



IMPACT REPORT- LOOKING BACK AT TWO DECADES OF IMPACT INVESTING



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www.graymatterscap.com

FOUNDER'S NOTE

PRESIDENT & GLOBAL CEO'S NOTE

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Gray Matters Capital (GMC) is a US 501 c(3) registered Impact Investing Foundation that works in the global south. Over two decades, GMC has used equity investments, alternate mechanisms to scale and ecosystem initiatives in service of its mission of "Finding Purpose with 100 Million Women."

Message from our Founder



Playing pool in the basement of his home, a new friend told me about his work in microfinance. Dr. Yunus had won the Nobel prize, Grameen exceeding 1,000,000 borrowers in Bangladesh the year before. I didn't fully understand his stories, and what I did understand I didn't fully believe. But I wanted some of what was on his face.

He introduced me to a banker named Asad Mahmood, with Deutsche Bank. After peppering him with questions, he finally said "you really won't get this until you go in the field and watch a microfinance loan being made." Never doing anything halfway, I took a microfinance trip around the world.

They say the most important two days in your life are the day that you are born, and the day you find out why. My spark of understanding came in a remote village in Bangladesh when a young microentrepreneur shared her dreams: as a mother her girl getting an education. As a wife having a peer relationship with her husband. As a citizen taking pride in her country. Walking down the village path and getting a nod of respect from the elders. Like a load of bricks, it hit me that my dreams were the same as hers. Nostrils flared. A new beginning.

Then in 2002 in the coffee area of our church, with my eleven-year-old daughter holding my hand, a stranger approached. We got to talking; he asked what I do. That moment brought my work and my life into stark focus.

Kathlyn's head whips around, and with a wag of her finger she laid it on us: "Oh, he is in microfinance - he makes small handshake loans to women in developing countries. And, you know, the repayment rate is quite good!"

At that moment, my daughter showed me my purpose. She grew up seeing me as both the president of my own national real estate company, and traveling emerging markets investing in local microfinance banks. I made a lot of money in real estate, but it was the latter that she resonated with. Clearly I could be a better father if I chose microfinance as a profession. All my roles soon converged: father, husband, son, professional, seeker, citizen. In that moment I knew why I was born. All those close to me thought I'd lost my mind. Within six weeks I put the entire real estate company up for sale, and devoted the rest of my professional life to impact investment.

The work of Gray Matters Capital has been a joy these 21 years, full of meaning and celebration, and yes, struggle and pain. Frederick Buechner defines calling as the place where your deep joy and the world's deep hunger meet. GMC is that place for me. I'm 61 and wake up everyday, glad to be alive.

Bob Pattillo
Founder

Looking Back to Look Forward

Let me first take the opportunity to thank and acknowledge the contribution of our network of committed leaders, visionary entrepreneurs, mentors, creative thinkers and co-travellers at different times who have made it possible for GMC to achieve its impact and move closer to our mission of "Finding Purpose with 100 Million Women."

Over the years, we have taken bets on entrepreneurs and supported innovative market-based solutions in their early stages. Our stance has been to deploy catalytic capital to address gaps left by mainstream capital and act as a bridge to other capital to achieve scale. Subsequently, we redeploy our capital to the next challenge.

The journey started with a strong focus on microfinance and education finance followed by education investments and finally integration of gender in our work.

We have used equity, alternate mechanisms to scale and ecosystem initiatives as tools to solve problems sustainably and achieve impact.



In the future, GMC will continue to demonstrate how we can create pathways for women and girls in the areas of learning, skilling, economic participation and well-being.

This report is a snapshot of our impact investing journey that began two decades ago. It is an attempt to highlight key milestones, our approach to impact investing and learnings along the way. It is to start a dialogue on how we can dream bigger and be stronger together!

We look forward to collaborating with you in "Finding Purpose with 100 million women."

Smita Sircar
President & CEO

OVERVIEW

Gray Matters Capital is an impact investing foundation with an entrepreneurial spirit.

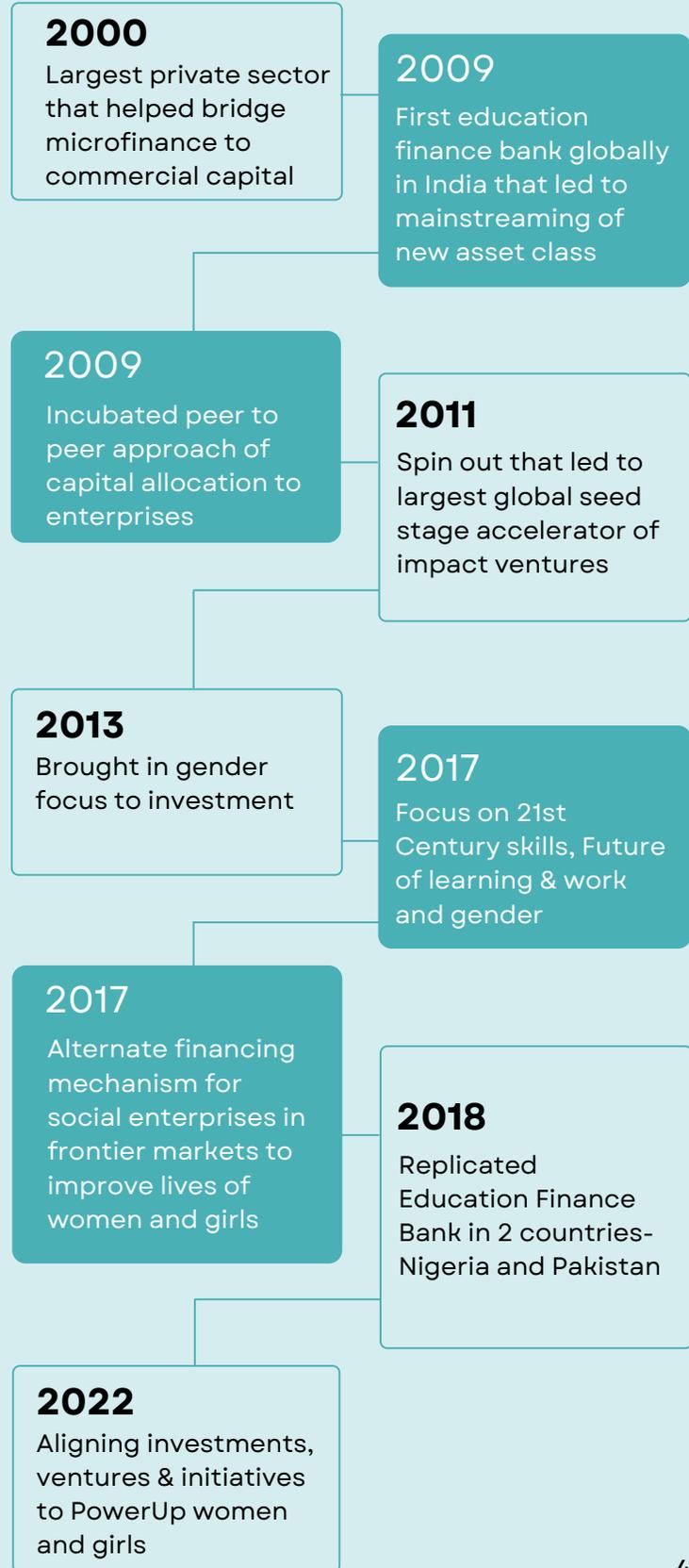
Over two decades of impact investing, we have successfully deployed catalytic capital to address gaps left by mainstream capital in pursuit of impact for people and the planet that otherwise could not be achieved.⁽¹⁾

Our focus is to demonstrate sustainability and impact through our capital in the early stages and be a bridge to other capital fit for the purpose to achieve scale. We then realign our attention and redeploy our capital to address the next challenge.

This approach has allowed us to address market gaps, pioneer new approaches and structures for impact investing, learn from roadblocks, and innovate to solve some of the world's most pressing challenges.

⁽¹⁾ Catalytic capital is a subset of impact investing that Catalytic investments addresses capital gaps left by mainstream capital, in pursuit of impact for people and planet that otherwise could not be achieved. Catalytic Capital takes disproportionate risk and/or concessionary returns relative to a conventional investment in order to generate positive impact and enable third-party investment that otherwise would not be possible.

