

Tech Coast Angels

Annual Report for 2020

Presented by John Harbison

Chairman Emeritus

June 17, 2021





Agenda



- 2020 Year in Review
- Trends in Deal Terms & Valuation
- Portfolio Performance
- Learning from Data Analysis



2019 Highlights



- Grew **investment** to \$19.4 million in a total of a record 64 companies (both records)
- Grew **membership** to a record 469 at year end 2020
- Implemented **three annual chapter funds** which invested \$7.9 million of additional capital in deals in 2020 (beyond individual member investments)
- Brought **diversification** to member portfolios through the chapter funds
- Shortened **due diligence** time -- targeting decision by the fund of our largest chapter **within 30 days**
- Realized **four exits** including returns of 58x, 10x and 8x on original investment
- Achieved **5.3X multiple** on all outcomes (all exits and shutdowns) with IRR of **25.6%**
- Continued to **mentor and guide** 256 (55%) of the 462 companies funded since TCA inception in 1997 that are still **active**

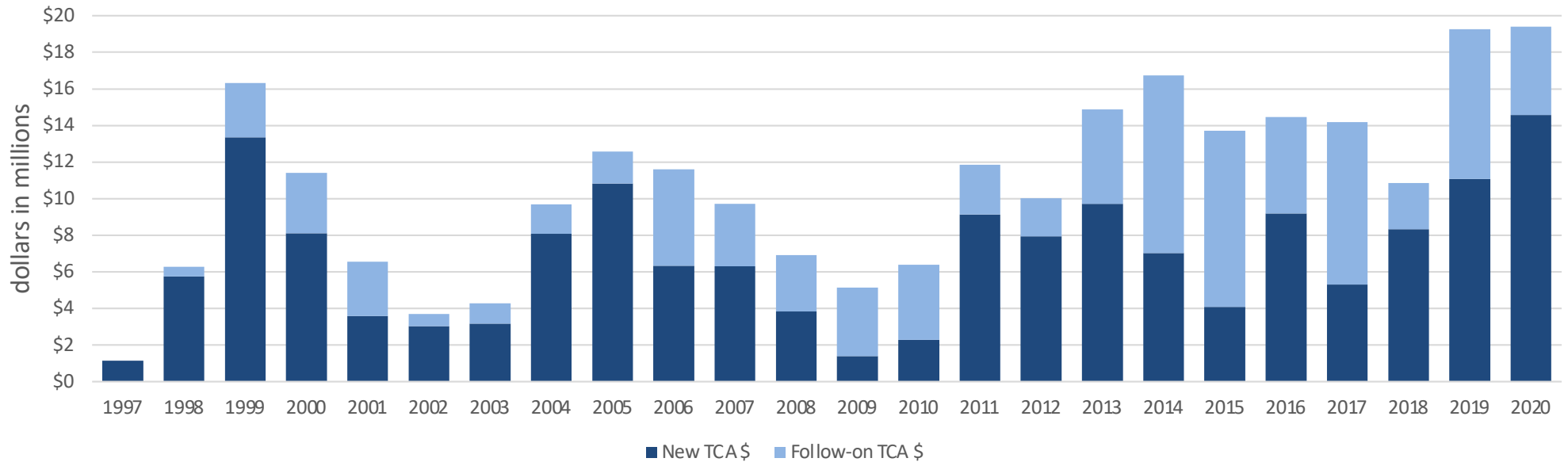
2020 Year In Review



TCA Amount Invested by Year



TCA NEW & FOLLOW-ON INVESTMENTS BY YEAR

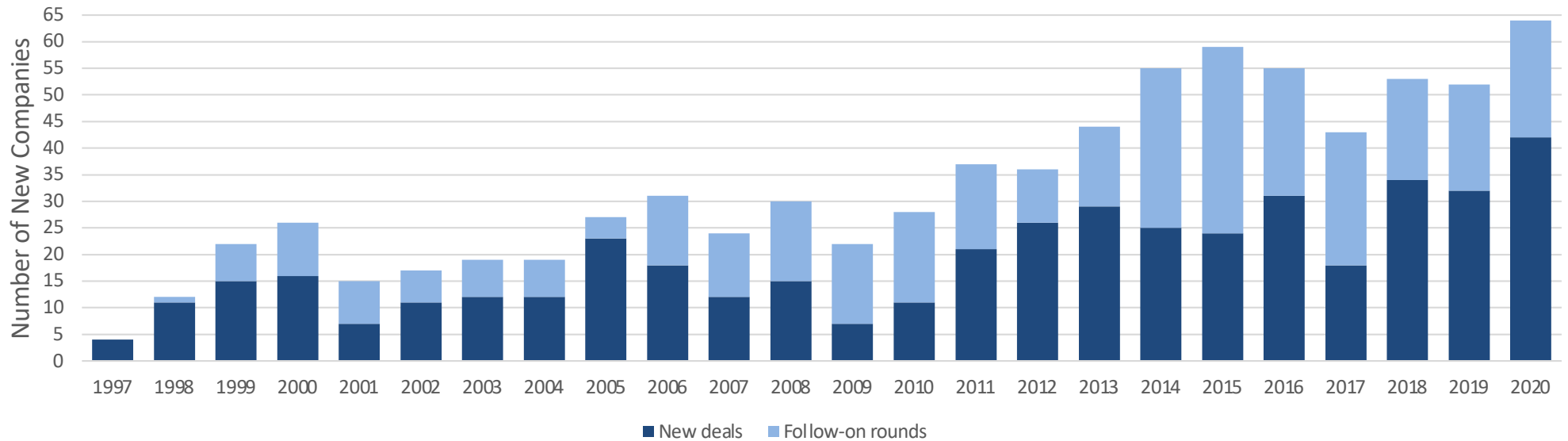




TCA Number Companies by Year



NUMBER OF TCA COMPANIES INVESTED IN EACH YEAR

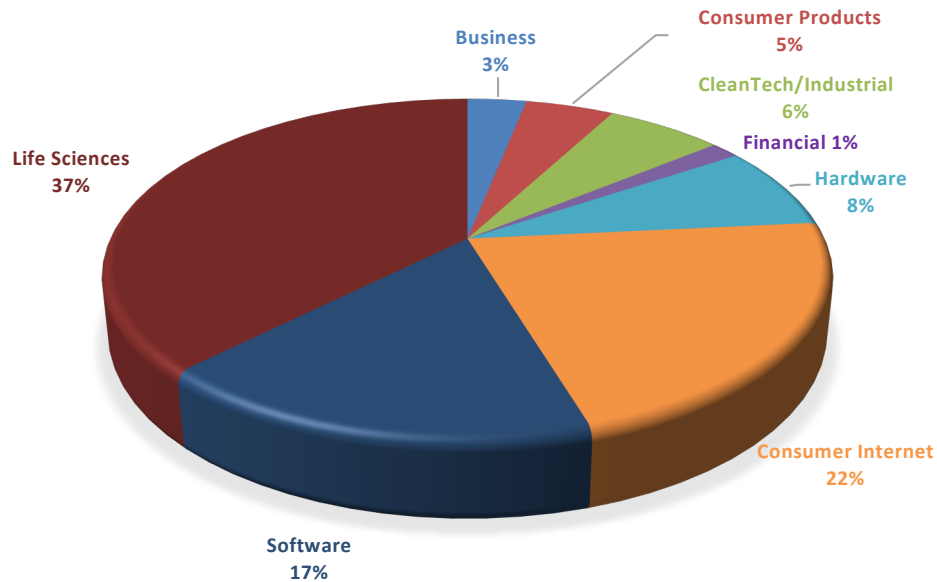




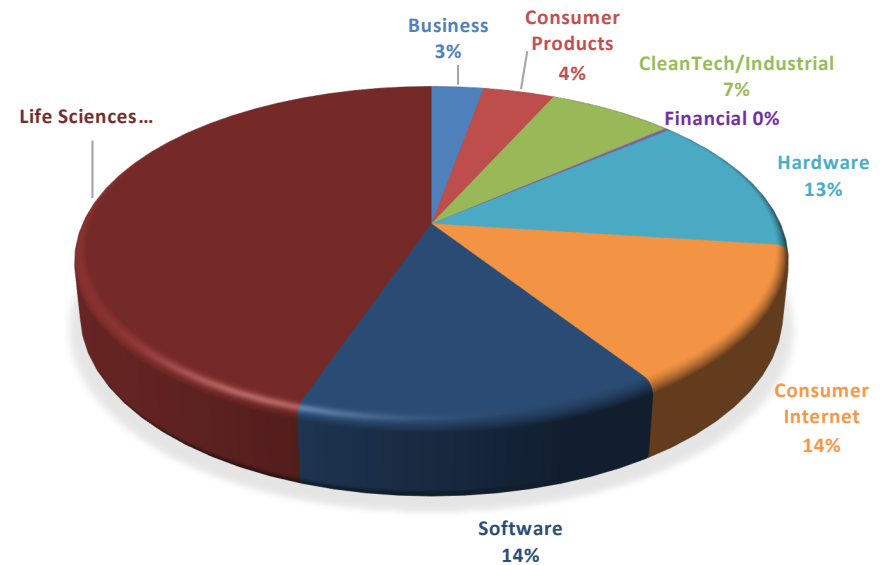
Industry Sector Mix



2020 TCA INVESTMENTS BY INDUSTRY
64 COMPANIES



2020 TCA INVESTMENTS BY INDUSTRY
\$19.4 MILLION

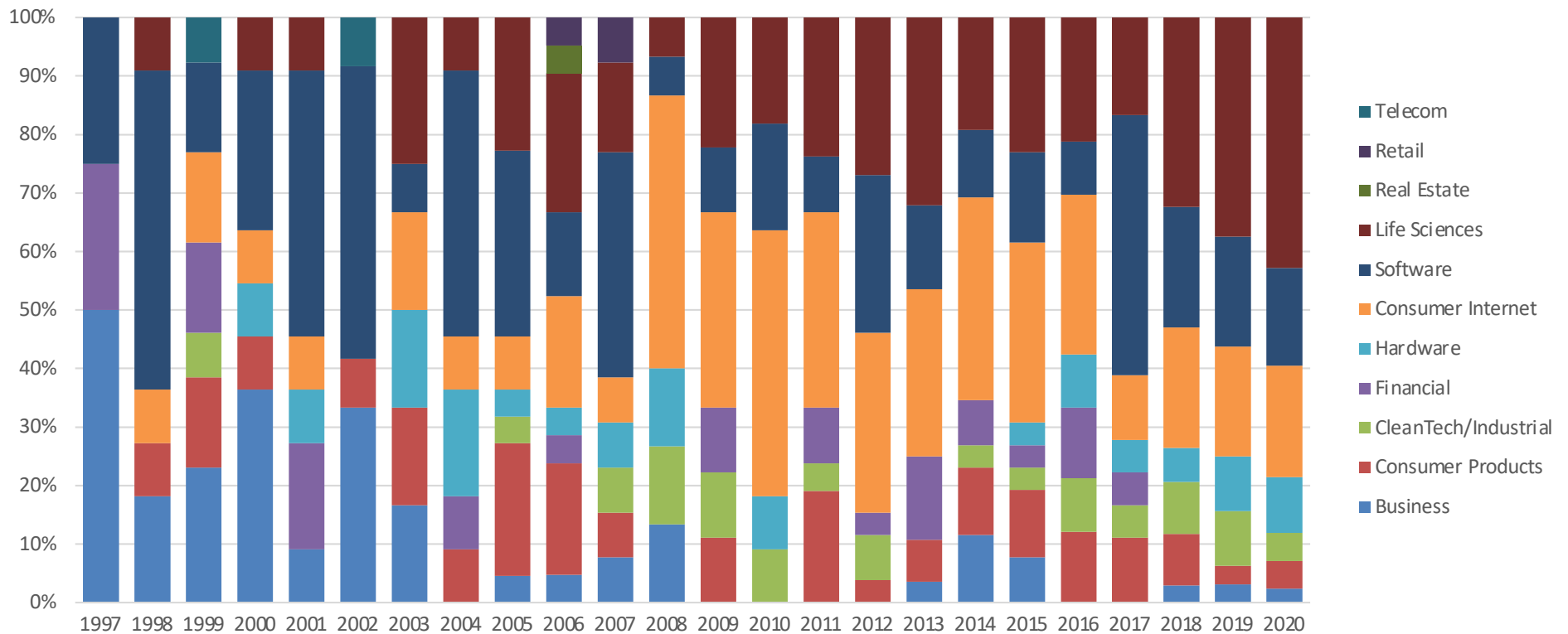




Mix By Industry Over Time



NUMBER OF TCA INITIAL INVESTMENTS BY INDUSTRY BY YEAR





Invested in 42 New Companies in 2020



- **Abintus Bio** -- *in vivo* CART products that directly reprogram immune cells
- **AgTools Inc** -- food supply SaaS platform offering real-time intelligence
- **Aligned Carbon** -- carbon nanotubes for integrated circuit foundries
- **Allotrope Medical** -- electrical stimulation to ID critical structures during surgery
- **Blackdot** -- world's first automatic tattoo machine
- **Blue Social** -- first bluetooth market network
- **BlueNalu** -- pioneering the category of sustainable cell-based seafood
- **Crafter** -- workshops and materials kits curated by craft artists
- **Deep Blue Medical** -- novel hernia mesh to reduce hernia recurrence
- **Elevate K-12** -- live streaming instruction to K-12 to solve teacher shortage
- **EuMentis Therapeutics** -- therapeutics for neurodegenerative diseases
- **Evmatch** -- PTP network for sharing and renting private EV charging stations
- **ExpressCells** -- knock-in cell lines for drug discovery toxicology and research
- **Eyedaptic** -- development of visually assistive Augmented Reality solutions
- **Fitplan** -- interactive fitness training app with workouts of top fitness athletes
- **Fluid Power AI** -- machine learning and IOT technology to monitor hydraulics
- **Gali Health** -- breakthrough to treat severe inflammatory/auto-immune disorders
- **Genius Juice** -- whole coconut smoothies
- **HAI Solutions** -- addressing contamination within operating room, ER and ICU
- **Hawthorne Effect** -- makes follow-up visits more accessible for patients

** TCA investment more than \$1 Million in 2020*

iDentical -- leveraging 3D technology for drill-free dental implant
Insight Medical -- computer assisted surgery in orthopedic procedures
Juicebox -- virtual coach that shows you how to dirty talk over text
Labviva -- AI driven purchasing platform for products in life sciences
Makani Science -- wearable respiratory monitoring device
Maxwell Biomedical -- defibrillation for restoration of sinus rhythm
MediPrint Ophthalmics -- non-invasive automatic dosing for glaucoma therapy
New Age Meats -- cultivates tasty meat products using unharmed animals
Noria Water Technologies -- membrane monitor for water treatment plants
PercAssist* -- battery powered non-blood contact balloon catheter
PetDx -- non-invasive "liquid biopsy" tests for cancer in pets
Razberi Technologies -- cybersecure video surveillance and IoT on "edge"
Recess -- live events online marketplace
Saasuma -- cloud search solution
Sizzle (Hashcut) -- SportsCenter for gaming using AI to create highlights
Spine Align -- real-time 3D surgery measurements of spine's alignment
Strategikon Pharma -- SAAS for "clinical business operations"
Terecircuits -- novel circuit fabrication and assembly technique
TrakPoint Solutions (Ekondata) -- SaaS service to track assets indoors
Upcycle and Company -- fertilizer engineered with upcycled waste materials
Virtanza -- white-labeled scalable sales training platform for universities
YBVR -- immersive interactive live sports

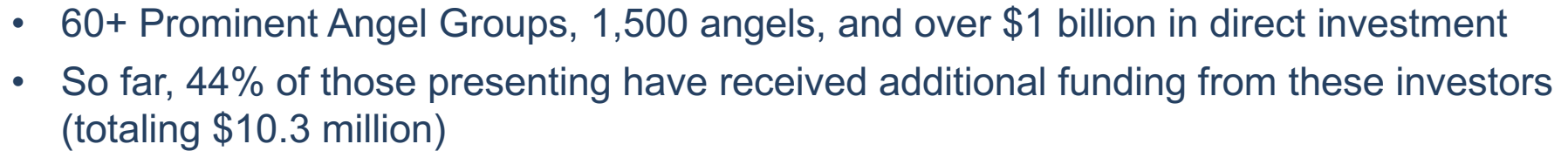


22 Follow-On Investments



- **Advekit** -- marketplace that matches patients with mental health professionals
- **Aquacycl (Aquam)** -- wastewater treatment to reduce sludge & recover energy
- **Atlazo** -- continuous health data monitoring, aggregation and analytics
- **Buy It Installed** -- button integrated into retailer ecommerce site to include installation
- **Carterra** -- protein analysis equipment for drug discovery
- **GroupSolver** -- survey software combines machine learning & crowd intelligence
- **Habitu8** -- understand, benchmark, and shape risky employee behaviors
- **Healionics** -- improved means of dialysis access in patients with kidney failure
- **iPourit** -- interactive, on-premise, self-service beer & wine experience
- **Iridia** -- higher-density, less-costly, more-stable data storage solution
- **Mission Bio** -- diagnostic tools for the study of cellular heterogeneity in cancer
- **Mobilize Solutions** -- create and share branded photos on social media
- **MovoCash** -- Peer-2-Peer-2-Purchase payment solution for under-banked millennials
- **Nevados** -- solar ground installations that are faster to install and less expensive
- **NovaSignal (Neural Analytics)*** -- non-invasively measure intracranial pressure
- **Ready, Set, Food!** -- protect babies from developing peanut, egg and milk allergies
- **Shoonya Digital** -- game-based learning for language and culture
- **Somabar** -- hands-free bartending appliance for the home kitchen
- **TRIALS.AI** -- AI to accelerate clinical trials management
- **Turn Technologies** -- solutions for the 1099 labor supply side of the gig economy
- **Whistle** -- allows hotels to communicate with guests through Mobile Messaging / SMS
- **YouMail** -- voice messaging for cell phones

