



The 2022 Pre-IPO Gameplan

How Equifund is preparing for our best year yet

Disclaimer

Investing in private or early-stage offerings (such as Reg A, Reg S, Reg-D, or Reg CF) involves a high degree of risk.

Securities sold through these offerings are not publicly traded and, therefore, are illiquid. Additionally, investors will receive restricted stock that is subject to holding period requirements.

Companies seeking capital through these offerings tend to be in earlier stages of development and have not yet been fully tested in the public marketplace.

Investing in private or early-stage offerings requires a tolerance for high risk, low liquidity, and a long-term commitment.

Investors must be able to afford to lose their entire investment. Such investment products are not FDIC insured, may lose value, and have no bank guarantee.

Today's Speakers



Jake Hoffberg
Publisher, Equifund



Jordan Gillissie
CEO, Equifund



Sherwood Neiss,
Crowdfund Capital Advisor

The Big Idea in 132 Words

For the first time recent history, retail investors have become one of the most powerful group of investors in the financial markets.

In 2020, retail investors represented ~\$68T of global assets, with \$1-\$5m households representing roughly \$30T of assets². In 2021, they traded 23% of all US equities – more than mutual funds and hedge funds... **combined!**³

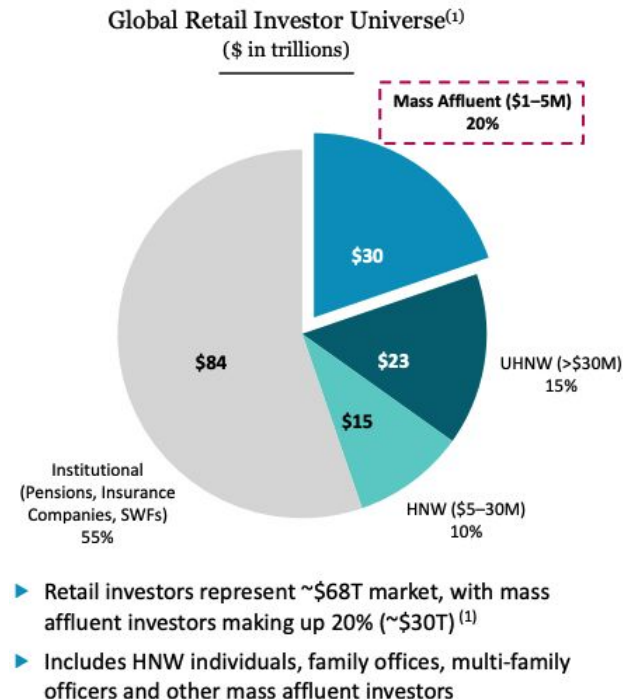
Now, after decades of being treated as Wall Street's exit strategy, everyday investors – “The Apes” – are showing why they can no longer be ignored... and companies are starting to realize the power of having thousands of retail investors in their deal.

Today's presentation is all about the exciting changes happening in the emerging equity crowdfunding ecosystem, and how we plan to become the premier community for incubating, launching, and growing the public companies of the future.

(1) CapGemini, Oliver Wyman, PWC, as of 2019. Retail measured across global households with financial assets >\$1 million.

(2) Blackstone, John Finley, Jan 14th 2020: [“Expanding Retail Access to Private Markets”](#)

(3) Financial Times, Published March 8th 2021, [Rise of the retail army: the amateur traders transforming markets](#)



What's Driving this Monumental Change?

The Rise of the Retail Investor

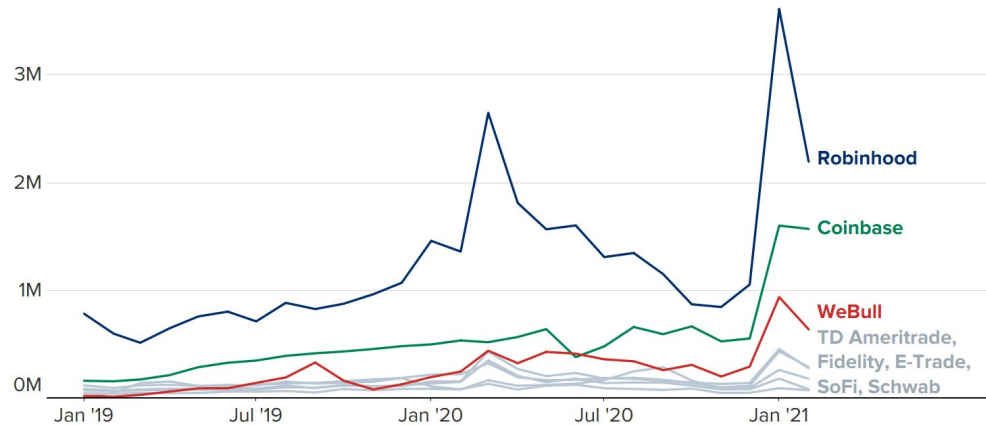
Thanks to the massive government stimulus thanks to COVID-19, retail trading interest has exploded.

