EXECUTIVE SUMMARY

CAPITALISM.COM

INVESTMENT FUND 1

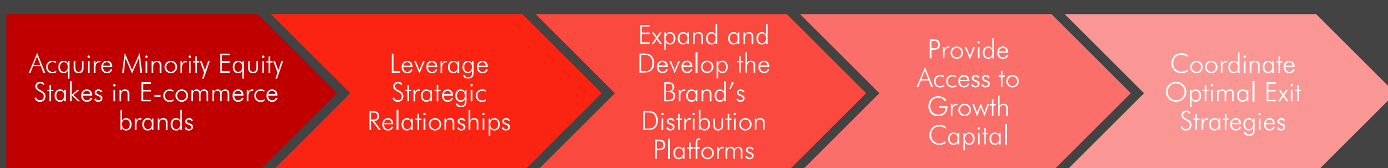
IN THIS SUMMARY

THE 20,000 FOOT VIEW

The purpose of this Executive Summary is to provide a resource to you as you evaluate this potential opportunity. You will be provided with information detailing the specifics of investment requirements, return projections, and the various potential factors that could influence the outcome of an investment.

The Opportunity

We believe this opportunity affords you the potential to passively invest in one of the most prolific sectors in the current consumer economy, in an arena with significant room for additional growth, that solves both a significant and increasing problem. By bringing a strategic partnership to the table, we are able to leverage our resources to help developing brands acquire the infrastructure and capital needed to experience rapid growth and obtain maximum value at time of exit.



The Specific Play

The play is to acquire e-commerce brands that are currently in their growth stage. These brands will be acquired at attractive valuations because of their time spent in business and because they understand the value of working with a strategic partner. Once partnered, we will expand the brand’s infrastructure using the experience, relationships, and resources of the Capitalism team. We will then work with brand to scale rapidly on this infrastructure, helping them prepare for exit as we build and operate a healthy business.

The Management and Admin Team

RYAN DANIEL MORAN

Ryan Moran is the Founder and CEO of Capitalism.com, a platform that educates and inspires entrepreneurs to build and invest the profits. Prior to Founding Capitalism, Ryan built an e-commerce company from a $600 investment into an 8-figure exit four years later. Since then he has spent his time pouring into his community of largely e-commerce based entrepreneurs to equip them with the tools necessary for exponential growth. This has led to an engaged and loyal audience. Ryan's podcast and YouTube channel currently reach tens of thousands of entrepreneurs, giving him unique access to deal flow and strategic relationships.

SAMUEL PRENTICE

Samuel Prentice is a third-generation entrepreneur and investor from Oklahoma City with more than a decade of experience in the financial services industry. Samuel has a passion for mentoring and equipping entrepreneurs and investors in the most effective strategies and methodologies for building wealth. He's been actively serving the Capitalism Community since 2016 and helped hundreds of entrepreneurs and investors keep more of the wealth they've created. In working with private clients and business owners, Samuel has developed a variety of strategic relationships for efficiently building and scaling businesses.

FULLY ACCOUNTABLE

Fully Accountable has over a decade of experience specializing in accounting and bookkeeping for e-commerce companies. By providing exceptional fractional CFO services along with other resources, FA will work hand in hand with the Fund to make sure we have access to better data so we can make the best tactical and operational decisions. As a fully modernized firm, they will integrate with acquired brands seamlessly, provide real time reporting from due diligence to sale, and ultimately help us maximize our margin from each brand.

DEAL STRUCTURE

- Investors will own shares in Capitalism Investment Fund I
- Capitalism Investment Fund I, LLC is a private placement entity created solely for the purpose of these acquisitions, growths, and exits.
- Investors will own limited partner shares in the fund.
- The General Partner shares will be owned by a manager entity controlled by Ryan Moran and Samuel Prentice.
- GPs retain 50% Equity. LPs retain 50% Equity.
- LP has priority on cash flow.
- All cash flow will be distributed pro-rata to the investors until all principal has been returned and investors have made a preferred return of 8% per annum on thier principal.
- Once principal has been returned and preferred return hurdle has been hit, profit will be split 50/50 between GPs and LPs.
- Cash Flow distributions will be made quarterly according to the profitability of the fund assets.
- Primary Cashflow events will be upon the exit from each brand.

Returns, Risks and Risk Mitigating Factors

Returns, Risks, and Risk Mitigation:

We are pursuing fund with a total planned raise of $5,000,000. Our goal with the fund is to acquire a diversified portfolio of equity holdings in e-commerce companies. Our intention is to acquire ownership in 10-20 different companies as a method of diversifying the risk, and potentially increasing exit multiples for companies in similar brand categories.

