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NZ GROWTH CAPITAL PARTNERS

Aspire NZ Seed Fund – FAQs

Everything you need to know about how our Aspire fund supports Kiwi start-ups become world-class companies.

ASPIRE
NZ SEED FUND

What we cover

This document seeks to answer some of the frequently asked questions we get about the Aspire NZ Seed Fund (**Aspire**) from founders, private investors and advisers to start-ups.

We will look to add more FAQs and update our responses from time to time. Please do get in touch If you have any additional questions or are looking for investment – our contact details are set out at the end of this document and on our website at www.nzgcp.co.nz

We note that the answers in this document are not definitive and there is always nuance in what we will or won't invest in, if you are unclear on anything, we do strongly encourage you to get in touch.

A glossary of commonly used terms is included at the end of this FAQ document.

1. Who / What is NZGCP, why do you exist and what do you do?

New Zealand Growth Capital Partners (**NZGCP**) is a Crown Agency established in 2001 to help stimulate the early-stage capital markets in New Zealand. We are owned 100% by the Government and are given specific mandates to address capital and capability gaps in the New Zealand venture capital markets. These mandates are supplemented by annual Letters of Expectations (**LOEs**) provided by our Ministers to address specific issues.

NZGCP's original programme in 2001 was the Venture Investment Fund (**VIF1.0**) which invested into early-stage venture capital funds (which in turn invested in early-stage companies). In 2006, the Seed Co-Investment Fund (**SCIF**) was established to invest alongside accredited partners directly into early stage / Seed stage companies.

The VIF1.0 fund is now being wound down and our main investments are through the Aspire NZ Seed Fund (**Aspire**) which is an evolution of the original SCIF programme (More detail of Aspire is given below).

NZGCP also manages the Elevate NZ Venture Fund (**Elevate**) on behalf of the Guardians of New Zealand Superannuation, this is a $300m fund-of-funds investing into private venture capital funds who target investments predominantly at the Series A/B stage. See the FAQ document on Elevate **here.**

We are also considering a trial of a new fund-of-funds within Aspire which will focus on investments into funds who are investing at the Seed stage, are emerging venture capital managers, or are targeting investments into or are run by managers which are under-represented in the New Zealand start-up ecosystem (e.g. female, Māori, Pasifika or certain regions of New Zealand). We will provide further guidance on this once we have developed the framework on how this will work.

We also receive an annual market development appropriation from the Government. Whilst our market development objectives (capital and capability gaps) are principally addressed through our investment activities (via our Aspire and Elevate funds), we also seek to address other market development needs (specifically capability building and addressing diversity in founders and investors) by running educational events, sharing data insights and supporting a small number of programmes or bodies which support these objectives e.g. **AANZ**, **NZPCA**, **StartMate** and **Ministry of Awesome**. We are continuing to develop these areas.

This FAQ document however only relates to Aspire's direct investments.

2. What happened to NZVIF and SCIF?

The entity and purpose of the original NZVIF are unchanged, we just rebranded and changed the name of NZVIF to NZGCP in 2020. We also rebranded SCIF to the Aspire NZ Seed Fund (**Aspire**) at the same time which coincided with the launch of Elevate. Aspire continues to evolve and has diverted from the original SCIF in the way it operates (more on this below).

3. What is the Aspire fund?

This is NZGCP's direct Seed investment fund, investing in early-stage technology companies or start-ups (Aspire's first investment is typically at the proof of concept or Seed stage, then making follow-on investments into the successful companies as they mature). We generally will not make any initial investments at the Series A or later stage.

Aspire was established in 2006 as SCIF (see above), following a co-investment model to help stimulate investment into early-stage start-ups. Our role is to stimulate private capital into these investments which means we always co-invest with other private investors, including but not limited to angel funds/networks (high net worth individuals), venture capital funds, family offices, corporates and institutional investors. These are typically domestic investors but increasingly offshore investors.

The main purpose of Aspire is to help support the growth of the pipeline of companies maturing to the Series A stage (where venture capital funds will then look to invest with much larger investments as these companies mature and scale).

Aspire has changed quite a bit over the years as the market has matured and we constantly evaluate it to ensure that it is serving its purpose of helping to address the capital (and capability) gaps in early-stage venture capital investing.

