NZ GROWTH CAPITAL PARTNERS

ELEVATE NZ VENTURE FUND

Updated: May 2020

ELEVATE NZ VENTURE FUND – FAQS

1 The Elevate NZ Venture Fund and its purpose

1.1 What is the Elevate NZ Venture Fund?

The Venture Capital Fund or VCF was established under the Venture Capital Fund Act 2019 (**VCF Act**) which was passed into legislation on 13 December 2019. In March 2020, the Venture Capital Fund was formally launched as Elevate NZ Venture Fund (the **Elevate Fund**). It is as a fund of funds programme designed to fill the capital gap for high growth New Zealand businesses at the Series A and B fundraising stage. The Elevate Fund will look to allocate up to $300 million into venture capital firms over the next five years.

The Elevate Fund aims to stimulate a functioning venture capital industry and make sure that high-growth New Zealand businesses have access to the capital and connections that they need in order to be successful. This will be achieved primarily by investing into venture capital funds (alongside private investors) that have the capability and connections to help New Zealand businesses achieve success.

Under a limited partnership agreement and management deed, New Zealand Growth Capital Partners Limited (**NZGCP** – formerly New Zealand Venture Investment Fund Limited), through its wholly owned subsidiary Elevate NZ Venture Fund GP Limited (the **GP**), has been appointed to manage the Elevate Fund. NZGCP is required to allocate Elevate Fund's capital based on best-practice fund selection criteria, taking into account the VCF Act's objectives and policy statement parameters. As the Elevate Fund's sole limited partner the Guardians of New Zealand Superannuation (**Guardians**) provide oversight of NZGCP's management role.

In addition, NZGCP will also be undertaking market development activities to support the New Zealand venture capital market. The Elevate Fund formally launched in March 2020. More details about how fund managers can apply and the key parameters of the Elevate Fund are now on our website.

1.2 What is the purpose of the Elevate Fund?

Young, dynamic firms are important in building a knowledge economy and transforming our economy to become more productive, sustainable and inclusive. These firms are agile and introduce disruptive and innovative technologies, which large corporates are often not well suited to achieve. Many of the young, dynamic firms, however, struggle to fully develop in New Zealand because of the shallowness of the specialised domestic early stage capital markets, and especially a lack of venture capital.

The purpose of the Elevate Fund is to increase the amount of capital available to New Zealand start-ups and to develop New Zealand's venture capital markets to function more effectively. If successfully implemented it is expected that over time more venture capital will become available to New Zealand entities from sources other than the Elevate Fund and that New Zealand entities that receive venture capital funding are more likely to grow into successful and sustainable businesses.

For more details on the purpose and structure of the Elevate Fund refer to the VCF Act and associated Policy Statement.

1.3 What is a fund of funds programme?

This means that the Elevate Fund will invest directly into a portfolio of venture capital funds with the intent that those funds (the **Underlying Funds**) will then invest directly into New Zealand high growth companies, predominantly at the Series A and Series B fund raising stage. We will monitor those funds' performance and ensure that they are investing based on the guidelines we set out when we allocate funds to them.

The Elevate Fund will invest in these funds on commercial terms alongside private and institutional investors. The intended outcome of this matching capital model is that up to $300 million of the Elevate Fund capital will be leveraged alongside that private capital to see in excess of $600 million in total being committed in the next five years into these Underlying Funds.

The Elevate Fund will not be involved in the day to day decision making of the Underlying Funds. Our job is to find the most appropriate venture capital fund managers and to give them the flexibility to do their jobs. We will provide an oversight to ensure that the objectives of the Elevate Fund are being met.

The Elevate Fund may also co-invest directly into later stage companies alongside an Underlying Fund where they request us to do so and where we think it is in the best interest of the Elevate Fund and subject to certain other conditions as set out in the Elevate Fund's limited partnership agreement with the Guardians of New Zealand Superannuation (the Guardians).

