FocusPoint
PRIVATE CAPITAL GROUP

# Current Fund Offerings

FALL 2017

**FPCG, LLC.**
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*Member of FINRA and SIPC*

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FocusPoint
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FocusPoint Private Capital Group is an experienced independent capital raising and advisory firm specializing in providing customized and highly focused fundraising services. FocusPoint has established distribution, origination, and project management teams which have successfully raised capital in private markets for over 20 years. Since 2010, FocusPoint has participated with General Partner clients and closed over $4 billion for a variety of third-party fundraising assignments. Our expertise covers a range of private market strategies including: buyout and growth equity, credit and income-related, real estate, real assets, venture capital, and other opportunistic strategies. We also service direct investment transactions and have launched a seeding platform to support and back new management teams with unique and compelling strategies.

FocusPoint advises on all aspects of the fundraising process through private placements including: competitive positioning and market assessment, marketing materials, partnership terms and conditions, and investor relations. We incorporate a rigorous due diligence process to identify and select managers that perform consistently well throughout all market cycles. We seek to form long-term partnerships with our institutional clients by carefully selecting managers who offer distinctive and compelling investment strategies.

FocusPoint's global distribution coverage directly extends to endowments, foundations, corporate and public pension funds, ultra-high net worth families, sovereign wealth funds, and other limited partners throughout North America, Europe, Middle East and Asia. For over two decades, our team of professionals has been dedicated to developing, fostering, and transacting with these institutional and institutional-type relationships.

FocusPoint is the tradename of FPCG, LLC, a broker-dealer registered with the Securities and Exchange Commission and is a member of FINRA and SIPC.

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## DIRECT INVESTMENT OPPORTUNITIES



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# MEDIA & ENTERTAINMENT ROYALTY FUND IV



**Firm has focused on self-liquidating assets and non-correlated investments in the media and entertainment sector since 2007.**

## FIRM OVERVIEW

- **Strong track record**
  - Three prior funds targeting media and entertainment sector
  - More than $900 million invested in 24 investments, across three prior funds
  - No principal losses to date
  - Provided over $200 million of co-investment opportunities to LPs
  - Significant institutional support
- **Seasoned Team**
  - Strong team continuity – worked together for over 20 years
  - Partners have been with the firm since inception in 2007
  - Bi-coastal presence – provides reach without losing asset management focus

## FUND HIGHLIGHTS

- **Target fund size: $600 million; $750 million hard cap**
- **Non-correlated, self-liquidating asset class that generates current cash flow**
- **90% of committed capital deployed since inception**
- **Limited competition as a dedicated investor in an under served space**
- **Direct sourcing: strong relationships with studios, production companies, banks, investors and other industry professionals to source many exclusive transactions, which resulted in more than 80% of capital invested**

## INVESTMENT STRATEGY

- **Strong market opportunity with robust capital requirements**
  - Worldwide entertainment and media revenues are projected to reach $2.1 trillion by 2020[1]
  - Netflix has spent over $6 billion on content in 2016[1]
  - Long-lived assets with ongoing financing requirements
  - Dynamic industry with meaningful dependence on smaller privately-held companies with limited access to capital markets
- **Non-Correlated Returns**
  - Historically acyclical asset class offers diversification to investors
  - Demonstrably non-correlated fund performance
  - Natural J-curve mitigation
  - Self-liquidating portfolio minimizes exit risk
- **Alignment of interests** - the Fund leverages its experience to create efficient transaction structures with credit protections and upside participation that align interests
- **Downside protection** - the Fund has invested $900 million of capital in 24 investments with no credit losses to date; all of the Fund's investments are secured or backed by intellectual property
- **Self-liquidating assets that provide a natural exit** - Fund II made its last investment in December 2013 and is currently 86% realized; self liquidation eliminates reliance on asset sales as an exit strategy
- **Investments with follow-on opportunities** - the Fund portfolio companies have generated five follow-on transactions (totaling approximately $126 million) to date for Fund III
- **Deep LP relationships** - the Fund has provided significant co-investment opportunities to its key relationships

## SUMMARY OF INVESTMENT PERFORMANCE *($ in millions)*

| | YEAR OF FINAL CLOSE | FUND SIZE | NET IRR[2] |
|---|---|---|---|
| **Fund I** | 2008 | $50M | 10.1% |
| **Fund II** | 2011 | $300M | 13.7% |
| **Fund III** | 2015 | $500M | 10.3% |

