

The OGCP Monthly

Old Greenwich Capital Partners

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Using the -Tech Branding: Caution

Today, the future seems to be tech companies. In the past two decades, significant differences can be seen between valuations of tech companies against all other sectors. With this growth in tech valuations, branding a startup as a tech company can be seen as highly beneficial. However, it brings a concern. Everyone knows about WeWork and how they branded themselves as a tech company. The truth however was much less exciting, that WeWork is a real estate company operating a model similar to what Regus has been doing for over three decades.

Today, we are seeing another similar situation. Greensill Capital is a working capital and supply chain financing firm that branded itself as a fintech company. While firms like Greensill exist, banks have a majority market share due to the low interest rates and low margins on these loans. However, this is not the reason for the collapse of Greensill Capital. If that were the case, we would see many similar firms out of business.

Greensill Capital had exposure arising from big loans it made a few businesses. These loans were unsecured, but made in the name of trade finance. This significant concentrated exposure led to the downfall of Greensill Capital and its supposed 'wunderkind' founder Lex Greensill.

The company acquired a German bank in 2014. As the business unraveled, the German Regulators, BaFin, have halted all the operations. Specifically, BaFin halted the issuance of new debt from the bank due to a massive growth in the

balance sheet and some questionable numbers. More than half the loans are associated with one company. As of 2020, the top 5 banking clients made up 70% of the revenue. A huge concern in the finance sector.

As Greensill had branded itself as a fintech company, not a traditional finance firm, it would be safe to assume they had some new technology that would provide an edge in the business. However, that couldn't be farther from the truth. In a Bloomberg article, former staff, as well as others familiar with the matter, show a very different picture of the technological advancement. Much of the work was done on spreadsheets and other basic programs. Greensill was struggling to find a partner that would fill in the gaps in its tech capabilities.

Much of the complicated tech was an interface provided by Taulia Inc. and other providers that linked firms and fund providers. Greensill said the systems were highly accurate, but former staff state that projects were not always successful.



Such incidents are interesting as they pose a question. In a short span of time, we have seen two incidents of companies branding themselves as a form of tech company, and having a significant collapse. As investors having witnessed this, it becomes a question as to the effect of branding on our decisions. When do investors take a deep look at the actual business instead of the branding. Currently, lawsuits are being prepared against Credit Suisse from its Greensill ETF investors. As for Greensill, the firm is in administration, with creditors and investors looking to coupe their funds. More is yet to be discovered, but we should remain cautions of the -tech branding.

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Note: Click the recommended article to read.

Sector: Gaming

Epic Games: An Ecosystem for the Digital Universe

If there is a video game that is known by people of all ages, it would be Fortnite. If the developers, Epic Games, were not commonly known for their various offerings before, Fortnite has ensured that is no longer the case.

Epic Games is an American video game and software development/publishing platform that founded by Tim Sweeney in 1991 as Potomac Computer Systems. Other than Fortnite, Epic is the developer of the famed Infinity Blade series and the Unreal Tournament. The 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.

Epic Games is also the developer of The Unreal Engine, the most powerful real-time 3D creation platform. Disney uses The Unreal Engine to render real-time sets in their series, The Mandalorian. The

Unreal Engine has various licensing terms depending on the use. A key note is that it is free for internal use. If you have an interactive published product, the license is free and you only pay 5% royalties when your lifetime gross revenues from that product exceed \$1,000,000 USD. This makes the technology accessible to the masses, promoting game development.

If video games and the technology to create them was the only thing Epic Games had done, they would be nothing more than another video game company. However, Epic Games is much more advanced than most people believe. There are many aspects to their business. A key component being The Epic Store, a digital video game store. It was launched in December, 2018 as a website and a standalone launcher. The latter is required to download and play games.

