

# GUIDANCE NOTES

## FOR THE

### VENTURE CAPITAL FUND APPLICATION FORM

### Background and further information

This document provides guidance to completing the application form for potential investments by the Venture Capital Fund (VCF). Click [here](#) to download the application form.

This document should be read in conjunction with the Policy Statement on the Venture Capital Fund Act which can be downloaded [here](#) and the FAQs which can be found on our website [here](#).

### Qualification criteria

The key requirements of the VCF programme is to invest in venture capital funds which are substantially or wholly targeting investment into New Zealand entities (measured at the time of initial investment) in Series A and B rounds (currently defined as round sized of \$2 million to \$20 million).

The VCF must allocate at least 70% of the available capital to funds which have a “New Zealand Connection” as defined in the Policy Statement.

VCF allocations will also require underlying funds to have sourced at least the same amount of matching capital from external sources.

In order to achieve the market development objectives of the VCF, the level of market development activities a potential fund proposes to undertake will also be a consideration in the VCF allocation process.

If you require further clarification on the VCF please contact us at [vcf@nzvif.co.nz](mailto:vcf@nzvif.co.nz) to arrange a meeting where we will be happy to provide further guidance. In particular, please contact us if you are unclear on:

- whether your proposed fund would qualify for consideration by the VCF;
- what category you would qualify under (e.g. a fund with a New Zealand connection or a Foreign Fund); and
- what activities would be classified as market development;
- or if you have any other questions on this form or the wider VCF allocation process.

## General comments

The application form is intended for you to provide us with a high-level overview of your proposed fund / application for capital. It will be used to enable us to consider whether your proposal would qualify for investment by the VCF. We will also use this application as part of our process to select which funds will be taken through to the detailed due diligence stage; further information regarding this process can be found on our website [here](#).

We will engage with all parties that submit an application form to obtain further clarification of certain matters and provide feedback should there be any areas of concern regarding potential qualification for the programme. Should you not be selected at this time to progress to due diligence, we will provide clear feedback as to the reasons and where relevant, indicative timelines for you to re-apply.

We appreciate that every fund / proposal will have unique characteristics therefore please feel free to elaborate on any area where you believe that would be useful or to provide further background information as appropriate.

Where you believe any question is not applicable to your application or you have not finally resolved any matter, please indicate that in the responses and/or clarify why the question is not applicable in each instance.

## How to submit your application

Please fill in the word version of the application form and submit it via email to [vcf@nzvif.co.nz](mailto:vcf@nzvif.co.nz). Applicants are welcome to attach supplemental information such as investor presentations and other supporting documents however these must be in addition to the completed word document.

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SAMPLE APPLICATION FORM	GUIDANCE NOTES
<b>Proposed fund</b>	
Trading name	<i>Please indicate where relevant any items that are proposed or unconfirmed</i>
Full legal name (if different)	
Physical address	
Postal address	
Registered office	
Business website	
Type of legal entity	
NZBN Number	
Company / Trust number	
Country of Residence	
GST registration number	
<b>Existing fund</b>	
Trading name	
Full legal name (if different)	
Physical address	
Postal address	
Registered office	
Total assets under management (excluding commitments not yet allocated)	
Total assets under management (including commitments not yet allocated)	
Relationship with proposed fund	<i>Provide details anticipated relationship with proposed fund post VCF investment e.g. details of cost sharing, IP / licensing arrangements, shared resources, any restrictions imposed (e.g. territories, first preference over opportunities etc).</i>
<b>Application details</b>	
Amount of money sought	<i>Where a range is indicated, provide details of any minimum or maximum levels and rationale thereof.</i>
Amount of matching capital	<i>As above. Further details to be provided below.</i>
Expected timing of close	<i>Provide best estimate of anticipated closing of completion of fund raising for matching capital, together with any assumptions made.</i>
Will the fund be investing only in New Zealand Entities (as at the time of initial investment)? If not, please provide further details	<i>See Policy Statement / NZVIF FAQs for definitions of NZ Entities.  Where the proposal is for a sidecar investment i.e. the proposed fund is part of a broader fund</i>

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	<i>which will not be restricted to NZ Entities only, please provide details of fund structure.</i>
Estimated allocation of Series A/B investments (rounds of \$2-\$20 million)	<i>Provide estimate of percentage to be allocated to Series A/B investments and where this is not 100% provide details of balance e.g. pre or post Series A/B and rationale.</i>
Is the fund anticipated to be a New Zealand Connected Fund?	<p><i>See Policy Statement / NZVIF FAQs for definitions of NZ Entities.</i></p> <p><i>If yes, provide details of structure/activities that support this.</i></p> <p><i>If no, provide details of why and any activities that will be undertaken to support the New Zealand Venture Capital eco-system.</i></p>
<b>Contact person(s)</b>	
Name	<i>Indicate lead contact in bold</i>
Position	
Mobile number	
Email address	
Location (Country/City)	
<b>Other</b>	
Fund overview	<i>Provide a summary of the background to the fund, the rationale for the new fund (or extension of an existing fund), together with high level overview of the proposed activities of the fund, status of the fund and any other details that will provide useful background for your application.</i>
Investment thesis	<ul style="list-style-type: none"> <li>• <i>Provide an overview of the high-level investment thesis of the proposed fund.</i></li> <li>• <i>Provide details of proposed fund's investment strategy including details of initial investment stage average deal size, number of deals per year, allocation to follow-on deals etc.</i></li> <li>• <i>Provide details of anticipated investment holding periods.</i></li> <li>• <i>Provide details of any regional, sector or thematic focus etc.</i></li> <li>• <i>Where relevant, provide details of how and why this differs from previous fund / investment experience.</i></li> </ul>

