



# INDIANA NEXT LEVEL FUND

SEMI-ANNUAL REPORT  
FOR THE PERIOD ENDING  
JUNE 30, 2022



Prepared by:  
50 South Capital Advisors, LLC

50 SOUTH  
CAPITAL

Report No. 9



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November 4, 2022

Next Level Fund Investment Board  
c/o Indiana Finance Authority  
One North Capital, Suite 900  
Indianapolis, Indiana 46204

Dear Next Level Fund Investment Board,

50 South Capital Advisors, LLC is pleased to provide its semi-annual update for the period ending June 30, 2022 to the Next Level Fund Investment Board (the "Investment Board"). Since launching the program in March 2018, we have leveraged our investment management expertise and deep relationships to establish the Indiana Next Level Fund, L.P. ("NLF") with Indiana venture capital managers. Please see below our observations for activities to date.

### **Background**

Pursuant to Indiana Code § 8-14-15.1, as amended from time to time, the Next Level Indiana Trust Fund ("NLITF") has been established by the Indiana Finance Authority ("IFA") as a charitable trust, separate from the State of Indiana. The NLITF consist of Two Hundred Fifty Million Dollars (\$250,000,000) and, pursuant to Indiana Code § 8-14-15.1-8(a)(1), the monies may be invested in investments that include the purchase of equity or debt securities. The Indiana Next Level Fund, L.P. ("NLF") is capitalized by the NLITF. The purpose of NLF is to invest in venture capital firms located in Indiana or that have an Indiana 'nexus' with a goal of investing in technology businesses seeking to locate, expand or remain in Indiana. The Investment Board shall serve as trustee of the Next Level Fund. An investment board composed of State government leaders and community representatives provide governance and oversight to the NLF.

For additional information, please visit the NLF website at [www.nextlevelindianafund.com](http://www.nextlevelindianafund.com).

### ***Market Update***

During the first half of 2022, \$391.1 million was invested in 119 Indiana-based, venture backed companies, according to Pitchbook. This represents a 61.3% decrease of the total from the same period in 2021 which saw over \$637.4 million in venture investment, leading to a record year for the State of Indiana. The first-half of the year results still show a strong venture capital environment surpassing the same time periods in 2020 and 2019 which saw \$223.9 million and \$73 million, respectively. In the first half of the year, there was a healthy mix between later stage and early stage venture funding representing 46.1% and 35.5% of the total funding, respectively. Additionally, the three largest investments raised a total of \$148.4 million in the first half of the year, representing 37.9% of the total funding. The continued pace of investment demonstrates the strength of the State's underlying entrepreneurial economy and the ability for companies in the State to raise capital and scale.

There were several significant Indiana-based company financings through the first half of 2022, as highlighted in the table below:

| <b>Company</b>       | <b>Location</b> | <b>Company Description</b>  | <b>Deal Size</b> | <b>Month/Year</b> |
|----------------------|-----------------|---|------------------|-------------------|
| Solinftec            | West Lafayette  | Digital agricultural platform designed to improve outcomes and reduce environmental impact. | \$60.0M          | April 2022        |
| List Biotherapeutics | Fishers         | Biotech company intended to develop microbiome drugs.                                       | \$48.4M          | March 2022        |
| BiomEdit             | Fishers         | Microbiome innovation platform intended to discover and develop animal health products.     | \$40.0M          | April 2022        |



|                          |                |   |         |               |
|--------------------------|----------------|---|---------|---------------|
| Morphimmune              | West Lafayette | Biotechnology and chemistry platform intended to reprogram the immune system.   | \$26.5M | February 2022 |
| Aunalytics               | South Bend     | End-to-end cloud platform designed to allow mid-sized companies and underserved communities to compete in a digital world.                            | \$26.2M | April 2022    |
| Sortera Alloys           | Fort Wayne     | Manufacturer of sorting system designed to reuse metals recovered from end-of-life products.  | \$20.0M | May 2022      |
| Woven                    | Indianapolis   | Developer of an evidence-based hiring platform designed to improve the hiring process.  | \$18.0M | February 2022 |
| INCOG BioPharma Services | Fishers        | Operator of contract development and manufacturing organization intended to support biopharmaceutical partners' clinical and commercial requirements. | \$15.0M | May 2022      |
| Synop                    | Carmel         | Provider of supply chain management services intended to help accelerate the transition to commercial electric assets.                                | \$10.0M | April 2022    |
| Vibenomics               | Fishers        | Provider of audio experience and advertising services intended to transform out-of-home marketing.  | \$7.8M  | May 2022      |

## ***NLF Updates***

### Community Activities

The 50 South Capital team continues to be involved in community events that foster and bring together capital providers, entrepreneurs, and community supporters of the Indiana ecosystem. To engage with the Indiana community, the 50 South Capital team has made significant efforts to:

- Be a transparent, community-centric, value-added partner
- Mentor venture capitalists and entrepreneurs
- Work with universities and research parks
- Draw talent and capital into the State
- Engage with community organizations
- Have an open-door policy with all constituents

