

# **CALM COMPANY**

## **(FUND IV)**

**EARLY STAGE GROWTH EQUITY**

Investor Deck

## PROFITABLE SOFTWARE COMPANIES, AT THE EARLY STAGE

We invest at reasonable valuations in post-revenue, early-stage businesses with a clear path to profitability, faster time to investor liquidity, lower failure rates, and that aren't dependent on follow-on funding. We invest early and help founders maximize optionality, retaining uncapped upside for investors.

Since 2019, we have 69 companies across 3 funds, 2 exits, just 1 write-off, a TVPI of 2.95x\*, and are scaling to a \$50m Fund 4.

We call these opportunities Calm Companies.

\*Mature TVPI includes all companies greater than 18 months since time of investment

# A CALM APPROACH TO EARLY-STAGE INVESTING

Calm Company Fund is a new approach to investing in technology companies with a completely different risk profile from traditional venture capital. We back the profitable ventures that would normally bootstrap.

**We call it Early Stage Growth Equity.**

01

## RATIONAL VALUATIONS

Average entry valuation of \$2-4m for companies with working product and revenue

02

## FAST LIQUIDITY

Profit-sharing in 1-3 years, exits in 5-7 years

03

## LOW FAILURE RATE

Focus on profitability = 1 write-off in 3 years across 69 investments ([see our portfolio here](#))

04

## NOT RELIANT ON FOLLOW-ON ROUNDS

Businesses where “first check, last check” is a viable strategy

05

## RETAIN UNCAPPED UPSIDE

Calm Companies can still raise VC/growth capital and achieve IPO-sized outcomes, but our returns aren't dependent on outlier successes

# WHAT ARE CALM COMPANIES?

Calm Companies are real businesses that make more money than they spend and aren't chasing growth at all costs.

They represent the vast majority of economic opportunities and are the kind of company most entrepreneurs aspire to build.



## PROFITABLE

Strong margins and unit economics



## SUSTAINABLE

Optimizing for sustainable pace of growth



## DISCIPLINED

Capital efficient. Not reliant on outside capital.



