Kapor Capital Fund III
A HIGH IMPACT FUND

CLOSING GAPS OF ACCESS, OPPORTUNITY AND OUTCOME FOR LOW INCOME COMMUNITIES AND PEOPLE OF COLOR (Final Close: September 30, 2021)

Kapor Capital Fund III is a venture capital fund that invests in early-stage, tech-driven companies that are committed to closing gaps of access, opportunity or outcome for low-income communities and communities of color. Kapor Capital primarily focuses on three key sectors: healthtech, edtech, and fintech. The fund also makes opportunistic investments in the emerging sectors of sustainability (such as waste tech and agtech) people ops tech, future of work, and justice. In addition to investing in gap-closing technology, Kapor is committed to supporting founders from groups underrepresented in technology. To date, 60% of Kapor’s portfolio companies are led by women and/or an underrepresented person of color, vastly exceeding the 2.3% of VC dollars that went to women in 2020 and the less than 1% of VC funding that goes to Black founders annually. Kapor further supports their mission of racial justice in STEM education, the tech workforce, and entrepreneurship by providing extensive trainings on the topics of diversity and inclusion, maintaining databases of underrepresented job candidates and service providers, and providing mentorship and resources for candidates pursuing a career in tech or entrepreneurship.

Since its founding in 2011, Kapor Capital has achieved benchmark-beating financial returns. Across the firm’s experimental portfolio (2011-2014), Kapor Capital Fund I (2015), and Kapor Capital Fund II (2018), Kapor has achieved a 3x TVPI, outperforming the 75th percentile for both Pitchbook (2.39x) and Cambridge Associates (1.86x). Similarly, the firm’s IRR of 29% outperforms the 75th percentile benchmarks for both Pitchbook (26%) and Cambridge Associates (26.5%).

Kapor Capital is targeting a total fund size of $125MM and will invest in approximately 50 gap-closing companies across healthtech, edtech, and fintech. The fund will make Seed, Pre-Seed, and Series A investments of between $450K-2.0MM depending on the stage of the company, reserving 65% of committed capital for follow-on investments.

ABOUT KAPOR CAPITAL FUND III

Kapor Capital was founded by Mitch Kapor and Freada Kapor Klein in 2011 as the investment arm of the Kapor Center, a foundation focused on supporting diverse entrepreneurship and building a thriving, diverse, and inclusive technology ecosystem. Between 2011 and 2021, Kapor Capital had invested in 178 companies and grown AUM to $125MM. Kapor Capital Fund III will be led by Managing Partners Brian Dixon and Ulili Onovakpuri, who have a combined 20 years of experience and have invested in more than 100 companies.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative new way for MCF donors to engage in impact investing through grantmaking. Via a partnership with ImpactAssets — a market leader in impact investing — VIP enables philanthropic dollars to be directed towards for-profit companies that are seeking to make positive social or environmental impact.

For further information, contact Safia Kryger-Nelson at MCF, 415.464.2515 or skryger-nelson@marincf.org.
# ImpactAssets FUND SUMMARY

## ASSET CLASS
Venture Capital

## TARGET FUND SIZE
$125MM Cap

## TERM
Ten years with two one-year extensions at the option of the General Partner and with approval of the Advisory Committee

## TARGET RETURN
3.0x MOIC gross, 2.4x net

## GEOGRAPHY
Primarily U.S.

## IMPACT AREAS
Healthcare, Education, Financial Inclusion, Underrepresented Founders

## FUND MANAGER FEES
- Management Fee: 2.5% on committed capital for first four years; beginning year five, fee reduces by 0.25% / year until 1.50%
- Performance Fee: 20%

## INVESTMENT FEES
This recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset basis.

## INVESTMENT THESIS
- Seeking long-term capital appreciation by investing in securities of privately held technology companies committed to closing gaps of access, opportunity or outcome for low income communities and/or communities of color.
- The fund focuses on Pre-Seed, Seed, and Series A investments within healthtech, edtech, and fintech. The fund pursues deals in the emerging sectors of sustainability, people ops tech, future of work, and justice as opportunities arise.
- Kapor will invest between $450K to $2MM in approximately 50 portfolio companies with valuations ranging from $4.5MM to $40MM.

## IMPACT THESIS
- Kapor invests in companies that address disparities in opportunities and outcomes for underrepresented communities of color, with a particular focus on African-American and Latinx communities.
- Examples of gap-closing business models include companies addressing gaps in education inequality, helping families access healthy foods, disrupting predatory lenders, improving the lives of incarcerated individuals, creating technical jobs in “underdog” communities, helping people access quality healthcare and reducing carbon emissions in inner cities.

## ILLUSTRATIVE INVESTMENT
**Promise** is a black and female-led bail reform startup that was founded to reduce the number of people held behind bars because they can’t pay bail. As the founders examined the justice system and iterated on their product, it became clear that they needed to pivot – the efficiencies built into the United States’ justice system were meant for putting people in jail, not helping innocent people from getting out. Today, they are focused on helping people make payments for parking and traffic tickets, court fees and child support, often the first stumbling blocks for many low-income Americans. To date, Promise has partnered with 6 jurisdictions across the United States and is serving more than 100,000 customers with their PromisePay services.

## STRENGTHS
- Exceptional track record across 10 years and 178 deals as evidenced by firm’s 3x TVPI, sector and impact theme diversification, strong firm-wide commitment to DEI, robust portfolio service model that provides deep value-add to investees

## RISKS
- Venture capital is inherently high-risk; team capacity constraints as number of active portfolio companies grow; Kapor Capital’s first fund to be made available to external LPs

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