

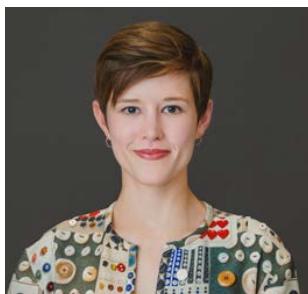
INDUSTRY INSIGHTS

Investing in the creative economy: Lessons from global fund managers



Laura Callanan

Founding Partner, Upstart Co-Lab



Annabelle Camp

MBA Candidate, The Wharton School
at the University of Pennsylvania



Rifat Mursalin

MBA Candidate,
Harvard Business School

The creative economy and impact investing

The creative economy comprises art, culture, design and innovation industries and their economic contribution within a geographic region. Each local creative economy features a unique set of industries, reflecting that place's culture, tradition and heritage.

By declaring 2021 the International Year of Creative Economy for Sustainable Development, the United Nations recognized the creative economy "...as a powerful force for good, livelihoods, social cohesion and economic development..." and acknowledged the role of creative industries in "...supporting entrepreneurship, stimulating innovation and empowering people, including young people and women, while preserving and promoting cultural heritage and diversity."²⁰⁹

Around the world, impact investors are putting capital to work in the creative economy to achieve environmental, societal and economic goals, as well as financial returns. The creative economy presents an underexplored opportunity for investors to make money and do good, by:

- Stabilizing threatened communities and offering an on-ramp to community wealth-building;
- Responding to consumer demand for authentic products that are produced ethically and sustainably; and
- Providing a platform for meaningful stories told from diverse perspectives.

At Upstart Co-Lab, we define the inclusive creative economy for impact investors, with a focus on:

- **Ethical fashion:** companies producing clothes, shoes, jewelry and accessories that proactively address industry challenges related to labor, environmental impact, governance and/or preservation of cultural heritage.
- **Sustainable food:** producers and providers of food and beverage products and experiences that proactively address and raise consumer awareness of resource conservation, preservation of cultural heritage and/or access to healthy food.
- **Social impact media:** companies that leverage the power of communication, storytelling and technology to drive positive social outcomes at scale, give a platform to under-represented voices and/or build a diverse workforce.
- **Other creative businesses:** includes online creator platforms and creative software tools, disruptive visual art platforms, immersive experiences, inclusive toy and game designers, and other businesses in art, design, culture and heritage industries that drive social impact.
- **Creative places:** real estate projects that are affordable, target creatives or businesses in the creative economy, and benefit their neighbors, such as affordable workspace for artists and creative economy businesses.

Upstart Co-Lab's lessons learned

Upstart Co-Lab connects capital to creative people who make both a profit and a difference.

Upstart's impact goals are to provide access to capital, create quality jobs, support vibrant communities, enable sustainable creative lives, and advance an inclusive creative economy.

In 2024, Upstart Co-Lab launched the Inclusive Creative Economy Strategy—the first impact investing vehicle dedicated to the US creative industries—with US\$15 million committed by foundations, artists, and cultural institutions. As of May 2025, US\$5.75 million was invested and reserved for follow-on in three funds and three companies selected from Upstart's proprietary pipeline of 300 opportunities.

After nearly a decade of advancing impact investing in the US creative economy, Upstart has learned three key lessons:

1. Make the case, build the coalition, mobilize capital

Impact investing in the creative economy requires more than just launching a fund. Since the creative industries are a new focus for impact investors, an ecosystem must be developed by:

- Gathering data, stories and examples that make the case;
- Bringing stakeholders together to cooperate, co-invest and learn from one another; and
- Introducing new investment vehicles that respond to specific capital needs.

This process of field-building is not linear but iterative, repeating and reinforcing. Other fund managers investing in the creative economy concur.

In the UK, Figurative's Fran Sanderson observes that this is a process of changing mindsets and behavior, and emphasizes the importance of taking the long view toward building a strong ecosystem.