4. So, how does NZGCP define a start-up?

When we talk about start-ups, we are talking about early-stage, high-growth technology businesses that are typically backed by venture capital investors (from Angels through to venture capital funds). These are businesses that are not yet fully established and have the potential to expand rapidly and generate long-term growth. This may be a business before the product or service is ready for mass production or before it is available commercially.

Start-ups (at least the type we look to invest in) have the potential for very high and scalable growth, for example where a rapid scale-up is anticipated or where a disruptive and innovative technology or platform is being developed. Start-ups are generally technology-driven, with the technology or innovation providing the core of the value to the high-growth potential or scalability of the business being invested in.

Investments into start-ups are typically very high risk, are in illiquid instruments, and involve long-time horizons from initial investment through to realisation. If you are interested in becoming an Angel investor, we suggest you check out the **AANZ website** for more details.

See the glossary at the end of this document for definitions of start-ups and venture capital investments.

5. How do you fit in with MBIE, NZTE, Callaghan Innovation, MPI and NZGIF?

NZGCP, as a Crown Agency, falls under the remit of **MBIE** and they are responsible (via Ministerial guidance) for the establishment, controls and monitoring of NZGCP. Once we are given directions from Ministers and MBIE, NZGCP operates autonomously to deliver on the agreed objectives. Neither MBIE nor Ministers are involved in individual investment decisions.

MBIE is also the policy-setting and monitoring department for New Zealand Trade and Enterprise (**NZTE**), **Callaghan Innovation,** Ministry for Primary Industries (**MPI**) and New Zealand Green Investment Finance (**NZGIF**) (amongst other agencies and initiatives) for stimulating the growth of the start-up ecosystem and other economic development objectives of the Government.

We seek to work collaboratively with NZTE, Callaghan Innovation, MPI, and NZGIF to meet the Government objectives and we all play different but important parts in doing so (although understandably sometimes there is an overlap in what we do). We suggest you visit the website of each of these organisations to find out more or we are happy to make an introduction to them ourselves.

There are instances where a start-up could obtain support from all of us e.g. Aspire making a direct investment, NZTE supporting overseas investment or entry into new overseas markets, Callaghan Innovation providing research grants or facilities and NZGIF providing later stage investment or other financing.

6. What do you look for in an investment?

We want to see really ambitious founders, looking to solve really big problems and have a clear articulation and vision of how they will do that. Due to the early-stage nature of our investments, we know not all of the issues will have been solved (or even be aware of all of them) but founders that can demonstrate that they have thought about them and have ideas of how to solve them (ideally in a unique way) will help that.

We follow a fairly standard venture capital approach to assessing investment opportunities. We firstly look at the company including the nature and scale of the opportunity, how unique and defensible the solution is, then the strategy and team to achieve that growth and then finally we look at the terms of the investment and weigh up the risk vs reward profile and whether on balance we think the potential return outweighs the risk.

We make a lot of investments into early-stage, high-growth potential companies and it's just the nature of these companies, that many will fail. This means that the successful investments need to be sizeable to make up for all the losses, that's why we look for big opportunities. To date, we have invested directly in over 260 companies and currently have 150 companies in our portfolio.

When we conduct our due diligence, we generally look at the following areas and some of the questions we are likely to ask include:

Market

How big is the target market and how fast it is growing? What do the competitors / market dynamics look like? Our review of this is often very nuanced and we want to understand how the product and approach will address the market and how big the addressable market is for the specific product or offering, not just the broader market as a whole.

Product

Is the product differentiated and do customers want / value that? Is the product defendable from competitors following suit? Will the product be commercially viable? For more technical products, we also want to understand the feasibility of the product and the development milestones & its timelines.

People

Generally the biggest driver of whether a company will succeed (although without the above two factors, this makes it very difficult). We look for driven, ambitious founders who have the resilience and self-awareness to ultimately drive success. Founders need to be able to hire good teams and lead them and in the early-stages are likely to have to do everything from building desks to solving hard-technical problems through to selling their product (and the opportunity to investors). This changes over time as founders develop their product, build bigger teams and enter new markets or geographies, we therefore assess the team each time we look at an investment in relation to where it is currently and where it is going over the next few years.

Environmental, Social & Governance (ESG) criteria

We care a lot about the purpose behind the business and won't invest in companies that are making a negative impact on society, people, animals or our planet. We also think it's important to have good checks and balances in place and will review governance requirements for the stage of the company.