* TCA investment more than \$1 Million in 2020





ASN Funded 11 Companies in 2020



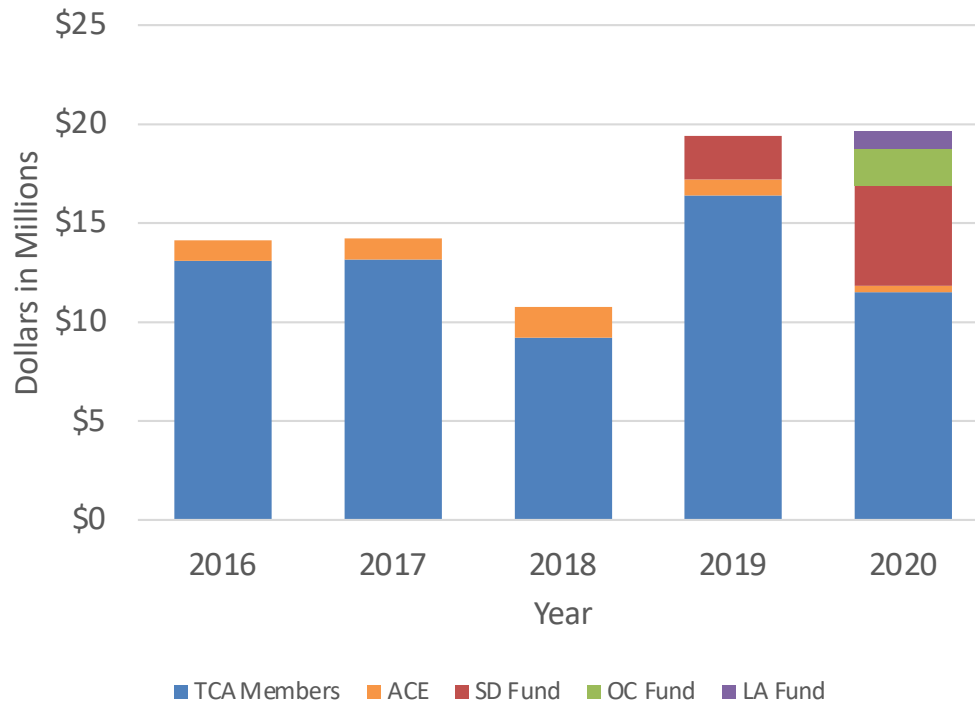
- **Allotrope Medical (Rockies Venture Club)** -- *electrical stimulation to ID critical structures during surgery*
- **BioAesthetics (NO/LA Angels)** -- *cellular tissue graft for regeneration of nipple-areolar complex (NAC) for breast cancer/mastectomy patient*
- **Castifi (Pasadena Angels)** -- *on-demand platform for hiring short-term W2 Staff*
- **Healionics (Keiretsu Capital)** -- *understand, benchmark, and shape risky employee behaviors*
- **Joule Case (Keiretsu Capital)** -- *flexible portable power stations replacing gasoline generators*
- **Makani Science (Tech Coast Angels)** -- *wearable respiratory monitoring device*
- **Roomored (Frontier Angels & CTAN)** -- *comprehensive technology platform for home builders*
- **Spine Align (Rockies Venture Club)** -- *real-time 3D measurements of spine's alignment during scoliosis surgery*
- **Steelhead Composites (Keiretsu Capital)** -- *composite pressure vessels in zero-emission mobility and aerospace propulsion*
- **Veriskin (Pasadena Angels)** -- *non-invasive, low-cost, hand-held device for skin cancer screening*
- **Virtanza (Pasadena Angels)** -- *white-labeled scalable sales training platform for universities*