## LONG TERM

Building a team + company that avoids burnout/founder drop off



## FOCUSED

Focused on "unsexy" and overlooked markets

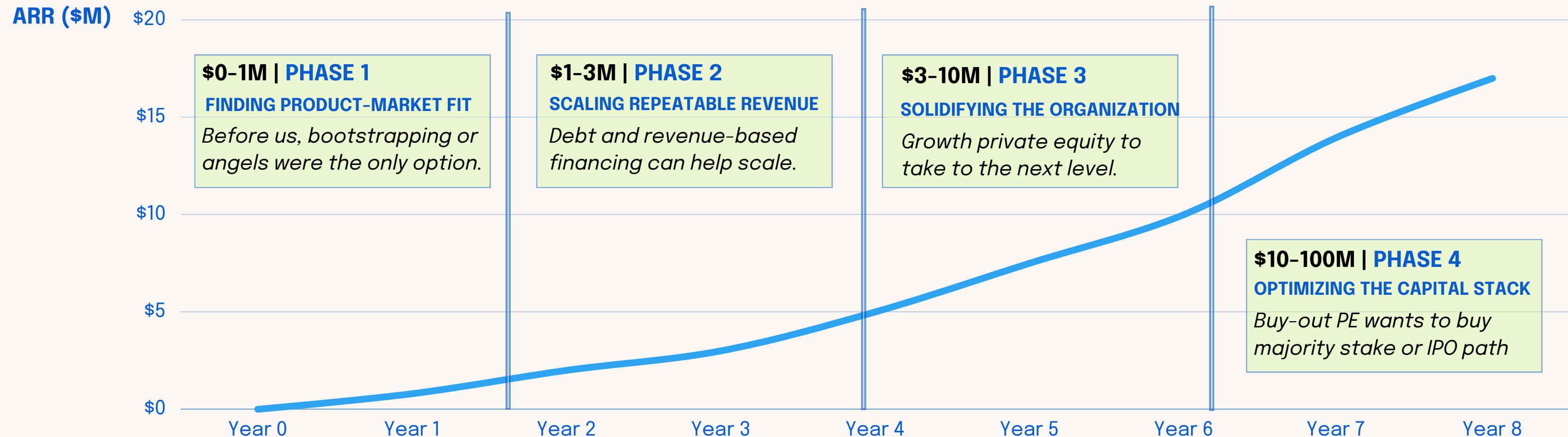


## LESS RISKY

Building with proven technologies in known markets = much higher success rate

# EARLIER INVESTING IN A PROVEN ASSET

## LIFECYCLE PHASES OF A STEADILY GROWING PROFITABLE SOFTWARE COMPANY



### PHASE 1 INVESTORS

- Bootstrapping
- Friends & Family
- **Calm Company Fund**

**WE ARE THE ONLY EARLY  
STAGE INSTITUTIONAL  
PARTNER FOR CALM  
COMPANIES**

### PHASE 2 INVESTORS

- Pipe
- Capchase
- Clearbanc
- Founderpath
- Lighter Capital
- Reformation
- Blueprint

### PHASE 3 INVESTORS

- Summit Partners
- General Atlantic
- Five Elms
- Arthur Ventures
- Growth Street

### PHASE 4 INVESTORS

- Vista Equity
- Constellation
- Turn/River
- Thoma Bravo
- Diversis
- .. and many more!

# CALM COMPANY CASE STUDIES

#	Date	Traction when we invested	Other Investors	Current Traction	Outcome
1	Q1 2019	\$48k ARR	N/A	\$1.9m ARR	Profitable; 2.1x return on shared earnings paid to-date
2	Q2 2019	\$42k ARR	N/A	\$1.4m ARR	Profitable; 0.33x return on shared earnings paid to-date
3	Q3 2019	\$90k ARR	Notable angels co-invested	Exited	Strategic Exit to Zapier; 7.5x return to fund in 18 months
4	Q4 2019	\$180k Annual Revenue	YC + angels invested in later rounds	\$5m+ Annual revenue	Close to profitable; Series A likely in Q4 2022 (Seed round: SAFEs w/ 10x valuation increase)
5	Q3 2022	\$28k ARR	Ev Williams of Twitter, Medium	\$400k ARR	Exited one product line to Ev Williams to double down on core product

*Calm Fund was the lead/only investor in all case studies.*

# CASE STUDIES (CONT'D)

#	Date	Traction when we invested	Other Investors	Current Traction	Outcome
6	Q1 2022	\$240k ARR	N/A	\$725k ARR	Currently closing \$1.2m seed @ 1.5x markup on our position
7	Q4 2020	\$78k ARR	N/A	\$1m+ Annual revenue	Will be profitable this year
8	Q1 2021	\$1.9m ARR	Mucker Capital + angels joined later rounds	\$5m ARR	Closed Series A w/ Altos Ventures 3.8x markup (Q3 2022)
9	Q1 2021	\$700k ARR	Strategic investment from Canada Development Bank	\$2m+ ARR	Closed Series A w/ Mucker Capital 4.0x markup (Q3 2022)

*Calm Fund was the lead/only investor in all case studies.*

# WHY US, NOW?

The cost of launching a software company has never been lower, which changes the risk/reward proposition and unlocks a new approach to early stage portfolio construction.

Our strategy is ideal for current market conditions. We invest at rational valuations into companies on a clear pathway to profitability that are not dependent on follow-on rounds, nor exposed to current pressures on valuations.

Calm Company Fund is at an inflection point in our track record. 3 years and ~70 companies in, our track record is moving from promising to undeniable.

We go into this in much more depth in our long form macro thesis: <https://calmfund.com/thesis>



# TRACTION FUND I

The best way to understand our fund traction is to look at the current performance of our first fund (2019-2020).

[Valuation Memo](#)

22

## INVESTMENTS

average 30 months since investment

1

## EXIT

Makerpad, Acq by Zapier

7

## COMPANIES SHARING PROFITS

100%

## COMPANIES STILL ACTIVE

3.30x

## TVPI

DPI 0.43x, IRR 58%

# TRACTION: FUND I-III (2019-22)

**69**

Companies invested in,  
to-date

**2.95x**

Mature TVPI

**1**

Investment written off

**\$14.7m**

AUM

**7**

Companies sharing  
profits

**\$1.7m**

Raised via GP equity round

\*Mature TVPI includes all companies greater than 18 months since time of investment

# DIFFERENTIATED DEALFLOW

*The most uncorrelated startup investors you'll meet*

Our unique thesis means we actively avoid “hot” markets, and don't rely on co-investors.

We love the simplicity of "first check, last check."



**88%**

**% of our investments where we led or were sole investors.**

Founder friendly isn't just a buzzword—we literally invented a new agreement so founders could succeed on their own terms.

