



AozoraStep's ABC of impact: aspire, boost, capitalise

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“To give everyone a chance, and demonstrate that everyone can make it, no matter the background and the connections: dream, innovate, execute”.

David Herrmann, Founder, AozoraStep

AozoraStep's ABC is a simple approach to making positive social impact while investing in undervalued UK equities.

ABC

Aspire:
support innovative startups

Boost:
remove barriers to success

Capitalise:
enable business growth

AozoraStep's ABC Foundation: a simple model for impact

AozoraStep makes short-term investments in undervalued UK equity turnaround, aiming to help businesses recover and generate strong returns. Its primary investor focus is UK pension funds - some with impact investing mandates - and family offices, many of which are guided by next-generation wealth priorities which focus on social and environmental impact.

Founder & CEO David Herrmann knows that startups need support to get off the ground. He wants his impact funding to remove the barriers for startups; ensuring that compliance and governance don't derail **aspiration** by giving them a **boost** on the way to them **capitalising** on their ideas and growing a thriving businesses.

David was inspired by the Salesforce model created by Marc Benioff - donating 1% of time, 1% of pre-IPO equity, and 1% of product to make impact - and sought a similarly simple structure to embed impact into AozoraStep's success. As the company's revenue increases, so too does the money available for social initiatives.

AozoraStep's commercial model is to charge a 20% performance fee and a management fee of 1%.

AozoraStep's ABC Foundation model links financial performance directly to impact by allocating 1% of the performance fee earned on returns exceeding 8%, as well as inviting investors to donate rather than redeem any annual profit from the 1% management fee.

ABC Model: impact-linked performance fee

AozoraStep commits to the donation, and / or philanthropic investment*, of 1% of its 20% performance fee charged when returns exceed an 8% hurdle.

- This model transparently aligns social impact with financial performance
- AozoraStep is committing its own money for impact while preserving operational capital
- There is no impact on the returns for investors

* impact investments may be made to organisations that are not registered as a charity or nonprofit.

ABC Model: impact from surplus management fees

As AUM grows and the money earned from the 1% management fee exceeds the cost base, investors will be given the opportunity to 'match' AozoraStep's 1% impact commitment: investors can choose to donate rather than redeem any profit after costs from the 1% management fee. Donations will go to the ABC Foundation's portfolio of well-vetted impact projects.

- Offers investors agency and simplicity in directing impact funds, with donations being attributed to them
- Scales impact proportionally with AUM growth
- Incentivises investors to commit to making impact alongside AozoraStep's 1% commitment

Aspire: support innovative startups to attain their dreams

ABC Foundation will support UK innovators to realise their dreams and aspirations. It's increasingly hard for UK startups to succeed.

In 2024, for the first time, more UK companies were dissolved than incorporated, with company dissolutions being 65% higher than before the COVID-19 pandemic. Company longevity has declined by nearly 20% in 10 years: [Company insolvencies, December 2024 - GOV.UK](#)

The most cited reason for failure is lack of capital.

[Why Startups Fail: Top 12 Reasons | CB Insights](#)

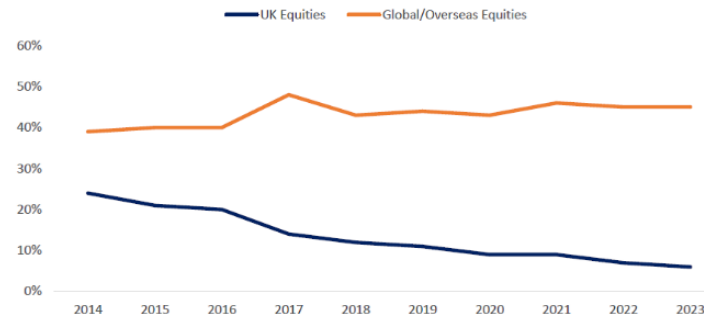
Despite the availability of investment money in the UK - including £3.2trn of pension assets - it is often allocated abroad or in safe havens such as Gilts, leaving UK scale-ups to rely increasingly on overseas investors to grow.

In 2023, 94.3% of deal value over £50m included foreign investors. This compares to 89.7% for the 2019-2023 average. <https://www.bvca.co.uk/resource/bvca-uk-scale-ups-increasingly-relying-on-overseas-investors-to-grow>

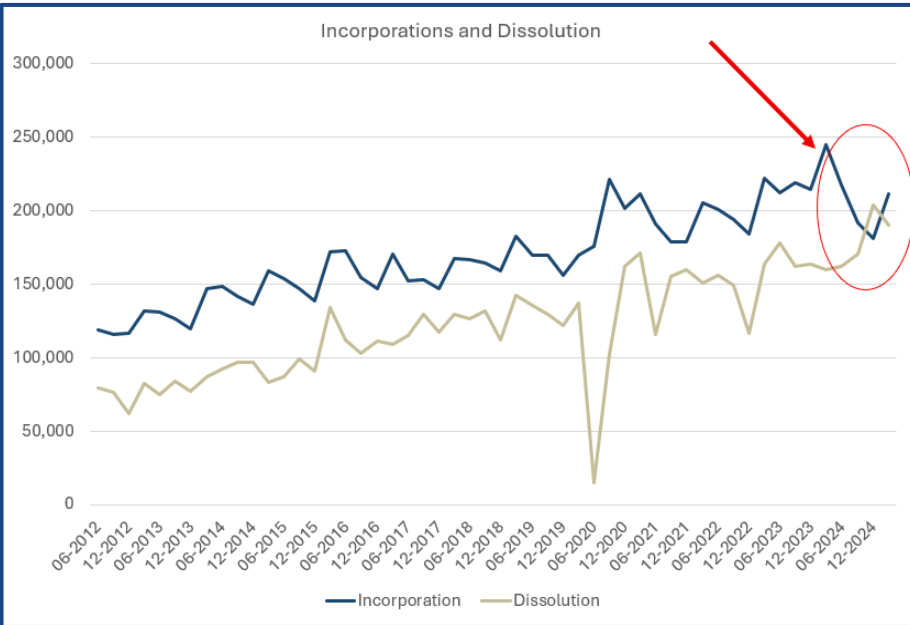
Startups can also face a burden from compliance and governance: nearly £23K on average in the UK for incorporation costs, accountants' fees, legal expenses, HR overheads and general administration.