1.4 What is the expected life of the Elevate Fund?

Our expectation is that up to $300 million will be allocated, alongside private capital, within the first five years to the Underlying Funds. The Underlying Funds will then invest their capital over a similar or longer period from when they receive their allocation from the Elevate Fund.

The intention is that beyond year five the Elevate Fund will then start recycling returns from early funds and recycle that capital back into the market (via future vintage funds and/or new managers that emerge) for a further 10 years. This will be dependent on (i) the performance of the Elevate Fund against its objectives which will be assessed on a regular basis and (ii) the required life of the Elevate Fund to continue to support development of the NZ venture capital ecosystem, which may be modified.

1.5 When will you allocate the money?

The Elevate Fund has limits under its limited partnership agreement as to how much can be allocated in any year with the intention to phase allocations over the initial five years of the programme.

1.6 Who is responsible for running the Elevate Fund?

The Crown has tasked the Guardians with ensuring the Elevate Fund is invested into New Zealand's venture capital market in accordance with best-practice investment management.

The Guardians have entered into a limited partnership agreement (as the sole limited partner) for the Elevate Fund where the Elevate Fund has appointed the GP (a subsidiary of NZGCP) to manage the Elevate Fund through the allocation of capital based on best-practice fund selection criteria, in accordance with the VCF Act's objectives and policy statement parameters.

The Guardians, acting in their capacity as the sole limited partner, oversees and monitors the management role of the GP and the performance of the Elevate Fund.

1.7 Is the operating model of the Elevate Fund fixed?

The Elevate Fund has been established as a fund of funds and will be deployed by NZGCP under this model. As the New Zealand venture capital ecosystem evolves the government's support for that ecosystem is intended to adapt to the needs of the market and New Zealand entities. NZGCP will seek to continually engage with all stakeholders in the eco-system, alongside Ministers and Officials, on a regular basis.

1.8 Who provides the funding?

The funding is from the New Zealand Government, partly as a redirection of government contributions that would have been made to the New Zealand Superannuation Fund and partly from distributions received from historic realised investments by NZGCP. The Elevate Fund has to date received approximately $260 million of capital commitment from the government and NZGCP is anticipated to provide an additional $40 million from realisation of existing investments over the initial five-year period. Going forwards as the Elevate Fund realises returns from its investments in underlying funds, the expectation is that these will be recycled into further fund allocations and/or co-investments.

1.9 What fees are you charging?

The Elevate Fund is paying the Guardians and NZGCP fees based on actual costs associated with running the programme, including some reimbursement of shared overheads from both entities. This cost recovery model ensures there is no profit being made by either NZGCP or the Guardians.

Based on comparative fund of funds programmes, we believe the costs that the Elevate Fund will incur will be substantially lower.

2 Eligibility and guidelines

2.1 Is this programme only open to New Zealand venture capital funds?

We will seek to invest substantially all the capital available to the Elevate Fund into funds based in New Zealand. The Policy Statement requires us to invest a minimum of 70% of the available capital into funds with a New Zealand Connection although we believe it is beneficial to target a higher proportion. The Elevate Fund may invest the remaining 30% alongside offshore funds, provided that they will invest this capital into New Zealand entities.

2.2 Is the programme only open to existing New Zealand Venture Capital funds?

Whilst past performance as a venture capital fund manager is an important part of our assessment criteria, we do want to encourage some new entrants into this space so we welcome existing and new funds, from both onshore and offshore, to consider participating in the programme.

For first time managers, we will assess the individuals' track records of investing in high growth companies in the absence of fund performance. We will also work with first time managers to provide more guidance on the application process and feedback from our selection process to help them understand what (if any) changes or improvements need to be made to enhance consideration of their application.

2.3 If I've applied for funding from NZGCP's previous venture investment fund, can I apply again?

Yes, the Elevate Fund is a completely new programme with a new set of criteria.

In the future, we will also encourage successful funds to re-apply for investment into their next vintage of fund(s).