Founders choose us, often **only** us.



**33%**

**% of portfolio that applied exclusively to Calm Fund.**

The "calm company" philosophy is gaining momentum—and the fans are formidable.

Our active global community sends a wealth of deals our way.



**100%**

**% of investments that are inbound (via our application).**

# FOUNDERS CHOOSE US

"I've not sought out any other type of VC, but the Calm Fund approach seems different to others."

*-anon applicant*



Damon Chen  
@damengchen

If I ever want to raise some money, it must be from [@earnestcapital](#), the BEST for bootstrappers!

Thank you, Earnest! I'm super excited to be part of your fam ❤️

"Calm Fund lit the opportunity fuse for our company at a critical time, allowing us to become the #1 company in the world in food safety for small and mid sized businesses."



"Our company is profitable. I was happy to run it as it is without external funds. But when I discovered the philosophy of Calm Company Fund, I thought that I can change my mind."

*-anon applicant*



Joe Selvik  
CoFounder @ FixturFab

While fundraising, I stumbled upon the @calmfund. Choose to grow at your own rate? Prioritize work-life balance? Initially, it sounded too good to be true, and we were encouraged to try the traditional Angel/VC route. However, a year later, I know we made the right choice.

"Being part of Calm Company Fund makes an enormous difference in our company. We've grown more than ever purely because we're part of this community."

Amazing."



"I don't need to raise capital, but...I really like the Calm Company Fund investment thesis. The structure offers a win-win for both the investor and company."

*-anon applicant*



Moritz Dausinger  
@mdausinger

Why not a "typical" VC seed round? While I think that building a billion dollar company is a noble goal, it's just not something I want to do. I was specifically looking for a funding model that doesn't require any follow-up rounds (Series A, Series B, ...). 🍀

6:57 AM · Mar 1, 2021 · Twitter Web App

"Calm Fund is one of the most consistent, tactical, and helpful investors we have."

They lean in with brainstorm, sounding board calls, intros to customers and other investors, whatever we need."