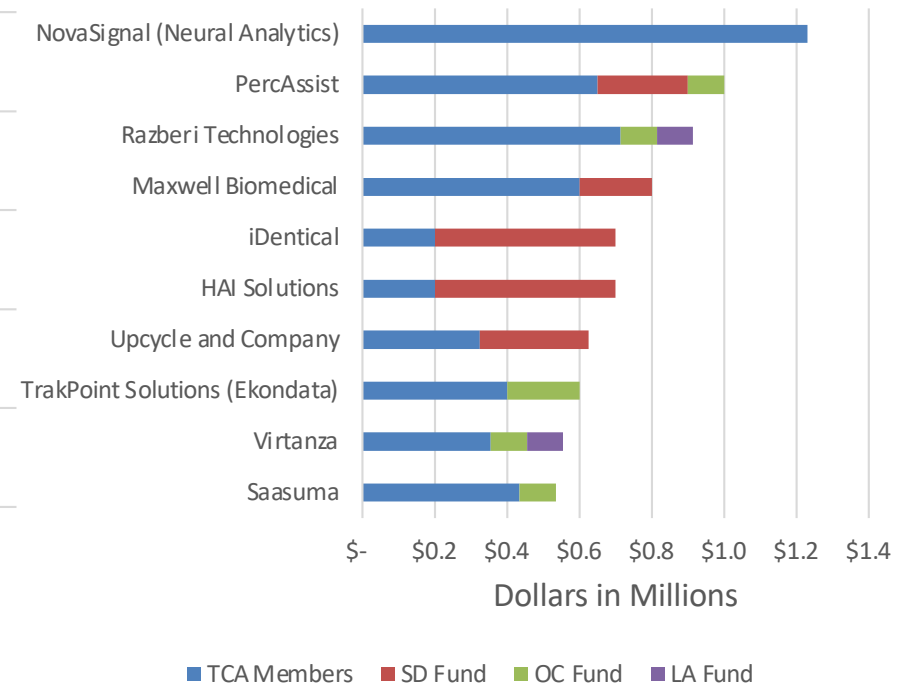
TCA Chapter Fund Impact



TCA Investment by Source



Top 10 TCA Deals in 2020



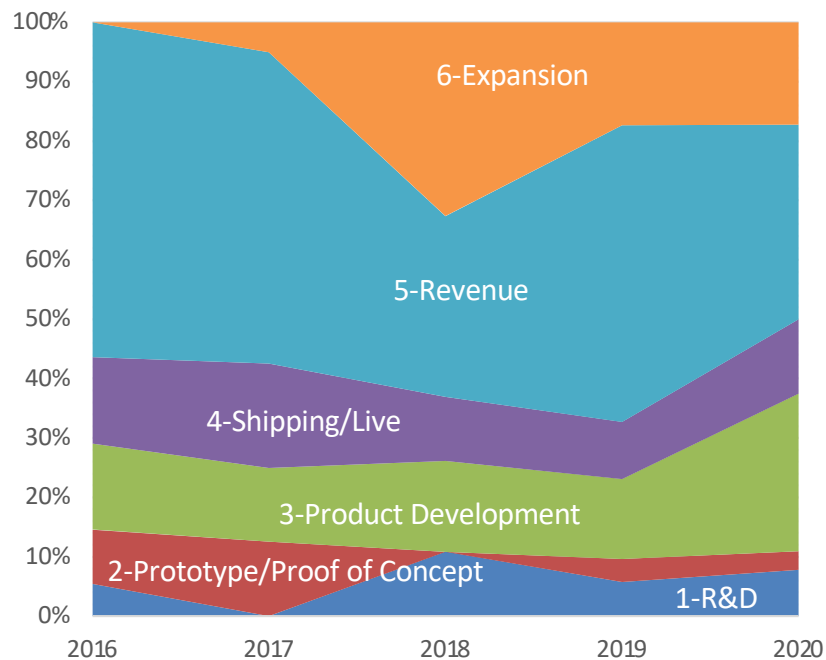
Trends in Deal Terms & Valuation



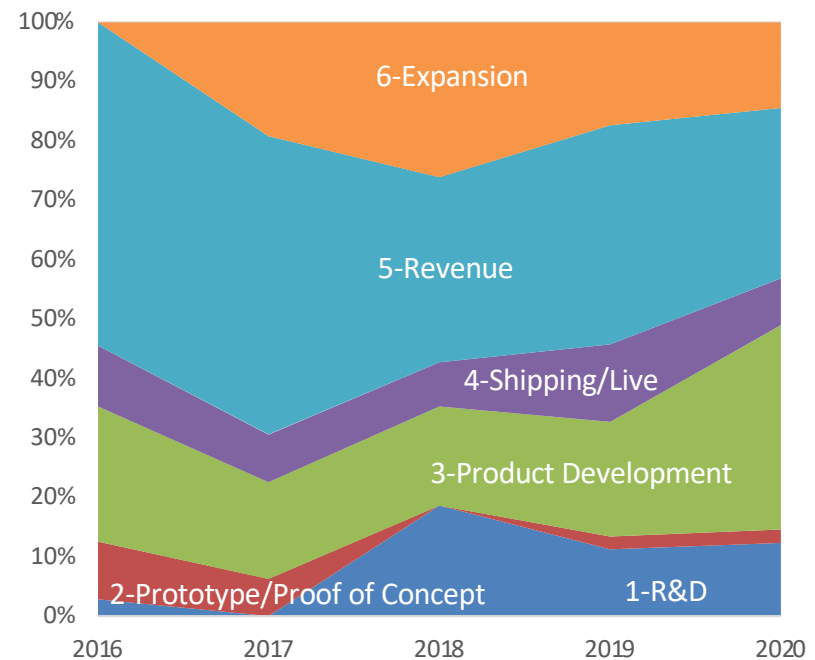
Development Stage Mix Trends



2016-2020 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF COMPANIES



2016-2020 TCA INVESTMENTS
BY DEVELOPMENT STAGE
MIX OF DOLLARS

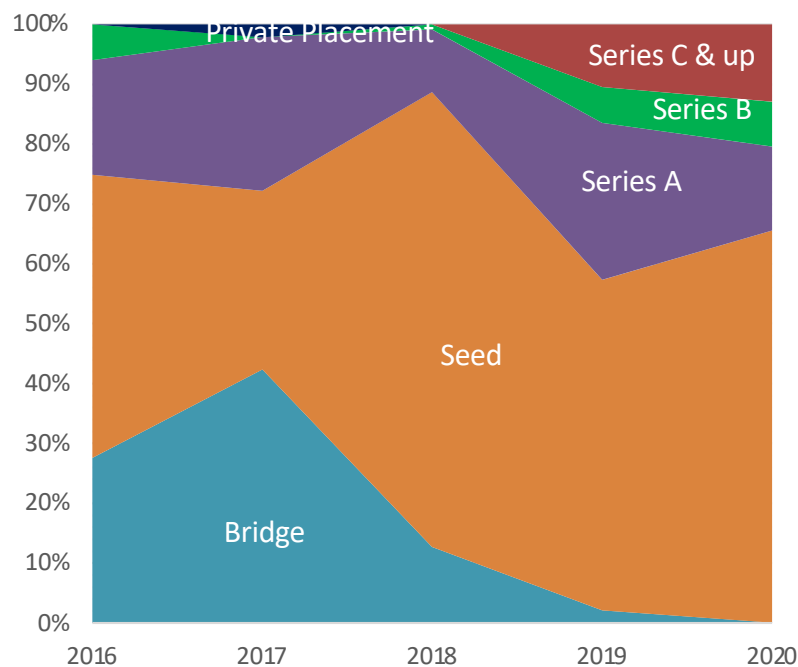




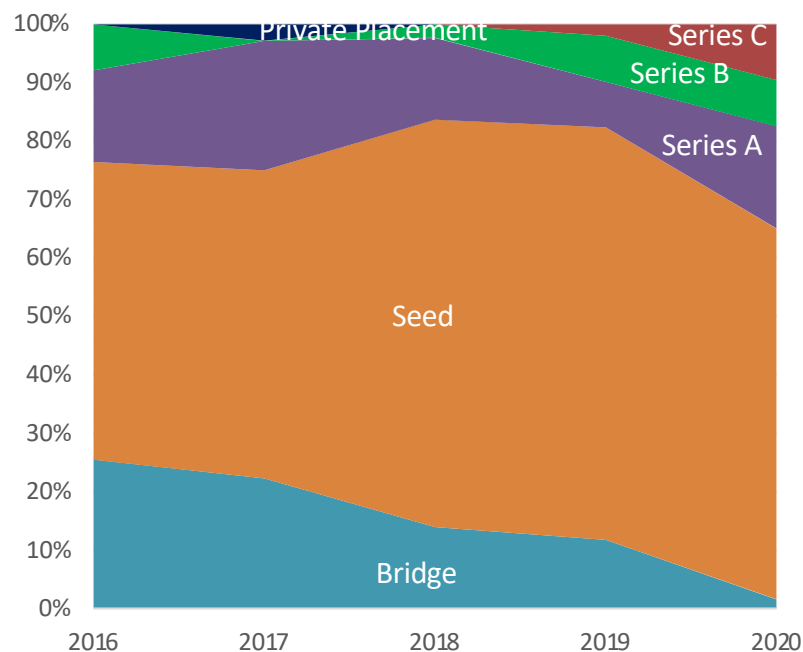
Stage of Round Mix Trends



2016-2020 TCA INVESTMENT
BY STAGE OF ROUND
MIX OF DOLLARS



2016-2020 TCA INVESTMENTS
BY STAGE OF ROUND
MIX OF COMPANIES

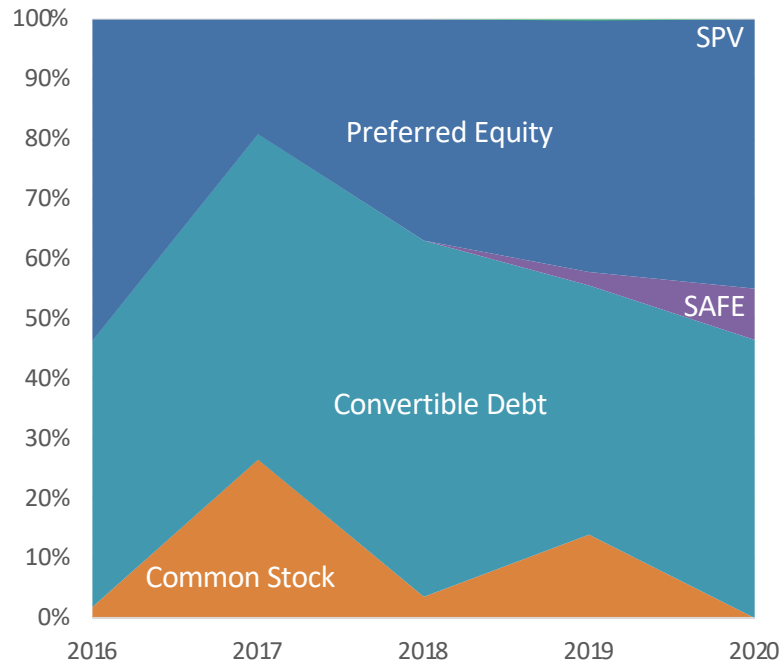




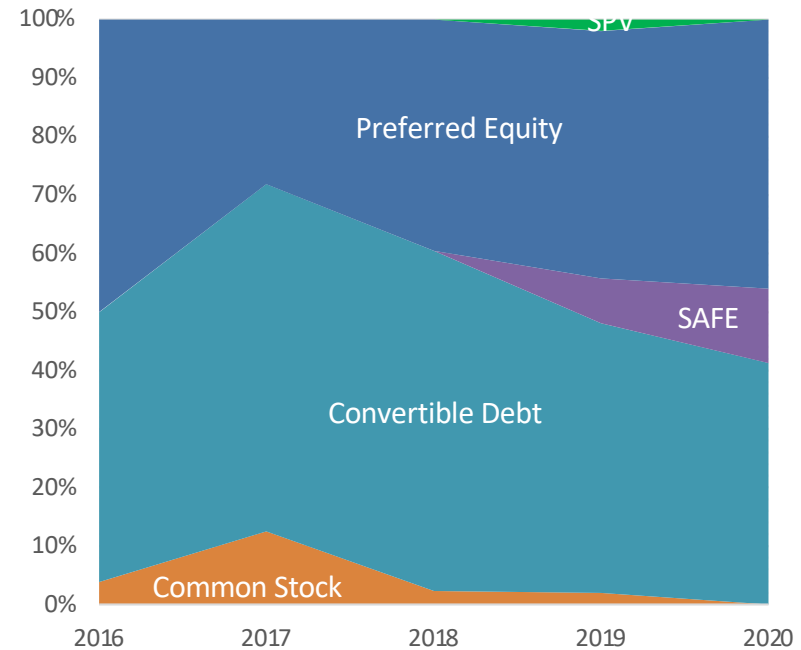
Deal Type Mix Trends



2016-2020 TCA INVESTMENTS
BY DEAL TYPE
MIX OF DOLLARS



2016-2020 TCA INVESTMENTS
BY DEAL TYPE
MIX OF COMPANIES

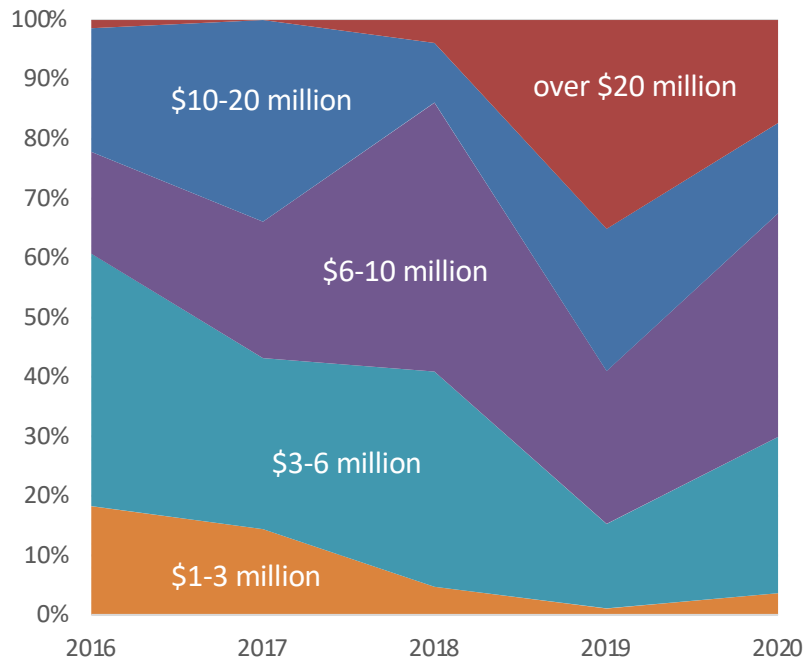




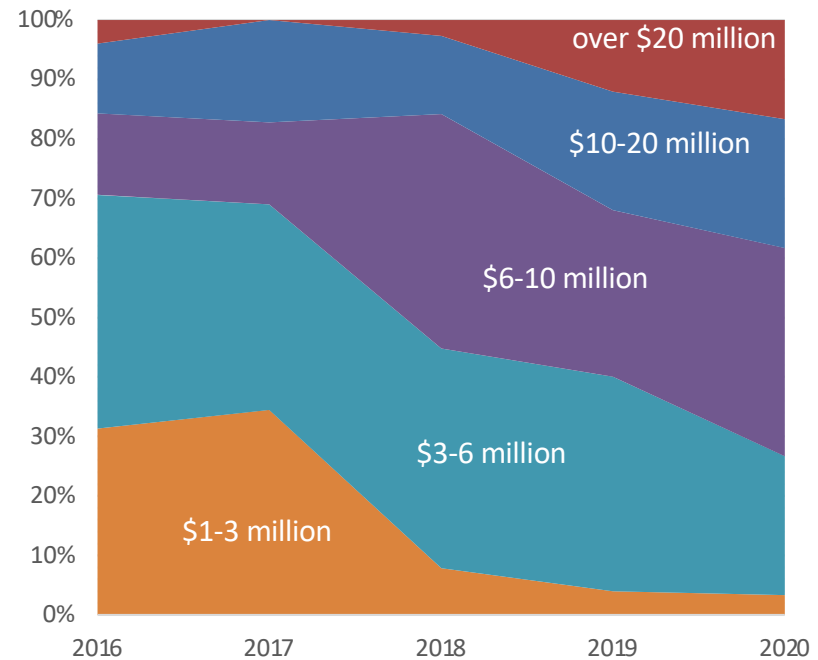
Valuation Mix Trends



2016-2020 TCA INVESTMENTS
BY VALUATION
MIX OF DOLLARS



2016-2020 TCA INVESTMENTS
BY VALUATION
MIX OF COMPANIES





Valuation Trends



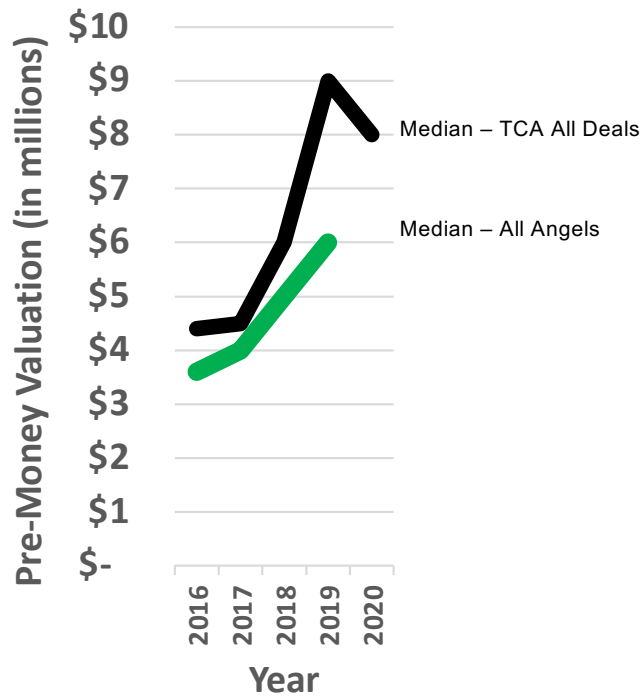
- **Valuations at time of TCA investment continue their climb to historically uncomfortable levels -- this may reverse in 2021**
 - 28% of TCA's investments in 2020 were in companies with valuations below \$6 million, compared to 15% in 2019, 45% in 2018, 43% in 2017 and 61% in 2016
 - The median valuation was \$8.0 million in 2020, compared to \$9.0 million in 2019, \$6.0 million in 2018, and \$4.5 million in 2016 and 2017
 - The long-term "sweet spot" for angel investing has been deals valued at \$1-3 million --- this declined to 3% of investment from 18% in 2016



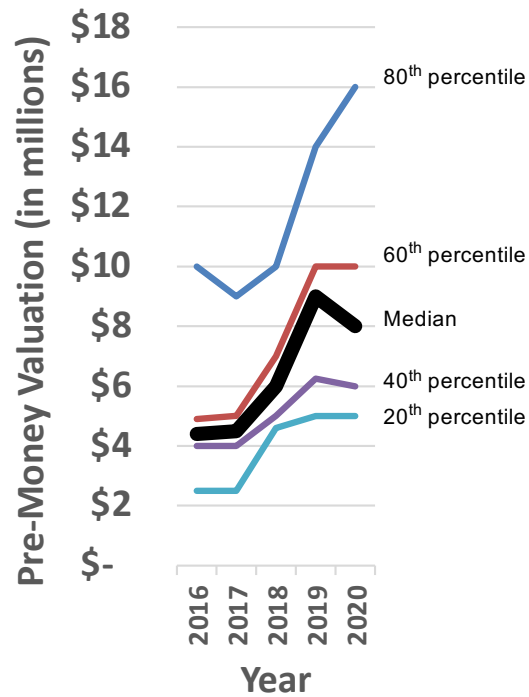
More on Valuation Trends



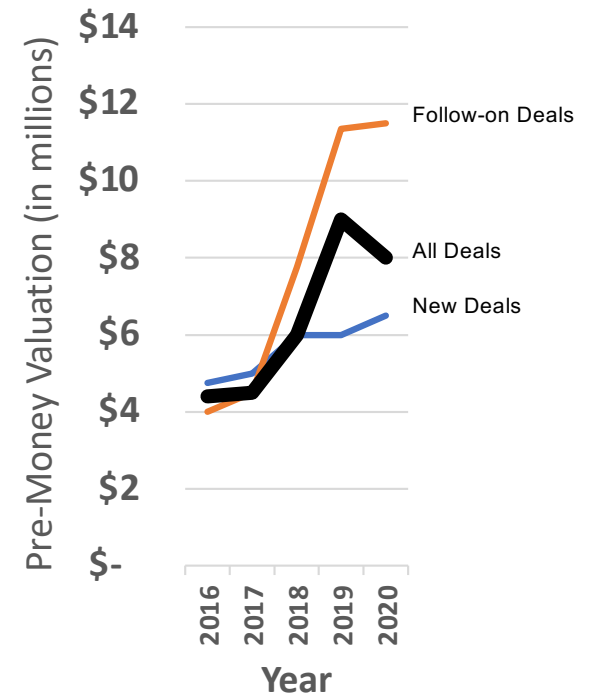
PRE-MONEY VALUATION
TRENDS



PRE-MONEY VALUATION
TRENDS FOR TCA INVESTMENTS



PRE-MONEY VALUATION
TRENDS BY NEW/FOLLOW-ON



Portfolio Performance



Angel Return Studies



YEAR	STUDY	Deals (Outcomes)	Angels
2007	Wiltbank - US	1137	539
2009	Wiltbank - UK	406	158
2016	Wiltbank - US	245	*
2018	Central Texas Angels	84	185
2020	Tech Coast Angels	206	450

ACA Data initiative Will Greatly Expand the Dataset – 1372 Deals from 74 Groups Added in 2020

** Angel Fund deals (including sidecar funds), so the number of investors is unknown*



TCA Returns on 206 Outcomes



YEAR	STUDY	ROI	HOLD	IRR	<1X	10% of EXITS
2007	Seminal - Wiltbank	2.6X	3.5 yrs	27%	52%	90%
2009	Wiltbank - UK	2.2X	3.6 yrs	22%	56%	80%
2016	Wiltbank - US	2.5X	4.5 yrs	22%	70%	85%
2018	Central Texas Angels	2.5X	4.4 yrs	29%	74%	82%
2019	Tech Coast Angels	5.3X	5.4 yrs	26%	69%	79%

Source: Wiltbank Studies; CTAN; Analysis of 192 TCA Outcomes including Exits and Shutdowns



Four Exits in 2020

5.3x multiple and 25.8% IRR



- **Companion Medical** (2015 investment) was acquired by Medtronic for a 58x return - the fifth highest ever for TCA (the highest have been Mindbody (264x), GreenDot (235x), Sandpiper (149x) and Truecar (75x))
- **Beam Global** (2017 investment) reached 10x on the NASDAQ in 2020
- **Zentalis** (a spinout of 2015 investment in Kalyrya Pharmaceuticals) IPO'd at 8.2x in 2020 before reaching 16.5x in April 2021, with additional upside from original investment in Kalyrya
- **Paradigm Diagnostics** was bought by Exact Sciences for 1.4x and a 40% IRR (1 year after TCA's investment)

*This brings the total exits since TCA's inception in 1997 to 86 exits, and 120 shutdowns. Of the 462 investments TCA has made since its founding, 256 (55%) are still active. At the highest price achieved after IPOs, TCA's return (assuming equal weighting) has been **5.3X** and the IRR has been **25.8%**. This compares to 2.5x and 22% benchmarks for angels per ARI. Tax benefits from the write-offs are not included in TCA returns.*



4 – 6 Exits Each Year



2014

- Bluebeam Software (20x)
- Airsis (6x)
- Vital Therapies (IPO) (3.3x)
- Truecar (IPO) (?x)
- Allylix (2.8x)
- Hookit (Loop'd Networks) (1.4x)

2015

- Mindbody (IPO) (70x)
- CytomX (IPO) (4x)
- Olive Medical (3x)
- Themark (2.2x)
- CRISI Medical Systems (1.6x)
- Wispry (0.5x)

2016

- RetroSense Therapeutics (5X)
- Clearcare (3x)
- grandPad (optional @ 45% IRR)
- Hipmunk (0.7x)
- HitFix

2017

- WeGoLook (8x, 400% IRR)
- Savara (3.2x, NYSE)
- Everystory (went public as Dthera Sciences)
- AnyMeeting (0.6x)
- MaMoCa (0.6x)

2018

- One Stop Systems (IPO) (12x)
- Casestack (14.7x)
- Envision Solar (now public) (3x)
- Ondax (2x)
- What Pumpkin Games (0.7x)
- Ring Router (1x)

2019

- Leaselock (31x)
- Parcel Pending (19x)
- Portfolium (6x)
- Salaris Pharmaceuticals (1.3x)
- USHR (spinout of Airborne 1/Geodigital)

2020

- Companion Medical (58x)
- Beam Global (10x)
- Zenalis IPO (spinout of Kalyra Pharma) (8.2x)
- Paradigm Diagnostics (1.4x)

2021 (so far)

- Procore Technologies (IPO @ \$10.8 B initial investment at \$5M Pre-money)

Unicorn in Progress:

- **Apeel Sciences (valuation > \$1 B)**



TCA Home Runs



GreenDot IPO @111, peak 235x

Mindbody IPO @ 70x, peak 263x

Sandpiper 139x

Truecar (ZAG) 75x

Companion Medical 58x

Leaselock 31x

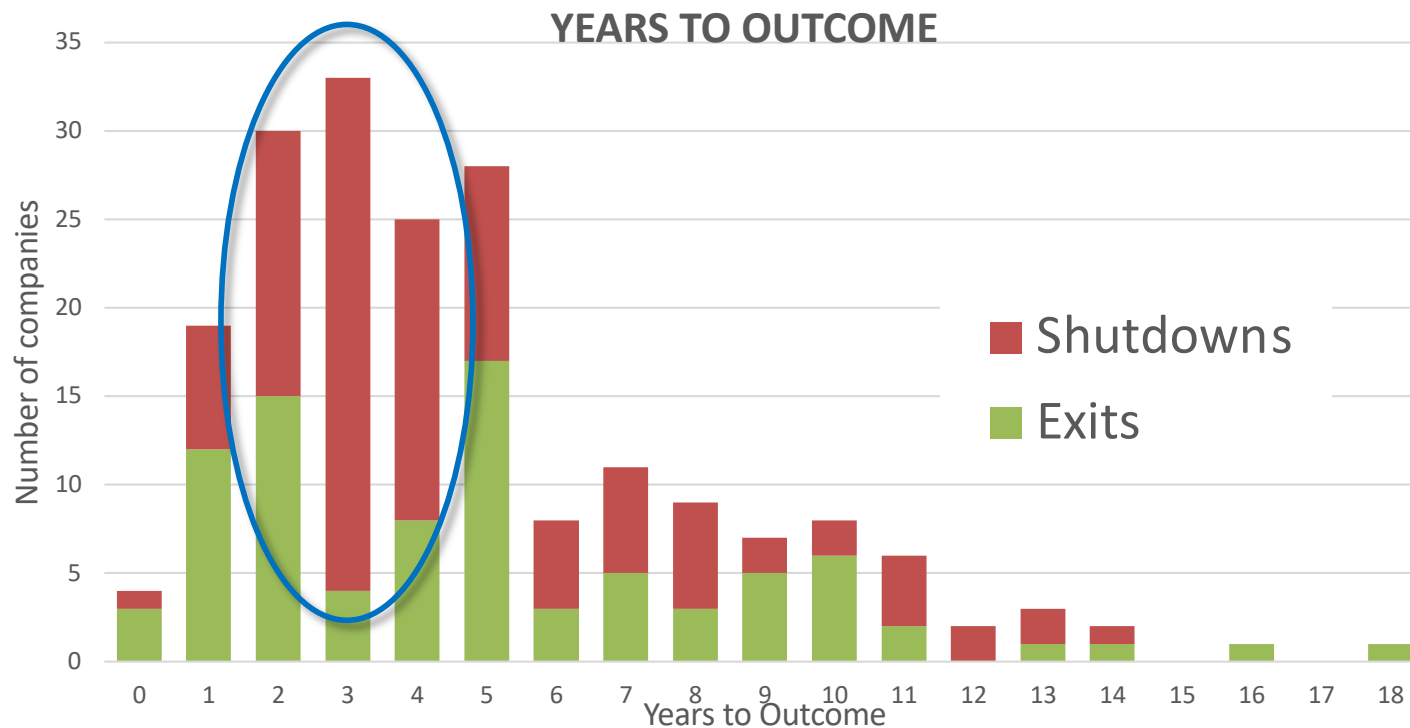
Bluebeam 20x

Parcel Pending 19x

Learning From Data Analysis



What to expect on outcomes timing



- TCA had 5-7 Exits each year since 2012
- Shutdowns bunch up in first five years
- Exits spread out more or less evenly after investment
 - Quick ones once proven
 - Longer after revenue builds