In 2020, [10 million Americans opened up a brokerage account.](#)¹

In January 2021 alone, roughly six million Americans downloaded a trading app...

Combined, there are over 100 million users/accounts at just six of the most popular online brokerages for retail investors.²

App downloads decline in February but remain elevated
Monthly mobile app downloads



SOURCE: SimilarWeb & JMP Securities LLC. Data as of Feb. 2021.

(1) Wall Street Journal, published Dec 30, 2020, [New Army of Individual Investors Flexes Its Muscle](#)

(2) Reuters, published Jan 29, 2021, [Factbox: The U.S. retail trading frenzy in numbers](#)



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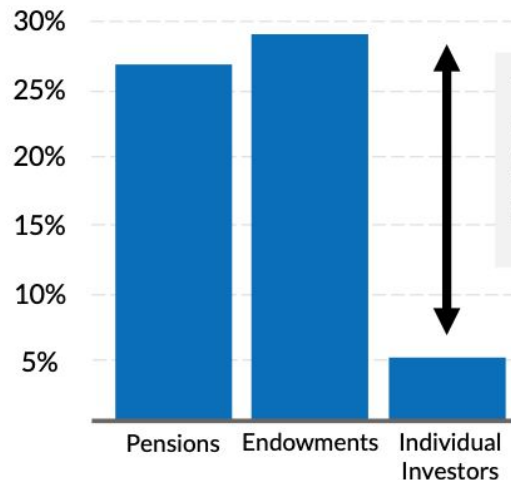
The Shift to Alternative Assets

Over the past 20 years, trillions of dollars have flown out of the public markets and into the private markets. As a result, institutional investors have been the beneficiaries of the best performing assets (i.e. Venture Capital, Private Equity, Hedge Funds)¹.

At the same time, the rise in passive and index funds – like ETFs – have put pressure on fees traditional asset managers can charge.

For this reason, they need new “high margin” products – actively managed alternative asset funds – that are available to a wider selection of investors (i.e. retail investors)

Average Allocation* to Alternatives by Investor Type



This gap shows individuals are vastly underweight alternative assets and the potential for major growth as they play “catch-up”.

*Allocations shown for US Pensions and US University Endowments.
Source: Prequin

(1) Blackstone, John Finley, Jan 14th 2020: [“Expanding Retail Access to Private Markets”](#)

What's Driving this Monumental Change?

The Demand for Transparency and Accountability

Corporations are under increasing pressure to report **ESG (Environmental, Social & Governance)** metrics and be held accountable for the harms their businesses create.

According to Bloomberg, this asset class is on track to exceed \$53 trillion by 2025, representing **more than a third of all assets under management**.¹

- 81% of global consumers want companies to improve the environment...²
- 88% try to buy products from sustainable companies...³
- 66% are willing to pay a premium for sustainable goods...⁴
- 92% of workers seek an environmentally friendly employer, and...⁵
- Millennials – a generation who believe employers should play a role in addressing issues such as income inequality, hunger, and climate change – will make up an increasing percentage of the global workforce in coming years: **A projected 75% by 2025**.⁶

(1) Bloomberg, published Feb 23, 2021, [ESG assets may hit \\$53 trillion by 2025, a third of global AUM](#)

(2) Nielsen, published Sept 11, 2018, [Global Consumers Seek Companies That Care About Environmental Issues](#)

(3) BCG Digital Ventures, published Apr 8, 2020, [Even in These Tough Times, ESG Remains Vital](#)

(4) CNBC, published Nov 4, 2016, [Millennials willing to pay more for sustainable, better quality goods: Nestlé Chairman](#)

(5) GreenBiz, published Oct 16, 2007, [Working for the Earth: Green Companies and Green Jobs Attract Employees](#)

(6) Global Future, published Aug 2019, [LOBBYING FOR GOOD: How Business Action Groups Can Help Save Capitalism](#)