2.4 Will the Elevate Fund only invest in funds with certain structures, investment styles etc.?

We have designed the programme to be as flexible as possible to enable us to consider different structures and investment styles. We welcome the opportunity to have different options presented to the programme for consideration.

2.5 How much matching capital does a fund need to raise?

Venture capital funds will need to raise matching capital from other investors that is at least equal to the commitment from the Elevate Fund. In this way the Elevate Fund aims to stimulate at least $600 million of investment into Series A and B stage New Zealand businesses over the next fifteen years. While funds must raise matching capital at least equal to the Elevate Fund commitment, we will be targeting a higher level of matched capital where possible.

2.6 If I raise the necessary matching capital will I automatically get the Elevate Fund funding?

Unfortunately, it's not that simple. We are anticipating a lot of demand for funding over the five-year investment period of the Elevate Fund and want to ensure that the Elevate Fund is a success in the long-term. Therefore, we will be applying a rigorous due diligence and selection criteria to decide which funds best meet the objectives of the Elevate Fund. Simply raising matching capital is no guarantee that the Elevate Fund will invest in the venture capital fund applicant.

We will also use portfolio tools to ensure that the Elevate Fund is balanced across entire venture capital space and looks to address the key gaps that have been identified. Portfolio allocation may consider selection of first time vs. established funds, different vintages, different sector focus, different geographical network/market access etc.

We will be transparent in our process and will provide feedback to all applicants with rationale for our decisions. Further details of the fund selection framework is available on our website.

2.7 Does money already raised qualify as matching capital?

We generally consider all private capital that has been raised within the six months prior to an application (and that had not been invested at that time of the application) as matching capital. However, we do appreciate that every fund is different and we have some flexibility over how we apply this rule so please get in touch to discuss your own situation.

2.8 Are there any restrictions on funding from other government bodies?

Whilst the Guardians are not directly involved in any decision-making processes of the Elevate Fund, in accordance with best practice, the Guardians (in conjunction with NZGCP) have developed their own mandate management procedures. These procedures are designed to manage any actual or potential conflicts that may arise from investments into the same underlying funds by both the New Zealand Superannuation Fund (NZSF) and the Elevate Fund. These procedures include independent investment processes between the two organisations and a separation of duties for persons at Guardians when reviewing any investment decision on behalf of NZSF where such investment is also being considered by the Elevate Fund.

It is anticipated that Elevate and/or NZSF will not, in aggregate, own more than 50% in any underlying fund although all relevant matters will be taken into account by NZGCP when the Elevate Fund is determining investment sizing.

As NZGCP has no involvement with any other crown investment vehicles, there are currently no restrictions on Elevate investing alongside any other government body or agency although this will be reviewed on a case by case basis to ensure that no conflicts (actual or perceived) exist.

2.9 How long will due diligence take?

This will depend upon the level of readiness of each potential fund and the number of funds being reviewed at that time. We anticipate full due diligence will take on average 1 – 2 months.

We are open to regular dialogue with potential funds to ensure that we screen and/or conduct detailed due diligence at the appropriate time and regular updates and informal feedback will be provided during each stage.

As conditional allocation letters will be time-bound and acknowledging the time taken to complete fund raising, we anticipate that detailed due diligence would only commence once a potential manager's fund-raising process is significantly advanced.

2.10 What is the minimum fund size?

The minimum assets under management of any fund manager which the Elevate Fund will invest in (including the funds we commit) is $50 million. The rationale behind this number is that we believe that this level provides sufficient management fees for fund managers to be sustainable throughout their funds' lives.

However, for first time managers, we may make concessions to enable the Elevate Fund to fund them on a minimum first close (including the Elevate Fund capital) of $30 million provided that we believe that the fund will be able to achieve a minimum fund size of $50 million at final close. We will assess this on a case by case basis to ensure that such managers can still be sustainable.

Whilst $50m is the minimum for assets under management at the time we invest from a sustainability perspective, we expect that funds should ultimately be targeting larger fund sizes over time as the New Zealand venture capital ecosystem matures.

