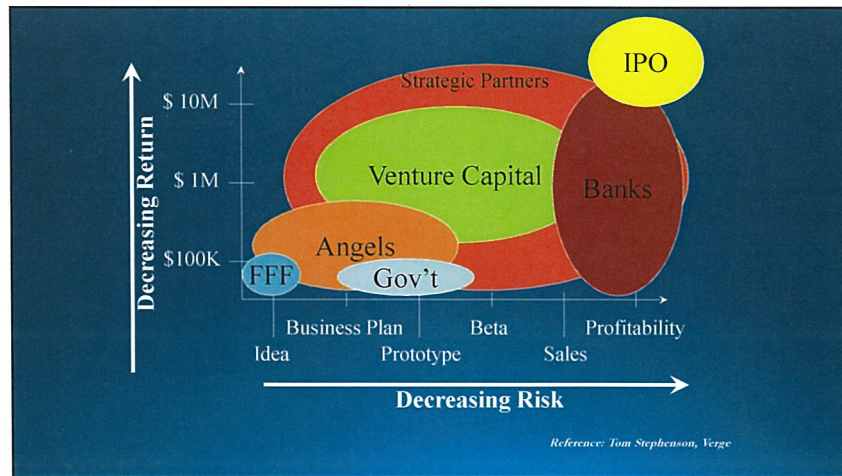


John Chavez
President, New Mexico Angels

NM Capital Stack

Small Company Financial Ecosystem in NM

- Funding sources:
 - Entrepreneur funds company (bootstrapping)
 - Micro Lenders (WESST, Loan Fund, ACCION)
 - Friends and Family
 - Non-Dilutive Funding (i.e. grants)
 - Crowdfunding
 - Angel Investors
 - Catalyst Venture Funds
 - Venture Capital Funds



Friends & Family Investment

- Pro's
 - Easiest round to raise
 - Fastest round to raise
 - Usually raise \$5k - \$100k
- Pit-Falls
 - Valuation too high will hurt family down the road
 - Legal regulations apply and aren't always completed

Non-Dilutive Funding

- Loans or grants that do not affect the ownership/equity of the company
- Pro's
 - Maintain ownership of company
 - Seen as positive by investors
 - Helps move technology/ product forward
- Pitfalls
 - May require a different focus or timeline than the investors would like

Crowdfunding

- the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.
- 2 types – traditional and equity

Angel Investing

- High Risk/High Reward (return)
- Angels make equity investments of less than \$500K and usually purchase less 20% of company funded.
 - NMA is not a fund; individual investors decide which deals they are interested in, then they invest jointly
- Return is realized when company is sold and money distributed.

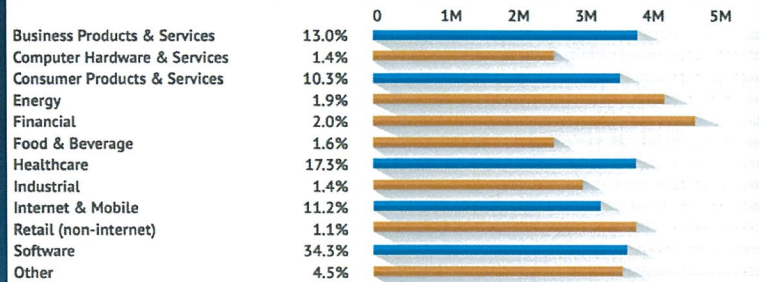
Angel Investing Stats in 2017

- \$25.3 Billion in investments
- 64,380 companies received funding from 297,880 angel investors
- Average deal size \$330k at an average \$2m valuation

Source: Angel Market in 2016 by Jeffrey Sahl, Director of Center for Venture Research

Investment by Stage & Industry

INDUSTRIES ANGELS LIKE & NATIONAL MEDIAN PRE-MONEY (INDUSTRY PERCENTAGE OF DEALS AND PRE-MONEY VALUATIONS ARE AGNOSTIC TO GEOGRAPHY)



Source: HALO Report 2016 by Angel Resource Institute

An Angel Deal

- The usual size of an Angel investment is per angel \$10,000 to \$100,000.
- The usual size of an Angel deal is \$100,000 to \$500,000
- The typical investment is a seed or early stage investment
- Angel investors do not want to control the companies in which they invest. However, they do like to influence the company.
- Angel investors usually take two to four months to process an investment.

