

An aerial photograph of a city skyline at sunset. The sky is a mix of orange, yellow, and blue. In the foreground, numerous skyscrapers are visible, their windows reflecting the golden light. The city extends to a large body of water, likely a lake or bay, where many sailboats are anchored. In the distance, a large island with a prominent white dome is visible. The overall scene conveys a sense of urban growth and innovation.

ILLINOIS

Growth and Innovation Fund

2019 ANNUAL REPORT

TABLE OF CONTENTS

A Message from the Treasurer	3
Fund Overview	5
<i>Why Invest in Venture Capital?</i>	5
<i>Overview</i>	6
<i>History of ILGIF</i>	6
<i>ILGIF Goals</i>	6
<i>Vision</i>	6
<i>Mission</i>	6
Illinois Venture Capital Landscape	7
Investment Performance	9
<i>Investment Activity in 2019</i>	10
<i>Key Investment Updates</i>	10
Economic Impact	12
Equity, Diversity, and Inclusion	13
<i>Statistics</i>	13
<i>Select Fund Managers</i>	13
<i>Select MWVD-Companies</i>	14
<i>Diversity Commitments Provisions</i>	14
Investment Strategy	15
<i>Investment Policy</i>	15
<i>Illinois Nexus</i>	15
<i>Sustainability/ESG</i>	15
Portfolio	17
<i>Manager Lineup</i>	17
<i>Portfolio Construction</i>	17
<i>Strategy Diversification</i>	18
<i>Vintage Year</i>	18
<i>Select Portfolio Companies</i>	18
2019 ILGIF Summit	19
<i>Overview</i>	19
Stakeholders	20
<i>Illinois State Treasurer</i>	20
<i>50 South Capital</i>	20
<i>ILGIF Advisory Council</i>	20
<i>Strategic Partners</i>	20
Future Initiatives	21
<i>ILGIF Corporate Venture Summit</i>	21
<i>ILGIF Scout Initiative</i>	21
<i>HBCU.VC Internship</i>	21
<i>TechCrunch 2021</i>	21

A MESSAGE FROM THE TREASURER

Letter From Treasurer Michael W. Frerichs



It is with great pleasure to present our first ever Illinois Growth and Innovation Fund Annual Report, which presents the progress and investment activities during the calendar year 2019 and the role we play in the startup and venture capital ecosystem in the great state of Illinois. As we know, many companies, across all stages of the business life cycle, face difficulties in accessing capital and attracting funding. Where more common financing channels may not be available, venture capital and growth equity provides the at-risk capital for many of these early innovative companies need. This is where the Illinois Growth and Innovation Fund (“ILGIF”) thrives as a catalyst for many within our entrepreneurial ecosystem.

As an impact investment vehicle, ILGIF makes targeted investments with Illinois venture capital firms investing in tech-enabled businesses, aiming to deliver strong, investment returns and also serve as an economic catalyst that attracts, assists, and retains the quality tech-enabled businesses across our State while also fostering a more inclusive and diverse ecosystem. These investment objectives are not mutually exclusive. We can make money, we can facilitate economic impact, and we can foster a more diverse and inclusive entrepreneurial community in Illinois - all at the same time. Most importantly, without sacrifice of investment returns.

Exceptional advancements occurred since formally launching the Illinois Growth and Innovation Fund in 2016, including strong investment performance, robust economic impact and significant strides in advancing diversity & inclusion. ILGIF continues to leverage and capitalize on the flourishing startup ecosystem that exists across the State. Thriving startups, new entrepreneurs, strong educational institutions, and a robust incubator and accelerator network continue to induce innovation.

I am pleased to highlight the following accomplishments for 2019.

- **\$119.5 million in new commitments** – As of the end of 2019, ILGIF committed a total of \$304 million across 36 fund managers. Throughout 2019, ILGIF made a total of 12 new investments totaling \$119.5 million in total commitments with 2 investments in first time funds and investing \$44 million across 5 funds owned and managed by MWVD persons.
- **Expanded Geographic Exposure** - ILGIF invested in our first venture fund located outside the Chicago metro area in Savoy, Illinois to broaden the geographic representation and to leverage the innovation ecosystem that underpins the University of Illinois at Urban-Champaign with an investment with First Leaf Capital.
- **Investments in MWVD-Owned Funds Increased from \$77.5 million to \$121.5 million** – Total assets managed by minority, women, veteran, and disabled-owned (MWVD) funds increased from \$77.5 million in December 2018 to \$121.5 million at the end of 2019. That’s a 56% increase year over year totaling approximately 40% of the total invested capital.
- **2,700+ new full-time IL employees** – ILGIF made significant strides accelerating economic impact. Across 625 companies, including over 157 IL-based companies, there are over 6,300 full-time employees in Illinois which represents an increase of 2,732 new full-time employees from the time of initial investment.

- **Attracting Businesses and Private Capital** - Over \$3.2 billion in private capital was invested across 157 Illinois companies while 40 portfolio companies opened Illinois offices after receiving investments from our fund managers.
- **First Illinois Corporate Venture Luncheon** - We co-hosted the first ever Illinois Corporate Venture luncheon in December 2019 to further connect corporate venture capital with traditional venture capital managers.
- **Launch of the 1818 Fund** - We successfully launched the 1818 Fund, a co-investment vehicle seeking to provide the much-needed local follow-on capital to expansion-stage tech-enabled companies. This vehicle will be a catalyst to ensuring promising tech-enabled startups have the necessary capital to remain and thrive in Illinois.