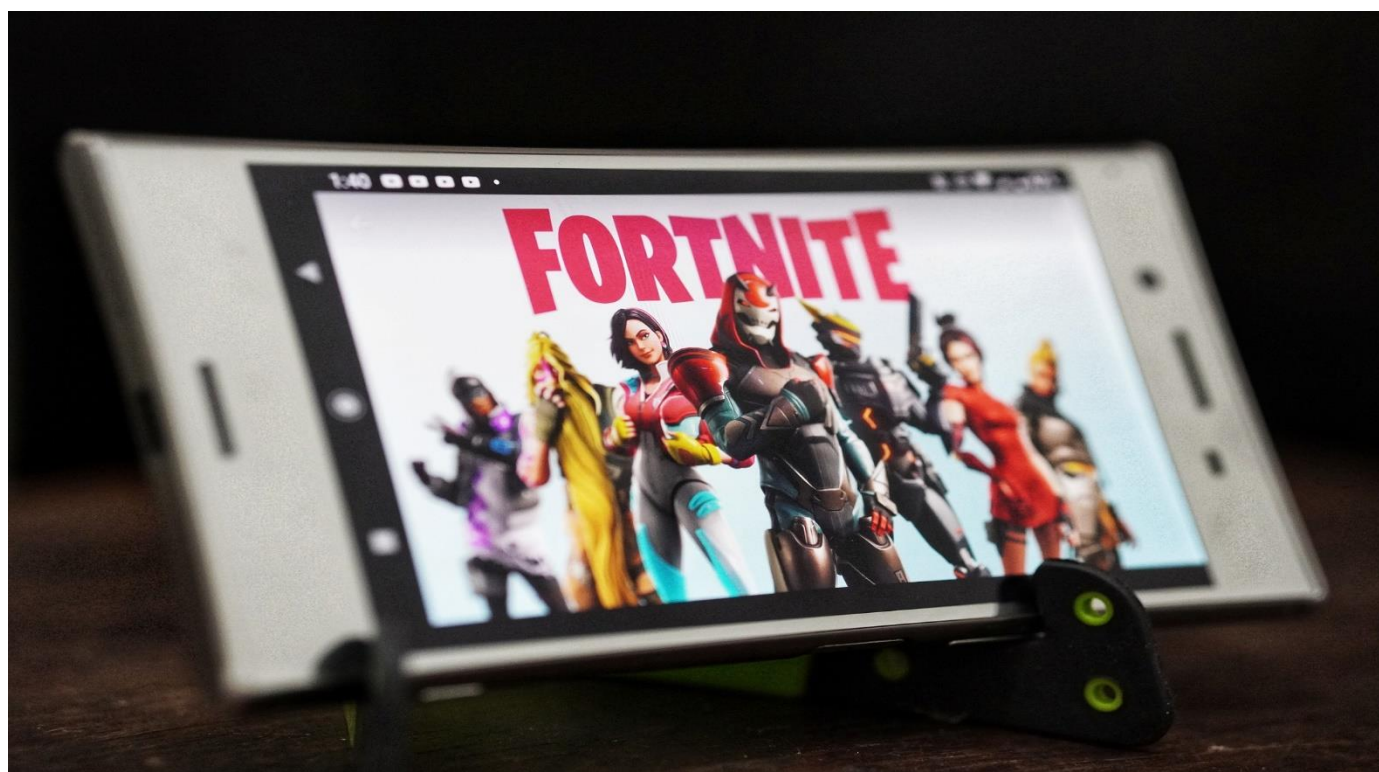
Epic Games also is the developer of Houseparty, a face-to-face social

network. To add to this, they are masters at hosting events in the digital world. From live concerts to a screening of Star Wars in the Fortnite universe, these broadcast events add to user engagement. As a result, Epic is much more than a video game company. They are an ecosystem for the digital universe.

OGCP Comment: Epic Games is a company we are extremely excited about. What the company has built and achieved is absolutely amazing.

Through the pandemic, the real value of what Epic Games has done can be seen. In a world where large gatherings and movie screenings have been prohibited, and everyone has become isolated, Epic Games has been a provider of the pleasures we all miss, in a digital manner of course.

We cannot wait to see what the team at Epic Games has to offer in the future.



Sector: Fashion/Apparel-Tech

Redefining the Fashion Business: CaaStle

Apparel/Clothing is an interesting sector, one that has been growing consistently over the past two decades. Various factors have and continue to fuel the growth of this industry. Much of which can be attributed to Millennials and Gen Z's spending habits. However, the reasons for growth go significantly deeper.

Over the past two decades, there are a few key factors that have played a significant role in the growth of the clothing industry. Globalization has allowed for reduced prices by manufacturing in cost-effective countries. Volume transportation has become cheaper and more importantly so has credit. With individuals having significant access to credit, the mindset has been altered. While adults in the 1980s were still fairly focused on savings, due to the high interest rates, today's low rates have resulted in adults with an expenditure mindset. This mindset has led to an increase in what can be terms as discretionary expenses (wants).

