

The Dreamers Graduate Loan Program

June 2024



INTRO: TODAY'S SPEAKERS



Jess Brooks
Vice President
Investor Relations



Ayush Mansingh
Director
Impact Investing



Gaby Pacheco
President and CEO



Dial In Instructions

Webinar ID: 975 9083 1508

Telephone: (for higher quality, dial a number based on your current location):

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 646 558 8656 US (New York)

+1 301 715 8592 US (Washington DC)

+1 669 900 9128 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

AGENDA

1. Overview of Social Finance
2. Fireside Chat with Gaby Pacheco, CEO & President of TheDream.US
3. Dreamers Graduate Loan Program Overview
4. Investment Opportunity
5. Q&A

SOCIAL FINANCE OVERVIEW: A TRACK RECORD OF MOVING MONEY TOWARD MEASURABLE IMPACT

Our History & Work

- **Founded in January 2011** by David Blood, Sir Ronald Cohen, and Tracy Palandjian
- **Mobilized nearly \$400M of impact capital** and deployed it in 20+ funds, programs and partners nationwide delivering outcomes that measurably improve lives
- **Team of 120+** includes experienced professionals from the financial, public, and social sectors based in **Boston, New York, San Francisco, Austin** and **Washington, DC**.

Why Social Finance?

- **Strong reputation** as a thought leader and trusted partner in impact-first investing through pioneering products
- **Investment team with deep investment experience** and track records of success across traditional and impact-first investing, portfolio construction and development, and impact monitoring and measurement
- **12-year track record** of designing practical, rigorous, and effective financial innovations that serve marginalized groups
- **Extensive networks across the U.S.** enable us to source best-in-class impact-first investment opportunities and to partner with philanthropic investors & charitable donor communities

Examples of Our Work

- **UP Fund:** a \$50M pool of catalytic capital investing to help unemployed and underemployed people secure good jobs in a changing economy.
- **Google Career Certificates Program:** an innovative \$100M program that aims to empower more than 20,000 learners to realize over \$1B in aggregate wage gains over the next decade.
- **Dreamers Graduate Student Loan Program:** a program for DACA and TPS students who can't access public loans. The fund aims to provide over 2,000 loans to Dreamers to help them achieve socio-economic mobility

Select Partners and Funders



DREAMERS GRADUATE LOAN PROGRAM: THE ORIGINS

Fireside Chat with Gaby Pacheco, President & CEO of TheDream.US

Gaby Pacheco
President and CEO



Gaby Pacheco is an influential immigrant rights and education leader and is the President and CEO of TheDream.US

For two decades, **Gaby has played a pivotal role in advocating for immigration and immigrant rights:**

- Spearheaded efforts in 2012 to establish the Deferred Action for Childhood Arrivals (DACA) program
- First undocumented Latina to testify before Congress in 2013, addressing the Senate Judiciary Committee and highlighting the urgent need for immigration reform
- Forbes magazine's "30 Under 30: Education" and "40 Under 40: Latinos in American Politics"
- Highly sought-after national political analyst, regularly sharing her expertise on networks and contributing opinion pieces to newspapers

THE DREAMERS GRADUATE LOAN PROGRAM: OVERVIEW

The loan program supports Dreamers who wish to pursue graduate degrees but are unable to finance their education

Who are Dreamers?

DACA protects individuals who were brought to the US as children and provides them protection from deportation and work authorization

TPS grants immigrants from specific countries permission to live and work for a limited period

What Challenges do Dreamers Face in Higher Education?

Dreamers **are ineligible for any federal loan programs**, and in 26 of 50 states¹, they **cannot access state grants or in-state tuition**

Private lenders typically **require cosigners or have minimum credit score requirements**

What does the Dreamers Graduate Loan Program do?

