



CALL FOR EXPRESSION OF INTEREST  
TO SELECT PAN-EUROPEAN FUND-OF-FUND PROMOTER(S)  
UNDER THE PAN-EUROPEAN VC FUND-OF-FUNDS PROGRAMME

(Published on 8 November 2016)

And

Closing on 31 January 2017)

The objective of this Closed Call for Expression of Interest (the “**Call**”), launched by the European Investment Fund (the “**EIF**”) in cooperation with the European Commission (the “**EC**”), is to select interested fund-of-funds promoters under the Pan-European VC Fund-of-Funds Programme (the “**Programme**”), using resources of the Horizon 2020 InnovFin Equity facility, EFSI Equity Instrument and COSME Equity Facility for Growth, as appropriate.

All applications to the Programme shall be submitted to the EIF in conformity with this Call.

In this Call, capitalised terms and expressions shall have the meaning attributed to them in this document.

## 1. The objectives of the Programme

This Programme’s key objectives are:

- a. attracting and/or increasing investment opportunities of institutional private investors (from both inside and outside the EU) in the EU VC market;
- b. improving access to finance for companies seeking VC funding operating in the EU Member States and Associated Countries<sup>1</sup> and;
- c. enabling the VC funds supported by the Fund-of-Funds(s) to reach a greater size than the average size of VC funds present in the EU.

Venture capital (“**VC**”) has a key role in supporting growth and offering entrepreneurs an option to raise funding both in Europe and worldwide. VC is typically long-term equity capital, channelled through funds that pool investor contributions and diversify risk. However, the European VC funds ecosystem remains relatively small. The average European VC fund is only half the size of that in the leading competitors globally and around 90% of the EU VC investment is concentrated in only eight EU Member States.

---

<sup>1</sup> Countries associated with Horizon 2020 for the activities supported by the InnovFin Equity Facility:  
[http://ec.europa.eu/research/participants/data/ref/h2020/grants\\_manual/hi/3cpart/h2020-hi-list-ac\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cpart/h2020-hi-list-ac_en.pdf)

Public-sector risk-sharing can help increase the size of this market in Europe and the industry's footprint, catalyse private-sector investment, help to promote scale, diversification and geographic outreach. The promotion of VC funds-of-funds could, in particular, help broaden private investment by attracting institutional investors.

As part of the Capital Markets Union initiative, the Open Innovation strand of Horizon 2020, the Digital Single Market strategy and the Start-Up Initiative of the Single Market strategy, the EU is looking to invest, through the EIF and with the support of European Fund for Strategic Investments<sup>2</sup> ("EFSI"), Horizon 2020 programme<sup>3</sup>, COSME programme<sup>4</sup> and EIF's own resources, in private-sector led, market-driven Pan-European VC Fund(s)-of-Funds ("**the Fund-of-Funds**").

The aggregate of capital commitments EIF envisages making available to the Fund-of-Funds under the Programme amounts to at least EUR 300 million. The maximum EIF commitment to any single Fund-of-Funds shall not exceed EUR 300 million, as further set out in the Schedule 1 to this Call.

The indicative requirements for the Fund-of-Funds under the Programme are set out in the Schedule I to this Call.

## 2. The applicants

The Call is addressed and restricted to interested parties that wish to establish and manage or advise a Fund-of-Funds to be financed under the Programme, on the terms set out in this Call. The applicants, or relevant entities set up for that purpose by the applicants, shall act as the Fund-of-Funds' manager/general partner ("**GP**") or advisor (jointly referred to as the "**Fund-of-Funds Promoter(s)**"). A Fund-of-Funds Promoter may be an individual, a group of individuals, individual company or group of companies. In either case a single application shall be submitted with respect to a single Fund-of-Funds investment proposal. Fund-of-Funds Promoters may only be selected once with respect to a single Fund-of-Funds investment proposal.

The Fund-of-Funds Promoter(s) must submit and sign the Expression of Interest (in the form Annex I) and demonstrate clearly the following in their applications:

- (i) while the Fund of Fund vehicle shall have to be established in the EU<sup>5</sup> the Fund-of-Funds Promoters are only required to have, or be prepared to establish, a substantial presence in the EU, which will at least include, to have, or be prepared to establish, in the EU an office of the Fund-of-Funds' manager that is an active investment office which is staffed with senior investment professionals at least one of whom is a member of the Fund-of-Funds' manager investment committee (or similar decision-making body) responsible for making the investment decisions for the Fund-of-Funds)<sup>6</sup>;
- (ii) the Fund-of-Funds investment proposal meets the features set out in Schedule I of the Call,
- (iii) if the Fund-of-Funds is operational, being, or being prepared to become AIFMD-compliant;
- (iv) the Fund-of-Funds promoters have an experienced investment team dedicated to the Fund-of-Funds with a proven track record of success in:
  - attracting investors, particularly private institutional investors;
  - managing funds-of-funds or similar investment programmes;

