



# ACE 22 Annual Fund Overview

*The BEST place for the BEST  
companies to raise their angel funding.*

June 2021  
[tcasandiego.com](http://tcasandiego.com) / [@tcasandiego](https://twitter.com/tcasandiego)

# Why We Launched An Annual Fund in 2018

- We were **missing out on the best companies** due to our funding process
- We were **losing members** who didn't want to build a diversified venture portfolio at \$25K to \$50K per company
- We wanted it to make it easier and **more fun** for members to lead deals and engage in our due diligence process
- To **drive better investment returns** to our members!



# Snapshot of ACE 19, 20 and 21

- \$2.26M capital raised from 112 members for ACE 19
- \$3.75M capital raised from 164 members for ACE 20
- \$4.7M capital raised from 213 member for ACE 21
- 49 total investments
  - \$100K - \$500K checks
  - 32 Life Science (8 digital health), 17 Tech
  - 26 Southern California, 23 outside SoCal
  - 3 exits, 46 still in business
  - < 3% of reviewed deals were funded

# Summary of ACE 19, 20 and 21 Performance

- ACE 19 TVPI: 1.66 & unrealized IRR of 29.08%
- ACE 20 TVPI: 1.59 & unrealized IRR of 41.38%
- PortCo Follow On Rounds: GoSite (\$40M Series B), Atlazo (\$4M Series A), DTx (\$100M Series B), BlueNalu (\$60M Series A+), Mercato (\$26M Series A), Casana (\$14M Series A), Brius (\$15M Series A), Maxwell Biomedical (\$5M Series A), Healionics (\$5M Series A), Labviva (\$8M Series A)
- ACE 21 Press: Zigazoo, New Age Meats, Crafter, Iridia, Meallogix, MediPrint



# Benefits of the ACE Annual Fund

- **Diversification** in 10+ companies a year for as little as \$10,000
- Our fund model delivers on our commitment to be the **BEST place for the BEST teams to raise their seed funding** – resulting in better deal flow and ROI
- Our funding process is **EASIER** for the entrepreneur and our due diligence teams, and fund investors (before it was hard)
- **Inclusion for ALL members** to have skin in the game
- Real-time **portfolio tracking & reporting** on Seraf investor platform



# How It Works...

- New fund every year
- Existing screening & DD process doesn't change
- Company gets money from Fund if they inspire at least four members of the Deal Team to recommend **and** at least 67% of all voting member units to vote YES
- Members can still make individual investments alongside the fund
- Fund only invests in US-based C-Corps



# Here Are The Rules...

# of DD Team Members	% of Member Unit YES votes	Deal Type	Maximum Funding Provided
4 or more	67%	Fast Track	Up to \$250K or 6% of fund (whichever is less)
4 or more	67%	Full Track	Up to \$500K or 25% of fund (whichever is less)

# Fast Track vs. Full Track

- **Fast Track**
  - Typically a syndication, led outside of TCA
  - We rely on a trusted group for primary DD
  - Accelerated DD process (typically 2-3 weeks)
  - Company completes our 5-page DD Survey
  - Single funding tier, e.g. \$250K
- **Full Track**
  - Led by TCA
  - Full 30-day DD process
  - Company completes our 20-page DD Questionnaire
  - TCA has board visibility
  - Two funding tiers, e.g. \$300K & \$500K





# How To Invest

- Be an active TCA-SD member
- Purchase any amount in the Fund greater than or equal to \$10K. One unit = \$10K
- Get one full vote per unit purchased (fractional units = fractional votes)
- Fund invests for approximately 12 months
- Target investment in 10-15 companies each year

# Fees And Expenses

- The Fund is mostly volunteer-managed, allowing us to keep fees very low
- **Up to 3% expense allocation for life of fund**
  - For CPA, legal, 3<sup>rd</sup> party manager, etc.
  - NOT an annual fee
- **\$1,800 annual TCA-SD membership fee collected through fund investment**
  - Includes all TCA benefits (tech, events, admin, etc.)
- **5% carried interest**, paid to TCA only after 100% of member capital is returned to members



# Our Goal Is 100% Member Participation

- With the Fund, **you meet your TCA investing commitment** and ensure that you are invested in the **strongest TCA companies for as little as \$10K per year**
- WE WANT EVERYONE to participate to ensure that we can deliver on our vision...and bring in those strong company teams that have previously avoided us
- Our group is stronger if all members have a vested interest in the companies we screen



# Next steps for ACE 22 Launch

- Capital call July/August 2021 up until 249-member limit is reached
- First 30 days of capital call open to current TCA-SD members only; after 30 days, first-come first-served
- Easy online subscription process via Assure's Glassboard platform
- **Electronic funds transfer is strongly encouraged** over paper checks to ensure timely and accurate deposits
- Companies eligible for funding starting after First Close of \$2M