About the New Mexico Angels

- Founded in 2003, a 501-c-6 Tax exempt business service organization
- 75+ high-net worth individuals as core members
- 12 industry service providers as corporate members (Banks, Legal, CPA, Marketing)
- Early investors in New Mexico Companies such as Meow Wolf, Samba Safety, EcoPesticides International, Verde, Innobright, Lotus Leaf Coatings and many, many more!

NM Angel's Broad Funding Approach

- New Mexico Angel funded Companies
 - Knowledge Reef: Web & Social Networking
 - Acoustic Cytometry Systems: Medical Device
 - Vista Therapeutics: Nano Bio-Science
 - The Teaspot: Retail
 - Preferred Produce: Retail & Agriculture
 - Zocere, Inc.: Stroke drug
 - Vibrant Corp: Aircraft testing services
 - Meow Wolf

NMA – By the Numbers

- Number of investments and dollars invested
 - 2008: 7 investments; \$1.31 million
 - 2009: 6 investments; \$750,000
 - 2010: 5 investments; \$562,000
 - 2011: 5 investments; \$1.3 million
 - 2012: 2 investments; \$1.6 million
 - 2013: 5 investments; \$1.41 million
 - 2014: 4 investments; \$1.4 million
 - 2015: 4 investments; \$1.0 million
 - 2016: 11 investments; \$1.95 million
 - 2017: 4 investments, \$900 thousand

What NMA Looks for in a Company

- Barriers to entry such as patents, trade secrets or other proprietary advantage.
- A solid management team.
- A scalable product or service that provides large amount of revenue in the short timeframe.
- A desire for advice and coaching.
- A potential return that will provide a 10X return during the life of the investment, 3-5 years.

New Mexico Angels - Process

- The Process- How a start-up company engages the New Mexico Angels
- Entrepreneur submits information online (business plan, financials, use of funds, etc.)
- Business plan is reviewed and vetted by a screening committee.
- Once a quarter 4-6 companies are invited to present to the screening committee.

NM Catalyst Fund - NM SIC – NM EDD program – Overview

The New Mexico Catalyst Fund, LP (the "Fund" or the "Catalyst Fund") is a newly-created, \$20 million fund-of-funds investment vehicle. The Fund will invest in emerging and existing venture capital funds in New Mexico (collectively the "Portfolio Funds"). These Portfolio Funds will focus on making seed and early stage venture capital investments in startup companies in the State of New Mexico. The Fund will be managed by Sun Mountain Capital, LLC ("Sun Mountain" or "SMC").

NM Catalyst Fund - Strategy

The Catalyst Fund will invest in existing and emerging Portfolio Funds located across the State of New Mexico with a focus on providing capital to start-up companies at the seed and early stage of development. Commitments to Portfolio Funds will be made over an investment period of 3 years from the final close of the Catalyst Fund. Sun Mountain expects to make approximately 8-10 investments in Portfolio Funds, averaging \$1.5-\$2.0 million per investment. These Portfolio Fund investments will require a private capital match of at least 50% of the total Portfolio Fund size. This requirement is based on Sun Mountain's analysis of current market capacity of approximately \$30-\$40 million.

NM Catalyst Fund - Funds

NMA Ventures - \$4.2 Million – Technology focused
 Tramway Ventures - \$ Bio Science focused
 Albuquerque ID - \$2 Million
 New Mexico State Arrowhead \$

Venture Capital Investment

- Pro's
 - They have lots of money!
 - They are well connected to resources
 - A beneficial advisor can be added to your board
- Pitfalls
 - Takes about 6 months to process an investment
 - Be prepared to give up a significant amount of equity

What is Venture Capital?

- Professionally managed risk capital
- Focused on Innovative and High Growth Companies
- Funds new ideas that could not be financed with traditional Bank Financing
- Long Term investment horizon
- Minimal liquidity until sold.

Structure of the VC Industry

Limited Partners
(Investors)

Investor

Investor

Investor

VC Firms
("General Partners" or
"Fund Managers")

Venture Fund

Portfolio Companies

A, Inc.

B, Inc.

C, Inc.

D, Inc.

E, Inc.

F, Inc.

G, Inc.

New Mexico Active Venture Capital Funds

- Sun Mountain Capital
- Phoenix Ventures Partners
- Kickstarter Fund
- Crosslink Ventures
- Situational Venture Fund deal by deal (Invest in specific NM Company)

New Mexico Capital Stack

- Active Angel Investors
- Active Catalyst Funders
- Active Venture Capital Funders

Thank You

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