Investment returns

Finally, we weigh up the risks and the potential returns (including the timeframes for potential returns) and assess whether the potential return outweighs our view on the potential risks (known and unknown). This is clearly very subjective, so we generally look for a large margin of safety aka very big potential returns, especially as so much is unknown at the early stage.

Due Diligence approach and collaboration

In general, we will work with the investor leading the funding round and our due diligence process may include a site visit, reference checks (by talking to customers/ distribution partners/suppliers), talking to industry experts within our network and review due diligence data room materials, etc. We will, wherever possible, look to work collaboratively with other investors to avoid duplication and to share knowledge between the investor group. We don't pretend to know everything so will seek different viewpoints and call on people in our networks wherever we can.

7. Are you a commercial fund?

Our investment processes are like those of other private early-stage venture capital funds; we look to make positive returns across our portfolio as we are funded by Government (i.e. taxpayer) money and this is the responsible thing to do. Making positive returns will allow us to demonstrate the commercial viability of this asset class (hopefully drawing in more private investors) and also enables us to invest more in the future in other promising Kiwi start-ups.

However, we have to balance this with our main purpose of market development i.e. building the pipeline and investing in promising companies where private capital is not so prevalent. Therefore, we do have a higher risk tolerance for investments in under-served areas of the market e.g. certain sectors, regions, or founders with or addressing more diverse backgrounds or regions. We also spent time and effort building capability across the investor universe as part of our market development efforts.

We will not, however, invest in companies just because they are founded by under-represented individuals or regions, the company still needs to have the potential to be a large, scalable technology company that other venture capital investors will potentially back in the future. Our investment process is the same for all potential investment opportunities but where we are on the fence, the market development objective may help us get over the line.

When it comes to sectors, we do look to weight more of our investments to under-served sectors e.g. deep-tech investments or new/emerging sectors will receive a greater proportion of our funding than e.g. software companies which are currently relatively well-served by a diverse set of potential investors. Currently however, a large proportion of our investments and the opportunities that come to us are software/software-as-a-service companies and we expect to continue to be active in that area. We will look to change this over time by being more proactive to help uncover the hidden gems across the country and especially coming out of the amazing work done in New Zealand's universities and Crown Research Institutes.

8. What is your investment horizon and return expectation?

Historically, we have operated differently to a traditional fund which typically has a 10-year horizon (five years of investment and a further 2-5 years to realise those investments). Aspire has been run as an evergreen fund, continuing to support the market with investments whilst it is still needed.

However, in order to give the market more certainty, we are now looking to move to a more conventional committed capital structure of Aspire. Using our existing assets, we will look to re-invest these over the next ten years (and recycle proceeds during this period) before re-evaluating at the end of that timeframe whether our investment activity is still needed or should evolve again. We will work with Government to review our activities and the need for them over this period to ensure we continually serve the purpose for which we exist.

As we develop this, we are evolving to a more structured portfolio construction framework which will allow us to keep backing promising New Zealand start-ups for longer whilst also allowing us to provide support to areas in the market that need it or e.g. during market downturns. This approach will allow us to be more flexible to scale our investments as needed over this time horizon to meet the market needs and respond to the opportunities we see.

The recycled cash from exits enables us to support and invest in more New Zealand high-growth technology start-ups.

As we are moving to invest earlier and into more deep-tech companies, the time horizons from initial investment through to exit will be longer and can be 10 years or longer. Across our fund, due to the mix of our commercial return objectives and the market development objectives, we would expect our returns to be less than of a purely commercial operation, but we will seek to still provide a positive net return on investment (expressed as an IRR).

9. What stage do you invest at?

Aspire makes its initial investments at the Seed stage but increasingly we will look to invest even earlier, including at the proof of concept and pre-Seed stage. We will then make follow-on investments into those of our portfolio companies that are making good progress in meeting their milestones and look the most promising.

We have a Mandate Management Policy which helps clarify our role at various stages and to ensure that by making investments in one fund e.g. Aspire, we don't disadvantage the investments made by another fund e.g. Elevate and whilst we still want to make the best commercial investments, we do not want to do this at the expense of squeezing out private capital.

