



ILLUMEN
CAPITAL



ILLUMEN CAPITAL

2023 ANNUAL IMPACT REPORT

FOR PUBLIC DISTRIBUTION

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LETTER FROM THE MANAGING PARTNER

Y E A R I N R E V I E W

Dear Illumen Capital Community,

As we share our Annual Impact Report for 2023, we at Illumen Capital are grateful for the commitments entrusted to our team by our Limited Partners (LPs), encouraged by the progress made with our fund managers in addressing racial and gender bias, and resolved to continue our path toward a more inclusive and optimal asset management field.

We are heartened by the progress our firm has made over the past year on several fronts. First, we held a final close on Illumen Capital II—reaching \$168 million in closed capital, oversubscribed by nearly \$20 million despite a challenging fundraising environment. The success of this fund reflects the strength of our thesis, our investors' trust in our firm's differentiated strategy, and the real value that overlooked and underestimated managers can bring to investors.

Next, our team was active in 2023 and continued to deploy capital out of Illumen Capital II, committing \$30 million into three funds. Over the course of the year, we introduced one new manager relationship to our Fund II portfolio. Across our portfolio, Illumen Capital had committed \$210 million into 33 unique funds by the end of 2023.

Importantly, while our firm has made significant progress executing on our mission, we acknowledge the backlash from the troubling anti-DEI (diversity, equity, and inclusion) movement within parts of the financial sector. In fact, we find ourselves well positioned to advance our thesis and provide leadership in addressing these headwinds. Furthermore, by training

our managers to source and value overlooked investment opportunities, we give them a competitive edge. While others may be grappling with headlines and confusion surrounding the DEI debate, at Illumen Capital, we are focused and steadfast in our strategy to address bias and unlock impact and economic value within our portfolio.

Indeed, even as I draft this letter, new data is emerging from the past year that suggest a challenging landscape for underrepresented fund managers and entrepreneurs, as elements of the market retreat from this segment. In fact, 2023 venture funding to Black-founded startups dropped to \$705 million—the first time that figure dipped below the billion-dollar mark in nine years.¹ While venture investments dropped in aggregate by 37% over the course of last year, Black-founded startups were disproportionately affected, with year-over-year funding dropping by over 70%.² Despite these headwinds, we find the opportunity to invest in women and people of color-led startups to be even stronger given the unsettling number of investors shying away from this segment of the market.

Further, the picture for women-led funds and companies is also challenging. While women-led funds increased their share of venture funding in 2023 to 3% of total allocations,³ the numbers are still dismal given women represent over half of our country's population. Yet women-led and diverse-led companies, given historically-low funding levels, have needed to be more cash efficient than their white, male-led counterparts. Venture backed startups are still disproportionately run by men (89.3%) and white people (71.6%), as reported by Diversity VC;⁴ however, founding teams with greater gender and ethnic diversity achieve 30% higher returns for investors upon exit compared to their white male founder counterparts.⁵ Additionally, data suggest that impact-oriented venture funds simply outperform conventional venture funds.⁶

In the face of these ongoing systemic challenges, our efforts remain undeterred. Our team at Illumen Capital remains deeply committed to our work with a heightened sense of urgency.

Next, in 2023, our bias reduction team continued to strengthen our engagement with fund managers, developing new systems and tools as part of our programmatic offerings. We further enhanced and expanded IllumenIQ, our proprietary bias reduction toolkit, designed to support our portfolio



managers in identifying and mitigating individual and organizational bias. Our new platform allows for easy navigation of our bias reduction tools, and encourages a sense of community with knowledge-sharing across our portfolio of managers and their respective teams. Additionally, we produced a third animated video that establishes the business case for focusing on belonging and inclusion within investment firms, and our team used this video to spark discussion with, and offer recommendations to, each fund manager. Finally, the team continued to share best practices and key insights with the broader field, speaking at conferences, participating in podcasts, and publishing articles.

In an effort to shift mindsets and promote a deeper understanding of racial and gender bias, we hosted two in-person Impact Experiences in Montgomery, Alabama. These convenings are designed to support our fund managers and investors in understanding the legacy of slavery, and present-day manifestations of the historically biased legal and societal structures that underpin and perpetuate inequity and injustice. Over the course of these gatherings, we brought together over 50 limited partners, investment consultants, and fund managers as we visited the Equal Justice Initiative's Legacy Museum and the Memorial for Peace and Justice (commonly known as the Lynching Memorial) to explore the challenges of implicit bias as they relate to structural racism in the asset management field.

Importantly, our team also sharpened our investment focus to recognize the impact embedded in fund managers who invest in culturally competent products and services for underrepresented populations. As such, we have added a new impact theme - Inclusive Systems, defined as fund managers who focus on building diverse, equitable solutions and specifically support diverse communities in the products and services they fund.

Over the course of 2023 and into 2024, we also made investments in our firm, growing the team from eight to 11 members as of publishing this report. First, we welcomed Malia Hankton in the role of Executive Assistant, where she supports executive-level workstreams and leads firm-wide collaboration. Over the course of her career, Malia has served in similar roles within the University of California and non-profits, excelling at facilitating administrative and operational processes. We also introduced Jo Nazareth as Senior Operations Associate, a role in which she supports our firm's growing operational and compliance needs. Prior to joining our firm, Jo performed analyses of impact-oriented funds at Goldman Sachs and Nuveen Green Capital. In

early 2024, Amani Ahmed joined our firm in the role of Vice President of Investor Relations. Amani has spent her career in client services and business development, including roles at Morgan Stanley, Impax Asset Management, and several fintech companies.

Finally, we continued to energetically contribute Illumen Capital's voice to the public conversation, uplifting our thesis and insights from our proprietary across the asset management industry, writ large. For example, through media placements and bylines in Forbes ("[Professional investors let racial bias cloud their judgment, harm their ROI!](#)"), Psychology Today ("[How managers can support workload equity](#)"), and PE Hub ("[Uplifting fund managers who are women of color](#)"), we sought to encourage asset allocators to reflect on their biases, recognizing that unchecked racial and gender biases can hinder returns when assessing underestimated and overlooked fund managers and entrepreneurs.

In conclusion, on behalf of the entire Illumen Capital team, thank you for being a critical part of this important work. We are proud of the impact highlighted in this annual report and remain devoted to supporting our managers in creating more equitable outcomes while achieving optimal financial performance for them and our investors.

In gratitude,

Daryn Dodson
MANAGING PARTNER

¹ Metinko, Chris & Teare, Gené. "Drop In Venture Funding To Black-Founded Startups Greatly Outpaces Market Decline." [Crunchbase](#).

² Metinko, Chris & Teare, Gené. "Drop In Venture Funding To Black-Founded Startups Greatly Outpaces Market Decline." [Crunchbase](#).

³ Hibbison, Ryan. "Women-led firms raised more capital in 2023 despite lack of mega-funds." [Venture Capital Journal](#).

⁴ Takahashi, Dean. "Diversity VC reports 1.87% of venture capital allocated to women and minority-owned startups." [VentureBeat](#).

⁵ McKinsey & Company. "Underestimated start-up founders: The untapped opportunity." [McKinsey](#).

⁶ Finkelstein, Ethan & Goldstein, Dahna. "Impact VC Shouldn't Get Swept Into the ESG Brouhaha." [Institutional Investor](#).



KEY LEARNINGS & INSIGHTS

In our ongoing efforts to foster a more inclusive and optimal asset management industry, Illumen Capital implements research-informed strategies and approaches to change behaviors and mindsets. As with previous years, we are sharing below reflections from the past year of partnering with our fund managers and the broader field to reduce racial and gender biases.

Fund managers are creatively leveraging existing systems to optimize decision-making processes and integrate DEI: This year we saw and supported fund managers in using existing systems, such as customer relationship management (CRM) infrastructure to better ensure processes are equitable. For instance, many fund managers leverage these systems to clearly document investment decisions and pass reasons for companies so they can retroactively compare data to identify potential biases in investment decisions. Additionally, some fund managers also use systems to track their sources of introductions to pinpoint areas for improving diverse outreach efforts.

Good DEI governance is increasingly acknowledged as an essential part of surviving the market downturn: We see our fund managers increasing their investment and efforts to support DEI initiatives of their portfolio company founders as a strategy to continue adding value amidst a difficult market. For example, several of our fund managers have developed DEI toolkits for their portfolio companies, informed by IllumenIQ, that include resources such as template DEI policies and hiring resources.

Partnering with executive coaches or other partners enables a more integrated approach to DEI: This year, we began supporting and providing resources, frameworks, research, and tools to executive coaches with whom our fund managers have established relationships and meeting schedules – this enabled us to take a “train-the-trainer” approach to better integrate DEI efforts into already trusted partnerships.

Increased attention being paid to navigating hybrid and remote-first settings:

An increasingly prominent concern for fund managers is ensuring equity in both hybrid and remote-first settings, where staff are potentially less connected and have less of an understanding of one another’s strengths and differences.