2.11 Will the Elevate Fund invest directly into companies?

The Elevate Fund is predominantly a fund of funds vehicle, investing directly into venture capital funds. the Elevate Fund may co-invest alongside some Underlying Funds in later stage rounds but only:

- at the request of an underlying fund and where that fund is also investing in the round;
- where we have high conviction of that individual opportunity will provide us with a positive return; and
- up to a maximum of the Elevate Fund's pro rata entitlements i.e. based on the Elevate Fund's share of the Underlying Fund.

The Elevate Fund's priority is to invest into venture capital funds so the Elevate Fund will only co-invest in limited circumstances where it is beneficial to the Elevate Fund meeting its overall objectives. The Policy Statement limits co-investment to 20% of the overall capital available.

Our expectation is that co-investment will play a limited part of our allocation and would only be considered in a few years' time. Our primary priority is to deploy the Elevate Fund capital to venture capital funds.

2.12 What fees will Underlying Funds charge?

Fees will be negotiated on a case by case basis however we expect fees to be consistent with best market practice for venture capital firms i.e. based on a low percentage of capital allocated together with a carry (or profit share) based on realised profits subject to a minimum return threshold (hurdle).

3 Policy Statement questions

3.1 What are the guidelines on what the Underlying Funds must invest in?

As outlined in the Policy Statement, the Elevate Fund will invest into venture capital funds that are primarily looking to make Series A and B stage investments (round sizes of $2 to $20 million) into New Zealand entities. The Policy Statement sets out that a minimum of 75% of the Elevate Fund available capital should be invested in New Zealand entities in Series A and Series B rounds, but we do want this percentage to be as high as possible.

We will also be looking to have a diverse range of funds within the Elevate Fund portfolio so welcome funds with sector, geographical or other focuses, not just generalist funds.

3.2 How are Series A and Series B defined?

These are defined as investment rounds of between $2 million and $20 million.

3.3 Can funds invest outside the series A and Series B space?

The Elevate Fund has some flexibility to allow funds to invest outside of Series A and B provided there is strong rationale for doing so. However, the Elevate Fund is designed to fill the funding gap in Series A and Series B so getting money into that space is our priority. The allowance outside of Series A and B permits investment in both earlier (i.e. Seed) and later stage (i.e. Series C + round) investments.

3.4 What is a fund with a "New Zealand Connection"?

A Fund established to invest predominantly in New Zealand Entities and in respect of which the locally established general partner and investment manager (or equivalent):

- is a New Zealand resident and has a permanent establishment in New Zealand; and
- employs at least two investment professionals, at least one of whom is a senior investment professional in a voting role in respect of investment decisions for the Fund, and whose principal place of work is New Zealand, and
- demonstrates significant commitment or contribution to New Zealand venture capital market development.

3.5 What does New Zealand Venture Capital market development look like?

For the purpose of assessing a fund with a New Zealand connection, we will assess this on a case by case basis. Some of the activities we would be looking for include:

- senior investment personnel attend pitch events and/or networking events;
- providing exposure to global best practice;
- training and development of new and existing staff which might include:
    - the recruitment of graduate interns.
    - secondments for domestic employees into offshore offices;
    - performing or organising training (masterclasses) for founders or for domestic investors on investing in alternative asset classes.

We don't want to be too prescriptive here as there are lots of different ways to contribute to the local ecosystem. Let us know what you are thinking, or we are happy to provide suggestions.

NZGCP will also be working to establish a number of market development activities to support the venture capital ecosystem.

3.6 What is a New Zealand entity?

An Entity which (itself and/or through any of its subsidiaries, as the case may be), at or immediately following the time of initial investment, has:

- the majority of its full-time employees and independent contractors (by number) in New Zealand or the main operations based in New Zealand; and
- one or more of the following:
    - its shareholder (or equivalent) voting control held by one or more New Zealand residents (as defined for tax purposes); or
    - New Zealand residents (as defined for tax purposes) as the majority of its senior leadership team; or
    - its headquarters in New Zealand.