From a global perspective, venture capital investment is highly concentrated in a few key regions with the United States accounting for over 70% of all venture capital investment. As State Treasurer, I seek to ensure additional investment capital continue to be invested in founders across Illinois. I look forward to our continued work with the startup and venture capital ecosystem and contributing in any and all capacity to make Illinois the true hub of the Midwest tech scene.

For more information on our Illinois Growth and Innovation Fund, please visit www.ILGIF.com.

Onward,



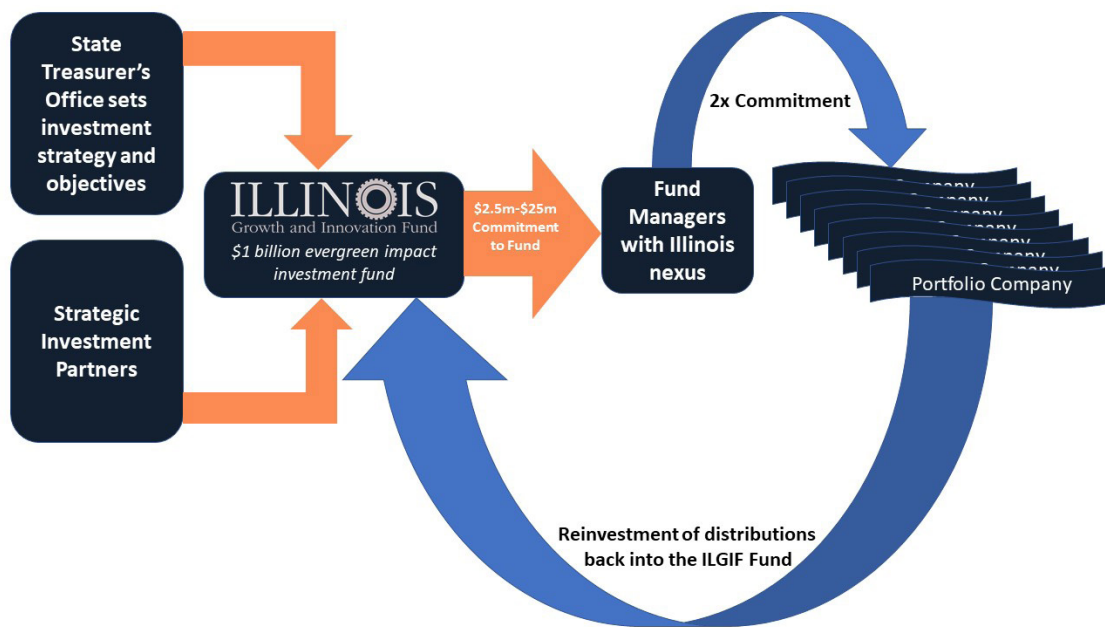
Illinois State Treasurer

FUND OVERVIEW

Why Invest in Venture Capital?

To facilitate the growth of companies in Illinois, the Illinois Growth and Innovation Fund allows the Office of the Illinois State Treasurer (“Illinois Treasurer”) to provide much-needed capital to Illinois tech-enabled businesses. Extrinsically, investing in venture capital, private credit, and growth equity allow the Illinois Treasurer to provide a strong investment performance for the State Investments portfolio while spurring economic development across Illinois ultimately, increasing jobs, revenue and economic activity within the Illinois economy.

Tech-enabled companies are critical to driving growth throughout the local economy. For example, in recent decades venture capital has generated more economic and employment growth in the U.S. than any other investment sector. Annually, venture investment makes up only 0.2% of GDP, but delivers 21% of U.S. GDP in the form of venture-backed business revenues. Startup innovation offers an opportunity to boost economic growth, improve living standards, and generate a variety of employment options. These innovations are generated by businesses at all stages of development as they create, apply, and adapt breakthrough technologies and innovative business models. However, many of these companies, across all stages of the business life cycle, face difficulties in accessing capital and attracting funding. Where more common financing channels may not be available, venture capital/growth equity provides at-risk capital for many of these early innovative companies.



About the Illinois Growth and Innovation Fund

- ▶ The Illinois Treasurer exercises authority and control by setting investment objectives and investment strategy.
- ▶ Fund-of-funds investment strategy invests in 10-15 funds annually and leverages opportunistic co-investments.
- ▶ The Fund aims to invest approximately \$100m-\$125m per annum over a 10-year investment cycle.
- ▶ ILGIF managers are required to invest a minimum of twice the aggregate amount of committed capital received in Illinois tech-enabled companies.

Learn more at www.ILGIF.com

Overview

Established by Illinois Treasurer Michael W. Frerichs, the Illinois Growth and Innovation Fund (“ILGIF”), an evergreen impact investment fund, will invest in ways that attract, assist and retain quality technology-enabled businesses in Illinois. We do this by making targeted investments with venture capital, growth equity and private venture debt firms with a nexus to the state of Illinois.

ILGIF Goals

The goals of ILGIF are simple:

1. Deliver strong investment performance for Illinois;
2. Drive economic development for Illinois;
3. Foster a more connected, inclusive and engaged entrepreneurial and venture community in Illinois;
4. Support equity, diversity and inclusion to enable worthy fund managers and to grow promising technology-enabled companies; and
5. Integrate sustainability/ESG factors to increase expected financial returns and minimize projected risk.

Vision

ILGIF seeks to optimize transparency, governance best practices, and alignment of interests when investing. They are essential to effective governance and investment outcomes.

Mission

Through ILGIF, the Illinois Treasurer makes targeted investments with venture capital, growth equity, and private venture debt funds that invest in technology-enabled businesses and are either based in Illinois or possess a significant workforce in Illinois. Tech-enabled businesses can be situated in industries such as, but not limited to: agricultural, biology, consumer, financial services, green, healthcare, logistics, manufacturing, and services technology.

