



# Second Quarter 2017 Earnings Call

August 7, 2017

Allen F. "Pete" Grum  
President & CEO

Daniel P. Penberthy  
Executive Vice President & CFO

# Safe Harbor Statement

*Statements included in these slides that do not relate to present or historical conditions are “forward-looking statements” within the meaning of that term in Section 27A of the Securities Act of 1933, and in Section 21E of the Securities Exchange Act of 1934. Additional oral or written forward-looking statements may be made by us from time to time, and forward-looking statements may be included in documents that are filed with the Securities and Exchange Commission. Forward-looking statements involve risks and uncertainties that could cause results or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “believes,” “forecasts,” “intends,” “possible,” “expects,” “estimates,” “anticipates,” or “plans” and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the state of the national economy and the markets in which our portfolio companies operate, the state of the securities markets and the national financial markets, and inflation. Forward-looking statements are also subject to the risks and uncertainties described under the caption “Risk Factors” contained in documents that we file with the SEC, including our 2016 Annual Report on Form 10-K filed on March 8, 2017. There may be other factors not identified that affect the accuracy of our forward-looking statements. Further, any forward-looking statement speaks only as of the date it is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time that may cause our business to not develop as we expect, and we cannot predict all of them.*



# Second Quarter 2017 Highlights

- Application for second SBIC fund currently in review process with SBA
  - Funded new SBIC subsidiary with \$7.5 million
  - Expect approval for \$15 million of new leverage
- Invested \$3.35 million, of which \$3.0 million was from new fund
  - Four follow-on transactions
    - \$3 million of debt
    - \$350,000 of equity
- NAV of \$5.00 per share at 6/30/17
  - Impacted by unrealized losses on certain investments, reflecting current operating conditions within the companies



# Q2 2017 Follow-on Investments



Henrietta, NY

- \$2,000,000 term note
- Total investment FV: \$3,500,000
- Initial investment: 2016
- Improves health care delivery through intelligently aggregated clinical records and images for patient referrals



Winter Park, FL

- \$1,000,000 promissory note
- Total investment FV: \$4,003,397
- Initial investment: 2015
- Designs, produces and distributes patented laparoscopic surgical instrumentation



Woburn, MA

- \$250,000 equity
- Total investment FV: \$2,028,984
- Initial investment: 2013
- Produces portable analytical devices using XRF, LIBS and RAMAN spectroscopy to identify compounds, minerals and elements



BeetNPath, LLC, Ithaca, NY

- \$100,000 equity
- Total investment FV: \$650,000
- Initial investment: 2014
- Frozen entrées and packaged dry side dishes made from 100% whole grain steel cut oats under Grainful brand

# Athenex (NASDAQ: ATNX)



- IPO: June 2017 @ \$11/share
  - Currently trading @ ~\$14/share as of 8/3/17
  - ~\$780 million market cap
- Portfolio company since 2014
- Rand's position: 46,296 restricted common shares
  - 6/30/17 fair value: \$614,000, or \$13.26/share
  - Valuation reflects 20% discount to quarter-end market price, due to trading restrictions
- Global oncology-focused biopharmaceutical company
  - Developing novel therapies
  - Creating more effective, safer and tolerable treatments
- Corporate headquarters: Buffalo, NY
- Manufacturing: U.S. and China

