

SUBMISSION

to the

**REVIEW OF THE
NATIONAL INNOVATION SYSTEM**

by

MOMENTUM INVESTMENT GROUP PTY LTD

April 2008

STATUTORY INFORMATION

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| Declaration of Interest | Momentum holds an IIF Licence to operate the Momentum Ventures Unit Trust, a venture capital fund established under Round 1 of the Federal Government's Innovation Investment Fund Program. Momentum may have an interest in participating in future IIF or other Government venture capital programs which may arise as an outcome from the present Innovation Review. |

1. Introduction

The Momentum Investment Group Pty Ltd (“Momentum”) is a venture capital manager and the parent company for Momentum Funds Management Pty Ltd (“MFM”). MFM manages the Momentum Ventures Unit Trust, a fund established in the first round of the Innovation Investment Fund (“IIF”) program.

This submission is based on Momentum’s extensive involvement with venture capital, its wide commercial and technical experience, as well as its direct, 30 year involvement with and perspective on Government initiatives in the area of R&D, innovation, venture capital, etc.

Momentum’s Principals (Ron Finkel & Ergad Gold) have had direct involvement in the following organizations, programs and initiatives (in approximate historical order):

- The Australian Scientific Industry Association – which, in the early 1980s was the first group to alert Government to the issues of R&D, innovation, commercialisation, etc and was instrumental in the creation of the R&D tax concession and the R&D grants programs
- The Management & Investment Company (“MIC”) program
- The Industry Research & Development Board
- The Commercial Ready R&D grants program and its predecessor, the Discretionary Grants program
- The Innovation Investment Fund program
- The Cooperative Research Centre program.

We have also had extensive involvement with CSIRO, university and industry R&D and seen the commercialisation efforts of dozens of projects and companies.

In addition, Ron Finkel has had a very lengthy interest in Israel’s scientific and commercial initiatives and achievements and has a personal relationship with a wide range of key Israelis active in the innovation field. Ergad Gold had a direct involvement in Australian Government policy development and program oversight when, during the period 1987-90, he served as Science and Technology Advisor to Senator John Button, the then Minister for Industry, Technology and Commerce.

Our submission is thus informed by the length, breadth and depth of our involvement with the issues being focused on by the present Innovation Review as well as our current, day-to-day experiences of venture capital management and early stage commercialisation of innovation.

For completeness, we have attached our submission to the prior Australian Venture Capital Industry Review chaired by Brian Watson (see Appendix) since this very thorough investigation seems to be inaccessible to the present Review panel.

2. Historical & International Perspective

2.1 Background

Australian governments first began to take an interest in innovation in the late 1970s with the earliest initiatives to enhance innovation and its commercialisation being introduced in the early 1980s. Prior to this, there was a widespread belief that Australia could only ever hope to trade on its agricultural and mineral advantages, with open hostility to any suggestion that we had the capacity for export earnings from any “value added” products. (Advanced services such as design, R&D, engineering, etc were yet to be considered as export generators!).

However, some relatively small, private companies swam against the tide of “received wisdom” and began to demonstrate that Australia could lead the world in the development and commercialisation of innovative, advanced technologies. These companies included, among others, Telectronics/Nucleus (initially heart pacemakers, later augmented by the Cochlear bionic ears), Varian (atomic absorption spectrometers – originally invented and commercialised by CSIRO), SGE (specialised scientific glassware) and IEI (highly sensitive fire detectors based on CSIRO bushfire research).

This emerging trend led to a growing understanding by government that there were no fundamental limitations preventing Australia from achieving international success with highly advanced, technology-based products, leading to the first reviews and inquiries seeking to understand the factors which impeded a greater level of success. In turn, this gave the impetus for the first government initiatives intended to drive greater technological innovation, the 150% R&D tax concession and associated R&D grants program, with the earliest venture capital initiative, the MIC scheme, following shortly thereafter.

2.2 Programs & Initiatives

Since the advent of government innovation initiatives in the 1980s, there have been a myriad of specific programs aimed at addressing key perceived shortcomings and impediments.