## KEY TERMS

| | | | |
|---|---|---|---|
| **Target Size:** | $600 million; hard cap of $750 million | **Investment Period:** | 3 years from final close |
| **Minimum Commitment:** | $5 million | **Term:** | 7 years from final close, up to two 1-year extensions |

1. Research by PWC Global E&M Outlook 2016-2020 and SNL Kagan 2017.
2. "Net IRR" (Internal Rate of Return) % is annualized and represents a limited partner's net internal rate of return (which reflects management fees, carried interest, taxes, transaction costs and other expenses). Net IRRs are calculated using the actual amount of capital contributed by the limited partners, the actual proceeds distributed or deemed distributed to the limited partners and the actual date of each such contribution or distribution. Proceeds deemed distributed are the amounts that would be distributed to the limited partners in the event of a hypothetical liquidation of all unrealized investments, and after deducting the payment of management fees, carried interest, taxes, transaction costs and other expenses. All unrealized values are treated as realized as of June 30, 2017 (unless otherwise indicated) and are determined consistent with U.S. generally accepted accounting principles.

# MUSIC ROYALTY FUND



A fully integrated owner and operator of music copyright properties.

## FIRM OVERVIEW

- Founded in 2011
- Exclusively invests in royalty-producing intellectual property related to music, acquiring rights from songwriters and other third party rights holders
- Targets songs that have gained significant popularity and as such earn a steady level of royalties across various media streams
- Strategically constructed to combine investment experience with music industry expertise
- Team consists of 30 professionals with over 150 years of music publishing, finance and investment experience collectively

## FUND HIGHLIGHTS

- Target fund size: $350 million
- From January 2011 to June 30, 2017, the portfolio has generated a Net IRR of 13.9% (20.9% Gross IRR) at the Fund level
- Since January 2011, Fund I has completed 37 investments totaling approximately $196 million of equity. The portfolio contains over 25,000 songs and is diversified across artist, genre and musical era. Some of the artists include: The Beatles, The Rolling Stones, Frank Sinatra, Miles Davis, Katy Perry, Bon Jovi, Backstreet Boys, Bruno Mars, Blake Shelton, Marvin Gaye, and many others
- Multiple exit possibilities are available irrespective of overall market conditions. Options include the sale of the entire portfolio to an investor, the sale of a single catalog independently, and the securitization of the catalog as a bond using the copyrights / intellectual property as collateral

## INVESTMENT STRATEGY

- Focus on Iconic Copyrights
  - The Fund generally acquires classic, older copyrights. These high quality songs have generally reached a steady state of earnings and are not subject to the natural decline in earnings that typically occurs within the first four-to-six years of a song's life
- Source Exclusive Deal Flow
  - The Fund will seek to acquire copyrights or portions of copyrights and/or administration rights from songwriters or other third party rights holder including lawyers, managers and record companies
- Generate Current Income from Royalty Payments
  - Music publishing assets generate a steady stream of revenue due to the predictable patterns of: (i) usage from established rights catalog; (ii) statutory terms with long tenures; and (iii) long-lasting legal contracts both in the U.S. and internationally
- Create Value from Active Management
  - The Fund seeks to purchase catalogs that it believes have been under-exploited and can be more effectively marketed to increase cash flow. The Firm seeks to bolster growth and generate value through the following: Improving the collection of royalties, increasing licensing activity, and song placement via its internal property management team

## RECENT PERFORMANCE *($ in millions)*

| | YEAR OF INITIAL INVESTMENT | FUND SIZE | NET IRR |
|---|---|---|---|
| Fund I | 2011 | $202.0 | 8.5% |

## KEY TERMS

| | | | |
|---|---|---|---|
| Target Size: | $350 million | Management Fee: | 1.75% on committed capital; 1.5% on invested capital |
| Minimum Commitment: | $5 million | GP Carried Interest: | 20% |
| Term: | 10 years, 3 possible one-year extensions | Clawback: | Yes |
| Royalty Distributions: | Quarterly | Preferred Return: | 8% |

