

Catalyze

2023

IMPACT REPORT

Problem

The capital ecosystem is *broken* for underrepresented founders.



83%

of entrepreneurs can't access capital from banks or VCs

1.4%

of the \$82T asset management industry is managed by diverse-owned firms

Solution

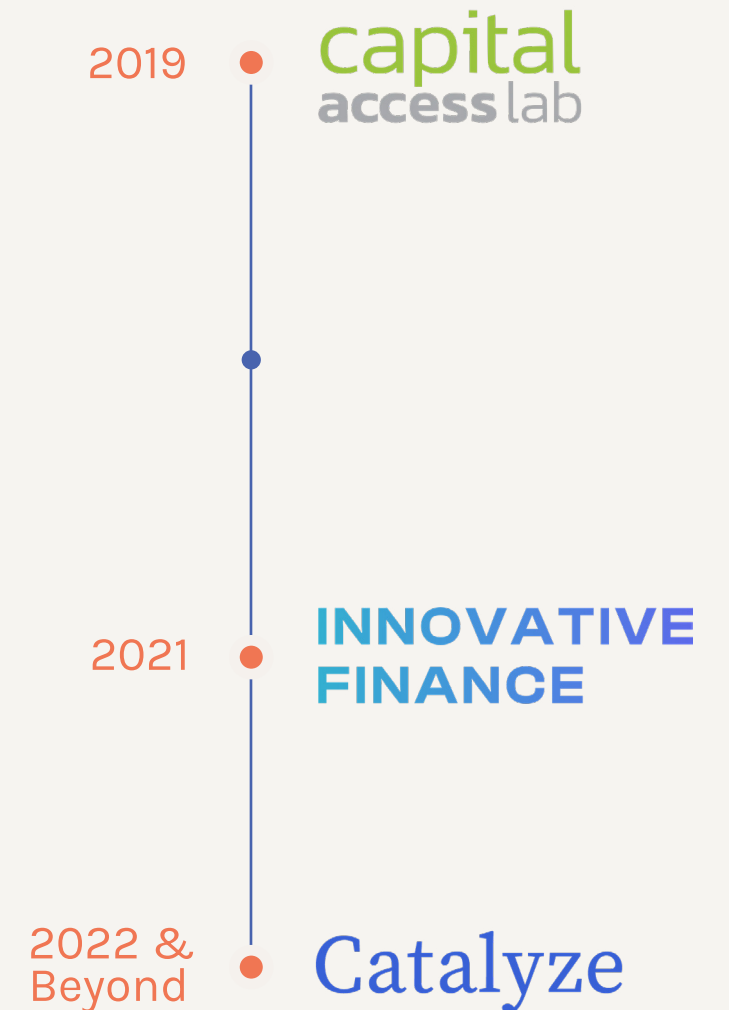
Catalyze exists to support capital entrepreneurs: the *visionaries* and *builders* of solutions that can improve our capital ecosystem.

The Catalyze Story

Catalyze was founded to solve glaring market gaps: there is limited to no infrastructure or funding for “**capital entrepreneurs**”—innovative and underrepresented investors. These investors are critical to building a vibrant and diverse entrepreneurial ecosystem, where founders who are too often overlooked finally have the opportunity to succeed.

Our story begins in 2019, when we led the Capital Access Lab initiative at the Kauffman Foundation and later launched the Innovative Finance Playbook in partnership with Blueprint Local and Nowak Metro Finance Lab. Through those ventures, we got to know hundreds of emerging investors who cemented our commitment to catalyzing their growth.

With seed funding from the Skoll Foundation, we launched Catalyze in early 2022 to build the infrastructure and mobilize the funding needed to enable **capital entrepreneurs** to thrive.



Catalyze has three pillars of work to support capital entrepreneurs, with a focus on *underrepresented fund managers* and *innovative finance* strategies.

FUND FELLOWSHIP

Through our annual fund fellowship, we empower the next generation of fund managers and innovative capital providers through direct advisory and operational support as they launch, build, and expand their investment strategies.

