

Venture Capital for the New Midwest

Powerful Combination of Entrepreneurial & Investing Experience

Andy Walker and Chris Eckstrom have a history of delivering success. Andy as a founder of 42six Solutions, a Big Data and Application Development Company, that successfully generated \$22M in annual revenue and sold to NSYE:CSC. Chris as a successful special situations/hedge fund investor for a global investment bank, who deployed over +\$2B of debt and equity capital across a wide variety of industries. Andy was born in Wisconsin with a BS from UW-Madison, ME from Stevens Tech and MBA from the Kellogg School of Management. Chris grew up in the Twin Cities and Western Wisconsin and has a BBA from UW-Madison.

Building the Future

Andy and Chris are continuing to build on their initial successes by continuing to work with innovative people to generate new business ideas. Both have moved back to Wisconsin to take an active involvement within the local angel investment networks where they have made equity investments and dedicated substantial time to understanding the current seed and venture capital markets.

Andy has been CEO of Channel IQ which recently sold to Market Track and was backed by Columbus, OH based Drive Capital. Previously he helped build a successful startup in Wisconsin, Fetch Rewards. He is deeply tied into the local entrepreneurial community and technical community in Madison. Andy was also on the Board of the Wisconsin Security Research Consortium, a Wisconsin Technology Council organization dedicated to growing research development with the Department of Defense.

Chris recently moved from Chicago to the Madison area where he has been investing in Wisconsin and Midwest early stage ventures as well as local real estate. He previously ran the Chicago Principal Investment team of Macquarie Bank (ASX:MQG, \$28B market cap) which deployed +\$2B of capital into special situation debt and equity investments in the US. He is also involved with the Association for Corporate Growth, the Turnaround Management Association, Gener8tor as well as UW-Madison.

FUND STRATEGY

We both have moved back to Wisconsin and are excited about the continued growth of the Wisconsin start-up ecosystem. Wisconsin has a strong entrepreneurial culture from the early days of Harley-Davidson to more recently to the growth of Epic Software. As a fund within the Badger Fund of Funds, we are committed to growing seed stage companies within the state of Wisconsin and continuing to improve the capital formation and investment ecosystem within the state. The Fund will raise between \$18M M to \$30MM with a \$6MM anchor LP investment from the Badger Fund of Funds. All capital will be deployed over the next eight years with ~50% of the Fund being deployed within the next four years.

The Fund will seek to innovate in a changing market with VC funds becoming larger and angel investors growing more significantly in the market - creating a funding gap for start-ups looking to raise between \$1MM and \$3MM of growth capital. Specifically, the Fund will partner with investors, angel networks, economic development organization and the other Badger Fund of Funds Seed Funds to source and take advantage of the expansion of deal flow.

The Fund will target companies who are raising less than \$2MM with an expectation of up to two additional rounds of funding at a pre-money valuation not to exceed \$5MM in the initial round. The Fund will reserve half of all amounts invested in each company for future raises of capital and will not deploy more than \$1.5MM in any single round with the goal of maintaining >20% ownership of each portfolio company. The Fund managers will play an important role in mentoring and guiding their portfolio companies and play an active Board of Directors role.

The Fund seeks to invest in 10 to 15 companies with no more than 13.75% of the Fund deployed to any company. The Fund will not deploy more than 50% of the Funds within any given sector. The Fund will target companies who have a high likelihood of taking advantage of a new market trend of acquisitions of startups occurring earlier in their development cycle for \$25-\$250MM or more traditional public market exits.

Given the Fund's concentration in Wisconsin, the Fund will work with its investments to receive QNBV status, which may provide the LPs up to a 25% tax credit from the value of their investment.

FUND OPERATIONS

To support operations of the Fund, it will operate on a budget of 2% of the invested capital in years 1-5 and 1.5% in years 6-10 that will be charged annually. Additionally, an estimated 0.5% LP operating expense fee will also be charged annually. The Fund managers will have limited salaries and use the remaining management fees for GP and LP expenses. Most of the Fund manager's compensation will come from the performance of the Fund via a 20% carried interest of the Fund.

The Fund will base its operations in Southern Wisconsin and will open a small office to support meeting with investors, entrepreneurs and community leaders. Andy and Chris will be the core management team and will be supported by a possible fund office administrator or assistant analyst. While Andy and Chris will bring an innovative approach, they will actively seek counsel, tools, processes and proven methodologies from Sun Mountain Capital and Kegonsa Capital.

BUILDING THE ECOSYSTEM

Andy and Chris represent the next generation of fund managers who have previous and continuing experience starting, running, and selling companies. With at least \$18M under management in this fund, Andy and Chris will be working with 10 to 15 companies throughout Wisconsin. Andy and Chris will be dedicated partners with the companies and provide guidance and mentorship as well as active participation on Portfolio Companies Boards of Directors. As entrepreneurs, mentors and advisors Andy and Chris have a passion for seeing great ideas come to life. Further, they will continue to take an active role within the Wisconsin Angel Network, existing seed and venture funds, and the state's entrepreneurial ecosystem. This active involvement within the state and larger region will be important to the long-term performance of portfolio companies as they seek follow-on financing.

RISK MANAGEMENT

Seed and early stage venture funds have inherent risk. The Fund will seek to diversify investments across sectors; however, it will be exposed to a known concentration of geographical risk given the focus on growing companies within Wisconsin. Each company and investment has three core risks – product risk, market risk, and execution risk. The fund managers will seek to minimize exposure to product and market risk prior to making the initial investment, with oversight by the Fund Investment Committee. Post investment the Fund managers will seek to mitigate execution risk by working directly with the entrepreneurs and their teams via a board seat. Lastly, the Fund will use practices proven by Sun Mountain Capital and Kegonsa Capital for due diligence, investment selection, and deal structure.

FUND INVESTMENT COMMITTEE

The Fund Investment Committee will be made up of four to six members who each bring varying expertise to the Fund. The Badger Fund of Funds will appoint one of the members. The General Partners will also represent one of the members. The additional two to four members will be selected from the Limited Partners. The goal of the Fund Investment Committee will be to make sound judgments on the likelihood of returns from an initial investment and the limitation of risk exposure to the Fund. The Investment Committee will ensure the initial investments adhere to the agreed upon Fund Strategy and Risk Management principles.



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Disclaimer on Financial Projections

This information is an estimate only and there can be no assurances that the returns, if any, will be realized. A purchase of an interest in the Fund involves a high degree of risk. See "Risk Factors" of the Confidential Private Placement Memorandum.

Disclaimer of Forward-Looking Information

Some of the information you will find in this brochure may contain forward-looking statements. You can identify such statements by the use of forward-looking words such as "may," "will," "anticipate," "expect," "estimate," "continue" or other such words. These types of statements discuss future expectations or contain projections or estimates. When considering such forward-looking statements, you should keep in mind the risk factors discussed in the Memorandum. These risk factors, or other events, could cause actual results to differ materially from those contained in any forward-looking statement. See "RISK FACTORS."

General Disclaimer

The information contained herein is only a brief summary of the Confidential Private Placement Memorandum (the "**Memorandum**") and does not present the complete description of the material or disclosure contained therein. The presentation materials are neither an offer to sell nor a solicitation of an offer to purchase the interests in the Fund described herein. The offer and sale of the interests in the Fund is only made by means of the Memorandum and any amendments thereto and these materials must be read in conjunction with the Memorandum. An investment in the interests in the Fund is limited to purchasers who possess the qualifications described in the Memorandum.