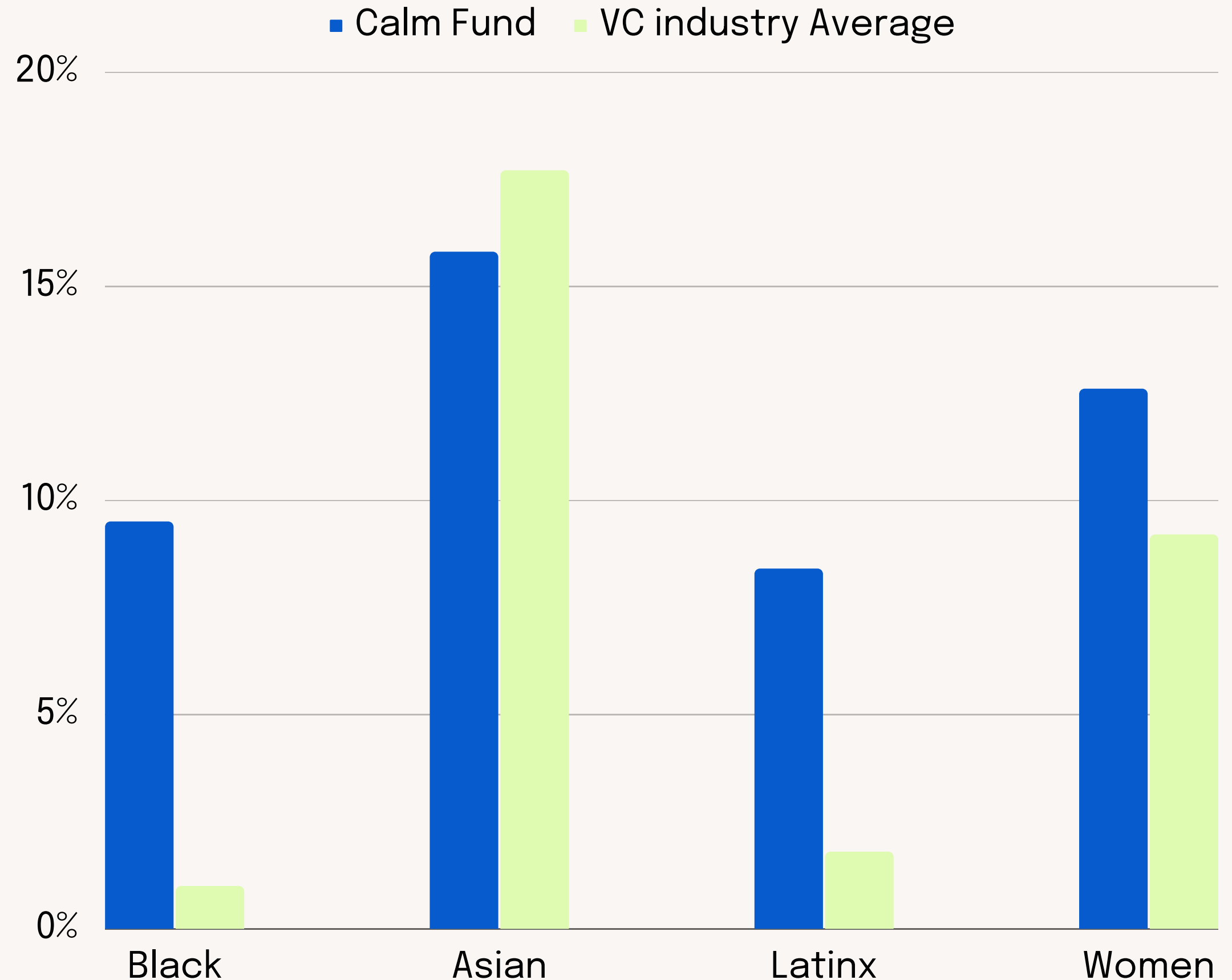


# FOUNDER DIVERSITY

Building a Calm Company, and maximizing chances at generational wealth, appeals to a broader and more diverse set of founders.

We have more work to do, but early stats are a promising improvement over industry averages.

\*Calm Fund does not actively consider founder diversity in our investment criteria





# BACKED BY BUILDERS

Our investors know Calm Companies. Of our 200+ LPs across all funds, the vast majority are successful software entrepreneurs.