CAPITAL SOLUTIONS

To bridge the financing gap that exists for capital entrepreneurs, we're providing affordable working capital loans to underrepresented GPs. We're also offering due diligence and investment consulting services to asset allocators interested in backing **capital entrepreneurs**.

ECOSYSTEM BUILDING

We believe in the power of community and dedicate ourselves to building an ecosystem where **capital entrepreneurs** can thrive, through sharing knowledge, creating open-source resources, and publishing industry research.

Catalyze Fellows



Fund Fellowship by the Numbers

**Total Target
Raised by Fellows** **\$364M**

**Total Raised
by Fellows** **\$109M**

**Total Invested
by Fellows** **\$25M**

Capital Entrepreneurs

13

Funds led by 18 GPs

77%

BIPOC-led

85%

Women-led

100%

Underrepresented-led

52

Total Employees at
Funds (including GPs)

Portfolio Companies

74

Portfolio companies

77%

BIPOC-led

58%

Women-led

9%

LGBTQ+ led

92%

Underrepresented-led

AS OF 12/31/23



ALUMNI SPOTLIGHT

Capitalize VC

Capitalize VC is raising a \$10M venture fund investing in pre-seed stage, diverse founders in the multi-trillion dollar, rapidly growing commerce industry at the intersection of commerce enablement, commerce infrastructure, fintech and consumer brands. Tessa Flippin is a diverse GP based in Chicago, IL.



“Because of the blended investment structure we’ve built at Capitalize VC, I knew Catalyze would be an important supporter to have in our corner.

Participating in the fellowship enabled us to better craft our pitch to various stakeholders which has helped speed up our fundraise a lot. The Catalyze team connected me with fellow fund managers, ecosystem players, alternative financiers, conference speaking opportunities and prospective LPs all helping us raise and approach a final close for Fund I.

I learned a lot about the world of the Community Reinvestment Act (CRA) and how those dollars get deployed into the VC asset class. I also learned how to communicate the Capitalize VC thesis in a way that has really resonated in LP conversations.”

*Tessa Flippin,
Founder & Managing Partner of Capitalize VC,
Fund Fellowship Alumni 2022*



ALUMNI SPOTLIGHT

Tundra Ventures

Tundra Ventures is raising a \$20M venture fund investing in pre-seed founders leveraging their lived experiences to innovate software, healthcare, and consumer markets.

Headquartered in Minneapolis and Silicon Valley, strategically positioned to scout talent within and beyond established tech hubs in pursuit of the best valuations. Tundra's primary focus is on backing founders, and uncovering new or overlooked markets with mammoth potential. Three managing partners form the Tundra Ventures' team: Adam Choe, Amanda Heyman, and Danielle Steer. Beyond resumes and track records, the team has honed pattern-matching skills through extensive interactions with early-stage founders, especially those from underrepresented backgrounds.

The Fund Fellowship has had an impact on the Tundra Ventures' fund in a few critical ways; helping to build our ecosystem, providing resources on institutional funding, serving as a character reference from a third party, lending legitimacy, and the offset of managing fees.



“Through the Fund Fellowship, we’ve had the opportunity to engage with a diverse network of industry professionals, including fellow fund managers and experienced investors, allowing us to contribute more effectively to the broader venture capital ecosystem by fostering collaborations, sharing insights, and building relationships.

The Fund Fellowship provided us access to resources and knowledge essential for building and scaling an institutional fund. The Fund Fellowship additionally grants legitimacy and a third-party reference as we build our fund. Finally, the structure, support, and resources offset management fees at a critical moment while we’re growing the fund.”

*Adam Choe, Managing Partner of Tundra Ventures
Fund Fellowship Alumni 2022*



“Most EM support programs focus on a narrow slice of what a VC fund can look like, and we need more programs like Catalyze that not only enable a greater diversity of humans in VC, but also a greater diversity of structure and thought.”

———
Connie Bowen, Fund Fellowship Alumni 2023



“The Catalyze team is top-tier, and I can’t advocate for the program they’ve built enough. The support they provide is the exact kind of program that most GPs need in the early days.”

———
Bryan Lattimore, Fund Fellowship Alumni 2023



“The Catalyze team has played a truly critical role in helping us build Streetlife. This level of support for diverse emerging managers is unheard of—and we’re incredibly grateful for all of their work for emerging managers and innovative financial approaches overall.”