Moreover, ILGIF seeks to foster a more connected, inclusive and engaged entrepreneurial and venture community in Illinois by leveraging and supporting the growing venture ecosystem in Illinois. ILGIF encourages and supports broad inclusion to enable worthy fund managers and promising technology companies owned by minorities, women, military veterans, or persons with disabilities and/or businesses geographically located in diverse communities or low-to-moderate income communities be recommended for investment.

History of ILGIF

Legally named the Technology Development Account I (“TDA I”), lawmakers in 2002 authorized the initial round of \$74 million in investments to Illinois venture capital firms. TDA I created approximately 6,300 jobs and generated more than \$150 million in private investment.

Lawmakers in 2011 authorized a second round of TDA funding, called TDA II. However, the treasury did not act on the authorization for a number of years.

In 2015, Treasurer Frerichs used the TDA II legislative authority to establish and launch the \$222 million Illinois Growth and Innovation Fund and began making investments in mid-2016.

In 2018, Treasurer Frerichs announced an increase to the amount of investment capital available in ILGIF, increasing the total to approximately \$1 billion in available investment capital over 10 years from the State’s existing investment portfolio. Furthermore, ILGIF was structured as an evergreen fund designed to allocate capital on a recurring basis, in perpetuity, to be invested with Illinois venture capital, growth equity and private venture debt investment firms.

ILLINOIS VENTURE CAPITAL LANDSCAPE

Venture-backed startups are disproportionately important to economy-wide innovation, long-term job creation, productivity growth, and value formation. The Midwest region accounts for \$2.7 trillion in total GDP, 52 million consumers, and 113 Fortune 500 companies, according to the Bureau of Economic Analysis. In particular, the Chicago metro area has a population of 9.5 million and 35 Fortune 500 companies.

- **26%** of the nation's corporate and university patents

- **31%** of U.S. university-based research and development, including 34% of highly competitive National Institutes of Health ("NIH") research funding, the key to creating new drugs and medical technologies



- **35%** of the nation's total bachelor's degree holders
- **33%** of its STEM graduates
- **32%** of all higher education degrees awarded in the United States²

In 2019, the Great Lakes region represented 4.2% of total venture deal value in the country, up from 3.6% in 2018. Illinois represented 1.6% of total deal value, up from 1.4% in 2018. In terms of deal count, Illinois represented 2.8% of deals in the U.S. and the Great Lakes region (including Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin) represented 8.3% in 2019.³

Moreover, between 2010 and 2019, Illinois companies raised \$15.4 billion, the second-highest amount among heartland states (the 25 states between the Rocky Mountains and the Appalachian Mountains). Illinois companies raised \$6.5 billion between 2010-2014 and \$8.9 billion between 2015-2019, representing a 36.9% increase.⁴

Patents filed by VC-backed startups are of higher quality and economic importance than the average patent. For instance, 29.4% of the venture-backed patents are in the top 10% of most-cited patents; venture-backed companies are disproportionately likely to have more original patents, more general patents, and patents more closely related to fundamental science.⁵

In 2019, Illinois ranked 4th in the country in terms of AUM in 2019 with \$9.7 billion under management. This represents 6.5% growth from 2018. The top three states were California (\$257.7B AUM), Massachusetts (\$60.2B AUM), and New York (\$57.1B AUM). In 2019, Illinois ranked 6th in the country in terms of amount raised by venture capital firms with \$721.1 million raised during the year. This represents 34.6% growth from 2018. Chicago is also a leader in the nation for value to its investors.

Investors in Chicago invest less to retain the same ownership over time. For example, an investment to retain 10% ownership from seed to Series C requires 1.5x more capital in the Bay Area than it does in Chicago.

²"Gross Domestic Product by State, Second Quarter 2019," Bureau of Economic Analysis, November 7, 2019, <https://www.bea.gov/system/files/2019-11/qgdstate1119.pdf>.

³ <https://pitchbook.com/media/press-releases/us-venture-capital-investment-reached-1309-billion-in-2018-surpassing-dot-com-era>

⁴ http://about.crunchbase.com/wp-content/uploads/2020/05/americas_mighty_middle_FINAL.pdf

⁵ <https://www.gsb.stanford.edu/insights/how-much-does-venture-capital-drive-us-economy>

Chicago-area startups have generated the highest median MOIC of all major tech cities, with a median MOIC of 5.6x from 2006 to 2018. By comparison, the next top cities were Seattle (4.8x), Los Angeles (4.7x), and New York City (4.4x). In terms of leading metro areas in the heartland states, Greater Chicago represents the most active region. Between 2010-2019, venture-backed companies in Greater Chicago raised \$15.2 billion, \$1.1 billion of which was at seed (seed ratio of 7.2%). This demonstrates that venture-backed companies in Chicagoland continue to grow and attract investment from coastal investors.⁶



Chicago:Blend

The Greater Chicago area excels in terms of diversity among venture capitalists. According to All Raise, the percentage of women decision makers in the U.S. venture capital industry was only 12% in 2019. According to data collected by Chicago Blend, 28% of venture capitalists in Greater Chicago are women and 14% are from non-white ethnic or racial groups. Additionally, 20% of venture-backed CEOs are women and 13% are from non-white ethnic or racial groups. 11% of startup teams are Black or Latinx and 33% are women.⁷