The best example of this is that if we were to make an investment into a Seed stage company, when it gets to its Series A stage investment, our default is to limit our investment (subject to our investment process below) to our pre-emptive rights i.e. our pro rata share of the round based on our then current shareholding level. This allows us to keep optimising for commercial returns whilst ensuring we are not "crowding out" venture capital funds whose main investment strategy is to invest at the Series A or beyond. If we do feel that even our pro rata would squeeze out other investors, we will look to scale back accordingly.

10. How much will you invest?

Our investment amount generally reflects the stage of maturity of a company (and therefore risk level). At the proof of concept stage, we will generally limit our investment to $50-100k. As a company matures to the pre-Seed stage, we may double that range, and at the Seed stage, we are generally looking to invest in the region of $250-500k.

However, we are very aware that the level of funding available and the capital required for commercial progress can vary significantly from company to company and product to product. We will therefore look at these factors and work with companies to assess how much we would be willing to invest. Ultimately, the decision also comes down to how much conviction (or belief) our investment team and our investment committee have in the investment being proposed.

We generally expect to take around 20-25% of an initial investment round but are not permitted under our mandate to go above 50%. Again, we need to balance how much capital we are "crowding in" vs the availability of capital in under-served areas. For this reason, we would happily take a smaller percentage of a round (particularly as companies mature) if it meant other private investors were supporting a company grow.

As companies mature to the Series A stage and beyond, we are cognisant that this isn't Aspire's area of primary focus and therefore will generally look to limit our investment to our pro rata share of a round but we have flexibility to move up or down on this depending on our conviction and the needs of the company with regards to other investors.

We no longer have a cap on the total amount we can invest per company but are mindful of using our portfolio to not over concentrate investment into any one company.

11. What won't you invest in?

We will happily look at any company that is within our mandate i.e. an early-stage start-up (see what is a start-up? above and **glossary**). To be within our mandate, the company must have the characteristics of a high-growth technology-based business although this can cover many differing forms of business or business model. We can't however invest in mining, property development, bricks and mortar retail or financial intermediaries.

The company must also be a New Zealand business when we first invest (we don't mind and indeed often encourage companies to expand offshore later down the line as they grow). Generally, when we talk about a New Zealand business, we are looking for companies that are either incorporated here, have the majority of management here or the majority of assets or employees based here (when we make our initial investment). There are some exceptions to this rule if we believe there is genuine benefit to New Zealand.

We also take our role as a Responsible Investor seriously and our policy on this is reviewed regularly. You can view the policy **here**. Generally, if your business (or a material part of it) is likely to or is intended to cause harm to people, animals or our planet then we won't invest in it. We want to invest in socially responsible companies that are aiming to change the world for the better.

We invest in many different equity instruments whether they are shares, preference shares, convertible loans or other such instruments. We generally don't invest in debt instruments (unless they are likely to convert to equity), tokens or any derivatives and we don't provide grants or loans. We invest on the same commercial terms as other private investors, and the lead investor for a particular funding round will generally agree the terms and instruments based on their own mandate, preference or restrictions.

12. Will you lead a round?

Our mandate originally prevented us from leading funding rounds – we could only ever come in alongside other private investors and in rounds led by another investor. We believe this is consistent with our objective of working collaboratively with other investors but to help plug some of the capital gaps where the lead investor(s) cannot fill the entire round.

However, where there are no investors willing to lead a round, we may be willing (provided we have sufficient conviction in the investment opportunity) to work with another investor to co-lead the round to help support the investment.

We are also very happy to help lead a due diligence process and share that due diligence material (see question 14) and to talk to potential investors regarding our work and findings. Every investor has their own reasons whether to invest or not but if we have already completed our work then we are happy for others to leverage some of the work we have done. We have found this particularly helpful in areas where there aren't a lot of experienced domestic investors i.e. focus areas for us such as deep-tech and gaming.

We can also use this process (provided the company gets in touch early enough) to provide feedback on the key things we think other investors will be looking for and help put the founders in the best place possible to maximise their chances of a successful fund raise.

13. Do you appoint a board member to portfolio companies post the investment?

No, given the number of companies we invest in, it's not practical for us to sit on the boards of these companies. We do sometimes request a board observer seat and appoint our staff to attend board meetings from time to time to track performance. This allows us to have better visibility of a company's progress, to assist where we can and to help us act quickly in future funding rounds.

14. Are you willing to share your due diligence materials?

Yes, once we have made an investment recommendation to our own investment committee, we are happy to share this with other potential investors (although some commercially sensitive information and private information will be redacted). If we have recommended not to invest in the company, we will need to seek the company's permission before doing so as, whilst the information may be useful, we do not feel it fair on the company to share our rationale for declining the investment without their permission.

