

The OGCP Monthly

Old Greenwich Capital Partners

May 2021

First Day Listings for Tech IPOs: Temporary Cooling or a Correction Trend?

Historically, there has been a trend of the 'Day One IPO Pop', in which the price of the newly listed stock closes higher than its IPO price. This trend is a very interesting one, especially when considering many retail investors are looking to take advantage of this difference between the listing price and closing price. Many investors look to purchase stock with an expectation of a growing price trend over the short term. To some degree, this phenomenon has become the benchmark of a successful IPO.

ended the day at a price of \$25.35/share. Removal of this outlier brings the average 'Day One Pop' since March to 18%. A significant decrease from two months prior.

As companies noticed this trend, it has led them to conducting an IPO. However, recent IPOs, such as UiPath, show that companies seeking to go public are not keeping lower IPO prices. UiPath being a company that recently went public, priced their IPO below the share price of their prior



Going back to 2020, we remember Airbnb pricing its IPO at \$68/share only to have a listing price of \$146/share. It was not only Airbnb which saw such a significant pop. Earlier, Doordash and C3.ai had seen a similar pop in their share price upon listing. It would come as no surprise that the average day one trading pop in January and February of 2021 was 59%.

This trend of high 'Day One Pops' were noticed by all investors. Many investment firms used this growing trend as an opportunity not only to generate high returns for their investors, but raise new funds and increase their assets under management. However, if investors can spot such a trend, then companies can as well.

Since March, the 'Day One Pop' has an average of 41%. This average includes an outlier, eSports Technologies, which had an IPO price of \$6/share. The stock had a 'Day One Pop' of 507%, and

funding round. UiPath's stock experienced an 'Day One Pop' of 23%, which is a modest return.

It is interesting to see that this trend of high 'Day One Pops' is slowly decreasing. Many experts believe there is an oversupply of shares making investors significantly more cautious about their investments. One of the experts, Ashley MacNeill, Morgan Stanley's co-head of technology equity capital markets for the Americas, said that "The new-issue market for technology appears to be reaching a temporary saturation point where we are beginning to see investors taking a pause."

What makes this situation interesting and one to continue to observe is the fact that tech companies are the most sought-after investments. If public markets are oversupplied, this may be a correction. All investors should keep an eye out on this trend, as the exit method affects their portfolio.

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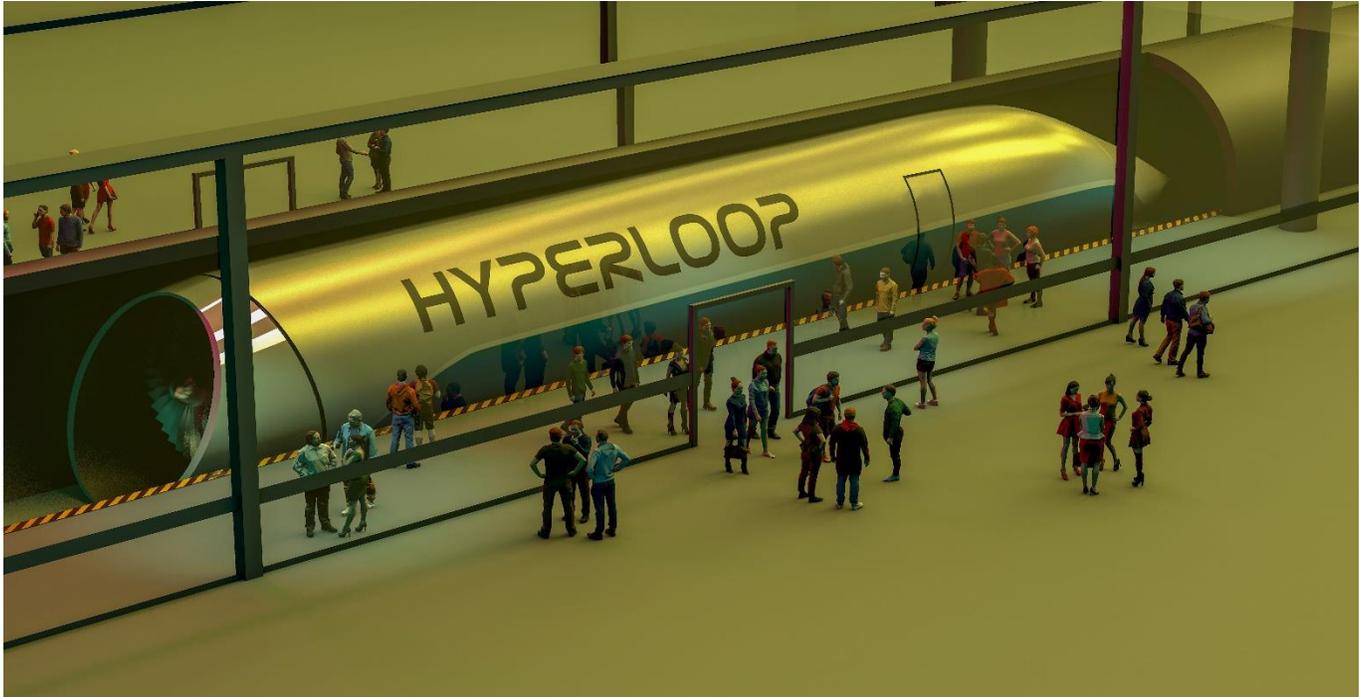
List of Recommended Articles