# DIRECT SECONDARY FUND IV



**Private equity secondary firm focused on acquiring direct positions in mature private companies.**

## FIRM OVERVIEW

- Founded in 2012
- Primarily targets technology, media, telecom and tech-enabled services opportunities
- Seasoned team executing differentiated model
- Objectives: top-quartile PE returns, mitigated downside, short holding period

## FUND HIGHLIGHTS

- **Since inception in 2012, the Firm invested $36.2 million into 15 portfolio companies across its previous funds and has exited 9 of these companies for $69 million (4.6x gross return on exited companies)**
- **At time of investment, the Fund has historically invested at a 64% discount to market value**
- **Sourcing through direct relationship with target company CEO**
- **Target less than 10% capital loss ratio; multiple strategies employed for lowering the risk of capital loss**
- **Alignment of interests with investors via "laddered" carry structure**

## INVESTMENT STRATEGY

- **Target specific sector**
  - Private technology, media and telecommunications ("TMT") companies
  - Revenues in the $20-$125 million range; at or near cash-flow breakeven
  - Very good short-term exit prospects (<3 years) with multiple potential buyers
  - USA and Canada
- **Unique valuation criteria**
  - Value investor, typically getting a deep discount to market on company valuations
  - Entry valuations generally fall less than 2x revenues, and most often closer to 1x
  - Deals must be priced / structured to target at least a "3x Return in 3 Years"
- **Targeted investment size**
  - $3-7 million in a single company; will consider smaller stakes as "beachhead" investments in companies
  - Also look at small portfolios where anchor companies fit the Fund criteria
  - Co-investment opportunities for deals bigger than the size targeted for the fund

## SUMMARY OF INVESTMENT PERFORMANCE *as of June 30, 2017 ($ in millions)*

| | YEAR OF INITIAL INVESTMENT | CAPITAL INVESTED | GROSS TVPI[1] | GROSS IRR[2] |
|---|---|---|---|---|
| All Funds[3] | 2012[4] | $36.2 | 2.7x | 48.6% |

## KEY TERMS

| | | | |
|---|---|---|---|
| Target Size: | $100 million; hard cap of $150 million, closed to date ~ $23 million | Term: | 6 years from final closing date with 2 one-year extensions |
| Minimum Commitment: | $1 million | Management Fee: | 2% of committed capital paid semi-annually |
| Investment Period: | 3 years from final closing date | GP & Affiliate Contribution: | $8 million |
| Ladder Carry: | 10% after 1x, 15% after 1.5x, 20% after 2x; catch ups at each level | | |

1. Net TVPI for the funds is 2.3x. Net Total Value to Paid in ("Net TVPI") is the ratio of the current value of limited partner remaining investments within a fund, plus the total value of all limited partner distributions to date, relative to the total amount of limited partner capital paid into the fund to date. This ratio includes any management fees, partnership expenses or carried interest. Gross Total Value to Paid in ("Gross TVPI") is the ratio of the current value of limited partner remaining investments within a fund, plus the total value of all limited partner distributions to date, relative to the total amount of limited partner capital paid into the fund to date. This ratio does not take into account management fees, partnership expenses or carried interest.
2. Net IRR for the funds is 41.6%. "Net IRR" is the dollar-weighted internal rate of return, net of management fees, partnership expenses and carried interest generated by an investment in the fund. The return considers the daily timing of all cash flows and cumulative fair stated value, as of the end of the reported period. "Gross IRR" is the IRR based upon the performance of the investments, not taking into account management fees, partnership expenses or carried interest.
3. Since 2012, Fund has closed four separate investment funds, each comprised of one or more special purpose vehicles created for the completion of a secondary direct investment. Key Performance Metrics based on Fund investments prior to Fund IV.
4. Also included is a $600k investment which closed in December 2010, prior to the formation of the Firm. This investment was contributed to the Firm in 2012.