Fund managers are invested in increasing top-of-the-funnel equity: There’s a shared interest in optimizing cold outreach and top-of-the-funnel equity strategies. Firms are exploring innovative ways to build fairness and inclusivity into their initial intake processes. By leveraging tools such as Typeform and CRMs, fund managers are able to collect comprehensive demographic data as companies are introduced to their pipeline, reduce potential biases regarding introduction source, and prioritize a culture of inclusivity from the outset.

As portfolio firms grow, we see more involvement in DEI initiatives from junior team members: The involvement and empowerment of junior members of portfolio firms to attend Illumen Capital Impact Experiences, own DEI goals, and share and implement new ideas for equity and inclusion in the workplace enables the cultivation of a diverse and inclusive culture from the ground up, reaching across all levels of the organization.

We see increased enthusiasm for in-person gatherings and peer learning opportunities: In our first year of deploying to first-time funds, we saw substantial enthusiasm from fund managers to connect with one another. Illumen Capital’s fund managers actively seek peer and industry benchmarks to recognize and reduce bias in their own processes, enhance team and portfolio diversity, and implement leading DEI practices. This collective reinforcement fosters mutual learning and a unified commitment to advancing equity in the asset management industry.

Remember that we are working with humans, not solely technology: As Illumen Capital saw market pressures distract from and take attention away from DEI initiatives, our team ensured that we centered human relationships within our fund manager engagement. This also reinforced behavior change through creating “sticky” habits, creating processes and checkpoints with managers that become automatic and ingrained in routines, such as regular check-ins via IllumenIQ, Illumen’s proprietary bias reduction toolkit.



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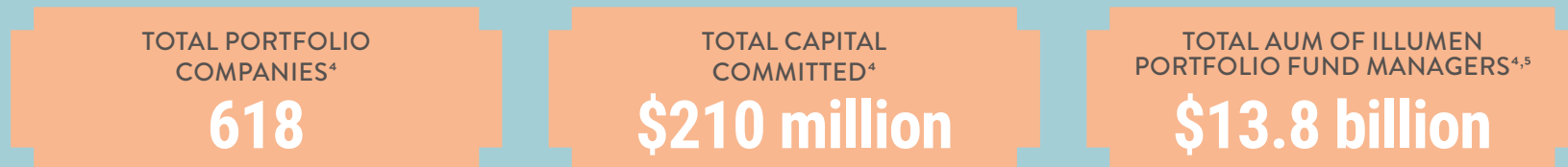
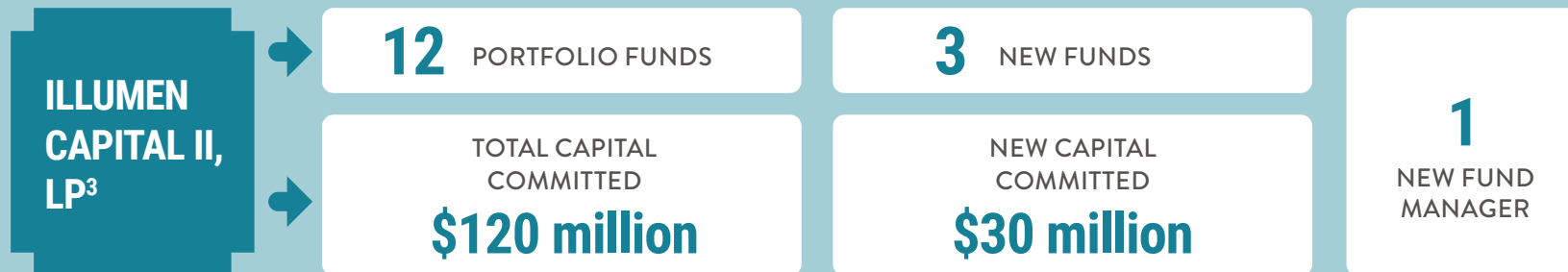


Moving Forward 39



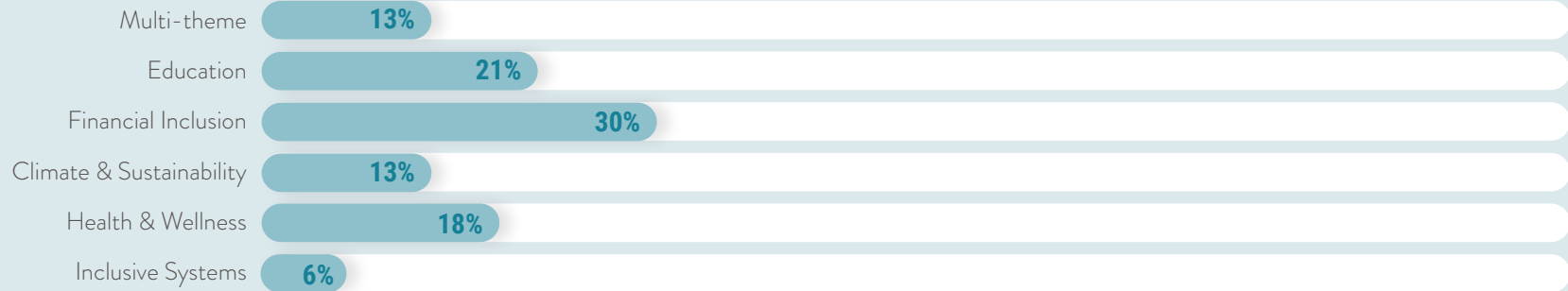
PORTFOLIO AT A GLANCE

2023 AT A GLANCE



¹ Mentions of Illumen Capital, LP are inclusive of Illumen Capital, LP and Illumen Capital PRI, LP.
² The weighted average age is the maturity of the portfolio, calculated based on the timing of the capital contributions, weighted by the size of the cash flows.
³ Mentions of Illumen Capital II, LP are inclusive of Illumen Capital II, LP and Illumen Capital II A, LP.
⁴ Totals reported are aggregated totals inclusive of all Illumen funds.
⁵ Publicly reported AUM per Pitchbook as of April 11, 2024. All other data as of December 31, 2023.

Underlying Portfolio Companies by Impact Theme



Capital weighted self-reported data from our 2023 quantitative reporting.

Underlying Portfolio Companies by Geography



Based on information provided in quarterly financial reports and capital weighted.

Aggregated data for all Illumen funds.



IMPACT AT A GLANCE

IMPACT AT A GLANCE

In 2023, Illumen Capital continued to implement bias reduction programming across all fund managers in our portfolio. We are delighted to present a summary of the progress Illumen Capital made in 2023, and to further elaborate on how our efforts influenced the fund manager behaviors and outcomes reported later in this report.

Delivered **45+** hours of coaching to support fund managers in shifting behaviors and implementing new processes, centering human behavior change as a driver of increased DEI.

Developed a comprehensive vendor scorecard with **36** data points to evaluate **14** vendors for IllumenIQ, culminating in the selection of Mighty Networks. **2** fund managers have since implemented a vendor scorecard to enhance equity in their selection processes.

IllumenIQ includes over **30** proprietary written tools, **3** custom-created animated video tools, **4** peer discussion spaces, polls, and data capabilities to understand which tools are more regularly used. **104*** portfolio fund team members are registered users.

We hosted **3** Impact Experiences in February 2023, June 2023, and February 2024, with over **60** LP and GP participants across 13 portfolio funds.

* As of March 31, 2024.

Sat on **2** Outcomes Committees for fund managers in our portfolio and provided input on their evolving impact measurement models.

Served as LPAC observers for **8** funds and voting LPAC members for **14** funds across our portfolio and encouraged funds to center racial and gender equity in their processes.

Published **43** media placements and completed **38** speaking engagements to advance Illumen's racial equity mission across the field.

SOMICS

Forbes
Illumen Capital CEO: Professional Investors Let Racial Bias Cloud Their Judgment, Harm Their ROI

Psychology Today
How Managers Can Support Workload Equity
 Systemic problems require systemic solutions.

SOCAP

IMPACT CAPITAL MANAGERS

Nasdaq
ENTREPRENEURS
 Joanna Kuang: Building Tools to Help Investors Be More Equitable and Inclusive

Return on Inclusion | May 16, 2023
IMPACT ALPHA
Illumen Capital raises \$168 million second fund to fight bias in asset management





Illumen Capital Impact Experience, June 2023.



