



Revolutionizing Access To and Results From the Early-Stage Asset Class

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Executive Summary

Early (start-up or growth) entrepreneurial equity is an important and attractive asset class distinct from traditional (later-stage) venture capital, listed securities, real estate, commodities, other alternatives, etc.

The current ecosystem is heavily siloed and suffers from numerous inefficiencies, to the detriment of all

ECS Capital Partners is designed to ameliorate these inefficiencies, integrating stakeholders to the clear and dedicated benefit of all investors



Early entrepreneurial equity as a unique asset class



- *High returns averaging 25-30%/yr (or better) IRR*
- *Minimally correlated to other major asset classes*
- *True engine of economic development and human betterment*
- *But, decisions rely on potentials & probabilities rather than historical data!*
- *And, product-market fit and revenues are often not yet demonstrated!*

Landscape

Entrepreneurs



With start-up and growth companies that create and produce innovations leading to societal, economic and lifestyle advancements

Governments



Understanding and supporting these entrepreneurs and their innovations as key to increasing jobs, tax base, quality of life

Investors



Whose money, experience, contacts, participation, etc., are essential for these entrepreneurs and their companies

Problems Macro



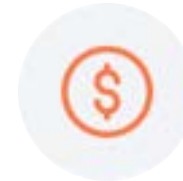
Entrepreneurs

Find it difficult to raise adequate financial (and other) support



Governments & Society

See suboptimal economic and social progress as a result



Investors

Experience problems with access, efficiency, structure, etc., leading to lower returns for most

Investor Problems

Those That Don't Participate

- ◉ Fewer than 1 in 10 Accredited Investors (in the U.S.) participate in this asset class, depriving them of potential and uncorrelated returns, and society and its entrepreneurs of vast resources
- ◉ Participating effectively in this asset class is difficult due to time, knowledge, & financial resources required, structural realities, intense competition, etc.
- ◉ Even many HNWS/FOs do not participate, citing complexity, risk and information inefficiency
- ◉ But - why should everyone have to commit to and master a complicated specialty in order to benefit?
- ◉ How different from auto maintenance, air transport, tax prep, legal/medical affairs, public markets, etc.?
- ◉ Anyone can learn (and it is a joy to teach), but many choose to outsource the expertise and practice required, and just reap the rewards
- ◉ Investing is no different!
- ◉ For individuals, self-directed IRAs are ideal vehicles

Those That Don Participate

Active Angels, Groups and even HNWS/Fos often:

- ◉ Are geographically focused
- ◉ Operate more or less passively, on whatever deals come in the door
- ◉ Lack sufficient finances to lead initial rounds or significantly influence and participate in later rounds
- ◉ Lack expertise or resources to critically evaluate technical claims
- ◉ Often overemphasize initial investments, rather than managing invested companies and portfolio, leading to poorer results
- ◉ Mix agendas and bottom lines (financial, social, community, government, etc.), lessening returns
- ◉ Have difficulty finding deals of appropriate size
- ◉ Experience individual or group burnout, due to learning curves, average times to positive exit, continuous resources & effort required
- ◉ Easy to do, hard to do well!
- ◉ Published 25-30% average IRR for overall field does not accord with commonly reported experience of most participating investors

"From my perspective, XXX and other local angel groups just don't get access to potential unicorns, only a few ok ideas/teams. I still have a few active companies (after multiple rounds), and hope to at least break even soon."

-Former Angel

Solution- ECS Capital Partners

SIMULTANEOUS DUAL INVESTMENT THESIS:

Financial Return + Positive Impact



Diversified Portfolio

Guaranteed diversified portfolio of multi-stage, deep-tech impact investments for each investor

Pro-Rata Access

For all investors, in all rounds

Formal Asset Allocation

Search strategy (many initial, then fewer & larger, commitments: initial -> expansion -> growth, plus special) = "Intelligent Index" or "Composite"

Integration & Partnering

Broadly across global investment ecosystem; network + activity + humility!

Tax Efficiency

Tax Awareness and Optimization (US IRS Sections 1045, 1202, 1244)

Business Model

Minimum Commitment

\$25,000

ALL committed capital invested

2% Mgt Fee + 20% Carry (after full return of capital), calculated on overall portfolio basis

Preference on first 8%/yr return of carry

Investors of at least \$250K have staged capital calls & "super-investment" opportunities

Individualization by initial date joining, "super-investments" & funds return vs. reinvestment options



How Are We Different?

