

# **SIDECAR FUNDS**

## **A FIRESIDE CHAT**

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**Hans Severiens Award  
2007 Contribution  
To Angel Investing**



**Founder &  
Board of  
Governors**

**ACA 2008 Summit**  
**May 8, 2008**



# TCA Intra-Group Sidecar Fund

- ✓ **Seraphim: \$2.925M, 51 LPs, 90%+ members**
  - **Automatic investment: IF \$350K and 10 members**
  - **Invested \$130K in first 20 deals that met criteria**
  - **No carry/fee; only OOP expenses (< 10%)**
    - Insurance, legal, tax returns K-1s, admin, postage, etc
    - Less than 5% spent, year after fully invested
  - **Two LLCs (funding entity, managers)**
    - Terms can get complicated; eg if capital call missed
- ✓ **Positives**
  - **Diversification – angel needs ~25 in portfolio**
  - **Adds more capital to deals – always helpful**
- ✓ **Negatives**
  - **10+ year burden on member managers**
  - **Window only opens 2-3 years; new members**



## Band of Angels Fund, LP

- ✓ **Band Fund: \$50.1M, 21 LPs, <3% members**
  - **Fully discretionary investment**
    - Typical investment in \$300k; allocation for follow-ons
    - Has done 50% of deals angels have done
    - Typically makes investments in the 3:1 to 1:3 ratio
  - **Typical 20/2.5 carry/fee**
    - Supports staff of 3
  - **Value to LPs: track Band performance (+53%IRR), provide scalable access to seed asset class and info**
- ✓ **Positives**
  - **Heavily subsidizes organization (lo dues, staff, parties, etc.)**
  - **Plays useful role of “bad cop” in deal structuring**
  - **Adds a lot more capital to deals – always helpful**
  - **Strong quid-pro-quo operating dynamic**
- ✓ **Negatives**
  - **VERY, very, very hard to raise a fund like this**
  - **Potential conflict of interest must be managed**