Deal Terms

Q. What are the terms of the $2M you are raising and how much have you closed on?

A. We are issuing a convertible note that converts to equity with a $10M valuation cap, and will have a 20% discount to the next financing round. The note will accrete 5% interest per annum and will have a two year maturity. If you invest the full $2M, you receive 27.56% of the equity upon conversion; for $1M, you will receive 13.78% of the equity; for $500K - 6.89%; and so on, proportionally.

Title3Funds Investment Matrix	
$2M Convertible Note, $10M Valuation Cap, 5% interest accretion, two year maturity, 20% discount on next funding round	
Investment Amount	**Ownership**
$25,000	N/A
$50,000	0.69%
$75,000	1.03%
$100,000	1.38%
$125,000	1.72%
$250,000	3.45%
$500,000	6.89%
$1,000,000	13.78%
$2,000,000	27.56%

Q. How much money has been raised and from where prior to this round?

A. Founder Ron Hirsch has already invested more than $800K to date and the company has no debt. CEO Bruce Virga has not drawn a salary and has been working for equity, and other key employees are working for a combination of salary and equity.

History

Q. The company was formed in 2016, what has it been doing?

A. Our founder Ron Hirsch is an HNW idea and strategy guy, more visionary than CEO -- with a Wall Street and VC background. He formed the company in 2016, received FINRA approval, and hired various advisers to build a FINRA-approved and compliant funding portal. Advisers only got him so far as he searched for a full-time CEO to build and execute.

Bruce Virga joined in February 2019, assessed our tech, and hired a full-time CTO Kim LaFleur with significant eCommerce experience who so happens to be an equity crowdfunding pioneer. Together, the team rebuilt the website and funding portal with better tools and came up with unique and proprietary payment methods.

Importantly we were not in a super rush to the market. When Regulation Crowdfunding began in 2016, the problem was that $1.07M was too small of an amount to attract enough quality investable companies for funding portals to scale. Everyone but Title3Funds either pivoted to include Reg A and Reg D or went out of business. It costs a funding platform about the same to raise $50K as it does to raise $5M.

Founder Ron Hirsch knew from his SEC contacts that it was only a matter of time before the Reg CF funding limit was going to increase to somewhere between $2.5M and $10M, so we have been biding our time by lobbying the SEC, assembling a very strong team, completed a state-of-the-art funding portal, built out marketing funnels for issuer and investor acquisitions, developed a Hubspot CRM/Sales/Marketing system, built a pipeline of companies to launch on our platform, created an ecosystem of best-of-breed crowdfunding partners for legal, video storytelling, digital marketing, PR and have signed listing agreements in-hand with companies launching in July, August, September and beyond.

The SEC just approved an increase from $1.07M to $5M, everything is in place and we are ready to go. Equity Crowdfunding was formally approved and allowed by the SEC on May 16, 2016. So, four years developing a new platform and gaining compliance in a nascent and complex industry is quite impressive.

Q. Curious, why the name "Title3 Funds"? Sounds like it's a fund of funds.

A. A big differentiator from all of our competitors is that we are the only equity crowdfunding platform focused exclusively on Regulation Crowdfunding, Title III of the JOBS Act, allowing startups to raise money from non-accredited investors for the first time in history. Early on we acquired the domain for Title3Funds because Roman numeral didn't look as good, but Title III is our namesake.

Investment Crowdfunding Industry Primer

Q. I don't understand the space.

A. A very good primer is the very current CCA report Regulation Crowdfunding Industry Review that can be downloaded from our investor presentation page. It reports that Regulation Crowdfunding is poised for significant growth. Please read it and I think you will agree that this is a timely and unique opportunity. Founder Ron Hirsch and Kim LaFleur are crowdfunding pioneers. The sooner you meet them the better.

Q. I don't understand who your customer is?

A. Companies promote their campaign offerings to our customers, the *general public investor*. Of course, *sophisticated investors and accredited investors* are going to look to see if our deals suit their portfolio, but 90% of the investors in deals on our platform are *the average person hoping to get in on the next big thing*. The JOBS Act made investing in early stage private companies accessible to everyone and we tailor the offerings listed on our site to *the guy on the street*. The guy who probably just lost half his 401K when the pandemic hit, and probably lost a third back in 2008. We want people to know they can invest in more than just stocks, bonds, and mutual funds, into a new asset class of crowdfunded investments as a way for them to diversify.

