

# Venture Capital Funds Masterclass

20 to 22 February 2023

Nairobi, Kenya

## Agenda

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### DAY ONE

- 8:30 AM – 9:00 AM**    **Registration**
- 9:00 AM – 9:15 AM**    **Introductions and Opening Remarks**
- 9:15 AM – 11:00 AM**    **Module 1: Business Model of Investment Funds**  
This session explains the business model of private capital funds, including VC funds, with a focus on fund structures in emerging markets and Africa in particular. It describes the structures of funds, the fund economics including the structure and compensation of the fund manager (management and performance fees), and the governance of funds. An overview of the Africa VC eco-system is provided.
- 11:00 AM – 11:15 PM**    **Refreshment Break**
- 11:15 AM – 12:15 PM**    **Module 2: *Investment Funds Structures***  
This session outlines the legal structures of VC funds and discusses typical terms. Domiciliation issues will be addressed in the context of Africa-focused funds.
- 12:15 PM – 1:00 PM**    **Module 3: Components of a Successful Fund**  
This session provides a framework to establish a well-structured fund and describes the components that are needed and how these relate to each other. Drivers of returns and strategic options for funds to achieve targeted returns will be explored.
- 1:00 PM – 2:00 PM**    **Working Lunch**
- 2:00 PM – 3:30 PM**    **Module 4: The Fund Manager**  
This session describes the composition and skill set of VC funds management teams, and the roles and responsibilities of team members in making investments and managing the fund. How to present a track record, both in case of established and emerging fund managers, will also be explored. The session will finally cover different ways to compensate fund managers and motivate them to outperform for the benefit of investors.  
**Mini-case #1:** Team retention
- 3:30 PM – 3:45 PM**    **Refreshment Break**
- 3:45 PM – 4:45 PM**    **Module 5: VC Deals and Deal Flow**  
The session explores the type of deals and the deal flow of venture investments and the ways, opportunities and challenges of building a portfolio of VC investments. Different aspects, to be considered when defining a fund's investment approach and strategy, will also be discussed (e.g. comparison between the "spray and pray" model and a more concentrated portfolio building approach). Various deal structuring options and investment instruments will be outlined. Tax issues will be addressed.

**4:45 PM – 6:00 PM    Module 6: *Due Diligence of Companies***

This session outlines and explains the structure of the due diligence of companies. Focusing on risk evaluation, it covers the key aspects of assessing a company, including business plan, market growth perspectives, technology adoption rate, sale strategy, innovative business processes, organisation and management, business integrity, governance, legal aspects, accounting and finance, ESG, and human resources. Processes, tools, and resources are discussed.

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## DAY TWO

**8:30 AM – 9:00 AM**    **Introduction to Day Two**

**9:00 AM – 10:00 AM**    **Module 7: Exits**

This session addresses the current exit environment and the different types of exits that prevail today. We explore the drivers of strategic M&A exits, why and how they get done, and how investors and CEO's can prepare for a successful exit. Also covered are the biggest pitfalls to successful exits, and what boards and investors can do well before a planned exit to avoid or mitigate these.

**Mini-case #2:** Successfully exiting the un-exitable

**10:00 AM – 11:00 AM**    **Module 8: Due Diligence of Funds**

This session outlines and explains the structure of fund due diligence. It focuses on the evaluation of the risks to be considered, the appropriateness of the fund strategy and investment approach, the fund management team and its capabilities to deliver the strategy, and the deal flow, pipeline and exits. Due diligence tools and resources are presented. Integrity and ESG due diligence processes will be addressed.

**11:00 AM – 11:15 AM**    **Refreshment break**

**11:15 AM – 1:00 PM**    **Module 9: Operational Due Diligence**

This session outlines the operational due diligence conducted by investors of the fund manager and the fund, including governance and organizational structure, regulations, compliance, anti-money laundering practices, KYC process, cyber-security, business continuity and disaster recovery, cash and liquidity management and third-party relationships.

**Mini-case #2:** Fund Operational Due Diligence

**1:00 PM – 2:00 PM**    **Lunch break**

**2:00 PM – 3:30 PM**    **Module 10: Case Study – Due Diligence – Team Discussions**

The case addresses how investors select a fund and fund manager, the due diligence of a fund and the structuring of the investment. Participants will break into working groups to analyse and discuss the case, based on the roles assigned to each group. In their roles as either fund managers or fund investors, participants review and discuss the merits of an investment in the Fund. Taking into consideration the outcome of the due diligence, each manager group prepares a presentation to the investor group. The investor groups prepare questions and areas for discussion with the managers, including the fund's strategy and key terms under which they would choose to invest in the Fund.

**3:30 PM – 3:45 PM**    **Refreshment break**

**3:45 PM – 5:00 PM**    **Module 11: Manager - Investor Negotiations**

Each of the manager group presents the Fund to one of the investor groups. The investor group must delve into the merits of the proposed investment, including a review of the Fund's risks, its likely success and its fit with the investor's strategy. The two teams negotiate the key terms for the Fund. The Investor groups decide on the investment.

**5:00 PM – 6:00 PM**    **Module 12: Valuations**

This session outlines the different methods of valuing investments in companies for different financial instruments and provides an understanding of how valuations are reflected in the fund manager reports to investors. It addresses typical private capital valuation methods as well as specific VC and early-stage company valuation methods and practices.

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## DAY THREE

**8:30 AM – 9:00 AM** Introduction to Day Three

**9:00 PM – 10:00 PM** **Module 13: *Environmental, Social and Governance (ESG)***

This session provides an overview of Environmental, Social and Governance (ESG) issues and frameworks used for private capital funds. The ESG aspects of a fund will be described and the value of ESG for companies and their owners will be highlighted.

**10:00 AM – 11:00 AM** **Module 14: *Fundraising***

The session provides a framework for successful fundraising for a fund. Best practices in pitching to investors will be explored. Expected marketing and fund documents will be outlined and described including topics to be addressed and appropriate level of detail for each type of document.

**11:00AM – 11:15 AM** Refreshment break

**10:45 AM – 1:00 PM** **Module 15: *Fund Governance***

This session explains the governance structure of funds and relevant best practices. Participants will explore a mini case to illustrate an issue that fund managers often face, i.e. the departure of a senior team member triggering a key person event.

**Mini-case #3:** Key-person event

**1:00 PM – 2:00 PM** Lunch break

**2:00 PM – 3:30 PM** **Module 16: *Portfolio Monitoring and Reporting***

The session gives an overview of portfolio monitoring, risk management, and reporting to investors.

**Mini-case #4:** Conflict of Interest

**3:30 PM – 3:45 PM** Refreshment break

**3:45 PM – 5:15 PM** **Module 17: *Responsible Investment and The Impact of VC investments on Economic Development***

This session examines the development impact of private capital fund and particularly venture capital investments on economies and how these impacts contribute to growth and development of countries. We will look at how to quantify and measure these impacts through the framework of the Sustainable Development Goals (SDGs) to better articulate how a private company contributes to the SDGs and how these contributions are aggregated at the fund level.

**5:15 PM – 6:00 PM** **Wrap-Up, Feedback and Conclusion**

**Graduation certificates**