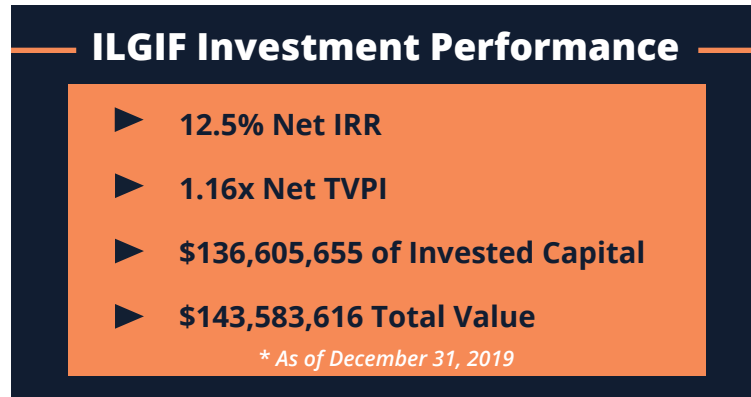


⁶ Ibid.,

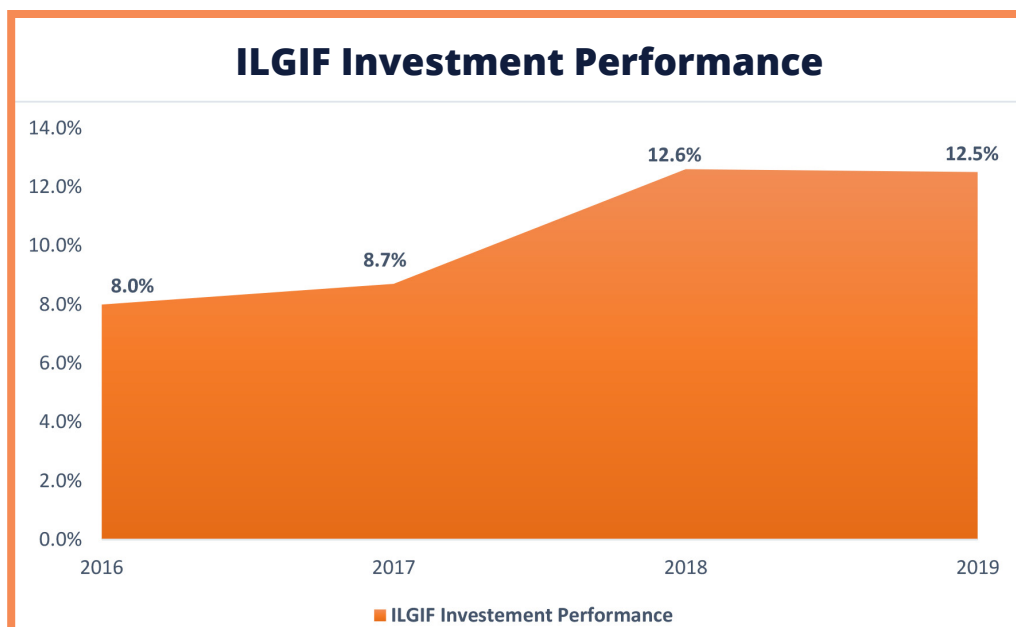
⁷ <https://www.americaninno.com/chicago/inno-news-chicago/chicagos-vc-firms-are-more-diverse-than-they-were-2-years-ago-but-still-have-ways-to-go/>

INVESTMENT

While ILGIF is still in the initial stages of investment, with the initial influx of capital being deployed in the middle of 2016, investment performance has been promising. Since inception, the fund's performance metrics measured by IRR and TVPI have improved. From inception through December 31, 2019, net IRR increased from 8.0% to 12.5%, while TVPI remained relatively strong at a 1.16x net of fees.



The investment highlights as of the end of 2019 are as follows:



⁸ Minority, Women, Veteran, and Disabled-owned (MWVD).

Investment Activity in 2019

Since 2016, ILGIF committed a total of \$304 million across 36 fund managers who are targeting investments in tech-enabled businesses across the state of Illinois. In 2019 alone, the Illinois Treasurer made 12 new commitments, including 8 new fund managers.

ILGIF also invested in our first venture fund located outside the Chicago metro area in Savoy, Illinois to broaden the geographic representation of our investments and to leverage the innovation ecosystem that underpins the University of Illinois at Urban-Champaign with an investment with First Leaf Capital.

Other notable investments in 2019 include Chingona Ventures, a Chicago-based early stage venture firm investing in underrepresented founders. Significant investments with Vistria Group and Vista Equity Partners, as well as multiple re-up investments with local fund managers including Chicago Ventures and Hyde Park Venture Partners.



Key Investment Updates

Launch of 1818 Fund

Amongst other notable events, the Illinois Treasurer successfully launched the 1818 Fund, a co-investment vehicle seeking to provide the local follow-on capital to late-stage tech-enabled companies. The 1818 Fund provides ILGIF the ability to opportunistically target investment capital alongside ILGIF fund managers, to growing Illinois-based companies who hold a significant vested interest in the State. This vehicle will be a catalyst to ensure promising tech-enabled startups have the necessary capital to remain and thrive in Illinois.

At the conclusion of 2019, the 1818 Co-Investment Fund made five total investments in the following companies:



First Investment in Central Illinois



ILGIF invested in our first venture fund located outside the Chicago metro area Champaign, Illinois to broaden geographic representation and to seek to leverage the innovation ecosystem that underpins the University of Illinois at Urban-Champaign through an investment with First Leaf Capital.

First Latina-led Fund in Illinois



ILGIF invested in the only Latina-led venture fund in Illinois. Chingona Ventures is a Chicago-based early stage venture firm investing in underrepresented founders led by former Math Ventures principal Samara Hernandez. Chingona Ventures is the first Latina general partner founding and operating an early stage venture capital firm here in Illinois.

