



Private Capital Funds Path to Proficiency Masterclass

25th and 26th April 2024
SANDTON SUN HOTEL, JOHANNESBURG
BUSINESS SUITE 7

The Masterclass

The Private Capital Funds Path to Proficiency Masterclass offers a comprehensive exploration of the intricacies involved in investing in and overseeing Private Equity (PE) and Venture Capital (VC) funds, with a particular emphasis on emerging markets, notably Africa. Tailored to meet the requirements of institutional investors seeking to acquaint themselves with the nuances of managing a portfolio of PE and VC funds, as well as emerging and established fund managers managing funds, this masterclass delves into essential concepts and strategies.

Covering a wide array of pertinent topics, this program aims to equip participants with a solid foundation in the essential aspects of fund investment. From understanding key approaches and terminologies to delineating effective strategies and roles within the investment landscape, participants will gain invaluable insights into navigating the complexities of PE and VC investments in Africa.

The masterclass emphasizes the importance of aligning investment decisions with best international practices at every stage of the investment and portfolio management lifecycle. By providing a comprehensive overview of successful investment methodologies and portfolio management techniques, participants are empowered to make informed decisions and maximize their returns in the dynamic world of private capital funds.

Combining presentations, conversations, illustrative examples and group exercises, the sessions are designed to be interactive, allowing for a free flow of conversation among participants. A spirit of openness, inquisitiveness and engagement is encouraged throughout the sessions, as participants are invited to ask questions, make comments, share their experiences, and address their concerns at any time during the class. Numerous examples will be used, and some relevant case studies will be debated, building on actual events and circumstances, but disguising names as necessary for confidentiality reasons.

We are confident that participants will leave equipped with thought-provoking and practical insights on how to invest in PE&VC funds, build a portfolio of fund investments and manage this portfolio over a period of time.

Agenda

DAY ONE

- 8:30 AM – 9:00 AM** **Registration**
- 9:00 AM – 9:15 AM** **Welcome and Introduction**
- 9:15 AM – 11:00 AM** **Module 1: *Business Model of Investment Funds***
This session explains the business model of private capital funds in emerging markets. It describes the structures of funds, the fund economics including the structure and compensation of the fund manager, and the governance of funds. Management fee structures will be presented, as well as carried interest models. An overview of the African private capital eco-system will be presented.
- 11:00 AM – 11:15 AM** **Refreshment break**
- 11:15 AM – 12:00 PM** **Module 2: *Investment Funds Structures***
This session outlines the legal structures of private capital funds and discusses typical terms. Domiciliation issues will be addressed. Legal terms will be explained.
- 12:00 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** **Lunch break**
- 2:00 PM – 3:30 PM** **Module 4: *The Fund Manager and Human Capital***
This session describes the composition of the fund management team, the skill set needed, the roles and responsibilities of the team members, and the role of the management team in making investments and managing the fund. Track record considerations will be explored, distinguishing between first time or emerging managers from established ones. This session will also explore the different ways the fund manager is compensated and how to keep the fund manager motivated to outperform for the benefit of the investors. Key person events and how to address them, both legally and practically, will be explored.

Mini-case: *Key-person Event*
- 3:30 PM – 3:45 PM** **Refreshment break**
- 3:45 AM – 4:30 AM** **Module 5: *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 PE&VC investments. Various deal structuring options and investment instruments will be outlined.
- 4:30 PM – 5:30 PM** **Module 6: *Due Diligence on Funds***
This session is relevant for investors assessing a fund and fund manager to make an investment decision; and it is also relevant for fund managers to prepare for a due diligence by an investor and manage the process. We outline and explain the structure of a fund due diligence. We cover a range of due diligence topics including the appropriateness of the fund strategy, the fund management team and its ability to deploy the investment strategy, the track record of the fund manager, sources of deal flow, the pipeline of investments, risk evaluation and value creation, environment and social risks and opportunities, governance, exit strategies, and fund management

capabilities. Due diligence tools and resources are presented. Integrity and ESG due diligence processes will be addressed.

5:30 PM – 6:15 PM **Module 7: *Operational Due Diligence***

This session outlines investors' operational due diligence to assess the fund manager and the fund from the perspective of 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.

6:15 PM – 6:30 PM **Wrap-up of Day One**

DAY TWO

8:30 AM – 8:45 AM **Introduction to Day Two**

8:45 AM – 9:45 AM **Module 8: *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. Proper valuation of the fund assets is a critical component of reporting to investors. A comprehensive and well-articulated fund valuation policy is a requirement for all fund managers to implement.

9:45 AM – 10:45 AM **Module 9: *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.

10:45 AM – 11:00AM **Refreshment break**

11:00 AM – 12:00 PM **Module 10: *Portfolio Monitoring and Reporting, and Fund Governance***

The session provides an understanding of the dynamics, strategies, processes, and challenges associated with managing private capital fund portfolios from two viewpoints: one from the investor's perspective managing a portfolio of funds, and the other from the fund manager's perspective managing a portfolio of investments in companies. We explore how a portfolio of funds can be managed, how the fund manager manages a portfolio of investments throughout the life of the fund, addressing issues as they arise, managing risks and adding value. Reporting to stakeholders and particularly to investors is meet expectations and requirements. Reporting standards, report formats, reporting processes, portfolio analysis and review and portfolio monitoring will be explored and discussed. This session will also present the governance structure of funds and best practices in fund governance.

12:00 PM – 1:00 PM **Module 11: *Case Study – Fund Due Diligence – Team Breakouts***

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 two teams: one will be the investor team and the other the fund manager team. The teams will analyse and discuss the fund described in the case, to prepare for a presentation and discussion of the fund and fund manager during the next session.

1:00 PM – 2:00 PM	Lunch break
2:00 PM – 3:30 PM	<p>Module 12: Manager - Investor Negotiations – Part A</p> <p>The fund manager team presents the fund to the investor team. The investor team 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.</p>
3:30 PM – 3:45 PM	Refreshment break
3:45 PM – 5:00 PM	<p>Module 12: Manager - Investor Negotiations – Part B</p> <p>Another fund manager team presents the fund to the other investor team. After the presentations and discussions are completed</p>
5:00 PM – 6:15 PM	<p>Module 13: Unlocking Sustainable Growth: Harnessing Private Capital for Economic Development</p> <p>This session delves into the dynamic realm of Responsible Investment and its profound implications for global economic development. Discover the pivotal role private capital funds play in shaping the trajectory of nations, fostering sustainable growth, and driving positive societal change, by exploring the tangible developmental impacts catalyzed by private capital investments. We will explore innovative methodologies to assess and quantify these impacts, aligning them seamlessly with the Sustainable Development Goals (SDGs).</p>
6:15 PM – 6:30 PM	Wrap-Up, Feedback and Conclusion
