

# Firstlook, a new model for venture co-invest vehicles

Q3 2022 - A primer on Firstlook, Tribe Capital's co-invest product

Introducing **Firstlook**, a program that connects founders with strategic capital and support by providing a select group of global institutions, family offices, RIAs and high-net-worth individuals access to trusted deal-by-deal co-invest opportunities underwritten and managed by Tribe.

As entrepreneurs at heart, our primary mission is to use creative methods to engineer differentiated value for both founders and LPs. While many people are familiar with our flagship early stage fund and the support we provide through our bottom-up underwriting (e.g. our [Magic 8-ball Report](#)), we have also been quietly building a vibrant co-invest program.

This program is called Firstlook. Since 2018, our LPs have deployed over **\$600 million through Firstlook** co-invest Special Purpose Vehicles across stages, sectors and geography. Today we have over 1,200 firms and individuals in our partner network that regularly engage and invest with upwards of 140 partners interfacing with our underwriting in any given month.

**Moving forward, our LPs will have the opportunity to invest through Firstlook directly into every company we underwrite from the fund and into adjacent special opportunities. We are also inviting all founders who wish to participate in the program.**



A selection of Firstlook companies.

See our [tear sheet](#) for a full list of portfolio companies.

Our approach opens up a wide range of opportunities:

1. **Founders** gain flexible capital and support from seed through IPO, with streamlined access to Tribe's global network of strategic co-investors (we do all the heavy lifting) in addition to our full ongoing support (capital, research, talent, brand, BD, M&A, special situations).
2. **Firstlook Co-investors** receive the opportunity to gain deal-by-deal exposure, through Tribe vehicles, to trusted venture backed companies that are fully underwritten and backed by Tribe. We also facilitate strategic introductions and partnerships.
3. **Flagship Fund LPs** receive enhanced returns via assignment of carried interest from forward looking Firstlook co-invests as well as preferred access to Firstlook opportunities.

For those of you who are already Firstlook members, we appreciate your ongoing support. For those of you who are new to Firstlook, please reach out to [firstlook@tribecap.co](mailto:firstlook@tribecap.co) to learn more.

— The Tribe Capital Team

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**Alexander Chee**  
Partner, Product / Network

# Firstlook for founders

Firstlook provides founders with streamlined access to a network of trusted global strategic capital and support.

We believe that product-market fit is foundational for great outcomes, and our primary advantage comes from our ability to rapidly and accurately synthesize a bottom-up view of any company's product-market fit, across stages and sectors.

That said, it's no secret that there are ways to materially expedite the discovery and expansion of said product-market fit. As founders ourselves, if we were to build a wish list, it would contain the following:

1. **Raise capital through any situation** both positive and negative without sacrificing execution — have a trusted capital partner that helps you raise, stay focused and in control of your destiny.
2. **Access a global network of trusted advisors** that can bring significant opportunities for growth and expansion to you.

As it turns out, there is an immense global set of institutions, family offices, investment advisors, specialty venture capitalists, corporate investment arms, fortune 100 stakeholders, connected individuals and more who fall outside Sand Hill Road that can provide both capital and support but lack the access, full quantitative/qualitative understanding and structure necessary to get involved. This network is expansive enough that it would be challenging if not impossible for any single founder to capture while simultaneously building their business.

We engineered Firstlook to deliver this network. In its simplest form, we've found that the fastest way to grow an engaged and trusted network of these professionals is via investment which naturally forms a strong alignment of incentives. By working with us through Firstlook, you gain instant access to not only our existing network and their capital, but that network's connections and their support. You focus on building your business. We do the heavy lifting. •

[Learn more ▶](#)

## FAQ

### What does the process look like and what type of strategic support can I expect?

We first conduct our quantitative research with you (i.e. our Magic 8-ball Report). If there's a fit and we decide to invest, we become your ally in perpetuity.

1. We arm everyone supporting you (board, partners, team) with our research so they can assist you in new ways.
2. We use our funds and Firstlook to pull in flexible capital and fully aligned strategic partners who can unlock a wide range of opportunities for you (business development, talent, regional expansion, domain expertise, etc.)
3. As company builders and data scientists that have helped grow companies like Facebook, Yahoo and Slack, we work side by side with you to synthesize your N-of-1 story and strategy to help everyone realize and align with your vision.

Our goal is to adapt and be flexible to the company rather than the company having to be flexible to a capital partner.

### What type of vehicles sit on the cap table?

One line item on your cap table managed by Tribe Capital and its partners.

### What types of companies can Firstlook support?

We invest at every point in a company's lifecycle (seed to IPO and beyond) where we can quantify product-market fit and believe we can amplify it.

### What types of rounds do you support?

Whatever is most valuable for you. No politics. We lead, participate, follow-on, manufacture strategic rounds, support secondary transactions, you name it, we can work with you to engineer the optimal forward path.

# Firstlook for co-investors

Firstlook provides institutions, family offices, RIAs and high-net-worth individuals access to fully underwritten and managed venture and venture-adjacent opportunities.