———
Laura Fox, Fund Fellowship Alumni 2023



Flexible Operating Capital

As part of the fund fellowship program, GPs receive flexible operating capital to help cover early fund building costs. To date, Catalyze has provided **\$239K** in flexible operating capital to GPs and some top uses include:

- 1 LP travel + conferences
- 2 Brand + design
- 3 Fund stack + service providers
- 4 Payroll + talent
- 5 Other: business coaching, deal sourcing, and more

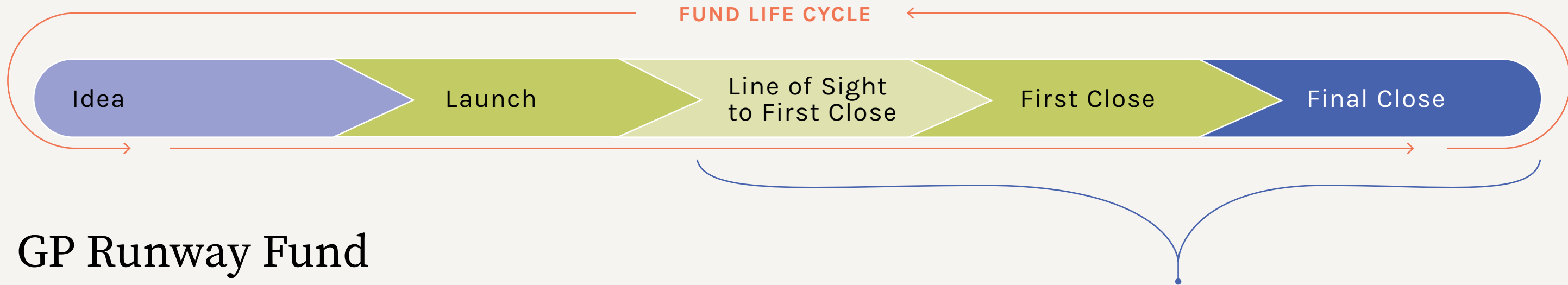
Fellows said that the flexible operating capital helped

“Tremendously, having complete freedom to spend capital on fund building expense was everything” and that “it gave us the ability to invest in critical areas and also further professionalize our fund.”

Capital Solutions



GPs face **\$150k+** in bootstrapping costs + cash flow challenges to launch a new fund.



GP Runway Fund

Witnessing a gap in capital markets for underrepresented fund managers, Catalyze created a capital solution that banks deemed too risky but **capital entrepreneurs** need. Catalyze co-designed a working capital loan product with dozens of underrepresented fund managers who couldn't 'bootstrap' or access startup funding to build investment firms.

This past year, in preparation for its 2024 launch, Catalyze raised operating capital from Blue Haven Initiative, Spring Point Partners, Gary Community Ventures, and Tara Health Foundation to cover launch and infrastructure costs for the Fund. Additionally, Catalyze partnered with impact investment firm Mission Driven Finance to serve as the investment advisor for the Fund.

GPRF lends *here* to bridge the working capital gap for Funds 1 + 2

Revenue-based Lending Program

Capital allocators around the country are experimenting with revenue-based financing (RBF), a more flexible funding model than traditional debt financing, where repayments are tied to a percentage of revenue instead of an interest rate.

In 2023, Catalyze supported 10 mission-driven lenders as they aimed to implement revenue-based lending as a strategy.

By the end of the program:

8 out of 10 lenders

Had deployed RBF

More than \$5M

in RBF investments

50+

RBF deals total to businesses in their communities

150

Deals for \$18M+ planned for 2024

Members of the 2023 Catalyze RBF Peer Group



Due Diligence-as-a-Service

In 2023, Catalyze launched our due diligence-as-a-service offering to address the capacity gap for asset allocators interested in backing **capital entrepreneurs** and serve as an outsourced diligence partner. For one project, we led diligence on a first-time, revenue-based fund on behalf of an institutional, US-based foundation.

Catalyze team led due diligence on **30+** capital entrepreneurs at Cambridge Associates and Kauffman Foundation.

