

The Rise Fund's Impact Decision Tools and Management

The impact assessment process provides valuable input into the investment decision-making and portfolio management of The Rise Fund. This report summarizes our ongoing impact assessment process and delivers crucial insights that we have gained during the first three years of The Rise Fund's life, including on the impact of the portfolio companies. This introduction shares:

- The core principles on which our impact approach is built
- Our primary impact tools for impact decision-making and management

We conduct this work and its continued advancement in partnership with Y Analytics to ensure an independent and rigorous application and interpretation of facts and research. (See below for more on Y Analytics).

CORE PRINCIPLES

Research matters. Research and evidence allow us to move beyond intent to greater confidence about impact. Every impact assessment is underpinned by third party, scientific, economic, medical, or social science evidence that helps us forecast the change that beneficiaries will experience because of the company.

Value impact. Monetizing impact allows us to understand the magnitude of different pathways of impact that would not normally be understood in similar terms, like net income increases for smallholder farmers and the value of increased access to dairy protein for children. It also allows us to understand the impact efficiency of the capital we invest.

Above and beyond. Companies must deliver impact above and beyond the status quo. We only count the impact that people experience above what they would have without the company. This commitment to understanding and measuring impact versus the "counterfactual" is critical to ensuring and advancing enterprise additionality.

Full lifecycle. Impact assessment is necessary throughout the life of an investment. It informs our investment decisions and allows us to focus on what matters to grow impact during our investment. Because we continue to monitor impact quarterly, we maintain a dual focus on supporting both financial and impact growth. This is a critical component of investor additionality and is central to the attractiveness of The Rise Fund as a partner to social entrepreneurs.

Learn and advance. Because we have invested in 30 companies and assessed over 300, we actively learn and advance our impact approach. Our impact approach enables better investments, and our investments enable advancements to the approach. Through Y Analytics, and in collaboration with external experts, we continue to identify refinements we can make, for example, in the ways we interpret research, continuously de-bias presumptions, and value impact across different populations.

IMPACT TOOLS FOR DECISION-MAKING AND MANAGEMENT

Our impact decision-making and management tools each capture the estimated social and environmental value of the impact created by a company and the efficiency of the capital deployed to achieve that impact.

The approach is operational, at scale, and builds upon several principles from within impact investing, such as Social Return on Investment and the Impact Management Project's Five Dimensions of Impact. The Rise Fund and our impact approach have also been recognized by the IFC in its flagship report as a leading model for applying their Operating Principles for Impact Management.

During due diligence, we estimate an Impact Multiple of Money (IMM) for every company we consider for investment. The IMM is based on a critical review of potential positive and negative impact pathways. The estimated impact is then based on an enterprise's expected outputs (breadth); independent, third-party research estimating the impact of these or similar activities (depth); the dollar-value equivalent of such impact (value); and adjustments for confidence in the underlying research (risk) and the durability of impact (longevity).

We multiply the estimated impact by the percent ownership stake that The Rise Fund holds in the company. We then divide this number by the total amount of capital invested by the fund to generate a ratio of impact estimated for every dollar invested. This is the IMM. We document the company outputs as well as metrics and assumptions from studies that will drive impact and use those as the basis for ongoing management of impact with each portfolio company.

CONCLUSION

We take the responsibility of finding and growing impactful companies seriously. We hold ourselves to a very high bar on rigor, and we are continuously advancing our impact approaches. This report shares the impact and some of the learnings that we are finding in developing and working with this unique portfolio.



Y Analytics is a public benefit organization launched by TPG and The Rise Fund to help capital allocators make informed decisions about the impact of their investments. Y Analytics curates and translates research, combines it with investment data, and generates impact assessments that can be used to make investment decisions and track progress. The team is skilled and experienced in economics and research and brings a global perspective, having lived or worked in developing contexts. Based in Washington, D.C., Y Analytics serves The Rise Fund as well as other capital allocators. It also pursues its dual mission of sharing, for public benefit, the methodologies and research that it learns from its work.

For more information, please visit www.yanalytics.org.