Press Release

Frontier Funds 1 & 2 look at investment impact in the state and region

Polson, Montana, October 6, 2016. On December 31, 2006, a group of private investors embarked on a venture in the unchartered waters of managing and investing a small angel equity fund, Frontier Fund, in northwest Montana. Nearly ten years later, a group of investors meeting in Bozeman, benefitted from looking back at the journey of Fund 1 as Fund 2 reaches its halfway mark in invested capital.

Frontier Funds’ mission is to provide sophisticated, early stage equity capital to companies with a desire to scale and exit with a bias toward Montana based opportunities. Frontier is usually the first money in a venture following family, friends and the proverbial “fools.” It’s among the highest risk asset class. About half of all new ventures fail. Angels are the main source of capital for startups as banks only lend to those with cash flow and collateral which few entrepreneurs have. Nationally, angels put about $20 billion annually into 50,000 deals in the US according to the Angel Capital Association of which Frontier Funds are a founding member.


Frontier Fund 2 Chairman, Larry Cates, who was also an investor in the first fund states, “It’s been gratifying to see our Montana opportunities grow in sophistication and aspiration. We had some lean years in fund 1 in terms of deal flow. We are seeing more good opportunities in which to invest and to syndicate out of the state.” Bill Payne, well known investor and part time Montanan resident, has chaired a Syndication Committee for both funds. Syndication allows for portfolio diversification and for additional capital to flow into Montana when the capital rounds are more than the fund can do alone.

The active portfolio companies in the funds are by sector, 7 in software, 4 in biotech, 3 in consumer, 2 in food products, 1 in clean tech and 1 in agriculture. These companies have created 162 jobs, have current annual payroll of $7.4 million, pay average salaries of $45,000, have an annual revenue run rate of $17,034,800 and have raised total capital of $43,692,000. Tom Walker, CEO of Rev 1 Ventures, led a team that engaged in the portfolio analysis which was prepared for internal use. The impact of Frontier is not insignificant. We know that all net new jobs come from the kinds of companies that Frontier Funds are investing in.
By the numbers: Fund 1 – 33 investors, 5 states of residency, Fund 2, 48 investors, 12 states of residency. Total of 72 angels have invested in the funds. Fund 1 $1.75 million with side by investment of $3 million, Fund 2 $2.75 million with side by investment of $1 million to date. Fund 1, 19 companies, Fund 2, 11 companies to date. Total $4.5 million, 28 companies. Fund 1 has 11 active ventures as done Fund 2. Active companies are located in Bozeman, Missoula, Boise, Spokane, Boulder, Seattle, Cody, WY and Grand Forks, ND. Investors range in age from 30 to 83.

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