Nicholas Parpex at BPI France's Le French Touche emphasizes that the greatest successes come from sharing expertise with other stakeholders.

German Cufre, who leads creative economy investing for the International Finance Corporation (IFC), takes the time to cultivate strategic corporate partners as co-investors to strengthen the creative economy in the Global South.

2. Build the pipeline first, then talk to investors

Before raising capital, it is crucial to understand the qualified opportunities currently seeking capital that align with your geographic, industry and impact goals. Building a pipeline of investment opportunities—not a general landscape or aggregate market overview—will inform the type of financing needed, the appropriate investment vehicle, and how much capital can be deployed. Raising funds is much easier when there are concrete examples of investment opportunities to discuss with prospective investors.

Upstart was fortunate to learn this from Sam Marks at the Local Initiative Support Corporation (LISC), our partner on the 2018 LISC NYC Inclusive Creative Economy

Fund. He had seen too many examples of community development funds unable to deploy capital because they did not understand where that money could be allocated.

The IFC agrees that sizing the market opportunity is not enough; the crucial first step for any investor is qualifying a pipeline of live opportunities currently seeking capital.

3. Measure impact in terms that impact investors understand

When impact investors hear about the creative economy, they often assume the "impact" will be related to beauty and style, making it both difficult to measure and out of sync with existing impact metrics.

Build investor confidence by clarifying how the creative economy aligns with familiar impact goals like economic development and environmental sustainability. It is essential to demonstrate that investors can achieve their existing impact targets, in order to engage investors unconnected to art and creativity but with shared impact priorities.

Wakiuru Njuguna at HEVA Fund agreed that all available approaches should be explored to make the creative economy attractive and welcoming to new investors.

Bonnie Burnham of the Cultural Heritage Finance Alliance reinforced the importance of framing impact through familiar metrics, noting that investors may incorrectly assume the creative economy is nonessential otherwise.

Lessons learned from around the world

To better understand the global landscape of creative economy investing, we identified 50 funds from around the world (Figure 124)—both impact funds and conventional venture capital funds—with more than US\$22 billion assets under management (AUM).

The vast majority of these funds are headquartered in North America and Europe (Figure 123) and are investing in creative industries that rely heavily on technology, including film, television, video games and the creator economy (Figure 125).²¹⁰

