

Dear Friends of Acumen Fund,

Let me start this letter by mentioning that we're separating my update letter to the community from the Acumen team's quarterly updates. We've listened to your preference for shorter, more frequent communications that go deeper into single insights or investments, along with a more personal letter from me. Of course, given our commitment to accountability, we also will send our investors a comprehensive update once a year. We count on you, our community, to let us know what you think about this new approach, so thanks in advance.



Jacqueline (far right) on a community outreach trip with LifeSpring Hospitals in India

This past week, we held our Investor Gathering at the [Rubin Museum](#), thanks to the generosity of Donald and Shelley Rubin. We were humbled to welcome Acumen Partners and team members who traveled from 16 different countries. The energy, intellect and commitment in the room were palpable; we felt incredibly honored and inspired. Special thanks to Arif Naqvi, Acumen Steward and our keynote speaker who traveled from Dubai. Arif spoke about an “empathetic evolution” in today’s interconnected world. He looked back at history and discussed the role of entrepreneurs, and the power of individuals to effect large-scale change. It was a privilege to hear him speak about the world and about Acumen Fund as well.

If there were one theme at the gathering, it was that Patient Capital is working – and we are seeing it in every country in which we work. I visited Pakistan for the first time in 2002, and that same year we approved our first loan to Kashf when that microfinance organization had less than 15,000 borrowers. Today, Kashf lends to 300,000 women through its nonprofit arm as well as its recently formed commercial bank.

I remember visiting WaterHealth International's first plant serving a low-income rural village outside Vijayawada in southern India in 2004. Two weeks ago, [a group of intrepid Acumen Partners joined me in India](#) and we were all present at the launch of WHI's 285th plant! Global CEO Sanjay Bhatnagar told me that the company expects to have 600 plants serving 600 villages in the next eighteen months. Moreover, we're learning that the creation of a single company in a new, untested market can lead to the building of an industry – and this is where change really starts. Whereas we saw WHI as the only investment option for

drinking water in 2004, we're now seeing a growing number of companies in India entering the drinking water space.

I remember being asked frequently – and with great skepticism - whether social enterprise could ever scale. What has been exciting is to see not only hundreds of thousands being served by each enterprise, but a number of our enterprises entering into government contracts to grow exponentially. This combination of innovation and jumpstarting the provision of public goods with private resources is certainly one path to the future.

Before we sit too comfortably on our laurels, we also recognize that we are headed for new challenges. With at least three companies exploring public-private partnerships, we need to strengthen our skill set in order to provide the right financing and operational support. Clearly, there will be new issues when partnering with the public sector, including in some cases the risk of corruption. We know this issue isn't easy: what does an entrepreneur do when running a tight cash operation and the government official refuses to pay her on time or until she first pays a small amount to him to release the check? We're hoping to confront these issues jointly with our investees – patient capital should allow this - and begin to build a collective brand around dealings with the highest integrity. Only then will the officials stop demanding petty bribes to get simple things done which hurt the poor more than anyone else.

We also are introducing a new product this year: Acumen Capital Markets (ACM) officially closed in November with \$15.9 million in capital committed from an array of individual investors, foundations and corporations. The fund was anchored with support (both financially and in thought partnership and overall structuring) from the Rockefeller and Skoll Foundations and we are grateful for their early belief as well as their willingness to jump in and work to make the fund relevant for our investors. We couldn't have done this without all of the investors and we thank everyone for taking a risk and being part of this. Essentially, ACM will expand the sources of capital available to Acumen and, in particular, we expect the Fund to focus on some of the more mature opportunities in our portfolio that are increasingly ready for this new type of investor capital.

No Investor Gathering would be complete without a final presentation by the Acumen Fellows. This year, the class came from Ghana, Zimbabwe, the United States, Uganda, Lebanon, Pakistan and Japan. Indeed, it is worth taking a few minutes to watch the [video of their performance](#) to get an understanding of the richness that this class brings to everyone who meets them. The class has now left New York and is working at various Acumen investees, and you can follow them on the [Acumen blog](#). Past classes are now doing what we'd dreamed – helping to build social enterprises, starting their own, and running university classes focused on creating a sector based on the ideas of patient capital.

The Fellows program also has gained in visibility and is attracting an even more diverse, experienced group of applicants. We kept the application process open for less than a month and made it more demanding so as to

discourage less serious applicants. Regardless, we've received nearly 600 applications from 65 countries, and the quality has never been better. We'll announce the next class in early Spring.

On our recent Acumen partner trip to India I was most struck by the sense of empowerment among the villagers and slum dwellers we met. I remember visiting rural Kenya to see a solar project in 1994. I was with Peter Goldmark and members of the first Philanthropy Workshop class, some of whom – like Andrea Soros-Colombel and Stuart Davidson – are on Acumen's Board today. Though laced with idealism, the project was based on expensive technology and had no real distribution strategy nor focus on sustainability. Not surprisingly, it failed.

Fifteen years later, we walked into a rural village with Sam Goldman, the CEO of D.light Design, a company that sells affordable solar lights to the poor in India and Tanzania. This time, there was a solar light hanging beside the door of every house we saw. The women treated us not with easy thanks afforded to donors, but instead, they shared their enthusiasm for the decisions they made themselves. "We bought these lights," they would say, "because now our children can study without fear of being harmed by fire from kerosene. This light doesn't harm our health. And it is lower cost than kerosene, so we earn more income too!" The difference between talking to a recipient of charity and a customer is the difference between passivity and action, between an unequal relationship and one based on real partnership. Having done this kind of work for a quarter century now, this change in the relationship is the most breathtaking of all. For only when we see each other as partners and as equals can we really hope to wipe out poverty.

At the end of my Investor Gathering talk, I shared one of my favorite quotes by the Sufi philosopher Jalalud'din Rumi

-- "Let the beauty of what you love be what you do."

The next line makes the quote all the more powerful:

-- "There are a hundred ways to kneel and kiss the floor."

At Acumen Fund, we are driven by values that guide our aspiration to combine a hard edged focus on financial and operational excellence with a sense of divinity or grace in how we do the work. I think often of the mentors who guide the way we are trying to build Acumen Fund, especially John Gardner and Dr. Venkataswamy. Though no longer with us, both left legacies in the hearts and minds of thousands of individuals, all of whom continue to be inspired by those men, and are focused on extending a greater sense of humanity, of freedom, and of hope to those too often left out.

In the spirit of Thanksgiving, I send my deepest appreciation to each of you for the work you do in your own

lives on behalf of others. John Gardner would frequently tell me to commit to something and it will set you free. I have never felt more committed nor more supported than right here, right now. I feel grateful for the incredible team with whom I am privileged to work, our wonderful board and advisors, the partners who continue to give in this difficult economic climate, our entrepreneurs, and the customers we serve - for they also teach us. I also am thankful for so many friends of Acumen who are helping us bring the idea of patient capital to the world, who believe in our mission, and who dare to dream a world where we can extend the proposition that all men are created equal to every human being on the planet.

Have a wonderful holiday season.

With gratitude and respect,

A handwritten signature in black ink, appearing to read "Jacqueline", written in a cursive style.

Jacqueline