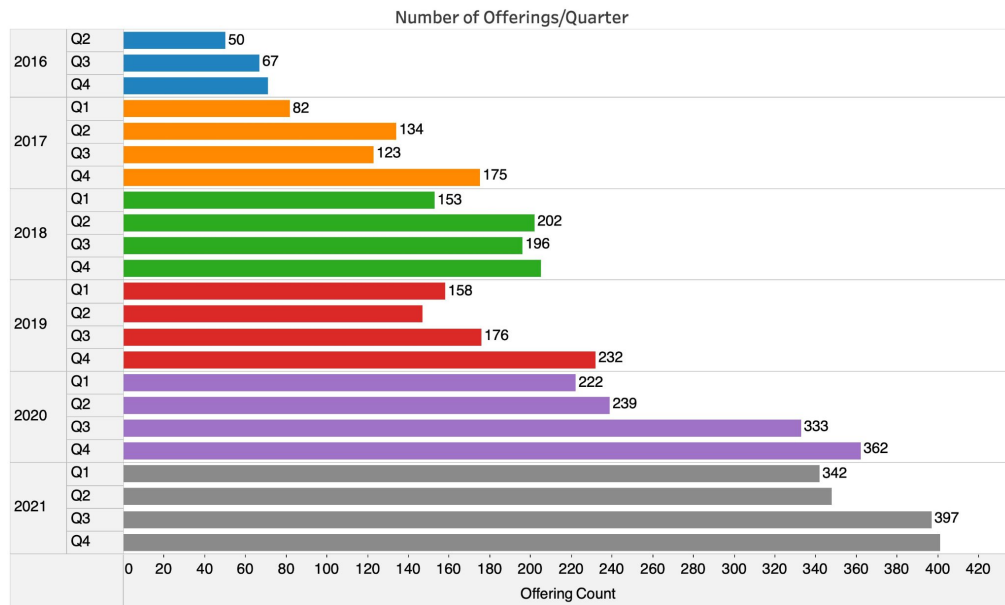
How Crowdfunding Is Reshaping Everything

A New Ownership Model for Modern Day Companies

2021 was another year of records for the online investing industry. Over half a million Americans poured \$570 million into 1,500+ offerings on Regulation Crowdfunding websites.¹

No matter how you slice the data, things are looking good for issuers seeking capital online, portals facilitating these transactions and the providers that support the industry.

(1) Crowdfund Capital Advisors, retrieved Jan 10, 2022, [2021 Year in Review Time to Celebrate Success](#)



The problems today that must be solved...

- **Transparency & Reporting**
- **Governance**
- **Investor Education**
- **Investor Protection**
- **Infrastructure**

The CCA Balanced Stakeholder Framework™

All 4 Sectors Need to Come Together to Create a Vibrant Crowdfunding Ecosystem















The REAL problem that must be solved?

It's clear there are companies that can successfully raise capital using the new JOBS Act framework. The bigger question is this: ***What types of returns are investors achieving in this new asset class?***

UK

The UK crowdfunding ecosystem is largely dominated by two players: CrowdCube and Seedrs (recently acquired by Republic).

Businesses	Indicative Valuation 	↓ Change (%) 
 Revolut	£23.8B	5022.5% 
 Houst	£34.2M	3279.4% 
 Oddbox	£120.1M	3087.1% 
 DeskLodge	£3.1M	2400% 
 Disperse	£35.5M	2354.9% 

Israel

In total, since OurCrowd launched in 2013, 45 portfolio companies have provided an exit for investors.¹



(1) Crowdfund Insider, Published May 10, 2021, [OurCrowd Updates on Platform Performance: Two Exits Since the Beginning of 2021](#)