PORTFOLIO FUND MANAGER QUANTITATIVE METRICS

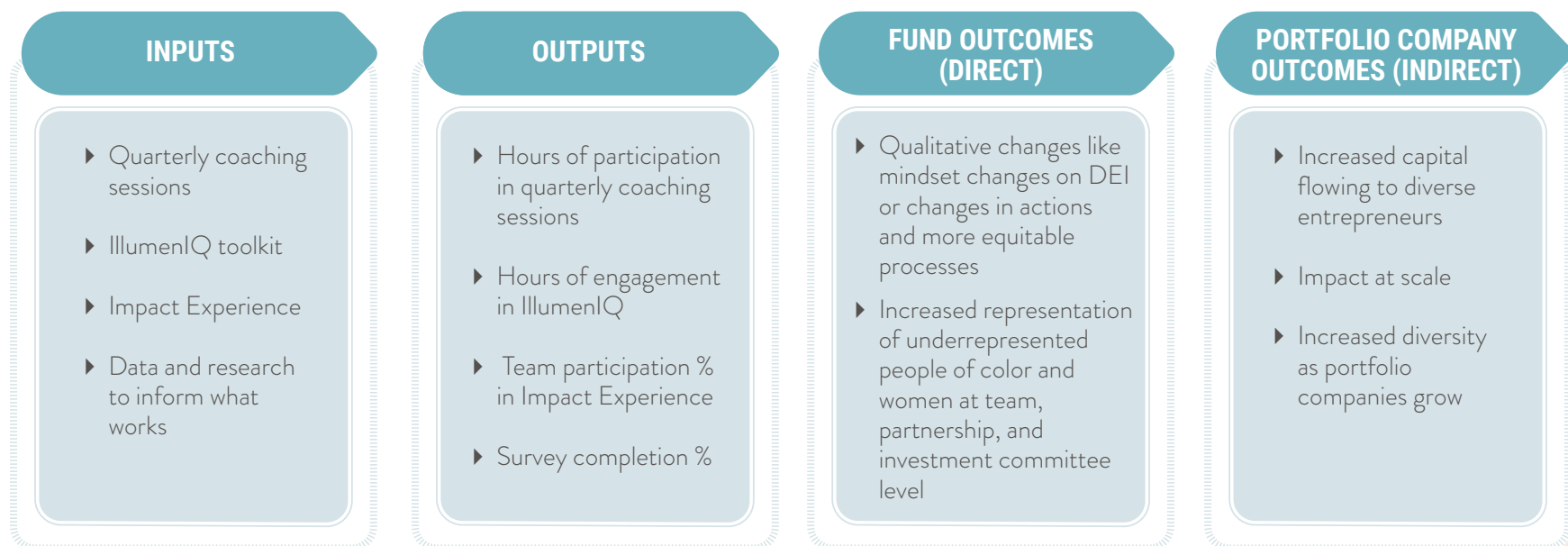
PORTFOLIO QUANTITATIVE METRICS

Illumen Capital's mission continues to center increasing racial and gender equity across investing. At the core of this mission is understanding and assessing our progress in addressing biases on financial return. We recognize racial and gender bias as structural problems that deserve a structural response; this is why we leverage our influence as investors to deliver strategies and tools designed to reduce bias alongside our fund managers. This effort aims to cultivate more diverse and inclusive firm partnerships, investment committees, and ultimately, underlying portfolio companies. Our impact is measured, in part, through a key set of diversity metrics informed by our firm logic model and theory of change.

Methodology

Race: We asked fund managers in our portfolio to report racial diversity for those who identify as Black, Latinx, Indigenous, White, Asian American or Pacific Islander or Middle Eastern/North African (AAPI/MENA), and Multiracial People of Color (POC). We define underrepresented people of color (URPOC) as those who identify as Black, Latinx, Indigenous, or Multiracial People of Color.

Gender: We asked fund managers to report gender diversity for those who identify as men (defined by those who use "he/him" pronouns), women (defined by those who use "she/her" pronouns), and gender non-binary (defined by those who use "they/them" pronouns).



Diversity of GPs



GENDER

Illumen Capital funds



Benchmark



RACE

Illumen Capital funds

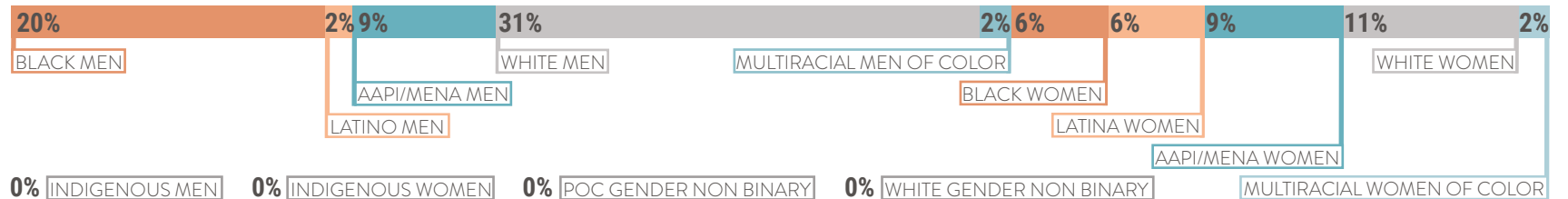


Benchmark



FULL BREAKDOWN

Illumen Capital funds



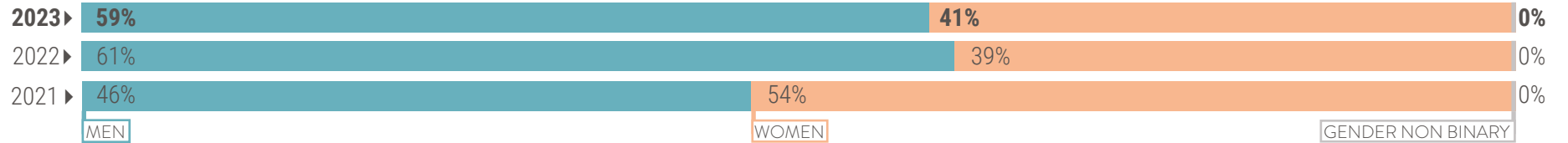
(1) One fund manager only reported URPOC, so the denominator for Black, Latinx, Indigenous, and Multiracial POC does not include this fund manager.
 (2) Benchmark Data: Deloitte VC Human Capital Survey (2023)

Diversity of Investment Team



GENDER

Illumen Capital funds



Benchmark



RACE

Illumen Capital funds

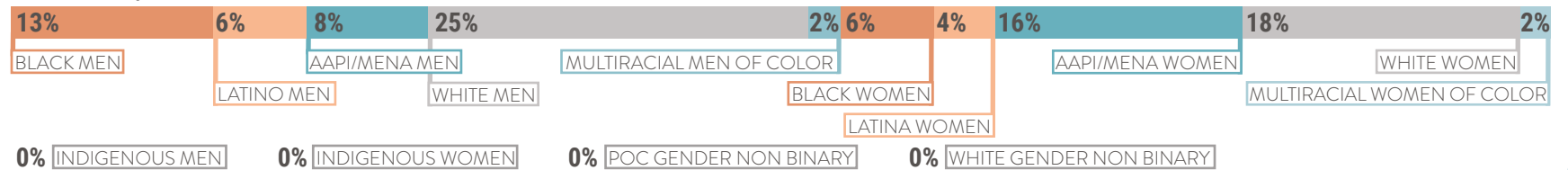


Benchmark



FULL BREAKDOWN

Illumen Capital funds



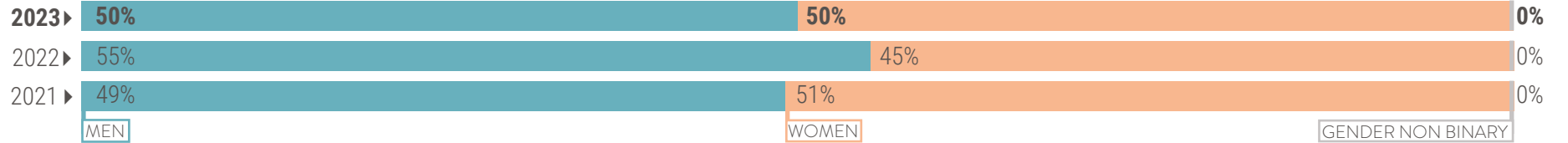
(1) One fund manager only reported URPOC, so the denominator for Black, Latinx, Indigenous, and Multiracial POC does not include this fund manager.
 (2) Benchmark Data: Deloitte VC Human Capital Survey (2023)

