

# Funk Ventures Capital Partners

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## Fund Overview

- Fund goal: The Fund aims to generate substantial long-term capital gains by making early-stage, venture capital investments in socially- and environmentally-focused companies.
- Industries: The Fund will invest in industries which are experiencing significant growth and have provided market returns as well as social and environmental impact. These industries are Cleantech, Wellness and Medical Technologies.

## Funk Ventures (FV) has capabilities, processes and infrastructure in place

- Investment track record
- Established portfolio of 13 companies with several liquidations
- Reputation and brand
- Established deal flow
- Operational, strategic and financial experience
- Industry focus
- Industry expertise
- Co-investment relationships
- Technical and scientific advisory board
- Established infrastructure
- Technology sophistication

The firm has a solid track record in sustainable business investing and acceleration



# A broad range of forces are creating a dynamic market for social and environmental sustainability

## Social

### Driving Forces

- Aging of the Baby Boomers
- Escalating health care costs
- Increasing focus on health and wellness
- Escalating incidence of childhood obesity and type 2 diabetes



### Market Impact

- Mainstreaming of organic food, i.e. Whole Foods and Wal-Mart
- Disney breaking its relationship with McDonald's
- Improving health quality of food and beverage offerings in public schools

## Environmental

### Driving Forces

- Increasing public awareness and direct experience of global warming
- Escalating oil and gas prices
- Dwindling supplies of natural resources
- Prospect of greenhouse gas regulation and trading systems



### Market Impact

- Increasing corporate focus on sustainability issues
- Strong success of Toyota Prius
- Cleantech stock indices launched on NASDAQ and AMEX
- Green mutual funds tracking with or exceeding performance of non-green funds

## Target Industry: Cleantech

Segment	Size	Driving forces
<b>Renewable energy</b>	Renewable energy including biofuels, wind power, solar power, fuel cell and distributed hydrogen was a \$40 billion market in 2005 and is projected to grow to \$167 billion by 2015, a CAGR of 15.3%.	<ul style="list-style-type: none"> <li>• Reliance on oil and gas</li> <li>• Escalating price of oil and gas</li> <li>• Increasing public consciousness of global warming</li> <li>• Dwindling supplies of natural resources</li> <li>• Prospect of GHG regulation</li> </ul>
<b>Transportation</b>	The global hybrid market in 2006 was 384,000 and is predicted to grow to 1.1 million vehicles in 2010 and 2 million vehicles in 2015. The corresponding global hybrid electric vehicle battery market was estimated to be \$600 million in 2005 and is expected to grow to \$1.4 billion in 2010 and \$2.3 billion in 2015.	<ul style="list-style-type: none"> <li>• Reliance on oil</li> <li>• Escalating price of oil</li> </ul>
<b>Water</b>	The global market for water treatment is projected to grow 6% to \$30 billion in 2007. Experts estimate the global market for water-related equipment and services was \$400 billion in 2006.	<ul style="list-style-type: none"> <li>• In 2004, over 1.1 billion people globally did not have access to safe drinking water.</li> <li>• The EPA estimates that \$138 billion is required by 2016 to upgrade or replace the U.S. water infrastructure.</li> </ul>
<b>Waste</b>	Over \$40 billion is spent in the U.S. annually to transport, incinerate, recycle and store waste.	<ul style="list-style-type: none"> <li>• The U.S. produces over 1.4 billion tons of waste each year, most of which goes into landfills.</li> </ul>
<b>Building</b>	While just \$20 billion or 2% of the \$1 trillion construction industry today, green building is projected to grow to 10% of total construction by 2010.	<ul style="list-style-type: none"> <li>• Green building in the U.S. has been driven in large part over the last 30 years by LEEDs</li> </ul>

