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ADVANTAGE

CAPITAL

PARTNERS

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Welcome

Welcome to Advantage Capital Partners' electronic newsletter for May. We think you and other decision-makers in business, finance, government, economic development and higher education will find these topics informative.

Economic Development News

Advantage receives \$50 million NMTC allocation as Treasury announces third round

Treasury Secretary John W. Snow announced the latest round of allocations under the federal [New Markets Tax Credit](#) program at a news conference on May 11 in Washington, D.C. The New Markets program stimulates economic growth and job creation in low-income neighborhoods by providing much-needed investment capital, financial counseling and other services. "By providing businesses with critical investments," Treasury Secretary Snow said, "job creation will be stimulated in communities that are very much in need."

The Advantage Capital Community Development Fund, which received a \$50 million allocation, was one of 41 organizations selected in this round from 208 applicants. "Each one was selected through an intensely competitive process," Secretary Snow said.

Advantage Capital received \$110 million in first-round New Markets Tax Credit allocations two years ago. Of that amount, more than \$55 million has been raised, with the bulk of it invested in businesses and redevelopment projects in St. Louis and New Orleans. "We are very proud to have been selected a second time for this innovative public-private partnership," said Steven T. Stull, president of Advantage Capital. "Participating in the New Markets program leverages our experience investing in distressed communities and other targeted areas."

To learn more about Advantage's allocation, go [here](#). For more on the Treasury Department's announcement, and a list of the 41 organizations, go [here](#).

SBA study finds entrepreneurship, innovation key to economic growth

Entrepreneurs are key in helping regional economies reap the benefits of innovation, a U.S.

Small Business Administration study found. According to The Innovation-Entrepreneurship Nexus, economic development efforts should encourage entrepreneurship in addition to inventors and innovation. "Entrepreneurs need to be cultivated ... so that innovations can be turned into jobs and economic growth," said economist Brian Headd, with the SBA's Office of Advocacy, a study co-sponsor with the Edward Lowe Foundation.

The study, released in April, also developed the Regional Entrepreneurship Index (REI), which measures numerous factors to assess the nature of entrepreneurship within regions. To learn more, please go [here](#).

Wisconsin to launch web site connecting start-ups with angel investors

The Wisconsin Angel Network (WAN) will launch a service this June to match angel investor networks with entrepreneurs based on the investors' market interests.

The web site, essentially a deal-flow pipeline, has been designed as a single source to connect entrepreneurs and angels more efficiently than conferences or contests. Joe Kremer, the director of WAN, said the site will act as a "one-stop shop" for both sides. The idea for the site has been fermenting for years, Kremer added. Although some communities already have such web sites, Wisconsin officials promise to combine the best features of each. For more on the new angel site, go [here](#).

News About Advantage Investments

AuthenTec named one of Fortune's "25 Breakout Companies" for 2005

AuthenTec, a provider of touch-recognition technology, was named one of Fortune's "25 Breakout Companies," in the magazine's "13th annual playlist of upstarts changing the game." To read about AuthenTec and the 24 other companies, please go [here](#).

Melbourne, Fla.-based AuthenTec, in which Advantage first invested in late 1999, was also mentioned in a recent Philadelphia Inquirer report from a National Venture Capital Association conference in New York. Investors discussed the growing technology market in China that one day could become another Silicon Valley. U.S. technology currently sold in China's fast-growing technology market includes Authentec's fingerprint sensor, part of a cell phone handset manufactured in China. To read more, please go [here](#).

Advantage and Stonehenge make second investment in New York's PECO Pallet

PECO Pallet of Yonkers, N.Y. received \$3.6 million from Advantage Capital and Stonehenge Capital to support PECO's continued growth against plan in the large and expanding pallet rental market. PECO is a leading supplier of pallets to the grocery and paper-goods industries.

Yonkers Mayor Philip A. Amicone commended the investment and its economic impact on the city. "The investments made by Advantage and Stonehenge helped bring a strong, growing company to Yonkers and contributed to its ability to raise millions of dollars in private investment." Added James H. Ozanne, PECO Chairman of the Board, "The continued support of Advantage, Stonehenge and our other investors has been critical to PECO's success."

The second investment in PECO by Advantage Capital and Stonehenge was part of a larger financing involving several other supportive equity partners. To learn more, go [here](#).

Hawaii's AssistGuide will use Series B funding to grow sales, technical staff

Advantage Capital Partners recently invested \$615,000 in AssistGuide Inc. as part of a \$3 million Series B financing that will be used to expand the sales force and technical staff.

AssistGuide serves the long-term care market with information management and electronic forms systems that function as a single point of contact between consumers, government agencies, service providers and employers. "Our system enables providers and consumers in the long-term care market to efficiently exchange information and streamline application processes," said Kevin Sypniewski, chief executive officer of the Kailua, Hawaii, firm. "Advantage has developed a reputation within the Hawaii business community as a strong investment partner and we are very pleased to have them involved with the company." For more information, please go [here](#).

Series C round provides growth capital for Colorado's encryptX

Advantage Capital Partners has invested \$450,000 in [encryptX Corporation](#), a compliance and security software product developer, as part of a \$2.8 million Series C round of investment led by several high net worth individuals, who themselves are entrepreneurs. This round of funding will be used for general working capital as encryptX enters its marketing and sales phase.

encryptX, based in Longmont, develops data security software solutions that automatically find and protect sensitive information that is shared through email and storage media. "This recent round of funding will enable us to expand our marketing, sales, client services and new product development functions," said encryptX CEO David Hunter. For more on the investment, go [here](#).

About Us

[Advantage Capital Partners](#) is a private equity firm focused on investing in promising companies in connection with federal, state and local economic development efforts. With offices in New Orleans, St. Louis, New York, Tampa, Washington D.C., Madison, Denver and Huntsville, Advantage has raised \$650 million in institutional private equity since 1992 and has invested in companies and projects located in states and communities underserved by venture capital investment.



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