15. What does your investment process look like?

We follow a three-stage investment process. Once we have received some initial information on the company (see question 16) we will make an initial assessment on whether it is within mandate for us (see question 11). If the company is not eligible for investment via Aspire, we will let the founder know generally within one week.

If the company passes that initial stage review, we will then conduct screening of the investment. This will focus on a high level review of the main areas covered in question 6 and identifying whether the company has the potential to be a large high-growth technology company, in short, does it excite us?

This process generally involves reviewing the company's key investment docs (a pitch deck and/or an IM), meeting with the founders and getting to understand the founders and their ambitions better. Our Screening Committee meets weekly and will vote on whether we have enough information to make a decision and if so whether to proceed to the detailed due diligence stage. If the Screening Committee asks for more information the team will go back to the founder for this and repeat the screening process again.

For deals that are rejected due to mandate reasons or at screening, we will seek to give the founder detailed and constructive feedback as to the rationale behind our decision and will always look to suggest other investors that may be interested or worth talking to.

In the detailed due diligence phase, we seek to probe in more detail (depending on the type and stage of business and may include reviewing technical materials, talking to technical advisers and making reference calls). We will explain the expected process and our likely requirements once we have completed screening.

For an existing portfolio company, our follow-on investment process involves a two-stage progress: an initial screening and due diligence. The investment team will then make a recommendation on the amount to invest based on the same framework as for new investments, albeit with usually more information available to us (and therefore shorter timeframes) to make those decisions.

Our investment amount is based on a number of factors including portfolio construction frameworks, the conviction we have in the investment and the funding needs of the company (including managing investments within our Mandate Management Policy).

16. What information do you need from a company?

Initially, a pitch deck/presentation will suffice and then if the opportunity is on mandate, we will get in touch with the founders to find out what other information is already available and some of the key documents or information that we will require.

Unfortunately, until we start our work and probe a bit more, we can't define exactly what our requirements are, as they are likely to be different for each company.

17. How long does your process take?

Obviously, this can depend a lot based on how much information the company has available to share with us, the complexity of the company, and our own resourcing levels (especially around our busy periods in June/July and November/December each year). We therefore strongly encourage founders to get in touch as soon as possible. We are happy to engage prior to launching a fund-raising round as we may be able to help companies prepare for the investment round and make introductions to other potential investors.

Generally though, our investment due diligence process can take 2-3 months for a new deal and 1-2 months for a follow-on round.

18. I've heard about your focus areas, what does that mean?

As mentioned above, these are the areas that we feel New Zealand has significant opportunities to do well in but there is relatively less capital or investing expertise available. Deep-tech (see the glossary at the end of this document) for example also usually requires significantly greater amounts of capital before a product is in-market or generating revenue Therefore, the same number of deep-tech companies will generally require more capital to progress to commercialisation than the same number of software companies.

Currently New Zealand generally has significantly more investing expertise and capital available to software/SaaS companies than a sector like deep-tech. We want to help develop these under-served areas (especially given the significant amounts being invested by the Government into research, science and innovation) so these are our main focus areas.

This doesn't mean we won't invest in other sectors; we remain a generalist Seed investment fund, but our weighting of investments will be skewed to under-invested and new or emerging sectors where not many investors are currently investing or there is a lack of pipeline of more mature companies at a later stage. Where there are lots of investors with good experience in the relevant sectors or products and lots of capital available, it may suggest to us that our funding is needed more elsewhere.

19. Will your focus areas change over time?

Absolutely, aligned with our objectives, we will continue to adapt to where the biggest capital gaps are in the market. This doesn't mean, however, that after we invest in a company we will simply walk away if our focus areas change. We will always maintain flexibility to invest in any sector, but we may change the relative weighting of our portfolio, particularly to new investments.

20. So, does that mean you don't invest in Software or SaaS businesses?

Not at all. Whilst these types of business may not be our main focus areas, that just means the relative proportion of our investments in those sectors will reduce from very high i.e. >50% of annual investments) historical levels. Given the relatively large number of such companies (and private capital for investment into them) in New Zealand (compared to other sectors), this does mean our threshold for investing in these areas will naturally increase (same number of companies / less dollars to invest = less deals).