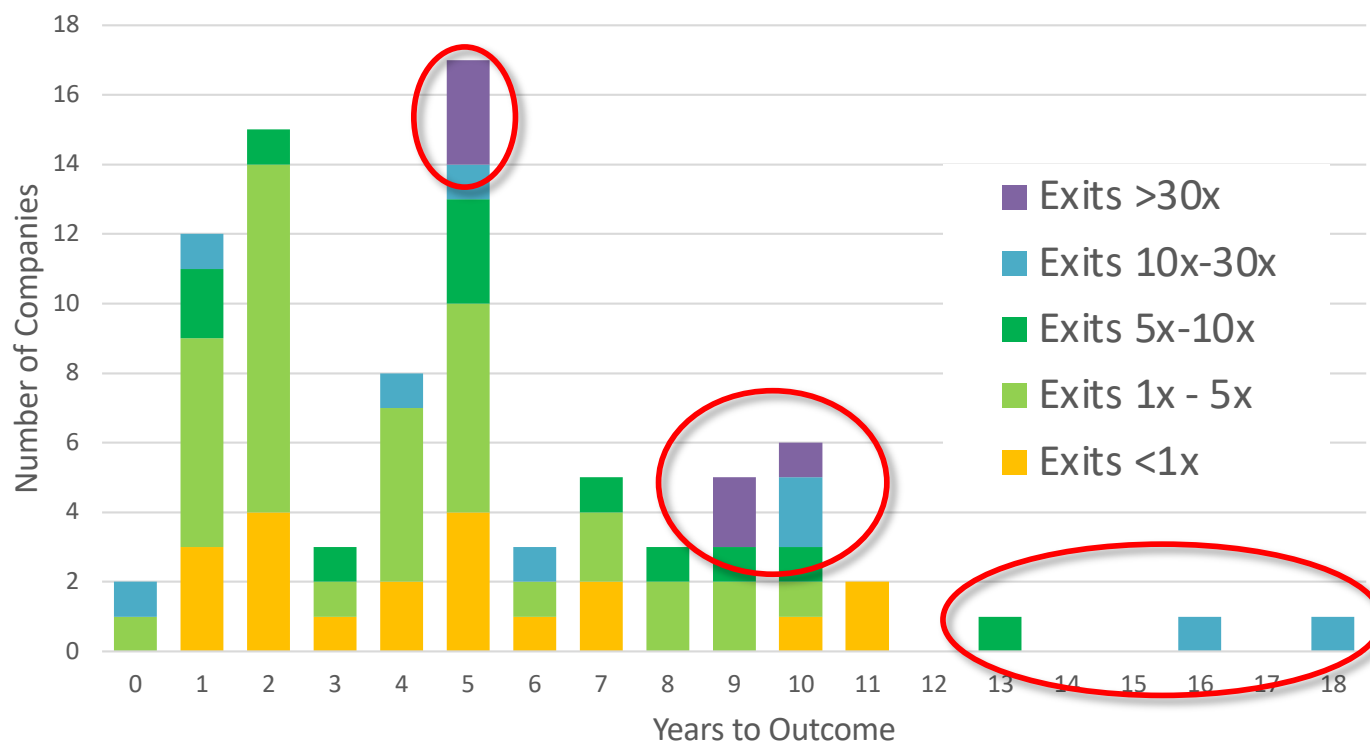
Source: Analysis of 206 Tech Coast Angels Outcomes including Exits and Shutdowns



Timing of Larger Exits Shifts Right



EXIT DISTRIBUTION -- BY YEAR & MULTIPLE

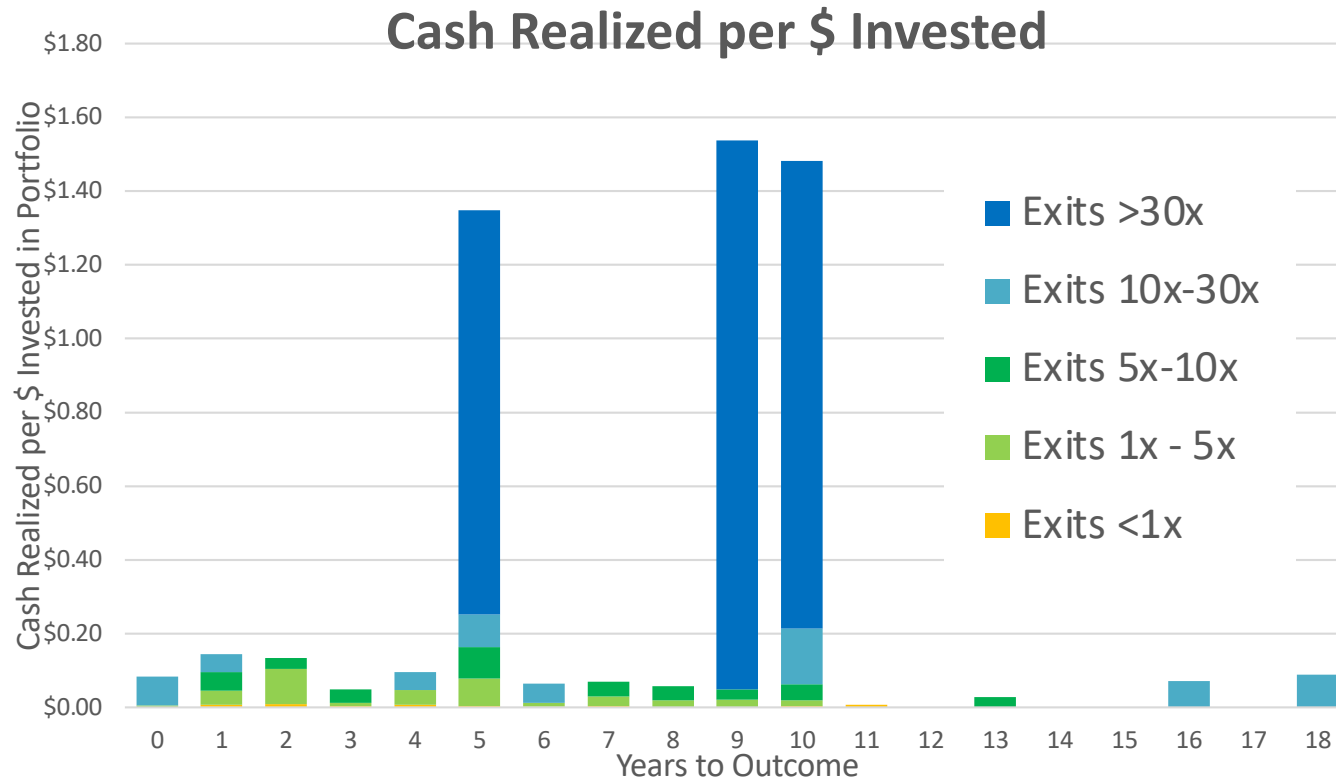


Source: Analysis of 86 Tech Coast Angels Exits that Realized Cash

- Bigger exits come to more mature companies
- Earliest exits tend to be at low multiples



Timing of Cash Realized



Source: Analysis of 86 Tech Coast Angels Exits that Realized Cash

6/16/21

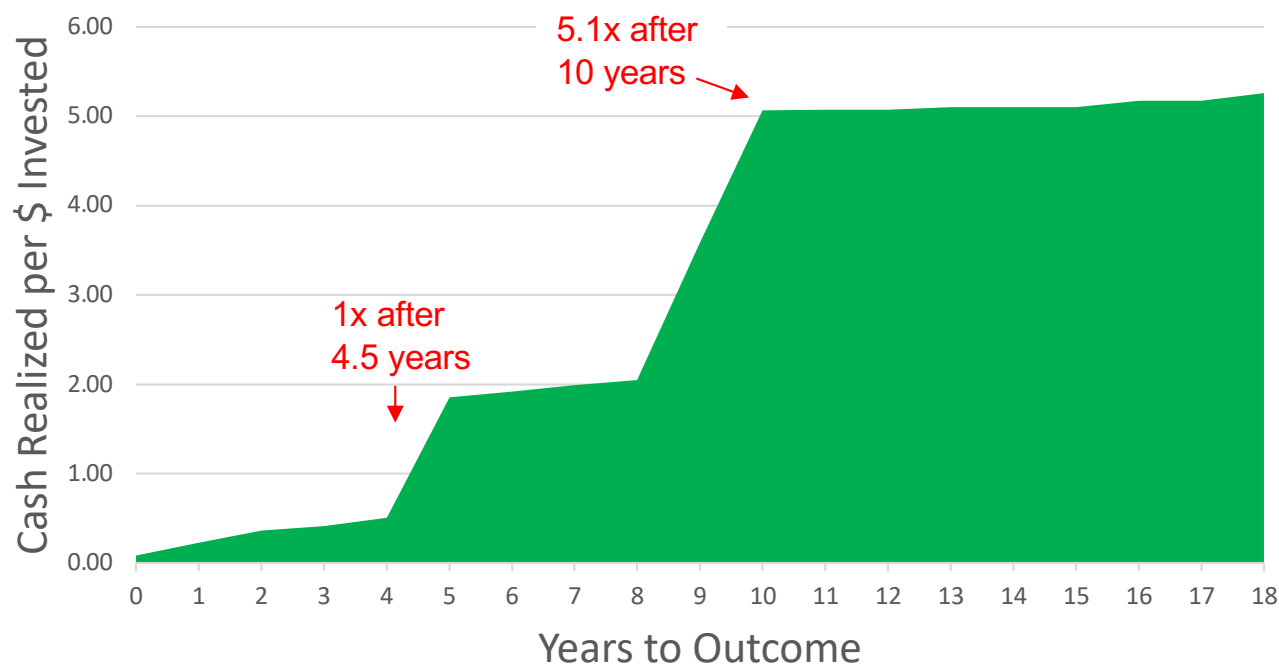
- Homeruns take longer to “ripen”
- Earliest exits tend to be at low multiples



Expectations on Speed to Payback



Cumulative Return Over Time

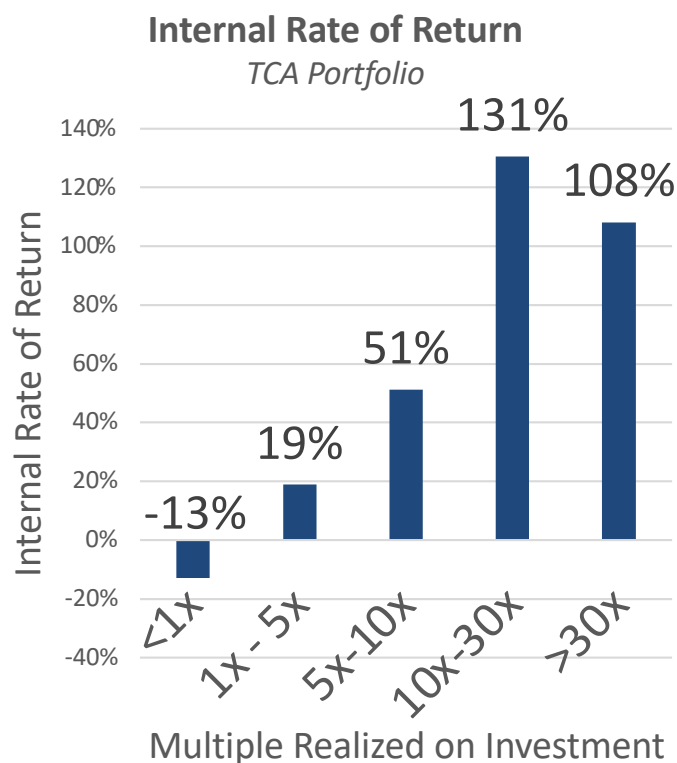
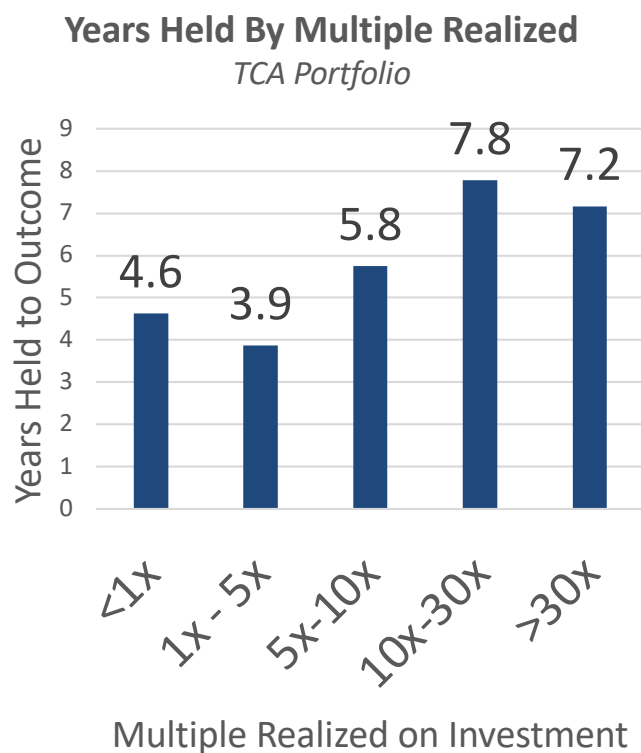


- Payback of principal around 4-5 years
- 510% back by year 10

Source: Analysis of 206 Tech Coast Angels Outcomes including Exits and Shutdowns



Takes Longer for Home Runs to Mature



- **Patience Pays Off**

Source: Analysis of 86 Tech Coast Angels Outcomes that Realized Cash

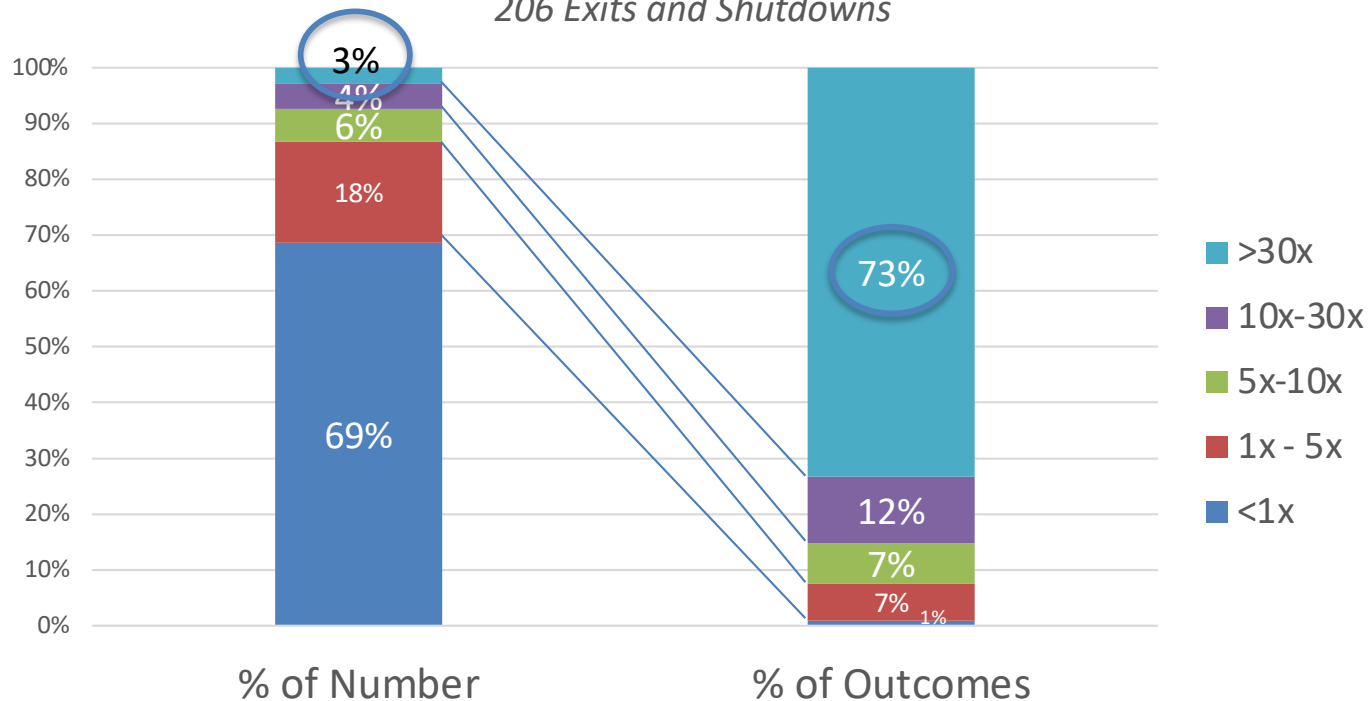


How Many Investments for Diversification?