During the first half of 2022, 50 South Capital continued to be highly visible throughout the State to network, educate and explore ways to work with many of Indiana's stakeholders including: entrepreneurs, accelerators and community groups to ensure NLF's success. Several examples of the various community activities and events include:

- Sponsored and guest speaker at networking event in Evansville on angel investing & venture capital.
- Sponsor for Dimension Mill's, Crossroads Collegiate Competition in Bloomington.
- Guest speaker for Indiana University - Kelley MBA program to discuss venture capital ecosystems and Indiana investment environment.
- Sponsored and attended University of Indianapolis School of Business Charity Golf Fundraiser for Christel House.
- Sponsored AgriNovus Quadrant programming.
- Attended annual networking dinner at University of Indianapolis School of Business for over thirty undergraduate students.
- Guest speaker at Indiana University - Kelley School in Bloomington for over twenty undergraduate students to discuss careers in entrepreneurship, venture capital and private equity.
- Guest speaker at event hosted by the Venture Club of Indiana along with Elevate Ventures to discuss the state of venture capital in the Midwest and the state of Indiana.

### Portfolio Updates

As of June 30, 2022, NLF had made twenty-two fund commitments and two co-investments totaling \$179,896,663. Four new fund commitments, Allos Ventures IV, L.P., Base10 Partners III, L.P., Frazier Life Sciences XI, L.P. and Foundry 2022, L.P. were made during the first half of the year. 50 South Capital currently serves on the limited partner advisory boards



(or similarly functioning board) for twelve NLF recipient funds. Additional information on the most recent investments is provided below.

Based in Indianapolis, Indiana, Allos Ventures is a venture capital firm investing in early-stage technology companies. The team operates out of two offices in Indianapolis and Cincinnati, Ohio. The firm was founded in 2009 by Don Aquilano and John McIlwraith after recognizing the shortage of early stage capital in the Midwest ecosystem and a shortage of professional capital after the angel round for many companies. In the spring of 2018, David Kerr joined the team as the third partner alongside Aquilano in the Indiana office. The Firm invests in disruptive software businesses, partnering with high-conviction entrepreneurs to accelerate growth to build value.

Base10 Partners is an early stage venture capital firm primarily focused on making investments in seed to Series B stage technology companies in traditional sectors such as finance, insurance, healthcare, manufacturing and logistics. Founded in 2017 by Ade Ajao and TJ Nahigian to leverage their prior experiences as tech operators and investors, the founders wanted to create a firm that would invest in early stage companies automating the real economy—mature industries such as construction, logistics, restaurants and transportation. Base10 follows a thematic investment process to establish a concise framework for sourcing, developing and scaling innovative technologies across several targeted industries. The firm’s underlying thesis is a belief that problems that impact the real economy affect 99% of people and that venture capital firms have created a disadvantage for themselves by only focusing on investments in Silicon Valley.

Frazier Healthcare Partners was founded in 1991 as one of the first healthcare-dedicated investment firms. Alan Frazier, who had been a senior executive at multiple successful biotechnology companies (CFO of Immunex, CFO of Affymax, and Founding CFO of Affymetrix), started the firm in Seattle, Washington with a \$5.0 million fund to build a track record. Since inception, the firm has raised eleven institutional funds, with a total of approximately \$2.1 billion in committed capital. Life sciences investing has been a core element of Frazier’s investment strategy since inception. Patrick Heron, Jamie Topper and Dan Estes, serve as managing general partners and lead an experienced team of thirty-two investment professionals and operations staff. The Frazier life sciences team is focused on investing in and creating biopharmaceutical companies developing novel therapeutics.

Founded in 2007, Foundry Group is one of the leading early stage venture capital firms in the industry and is credited with being one of the founders of the tech and entrepreneurial ecosystem in Colorado. The firm was founded by Brad Feld, Seth Levine, Ryan McIntyre and Jason Mendelson who had previously worked together since 2001 at Mobius Venture Capital. Foundry Group takes a thematic approach to investing by which the Managing Directors select a domain that they believe represents a significant long term opportunity, become experts in that area, and invest deeply in several companies early in the lifecycle of the domain.

| <b>Indiana Next Level Fund Investment Portfolio</b> |                |                             |                                |
|---|----------------|-----------------------------|--------------------------------|
| <i>(as of June 30, 2022)</i>                        |                |                             |                                |
| <b>Fund Investment</b>                              | <b>Vintage</b> | <b>Strategy</b>             | <b>Location</b>                |
| High Alpha Capital Fund II, L.P.                    | 2018           | Early stage venture capital | Indianapolis, IN               |
| Foundry Group Next 2018, L.P.                       | 2018           | Multi-stage venture capital | Boulder, CO                    |
| Techstars SportsTech Powered by Indy                | 2018           | Early stage venture capital | Indianapolis, IN               |
| Allos III-Q, L.P.                                   | 2018           | Early stage venture capital | Indianapolis, IN               |
| Signal Peak Ventures III, L.P.                      | 2018           | Early stage venture capital | Salt Lake City, UT             |
| Hyde Park Venture Partners Fund III, L.P.           | 2019           | Early stage venture capital | Indianapolis, IN & Chicago, IL |



