

November 30, 2015

Dear Limited Partners:

### **Badger Fund of Funds I Quarterly Report for the period ended on September 30, 2015**

In accordance with Section 7(c)(i) – Report to Partners, of the Limited Partnership Agreement of the Badger Fund of Funds I, L.P. (the “Fund”), and pursuant to provisions in Section 16.285 (7), Wisconsin Statutes, Sun Mountain Kegonsa, L.L.C. (the “General Partner”) shall provide a report within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year. Such report shall include financial statements as well as summary descriptions of Portfolio Investments, Portfolio Companies, and Eligible Businesses.

The Badger Fund of Funds I completed its initial closing on June 3, 2015. At the quarter ended on September 30, 2015 there have been no investments made nor capital drawn. Below please find an update on the Fund’s fundraising and investment due diligence work thus far.

#### **Summary**

We continue to make solid progress in the early stages of implementing the Badger Fund of Funds. The Fund held its first closing on June 3, 2015, having secured in excess of the \$5,000,000 of private matching capital as required by Wisconsin Statute. The Badger Fund of Funds team continues to work with a number of candidate fund managers across the State and currently has several of them in due diligence. Below is a summary on what the Badger Fund of Funds I has accomplished.

#### **Private Capital Fund Raising Activity**

The Fund completed its first closing on June 3, 2015. The Fund has been actively raising additional private capital after its initial closing on June 3. To date, the Fund has been successful in obtaining commitments from individual investors. Over the past quarter, our focus has been shifting from individual investors to institutional investors. Initial feedback from institutional investors has been that the ACT 41 restrictions placed on the Badger Fund are perceived as increasing the risk of a Badger Fund investment vs. investing in other venture capital funds or fund of funds.

The Fund expects additional commitments will be received between now and the Fund’s close in 2016.

#### **Line of Credit**

During the third quarter, the Fund was actively engaged in establishing a line of credit. The Fund has made significant progress and expects to have a line of credit in place in the fourth quarter of 2015. The line of credit will be used to more efficiently manage the Fund’s cash flow and decrease the number of cash calls from investors.

#### **Investment Activity**

To date, we have begun actively engaging a number of potential fund managers and are in various stages of discussion and due diligence. Five groups have been identified as potential fund managers, spanning geographies across the State of Wisconsin including groups in Madison, Oshkosh, La Crosse, and Vilas County. Additionally a number of potential fund manager investment professional candidates have been reviewed by both the investor groups identified by the Badger Fund of Funds team as well as by the Badger Fund of Funds team independently.

### Portfolio Reporting Requirements

Given that the Badger Fund of Funds has not made any portfolio investments as of September 30, 2015, there are no items to report for several categories outlined in the Limited Partnership Agreement and Wisconsin Statutes:

- Portfolio fund information, including name and location of fund, amount invested, fees paid, financial performance such as IRR, and other required information;
- Underlying business information, including name and location of business, description of the business, Portfolio funds invested in the business, employment information, and other required information.

### Conclusion

In closing, the quarter ended September 30, 2015 has been very active in both fundraising and investment diligence efforts. We remain highly enthusiastic about the prospects for fiscal year 2016 as the Fund begins to deploy capital and help launch funds in multiple geographies across the State.

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,



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



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