3.7 Can a fund invest in foreign entities?

The definition of a New Zealand entity is only tested at the time of first investment by an Underlying Fund. We anticipate that many of these companies will no longer meet these criteria as they move into international markets and grow. These criteria will not limit the ability of venture capital funds to provide follow on investment into companies that have subsequently moved offshore.

Our target is that all the capital allocated to the Elevate Fund will be invested into New Zealand entities (as defined above). We may allow investment into foreign entities on a very limited basis. This will be assessed on a case by case basis and we would need to be comfortable that there was some form of strong NZ connection or benefit to New Zealand to justify any investment into a foreign entity.

4 Investment process

4.1 What was the timeline for the implementation of the Elevate Fund?

The key milestones in the launch of the Venture Capital Fund were:

- 30th May 2019 – The Crown announced the creation of the $300 million Venture Capital Fund as part of Budget 2019
- 22nd August 2019 – The Venture Capital Fund Bill was introduced to Parliament
- September 2019 – Industry consultation and select committee process undertaken
- 13th December 2019 – Venture Capital Fund Bill received royal assent to become Act of Parliament
- 19th December 2019 – VCF Policy Statement published
- February 2020 – Venture Capital Fund entered into agreements with the Guardians and NZGCP and became operational.
- March 2020 – Official launch of the VCF as Elevate NZ Venture Fund and applications opened to potential fund managers.

4.2 When will the Investment Committee meet?

It is anticipated that the Investment Committee will meet quarterly and that we will make recommendations at these meetings as to which funds to enter into the due diligence phase or to make a conditional allocation to. However, at the initial establishment of the fund, due to the high level of interest from potential applicants the investment committee is meeting more frequently than this.

4.3 What is the investment process of the Elevate Fund?

The Elevate Fund aims to provide a clear and robust due diligence process that can help to attract private capital into the New Zealand venture capital market. We will also apply portfolio allocation tools to ensure that we meet the fund's objectives over the long-term. Consequently, we expect that not all funds will be selected to be taken through to detailed due diligence and only a small proportion of funds will be ultimately allocated capital by the Elevate Fund.

We will ensure that any decisions we make are accompanied with detailed feedback to the applicants and we note that funds may be re-considered at subsequent investment committee meetings e.g. if a fund is not selected for portfolio allocation reasons, it may still be subsequently progressed/ selected in the future and similarly if a fund makes changes as outlined in any recommendations provided at the time of rejection.

An overview of the stages of our investment process is as follows:

1. **Initial Screening and Eligibility:**
   Once we have received a formal application, NZGCP makes an initial assessment of whether an allocation to a potential fund manager would meet the objectives of the Elevate Fund.

   We will also use this initial screening process to determine which funds to recommend taking through to detailed due diligence at that stage. The Investment Committee will then determine which funds to progress to detailed due diligence.

   If there are any fundamental concerns with an application e.g. eligibility for the programme, we will address this with the applicant, allowing them to provide further information or to alter their application prior to completing our screening process.

   Following the Investment Committee's decisions on which funds to take through to the detailed due diligence stage, all funds will then receive a formal letter confirming whether they have been selected to progress to the next stage (or if not, why not) <u>and</u>

   either:

   a. Confirmation that they have been selected to move to detailed due diligence and key areas of focus for due diligence; or

   b. if an applicant is not being taken through to detailed due diligence at this time, whether they may be re-considered by the investment committee in due course and/or any recommendations for changes/modifications to the fund or application if it were to be re-considered for an investment by Elevate.

2. **Detailed Due Diligence**
   Subject to the Elevate Fund Investment Committee approval and evidence of substantive progress with private capital raising, potential fund managers are assessed against the Elevate Fund's conviction review framework and portfolio allocation framework. Noting that for first time fund managers, the preliminary evidence of matching capital may be more indicative

than binding, potentially allowing their application to progress (at our discretion) under the extended conditional allocation timeframe for first time fund managers.

