

## PFR Ventures

### Appendix 5 – Scope of the Investment Strategy

to the Procedure for the submission and selection of investment proposals for the establishment of capital funds under the BRIDGE VC Programme financed through the PFR NCBR CVC FIZ and Private Investors' funds

The Investment Strategy of the Capital Fund should contain all information necessary in the Tender assessment process (in accordance with the assessment criteria laid down in the Call Procedure), while being a professional document addressed to PFR NCBR CVC as an institutional investor in the fundraising process.

The **minimum** substantive scope of the Investment Strategy of the Capital Fund

1. Organisational structure
  - a. Legal form of the Capital Fund
  - b. Legal form and ownership structure of the Fund Manager
2. CVC Fund management
  - a. Fund Manager of the Capital Fund
  - b. Investment Committee
  - c. Team Members
    - 2.c.i. Experience in the context of the VC/CVC/PE market and the Capital Fund strategy
    - 2.c.ii. Achievements in building value of an investment portfolio<sup>1</sup>
    - 2.c.iii. Time commitment
    - 2.c.iii.2.c.iv. Split of roles and responsibilities between Team Members
3. Investment Policy of the CVC Fund
  - a. Target sector/industry
  - b. Planned portfolio structure
  - c. Potential investment projects
  - d. Potential and method of acquiring investment projects
  - e. Potential and method of investment exits
4. Corporate Governance
  - a. Roles and responsibilities of Fund's bodies (i.e. investment committee, advisory board)
  - b. Fund management scheme and investment decision-making process
  - c. Conflict of interest - identification and management procedures
  - e.d. Accounting and internal control systems
- 4.5. Economics of the Capital Fund<sup>2</sup>
  - a. capitalisation, expected rate of return, management fee amount, Carried Interest amount and allocation proposal
  - b. the budget presenting:
    - 4.b.i-5.b.i. schedule of investment entries and exits
    - 4.b.ii-5.b.ii. operating costs of the Capital Fund
  - c. forecast of cash flow between Investors and the Capital Fund (in respect of investments, management fee, exits from investment)
  - d. proposed financial contribution of Team Members.
- 5.6. Private Investor
  - a. Corporate Investor (if applicable)
    - 5.a.i-6.a.i. Adequacy of the Corporate Investor in the context of Investment Policy (the Corporate Investor should have a significant influence on the strategy of the Capital Fund)<sup>3</sup>
    - 5.a.ii-6.a.ii. Financial position
  - b. Private Investor (if applicable) other than Corporate Investor
    - 5.b.i-6.b.i. Financial position

<sup>1</sup>The requirement applies only to Members of Key Personnel

<sup>2</sup>The budget and cash flow forecast should be drawn up for semi-annual periods in PLN '000s

<sup>3</sup>Applies only to CVC Funds and Corporate Investors

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