## Target Industry: Wellness

Segment	Size	Driving forces
<b>Natural, organic and functional food and beverage</b>	<p>US sales of natural and organic food products grew 9.7% percent in 2006 to over \$57 billion.</p> <p>Sales of organic food growth has risen between 15% and 21% in each of the past eight years.</p> <p>The U.S. market for functional foods and beverages was \$21.3 billion in 2006 with predicted annual growth through 2011 of 5%.</p>	<ul style="list-style-type: none"> <li>• Increasing incidence of diabetes, obesity and obesity-related illnesses               <ul style="list-style-type: none"> <li>– 65% of US adults considered obese</li> </ul> </li> <li>• Growing focus on health and wellness</li> </ul>
<b>Complementary and alternative medicine (CAM)</b>	<p>Sales of CAM remedies including chiropractic, massage therapy, acupuncture, homeopathy, herbal medicine, and yoga reached approximately \$54 billion in 2003, up from \$27 billion in 1997.</p>	<ul style="list-style-type: none"> <li>• In 2002, 36% of Americans used CAM services, excluding the use of multi-vitamins and the practice of prayer</li> </ul>
<b>Personal care</b>	<p>In 2005, U.S. consumers spent \$4.9 billion on natural/organic personal care products, a 22% increase from 2004. This figure is projected to hit \$11 billion by 2009.</p>	<ul style="list-style-type: none"> <li>• 53% percent of consumers have used natural personal care products, and 34% have used organic products</li> </ul>

## Target Industry: Medical Technology

Industry	Size	Driving forces
<b>Non- and minimally invasive medical technologies</b>	<p>The global market for market for non- and minimally-invasive medical devices in 2006 was \$12.9 billion and is projected to grow to \$18.5 billion by 2011, a CAGR of 7.5%</p> <p>The US represents about 60% of the global market.</p> <p>Market segments include:</p> <ul style="list-style-type: none"><li>- Surgical instruments</li><li>- Replacement technology parts</li><li>- External support systems using wave, sound, heat and cold technology</li><li>- Screening and testing technology</li></ul>	<ul style="list-style-type: none"><li>• Aging of 76 million Baby Boomers who are living longer while expecting a higher quality of life</li><li>• Scientific innovation drives enhanced knowledge of the human body and how to combat disease</li><li>• Increasing incidence of diabetes, obesity and obesity-exacerbated diseases</li><li>• Escalating costs of and demand for health care services</li></ul>

## Several venture capital trends position FV uniquely for success

- Greater Southern California is rapidly becoming a hotbed of sustainable business entrepreneurship, yet, there are few VC funds focusing in this area
- As venture funds have grown in size, they have been forced toward later stage investments. This leaves a strong opportunity in early stage investing where FV has a demonstrated track record
- Further, FV is and will be a valuable source of qualified deal flow to later stage capital sources

## Partners have management experience in early stage venture investing and entrepreneurial growth

### **Andy Funk, Managing Director**

- Established Funk Ventures in 2000 and has since been actively involved in the funding, development and sale of more than a dozen companies.
- Seasoned entrepreneur, having started and sold three companies by age 24.
  - Founder and CEO of Microdyme (acquired by iBoost, a Softbank affiliate)
  - Founder and CEO of Helping.org (acquired by America Online and developed into NetworkForGood.org with Yahoo! and Cicso)
  - Co-founder of Daily F1 (acquired by Total F1)
- Founding member of the Sustainable Business Council, sits on the Investment Committee of Cedars-Sinai Medical Center, chairs board of Cyber-Rain.

## Partners have management experience in early stage venture investing and entrepreneurial growth

### **Fran Seegull, Managing Director**

- Strategy and business development professional with over 15 years of experience. Ran management consulting practice creating and executing growth strategies for small and mid-market companies and family foundations.
- Served as VP of business development at Novica United: Executed and implemented strategic alliances and partnering with CEO to raise over \$7M from individuals and institutions.
- Management consultant in the corporate strategy practice of PricewaterhouseCoopers. Also served as manager in the firm's global strategic ventures group.
- MBA from Harvard Business School and a BS in Economics from Columbia University.
- Serves on the board of Lucky Earth and the Barbara Lee Family Foundation.

## FV investment opportunity

- Venture returns with social and environmental impact
- Unique early stage focus
- Seasoned team
- Assets, infrastructure, and processes in place
- Strong VC investing track record

## Contact Information

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