Adjustable Private Placement Offering™ (APO)

Adjustable Risk – Adjustable Return

In the Adjustable Life Insurance concept, one can adjust from Whole to Term or Term to Whole Life in whatever incremental percentage desired, and it also allows for an increase or decrease in the amount of coverage. In a similar way, the ***Adjustable Private Placement Offering***™ provides investors the flexibility of adjusting from Debt (Notes) to Equity (Common Stock) and offers full principal protection. The Principal guarantee is also convertible to an increased percentage of Equity, which then would provide partial principal protection, or fully convertible to Equity which forfeits the protection – all in whatever incremental adjustments are desired by the investor – *you control the amount of risk in your investments – you control the amount and type of return*!

Venture Funding Advisors, LLC is the exclusive provider of the patent pending and proprietary ***Adjustable Private Placement Offering***™, providing the investor an Adjustable Debt to Equity Deal Structure for Private Placement Offerings, allowing the investor to begin with a deal structure of Secured Convertible Notes with stated dividend (or Series (A) Secured & Convertible Preferred with a stated dividend), that is fully or partially Convertible to Equity (in any percent of Debt to Equity), within a one year period. The ***Adjustable Private Placement Offering***™ additionally provides the investor 100% principal protection through a AA-rated Guaranteed Insurance Contract (GIC), and allows the investor to convert any portion of the insured principal protection, for additional Common Stock Equity, if things look like they are going well in the company in which they invested, at any time within the first year. So, they may convert not only their Notes (or Preferred) to Common Stock Equity, but may convert the GIC Trust as well, into the Common Stock Equity of the company, in what ever proportions they desire. They can convert all or any portion their Notes (or Preferred) (representing 50% of their investment) and retain the Guaranteed Principal Protection, or convert all of the GIC (or any portion desired) into the Common Stock Equity of the company.

Example A: Investor Jones makes a $100K investment in NewCo Private Placement Offering (Reg D 506) - $50K goes into NewCo for 10% Secured Convertible Notes, or Series (A) Secured & Convertible Preferred with a 10% Stated Cumulative Dividend. $50K is invested into our **InvestorsHedge Trust**™ an irrevocable trust which purchases an annuity (AA-rated Guaranteed Insurance Contract "GIC") with a 10-year guaranteed yield at maturity of $100K (fully protecting the principal amount). After 11 months Investor Jones likes the progress of NewCo and converts his Notes (or Preferred) into the Common Stock Equity of the Company, however retains the GIC Trust to protect his principal, thus has a blended return with guaranteed principal protection.

Example B: Same structure of investment as above, however Investor Jones only converts half of his Notes (or Preferred) to Common Stock Equity, retaining the other $25K of his investment in the 10% Notes (or Preferred), and also retains the principal protection. He now has a blended return of 10% on $25K of his Notes (or Preferred), Dividends on $25K of Common Stock Equity, and 100% guaranteed Principal Protection, providing a blended return.

Example C: Same structure of investment as above, however Investor Jones converts his Notes (or Preferred) to Equity and 50% (or 33% or whatever desired) of his GIC Trust to Equity and maintains Principal protection guaranteeing 50% of his total investment ($25K retained in the GIC Trust grows to $50K at maturity).

Example D: Same as above, only Investor Jones after 11 months feels the company is stable and no longer as high of a risk as when he originally invested, and converts all Notes (or Preferred) and GIC Trust into Common Stock Equity. He transfers the beneficial interest in the GIC Trust to the company (issuer) and essentially doubles down on the venture investment equity side. Investor Jones no longer has the principal protection, as he has converted that option to Equity, after being afforded the opportunity to see the early performance of the company for one year before making that decision.

Additionally, in the examples above, the investor can hold onto their Notes or Preferred and convert out of their GIC Trust in part or the whole, to Common Stock Equity.

Note: This can be used to hedge a Going Public promise of the Private Placement Offering, if the company succeeds in using some of the initial capital to trigger an OTC BB / Frankfort play, they can then convert out of the Notes (or Preferred) and GIC Trust into the Common, just prior to the IPO, if the going public play fails to occur (for any reason, controllable or uncontrollable), they still have all the options as stated above in a private company. *They can have their cake and eat it too!*

The ***Adjustable Private Placement Offering***™ is the preferred deal structure for our PPM's in our **Self-Funding Capitalization System**™, to effectively raise the capital required to launch any business venture.

Venture Funding Advisors

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