KEY MILESTONES



Over two decades, GMC has demonstrated full-stack Impact Investing:

- Cofounded, controlling investors or LPs in funds
- Direct early-stage investor in enterprises
- Incubated ideas to solve problems and Spin out
- Created ventures and demonstrated replication
- Catalytic grants to improve access, build sustainable organizations or replicate market entry
- Seed funding for companies focussed on gender, 21st Century skills, future of learning & work
- Innovation on financial structure as per need: Non-dilutive revenue sharing, self-liquidating structure, Impact credit on exit valuation, performance and outcome based contracts

This impact report gives a snapshot of our two decade long journey in impact investing. It showcases multiple innovative approaches we have used to blend profit with purpose in achieving impact and scale sustainably. The overall impact numbers are from our active equity investments, alternate mechanisms used for scale as well as ecosystem initiatives.



OUR JOURNEY

Bob Pattillo (GMC founder) is a serial entrepreneur and had 20 years in the commercial real estate sector before turning to impact investing. In 2001, Bob Pattillo began investing in microfinance funds with the desire to improve the lives of low-income families. Although initially through grants, Bob became interested in testing whether microfinance could be brought to scale and sustainability more quickly through investment rather than philanthropy. This led to the largest and most successful private impact investment with \$97 million invested in 23 funds or investment vehicles that **bridged micro finance from philanthropic and development sector funding to commercial capital**. In 2006, Bob founded Gray Matters Capital and consolidated his earlier work under the foundation. Later, four of these microfinance funds made it to the top five impact funds over a 14 year fund review in 2016. Today, our current equity portfolio includes **ASA International, BKash and Caspian NBFC** that have been part of that work and have each charted their own success story.

After initial years of investing in funds, First Light Ventures was established in 2009 to invest directly in entrepreneurs who were developing sustainable, market-based solutions that were having a positive social impact on low-income customers. At the time, there was a lot of interest but a lack of direct funding activity from investors in entrepreneurial solutions to social challenges. First Light was a catalytic, global fund that focused on pilot or proof-of-concept businesses and had a small investment size of \$100k or less. In 2010, the **“Village Capital”** model was created where entrepreneurs themselves made the investment decisions for First Light Ventures. Village Capital was inspired by the microfinance village bank; it puts the **investment decision in the hands of peer entrepreneurs**. For-profit social entrepreneurs would go through an incubator program that offered peer support, and at the end, rank one another’s enterprises for which was most investment ready. Their first programs in the US and India were described by a leading media house as “if Microfinance and Angel Investing had a baby. In **2011 Village Capital spun out** as a separate entity. Village Capital today is the largest seed stage accelerator of impact ventures globally.

The desire to improve the lives of low-income families, while generating financial returns, led Gray Matters Capital to invest in India.

In India, GMC discovered affordable private schools (APS) that were providing affordable education to children in K-12 space. These micro-small enterprises lacked credit to build school infrastructure or grow their services. GMC's earlier interactions with the women clients of micro-finance institutions had led to the insight that education is one of the leading pathways for impacting the lives of low-income families and is a key to building sustainable and thriving communities. The potential impact that these affordable private schools serving thousands of children from low-income communities could have towards transforming the education ecosystem was apparent. As no existing financial institution was willing to serve this APS segment, **GMC saw an opportunity to bring credit and education together into an Education Finance bank.** GMC researched the market and in 2009 launched the Indian School Finance Company. **ISFC became India's first Non-Banking Finance Company** focused

on education finance, providing loans to schools, school leaders, and parents for educational purposes globally. These customized loans enable affordable private schools to build their infrastructure and impart quality education to students from low-income communities. Gray Matters Capital has now **replicated ISFC in Pakistan and in Nigeria.** Today, school finance is an asset class in itself with Banks, other NBFCs and fintech's serving the market in India and other countries.

In 2013, we continued to make direct education investments and added an intentional lens of gender integration in our work. Our mission reflected this blended focus- **"an education to create a more purposeful life for 100 million"**

In 2017, we established edLABS and coLABS to unlock seed funding for education and gender. Innovation was fostered in terms of portfolio construct as well as **experimenting with different financial structures and funding mechanisms** by providing different types of capital.

edLABS was an early-stage education and skilling sector focused funding to ‘visionary edu-preneurs’ It invested in for-profit enterprises to help them build breakthrough solutions in the learning to earning space for the Indian mass market. The solution addressed **education gaps, 21st century skills, and the future of work.** edLABS used equity/quasi equity to create suitable structures for early-stage enterprises such as self-liquidating structure, Impact credit on valuation, variable coupon linked to revenue etc.

coLABS was created to invest in early-stage companies in Frontier Markets that were having a positive impact on women and girls. **coLABS** used **revenue-share finance** to test non-dilutive, alternative funding mechanisms.

Along with investments, GMC has worked on **alternate mechanisms to scale.** The structures used were **incubation, spin-out, replication,** as well as many **ecosystem level initiatives.** The ecosystem level initiatives comprised of external support to organizations as well as internal initiatives.

The areas were in improving the quality of education in K-12 schools, fellowship to enhance human capital for the sector, access to digital books and better user engagement for enterprises.

In 2019, we updated our mission to **“Finding Purpose with 100 Million Women”.** This ensured gender-smart investments to address the challenges faced by women and girls and helped strengthen our focus on gender-forward ventures and initiatives.

GOING FORWARD

As we move into our next phase, we will continue to innovate and push the boundaries of impact investing as well as PowerUp women and girls with the skills, knowledge, and opportunities to thrive in the 21st century.

CURRENT APPROACH TO INVESTMENTS AND IMPACT MEASUREMENT

Gray Matters Capital, with deep roots in microfinance and education finance, has over the years invested in early-stage entrepreneurs, funds, and incubated ventures that have created sustainable futures for low-income communities in India, Africa and Latin America.

Our current approach to impact investing, is to use our investments and initiatives **to serve all genders in low resource communities across life stages, but to count only the girls & women** towards our mission of impacting a 100 million lives. This ensures a benefit to society at large as well as being targeted in the women focused gender impact of our work.

At the beginning, our early stage investments were focused on the theme of access to affordable and better quality education.

In 2013, we continued to make direct investments in education but became more intentional about the gender impact of our work. This was reflected in our mission statement that brought education and gender together - "an education to create a more purposeful life for 100 million". Over the years, data from research continues to show the far reaching effect education has on social and economic impact on women as well as society at large. A few interesting data points are:

- 10-20% increase in wage per additional Primary school year
- 15-25% increase in wage per additional Secondary school year
- Education has intergenerational effects as it reduces the risk of child mortality by 5-10%. for each year of education, and her children remain in school for an additional one-third to one-half year for each year of education.

- Educated women are more likely to participate in the formal labor market, start their own businesses and earn higher incomes.
- It is estimated that full convergence of labor participation by 2030 would add 12% to the GDP

In 2019, we updated our mission to “Finding Purpose with 100 Million Women”. This created a wider base for gender-smart investments to address the challenges faced by women and girls and helped strengthen our focus on gender-forward ventures and initiatives.

In 2022, we have added the 2X framework⁽²⁾ in the due diligence process of our investments as well as to monitor & support our portfolio.



(2) The 2X Criteria are a global industry standard for gender lens investing.

