

GUARDD Expands to Provide Secondary Trading Compliance for Fractionalized Venture Debt

Secondary trading disclosure reporting company expands service offering to the fractionalized venture debt market to assist investors to gain liquidity

DENVER, COLORADO, UNITED STATES, January 20, 2023 /EINPresswire.com/ -- Secondary trading of venture debt is on the horizon. Venture debt mainly provides funding to high-growth startups and technology companies. It is typically anchored by venture capital, private equity, or financial services firms. Venture debt provides investors with a combination of fixed income and equity return, with annual cash distributions. "It makes up about 25 percent of venture capital funding in the U.S.," Sherwood Neiss, CEO of [GUARDD](https://www.guardd.com). "By fractionalizing a venture debt fund and enabling secondary trading, we expect this asset class to grow."



GUARDD Expands Service offering to include Venture Debt

“

Fractionalizing venture debt is on the horizon. Lower minimums and the potential for liquidity means more investor interest and capital.”

Sherwood Neiss

The current macroeconomic climate and interest rate hikes have impacted company valuations and led to cautious capital deployment from equity investors. This means for cash-strapped high-growth companies, alternatives like venture debt will become more of a target.

Venture debt is a form of debt financing for companies still dependent on venture capital funding to grow. Loan sizes can go up to 30 percent of an equity round or cash in the

bank and are made based on factors such as the strength of the startup's shareholders, the quality of its management team, and the firm's competitive advantage.

For startup founders, venture debt is less dilutive than equity financing, allowing companies to

extend their cash runways and secure more time to achieve growth milestones. For investors, venture debt is a fixed-income investment with a lower risk-return profile than venture equity capital. Venture debt is also accompanied by regular distributions, which attract many investors in the current environment. These deals typically come with equity warrants, which give venture debt funds the option to purchase equity at a future date, should the startup continue to grow. These warrants are a source of upside potential, giving venture debt a higher risk-reward profile than pure fixed-income investments. The downside, however, is the minimum investment can be as high as \$5 million, putting it out of the reach of many accredited investors.

Some firms are in the process of fractionalizing funds to bring down the minimum size for individual accredited investors to as little as \$20,000 from \$5 million. By using blockchain and smart contract technology to automate manual processes throughout the investment's lifecycle, it is possible to make the fund available in fractional units at scale, enabling secondary trading by investors.

GUARDD, an ongoing disclosure compliance company that enables secondary trading, announced it is expanding into this asset class to handle the ongoing company and financial disclosure compliance, so Alternative Trading Systems can allow any investor to buy or sell these shares.

"The ability for more accredited investors to access this asset class means more capital into venture debt," says Sherwood Neiss, CEO of GUARDD. "The ability for investors to have liquidity from these investments means that there will be more interest. Having GUARDD assist with the compliance required for secondary trading means investors will have access to the most current information about a fund's performance."

For more information, visit www.guardd.com. GUARDD is offering securities under Regulation CF and Rule 506(c) of Regulation D through [SI Securities, LLC](#) ("SI Securities"). The Company has filed a Form C with the Securities and Exchange Commission in connection with its offering, a copy of which may be obtained at: <https://www.seedinvest.com/guardd>

Sherwood Neiss
GUARDD, Inc.
sneiss@guardd.com

Visit us on social media:

[Twitter](#)

[LinkedIn](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/612271513>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire,

Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.