Diversity of Full Team



GENDER

Illumen Capital funds

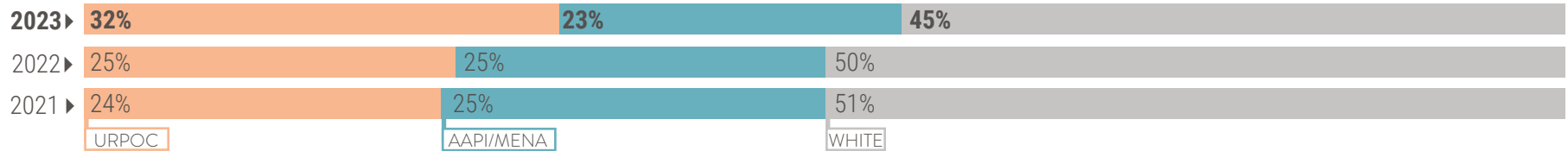


Benchmark



RACE

Illumen Capital funds

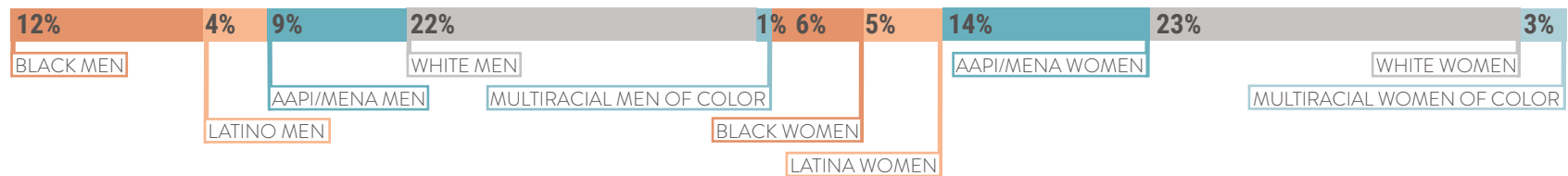


Benchmark



FULL BREAKDOWN

Illumen Capital funds



0% INDIGENOUS MEN 0% INDIGENOUS WOMEN 0% POC GENDER NON BINARY 0% WHITE GENDER NON BINARY

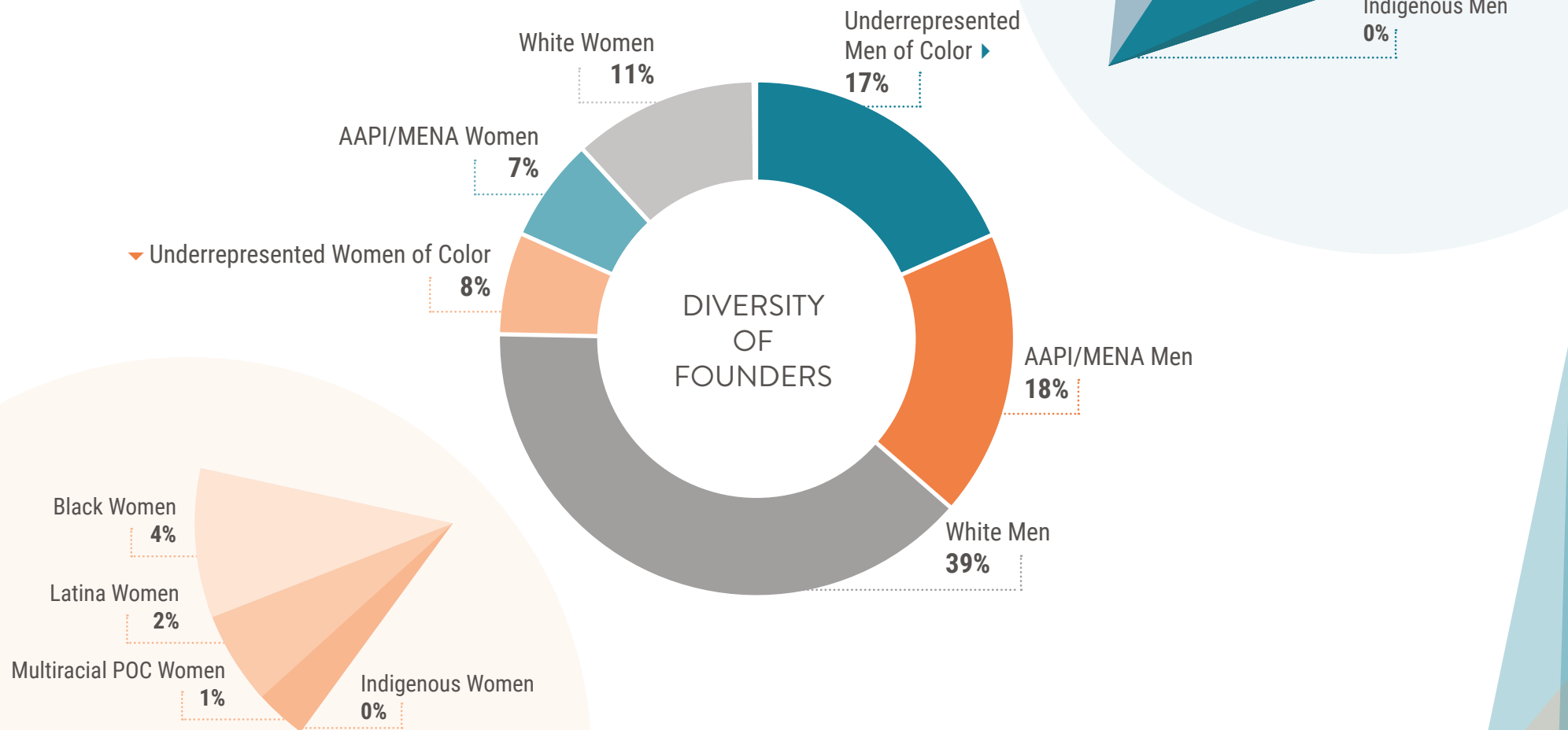
(1) One fund manager only reported URPOC, so the denominator for Black, Latinx, Indigenous, and Multiracial POC does not include this fund manager.
 (2) Does not include one fund manager.
 (3) Benchmark Data: Deloitte VC Human Capital Survey (2023)





UNDERLYING PORTFOLIO COMPANY QUANTITATIVE METRICS

Underlying Portfolio Company Diversity



(1) One fund manager only reported URPOC, so the denominator for Black, Latinx, Indigenous, and Multiracial POC does not include this fund manager.
 (2) Does not include one fund manager's portfolio company data on race and gender as they are an international fund with different reporting categories.

Comparison at a Glance

2x

Illumen Capital Portfolio vs Benchmark of Women Partners in VC

4x

Illumen Capital Portfolio vs Benchmark of Underrepresented Partners of Color in VC

5x

Illumen Capital Portfolio vs Benchmark of Underrepresented Women of Color Partners in VC

3x

Illumen Capital Portfolio vs Benchmark of Women of Color Partners in VC

Underlying Portfolio Company Trends

DIVERSITY OF COMPANIES BY LEADERSHIP

RACE

White Led (all White founders)

29%

Black, Latinx, Indigenous Led (at least one founder)

28%

AAPI Led (at least one founder)

36%

Did not report or unknown

11%

GENDER

Male Led (all Male founders)

52%

Women Led (at least one founder)

37%

Gender Non-Binary led (at least one founder)

0.6%

Did not report or unknown

11%

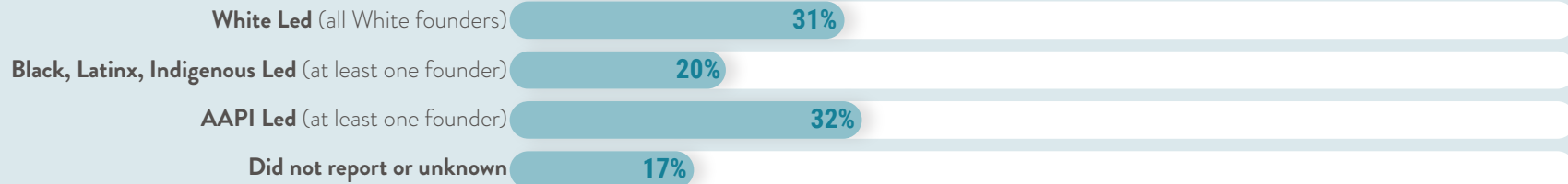
(1) Benchmark Data: [Deloitte VC Human Capital Survey \(2023\)](#)

(2) Does not include one fund manager's portfolio company data on race and gender as they are an international fund with different reporting categories.

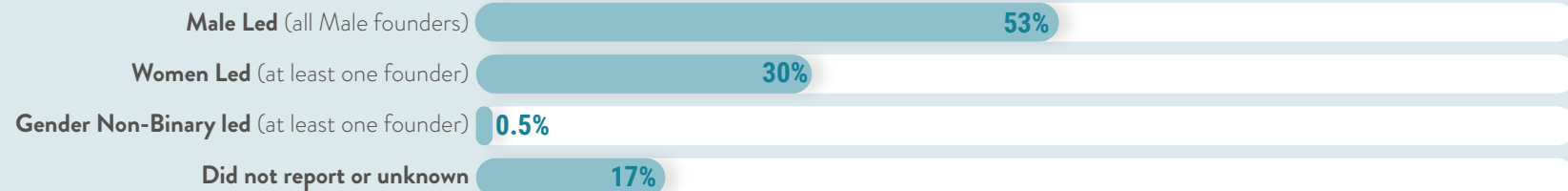
Diversity by Investment Amount

DOLLARS INVESTED IN COMPANIES BY DEMOGRAPHICS OF FOUNDERS

RACE



GENDER



(1) Does not include one fund manager's portfolio company data on race and gender as they are an international fund with different reporting categories.



PORTFOLIO QUALITATIVE METRICS

PORTFOLIO QUALITATIVE METRICS

As displayed in the prior section, Illumen Capital collects quantitative data to understand the diversity of our portfolio at a moment in time, as well as year-over-year progress in the diversity of asset allocators and founders across our portfolio. We complement and contextualize this data with qualitative data, asking questions that help us evaluate our managers' shift in mindset and attitudes and their commitment to changing wrong and harmful narratives at the individual and organizational level.

For the third consecutive year, we deployed an annual survey to portfolio fund managers to collect qualitative data, helping us understand DEI barriers and opportunities and contextualizing quantitative data. This section highlights some of the key findings of our 2023 qualitative survey, which had 146 respondents.