Figure 123: Funds investing in the creative economy by region

Source: Upstart Co-Lab

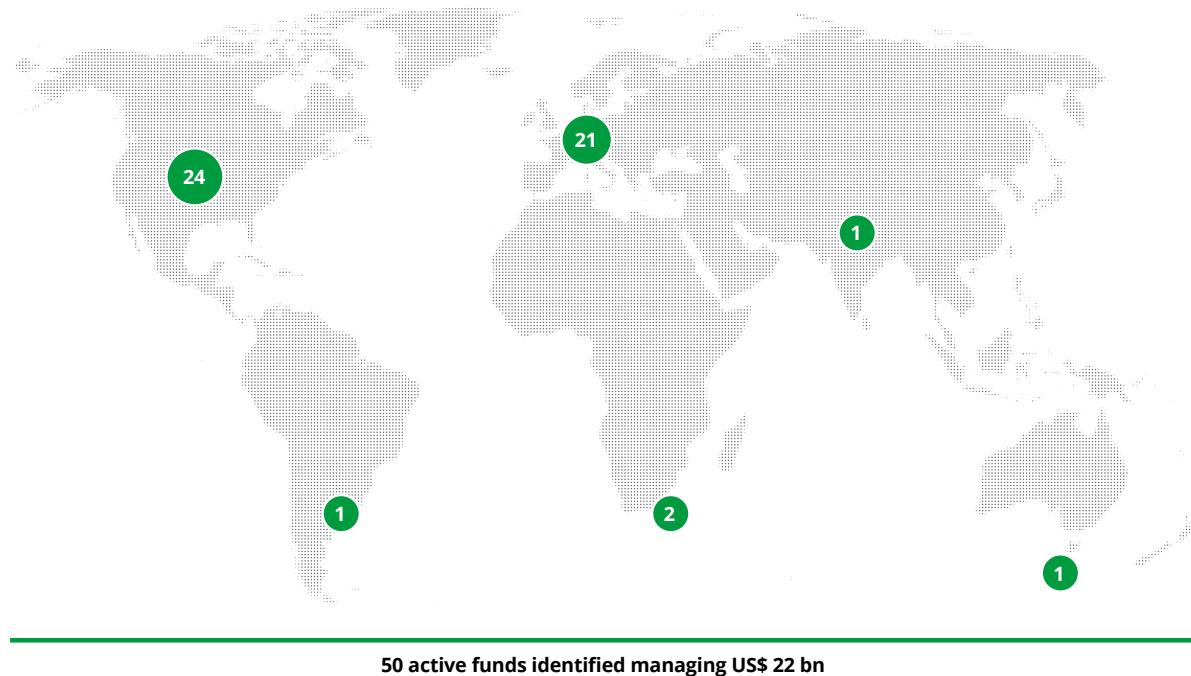


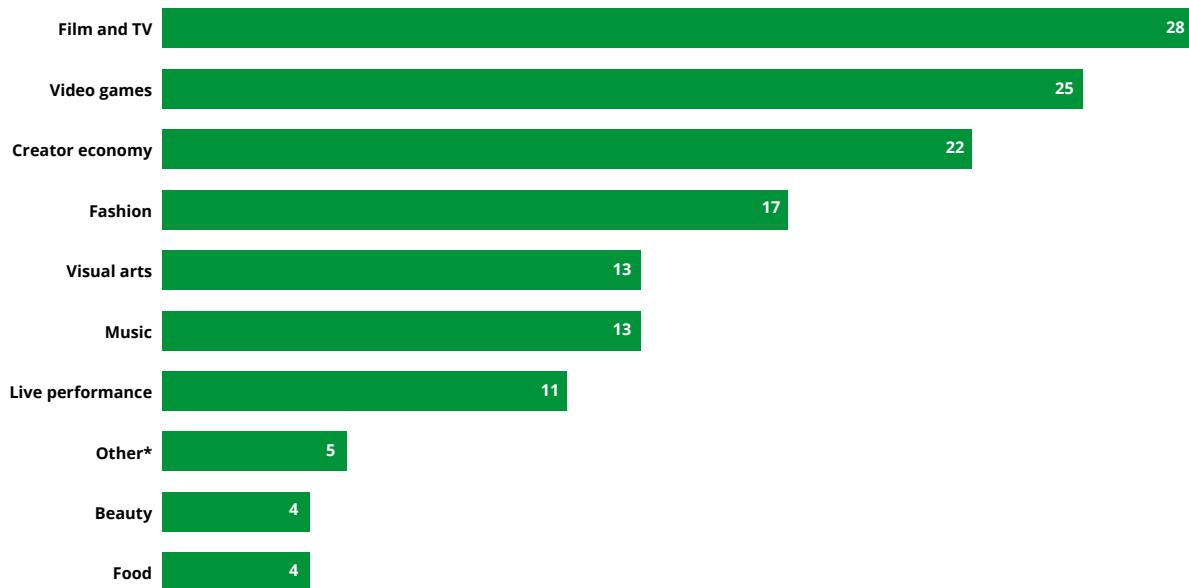
Figure 124: List of active funds identified in research