Corporate Venture Luncheon

The Illinois Treasurer co-hosted the first Illinois Corporate Venture luncheon in December 2019 as a precursor to a planned corporate venture summit to further increase the collaboration amongst traditional venture capital firms and corporate venture firms. The event had over 80 venture capitalists and venture stakeholders in attendance. Pandemic allowing, we will host an annual corporate venture summit in 2020 that would augment and complement our annual ILGIF Summit. This would help bring together disparate and varying venture efforts in order to spur connections, dialogue, and ultimately - investment activity amongst traditional and corporate VCs.



ECONOMIC IMPACT

While investment performance is a key goal, ILGIF also seeks to be an economic development catalyst. Investments through ILGIF are expected to create approximately 60,000 jobs in Illinois and attract significant private-sector capital, which will further spur interest across the Midwest, positioning Illinois as the anchor to the Midwest tech and entrepreneurial ecosystem.

As of the end of 2019, ILGIF continues to make significant strides in achieving this goal. Across 625 companies, including over 157 IL-based companies there are over 6,300 full-time employees in Illinois which represents an increase of 2,732 new full-time employees from time of initial investment. Furthermore, 40 portfolio companies have opened Illinois offices after receiving investments from our fund managers.

Across all portfolio companies, the total aggregate GAAP revenue totaled \$16.5 billion. Over \$3.2 billion in private capital has been invested across 157 Illinois companies, well exceeding our initial projections for attracting private capital to Illinois. Moreover, ILGIF portfolio companies held 327 patents across all portfolio companies as of year-end 2019.

	Capital Invested	GAAP Revenue	Jobs	IL Companies
2016	\$432.6 million	\$1.97 billion	4,000	37
2017	\$825.5 million	\$8.9 billion	3,730	79
2018	\$2.58 billion	\$22.3 billion	5,560	125
2019	\$3.2 billion	\$16.5 billion	6,300	157

Invest \$1B on a Recurring Basis



Attract \$2B+ Private Investment



Create 60,000+ Jobs



Impact Since January 1, 2016 (as of December 31, 2019)

\$304.0M

TOTAL DOLLAR AMOUNT COMMITTED

12.5%

INTERNAL RATE OF RETURN

1.16X

MULTIPLE ON INVESTED CAPITAL

6,300

NUMBER OF FULL-TIME ILLINOIS EMPLOYEES

\$3.2 BILLION INVESTED IN ILLINOIS COMPANIES

\$16.5 BILLION

IN AGGREGATE GAAP REVENUE

\$121.5 MILLION INVESTED IN MINORITY & WOMEN-OWNED FUNDS

INVESTED IN 82 BUSINESSES OWNED BY MINORITIES, WOMEN, VETERAN, OR DISABLED PERSONS

CONTINUE TO IDENTIFY, RECRUIT & RECOMMEND MWVD FUND MANAGERS/BUSINESSES

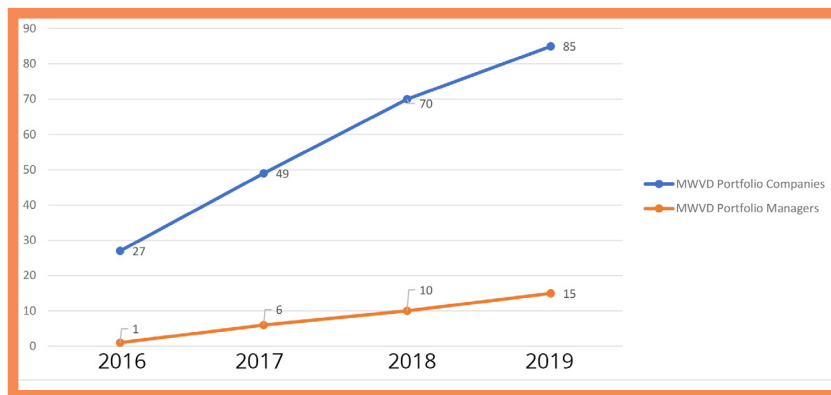
EQUITY, DIVERSITY, AND INCLUSION

In addition to investment performance and economic impact, the Illinois Treasurer continues to push the ball forward by integrating equity, diversity, and inclusion assessments into the due diligence process. This allows the Office to better evaluate whether venture managers (current and prospective) are furthering these ideals that are held so near and dear. By willing to invest not solely based on what fits inside the box, but also by thinking creatively, with ingenuity, and with compassion. This evaluation process applies to both non-MWVD and to MWVD venture managers as well.

In addition to our efforts, local organizations such as Chicago Blend have jumpstarted the conversation around equity, diversity, and inclusion.

Statistics

There are 15 MWVD-owned managers as well as 85 MWVD-owned portfolio companies, totaling 40% of invested capital, with an average check size of over \$8 million, and a total of \$121.5 million invested as of year-end 2019.



Select Fund Managers



Moderne Ventures, based in Chicago, Illinois, is an early stage venture capital firm founded in 2015 by Constance Freedman. As a woman-led firm, Moderne invests in technology companies that are innovating within real estate, mortgage, finance, insurance and home services.



The Vistria Group, based in Chicago, Illinois, was founded in 2013 to invest in U.S.-based lower middle market companies within the education, healthcare and financial services sectors. Vistria is an African-American owned firm founded by Kip Kirkpatrick and Marty Nesbitt following a history of both operating and investing experience.



Impact Engine is a Chicago based seed and early-stage venture capital firm that investing in invests financial and human capital for-profit businesses. Founded by Jessica Yagan and Tasha Seitz, Impact Engine is a women-owned firm.



Brightwood Capital Advisors is a middle market lending firm specializing in providing debt and equity capital solutions to companies within the United States. Brightwood holds its headquarters in New York with offices in Chicago as well as Los Angeles and Atlanta. Brightwood is 100% African-American owned.



