



The Seed Co-investment Fund is an early stage direct investment fund aimed at early stage businesses with strong potential for high growth. It was established in late 2005 and made its first investment in 2006.

The fund provides investment capital alongside selected Seed Co-investment Partners into seed or start up high growth New Zealand businesses.

Overview

The Seed Co-investment Fund (the Fund) is managed by NZVIF, and is an equity investment fund aimed at small to medium sized businesses at the seed and start-up stage of development which have strong potential for high growth.

The key objectives of the Fund are to enhance the development of angel investors and angel networks, stimulate investment into innovative start-up companies, and to increase capacity in the market for matching experienced angel investors with new, innovative start-up companies.

The Fund commenced in July 2005 and provides Seed funding capital to support the further development of early-stage investment markets. It operates as a co-investment fund alongside selected Seed Co-investment Partners.

Key Features of the Seed Co-investment Fund

- Seed stage and start-up investments are eligible for the Fund.
- The Fund co-invests alongside accredited investment partners and qualified third-party investors.
- NZVIF will invest a notional \$1m minimum per co-investment partner.
- Investments through the Fund are limited to a maximum investment in any one company or group of companies; with the possibility of follow-on capital investments up to a maximum investment in any company of \$1.5m, at the discretion of NZVIF.
- The Fund acts as a direct investor on the same terms as the co-investment partner.
- Any investments must be made in New Zealand businesses. A New Zealand business is defined as having the majority of assets and employees in New Zealand at the time that the initial investments are made.
- The Fund is able to co-invest alongside accredited private third investors outside a formal co-investment partner into investment that meet the above criteria.



Investment Criteria

NZVIF is looking for applications from potential co-investors which demonstrate the experience, credibility and professionalism required to deliver on the goals established by the Government for the Seed Co-investment Fund.

The key objectives for the Seed Co-investment Fund include to:

- develop greater scale and better networks for early stage investment in New Zealand;
- develop greater depth in the specialist skills needed to assess and manage early stage, technology-based investments;
- provide financing that is additional and catalyses investment that would not have occurred without the programme;
- target market development in areas not already targeted by existing initiatives, such as the VIF Venture Capital Programme;
- Successful applicants will be committed to making investments in innovative New Zealand companies which are at the seed or start-up stage of development;
- Without limiting the factors which NZVIF may take into account when deciding whether to pre-qualify a prospective manager and co-investor alongside the Seed Co-investment Fund, we will consider the following in respect of an applicant:
 - investment track record in early stage investments which would meet the Seed Co-investment Fund's criteria (including whether successful investment exits and returns have been achieved);
 - the investment experience and skills of the key individuals;
 - reputation and references from investee companies and investment partners;
 - the proposed investment strategy and investment process; and
 - capacity to invest or access matching private capital.

Selection and Due Diligence



Investment Process

Once a partnership has been approved, the process by which SCIF and its partners invest is:



To access the Fund, investors must become accredited co-investment partners or be an accredited third party investor. To be considered as a co-investment partner, experienced angel investors/syndicates should contact NZVIF. Please email venture@nzvif.co.nz for a copy of the application documents.

The evaluation process by NZVIF takes approximately three to six months and includes a desktop evaluation, a site visit and detailed due diligence on the capabilities of the potential investment partner. If successful, a co-investment partnership will be offered to the investor by NZVIF.