



Toledo Museum of Art investment commitment to Upstart Co-Lab Inclusive Creative Economy Strategy

Background

The [Toledo Museum of Art](#) (TMA) has made its first impact investment, and is considering an ongoing allocation to impact investing as part of the investment strategy governing its \$240 million endowment. During the triennial review of its Investment Policy Statement in December 2023, TMA hopes to approve both a revision to its policy, as well as a procedure that will be administered by its Investment Review Committee to qualify impact investments.

[Upstart Co-Lab's Inclusive Creative Economy Strategy](#) was identified as a values-aligned opportunity consistent with TMA's impact investment goals, and in April 2023 the [TMA announced a \\$1 million investment commitment to the Inclusive Creative Economy Strategy](#).

Notwithstanding Management and the Board's conviction in investment viability of Upstart Co-Lab's approach, the TMA set out to protect this investment against risk of principal loss, and to do so in a way that is replicable by other museums and endowed nonprofit cultural institutions. The TMA hopes that by setting this example it will help other museums and other cultural institutions see their endowments as more than a source of annual income and long-term security, but as another opportunity to advance their stated values and mission.

An estimated \$60 billion currently sits in the endowments of America's museums, libraries, performing arts centers, schools of the visual and performing arts, and other cultural institutions. As a group, museums and cultural institutions significantly trail colleges and universities when it comes of values-aligned and mission-related investing.

The Guarantee

A private donor contributed an amount equal to The TMA's investment commitment to Upstart's Inclusive Creative Economy Strategy as a guarantee against any principal loss. This donation serves as a "Loss Reserve" on The TMA balance sheet and is invested in liquid investments earning a market-rate return consistent with the museum's overall investment policy. The annual return generated by this Loss Reserve is being allocated to fund the Museum's glass artists residency, known as the Guest Artist Pavilion Project (GAPP).

In the event that the Loss Reserve is needed to make the Museum endowment whole as the Inclusive Creative Economy Strategy winds down in 8-12 years, funds will be transferred to the Museum's unrestricted pooled investments. Upon the conclusion of the Inclusive Creative Economy Strategy, funds remaining in the Loss Reserve will convert to a restricted endowment supporting a museum activity selected by the donor.



The Toledo Museum of Art

Since its founding in 1901, the Toledo Museum of Art has earned a global reputation for the quality of its collections, innovative and extensive education programs and architecturally significant campus. Thanks to the benevolence of its founders, as well as the continued support of its members, TMA remains a privately endowed, non-profit institution and opens its collection to the public, free of charge. The Museum seeks to become the model art museum in the country, leading the way in genuinely and creatively engaging its communities and fostering a sense of belonging for all its audiences. Visit <https://www.toledomuseum.org>.

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Upstart Co-Lab

Upstart Co-Lab connects capital to creative people who make a profit and make a difference. Since launching in 2016, Upstart Co-Lab has directly mobilized \$23 million of impact capital for funds and companies in the creative economy; framed the inclusive creative economy as an impact investing priority; and built a coalition of impact investors who are artists, art lovers, foundations funding the arts, and endowed cultural institutions. Read more about [Upstart's work supporting museums and cultural institutions](#) to invest in alignment with their mission and values. Based in New York City, Upstart Co-Lab is a project of Rockefeller Philanthropy Advisors. Visit <https://upstartco-lab.org>.

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Inclusive Creative Economy Strategy

Upstart Co-Lab is launching a \$100 million portfolio of funds and companies comprising the first impact investment strategy for the U.S. creative economy which will focus on fashion, film & TV, video games, food, the creator economy, the visual art market, immersive experiences, beauty and other creative industries.

Upstart's approach will target market rate financial returns, and prioritize access to capital for BIPOC and women entrepreneurs delivering people-focused impact: quality jobs, vibrant communities, and sustainable creative lives. In tandem, Upstart will conduct an influence strategy focused on unlocking artists, art patrons and endowed cultural institutions as a new cohort of impact investors, and the creative sector as a new source of impact capital.

Upstart is seeking program-related investments from foundations; recoverable grants from donor advised funds; and mission-related investments from endowed nonprofit arts and culture organizations. Visit <https://upstartco-lab.org/inclusive-creative-economy-strategy/> and email LauraCallanan@UpstartCo-lab.org for more information and data room access.

Creativity. Investment. Impact.



Inclusive Creative Economy Strategy

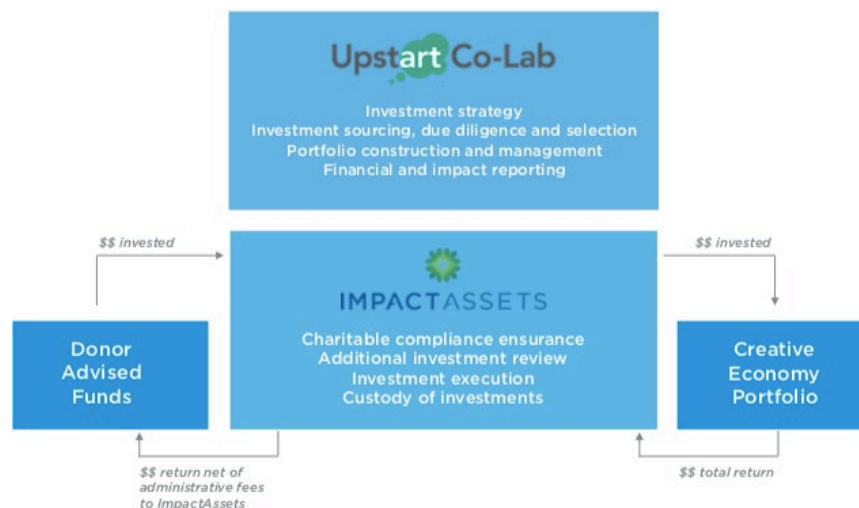
THE FIRST, NATIONAL CREATIVE ECONOMY IMPACT INVESTMENT STRATEGY IN THE U.S.

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



Founded by Patrick Robinson, former creative director for the Gap and Emporio Armani, **Paskho** is a Black-owned, sustainable and socially-driven clothing line and e-commerce platform. In 2020, the company responded to COVID and America's reckoning with structural racism by onshoring all of its manufacturing from ethical and sustainable factories in Asia to low-income communities in the U.S. The company's distributed production approach, Community-Made™, currently mobilizes independent workers from Boykin, Alabama home of the famed Gee's Bend Quilters; the Cheyenne River Indian Reservation in South Dakota; and New York City where, during the worst of the Covid pandemic when there was no live theater, Paskho employed Broadway costume makers.

In keeping with its slogan, "Clothes Made like They Matter," Paskho is committed to employing and empowering makers and giving customers a genuine human interaction with the people who assemble, markets, and ship each piece of clothing. Paskho is also committed to environmental sustainability: using reclaimed fabrics to reduce textile waste, using Bluesign-approved eco-fabrics to ensure no harmful chemicals are used; engaging in environmentally efficient on-demand production; and reducing packaging.

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 \$2.3 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.