

Open Office Hours - 3/10/2021

Agenda

- Internal meeting outcomes
 - Who are we?
 - We are people who love doing deals
 - “One of the most enjoyable part of our business is learning a lot about a diverse range of industries and opportunities”
 - How do you find opportunities? How do you negotiate those deals?
 - Who do we serve?
 - We serve people who are passionate about investing
 - People who are intellectually curious and enjoy learning new things
 - People who want to diversify their portfolio outside of the stock market, increase their passive/portfolio based income, grow their net worth.
 - Private Markets
 - Private Equity
 - Venture Capital
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 - How do we serve them?
 - We disqualify opportunities we don't think are investible
 - We look for deals where the founder is excited and the investor is excited
 - Founders are concerned about common shares with voting rights because they don't want the burden of managing unsophisticated shareholders
- Our commitment to members

- The Equifund Crowdfunding Portal (FINRA Members)
 - Being honest and transparent about the risks (and rewards) that come from investing in private markets.
 - Providing our users with tools and training they need to confidently make their own decisions.
 - We're committed to providing our users with original research and high quality due diligence.
- What does the rest of the year hold for us?
 - Putting together a live version of the due diligence tool
 - Tools to help our users create a deal pipeline and do all of their research/analysis in one place.
 - Bring other deal profiles to the platform
 - Real Estate
 - Income
- Mailbag
 - Why so few deals?
 - "When I talked to a CEO, they were referred to us by a lawyer, who said good luck getting on their platform"
 - We want the entrepreneur to know what the investor will get out of it... most don't.
 - Why are the landing pages so long?
 - "I don't want an investor to have to leave our environment to go do due diligence. I want them to have all the information they need inside our environment"
- What does March 15th hold?
 - The New Crowdfunding Rules go into effect
 - Personal investment limits have been changed
 - OLD: 5% of the lessor; personal income or net worth
 - Floor: \$2,200 / 12-month period
 - Ceiling: \$107,000 / 12-month period
 - NEW: 5% of the greater: personal income or net worth

- If you are at the \$107k/income or networth, it's 10% of the greater
- Accredited investors can invest unlimited amounts into regulation crowdfunding
- Limits on raises have increased
 - Regulation-CF
 - Old: \$1.07 million
 - Post angel round, pre-series A
 - The dreaded bridge round.
 - New: \$5 million
 - This should bring on a probably more qualified issuer or more developed issuer.
 - RED FLAG
 - There will be companies who dramatically overvalue themselves to try to raise more capital
 - We see this all the time. Issuers want to value themselves higher than lower. But there is a real danger from coming out too high, too early.
 - As you succeed and meet those growth milestones, your valuation has already baked that growth in.
 - How do you raise more money when you've already sold the forward looking metrics?
 - If you accurately price the deal for where it is today will compound the value of the business
 - If you oversell, you're constantly chasing the promise you sold.
 - Regulation-A+
 - Old: \$50m

- New: \$75m
- Q & A
 - When does the 12-month period start and stop in the exemption?
 - The logical way to look at start/stop is calendar year, or a significant increase or decrease in net worth
 - For foreign investors...
 - Vcorp Services is who we use and recommend for entity formation
 - You need a US taxpayer ID to invest on our portal
 - Who sets the "valuation"? Equifund? Issuer? Negotiated between both?
 - It's a combination of "how much are you looking to raise" and "how much is your company worth?"
 - We are looking for the deal math. How did you get to the valuation number so we can defend it?
 - Are you using public comps? If so, is that realistic for where your business is? Probably not.
 - Rob:
 - "I feel like we're seeing a flood of unsophisticated investors flooding the market. If you only had 2-3 hours per week to dedicate to this, looking back, what would you do?"
 - Jordan: Understanding the value of a business, valuation of the business, and how these numbers are calculated.
 - We have to learn how to say no faster.
 - One of the things people get caught up in is looking at deals on a 1:1 basis.
 - Value is what the business is worth based on market comps, fundamentals, growth prospects of the business.
 - Jake: What are your financial goals?
 - Cashflow

- Interest Payments
- Dividends
- Rental Income
- Growth
- Moonshots
- Transfer Fees & Depositing Shares
 - Do my shares “expire” if I don’t deposit them?
 - No, they don’t
 - “Is there any downside in waiting to deposit shares?”
 - No, there is no downside to waiting.
 - It won't be less expensive though. It's legal and administrative for the most part.
 - The challenge we face as an industry; brokerage firms and DTC are not used to this asset class. They are reluctant to accept these shares as a result.
 - If you're serious about investing and building out a portfolio, start having conversations now with your brokerage firm so when the time comes, you're not scrambling.
- Where is verification verified?
 - When you try to make an investment, as part of the transaction process, it goes through a series of KYC/AML verifications. If what you entered into our system doesn't match the databases, we have to manually verify.
- hi if I am a British born investor wanting to make a reg CF investment with a US address and SSN TTIN number and fill all the rest of the accreditation criteria is this ok?