---

<sup>2</sup> Through its EFSI Equity Instrument

<sup>3</sup> Through its InnovFin Equity facility

<sup>4</sup> Through its Equity Facility for Growth

<sup>5</sup> In the context of the Pan European VC Fund-of-Fund Programme, the Fund-of-Funds vehicle will need to be established in the EU. However, the InnovFin and/or COSME Equity facilities will remain available to serve fund-of-funds, which are respectively established or operating in Horizon 2020 Associated Countries and/or COSME Participating countries under terms and conditions set out in the Single EU Equity Instrument call for expression of interest ([http://www.eif.org/what\\_we\\_do/equity/single\\_eu\\_equity\\_instrument/index.htm](http://www.eif.org/what_we_do/equity/single_eu_equity_instrument/index.htm))

<sup>6</sup> To this end, the Fund will be required to agree to relevant undertakings to be inserted in the Fund's contractual documentation

- identifying investment opportunities, investing in and creating value in VC funds and/or in the successful operation of VC funds;
- (v) the Fund-of-Funds Promoters do not include in their business activity and in the Fund-of-Funds' business activity any activity which would make an investment made under the programme not compatible with the Guidelines on the EIF Restricted Sectors<sup>7</sup> or Horizon 2020<sup>8</sup> as amended from time to time.

The EIF Anti-Fraud Policy<sup>9</sup> and the EIF Policy on Offshore Financial Centres and Governance Transparency<sup>10</sup> shall apply to the Fund-of-Funds Promoter.

### 3. Application procedure

The Call shall remain open in the period beginning 8 November 2016 and ending on 31 January 2017 at 23:59 Luxembourg Time (the "Call Period").

In order to be considered for the selection process under the Programme the Fund-of-Funds Promoter(s) shall submit to the EIF before the end of the Call Period<sup>11</sup> a formal Expression of Interest (in the form set forth under Annex I) with all relevant documentation in English (containing at least the minimum information required in Schedule II of this Call, in English) both by email to the address [VCFOF@eif.org](mailto:VCFOF@eif.org) and by registered mail to the following address:

*European Investment Fund  
37B, avenue J.F. Kennedy  
L-2968 Luxembourg  
For the attention of: Institutional Business Development*

The Expression of Interest shall state in the subject of the correspondence: "Pan European VC Fund-of-Funds-Expression of Interest: [name of the applicant]".

An acknowledgement of a receipt by EIF of a submitted application will be sent to the applicants by EIF via e-mail and shall confirm whether or not the Expression of Interest was received within the Call Period. Such acknowledgement of receipt shall not be construed as a confirmation of the eligibility, completeness of the Expression of Interest and of the documents submitted therewith, nor any kind of assessment or acceptance thereof.

The applicants may withdraw, in the same manner as specified above, their Expression of Interest at any stage of the selection process.

The applicants may send questions regarding the Call by email to [VCFOF@eif.org](mailto:VCFOF@eif.org) no later than 5 December 2016 at 23:59 Luxembourg time, the EIF shall analyse and where relevant publish the answers in the form of Frequently Asked Questions ("FAQ") in the dedicated section of the EIF's website. The last update of the FAQ may take place by 31 December 2016 at 23:59 Luxembourg time. EIF will not respond individually to the prospective applicants' questions other than through the FAQ.

In agreement with the EC, the EIF reserves the right, at any time to:

- make changes to the Call, the selection process or associated terms, dates and deadlines;
- replace the Call with another call for expression of interest;
- cancel the Call in its entirety.

---

<sup>7</sup> [http://www.eif.org/news\\_centre/publications/2010\\_Guidelines\\_for\\_Restricted\\_Sectors.htm](http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm)

<sup>8</sup> as set forth in the point 3 of the Schedule I of the Call.

<sup>9</sup> [http://www.eif.org/attachments/publications/about/Anti\\_Fraud\\_Policy.pdf](http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf)

<sup>10</sup> [http://www.eif.org/attachments/publications/about/2009\\_OFC\\_and\\_Governance\\_Transparency\\_Policy.pdf](http://www.eif.org/attachments/publications/about/2009_OFC_and_Governance_Transparency_Policy.pdf) and [http://www.eif.org/news\\_centre/publications/addendum-EIF-OFC%20Policy.pdf](http://www.eif.org/news_centre/publications/addendum-EIF-OFC%20Policy.pdf).