**Bonus: Nearly all of them allocate time to mentor our portfolio.**



**Andrew Connor,**  
Levels Health



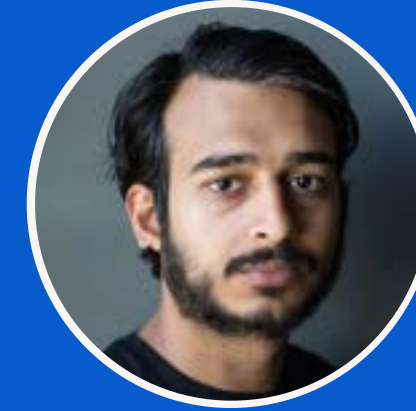
**Natalie Nagele,**  
Postmark



**Richard Felix,**  
Stunning



**Andrew Gazdecki,**  
MicroAcquire



**Sahil Lavingia,**  
Gumroad



**Jason Hodges,**  
Shipstation



**Adii Pienaar,**  
WooCommerce



**Michele Hansen,**  
Geocodio



**Neal O'Mara,**  
Hellosign



**Arvid Kahl,**  
FeedbackPanda



**Brian Kidwell,**  
Scott's Cheap Flights



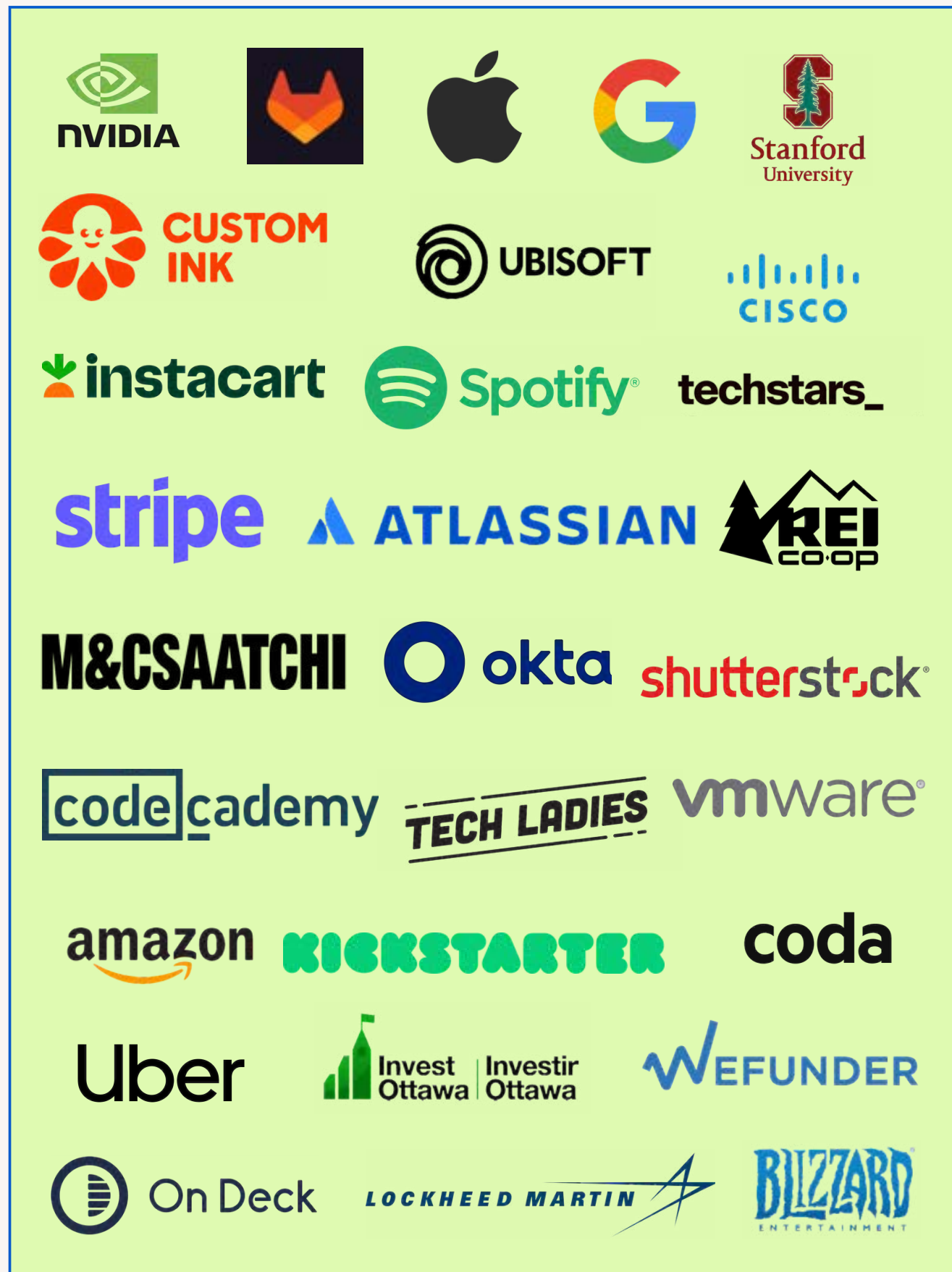
**Kevin McArdle,**  
SureSwift Capital