Agent Capital is a multi-stage venture capital firm focused on investing in novel, differentiated biotherapeutics that address unmet patient needs. Founded by Dr. Geeta Vemuri, Agent will make direct equity investments across all stages of clinical development in the oncology, immunology, central nervous system (“CNS”), and rare disease therapeutics areas.

Select MWVD-Companies



Forager is an Illinois-based portfolio company serving as a provider of cross-border logistics solutions between the United States, Mexico and Canada.



Codeverse is a Chicago-based start-up that specializes in teaching children between the ages of 6-13 computer programming and coding through weekly one-on-one virtual sessions.



NOCD is a Chicago-based digital behavioral health company focused on identifying and managing people with obsessive-compulsive disorder.



Partyslate is a Chicago-based platform that serves as a marketplace that provides high-quality caterers, venues, and planners in a one-stop shop for clients.

Diversity Commitments Provisions

As part of our steadfast commitment to increasing diversity among the entities in which the Illinois Treasurer invests, side letter provisions are requested and negotiated with all venture capital/growth equity managers through ILGIF. These provisions prioritize consideration for diverse-owned portfolio companies as a significant factor when identifying and conducting diligence on prospective investments. ILGIF also requests provisions in which venture capital/growth equity managers seek to identify, recruit, promote and retain diverse persons within the junior and senior investment teams of the Management Company as well as the consideration of diverse persons for board seats for internal committees and portfolio companies.



INVESTMENT STRATEGY

Through ILGIF, the Illinois Treasurer is authorized to allocated 5% of the State Investments portfolio, equaling approximately \$1 billion to make targeted investments with venture, growth equity, and private credit funds that invest in tech-enabled businesses and are either based in Illinois or possess a significant workforce in Illinois. Tech-enabled businesses can be situated in industries such as, but not limited to: agricultural, biological, consumer, financial services, green, healthcare, logistics, manufacturing and services technology.

Fund of fund investment strategy; approximately 10-15 investments per year	ILGIF will invest about \$100 to \$125 million annually in perpetuity	Typical commitment size ranges from \$2.5M to \$15M	Minimum fund size of \$5 million at the time of final closing (exceptions apply)	ILGIF's fund investment portfolio will be diversified across vintage, stage, sector and strategy.
ILGIF will seek to invest in Small Business Investment Companies (SBICs)	Managers will demonstrate a commitment to diversity , both among their staff and their portfolio companies	ILGIF will seek to incorporate sustainability factors when evaluating prospective investments	Managers will utilize reputable service providers	

Lastly, ILGIF seeks to identify and invest in fund managers and co-invest in Illinois-domiciled companies that are (i) more than 50% owned and/or led by minorities, women, military veterans, or disabled persons, and/or (ii) geographically located in diverse communities or low-to-moderate income communities.

Investment Policy

The ILGIF Investment Policy is designed to ensure that the Illinois Treasurer, as well as any contractors we retain to provide services, take lawful, prudent and effective actions while supporting ILGIF. The Investment Policy is designed to allow for enough flexibility in the management oversight process to take advantage of investment opportunities as they arise, while setting forth reasonable parameters to ensure prudence and care in the execution of our investments.

Please click [here](#) to access the ILGIF Investment Policy.

Illinois Nexus

ILGIF seeks to foster a more connected and engaged entrepreneurial and venture community in Illinois by leveraging and supporting the growing technology ecosystem located in Illinois.

ILGIF targets investments with managers that are technology-focused venture capital firms with a majority (50%+) of its employees in Illinois, or at least one managing partner domiciled in Illinois, establishing an Illinois nexus. In addition to physical presence, ILGIF partners with managers that have a sizeable track record of investing in tech-enabled companies that are headquartered or that otherwise have significant presence in the State of Illinois. Moreover, managers are required to make a two times aggregate commitment to Illinois-based companies.

Sustainability/ESG

Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238), the Illinois Treasurer prudently integrates sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its duties.

ILGIF has a responsibility to recognize, evaluate, and integrate sustainability risk factors that may have a material and relevant financial impact on the safety and/or performance of ILGIF investments.



In 2019, ILGIF institutionalized a formal Sustainability Due Diligence Questionnaire across venture capital and private equity. The goal is to assess how investment managers integrate sustainability factors within a framework predicated on the prudent integration of material sustainability factors, including, but not limited to (1) corporate governance and leadership; (2) environmental, (3) social capital, (4) human capital, and (5) business model and innovation, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts.

The sustainability analysis adds a layer of rigor to the fundamental analytical approach and can be used to evaluate past performance and for future planning and decision-making. As a complement to financial accounting, it provides a more complete view of an investment fund or portfolio company's performance on material factors likely to impact its long-term value.

Green Preference

ILGIF strives to invest with fund managers that have demonstrated experience and/or an express ability to invest in "green technology" businesses located in Illinois. "Green technology" means technology that a company (a) promotes clean energy, renewable energy, or energy efficiency; (b) reduces greenhouse gases or carbon emissions; or (c) involves the invention, design, and application of chemical products and processes to eliminate the use and generation of hazardous substances.

Green Companies

Founded in 2017, Afresh is the only modern fresh food (produce, meat, seafood, bakery and food service) optimization company. They AI-powered merchandising, ordering, and store operations solutions that significantly reduce food waste, increase food freshness, accelerate stock turns, and improve grocers' top and bottom lines.



DroneSeed seeks to make reforestation scalable. They work in post-fire environments to plant native trees and vegetation using drone swarms and spray to protect the plants, as well as offering full lifecycle services for forestry management.