<sup>11</sup> The Deadline applies to the reception of the application by EIF.

#### 4. Selection process

Upon elapse of the Call Period, all validly submitted applications will be analysed following the steps described below:

##### 4.1 EC Pre-selection based on the Policy Fit with the Programme.

The EIF will make available to the EC all applications submitted within the Call Period. The EC will pre-select the applications, using professional analysis and judgment, based on the criteria set out in the Call relating to the Policy Fit, as further set out in section 5.1 of the Call. In its assessment, the EC may require assistance of external experts. The EC and any such external experts appointed by the EC shall be bound by confidentiality terms published alongside with this Call. The EC and its appointed expert, as the case may be, shall be bound by confidentiality in conducting such process.

The EC will assign an overall Policy Fit score to each application: "Low", "Medium", "Significant" or "High" based on the individual scores of the respective Policy Fit indicators. Individual scores have equal weight. Only applications with an overall score of at least "Medium" will be considered as pre-selected for further assessment by the EIF, as set forth below. Should the EIF identify, during the course of its assessment any discrepancy between the information and claims relating to the Policy Fit contained in the application, which may lead to altering the initial assessment, the EIF will notify the EC of such discrepancy and the EC may decide to reassess the overall Policy Fit score of the application taking into account such information.

The following applications shall be assigned an overall Policy Fit score of "Low" and be rejected:

- An application scored by the EC as: "Low" for indicator 5.1 a) or 5.1 b) or 5.1 e).
- An application scored by the EC as "Low" for two of any Policy Fit indicators.

The EIF shall send the rejection notice(s) to such applicants.

##### 4.2 EIF assessment based on the Expected Performance assessment.

Pre-selected applications will be assessed in due consideration of the general principles of transparency, equal treatment and non-discrimination, in compliance with EIF's policies, rules, procedures and statute and in conformity with best business and market practices. The EIF shall be bound by confidentiality terms published alongside this Call.

The EIF will assess the pre-selected applications, using professional analysis and judgment, based on the criteria set out in the Call relating to the Expected Performance, as further set out in section 5.2 of the Call. Each pre-selected Fund-of-Funds investment proposal will be assigned an Expected Performance score of: "A", "B", "C" or "D", "A" being highest score and "D" the lowest score. Applications which are rejected on any stage of the EIF's assessment process are scored as "D".

The EIF will assess the pre-selected applications for Expected Performance following its standard assessment process encompassing the following phases:

- Screening
- Due Diligence<sup>12</sup>
- Approval in accordance with EIF's internal assessment and decision making rules

---

<sup>12</sup> The decision to perform due diligence shall be at the discretion of the EIF.

### 4.3 Ranking and selection

Upon completion of the selection process outlined above, the EIF will decide whether each selected Fund-of-Funds investment proposal qualifies for an investment under the Programme. For this purpose the EIF shall rank all selected Fund-of-Funds investment proposals from 1 to 9 as set out below. Proposals assessed by the EC as having “Low” overall Policy Fit or proposals assessed by the EIF as having an Expected Performance of “D” shall be rejected and not ranked.

<b>POLICY FIT SCORE</b>	<b>HIGH</b>	<b>SIGNIFICANT</b>	<b>MEDIUM</b>	<b>LOW</b>
<b>EXPECTED PERFORMANCE SCORE</b>				
<b>A</b>	Rank 1	Rank 3	Rank 6	
<b>B</b>	Rank 2	Rank 4	Rank 8	
<b>C</b>	Rank 5	Rank 7	Rank 9	
<b>D</b>				

The funding will be allocated among the selected Fund-of-Funds investment proposals in the order of decreasing ranking (i.e. from Rank 1 to Rank 9) until the Programme funding is exhausted. The selected Fund-of-Funds investment proposals, to which the Programme funding was not allocated, are put on a reserve list until 31 December 2018 or such earlier date notified by the EIF to the relevant applicants. Should additional funding be available under the Programme or if any of the selected applicants to which funding has been allocated decide not to enter into the relevant agreement with the EIF under the Programme with respect to the Fund-of-Funds(s) or should the conditions for EIF commitment to the Fund-of-Funds(s) not be fulfilled by a selected Fund-of-Funds Promoter to which funding has been allocated, then such available amounts will be reallocated to the applicants in the reserve list in the order described above.

Each applicant will be informed in writing by the EIF about the outcome of the selection process with respect to its own application.