# SOUTHEAST ASIA GROWTH CAPITAL FUND II



**Focused on providing growth capital to middle market companies in the ASEAN-China corridor.**

*As of August 2017, Fund II Has Obtained $327 Million Commitments.*

## FIRM OVERVIEW

- **Experienced team with local knowledge, investment experience and operational expertise**
  - Partners have developed business and operational knowledge over 20 years along the ASEAN-China corridor. Since 2007, the team has built first-mover advantages and deep networks within this underpenetrated investment corridor as part of the Silk Road (One Belt-One Road)
  - Unique combination of mixed heritage, significant professional experience and multiple local language skill sets to effectively conduct business in key ASEAN territories (Southeast Asia)
  - Nine full-time investment professionals with a strong executive council consisting of eight operating advisors and four senior industry advisors
  - Extensive backgrounds in best-in-class international operating companies, successful domestic firms, private equity and management consulting
  - Partners have worked together as a team for over 10 years executing successful transactions
- **Deal sourcing network reinforced by a world class Executive Council**
  - Founder and team have established professional and local business relationships with key industrial entities, central regulatory bodies and provincial governments
  - Executive council consists of highly experienced professionals in the firm's target industries with access to direct deals

## FUND II HIGHLIGHTS

- **Target fund size: $450 million hard cap**
- **Continuation of Fund I's successful middle market strategy since 2007**
- **Investing in sectors with compelling growth trends, including consumer goods & services, healthcare and education**
- **Closed on over $327 million to date, including from all existing and new LPs**

## INVESTMENT STRATEGY

- **Target middle market private companies with strong fundamentals**
  - Provide value-add capital to privately-owned middle market companies that generate revenues between $50 and $200 million
  - This segment of the market continues to offer a large and attractive opportunity set due to acute capital needs and limited access to traditional capital sources
- **Focus on three main industry sectors**
  - The firm uses a macroeconomic, top-down approach to identify promising sector themes
  - The firm believes consumer goods and services, healthcare services, and education will benefit from a growing middle class along the ASEAN-China corridor
  - Application of international best practices, operating insights and local know-how to assist portfolio companies in reaching their potential
- **Active approach to value creation**
  - Seasoned network of executives will provide industry expertise to portfolio companies that typically have limited experience with and knowledge of important global standards
  - Significant advantage in connecting portfolio companies to take advantage of the ASEAN-China Silk Road. The investment team and executive council members collectively speak four local ASEAN dialects and have networks that extend through key territories

## SUMMARY OF INVESTMENT PERFORMANCE *as of December 31, 2016 ($ in millions)*

| | YEAR OF INITIAL INVESTMENT | CAPITAL COMMITTED | CAPITAL INVESTED | GROSS MULTIPLE[1] | GROSS IRR[2] |
|---|---|---|---|---|---|
| Fund I | 2007 | $200.0 | $198.0 | 3.7x | 50.8% |

## KEY TERMS

| | | | |
|---|---|---|---|
| Target Size: | Hardcap $450 million | Management Fee: | 2% |
| Minimum Commitment: | $3 million | GP Carried Interest: | 20% |
| Investment Period: | 4 years from final close | Clawback: | Yes |
| Term: | 10 years from the date of the final closing[3] | GP Investment: | Minimum of 2% |
| | | Preferred Return: | 8% |

1. **Net Multiple for Fund I is 3.1x**
2. **The Net IRR for Fund I is 44.3%**
   Gross Internal Rates of Returns ("Gross IRRs") are presented before deductions for carried interest, management fees and similar expenses, all of which in the aggregate may be substantial and have the effect of lowering returns and is based on the actual timing of investment cash flows. The actual Gross IRR on the unrealized portion of the portfolio could vary dramatically as the actual proceeds may differ dramatically as the actual proceeds may differ dramatically from the current expectation of future performance.
   Net Internal Rates of Returns ("Net IRRs") are presented after deductions for carried interest, management fees and similar expenses, all of which in the aggregate have the effect of lowering Gross IRRs. The actual IRR on the unrealized portion of the portfolio could vary dramatically as the actual proceeds may differ dramatically from the current expectation of future performance. The Net IRR reflects the fee structure of Fun II on the returns of Fund I and does not represent any actual fund or investor's return.
3. The term of the Fund may be extended in the General Partner's discretion for up to two successive one-year periods, and, with the approval of the LP Advisory Committee for up to two additional successive one-year periods

# US AGENCY MBS FUND

*Confidential*

**Award winning US Agency MBS derivatives hedge fund focused on unleveraged, low volatility total returns.**

## FIRM OVERVIEW

- Launched April 2004
- Portfolio managers each have over 20 years of industry experience
- The Fund seeks steady returns with relatively low correlation to major market indices, as well as to other MBS funds.
- Fund has an annualized net return of +10.10% since inception.