500+

Capital Entrepreneurs Tracked

75+

Meetings Held with Capital Entrepreneurs Annually

Ecosystem Building

To build a *robust ecosystem* for *capital entrepreneurs*, Catalyze focuses on two areas:

1

Serving as a convener

2

Publishing open-source resources
to help capital entrepreneurs

Open-Source Resources

Revenue-Based Financing White Paper

This white paper walks you through the basics of revenue-based financing. A revenue-based loan is a more flexible funding model than traditional debt financing, with payments tied to a percentage of revenue instead of an interest rate.

3k+ views

Innovative Finance Playbook

This playbook was published in November 2022 for **capital entrepreneurs** to learn more about alternative capital products and investment strategies that can bridge capital gaps for entrepreneurs and small businesses.

500K+ website impressions

50K+ unique pageviews

Catalyze



DREXEL UNIVERSITY
Nowak Metro Finance Lab
Lindy Institute for Urban Innovation

The State of Revenue-Based Financing & CDFIs

The State of Revenue-Based Financing & CDFIs report focuses on the rise of Community Development Financial Institutions and other mission-driven lenders implementing and deploying RBF for businesses in their communities.

Future of Catalyze

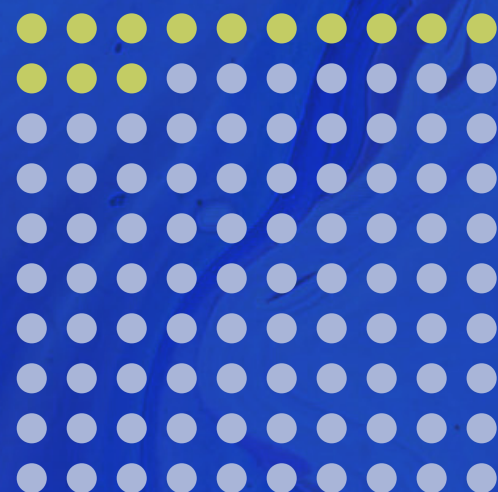
2024 & Beyond



By the end of 2030, Catalyze aims to:

Capital Entrepreneurs
Supported

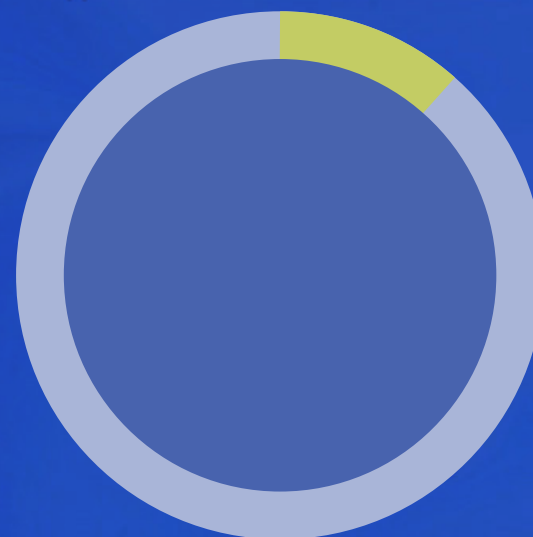
100+



13 As of Today / 13% of Goal

Total Raised by Capital
Entrepreneurs

\$1B+



\$112M As of Today / 11.2% of Goal

Total Portfolio Companies Led
by Underrepresented Founders

2k+



86 As of Today / 4.3% of Goal

Partners

Catalyze ADVISORY BOARD



Brigitte Lumpkins



Christine Barth



David Lynn



Melissa Bradley



Melissa Cheong



Rodney Foxworth

FUNDERS

Fund Fellowship

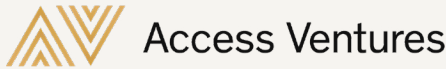


GP Runway Fund



PARTNERS / SUPPORTERS

Fund Fellowship



GP Runway Fund



Innovative Finance



CLIENTS





Brendan Cosgrove
Co-Founder & Director



Maegan Moore
Co-Founder & Director



Michael Belles
Co-Founder & Manager



Thank you!

GET IN TOUCH

Reach out to us at hello@catalyze.community