[How much money do you need to start a business in the UK in 2025?](#)

Figure 5: LGPS trends in UK and global equities as % of total AUM

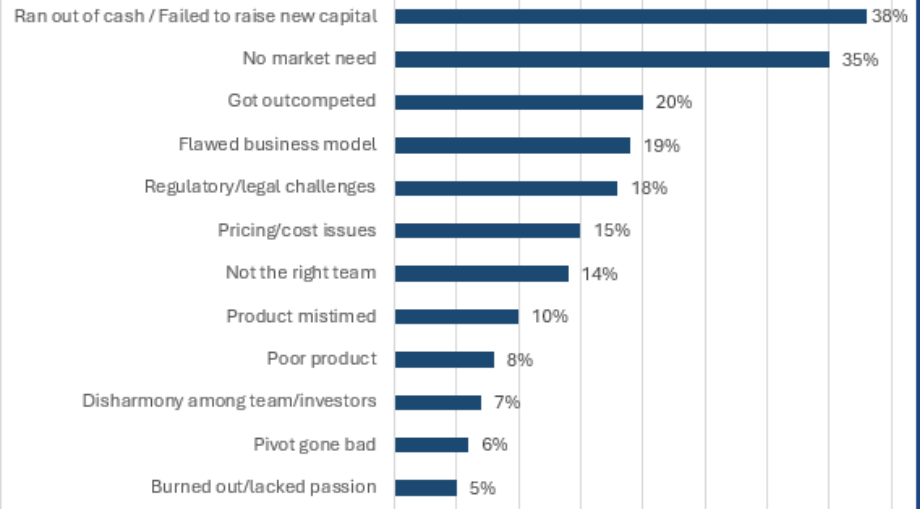


[Pension fund investment and the UK economy - GOV.UK](#)



[Company insolvencies, December 2024 - GOV.UK](https://www.gov.uk/government/statistics/company-insolvencies-december-2024)

Lack of capital is the #1 reason for business failure



[Why Startups Fail: Top 12 Reasons | CB Insights](https://www.cbinsights.com/research/why-startups-fail-top-12-reasons/)

The ABC Foundation aims to give innovative, future-looking startups a **boost** ...

Boost: remove barriers to success

AozoraStep's ABC Foundation will support - through donations or impact investments - entrepreneur programmes delivered by charitable, nonprofit or other social benefiting organisations which have been vetted for due diligence and impact*.

The types of programmes could include, for example:

- [Giving overlooked entrepreneurs and small businesses the support, network and resources they need to chase their dreams](#)
- [Sponsoring an innovation fellowship](#)
- [Investing in early-stage innovative companies](#)
- [Supporting talent development](#)
- [Sponsoring an innovation prize](#)

“I want to give everyone a chance, to give innovators and start-ups a boost, as long as they work hard and show willingness to learn - to enable them to take a risk.”

David Herrmann, Founder, AozoraStep

* once there is funding, there is additional work to do to select organisations & programmes, vet them, and to create metrics for impact and reporting

Capitalise: enable business growth and resilience



As we start to make donations and investments to boost startups we will:

- Help them to network and make connections to generate investment and find mentors
- Track their progress and the impact our support enabled
- Assess any further support we can provide for them to grow and thrive

AozoraStep's ABC: aligned to the UN Sustainable Development Goals



"Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."

Target 4.4: Skills for employment and entrepreneurship



"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"

Target 8.3: Promote policies that support entrepreneurship and innovation



"Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."

Target 9.2: Promote inclusive and sustainable industrialization and raise industry's share of employment and GDP.

AozoraStep's ABC: about us



David Herrman
Founder, portfolio
manager,
AozoraStep

David started his career at UBS Investment Bank as a Securities Lending Trader where he managed multiple short-term interest rate portfolios at Bluecrest Capital Management.

The know-how he gained from working with some of the best portfolio managers globally, has led him to create his UK equity turnaround strategy and AozoraStep.

David holds a BSc in Economics and Finance from the University of Amsterdam and has lived and worked in eight countries on four continents.

He likes to work with investors who enjoy both value investing & macro analysis, and over the longer term wants to create a UK Berkshire Hathaway.

David co-founded the Development Access Foundation as a student to exchange culture and knowledge in Rwanda.

The ABC Foundation is his commitment to sharing his success by helping other entrepreneurs get started.



Isabel Kelly
Impact portfolio
manager,
AozoraStep's ABC
Foundation

Isabel started her career at Oxfam, then worked at Amnesty International on human rights in China, including Tibet. She was lucky enough to meet the Dalai Lama twice.

She learned to sell while leading the Salesforce Foundation for EMEA, APAC and Japan, where she grew a team donating product, equity and time, and generating revenue through sales to nonprofits.

She likes working with businesses that understand their potential to positively impact society

She is NED and ESG Chair at AIM-listed TPXimpact, board Social Impact Advisor at Simply Business, and a Trustee of Big Give.

She develops social impact strategies aligned with commercial goals for companies including Experian, Gucci and Sage.

She is an impact careers advisor for MBA students at the Saïd Business School, Oxford University and is committed to supporting the next generation of changemakers.