- ❖ NYC Real Estate Mogul Secures \$6 Billion in Gold to Back New Cryptocurrency
- ❖ Drone Startup Manna Raises Cash for U.S. Expansion, New Services
- ❖ Discord Walked Away from Microsoft Talks, May Pursue an IPO
- ❖ The House of Plaid Looks Nothing Like The House of Morgan
- ❖ Global Electric Vehicle Numbers Set to Hit 145 Million by End of the Decade, IEA Says

Note: Click the recommended article to read.

Sector: Infrastructure - Transportation

Start of a 30 Minute Reality: The Boring Company



When most people think of The Boring Company, they remember an eccentric billionaire's sale of the 'Not-a-Flamethrower' flamethrower sold in 2018. Initially gaining funds by selling \$20 hats, the 20,000 units of the flamethrower generated a revenue of \$10 million in 100 hours. When thinking of The Boring Company, its Elon Musk and the flamethrower that come to mind, neither being synonymous with the company name.

In December 2016, Elon Musk tweeted "Traffic is driving me nuts. Am going to build a tunnel boring machine and just start digging...". Within three hours, he tweeted "I am actually going to do this." Thus, The Boring Company was born.

The company offers tunnels for five different purposes, with a main focus on The Loop. The Loop is designed to be an all-electric, high speed underground public transportation system. Also referred to as "Teslas in Tunnels!" The purpose of The Loop is to be like an

underground highway, where people can go from one point to another without the need to stop. To those questioning if this is possible, they will soon be able to see in person, just have to make a trip to Las Vegas. The Las Vegas Convention Center is the first completed project for The Boring Company, designed to connect the West, Central and South Halls of the LVCC. Plans are for the LVCC Loop to be made available to the public in June 2021. This loop is just the beginning for what can be a much larger subterranean transportation system throughout the country.

If people believe The Loop will be the end goal for The Boring Company, they are mistaken. The company is also working on the technology for the Hyperloop. Conceptualized by Elon Musk in 2013, the hyperloop will be a much faster transportation system, possibly reducing travel time between New York City and Washington D.C. to 30 minutes. Musk's original whitepaper can be found on The Boring Company's website.

Like many of Elon Musk's companies, The Boring Company aims to create tremendous societal value, in a way only Elon Musk can envision. While the name of The Boring Company is understood to be derived from the tunnel boring machine, most people will not make the association. As commonly understood, boring is an adjective meaning not interesting; tedious. If we go by this definition, the name is a misnomer. Just like everything Elon Musk has done and continues to do, The Boring Company is anything but 'boring'.

OGCP Comment: It should come as no surprise that like everyone else, we at OGCP are huge fans of Elon Musk. This is not just because of his ability to envision a better future and work towards it, but also due to the returns he makes for investors. Just like his other ventures, The Boring Company is one step towards progressing humankind. The vision is one that entices us to keep following the company.