21. What about AI, Crypto and Web 3.0?

Artificial Intelligence (AI) covers a broad spectrum of approaches and different levels of complexity. We do look to invest in companies that are developing (generally for enterprise or corporate customers) proprietary AI or machine learning applications which can be categorised more as deep-tech i.e. they are novel and defensible. Where a company is looking to use existing AI applications or is more of an algorithm based approach, we look at these as with other software opportunities, which means that as long as they are compelling opportunities we will still look at them but will weight less of our investments in this area.

We cannot invest in financial intermediaries and are generally not going to invest in cryptocurrencies. We really only invest in instruments that are equity or will convert into equity and whilst we may take tokens as well, our investment is predominantly based on our potential equity participation.

We will look at investing in interesting companies that are working with the underlying technologies applicably to cryptocurrencies e.g. blockchain and other fin-tech companies.

We are still developing our knowledge and thinking on Web 3.0 (and this new and exciting area is still developing itself) but there are no fundamental reasons that we wouldn't invest in this area. As with any investment (see question 6) we will need to gain conviction in the proposition, the size of the market and the team.

22. If you decide not to invest, will you help a start-up find funding elsewhere?

Yes, whether we invest or not, we are always keen to help the company find other investors and put them in the best position to close your round. We also work with other government agencies such as NZTE and Callaghan Innovation who can provide additional services and/or grants and we want to help start-ups access this as easily as possible.

23. If you turn my investment down, is there any point in me seeking funding in the future?

Absolutely. We will often turn an investment down because there are too many uncertainties or a couple of major uncertainties that we aren't comfortable with. Some of these may be due to the relative stage of the company and you may not have even worked out your approach to solving them initially. As a company matures and gains some traction (technically or commercially) then we would love the opportunity to re-visit this. There is nothing investors like seeing more than companies that said they would deliver on something and have actually done it.

24. Can your investment decisions be appealed?

Generally, no. Our investment decisions are taken after careful deliberation and take into account a number of factors such as portfolio weighting/allocation. If we turn down an investment, we will always endeavour to provide constructive feedback as to why and to recommend other investors that may be more suitable. Given the large number of investments we review, we generally only re-review an opportunity if there is new and material information that has come to light or that we have clearly missed.

25. Who are your investment committee members? What does the voting scheme looks like?

Our Aspire investment committee is currently made up of the CEO, the CIO and the Associate Investment Directors in charge of Aspire and Elevate respectively. The Aspire Senior Portfolio Manager is also an observer on the Aspire investment committee. We review the composition of the investment committee from time to time to ensure it meets its needs and has the right balance of skills and backgrounds and we may consider adding further independent members (i.e. non-NZGCP employees) to the investment committee over time. The Aspire investment committee requires 75% approval for a recommendation to be approved or unanimous approval when only three members (the minimum quorum) are present. We do not disclose the individual voting on any decision for privacy and commercial sensitivity reasons. The investment committee meetings are held on a fortnightly basis.

26. Why should a company seek investment from Aspire?

NZGCP is New Zealand's most active Seed investor and is working to grow the Seed and pre-Seed sector - both in terms of innovators and entrepreneurs starting new companies or investors wanting to put capital to work.

We are also keen to invest in under-served areas of the market to assess whether, given our broad mandate, we can step in to help where others can't (or won't). If you don't know who to talk to or are struggling to find investors for your round, we can help you find investors and will consider whether to invest directly ourselves.

We no longer have limits on how much we can invest in any one company (other than internal portfolio construction constraints) and are looking to support the most promising companies very early on in their journey all the way through to the later stages. This means that were appropriate, we may be a bigger part of early-stage funding rounds than has typically been the case in the past. We want to do this in a collaborative way, helping to share our due diligence with other investors and help you attract other private investors.

We also look to invest in more capital-intensive innovations and due to our relative size can write bigger cheques at the earlier stages that will help support and accelerate your growth.

Due to the size of our portfolio, we can't be as actively involved with our investments as some other investors, but we will always look to collaborate with others and connect founders and their teams to the right people. We also hope to share our data insights with start-ups and the broader ecosystem and to provide connections to other founders or advisers who have been through the same journey, are in a similar sector or are facing the same problems.

Also, given our extensive knowledge of the start-up ecosystem, we have a good feel for what other investors are looking for and can provide support and guidance to help start-ups on their longer-term journey.

