

A Message from The Rise Fund Team

Dear Investor,

Since our last report, we have increased the number of investments in The Rise Fund's global portfolio to 30 as of December 31, 2019 with \$1.4 billion deployed to date (\$1.8 billion committed with reserves). We also launched The Rise Fund II and are building a pipeline of new investments that we expect will deliver attractive returns and material net positive impact over time. The writing of this letter gives us an opportunity to reflect on the year that has passed and what we have learned.

THE ERA OF "AND"

Today, we live in a new era of "and", in which businesses must work to address social challenges and simultaneously generate growth and profit to achieve success. Five years ago —alongside Bono, Jeff Skoll, and a Founders Board with deep collective experience in social purpose—we created The Rise Funds, which sits at the nexus of the growing marketplace for mission-driven capital.

Since then, we've funded 30 impact businesses (as of December 2019) across six sectors and have learned a great deal. These lessons have both affirmed our approach and informed our continued work to improve on what we've built to date. Here is a summary of what we've learned:

Impact investing can scale: Since 2017, we have committed more than \$1.8 billion in capital primarily to growth stage companies, and we're now managing more than \$5 billion across our entire platform. Impact investing is no longer just venture investing: there are significant opportunities for scale. Through both scale and our thematic investing, we've created several sector 'flywheels' that amplify our ability to source, price, execute and manage growth equity size impact

investments. For example, Rise has quietly become one of the world's largest education investors, investing across career learning tools, education technology, and personalized learning for underserved students. Each investment in these industry sub-sectors has informed future investments and provided valuable insights that help our portfolio companies enhance growth, reduce costs and increase impact.

Impact investments need not be concessionary: There is a general misconception that impact investing must compromise on financial returns to meet its objectives. That's not what we've found. There is, in fact, a very large and growing market of inherently impactful businesses, led by mission-driven entrepreneurs, that can generate attractive growth equity returns with the right partner. Within the Rise portfolio, for example, combined company revenue across our portfolio has grown at over 30% per year over the last four years, creating the foundation for competitive growth equity returns.

Mission-driven companies want mission driven capital: In the impact world, not all capital is created equal. Entrepreneurs are seeking investment partners whose missions are aligned with theirs. When we reach out to investors to fundraise for Rise, the first question frequently centers around our assessment tools and how we evaluate investments for ongoing impact. Similarly, companies in our portfolio work with us because they want a partner that cares as much about their impact mission as they do. Our rigorous approach to assessment and deep knowledge of sector-specific impact pathways speak directly to what matters most to authentic impact entrepreneurs.

Impact investing takes an ecosystem: Effective impact investing requires more than just capital and a team. In fact, in some ways it is more difficult to be an impact investor: you must excel in quality investing while also fostering positive impact. Investing in an era of "and" requires excellence in more dimensions than just financial underwriting. Specialized infrastructure, networks and expertise are necessary to deliver high impact. We have been privileged to be surrounded by leaders who understand the space, including an industry-leading ESG team and practice, our investors, who have a genuine interest in impact, and our advisory networks, which enhance and enrich our sourcing and sector expertise.

Measurement and practice will mature together: There are countless efforts ongoing to measure impact, but impact measurement is challenging and complex. As the tools evolve, we should not let perfect be the enemy of good. Our experience has taught us that we will learn along the way:

more impact investing allows us to measure better; better measurement allows us to improve our investing practices.

The Rise Fund has designed its measurement and assessment methodology to increase confidence that the impact of an enterprise is real, material, and additional. All impact begins with the question "How is the life of a single person different because of something the company did?" Was a farmer able to sell more milk, more reliably, at a higher price? Did someone receive medical supplies that would have otherwise been inaccessible? To assess enterprise additionality, we define and measure the impact a company adds over and above what its beneficiaries would have experienced without the company. Our impact underwriting for additionality is underpinned by third-party research of real-world situations, not based on intuition. To hold a high bar on impact, we set a threshold for enterprise impact (just as we set a financial return threshold). Moreover, we closely monitor the impact generated by each company during our hold period, with ongoing KPI reviews and an attestation from a globally recognized auditing firm.

We are better today than we were when we started five years ago, and we're committed to continuous improvement. Our goal is to advance and refine our approaches through practice and experience, leveraging the wealth of knowledge we generate from putting our financial and human capital to work on the front lines. We continue to share what we've learned through the creation of Y Analytics with the intent to support other capital allocators committed to evidence-based impact measurement. As the industry matures, impact assessment and measurement will be informed by practice and vice versa. Measurement perfection should not be a barrier to action; we will get better over time.

In this report—our third annual impact report—we invite you to learn more about The Rise Fund and our impact approach. We are also excited to share the stories of some of the leaders of the companies in our portfolio, who are demonstrating what can be achieved when businesses that are intentionally working to create positive impact have the capital to make their visions a reality. The Rise Fund was created to demonstrate that capitalism can be harnessed for good, and in today's context, we believe this mission is more important than ever. The Rise team and the management teams of our portfolio companies throughout the world remain dedicated to making this mission a reality.

Sincerely,
The Rise Fund Team

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