Those applicants, whose Expression of Interest is rejected at any stage of the selection process, shall have the right to submit a written complaint by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt with within the framework of and in accordance with the EIB Group complaints policy<sup>13</sup>.

The EIF (including on behalf of EC) reserves the right, at any time to:

- request clarifications or the submission of additional or supplementary information in respect of Fund-of-Funds Promoter(s)' applications,
- conduct the reference and compliance checks on the Fund-of-Funds Promoter(s) and verify any information set out in the applications,
- reject any applications at any stage of the selection process.

<sup>13</sup> For further information visit <http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm>

## 4.4 Approval and signature

The EIF shall determine, at its discretion, the available amount and the funding sources to be allocated to the Fund-of-Funds under the Programme depending, inter alia, on the size and stage of the Fund-of-Funds, its investment strategy and its targeted investment sectors. The EIF will send to the selected Fund-of-Funds Promoter(s) a detailed termsheet with terms and conditions for a Programme Investment, based on, but not limited to the Fund-of-Funds terms set out in Schedule I of this Call.

Prior to entering into a transaction with the selected applicants, the selected investment proposals to be funded under the Programme shall be submitted by the EIF to its relevant decision making bodies for approval and shall be subject to such prior approval before finalising the contractual negotiation process with the Fund-of-Funds Promoters.

Only after approval by relevant EIF decision making bodies, may the appropriate contractual commitment to the Fund-of-Funds be entered into by EIF with the Fund-of-Funds Promoter(s). The terms of such agreement shall be in English.

## 5. The selection criteria

### 5.1 Policy Fit indicators

As indicated in the section 4.1 above, the proposed investment shall have a clear and demonstrated value added in terms of fit with the EU policies and objectives under the Programme. The EC will evaluate each investment proposal on the basis of the below indicators awarding individual scores for each indicator<sup>14</sup>.

- a) **Catalytic role of the envisaged investment in a Fund-of-Funds under the Programme in mobilising funding for the Fund-of-Funds, in particular from private institutional investors to the Fund-of-Funds.**

“Medium” or higher score for this indicator will be awarded if, at and following a closing where EIF is expected to participate under the Programme, at least 50% of the Fund’s commitments are envisaged to come from Independent Private Investors, not taking into account EIF, EIB, and NPBs investing their own resources at own risk. This individual score shall therefore be positively impacted by a higher share of private sector commitments in the Fund-of-Funds.

- b) **The Fund-of-Funds targets to proactively invest in a large number of EU Member States or Associated Countries (where an assessment will be made based *inter alia* on its management team’s track-record, strategy, pipeline, office location and composition).**

“Medium” or higher score for this indicator will be awarded if the Fund-of-Funds in its investment strategy targets to invest, through or alongside Investee Funds, at least 50% of the Aggregate Investable Amounts in at least 4 EU Member States or Associated Countries, out of which at least 3 Member States of the EU. Furthermore no single EU Member State or Associated Country shall account for more than 40% of the Aggregate Investable Amounts. This individual score shall therefore be positively impacted by a wider geographical coverage in the EU.

---

<sup>14</sup> Each indicator above will be assessed at the Fund-of-Funds’ level, with the understanding that the Fund-of-Funds meets the listed criteria in 5.1 b), c), d) and e) indirectly on an aggregate level through the investments in underlying funds in which it expects to invest. To this end, the Fund will be required to agree to relevant undertakings to be inserted in the Fund’s contractual documentation.

- c) **The Fund-of-Funds targets to invest in Investee Funds with investment focus on EU Member States where, according to Invest Europe (formerly known as European Private Equity and Venture Capital Association - EVCA) (as published in its 2015 report on European Private Equity Activity) the industry statistics for private equity investment volumes as a percentage of GDP are below the European average<sup>15</sup>.**

“Medium” or higher score for this indicator will be awarded if the Fund-of-Funds' in its investment strategy targets to invest, through or alongside Investee Funds, at least 30% of the Aggregate Investable Amounts in such EU Member States. This individual score shall therefore be positively impacted by higher country coverage in such countries.

- d) **The investment focus of the Fund-of-Funds is on areas covered by the societal challenges and industrial leaderships of Horizon 2020, which include but are not limited to: ICT, medical technologies, biotechnologies, green technologies, nanotechnologies, resource efficiency, bio economy, health and demographics, climate change.**

“Medium” or higher score for this indicator will be awarded if the Fund-of-Funds targets to invest, via Investee Funds, at least in one of the Horizon 2020 sectors or areas. This individual score shall therefore be positively impacted by wider coverage of Horizon 2020 sectors or areas.