**Adam Wiggins,**  
Heroku + MuseApp



**Patrick McKenzie,**  
Kalzumeus Software

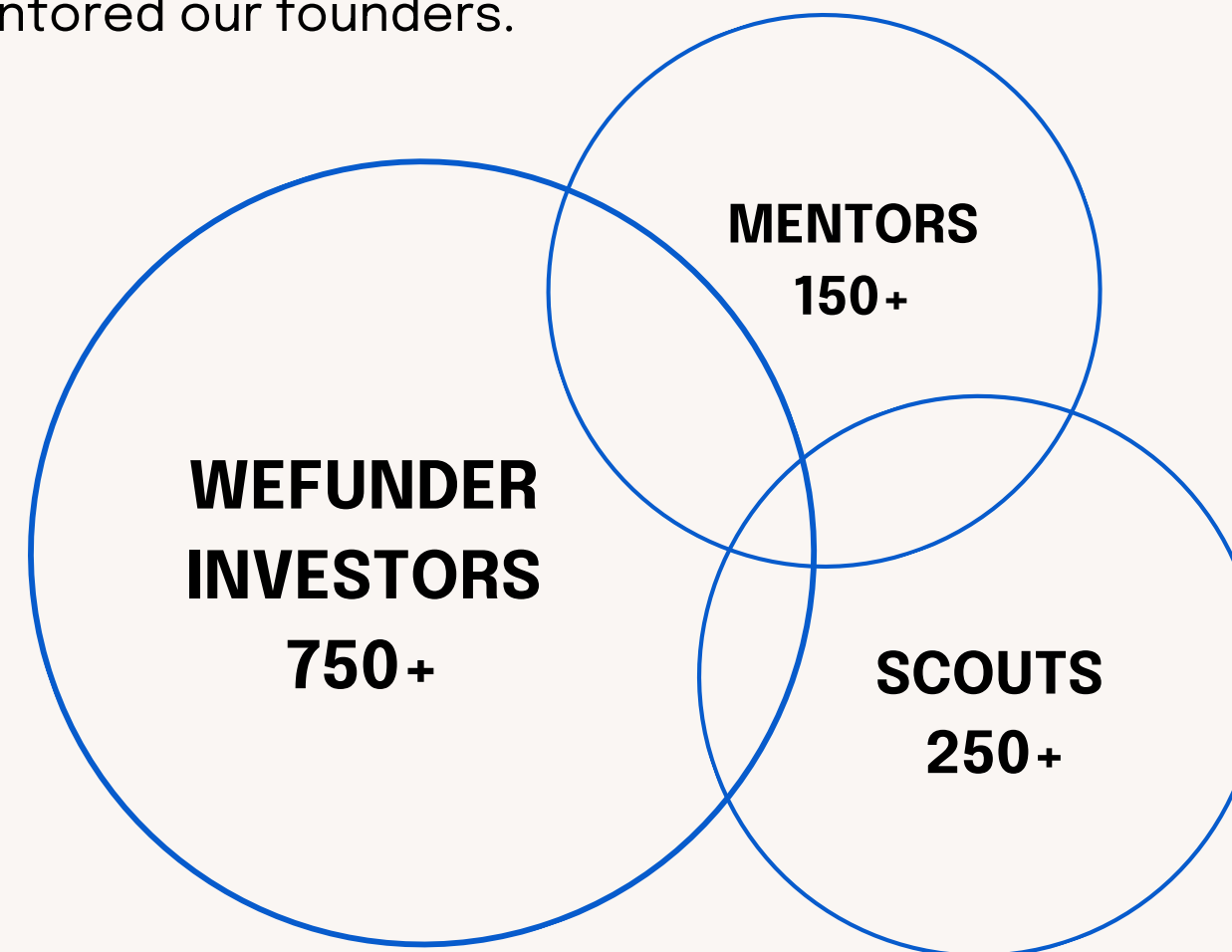


# COMMUNITY LEVERAGE

When we say "community" – we don't just mean followers or readers. We mean builders committed to (and for many, invested in) making Calm Company Fund a long-term success.

**We have 1,000+ true fans; 1,000+ operators amplifying our impact.**

← Leaders and innovators from the biggest companies on the internet are showing up to support us. They've invested \$1.7 million in our Crowdfund, scouted new companies for us, and mentored our founders.



