

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

**Date:** November 22, 2017

**Re:** Badger Fund of Funds I Report for the Quarter Ended September 30, 2017

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 September 30, 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, four active funds have received commitments from the Badger Fund. These funds include both “seed stage” funds as well as “growth stage” funds.

- Two seed 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.
- Two contingent commitments have been made, one to a seed stage fund and the second commitment to a growth stage fund. These funds are 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. 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. A summary of both closed seed funds is outlined in the table below:

<u>Fund Name</u>	<u>Summary</u>
	<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> 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>

Subsequent to quarter end, the first portfolio fund investment in a Wisconsin-based startup was publicly announced by the Winnebago Seed Fund. The company, Sift Medical Data, is based in Milwaukee, Wisconsin. As the investment was announced subsequent to quarter end, data related to this company will be included in the Badger Fund reporting for the fiscal quarter ended December 31, 2017.

A third seed fund manager has received a contingent commitment from the Badger Fund and is now in the process of finalizing legal terms and preparing offering documents. Once this process is completed, the fund manager 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 revenue and existing investors. The Badger Fund expects these companies will have received funding from seed stage venture capital funds. The investments by these funds into growth stage startups are expected to be approximately \$1-2 million. The first growth stage fund in the Badger Fund portfolio, Rock River Capital Partners, is actively raising private capital. A summary of Rock River Capital Partners is outlined in the table below:

<u>Fund Name</u>	<u>Summary</u>
	<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>

In addition to the seed and growth stage funds that have received contingent commitments, a pipeline of new fund manager candidates is being actively evaluated and recruited. The Badger Fund is currently focusing substantial effort on the Milwaukee area, with one candidate in advanced stages of due diligence. The Badger Fund continues to recruit fund managers and expects to make commitments to one to two additional funds.

**Capital Calls**

Subsequent to quarter end, 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. The capital call issued in November was for investments. The Badger Fund anticipates issuing more frequent capital calls going forward as investment activity at the portfolio fund level begins to increase. The Badger Fund’s expectation is that capital calls will be issued on a quarterly basis however additional capital calls may be required depending on investment needs of portfolio funds.

### **Portfolio Reporting Requirements**

Subsequent to quarter end, the first investment in a startup company was announced by the Winnebago Seed Fund. However, as no investments had been made at quarter end, there are no items to report for the categories shown below per the Badger Fund's Limited Partnership Agreement and the 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.

Please find below the name and physical address of the two seed stage funds and one growth stage fund that received contingent commitments from the Badger Fund and completed formal offering documents:

**Idea Fund of La Crosse**

*102 Jay Street, Suite 400  
La Crosse, Wisconsin*

**Winnebago Seed Fund**

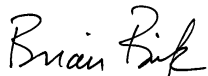
*124 W. Wisconsin Avenue, Suite 240F  
Neenah, Wisconsin*

**Rock River Capital Partners**

*111 N. Fairchild Avenue, Second Floor  
Madison, Wisconsin*

In summary, the Badger Fund is on track to achieving the pacing plan outlined in the Badger Fund offering documents and the proposal to the State of Wisconsin. The Badger Fund is encouraged by the initial investment activity in startup companies subsequent to quarter end. The Badger Fund remains optimistic about the prospects for the fund managers which have received commitments as well as those in the pipeline and is 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,



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



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