In addition, we partner with custodians of self-directed retirement accounts. These companies have customers

with many billions of dollars seeking out long term alternative investments with tax advantages. Since they are retirement accounts they can sit on them for longer periods, and they encourage their investors to look at crowdfunded investments on our platform.

The other customer is founders onboarding to our platform. We've personally spoken to well over 1000 founders and as of now, we will have about 50 ready to go within a year.

Q. Does this require and do you have a broker's license? Which one?

A. Under Reg CF we are not required to be a Broker-Dealer. We are a FINRA-approved Funding Portal, registered with the SEC. They check-in quarterly and Ron and Bruce have a good ongoing relationship with them.

Pro Forma Financials

Q. Can I assume the growth from Y1 to Y2 doesn't double simply because Y1 is a partial year?

A. Y1 is a full 12 months. The growth is driven by the levers of the model, which include # of issuers, average raise per issuer, # of investors, and investment limits under the law. The pro forma is available for review.

Q. Assuming 2x every year on deal flow growth for 5Ys feels a bit speculative/aggressive (esp without major marketing support). Pretty much ANY model that shows that rate of growth for 5 years is a unicorn. I personally prefer to see growth strong out of the gate and the rate slow to a rational level. How long does this growth continue?

A. This is a nascent industry and, we believe, the growth will be very strong as investors and founders discover this new way of raising capital for companies. The increased limits on amounts that can be raised and amounts that can be invested is also driving this growth.

Q. In Y1 you have $261,300 raised per issuer. Then in Y2 it jumps to $1,176,711. Is this realistic? And then in Y3 it's $1,139,938 in Y3 but back to $1,176,711 in Y4. Why the variance in Y3?

A. The average raised in Y1 is $435,500 and $1,323,800 each year thereafter. This is backed by the approved SEC funding increase from $1.07M to $5M and the quality of issuers going from pre-seed to seed and series A. The difference in your calculations is because of the 90-day lag between onboarding and when the raise closes. TItle3Funds earns fees only upon closing.

Q. What are the COS?

A. COS expenses include investor accreditation services and the fees for the "marketplace-as-a-service" platform.

Q. Why do your projections jump 10X in year two.

A. Regulation Crowdfunding was hampered by a $1.07M maximum raise and an industry average raise of $435,500. Now that the funding limit has increased to $5M, we are taking to better quality issuers looking to raise Seed and Series A and we project an average of $1,323,800 per raise.

Q. Why doesn't the revenue line equate to 7% of the raise in all years? I suspect it may be some liquidity but doesn't make sense in Y1. 7% of the amount raised would be $823,095.

A. Revenue that T3F earns upon successful closes is equal to 9%. This consists of 7% paid in cash and 2% received in securities of the issuer company. So, the revenue line is equal to 9% of the amount raised.

Q. Do you have any assumptions around a raise failing (as a % of issuers)?

A. This model is net of failed raises.

Our vetting criteria only onboards issuers that have significant lead investors to show traction and create FOMO the minute the campaign goes live. They must also have a marketing budget between 5%-20% of the amount they are raising (and they can employ a rolling close). We introduce them to digital marketing and PR agencies with proven crowdfunding experience to create a marketing plan that we all think will work. This is a major differentiator; other platforms onboard everyone and anyone, from founders with ideas hoping to raise $40K to whatever. They do the minimal vetting so industry stats don't apply to our model, not apples to apples. We talk to everyone and we're honest about what it takes to be successful but don't spend too much time or introduce them to our partners unless they have some money or something that makes them fundable.

Q. Do you have tax on the equity you receive and do you have a preference between common and a convertible due to this?

A. The 2% fee received in securities is included in revenues and is, therefore, included in the calculation of taxable income. The securities held will be marked to market as time goes on for financial reporting purposes. For tax purposes, Title3Funds will review with tax counsel the appropriate and most advantageous way to handle the securities; whether to elect M-to-M treatment or just hold the securities until disposition and recognize ST/LT gains and losses.

Issuer Pipeline

Q. Your slides claim to have some sort of pipeline. Who is in that pipeline, what company, type of company, how much are they raising and what is the timing.

A. We have literally spoken to more than 1,000 startup founders and we have signed listing agreements in hand. July 1st we are going to launch a popular California electric bicycle brand, a Houston-based hydro diesel company, and a South Korean semiconductor company approved to have a facility in Irvine and the S. Korean government is matching the amount we raise dollar for dollar. Soon after, we will launch a "Health and Safety First" travel app that spun out of COVID, and others. They are all currently filing their Form C with the SEC and will be raising $1.07M with a plan to amend their filing to raise higher amounts once the funding increase is written into law.