# CALM FUND IS GLOBAL



OUR TEAM  
OUR FOUNDERS

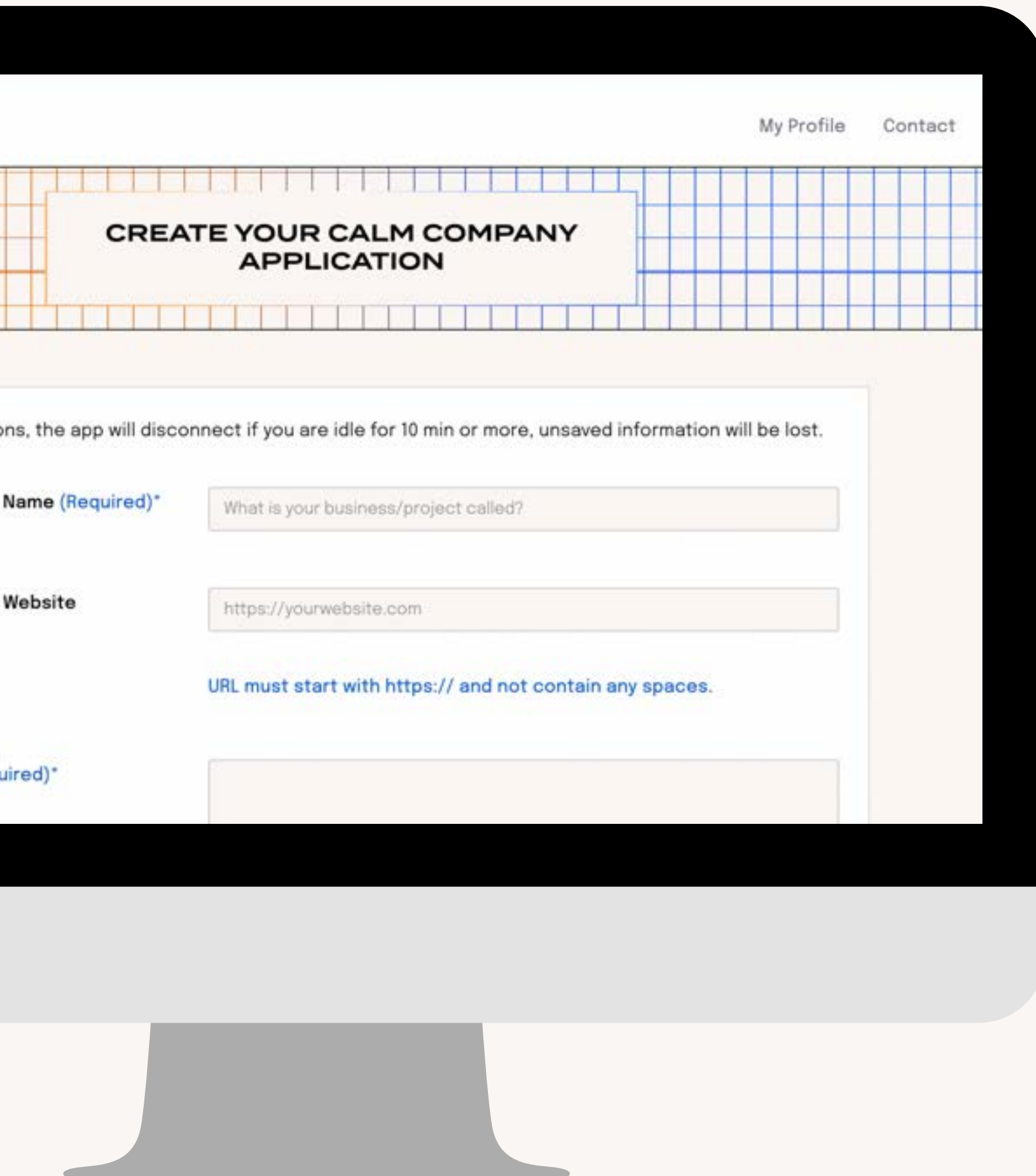
We look beyond tech hubs.  
We're a remote-first (pre-COVID), global team, investing in the best the world has to offer.



# OPERATIONAL LEVERAGE

Underrated perk of a team full of founders and operators?

We build! Our fund leverages no-code tools, with a dedicated no-code engineering team, to streamline our operations and deliver outsized experiences relative to our lean team.



The screenshot shows a web application interface. At the top right, there are links for 'My Profile' and 'Contact'. The main heading is 'CREATE YOUR CALM COMPANY APPLICATION'. Below this, there is a warning message: 'ons, the app will disconnect if you are idle for 10 min or more, unsaved information will be lost.' The form includes several input fields: 'Name (Required)\*' with the placeholder 'What is your business/project called?', 'Website' with the placeholder 'https://yourwebsite.com', and a note 'URL must start with https:// and not contain any spaces.' There is also a partially visible 'Required)\*' field at the bottom.