- e) **The investment focus of the Fund-of-Funds aim at supporting Target Investees**

“Medium” or higher score for this indicator will be awarded if the Fund-of-Funds' in its investment strategy targets to invest, through or alongside Investee Funds, at least an aggregate amount superior to the Minimum Allocation in the Target Investees. This individual score shall therefore be positively impacted by higher allocation to Target Investees.

- f) **Ability to support and develop sizeable VC funds - a target Fund-of-Funds' size of at least EUR 500 million to be credibly achieved within 12 months, shall be considered as an indication of this ability.**

“Medium” or higher score for this indicator will be awarded if the target Fund-of-Funds size is at least EUR 500 million to be credibly achieved within 12 months from the Fund-of-Funds' closing in which the EIF is expected to participate under the Programme. This individual score shall therefore be positively impacted by a higher target Fund-of-Funds size and shorter time to target.

## 5.2. Expected Performance criteria

As part of the expected performance assessment, the EIF will analyse all the pre-selected applications based on but not limited to the following criteria:

### *Management Team*

- a) Relevant experience
- b) Composition of the team, track record and balance of skills
- c) Ability to provide relevant added value
- d) Ability to provide adequate commitment for the life of the Fund-of-Funds
- e) Screening of management team members in accordance with standard market practice and with specific attention to issues related to corrupt, fraudulent, coercive or collusive practices or

---

<sup>15</sup> Such Member States of the EU being: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, the Netherlands, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain (reference: <http://www.investeurope.eu/media/476271/2015-European-Private-Equity-Activity.pdf>).

- criminal convictions concerning their professional conduct
- f) Quality of investment process

#### **Market**

- a) Identification of the target market
- b) Size of the market and potential development of the market
- c) Growth potential in the target market

#### **Deal Flow**

- a) Track record of access to deals
- b) Quality of deals
- c) Credibility of plans to develop deal flows

#### **Investment Strategy**

- a) Stage, sector and geographical focus
- b) Number of targeted Investee Funds
- c) Any elements of the strategy other than primary Investee Fund investments, e.g. secondary or co-investment strategies
- d) Relevance of the investment strategy to the market

#### **Fund-of-Funds size**

- a) Balance between Fund-of-Funds size and investment strategy
- b) Financial sustainability of the Fund-of-Funds manager

#### **Proposed terms (in line with market standards, with explanations for deviations)**

- a) Fund-of-Funds structure, governance, alignment of interest
- b) Legal and tax structure
- c) Fees and costs
- d) Any performance related remuneration such as carried interest to be designed to reward overall Fund-of-Funds performance

#### **Expected financial returns**

- a) Evidence that the Fund-of-Funds is to be run on a commercial basis and that it can be expected to be financially viable
- b) The investment performance track record of the GP

#### **Investor base**

- a) Pari-passu ranking (i.e. identical Risk, identical Reward)
- b) Evidence of support from other investors / fundraising traction
- c) Co-investment strategy and rationale
- d) Screening and monitoring of co-investors to the extent the information is made available to the EIF and in accordance with standard market practice.

#### **Monitoring and reporting**

- a) Ability to effectively manage risk and monitor Fund-of-Funds investments according to the industry standards,
- b) Ability to provide regular reporting and valuation information at each level of the investments in line with the industry standards.



## 6. Other information

Each Fund-of-Funds Promoter will be responsible for all fees, costs, and expenses incurred by it in connection with the selection process, including, without limitation, all fees, costs and expenses relating to the preparation and submission of the Expression of Interest and requested documentation under the Call, responses to any information requests made by the EIF, preparing for and attending any meetings in relation to the selection, negotiation and appointment processes under the Programme, and to the negotiation and settlement of any documentation relating to the establishment of the Fund-of-Funds.

By submitting an Expression of Interest, the Fund-of-Funds Promoter acknowledges that its selection for the Programme is not guaranteed, and is subject, among others, to all necessary approvals having been obtained. In any phase of the selection process the EIF reserves itself full discretion to consider or not consider applicants, and no applicant has any claim or other right or may expect to be ultimately selected as the financial intermediary in the context of the Programme.

In addition, the Fund-of-Funds Promoter acknowledges that although it may have been selected in accordance with the selection process set forth in the Call, the funding under the Programme remains subject to, among others, the successful completion of negotiations, and the execution and delivery of definitive legal agreements and other associated documents. Any negotiation of terms and conditions of fund agreement by no means entails any obligation for EIF to enter into such agreement with the relevant Fund-of-Funds Promoter(s).