# Portfolio Companies: By Revenue Stage



Start up  
Revenue: up to \$1M

Initial Revenue  
Revenue: \$1M to \$5M

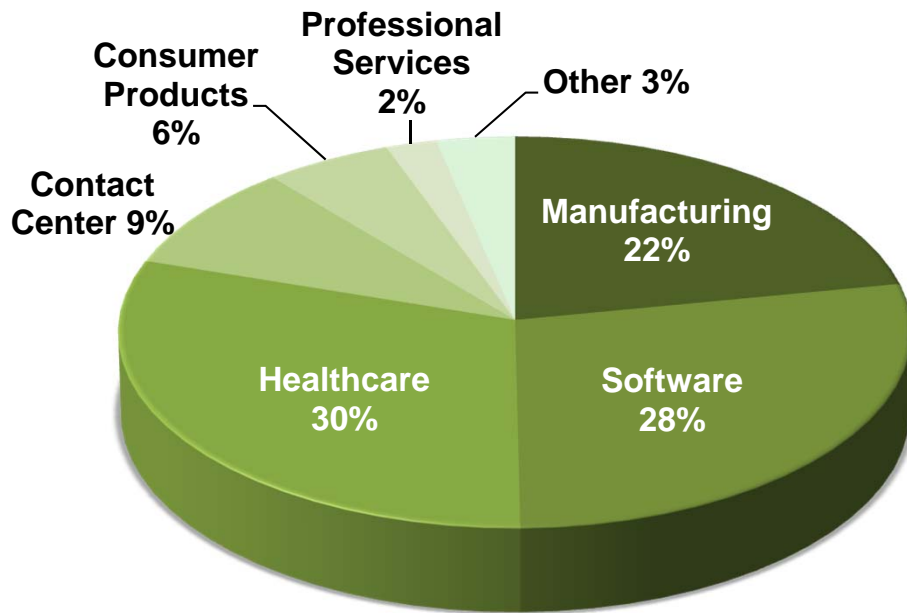
Expansion  
Revenue: \$5M - \$20M

High Traction  
Revenue: >\$20M

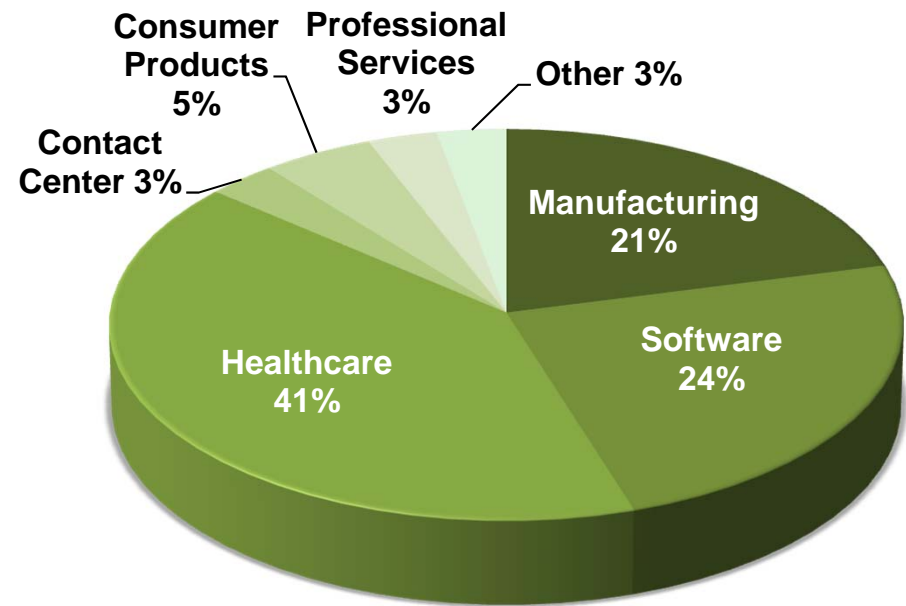


# Diverse Portfolio Reflects Strategy

## Investments by Industry Classification



*Based on total investments at fair value of \$27.7 million as of June 30, 2016*



*Based on total investments at fair value of \$30.3 million as of June 30, 2017*

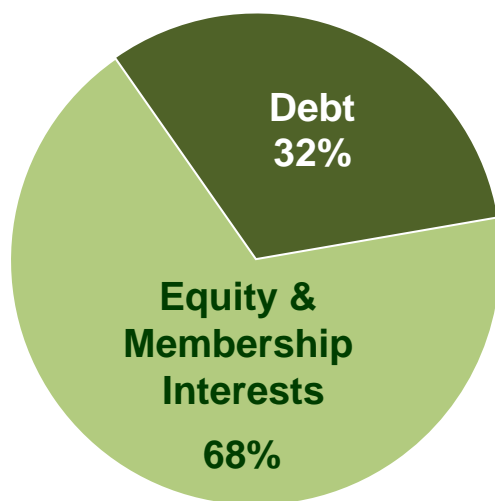




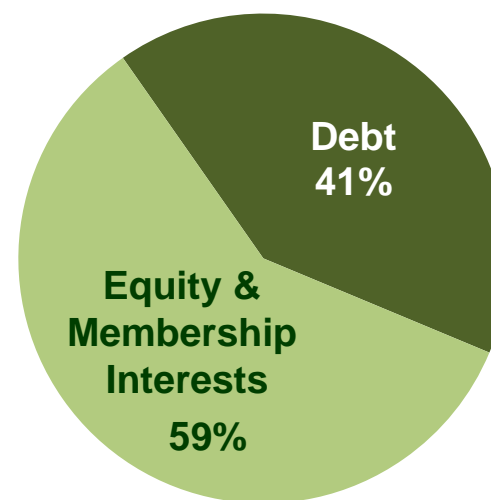
# Equity Investment Focused, But Flexible

## *Growth Strategy*

- Focused on capital appreciation and growing NAV
- Near-term objective to build investment income



As of June 30, 2016








As of June 30, 2017





# Top Five Investments in Portfolio

*\$30 million total portfolio, 29 active companies*

	Company	Investments at Fair Value (in millions)	Year Acquired	Industry	% of Total Portfolio
	Genicon	\$4.0	2015	Healthcare—Surgical Instrumentation	13%
	eHealth	\$3.5	2016	Healthcare—Clinical Record Imaging Systems	12%
	Rheonix	\$2.9	2009	Healthcare—Molecular Testing Devices	10%
	Outmatch	\$2.1	2010	Software—Predictive Talent Selection	7%
	SocialFlow	\$2.1	2013	Software—Social Publishing	7%
	<b>TOTAL Top 5</b>	<b>\$14.7</b>			<b>48%</b>