TCA Distribution of Outcomes

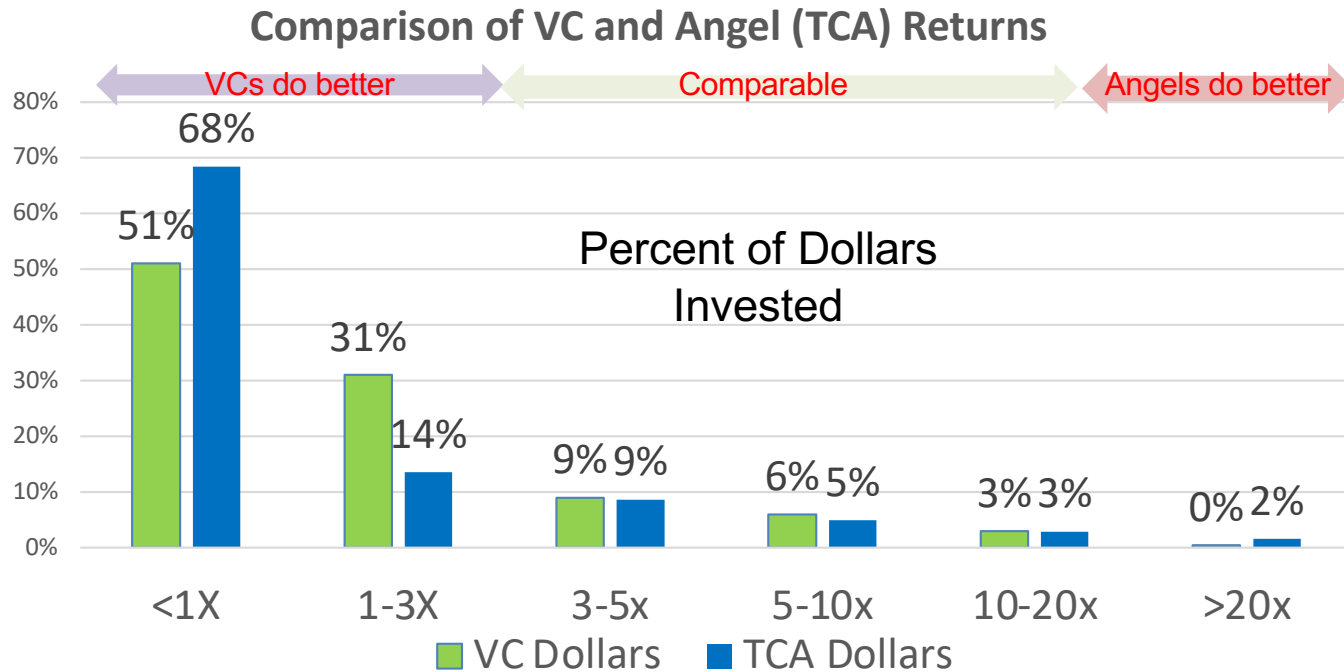
206 Exits and Shutdowns



- **Homeruns are few and far between, but drive returns**
 - 3% of companies = 73% of Returns
 - Even a diversified portfolio of 40 investments might have missed a big homerun

Source: Analysis of 206 Tech Coast Angels Outcomes including Exits and Shutdowns 1997-2020

Angel vs. VC Returns



- Similarities are striking
- Differences are most notable at the extremes (failures and "home runs")
- Angels do better with home runs
- VC's do better avoiding failures and with "singles"

Source: Tech Coast Angels (1997-2019) and Correlation Ventures (\$20.5B invested in 27,878 financings (2009-2018) -- includes Exits and Shutdowns



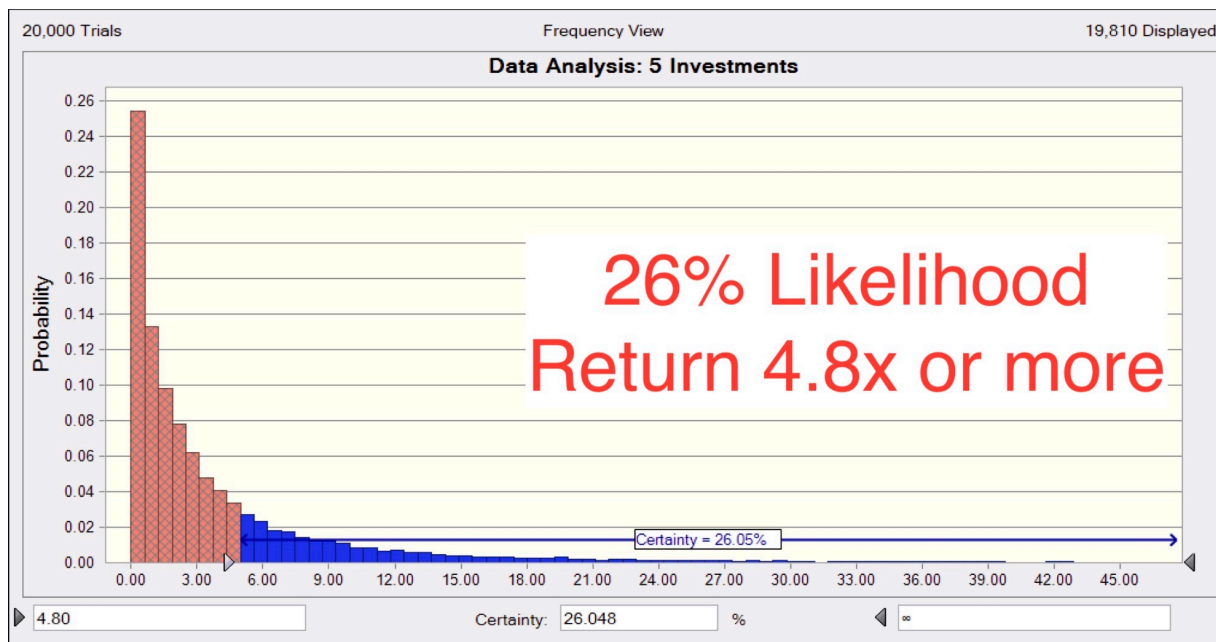
ANGEL CAPITAL ASSOCIATION



Simulating Diversification



5 Investments



- 159 Outcomes (Exits and Shutdowns)
- *Montecarlo Simulation (20,000 outcomes)*

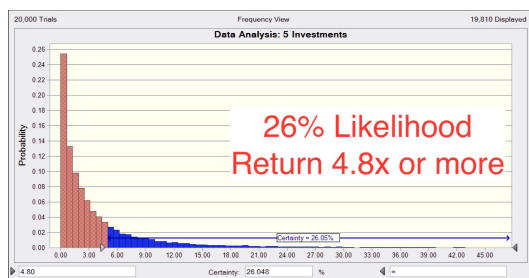
Source: Based of first 159 Outcomes of Tech Coast Angels and Random Selection of Investments & Monte Carlo Simulation of 20,000 outcomes



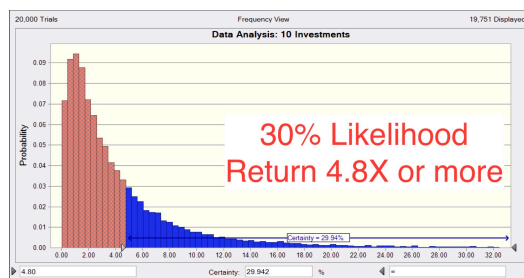
Simulating Diversification



5 Investments

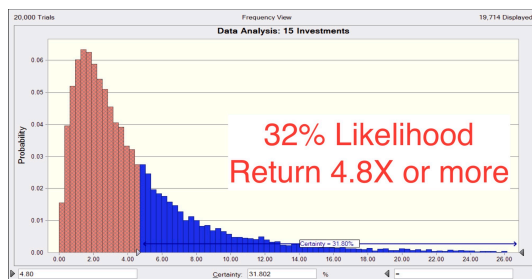


10 Investments

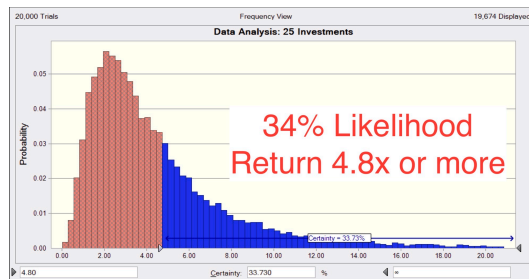


- Diversification improves average return
- Unless you pick only a few and are very lucky!

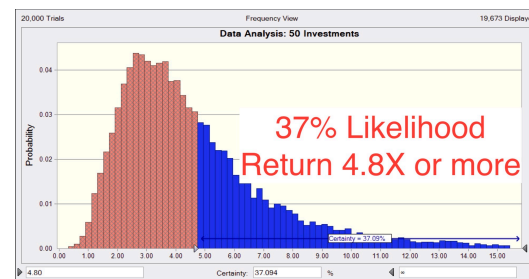
15 Investments



25 Investments



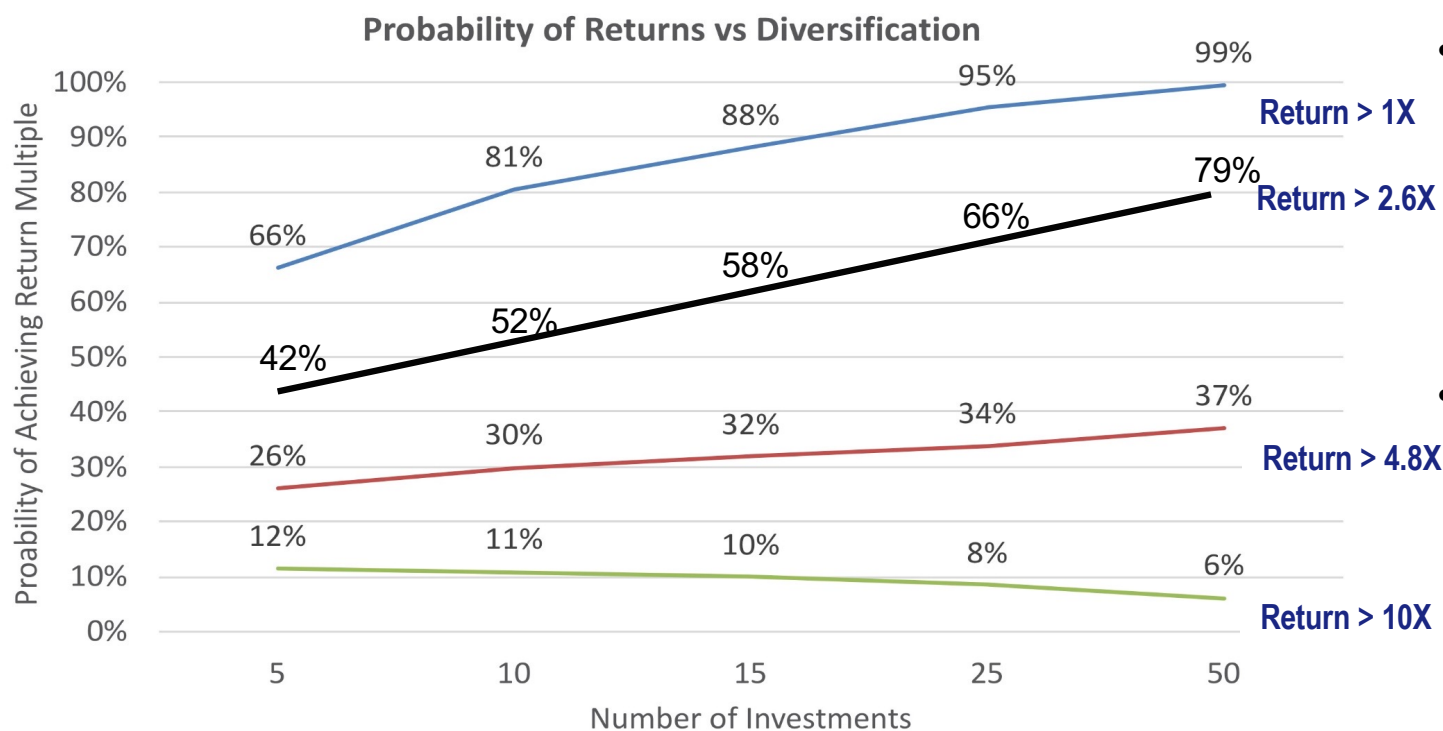
50 Investments



Source: Based on first 159 Outcomes of Tech Coast Angels and Random Selection of Investments & Monte Carlo Simulation of 20,000 outcomes



Diversification is Critical

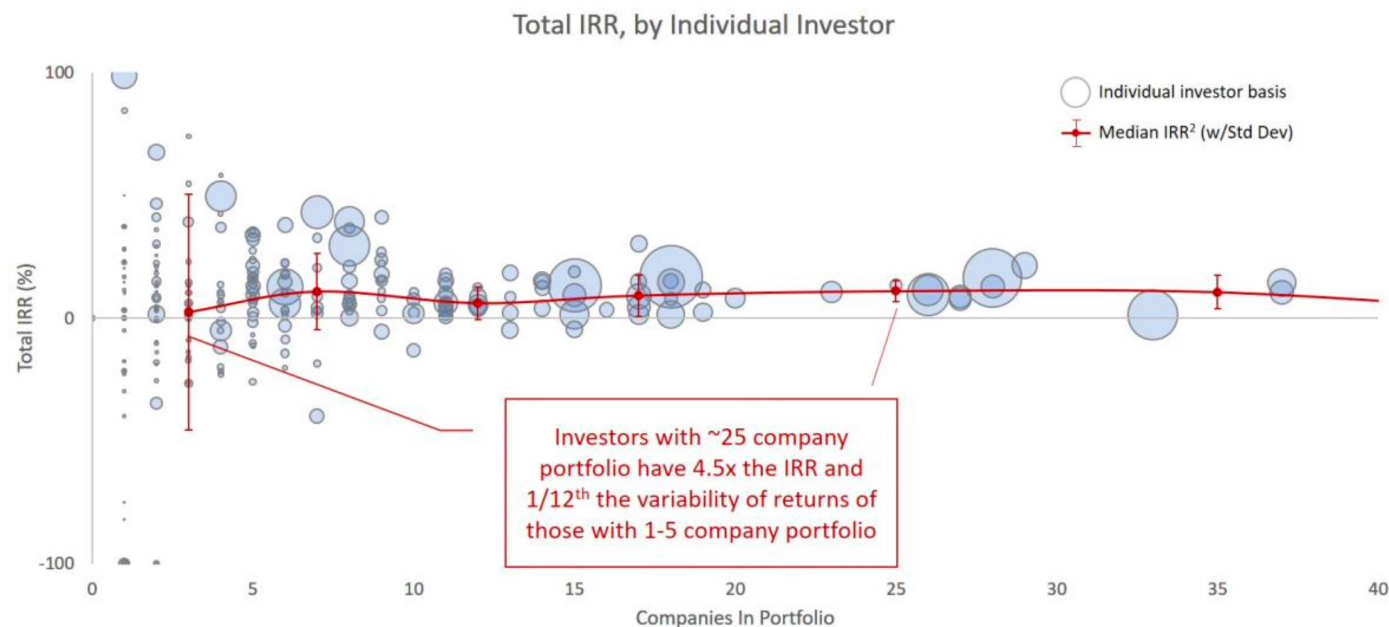


- 5 Companies
 - 66% chance of earning at least 1x
 - 26% chance of earning at least 4.9x
- 25 Companies
 - 95% chance of earning at least 1x
 - 34% chance of earning at least 4.8x

Note: Based on first 159 Outcomes of TCA and Random Selection of Investments & Montecarlo Simulation of 20,000 outcomes

Individual Investor Returns

Diversification drives higher and more consistent returns



1. Includes 278 investors with at least one investment with measurable returns (either positive or negative) 2. Median IRR calculated on groupings based on # of companies in portfolio

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ANGEL CAPITAL ASSOCIATION

Source: Source: ACA Monthly Data Insights -- Author: Alexander Brown, Launchpad Venture Group Publication Date: September 2020

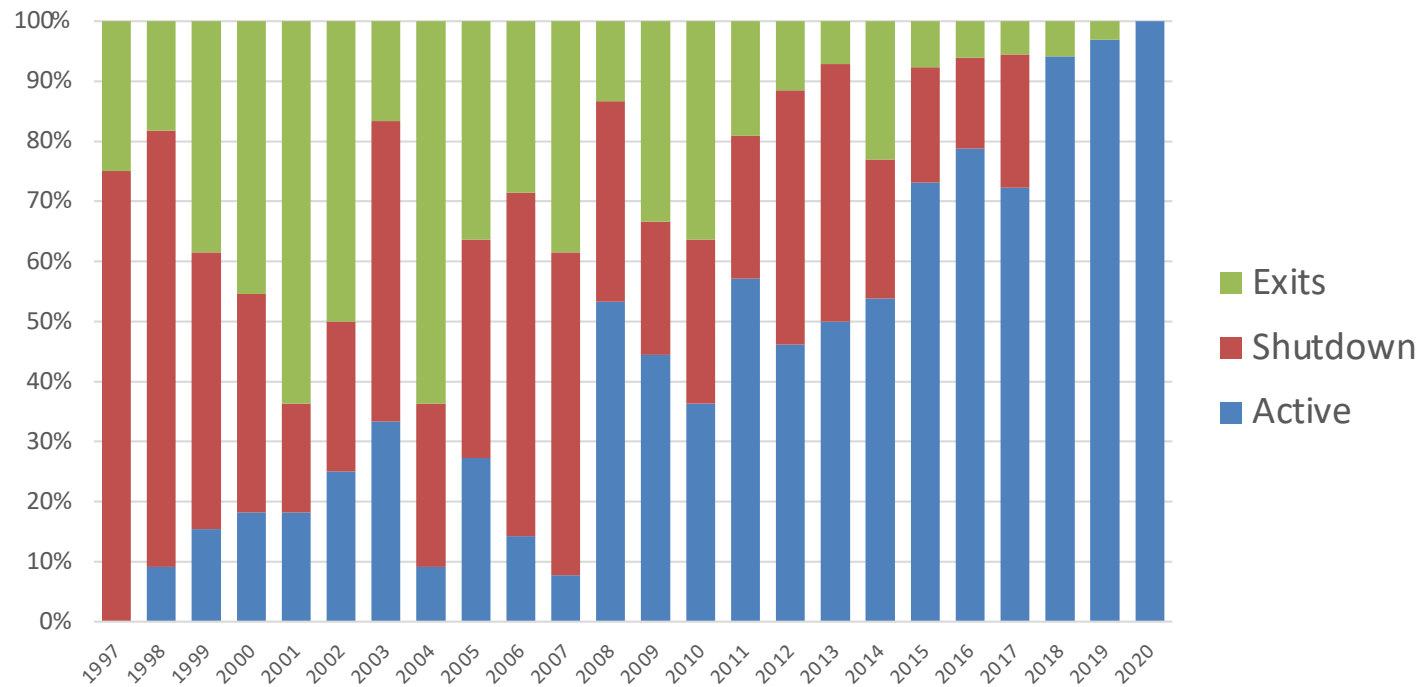
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Patience is Required