## Schedule I. Indicative Fund-of-Funds' terms

The below terms serve as an outline of an investment to be made under the Programme in selected Fund-of-Funds and which are not exhaustive<sup>16</sup>. Upon selection of the Fund-of-Funds Promoter(s), the EIF will send the termsheet with the terms of the proposed investment under the Programme to the Fund-of-Funds Promoters including the terms and conditions of the funding sources applied for such investment, as set out in the section 5 of this Call.

<b>Investor</b>	The EIF operating in its own name and using resources of the InnovFin Equity facility, EFSI Equity Instrument and COSME Equity Facility for Growth, as appropriate.
<b>Fund-of-Funds features</b>	<p>A fund which commits to a portfolio of Investee Funds rather than investing directly in portfolio companies and which:</p> <ul style="list-style-type: none"><li>a) is (to be) managed by an independent management team operating in the EU, as further set out in the point 2(i) of the Call, and controlled by individuals or privately held entities<sup>17</sup>;</li><li>b) is established in the EU;</li><li>c) is (to be) AIFMD compliant;</li><li>d) has a fit with the criteria set out in the section 5.1 of the Call, subject to the conditions set out under point 4.1 of the Call.</li></ul>
<b>Minimum Allocation</b>	<p>Under its investment strategy the Fund-of-Funds will be required to invest during its lifetime, through or alongside its Investee Funds:</p> <ul style="list-style-type: none"><li>a) more than 50% of the Aggregate Investable Amounts in EU Target Investees, and</li><li>b) at least 30% of the Aggregate Investable Amounts in Early Stage Target Investees.</li></ul>
<b>Investee Funds</b>	<p>The funds to which the Fund-of-Funds may commit fulfilling the minimum criteria below. The Investee Funds:</p> <ul style="list-style-type: none"><li>a. shall focus their investment strategy on one or more areas covered by the societal challenges and industrial leadership of Horizon 2020</li><li>b. should focus their strategies on the early stage or be multistage with significant early stage allocation</li><li>c. shall have managers/GPs established or operating in one of the EU Member States or Associated Countries</li><li>d. shall be established in EU or Associated Countries</li><li>e. shall have sound governance structure that allows for effective management of conflict of interests, investment and divestment decisions to be made in accordance with market practice and legal documentation.</li><li>f. activities should not breach ethical principles or contravene EIF or Horizon 2020 restricted sectors.</li></ul>
<b>Target Investees</b>	EU Target Investees and Early Stage Target Investees.

---

<sup>16</sup> Additional conditions may apply depending on the funding source applied by EIF towards the investment.

<sup>17</sup> This group includes any entities classified as Independent Private Investors, but excluding NPBs. EIB and EIF will not apply to this call.

<b>EU Target Investees</b>	<p>The SMEs or Small Mid-caps, which, at the time of the first investment by any of the Investee Funds:</p> <ul style="list-style-type: none"> <li>a) are in Expansion &amp; Growth Stage or are Early Stage Target Investees, and</li> <li>b) are established or operating in the EU only, and</li> <li>c) are not pursuing activities set out in point 2(v) of the Call.</li> </ul>
<b>Early Stage Target Investees</b>	<p>The investees, which, at the time of the first investment by any of the Investee Funds:</p> <ul style="list-style-type: none"> <li>a) are established or operating in the EU or Associated Countries, and</li> <li>b) are in the Early Stage, and</li> <li>c) are not pursuing activities set out in point 2(v) of the Call.</li> </ul>
<b>Aggregate Investable Amounts</b>	<p>Aggregate amounts drawn down by all the Investee Funds from its investors for the purpose of investments.</p>
<b>Size of the Programme Investment</b>	<p>The Programme Investment into a Fund-of-Funds shall be:</p> <ul style="list-style-type: none"> <li>a) at least 7.5% of the Fund-of-Funds' commitments made at the closing at which EIF participates under the Programme (excluding any amount committed to the Fund-of-Funds in previous closings, if any)</li> <li>b) up to the maximum amount that is the lesser of: (i) 25% of total commitments to the Fund-of-Funds and (ii) if the Fund-of-Funds Expected Performance Grade is assessed as "A" and its Policy Fit is assessed as "High" or "Significant" - 300 million euros, else - 200 million euros.</li> </ul> <p>Within the above limits the EIF will decide in its discretion the amount of Programme Investment to be committed to a Fund-of-Funds, depending inter alia on the strategy of the Fund-of-Funds and results of its Expected Performance assessment.</p> <p>EIF may commit to the Fund-of-Funds subject to conditions, in particular relating to fulfilment of the Policy Fit criteria on which the Fund-of-Funds has been evaluated.</p> <p>EIF may invest in a Fund-of-Funds' closing with actual Fund-of-Funds' size below the target Fund-of-Funds' size with additional amounts to be committed conditionally on the Fund-of-Funds reaching its target size within a specified period of time.</p>
<b>Duration of the Fund-of-Funds</b>	<p>The lifetime of the Fund-of-Funds shall follow the market practice.</p>
<b>Investor treatment</b>	<p>EIF investment under the Programme shall rank at least pari-passu (i.e. identical risk, identical reward) with other investors in the Fund-of-Funds. The relevant constitutional documents of the Fund-of-Funds (including, where relevant, any side letter entered into by the EIF under the Programme) shall reflect such requirement. This requirement shall apply, mutatis mutandis, to the Fund-of-Funds' commitments into its Investee Funds.</p>
<b>Independent Private Investors</b>	<p>For the purpose of the Call the Independent Private Investors are investors, which are either:</p> <ul style="list-style-type: none"> <li>• financial institutions (investing at own risk and from own resources)</li> <li>• private endowments &amp; foundations</li> <li>• family offices &amp; Business Angels (including joint investment vehicles set-up by/with Business Angels)</li> <li>• corporate investors</li> </ul>