Clearly, Government cannot be criticised for the abundant attention and support it has provided to try to catalyse the emergence of a strong Australian innovation-driven industry. This support included:

- **R&D** – programs seeking to increase the level of business-driven R&D and to improve the linkages between Australia’s research bodies and industry, including:
 - 150% R&D tax concession scheme
 - R&D grants incl. Discretionary Grants, Strategic Research Grants, Commercial Ready, etc
 - Cooperative Research Centre program
 - External earnings targets for CSIRO, etc
- **Venture capital** – programs seeking to increase the level of funding available for the commercialisation of innovation, including:
 - Management & Investment Company (“MIC”) scheme
 - Pooled Development Fund (“PDF”) program
 - Australian Technology Group (“ATG”)
 - R&D Concessional Loans program
 - R&D Syndication (which arguably provided an alternative form of venture capital)
 - Innovation Investment Fund (“IIF”) program
 - Pre-Seed Investment Fund program

- Venture Capital Limited Partnerships (“VCLP”), Early Stage Venture Capital Limited Partnerships (“ESVCLP”), and other related tax modifications
- **Export assistance** – programs, mostly delivered via Austrade, which aim to assist Australian companies to access and exploit overseas markets, including:
 - Export Market Development Grants program
 - Export Finance Insurance Corporation
- **Management & Culture** – programs designed to improve management, business planning, entrepreneurship and other key requirements for successful commercialisation, including:
 - NIES: National Industry Extension Service program
 - COMET: Commercialising Emerging Technologies program
 - Federation Fellowship program (to recruit highly credentialed ex-pat Australians)

A large number of State Government initiatives, too numerous to list here, have also been put in place over the years to promote innovation and address the perceived shortcomings in the supporting innovation infrastructure.

Many of the above programs were initiated after reviews or inquiries not too dissimilar to the present Review of the National Innovation System. Clearly, the fact that the present Review was felt to be necessary underscores that the prior inquiries and government initiatives have not satisfactorily addressed our perceived shortcomings.

Perhaps the present Review could aspire to be “the last ever innovation review”. Just as there is no longer any need for Ireland, Israel, Spain, etc to boost their innovative capacity, hopefully Australia’s underachievement will also be rectified sooner rather than later.

2.3 International Comparisons

In the 1980s, the question we asked ourselves was: how can Australia be more like Sweden?

Clearly, we could not expect to emulate the major technological countries, particularly the US and Japan. They were far more populous; had large domestic markets for advanced technologies; had very large, R&D intensive corporations; and had massive defence and other government funding programs. Clearly benchmarking ourselves against such mega players would be delusional.

Sweden however, represented a middle power with a population base not too dissimilar to our own. Yet its economy was vastly different, with major export earnings coming from technologically advanced products in telecommunications, electrical power, automotive, defence and other sectors.

By contrast, Australia was still “riding on the sheep’s back” with almost all its export earnings coming from wheat, wool, coal, etc. We were a commodity-based economy with minimal value being added to our natural resources.

Fast forward to 2008 and we are still a commodity-based economy. But we no longer benchmark ourselves against Sweden or aspire to its industrial and economic diversity.

The reality is that we have been surpassed by countries that were invisible technologically in the 1980s, including:

- FINLAND – previously largely a timber producer which now dominates global telecommunications
- SPAIN – previously largely an agricultural nation from which we now buy advanced aircraft, naval vessels, telecommunications software, etc
- IRELAND – previously a backward, inward-looking country which is now a booming technology-based economy
- ISRAEL – previously an agricultural nation with a perennially struggling economy which is now the one of the world's leading sources of IT and other technologies and a major destination for high tech investment
- ARGENTINA – previously an agricultural nation from which we recently bought ANSTO's new nuclear reactor.

Clearly there are specific factors that have driven the technological emergence and stellar performance of each of these countries.

The question we should be asking ourselves is: How could we have dropped so far back? Why, despite all prior Government programs and initiatives, has Australia been out-performed by ostensibly far more backward nations over the past 20-30 years?