Business Model

Q. Basically your business is a portal, the success of not is going to be tied into the companies you help launch.

A. Issuers are responsible for marketing to acquire investors and the same marketing dollar is used to acquire customers, part of the beauty of equity crowdfunding vs. rewards-based crowdfunding. What is not apparent is that dollars issuers spend simultaneously builds the Title3Funds' investor base who come back over and over to invest in other offerings. We are mostly spending our marketing dollars to acquire issuers that have marketing dollars to acquire more and more investors. The predicted cost to acquire investors and issuers is detailed in our pro forma financials developed by our qualified interim CFO in conjunction with data provided by our experienced equity crowdfunding marketing company. The pro forma is available for review.

Q. From the private placements I've seen, the legal agreements are complex and different every time. Is there a plan for this to scale for your platform?

A. Before a company can go onto our platform they have to file Form C with the SEC. We refer the company to our partner LawCloud who have an easy to use online platform and a staff and legal team that does these filings at scale. Unlike other platforms who offer a minefield of financial instruments, such as SAFEs and KISSs, the companies on our platform can only offer stock or convertible notes. It is important that the investor comes back to our platform frequently to see predictable deals and not be confused by arcane investment instruments. They just have to think about the type of company they want to invest in and know that we've done all the hard work to bring the offer to them.

Our focus is on simplicity:

- one exemption: Reg CF
- two products: Equity & Debt
- no "gotchas" like SAFES
- Simple Listing Agreement
- Simple Escrow Contract
- SEC Form C filing by LawCloud and their iDisclose Technology

Differentiation

Q. *I don't see much that differentiates your site from the others in or entering the space.*

A. None of our competitors are exclusively Regulation Crowdfunding. We are different from all our competitors in that we are focused exclusively on *Regulation Crowdfunding*, Title III of the JOBS Act (our namesake).

The $1.07M funding limit was too small to attract enough quality companies to scale, the competition pivoted to Reg A and Reg D, and it costs a funding platform about the same to raise $50K as it does to raise $5M. Well, Reg CF is also much less expensive for founders and requires much less reporting than Reg A and Reg D offerings. We are the only company vetting investable companies raising up to $5M for Seed and Series A for Reg CF, which with the SEC rules change is now more attractive than Reg A and Reg D. We make $350K on one $5M deal; we receive 2% of securities based on the amount raised by each deal which has enormous potential if some of these companies hit it big.

Unlike other platforms that offer a minefield of financial instruments, such as SAFEs and KISSs, the companies on our platform can only offer stock or convertible notes. It is important that the investor comes back to our platform frequently to see predictable deals and not be confused by arcane investment instruments. They just have to think about the type of company they want to invest in and know that we've done all the hard work to bring the offer to them.

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Founder Ron Hirsch, CTO Kim LaFleur and Director of Business Development David Blankman are literally crowdfunding pioneers and we know all the players in the space. In fact, Kim was billionaire Aubrey Chernick's

right-hand woman when equity crowdfunding started, and his company NextGen Crowdfunding aggregated all the deals from all the active funding portals, and she had relationships with everyone in intimate detail.

That said, there are currently no forming competitors, and the days of “fast forming competitors” have passed. The barriers to entry are FINRA approval which has become harder to get, a team with domain experience, the high cost of building a secure transaction technology platform with unique payment methods, developing relationships for deal flow, curating an ecosystem of partners for legal, marketing collateral, digital marketing, content marketing, video, escrow, transfer agency, to name a few.

Competition

Q. What if any competitive advantages do you have?

A. Title3Funds is the only company to have a “Transfer from IRA” button during the checkout process linked to self-directed IRA custodians encouraging their clients to diversify into the new asset class of crowdfunding securities -- see our partner page. Part of our “use of funds” is to build a proprietary API to distribute to and scale our relationships with all retirement account custodians so they can do the work of building hooks from their accounts to seamlessly invest in our deals at checkout.

Q. Who are the competitors?

A. None of our competitors are exclusively Regulation Crowdfunding. Here are the five most active equity crowdfunding sites for beginning investors:

1. MicroVentures was among the very first online venture-investing platforms. Founded in 2009, they started by offering traditional angel and venture investments to accredited investors, but in smaller dollar amounts and exclusively online. They have a strong track record and history, including having offered investments in Facebook, Twitter, and Yelp before each went public. They’ve done more than $100M in transactions. MicroVentures is a Title III Funding Portal registered with the SEC, and they emphasize the quality of their due diligence for companies offered on their platform (and they even speak by phone with every investor who signs up). You can read our full review of MicroVentures here.