When early stage venture capital first emerged in the 60s, activity was concentrated within a local ecosystem of a small handful of firms on Sand Hill Road.

As early stage activity has rapidly expanded both in size and diversity, it has become clear that capital for venture-backed companies must come not only from venture funds, but alternative sources as well.

Our experience as founders and investors over the last 15 years has taught us that there is immense bi-directional value to be gained from connecting companies with investors of all walks of life — from private to public sources, operators, family offices with hundreds of years of experience to fortune 1000 companies that are looking to innovate and grow through technology.

Venture capital and private investments are becoming a larger part of many investors' asset allocation strategy. Despite this, deal-by-deal access has historically been reserved for the largest institutions, technical angels, and more recently retail investors via crowdfunding. **We engineered Firstlook to provide a trusted onramp to deal-by-deal venture opportunities for everyone.**

1. **Access** - We only invest in and open access to opportunities that exhibit attractive characteristics according to our data-driven underwriting process.
2. **Trust** - All core opportunities are underwritten using our full data science stack to the [same standards](#) we use for our flagship fund.
3. **Management** - Regardless of the source of capital (fund or Firstlook), we support our portfolio companies to the fullest extent through exit.

Joining Firstlook gives you access to invest in these opportunities, and work alongside us and our community to evolve this platform together. ■

[Learn more ▶](#)

## FAQ

### What is the typical process?

As a member, we will regularly share opportunities to invest via our vehicles in opportunities that fit your investment thesis. We also offer our time to personally walk through our underwriting to help elaborate on our approach, the company, and the investment. Members who are granted allocation subscribe to our vehicle which invests in the opportunity.

For vetted co-investors that wish to be more involved and assist strategically with a company, we work together to expose our full underwriting infrastructure. Once an investment is made, we are available to facilitate management introductions and partnerships.

### What stages, sectors and geographies are the co-invest opportunities focused on?

We invest across stages (seed through IPO), sectors, and internationally. We are headquartered in San Francisco, CA, with partners and employees across Singapore, Dubai, Los Angeles, San Francisco, Hong Kong. Beyond our standard opportunities, our team routinely handles special situations for LPs with specific investment objectives.

### What investment sizes do you support?

Members can and have invested anywhere from \$10K through \$35M+ per opportunity.

### What types of investors can join Firstlook?

All accredited qualified clients can join our waitlist. We've found that investors with deep domain specific expertise and a desire to be the connectors into their respective regions and sectors have the most engagement with Tribe, management, and founders.

# Firstlook for Flagship Fund LPs

Firstlook provides enhanced returns for Tribe Capital Flagship fund LPs using a novel method for incentive aligning Special Purpose Vehicles.

Tribe Capital will continue to both actively manage its current Flagship fund as well as raise additional ones in the future. However, the limited partners in these Flagship funds represent our biggest advocates and earliest backers, and we want to ensure that all Special Purpose Vehicles created through Firstlook reward their faith and support of us. **To ensure this alignment, partial carry from Firstlook investments will go directly to Tribe Capital's Flagship funds. For our fund investors, Firstlook profits flow directly to Flagship fund returns and rewards their long-term commitment to our funds while further aligning incentives. We believe this partnership between Firstlook and our Flagship fund has the potential to disrupt the traditional venture fund model.**

One can do the back-of-envelope math to estimate the impact to returns for a Flagship Fund LP. Broadly speaking, if the scale and performance of the Firstlook investments is of similar order of magnitude to the Flagship Fund the returns generated by the carried interest from the Firstlook performance may provide a meaningful boost to Fund returns. We believe the boost may be enough to meaningfully transform a top quartile fund into a top decile fund.

Given the above observations and the alignment of incentives implied by this structure, we have implemented the Firstlook carry assignment for our historic Tribe co-invests and future co-invests. When we close a subsequent fund, we shall re-assign all new Firstlook investments formed following the closing to that subsequent fund. Another way of looking at Firstlook is that it effectively gives the current fund LPs a stake in the GP entity that manages the SPV business for SPVs executed during the investment period of the current fund. Tactically, assigning carry to the fund requires a GP commit in the co-invest vehicle. This is accomplished via the fund investing the GP stake in the co-invest vehicle. The result is that the fund takes on very little risk in exchange for the upside potential of the assigned carried interest. The fund can only lose the GP commit in a co-invest (typically between 0.5-1% of the deal size) and can make a large multiple even from modest outcomes. ■

## On the future of venture capital

At Tribe Capital we are aiming to create the next generation venture capital firm. While the core competencies that we deploy towards that goal are sourcing, picking and helping to create generational N-of-1 companies, we will continue to search for innovative ways to iterate on the structure of venture capital by searching for ways to provide differentiated value to entrepreneurs and founders while also enhancing returns to our LPs with the aim of making Tribe Capital itself an N-of-1 firm.

We believe that by creating better aligned incentives between our various activities we will be even better positioned in subsequent years to both create best-in-class returns for our LPs while also leveraging all of our capabilities to help our companies succeed. ■

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