



Dear Investors:

During the first quarter of 2017 the new VCapital website went fully operational, an important capability milestone for our investors. The website enables us to do two things important to our investors' success: (1) communicate more effectively with our current investors on a real-time basis; and (2) expand our marketing efforts in order to attract new investors into the VCapital fold, which will enable us to support more ventures and thus afford you more opportunities for investment growth.

Importantly, the full operation of the website does not change our investment approach that has generated such outstanding returns for many years. Through this fully automated platform, though, the firm can bring its high-quality venture capital investment opportunities to greater numbers of discerning investors, which again should put us in a position to bring you a greater number of high quality investment opportunities. In addition, we are now able to deliver on a timely basis the latest news, research, market information, and specific updates on current portfolio companies and opportunities under consideration. Additionally, investors can complete the entire investment process online at their convenience; you no longer need to worry about when you can reach us to make things happen.

We are nearly complete with our two latest offerings. The first offering, simMachines, is a machine learning/predictive analytics software company delivering accurate, granular and incredibly fast predictive analysis for large enterprise clients. BVC and VCapital investors embraced this opportunity and enabled us to raise \$1.2 million – approximately 70% over our original target of \$700,000. The company is in the process of finalizing a three-year agreement to provide fraud solutions for Accertify, a division of AMEX. In addition, simMachines has recently completed or is working on pilot projects for a number of companies including Acxiom, Dassult Systems, and CME Group. The normal sales progression is to perform such pilot projects with a customer before entering into a SaaS agreement.

The second offering, Synap, a post-sale customer relationship management company, has created a unique software system for client service teams in a broad range of sizes and industries to manage and grow critical client relationships. This software integrates seamlessly with large front-end sales systems like Oracle, Microsoft, or Salesforce or can be used as a stand-alone system in smaller organizations. Its use is easier for customer success teams than many existing tools, overcoming the hurdle of achieving full system utilization that some existing tools struggle with today. The founders have been successful in building two previous CRM companies and their unique approach tackles a large under-developed segment of this huge market. We just completed the first tranche of funds and will finish this raise in the next few weeks. We anticipate the final total raised will be near \$1 million.

Both companies are Chicago based and underscore the continuing strength of the Midwest market for quality early-stage venture capital investments. We feel the scarcity of Midwest firms performing in-depth due diligence on hard science, complex technologies and cutting-edge medical/pharmaceutical deals provides us with a significant competitive advantage. We often hear from entrepreneurs who lament the dearth of serious VC investors in the Series A space in our region and are frustrated by the need to look elsewhere.

Intensity Therapeutics continues to recruit patients for Phase I trials, now underway at The University of Southern California and The University of Toronto. The company is also negotiating additional sites as the trial expands over the next few months. The company recently presented at the Academy of Cancer Research meeting and the American Association of Immunologist conference, both of which were in Washington, DC, and is scheduled to present at the American Society of Clinical Oncology annual meeting in June.



We have a number of potential investment opportunities in the pipeline under serious consideration and expect to introduce one or more new companies to investors in the weeks ahead. These opportunities include a medical device which treats late-stage glaucoma, a revolutionary approach to quantum computing, a method to disrupt and dramatically lower costs in the commercial real estate leasing sector, and a video product that turns the iPad into a powerful video capture and streaming system. Please look for information on these and other potential deals later this quarter.

On the VCapital website you will find new blog posts on subjects of interest to entrepreneurs and venture capital investors. One of these latest blogs compares venture investing to the famous Miracle on the Hudson, where Captain Sully Sullenberger saved an airliner full of passengers by successfully landing his plane in the Hudson River in New York City. Links to this, and other recent blogs, are below. We will continue to share blog posts, articles and other publications we find interesting and relevant.

[A Strategy of Progress](#)

[The Four Horsemen](#)

[Miracle on the Hudson](#)

We are excited to announce that nationally noted publisher John Wiley & Sons has agreed to publish the new book, *Building Wealth Through Venture Capital*, written by Len Batterson and Ken Freeman. The book is scheduled to hit U.S. shelves in July, and interest in the book has been expressed from as far away as China. For those interested, pre-publication orders can be made on Amazon ([Amazon Website](#)) or on the Wiley website ([Wiley Website](#)). Each BVC/VCapital investor will automatically receive a hard copy in the mail. When the book is officially launched, VCapital will undertake a major marketing effort to expand the reach and visibility of the firm.

And finally, VCapital welcomes Karen Todd to the team, as VP of Business Development. Karen comes to us from Aureore Financial Group and Zack's Investment Bank. Karen began her career in real estate, and as her network developed she began working with accredited investors, funds, and private family offices. Karen brings a wealth of experience working with individual investors and entrepreneurs raising growth capital and structuring complex financial strategies.

Thank you again for your support and trust. Please let us know should you have questions or comments.

Sincerely,

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