Goodr provides a triple-win solution by improving an organization's bottom line through charitable tax donations, reducing its greenhouse emission from landfills, and getting its edible surplus food to local communities in need.



Mycotechnology, based in Colorado, utilizes fungi based food-processing platform to transform the flavor and value of agricultural products. Their mission is to develop solutions to feed the growing population and to help end the sugar epidemic.



Grove Collaborative headquartered in San Francisco, delivers eco-friendly home essentials such as household cleaning, personal care, baby and pet products directly to your doorstep through their monthly subscription service.



PORTFOLIO

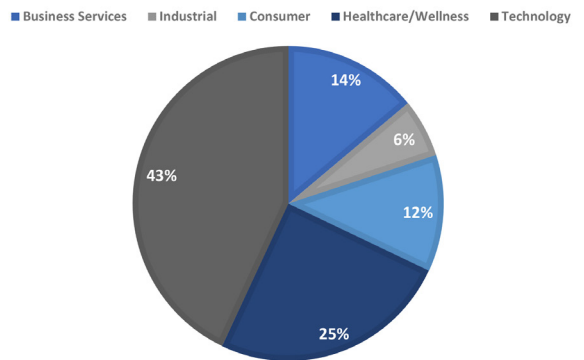


Portfolio Construction

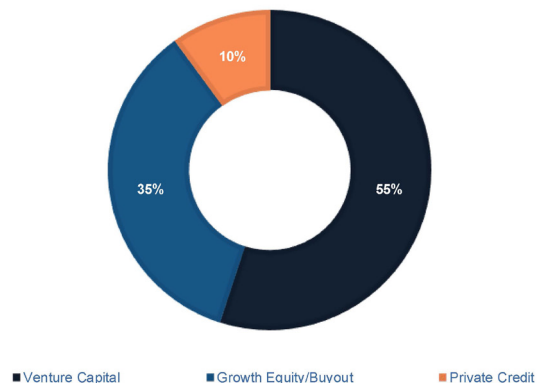
ILGIF seeks to maintain a portfolio construction that is heavily biased towards venture capital strategies with a target of 55% of the overall portfolio allocated to strategies investing across various stages including, but not limited to Pre-Seed, Seed, Series-A, and Series B fundraising rounds. 35% of the capital is targeted towards middle market growth equity funds while the remaining 10% is targeted to be invested in private credit funds investing in Illinois companies.

ILGIF's investment portfolio aims for optimal diversification across vintage, stage, sector and strategy to maximize investment returns for the State while simultaneously generating economic development and fostering a more diverse and inclusive manager and entrepreneurial ecosystem within Illinois.

ILGIF SECTOR ALLOCATION



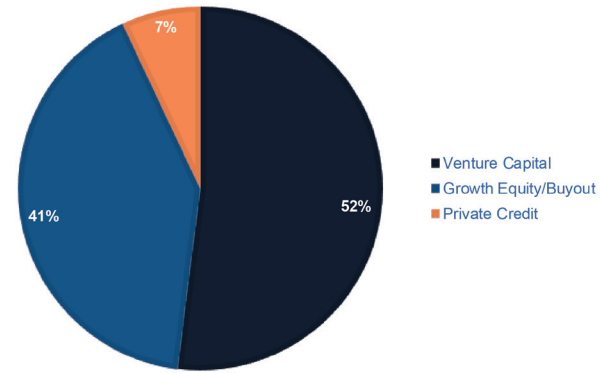
TARGETED PORTFOLIO ALLOCATION



Strategy Diversification

As of year-end 2019, ILGIF was diversified strategies with 52% of invested capital (\$156.5 million) within venture capital strategies, 41% in growth equity/buyout strategies (\$125 million), and 7% in credit focused strategies (\$22.5 million) totaling \$304 million in total commitments.

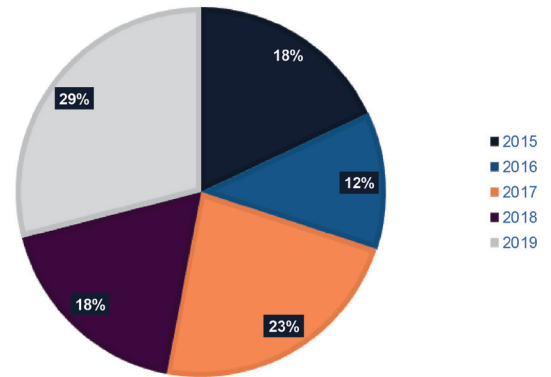
STRATEGY DIVERSIFICATION



Vintage Year

The consequent timing certainly has an impact on venture capital and growth equity outcomes. As it is difficult for any private market investor to time a market cycle, it is important to ensure proper vintage year diversification is implemented when allocating capital. ILGIF focuses on vintage year diversification, limiting the impact of market cycle risk within the portfolio. As of year-end 2019, ILGIF has invested the following percentages across five fund vintage years beginning in 2015. As an evergreen fund structure, ILGIF that has the ability to invest across different vintage years and is forecasted to continue to increase diversification by investing capital in future years.

VINTAGE YEAR DIVERSIFICATION



Select Portfolio Companies

Since the initial deployment of capital in 2016, 625 companies have received an investment from an ILGIF fund manager including 157 IL-based companies. Notable Illinois-based companies are diversified across sectors including financial services, logistics, life sciences, health care, consumer and manufacturing technologies.



[project44](#) is the world's leading advanced visibility platform for shippers and third-party logistics firms. project44 is the industry's first and only unified global supply chain visibility offering with one seamless experience and frictionless collaboration across the ecosystem.



Launched in 2017, [Cameo](#) allows users can request personalized video messages from celebrities for a fee. With thousands of celebrities to choose from, Cameo has made a lot of success in a unique way to connect individuals to celebrities starting at \$50.