2. Wefunder. Like MicroVentures, Wefunder was also an early player in online angel investing, and they have been aggressive in branching out into other forms of crowdfunding investments as new regulations have come into effect. They have helped to fund more than 150 startups (totaling almost $40M in funding raised from almost 100,000 investors), including some well-known brands like Zenefits. Wefunder has also started offering Investment Clus as another curation vehicle for investments (which they refer to as “Wefunder-in-a-box”) allowing users to create their own funding portal. Wefunder is a graduate of the vaunted Y-Combinator startup incubator, and the founders personally helped lobby the SEC and Congress to pass the 2012 JOBS Act, and were even invited to the 2012 signing ceremony.

3. SeedInvest was founded in 2011, and launched in 2013. Like Wefunder, Seedinvest’s founders participated in discussions with the SEC and Congress to help pass the 2012 JOBS Act. SeedInvest is one of the few platforms to offer the full crowdfunding trifecta of Reg D, Reg A+, and Reg CF investments. SeedInvest advertises that they accept just 1% of the startups that apply to be listed on their site, yet still offers a nice selection of products and companies from multiple industries. SeedInvest was recently acquired by Circle, backed by Goldman Sachs and others.

4. StartEngine. Like SeedInvest and Wefunder, StartEngine was involved with the SEC and Congress early on to help pass the 2012 JOBS Act. StartEngine was also home to the first successful Reg A+ funding, of Elio Motors,

which in February 2016 raised $17M from more than 6,000 unaccredited investors. Unlike the first three equity crowdfunding sites on this list, StartEngine does not appear to perform more than the minimum due diligence required (like criminal background checks on key stakeholders), and in fact, they advertise a relatively fast turnaround time (48 hours) for companies looking to begin a fundraising campaign on their site. There's a wide selection of choices, but note that it's a very different approach than the "1% of startups who apply" model from another site like SeedInvest. StartEngine has a $190M valuation. In fact, based upon a recent announcement, they are raising capital at approximately a 50% higher valuation than last year.

5. Republic is one of the newest equity crowdfunding sites, launched in July 2016. The founders include alums from both Uber and AngelList, bringing strong startup credibility to the table. They are distinguishing themselves among Title III Funding portals with a standout social user interface, including neat features like investment groups, as well as ultra-low minimums (as low as $10 for some investments), which is quite low even among crowdfunding portals.

Q. What makes you different and how does one become successful here?

A. We are different from all of our competitors in that we are focused exclusively on Regulation Crowdfunding, Title III of the JOBS Act (our namesake). When Reg CF began, the problem was that $1.07M was too small of an amount to attract the number of quality investable companies for platforms to scale. Everyone but Title3Funds either pivoted to include Reg A and Reg D or went out of business. It costs a funding platform about the same to raise $50K as it does to raise $5M.

Reg CF is much less expensive for founders and requires much less reporting than Reg A and Reg D offerings. We are the only company vetting investable companies raising up to $5M for Seed and Series A for Reg CF, which with the SEC rules change is now more attractive than Reg A and Reg D. We make $350K on one $5M deal; we receive 2% of securities of the amount raised by each deal which has enormous potential if some of these companies hit it big.

Founder Ron Hirsch knew from his SEC contacts that the Reg CF funding limit was going to increase to somewhere between $2.5M and $10M, so instead of launching in 2016, we used the interim to lobby the SEC, assemble a very strong team, completed the development of a state-of-the-art funding portal, built out marketing funnels for issuer and investor acquisitions, developed a Hubspot CRM/Sales/Marketing system, built a pipeline of companies to launch on our platform, created an ecosystem of best-of-breed crowdfunding partners for legal, video storytelling, digital marketing, PR and have signed listing agreements in-hand with companies launching in July, August, September and beyond.

Q. Is the 9% fee "market"? I've seen things all over the map w warrants but most finders agreements that have been offered to me were typically something less (2% to 6%)? How does 7% cash/2% equity compare to the peer group fee structure?

A. We created comparison charts to make sure we are competitive, and we are keeping these charts up-to-date. We've spoken to 1000+ founders about being on our funding platform and we are not getting pushback on our fees. We believe our fees are in the sweet spot among our peers and our structure is simpler to understand, whereas other portals charge various upfront fees and monthly listing fees. We intend to incrementally increase our fees but are making it simple in the beginning to eliminate friction caused by confusion.