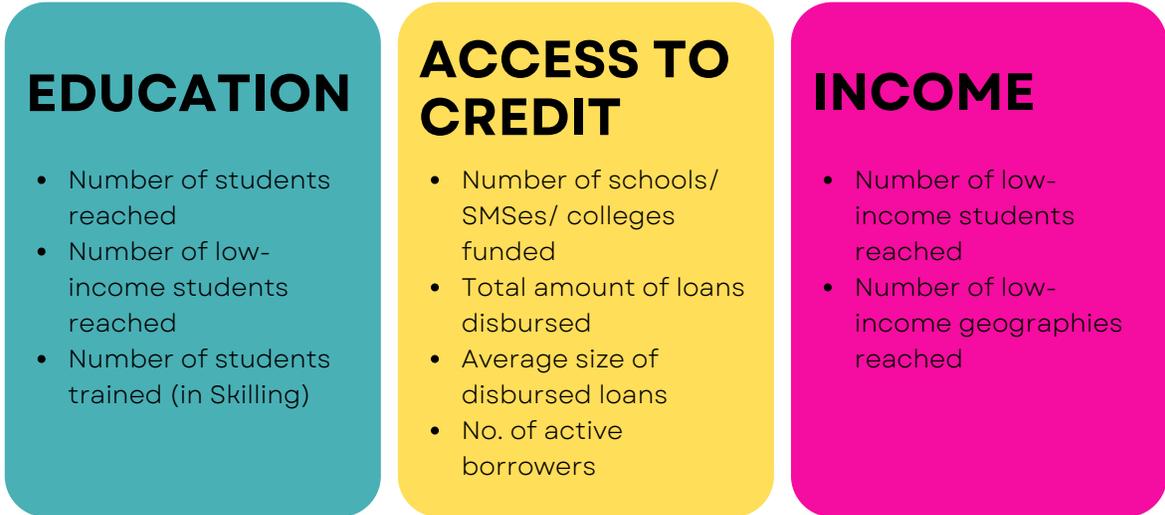
Thus, over the years our early stage investments have focused on low-resourced communities to improve access to education, access to quality products and services, employability, and income generation activities; as well as on the potential to improve outcomes for women and girls in the areas of learning, skilling, economic participation, and well-being. Our approach is a unique combination of choice of selection of sector and theme, investing in women-owned or led businesses; or investing in organizations that intentionally offer products or services that improve the lives of women in a sustainable manner.

Our impact data collection and evaluation reflect this approach and is aligned with a framework that uses metrics that can be broadly divided across two major thematic areas that we apply sequentially:

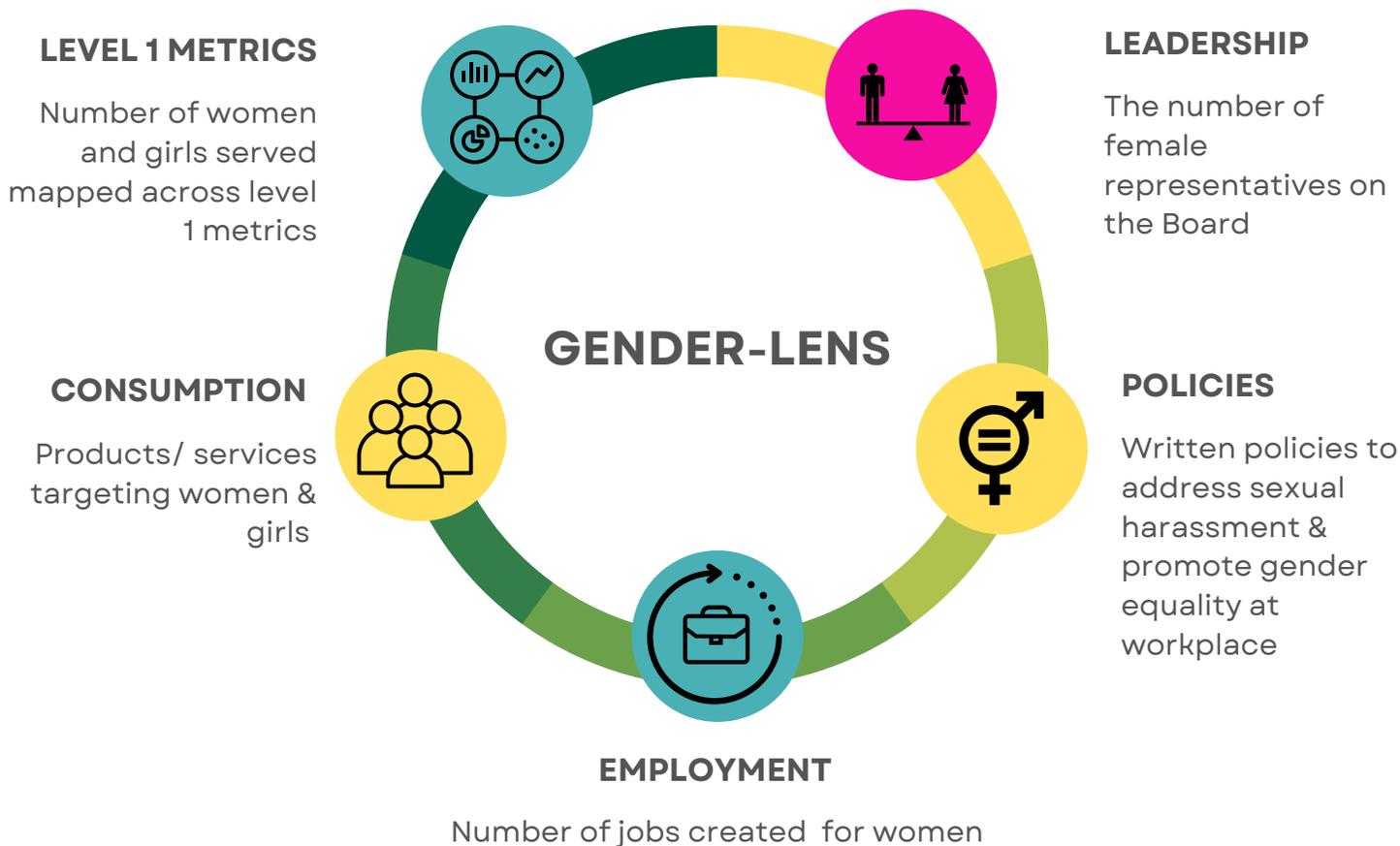


Following is an overview of the different metrics across GMC’s thematic interventions.

LEVEL 1 (Impact on Low-resourced population)



LEVEL 2 (Impact through gender-lens)



IMPACT IN NUMBERS



181M+

People directly served



38M+

i.e. 20% of the people directly served are women and girls



106M+

People indirectly served



112M+

Students served



86M+

Low-income students served



107K+

Students trained



7.6M+

Jobs created & 78K+ employees



7M+

Active borrowers with access to affordable credit*

IMPACT THROUGH GENDER-LENS

Our investments have focused on sectors that enable low-resourced women and girls in the areas of learning, skilling, economic participation, and well-being. In addition to microfinance and education finance, other high impact sectors include Livelihoods, AgriTech, Financial Services, HealthTech and EdTech. We invest in women, at every stage - antenatal care, education, healthcare, skilling, job placement, financial inclusion, and geriatric care.

This section highlights the overall gender impact across GMC investments and grants.



38M+

Women & girls directly impacted with 84% of our investments being intentional about impacting women & girls through their products



6.9M+

Jobs created for women which is 91% of the total jobs created



19M+

Female students from low-income communities served



6.9M+

Female active borrowers with access to affordable financial services/ credit



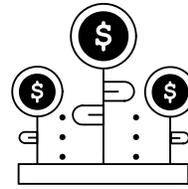
84%

Of the portfolio have written policies to address sexual harassment at workplace and 65% have female representation on the board



CURRENT PORTFOLIO AT A GLANCE

3 Regions



LIVELIHOODS



ACCESS TO CREDIT



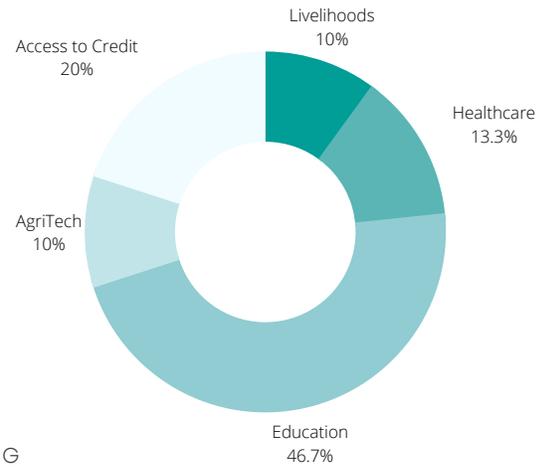
HEALTH



10 Countries



AGRITECH



5 Sectors



EDUCATION & SKILLING

FULL STACK IMPACT INVESTING (TOOLS AND NUMBERS)

EQUITY INVESTMENT PORTFOLIO

- Early Stage Investments (15)
- Access to Credit/ Financial Services (5)
- Funds (2)

ALTERNATE MECHANISM TO SCALE

- Education Finance Bank Replication (2)
- Incubation/Spin Outs (2)
- Performance Based funding & Non-Dilutive Structures (8)

ECOSYSTEM INITIATIVES (9)

- Access and Quality in Education
- Accelerator
- Investor Journeys
- Human Capital for Impact Sector
- Gender Gaps

EQUITY INVESTMENT PORTFOLIO

At Gray Matters Capital, we believe the best investment strategy is to take early bets on entrepreneurs and market-based solutions that can accelerate our mission of Finding Purpose with 100 Million Women. Over the years, GMC has made equity investments that have blended profit and purpose and acted as a bridge to other impact investors and finally to commercial.

