

Firm/Strategy Update: Frontier | Frontier Opportunity Fund (aka Frontier Fund VI)



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 Apogem Capital (fka Private Advisors)

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Son Le, Pat Burkett, and Will Volkmann met with Joel Lanik, Andrew Lindner, Conner Ryan, Mat Williams, and Paige Klump at Frontier's office in Charlotte on March 15, 2023.

1.Key Takeaways:

- **Strategy:** The Frontier Opportunity Fund (aka Frontier Fund VI) had the final close in Q3 2022, raising \$258M, significantly lower than the prior Fund with \$700M raised. The Fund made the first investment in atVenue in Q3 2022.
- **Team:** There was no departure or addition at the partner level; Conner Ryan joined the team as the Vice President of the investment team.
- **Performance:** data is not available.

2. Firm Update

- Founded in 1999, Frontier is a lower-middle-market growth equity Firm focused on investments in software companies in the U.S. As of September 30, 2022, the Firm has four active vehicles: two in the investment period and two in the harvesting period.
- The team is targeting the following verticals for the upcoming years, given favorable market tailwinds and the stickiness in the business model: property tech, field service management, construction tech, insurance tech, manufacturing supply chain and distribution, government tech, and healthcare tech.

3. Strategy Update

- Frontier Opportunity Fund (aka Frontier Fund VI) was formed to invest in privately held companies whose growth provides the opportunity for reasonable investment returns through capital appreciation.
- The Fund had the first close in January 2020 and the final close in Q3 2022. COVID significantly disrupted the fundraising process; therefore, the Manager could only raise \$258M for this vehicle, compared to \$700M raised in Fund V.
- Instead of striving hard to hit the fundraising target of \$800M, the Manager stopped fundraising and instead focused on finding attractive investments. In Q3 2022, the Fund made the first investment in atVenue, which provides POS and integrated payments, inventory management, and financial settlement solutions to the live events industry.
- As of September 30, 2022, the Manager has one potential new investment under LOI and five assets in the IOI phase, representing more than \$80M in potential deployments.
- As of September 30, 2022, the Fund has \$258.3M in committed capital with 8.9% invested. The strategy remains focused on the lower-middle market, and

high-growth SaaS companies; the Manager expects to complete around ten platform investments out of this Fund over the next two to three years.

- CAPTRUST clients committed \$6.25M to the Fund.

4. Team

- There was no departure or addition at the partner level.
- Conner Ryan (ex-Polaris Partner) joined the team as the Vice President of the investment team. He is the one leading the investment in atVenue.

5. Performance

- No performance data is available as of September 30, 2022, given that the first investment just had been made around the period.
- Regarding the first investment - atVenue, the company had \$12.1M in TTM revenue and was operating at a 43% trailing adjusted EBITDA margin as of August 2022. Management expects to end the year with \$14.1M in revenue, representing 170%+ growth over 2021 and \$4.5M in adjusted EBITDA. The investment in atVenu is structured as a participating preferred security with a 3.25x cap, which allowed the Fund to be more flexible with its go-in valuation without sacrificing potential future returns