



Press Release

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MOVAC VC fund targets growing NZ companies

Wellington investment firm MOVAC is establishing a new growth capital fund of between \$25 million to \$50 million to invest into young New Zealand companies poised for expansion.

MOVAC's fund is being seeded by MOVAC Partners – a group of ex-Trade Me shareholders – to the tune of \$10 million - and the New Zealand Venture Investment Fund, which is committing between \$10 million and \$20 million, depending on the level of private capital raised.

MOVAC managing partner Phil McCaw said the new fund will target investments into entrepreneurial New Zealand companies which have been backed by angel investors, proven their ability to win customers, and are looking for new capital to fund their expansion into export markets.

“The new fund represents a shift in focus for MOVAC from start-up angel investment to early expansion. There is a considerable pipeline of very promising companies which have had angel investment capital over the past few years and have proven their proposition. We aim to invest with eight to 10 young technology companies and connect them internationally to drive offshore expansion. We expect to make these investments in the first four or five years of the fund.

“An example of the sort of investment we would like to make is PowerByProxi – which has commercialised world-leading technology developed at Auckland University to transmit electricity wirelessly. PowerByProxi is expanding into North America and Europe and has excellent prospects. It would be great to see the company access the investment it needs to expand while remaining a New Zealand company.

“Angel investors have been funding companies for longer, but companies like PowerByProxi need larger scale capital to grow more aggressively and take them to the next level. We need new funds to meet this need.”

NZVIF chief executive Franceska Banga said NZVIF's commitment to the new fund is up to \$20 million – NZVIF will invest up to \$1 for every \$1.50 Movac raises from private and institutional investors.

“MOVAC has a very good track record of supporting high growth potential companies and we believe their new fund should be attractive to New Zealand institutions and private investors. There are some very promising New Zealand companies in the early expansion stage which are

requiring capital to fund their next stage of growth.

“Throughout their start-up and expansionary periods, companies often remain cash flow negative and, therefore, require significant support. Growth funds like MOVAC’s will support companies through the expansion stage. Once these companies achieve profitability, they may access more traditional funding from both private equity funds and public markets.

“We are beginning to see a number of venture capital-backed companies making a real impact in international markets— Orion Health, BioVittoria, and Zephyr Technology, for example. But we need new funds – like MOVAC’s - to fund the next generation of technology companies expanding into international markets.”

Phil McCaw said MOVAC is now actively raising funding commitments from institutional and private investors. It aims to complete a first close of the Fund and start investing in late May.

If Movac is successful in raising the fund, it will be the first NZVIF backed venture capital fund to be established since 2007.

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