This helps us go beyond impact numbers to understand the value and depth of impact as perceived by the customers of our portfolio. Our current equity portfolio is in the following areas:

- Early-Stage Investments (Seed and Pre-Series A)
- Access to Credit/ Financial Services Portfolio
- Fund Portfolio

EARLY-STAGE INVESTMENTS

Since its inception, GMC has directly invested in many early-stage companies. It's current portfolio of equity investments consists of 15 companies in India, East & West Africa and Latin America.

India continues to be a key focus of early-stage equity investments through seed and pre-series A funding. Seed funding is done through edLABS that focusses on Education, Skilling, 21st Century Skills and Future of Work. Followed by pre-series A funding in this portfolio. The gender focus is brought through investments and portfolio management approach of these early stage companies that have products & services across life-stages that help to remove barriers for women in finding her path to purpose.

EARLY-STAGE IMPACT OVERVIEW



59M+

People directly served



101M+

People indirectly served



53M+

Students served

48M+

Low-income students reached



80K+

Students skilled



\$9M+

Amount invested/
committed by GMC

\$15M+

Additional capital raised by seed stage and pre-series A companies



15

Active Ventures

IMPACT THROUGH GENDER-LENS

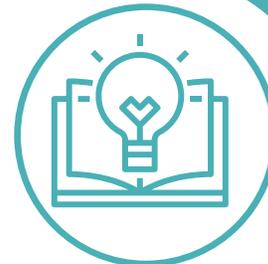
23M+

Women & girls directly served with 80% of the portfolio intentional about benefiting women and girls through their products



37M+

Female students served



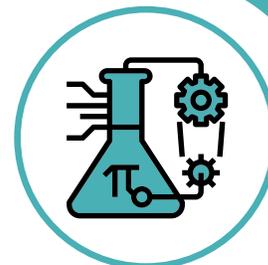
19M+

Female students from low-income communities reached



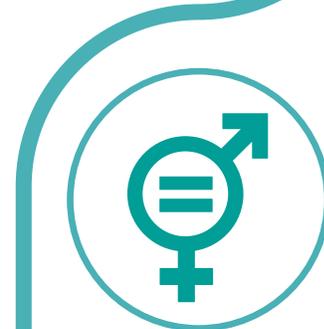
47K+

Female students received skilling and trained in STEM



93%

Of the portfolio have written policies to address sexual harassment at workplace and 80% have female representation on the board



ACCESS TO CREDIT PORTFOLIO

Over two decades, our capital has bridged post revenue impact ventures to scale with commercial capital from banks, corporates, PE funds, and pension funds. Our deep roots in microfinance and education finance have demonstrated profit with purpose- ANT in bKash, IPO of ASA International and pioneering education finance asset class through ISFC.

EDUCATION FINANCE BANKS

INDIAN SCHOOL FINANCE COMPANY

Gray Matters Capital pioneered Education Finance Banks for Affordable Private Schools (APS) by launching the Indian School Finance Company (ISFC) in 2009. With Affordable Private Schools lacking the infrastructure and not being served by any existing financial segment, GMC saw a huge opportunity to address this market gap. ISFC became India's first Non-Banking Finance Company

focused on education finance, providing loans to schools, school leaders, and parents for educational purposes. These customized loans enable affordable private schools to build their infrastructure and impart quality education to students from low-income communities. Gray Matters Capital replicated ISFC business model in Pakistan and in Nigeria. Today, school finance is an asset class in itself with banks, other NBFCs, and fintech's serving the market in India and other countries.



Indian School Finance Company (ISFC) was incubated as the first sector focused NBFC with an objective of influencing quality of education through financial intervention by the schools deficient of funding from main banking system in India.

In about 12 years of existence ISFC impacted more than 5000 schools, 5 million students 50% being girl child with disbursement of about USD 200 million and created an industry that is now more than USD 2 billion by attracting attention of about 10 institutions that focuses on similar segment.

Being first in most of the product offerings, ISFC is now leading a transformation through digitizing whole ecosystem not only for financing schools but also parents and students for fees and skill development. Unique MOUs on assets and liabilities side will make ISFC one of the largest influencer in education space in its version 2 in next 5 years. ISFC is now leading a transformation through digitizing whole ecosystem not only for financing schools but also parents and students for fees and skill development. Unique MOUs on assets and liabilities side will make ISFC one of the largest influencer in education space in its version 2 in next 5 years."

Sandeep Wirkhare
MD & CEO, Indian School Finance Company

EdFin MICROFINANCE BANK

In 2018, EdFin Microfinance Bank was birthed out of the need for quality education in Nigeria. The bank, which is dedicated solely to funding the education eco-space in Nigeria, aims to positively

disrupt the standard and quality of education in the country by providing much-needed financial resources and services to the education sector. Founded in collaboration with Gray Matter Capital, EdFin is focused on facilitating a more enabling environment for private schools in order for them to be able to offer quality education that would ensure improved learning outcomes in such schools.

TALEEM FINANCE COMPANY

Taleem Finance Company Ltd. (TFCL) was set up in 2019 as the first education finance company in Pakistan to cater to the financial needs of middle and low-cost private schools in the country. Headquartered in Lahore, TFCL's mission of improving the quality of education and paving the way for better employment prospects for students, especially girls, is likely to play a significant role in creating a literate and gender equitable society.

MICROFINANCE BANKS/ FINANCIAL SERVICES

ASA International

One of the world's largest international microfinance institutions providing small, socially responsible loans to low-income entrepreneurs, most of whom are women, across Asia and Africa. Operating in 13 countries: Ghana, India, Kenya, Myanmar, Nigeria, Pakistan, Philippines, Rwanda, Sierra Leone, Sri Lanka, Tanzania, Uganda, Zambia. Serving 2.4m clients, \$450 Mn of loans, with over 1950 branches.

bKash

bKash started as a joint venture between Money in Motion and BRAC Bank and currently is a subsidiary of BRAC Bank. bKash provides mobile money services through a mobile wallet for both the banked and unbanked populations of Bangladesh via its network of 200,000 agents serving over 50 million accounts. Its utilities include direct deposits, user transfers, ATM withdrawals, and bill payments.

Caspian (NBFC)

Caspian (NBFC) that has provided debt to over \$ 266 Mn to more than 200 social impact enterprises. GMC's initial investment was as an LP into Bellweather investments (BWI), one of the first equity microfinance fund in India in 2005. BWI funded several early and leading Indian MFIs: Ujjivaan, Equitas, Janalakshmi, Sonata. Subsequent to the BWIs liquidation and setup of the Caspian NBFC, the GMC LP stake was converted to equity in Caspian.



IMAGE COURTESY: ASA INTERNATIONAL

ACCESS TO CREDIT IMPACT OVERVIEW



45M+

People directly served



7M+

Jobs created



44M+

Students served

7M+

Active borrowers



\$998M+

Loans disbursed*



63K+

Employees

IMPACT THROUGH GENDER-LENS

9M+

Women & girls directly served through the financial services portfolio



85K+

Female students served of which, over 47% are low-income female students



100%

All the companies indicated being intentional about serving women through customized products & services



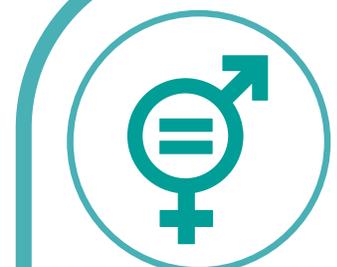
6M+

Jobs created for women resulting in 91% of the total jobs created



67%

Of the portfolio have written policies to address sexual harassment at workplace and have female representation on the board



*A majority of this has been disbursed by ASA International, one of the world's largest international microfinance institutions providing small, socially responsible loans to low-income entrepreneurs, most of whom are women, across Asia and Africa.