## FUND HIGHLIGHTS

- Proven track record in a variety of market conditions, delivering net returns of 21% in 2007, 13% in '08, 42% in '09, 16% in '10, and 12% in '11
- Worst calendar year performance of -1.42% net
- Since September 2016, the fund has returned +17.64% net, through August
- In November 2016, the brief rate spike produced the best monthly return in the Fund's 13+ year history, net return of 9.21%
- Portfolio positioned to significantly outperform as interest rates and volatility normalize to higher levels

## INVESTMENT STRATEGY

- The returns were produced with zero financial leverage and no credit-sensitive bonds, illustrating the Funds' distinctive approach and lack of reliance on the popular carry trade. Instead, the Fund looks to the best long-term risk adjusted total return.
- Currently positioned to take advantage of higher interest rates, an increase in volatility, and wider spreads.
- A unique approach to security selection and portfolio construction:
  - Selection and self-hedging
  - Arbitrage and trading
  - Dynamic management
  - 75% profitable trades since inception

## SUMMARY OF INVESTMENT PERFORMANCE – ONSHORE FUND *as of August 2017 (net returns)*

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2004 | | | | 072% | 0.64% | 1.61% | 0.97% | 0.06% | 0.58% | 1.38% | 2.31% | 1.96% | 10.68% |
| 2005 | 0.32% | 1.22% | 0.97% | 0.16% | 0.39% | 1.15% | 0.33% | 0.97% | 1.06% | 0.84% | 0.57% | 0.84% | 9.18% |
| 2006 | 0.37% | -0.74% | 0.21% | 1.00% | 0.72% | 0.27% | 0.91% | 0.44% | 0.59% | 0.73% | 0.21% | 1.05% | 5.90% |
| 2007 | 1.04% | 0.90% | 1.04% | 0.93% | 0.96% | 1.91% | 1.85% | 2.11% | 2.24% | 1.66% | 2.41% | 1.77% | 20.56% |
| 2008 | 2.13% | 3.42% | 1.49% | 1.90% | 1.49% | 1.10% | 1.28% | 1.65% | 0.09% | -0.71% | -0.32% | -0.91% | 13.28% |
| 2009 | 2.29% | 1.88% | 1.22% | 3.12% | 6.36% | 4.35% | 3.80% | 3.53% | 2.52% | 2.11% | 1.92% | 2.41% | 41.75% |
| 2010 | 1.23% | 0.14% | 0.96% | 1.25% | 0.88% | 0.93% | 0.85% | -0.44% | 1.10% | 2.30% | 2.75% | 2.76% | 15.67% |
| 2011 | 1.86% | 1.62% | 1.97% | 1.65% | 1.54% | 1.43% | 0.95% | -0.13% | -1.18% | 0.23% | 1.05% | 0.48% | 12.05% |
| 2012 | -0.03% | 1.77% | 2.22% | 0.52% | -1.09% | -0.03% | 0.06% | 1.09% | -1.44% | 0.13% | -2.93% | -0.31% | -0.15% |
| 2013 | 0.35% | 0.11% | 0.03% | -8.18% | -3.71% | 4.69% | 3.92% | 2.01% | 1.21% | 0.87% | 1.61% | 2.81% | 5.15% |
| 2014 | 1.37% | 1.50% | 1.01% | 0.74% | -0.25% | 0.97% | 0.13% | -0.16% | 0.91% | -1.16% | 0.73% | -0.06% | 5.84% |
| 2015 | -5.51% | 2.57% | 1.37% | 1.72% | 0.48% | 1.86% | -1.28% | -1.23% | -0.99% | 0.00% | -0.14% | -0.04% | -1.42% |
| 2016 | -2.27% | -3.20% | -1.47% | 0.54% | -2.03% | -4.60% | -0.62% | 0.99% | 0.38% | 3.70% | 9.21% | 2.88% | 2.81% |
| 2017 | 1.26% | 0.60% | 0.46% | -0.29% | -0.55% | 0.06% | 0.16% | -1.10% | | | | | 0.58% |

## KEY TERMS

| | | | |
|---|---|---|---|
| Target Size: | $750mm – 1bn | Management Fee: | 1.5% per annum, payable quarterly |
| Minimum Commitment: | $3 million | Performance Incentive: | 20% |
| Investment Period: | 12 month initial period | Withdrawals: | Quarterly, 60 days prior written notice |

NOTES:

Performance results assume the reinvestment of interest and other earnings. All performance figures presented include the Funds' gross returns net of a 1.5% per annum management fee and a 20% incentive allocation that is accrued monthly.

