

**CROSSCUT 5, L.P.**

**Quarterly Report  
September 30, 2021**

## Crosscut 5, L.P.: Q3 2021 Report

### Overview

The Fund continued to make good progress during the third quarter. Even though it is still early in the lifecycle of the fund, we are proud of the recent developments. We spent a fair amount of energy preparing our current portfolio companies for their Series A funding, and it was a success. **Unlock** became the fund's first portfolio to close a follow-on round. **Symbi** and **HiveWatch** both closed Series A financing rounds at attractive mark-ups after the end of the quarter. Since these two companies had term sheets in hand as of the end of the quarter, in accordance with our accounting policies we have written up each of the two investments. The fair market of the Fund's investments is sitting at a 1.9x over our cost as of the end of the quarter. This is unexpectedly high, given that the Fund is only a year old.

In addition to the follow-on activity, we invested in two new companies in the quarter: **LUM** and **Duffl**, and our scout portfolio continued to thrive with nine new investments. This brings the total fund investments to thirteen, counting the Scout Fund as one investment.

The two new companies are described in detail below. We are still in the early innings of the Fund, but so far we are pleased and confident that the diversity of investments we have assembled will drive strong returns for our investors.

### The Fund Summary (unaudited)

Vintage year	2020
Committed Capital	\$74,925,000
Called capital (paid-in capital)	\$17,607,375
% Committed Capital called down	23.5%
Distributions to LPs	-
Net remaining asset value (net of imputed carry)	\$26,492,859
Total LP value	\$26,492,859
Total value/paid-in capital (net TVPI)	1.50x
Distributions/paid-in capital (DPI)	0%
Current portfolio:	
Fair market value	\$29,063,225
Cost	\$15,563,792
Fair market value/Cost	1.9x
Active portfolio companies	13

## Portfolio Exits and Distributions

There were no liquidity events in the quarter.

## New Portfolio Companies

In September, we invested \$500,000 into **Unlock's** Series Seed financing alongside Canvas Ventures and existing investors. Our initial pre-seed convertible note was converted in the round. The company raised \$11 million in fresh capital at a pre-money valuation of \$41 million. Unlock is a proptech company that takes an AI-based sourcing, origination and underwriting approach to close sale-leaseback transactions of commercial real estate of under \$5 million in a much quicker time frame than generally available today.

In September, we invested \$377,772 into the Series A of **Duffl**. The company raised \$12 million in a round led by Volition Capital at a pre-money valuation of \$20 million. Duffl is a one-stop-shop for groceries, snacks, and toiletries that offers delivery time in under 10 minutes. The company operates in college campuses and initially launched at UCLA. Duffl is building a tight-knit community of students around its brand. The company's revenue is growing exponentially and Duffl recently launched its service at three other campuses across California (USC, UCSB and UC Berkeley).

During the quarter, our scouts invested a total of \$375,000 across nine different companies that span diverse sectors such as consumer internet, big data, B2B payments, logistics, media and marketplaces. We are pleased with the early traction of our scout fund and are confident that the expanded network we are reaching will ultimately feed our pipeline of core deals at the fund level.

## Closing Comments

The end of the third quarter marks the first lap around the sun for the fund. We made our first investment into Symbi on October 15, 2020, and from then, we have been investing in exceptional management teams that are tackling big, difficult problems. The fund started its life in the midst of the pandemic, when in-person meetings were not possible. For the first time in our history, we made investments without previously spending time in person with the founders.

As we transition back into the office, we believe that virtual meetings will be the pandemic's legacy, and we have been enjoying them. We have expanded our geographic reach and we can meet many more companies back-to-back than before. This new era of investing will increase the competitiveness of the market, but we are confident that we have a strong platform and operational advantages that allow us to get into the best opportunities. We expect the venture capital market to continue breaking records in terms of valuations, deals made and dollars raised, as more ambitious teams leave their jobs to start new companies.

Rick L. Smith  
On behalf of Crosscut