

January 1st, 2025

Dear Limited Partners,

As we reflect on an extraordinary year at SUM Venture Partners, I want to extend my gratitude for your continued confidence and support. Our partnership has laid a foundation for exceptional outcomes, and I remain committed to our shared vision—one built on focus, integrity, and decisive execution.

2024 Milestones: Fund I & The Inflection Fund

2024 marked a pivotal year for us. We successfully closed our inaugural Fund I and launched the Inflection Fund, both of which highlight our growth trajectory, commitment to innovation, and measurable impact on the companies we back.

Fund I Highlights

Fund I's performance has been remarkable. We are currently tracking a 40%+ Gross IRR, with our first exit producing an 80% IRR. These results underscore our core strategy: invest early in high-potential founders, help them achieve market leadership, and guide them toward successful exits. Given our markups to date and the pace of our exits, we are trending toward a top-decile ranking within our 2022 vintage, illustrating the effectiveness of our investment approach.

Within our robust portfolio of 34 companies, 90% of Fund I's capital has been deployed in just 12 of those startups. While venture returns often follow a power-law distribution—where a small number of top performers drive the majority of returns—our current pipeline suggests as many as seven of our portfolio companies could reach unicorn exits. We believe four to five of them could singlehandedly yield results that position us among the very best in the 2022 vintage.

It's no exaggeration to say we're backing transformative ventures across industries—plastic alternatives, orthodontics, payments, fantasy sports/gaming, digital fashion, AI-enabled proptech/home search, irrigation, and parking technology. We've also seen some of the largest funds in the world—such as A16Z, Invus, Nextpoint Capital, Snap, Meta, and 50+ others—follow our initial investments, reinforcing our strategy of investing prior to key inflection points where major players drive valuations higher. We look forward to sharing further updates as these companies continue to mature and reshape their respective sectors.

Notable Achievements

- **LiveEasy:** Exited at an \$80M valuation, returning \$1.62M to Fund I.
- **Brius:** Successfully launched in Japan and India with a new iteration of its Brava orthodontic system and entered Series B negotiations.
- **PayAmigo:** On track to process \$35M in monthly total payment volume and \$12M in ARR by the end of Q1, securing expansion approvals across Latin America.
- **Paperwork/Ovation:** Integrated with over 175 credit unions, streamlining financial services and user experiences; recently achieved profitability.
- **UNest:** Became debt-free, launched Life Insurance, grew AUM to \$37M, and is on track for cash-flow breakeven in January.
- **Eduworks:** Garnered multiple accolades, including a DARPA Tools Competition win and a \$2M US Army xTech contract.
- **PlantSwitch:** Raised a Series A at a 3x markup, scaling partnerships with Walmart and McDonald's.
- **Purlin:** Achieved cash-flow breakeven with AI-powered solutions, launched Maya the first ever AI real estate agent and named a top AI PropTech platform.
- **DressX:** Emerged as the digital fashion market leader with 30x growth, distributing 60M+ digital items across IG, SNAP, and Roblox.
- **Automotus:** Became a leader in parking technology, surpassing \$30M+ in annual revenue under contract and live in 14 major cities.
- **ClearClub:** Reached profitability with a scalable subscription model for custom-fit dental products. Over 50k customers served with 60% opting in for subscription night guards.
- **Fantasy Life:** Became the fastest-growing fantasy sports platform, more than doubling its user base in Q4 2024 under Matthew Berry's leadership –\$8M revenue booked already for 2025.
- **Lynx Bio:** Entered diligence on an acquisition offer from a strategic partner, signaling a promising exit opportunity.
- **Irrigreen:** Revolutionized water conservation with smart irrigation technology, receiving a Series A term sheet at a \$44M valuation.
- **THIA:** Closed investment at a \$70M valuation cap, launched an AI solution in partnership with Nvidia in Dubai, and was named a top 4 AI company by the DOD.
- **Sweat Pals:** Received a term sheet from Andreessen Horowitz (A16Z).
- **Skidattl:** Integrated with the SXSW app, active in the largest South American theme parks and multiple golf courses, and in late-stage talks with Signarama.

These accomplishments highlight our core strength: identifying and scaling market-leading companies across diverse sectors. This is just a snapshot of the exceptional work done by our founders, and I've excluded our smaller pre-seed investments for brevity. I encourage you to visit our website and explore the portfolio to learn more about these ventures.