The performance related information for the Fund, for the current calendar year, is based on estimated and unaudited data. All data or information is believed to be accurate or reliable but no guarantee can be made as to the accuracy or completeness of such information or data.

Past performance is not indicative of future results. Given the inherent volatility of the securities markets, it should not be assumed that investors will experience returns comparable to those shown here. Market and economic conditions could change in the future producing materially different returns than those shown here. An investment in the Fund is illiquid, speculative and involves a high degree of risk and an investor could lose all or a substantial amount of his or her investment in the Fund. An investment in the Fund may not be suitable for all investors.

# TAX CREDIT FINANCE OPPORTUNITY

Customized investment solutions for tax credit and mission-focused investors.

## FIRM OVERVIEW

- **National asset manager focused on tax credits and public policy investment strategies**
  - Utilize federal and state government incentives to find attractive risk-adjusted return investment opportunities
  - Help investors lower their effective tax rates and fulfill narrowly-defined investment mandates and other non-financial investment requirements
- **Track record of success across a number of strategies and programs**
  - Participated in over $1B of tax credit transactions across a variety of funds and programs with investors receiving all expected cash flows to date
  - Manage approximately $1.1B for traditional lower-middle market credit funds, including an SBIC
  - Registered with the SEC as an Investment Adviser
  - Participated in dozens of government incentive programs both at the federal and state levels
- **Highly experienced team with deep institutional backing**
  - Founded in 1999, with key principals having over 10 years of experience working together
  - Partnered with marquee private equity firms, banks, insurance companies, high net worth individuals and family offices to help facilitate growth

## TAX CREDIT FINANCE FUND HIGHLIGHTS

- **Customized tax credit investment strategies based on investor requirements**
- **Ability to deploy capital into targeted geographies, specific project types, and other niche mandates**
- **Continuation and expansion of firm's successful investment strategy since 1999**

## INVESTMENT STRATEGY

- **Investors repurpose dollars reserved to pay taxes into income-generating projects that fulfill public policy goals**
  - Investors allocate cash that would be used to pay taxes into tax credit investments
  - Investors generate returns in tax credit transactions by receiving the tax credits and/or additional benefits, such as cash payments and other tax benefits
- **Investments are targeted based on investor requirements**
  - Investors select the mix of tax credits they would like to receive based on return requirements, timing of tax liabilities, and other treasury functions
  - In addition to economic returns, investors receive non-economic benefits by investing in projects that fulfill government, shareholder, individual, or internally-mandated investment objectives, such as renewable energy, historic rehabilitation, or low income community development
  - Each fund is specifically tailored to meet each investor's particular needs
- **Generate ancillary investment opportunities in conjunction with tax credit investments**
  - Significant lending opportunities, such as construction lending or bridge loans, in addition to investing in the tax equity of projects
  - Ancillary opportunities also could lead to new primary business relationships

## KEY TERMS

| | | | |
|---|---|---|---|
| Target Size: | Evergreen | Term: | Depends on deal type |
| Minimum Commitment: | $1 million | Management Fee: | None |
| Investment Period: | Depends on deal type | GP Carried Interest: | 30%; Management only gets paid when investor receives profits |

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# Direct Investment Opportunities

# SENIOR SECURED LENDING SPECIALTY FINANCE OPPORTUNITY



**Specialized non-bank asset based lender providing senior secured loans to lower middle market companies.**

## FIRM OVERVIEW

- Senior secured lending firm based in New York
- Launched in 2017 with initial seed capital from an institutional investor
- Expertise in the following types of financing: Asset Based Revolvers, FILO Advances, and Term Loans
- Industry focus in commercial & industrial, healthcare, & retail and consumer products
- Management team has over 20 years at bank and non-bank secured lending businesses
- Seeking $20 million of additional seed equity
- Additional $50-100 million of capital in the form of mezzanine or separately managed funding accounts