|   |      |                              |                                 |
|---|------|------------------------------|---------------------------------|
| Acre Ventures Partners II, L.P.         | 2019 | Early stage venture capital  | Santa Monica, CA                |
| M25 Fund III, L.P.                      | 2019 | Early stage venture capital  | Indianapolis, IN & Chicago, IL  |
| GSV Ventures Fund II, L.P.              | 2019 | Early stage venture capital  | Chicago, IL & San Francisco, CA |
| Frazier Life Sciences X, L.P.           | 2020 | Multi-stage venture capital  | Menlo Park, CA                  |
| Data Focus Fund, L.P.                   | 2020 | Growth private equity        | South Bend, IN                  |
| Avenue Venture Opportunities Fund, L.P. | 2020 | Venture Debt                 | Palo Alto, CA & New York, NY    |
| High Alpha Capital Fund III, L.P.       | 2021 | Early stage venture capital  | Indianapolis, IN                |
| Sixty8 Capital, L.P.                    | 2021 | Early stage venture capital  | Indianapolis, IN                |
| 5AM Ventures VII, L.P.                  | 2021 | Early stage venture capital  | San Francisco, CA & Boston, MA  |
| Edison Partners X, L.P.                 | 2021 | Growth stage venture capital | Princeton, NJ                   |
| Centerfield Capital Partners V, L.P.    | 2022 | Structured private capital   | Indianapolis, IN                |
| Allos Ventures IV, L.P.                 | 2022 | Early stage venture capital  | Indianapolis, IN                |
| Base10 Partners III, L.P.               | 2022 | Early stage venture capital  | San Francisco, CA               |
| Frazier Life Sciences XI, L.P.          | 2022 | Multi-stage venture capital  | Menlo Park, CA                  |
| Foundry 2022, L.P.                      | 2022 | Multi-stage venture capital  | Boulder, CO                     |

To date, the majority of NLF’s underlying portfolio companies are based in the greater Indianapolis metropolitan area. However, we continue to see NLF’s recipient funds increase their investment activity in West Lafayette, South Bend, Bloomington, Southern and Northwest Indiana. Furthermore, recipient funds are engaging and investing in industries of strength throughout Indiana such as agriculture, bioscience, life sciences and software, especially enterprise and software services. In addition to the strong economic development gains taking shape in the underlying portfolio, NLF’s aggregate investment performance continues to demonstrate strong performance with a 1.27x net TVPI and 16.1% net IRR as of June 30, 2022. The NLF portfolio has already emerged out of its j-curve and has begun making distributions despite being early in its lifecycle with only 39.7% of capital called as of the second quarter of 2022.

NLF’s recipient funds have invested in 72 Indiana companies, totaling \$221.65 million of invested capital, representing 1.23x NLF’s committed capital to such NLF recipient funds and 88.2% of NLF’s total committed capital of \$251.2 million.

| <b>NLF Capital Activity</b><br><i>(as of June 30, 2022)</i> |               |
|---|---------------|
| Fund Size   | \$251,200,000 |
| Committed Capital   | \$179,896,663 |
| Committed Capital (%)*                                      | 71.6%         |
| Capital Called (\$)   | \$99,644,377  |
| Capital Called (%)*   | 39.7%         |



|   |               |
|---|---------------|
| Capital Called to Committed (%)             | 53.9%         |
| Distributed Capital (\$)                    | \$12,168,770  |
| Distributed Capital (%)                     | 4.4%          |
| # of Recipient Funds                        | 21            |
| # of Co-Investments                         | 2             |
| # of Total Portfolio Companies              | 407           |
| # of Total Investments in Indiana Companies | 72            |
| Dollars Invested in Indiana Companies       | \$221,653,845 |
| Invested in Indiana Companies to Committed  | 1.23x         |

*\*The percentage of committed capital and called capital is as of the entire NLF program size of \$251,200,000. Distributed capital is a percentage of called capital and includes recallable distributions.*

### ***Featured Indiana Companies***

- **Roadpass Digital**, based in South Bend-Elkhart, is a technology platform for road-based travel and outdoor tourism. The platform include virtually anything an outdoor traveler could need to better his or her experience, including education, service, campground reviews, an online community, RV GPS navigation, and a trip planning application.
- **Holder** an Indianapolis based platform, is creating the first relationship management platform built for non-fungible token projects and web3 communities.
- **Colaboratory** is an Indianapolis based software platform for fast growing brands to design, activate, and measure impactful brand collaborations.
- **Afterschool HQ** is an Indianapolis based platform that replaces the extracurricular activity “flyer” at schools enabling parents to find, register, and pay for programs online.

The chart below highlights several of the Indiana companies in the underlying NLF portfolio as of June 30, 2022.

# NextLevel INDIANA



Thank you for your trust and partnership with 50 South Capital and we look forward to providing additional details on the development of the Indiana Next Level Fund in the quarters to come.

Very respectfully,

50 South Capital Advisors, LLC