Our Deal flow will primarily come from the Capitalism, Freedom Fastlane, and Ryan Moran audience. This is attractive for two reasons. One, we know that strategically, there is a high chance the goals of a partner from this pool will likely be philosophically aligned with the goals of the fund. Secondly, the deal structure will be advantageous and favorable to the fund because the Brand Owners would like to benefit from the strategic partnership created upon receiving and investment from the fund. Because we have significant deal flow, this allows us to mitigate our risk with significant due diligence.

Our due diligence process consists of a variety of evaluations concerning a company's ability to grow. We prioritize e-commerce businesses in long-term, high-margin markets, including food, consumables, and other "evergreen" industries. We specifically seek companies that are leaders on major e-commerce sites such as Amazon, Shopify, and other online retailers who have the potential to grow both vertically and horizontally. The purpose of growing the business both vertically in and horizontally is both to increase profitability as well as mitigate e-commerce platform related risk.

As an initial step, we require financials of potential target companies to be compiled and reviewed by a third party so that we can analyze cash flow, profit margins, and growth potential. Then we review the product, the entrepreneur, and the brand. We seek to identify products that solve a real problem for people, has a likelihood of performing well in both growth and recessionary economic environments, and we believe innovates and serves and audience better than anything else on the market right now. We look for entrepreneurs who are driven, capable, passionate, and share our vision of a healthy partnership and future goals for the business. We look for brands that strong brand to consumer relationships already established, are underutilizing their brand equity, and have the ability to scale with the addition of capital and infrastructure.

While there is a level of speculative risk involved with investing in and growing early stage e-commerce companies, we have a unique competitive advantage of superb and incentivized deal flow, affording us prime choices from a variety of attractive companies. We believe that by buying companies with actual value today, we can mitigate elements of that risk by bringing the resources and funding to help brands proactively grow and internally mitigate their individual risks on a micro, using the same practices we put in place to diversify and mitigate our risks on the Fund's macro level.

One final element of risk mitigation is evidenced in the creation of a win-win-win platform for all parties involved. Our goal was to foster an environment where there is enough meat on the bone to incentivize enthusiastic participation by all parties. Investors receive attractive passive returns, the fund GPs have significant enough splits to justify a devotion of time and resources to growing these companie

Return Modeling

We believe that this offering provides are unique opportunity to passively invest in a diversified portfolio of e-commerce companies with significant upside potential.

Using what we believe are conservative projections (*details below), we modeled out the potential for returns based on a $100,000 investment.

Growth Numbers represent average year over year growth. Total returns are modeled based on the net to investor after GP expenses and split.

Please Note: Actual returns will vary. You could lose some or all of your investment.

35% Average Growth:
Total Returns: $158,850
Target IRR = 9.84%

50% Average Growth:
Total Returns: $236,050
Target IRR = 18.74%

65% Average Growth:
Total Returns: $349,600
Target IRR = 28.45%

*Conservative Assumption are based on: 1.) A loss rate of 50% for all capital brought into the fund. 2.) A 5 year hold period with no distributions made prior. 3.) There is no factoring for an increase in business multiple at time of sale from the multiple we paid at acquisition.

Risk and Risk Mitigation

Sales Platform Risk

This is perhaps the single most prolific problem with sellers who primarily sell on one platform. They are simply one algorithm, one shutdown, or a few bad reviews away from having their brand devalued significantly. There are three primary ways to mitigate that risk. First, operate and scale ethically. Plain and simple. Make your operation a win-win for the platform and don't cheat the system. Second, create a loyal brand. This is the asset that allows you to launch new products and adapt to challenges in the market or your platform. Third, DIVERSIFY across multiple sales channels. Often times small brands have only developed one or two of their verticals. We view that "risk" as the opportunity to increase sales and the value of the brand by improving their distribution infrastructure's reach and stability.

Operator Risk

There is really no way to completely eliminate the risk of a partner doing something harmful to the business. We can however mitigate the risks. Initially, we attempt to weed out those who we would NOT want to partner with from a character or capacity standpoint during our extensive due diligence. Next, we put in place a variety of safeguards to make sure we create win-win parameters. As an investor this is true of the relationship with the fund, and your relationship through the fund to each acquired brand. Involved parties should wet their beaks at the same time and share in profits pro-rata to their ownership. No owner party should be receiving significant compensation while another owner party is not. While we each business may choose to reinvest much of their profits back into the business for the eventual benefit received through exit multiples, we will put in place limitations on the brands ability to increase salaries, and otherwise strip money from the company. This risk is partly mitigated in that the owner will still be a majority owner, and therefore has a vested interest in the success of the company.