At this stage we will also look to negotiate and agree the terms of a potential allocation.

3. **Conditional Allocation Letter**
   The Investment Committee review the outcomes of diligence and potential portfolio allocation. Those approved will be provided with conditional approval for an allocation Proposals approved by the Elevate Fund Investment Committee will be issued with a time bound conditional allocation letter (six months for first time fund managers and three months for established fund managers).

   Any funds that do not receive a conditional allocation will receive feedback on the reason(s) for this together with any recommendations for changes to their fund/application and if applicable, timeframes for when they may be reconsidered at the next Investment Committee meeting.

4. **Conditions Satisfied**
   Fund manager provides binding evidence of external private capital commitments and satisfaction of any other conditions as set out in the conditional allocation letter.

5. **Final Approval and Allocation**
   Final documentation is agreed and executed. Funds will then be available for draw down in accordance with the terms.

4.4 What does your decision framework look like?

The Elevate Fund will allocate capital to fund managers on a commercial basis using best practice fund of funds selection processes and portfolio allocation tools designed to meet the objectives of the program.

Potential fund managers will be assessed based on a number of factors including, but not limited to:

- Intention to allocate significantly all of capital to Series A and B stage New Zealand businesses.
- Track record of success as a venture capital fund manager and/or investing in early stage companies.
- Connections and capability to support their portfolio companies on their growth journey.
- Fund fit within the wider the Elevate Fund portfolio.
- Ability to source matching capital from private investors.
- Commitment to developing the New Zealand venture capital industry.

We have developed a conviction framework, in conjunction with the Guardians, which focuses on the following key areas:

Key criteria	What we look for
Viability	The manager is secure and stable

Structure & focus	The manager is appropriately focused and aligned to VCF and the Policy Statement requirements
Trust & Transparency	The manager is trustworthy and transparent
Risk awareness & management	The manager has an ability to manage the risks arising from its strategy
People capabilities	The manager's investment personnel are suitably skilled
Process capabilities	The manager has appropriate systems, tools and networks
Opportunity consistency	The manager's strategy delivers the risk-return profile in line with the opportunity
Performance	The manager is performing / has a track-record of performing in line with our expectations
Market development	The manager would contribute to the policy objective of developing the NZ VC market

4.5 In addition to the above, what are the key factors you look for in funds that you invest in?

Whilst there are a number of factors that we consider, particular weighting is given to the following areas

1. **Investment track record**
   The principals of the manager should be able to demonstrate a strong and relevant track record investing in and supporting companies at the Series A/B stage (and ideally beyond through to exit). For first time funds, we will look at the individual track records of the principals/partners themselves. We would normally expect that the investment track record should be sufficient to demonstrate over 5 years of direct investing experience at the Series A/B stage or later and ideally the track record should be validated at least in part by exits (not just unrealised gains).

   Where a fund has identified expertise gaps, they should seek to address these through appropriate advisory, venture or operating partners (or equivalent) and/or networks of appropriate resources to call upon. Of all the factors we consider, we give the greatest relative weighting.

2. **Team experience and cohesion**
   The manager's principals should have relevant backgrounds for the fund's investment strategy. Fund principals and key persons should have a track record of working together.

3. **Developing venture capability**
   Managers should be improving New Zealand's venture investing capability e.g. through hiring local investment teams or running mentoring programs. Teams should be adequately resourced to execute their investment strategy and may need to enhance this with additional resource both domestically and internationally.

4. **Fund size, investment focus and global connectivity**
   A key market development objective is to meet existing funding gaps in the NZ market. Whilst the fund is targeting investment in Series A/B, we will also evaluate funds' strategies / intentions to address different parts of that funding gap as well as strategies for ensuring investee companies have access to later stage funding.

   We will also consider specific sector funding gaps and potential funds' strategies to address those.

