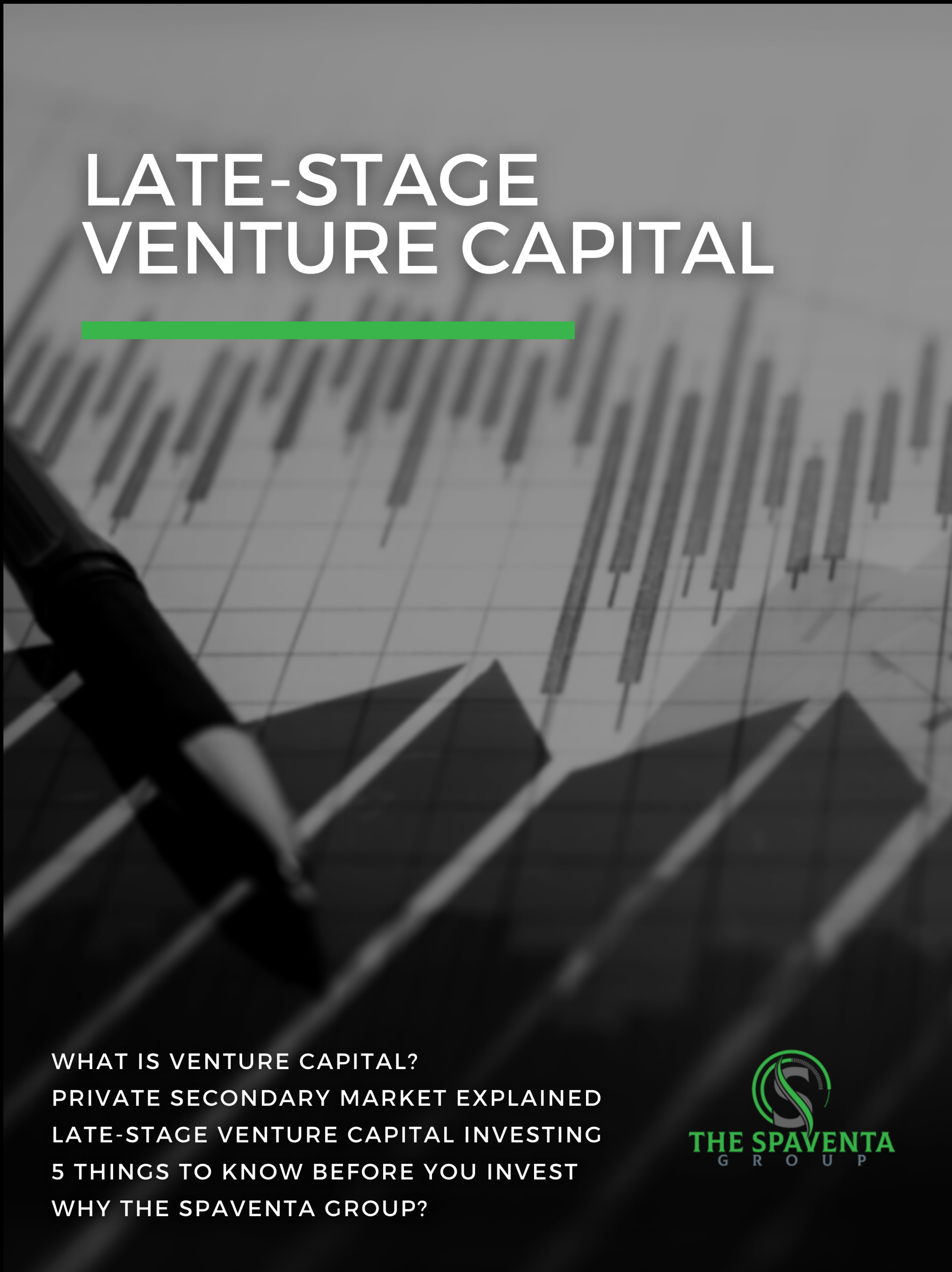

LATE-STAGE VENTURE CAPITAL

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THE SPAVENTA GROUP

WHAT IS VENTURE CAPITAL?

Venture capital, or “VC”, is the industry term used to describe investments in promising startup companies. Basically, VC firms provide funding to startups that have high growth potential in hopes that their capital will assist the startup in increasing in size / valuation. Venture capital is broken down into “stages” which define where a startup is operating within the traditional company lifecycle.