This innovative graduate loan program unlocks access and removes key barriers for Dreamers:

- **Interest rate** is comparable to that of the Federal Grad PLUS loan program
- **No cosigner** requirements
- **No minimum credit score** requirements (credit check required)
- **Financial education resources** available to support throughout the borrowing journey

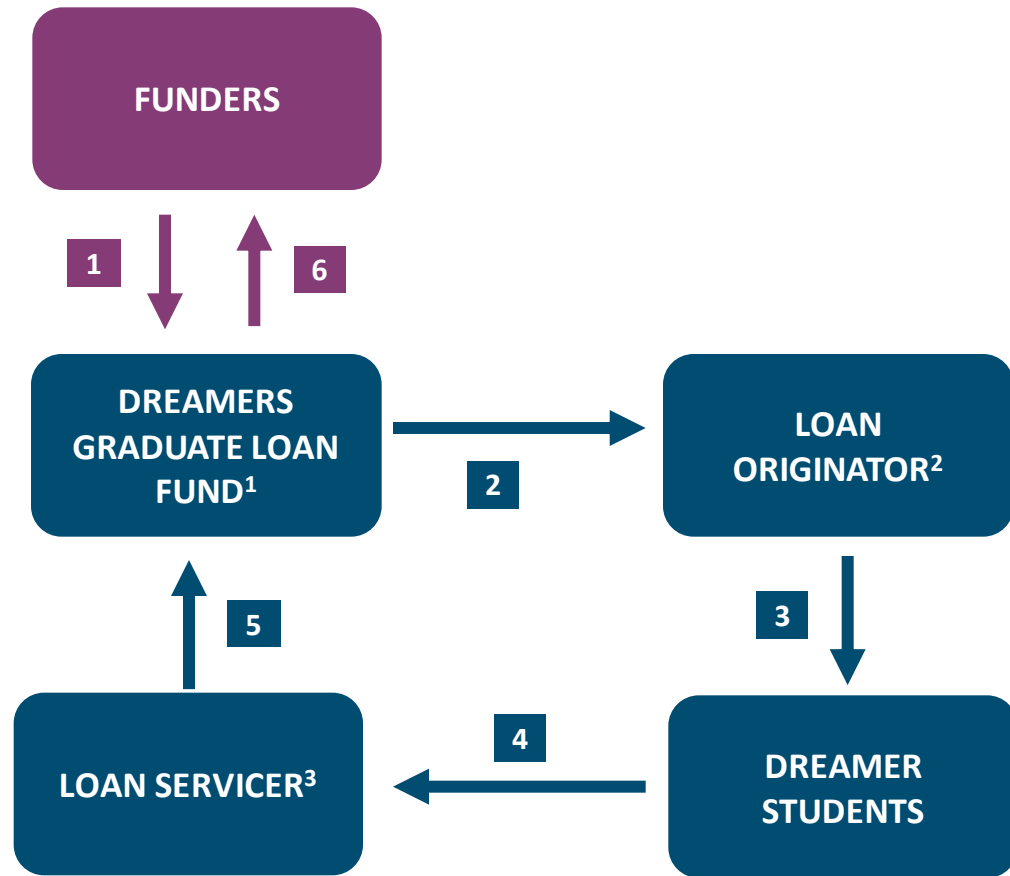
DACA: Quick Stats¹

- *There are an estimated **530k DACA-eligible** individuals and **1M TPS-eligible** individuals.*
- **82%** of DACA recipients are under the age of 35.
- **87%** of DACA-eligible students are enrolled in undergraduate programs, and only **13% of DACA-eligible students** are enrolled in graduate-level programs.
- *An estimated **230,000 DACA** students have a Bachelor's degree.²*

DREAMERS GRADUATE LOAN FUND: HOW IT WORKS

The Fund makes private student loans to Dreamers seeking to achieve economic mobility through graduate education

HOW IT WORKS



- 1** Funders invest catalytical capital in the Dreamers Graduate Loan Fund.
- 2** The Fund purchases eligible loans from the loan originator.
- 3** The loan originator verifies student application data, completes credit checks and disburses loans directly to institutions⁴.
- 4** Students repay their loans directly to the loan servicer.
- 5** Servicer remits student repayments to the Fund.
- 6** The Fund will use student repayments to repay investors and recycle capital to finance more loans

