



AdIn Ventures Paper 1: Investment Philosophy

Founding objectives:

- Back diverse founding teams in fintech and insurtech at the early stage (pre-seed/seed/series A)
- Help build the products, distribution and technology to support economic mobility and financial stability for everyday Americans, both individuals and small/medium businesses
- Harness financial innovation to better align consumer and business finances with sustainability goals and embed sustainability in financial products and services

Why diverse founding teams?

First and foremost, our belief backed by research is that diverse teams perform better. Second, data suggests that diverse founders, in particular, females and minorities find it hard to access capital, especially at the early stages - about 1% of VC money is invested in black founders and only 8% founders are women. The numbers are lower for fintech/insurtech. Arguably, this in itself is an opportunity for outsized returns as these founders are underinvested and bring unique experiences with higher chances of success in uncovering new opportunities and addressing under-served needs.

Why financial services?

We view financial services as an enabler (means to an end) for upward mobility and a better quality of life. Financial services touch multiple verticals such as education, healthcare, housing, consumption, supply chains, climate, etc. and there is significant opportunity for product and technology innovation at the intersection to enhance accessibility and deliver superior value at a lower cost and in a fair and responsible manner. This includes both direct to consumer products/services as well as enterprise solutions for digital transformation of providers and creating the financial infrastructure for the digital economy.

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Why everyday Americans?

Bottom 90% of Americans comprise about 115m households earning less than \$200k per year (median household income in the US is around \$68k). There are about 30m small and medium sized businesses. Within these populations, there are several sub-segments with unique needs and circumstances such as racial minorities, immigrants, low income, seniors, women, millennials/GenZ, freelancers, sole proprietors, family businesses, etc. We believe that the traditional financial system tends to under-serve these segments, partly due to the small wallet size relative to cost to acquire/serve and partly due to the fact that the top 10% of Americans and large corporates account for a disproportionate amount of wealth, assets and income and constitute a significant revenue pool, which the traditional players are content with to focus on.

Recent research by the IMF suggests that as the size and depth of the financial system increases, there is likelihood of greater inequality partly due to reduced access to quality financial services for the less well off. We believe that this is the case in the US. Fintech, with its ability to expand financial inclusion, is an effective tool to address this gap and there is already evidence to support this. We are therefore of the view that over the next 5-10 years, the majority of value creation in financial services will be in serving the needs of the bottom 90% i.e. everyday Americans.

Why sustainability?

The shape and values of our society are undergoing a significant change. There is a shift away from the predominant shareholder centric approach to one that considers a broader set of stakeholders. Increasingly, citizens want to align their actions with their values and this also applies to their financial life. We are also witnessing one of the largest intergenerational wealth transfers from baby boomers to millennials/GenZ, who are more in tune with societal impact. At the same time, more funding is needed to address issues like inequality, education, healthcare and climate change. This will require that financial products and services embed sustainability principles, empower citizens to align their finances with their values and enable the allocation of resources towards sustainable development.



Alignment with UN Sustainable Development Goals (SDG):

- SDG5: Gender Equality. Investing in female founded startups will enable women's participation and equal opportunity for leadership roles. It also provides women with equal rights to economic resources
- SDG 8: Decent Work & Economic Growth. The fund, via its portfolio companies, will encourage and expand access to banking, insurance and financial services
- SDG 10: Reduce Inequality. The fund, via its portfolio companies, will help to achieve and sustain income growth for a broader section of society

In addition, we will back startups that leverage financial services to support the broader SDGs. This cuts across areas such as education, healthcare, climate, clean energy and responsible consumption.