We would submit that these issues should provide the key context for the Innovation Review:

3. Innovation Policies – Success & Failure

3.1 Critique of previous innovation initiatives

As set out above, several overseas countries have bypassed Australia's performance as a source of internationally successful innovation. Their success appears to have mostly resulted from a combination of their key advantages (eg EU funding, Russian immigration, etc) and comprehensive, sustained government policy leadership and execution.

By contrast, Australia has been characterised by stop-go, incoherent initiatives, which, by their piecemeal nature and lack of meaningful strategic objectives can only be seen as doomed to failure from the outset.

3.2 Illustrative examples

We can illustrate Australia's past failure to implement comprehensive programs by a short selection of examples (in no particular order):

- The Pre-Seed Fund program was designed to foster the commercialisation of research projects carried out by CSIRO and universities. It provided assistance and modest seed funding, largely for development of prototypes, protection of IP, preparation of business plans, etc. However, the Pre-Seed Funds had insufficient capital to provide follow-on venture capital to fund the first 2-3 years of company operations. Logically, the Pre-Seed program required the timely existence of at least an equal number of venture capital funds, with some 5-10 times the capital base. Given the lack of policy coherence, most of the early IIF venture capital funds had already completed their investment program by the time the Pre-Seed investees were ready to seek follow-on funding.
- The Cooperative Research Centre (CRC) program has provided massive R&D funding to consortia of research organisations and industry. The program places a major emphasis on the formation of spin-off companies to commercialise research outcomes. However, only a small handful of venture capital funds were in place to

provide financial backing for such spin-offs. Indeed, the deficiency is worse than might appear, since the small number of active venture funds are mostly focused on IT and biotech, while the CRC program covers a far broader spectrum of industries and technologies. Many potential CRC spin-offs are thus inherently constrained by the struggle to find financial backing.

- The Innovation Investment Fund (IIF) program was arguably the best researched and executed Government venture capital initiative to date. It was informed by overseas venture capital initiatives and correctly identified the private sector investors, advisors and selection processes which needed to be attracted to venture capital. But little attention was paid to one of the IIF program's key objectives – the creation of a sustainable Australian venture capital industry, ie IIF managers successfully raising subsequent venture capital funds. However, fund managers typically “deploy” for 2-3 years, “nurture” for 3-5 and “harvest” for 3-4 years while investors look to a manager's “track record” which is rarely evident until fairly late in a fund's evolution. There was little recognition of this timing mismatch in the IIF program design which clearly needed a mechanism for the IIF managers to build capacity over a 2-3 fund cycle.
- The previous Government established the venture capital inquiry headed up by Brian Watson (regrettably its report was never released publicly and seems to be unavailable to the new Government and the current Innovation Review). The Watson inquiry sensibly focused on achieving sustainability of venture capital funding by establishing a rolling series of new IIF Licences rather than a single new round of Licences. (in line with Momentum's submission to the Watson inquiry – see Appendix). However, the Government accepted this recommendation but capped its investment in each new fund at \$20 million, thus effectively limiting each new IIF fund to \$40 million at a time when venture capital funds need \$100-150 million to be effective. The Government's shortsighted action means that the new IIF funds will inherently lack critical mass and will be at a disproportionate risk of being diluted in successful investees. It also means that the new IIF managers are seeking to set up complex parallel funds alongside their IIF funds to overcome the constraints imposed by the cap on Government investment. (We note that Momentum is all too aware of the challenges of operating an undersized fund – Momentum Ventures Unit Trust was established with \$30 million in 1999 (which is probably equivalent to \$60-80 million today) and always struggled with its small capacity for follow-on funding of investees. As a result, we have been disproportionately diluted in some of our most promising investees.