UNDERWRITING CRITERIA

The program is designed to identify pathways that prepare students for in-demand jobs without overburdening borrowers with debt



DREAMER STUDENT

- ✓ **DACA or TPS** status (work authorization)
- ✓ **Resident of an eligible state**¹ the originator is licensed in
- ✓ Must have an **SSN**
- ✓ Must **pass a credit check**²



DEGREE PROGRAM

- ✓ Graduate programs that have **strong labor market outcomes** with sufficient earnings to sustain loan repayments³
- ✓ There are over **200 eligible degrees**, including degrees in Medicine, Health Sciences, Business, STEM, Law, and others



INSTITUTION

- ✓ Institutions with **strong outcomes** and track record of success⁴
- ✓ There are over **1,500 eligible institutions** that meet our criteria

¹ The following states are ineligible: Alaska, Idaho, Maine, Mississippi, Montana, Nevada, New Hampshire, North Dakota, Rhode Island, South Dakota, Wyoming, and Washington, D.C.

² Credit Knockout criteria includes: (1) default on any past loan, (2) 11 or more instances of accounts being >90 days past due, (3) collection items/liens/judgments >\$500 (except medical debt), (4) involvement in any current or prior bankruptcy proceedings, (5) student debt debt-to-income ratio greater than 35% (includes graduate and undergraduate student loans).

³ Historical outcomes based on federal Debt-to-Income ratio data from College Scorecard (threshold of <15% DTI), and labor market outcomes from the Bureau of Labor Statistics

⁴ Historical outcomes include federal Cohort Default Rate, threshold of <8%, data available from College Scorecard

STUDENT LOAN TERMS

Loan terms are designed to be simple and straightforward and are similar to the Federal Loan Program



STUDENT LOAN TERMS

INTEREST RATE

10%¹ (fixed interest)

LOAN MINIMUM

\$5,000

LOAN MAXIMUM

Loan caps based on degree program

GRACE PERIOD

6 months post-graduation

LOAN TERM²

10 or 20 years, based on loan amount and degree program

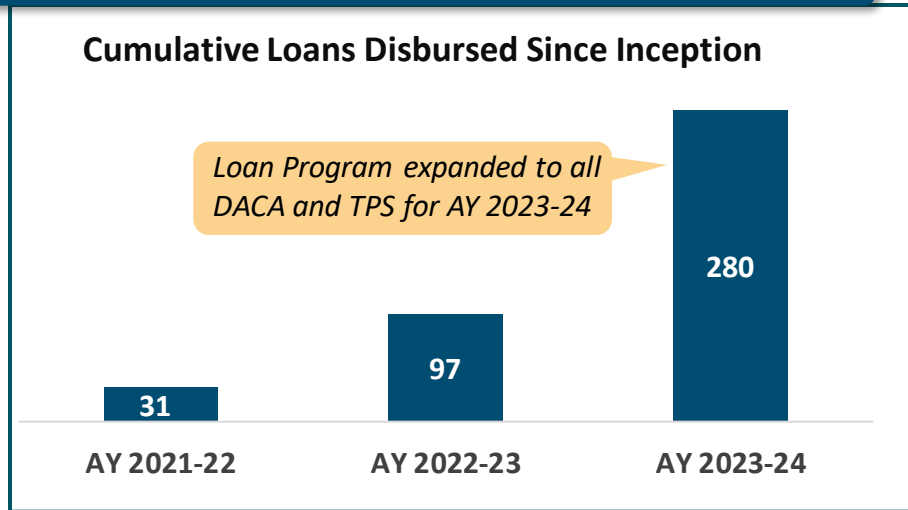
ILLUSTRATIVE LOAN EXAMPLE

Loan Amount	\$30,000
Interest Rate	10.0%
Loan Term	10 years
Grace Period	6 months
Monthly Payment ³	\$460
Total Payment	\$55,239

