**DUE DILIGENCE QUESTIONNAIRE[[1]](#footnote-1)**

|  |  |
| --- | --- |
| **Fund name:** |  |
| **Management company:** |  |
| **Application N:o** |  |

# ****INVESTMENT** **STRATEGY****

## Investment Focus, Market and Competition

### Summarize the fund’s investment strategy and why is the opportunity to invest in this market particularly attractive during the fund’s investment period?

*You may answer to all questions either in Finnish or in English.
Voitte vasta kysymyksiin suomeksi tai englanniksi.*

### Uniqueness of the strategy: please explain what differentiates your strategy from others?

*Text*

### Please describe and list your main competitors and explain why you believe you have competitive advantage?

*Text*

###  Who do you regard as your most successful competitor, what have been the results and why have they been so successful?

*Text*

### Stage focus: Please specify in percentages/pcs expected portfolio composition at initial investment.

|  |  |  |
| --- | --- | --- |
|  | Number of companies | Amount invested |
| Stage focus | Minimum | Maximum | Expected | Minimum | Maximum | Expected |
| Seed | # | # | # | € | € | € |
| Start-up | # | # | # | € | € | € |

### Diversification

|  |  |  |  |
| --- | --- | --- | --- |
|  | Minimum | Maximum | Expected |
| Number of portfolio companies | # | # | # |
| Amount invested per portfolio companies (total of all expected rounds of financing) | € | € | € |

### Investment themes: Please specify investment themes and describe the market opportunity as well as allocation of funds and investment professionals’ experience for each theme.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Investment theme | Market opportunity | Team’s unfair advantage  | Allocation, % of total funds | Person responsible of the theme | Examples of team’s experience |
| Theme1 | Text | Text | X0% | Name | Company |
| Theme2 | Text | Text | X0% | Name | Company |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

### Please describe your reserve policy with regards to the follow-on rounds of investments and your anti-dilution strategy.

*Text*

## Deal Flow & Investments

### Please describe sources of your deal flow, stating name and nature of the source.

*Text*

### What is your relationship to the entities or persons you source your deals from? Describe (source by source) how long you have been working together, the process you follow and the results of the work with each of the sources.

*Text*

### Syndication, please provide the names of the potential syndication partners. Have you worked these syndication partners previously? In which deals?

*Text*

### Competition, please describe the level of competition you are subject to in respect to sourcing and state your competitive advantage.

*Text*

### Describe any investments that will not be considered. Are there any factors that would automatically end a potential a deal? If so, explain

*Text*

### Describe the management company’s due diligence processes.

*Text*

### Describe the fund’s expected investment structures and vehicles.

*Text*

### Will the fund offer co-investments to LPs or other related parties?

*Text*

## Value Creation and Exit

### Please explain the viability of the investment strategy

*Text*

### What is the return-profile threshold (gross IRR, money multiples, etc.) for targeted investments? What is the expected holding period?

*Text*

### Please explain your exit strategy and exit decision making? Please state your current expertise and experience to exit your investee companies.

*Text*

### Please explain your involvement into portfolio companies?

*Text*

### Discuss the management approach to working with management teams at portfolio companies.

*Text*

### Describe the management company’s criteria for evaluating follow-on investments.

*Text*

### Discuss the typical methods used by the management company to create value for its portfolio companies. Provide a case study to illustrate the management company’s value creation capabilities.

*Text*

# FUND STRUCTURE, MANAGEMENT AND ADMINISTRATION

## Fund

### Fund size (€ million):

1. Minimum (1st closing):
2. Target:
3. Maximum:

### Please explain why minimum, maximum and target fund sizes are applicable for the stated strategy.

### *Text*

### Detail the fundraising timeline, including each of the actual or anticipated closing dates. State the total indicative commitments received to date and, if available, the names, contact details and amounts by each potential investor.

*Text*

### Please state and justify fund terms not following the model limited partner agreement

Text

### Please explain why the waterfall structure presented in your application is suitable for the fund

*Text*

## The Management Company and the General Partner

### Please explain background information on the management company. Date of establishment and activities the management company has pursued during its lifetime. How will it change when starting managing the fund? Who were the founders of the management company and how has the ownership of the company changed during its lifetime?

*Text*

### Provide an overview (including chart) of the current ownership and legal structure of the management company and the general partner.

*Text*

### Please state the management company’s AIFM registration or license status as well as statuses of possible other licenses or permits needed before marketing the fund.

*Text*

### Does the management company have any existing business lines or sources of income that are unrelated to the fund’s investment strategy?

*Text*

### List all investment vehicles previously managed by the management company, including predecessors to the fund, vehicles with different investment strategies than that of the fund.

*Text*

### Please describe general partner’s and management company’s decision making processes regarding investments and exits. What is the required majority of votes in making decisions on investments and exits?