3.3 Key success factors

The key requirements for successful innovation are readily enumerated:

- People: Skills and experience (eg in commercialisation of university research), entrepreneurial culture, international experience, fund management skills, etc
- Sources of innovation: Commercially-driven R&D, collaborative research between industry & CSIRO/universities, etc
- Funding: Venture capital, pre-seed funding, etc
- Infrastructure particularly in relation to human capital: Engineers & scientists, sales & marketing professionals, patent attorneys, etc

Arguably, Government innovation policies have touched on all relevant aspects. However, most Government policies and initiatives have occurred in a disjointed, isolated and short-termist fashion, with little cognisance of either the holistic, strategic approach required for success, or the lessons which can be drawn from overseas experiences.

Success will only be achieved if all key innovation ingredients are actively available for a sufficiently long time for demonstrating success. This observation is hardly surprising – it

should be tautologically obvious – but regrettably seems to have been overlooked by successive government initiatives in the past.

Longevity is vital in this regard, mindful that it takes 10+ years to demonstrate the success and viability of a start-up company (considerably longer for a biotech start-up) and for a venture capital fund to provide an attractive financial return to its investors. The time scales for proving success are prodigiously long and thus regrettably, free market investment in innovation will also lag for many years unless facilitated by Government programs.

The vital need to ensure that initiatives have adequate scale and longevity has clearly been understood overseas, as demonstrated by the effectively perpetual funding models for the US SBIC venture capital program and, via a different approach, the EU scientific research and equalisation programs which have propelled the ascendancy of Ireland and Spain.

The essential requirement for a holistic and comprehensive approach has also been well understood overseas, eg Israel's parallel initiatives in regards to research funding, venture capital, corporate structure reforms, tax reforms, etc.

By contrast, and as already exemplified above, Australian initiatives have been short-term, piecemeal, disconnected and essentially doomed to failure.

We thus submit that the key requirement for success is a policy framework which is:

1. Sustainable, ie policies which are in place for at least 15-20 years to allow the natural innovation cycle adequate time to demonstrate success
2. Comprehensive and holistic, ie policies which stimulate all key innovation inputs at the same time
3. Adequate in scale: ie policies which can drive a wide range of innovative ventures and over time, demonstrate broad based success in innovation and its commercialisation.

4 Recommendations

This submission's key observations can be summarised as:

- The sustainable availability of a critical level of venture capital, pre-seed and other innovation-driven funding sources is an undisputed, key pre-requisite for successful innovation.
- Arguably, the availability of funding can also be seen as sufficient, as well as necessary, for successful innovation, since funding tends to drive and attract the entrepreneurs and investment opportunities on which innovation depends.
- Funding for Australian innovation, via pre-seed and venture capital funds, is characterised by a long-standing, debilitating market failure. Historically, it has been fragmented and sub-critical with little opportunity to build management teams with a depth of experience in all phases of fund management: investment, growth and divestment. Currently, there are only 5 venture capital funds that are actively processing investment opportunities, with 2 of these being essentially dedicated to biotech, 2 being purely IT, and only one fund having a generalist focus.

- The lack of critical mass of venture and pre-seed capital in Australia is largely due to the drastic shortage of management teams who have had adequate time to demonstrate a track record of successful investment and divestment.
- Demonstrating a track record typically requires approximately one full fund management cycle of almost 10 years, ie 2-3 years of investment, 3-5 years of investee management, and 3-5 years of divestment. However, paradoxically, unless a team is continuously undertaking all fund management processes, by being allowed to manage 2-3 successive funds, the growth of its experience and expertise will be drastically curtailed.
- If the Government wishes to address the scarcity of successful innovation in Australia, the most critical need is to foster the establishment of sustainable venture capital and pre-seed management teams.
- We have previously estimated that the required scale is a minimum of 20 properly resourced venture capital funds actively investing at any time (see our submission to the Watson inquiry attached). Building up to such a funding base is currently impeded by the inadequate supply of experienced venture managers but can be achieved progressively given the right policies and programs.
- The preferred approach would be to create a permanent funding structure, akin to the Future Fund, which could invest in eligible venture capital and pre-seed managers in an on-going, sustainable fashion. This would come closest to emulating the longevity of the SBIC program in the US, without a reliance on the government loan guarantees on which SBIC depends.
- The observation of the prime importance of adequate funding capacity does not undermine the importance of holistic policies and program and thus existing innovation programs should largely remain in place in tandem with new programs introduced to address current venture and pre-seed capital deficiencies.

