Philanthropy Advisors, [Upstart Co-Lab](#) was launched in 2016 with support from the Ford Foundation, Heron Foundation, Andrew S. Mellon Foundation, the Rockefeller Foundation, and the Surdna Foundation. Upstart connects capital to creative people who make a profit and make a difference.

Upstart has built a coalition of private foundations, donor-advised funds, and endowed cultural institutions to pioneer impact investing with a focus on art, design, culture, heritage and creativity; with a focus on the creative economy, helped investors close and commit more than \$23 million; and co-created the NYC Inclusive Creative Economy Fund with the Local Initiative Support Corporation.

ILLUSTRATIVE INVESTMENT EXAMPLES

FUND INVESTMENT



Supply Change Capital (SCC) is a women and BIPOC-led venture capital fund investing at the intersection of food, culture, and technology. SCC's investment thesis anticipates the U.S. becoming increasingly multicultural; shifting consumer demand related to recipes, flavors and ingredients; and the transition of the "international food aisle" into the entire grocery store. SCC plans to capture these demand shifts by investing in culturally-appelling brands, sustainable ingredients, and related enabling technologies.

For example, SCC has invested in Agua Bonita, an agua fresca brand led by a Latinx woman bringing better-for-you, culturally-relevant drinks to the grocery store. The drinks are made from fruit that would otherwise go to landfill.

SCC has also invested in Whetstone Media, a Black-led multi-media company that celebrates and explores food from around the world with a focus on the communities of origin that created and continue these culinary traditions. Whetstone is producer of the popular and award-winning Netflix series, "High on the Hog".

COMPANY INVESTMENT



REC stands for "Resources for Every Creative"; its motto is "Independent doesn't mean alone." Founded in 2015, REC takes an artist-centric, place-based approach to providing creators with the skills, space, tools, networks, and business acumen to succeed, with a particular focus on closing the earnings gap for people of color in creative fields. REC supports creatives to build a sustainable career through a unique model combining membership-based studios, entrepreneur education resources, and access to paid work.

REC Philly occupies a 10,000 square-foot state-of-the-art facility in a mall storefront in the Fashion District of Downtown Philadelphia, which serves 1,000 members. Most members are BIPOC, aged 21-35, and memberships are affordable starting at \$85/month. REC is now preparing for expansion with the ultimate goal of serving millions of creators globally through their mobile app and new physical locations. REC Miami is slated to open in December 2023, with more sites planned. REC publishes annual impact reports focused on total jobs contracted, dollars paid out to members, and detailing community partnerships.

RISK/RETURN

RISK LEVEL	HIGH RISK			✓
	MODERATE RISK			
	LOW RISK			
		NON-MARKET RATE	NEAR-MARKET RATE	MARKET RATE
RELATIVE RETURN				

IMPACT

Access to Capital for BIPOC and Women Entrepreneurs
Quality Jobs
Vibrant Communities
Sustainable Creative Lives
An Inclusive Creative Economy

FUND SUMMARY

TARGET PORTFOLIO SIZE	\$20,000,000 minimum - \$100,000,000; \$20M first close
TERM	10-12 years; 5-year investment period
TARGET RETURN	11% - 20% IRR / 2.3 - 4.3 MOIC
INVESTMENT OBJECTIVE	Invest in a portfolio of impact funds with 25%-90% creative economy exposure and seed/early-stage companies in food, fashion, media & other creative industries to demonstrate the return and impact that investors can achieve in the U.S. creative economy
INVESTMENT CHARACTERISTICS	<ul style="list-style-type: none"> Emerging Funds defined as Funds I and II and/or <\$100M Revenue-generating seed and Series A companies Equity investments
TARGET ALLOCATION	<ul style="list-style-type: none"> 75% funds 25% companies
GEOGRAPHY	U.S.
STRENGTHS	<ul style="list-style-type: none"> The only organization working exclusively on impact investing in the creative economy within the U.S., with a focus on the creative economy, Upstart Co-Lab has helped 60+ investors close and commit nearly \$23 million of impact capital since 2017; and developed three proof-of-concept vehicles for impact investing in the creative economy with the Local Initiatives Support Corporation (LISC), Calvert Foundation, and Honeycomb Credit. Upstart's investment pipeline currently includes 300+ opportunities. This understanding of the investment landscape has been developed with the help of a singular network spanning arts and culture, impact investing, and social impact over 6 years. Upstart has strong brand recognition as the sector leader for impact investing in the creative economy, and is regularly featured in the <i>The New York Times</i>, <i>Financial Times</i>, <i>Forbes</i>, <i>Barron's</i>, <i>Fast Company</i>, <i>Monocle</i>, and <i>ImpactAlpha</i>. The Upstart Co-Lab team uniquely brings together experience in the arts, endowment management, impact investing research and wealth advisory, philanthropy, resource mobilization, social entrepreneurship, and social innovation consulting. ImpactAssets was founded in 2010 to enable impact investing from donor advised funds. ImpactAssets manages \$3 billion in AUM on behalf of 1,900 donor advised funds. ImpactAssets closed 230 private investments for their donor advised funds in 2021.
RISKS	<ul style="list-style-type: none"> This is the first impact investment strategy focused exclusively on the creative economy in the U.S. The Inclusive Creative Economy Strategy will rely on a partnership between Upstart Co-Lab and ImpactAssets. A new Investment Committee is being formed to oversee the strategy.
UPSTART CO-LAB FEE	Upstart Co-Lab will not charge investors a management fee or carried interest but will raise an operating budget of grants to cover the costs of this Inclusive Creative Economy Strategy.
IMPACTASSET FEE	ImpactAssets asset-based fee ranges from 0.57% - 0.70% annually based on total size of this Inclusive Creative Economy Portfolio

For more information, please contact Upstart Co-Lab's Founding Partner Laura Callanan at lauracallanan@upstartco-lab.org or 917-647-2564.