Team Expansion & Embracing Innovation

This year, we welcomed Elizabeth Spears as General Partner. Her deep AI and product-strategy expertise has been invaluable in driving AI-enabled efficiencies across the portfolio—accelerating growth and managing scaling risks.

We also continue to benefit from Harry Hopper’s seasoned guidance and hands-on support, Raj Khoshoo’s strategic insights drawn from his leadership at Siemens, and the ongoing strengths of our partnership team: Peter Jun, John Paglia, Nachi Gupta, Derek Hu, Hunter Ballard, and Amanda Hinchey. Together, SUM Ventures is well-positioned to navigate an evolving venture landscape.

Strategic Insights: Navigating the Venture Market

As the venture market consolidates—75% of total VC capital in the U.S. was raised by just 30 firms—larger players dominate more capital, often prioritizing AUM over high IRR. Our approach is distinctly different. We focus on:

1. Small pre-seed strategic early investments in exceptional founders.
2. Hands-on operational support to accelerate growth and mitigate risk.
3. Doubling down on winners as they approach key inflection points.

By maintaining a disciplined model, we have attained meaningful ownership (averaging 7% in top-performing companies). Our approach also derisks our seed investments: we gain deeper insight into both the founders and their startups, and build confidence through positive, forthcoming milestones that validate further investment.

Founding Principles of SUM Ventures

When I founded SUM Ventures, I did so guided by a clear set of principles:

1. **Invest in Founders First:** Great companies start with resourceful, ethical, and driven founders.
2. **Always Be Honest & Direct:** Transparency and clarity strengthen trust.
3. **Creativity is Key:** Capital isn’t the only solution; we explore innovative ways to add value.
4. **Don’t Worry About Who Gets Credit:** We focus on outcomes over ego and acknowledge/reward our team and network for sharing deal flow and their expertise.
5. **Have Your Founders’ Backs:** Our entrepreneurs are our best advocates and supporting their growth is our focus.

6. **Recognize the Difference Between Price and Value:** Company valuation and our ownership targets influence our decisions; we won't pass on a promising opportunity if we have strong conviction in the company and its founders.
7. **Know Your KPIs & Competitive Advantages:** MOIC, IRR, and referral rates guide our decisions. Ensuring our founders know their KPI's is equally important.
8. **Find the Win-Win:** Our smaller fund size allows us to stay flexible and founder-aligned.
9. **Over-Communicate:** Through our monthly meeting, newsletter and we leverage KPI trackers and consistent updates to keep everyone informed.
10. **Always Take/Attend the Meeting:** Some of our top deals were first seen as long shots. We dug in followed-up, supported the founders and knew when to make the investment.
11. **Invest in Your Values:** We seek positive impact and large TAM opportunities that match our vision.
12. **Encourage Disagreement & Debate:** We rely on a cross-functional team of experts with varied backgrounds who frequently challenge my assumptions and each other's opinions. This constructive friction ensures we explore multiple perspectives and arrive at the best possible investment decisions.

These principles inform our every move, ensuring alignment with founders, partners, and LPs.

Looking Ahead to 2025

Our key priorities for 2025 include:

1. **Supporting Founders to Raise at Higher Valuations:** Helping them secure follow-on funding from top-tier investors.
2. **Navigating Strategic Exits:** Positioning founders to capitalize on acquisitions and potential IPOs.
3. **Leveraging AI-Driven Efficiencies:** Guiding our portfolio to reduce burn, improve operations, and unlock new revenue streams through AI.
4. **Drive towards profitability:** We guide founders in creating profitable, resilient companies that preserve optionality—whether securing further investment to expand rapidly or pursuing timely exits.

By aligning resources, expertise, and capital, we aim to ensure each portfolio company grows sustainably and strategically to its next stage of development. Specifically, we provide direct operational support, connect founders with seasoned mentors, and leverage our network to foster strategic partnerships. Through this structured approach, founders receive guidance on everything from go-to-market strategy and financial oversight to technology implementation—allowing them to focus on product innovation while we help pave the way for sustainable success.

Gratitude & Commitment

None of this would be possible without your support. Your trust fuels our mission to identify, scale, and exit the companies shaping tomorrow's marketplace. We remain laser-focused on delivering a premier IRR while honoring our guiding values and commitment to long-term impact.

Thank you for being part of this journey. I look forward to an impactful and prosperous 2025 at SUM Venture Partners.

Warm Regards,



Garrett Gilbertson
Managing Partner
SUM Venture Partners