We're not the only ones trying to solve this problem

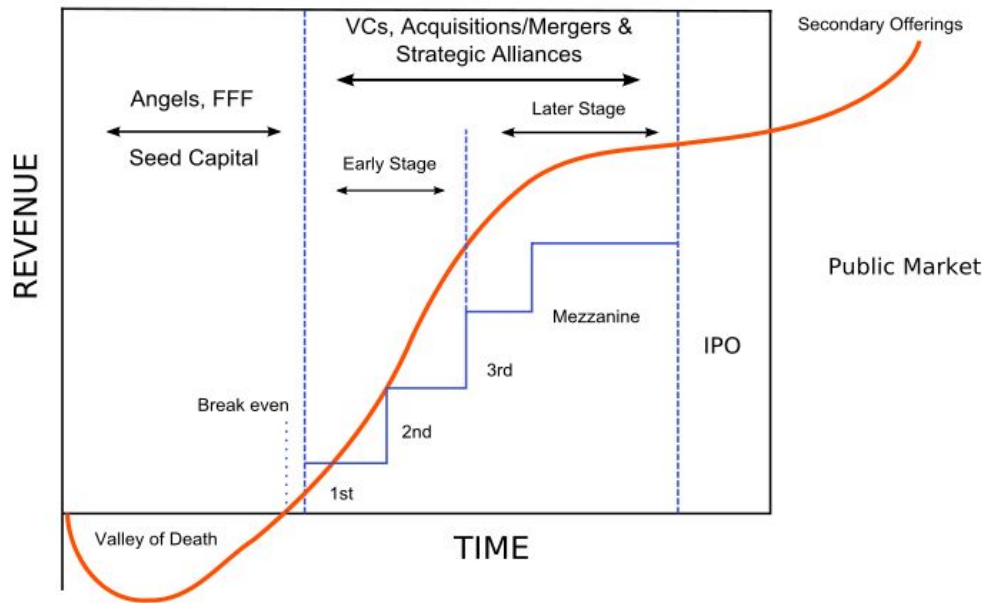
- **US Crowdfunding Portals**
 - Republic
 - Start Engine
 - WeFunder
 - Seed Invest
- **Broker Dealers/ATS**
 - Rialto Markets
 - Dealmaker
- **Investment Newsletters**
 - Agora, Inc
 - George Gilder
 - James Altucher
 - Teeka Tewari
 - Jeff Brown
 - Startup Camp
 - Jeff Bishop
 - Startup Wire
 - Chris Graebe

Why We're Different

The "Investor First" Platform

We're a group of veteran capital markets professionals who are on a mission to change the way wealth is created – and distributed – here in America.

We're doing this by building a *market network* focused on leveraging *The JOBS Act* exemptions – Reg D, Reg-A+, and Reg-CF – to help high-growth companies **raise capital, scale big, go public, create great jobs, and provide wealth building opportunities for retail investors.**

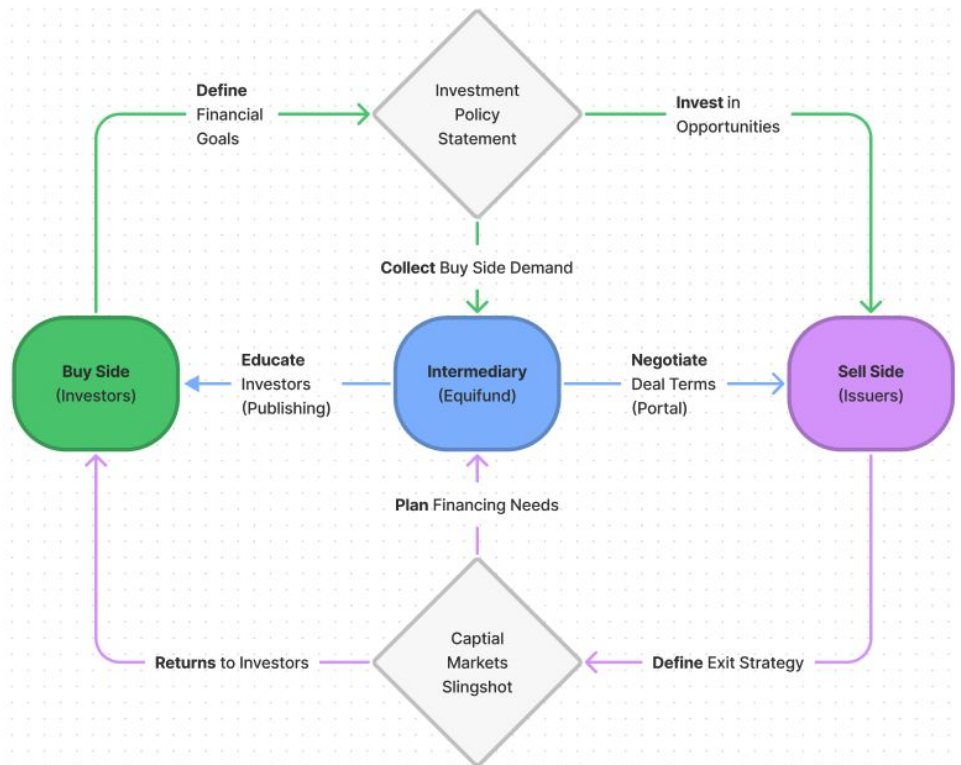


Our Investment Thesis

The Customer/Shareholder Flywheel

Customers who love the product, become long-term **Shareholders**, and have incentives to help grow the company as an **Advocate** in the marketplace (i.e. generate referrals, write testimonials, and provide enhanced product feedback).

