

# fin | news

EMERGING/DIVERSE MANAGERS | 06.03.21

## Institutional Investors Commit To Fund To Grow HBCU Endowments



**Base10 Partners** has closed its Advancement Initiative fund with \$250 million in commitments, including capital from prominent institutional investors, according to an announcement.

The fund, which has a mission to align the success of technology companies with wealth creation for underrepresented minorities, is investing in leading pre-IPO startups and donating 50% of the fund's carried interest directly to historically Black colleges and universities (HBCUs) to create student scholarships and support university endowments.

The \$800 million **KFF** committed an undisclosed amount to the strategy in March, Co-CIO **Dean Duchak** said, in an e-mail, noting that the commitment was "full-sized" and consistent with its commitment to other core venture and growth equity managers as it expects the investment to "be a core part of our private portfolio moving forward."

The San Francisco-based nonprofit was first introduced to Base10 Managing Partner and Co-Founder **Adeyemi Ajao** in 2019 and later committed to the firm's early-stage fund raised in 2019, Base10 Fund II, according to Duchak.

“We committed to the Base10 Advancement Initiative because we felt it was an exceptionally unique opportunity,” he said. “The Fund’s two-sided value proposition (massive benefits to both the HBCUs, and the venture capital/Silicon Valley ecosystem) will provide the Fund access to the next group of world class market-leading companies. That access will support the Advancement Initiative’s mission to catalyze wealth creation for underrepresented minority communities, and generate outsized returns for KFF to support our own work.”

The \$3.1 billion **Harry & Jeanette Weinberg Foundation** committed an undisclosed amount to the fund in March after missing gaining access to the San Francisco-based firm’s prior fund, CIO **Jonathan Hook** said.

Base10 reached out to the foundation about the special purpose of the advancement fund and the Owings Mills, Md.-based foundation found it to be a “very good match” with its mission on top of advancing diversity and inclusion efforts, which it has been developing and building out over the last three years, according to Hook.

“We welcomed the request, and we look forward to continuing to build on the excellent relationship we have started with Base10,” he said.

The approximately \$10 billion **Silicon Valley Community Foundation (SVCF)** committed \$2 million to the Advancement Initiative fund from its endowment, according to a separate announcement.

The commitment augments “the community foundation’s work prioritizing racial equity, which includes a number of initiatives committed to diversity and inclusion—such as the [California Black Freedom Fund](#), a \$100 million initiative to support capacity building for Black-led organizations in the state over the next five years,” according to the announcement, which notes that the endowment “currently commits \$132 million to diverse managers.”

“In Silicon Valley, workforce diversity, equity and inclusion are serious structural challenges that must be addressed. At Silicon Valley Community Foundation, we believe that we build stronger communities by investing in leaders of color and their organizations. Base10’s unique approach to improving workforce diversity and inclusion through its Advancement Initiative will bolster the endowments of HBCUs and provide more opportunity to deserving students. That, in turn, will build a more diverse workforce over the long term, and give more people equitable opportunities to thrive. We are proud to partner with Base10 to help realize that goal,” President and CEO **Nicole Taylor** said, in a statement.

The Mountain View, Calif.-based foundation hired **Cambridge Associates** as its [new discretionary provider last year](#), replacing incumbent **Crewcial Partners**, formerly **Colonial Consulting**.

The approximately \$7 billion **John D. and Catherine T. MacArthur Foundation** committed \$5 million to the strategy in April, President **John Palfrey** said, in an e-mail.

“We are proud to support Base10’s strategic investment approach, which helps strengthen and grow Historically Black Colleges and Universities endowments, create student opportunities, and generates new avenues for wealth creation among Black entrepreneurs,” Palfrey said.

He noted that the Chicago-based foundation’s day-to-day work is driven by the [Just Imperative](#) as it looks to make its practices and processes more inclusive and equitable, which coincides with it actively looking to increase the number of diverse managers it identifies and retains.

The foundation has invested directly or indirectly in 17 funds with managers that are minority- or women-owned or where people of color or women are key principals, according to its [website](#).

The approximately \$400 million **Southern New Hampshire University** committed \$4 million to the fund through general investment consultant Cambridge Associates, a spokeswoman said, in an e-mail, noting that the institution has worked with Base10 since 2019.