PORTFOLIO OF FUNDS OVERVIEW & IMPACT

Gray Matters Capital has invested in equity and debt funds in sectors as diverse as microfinance, education, and skilling. Amongst our current portfolio of funds the active ones are Indian Angel Network (IAN) Fund (focused on early stage disruptive Indian education enterprises) and Education Catalyst Fund (focused on education and skilling). In ECF we are the anchor and largest LP investor.



22M+

People directly served



11K+

Jobs created



22M+

Students served

5M+

Low-income students served



75K+

Active borrowers



02

Active funds

IMPACT THROUGH GENDER-LENS

1.9M+

Women & girls directly served through the portfolio of funds



2K+

Jobs created for women



1.9M+

Female students served



30K+

Female active borrowers with access to affordable financial services/ credit



100%

Of the portfolio have written policies to address sexual harassment at workplace and only one fund indicated having female representation on the board



ALTERNATE MECHANISM TO SCALE

Gray Matters Capital does not believe that there is a blanket approach to achieve impact. In addition to equity and fund investments, we tested alternative models, such as non-dilutive financing, grant funding, and spin outs of internal programs and initiatives. We have also demonstrated replication of models and ventures across frontier markets to scale the impact of our work.

PERFORMANCE BASED FUNDING & NON-DILUTIVE STRUCTURES

coLABS was launched as an early-stage investment portfolio to invest in innovative and scalable social enterprises with the potential to impact the lives and futures of women and girls in Frontier Markets. Given our focus on early-stage enterprises, we realized that many of these companies do not qualify for traditional funding structures. Equity is not always the best fit for many companies as the models don't provide the scale and exit timeline that many equity investors expect. Debt often requires collateral, which most early-stage companies simply don't have. Within coLABS, we wanted to test if revenue-share can fill the gap in the market for companies that don't easily qualify for traditional financing but do have the potential to reach profitability and grow revenues quickly. In addition, later stage investors appreciate that companies haven't given up large chunks of equity for smaller amounts of funding.



coLABS IMPACT OVERVIEW



1M+

People directly served



4M+

People indirectly served



23K+

Jobs created

\$1.2M+

**Amount invested/
committed by GMC**



\$6.2M+

Additional capital raised by investees



800+

Low-income geographies reached



500+

Employees



08

Active Ventures

Some of these have converted to equity funding to facilitate higher growth.

IMPACT THROUGH GENDER-LENS

250K+

Women & girls directly served by coLABS portfolio



80%

Of the 4M people indirectly impacted, over 80% are women & girls



87%

Of the portfolio indicated having products benefiting women & girls



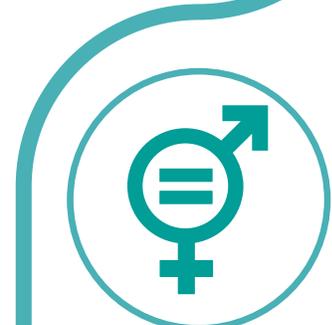
2K+

Jobs created for women



75%

Of the portfolio have written policies to address sexual harassment at workplace and promote and 37.5% indicated having female representation on the board



REPLICATION

Gray Matters Capital has replicated successful and proven business models with variations needed to meet the new market-requirements and grow the impact of the work non-linearly. Our work in the Affordable Private School space by creating Education Finance as an innovative asset class is an example of this. After pioneering Education Finance Bank in India, a similar business model to address the market gaps in Pakistan and Nigeria was created through Taleem Finance Company and EdFin respectively.

IMPACT OVERVIEW TALEEM & EDFIN

22K+

People directly served by the Education Finance Banks replicated in new markets. Of this, over 97% are women

100K+

People indirectly served by Taleem and EdFin

8K+

Jobs created by the two education finance banks. Of this, over 50% are for women

93K+

Students served. Of this, over 88% are low-income students

"We take pride in being part of a team which is not only the pioneer in education financing in Pakistan but has developed customized financial solutions for all segments in the education ecosystem thus maximizing the impact of its offerings. TFCL has already become a beacon of hope for the largely ignored low and middle cost schools by giving their owners the ability to impart quality education through ready access to capital. Our holistic approach of supplementing financial services with capacity building of school owners, principals and teachers through hands-on advice and recommendations for improvements, ensures that our client institutions become role models for others in the community as well. The results that we have been able to collectively produce as a team in such a short time are just a reflection of our dedication, commitment and focused approach towards our vision of removing barriers for every child (specially girls) to get quality education leading to a purposeful life."- **Taleem Finance Company Limited Team**

INCUBATION/ SPIN-OUTS

Gray Matters Capital has implemented pilots of various initiatives in-house, and they have been successfully spun out into separate entities to maximize the reach of the programs and create an impact at scale.

VILLAGE CAPITAL

Village Capital was established in 2010 within First Light Ventures, a subsidiary of Gray Matters Capital. VilCap began with pilots in Mumbai, Boulder, New Orleans, and the Bay Area. Given its conjunction of core geographies with education being one of the focal areas, Gray Matters Capital invested in Village Capital with an objective to scale its social impact. Based on the concept of the “village bank” in microfinance, Village Capital builds cohorts of entrepreneurs for education programs with partners worldwide. At the end of each program, entrepreneurs assess one another, and the top-ranked receive capital from partner investors. This peer-selected model delivers better results for entrepreneurs and to investors like Gray Matters Capital. In 2011, Village Capital spun out as a separate entity. Village Capital today is the largest seed stage accelerator of impact ventures globally.

IMPACT OVERVIEW

42M+

People directly impacted by Village Capital's portfolio



3.2M

People with access to affordable financial services



31.1M

Low-income students served



12.6K+

Jobs created



\$882M

Additional capital raised by the portfolio companies



IDEX

In 2010 GMC partnered with a US University to send a group of recent college graduates from the US to spend a year in India working in Affordable Private Schools. From there, the IDEX Fellowship was born. It started as an internal program at GMC, which was then spun out as an independent fellowship. IDEX was designed to create the next wave of “social intrapreneurs” to support, lead and advance the work of socially focused enterprises around the world.

By providing a hands-on experience, group and one-on-one mentoring from industry professionals who have years of experience, specialized training workshops, and a curated curriculum, this six-month fellowship program enables professionals from across the globe to deep dive into the social impact sector.

One of those early IDEX fellow went on to create VOICE 4 Girls in India, which was initially funded by GMC. This initiative works with adolescent, marginalized girls and boys in India and allows them to acquire critical knowledge, spoken English, and life skills.



IMPACT OVERVIEW

300+

Alumni as part of the global IDEX community



\$4.1M

Human Capital deployed to Social Enterprises



265.5K

Weeks spent by IDEX Fellows working on the ground with social enterprise partners



203

Business Leaders mentored IDEX Fellows



ECOSYSTEM INITIATIVES

GMC has provided catalytic grants to several organizations as well as funded its internal initiatives to move the needle. The goal was to help catalyze the design and implementation of innovative and sustainable initiatives that not only better the ecosystem for impact investing but also create pathways for women and girls and enable them to access opportunities in areas as diverse as education, skilling, economic participation and financial services.

The areas addressed:

Human Capital Enhancement:

Fellowship to nurture talent for social enterprises, leadership workshop for start-ups and training for first time fund managers.

Investor Journeys: Bringing new investors to impact investing.

