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**To:** Limited Partners of Badger Fund of Funds I, L.P.

**Date:** February 27, 2018

**Re:** Badger Fund of Funds I Report for the Quarter Ended December 31, 2017

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Dear Limited Partners,

We are pleased to report on the progress achieved by the Badger Fund of Funds (the “Badger Fund”) during the quarter ended December 31, 2017. In accordance with Section 7(c)(i) of the Limited Partnership Agreement of the Badger Fund, Sun Mountain Kegonsa is required to provide a report after the end of each fiscal quarter. Below please find an update on the Badger Fund’s operations, investment activity and investment due diligence work to date.

### **Investment Activity**

To date, five funds have received commitments from the Badger Fund. These funds include both “seed stage” funds as well as “growth stage” funds.

- Two seed stage funds have successfully raised private capital and have held final closings. Both of these funds originally targeted a \$10 million capital raise but ended up raising more capital than anticipated in their final close.
- Three contingent commitments have been made, two to seed stage funds and one commitment to a growth stage fund. The seed stage funds are in the process of completing offering documents. The growth stage fund is currently in the process of raising private capital.

The level of investment activity is on track with the investment pacing plan outlined in the Badger Fund offering documents. In addition to the seed and growth stage funds that have received contingent commitments, the Badger Fund is actively evaluating potential fund manager candidates. The Badger Fund continues to recruit fund managers and expects to make a commitment to one or two additional funds. More detail is provided below.

### ***Seed Stage Funds***

The seed stage funds in the Badger Fund portfolio will focus on pre-revenue companies. Two seed stage funds have held final closings and are actively evaluating investment opportunities. These funds are the Idea Fund of La Crosse, managed by Jonathon Horne, and the Winnebago Seed Fund, managed by David Trotter. For additional detail on the seed stage funds that have closed on capital commitments to date, please see Appendix A.

During the quarter ended December 31, 2017, these funds made three investments in Wisconsin-based companies. For additional detail on the companies that have received investment from the seed stage funds to date, see Appendix B.

Two additional seed fund managers have received contingent commitments from the Badger Fund and are in the process of finalizing legal terms and preparing offering documents. Once this process is completed, the fund managers will begin to actively raise private capital.

***Growth Stage Funds***

The growth stage funds in the Badger Fund portfolio will focus on startup companies that have revenues and existing investors. The Badger Fund expects these companies will have received funding from seed stage venture capital funds. The first growth stage fund in the Badger Fund portfolio, Rock River Capital Partners, is actively raising private capital. Rock River Capital Partners is managed by Andrew Walker and Christopher Eckstrom. For additional detail on Rock River Capital Partners, please see Appendix A.

**Portfolio Reporting**

Please find below reporting information related to investments in Badger Fund portfolio funds as well as investments made by portfolio funds into Wisconsin-based startup companies.

***Portfolio Funds***

The table below summarizes the commitments made to portfolio funds to date, the amount of the Badger Fund commitment that has been funded as of the quarter ended December 31, 2017, and the amount that each fund has invested into Wisconsin-based startup companies to date.

<b>Badger Fund of Funds</b>					
<b>Portfolio Summary as of 12/31/17</b>	<b><u>Total</u> Fund Size</b>	<b><u>BFF</u> Commitment</b>	<b><u>Funded</u> To Date</b>	<b><u>Percent</u> Funded</b>	<b><u>Invested</u> to Date</b>
<b><i>Seed Stage Funds</i></b>					
Idea Fund of La Crosse	\$ 13,000,000	\$ 5,200,000	\$ -	0%	\$ 400,000
Winnebago Seed Fund	\$ 11,000,000	\$ 4,400,000	\$ 229,477	5%	\$ 800,000
<b><i>Total Seed Stage</i></b>	<b>\$ 24,000,000</b>	<b>\$ 9,600,000</b>	<b>\$ 229,477</b>	<b>2%</b>	<b>\$ 1,200,000</b>
<b><i>Growth Stage Funds</i></b>					
Rock River Capital Partners	TBD at Close	TBD at Close	N/A	N/A	N/A
<b>Badger Fund Total</b>	<b>\$ 24,000,000</b>	<b>\$ 9,600,000</b>	<b>\$ 229,477</b>	<b>2%</b>	<b>\$ 1,200,000</b>

The Badger Fund’s Limited Partnership Agreement and the Wisconsin Statutes require that the Badger Fund report the average internal rate of return of each portfolio fund investment as well as an accounting of any fee the venture capital fund has paid to itself or any principal or manager of the venture capital fund. As of the quarter ended December 31, 2017, only one capital call had been made by a portfolio fund and, as such, there is no meaningful information to report in regards to either item.

**Portfolio Companies**

The table below summarizes the investments made by portfolio funds to date, the amount attributable to the Badger Fund, total capital raised by the companies to date, and the number of Wisconsin employees of each company.

<b>Badger Fund of Funds - Portfolio Funds</b>					
<b>Company Investments as of 12/31/17</b>	<b>Portfolio Fund Investment<sup>1</sup></b>	<b>Badger Fund Amount<sup>1</sup></b>	<b>Total Capital Raised</b>	<b>WI Employees At Investment<sup>2</sup></b>	
Company A	\$ 400,000	\$ 160,000	\$ 400,000	2	
Company B	\$ 400,000	\$ 160,000	\$ 400,000	1	
Company C	\$ 400,000	\$ 160,000	\$ 451,000	3	
<b>Total</b>	<b>\$ 1,200,000</b>	<b>\$ 480,000</b>	<b>\$ 1,251,000</b>	<b>6</b>	

Note: Companies anonymized in reporting of investment and employment to protect confidential company-level information.