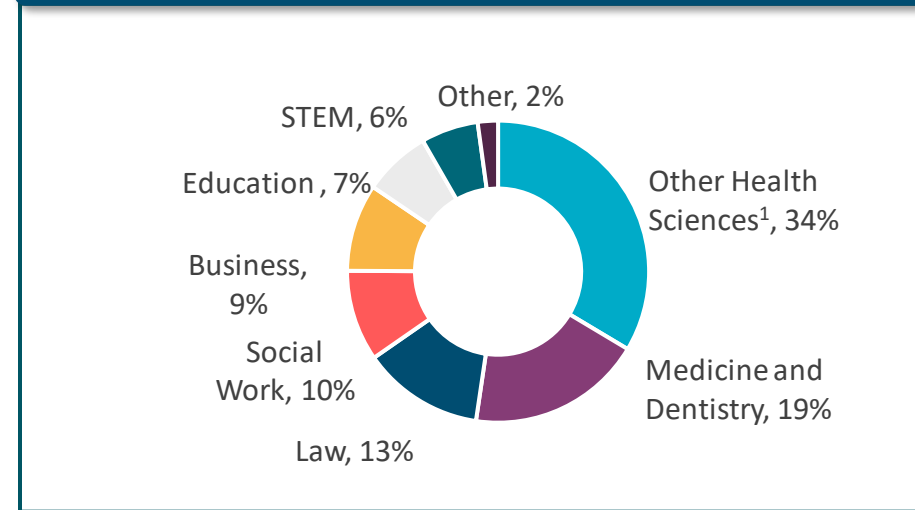
SNAPSHOT: 3 YEARS OF IMPACT

Since 2021, the Fund has financed 280 loans supporting 225 Dreamers across three Academic Years

The Fund has financed 280 loans across 3 years



Borrowers are pursuing a variety of degrees



Select Borrower Statistics²

\$37K is the average loan size (per academic year)

69% are women

78% identify as Hispanic, Latino, or of Spanish origin

3.60 Median Undergraduate GPA

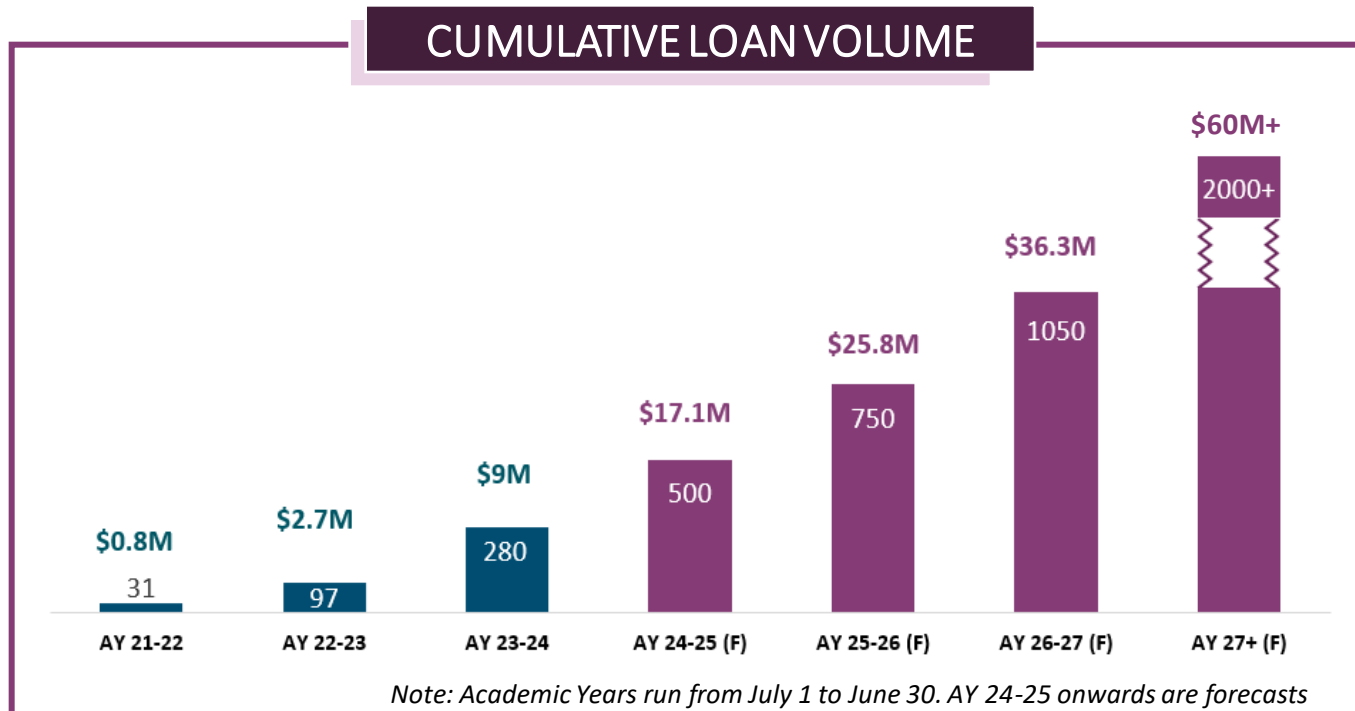
57% of borrowers are pursuing Master's degrees, **43%** are pursuing Doctorate Degrees