   Funds that are either appropriately sized and targeting existing funding gaps and/or managers that have strong global connections and can attract later stage capital are likely to produce stronger commercial outcomes and to have stronger origination capability as competition increases.

   One of the objectives of Elevate is to create an appropriate number of funds that are of sufficient scale to provide a meaningful long-term impact in addressing funding gaps. We will therefore also take into account the ambition and future intentions of a manager to build appropriately sized funds for the sector / strategy that they are targeting.

Additionally, we will assess manager's investment strategy and ability to execute on the following areas:

5. **Deal origination**
   Managers should have strong origination strategies which are aligned with their investment strategy. These may include deep and relevant networks, content creation, providing advice to start-ups, incubator programs etc.

6. **Post investment value add**
   Managers should be able to assist their portfolio companies as they expand i.e. providing transitional management, strategic advice, introductions for recruitment, analytical support, board representation, customer introductions. We will assess managers' strategies for providing such support at various stages of a company's life cycle, together with the resources they have to do so and verifying their track-record in doing so.

4.6 Do you require a commitment from the principals (a GP commitment)?

Yes, in line with international best practice of creating alignment between the general partners and the investors, we do believe that principals of every general partner (or equivalent) should be making a material commitment to the fund (commensurate to their individual wealth. While we do not have absolute fixed requirements in this regard, our expectation is for an aggregate GP-related commitment of approximately 1.0% of the fund's total committed capital or 20% of each GP principal's net wealth but we are happy to discuss this in more detail at the relevant time.

4.7 Will you publicly disclose which funds have or have note progressed through each stage of the due diligence phase?

No, the names of the funds that have applied; all decisions we make through the screening and detailed due diligence phases; and the feedback we provide to applicants, is extremely commercially sensitive. We may, for example, choose not to invest in a particular fund due to our own portfolio constraints and we do not feel disclosing the names of funds that we reject is of public benefit and may in fact be damaging to the applicants' fund raising process regardless of the reason for our decisions.

In light of this, all such information is being restricted to the Elevate Fund team, the Elevate Investment Committee, the Guardians and the affected funds only. Other members of the NZGCP team will not be involved in the decision-making process or have access to the decision outcomes.

4.8 Who makes up the Elevate Fund Investment Committee?

The investment committee currently comprises:

- Matt Ocko (Independent member) - Silicon Valley-based Mr Ocko of venture capital fund DCVC has had a strong focus on the technology sector throughout his 30-year VC career.
- Danny Lee (Independent member) - Hong Kong-based Mr Lee of Bluepool Pool Capital and previously Bain Capital Asia has been investing globally over the last 20 years;
- Dana Settle (Independent member) – Los Angeles-based Ms Settle of venture capital fund Greycroft Partners which she founded in 1996. Ms Settle is also on the Board of Directors of the US National Venture Capital Association and is a Board observer on a number of US based start-ups; and
- James Pinner, Investment Director and Richard Dellabarca, Chief Executive, both of NZGCP.

Investment committee decisions will require at least 75% approval.

Additionally, the Elevate Fund has recently appointed Randy Komisar as a strategic adviser to the fund. Mr. Komisar is an investor, entrepreneur, lecturer and author and has a strong venture capital background, having joined Kleiner Perkins in 2005. Mr Komisar intends to provide support and advice to Underlying Funds and potential applicants of the Elevate Fund.

Further details of the investment committee and our strategic adviser can be found on our website.

4.9 What is the most you can allocate to a single fund?

The maximum we can allocate to any single fund is 20% of the available the Elevate Fund capital. However, the Elevate Fund does have the ability to increase its exposure to a single manager above this amount by investing in future vintages i.e. subsequent funds of the same fund manager.

4.10 How much will you allocate to first time fund managers?

The Elevate Fund is limited to investing a maximum of 20% of the available capital in aggregate to first time fund managers. However, investment into second vintages of these funds does not fall under these restrictions.