- insurance companies
- pension funds
- private individuals
- academic institutions (including universities and public and private research institutions)
- other categories of investors may also be considered private investment sources (e.g. sovereign wealth funds or fund-of-funds) where the resources invested are generated by commercial activities and are invested on commercial terms;
- fund-of-funds provided that they invest exclusively on commercial terms and are managed or advised by a privately held asset manager, save that:
  - any fund-of-funds fully funded by state budget resources shall not be considered an independent private investment source;
  - where a fund-of-funds is partially funded by state budget resources, the investment made by such a fund-of-funds, the Fund-of-Funds shall be considered as an independent private investment source pro rata to the amounts invested by the fund-of-funds which are not directly funded by state budget resources;
- EIF/EIB own resources, invested at own risk and excluding public parts of mandates
- NPBs investing own resources, for their own risk, and on commercial terms.

For the purpose of these provisions, state budget resources shall include European Structural and Investment Funds.

**NPBs**

Means a national promotional bank or a national promotional institution.

**Early Stage<sup>18</sup>**

Means the early phase of development of an enterprise and includes Proof-of-Concept Stage, (Pre-) Seed-Stage, Start-Up Stage and Other Early Stage.

**Proof-of-Concept Stage**

Means the stage of development of an enterprise which precedes its incorporation, where the assessment of the feasibility concept is made, viability of translating R&D results into innovative applications, validating if a certain product/technology/process may be used for commercialisation, including via licensing and sale of Intellectual property (IP). This includes investigation of technical feasibility, economic viability of research results, demonstration activities such as late stage clinical trials, prototyping and incubation.

**(Pre-) Seed Stage**

Means the stage of development of an enterprise that needs funding to research, assess and develop an initial concept before a business has reached the Start-Up Stage. This stage includes low scale pilot production, demonstration and/or development of associated business application of tested and validated products/technologies.

**Start-up Stage**

Means the stage of development of an enterprise which may be in the process of being set up or may have been in business for a short time, but has not sold its product commercially, and needs further funding for product development and initial marketing.

---

<sup>18</sup> For avoidance of doubt it includes pre-seed, seed and "series A" financing. In certain circumstances or sectors (e.g. in the case of life science) "series B" financing may also qualify if investment is prior to mass market product commercialisation.

