Battle Born Growth is the state venture capital program for Nevada. It makes equity and equity-like investments in early stage, high potential Nevadan startups. It is a component of the State Small Business Credit Initiative (SSBCI), a federal program that seeks to enhance local capital infrastructures across the US.

Battle Born Growth accepts applications through the Gust platform, and all applications are evaluated by an independent Investment Advisory Committee. Investment decisions are ultimately made by the Nevada Governor’s Office of Economic Development. Battle Born Growth 's investments are held by Nevada Battle Born Growth Escalator, Inc. a corporation for public benefit.
1. Portfolio Review

Battle Born Growth continued investing in 2020, despite extraordinary market conditions. It made investments in three new portfolio companies as well as continuing support for its existing portfolio.

2. Battle Born Growth Stats

Applications to Battle Born Growth followed the pattern of previous years, with the bulk being in the IT, logistics, manufacturing and healthcare sectors. More than half of our portfolio has a minority entrepreneur in its leadership.

3. Early Stage VC Market

Angel and seed activity was flat in 2020, bucking expectations that this segment would be badly affected by 2020 lockdowns. Valuations fell, but average deal size grew once more.

2020 Overview
Despite unprecedented business conditions, Battle Born Growth continued to invest steadily in 2020. From second generation funds – those earned from exits of prior investments – Battle Born Growth made investments in two local university spin outs, Heligenics and Tu Biomics. Heligenics is a medtech company, marking Battle Born Growth’s first foray into this important and topical sector. It also bolstered its position in direct to consumer brands an investment in personal care company Outlaw Soaps.
Access Health Dental is a Las Vegas-based dental practice company that brings an innovative, systematic approach to the delivery of dental care; it provides management support services for its dental offices so dentists can focus on providing the best care for patients. During 2019, Battle Born Growth made an additional commitment to the Company in part to support a large dental practice acquisition that has led to a step change in revenue.

Fintech firm Base Venture has developed a fund administration automation product. FundManager.io streamlines fund management by connecting fund administrators, fund managers, and investors, and allowing fund managers to easily see their portfolio positions and communicate with clients. The Company was acquired by financial services major FIS in 2019, representing a successful exit for Battle Born Growth.

Las Vegas-based CircleIn has developed a student-to-student tutoring app that allows students to study with one another, and to tutor one another, winning rewards in the process. Its advisory board includes the Education Director at Microsoft, and the former CTO of Merrill Lynch, AOL and News Corp. During a banner year for the Company in 2019, when its revenue was 15x that of 2018, Battle Born Growth made a further commitment to CircleIn.

Las Vegas-based Fandeavor developed a hassle-free solution for door-to-door fan travel packages and VIP gameday experiences. Fandeavor’s “Build Your Own Experience” technology allows customers to seamlessly create custom travel packages on an easy to use online platform. It deployed its robust software platform as the engine for large corporate customers’ travel programs. Battle Born Growth exited the investment in 2019.
Grrrl is a Las Vegas-based athleisure company that focuses on size-free clothing and targets niche women's sports such as MMA and Highland Games. Its philosophy is centered around women's empowerment, with an emphasis on fitness at any size. Co-founded by a husband and wife team, the brand is fronted by professional athlete Kortney Olson as well as professional athlete brand ambassadors. The team relocated to Las Vegas in 2019, ahead of investment by Battle Born Growth.

Las Vegas-based Heligenics, incorporated in 2019, describes itself as the first major biotechnology company in Las Vegas. Heligenics says it is an industry disrupter on the leading-edge of drug development and diagnostic testing by defining the function of genetic variation with its proprietary GigaAssay technology. It can take years to identify a single genetic marker. Heligenics measures the impact of all mutations within a gene in months. Battle Born's investment is from second generation funds, that is, proceeds from exits from prior portfolio investments.

Outlaw Soaps is a Sparks, NV based personal care product company that is capitalizing on a resurgence in the male grooming market, and on consumers' demand for clean beauty. The Company was founded by a husband and wife team with experience in building digital brands at Oprah.com, and with building startups. The team relocated from California to Northern Nevada in early 2020, ahead of investment by Battle Born Growth.
Taber Innovations is a Las Vegas-based company that has developed a technology suite that enables real time information to be captured and analyzed from a fire scene, so enhancing fire fighter safety.

Its advantage is that it allows monitoring of fire fighter condition (such as 3-dimensional location and several medical vital signs), this is currently done verbally via radio.

Battle Born Growth made an initial investment in the Company in 2019.

Talage is a Reno-based startup that has created a fully automated software platform to help small business owners compare and instantly purchase an increasing range of commercial insurance policies. Talage connects business owners directly to insurance carriers, allowing them to save time and money when purchasing workers’ comp, liability and property coverage.

Battle Born Growth invested in the Company in June 2018 in a round led by Bay Area-VC Merus Capital, and including venture debt major WTI.

Reno, NV-based TransWorldHealth provides productivity software to the $1bn+ safety net healthcare market. The platform incorporates advanced fuzzy logic matching to identify and locate patients as well as sophisticated forecasting algorithms, such as, the likely number of patients that a clinic will see in the following week. The platform integrates with leading electronic health record (EHR) providers, rather than replacing their offerings.
Tu Biomics is a start-up spun out of the Desert Research Institute (DRI) in Reno, NV. It is focused on developing organic crop protection products for the global agriculture industry.