## FINANCE COMPANY HIGHLIGHTS

- **Leadership team with extensive experience in institutional investing and commercial lending**
- **Direct origination by dedicated marketing team through long standing industry relationships**
- **Disciplined credit culture with independent evaluation of assets and strict internal monitoring**
- **Significant technology integration to create operational efficiency**
- **Structured as finance company to create long term enterprise value for investors**
- **In August 2017, the firm closed on their first loan, a three year $6.5 million Revolving Credit Facility to finance the working capital of a NYC based company that provides post-production services for the completion of feature films and episodic TV programming**

## INVESTMENT STRATEGY

- **Specialized non-bank asset based lender providing senior secured loans to lower middle market companies**
  - Launched to offer floating rate senior secured loans at all in gross yields of 7-11% to US lower middle-market businesses
  - Senior secured loans collateralized by all company assets including accounts receivables, inventory, machinery & equipment, and real estate
  - Target borrowers across select industries including C&I, retail & consumer products, and healthcare, looking for $2-25MM in debt financing
  - The firm has raised $12.5MM of a $25MM seed round, and will layer in both subordinated debt and bank debt to expand the balance sheet
  - The firm would consider separately managed funding accounts of $10MM+
  - Led by an executive team with deep knowledge of underwriting and managing risk

- **Lower execution risk**
  - The finance company is fully operational and in the process of closing first ABL loan
  - The CEO has been a founding member of many bank and non-bank platforms and have funded over $7bn in asset-based loans over the years
  - Current pipeline of over $250MM

- **Sustainable business model with focus on preservation of capital**
  - Structured as a finance company rather than a fund, to create long term enterprise value for investors
  - Disciplined credit culture with superior client service
  - Industry specific analysis and underwriting with pro-active early intervention to assist companies in their growth or turnaround efforts

- **Usage of cutting-edge technology with industry "best practices"**
  - Rapid decision making and onboarding allows for more storied credits
  - Significant technology integration across all operating aspects of the business enhance customer engagement, satisfaction and retention
  - Integrated financial infrastructure with credit analytics tools while staying within conservative underwriting standards

## MARKET NEED

The lower middle-market remains underserved following the financial crisis and increasing regulatory environment

- **Banking Environment**
  - Due to the increased compliance costs and regulatory overhang, banks were forced to reevaluate their business and shift to larger size loan products
  - Banks traditionally offer lower collateral advance rates, which mean more non-traditional debt is required

- **Underserved Middle Market**
  - Incumbent non-bank asset based lenders have gone up market in terms of deal size leaving a void in the lower-middle market sector
  - New non-bank lenders unable to meet capital and service needs of companies in the lower middle market
  - Companies continue to have difficulty finding capital to fund their operations, make an acquisition or expand their business operations

# GLOBAL AFFORDABLE HOUSING INVESTMENT OPPORTUNITY



**Global solutions provider of affordable housing, specifically designed to address the global housing shortage.**

## FIRM OVERVIEW

- Launched in 2016 with initial seed capital of $20 million.
- Provides proprietary construction technology and processes; establishes joint venture partnerships; and co-invests with local developers and governments to dramatically accelerate the velocity of house delivery.
- Revenue is generated from the distribution of profits from the local joint ventures' home sales.
- Seeking $130 million of capital – an additional $30 million in Jr. Preferred Equity with the same terms as the seed investor and $100 million in Sr. Preferred Equity to meet the global pipeline of demand.

## INVESTMENT HIGHLIGHTS

- By combining the machine, materials, and formwork, EchoStone reduces the traditional housing construction production cycle time from 2-4 months to 2 weeks based on a $64m^2$ unit.
- Strong value proposition across the market.
  - Governments: Ability to swiftly deliver high-volume construction on an industrial scale
  - Local Developers: Speed, scale, and consistency
  - Consumers: Superior quality housing relative to existing alternatives
- Plans to build 100,000 houses per year by 2021 and will continue to scale beyond that.
- Plans to deliver approximately 250,000 houses by 2022.