Accordingly, we recommend that the Federal Government facilitate sustainable innovation funding by adopting and implementing the following recommendations:

Recommendation 1:

That the Government establish an Innovation Future Fund to provide a secure, sustainable source of capital for innovation investment via Australian venture capital and pre-seed funds.

NOTE:

Establishing an Innovation Future Fund provides the best way for ensuring long term support free of annual Budget pressures, expiry of specific programs, political cycles, etc. This would emulate the perpetual funding available under the US SBIC program that is provided off-Budget by the Government guaranteeing loans raised by fund managers.

Recommendation 2:

That the Innovation Future Fund be authorised to invest in:

- Venture capital funds complying with the Innovation Investment Fund (IIF) criteria
- Pre-seed funds complying with the Pre-seed fund criteria
- Any renewable energy or other innovation funds licensed under Government programs
- Fund-of-funds (FOFs) investing in IIF, pre-seed or other Government innovation funds.

NOTE:

It would be judicious to use the Innovation Future Fund to stimulate the establishment of additional fund-of-funds since FOFs address the current scale imbalance between the multi-billion dollar superannuation funds, and the rather small investment commitments (approx. \$5-20 million) made by each investor in typical venture capital and pre-seed funds. Currently, the only Australian fund-of-funds which focuses on venture capital is Macquarie Investment Management Limited which, as a result, plays somewhat of a “kingmaker” role in the establishment of new venture capital funds.

Recommendation 3:

That the Government capitalise the Innovation Future Fund with a funding base of \$2 billion.

NOTE:

We estimate that \$2 billion should provide an adequate perpetual funding base after allowing for conventional market returns earned on undrawn funds; the recycling of innovation fund returns; and the rather protracted deployment of funding commitments into venture capital, pre-seed and fund-of-funds. A simple model of the proposed Innovation Future Fund is attached to this submission (see below).

Recommendation 4:

That the Innovation Future Fund:

- Be entitled to commit to investments at any time, ie the heavy administrative demands of the IIF licensing process could be dispensed with open access funding.
- Invest only in fund management teams that have been awarded an IIF, Pre-seed or FOF licence by the Federal Government, which would retain the regulatory oversight established for the IIF and Pre-seed Fund programs.
- Invest 50% of the capital of any eligible fund subject to the balance being raised from superannuation funds, fund-of-funds, and other conventional market sources
- Be entitled to receive investment returns comprising: (1) the principal, (2) a benchmark return based on the long term bond rate, and (3) a concessional “super profit” discounted to 25% equity (ie the private investor stake would leverage up from 50% to 75%) once the principal and benchmark return had been realised.

NOTES:

Allowing an open access approach to funding, ie removing specific IIF-like investment timetables, should reduce some of the delays that currently hamper the establishment

of funds and should help to drive more market driven approaches. Prospective fund management teams would consult with AusIndustry, the Innovation Future Fund and private investors and would commence operations once all required licences and funding commitments had been obtained.

There would be no constraints on the size of a fund or on the maximum level of commitment of the Innovation Future Fund to a fund. Thus the private investors and fund management team, mindful of the investment mandate specific to each fund, would determine the appropriate fund capitalisation.

Venture and Pre-seed funds could raise funds from fund-of-funds supported by the Innovation Future Fund but would not be able to double-dip. That is, the Innovation Future Fund could invest directly in a fund, or indirectly via a fund-of-funds, but not both. 50% of a fund's capital will always need to be obtained from private sources not associated with the Innovation Future Fund.