With this framework, the **Equifund Community** doesn't just bring capital to the table when funding deals. We bring potential customers as well.

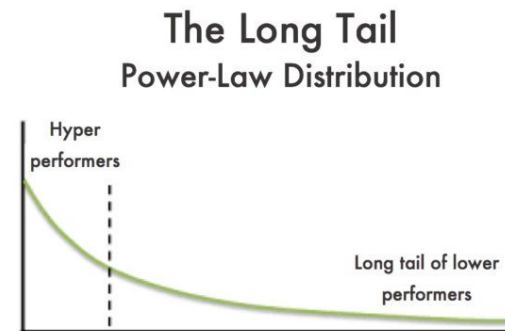
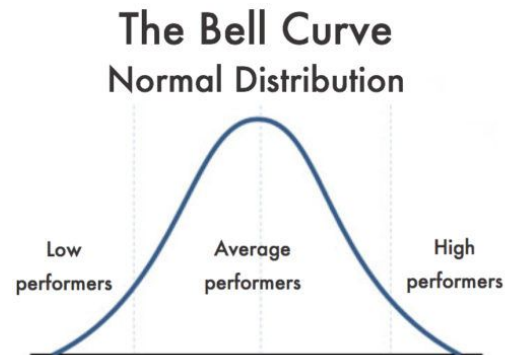


Types of Deals We Look For

The Great Game of Pre-IPO Investing

We look for companies that are committed to becoming a fully reporting public company

- **True Pre-IPO Investments** – 1-3 years away from a public listing
- **PIPE/Uplistsings** – Currently trading on the Junior Exchanges and looking to upgrade to Sr. Exchanges (Nasdaq/NYSE)
- **Roll Up IPOs** – A time tested PE strategy that takes advantage of consolidating fragmented industries



Why This Is Hard

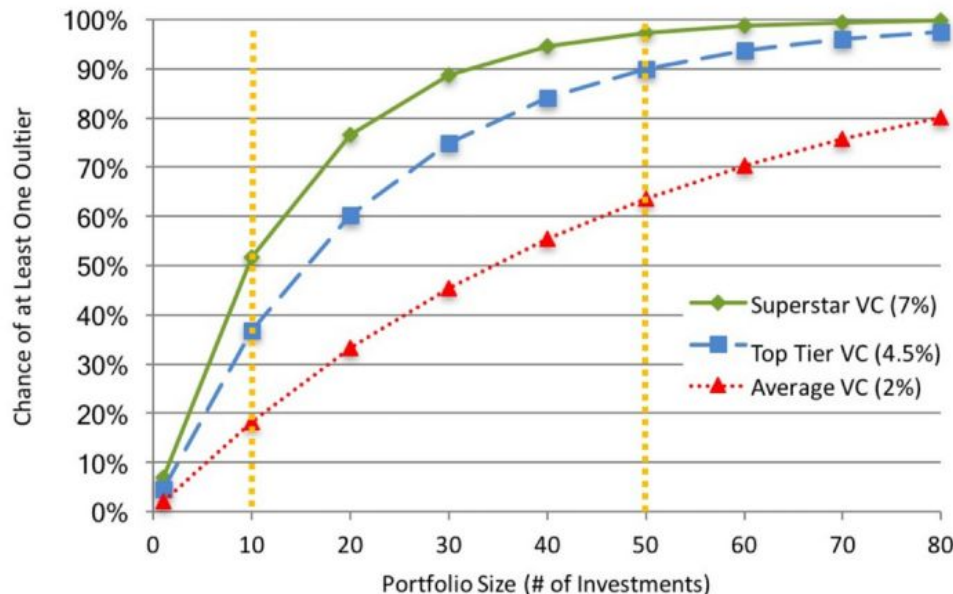
The Reality of Early Stage Investing

According to Clint Korver, co-founder at seed stage VC firm Ulu Ventures...

“Returns in venture capital are distributed according to a Power Law with the lion’s share of returns earned from a small number of investments.

In short, VCs cannot reliably pick winners. They can, however, construct portfolios that [can potentially] generate [market beating] returns.