Source: Upstart Co-Lab

Funds	Headquarters location	Funds	Headquarters location
125 Ventures	US	IFC	US
1Up Ventures	US	IPR VC	Finland
Alante Capital	US	Konvoy VC	US
Anansi Fund	Kenya	Level Forward	US
ArtNova	France	Lightspeed Ventures	US
Blisce	France	LISC NYC Inclusive Creative Economy Fund	US
Blockbusterfonds	Netherlands	Makers Fund	Hong Kong
BPI France	France	Mirabeau Lifestyle Impact and Innovation	France
Brabant C	Netherlands	New Renaissance Ventures	Austria
CAA/NEA Connect Ventures	US	Ololo	Kyrgyzstan
Closed Loop Partners	US	PDS Ventures	UK
Creatis Capital	US	Perspective Funds	US
Creative UK	UK	Screen Capital	Chile
Cultural Heritage Finance Alliance	US	Sparklabs	US
Culturr + Ondernemeen	Netherlands	ST'ART	Belgium
Edge Creative Enterprise Fund	UK	Station 12	UK
Essence Creator and Makers Fund	US	Sunday Ventures	US
Fashion Capital Partners	France	Supply Change Capital	US
Figurative	UK	Textile Innovation Fund	Netherlands
Finnish Impact Film Fund	Finland	Transcend	US
Galaxy Interactive	US	Upstart Co-Lab	US
Good Fashion Fund	Netherlands	UTA.VC	US
Griffin Gaming Partners	US	Volition Entertainment Media and Art	France
Harbourview Equity	US	VP Capital	Belgium
HEVA Fund	Kenya	Yamaha Music Innovations	US

Figure 125: Funds investing in the creative economy by industry focus

Source: Upstart Co-Lab



*Includes immersive technologies, virtual reality, cultural heritage and cultural tourism.

Note: many funds invest in more than one creative industry.

We asked these fund managers about their experience investing in creative industries. In this section, we present the three lessons that most managers shared.

1. Don't get stuck getting started

Although creative places and businesses have been core to comprehensive community and global development for decades, impact investing in the creative economy seems new. Because it is unfamiliar, investors may consider the creative economy to be risky and hesitate to commit.

Waiting to raise a large pool of capital or for that perfect first deal will paralyze progress. Instead, the best way to demonstrate the creative industries' real risk and return is to start investing. Credibility grows through execution—not just intention—and early activity signals investment viability to funders and partners.

Tim Evans at Creative UK suggests that demonstration builds momentum and trust, and recommends starting with small investments to build credibility.

According to Figurative, investment rigor is more important than scale to prove the creative economy's return and impact potential.

2. Innovate on the financing structure

The creative economy is emerging as a laboratory for financial innovation, proving new models can benefit the whole field of impact investing.

Revenue share agreements, blended capital, and employee ownership are all tools used by BPI France, the Cultural Heritage Finance Alliance, HEVA Fund and IPR.VC. Rather than use a limited partnership, Upstart Co-Lab teamed with ImpactAssets on a multi-funder pooled structure for our Inclusive Creative Economy Strategy.

Sometimes, fund managers experiment in the creative economy first. For example, LISC issued notes for the first time with the NYC Inclusive Creative Economy Strategy before launching a US\$150 million national notes offering.

Daniar Amanaliev at ololo Creative Hub in Kyrgyzstan highlighted that investors are responding to the seasonality of earnings (for example, tied to holidays and festivals) of creative industry businesses. Solid financial solutions to address creative economy realities can be extrapolated to other industries in the future.

3. Invest in culture and tech together

Investors recognize the growing opportunity at the intersection of culture, creativity and technology. Innovations in online training and recruitment for creative jobs or timely payments in the creator economy have broad applications to the future of work across many industries.

That's why Creative UK, IPR.VC and Station 12 all invest in culture and tech, seeing the potential for venture returns and impact at scale.

Severin Zugmayer of New Renaissance Ventures, which invests in tech founders in the cultural and creative industries, observed that there are hundreds of climatetech, fintech, healthtech and deeptech funds, but a dearth of funds with cultural and creative tech at their core.

The hybrid cultural and commercial value of creative tech is not yet being served by traditional venture capital investors. This presents a unique opening for impact investors to shape investing at the intersection of creativity and tech to be ethical and sustainable.