# If you don't participate in ACE 22...

- You will have NO voice (or vote) in whether companies that you support receive funding from ACE 22 – even if you are the Deal Lead
- You will not be able to share your comments on the ACE 22 funding template or recommend companies for Fund investment
- We will expect you to honor your TCA commitment to invest \$50K on your own



# Frequently Asked Questions (FAQs)

- When can I invest?
  - From July 1-30 subscription is available to existing TCA-SD members only. After July 31, new members will be welcome until our 249-member limit is reached. **Existing members must invest within the first 30 days to secure their place in ACE Fund 22** and to help the fund get to the \$2M First Close to start investing.
- How do I make my investment?
  - ACE 22 is managed by Assure (one of the most widely used SPV managers). You will use Assure's Glassdoor platform to subscribe to the fund and make your investment. **We strongly encourage electronic funds transfer for ACE 22 to ensure that funds are received accurately.**
  - A Glassdoor tutorial guide is [HERE](#).



# Frequently Asked Questions

- How do I vote for deals?
  - Every vote will be posted on flock and emailed to members. **Voting concludes after 48 hours.** Votes are submitted via a Google Form linked in the notice.
- What about follow-on investments?
  - Since these are annual funds, every company signs a side-letter assigning any current or future follow-on rights to the then-current annual Fund, which can vote to exercise follow-on investment rights in the same manner as any Fund investment.

# Frequently Asked Questions

- Do you have to be a TCA-SD member to invest?
  - YES. Starting with ACE 22, we will collect the \$1,800 TCA-SD membership dues from your fund investment and remit it to TCA-SD.
- What is the minimum investment?
  - The **minimum investment is \$10,000**. Investments can be made in any amount greater than or equal to \$10,000.
- What do your membership dues cover?
  - Your dues cover all overhead (staff, systems, etc.) and access to all TCA-SD events including education, dinners, and happy hours for 12 months. TCA-SD members who already paid 2021 annual dues will be refunded their pro rata dues.





# Frequently Asked Questions

- Who gets the carried interest?
  - **Carried interest is paid to TCA-SD.** A portion of the carry is shared with our Executive Director as an employment incentive.
- Can I invest through my retirement fund?
  - We prefer that you didn't, since the Fund will not be providing any formal correspondence to any 3<sup>rd</sup> parties, and many plan administrators require annual valuation and other certifications. **Note that we will not accept investments through AltoIRA for ACE 22.**
- Will I get the IRS 1202 benefit?
  - We expect that our members will receive the tax benefit for any investment we make that meets 1202 criteria.



# Frequently Asked Questions

- How is the Fund managed?
  - The Fund is legally managed by Assure, a 3<sup>rd</sup> party fund manager. It is organized and advised by a volunteer Fund Executive Committee composed of 3-5 members from the TCA-SD Board of Directors. **The Executive Committee does NOT make investing decisions**; it only sets and administers rules and processes.
- What is the Fund reporting policy?
  - The Fund uses an online platform called **Seraf** to make real-time reports available to all Fund members, on demand. The Fund also issues a formal Fund Report once it is fully invested.

# Frequently Asked Questions

- What happens when a company exits?
  - We will distribute funds from company exits or distributions as soon as practical after they are received. In the event of an IPO, we will liquidate shares in the public market and distribute to members as soon as any lockup period elapses.
- Will I get a K1 at tax time?
  - Yes. You will get a **single K1 for each annual Fund you participate in**. Since the annual fund will not invest in pass-through entities (LLC's, partnerships, etc.), your K1 will typically show “zeros” unless we have an exit in a specific year.
  - Note that the Fund Manager, Assure, is responsible for the timing and distribution of K1s.

# Frequently Asked Questions

- How can I help make the fund a success?
  - Participate!! First, by purchasing units of the fund. Then, by being active. This is YOUR fund.

**The Fund overview deck and subscription guide can be accessed HERE and you can begin investing by visiting <https://tcasandiego.com/ACEfundinvest>**

**Questions? Contact Ashok:  
[ashok@techcoastangels.com](mailto:ashok@techcoastangels.com)**



# Thank You!

- This fund is largely volunteer driven. Special thanks to...
  - Our fund executive committee: Caitlin Wege, Mary Temple, Sergio Gurrieri, Dean Rosenberg, Ashley Mullen
  - Sponsors First Republic Bank (bank), Moss Adams (CPA), Assure (Fund Manager)
  - D.J. Anderson and Ashok Kamal
  - All of you who have put your faith (and money) with us!

