

NORTH DAKOTA GROWTH FUND

YEAR-END 2023 UPDATE



NORTH DAKOTA
Growth Fund

50 SOUTH
CAPITAL

**Prepared by:
50 South Capital Advisors, LLC**

The logo for the North Dakota Growth Fund. It features a small graphic of three stylized trees in green and brown to the left of the text. The text "NORTH DAKOTA" is in a smaller, black, sans-serif font, and "Growth Fund" is in a larger, bold, orange-red, sans-serif font.

NORTH DAKOTA
Growth Fund

The following information relates to funds for which 50 South Capital Advisors, LLC serves as investment manager/general partner.

Investments in any of the funds discussed herein are not insured by the Federal Deposit Insurance Corporation, and are not deposits or obligations of, or guaranteed or endorsed in any way by, The Northern Trust Company, its affiliates, subsidiaries, or any other banking entity. Investments in the funds are not insured by the Federal Reserve Board, or any governmental agency and are subject to investment risks, including possible loss of principal invested.

Any losses in such covered fund will be borne solely by investors in the covered fund and not by The Northern Trust Company; its affiliates, subsidiaries or any other bank. Therefore losses in such covered fund will be limited to losses attributable to the ownership interests in the covered fund held by Northern Trust and any affiliate in its capacity as investor in the covered fund or as beneficiary of a restricted profit interest held by the business unit or any affiliate. Investors should read each Confidential Private Placement Memorandum carefully prior to investing.

Performance includes reinvestment of all dividends, income, expenses and capital gains.

Comparative indices shown are provided as indication of the performance of a particular segment of the capital markets and/or alternative strategies in general. The Fund is compared to the indices because they are widely used performance benchmarks. Index information: The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

Interests in the Fund will be offered and sold by representatives of Northern Trust Securities, Inc., an affiliated broker-dealer, member FINRA, SIPC and a wholly owned subsidiary of Northern Trust Corporation.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc. Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K, NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Northern Trust Asset Management Australia Pty Ltd, and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

© 2024 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A.



North Dakota Growth Fund Overview

In 2021, the State Investment Board of North Dakota announced the formation of the North Dakota Growth Fund (NDGF). NDGF was created to further advance innovation and private markets investments in North Dakota by seeking investments that provide strong risk-adjusted returns and support the growing entrepreneurial ecosystem in the state. SIB approved a three percent (3%) private capital allocation with a preference for in-state investments. In April 2021, 50 South Capital Advisors, LLC formed the North Dakota Growth Fund to expand the Legacy Fund's in-state investment activity. The State Investment Board of North Dakota has committed \$100 million of the Legacy Fund to the North Dakota Growth Fund with a targeted initial investment period of five years. NDGF's investment strategy focuses on industries key to the state's economy, including agriculture, energy, manufacturing, technology, infrastructure, life sciences, aviation and mobility, among others. NDGF's investment portfolio will be diversified across vintage, stage, sector, geography and strategy. The majority of NDGF's investments will be in private firms who meet the eligibility requirements outlined in NDGF's Investment Policy with the remaining balance reserved for direct co-investments in North Dakota companies.

For additional information, please visit NDGF website at www.ndgrowthfund.com.

Market Update

In 2023, there was \$61.5 million invested in sixteen North Dakota venture-backed companies representing a 100% increase in the number of deals compared to 2022 and a 0.5 percent decrease in deal value, per Pitchbook. Compared to Montana, South Dakota, Nebraska and Wyoming, North Dakota ranked fourth in number of venture capital deals and tied for third/fourth in deal value in 2023. However, North Dakota ranked first in growth of venture deals from 2022 to 2023 in the Northern Great Plains. Additionally, there were thirteen private equity transactions compared to twelve in 2022. The amounts of those transactions are undisclosed. Venture and private equity deals happened across the State in Fargo, Grand Forks, West Fargo, and Williston and in multiple sectors including software, manufacturing, healthcare, and energy. Software verticals included agtech, edtech, health tech, cybersecurity, and artificial intelligence.

The strong increase in venture deal count is encouraging as the North Dakota Growth Fund continues to develop and the pipeline of deals becomes more robust. The relatively flat deal value is reflective of the trends seen across the market as the size of rounds and valuations have dropped sharply and investors require more traction, proof of product market fit and demonstrable progress on milestones before committing to a deal.

The activity throughout 2023 represents the scope of deals across North Dakota and reiterates the importance of diversifying the portfolio. From the earliest stages of a company's growth to the decision to exit, managers in NDGF's portfolio have sourced, diligenced and invested in early stage companies with high potential and mature companies with proven success. 50 South Capital remains committed to seeking managers that have a differentiated approach, add sector experience to the existing portfolio and share our commitment to being value-added partners to the entrepreneurial ecosystem across North Dakota.