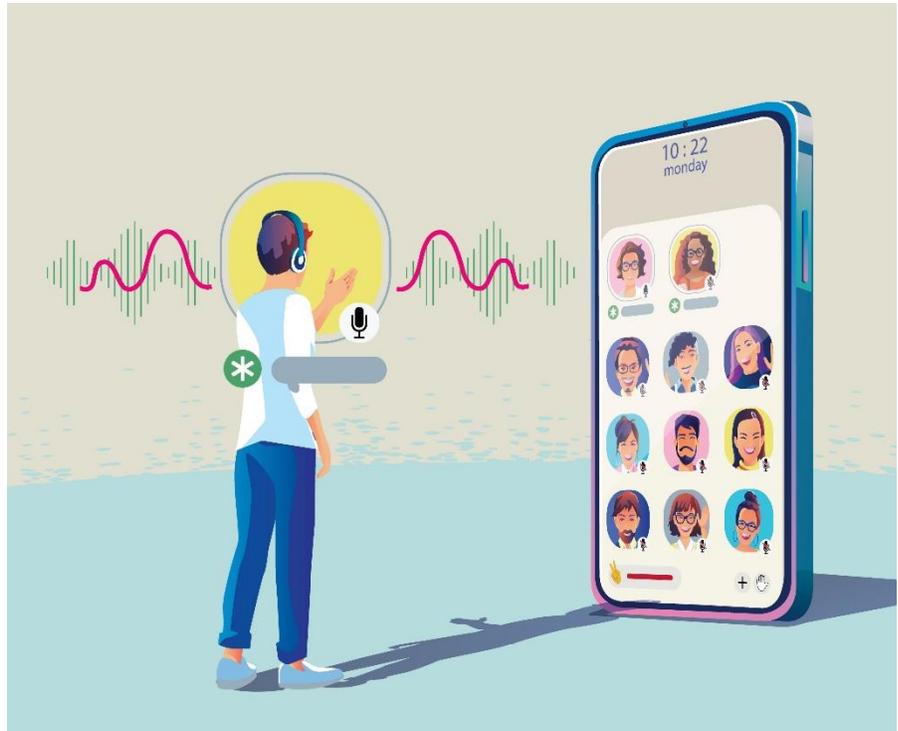
Sector: Social Media/Social Audio

Clubhouse: Taking Social Media to a New Level

In the past year we have seen the world change. People from all ages have shifted to living majority of their daily lives in the digital space over the past year. While the idea of being in a metaverse is gaining popularity due to Fortnite and Roblox, the shift we have experienced is not entirely to that level yet. However, this past year has shown us the reliance we have on technology and more importantly social media. Yet, Clubhouse is not like every other popular social media platform.

For those who have not yet heard of Clubhouse, it is an invitation-only social media app that facilitates audio communication. With the use of virtual rooms, the app facilitates live discussions, with opportunities for individuals to participate through speaking and listening. Each room can accommodate groups of up to 5,000 people. Providing an experience like a podcast, but live, allows for a unique experience. However, what truly makes the app unique is the added layer of exclusivity for using the platform.

The social audio space consists of three apps – Clubhouse, Stereo and Spoon. Clubhouse has shown to be controlling majority of the market, accounting for over 80% of 2021 downloads within the space. The number of downloads of the three apps total to more than 20 million. This growing trend, along with Clubhouse’s market dominance fuels the tremendous growth in valuation of the company. In January 2021, the company had their Series B in which they raised \$100 million and established themselves as a unicorn (\$1.0 billion post-money valuation). The more interesting factor is the recent Series C round that closed on April 19th, 2021. This round gave Clubhouse a \$4.0 billion valuation. Both rounds were led by Andreessen Horowitz.



While this rapid valuation growth may seem like a concern, it represents a growing trend in the audio-based social media space. With the new of the latest round, incumbent social platforms have revealed their plans to become part of this space. While Facebook has announced they are working on an something similar to Clubhouse, Reddit has already started putting their idea into a test phase. Reddit Talks will let subreddits hold live audio discussions and will be open to everyone in the community. Currently, only a subreddit’s moderators can host Talks, with the plan for “Trusted community members” to be able to host Talks soon.

Clubhouse’s interesting growth was a product of the limitations people faced with their social lives during Covid-19. With the vaccine bringing people together in physical settings at a rapid rate, a question is being asked by many, ‘will the allure of social audio apps still be

as prominent?’ The Clubhouse app in March 2021 had 72% of the number of downloads it had in the month prior. While there is no denying the potential for such an app and the space overall, it cannot be said that increasing human interaction will not pose an impact. Given how the popularity of Clubhouse is due to Covid-19, it will be interesting to see once the world goes back to normality, the life in a pre-covid world.

OGCP Comment: There is no denying that times are interesting. Clubhouse is a product of circumstance and plays a significant role in a difficult time. The possibilities for what the social audio space can achieve are endless, revolutionizing the way we have seen things done in the past, from podcasts to traditional social media. Given the popularity and market dominance of Clubhouse, we believe the company will remain important in the development of the space.

Focus List

DiDi Chuxing		
Description	Latest Funding	Our Reasoning
DiDi Chuxing is a mobile ride-hailing platform designed to match customers with local drivers in China. Enables users to request rides through their smartphone, offering vehicles, taxis, chauffeur services, minibus and ride-sharing.	Late-Stage VC Date: May 29, 2020 Funds Raised: \$500.00M Total Raised: \$23.44B	DiDi Chuxing is a growing company that focuses on mobility services, from transportation to car insurance. Uber has made a significant around the world but failed to operate in China, whereas DiDi holds significant market share in the largest populated country in the world. DiDi has also gained an international footprint and has operations in various countries. It is a company that will take the mobility services to the next level both by expanding operations and product offerings.