*All values as of June 30, 2017, may not foot due to rounding*



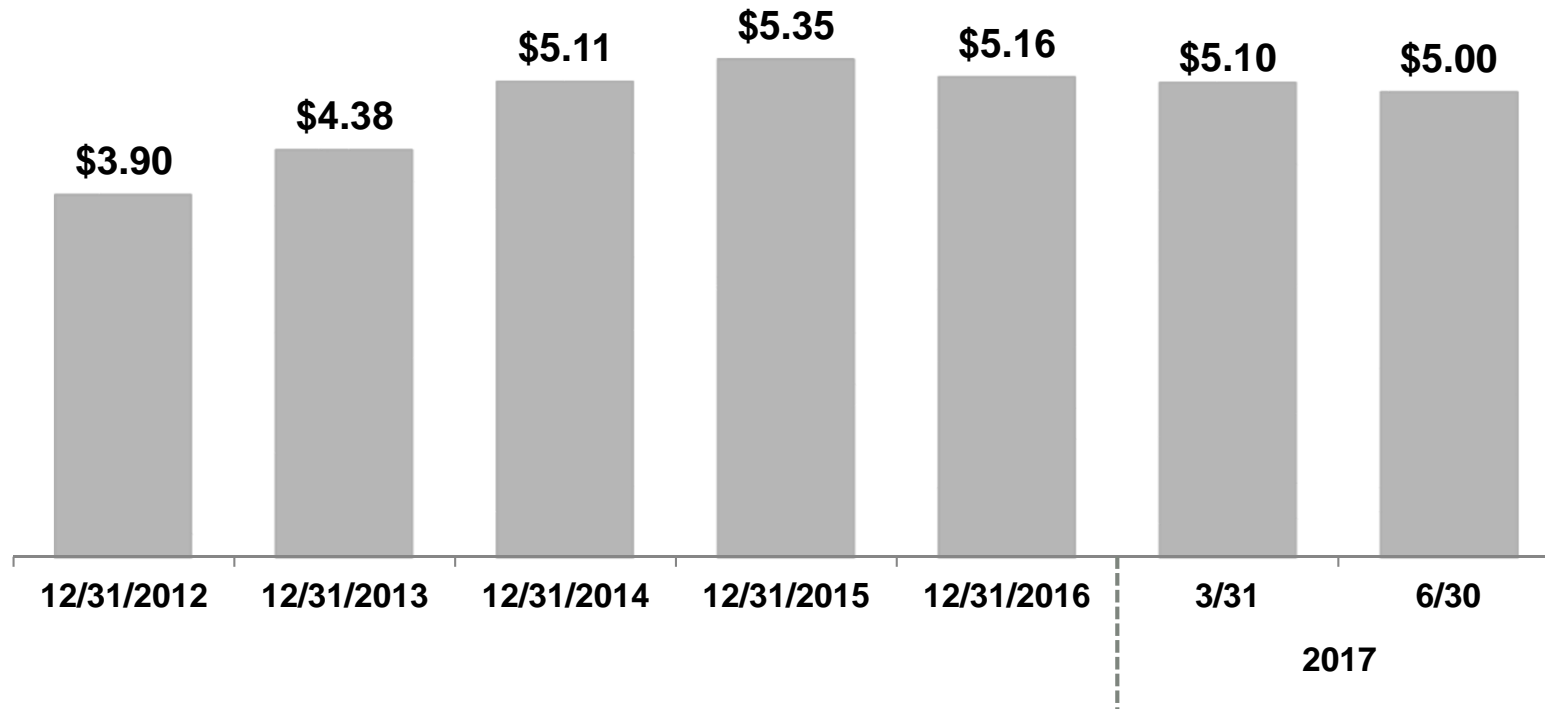


# Financial Review

Daniel P. Penberthy  
Executive Vice President & CFO

# NAV Progression

(NAV per share, after tax)



**Several portfolio companies preparing to exit\***



\* Timing of exits cannot be predicted

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# Financial Summary

(in thousands, except per share data)

	Q2 2016	Q2 2017	1H 2016	1H 2017
Investment income	\$ 221	\$ 349	\$ 415	\$ 678
Total expenses	490	607	2,429	1,124
Net realized and unrealized (loss) gain on investments	(44)	(477)	820	(721)
Net decrease in net assets from operations	(198)	(635)	(416)	(995)
Per share	\$(0.03)	\$(0.10)	\$(0.07)	\$(0.16)

- Growing debt investments drove Q2 and 1H 2017 investment income increases
- Higher Q2 2017 expenses include higher professional fees for new SBIC; lower 1H 2017 expenses reflect lower bonuses and profit sharing
- Net realized and unrealized change in investment value impacted by fluctuations in portfolio company operating conditions



# Strong Balance Sheet

*at June 30, 2017*

## Value/share

\$1.04	\$6.6 million in cash-on-hand;
\$4.79	\$30.3 million in portfolio investments
(\$1.27)	\$8.0 million in SBA borrowings (maturity 2022-2025)
<u>\$0.44</u>	\$2.8 million other assets & liabilities, net
<u><b>\$5.00</b></u>	Net Asset Value (NAV) per share





# Closing

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