



Dear Investors:

Venture capital investment activity remained fairly consistent during the second quarter of 2017. While amounts invested in VC based companies increased slightly from QI to QII, the overall number of companies financed remained relatively stable. As for exits, after a slow start this year the IPO market for venture backed companies recovered during QII, bringing the number of IPOs of venture backed companies to 27 for the first half of the year.

Our existing portfolio companies continue to make solid progress. **simMachines**, which develops artificial intelligence software, recently signed a contract to provide anti-fraud solutions for American Express Accertify. Robert Zieserl, CEO, also reports the company has 10-12 pilot programs underway with large prospective customers and the outlook for additional revenues is positive. simMachines will likely be looking to raise a new round of funding in early 2018.

Intensity Therapeutics, which is developing a new approach to fight cancer, continues to make excellent progress with the first human patient having been successfully dosed with the company's INT230-6 product. The product was safe in this first patient with no adverse impact and the patient leaving the hospital immediately. Initial tumor shrinkage was also demonstrated. The company is in the process of adding additional trial sites, as well as now seeking to dose patients with a longer life expectancy. New patients have now been successfully enrolled and screened and will be treated in the next 30 days. We expect Intensity will be raising additional capital in mid to late 2018 to fund further trials.

Finally, **Synap**, which is developing CRM solutions for customer success teams, continues to build out and add features to its product, including increasing the statistics generated by the software and increasing the number templates available for users. The company has found the fundraising environment difficult and has fallen short of its expected goals. While this challenge has required them to trim staff and regroup, we believe the management team is up for the task and will find a way to navigate this challenging environment.

We are very excited about two new investment opportunities which are currently being offered to our investors. The first, **Padcaster**, produces and sells products which transform iPads and smartphones into mobile video production studios. Founders Josh Apter and Jon Goldberg have made remarkable progress in selling over 20,000 units resulting in an impressive \$5 million annual revenue run rate. Additional funding will enable the company to add critical sales and marketing professionals to rapidly expand the brand and develop untapped markets.

The second company, **Camras Vision**, has developed a new device, the Camras Shunt, to treat glaucoma. Glaucoma is a leading cause of blindness and the worldwide market is \$3.4 billion. This is a revolutionary technology that has shown great promise thus far. Fifteen patients have been treated in the Philippines and further international human trials will be conducted over the next 12-18 months. The company recently received two grants from the NIH and is in discussion with FDA for potential fast-track approval in the U.S. Further information on both these companies can be found on our website [VCapital Website](#).

Several additional opportunities are in the due diligence phase. One of the most interesting is Atlas Space Operations. Atlas is a state-of-the-art satellite command and control company that provides customers with



cost-effective cloud-based solutions for communicating with satellites. With the proliferation of commercial and government satellites going into orbit every year, innovation in the less sexy ground operations end is sorely needed. We feel this is a major opportunity for a firm with the right balance of technological expertise and business savvy to capitalize and gain significant share. The team at Atlas, along with their Board of Advisors, appears to be the real deal. We continue in our due diligence process and will have a decision whether to move forward in the coming months.

Our new book, *Building Wealth Through Venture Capital*, has recently been published by John Wiley and Sons. The book has been featured on Jim Cramer's web site (thestreet.com) as well as on other media. A copy of the book has been sent to our existing investors. If you have friends or acquaintances you feel would like a copy, please let us know and we'll be happy to send one out to them with our complements.

We have recently added a new intern from the Northwestern University MBA program, Alex Katz, to assist in deal diligence and fund raising. We are also planning on adding a new employee and/or intern to further our social media and social networking efforts in the next quarter.

We are pleased to announce two new additions to our Advisory Board: Casey Cowell and Peter Mason. Casey was the Founder and former Chairman and CEO of U.S. Robotics, while Peter was a Founding Partner of the law firm of Freeborn & Peters.

With these additions, we now have eight outside Advisory Board Members. The Advisory Board meets every six months and is frequently consulted in the interim. You may view the biographies on all the board members here [VCapital Advisory Board](#).

Finally, below is a link to a recent blog posted on our website discussing the perils of investing in later stage deals. We think you will find this informative and interesting. [VCapital Blog](#)

We very much appreciate your continuing support and trust. Please let us know should you have questions or comments.

Sincerely,

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