Discord		
Description	Latest Funding	Our Reasoning
Discord is an instant messaging and digital distribution platform that offers VoIP and texting services among friends and gaming communities. The platform offers secure voice/text chat which works on both phones and desktops. This allows gamers to chat while playing without affecting game performance.	Late-Stage VC – Series H Round Date: December 17, 2020 Funds Raised: \$100.05M Total Raised: \$593.93M Pre-Money Valuation: \$6.90B Post-Money Valuation: \$7.00B	Discord is extremely popular in the gamer's community. Given the recent shift and increase in gamers caused by the pandemic, Discord has increased users significantly. Furthermore, there is strong revenue growth for the past 5 years. With the mix of a slack like interface with VOIP, Discord has the opportunity to expand in various different demographics and is poised to grow.

Epic Games		
Description	Latest Funding	Our Reasoning
A video game and software developer whose platform is designed for gamers and game developers. The company provides game developers the ability to build high-fidelity, interactive experiences for PC, console, mobile and virtual reality devices.	Late-Stage VC Date: June 16, 2020 Funds Raised: \$1.78B Total Raised: \$3.36B Pre-Money Valuation: \$15.52B Post-Money Valuation: \$17.30B	In the last few years, Epic Games has been gaining significant popularity, since the release of Fortnite in July 2017. Since then, Epic Games has only further developed their platform, development engines, games store and customer base. While video games were always popular, they have gained significant importance in the last year due to the lifestyle changes experienced. Much of the changes experienced will continue to stay and Epic Games is perfectly positioned to grow as a result.

LegalZoom		
Description	Latest Funding	Our Reasoning
A legal technology platform designed to connect individuals, families and small businesses with a network of lawyers to help them write wills, set up new companies and secure intellectual property protection. The platform empowers clients to grow their business, protect ideas and take care of their families.	Late-Stage VC Date: July 25, 2011 Price/Share: \$ - Funds Raised: \$66.00M Total Raised: \$111.65M	LegalZoom is one of the pioneers in the legal tech space. The company's current management team has tremendous experience and is motivated to take LegalZoom to new heights. In a time of massive legal entity formations, LegalZoom provides the service in a quick and cost-effective manner which has resulted in tremendous growth over the years.

Plaid		
Description	Latest Funding	Our Reasoning
A platform designed to assist in connecting popular fintech applications with traditional bank accounts. The company utilizes its private access to the database of thousands of financial institutions, authenticating and verifying account information in real-time. This enables consumers and businesses to interact with their bank accounts and conduct their finances in a way they see fit, utilizing financial technology applications.	Late-Stage VC – Series D Round Date: April 07, 2021 Funds Raised: \$425.00M Total Raised: \$734.30M Pre-Money Valuation: \$12.98B Post-Money Valuation: \$13.40B	Plaid provides the solution many fintech startups require to provide users with the best experience, verification and integration of user's account information. The growth in online shopping and online banking, as well as tracking expenses and investing, requires the integration of Plaid's platform. Within the past year, Plaid's importance has grown significantly. Given their coverage is North America, UK, and some parts of Europe, there exists significant growth potential.

Focus List

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.	<u>Late-Stage VC – Series N Round</u> 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 in space technology space. The company operates in a fairly small space with very few competitor 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.	<u>Late-Stage VC – Series H Round</u> 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 an shift to tremendous shift to online purchases over the past year, Stripe has immense potential.

Tarform		
Description	Latest Funding	Our Reasoning
Tarform is an e-mobility start-up based in Brooklyn, NY with a mission to revolutionize the EV space. After its inception in 2017, Tarform has designed, tested and launched a commercially viable, market leading premium EV motorcycle. Tarform has created a new breed of zero-emission, premium electric motorcycles using sustainable materials and smart connectivity for increased rider safety.	Tarform is currently interested in raising funds.	Tarform is on the forefront of making non-car EVs mainstream, starting with their motorcycles, and with a future for more. Tarform has potential due to their unique design, focus on quality materials and targeting a non-traditional motorcycle riding market. These fit a market their competitors have yet to capture.

Disclaimer: This Focus List is a proprietary list of the top-8 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.

Contact Us

Jeffrey Arsenault
Principal and Founder



917-601-9716



jeff@ogcap.com

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