The VC stages are as follows:

1. **Seed Stage:** “angel investors” provide the first outside injection of capital to the startup. Angel investors basically invest in the “idea”. Naturally, this stage offers both the highest risk, along with the highest return potential
2. **Early-Stage (Series A, B):** once the startup idea has proven to be a viable business and has perhaps even generated some revenue, the startup seeks additional capital from investors in the form of financing rounds which are known as “Series”. Each subsequent round is considered a Series and is designated by a letter (e.g., Series A, Series B, etc.)
3. **Mid and Late-Stage (Series C and Beyond):** as the startup continues to grow, it needs additional funding to assist in its scaling efforts. At this stage, other institutions like hedge funds, private equity firms and endowments may begin to invest in addition to VC firms
4. **Private Secondary Market:** explained below
5. **Liquidity Event:** the startup reaches a point where it is a large, mature company, has grown its valuation substantially, and may be seeking to go public

PRIVATE SECONDARY MARKET EXPLAINED

Startups have been staying private longer than ever before, making the decision to delay IPOs in favor of continued growth in the private market. As a result, early employees who were granted stock options, as well as early investors, have been forced to wait longer to realize substantial gains. Many individual investors, lacking the access to the private markets enjoyed by institutional investors, were also unable to invest in many well-respected companies simply because they were private.

This led to the creation of a *private secondary market* for venture capital investors.
In the primary market, investors directly invest into startups in return for equity. The private secondary market acts akin to the public secondary markets (i.e., the stock market where only existing shares are traded). The private secondary market is where a startup's liquidity-seeking shareholders (whether early employees or early investors) may sell their shares ahead of an IPO (or other liquidity event, such as an acquisition) to firms like The Spaventa Group.

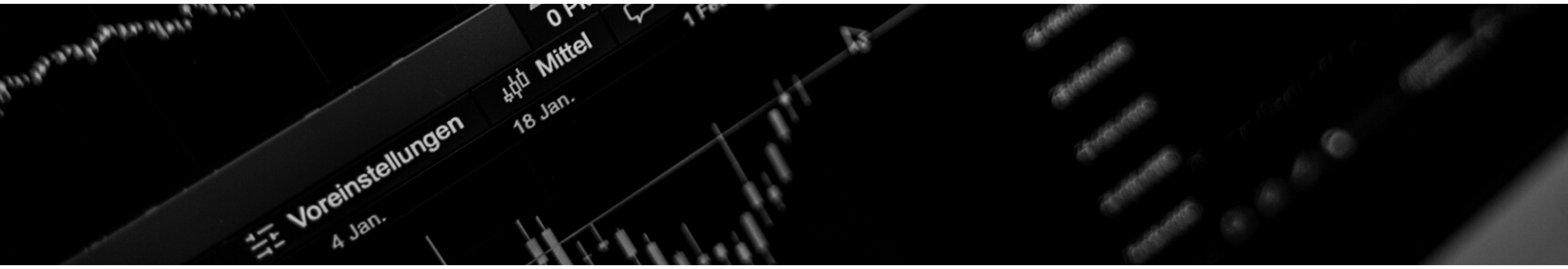
The VC stages are as follows:

We purchase shares from selling shareholders (there is no dilution to the company because these are existing shares) [1]

We hold these shares in one of our investment funds

We offer investors interest in the shares via our investment funds (we have multiple funds, each with its own structure)

The company goes public and our clients, depending on the terms and method of the IPO, have their interest in our fund converted to the underlying stock. The shares are transferred to the brokerage account of their choice. [2]



[1] In some instances, we may also acquire shares indirectly via another investment fund. In these situations, our fund would own interest in another fund which owns the shares. Our clients would see no difference and still receive the unrestricted stock and / or cash upon an IPO or acquisition.

[2] Investors are typically subject to a 180 day lock-up period for a traditional IPO, starting from the 1st day of trading. Other methods of going public, such as SPACs or direct listings, each have their own terms. It is also not given that a company will go public or have any other liquidity event.

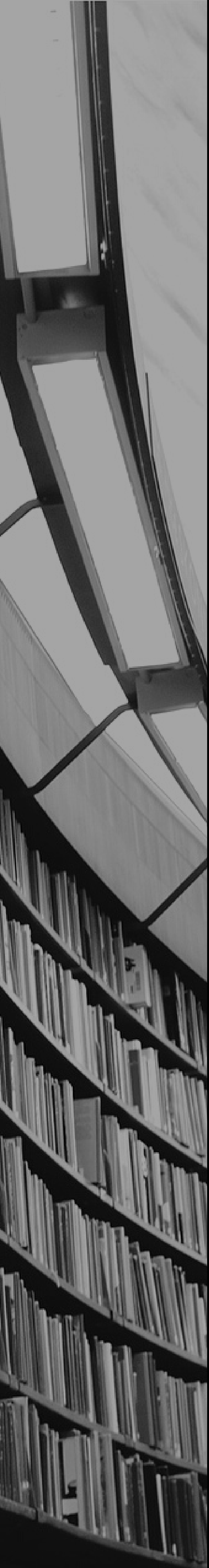
LATE-STAGE VENTURE CAPITAL

Late-stage venture capital refers to mature, venture capital-backed private companies that are projected to be nearing a liquidity event (most commonly an IPO).