Recommendation 5:

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| <p>That the Government maintain all other existing innovation programs at their current level of funding in real terms, without seeking offsetting savings, so that Australia can enjoy a sustained period of comprehensive support for innovation.</p> |
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INNOVATION FUTURE FUND -- Simplified model of operations

| YEAR | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-------|-------|
| Opening Balance | 2,000 | 2,167 | 2,224 | 2,128 | 1,906 | 1,645 | 1,414 | 1,198 | 933 | 613 | 372 | 321 | 652 | 1,578 |
| Total cash drawdowns | 30 | 145 | 290 | 395 | 410 | 360 | 325 | 350 | 375 | 275 | 135 | 65 | 35 | 10 |
| Total cash returns | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 370 | 900 | 1,130 |
| Return on undrawn funds | 197 | 202 | 193 | 173 | 150 | 129 | 109 | 85 | 56 | 34 | 24 | 26 | 62 | 157 |
| Closing Balance | 2,167 | 2,224 | 2,128 | 1,906 | 1,645 | 1,414 | 1,198 | 933 | 613 | 372 | 321 | 652 | 1,578 | 2,855 |

INVESTMENT RETURNS FROM UNDRAWN FUNDS

| | | | | | | | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|-----|-------|
| Funds available for investment | 1,970 | 2,022 | 1,934 | 1,733 | 1,496 | 1,285 | 1,089 | 848 | 558 | 338 | 237 | 256 | 617 | 1,568 |
| Return on undrawn funds @ 10% | 197 | 202 | 193 | 173 | 150 | 129 | 109 | 85 | 56 | 34 | 24 | 26 | 62 | 157 |

FUND-OF-FUNDS

| | | | | | | | | | | | | | | |
|--------------------------------|---|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| No.committed in year | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumul no. of FOFs | 0 | 1 | 2 | 2 | 2 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Cash committed in year | 0 | 500 | 500 | 0 | 0 | 500 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumul cash committed to FOFs | 0 | 500 | 1,000 | 1,000 | 1,000 | 1,500 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Cash drawdowns into FOFs | 0 | 75 | 175 | 250 | 275 | 250 | 225 | 250 | 275 | 175 | 50 | 0 | 0 | 0 |
| Cumul cash drawdowns into FOFs | 0 | 75 | 250 | 500 | 775 | 1,025 | 1,250 | 1,500 | 1,775 | 1,950 | 2,000 | 2,000 | 2,000 | 2,000 |
| Cash return from FOFs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 550 | 800 | 0 |
| Cumul cash return from FOFs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 700 | 1,500 | 0 |

VENTURE CAPITAL FUNDS - directly committed by IFF rather than via FOFs

| | | | | | | | | | | | | | | |
|-------------------------------|-----|-----|-----|-----|-----|-----|-----|-------|-------|-------|-------|-------|-------|-------|
| No.committed in year | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cumul no. of VCs | 2 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 12 | 12 | 12 | 12 |
| Cash committed in year | 200 | 200 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 | 0 | 0 |
| Cumul cash committed to VCs | 200 | 400 | 500 | 600 | 700 | 800 | 900 | 1,000 | 1,100 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Cash drawdowns into VCs | 30 | 70 | 115 | 145 | 135 | 110 | 100 | 100 | 100 | 100 | 85 | 65 | 35 | 10 |
| Cumul cash drawdowns into VCs | 30 | 100 | 215 | 360 | 495 | 605 | 705 | 805 | 905 | 1,005 | 1,090 | 1,155 | 1,190 | 1,200 |
| Cash return from VCs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 220 | 350 | 330 |
| Cumul cash return from VCs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 280 | 630 | 960 |

ASSUMPTIONS

VC, PS and FOF returns occur during years 10-13 and total 200% of committed funds - in time window shown, only the initial returns from the first FOFs and VCs are received

Pre-seed funds are not modelled for simplicity. If included, they would follow similar patterns but with far lower cash impacts

IFF commits 50% of FOFs whose average size is 500 million

IFF commits 50% of VCs whose average size is 100 million

IFF commits 50% of PSFs whose average size is 20 million

Drawdowns of commitments into funds occurs over 5 years with a typical distribution of: 15% 20% 30% 25% 10%

Investment returns from funds occurs over years 10-13 with a typical distribution of: 15% 40% 40% 15%