Individualized Accounts

Highly individualized and flexible account management and decision-making by each investor

Return Waterfall

Investor-favorable return waterfall

Evergreen Fund

Evergreen fund for long-term relationship

Super Investment

Larger investors (>\$250K) have option to actively "super-invest" in specific later-stage deals

Target Companies

Private as well as public target companies

Experience & Resources

Technical and investment experience & resources

General Solicitation

506(c) organized, i.e., allowing General Solicitation

ECS Capital Partners

Competitive Advantages



Deal Flow Diversity

Diversity of deal flow channels and relationships



Technical Expertise

Technical background, resources & judgment



Commitment to Returns

Utter commitment to financial returns for investors, from impactful, early-stage, deep-tech companies



Unmatched Search Effort

Highly active in technical, disciplinary & investment circles worldwide



Many Initial Investments

Best of best (thus not Spray-and-Pray) with bulk of capital into selective major follow-ons



Collaboration

Emphasis on collaboration, integration & synergy



Fewer Strike-Outs

Harvest base hits (gazelles) + home runs (unicorns)





Net Benefits

1

Investors can take passive and/or active approach to asset class

2

Single investor certification for entire portfolio

3

CFIUS firewall for non-U.S. investors

4

Broadened franchise and access for all Accredited Investors to top-quality and multi-stage private investments, with professional management

5

Goal (not guarantee) of 10x return in 10 years (net 26% IRR) from investments with positive impact

Multi-Stage Asset Allocation Strategy

25%

into 125-500 earliest stage companies

(average investment \$10-50K each)

25%

into 25-50 follow-on companies attaining initial milestones

(average investment \$50-500K each)

25%

into 5-10 growth stage companies

(average investment \$250K-\$2.5M each)

25%

for special situations & reserves

Thus, hundreds of carefully selected earliest stage companies, with ~80% of funds into 25-50 most successful

"Competitors" As Partners



Organized Angel Groups & Funds

Partners for access and initial deal diligence, co-investing early and later, recruiting new members, etc.



VCs

Partners for introducing known and successful companies warranting larger follow-ons; some also open to smaller first round co-investors



FOs and HNWs

Like VCs, but often without established expertise and processes in, or access to, this asset class

Investor-Beneficial Exit Waterfall

After Each Exit, But Based on Total Portfolio:

- ⦿ *Replenish invested + investable funds to original commitment*
- ⦿ *True-up any deferred management fees*
- ⦿ *Return of capital to total original commitment*
- ⦿ *Share profits, 80:20, between member & manager (carry), with preferential return to member of 8%/yr on contributed capital*
- ⦿ *Any funds available for distribution may be reinvested as further contributed capital*



Competitive Matrix

Benefit	Individuals	Angels in Groups	VCs	FOs	ECS
Deal Access-Collaboration	Low	Low	Low	Low	High
Deal Access-Geographic Reach	Low	Low	Varies	Varies	High
Financial Resources	Varies	Low	Ample	Ample	Ample
Scientific/Technical Expertise	Varies	Varies	Varies	Usually Not	High
Multi-Stage	Varies	Usually Early	Usually Later	Usually Later	Yes
Active/Passive	Varies	Usually Passive	Usually Passive	Usually Passive	Active
Experience	Varies	Usually Passive	Usually High	Varies	High
Professionalism	Varies	Varies	High	High	High
Total Portfolio	Usually Not	No	No	No	Yes
Private + Public Companies	Varies	Usually Not	Usually Not	No	Yes
Evergreen	n/a	Varies	Usually Not	Varies	Yes
Favorable Fees/Waterfall	n/a	Varies	Often Not	Varies	Yes
Impact Orientation	Varies	Varies	Varies	Varies	Yes
Expected Results	Usually Poor	Usually Poor	Varies	Varies	Best?