Late-stage VC investing via the private secondary market has exploded in popularity over the last several years due to the number of large brands / companies transitioning from the private to public markets. Late-stage VC investing provides investors with a potentially attractive risk / reward balance when compared to early-stage VC and post-IPO investments. Late-stage VC companies are inherently less risky than their early-stage counterparts because they have a proven track record, recognized brand equity and stronger financial backing. Additionally, the rewards for late-stage VC investing could be substantial, as there still exists room for valuation growth in the private market ahead of a potential IPO.

The Spaventa Group invests in the most promising late-stage VC companies through our multiple investment funds. The proliferation of the secondary private market over the last several years has led to exponential growth in the number of potential investment opportunities in the private market. Out of the hundreds of companies offering their private shares, TSG conducts extensive research and chooses to invest in a select 4 - 6 companies per year.

Some companies in which TSG has invested include SpaceX, Airbnb, SoFi, Impossible Foods, Palantir Technologies, Eat JUST, and Plaid.



5 THINGS TO KNOW BEFORE YOU INVEST

1 RIGHT OF FIRST REFUSAL ("ROFR")

A Right of First Refusal (commonly referred to as a "ROFR") gives any company the right to purchase an existing shareholder's shares before they can be transferred / sold to a third party (i.e., investors such as The Spaventa Group). Other funds typically “raise money” from investors like you *prior* to acquiring any company’s shares, increasing the likelihood of a ROFR situation. At TSG, we invest in companies using cash from our balance sheet. We only offer the opportunity for clients to invest in our selected companies (via one of our funds) after we close on the purchase of a company’s shares. Therefore, our clients are not subject to ROFR situations.

2 FUND FEES

Most individual investors gain access to late-stage VC companies via investment funds. Individual investors generally purchase interests in a fund which houses the company’s shares until the company goes public and the lockup period ends (thereby converting said fund interest into common stock). Be sure to read any fund's private placement memorandum (“PPM”) thoroughly as there may be hidden fees (including management fees, due diligence fees, etc.). TSG always discloses all fees up front and does not charge any extra hidden fees.

3 TIMEFRAME

It is important to understand the illiquid nature of venture capital investing. Investors must hold their investment until the company goes public and the early investor lockup period expires (typically 6 months after the IPO announcement date). Investors should expect invested funds to be illiquid for up to a year or more.

4 SELECTION

The surging popularity of late-stage VC investing has led to significantly more access to private company shares via the secondary market. As the number of potential investment options increases, so too does the need for increased due diligence. Unlike other firms (which typically offer more than a dozen late-stage VC companies at any given time), TSG conducts extensive valuation analysis, research and due diligence to carefully curate and select the companies / investment offerings that have the potential for the greatest return on investment. We offer investors meticulously analyzed and authored Investment Memorandums in tandem with quick research “tear sheets” that fully detail our investment thesis for all of our late-stage VC investments.

5 VALUATION

Late-stage VC investors should understand: while private companies are valued based on traditional metrics such as sales / EBITDA multiples, comp analysis, etc., the greater catalyst for value creation is investor awareness and the strength of the company's "story" (particularly while still private and in the first few quarters after going public). A sound late-stage VC investment will combine solid investment / valuation fundamentals along with significant growth prospects, robust brand awareness and significant investor appetite.

WHY THE SPAVENTA GROUP

At The Spaventa Group, we do not offer dozens of late-stage VC opportunities at a time. We combine rigorous valuation analysis, research and due diligence with information from our extensive institutional network to isolate the most attractive opportunities for our clients. While other firms focus on *quantity*, we invest in *quality*.

Not only will TSG present you with the most compelling late-stage VC opportunities, but we will also provide you with a level of service and professionalism that is unmatched in our industry. Abiding by our Core Four values of innovation, integrity, client commitment and (being an) authority figure, we look forward to establishing a long-lasting, prosperous relationship with you!

THE SPAVENTA GROUP

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Be sure to follow us on social media at @tsginvest!