TAKE A LOOK  
BEHIND THE  
SCENES



**NO-CODE DEALFLOW  
WALKTHROUGH**

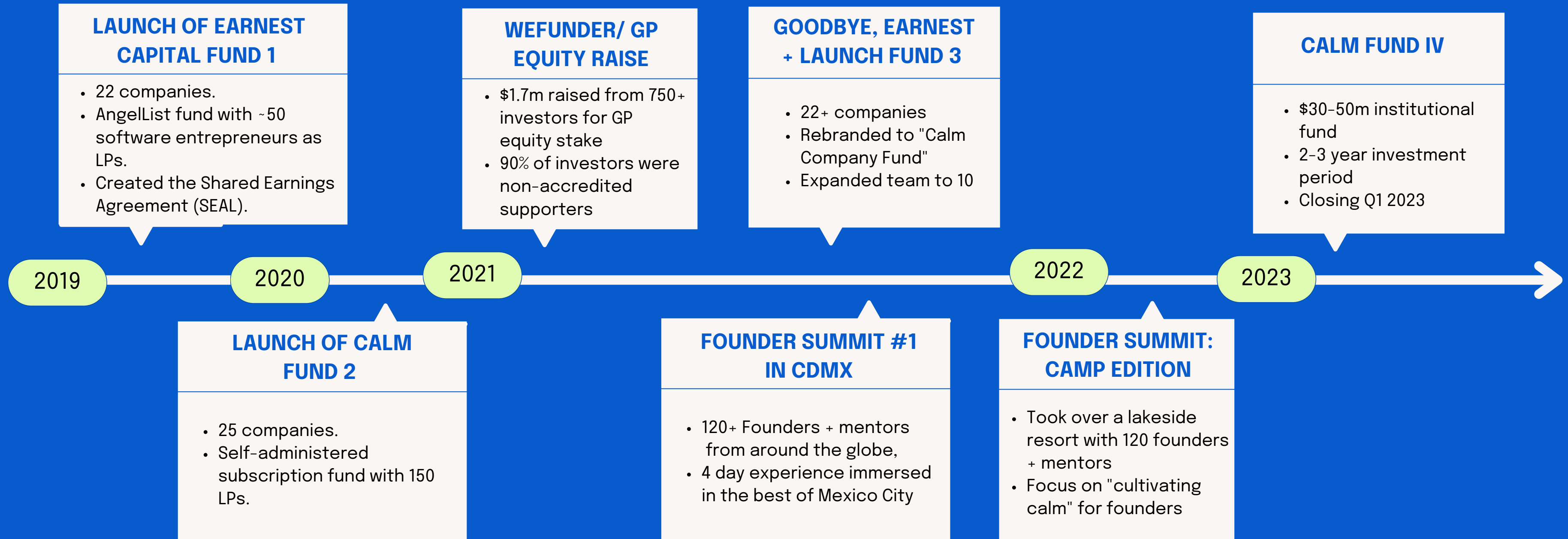




# FOUNDING GP: TYLER TRINGAS

- Founder of Storemapper, a SaaS product, taking it from side project to exit in 5 yrs
- Coined the term "Micro-SaaS" and literally wrote the book on it
- Formerly led Bloomberg's project economics modeling for all globally renewable energy technologies
- Creator of the Shared Earnings Agreement [SEAL] investment structure, an improvement to traditional revenue-based financing structures
- Named "Rising Star VC" by Business Insider + featured on Bloomberg, New York Times, and Crunchbase
- 25,000+ followers on Twitter

# A CALM TIMELINE





# OUR MISSION

**Our mission is to discover, build, and scale solutions to the challenges of building a Calm Company.**

We started our early-stage fund in 2019, and quickly realized that while there's a massive number of companies we can invest in at the early stage, the opportunity to support the whole lifecycle of Calm Companies is even bigger.

Most entrepreneurial ventures are Calm Companies, and almost nobody is listening to their challenges and building solutions for them.

Over the next 10 years, we we plan to grow our reach to support 1,000+ new Calm Companies annually. We'll provide access to capital, community, mentorship, and resources that meaningfully move the needle for entrepreneurs.

**We're just getting started.**



# INVESTMENT OPPORTUNITY

## CALM COMPANY FUND IV

- Fund Size: \$10–20m
- Average check size: \$200–300k
- Follow ons: SPVs offered to LPs
- Number of investments per year: 25
- Subscription Fund structure

Join the Fund



# APPENDIX

# Detailed Track Record

	Fund I (2019)	Fund II (2020)	Fund III (2021)
<b>Committed; Invested</b>	\$3,059,975; \$2,150,000	\$4,239,605; \$3,945,585	\$6,068,645; \$4,685,289 (so far)
<b># of Mature* companies</b>	22/22	9/25	0/22 (so far)
<b>TVPI</b>	3.30x	1.57x	0.70x (n/m)
<b>DPI</b>	0.43x	0.10x	0.00x
<b>TVG</b>	370%	68%	0%
<b>rROI</b>	61%	11%	0%
<b>IRR</b>	57.7%	39.8%	0%
<b>Median Check Size</b>	\$100k	\$150k	\$200k

\*Mature companies includes all companies greater than 18 months since time of investment

# WE'RE IN GOOD COMPANY

Here are some firms that invested after and with us.



**Bloomberg BETA**



**HUSTLE FUND**



betaworks  
ventures



# FURTHER READING

- June 12, 2022 - "CALM INVESTING IN UN-CALM TIMES"

How our strategy will change and how it will stay the same after the market correction of 2022.

- Our Thesis

The long-form essay on the macro tailwinds for calm companies.

- Investment Questions

The key questions we answer in an investment memo before every new investment.

- Our User Manual for Founders

We believe in radical transparency and giving founders the tools to decide if we are the best fit.

- Shared Earnings Agreement (SEAL) Overview

A detailed look at the financial instrument we created to stay aligned with calm company outcomes.