Most important to us is our investor community. Most funding platforms charge investor fees, which we do not intend to do for the foreseeable future. Our thesis is to provide curated, well-vetted investable companies to give our investors the best opportunity to make money and return frequently.

Q. Do you know of other forming competitors? What are the barriers to entry? I'm thinking about how you sustain the fee structure amidst a backdrop that others can fast follow with lower fees or a dominant brand emerges that pulls the investor interest.

A. It's important to know that lower fees is not the driving factor to sign entrepreneurs to raise on our site. It's about relationships, advising them on valuation, introducing them to best of breed partners for marketing, legal, and a professional approach giving the issuer confidence that they will be able to successfully raise on our platform.

The days of "fast forming competitors" have passed. Barriers to entry are: FINRA approval which has become harder to get, a team with domain experience, the high cost of building a secure transaction technology platform with unique payment methods, developing relationships for deal flow, curating an ecosystem of partners for legal, marketing collateral, digital marketing, content marketing, video, escrow, transfer agency, to name a few.

Q. You mention that the current approach is complex (and use SAFE Notes as an example). In the next slide you indicate you will support common and convertible. I get why you wouldn't want to deal w preferred but how is this "simpler" than angel/VC funding? Part of the reason issuers like SAFE and Convertible Notes is the simplicity (and avoidance of pricing).

A. It is important that traditional investors and the general public come back to our platform frequently to see predictable deals and not be confused by arcane investment instruments. They just have to think about the type of company they want to invest in and know that we've done all the hard work to bring the offer to them.

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Marketing and Acquisition Costs

Q. Marketing is the biggest issue for me. In Y1 you spend $8,538 per issuer. As a % it's 3.26% of the average amount raised per issuer. That precipitously drops to $4,345 or .37% per amount raised and then to $2,745 or .24% and then $1,854 or .16%. I think you may be grossly underestimating the marketing budget. Personally I would probably allocate a % of the amount raised (or, stated differently with the same result, a % of the amount charged) to marketing. Who owns marketing? What's the Marketing Plan?

A. The marketing costs shown in the model are for Title3Funds' initiatives to acquire issuers and for branding. The marketing costs for each raise are <u>paid by the issuer</u> and so is not shown as an expense in Title3Funds' financials. Issuers need to have a marketing budget of 5%-20% of the amount they are raising. Their marketing spend is dual purpose -- in many cases, the same dollar being spent to acquire an investor is also acquiring customers, branding, building community, synergy, word of mouth -- all of which are important in a company's overall strategy, not just to support an offering.

In other words, <u>investor acquisition is paid for by the issuer and simultaneously builds the Title3Funds' investor base. We are mostly spending marketing dollars to acquire issuers that have marketing dollars to acquire more and more investors.</u>

Q. What is the cost of acquisition?

A. The predicted cost to acquire investors and issuers is detailed in our pro forma financials developed by our qualified interim CFO David Meister in conjunction with data provided by our experienced equity crowdfunding marketing company Digital Niche Agency (DNA). The pro forma is available for review.

Q. What does it cost to service them?

A. Service includes onboarding issuers, campaign management, investor relations, and customer service. These functions are highly scalable and a detailed human capital plan that informs our pro forma financials are available for review.

Q. What are the plans to generate business leads and investors? I can see the business leads being about platform awareness and the platform developing a reputation for having deep pools of liquidity.

A. For business leads, meaning deal flow, we have engaged Digital Niche Agency (DNA) in LA since September 2019. We continue to spend money reaching out to founders on LinkedIn and Facebook with remarketing campaigns. They manage our social media channels and our lead funnels, utilizing our Hubspot CRM and marketing tools to keep in contact with potential investors and founders.

   Before the pandemic we went to pitch events and networked with angel groups, VC and the entire startup ecosystem. During lockdown we've been active online and we're being interviewed about our platform in various webinars and fireside chats attended by investors, startups and the rest of the venture community.

   We have good relationships with incubators, accelerators and referrers who refer deals that we pay them for if they launch on our platform.

   Investor acquisition: We tell founders they need lead investors to show traction and FOMO the minute their campaign goes live, and they need to have a marketing budget of 5%-20% of the amount they want to raise, and they can employ a rolling close -- taking funds out of escrow once they achieve $100K. Their marketing spend is dual purpose -- they're spending the same marketing dollar to acquire customers and investors simultaneously.

