

Open Office Hours: 12/10/2020

Agenda

- **FinTech Platforms**
 - Options Trading
 - Gatsby
 - WeBull
 - Robinhood
 - Comments
 - “When you gamify trading platforms like options, and there’s bad financial consequences for the user, these are problematic.”
- DoorDash IPO
 - “You’re starting to see the power of branding and access”
 - In the normal IPO process, it goes through the “old boys club” underwriting process.
 - There are 100’s of IPOs every year, but we all know who DoorDash is.
 - Without COVID, without the Robinhood bump, without the retail volume coming into the market... would they have been able to do this?
 - “We were so passionate about early stage investing because your opportunity to participate ISN’T at this crazy moment of the IPO.”
 - The issuer perception of “the crowd” is beginning to change.
 - When we started in 2016, VCs were laughing at us. Now, they’re trying to get in.
 - It’s now becoming a great way to recruit customers AND shareholders at the same time
- AirBNB IPO
- New Question...
 - How can you - the retail shareholder - have an impact on the value of your investments?
 - Become an “active investor”

The Equifund 2021 Vision

BHAG: To have a community that is so large, we could handle a direct listing IPO... from startup to public.

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- **What do you think is going to change in 2021?**
 - If we go and talk to investors about what they expect from issuers, usually they ask for a 3-5 year timeline
 - The first vintage is up. How did they do?
 - “I think you’re going to see investors realize their investments were garbage”
 - People will be upset about what they were sold, and will be looking for a change.
 - We hope the change isn’t “I’m done with crowdfunding”
 - We think it’s “get access to better tools, better deals, and more transparency from stock promoters”
 - The perspective issuers will be a lot more qualified, and therefore we should be seeing better projects
 - One of Jordan’s challenges is always the previous fundraising cap
 - We’re now talking to family offices and funds now who are knocking at the door and are interested in the space.
- Summarize
 - The “crowd” will demand more transparency and more results
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 - People will need access to better tools and due diligence
 - Otherwise it will be difficult for regulators to continue to support
 - Maxine Waters wants to roll back expanded accredited investor definitions
 - Dissenting SEC opinions about crowdfunding are all based around investor protection and due diligence.
 - **A more mature “ecosystem” must emerge as a method of self regulation!**
 - We just finished the first 5 years of the “wild west” phase of the ecosystem.
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 - Better collaboration between lawmakers, companies, platforms, and retail shareholders.
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 - Better technology
 - We still need more infrastructure and plumbing in the ecosystem to keep it running.
 - Increase retail adoption
 - <\$10m AUM
 - Increase adoption from incumbents
 - RIAs
 - Brokers
 - Private Equity
 - Venture Capitalist
 - Way better access to information and education

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- That's why we're building better tools, ongoing education, and community building
- **The Equifund Product Roadmap**
 - 2020: Q4
 - Courses
 - Professional Investor Workshop
 - Tools
 - Investment Policy Statement Generator <<FREEMIUM OFFER
 - Equifund Due Diligence Process
 - "If we can help you organize all of your investments - and your deal flow pipeline, regardless of platform - it will help you get better results"
 - Community
 - Facebook Group
 - 2021: Q1 << --- Unit Economics
 - Lead Generation
 - The purpose of this is to pay for your customer acquisition costs
 - Book Funnel (Free + Shipping) / Trial Offers
 - **Investment Policy Statement Generator <<FREEMIUM OFFER**
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 - Core Offer
 - The purpose of this is to deliver your best result for your cheapest price (MRR/ARR)
 - \$10/month
 - Courses (Professional Workshop)
 - Basic Tools
 - Due Diligence Process
 - Back End
 - The purpose of this is to deliver high profit margin products and services to your existing customers
 - \$1,000/year - \$3,000/year
- Member Feedback
 - Doug
 - "I think investors need a good way to track all of the information they collect in the process of investing"
 - "I'm working on building a system based on all these variables, and score them based on what you've specified"
 - JORDAN: We're working on this right now actually! Talking to legal/dev about how to do this.