Illumen Capital Portfolio Fund Manager Testimonials

"Illumen's programming has encouraged us to think about how to help the teams we invest in increase diversity post-investment."

"Illumen has been a helpful reminder to continue prioritizing and investing in new diverse relationships."

"I believe Illumen's curriculum has made me more aware of relationships and maintain a diverse network."

"I do find that I'm thinking more about who I spend my free time helping, or my work time mentoring—and I am leaning into things that elevate women and minorities."

"Illumen helped me widen my perspective when forming new relationships (mainly outside of business) and providing new perspective in my life."

"Illumen's curriculum has made me much more aware that the ecosystem of GPs and founders we spend time with influences which founders pitch us and ultimately who we invest in."

"Illumen's focus on diversity has helped to shape and inform our recruitment policies and approach."

Attitudes

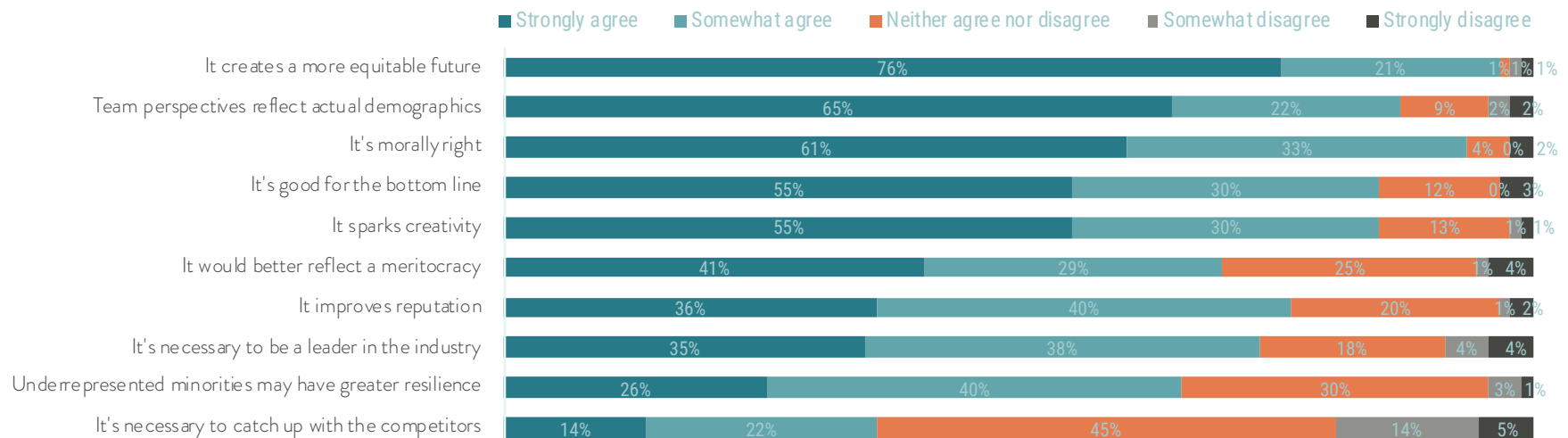
As with previous years, our survey sought to better understand our managers' perspectives on why DEI matters in investment firms, asking managers to rate the extent to which they agree or disagree with reasons for increasing representation of URPOC.

Takeaways

Increased Alignment with Moral Imperatives and Financial Benefits: Over 80% of respondents believe in the moral imperative of DEI and acknowledge its positive financial implications. Year over year, managers are increasingly demonstrating their agreement with not only moral reasons to focus on DEI but also strategic advantages in driving long-term organizational success and financial performance.

Increased Interest in Alignment with Demographic Realities: 87% of respondents believe that team perspectives should reflect actual societal demographics, which suggests a growing recognition of the value of diverse representation within investment teams. This signifies a positive shift towards acknowledging the importance of increased diversity and gender parity to enhance decision-making and foster innovation.

Decreased Emphasis on Competitive Factors: Only one in three managers reported keeping up with competitors as a reason to increase the representation of URPOC, compared to one in two respondents in 2022. This notable decline in the emphasis on competitive factors suggests a re-evaluation of the motivations behind DEI initiatives. It may indicate a shift towards a more intrinsic understanding of the inherent value of DEI, beyond external pressures or competitive benchmarks.



Barriers

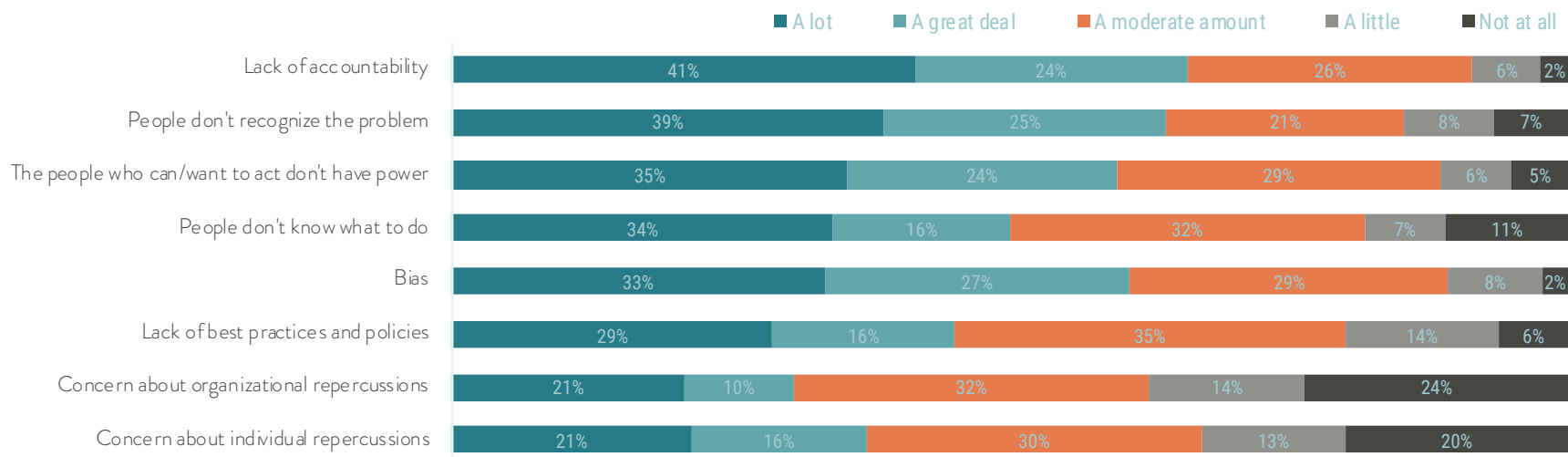
We surveyed our managers on their biggest perceived barriers to making progress on diversity and representation of URPOC and women in investment firms.

Takeaways

Elevation of Lack of Accountability: This year, lack of accountability and bias have surfaced as the primary barriers to DEI progress for 98% of respondents, indicating a heightened focus on transparency and responsibility within the industry. This trend underscores the growing demand for organizations to uphold accountability standards, such as publishing DEI data transparently, in their diversity initiatives.

In conjunction with insights from Illumen Capital’s coaching sessions with our portfolio firms, there is a discernible trend of firms prioritizing survival and potentially neglecting accountability towards DEI progress. This poses a particular challenge for firms where DEI has not been fully integrated into business-as-usual processes, highlighting the critical need for universal buy-in and adoption of DEI responsibility across the organization.

Increased Accessibility of Best Practices and Policies: Compared to 2022, responses indicated an increased availability of best practices, policies, and guidance, potentially including tools like the IllumenIQ toolkit. In 2023, 45% of individuals cited lack of ‘best practices and policies’ as one of largest barriers to increased representation, compared to 58% in 2022. However, it's worth noting that despite this improvement, respondents still predominantly perceive organizations as responsible for driving DEI progress, rather than individual action.



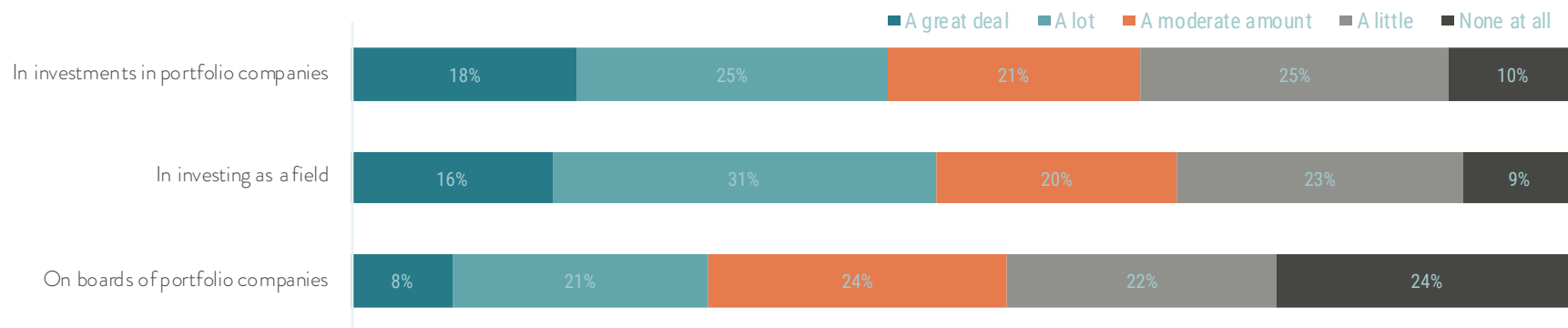
Ability to make a difference

For this question, we sought to understand our portfolio fund managers' perceptions of their individual ability to contribute to advances in DEI beyond their own organization and their ability to make a difference in diversity on boards of portfolio companies, in the investment field and industry, and in investments made in portfolio companies.

