



Founder Overview

Fund Background

Nucleus Fund is a \$40M early stage venture capital (VC) fund backed by the state of Utah.

- Nucleus Fund operates as an evergreen fund, so any returns generated are reinvested back into fund for future investments.
 - Unlike traditional venture funds, there are no Limited Partners (LPs) requiring a return of capital within a certain number of years. A standard venture fund's 5-7 year lifecycle is not compatible with long-term investments, such as those in early-stage life sciences.
 - For this reason, Nucleus Fund is a source of "patient capital."
- Capital was allocated from returns from the Utah Fund of Funds, not taxpayer dollars.

Minimum Criteria & Initial Screen

The goal of the Nucleus Fund is to support Utah's deep tech innovation economy.

Three core minimum criteria mandated by the state (HB 530) are:

1. Principal business operations are in Utah
2. Commercialization is in partnership with a public or private institution of higher education in Utah
3. Deep tech focused (eg life sciences, energy, defense, advanced manufacturing, cyber, & emerging technologies)

Fund Process

- Nucleus Fund is unique in that our analysts are university students in Utah. They are hand-selected high performers in undergraduate and graduate programs, including MBA and PhD programs.
 - The majority of founder interactions will be with student analyst teams. However, fund management works closely with the analysts, guiding the diligence process.
- After applying on the fund website, an analyst team will complete an initial screening. If all minimum criteria are met, the due diligence process begins.
 - Due diligence (DD) is a deep dive into understanding the company, including its technology, market, customers or potential customers, and more. During DD, analysts will request information and materials from the company to support this research.
- Internal reviews by Nucleus Fund Managing Directors (MDs) are conducted throughout and at the completion of DD. If approved by MDs, a deal is then presented to the Investment Committee (IC) for a final investment decision.
 - The IC is composed of professionals with extensive experience in deep tech and venture capital.
- While a decision not to invest can be made at any time, it will typically take three to four months from initial contact with the fund to an IC decision.

Typical Investment

- An initial investment from the Nucleus Fund has historically been \$250,000. However, this is not a requirement and the fund is flexible on investing varying amounts. Additionally, the fund is open to investing in follow-on rounds with successful portfolio companies.
- Generally, convertible notes and SAFEs are used.
- Nucleus Fund does not typically invest as a "lead" investor but rather alongside a lead investor who can provide sufficient validation.
 - A lead investor will act as a primary point of contact for terms and legal negotiations.
 - An ideal lead investor can contribute significantly to or lead the next round. Having a proper lead investor will prepare your company for future raises.
- It is a best practice to engage other VC funds at the same time that you are applying for funding from the Nucleus Fund.