



INDIANA NEXT LEVEL FUND

SEMI-ANNUAL REPORT
FOR THE PERIOD ENDING
DECEMBER 31, 2021



Prepared by:
50 South Capital Advisors, LLC
Program Administrator

50 SOUTH
CAPITAL

Report No. 8

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June 24, 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 December 31, 2021 to the Next Level Fund Investment Board. Since launching the program in March 2018, we have leveraged our program management expertise and deep relationships to establish the Indiana Next Level Fund, L.P. ("NLF") with Indiana venture capital fund 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 the Next Level Fund (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 Next Level Fund Investment Board (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.

The Next Level Investment Policy is designed to ensure that the Next Level Fund Investment Board, the Program Administrator as well as any contractors the Investment Board or Program Administrator retains to provide services related to NLF, take prudent measured, effective actions while supporting the NLF. The Investment Policy is designed to allow for sufficient 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 the NLF. The policy requires a fund-of-funds approach which means that investments will be spread across multiple venture capital firms based in Indiana and/or venture capital firms with a track record of investing in Indiana companies. On March 15, 2018, the Investment Board adopted an investment policy for NLF that includes the following investment parameters:

- 1) The policy provides that money in the trust may be invested in investments that:
 - a. maximize risk appropriate returns, which may include the purchase of equity or debt securities;
 - b. make significant investments in Indiana funds and companies; and



- 2) Not more than twenty-five million dollars (\$25,000,000) may be invested in any one particular investment fund.

NLF will make targeted investments in Indiana venture capital funds and Indiana businesses in order to generate competitive investment performance as well as support increased entrepreneurship and innovation in the State. The main objectives of the program are to:

- (1) Foster a strong, vibrant ecosystem for entrepreneurs and raise the national profile of Indiana's rich healthcare, technology, agricultural and business communities.
- (2) Drive economic activity in Indiana by making investments in Indiana venture capital firms in order to attract, assist and retain quality technology businesses in Indiana.
- (3) Deliver competitive investment performance for the State by building a prudently diversified portfolio.

50 South Capital Advisors, LLC was selected as NLF's Program Administrator through a public bidding process. 50 South Capital Advisors, LLC serves as the General Partner of Indiana Next Level Fund, L.P. Primary responsibilities of the Program Administrator include but are not limited to:

- Implementation of the investment strategy,
- Selection and evaluation of the recipient funds,
- Selection and evaluation of co-investments,
- Fund monitoring,
- Benchmarking,
- Reporting,
- Quarterly meetings,
- Annual report,
- Website,
- Communication and liaison duties,
- Encouraging additional investments and investor focus in Indiana technology businesses,
- Educational resource and advisor,
- Establish an Advisory council to assist with consultative and outreach matters.

For additional information, please visit the NLF website at www.nextlevelindianafund.com.

Market Update

During the second half of 2021, there was \$436.3 million invested in one-hundred and eight Indiana-based, venture backed companies, according to Pitchbook. For 2021, Indiana was the 23rd most active state in the country by number of deals and 30th by dollars invested in venture-backed companies, according to Pitchbook's NVCA Venture Monitor Summary. Lastly, venture investment in the State of Indiana in 2021 far outpaced 2020 with \$1.073 billion versus \$438 million, respectively, representing almost 2.5x year-over-year increase. The significant increase demonstrates the strength of the State's underlying venture economy and the ability for companies in the state to raise capital and scale-up.

There were several significant Indiana-based company financings through the second half of 2021:

Company	Location	Company Description	Deal Size	Month/Year
Onboard Meetings	Indianapolis & West Lafayette	Developer of board meeting solution that can be used on any device from anywhere.	\$100.0M	Jul. 2021
Scioto Biosciences	Indianapolis	Developer of a bacterial therapeutics platform intended to help with mucosal-permeable diseases.	\$26.5M	Nov. 2021
SIMBA Chain	Plymouth	Creator of a cloud-based, smart blockchain-as-a-service platform .	\$25.0M	Sep. 2021
IntelinAir	Indianapolis	An automated intelligence platform designed to model crop performance.	\$20.0M	Sep. 2021
High Alpha Studio	Indianapolis	A venture capital studio that invests in B2B and SaaS companies.	\$18.0M	Oct. 2021
BrightVolt	Newberry	Creator of solid-state battery technology intended to improve energy consumption.	\$16.5M	Dec. 2021
Gate Neurosciences	Carmel	A healthcare company intended to offer neuropsychiatry therapeutics.	\$15.0M	Dec. 2021
FactoryFix	Indianapolis	Developer of an online platform designed to connect companies with skilled workers.	\$10.0M	Dec. 2021
Sortera Alloys	Fort Wayne	Manufacturer of a sorting system designed to reuse metals recovered from end-of-life products.	\$10.0M	Nov. 2021
Cured	Indianapolis	Developer of a healthcare digital marking and customer relationship management platform.	\$10.0M	Sep. 2021