Battle Born’s investment is from second generation funds, that is, proceeds from exits from prior portfolio investments.

Wedgies was a Las Vegas-based inline real time social media polling software company.

Battle Born’s co-investors in the Company included Graycroft Partners and VTF Capital. Wedgies’ other investors included 500 Startups and SVAngel.

In June 2018, Wedgies was sold in a private transaction and so, Battle Born Growth successfully exited the investment.

Las Vegas and New York based WiseBanyan was one of the fastest growing independent roboadvisors in the US. It offered free portfolio management, and an increasing range of other financial management tools.

Battle Born Growth’s co-investors included strategics, such as John Hancock and CFSI with founding partner JPMorgan Chase & Co.

In October 2018, WiseBanyan was purchased by a subsidiary of NYSE-listed Axos Financial, Inc, so providing Battle Born Growth with an additional exit.
2. Battle Born Growth Stats
2020 Battle Born Growth Applications by Sector

Share of Applications:  
- IT: 40%  
- Manufacturing: 10%  
- Logistics & Operations: 27%  
- Healthcare: 13%  
- Other: 10%  

Source: Battle Born Growth
2020 Battle Born Growth Applications by Location

Source: Battle Born Growth

- 57% Las Vegas Area
- 20% Reno Area
- 3% Other Nevada
- 20% Outside Nevada
Spotlight on Portfolio Diversity

In last year’s annual report, we began tracking the diversity of our portfolio and comparing it to that of venture capital as a whole. We have repeated the exercise this year, and our portfolio is again substantially more diverse than that of the industry.

According to industry research firm Crunchbase, venture capital investment in minority firms was only 2.6% of the 2020 total, up from 2.4% over the past five years. This is despite the establishment of several venture capital funds dedicated to minorities during the year. The same report showed a drop in investment in women-led startups, from 2.8% of total venture capital investment in 2019 to 2.3% in 2020.¹

By contrast, Battle Born Growth’s current portfolio has minority and women participation in 52% of its companies by investment value.

Battle Born Growth’s mandate is not to create a culturally-diverse portfolio, it is instead, in our opinion, a consequence of our investment process. Specifically:

- *We’re open to all.* Though we are fortunate to receive referrals from accelerator programs, co-investors, entrepreneurs and others in our network, our application process is open to anyone through the Gust platform. This removes the barrier of needing venture capitalists in an entrepreneur’s network, a factor which generally accrues an advantage to those with certain educational or social backgrounds.

- *We avoid homophily.* There’s evidence that venture capitalists show bias towards those who share the same schooling, gender and ethnicity as they do. As Harvard Business Review describes the situation: “belonging to the same racial group increases the propensity to work together by 39.2%, and having a degree from the same school increases it by 34.4%”.² At Battle Born Growth, entrepreneurs do not pitch directly to the committee. Instead, opportunities are presented “blind” to our investment advisory committee, minimizing these biases.

- *Our investment advisory committee is diverse.* Our investment advisory committee is itself “majority minority” and we have a female investment manager. A Harvard Business Review study found that only 8% of venture capital investors are women, yet female investors are more likely to select minority entrepreneurs for investment.³

Share of Venture Capital

<table>
<thead>
<tr>
<th>Women Founders</th>
<th>Black &amp; Latinx Founders</th>
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<tbody>
<tr>
<td>2.3%</td>
<td></td>
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<tr>
<td>2.6%</td>
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Source: Crunchbase Diversity Report, 2020

Battle Born Growth | Minority Entrepreneurs

<table>
<thead>
<tr>
<th>minority participation</th>
<th>women participation</th>
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<tbody>
<tr>
<td>52%</td>
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Data Sources:
1. 2020 Crunchbase Diversity Spotlight Report
3. Early Stage Venture Capital Market
Angel & seed stage deals flat in 2020

Despite concerns that global lockdowns would affect the angel and seed stage market more than other areas of venture capital, volume remained flat year on year.

Deals sizes keep rising

$2.0  $2.3

MM  MM
2019 2020

The average angel and seed stage deal size was $2.3mm in 2020, continuing a longstanding trend of annual increases in deal sizes.

Source: Pitchbook / NVCA Venture Monitor
Valuations fell for the first time since 2009

Against industry expectations, valuations for early stage deals fell for the first time since 2009. This was in contrast to continued rises in other venture capital stages, for instance, late stage deal valuations rose by 19%.

Investments were more geographically spread

It's long been a tenet of early stage investing that entrepreneurs must be local to their investors, but that started to change in 2020.

As venture capitalists became accustomed to investing via conference call and Zoom, they came to realize that deals could be successfully completed without the need for entrepreneurs to be located in their city.

At the same time, there was an exodus from traditional venture capital locations, especially the San Francisco Bay Area in response to harsher lockdowns than elsewhere and the search for lower cost jurisdictions.

Combined, this meant that the San Francisco Bay Area saw a sharp drop in seed stage deals in 2020, down by nearly a fifth by number.* Elsewhere, cities not traditionally associated with venture capital, such as Atlanta, saw a resurgence. For instance, there were 13% more early stage deals in the city in 2020 than in 2019.*

*Per Pitchbook / NVCA Venture Monitor