TCA Outcomes by Year of Investment
TCA Portfolio



Note: Includes all Tech Coast Angels portfolio investments since 1997

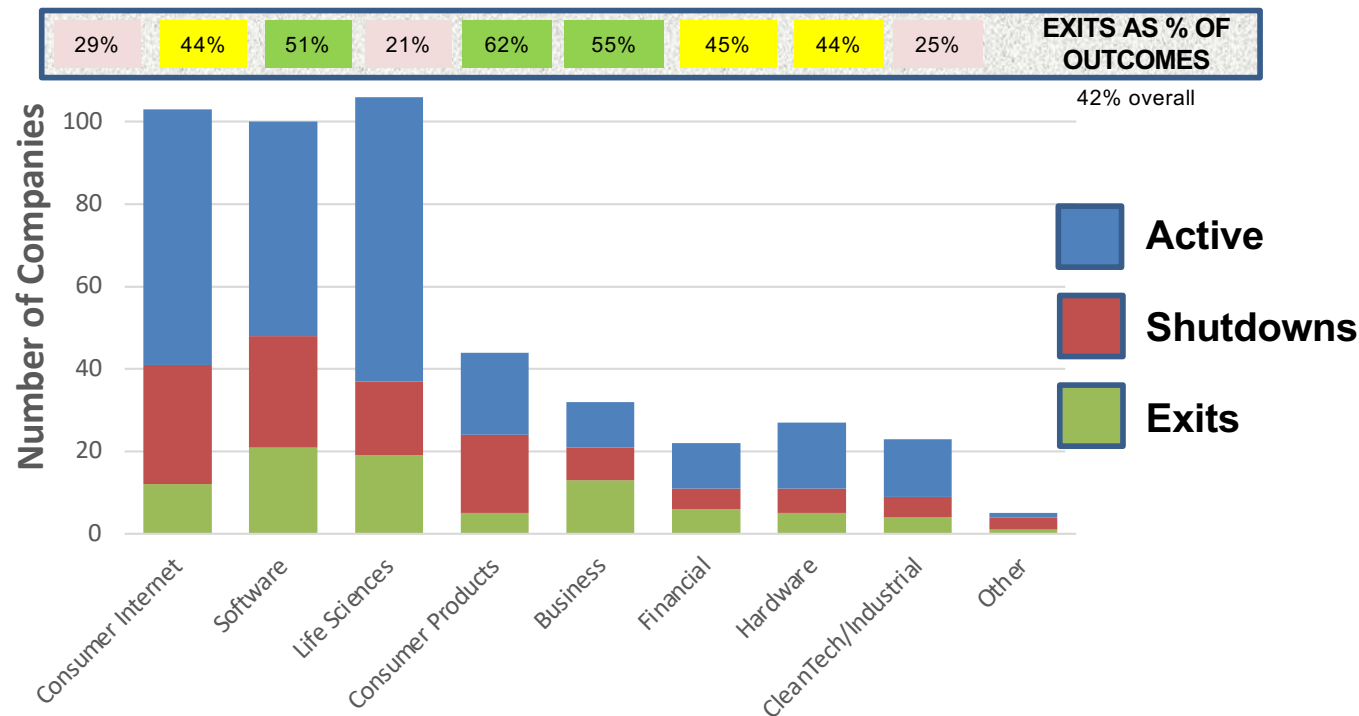
- “Active” Portfolio Co’s in every year but first
- Recently had a 15x of a 2002 company after 17 years!



Which Industries Produce More Exits?



TCA OUTCOMES BY INDUSTRY



Source: Analysis of all 206 Tech Coast Angels portfolio companies 1997-2020

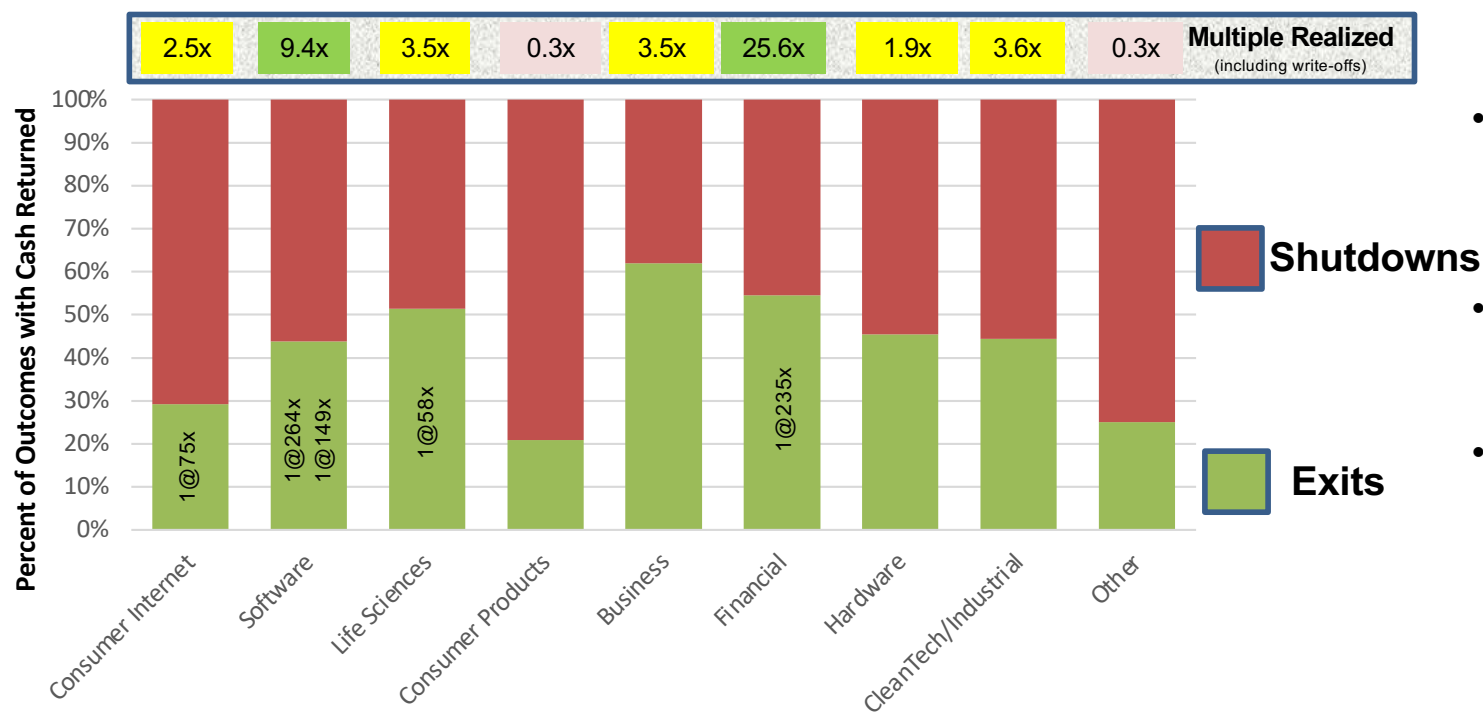
- BTB and Financial highest ratio of exits to outcomes
- Life Sciences longer time to resolve, but higher % are exits
- Poor success rate in Consumer Internet & Consumer Products



Outcomes By Industry



TCA OUTCOMES BY INDUSTRY



- Multiples highest for Financial and Software (driven by homeruns)
- Consumer Products/services disappointing
- But heavily influenced by home runs

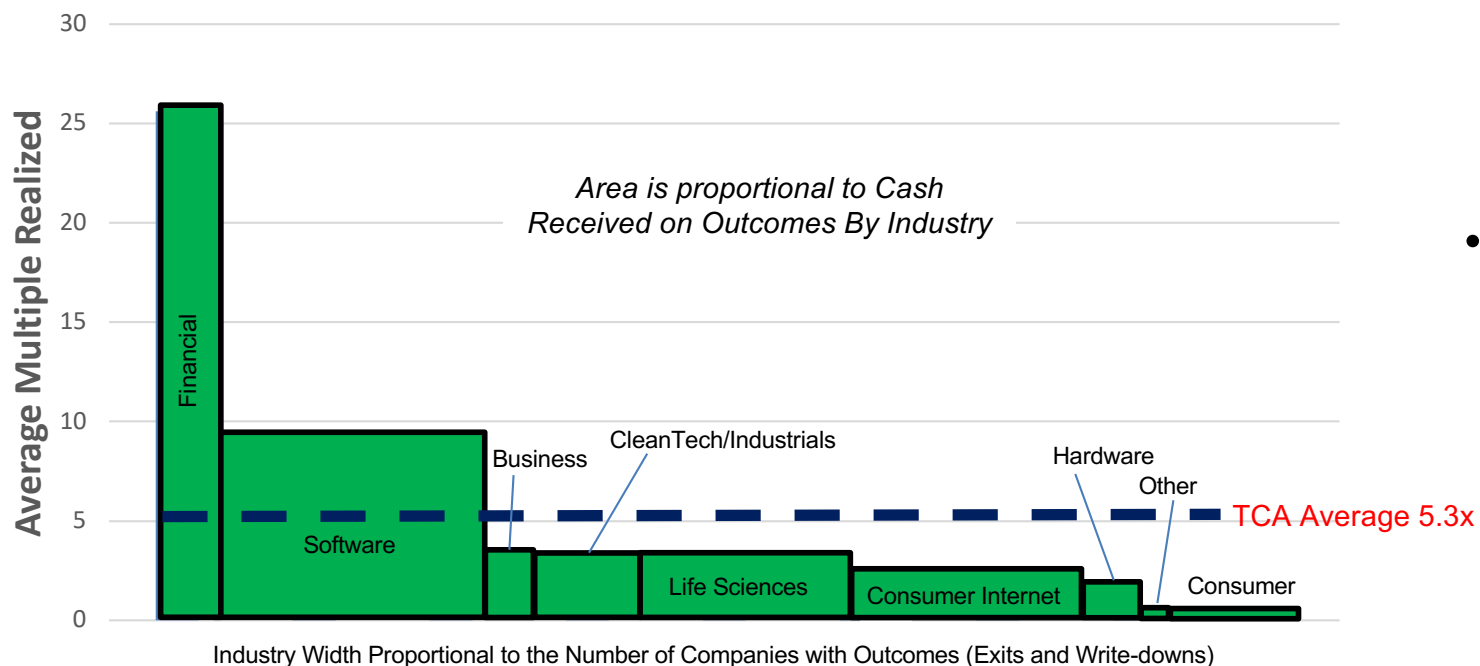
Source: Analysis of all 206 Tech Coast Angels portfolio companies with Outcomes (Exits or Shutdowns) 1997-2020



TCA Performance By Industry



AVERAGE MULTIPLE BY INDUSTRY



- Financial and Software were biggest winners, driven by home runs

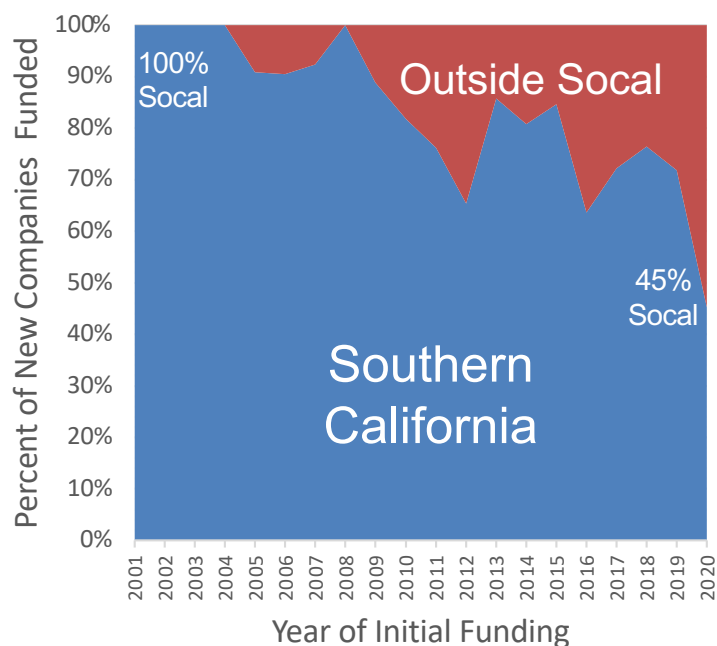
Source: Analysis of all 206 Tech Coast Angels portfolio companies with Outcomes (Exits or Shutdowns) 1997-2020



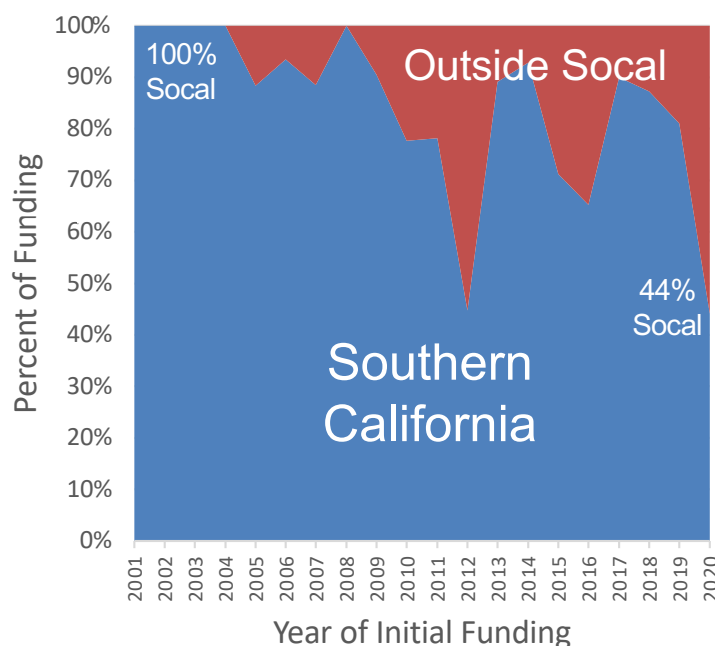
TCA Invests Mostly Locally



TCA GEOGRAPHICAL MIX
MIX OF COMPANIES



TCA GEOGRAPHICAL MIX
MIX OF DOLLARS



- Non-Local has grown due to greater syndication (including ASN) and TCA Funds
- Shift accelerated in 2020 due to Covid-19 and Virtual Screening/Due Diligence

Source: Analysis of TCA Portfolio Investments



TCA Does Better Locally



	SoCal	Non-SoCal
Number of portfolio companies	77%	23%
Investments		
Dollars invested	79%	21%
Number of exits	82%	18%
Cash realized on exits	97%	3%
Average Multiple on Outcomes	6.8x	1.1x

- **More engagement leads to better returns for local companies**

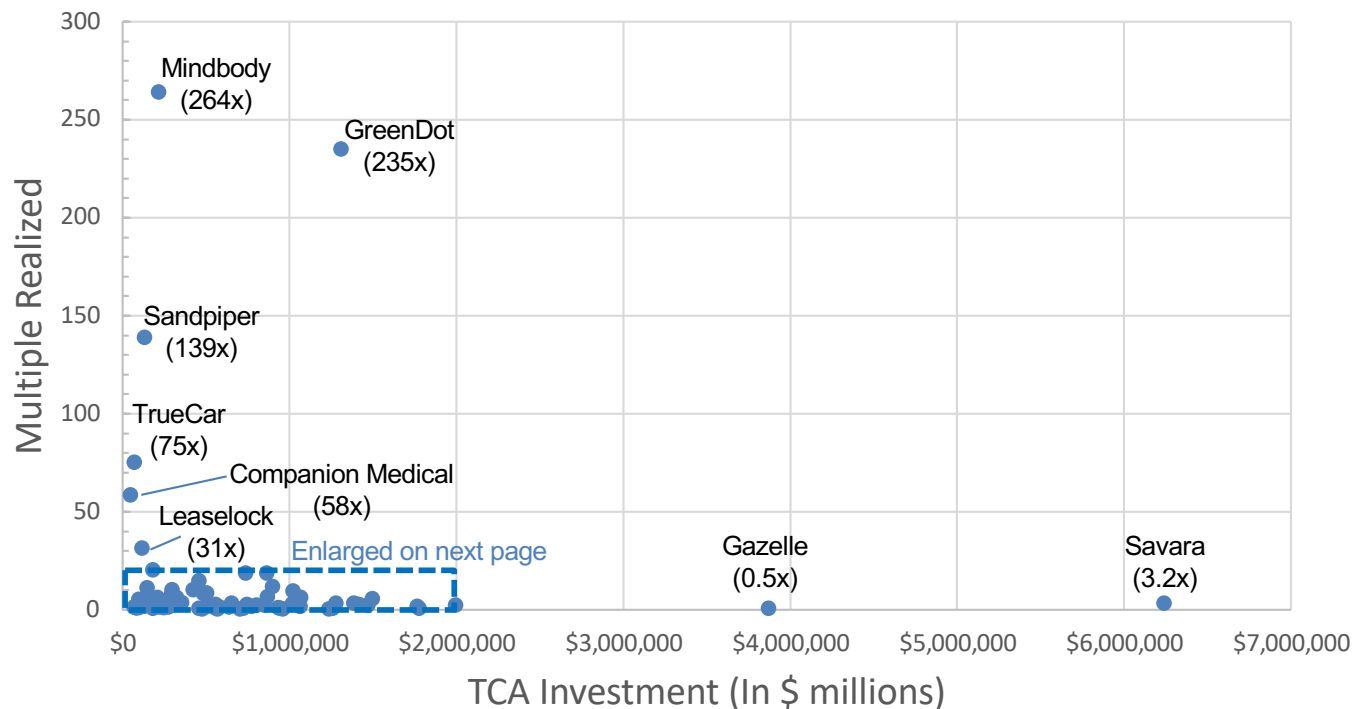
Source: Analysis of 206 Tech Coast Angels Outcomes including Exits and Shutdowns 1997 - 2020