(Source: Pitchbook)

NLF Updates

Community Activities

Our 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 second half of 2021, 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:

- Hosted the third Annual Summit for the Indiana Next Level Fund.
- Sponsor and participated in the 13th Innovation Showcase presented by the Venture Club of Indiana in Indianapolis.
- Participated in townhall event with Representative Victoria Spartz and the National Venture Capital Association
- Sponsor for Elevate Ventures' Kinetic Conference in Indianapolis.



- Sponsor and judge for the Crossroads Statewide Pitch Competition in Bloomington.
- Guest speaker on entrepreneurship and venture capital at the Butler University, Lacy School of Business.

As many events have returned to in-person, we were excited to re-engage as 50 South Capital continues to be highly visible in the local technology community and throughout the State to network, educate and explore ways to collaborate with Indiana’s stakeholders including: entrepreneurs, accelerators, civic leaders and community groups to ensure the program’s success.

Portfolio Updates

As of December 31, 2021, NLF had made seventeen fund commitments and two co-investments totaling \$153,396,663. One new fund commitment, Centerfield Capital Partners V, LP was made during the second half of the year. 50 South Capital currently serves on the limited partner advisory boards (or similarly functioning board) for eleven NLF recipient funds. Additional information is provided below.

Centerfield Capital Partners is an Indiana-based private equity firm that provides debt and equity capital to privately held, lower middle-market companies. The Firm invests throughout the U.S. with a primary focus on businesses in the Midwest. Centerfield was formed in 1998 by Tom Hiatt and Scott Lutze. The founders retired from the Firm in 2016 and 2018, after grooming Faraz Abbasi who was promoted to Partner in 2006 and later Senior Partner to manage the operations and investment strategy of the Firm. Along with Abbasi, the investment committee consists of Michael Miller, Mark Hollis and Jill Margetts. Since inception, Centerfield has raised four committed funds, investing \$605 million in 85 companies. Centerfield’s focus of investing in subordinated debt and equity in U.S. lower middle market companies has remained consistent across all prior funds.

Indiana Next Level Fund Investment Portfolio			
<i>(as of December 31, 2021)</i>			
Fund Investment	Vintage	Strategy	Location
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	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	Private Equity	Indianapolis, IN

NLF Capital Activity <i>(as of December 31, 2021)</i>	
Fund Size	\$251,200,000
Committed Capital	\$153,396,663
Committed Capital (%)*	61.1%
Capital Called (\$)	\$80,928,114
Capital Called (%)*	32.2%
Capital Called to Committed (%)	52.8%
Distributed Capital (\$)	\$11,782,493
Distributed Capital (%)	4.7%
# of Fund Commitments	17
# of Co-Investments	2
# of Total Portfolio Companies	344
# of Total Investments in Indiana Companies	65
Dollars Invested in Indiana Companies	\$195,510,046
Invested in Indiana Companies to Committed	1.27x

**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 Portfolio Companies

- **Stagetime** is a Bloomington-based online network where artists, agents, and artistic administrators can grow as professionals and maintain relationships by engaging with industry connections, showcasing their media, and interacting with colleagues and collaborators.
- **Sudo Biosciences** is a new company formation focused on discovery for a novel target class in partnership with Jubilant Life Sciences
- **Demandwell** is an Indianapolis based software platform that helps B2B SaaS marketers turn organic search into a source of repeatable revenue through software and coaching.



- **Paragon Health** is a clinical healthcare platform with locations around the State of Indiana. The Company creates a monitoring and analytics platform to streamline medical operations and improve patient experience.



Thank you for your continued 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.

Kindest regards,

50 South Capital Advisors, LLC