North Dakota Growth Fund Updates

Community Activities

The 50 South Capital team continues to be involved in community events that foster and bring together capital providers, entrepreneurs, and community supporters of the North Dakota ecosystem. To engage with the North Dakota community, the 50 South Capital team has made significant efforts to:

- Be a transparent, community-centric, value-added partner
- Mentor venture capitalists and entrepreneurs
- Work with universities and research parks
- Draw talent and capital into the State
- Engage with community organizations
- Have an open-door policy with all constituents

During 2023, 50 South Capital continued to be highly visible throughout the State to network, educate and explore ways to work with many of North Dakota stakeholders including entrepreneurs and ecosystem builders to ensure NDGF's success. Several examples of the various community activities and events include:

- Presented at a Lenders Learning Event hosted by the Grand Forks Economic Development Center
- Attended Autonomous Nation in Fargo
- Participated in NSF Site Visit for the FARMS Engine
- Attended Greater North Dakota Chamber Policy Summit
- Participated in Curiosity Week in Fargo, including events for angel investors, corporation innovation leaders and ecosystem partners
- Co-hosted Prairie Capital Summit, an event designed to connect entrepreneurs and investors
- Hosted breakfast for UND and NDSU students from Dakota Venture Group and Pathway Ventures
- Hosted dinner for North Dakota Growth Fund managers, portfolio companies and ecosystem partners
- Attended Elevate, a technology conference in Fargo
- Presented at gener8tor's gBETA showcase
- Facilitated a panel for women-owned businesses in Dickinson for the North Dakota Women's Business Center
- Hosted events in Bismarck and Wahpeton to discuss the North Dakota Growth Fund
- Participated in a funding panel for the Goldman Sachs 10K Small Businesses cohort in Bismarck

Portfolio Updates

As of December 31, 2023, NDGF had made five fund commitments and four co-investments totaling \$89,000,000. 50 South Capital currently serves on the limited partner advisory boards (or similarly functioning board) for four NDGF recipient funds and holds a board observer seat on two direct co-investments. The NDGF portfolio is diversified by strategy with thirty-one percent committed to growth stage managers, twenty-eight percent committed to early stage venture capital, eleven percent committed to private equity and thirty percent of capital committed to direct co-investments. NDGF and its recipient funds have invested in 14 North Dakota companies, totaling \$136,490,706 million of invested capital, representing 1.53x NDGF's committed capital to such NDGF recipient funds. Additionally, fifteen North Dakota companies have participated in gener8tor's gBETA program since its inception.

To date, the majority of the underlying portfolio companies have been based in Fargo and Grand Forks. However, we continue to engage with communities across the State and are starting to see deal flow from Bismarck, Minot and western North Dakota. Furthermore, recipient funds are engaging and investing in industries of strength throughout



NORTH DAKOTA
Growth Fund

North Dakota such as agtech, manufacturing, healthcare, and enterprise software. NDGF is still very early in its lifecycle making new investments and investment performance remains immature.

North Dakota Growth Fund Investment Portfolio			
<i>(as of December 31, 2023)</i>			
Fund Investment	Vintage	Strategy	Location
Lewis & Clark Agrifood Fund II, LP	2019	Late stage venture capital	St. Louis, MO
LWO Fund III, L.P.	2020	Lower middle market private equity	Fargo, ND & Dallas, TX
Badlands Equity Fund 22, LP	2022	Growth capital	Fargo, ND & Sioux Falls, SD
gener8tor 1889 Fund I, LP	2022	Early stage venture capital	Fargo, ND
Homegrown Capital Fund I, LLC	2022	Early stage venture capital	Brookings, SD
Direct Co-Investment	Date of Investment	Sector	North Dakota Office
Edgewood Healthcare	2023	Healthcare	Grand Forks, ND
Bushel	2023	Agtech	Fargo, ND
Midland Garage Door	2023	Manufacturing	West Fargo, ND
Crusoe Energy Systems	2023	Energy	Williston, ND

North Dakota Growth Fund Capital Activity	
<i>(as of December 31, 2023)</i>	
Fund Size	\$100,000,000
Committed Capital	\$89,000,000
Committed Capital (%)*	89.0%
Capital Called (\$)	\$44,020,000
Capital Called (%)*	40.02%
Capital Called to Committed (%)	49.46%
Distributed Capital (\$)	-
Distributed Capital (%)	-
# of Recipient Funds	5
# of Direct Co-Investments	4
# of Total Portfolio Companies	36**
# of Total Investments in North Dakota Companies	19
Dollars Invested in North Dakota Companies	\$136,490,706
Invested in North Dakota Companies to Committed	153.36%

*The percentage of committed capital is as of the current committed NDGF program size of \$100,000,000. Called capital is a percentage of committed capital.

**As of September 30, 2023.


 NORTH DAKOTA
Growth Fund

Featured North Dakota Companies

- Crusoe Energy Systems**, founded in 2018 and with significant operations in Williston, North Dakota, is on a mission to align the future of computing with the future of the climate. As builders and operators of clean computing infrastructure, Crusoe reduces both the costs and the environmental impact of the world's expanding digital economy. By unlocking stranded sources of energy to power artificial intelligence, crypto, and other high performance computing applications, Crusoe is creating the future of compute-intensive innovation that reduces emissions rather than adds to them.

