

# NZ angel investors' wings too small

**Georgina Bond**

New Zealand's largest venture capital fund has traced the impact of its seed investments, revealing healthy returns since it was set up seven years ago.

Government-backed New Zealand Venture Investment Fund (NZVIF), representing six fund managers, has invested more than \$74.4 million into 48 young Kiwi companies since it was set up in 2002.

Its monitoring reveals that funding has catalysed additional investments into those same companies to see them raise total investment capital of \$438 million.

Over the past seven years, the



**FRANCESCA BANGA:** There needs to be a continuum in the capital market

48 companies have earned \$674 million in revenue – with more than 80% of that from exports – and paid \$63 million in taxes.

## Fledgling industry

NZVIF chief executive Francesca Banga said although the rapid growth had been encouraging, the industry was still in infancy by international standards.

Venture capital remained a part of the private equity market that remained badly serviced and needed to attract more investment to help maintain momentum, she said.

“We need to make sure we have a continuum in our capital market that says, yes, you’ll get your first dollop from friends and family, the next round from angel investors, and then those with serious growth prospects can approach a venture capital fund for \$2 million to \$5

million. But that next step up is where we run out of steam in New Zealand.

“We talk about raising more \$100 million dollar companies but if we don’t fund them through the investment rounds, we won’t do it.”

A member of the Capital Development Taskforce, Ms Banga said the government had a role to play to help attract investment to this part of the market.

“Government has to share the risk and steer private investors into the sectors and companies that are most likely to be the best producers in the future.”

NZVIF has \$200 million under management and equity interests in 81 local companies in sectors

such as ICT, pharmaceuticals, biotechnology, life sciences and telecommunications.

The fund also collates investment from the angel investment sector and last year, angels invested more than \$50 million into 63 young companies, with an average deal size of \$800,000 – up from \$29 million invested through 29 deals in 2008.

Ms Banga said there was a trend toward greater syndication of angel investment deals, meaning angels were collaborating to raise funds. Last year, 48% of angel investment deals were syndicated, compared with 26% in 2006.

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