27. How do you help post investment? How do you manage your portfolio?

Post investment, a company will be added to the Aspire portfolio. Each quarter, we collate a brief update from companies through the FileInvite reporting portal (which happens to be an Aspire investee company). This allows the team to form a good view of performance across the portfolio. Our investment team members also will reach out frequently (e.g. quarterly) for a catch-up to check on your progress, upcoming activities, discuss your needs or required support. At any time, we welcome start-ups and their advisers / Boards reaching out to our investment team for a chat and to share their concerns / issues as well as the good news.

Recently, we have established a dedicated portfolio management team with the goal to adding support and maximising value for our investee companies. The framework is being worked on and it will be shared to all the portfolio companies in due course. At a high level, our portfolio companies will have access to;

1. Our extended network (Government, industry, investors and stakeholders);
2. Meeting and talking to other founders in the Aspire portfolio, with the potential to become partners/customers/distributors, etc;
3. Knowledge, templates, data, reports and insights;
4. Various service providers (e.g. AWS credits);
5. Events, workshops, and;
6. General advice.

28. I'm already an existing portfolio company of Aspire, how can you help?

Your investment team manager is the first point of contact to discuss any needs. This can relate to capital-raising strategy, general business operations, seeking introductions/connections, etc. We will use our best efforts to support you through our extended network.

29. If I'm looking for investment, when should I get in touch?

At a minimum, if you are looking for investment, we would normally require a business plan or pitch deck so we can make a proper assessment. Refer to question 6 above for areas we look for in an investment. However, we are also happy to engage early in your fund-raising journey and provide guidance and make introductions so please feel free to get in touch as soon as possible.

Please do also contact us if you are looking for co-investors alongside a deal you are working on or looking to invest in, we are happy to collaborate with due diligence and/or help syndicate a round.

30. How do I get in touch?

If you are a start-up, and you are ready with your investment materials, please visit our **Aspire fund page** on our website to complete an **online application**. Or contact our team via **email** if you have any further questions.

Once we receive your materials and have a chance to review them, one of our team members will provide feedback or get in touch for a more detailed conversation.

Alternatively, if you are an investor or just want more information about us or our processes (or just general market information) please get in touch directly with one of our investment team members listed **here.**

31. You use a lot of jargon, what do all the different terms mean?

Unfortunately, as venture capital is a global business, a lot of these terms mean different things to different people and the boundaries between different stages or sectors of investment can often be very blurred. To help, we have set out below a few key definitions that we use regularly and what we mean by them. These have been largely based on the Policy Statement accompanying the VCF Act 2019 (Policy Statement, which established the Elevate fund) and the terms used by Startup Genome. See the next page for the **glossary** of terms.

Glossary of terms

Advanced Manufacturing and Robotics

Advanced Manufacturing involves smart technology to improve traditional manufacturing of products and/or processes. Robotics is the science and technology of robots, their design, manufacture, and application.

Agri-tech

Agri-tech captures the use of technology in agriculture, horticulture, and aquaculture with the aim of improving yield, efficiency, and profitability through information monitoring and analysis of weather, pests, and soil and air temperature. 'New Food' includes technologies that can be leveraged to create efficiency and sustainability in designing, producing, choosing, delivering, and consuming food. This is informed by **Forward Fooding's** definition of food-tech.

Artificial Intelligence, Big Data and Analytics

Artificial Intelligence (**AI**), Big Data and Analytics refers to an area of technology devoted to extracting meaning from large sets of raw data, e.g. often including simulations of intelligent behaviour in computers.

Clean-tech

Clean technology (**Clean-tech**) consists of sustainable solutions in the fields of energy, water, transportation, agriculture, and manufacturing that include advanced materials, smart grids, water treatment, efficient energy storage, and distributed energy systems.

Deep-tech

Deep technology (**Deep-tech**) also sometimes known as hard-tech is a classification of organisation, or more typically start-up company, with the expressed objective of providing technology solutions based on substantial scientific or engineering challenges. They present challenges requiring lengthy research and development, and large capital investment before successful commercialisation. Their primary risk is technical risk, while market risk is often significantly lower due to the clear potential value of the solution to society. The underlying scientific or engineering problems being solved by deep-tech and hard-tech companies generate valuable intellectual property and are hard to reproduce.

