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US Exchange Listings – How Many Foreign Companies Go Public in USA?

By: Ronak Parikh

IPOs are one major event investors look for, whether it be to invest in a company or gain an exit. In many parts of the world, getting a block of shares during an IPO was like winning a lottery ticket, a guaranteed profit due to the first day pop. What tempted investors of all sorts to acquire stock was that they knew the company well, probably even used their products. Just like if you invested in Microsoft or Apple, something almost everyone does today. In each case, investors believe that they are owning a piece of the company.

In many cases this could not be farther from the truth. We see foreign companies make US listings. Is it safe to say that investors are owning a piece of the actual operating company? The reality is far more complicated.

Many investors will have seen “- ADR” as part of the name for many stocks. ADR stands for American Depository Receipt, which means you are not actually trading the stock but the proof of ownership of the stock. Just like how bearer bonds work, whoever has the ADR certificate owns the stock held by an US Depository Bank. So, is that it? Have we solved the complicated issue of foreign companies listing on US exchanges? So, investors holding a certificate that says they own the stock held by a US Depository Bank, which in turn owns a piece of the actual company? WRONG!

If it were this simple, there wouldn't be much to explain. However, what truly makes investing interesting is that we must account for more than a company and stock ownership. Investors must factor in currency

controls, political factors, local regulatory compliance, etc.

So, how do many foreign companies go public in the USA, especially Chinese companies?

Due to local regulations, Chinese companies are not really allowed to have foreign investors. Thus, for decades Chinese companies have been using a loophole known as Variable Interest Entities (VIEs).

Variable Interest Entities

With a well-known example, DiDi, let us see how this works. A company is set up in the Cayman Islands, DiDi Global Inc. This company enters into contracts with DiDi Chuxing, the company that operates in China. These contracts entitle DiDi Global shareholders to get the economic benefits of operating DiDi Chuxing, without owning any IP or licenses. Once these contracts are executed, DiDi Global applies to be listed in the US, using ADRs.

With this elaborate setup, investors are subject to many disadvantages compared to owning stock in local companies like Apple. Any lawsuits must be in the Cayman Islands. The company has no assets that can be liquidated upon bankruptcy. Shareholders do not get a say within the actual operations of DiDi Chuxing. These are just a few. When investing in foreign companies, it is always best for investors to understand the overall complexity of their investment.

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Rappi: A LATAM Delivery App or Something Much More?

By: Sergio Santisteban & Anuska Mathur

There are several notable companies across different geographies in the US, Asia, and Europe that focus almost exclusively on food delivery. Instantly, prominent names such as Instacart, Uber Eats, and Deliveroo come to mind. However, what if we mentioned a unicorn in Latin America that dominates the regional market and offers a broad range of services beyond just food delivery? Would you believe it to be just another delivery app? You might be surprised.

Introducing Rappi, a Colombian company headquartered in Bogota, with offices all around Central and South America. Founded in 2015, three friends who understood the delays and issues associated with retail and grocery markets delivering items to native Colombians sought to build a better and more efficient way. It started off as a delivery service, offering a 60-min or less delivery proposition, as well as working with big corporations including Walmart and Reliance. Soon after, the start-up managed to secure funding from Y-Combinator, rendering it the first ever company to receive 160 investors prospects on Demo Day. In just under a year, the company's presence was expanded to all over the country and other nations including Mexico and Brazil; and soon enough, they decided to integrate additional services to the defined offering base.

The business increased service offerings to include virtually any business that required a delivery service, and, thanks to their massive workforce and motorcycle fleet, people could order from their favorite restaurant, marketplace, and almost any locally domiciled retail outlet. From clothing to videogames, if the business is listed on Rappi, you can order and receive a product within minutes. Even if is not listed on the app, users can order

anything to be bought on their behalf, receiving it in just minutes at their homes. Not just that, the platform also serves as a courier service, letting a client to send across a package to someone else in no time.