Takeaways

Consistency in Perspectives: Responses remained consistent year over year, with portfolio fund managers continuing to contribute to DEI progress to some extent on the boards of portfolio companies and in the broader asset management field. However, there is an opportunity to enhance confidence through innovative field-building opportunities and resources. Providing support for underlying portfolio company stewardship and assisting our portfolio fund managers in creating DEI toolkits for their founders, which has become an increasingly popular coaching request, can further empower their efforts to drive DEI progress.

Notable Increase in Investment Power: In 2023, there was a 12% increase in perceived ability to make a difference through investments in portfolio companies. This suggests a growing recognition among fund managers of the impact they can have through their investment decisions and indicates that attitudes towards DEI apply beyond internal firm decisions.



Factors contributing to disparities in representation

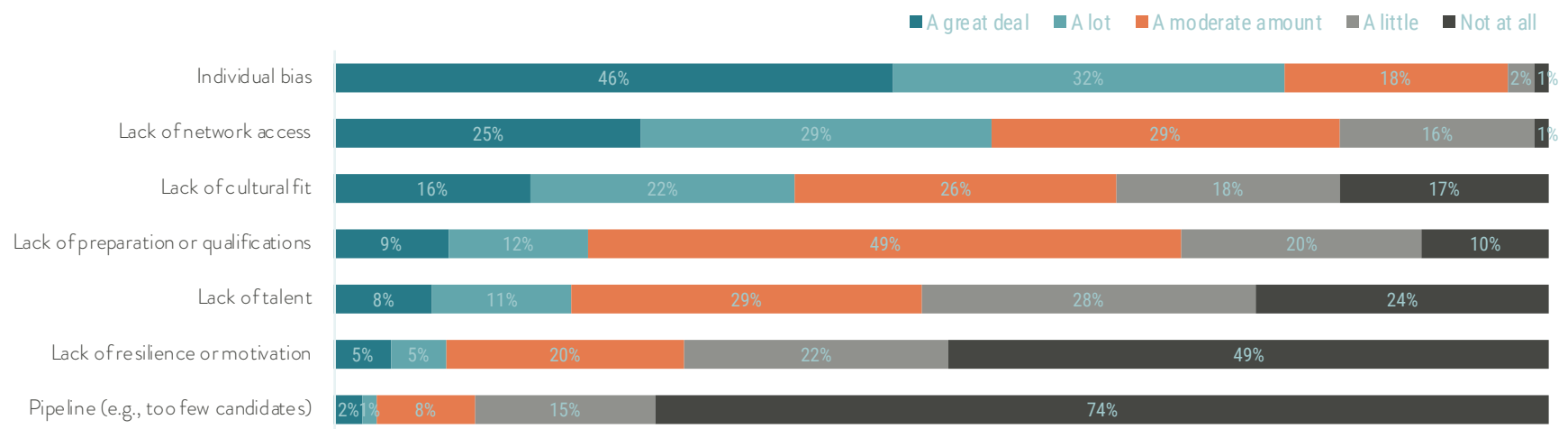
We sought to understand opinions and attitudes on what factors contribute most to disparities in representation of URPOC and women as investors.

Takeaways

Pipeline Challenges: Less than one out of every four respondents identified a lack of candidates as a contributing factor to underrepresentation, a notable decrease from 86% of respondents in 2022. While this factor was selected as one of the top reasons last year, it is now the least cited factor. Conversely, there is an increased acknowledgment that lack of network access is a significant barrier to representation.

This underscores the imperative for firms to adapt their sourcing strategies to overcome barriers to diverse talent acquisition, and a growing recognition that firms, not candidates, have a responsibility to do so. It is essential that firms adopt creative and equitable sourcing methods to look beyond their networks and enhance firmwide representation.

Addressing Bias and Cultural Fit: The continued emphasis on individual bias and lack of cultural fit underscores the importance of addressing systemic biases within firms and fostering inclusive hiring practices. This presents an opportunity for us to reinforce our efforts to mitigate biases in recruitment processes and promote inclusive workplace cultures.



Factors contributing to disparities in promotion

We sought to understand fund managers' opinions on the key drivers of disparities in the promotion of URPOC, recognizing that promotion is an essential measure of inclusion after hiring.

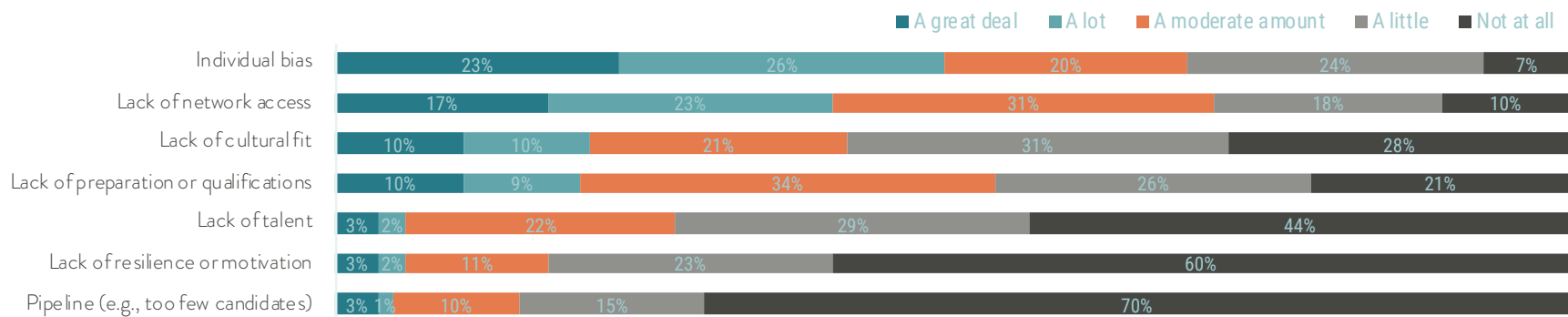
Takeaways

Recognition of Individual Biases: In 2023, survey respondents reported individual bias and lack of network access as the top factors contributing to disparities in promotions of URPOC. This echoes the findings from the previous year, indicating a consistent recognition of these factors as significant barriers to equitable promotion processes.

Decreased Agreement with Pipeline Challenges: In 2023, 70% of respondents reported they do not believe that pipeline issues (e.g., too few candidates) contribute to promotion disparities. This contrasts with the findings from 2022, where 68% of respondents identified pipeline scarcity as a leading cause for the lack of promotion of URPOC. This significant shift indicates an evolving perspective that promotions are not solely dependent on candidate availability but are influenced by other systemic factors such as bias and lack of access.

Increased Emphasis on Addressing Systematic Barriers: Year over year, fund managers are moving away from attributing disparities in promotions solely to candidate characteristics, such as lack of talent and lack of resilience. However, the perception that URPOC lack the preparation and qualifications for promotion persists. This indicates a growing recognition of the need to address systemic biases and create equitable promotion processes to ensure each employee is assessed against the same targets.

Opportunity for Additional Inclusion Initiatives: Respondents' belief in the bias-enhancing concept of cultural fit remains consistent compared to last year, highlighting an opportunity for additional inclusion efforts within firms. By explicitly defining firm values and hiring criteria, organizations can identify instances where they may unconsciously rely on cognitive biases, such as the similar-to-me effect, address systemic barriers to promotion, and establish pathways for underrepresented individuals to advance within the organization.



Confidence

In this section of the survey, we hoped to understand whether confidence is a key barrier to translating DEI motivations to actions.

Takeaways

Consistency in Confidence: 8 out of 10 respondents, on average, expressed some level of confidence in their ability to reduce biases across investment decisions, hiring, and portfolio support. There is little year over year change, indicating that confidence in DEI-related actions remains relatively consistent over time.

Areas of Greatest Confidence: Both in 2022 and 2023, respondents expressed the highest confidence in their ability to create inclusive workplace cultures, identify situations triggering biases, and reduce biases in hiring decisions. These areas of strength serve as foundations for further DEI initiatives.

Identified Gaps in Confidence: The most significant gaps in confidence in 2023 pertain to knowing how to reduce biases in making board recommendations for portfolio companies, with 12% of respondents reporting that they are not confident at all. This underscores specific areas where individuals may benefit from additional support or resources to bolster their confidence and effectiveness in addressing biases within these contexts.