<sup>1</sup>The Portfolio Fund Investment amount is inclusive of the Badger Fund Amount. The Badger Fund Amount represents the portion of a portfolio fund’s investment that is attributable to the Badger Fund’s commitment to that fund.

<sup>2</sup>Wisconsin employment data reporting will be updated on the first and last day of the Badger Fund’s fiscal year ended June 30.

To date all company investments have been made by seed stage portfolio funds. Part of the seed fund investment strategy is to be the first institutional investor in a company, with the intent of securing large ownership positions at attractive valuations. Subsequent financing rounds of companies will increasingly leverage external investors joining the investor syndicate. The investment amounts to date are reflective of this investment strategy. As successful companies grow, the number of employees as well as total capital raised is anticipated to increase.

For additional detail on the companies which have received investment from Badger Fund portfolio funds to date, please see Appendix B.

**Capital Calls**

During the quarter ended December 31, 2017, the Badger Fund issued its second and third capital calls to the Limited Partners. The second capital call was issued on October 6, 2017, and the third capital call was issued on November 10, 2017.

**Tax Extension Update**


As a result of recent changes to IRS deadlines, for 2017 tax reporting, the Badger Fund will be filing an extension with the IRS effective March 15. We expect to issue final Partner K-1’s later in the year and well in advance of the September 15 filing deadline.

## Summary

The Badger Fund had an exciting quarter. The first three investments in Wisconsin-based companies by portfolio funds were announced and a commitment was made to a new seed fund manager. The Badger Fund is on track to achieving the pacing plan outlined in the Fund offering documents and we are optimistic about the prospects for the fund managers who have received commitments as well as the ones in the pipeline. We are proud of the progress which has been made to date towards accomplishing the mission of the Fund.

If you have any questions or wish to discuss any aspect of this report, please do not hesitate to contact either myself or Ken Johnson.

Best Regards,

A handwritten signature in black ink that reads "Brian Birk".

Brian Birk  
President  
Sun Mountain Kegonsa, LLC  
Investment Manager for the Badger Fund of Funds  
Brian@Sunmountaincapital.com

A handwritten signature in black ink that reads "Kenneth U. Johnson".

Kenneth U. Johnson  
Partner  
Sun Mountain Kegonsa, LLC  
Investment Manager for the Badger Fund of Funds  
Kujohns@Badgerfundoffunds.com

**Appendix A – Portfolio Fund Summaries**

***Seed Stage Funds***

<u>Fund Name</u>	<u>Summary</u>
<p><b>Idea Fund of La Crosse</b> 102 Jay Street, Suite 400 La Crosse, Wisconsin <a href="http://ideafundvc.com">ideafundvc.com</a></p>	<p><b>Idea Fund of La Crosse</b> focuses on seed stage startup companies in Western Wisconsin. The fund is based in La Crosse, Wisconsin. The fund is managed by Jonathon Horne, a La Crosse native with professional experience in the financial services industry.</p>
<p><b>Winnebago Seed Fund</b> 124 W. Wisconsin Ave, Suite 240F Neenah, Wisconsin <a href="http://winnebagoseedfund.com">winnebagoseedfund.com</a></p>	<p><b>Winnebago Seed Fund</b> focuses on seed stage startup companies in the Fox Valley region. The fund is based in Neenah, Wisconsin. The fund is managed by David Trotter, a native of the Fox Valley with investment management experience.</p>

***Growth Stage Funds***

<u>Fund Name</u>	<u>Summary</u>
<p><b>Rock River Capital Partners</b> 111 N. Fairchild Avenue, 2nd Floor Madison, Wisconsin <a href="http://rockrivercapital.com">rockrivercapital.com</a></p>	<p><b>Rock River Capital Partners</b> focuses on early and growth stage startup companies across Wisconsin. The fund has offices in Madison and Beloit. The fund is managed by Andrew Walker and Christopher Eckstrom. Andrew Walker is a serial entrepreneur with experience leading venture-backed companies. Christopher Eckstrom is a highly experienced investor with significant professional experience in alternative asset investing.</p>

**Appendix B – Company Summaries**

<u>Company Name</u>	<u>Summary</u>
<p><b>Curate Solutions</b> 326 W. Gorham Street Madison, Wisconsin</p>	<p><b>Curate Solutions</b> provides a SaaS platform which combines web-scraping and artificial intelligence to scan public municipality meeting minutes and agendas to find upcoming projects for general contractors and vendors.</p>
<p><b>Sift Medical Data</b> 3268 N. Hacket Ave Milwaukee, Wisconsin</p>	<p><b>Sift Medical Data</b> is a healthcare analytics platform that leverages data sources to reduce claims denials, increase patient collection rates and capture clinical insights for clients.</p>
<p><b>The 3<sup>rd</sup> Element</b> 124 W. Wisconsin Ave, Suite 240F Neenah, Wisconsin</p>	<p><b>The 3<sup>rd</sup> Element</b> provides a training system to young athletes combining personality assessment and video-based training content to teach soft skills and develop leadership abilities.</p>