Quality in K-12 Schools: Creation and implementation of quality charter,

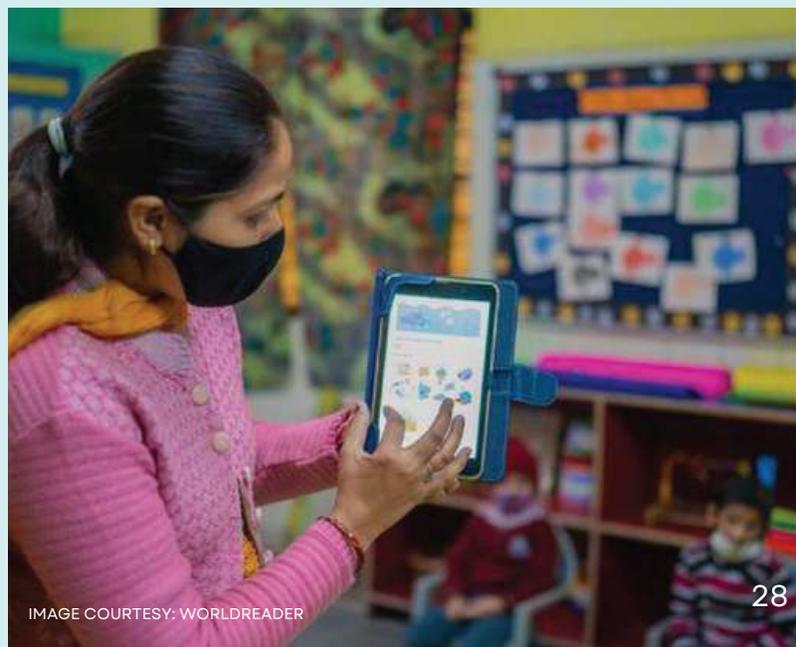
supporting school transformation programs and enabling micro-innovation at school levels.

Gender gaps: Campaign to understand dreams, aspiration and success stories of women

Digital access to books: Digital reading on tablets and mobile phones to encourage foundational learning in children

Better User Engagement: Creation of behavior design blueprint for engagement and implementation support to multiple entrepreneurs through accelerator program.

This section highlights some of our grantees and the important work they have undertaken over the years to create impact at scale.



INTERNAL ECOSYSTEM INITIATIVES:

CALIBRATOR

Calibrator was created as a Blended Accelerator Program in 2018 with a specific focus on enhancing User Engagement through product optimization of digital and mobile platforms. The behavioral design blueprint was created at edLABS and the accelerator was launched for understanding and implementing end-user 'Behavioral Design'. **17 companies benefited from the zero-cost acceleration process** run over 2 years and 3 companies were accelerated in partnership where all companies paid the fifty percent cost of the program.

3.37 million women were directly impacted by the cohort companies in education, skilling, financial literacy and the cohort companies served 9.71 million users in livelihoods.

INVESTOR JOURNEYS

With New Ventures Group, we launched Open Impact in Mexico City, which aimed to offer transformative experiences for investors to gain insight into the realities, complexities and high-impact potential of investing in emerging markets.

WOW! Sakhi

WOW Sakhi is a Story Collective, was launched by Gray Matters Capital in 2019 to celebrate the dreams, aspirations and success of women across the world.

Tales, We Win

Tales, We Win was a 3-day immersive experience in leadership to build a shared view of the challenges global start-up entrepreneurs face in building their teams for sustainable growth and impact.



EXTERNAL ECOSYSTEM INITIATIVES:

WORLDREADER

Worldreader works globally with partners to support vulnerable and underserved communities with digital reading solutions that help improve learning outcomes, workforce readiness, and gender equity. In 2015, GMC awarded Worldreader a grant of to seed their entry into India.

Focusing on early childhood education, Worldreader launched the BookSmart app with a collection of 550 children's storybooks in both Hindi and English, sourced from 34 reputable local and international publishing partners. They pioneered the innovative Read to Kids program that brings the reading app with a rich collection of digital storybooks to parents via their mobile phones so they can read with their children.

Upon the success of this initiative, the program was expanded into primary schools and public daycare centers in Delhi, Night Schools in rural Rajasthan and hard to reach Himalayan villages. Through their collaboration with the National Independent School Alliance (NISA), Worldreader has taken the program to 38 Budget Private across 4 states in 2020.

Since its pilot, Worldreader has served- **975,676 readers across 9 states with over 3 million (3,653,834) books being read.** The organization has successfully mobilized **follow-on capital of USD 3,238,728.**

Mantra4Change

Mantra4Change is a Bangalore based non-profit that works in the field of school improvement and education leadership development. They work towards the holistic development of society – the key components being quality and equity in education. Gray Matters Capital Foundation grant helped the organization to co- develop Quality Charter for affordable private schools, pilot new participatory model of school leadership and award micro-innovations that enable school transformation at the ground level.

Quality Charter: In 2017, Mantra4Change in collaboration with Gray Matters Capital and National Independent Schools Alliance (NISA) co-created the School Quality Charter with the aim to support schools with self-assessment tools and outcome-oriented steps to enhance the school transformation and in the process impart quality education. **Over 100 schools** received training on using the School Quality Charter and implementing self-assessment tests for sustainable development. Currently, **Quality Charter has been adopted by the NISA and implemented in over 600 schools.**

School Leadership Program: This pilot project was implemented in Andhra Pradesh across 30 schools and focused on driving change by building the capacity and agency of school leaders. The family income of students studying in these schools was between Rs.10,000-Rs.15,000 per month. The pilot adopted a bottom-up, participatory framework to foster collaboration and innovation amongst different stakeholders as the focal point to sustainable change. Activities undertaken were learning circles, exchanges between teachers and school

leaders, participatory mapping of challenges, teacher, and school leadership training observations.

Over 15000 students were served of which **40% were girls**. Through the school transformation pilot, **over 500 teachers (75% were women) and 30 school/academic leaders (60% were women) were served.**

Micro-Innovation Awards: In 2019, Mantra4Change in partnership with Gray Matters Capital launched the Micro-Innovation Awards. The Micro-Innovation Awards recognize micro-improvements to problems that result in immediate results that take the school towards development. These small but significant improvements have the potential to impact school transformation and development at large while fostering innovation amongst school leaders and other stakeholders. Since its launch, over 800 schools have participated in the Micro-Innovation Awards.

FIRST FOLLOWERS

A grant was also provided to First Followers, a cohort of first-time female fund managers that was founded by a

former Gray Matters Capital employee after his firsthand experience with the lack of access to capital by aspiring women fund managers. First Followers is a cohort-based educational fellowship for next-gen gender diverse first-time fund managers.

Until now, the asset management community has been very difficult to enter, due to persistent barriers that particularly impact first-time female and minority fund managers.

Cultural and gender biases can make it difficult for women and people of color to raise capital from private and institutional investors. According to research and available data, women fund managers invest twice in women founders than all-men fund managers and can yield 10-20% higher ROIs on AUM. Yet, ventures led by women raise only 2.3% of venture funding.

Since its launch in 2020, First Followers has received **100+ Rockstar applications** from aspiring women fund managers across the globe. **33% of the applications were accelerated and selected. 9 Fund managers pitched their funds** and 4 out of them are currently marketing their funds to limited partners/investors.



SPOTLIGHT

In this section, we highlight the voices of our entrepreneurs and their customers and offer an insight into the real-time impact of our portfolio companies. This helps us go beyond impact numbers to understand the value and depth of impact as perceived by the customers of our portfolio.

In addition, it also helps us understand the trends, challenges and on-ground realities experienced by these companies and use customer data to enhance their product/ service offerings and scale impact.

The infographic below highlights our investment framework and at what life stages, each of the investments included in the spotlight serve and impact women and girls.





IMAGE COURTESY: KIDO

"We see a massive gap in access to choices for women and men. **Women have much fewer opportunities for economic participation and lower access to education.** Early education implemented well will not only give girls a strong start in life, but also ensure that our future citizens become smarter thinkers and better people who are diverse yet inclusive. Young girls and women from across India who join Kreedo in their quest to become trainers and work with schools to improve education, achieve tremendous growth personally and professionally. Similarly, the **teachers that we train, 99% of whom are women, are empowered to change the way learning is delivered to young children.** This helps them become more confident and hence stronger individuals. 60% of the workforce at Kreedo are women, at all levels of the organization including having the distinction of being founded by women and run by women at the top. We are truly proud of our work that has a tremendous impact on the lives of women both internally and externally.

Mridula Shridhar, CEO
Kreedo Early Childhood Solutions

KIDO

Portfolio- edLABS | Country- INDIA

Kido (Kreedo) is working towards democratizing quality early education in India. It partners with affordable private schools (APS) and preschools to transform the way they deliver learning. Kreedo's 6T framework includes a combination of toys, teacher training, timetable, teamwork (books), theory and technology that enables learning at school and home.