Economic Risk

There are a variety of factors that come into play when it comes to the consumer purchasing habits of the general populous. While economic risk is a factor, we attempt to invest in brands that have strong brand to consumer relationships, in essential to semi-essential consumption categories. In so doing, we anticipate that we should be able to weather a variety of economic conditions

Legal Risk

Any brand has the potential for legal risk for a variety of different reasons. We attempt to mitigate that based on the brands we choose as well as through diversifying across multiple brands. While each brand will mitigate that risk individually, we will also have language limiting any liability to the fund. Additionally, since Ryan is a public figure, he is an easy target for any litigious action. We plan to mitigate all these risks by: Operating Ethically and in good faith, maintaining solid representation, and aggressively pursuing our legitimate operations and defending our rights.

Business Plan

The business plan involves two primary components that will run concurrently within the fund.
First, there will be an equity component comprised of a diversified portfolio of e-commerce companies. We will be working closely with each brand to design a quarterly and multi-year business plan, connecting them to resources to optimize their growth potential and diversify their risk, and then holding them accountable to implement.

Secondly, we will be using fund capital or relationships to provide a line of credit secured by inventory or other assets.

This allows us to accelerate the growth curve and viability of the business. Pairing access to capital with an efficient and profitable infrastructure is our primary plan for increasing the profitability and valuations of these businesses rapidly.

Finally, we will be implementing practices that were learned through years of experience and being a part of multiple exits. Rather than start the planning phase for exit once you are ready to sell, we will be mindful of a sale during the acceleration and growth phase. This will allow us to sell while we are rapidly ramping upward on our growth curve as opposed to taking the foot off the accelerator and burning out the entrepreneur trying to fix years of bad practices and impossible to replicate processes. By diversifying within each business across multiple sales platforms, building an engaged audience, and putting processes in place where a buyer sees a business and not just an entrepreneur, we should command peak valuations.
As we have the assets of this initial fund maturing on a similar timeline, one final aspect of opportunity is the potential to bundle assets both from within the fund and outside the fund to obtain the highest possible multiple.

FAQ

What is the profile of the target e-commerce businesses?

We are targeting physical products businesses that have proven distribution of their product to a loyal audience. We are looking at primarily business with about 1 Million in gross revenue. These business typically have the greatest untapped potential, which benefits the business in that we can grow them faster than they would grow alone, and the capital partners as we are able to buy at a discount, accelerate growth with proper infrastructure, and exit as a larger company commanding a higher multiple.

What are the biggest factors that drive the profitability of an e-commerce business holding?

As with any asset, the biggest factors are always supply and demand. As the long term trend of e-commerce sales continues to accelerate, we want to position ourselves to take advantage of the constantly fragmenting marketplace. Brands that are driven by strong entrepreneurs, are in a market that we believe has evergreen potential, and have good brand to consumer relationships are poised to take advantage of the overall buying trends in an exponential fashion.

How often will distributions be made to investors?

We anticipate making quarterly distributions according to the pro-rata investment made by each investor. In the event of a sale of the asset, distributions would be made according to ownership and preferred return hurdle (if applicable) within 60 days of the close of the sale.

Can you discuss the risks of this investment?

As with any private investment in the e-commerce sector, this investment should be considered risky, with the possibility that you could lose some or all of your money. Before considering an investment, you should review carefully the risks outlined in this document as well as the risks disclosed in our Investor Disclosure Document.

What is the minimum investment for individuals and IRAs?

The minimum investment for both individuals and IRA's will be $100,000. We are expecting to raise approximately $5,000,000 for this offering.

What makes this offering different from other offerings?

We believe there is significant upside potential in this specific offering. This is an incredibly unique offering where a fund partner has access to preferentially advantaged deal flow in an asset class that inherently has significant upside potential. By buying at the optimal time, we are able to participate in the most drastic growth times of these developing companies, and take advantage of the increased sale multiple at time of exit.

Tax Information

Investors will be issued a K-1 at the end of each tax year for their pro rata share of all income and deductions associated with the operation of these assets. The factors that will influence that will be revenue, expenses, and depreciation. We are actively in consult with our tax advisors regarding the best strategic tax operations to improve both the brand and fund cash flow.

Next Steps

For more information, please contact
Investor.Relations@capitalism.com
We will forward our Confidential Investor Disclosure Document and all of the materials you need to invest.

Timeline:
Signed Investment Agreements will be needed by the 28th of May, with all monies received by the 5th of June to participate.

Shares will be determined upon closing of the fund, and quarterly statements should be made available to investors within 120 days.

CONTACT US

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