One factor we cannot avoid is the growth of social media and influencers. Today, brands are leveraging this new form of marketing in never-before-seen ways. The economics behind influencer marketing is extremely unique. Brands are always looking to maximize revenue, and influencer marketing has slowly become a major category for advertisement budgets.

Alongside the clothing industry, we have seen a tremendous growth in e-commerce. The convenience it offers to consumers is unparalleled. Many e-commerce sites have grown within the past year as a result of the restrictions placed by governments around the world to curb the spread of Covid-19.

CaaStle is a company that has blended both markets to offer something unique. A pioneer of Clothing as a Service (CaaS), CaaStle is a platform that allows for retailers to extract the maximum possible revenue from their inventory while allowing consumers to maximize utility of their wardrobe.

CaaStle believes the root problem with the apparel industry is that the only method is ownership. The company aims to be the technology and logistics platform that creates the change to a blended economy, ownership with access. With the no-regret buying, consumers are able to build a wardrobe that they can extract complete value from while providing retailers the ability to extract value from their inventory. As a result, retailers can build a more personal relationship with their consumers. Furthermore, consumers are happier with their purchases and develop a brand loyalty.

Founded by successful entrepreneur Christine Hunsicker in 2011, the company has achieved impressive growth amidst the pandemic. Similar companies have not gained traction, either struggling or

having gone out of business. Meanwhile, CaaStle has cemented its position by gaining new retailers on the platform.

OGCP Comment: We were introduced to CaaStle earlier this year and are impressed by what the company has achieved. Their growth though the pandemic is unique and a positive sign for the future of the company.

With companies that offer custom subscription-boxes, CaaStle has focused on providing the more ideal solution for consumers.

With a well experienced and innovative team, along with their offerings, CaaStle shows a monopoly. Known competitors are not servicing the exact same space. CaaStle, furthermore tests every layer on their own websites, Haverdash and Gwynnie Bee. Thus, ensuring that clients have the best services.

An investment opportunity in CaaStle has been presented, in which we are happy to have gained access for our investors and strategic partners.



Focus List

CaaStle		
Description	Latest Funding	Our Reasoning
A subscription rental platform allowing retailers to offer Clothing as a Service (CaaS) to their consumers. The platform utilizes technology to offer reverse logistics and managed services to help retailers attract new customers to a relationship-based model CaaStle ensures the consumers are able to obtain the best value from their wardrobe while increasing loyalty to retailers through continuous engagement, enabling brands to achieve greater return on inventory as well as increase revenue and profits.	Late-Stage VC Date: May 09, 2018 Funds Raised: \$60.00M Total Raised: \$70.50M	Retailers have been significantly disadvantaged for quite some time now. Especially with the rise of many services that aid in building a wardrobe. Yet, these services are also lacking in some manner when it comes to consumers, affordability and accessibility. CaaStle aims to remove this concern providing retailers the ability to utilizing a model that was found in a niche part of fashion and making it available to the masses. By doing do, CaaStle gives the consumers the ability to explore their fashion choices and gain access to new and/or premium outfits without financial hardships. CaaStle provides retailers with better ROE on their inventory while having a simplified process.

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.

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.

Ginkgo Bioworks		
Description	Latest Funding	Our Reasoning
A cell programming platform intended to make biology easier to engineer. Offers probiotic bacteria to protect the body from dangerous infections, generating a library of molecules to scale the process of organism engineering using software and hardware automation.	Late-Stage VC – Series E Round Date: May 15, 2020 Funds Raised: \$70.00M Total Raised: \$797.45M Pre-Money Valuation: \$4.79B Post-Money Valuation: \$4.86B	Ginkgo Bioworks is focused on the cutting-edge technology that can improve not only the understanding of biology but how humans can be protected from various infections. The team at Ginkgo Bioworks know how to use their diverse backgrounds to their advantage. They have well established relationships that are well suited to help further their mission.

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.

Focus List

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.	<u>Late-Stage VC – Series C Round</u> Date: December 03, 2018 Funds Raised: \$250.00M Total Raised: \$309.30M Pre-Money Valuation: \$2.40B Post-Money Valuation: \$2.65B	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.

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.

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

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