VOICES FROM THE FIELD

"Early education is the most significant and strongest tool that can help achieve empowerment for girls. And as a woman, I'm glad to be a part of this alongside our trusted academic partner Kreedo. The services offered by them helps us qualitatively impact a significant number of children. **As a woman entrepreneur,** Kreedo services and particularly, the people whom I have been in touch with have helped me **grow my confidence a variety of areas related to management.** I believe **female empowerment goes back to creating a school environment that allows girls to be themselves, feel comfortable failing and learn from mistakes.** Kreedo has always aligned with these thoughts and I am excited to be part of an eco-system that is building future citizens who will create a more gender-balanced world."

Ms. Arundati, Woman Entrepreneur
Running a Kreedo powered school



IMAGE COURTESY: CHRYSALIS

"The first community is our women employees and I am proud to say that **50% of our workforce are women**. We also have few women (apart from me) who are heading key functions like R & D, Admin etc. I would like to quote another proud moment in Chrysalis life as well. One of our employee's servant's daughter joined Chrysalis and she is now a Team Leader at Chrysalis. In the last 20 years, I have managed to create a culture of equitable opportunities and empowering women in every possible way. However, there are some inherent limitations as women slightly hesitate to travel extensively unlike men. Of course, we have exceptions and I am personally working on how do we provide safety, independence and confidence for women to balance between work and life. **Our R & D invites experts to conduct 'gender audits' in our curriculum to ensure that no gender bias** is portrayed even inadvertently. I am very fortunate in empowering and impacting women since 90% of teachers and Principals are women. Hence in the last 20 years we would have **positively impacted more than 50000+ women** who are either teachers or...

CHRYSALIS

Portfolio- edLABS | Country- INDIA

Chrysalis is a Chennai based educational reform organization that is committed to bring a change in India's education system. It's flagship product - ThinkRoom is a student-centric academic programme developed in-house after 16 years of intense pedagogic research. It aims to help every school student to discover his or her potential while developing academic excellence and replaces programmes and textbooks whose focus is limited to academic outcomes.

...or principals of schools. We have also done many empowerment programs for govt. teachers who are predominantly women. In the next decade or so I would like to make this very question redundant by just empowering children as communities. There should not be a 'gender bias' amongst children who will shape the future of our country and more importantly the society. Our vision is to Awaken the Human Potential in every child and over the years we have taken several specific initiatives to empower women communities as well."

Chitra Ravi, CEO- Founder & Director, Chrysalis

VOICES FROM THE FIELD

"Chrysalis has provided the opportunity for our students to learn in an innovative way.

"It helps the students to understand in a concrete manner. The activities framed creates more interest and meaning for what they learn. It takes the **student thought process beyond the book and allows them to introspect with their learning and respond in an unimaginable way**. The Mitra website makes things very easy and effective for teachers and students. **“Think room for parents” app makes a big difference in the effective communication with parents**. Overall the support provided by the Chrysalis team is excellent. They are approachable and quickly finds the solution for our first year Chrysalis school. The reports and feedback provided by Chrysalis is authentic and concise for the development of teachers and taught. "

**Principal
The Oasis Public School**





"At ThinkZone, our continuous focus has been on designing and implementing cost-effective solutions that produce meaningful results on the ground. ThinkZone Fellowship Program focuses on building a sustainable solution that incorporates the mission of providing **quality education to children in low-income communities** by using a holistic approach of empowering women to become education leaders and changemakers in their communities. We plan to upskill **30000 women as educators by 2024 who will provide quality learning opportunities to 3 lakh children** in their communities."

Binayak Acharya
Founder & CEO ThinkZone

THINKZONE

Portfolio- edLABS | Country- INDIA

ThinkZone works towards improving the learning outcomes of children in low-resource settings. ThinkZone utilizes offline-enabled mobile application solutions for training youth to become educators. Through ThinkZone's data-driven technology and research-based methodology on learning, youth support children aged 3-10 years in their communities to develop foundational literacy and numeracy skills.

VOICES FROM THE FIELD

"I was told to remember everything by heart at my school without asking any questions, which I found stifling. I always had doubts but was scared of ridicule by teachers. Children learn best when they enquire and ask questions and the modules covered during the fellowship training covered these aspects in a simple manner. Also, the different learning activities present on the **ThinkZone app are really effective and have helped me a lot in devising new games for children for making them understand arithmetic concepts.**"

Rina, ThinkZone Fellow

Rina from Bhadrak married at a very early age but continued studying even after marriage and completed her graduation in Political Science. She always wanted to be a teacher but could not pursue a career due to personal reasons. Rina, who joined the ThinkZone fellowship in early 2020 is currently supporting 31 children at one of the partner schools.



"Only 1 out of 10 students in India get career guidance. **93% of Indian schools do not even have career counselors.** Only 23% of students continue to transit from secondary school to higher education, much less when it comes to girls. All of this added with huge peer & family influence on students to go for either Engineering or Medical careers and gender stereotyping. The Indian education system has very limited intervention to provide career guidance to students. iDreamCareer has been working for the last 10+ years now helping over **20 million+ students and 10 million+ girls**, from **career exploration to ensuring college admission acceptance & aid**, offering a one-stop personalized guidance offering for students, from every income strata."

Ayush Bansal, Founder & CEO
iDreamCareer.com

VOICES FROM THE FIELD

When Yashvardhan approached iDC in early 2022, he had been preparing to attempt the CLAT exam for the second

iDREAMCAREER

Portfolio- edLABS | Country- INDIA

iDreamCareer.com (iDC) is India's leading EdTech venture recognized as World's top 200 Edtech companies by ASUGSV Summit 2020 & the top 100 EdTech companies in South Asia by Holon IQ 2020. It works with high school & undergrad college students via its full-stack career & college guidance product that includes 1047 hours of content on careers, colleges, exams, scholarships, reliable & validated psychometric assessment tools & personalized counseling.

time. In his words, "It was in the month of March... I was at the lowest point of my life." He required assistance in identifying challenges he faced in managing studies, charting out a career plan B for himself. Yashvardhan took a one-on-one counseling session with iDC's expert counselor. Based on **his psychometric report & interaction with the counselor**, his choice to keep Law as **his first preference was validated**. He was provided actionable tips for managing his studies for the CLAT exam besides the much needed moral support. The counseling support through iDC provided Yashvardhan a plethora of other career options and helped him identify his strengths and weaknesses. The final outcome being, he **cleared his CLAT exam and is now pursuing BA LLB Hons.**

Yashvardhan Singh
iDC customer



IMAGE COURTESY, SHAMBA PRIDE

“Traditional agriculture systems in Africa have failed to break low productivity and poverty barriers for farming communities which can be achieved through leveraging on technology. Local entrepreneurs can be transformed and empowered to create a rural agriculture trade ecosystem offering high quality professional retail experience to local farmers. Shamba Pride believes that through creating a reliable and efficient ecosystem in this \$1 trillion industry in Sub-Saharan Africa, Shamba Pride will revolutionize rural agriculture trade.”

Samuel Munguti, Founder & CEO, Shamba Pride

VOICES FROM THE FIELD

"My shop has become landmark for agriculture change in this community and I am now a respected women leader, farmers everyday here can benefit from affordable quality inputs and extension services because I brought Digishop to my village. "

**Mary Mueni
Owner, DigiShop**

SHAMBA PRIDE

Portfolio- coLABS | Country- KENYA

Shamba Pride is a Kenya- based one stop e-commerce platform that connects village level farmers to quality inputs, services, and information through women-owned DigiShops powered by technology. The DigiShop Technology helps last-mile agro dealers and cooperative entrepreneurs digitize their operations with affordable technology and provides them with quality products and services thus, creating a community of micro-entrepreneurs serving the smallholder farmer community.

Mary Mueni started her Agrovet business in 2015 and had run the business for 3 years before being introduced to Shamba Pride in June 2018. All through **she was struggling with stocking her shop and month by month making losses with average monthly USD 800 sales.** When she was introduced to Shamba Pride and joined the **DigiShop network, 6 months later her monthly sales had increased 4X** as well as the number of customers she serviced daily through her store.