If this is not convincing enough to prove that Rappi cannot be confined to being known as just another delivery app, the company decided to take things a notch further. After consolidating in the delivery market, and having presence all over the region, it introduced three new verticals: Rappi Entertainment, Rappi Travel, as well as Rappi Bank. The former is an integration of music streaming and live events where advertisements are displayed, and clients can purchase products in real time. Rappi Travel offers booking services for hotels, airline tickets, and soon enough will provide other services, from car rentals to travel insurance, deeming it a one-stop-shop for travelers. Moreover, Rappi Bank as a digital bank was established to offer financial services to users of credit and debit cards, facilitate money transfer and even utility payments.

Although LATAM rooted, the SuperApp has been backed by various well-known investors from around the world who

have trusted the company's vision and journey. Notable investors include T. Rowe Price, Softbank, Sequoia, and Andreessen Horowitz.

Regarding funding, the multi-vertical organization raised \$500 million in July 2021, reaching a total of \$2.2B in funding following 10 rounds. Due to the cumulative capital raise and overall success, Rappi is now valued at \$5.25B, after gaining the unicorn status only under two years ago.

Commencing operations as a standard delivery service app, it is now scaled up to a unicorn with multinational presence and earning revenues of around \$200 million per year. So, we ask again, do you think Rappi is just another delivery app?

OGCP Comment: Rappi is an ideal example to summarize the momentum in the region. It is no secret that Latin America is attracting a tremendous amount of capital, drawing investors due to their growth potential and disruptive ideas, creating exceptional startups. At OGCP, we are closely observing companies across the globe that could become the next Rappi.



Image Credits: The Latin Way

PORTL: Making Our Childhood SciFi Dreams Come True

By: Anushka Mathur, Sergio Santisteban

Remember being a kid and wishing you could teleport to your friend's place to play? Those SciFi movies also gave us the idea for holographic phone calls, something we wished was real. While teleportation might be far away, some parts of the future are already here. We are talking about a holographic device that makes it possible to replace expensive and time-consuming in-person visits just like the convenience of a phone call. Such an equipment that could let individuals teleport a hologram of themselves to any part of the world would undoubtedly set the tone for pioneering virtual technology.

What if we said that instead of flying halfway across the world for that important business meeting, you could schedule an 'in-person' PORTL visit? With its patent pending designs, you can even look at shadows and reflections of other people, making it seem like they are physically present around you. Does this compete with your average day-to-day Zoom meeting? Think it through. The usability of such equipment would be extensive, ranging from C-Suite meetings and education to runways, political debates, entertainment, as well as healthcare. Bringing this idea to life in 4K resolution, PORTL's devices enable one to hear and interact with others, live or pre-recorded.

Founder and CEO David Nussbaum has been at the forefront of the Hologram technology industry, being the first employee of Hologram USA as a Chief Revenue Officer. The business is run by an exceptional team with experiences across Intel, EA, Forbes, Vodafone and Lenovo across VC funding, business development, global supply chain, software engineering, customer care, and music.

So, what really is the device about? It uses a professional camera via Fiber/HDMI and Wi-Fi connection to broadcast a 3D faithful image into the device, to be seen anywhere it is placed. And by Q3 next year, the company will enter the next phase of its product development by allowing inter-device, PORTL to PORTL, communication, with embedded camera and software.

Impressing enough as this model is, it is noteworthy that the firm has a family of

concerts, and has appeared on live TV many times. Not only that, many strong investors back this exemplary vision, including Tim Draper, who is known for his early investments in many disruptive startups like Tesla, and Twitch.

This is the first time a company has made such a breakthrough in bringing holographic calls to reality and PORTL is here to facilitate communication with anyone, anywhere, adding the emotional elements that traditional



products, all different sizes. The EPIC is 7 ft tall and well fit for large corporations whereas retail users could utilize the Mini or Corner, fit for education, music, games, information, fitness, or fashion.

Operating in the video communication and Does experiential marketing space means catering to a market size of \$15B and \$75B respectively, and with no prominent business ideas to match, PORTL could enjoy massive success and aggressive growth.

PORTL is gaining strong customer traction and accelerating development through deals with leading communication and marketing firms. Furthermore, the device has already featured in major events, such as the Heart Radio Festival, red carpets,

methods lack. The future is here.