   That said, we have a significant marketing budget for our branding, and our own investor acquisition to bolster campaigns to success. DNA specializing in equity crowdfunding with more than 100 successful campaigns.

   We've also engaged MelrosePR.

Total Addressable Market

Q. I've been reading a lot about the growth of the industry. I'm curious about what the TAM is and how it will grow.

A. Not only can any U.S. citizen 18 or older invest, but all foreign investors are able to participate as well. We just have to educate, keep it simple and execute. Kevin O'Leary aka Mr. Wonderful from Shark Tank is now a paid spokesperson and touting equity crowdfunding, telling the world how great it is and that he wants many of his investments to utilize equity crowdfunding. This benefits the industry and Title3Funds because 90% of people in the US do not know that Equity Crowdfunding exists. Ask anyone about crowdfunding and they think of Kickstarter and Indiegogo which is Rewards-based crowdfunding.

According to demographics, there are approximately 215 million U.S. citizens over the age of 18, all of whom can invest in the companies, products, and services they believe in.

- ~10% are accredited investors who now, with new SEC rules, have no limit on how much they can invest in our crowdfunded securities.
- The new rules have also increased the limit for non-accredited investors to invest up to 5% of the greater of their annual income or net worth.
- Our $1 Trillion TAM reflects the USA only. All global citizens can invest under the same terms as US citizens.
- There are multi-billions of dollars in self-directed IRAs that can be invested in crowdfunded securities with tax advantages. IRA custodians recognize crowdfunded securities as a new asset class and encourage their customers to look at these deals for diversification. This is timely and relevant because the June 4, 2020 news reported a move to allow other retirement funds to invest in private equity, which will significantly increase our TAM as alternative investments like investment crowdfunding gain increasing popularity.

Vetting and Curating

Q. How do you decide which issuers go on the portal?

A. Our vetting criteria only onboards issuers that have significant lead investors to show traction and create FOMO the minute the campaign goes live. They must also have a marketing budget between 5%-20% of the amount they are raising (and they can employ a rolling close). We introduce them to digital marketing and PR agencies with proven crowdfunding experience to create a marketing plan that we all think will work. This is a major differentiator; other platforms onboard everyone and anyone, from founders with ideas hoping to raise $40K to whatever. They do the minimal vetting so industry stats don't apply to our model, not apples to apples. We talk to everyone and we're honest about what it takes to be successful but don't spend too much time or introduce them to our partners unless they have some money or something that makes them fundable.

Q. A reputation for good valuations is also needed. The fee structure is consistent for Title3Funds, but not all deals will be well valued for investors. Is there any vetting? If there is, I guess risks emerge for T3F when startups fail. This seems like a key issue for the platform - how are investment terms set and are the terms consistently at valuations that draw investor interest?

A. We intensely vet the companies before we allow them on our platform, and Founder Ron Hirsch negotiates valuation. For instance, we are going to launch a hydro diesel company out of Houston that claimed a $40M conservative valuation. They certainly have everything going for themselves, a great founder, strong, experienced team, good product, etc. and after their valuation conversation with Ron, they agreed to offer our investors a $20M valuation.

Basically, there are 2 types of investors looking at our deals.

1. Sophisticated investors are usually accredited investors looking at valuation, financials, business plan, team, asking hard questions. We are packaging our deals to appeal to these investors, who comprise 20% of the number of investors. We know them, they know us and when we go live with a deal they invest if it's a portfolio fit.
2. Then there is the general public, which is really the market we are going after. We advertise to bring them to our platform, they look at the video and the investor slide presentation and invest with their emotions more so than a sophisticated investor would.

We strictly adhere to SEC rules and guidelines. We are different from other platforms because we will not let just

anyone on our platform. The company has to be investable to us and for our investor community. We also retain Sosnow & Associates, the leading Regulation Crowdfunding attorney in the US to advise us and mitigate risk.

Secondary Market

Q. Do you view CartaX as a threat? "In the next 12 months or so Carta aims to launch CartaX, the first issuer sanctioned platform for the buying and selling of private company shares at scale. As we established earlier, there is a dire need to offer regular liquidity in the private markets to propel entrepreneurship. To put a number on the gap in liquidity that has emerged as companies stay private longer, consider the following."

A. They have been speculating about this for the past 3 years, others have been strategizing, and we envision creating an exchange to provide a liquidity path for crowdfunded securities. I don't consider them a threat, it would be a near term win for our industry to solve liquidity issues, and I expect there will be a number of exchanges in the future.