“This investment is one part of SNHU’s on-going diversity, equity, and inclusion efforts and an extension of the \$11M SNHU invested in venture funds founded and managed by Black and minority leaders from the Fall of 2020,” the spokeswoman said. “SNHU serves more than 30,000 students of color and we thought it was important for us to demonstrate that we are committed not just to their education, but also to solving the larger structural inequities that impact communities of color. It is powerful and important for universities to invest in these funds. It also ties to deep structural and historical barriers to capital for Black entrepreneurs and businesspeople.”

**Bentley University** committed \$2 million of its approximately \$350 million endowment to the strategy last month after its general investment consultant Cambridge Associates brought the opportunity to the investment committee, a spokeswoman said, in an e-mail.

“It aligned with our investment philosophy, the fund managers had a strong record of success, and it aligns well with the university’s business focus and commitment to creating opportunity to increasing opportunities for diversely led business,” said **Paul Condryn**, board of trustees chairman, in a statement. “Bentley is committed to academic higher education opportunity and success for under-represented students and the commitment to funding programs at HBCUs resonated with us. We have a long history at Bentley of working with HBCU’s to identify business students for our master’s degree programs, we are an active and long-time participant in the PhD project encouraging diverse candidates and we recently launched the [First Generation Fellows Program](#) at Bentley to support under-represented first-generation undergraduates.”

The Advancement Initiative’s LP base also consists of HBCUs that include **Howard University, Florida A&M University (FAMU) Foundation, Hampton University and Tuskegee University**, among others, according to the announcement, which notes that the fund represents one of the largest commitments ever from HBCUs to a venture capital fund

The approximately \$106 million FAMU Foundation committed a minimum of \$1 million to the Base10 fund at its [Feb. 24 investment committee meeting](#).

“HBCU endowments have historically had very limited access to venture capital and other technology investments. The Advancement Initiative not only creates a hard-to-replicate, direct access point but helps prioritize HBCUs in such an incredibly competitive asset class,” said **Marcelia Freeman**, foundation board of directors member, in a statement. “We are so very excited about our partnership with Base10 and about the impact the team can deliver across our precious ecosystem – our students, our alumni, our endowment.”

Howard University committed an undisclosed amount to the fund from its approximately \$712 million endowment to reflect “the university’s belief that the Fund will result in financial support for thousands of student scholars, but also access to tech training, competitive internships, and full-time roles that were previously difficult for to HBCU graduates to access,” according to a separate announcement.

“With the Advancement Initiative, Base10 has built an outstanding mechanism for HBCUs to grow our endowments and give students previously inaccessible opportunities post-graduation,” CIO **Frank Bello** said, in a statement. “Howard is thrilled to be partnering with Base10 to continue to increase HBCUs’ impact on the black community through wealth creation and improving diversity in the tech industry.”

Other institutional investors in the fund include the **Public Welfare Foundation, Sorenson Impact Foundation, The McGregor Fund, Plexo Capital, Bentley University** and the **Kapor Foundation**.

The Advancement Initiative fund has already completed eight investments in **Attentive, Nubank, Brex, Plaid, Aurora Solar, Wealthsimple, CircleCI** and **KeepTruckin** and each of the companies’ ceos personally prioritized taking an investment from the strategy in heavily oversubscribed rounds in order to prioritize the mission of wealth creation for underrepresented minority communities, according to the announcement, which notes that Base10 will create scholarships in the name of each of these portfolio companies to fund the education of HBCU STEM students.

Base10 has also recruited investors and operators to execute on the strategy.

**Jamison Hill** is joining as a partner after spending seven years at **Bain Capital Ventures** leading growth investments. **Laura Weidman Powers**, co-founder and ceo of San Francisco-based nonprofit **Code2040**, is joining as an operating partner, while **Luci Fonseca** is joining as a principal and director of operations from **McKinsey & Company**, where she helped establish the firm’s *Institute for Black Economic Mobility*.

Alongside the Advancement Initiative, Base10 is also creating the first year-long, on-campus training program for HBCU students. The internship and full-time placement programs will be active on 13 HBCU campuses including FAMU, Howard, Hampton, **Morehouse College, North Carolina A&T State University** and **Spelman College**, according to the announcement, which notes that more than 400 students are expected to go through the program in the first year.