Deep-tech is an umbrella definition that includes agri-tech (and food-tech), clean-tech, life sciences, AI, big data and analytics.

Software companies that do not have strong intellectual property or novelty are typically not deep-tech companies in our eyes.

Fin-tech

Financial technology (**Fin-tech**) aims to improve existing processes, products, and services in the financial services industry (including insurance) via software and modern technology.

Food-tech

Describes companies and projects that use technologies to turn the agri-food industry (commercial production of food by farming) into a more modern, sustainable and efficient sector in all its stages, from food preparation to its distribution and consumption. These companies are trying to address key challenges such as population growth and its repercussions of food security, the digitalisation of society, the effects of climate change, the lack of natural resources, food wast and the environmental impact of food production.

Gaming

Gaming involves the development, marketing, and monetisation of video games, as well as associated services.

Life Sciences

Life Sciences is the sector concerned with diagnosing, treating, and managing diseases and conditions. This includes start-ups in bio-tech, pharma and med-tech (also referred to as medical devices).

Pre-Seed stage

The stage of a company where it is typically developing a business plan and is looking for Angel or other early-stage funding or grants to develop this ahead of seeking first institutional Seed capital e.g. from Aspire or other institutional venture capital investors that invest at the Seed stage.

Proof of concept stage

Generally, a business that is raising (or has just raised capital), typically around $50-$100k to test its initial business or innovation idea and prove that it works as a concept. Once proven, the start-up will then typically raise Seed capital to further the development of its business plan and advance the technology or innovation.

Software as a Service (SaaS)

A business model used by software companies (usually B2B or B2C) where the software is sold on a subscription basis. Whilst this is not actually a sector, it is often used interchangeably as one to describe software-based start-ups that use this business model.

Start-up(s)

These firms are expected to be very high-growth firms, for example where a rapid scale up is anticipated or where a disruptive and innovative technology or platform is being developed. Venture capital investments (start-ups) are generally technology-driven, with the technology or innovation providing the core of the value to the high-growth potential or scalability of the business being invested in.

Seed capital / Seed stage

Seed capital means capital provided in a capital raising in which the total amount being raised in that round is from (and including) NZ$100,000 to (but excluding) NZ$2 million and where that capital is being raised for the purposes of early-stage growth.

A Seed stage company is one looking to or who has recently raised Seed capital.

Series A investment

Generally, the first stage of investment by a venture capital firm. For the purpose of this document, we also use the Policy Statement definition (See Series A/B definition below).

Series A/B investment

For the purpose of this document (and Policy Statement) means capital provided in a capital raising in which the total amount being raised in that round is from (and including) NZ$2 million to (and including) NZ$20 million and where that capital is being raised for the purposes of early-stage growth.

Series C+ investment

For the purpose of this document (and Policy Statement) means capital provided in a capital raising in which the total amount being raised in the round is greater than NZ$20 million.

Underlying Fund

A venture capital fund that Elevate has invested in.

Venture Capital

Our definition on venture capital investments (and the start-ups they invest in), particularly those that Elevate invests in is:

Scope: Venture Capital investments are early stage, high-growth businesses; these are businesses that are not yet fully established and have the potential to expand rapidly and generate long-term growth. This may be a business before the product or service is ready for mass production or before it is available commercially. Venture capital investments are typically very high risk, are in illiquid instruments, and involve long-time horizons from initial investment through to realisation.

Characteristics: See start-up definition above.

Funding type: Investment funds are used to validate, grow or scale up the business and typically cover either capital expenditures or initial working capital, as firms at this stage typically will not be generating a profit yet (and may not be for some time). There are often multiple rounds of venture capital investment. Elevate is not intended to invest in typically later stage private equity funds that are primarily providing finance for:

- Business/management buyouts or leveraged buyouts;
- Acquisitions, mergers or consolidations;
- Succession capital;
- Growth capital for profitable businesses (potentially via minority stakes) that have not previously received venture capital.

NZ GROWTH
CAPITAL PARTNERS

nzgcp.co.nz/funding/aspire-seed-fund

E: info@nzgcp.co.nz
Connect with us
on LinkedIn

Auckland
Level 9, Suite 4,
125 Queen Street,
Auckland CBD 1010
PO Box 91705,
Victoria Street West,
Auckland 1142

Wellington
Level 9,
5 Willeston Street,
Wellington 6011
PO Box 5177,
Wellington 6140