Questions about launching a creative economy fund

Around the world, investors are considering launching impact investment funds to grow their regional creative economy. Many believe that launching a creative economy impact fund will build capacity for their entire creative ecosystem, including nonprofit arts and culture activities.

The following six organizations are currently exploring whether to launch a fund:

- Creative Australia
- Creative Industries of Kazakhstan
- Doen Foundation (Netherlands)
- Metcalf Foundation (Canada)
- Creative Economy Development Fund (Nigeria)
- Pennsylvania Council on the Arts (US)

We asked these six organizations about the questions they are wrestling with, and any barriers holding them back. A common set of questions arose in our conversations with these prospective investors, which we answer here.

1. How can we move from idea to action?

Colleagues at the organizations listed above, mostly from arts and philanthropy, expressed enthusiasm for impact investing in the creative economy. They had completed an initial landscaping, spoken to a range of experts, and gained decision-makers' support to pursue a creative economy impact fund. But they were stuck on deciding which creative industries to prioritize, the kind of capital needed, and what impact metrics to use.

OUR ADVICE:

- Develop a pipeline of specific companies, nonprofit revenue-generating schemes, or real estate projects that are seeking capital now;
- Source live opportunities and screen them against basic business-readiness and investment criteria to clarify what creative industries in your region are currently investable; and
- Talk with the founders leading these opportunities about the capital they need to grow and the positive impact they aim to achieve.

Jayne Lovelock at Creative Australia describes the benefits of starting with a "demonstration fund" that is as much about catalyzing understanding of creative economy investment as it is about deploying capital. There is no substitute for reviewing dozens of deal examples to inform a new investment strategy and impact thesis.

2. How can we hire a specialist impact fund manager with expertise in the creative economy?

Most prospective investors we spoke with hope to set the investment and impact parameters for a new fund, and then hire an impact fund manager in their geographic region, who already has deep experience investing in the creative industries, and is willing to raise the capital needed to launch the new fund.

Unfortunately, none of the 50 funds listed in Figure 124 fit this description, suggesting this scenario is highly unlikely.

OUR ADVICE:

- Partner with an experienced impact fund manager in your region who is already investing in the asset class and with the impact goals suggested by the deal pipeline you developed;
- Confirm your fund manager is committed to building their knowledge of the creative industries best represented in your pipeline—and help them to do so; and
- Pair your fund manager for consultation and guidance with fund managers like those identified in Figure 124, who are already investing in the creative economy in other regions.

This will allow the global ecosystem for impact investing in the creative economy to grow in a way that is tailored to local realities and opportunities.

3. How can we prepare for exit?

When launching a new fund, prospective investors are already planning for a successful conclusion. While ultimately each investor is focused on realizing returns on their own investments, doing so relies on a functioning ecosystem that brings capital and expertise to companies throughout their life cycle, from pre-seed through growth stage. Being able to pass the baton to later-stage investors is crucial.

Start planning today for tomorrow by selecting investors who already share priorities like geographic region or impact goals—and educate them on the specifics of the creative industries. Do this in a practical, hands-on way that allows your new fund to benefit from their expertise at the same time they are learning from you.

OUR ADVICE:

- Include these allied investors on the investment committee or advisory board for your new fund;
- Engage these allied investors in your due diligence of prospective portfolio companies, benefiting from their strategic knowledge and technical expertise; and
- Invite these allied investors to attend your annual meetings and learn about the progress of your creative economy fund.

The long-term sustainability of creative economy investing depends on preparing the right conditions now for follow-on investment and future exits. Include both conventional investors and impact investors in the education process described above to ensure the ecosystem is as robust as possible.

Conclusion

Cultural relevance and creative value are essential for meaningful, not just measurable, impact. Investing in the creative economy is a huge opportunity, and deserving of more than the 50 funds considered here. We hope this roundup of global examples serves as both inspiration and a practical guide for those seeking to unleash more capital for creativity.