OGCP Comment: We have no doubt that David is the right person to lead the business considering his efforts and industry innovations. PORTL is scaling up rapidly and we believe there is tremendous opportunity in this name; the business is set to transform the way we communicate and interact with others. Given its unique idea and technology to bring people closer even if located in different parts of the world, we believe the company has unicorn potential and the ability to go viral amongst leading investors.

Altoida: A New Hope for The Fight Against Alzheimer's Disease

Medical technology is gone a long way in the past century. Great strides have been made to save human lives. Yet, when someone we know is diagnosed with a life-changing disease, such as cancer or dementia, we as people tend to feel helpless. Even with all the advancements that have been made, we still cannot cure such diseases.

Alzheimer's Disease has been a long-standing problem faced by our society. Till this day, there is no cure. For those diagnosed early, one can only delay the inevitable.

Most of us understand the impact of Alzheimer's Disease, but not what is happening. In simple terms, some of the proteins within the brain begin to clump together forming plaques. These plaques tend to decrease the function of the neuron within the brain. As the human body tends to be self-healing with time, it tries to remove these plaques but, in the process, can further damage neurons. This damage of neurons due to a plaque buildup is known as Alzheimer's Disease. It is the effect of the decreased neuron activity which we see as the symptoms within those affected.

For a long time, it has been said that a healthy diet and keeping the brain active by reading, learning and engaging, will help in delaying the onset and progression of Alzheimer's Disease. However, wouldn't it be great to be diagnosed at the early stages so that proper care can be taken to delay severe symptoms for as long as possible? Well, a new product may be able to help with early detection of Alzheimer's Disease. That is the objective of a Huston, Texas based company, Altoida.

Altoida, using AI, intends to indicate the start of Alzheimer's Disease in adults with mild dementia but no evident disease symptoms. The non-invasive

product uses a software that measures and monitors neurocognitive function to diagnose and distinguish Alzheimer's Disease from other disorders.

Called a precision neurology device, Altoida's device measures 800 digital biomarkers, totaling 11 unique neurocognitive domains. This will allow it to indicate Alzheimer's Disease before symptom onset. The data is collected while the user completes a 10-minute set of augmented reality and motor activities on a smartphone or tablet. The idea is for the augmented reality activities to feel like games instead of a test. Using AI, they will be able to help predict if individual with mild cognitive impairment (MCI) will progress to Alzheimer's Disease within a year.

Just recently, the US Food and Drug Administration (FDA) designated Altoida's device as a breakthrough device. This classification is given to accelerate the development and review of devices that might more effectively diagnose or treat life-threatening or irreversibly debilitating diseases. This also ensures more intensive FDA guidance through the development process to ensure efficient design for a clinical trial. It also ensures eligibility for a priority review by the FDA.

Recently, Altoida conducted their Series A1 round. This was done on July 6th, 2021. Altoida raised \$3 million, making their post-money valuation \$12 million. The funds will be used to continue their scientific research, product development and commercialization.

By: Ronak Parikh

Altoida's work has garnered investment from the Impact Hub Fellowship, EIT Health, Eisai Innovation, Alpana Ventures and TMC



Innovation, along with others. Most importantly, Altoida was able to raise funds from the European Union government.

Alzheimer's Disease is life changing, not just for those diagnosed but for their loved ones. No matter how much time passes after the diagnosis, it is always hard to accept the reality and see the impact of the disease. For this reason alone, innovative healthcare technology companies are necessary. For now, it seems as if the only hope to reduce the devastating impact Alzheimer's Disease has on lives will be Altoida.

OGCP comment: For decades one stable industry has been healthcare, focused on both saving, prolonging and improving quality of life. For investors, this industry is important both financially and personally.

Focus List

ByteDance		
Description	Latest Funding	Our Reasoning
The company focuses on developing and applying artificial intelligence technology to mobile internet applications. They own multiple brands developed in-house such as Toutiao and TikTok.	Late-Stage VC Date: December 18, 2020 Price/Share: \$ - Funds Raised: \$2.00B Total Raised: \$9.45B Pre-Money Valuation: \$178.00B Post-Money Valuation: \$180.00B	ByteDance is a large corporation with unique technology and outlook compared to other major social media players. With the global popularity, continuing to grow, of TikTok, ByteDance is a business with global opportunity. However, what truly gives ByteDance an edge is operating in the world's second-largest economy without much competition, making it a strong investment for investors.

