



Asset Class:	Angel Investments - early stage ventures/start-ups
Fund Size:	\$10-15 million
Portfolio Size:	25 - 30 early stage companies
Targeted Return:	>20% annualised return over 7-10 years
Fund Structure:	Early Stage Venture Capital L.P. (Tax Free)
Minimum Investment:	\$100K (drawn down over 5 years - approximately \$20K per year)
Investment Manager:	Proto Investment Partners www.protoinvest.com

Sidecar Fund

Overview

A 'sidecar fund' is a committed source of capital that "rides" or invests alongside an Angel Group. The fund manager of a sidecar fund co-invests on behalf of the sidecar fund in deals that are screened, negotiated and invested in by members of an aligned Angel Group.

The investors in a sidecar fund benefit from the contacts, deal flow and established investment processes of the Angel Group while mitigating investment risk by pursuing a diversified portfolio investment strategy.

The Sydney Angels Sidecar Fund (Fund) will leverage a unique and exclusive partnership with leading Sydney-based angel investment group, Sydney Angels, to invest alongside experienced active Angels. This type of arrangement between a fund and an Angel Group is commonly referred to as a sidecar fund.

The Fund has negotiated an exclusive co-investment arrangement with Sydney Angels through which the Fund will capitalise on the deal origination, deal evaluation and deal management processes of Sydney Angels to access high growth potential early stage investment opportunities. The Fund will co-invest in those opportunities together with experienced Sydney Angels' members provided the investment opportunity meets the Threshold Criteria.

The Fund will be at the vanguard of a potentially valuable, yet immature and idiosyncratic, asset class - angel capital.

The Fund will:

- provide wholesale investors with unique access to high growth early stage businesses;
- facilitate investment returns that are tax exempt;
- achieve portfolio diversification from traditional equity and fixed income investments; and
- support entrepreneurs, job creation, innovation, new business ventures and economic growth.

Angel vs. VC

Strategy

Generally, angel investment portfolios benefit from a much larger pool of investment opportunities than typical venture capital funds, and can therefore achieve much greater portfolio diversification.

Early stage companies also require less overall financial investment and offer a greater range of potential exit options than typical later stage ventures that are targeted by VC/ private equity funds.

The investment strategy of the Fund is to gain exposure to high quality early stage investment opportunities that have been selected, screened and invested in, by members of the Sydney Angels.

The Fund is targeting an annualised return of >20% over 7-10 years by deploying the substantial experience of its own investment management team combined with Sydney Angels' members in making, building and realising seed and early-stage investments.

The Fund expects to invest in approximately 25-30 early stage companies over the next five years. The Fund plans to make investments ranging in size from \$100,000 to \$500,000.

Generally, the Fund will invest the same amount into an Opportunity as do the Sydney Angels' members. In certain cases, the Fund may invest more or less than the amount that Sydney Angels' members invest but this is not expected to be commonplace and is subject to certain limitations.

A strategic portfolio priority will be to commence delivering successful exits and returns within four to five years. Return of capital to Investors by way of distributions following asset realisations is a priority for the Fund.



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Angel Investing



Angel investors are not a new phenomenon. With a long heritage, angel investors have provided seed capital and advice to would be entrepreneurs for as long as people have collaborated to form commercial enterprises. Prior to the development of joint stock companies and then public markets, most commercial enterprises relied on rich and knowledgeable people for their initial funding.

Key Seed Funding Source

- Angels have become an increasingly important source of equity finance over the last decade due to the proliferation of Angel Groups which can accommodate, via resource sharing, a large number of small deals with their attendant due diligence and oversight needs. Angels are now prominent co-investment partners in the early-stage market.
- In the Angel Group model, Angels come together to work collaboratively although investments are done individually and are therefore not generally diversified.

Encouraging Innovation

- Entrepreneurship plays a key role in driving business innovation.
- While entrepreneurs face several common challenges, often their greatest challenge is raising capital.
- Angel investors are wealthy individuals with business or technology backgrounds who provide entrepreneurs with capital, connections, and guidance.
- They provide early-stage financing in a space once occupied by venture capitalists, who now invest primarily in larger deals and more mature companies.

Economic/Societal Benefits

- Development and commercialization of innovation are central to an economy's competitiveness.
- Entrepreneurs who engage in these activities are major contributors to growth in the country's productivity, wealth and jobs.
- Angel investors provide an important source of local investment capital, often in the same industries pursued by a region or states' economic growth strategies.
- By supporting early-stage ventures, angels provide investment opportunities for VC firms and improve the prospects of developing a regional VC industry.

ESVCLP

The Fund is structured as an ESVCLP and has conditional registration from Innovation Australia.

The ESVCLP program is a federal government initiative designed to stimulate investment into Australia's early stage venture capital sector by allowing generous tax concessions to investors in funds that meet the registration and investment criteria set out in the Venture Capital Act 2002 .

For investors, all income and capital gains received from an investment in the Fund will be tax exempt.

Summary

1	Gain unique access to high growth early stage businesses.
2	Receive tax-free investment returns
3	Achieve portfolio diversification away from traditional equity and fixed income investments
4	Support entrepreneurs, job creation, innovation, new business ventures and economic growth.

How to Participate

To participate in the Fund, please obtain an Information Memorandum from Proto Investment Partners:

- Complete the Application Form in section 10 of the Information Memorandum; and
- Complete the Deed of Accession to the Partnership Deed in section 11 of the Information Memorandum.
- Send completed forms and a cheque for 20% of your total capital commitment to Proto Investment Partners.