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	<ul style="list-style-type: none"> <li>• Provide details of how deals are anticipated to be sourced including any key relationships or agreements.</li> <li>• Provide commentary on experience / connections to support ability to execute investment thesis. Provide details of intended support for investee companies including intended monitoring and reporting, relevant resources and relationships with other jurisdictions, other ecosystem participants and/or relevant industry participants.</li> </ul>
Track record	<ul style="list-style-type: none"> <li>• Provide details of existing fund(s)' track record</li> <li>• Provide details of all other funds currently or previously managed by senior staff of the proposed fund</li> <li>• For first time fund managers, provide details of previous investment experience and track record</li> <li>• Explanations may be provided why historical performance is not considered to be a fair reflection of the proposed fund e.g. different investment styles etc.</li> </ul>
Status of existing fund(s)	<ul style="list-style-type: none"> <li>• Provide overview of existing fund(s) e.g. size of funds and/or vintages, when initiated, timing of fund raises, amount invested/un-invested, overview of LPs by region/type, anticipated future funds etc.</li> </ul>
Status of proposed fund(s)	<ul style="list-style-type: none"> <li>• Provide details of status of proposed fund e.g. what has been established / is in the process of being established and timing.</li> <li>• Indicate any key matters to be resolved e.g. staff recruitment, approvals required etc.</li> <li>• Provide overview of fund-raising including level of soft/firm commitments.</li> <li>• If relevant, provide overview of fund raising strategy and progress.</li> <li>• Provide overview of type of LPs e.g. institutional v HNW and geographical split.</li> <li>• Provide intended commitment level by GP (% of the proposed fund).</li> <li>• Provide details of cornerstone investor(s) including status of negotiations and if relevant the name and committed amount.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Provide timing and amounts of anticipated close (first and final close).</li> <li>• Provide a copy of proposed term sheet with cornerstone investor(s) (note VCF is required to have terms no less favourable than provided to the other capital providers).</li> <li>• Provide the current status of deal origination pipeline.</li> <li>• Provide overview of status of fund establishment including all necessary approvals, policies, systems, procedures etc.</li> <li>• Provide estimated timing of first investment due diligence and investment.</li> <li>• Provide summary of due diligence materials available.</li> </ul>
Organisation structure / key personnel	<ul style="list-style-type: none"> <li>• Provide proposed organisation structure.</li> <li>• Provide brief bios of all staff that have been recruited and outline of key attributes sought for any roles to be filled.</li> <li>• Provide detailed bios for key/senior staff.</li> <li>• Provide details of intended team / GPs' history of working as part of the same team.</li> <li>• Where any GPs have other commitments or will work across more than one fund, provide anticipated (and contractual if this is anticipated) time commitment to each role.</li> <li>• If any staff are intending to work overseas, provide estimate of time in New Zealand and by other jurisdictions.</li> <li>• Provide details of proposed board members, IC members and/or advisory team and status of engagement.</li> <li>• Provide details of any actual or potential conflicts of interest.</li> <li>• Provide an overview of screening, due diligence and decision making approach including which individuals will be responsible for each task.</li> </ul>
Cost structure	<ul style="list-style-type: none"> <li>• Provide proposed cost structure, together with any cost sharing arrangements / cross-subsidisation with other existing funds.</li> <li>• Where relevant provide estimated time allocation between funds of any personnel that will work on more than one fund.</li> </ul>

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Market development	<ul style="list-style-type: none"> <li>• <i>Provide summary of any NZ VC/start-up market development activities undertaken historically.</i></li> <li>• <i>Provide details of any proposed activities going forwards.</i></li> </ul>
Reporting requirements	<ul style="list-style-type: none"> <li>• <i>As part of the VCF's reporting obligations, we are required to collate certain information from underlying funds and in relation to their investments. This information may include at a minimum:</i> <ul style="list-style-type: none"> <li>○ <i>Details of external capital by type/region</i></li> <li>○ <i>Aggregated investment details by stage and type</i></li> <li>○ <i>Details of investments including geographical origin, diversity of founders and number of green technology investments</i></li> <li>○ <i>Aggregated returns of our Underlying Funds</i></li> <li>○ <i>Aggregated revenue and employee numbers of underlying investments</i></li> </ul> <i>Please confirm your willingness to comply with these reporting requirement or, if not, the reasons why.</i> </li> <li>• <i>Provide details or status of reporting systems and intended reporting timelines.</i></li> </ul>
Other	<ul style="list-style-type: none"> <li>• <i>Provide details of any other information you believe relevant to your application and in particular in considering the Policy Statement and the VCF FAQs.</i></li> </ul>
Date submitted	<ul style="list-style-type: none"> <li>• <i>Date the form was completed and emailed to <a href="mailto:vcf@nzvif.co.nz">vcf@nzvif.co.nz</a></i></li> </ul>