Portl		
Description	Latest Funding	Our Reasoning
A developer and manufacturer of hologram projection machines designed to offer single passenger holoportation. The company's machines beam users from their location to other devices and features the ability to see, hear and fully interact with the audience in 4k holographic resolution. This technology enables users to edit any content/subject matter and play it back on a loop or through motion activation as a hologram move, or be live.	Late-Stage VC – Series Seed Round Date: October 29, 2020 Price/Share: \$ - Funds Raised: \$3.00M Total Raised: \$3.00M Pre-Money Valuation: \$ - Post-Money Valuation: \$ -	For decades, holographic communication has been science fiction and Portl is aiming to make it a reality. The founding team has significant domain expertise and the company has gained backing of many influential people. The technology will revolutionize the way we communicate with each other over long distances, one that gives humans a warm feeling. As a well backed company, Portl has tremendous potential.

Rise Brewing Co.		
Description	Latest Funding	Our Reasoning
Producer of natural nitrogen-infused cold coffee brew, offered as an organic beverage alternative. The coffee sourced is organic, fair-trade, and single origin. The brew is non-dairy and has minimal calories, providing consumers with light refreshment substitutes.	Late-Stage VC – Series A Round Date: February 17, 2021 Price/Share: \$7.56 Funds Raised: \$11.30M Total Raised: \$22.04M Pre-Money Valuation: \$40.00M Post-Money Valuation: \$51.30M	Rise is highly innovative in the RTD and oat milk space. While RTD coffee is fairly common, nitro cold-brew is not. Rise provides a unique, healthy and sustainable drink in the market, unlike its competitors. With the organic mil an RTD coffee marketing growing, as well as the company expanding into various verticals, Rise not only has the room and potential, but also a drive to grow.

SpaceX		
Description	Latest Funding	Our Reasoning
SpaceX is a manufacturer of aerospace and space transport systems. Founded in 2002, SpaceX was created to revolutionize access to space and enable a multi-planetary society. Their purpose is to reduce space transportation costs and enable the colonization of Mars. SpaceX actively controls the design, manufacturing and launch of their spacecrafts.	Late-Stage VC – Series N Round Date: February 16, 2021 Funds Raised: \$850.00M Total Raised: \$6.37B Pre-Money Valuation: \$73.15B Post-Money Valuation: \$74.00B	SpaceX is an innovative, growing and revenue generating, disruptive company focusing on space technology. The company operates in a fairly small space with very few competitors and high barriers to entry. SpaceX has various aspects to its business, just starting the beta test for their Starlink internet service, and is poised to further grow. Under the leadership of Elon Musk, SpaceX will be a great investment for investors, just like PayPal and Tesla.

Stripe		
Description	Latest Funding	Our Reasoning
An online payment processing platform designed to integrate electronic payments and enable secure transactions for online businesses. Enables clients to accept payments from anyone in a secure manner by using application program interfaces (APIs), streamlines coding focused on fraud prevention and helps manage business operations.	Late-Stage VC – Series H Round Date: March 14, 2021 Funds Raised: \$850.00M Total Raised: \$1.89B Pre-Money Valuation: \$35.15B Post-Money Valuation: \$36.00B	Stripe is an innovative, growing and revenue generating company in the fintech space. The company is one of the leading players in offering payment solutions, supporting a significant number of daily transactions. With the growth of the company, global coverage and a shift to tremendous shift to online purchases over the past year, Stripe has immense potential.

Disclaimer: This Focus List is a proprietary list of the top-5 private companies for which OGCP is currently interested in completing a transaction. This is list based off of the various opportunities and demand OGCP has seen in the private markets, as well as companies OGCP feels are a good investment. Companies on this list are included at the discretion of the author and are subject to change. There is no assurance that any company on the Focus List will be a profitable investment for investors. The Focus List is for informative purposes only and should not be considered as investment advice.

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