No “Wisdom of Crowds”



MULTIPLE REALIZED VS AMOUNT INVESTED



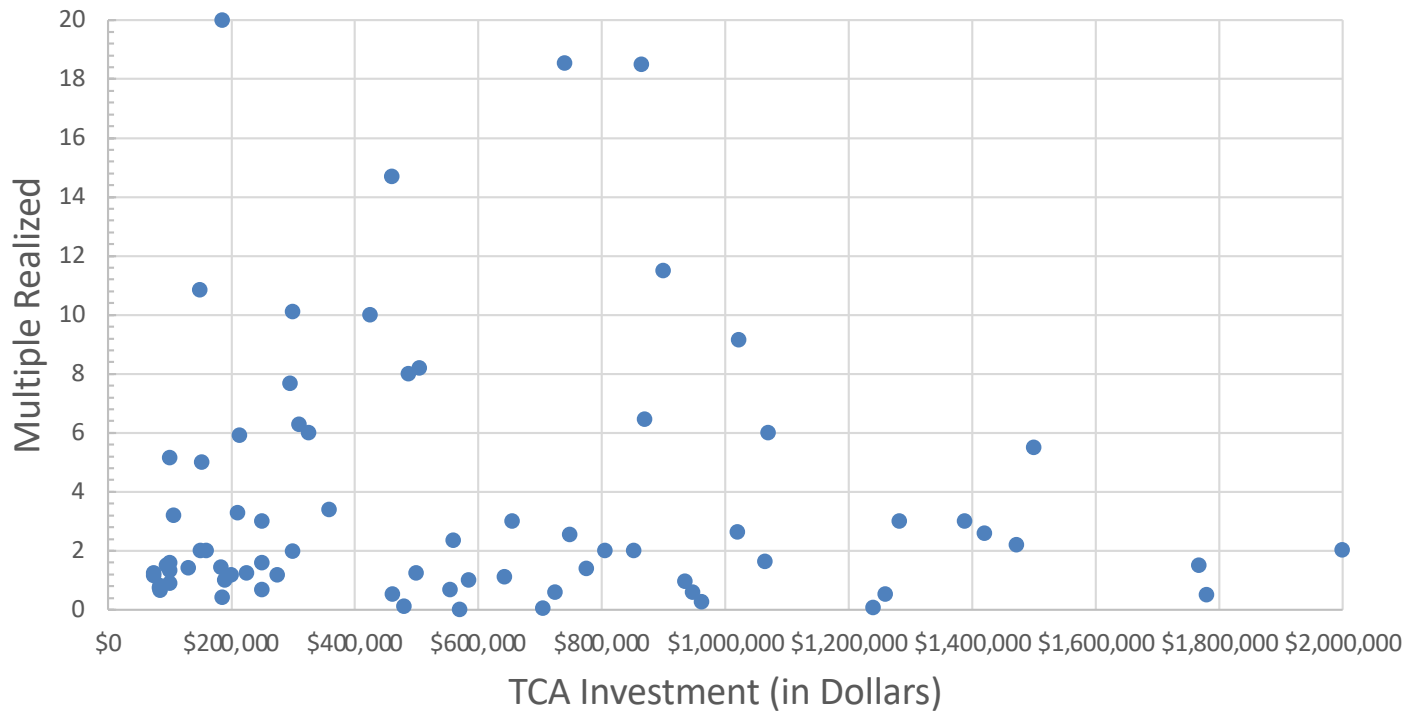
- No correlation between size of deal and outcomes at the extremes



No Wisdom of Crowds



MULTIPLE REALIZED VS AMOUNT INVESTED

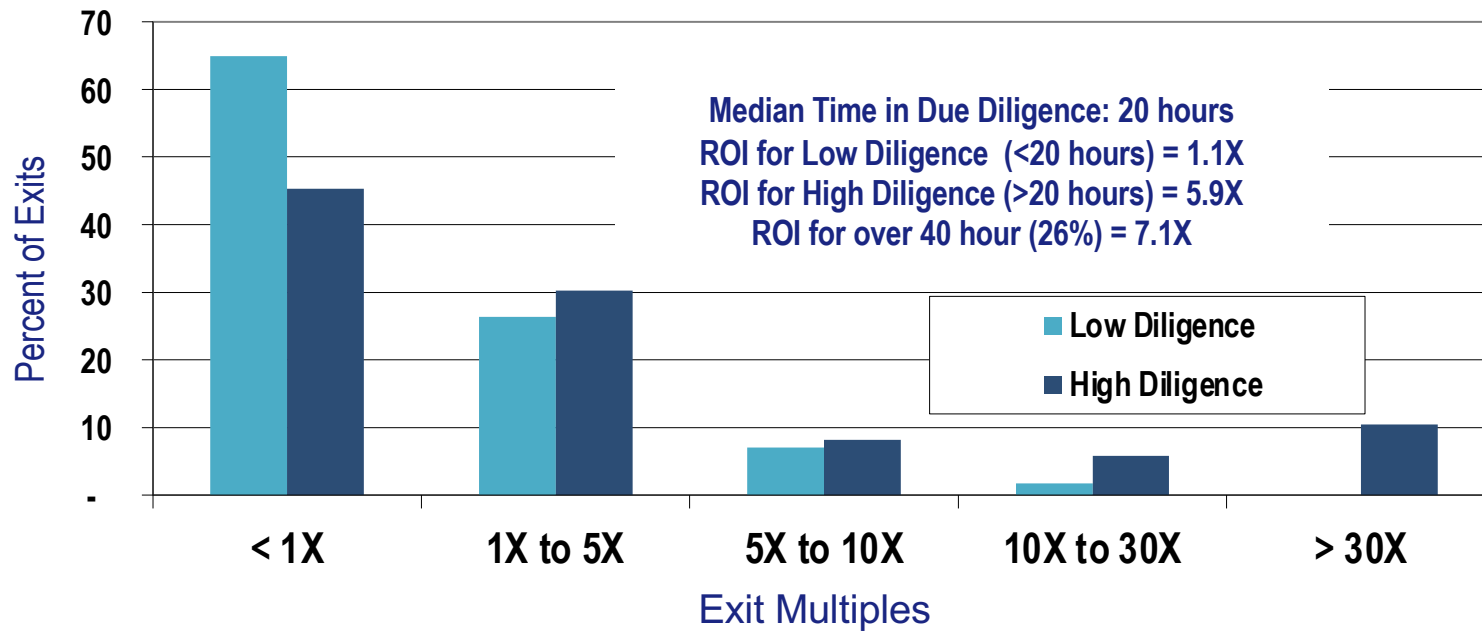


- **No correlation between size of deal and outcomes in “normal” range either**

Source: Analysis of 86 Tech Coast Angels Exits that Realized Cash 1997-2020



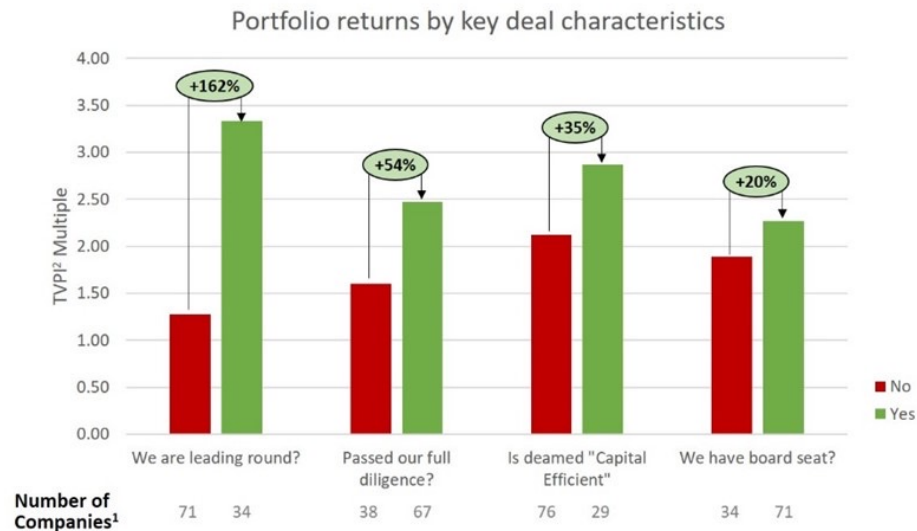
WHY Due Diligence?



Source: Returns to Angels In Groups Study by Rob Wiltbank 2007

Deal Characteristics that Drive Returns?

The effort of full diligence, understanding capital staging, negotiating reasonable terms and supporting the company does yield better returns



1. Includes 105 active and exited portfolio companies with at least 18mo. since initial investment; 2. TVPI = Total Value to Paid In Capital (includes both realized and unrealized returns)
Note: Launchpad Venture Group and its employees are not registered financial advisors and do not give investment advice. Each Launchpad member makes their own independent investment decisions. This information is being furnished for informational purposes only, and should not be interpreted as a recommendation to invest or not invest in a particular venture.

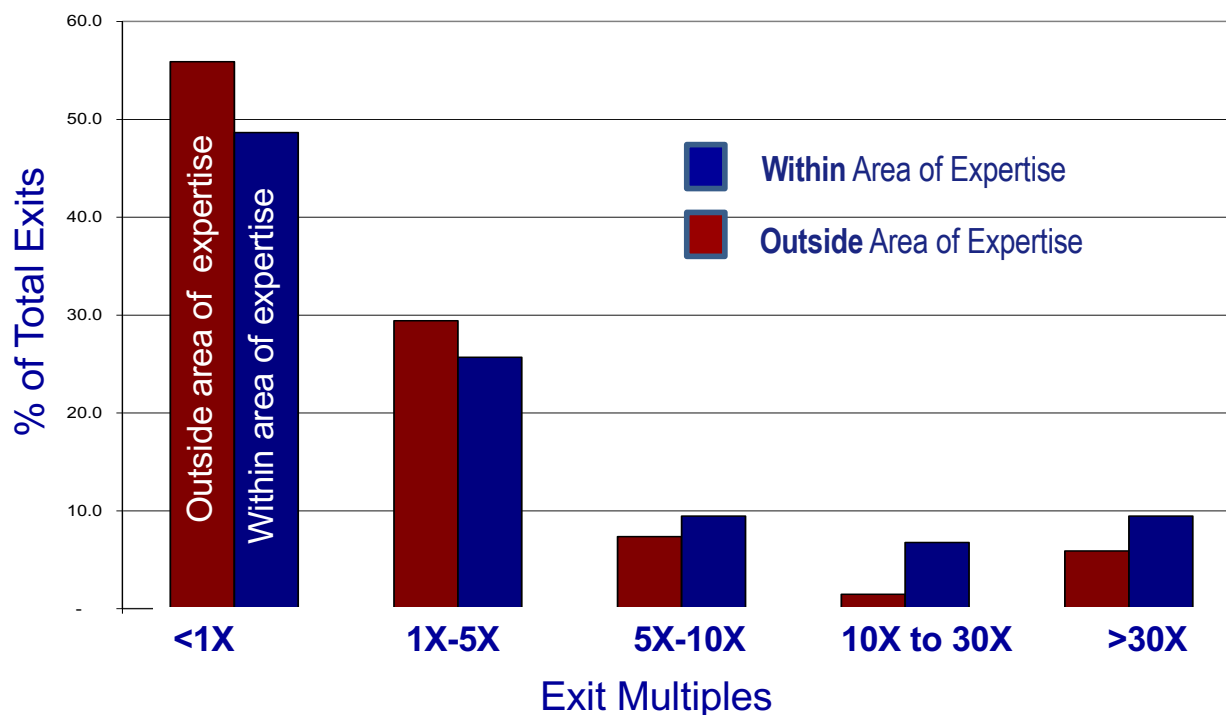


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Source: ACA Monthly Data Insights -- Author: Alexander Brown, Launchpad Group Publication Date: March 2021



Why Industry Expertise of Investor?

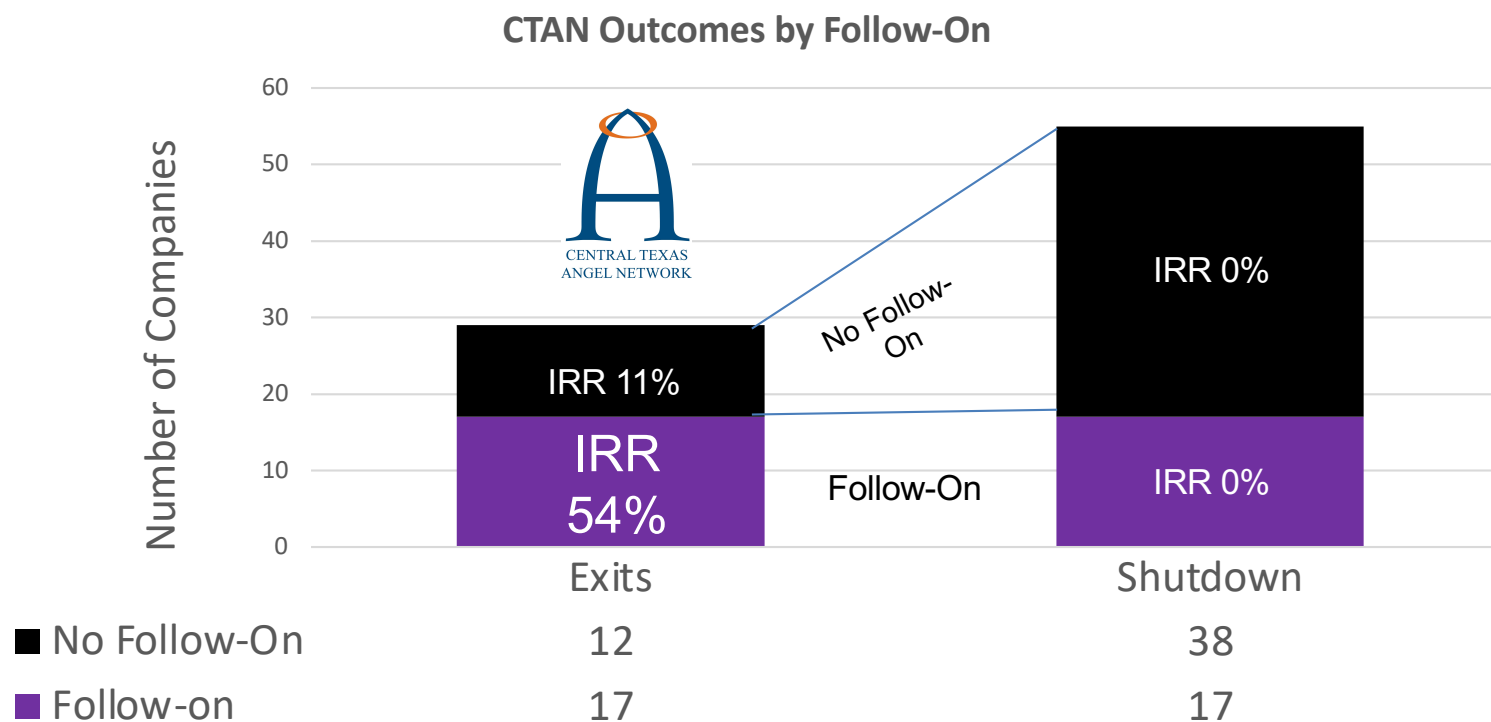


- 50% of deals were not related
- When related, they typically had 14 years of experience
- Returns for deals related to angel's experience twice that of those for which angels had no experience

Source: *Returns to Angels In Groups Study* by Rob Wiltbank 2007



Do Follow-Ons Perform Better?