76% are first-generation college students

98% identified availability of funding as the primary barrier to accessing graduate school

AMBITIOUS GROWTH PLANS TO MEET DEMAND

Many more Dreamers like Homero and Ji Wan need this loan program to fulfill their personal and professional goals



69% of Dreamers wish to attend graduate school¹, to meet this demand, the Fund aims to finance a total of **2,000 loans** in the next 6 years.



*"Every day I wake up and I can't believe I'm here."
- Homero Cross, loan recipient*



*"The loan changed my situation a lot. I'm really glad there are people out there who believe in providing opportunities for DACA individuals."
- Ji Wan, loan recipient*

INVESTMENT OPPORTUNITY

The Fund is seeking to raise \$40-50M of concessionary capital to support our growth plans

	FUNDER TYPES	COMMITTED CAPITAL	ILLUSTRATIVE INVESTMENT TERMS ¹
CATALYTIC DEBT	Foundations, Philanthropies, Corporation, Individuals	\$1M	Concessionary interest rate loans (2%), over a 5-10 year term. Debt investments are not tax-deductible.
RECOVERABLE GRANTS	Individuals, Donor Advised Funds	\$3.3M	Return of principal (0% interest rate), over a 5-10 year term. Recoverable grants are tax-deductible.
GRANTS	Individuals, Donor Advised Funds, Foundations	\$14M	No return (capital is recycled) Grants are tax-deductible.

FUNDRAISING OBJECTIVES

With \$18.3M of committed capital, the Fund anticipates an **additional \$40-50M of concessionary capital**, across grants, recoverable grants, and catalytic debt over the next 6 years to support 2,000 loans.

With favorable terms, the Fund anticipates **recycling capital** to achieve these growth plans.

Q&A

Contact Us



Jess Brooks
Vice President, Investor Relations

Email:
jbrooks@socialfinance.org



Ayush Mansingh
Director, Impact Investing

Email:
amansingh@socialfinance.org

THANK YOU



IMPORTANT NOTICE AND DISCLOSURES

This presentation does not constitute an offer to subscribe for or otherwise acquire any of the interests described herein nor should it be interpreted to contain a recommendation for the sale or purchase of any security or investment product.

Social Finance, Inc., SF Advisors, LLC and their employees, subsidiaries and affiliates (including, but not limited to, any general partner or investment manager of any vehicle offering the interests described herein) (collectively, "Social Finance") make no representations as to the completeness and accuracy of any information contained within this written presentation. Information contained in this presentation is for informational purposes only and should not be construed as an offer or solicitation of any security or investment product, nor should it be interpreted to contain a recommendation for the sale or purchase of any security or investment product and is considered incomplete without the accompanying oral presentation and commentary. If and when an offering of any of the interests described herein is made, it will only be made pursuant to a confidential private placement memorandum and the governing documents of the entity issuing such interests, each of which will be furnished on a confidential basis only to qualified, "accredited investors," as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended. This presentation is not, and may not be relied on in any manner as, legal, tax or investment advice, and Social Finance makes no representation or warranty regarding the legality of any investment by a prospective investor under applicable securities or other laws.

