

# ADAP Fund 2 Annual Report Summary THE IMPACT OF 2020: power, privilege and poverty

## Founder's Executive Summary

Dear ADAP investors (and curious observers),

Investments take faith.

In 2007, I was working with a well known business executive, advising him and his family in making their first ever impact investment. Five years after I moved to lead a new organization, I received a call to say that thousands of lives had been impacted by that one individual's investment at the same time that the investment had been fully paid back with great returns.

As I sit down to write this newsletter, I have received another email updating me on yet another deal that I had led pre-ADAP. Eight years after I led the investment, the deal has provided a solid cash exit for its investors - again, thousands of lives have been impacted and expectations for investor returns were far exceeded. This is the third such email I've received this year, updating me on deals I led years ago, all of which included some amount of risk. So today I am reminded that impact investments take faith and that, while there are bound to be some losses on the journey, the opportunity exists to make significant, real-world impact and generate returns. ADAP Fund 2 has continued to make similar investments following that model because it is working, and working very effectively.

### Progress and momentum and lots to be happy about:

In this most incredible of years filled with so much chaos, fear and uncertainty, I wanted to send out our 2020 Summary Report early in order to share updates of hope and optimism over the festive season. On the last couple of Fund 2 investor update calls, it has been exciting to connect you more directly with some of these tenacious entrepreneurs, and to help foster a community of trust where you can hear from them first-hand as they share openly about their successes and challenges. This report will highlight more examples of some of the entrepreneurs who have been successful in raising more capital, reflect on some of the entrepreneurs who have successfully undertaken substantial pivots, and update you on our latest deal - #9 - to join the Fund 2 portfolio. In spite of all the challenges that 2020 has presented, I hope you'll feel positive and encouraged by these businesses that are truly changing the world

### Inclusivity:

At the end of last year, we made a couple of substantial changes to the ADAP structure, specifically focused on improving our investment process and our advisory support. It proved to be a timely adjustment, because while ADAP has always been structured to function best in a virtual world, the increased intentionality to our inclusivity design has led to great results in both the deals that we are seeing, as well as in the way that we are able to support the entrepreneurs that we invest in. We continue to look for the best deals that we believe have the potential for both massive social impact while also generating acceptable financial returns, and remaining aware of natural biases and the varying challenges that exist for entrepreneurs to cross the pioneer gap. ADAP has always been committed to being inclusive, and applying these lessons has led to us having a portfolio of very diverse entrepreneurs. Sixty-seven percent of Fund 2 Founders are women and eighty percentage of all the deals done by ADAP are women or men of colour. We continue to look for best deals and have designed our process to both find the best entrepreneurs and then to support in ways that add most value for them to fulfill their mission.

### Core Values:

The critical importance of empathy has remained clear this past year. The diverse experiences of the global pandemic on those who have and those who have not has presented conflicting realities and barriers that only empathy allows us to cross. We continue to try to act with integrity and hold ourselves accountable to our mission. This has led to many incredible conversations with members of the ADAP Guidance Council, who have thoughtfully challenged and supported the ADAP journey. We have also tried to be focused on our implementation of business ideas that impact extreme poverty, maintaining our belief that innovation is critical to have a different approach to poverty.

### Thank you for your support!

While it has been shocking to see numerous impact investors in this space disappear or hide from this work, leaving it for others to ride out the storm of 2020, it was been vastly encouraging to work with each of you who have not only maintained existing commitments, but who have actively stepped out in hope and faith to invest more and provide more support for the portfolio companies.

In the New Year we will incorporate the NAV and financial reports from our back office support partner HC Global. In the meantime, thank you! While I fully expect much of 2021 to be as challenging as 2020, we are entering this New Year with great optimism because of the incredible entrepreneurs we work with as well as the incredible investors!

With appreciation, and excitement for the year ahead: here's to an impactful 2021.

Cheers,  
Andy Lower

Founder

[Download Full Report](#)

"ADAP provided critical and consistent support as we navigated through our strategic pivot over the last year. We appreciated their empathetic forwarding-thinking approach as we implemented an adjusted plan to hit milestones and make continued progress to rolling our neoguard product," Sona Shah, Co-Founder & CEO Neopenda.



ADAP Capital LLC is delighted to have closed its investment in 8B Education Investments (8B). This is ADAP Fund 2's 9th Portfolio investment (20th for ADAP to date). 8B is the first fintech company to use innovative guarantees and income-share agreements to facilitate affordable financing for African students attending leading global universities. Please see [press release](#) for more information.



**8B EDUCATION INVESTMENT**  
ADAP Capital LLC is delighted to have closed its investment in 8B Education Investments (8B). This is ADAP Fund 2's 9th Portfolio investment (20th for ADAP to date). 8B is the first fintech company to use innovative guarantees and income-share agreements to facilitate affordable financing for African students attending leading global universities. Please see [press release](#) for more information.