Action taken

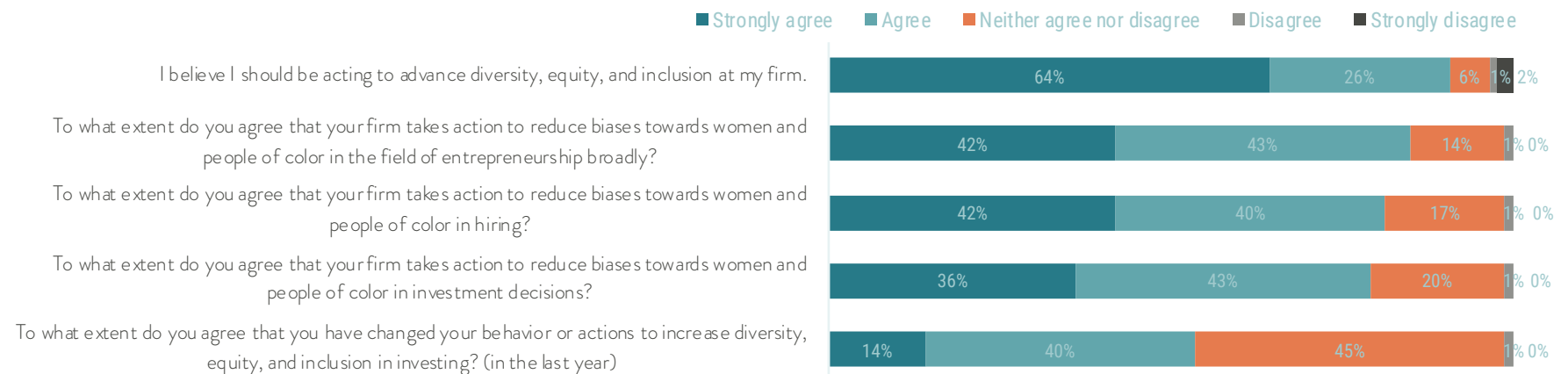
In these questions, we sought to understand whether respondents felt they and their organizations have taken enough actions to reduce biases and to drive DEI progress forward.

Takeaways

Consistency in Trends: The data from 2023 shows little change from the previous year, with respondents continuing to emphasize the importance of their organizations taking action to advance DEI. This consistency underscores a persistent trend where individuals perceive their firms and leadership as primarily responsible for driving DEI progress, rather than viewing themselves as agents of change.

Perceived Lack of Individual Agency: Despite the shared belief among 98% of respondents that they should actively contribute to DEI efforts, there remains a notable lack of corresponding action and behavior change. This highlights a significant gap between intentions and actions, potentially indicating feelings of limited power or autonomy among individuals to enact meaningful change within their organizations. This underscores the importance of providing tools and programming that empower individuals to take proactive steps toward fostering inclusion and driving DEI progress.

Organizational Responsibility vs. Individual Action: The continued emphasis on organizational actions over individual behavior change suggests a need for organizations to not only lead by example but also to empower and encourage individuals to take ownership of DEI initiatives. Creating a culture where individuals feel empowered to enact change can lead to more comprehensive and sustainable DEI progress.





PORTFOLIO IMPACT & SPOTLIGHTS

PORTFOLIO IMPACT

This impact report is largely dedicated to Illumen Capital's work on building more diverse and inclusive venture, growth, and private equity funds. Yet, each of these fund managers was selected in part for the transformative positive impact they are creating in the world. We would like to uplift some of that work here.

Given the broad swath of impact metrics reported by portfolio companies and the wide spectrum of impact themes, capital stages, and geographies, we're pleased to summarize examples of impact metrics that demonstrate outputs and outcomes across our portfolio.

By Firm

143 jobs were created across the **Fund Manager A's** portfolio, **81%** of all employees are immigrants and **50%** are URPOC or women.

922 jobs were created across the **Fund Manager B's** portfolio, **33%** of all portfolio companies primary end users were women.

2,300 jobs were supported across the **Fund Manager C's** portfolio, **2,062 MW** of solar installed, **619 million MT** CO₂ emissions avoided, and **6.5 million** pounds of waste reduced.

Across **Fund Manager D's** portfolio, **86%** of companies included one or more women on their leadership teams, **71%** had one or more women board members, **71%** featured one or more people of color on their leadership teams, and **57%** were founded by one or more women.

46,000 jobs were created across the **Fund Manager E's** portfolio, supporting over **591 million** learners, **13.9 million** educators, **41,000** higher education institutions, and **930,000** employers.

Across their portfolio, **Fund Manager F** touched over **160.9 million** lives, an **11%** increase from 2023, **79%** of whom were underserved.



Climate & Sustainability

Underlying portfolio company **Energicity** develops and operates solar mini grids in West Africa and has produced **784,000 kWh** of clean energy and powered **903** businesses.

Underlying portfolio company **GenPhoenix** rescues leather offcuts to create premium leather alternatives. Their leather goods contain up to **77%** recycled material and they have saved **9,000 tons** of leather waste from landfill since their **2009** inception. They also recycle **95% of the water** used in production, use **100% renewable electricity**, and have produced **0 waste** to landfills since 2016.

Underlying portfolio company **Cambium Carbon** has produced over **3.1 million** board feet of their net negative Carbon Smart Wood™, stored over **7,100 MT CO2 emissions**, and planted over **5,800 trees**.

Underlying portfolio company **Supercircle** has recycled over **530,470 pounds** of clothing and saved **85,760 pounds** of CO2 emissions by closing the retail and waste management industries to eliminate post-consumer clothing waste.

Underlying portfolio company **Synop** has charged over **2 million miles** worth of customer EVs, reducing carbon emissions by **3.6 million kg**.

Underlying portfolio company **Ambient Photonics'** novel dye-sensitized solar cell technology saved **459,136 kg** of CO2 emissions.

Climate & Sustainability Spotlight



Battery Smart, established in 2019, is transforming EV adoption by providing affordable and accessible solutions for India's two- and three-wheel rickshaws. Since launching the first battery-swapping station in June 2020, they have rapidly expanded to become India's largest network for electric two and three-wheelers. Their innovative interoperable battery swapping model and dense network enable 2-minute battery swaps, overcoming key barriers like charging downtime and high upfront costs.

By collaborating with local businesses and offering hassle-free setups, income, and robust tech support, Battery Smart fosters collaboration among EV stakeholders, boosting earnings for drivers and fleets. The company's battery subscription model increases net earnings for an e-rickshaw by 200-250% and in just three years, Battery Smart has avoided 128 MT of carbon emissions and provided \$112M additional income for its 48,000 drivers.





Education

Over **9 million learners** completed **421 million** assessment items in over **50 countries** on **BenchPrep**, an underlying portfolio company.

Campus, an underlying portfolio company, provides **726 students** with a 2-year, online community college program with no out-of-pocket costs and employs over **70 professors** on their teaching team. **85% of students** are Pell Eligible and the program has a **net promoter score of 76**.

With access to **40 prep books** and over **200,000 practice questions** on **Fiveable**, an underlying portfolio company, **90% of users** felt confident while taking their AP exams.

Across 14 efficiency studies, **Accelerate Learning**, an underlying portfolio company, helped **18,000 students** pass standardized tests.

Fourth Rev, an underlying portfolio company providing underemployed college graduates with career accelerators, has over **400** students enrolled across **7 cohorts**. **100% of students** from their first cohort achieved career outcomes within **6 weeks** of graduation.

After launching a **Torch** continuing development program, an underlying portfolio company, organizations see **38%** higher likelihood of retaining the employee in the next year, **15%** higher employee engagement as reported by teams, and **75%** higher likelihood of exceptional ratings on the next performance review.

Education Spotlight

Stellic

Stellic, emerged from a student project with a clear mission: to revolutionize higher education. Founded by three first-generation college students at Carnegie Mellon, they aimed to address the lack of personalized graduation planning and support for students. They soon realized this problem was symptomatic of broader issues in higher education; advisors struggled with diverse student needs and evolving goals.

Stellic aims to personalize completion pathways for all students. With an 8x increase in student engagement and an impressive net promoter score of 80, Stellic has empowered over 530,000 students worldwide. Its platform facilitates 2 million confident decisions across 40 university partners in 5 countries. Students hail it as the “most valuable technology” their college has provided them and has helped them “confidently make decisions and graduate on time.” Stellic aims to deepen partnerships with additional universities and enhance its student-centric technology, underscoring its commitment to empowering students and driving positive change in higher education.





Financial Inclusion

Underlying portfolio company **Ellevest** manages over **\$2 billion** in women's wealth, empowering over **3 million** women to build their wealth and reach their financial goals.

Homeowners in over **21 states** have access to **Openly**, an underlying portfolio company working to simplify the premium home insurance experience. Openly reported a **96%** customer satisfaction rating for agent and policyholder service interactions, a **79%** customer satisfaction rating for claims, and **80%** growth in gross written premiums year over year.

FarmRaise, an underlying portfolio company, serves over **20,000 farmers** by providing tax support, cash flow management, and inventory tracking.