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- “Along the way, if you can capture comments and thinking - “a trade journal” – you have your justification for investing”
 - JOHN BROOKS: “If you go through enough pitch decks, they all start to blur together...”
- CROWD DILIGENCE
 - “Deal A”
 - What is the average score other users are giving this deal?
 - What do they say about it?
 - “Crowd Voting”
 - JORDAN: “You see rating systems out there and newsletters with picks... but what you don’t see is the public sentiment”
- JOHN BROOKS
 - I love the idea of crowd diligence. But give me the ability to filter - say only average the scores from paid subscribers, or only average scores from those subscribed at the \$1K-3K "premium" level.
 - Could also give me a way to filter out outliers
 - Avoid spoofing
 - “If I could go back and change my investments over the past 3 years, I would”
 - Early on, I only knew about 1-2 portals. Then I learned about more, and eventually found Equifund.
 - “I’ve used the policy statement generator...”
 - One of the reasons I wish I could undo is I’m not very liquid at the moment.
 - Due Diligence Process
 - “I’m a little more careful”
 - Look more closely at the background of the team.
 - When I got into this, I was very product focused.
 - “You want the team who can go the distance and overcome obstacles.”
 - “You want the team who is going think on their feet, pivot, work hard”
 - “What’s surprised you most?”
 - The whole idea of having the investment thesis.
 - I used to invest more emotionally and off “gut feeling”
 - OFFICE HOURS
 - “The live sessions have been really valuable. We had the teaching sessions - the pre-recorded stuff -

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- but the back and forth discussion has been very useful.”
 - DEAL REVIEW
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 - VINCENT
 - Users could damage offerings with fraudulent reviews.
 - KYC/AML
- OFFICE HOURS FORMAT
 - Doug Ledford
 - “I like the office hours format. I think you’re building a culture. I feel better, like I’m not alone and everyone makes mistakes”
 - “The one thing that’s kicked me in the head the most? It’s gonna cost you a chunk of money if you do have success to clear the shares”
 - “I’ve got old deals I’m going back through to figure out if I have anything worth thinking about anymore”
 - “Valuation of companies is key. How you think about valuation has been a kick for me. I want to believe that what you’re telling me is true, is good for me in the long run, and you’re looking out for me. Bottom line is, you have to look out for yourself”
 - John Brooks
 - “I tried investing in private companies back in the early 90’s. I put all my eggs into 3 companies, lost all of it. You didn’t have all this information on the internet back then. You had to take it at face value”
 - Crowd Dilligence...
 - Along with seeing the average score... take their scores in individual categories... then weight them by my particular criteria...
 - Raw Score
 - “Risk Adjusted Rating” -- based on user specified criteria/weighting.
 - “I love seeing a portal that brings one deal to us every 2 months, rather than 20 new deals each week !”
 - Ilana Zuckerberg
 - “I’m really new to investing. Everytime I come to office hours I’m learning something. Or, I don’t understand something and I know what to learn about and read about in the future.”
 - “I just recently discovered crowdfunding, and I didn’t but all my eggs in 3 baskets, but now I found out about the cost of converting shares. Because I didn’t invest a lot of money, those shares probably aren’t worth converting”

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- “I did look into management teams. The first thing I read was the product. Then I read about the teams. I don’t know at this point how to read the financial statements.”
- “I’ve gotten stuck on due diligence. I’ve listened to the recording twice already. I’ll go over deals I’ve done in the past”
 - Started reading Intelligent Investor...
- Vincent ROULOT
 - “Put a fake deal and tell the people who just joined to test their knowledge”
 - Can you spot the red flags?
 - The 5 Pitfalls of Crowdfunding Investing
 - “Cheap” Shares
 - Weird Share Classes
 - Absurd Ownership Structure
 - Minimal Work Hours
 - Ridiculous Financial Statements
 - BONUS: Instant Devaluation of Shares (Based on NPV of shares)
 - “The investor share classes don’t have to go A-Z?”
 - There’s a deal class out there with horrible shares that are “B” class
- Andrew Davis
 - “I do like all of the ideas everyone is putting forward though. I think the biggest thing I have taken away from being in this group is similar to what’s been said before: that there’s so much info that I didn’t know about this type of investing. I do like that Equifund has been making a point to provide great education and tools to make the understanding and selection of deals easier. Glad to be a part of the community!”

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