## CURRENT BUILDOUT / PIPELINE LOCATIONS

| | PANAMA | NIGERIA | PHILIPPINES |
|---|---|---|---|
| Total Housing Need | 250,000 | 17MM | 7MM |
| Project 1 (# Houses) | 8,500 | 12,000 (Abuja); 5,000 (Lagos) | 3,700 |
| Gross Profit Per House | $20,750 | $11,000 | $25,000 |
| Est. Market Share | 50,000+ houses | 750,000+ houses | 100,000+ houses |

## TRANSACTION OVERVIEW

| | $50MM JR. PREFERRED EQUITY INVESTMENT W/ $20MM COMMITTED | $100MM SR. PREFERRED EQUITY INVESTMENT (Q2 2018) |
|---|---|---|
| Accruing Dividend | 15% | 7.5% |
| Distributions Until Paid | 30% | 45% |
| Permanent Profits Interest | 6% | 3% |
| Approx. IRR | 45% | 30% |
| Approx. MOIC | 4.5x | 2.1x |
| Approx. Return of Capital and Dividend Accrual | 4 years | 3 years |

# CLASSIC CAR INVESTMENT OPPORTUNITY



Bringing financial logic to an asset class dominated by emotion and end users.

## FIRM OVERVIEW

- Seeking $30MM in Founder's equity investment opportunity in Historic Car Fund
- The Fund will seek to generate equity like returns but with lower levels of risk
- The Fund will acquire a portfolio of carefully selected Historic Cars which are expected to increase in value over the life of the Fund
- Generate capital appreciation over the medium to long run from core holdings in relatively illiquid assets
- Founding class will participate in ownership of management company and pay reduced carried interest
- Structured using a conventional closed ended limited partnership

## FUND HIGHLIGHTS

- Historic Car values have performed strongly and consistently over the last 15 years. The returns available have been equity-like in nature but with significantly lower levels of volatility.
- Returns are backed by real assets with tangible value that can be expected to endure over the long term. The assets themselves are readily transportable and thus, they have defensive qualities against currency fluctuation.
- Many of the demand factors which have driven this performance such as the rate of wealth creation, its increasing concentration and the popularization of the "classic car culture" are unabated.
- Experienced team with a unique combination of skills. The Woodcote team contains individuals who have had successful senior level careers in investment management and banking.

## INVESTMENT HIGHLIGHTS

- Generate equity like returns
- Diversify a portfolio
- Provide protection against inflation
- Provide protection against currency devaluation
- Supply of quality remains limited

## SUPERIOR HISTORIC PERFORMANCE OVER ALL TIME HORIZONS

| | | ANNUALIZED RETURNS[1] (%) TO DEC 31, 2016 | | | | |
|---|---|---|---|---|---|---|
| INDEX | ASSET CLASS | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR | 15 YEAR |
| HAGI Top[2] | Historic Cars (£) | 9.0 | 13.8 | 20.2 | 18.7 | 17.9 |
| FTSE 100 | UK Equities (£) | 18.5 | 5.9 | 9.1 | 5.2 | 5.8 |
| S&P 500 | US Equities ($) | 10.9 | 9.0 | 14.7 | 6.9 | 6.6 |
| MSCI World | Global Equities ($) | 7.3 | 4.5 | 11.0 | 4.4 | 6.4 |
| FTSE UK Government Bond | UK Fixed Income (£) | 7.9 | 6.9 | 3.8 | 6.4 | 6.0 |
| GSCI | Commodities ($) | 28.8 | -14.4 | -9.2 | -0.8 | 5.7 |
| HFRI Fund of Funds | Hedge Funds ($) | 0.5 | 1.2 | 3.4 | 1.3 | 3.3 |
| Gold | Commodities ($) | 9.1 | -1.2 | -5.9 | 6.2 | 10.0 |
| HPI Kensington & Chelsea[3] | Prime London Real Estate (£) | -4.6 | 1.5 | 5.6 | 6.5 | 7.4 |

1. Calculated on an annually compounded basis.
2. Note that HAGI Top first started being reported in Dec 2008. 10 year and 15 year statistics were calculated using a back test performed by HAGI which employs different Index weightings and whole year averaging. 10 and 15 year statistics are calculated to the end of 2014 with data up to 2008 consisting of an annual equal weighted back test and from 2009 to 2014 using monthly reported year end data. Historic Automobile Group assumes no responsibility for the accuracy and completeness of the above data and disclaims all express and implied warranties in connection therewith.
3. HPI Kensington & Chelsea returns are calculated using the Oct 2016 index value as this is the latest available.

**SOURCES:** Bloomberg, FT, HAGI, UKCSO

**GENERAL NOTE:** All equity and bond indices used are "total return" and include dividends and coupons.

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