Across their portfolio, Fund Manager F served over **29.6 million** retail consumers, **87%** of whom were underserved, a **20%** increase from 2022. Quona also financed over **\$4.4 billion** in loans (a **3%** increase from 2022) and enabled **\$23.1 billion** in payment transactions (a **40%** increase from 2022).

Klar, an underlying portfolio company, serves over **2.4 million** users seeking personal banking solutions in Mexico, **49%** of whom are accessing personal banking for the first time. After using Klar, **17%** of low-income clients no longer need to borrow to cope with financial shocks.

Financial Inclusion Spotlight



ICon, a financial technology and retirement provider, is dedicated to closing the financial inclusion gap and promoting financial literacy for all. Founded by passionate problem solvers, ICon simplifies the complexities of retirement savings, offering fair and transparent investment information. With a focus on people's well-being over assets under management, ICon empowers individuals with ownership and control of their retirement savings.

Pioneering the Portable Retirement Plan (PRP), ICon revolutionizes retirement savings by providing modern solutions for businesses seeking alternatives to traditional 401(k) plans. Their portable plans ensure uninterrupted savings, even during job transitions, reflecting their commitment to a seamless and user-friendly retirement experience for all.



Health & Wellness

Joon, an underlying portfolio company, aids over **500,000 families** in supporting children with ADHD. With a focus on age-appropriate tasks and gamification, Joon has facilitated the completion of over **5 million** tasks. Parents can select from recommended quests or create custom tasks to engage their children, fostering focus and life skill development seamlessly within daily routines.

Devoted Health, an underlying portfolio company now serves more than **124,000 seniors**, **77%** of whom with hypertension have gotten their blood pressure under control and **85%** with diabetes have been able to control their blood sugar levels.

Underlying portfolio company **Recursion** executes up to **2.2 million** wet-lab experiments weekly and has amassed **23 petabytes** of data with **3 trillion** searchable relationships, one of the largest proprietary in-vitro biological and chemical databases available.

Underlying portfolio company **Agua Bonita** produces aguas frescas made with **80% less sugar** than traditional aguas frescas and rescued fruit high in antioxidants and vitamin C.

Underlying portfolio company **Health In Her HUE**'s platform provides over **13,000** members with a directory of over **1,300 providers** across **60 specialties** for personalized and culturally responsive care.

More than **4,300** leading academic research institutions and **16 of the top 20** pharmaceutical companies use **BenchSci AI** solutions. More than **50,000 scientists** rely on BenchSci, an underlying portfolio company, to support their experiment decisions, accelerate drug discovery, and improve patient outcomes.

Intellihealth, an underlying portfolio company, provides medical solutions to obesity. Over **80%** of participants have halved their risk of diabetes, and improvements have been observed across more than **200** obesity-related health conditions, including type 2 diabetes and sleep apnea, among participants.

77% of Evvy's **16,000+** individual users reported experiencing improvement in their vaginal health after utilizing **Evvy Care**, an underlying portfolio company.

Health & Wellness Spotlight

NEEDED.[®]

With a focus on enhancing women's nutrition during pivotal life stages like fertility, pregnancy, and postpartum, **Needed** stands at the forefront of perinatal health. Endorsed by over 4,000 practitioners, our clinically researched supplements are tailored to meet the unique needs of women and their families.

Founded in 2017 by nutritionally trained mothers Julie Sawaya and Ryan Woodbury, Needed is dedicated to closing the critical gap in perinatal nutrition while setting a new standard for health and sustainability. As a Certified B-Corp, 1% for the Planet member, and Climate Neutral-Certified brand, Needed is committed to making a positive impact.





Inclusive Systems

Mogul, an underlying portfolio company, employs a DEIB-certified sourcing team using comprehensive and inclusive recruitment technology and methodology across a database of **494 million** candidates, comprised of over **79 million** Latinx candidates, **40 million** AAPI candidates, **31 million** African American candidates, **435,000** veteran candidates, and **179,000** people with disabilities.

Underlying portfolio company **Canela Media** has **4.4 million** monthly active users in Mexico and **3.9 million** in the United States. Over **60%** of their producers, directors and storytellers identify as Latinx.

Underlying portfolio company, **Mansa** enables viewers to stream Black films, TV, and culture, experiencing a remarkable **46%** month-over-month growth in viewership. Additionally, **70%** of users return to the platform, with the average session time increasing by **200%**.

Inclusive Systems Spotlight

BURRELL

Burrell, a leading full-service marketing and communications agency, has pioneered the multicultural advertising industry. With over 40 years of experience, Burrell adeptly connects with audiences across generations, geographies, and backgrounds. Valuing diversity, they assemble teams reflecting a range of identities and lived experiences, ensuring their campaigns resonate with a wider audience and contribute to broader representation in advertising and media.

They leverage purposeful storytelling and inclusive campaigns for notable clients like Comcast, Toyota, and PUMA. They also actively engage in social impact projects, addressing pressing issues such as hunger and education inequity, showcasing their steadfast commitment to effecting meaningful change.

1. Impact metrics within "Portfolio Impact" are as reported by our fund managers and underlying portfolio companies, as of information available by March 29, 2024.
2. While we do request managers to report on the number of employees per underlying portfolio company as a proxy for jobs created across our portfolio, only a small number of portfolio companies reported this metric.





MOVING FORWARD

MOVING FORWARD

In 2023, Illumen Capital made significant investments in bias reduction infrastructure, developing a new platform to deploy our proprietary bias reduction toolkit and implementing a new data system for the integration of financial, DEI, and impact data. We also expanded capital deployment to first-time and emerging fund managers, most of which led by women of color. Leveraging coaching, we tailored programming to address the unique DEI goals and needs of each fund manager within our portfolio.

Looking ahead, Illumen Capital remains dedicated to implementing our core thesis of reducing racial and gender biases in collaboration with our portfolio fund managers. This commitment is underscored by the introduction of new resources and initiatives, such as:



New Written Tools

We are excited to continue developing written tools designed to support our portfolio fund managers on relevant topics, such as reducing biases in the utilization of AI.



New Animated Video

Building on the success of previous initiatives, we are creating another animated video to help investors understand and identify biases within their firms.



Impact Measurement Support

We remain committed to supporting managers with impact measurement, enabling the collection of higher quality and more comprehensive impact metrics at both the underlying portfolio company and fund level.



Cohort Learning Opportunities

In line with our commitment to fostering community and building on the interest demonstrated in 2023, we will continue to offer cohort learning opportunities to our growing portfolio of fund managers. This includes in-person gatherings focused on facilitating collaboration and knowledge sharing.

As we forge ahead, we remain steadfast in our commitment to both scaling our work and preserving its personalized and human-centric nature. We strive to enhance our support for our fund managers in their racial and gender equity journeys.



We extend our gratitude to everyone within the Illumen Capital community for their contributions to the progress outlined in this report. It's an honor to embark on this journey alongside you, and we eagerly anticipate collaborating to shape an inclusive and optimal asset management industry. Together, we aim to lay the foundation for a future that is equitable for all.

ILLUMEN CAPITAL TEAM

Daryn Dodson, Managing Partner

Amani Ahmed, Vice President, Investor Relations

Malia Hankton, Executive Assistant

Jason Henning, Senior Vice President, Investor Relations

Joanna Kuang, Senior Vice President, Product Development and Impact

Jo Nazareth, Senior Operations Associate

Maria Lopez Rosas, Portfolio Analyst

Leila Mengesha, Impact Associate

Octavio Sandoval, Director of Investments

Jeremy Sookhoo, Director of Investments

Katie Twomey, Vice President of Finance and Operations and Chief Compliance Officer

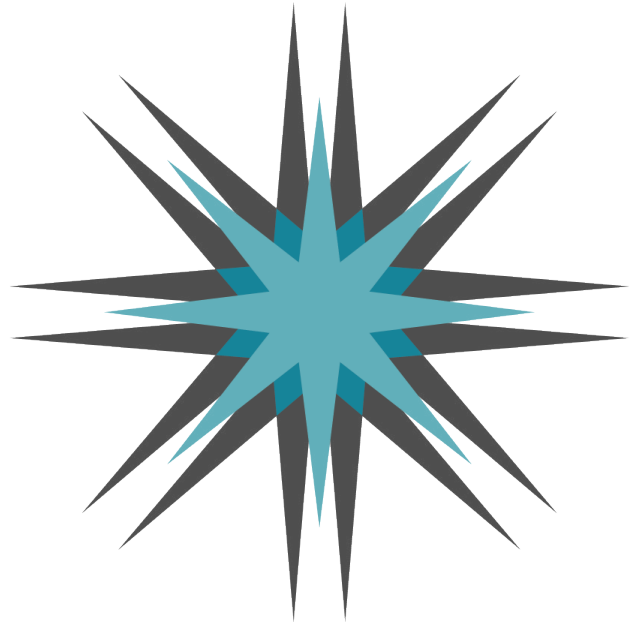
Illumen Capital

2323 Broadway

Oakland, CA 94612

www.illumencapital.com





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