Charles Sidman

MANAGING PARTNER

Founder

Harvard educated (AB, AM, PhD), then University of Cincinnati (MBA) and Santa Fe Institute (Complexity)

50+ years of academic research, teaching and commercial practice, first in IT&AI, then in biomedicine, with worldwide collaborators/contacts/resources

20+ years investing experience in ~100 early-stage, deep-tech & impact companies, with gains to 30x

Timeline

1965 - IT Consultant

1976 - PhD in Immunology

1999 - Meet first Angel Investor during sabbatical at Santa Fe Institute

2003 - Start Maine Angels

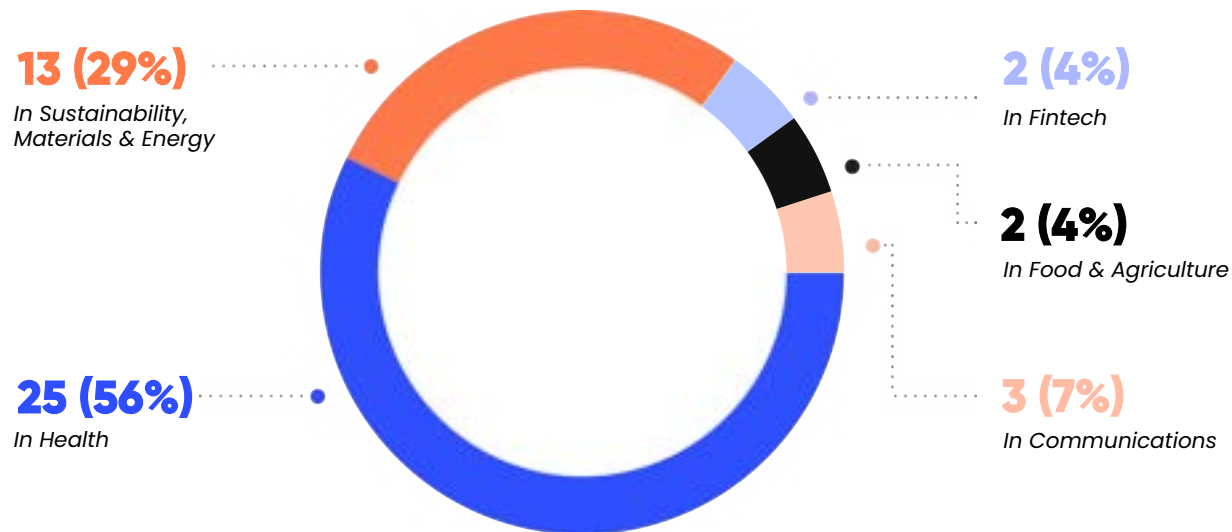
2004 - Charter member of Angel Capital Association

2010 - Leave academia for full-time investing

2021 - Launch ECS Capital Partners

Illustrative Experience & Record

Personal (CS) early-stage, tech/impact investments since 2010



45 investments (100%) with 13 exits for average ~6x cash-on-cash return to date

Team

Advisors

John Abeles

Medical Doctor, BioPharma Exec & Investor

Yale Bohn

Of-Counsel, Pepper Law

Mark Godsy

Multiply Successful Entrepreneur

Candace Johnson

*Global Satellite Entrepreneur,
EBAN President Emerita, Angel & Venture Capitalist*

Neil Littman

CEO, Bioverge

Ian Sosso

*Ex-Investment Banker,
CEO, Monte Carlo Capital*

Diligence & Co-Investment Partners

*Majority of initial investments made with Angel Group & VC
Co-investors, starting with & building on their Due Diligence*



Market Size (US)

OVER 4M

Accredited Investors

*With over \$10T of assets,
mostly not participating in
asset class*

OVER 300K

Active Angels

*In 100s of groups, investing
\$30B per year for partnership,
synergy & deal discovery*

OVER \$150B

VC Activity per year

*For deal flow, access,
and partnership*



Marketing Plan

1 Thought Leadership
Publications & Presentations

2 Mass Marketing
& Social Media
General Solicitation

3 Self-Directed Retirement
Fund Custodians

4 Professional & Fraternal
Organizations

5 Global Angel Circles

6 Family Offices &
Organizations

7 Local
Institutions



Status and Ask

MINIMUMS OF
\$25,000
&
\$250,000
For two membership classes

Seeking soft-circle commitments now

\$2M

Committed to Date

of \$10M + \$90M =

\$100M

Combined Target

Anticipate first capital calls and start of investing operations in mid-2022