Statements in this presentation are made as of the dates specified in this presentation and Social Finance has no obligation to update the information in this presentation, including any "forward-looking statements" (as described below). Certain information contained in this presentation has been obtained from published and non-published sources. Such information has not been independently verified by Social Finance, and Social Finance does not assume responsibility for the accuracy of such information (or updating the presentation based on facts learned following its publication).

An investment in any interests described in this presentation would be subject to various risks, including the risk that the underlying funds will not achieve any strategy, objectives or other plans, including with respect to such funds' impact objectives. If and when an offering of any of the interests described herein is made, potential investors should carefully review the confidential private placement memorandum related thereto for a discussion of the risks involved in making an investment in such interests.

Any projected or targeted returns included in these materials should not be regarded as a representation or guarantee that any investment strategy will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

This presentation contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact included in this presentation are forward-looking statements. These statements relate to analyses and other information, which are based on forecasts of future results and estimates of amounts not yet determinable. Due to various risks and uncertainties, actual events or results or the actual policies, procedures and processes of the investment managers of the underlying funds and the performance of the underlying funds may differ materially from those reflected or contemplated in such forward-looking statements and no undue reliance should be placed on these forward-looking statements, nor should the inclusion of these statements be regarded as Social Finance's representation that the proposed fund will achieve any strategy, objectives or other plans. These forward-looking statements are identified by the use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "will" and similar terms and phrases, including references to assumptions. However, these words are not the exclusive means of identifying such statements. For example, any projections or other estimates in this presentation, including estimates of returns or performance, are forward-looking statements. Although Social Finance believes that the plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, there is no assurance such plans, intentions or expectations will be achieved. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that are expected. There is no assurance that the results or developments Social Finance expects or anticipates will be realized or, even if substantially realized, that they will affect the investments in the way Social Finance expects. The forward-looking statements included in this presentation are made only as of the date hereof. Social Finance undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. Accordingly, investors and prospective investors should not rely on any projections or forward-looking statements in making any investment decision.

This presentation is intended only for authorized recipients who qualify as "accredited investors" under federal and state securities laws and must be held strictly confidential. This presentation includes confidential, proprietary and trade secret information of Social Finance and the participating portfolio organizations. By accepting this information, each recipient agrees that (i) no portion of this presentation may be reproduced, distributed or disclosed in any format without the prior express written consent of Social Finance, (ii) it will not copy, reproduce or distribute this presentation, in whole or in part, to any person or entity, and (iii) it will keep confidential all information contained herein that is not already in the public domain. By accepting delivery of this presentation, you agree to the foregoing and to return or delete this presentation promptly if you do not elect to invest in any interests described herein or upon the request of Social Finance. Notwithstanding anything set forth herein, each recipient of this document (and each of the employees, representatives, or other agents of such recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the proposed fund (2) any of their transactions, and all materials of any kind (including, without limitation, opinions or other tax analysis) that are provided to each recipient relating to such tax treatment and tax structure.

Social Finance is not acting and does not purport to act in any way as an advisor or in a fiduciary capacity vis-a-vis any investors in the proposed fund. Therefore, it is strongly recommended that any prospective investor obtain independent advice in relation to any investment, financial, legal, tax, accounting or regulatory issues discussed herein. Analyses and opinions contained herein may be based on assumptions that if altered can change the analyses and opinions expressed. Nothing contained herein shall constitute any representation or warranty as to future performance of any financial instrument, credit, currency rate or other market or economic measure.

The distribution of this document in certain jurisdictions may be prohibited or restricted by law; therefore, people in whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the law of such jurisdictions.