IMAGE COURTESY, SHAMBA PRIDE



IMAGE COURTESY: doctHERs

"Over the past 3 years, doctHERs has enabled a **33% increase in the individual incomes of ~200 tech-empowered, female frontline health workers**, via a combination of inclusive employment and women-centred entrepreneurship. Not only have these women elevated their communities' health & wellbeing, but they have also lifted their families to a higher plane of socio-economic inclusion and self-actualization. Ultimately, a rising tide lifts all boats."

**Asher Hasan, Co-Founder & CEO
doctHERs**

VOICES FROM THE FIELD

"I am Dr. Saira and **I am a specialist-Family Medicine**. I graduated in 2001 from Medical College, Karachi and during my house job days, I came across a very traumatic event in one of my patients I encountered and I decided that I wanted to be a breast surgeon. Being a breast surgeon means a lot of night shifts, a lot of hard work, and a lot of time away from the kids. So it never became a reality. After that I got married, had kids and that dream never came true.

doctHERs

Portfolio- coLABS | Country- PAKISTAN

doctHERs is an integrated digital health care platform providing an end to end "Continuity of Health Care" solution, using female doctors via telemedicine. They match the under-utilized capacity of female doctors (who otherwise would be excluded from the workforce) to the unmet needs of consumers/Corporate Employees and recruit, equip, train and create employment opportunities for female frontline workers (nurses, midwives and lady health workers).

While I worked intermittently at clinics and clinged to my profession, I wasn't happy. So I came across this ad at doctHERs and I applied and right away I started to get clinical patients. It was my first hands-on clinical experience with live patients. I started loving my work and thought to myself, even if not a breast surgeon, I am getting better clinical experience. I decided to pursue it and specialized in this. Family medicine is a specialization of GPs.

I get patients related to that through doctHERs. **doctHERs became my platform, my launchpad for my specialization. And all my practice today is through this platform.** I am quite happy where I am today."

Dr. Saira
A doctor with doctHERs network



Working in the health-oriented educational sector is a task that undoubtedly drives us every day to continue with this great work. Seeing our benefited students' faces, by providing them with tools that allow them to change their lives and those of their families. Beyond that, in return, due to the profile of our students, **a positive impact is generated on the lives of the people as they care for and their families**, which represents transcending **directly and indirectly in a greater number of people**.

Since the beginning, in Instituto Salus we have **trained more than 360 students** in care and attention in our different educational programs, of which **84% are women**. We have prepared more than **160 nursing technicians, 90% of them women**, who today have a better job, better income and without a doubt a better quality of life. These are some of the numbers of the direct impact we have had at Instituto Salus, the most gratifying thing is being able to see their faces at the moment of their graduation, where people, who for some reason, would not be able to access a

INSTITUTO SALUS

Portfolio- LaTAM | Country- MEXICO

Instituto Salus educational institution specialized in health that arises with the purpose of solving two important social problems: the high demand for training of nursing personnel, especially for the care of the elderly and also to provide growth opportunities to women living in areas with low levels of social development, accessing high-purpose and better-paid jobs through educational programs specialized in Geronto-geriatric Nursing and other specialties.

traditional education have now been given the opportunity to prepare themselves in one of the noblest and most demanded sectors today, to see faces full of joy and sometimes tears of happiness are the engine to continue working on the transformation of our Mexican society.

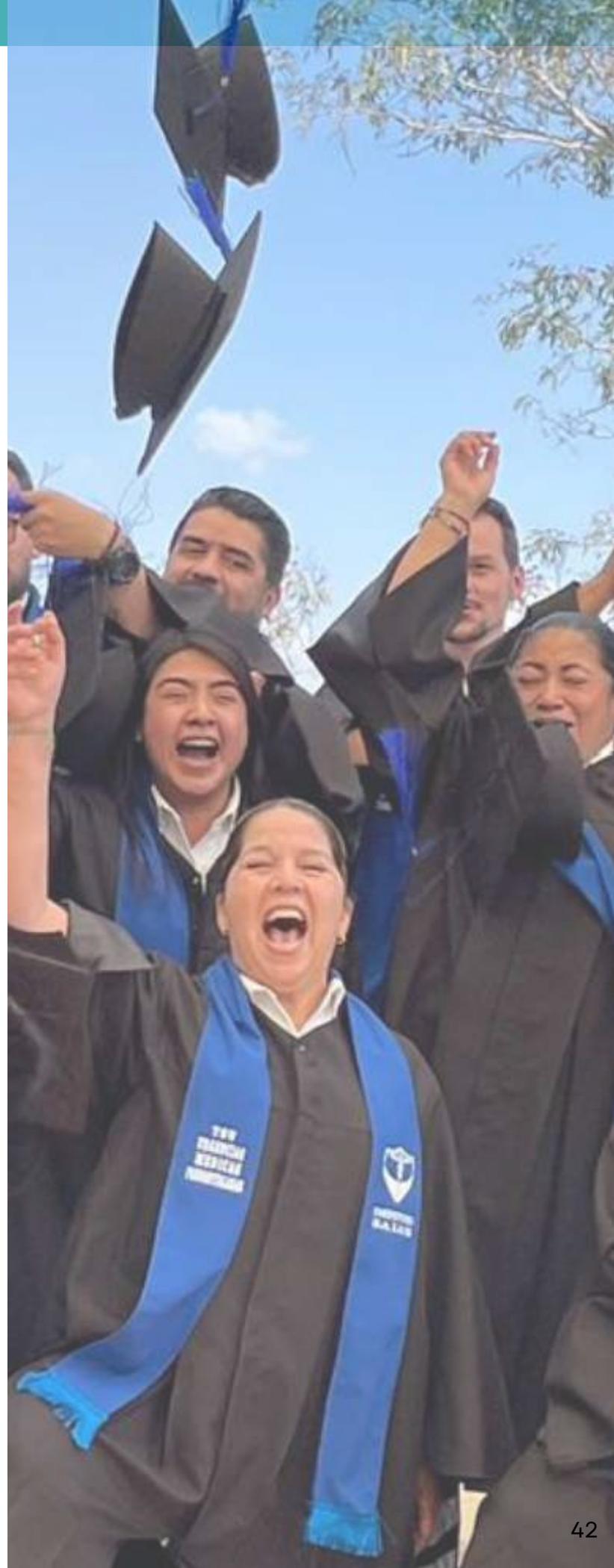
Team Instituto Salus

VOICES FROM THE FIELD

"I am Margarita Suárez López, am 52 years old and I studied nursing at the Salus Institute, it has truly been an experience that changed my life, because I thought that I would not be able to study and work in what I have always wanted when I was young, I did not have the resources to be able to study nursing, then I became a mother and had to work to raise my children. Thanks to Instituto Salus,

I was able to become a nurse and found a job at Salus Care where I currently care for an 86-year-old patient with dementia. For me, being a nurse and helping others fills me with satisfaction and makes me feel very happy with what I do because I feel useful, I am an example for my family, so that they can see that with effort and dedication things can be achieved. I thank Instituto Salus for this great opportunity they gave me, they changed my life."

Margarita Suárez López
Nursing Technician Graduate from
Instituto Salus



**Early-stage investments
(edLABS & Direct
investments)**



Access to Credit



**Portfolio of
Funds**

EDUCATION CATALYST
FUND

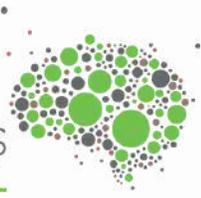
IAN Fund

**Non-dilutive structures
(coLABS)**



**CURRENT
PORTFOLIO LISTINGS**

GRAYMATTERS
CAPITAL



Gray Matters Capital (GMC) is a US 501 c(3) registered Impact Investing foundation that works in the global south. GMC is on a mission to "Finding Purpose with 100 Million Women."

Our deep roots in microfinance and education finance have demonstrated **profit with purpose**. GMC uses equity investments, alternate mechanisms to scale and ecosystem initiatives to create pathways for women and girls in the areas of learning, skilling economic participation and well being.

September 2022

www.graymatterscap.com