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# New Mexico Catalyst Fund

Update to the New Mexico Finance Authority Oversight Committee  
September, 2017



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## Catalyst Fund Introduction

- The New Mexico Catalyst Fund was launched in 2016 to help address the lack of seed and early stage investment funding in New Mexico
- The Catalyst Fund is a Fund of Funds investment vehicle
  - Investments from the Catalyst Fund are made into other New Mexico based investment funds
  - Investment funds receiving funding from the Catalyst Fund independently evaluate potential investments into companies
- Catalyst Fund goal to commit to 6-8 seed and very early stage investment funds in New Mexico
  - Those seed funds must raise matching private capital, so the amount of investment capital available is expected to be at least \$40 million
  - These seed funds are expected to invest in approximately 50 NM-based companies over the next 5 years
  - As these companies mature, they create a robust pipeline for larger investment rounds that can attract local, regional and national capital to New Mexico



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## Catalyst Fund Includes Both Public and Private Investors



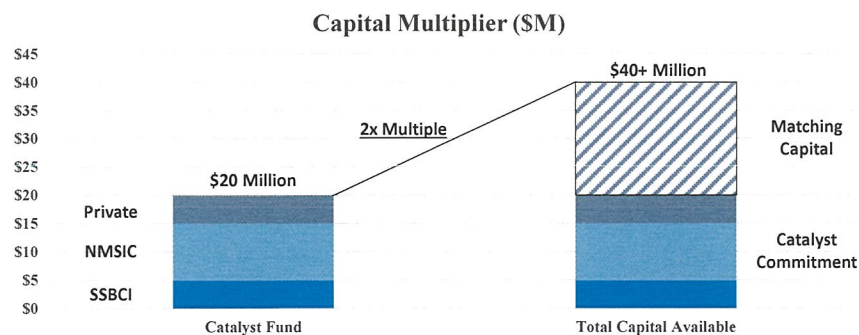
- The Catalyst Fund completed fundraising in August 2017, totaling \$20 million in commitments
- \$5 million from the US Treasury via the Small State Business Credit Initiative (SSBCI), overseen by the New Mexico Economic Development Department
- \$10 million from the New Mexico State Investment Council through the New Mexico Private Equity Investment Program (NMPEIP)
- \$5 million from large private institutional investors in the State of New Mexico



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## Capital Multiplier Goal to Exceed SSBCI Target of 10:1



- Minimum matching capital to Catalyst Fund commitments of 1:1 yields at least \$40 million in capital to invest in New Mexico-based companies
- The capital multiplier for investment in New Mexico-based companies from the New Mexico Private Equity Investment program has historically exceeded 6x



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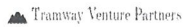
## First 3 Fund Commitments Announced in May 2017



Arrowhead Innovation Fund is a Las Cruces-based fund focused on NMSU-related companies



Cottonwood Technology Fund is a Santa Fe-based fund focused on advanced materials and technology



Tramway Venture Partners is an Albuquerque-based fund focused on life sciences and healthcare IT

- 5 funds have either finalized investment commitments or have received contingent investment commitments
- Promising pipeline of portfolio funds in various stages of due diligence



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## First Portfolio Fund Investments Made in Companies



BayoTech is a chemical reactor company that focuses on the process of manufacturing fertilizer with nested flow reactors



Armonica Technologies is a genetic sequencing company that is developing a proprietary process for DNA sequencing



*"The Catalyst Fund and the willingness of the state-leading venture capitalists, Cottonwood Technology Fund and Sun Mountain Capital, are a key reason for our success"*

-Justin Eisenach, CEO of BayoTech  
Albuquerque Business First, August 23, 2017



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