Simply stated, ***more investments give a venture firm better odds of investing in an outlier company that can make a fund.***¹



(1) Clint Korver, Ulu Ventures, Published May 29, 2018, [Picking winners is a myth, but the PowerLaw is not](#)

We Do The Work For You

Our Due Diligence Process

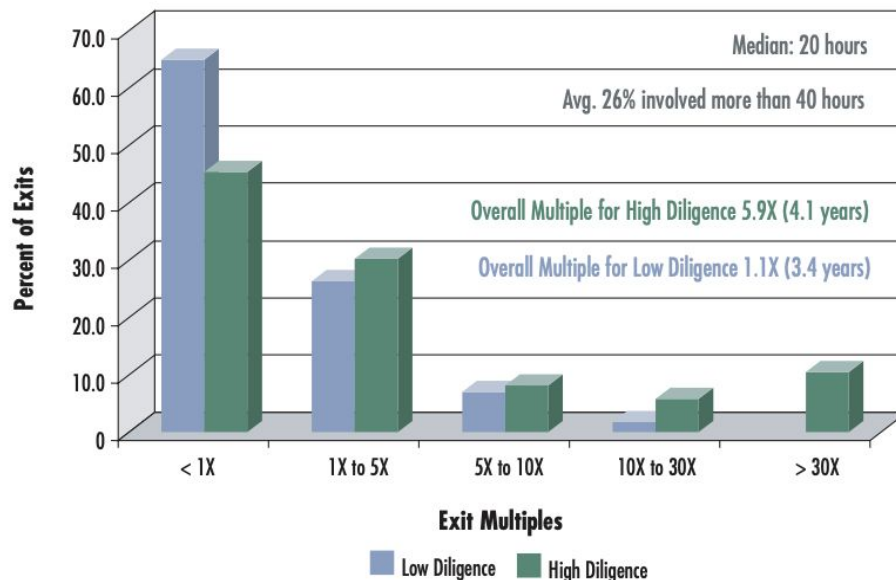
We all know we're supposed to perform due diligence, but most retail investors simply don't have the time, ability, or interest to do so.

They want access to pre-screened opportunities that meet some sort of known criteria.

Unlike other platforms that are willing to list deals in a matter of days or weeks, our issuers go through an 8 - 30+ week due diligence process before we're ready to introduce them to our investors.

Why? **Because we believe you'll forgive us for being wrong, but you'll never forgive us for being sloppy.**

The Impact of Time in Due Diligence



Source: Willbank, Robert and Boeker, Warren, Returns to Angel Investors in Groups (November 1, 2007). Available at SSRN: <https://ssrn.com/abstract=1028592> or <http://dx.doi.org/10.2139/ssrn.1028592>

Our Track Record

In 2020, we launched four offerings and raised ~\$3.3m:

- Illusio,
- Drop Technologies,
- BioPact-CT,
- Guac.

In 2021, we launched five offerings and raised ~\$11.50m:

- **Assure Health** (over \$900k invested),
- **Kleiner Device Labs** (over \$800k invested),
- **Durango Gold** (over \$1M invested),
- **Home Bistro** (broke records for our highest invested amount ever at \$6M), and
- **Sky Quarry** (Has only been live for a little more than a month and already \$3M has been invested – including a record-smashing \$1.7million in the first 10 days).



Our Big Hairy Audacious Goal

Help 300 Companies Go Public (or Uplist to a Sr. Exchange) by 2032

Sure, we certainly want to see financial returns, but as the legendary philanthropist and chocolatier, Milton Hershey, one said: “What good is money unless you use it for the benefit of the community and of humanity in general?”

We want to build the economic engine that truly makes the world a better place...

A support system that not only gives everyday people access to Pre-IPO investment opportunities they can't get anywhere else...

But has the potential to create billion dollar brands we can be proud of.

However, we can't accomplish this goal alone. We need you – and tens of thousands of people like you – to answer the call to adventure and participate in what we like to call “The Great Game of Pre-IPO Investing”

Our 2022 Goal

We're looking to list 6-10 Pre-IPO (or PIPE) deals this year

In Capital Markets, strength leads to strength. The more capital we raise – and the faster we raise it – the more attractive our community is for great companies. The more returns we generate, the more attractive our community is for investors.

If you're excited about what we do, consider saving part of your Pre-IPO allocation to our deals this year.

Even better, tell everyone you know about what we're doing here at Equifund!



Q&A

What questions do you have?