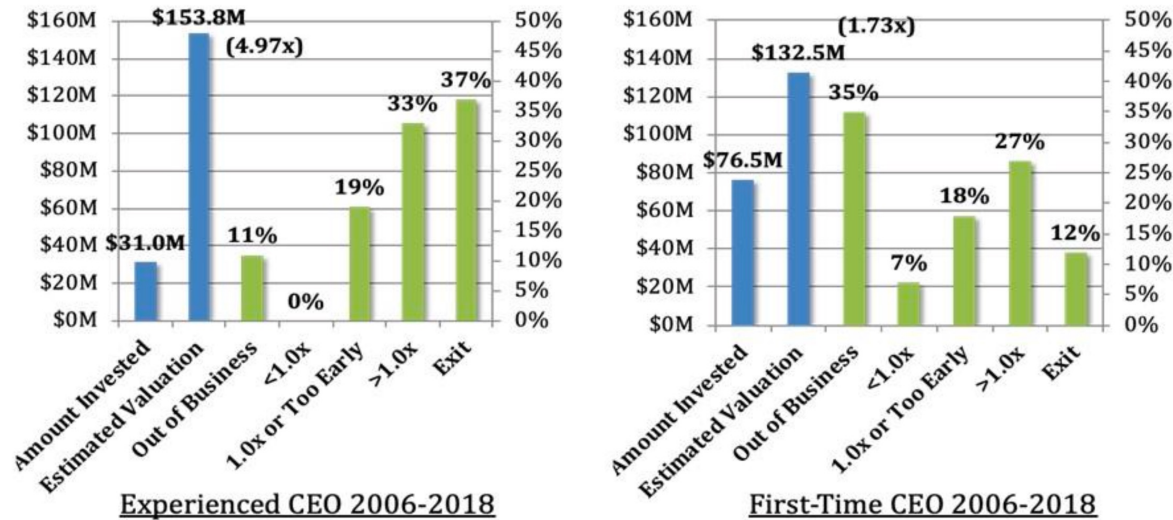


Source: Central Texas Angel Network, 2006-2018; includes Exits and Shutdowns

Published in ACA Monthly Data Insights -- Author: Rick Timmins, Central Texas Angel Network Publication Date: June 2020

Experienced CEO's Outperform

5 - Experienced Vs. First-Time CEO: CTAN Portfolio Companies - 2018



	Out of Business	< 1.0 x	1.0x or Too Early	> 1.0x	Exit	Total
Experienced CEO	3	0	5	9	10	27
First-Time CEO	52	10	27	40	18	147
Total	55	10	32	49	28	174



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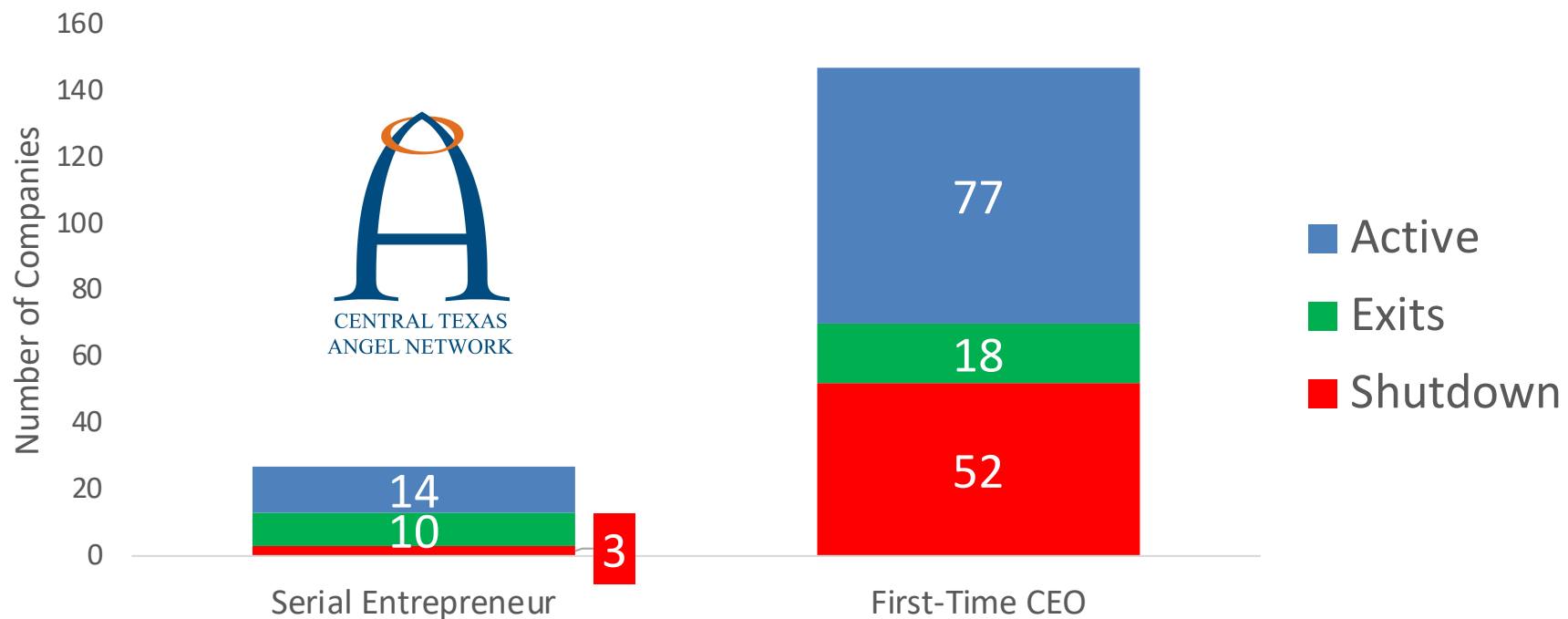
Source: ACA Monthly Data Insights -- Author: Rick Timmins, Central Texas Angel Network Publication Date: October 2019

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Why Experienced CEO?

CEO Experience



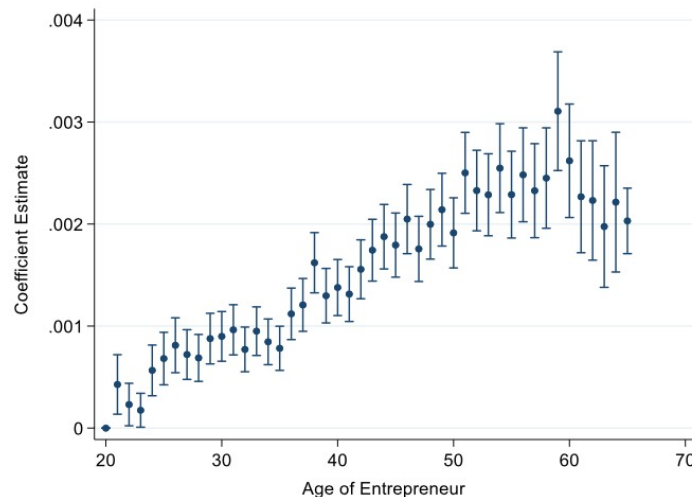
Source: Central Texas Angel Network, 2006-2018

Younger CEOs Fare Worse than Older Ones

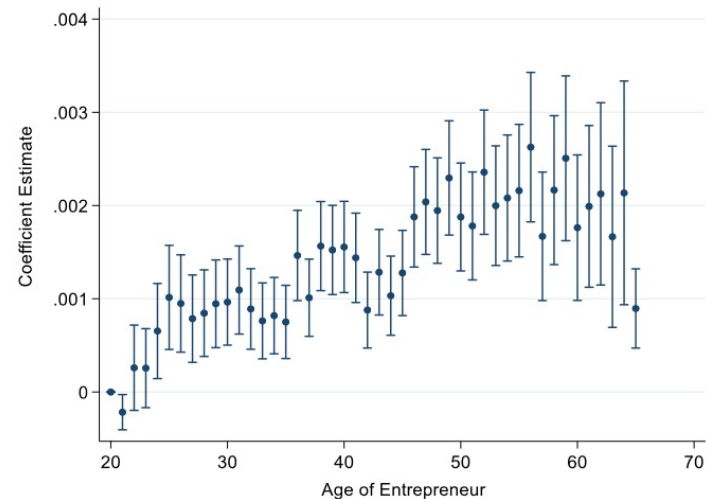
Figure 2: Likelihood of Extreme Success, Conditional on Starting a Firm

50-year old founder is 1.8 times more likely to achieve upper tail growth than 30-year old

*Fig. 2A: Probability of Successful Exit
(IPO or acquisition), by Age*



*2B: Probability of Top 0.1% Employment
at 5 Years, by Age*



Source: Source: Age and High-Growth Entrepreneurship by Pierre Azoulay (MIT-Sloan), Benjamin Jones (Northwestern University-Kellogg), J. Daniel Kim (University of Pennsylvania-Wharton), and Javier Miranda (U.S. Census Bureau), 2019



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Published in ACA Monthly Data Insights -- Author: John Harbison, Tech Coast Angels Publication Date: April 2021



But Consider “Whole Package”

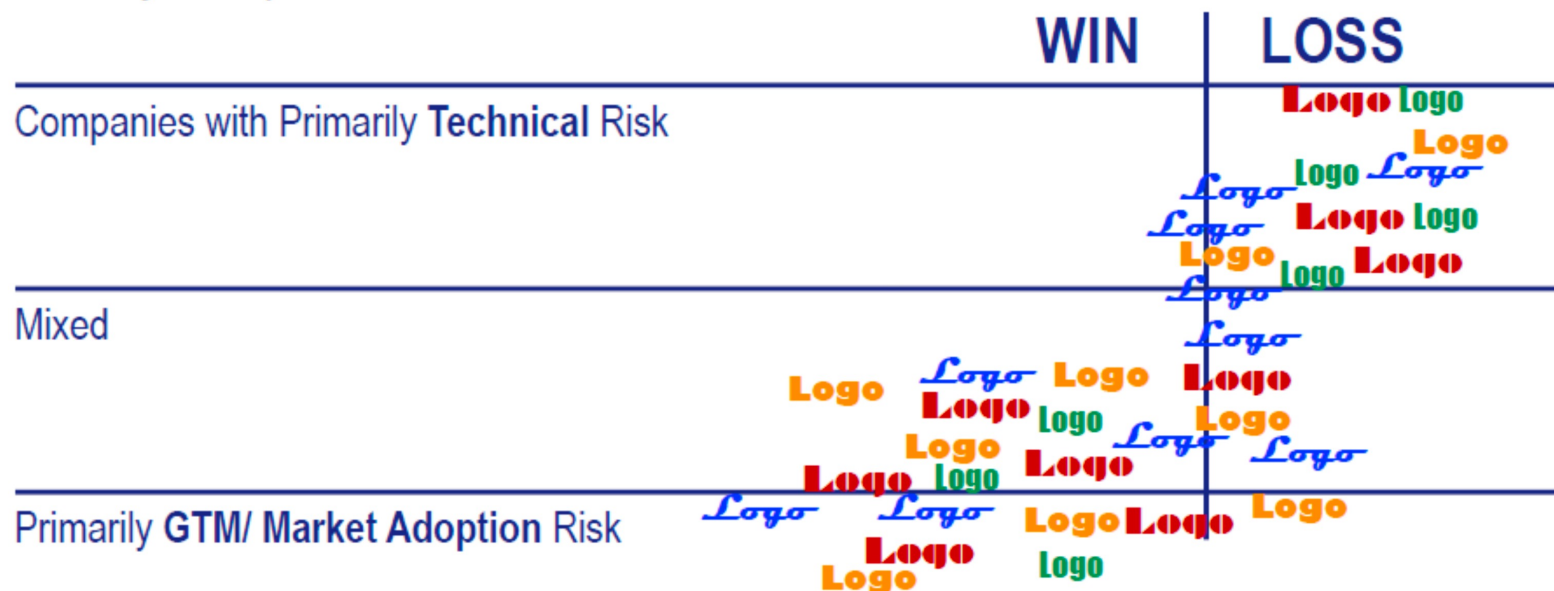


- All things being equal, you should expect better success with an experienced CEO
- But beware screening out all that don't meet criteria of previous CEO Experience. What if one of these entrepreneurs applied to your Angel Group?
 - Steve Jobs at APPLE (market cap now \$2125 B)
 - Bill Gates at MICROSOFT (market cap now \$1942 B)
 - Jeff Bezos at AMAZON (market cap now \$1688 B)
 - Sergey Brin & Larry Page at GOOGLE (market cap now \$1655 B)
 - Mark Zuckerberg at FACEBOOK (market cap now \$939 B)

Risk/Outcomes Correlation

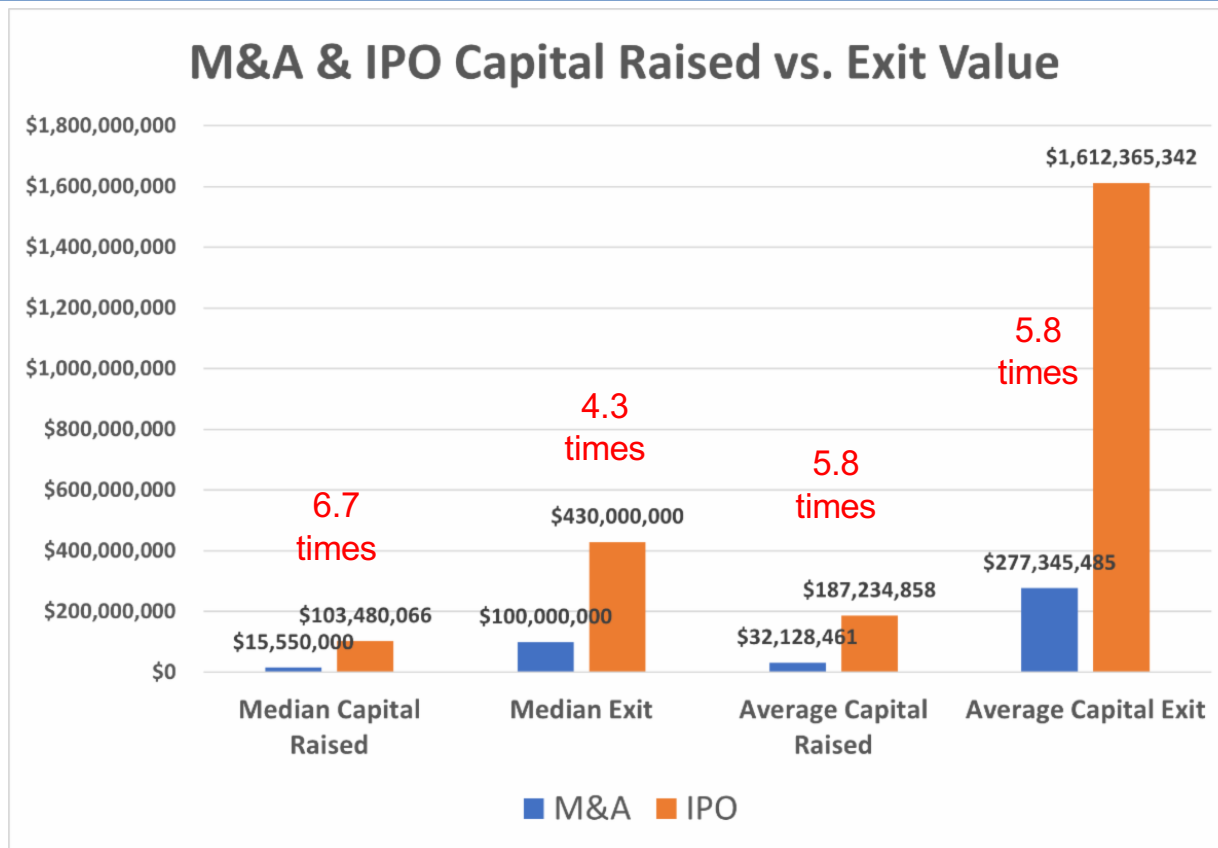
HOW TYPE OF RISK CORRELATES WITH OUR OUTCOMES

Primary risk presented at time of investment:



Source: ACA Monthly Data Insights -- Author: Christopher Mirabile, Launchpad Venture Group Publication Date: September 2019

M&A & IPO -- Capital Raised vs Exit Value?



Multiple
Realized on
Median:
IPO 4.2x
M&A 6.4x

Multiple
Realized on
Average:
IPO 8.6x
M&A 8.6x



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Source: ACA Monthly Data Insights -- Author: Ron Weissman, Band of Angels Publication Date: January 2021



Lessons Learned



- **Avoid temptation of early exits, and keep your money on the table**
 - Higher % of homeruns have early exit options
 - 2 of TCA's 3 home runs had early exit options
 - Early traction and success attracts strategic investors, and reduces funding risk
 - Chance of another exit much higher for companies that have an interim optional exit
 - If you took the first available exit option on TCA portfolio, realized return would drop to 3.0x from 5.3x – factoring in also the ones where the early exit was the highest return
 - Boost to IRR from early exits not commensurate with loss of multiple realized – IRR would drop to 22% from 26%



Tips Going Forward



TCA's record high investment in 2019 and 2020 reflects a strong pipeline of opportunities. But excessive valuations in public and private markets signal a correction is likely coming during which financing will be a challenge. Our advice to smart entrepreneurs at this stage in the cycle is to be well prepared:

- Get realistic about valuation and don't look to recent averages. It's a new world. Any investment will be hard, and overpricing can be fatal if it leaves you underfunded
- Maintain a healthy runway. In the next two years, more good companies will likely fail for lack of financing than for all other reasons combined
- If you are lucky enough to attract funding, raise as much money as you can in the current round and don't be concerned about dilution. You won't regret it later
- Stay focused. Spend wisely and frugally. If the next dollar you spend doesn't make for a better product or better customer experience, don't spend it.
- Seek investors who can provide you with experience, guidance and contacts that can help you navigate the challenges ahead (rather than those that are willing to offer the highest valuation), and listen to your advisers
- **For Angels, now is the time to accelerate funding of companies at more realistic valuations -- particularly companies which can achieve breakeven with the funds raised in the current round**