*Text*

### Describe the compensation structure (salary, bonus, group/individual performance incentives, profit sharing, equity ownership, carried interest, etc.) for all team members. Include details on the allocation of the carried interest inside/outside the organization.

*Text*

### Describe how the general partner’s contribution for investments will be financed.

*Text*

### Is the management company going to outsource any of its activities (also due diligence partners)? Please explain why and give the names and tasks of the outsourcing partners. Please describe the processes in managing the outsourced tasks. Are the outsourcing partners covered by professional liability insurance? Level of coverage checked by the management company and considered adequate?

*Text*

### Discuss the management company’s fundraising plans over the next 5 years.

*Text*

## Management Team

### Please list names of each of the team members (investment professionals as well as the supporting staff) state their roles, responsibilities and business time share for the Fund.

*Text*

### Have team members worked together before establishing/joining the management company? Have they made investments together before establishing/joining the management company?

*Text*

### Investment experience: List team members with experience in getting access to the deals and making investments, provide short description of their experience.

*Text*

### Management experience: List team members with experience in managing and adding value to PE/VC companies, provide short description of such experience.

*Text*

### List team members with experience in exiting investments, provide short description of their experience.

*Text*

### Other relevant job experience, please list all team members with other relevant experience or expertise. Provide us a short description of experience or expertise. How will this other experience or expertise add value for the activities of the management company?

*Text*

### Outside activities: Please indicate for each staff member, the list of current and expected outside activities and estimated workload, would outside activities bring about any added-value to the fund.

*Text*

### Dangerous activities: Are any of the team members engaged in high risk activities?

*Text*

### Describe any known other conditions (health, financial, litigation, personal, etc.) of any team member that might influence their ability to execute their duties to the fund or the management company.

*Text*

### Discuss the management company’s succession plans.

*Text*

### Provide a description of the management company’s culture.

*Text*

### Describe the role of the management company’s internal advisory board(s). Describe any additional governing/advisory bodies that impact the management or investment activity of the management company.

*Text*

### Track record: Please group the exits by investee company sector/investment themes and by investment professional and state the professional’s role regarding each of the investments.

Please record the initial investment date, initial investment amount, the amount of follow on investments and the total acquisition cost of the investment as well as the exit date and amount, net IRR (if a fund investment, net to the limited partners) of the investment, cash on cash money multiple

Explain the key value drivers in each of the exited investments and your role in creating the value.

Attach this information as an appendix to questionnaire. Please double click table below for a template.



## Administration

### In-house administration: what are the tasks performed in-house?

*Text*

### Describe which support functions are performed outside?

*Text*

### Describe the fund’s internal & financial accounting.

*Text*

# MARKET STATUS, COMPETITION AND RISKS

### Discuss the risk factors of the fund’s investment strategy and the steps taken to mitigate these risks.

*Text*

### Discuss the management company’s risk management. What types of risks are monitored and how are they measured?

*Text*

### What are the management company’s ESG-related policies and how do ESG factors influence its investment beliefs?

*Text*

### Provide examples of active/exited investments with an investment multiple (TVPI) below x1.0 Discuss what went wrong, action taken, lessons learned.

*Text*

### What types of insurance coverage does the management company maintain?

*Text*

### SWOT analysis of managers and fund strategy

1. Strengths
2. Weaknesses
3. Opportunities
4. Threats

### Describe any past criminal or administrative proceedings or investigations against the management company, its affiliated entities and/or its current and former team members

*Text*

# REFERENCES

List of persons who are available for reference calls or meetings with Tekes.vc. Please, prepare the list for each investment professional separately and sorted as follows (the following table is an example – the applicant may add more reference groups). This table may be an appendix to the questionnaire.

By completing this due diligence questionnaire each of the management team members give Tekes.vc right to contact the persons mentioned in the table and ask them questions for reference purposes.

Please double click table below for a template list.

#

# CONTACT INFORMATION

## Management company’s and general partner’s contact details.

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Mobile | Email | Other, eg Skype |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

## Legal adviser to the management company and the general partner: contact details

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Office | Mobile | Email |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

## Other advisers to the management company and the general partner: Please state the type of advising and the contact details.

|  |  |  |
| --- | --- | --- |
| Name | Mobile | Email |
|  |  |  |
|  |  |  |
|  |  |  |

# SIGNATURES

We hereby confirm that information given by us in this questionnaire is true and correct.

8.5.2020

*(Signatures and print names of the management team members (key executives) of the management company and the fund.)*

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Name1 |  | Name2 |
|  |  |  |
|  |  |  |
| Name3 |  | Name4 |
|  |  |  |
| Name5 |  | Name6 |
|  |  |  |

1. Source of questions: Meyer T. & Mathonet P-Y. (2007), Beyond the J Curve; Institutional Limited Partners Association, Standardized Due Diligence Questionnaire; Business Finland Venture Capital Ltd. Business Finland Venture Capital may have edited original questions. [↑](#footnote-ref-1)