Founded in 2014 by Dhruv Saxena and Divey Gulati, [ShipBob](#) has become one of the fastest-growing tech companies in America providing best-in-class fulfillment for small to mid-size businesses.



Based in Chicago, [Farmer's Fridge](#) prepares healthy breakfast, lunch and dinner meal options and sells them through its temperature-controlled, smart vending "fridges" stocked with chef-curated, restaurant-quality meals and snacks that are located in airports, universities, hospitals and offices.



[Tock](#) offers access to unique culinary experiences around the world. Using their platform, they connect high-end restaurants with consumers allowing for a unique dining experience for takeout, delivery, reservations, and event management.

2019 ILGIF SUMMIT

Overview

Since 2017, the Illinois Treasurer has held an annual event to bring together leading venture capitalists, entrepreneurs, and other industry stakeholders. The ILGIF Annual Summit has become known as an important industry event and an effective forum for meeting with investors, organizations and entrepreneurs to develop, build and maintain long term relationships.

The 2019 Annual Summit was held on Thursday, July 11, 2019 at the Ace Hotel in Chicago. The well-attended event consisted of a series of panel discussions, fireside chats, spotlight sessions with founders and management teams of exciting and innovative venture-backed companies, and discourse with leading venture capitalists that invest across the state of Illinois. The event also highlighted the broader topic of equity, diversity, and inclusion within the venture capital ecosystem.

2019 ILGIF Summit Highlights

- ▶ Over 250 Attendees
- ▶ Representation across venture capital, growth equity, local accelerators and incubators, angel investors, universities, and entrepreneurs
- ▶ Networking building relationships across the venture ecosystem





Michael W. Frerichs
ILLINOIS STATE TREASURER

The Illinois State Treasurer and his staff exercises authority and control over the management of ILGIF, by setting policy and procedures which staff executes either internally or using contractors.



50 South Capital Advisors, LLC is an alternatives asset management firm designed to meet the core strategic needs of investors seeking access to venture capital, private equity and hedge funds. It is a wholly-owned subsidiary of Northern Trust Corporation.

ILGIF Advisory Council

The ILGIF Advisory Council serves as a general resource to the entrepreneurial, venture capital and technology business community, actively collaborating with the Treasurer and 50 South Capital to provide stakeholders and members of the public with information on the purpose, operation and impact of ILGIF.

The primary objective of the ILGIF Advisory Council is to review our investment activities and provide judicious advice to the Office of the Illinois State Treasurer. Advisory Council activities may include the study of critical issues, review of portfolio investments, assessment of fund activities, and any other ILGIF issues, as requested by the Illinois Treasurer.

Below are the individuals who served on the advisory council in 2019:

- Jack Levin • Ryan Mundy • Krista Hatcher • Shari Young-Lewis • Phil Nevels • Omar Duque
- David Baker • Maura O'Hara • Meghan Otis • Keith Crandell

Strategic Partners

The Treasurer, through ILGIF as well as all vendors, works with several strategic partners to maximize the impact and effectiveness of ILGIF. Key strategic partners include the following:



Notable strategic partners include 1871, Chicago Innovation Exchange at the University of Chicago, EnterpriseWorks, Illinois Hispanic Chamber of Commerce, and Innovate Springfield.

FUTURE SELECT INITIATIVES

As the Illinois Treasurer continues to expand the program, ILGIF will continue to commit capital towards our three primary investment objectives, to promote further venture capital and technological innovation in Illinois, and to explore new avenues to drive further innovation and growth within Illinois.

ILGIF looks forward to capitalizing on these select strategic initiatives gearing to launch in the next twelve to eighteen months.

Economic Equity

A main objective moving forward is our continued push toward increasing economic equity to broad swaths of Chicago, not just those parts of the city known for their entrepreneurial bonafides. Decades of disinvestment and undercapitalization have left entire communities vulnerable and marginalized. Entrepreneurship is a potent tool in closing long-standing wealth gaps. That is why we have an initiative in the pipeline to invest in marginalized and underrepresented communities in Chicago, IL.

ILGIF Corporate Venture Summit

Increasing the collaboration amongst traditional venture capital firms and corporate venture firms. Pandemic allowing, we will host an annual corporate venture summit in 2020 that would augment and complement our annual ILGIF Summit. This would help bring together disparate and varying efforts in order to spur connections, dialogue, and ultimately, investment activity amongst traditional and corporate VCs.

ILGIF Scout Initiative

The ILGIF Scout Initiative will provide capital either for investing by underrepresented founders or investing in underserved communities. The initiative will seek to identify individuals that possess significant potential in venture capital. Moreover, those invested through the ILGIF Scout Initiative will have the benefit to establish relationships with ILGIF venture capital firms in Illinois to provide guidance and mentorship into their strategies, operations, and due diligence to educate and promote a more diverse venture capital ecosystem.

HBCU.VC Internship

In partnership with HBCU.VC as well as 50 South Capital, ILGIF is looking to foster opportunities for students at historically black colleges and universities to learn further about career opportunities in venture capital and private equity. Moreover, the program will focus on venture funds based in Illinois, with the hopes of attracting and retaining a diverse talent pool into the local venture ecosystem.

TechCrunch 2021

Increasing the visibility of Illinois' tech ecosystem, we will take an Illinois-centric road show of entrepreneurs, venture capitalists, and stakeholders to TechCrunch in San Francisco. Although the pandemic foiled our plans for 2020, we plan to be on the road in 2021 to showcase our successes and the depth of our talented tech ecosystem here in Illinois.



ILLINOIS
Growth and Innovation Fund