Due to the limitation on how much we can allocate to first time fund managers, we will be very selective over which first time fund managers we do allocate to. Whilst acknowledging that one of our key objectives (market development) may involve allocating money to first time fund managers but this will be done in a manner that is consistent with how we evaluate established fund manager (albeit we will necessarily have to evaluate the individuals' track records rather than their fund's). See questions 4.4 and 4.5 for more detail on our evaluation framework.

4.11 What are the ongoing reporting requirements of underlying funds?

We will provide more details in the formal agreements for potential funds that are selected for full due diligence. However, most of the reporting requirements for Underlying Funds will mirror the standard ILPA reporting requirements.

Given our mandate and the objectives of the VCF Act, we will however also require Underlying Funds to collect and report a small amount of economic data from their individual investee companies. This reporting requirement will only be needed on an annual basis and will relate to domestic and export revenues, taxes paid and number of employees, etc. At the time of initial investment, we will also require Underlying Funds to report some data on the makeup of the founders and nature of investor base.

Finally, we are in the process of establishing an environmental, social and governance (ESG) policy which will require underlying funds to report on risks and opportunities in these categories alongside their usual quarterly reporting.

We will also be issuing a responsible investments policy which will include a number of prohibited investments and it will be a requirement that all Underlying Funds comply with this policy.

4.12 How do I apply?

Click here to download the application form.

If you are not a fund manager or prospective fund manager but are looking to raise capital for your start-up company, check out the NZGCP website for more information about access to capital.

4.13 Who should I contact regarding a potential application or to find out more information about the Elevate Fund?

Please email vcf@nzgcp.co.nz or get in touch with any of the Elevate team.

5 Other questions

5.1 What details of the Elevate Fund performance will be made public?

As stated in question 4.7, we will not disclose details of our applicants throughout our investment evaluation process. However, once we have made an allocation to a fund (and it has become unconditional) we do intend to announce this publicly but will discuss and agree the details with each fund individually at the appropriate time.

We will also provide periodic updates on an aggregated basis of the number of funds that have applied or have progressed through each stage of our investment decision including high level details of various factors e.g. sector focus. We will also periodically report on aggregated performance of the Underlying Funds and other key economic indicators at the Elevate Fund level, but all information will be reported so as to avoid individual fund performance being made public.

5.2 How will you manage potential conflicts between the Elevate Fund and other programmes you run e.g. Aspire NZ Seed Fund?

In conjunction with the Guardians, we have developed a detailed Mandate Management Policy to ensure there are clear guidelines on how each programme is managed and to ensure any potential conflicts are correctly managed. Some of the details include:

- Separate investment committees for each of the Aspire NZ Seed Fund and the Elevate Fund
- Appointment of independent members to the Elevate Fund Investment Committee
- Clear delineation between what each fund can invest in depending upon the stage of investment, noting that other than for co-investments, the Elevate Fund has no input into investment decisions made by the underlying funds.
- Guidelines for the Aspire NZ Seed Fund to ensure that its focus is primarily on pre-Series A rounds but with the ability to invest outside this space where it would not lead to crowding out venture capital funds and fits within the primary purpose and objectives of the Aspire NZ Seed Fund.
- Establishment of an Elevate Fund investment team that is separate from the Aspire NZ Seed Fund investment team.
- Internal confidentiality guidelines between Aspire and Elevate teams including internal firewalls restricting all Elevate screening and due diligence work and decisions (until a final allocation decision is made public) to just the Elevate team and the Elevate Investment Committee (the exception to this being the CEO and one senior Investment Director who sit on both the Elevate and Aspire investment committees, however, they are restricted from sharing information from one committee to the other).

5.3 Where do I get more information?

Please check out the Elevate Fund Policy Statement and if you haven't done so already, please contact the NZGCP team for an initial discussion.

Also, keep an eye on the NZGCP website and email info@nzgcp.co.nz to subscribe to newsletters.

We will also update these FAQs regularly based on questions we are asked regularly as the programme is implemented.