<b>Other Early Stage</b>	Means the phase of development of an enterprise that has completed the product development phase and needs further funding to initiate commercial manufacturing and/or sales.
<b>Expansion and Growth Stage</b>	Means the stage of development of a company that has already established a product or service, and has already generated revenue, but may or may not be making a profit and needs financing to grow and expand, including in order to finance increased production capacity, market or product development, provide additional working capital or is used for a transfer of business with a view to further grow the business.
<b>Small Mid-Cap</b>	Means an entity with fewer than 500 FTEs that is not an SME.
<b>SME</b>	Means a micro, small or medium-sized enterprise as defined in Commission Recommendation 2003/361/EC (OJ L 124, 20.5.2003, p. 36).
<b>Governance of the Fund-of-Funds</b>	<p>a) The EIF shall be represented in advisory boards or similar investor representation bodies of the Fund-of-Funds. The requirement to seek participation in the investor representation bodies of the Investee Funds shall apply, <i>mutatis mutandis</i>, to the manager or the advisor of a Fund.</p> <p>b) The Fund-of-Funds shall have a governance structure that allows for decisions concerning investments, divestments and risk diversification to be made in accordance with the applicable legal documentation and in line with the relevant market practice. This requirement shall also apply where a professional investment advisor provides investment-related advice to the Fund-of-Funds or to the Fund-of-Funds' management team. This requirement shall apply, <i>mutatis mutandis</i>, to the Investee Funds of the Fund-of-Funds.</p> <p>c) The legal documentation governing the rights and obligations of the investors and of the Fund-of-Funds shall include provisions relating, in particular, to the following principles:</p> <ul style="list-style-type: none"> <li>i. changes to the fundamental nature of the Fund-of-Funds, including material changes to the investment strategy that have a material impact on the eligibility criteria and requirements of the Programme, shall require prior consent from the EIF.</li> <li>ii. possibility for investors to remove the management team for cause and without cause.</li> </ul> <p>This requirement shall apply, <i>mutatis mutandis</i>, to the Investee Funds of the Fund-of-Funds.</p> <p>d) The EIF will expect the Fund-of-Funds to put in place appropriate measures to avoid conflicts of interests and align the interests of the Fund-of-Funds, its managers and its investors, such measures to be in line with market practices. Such measures shall be transparent to the Fund-of-Funds' investors. This requirement shall apply, <i>mutatis mutandis</i>, to the Investee Funds of the Fund-of-Funds.</p> <p>e) The remuneration of the Fund-of-Funds' manager shall be transparent to the Fund-of-Funds' investors. Management fees shall be at a level that covers operational and management costs in a sustainable way without disturbing the alignment of interests aimed for. The level of management</p>

fees shall allow for the execution of the Fund-of-Funds' strategy.

This requirement shall apply, *mutatis mutandis*, to the Investee Funds of the Fund-of-Funds.

<b>Monitoring and audit</b>	The Fund-of-Funds Promoters must agree (and must agree to cause the Investee Funds and the investee companies to agree) to allow the agents of the EC, the EIF and the European Court of Auditors to have access to adequate information to enable them to discharge their duties with respect to monitoring, control and auditing of the correct use of the Programme Investment, including the visibility and transparency requirements specified in this schedule. These controls may include on-the-spot visits of the Fund-of-Funds, its Investee Funds, and ultimate investee companies.
<b>Reporting</b>	<p>Fund-of-Funds shall provide EIF quarterly reporting prepared in accordance with the reporting guidelines published or endorsed by Invest Europe (formerly known as European Private Equity and Venture Capital Association "EVCA") from time to time which on the date of this Call endorses the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines.</p> <p>The EIF will expect the reporting to cover:</p> <ul style="list-style-type: none"><li>• Fund-of-Funds summary with cash flow schedules and capital accounts of LPs</li><li>• Summary and detailed portfolio reporting on the level of Investee Funds with cash flow schedules</li><li>• Underlying portfolio companies reporting per investee fund</li><li>• Fees and carried interest (if relevant) reporting</li></ul> <p>EIF will communicate to the selected Fund-of-Funds, the exact information to be reported as part of the side letter.</p> <p>Fund-of-Funds shall also provide annual audited financial statements in accordance with applicable laws. The valuation of investee companies shall be made in accordance with the valuation principles published or endorsed by IPEV.</p>
<b>Recordkeeping</b>	The Fund-of-Funds shall maintain or be able to produce all the documentation related to the EIF investment under the Programme for a period of seven (7) years following the termination of the fund agreement with EIF. The Fund-of-Funds shall require each Investee fund and investee company to maintain and be able to produce all documentation related to the investment for a period of seven (7) years following the termination of the investment in such investee fund and investee company (as applicable).
<b>Publication</b>	EIF will be entitled to publish on its website the list of Fund-of-Funds with whom the EIF concluded a commitment under the Programme, a list of the Investee Funds as well as portfolio companies financed thereunder.
<b>Visibility</b>	Fund-of-Funds shall explicitly inform Investee Funds (and Investee Funds shall do the same with ultimate investee companies) that financing is made possible through the support of the EFSI, Horizon 2020, COSME or another source of the Programme Investment as communicated by EIF to the Fund-of-Funds.
<b>State Aid</b>	The Programme investment does not constitute State Aid.

## Schedule II. Minimum information requirements

The applicants shall make available to EIF the relevant information and documentation covering the points listed below, which are considered minimum information required in the selection process<sup>19</sup>. The applicants may enclose appendices, as they see fit.

### 1. Information about the Fund-of-Funds Promoters

- 1.1. Legal structure with affiliated entities (chart with description/ownership/role)<sup>20</sup>
- 1.2. Organisational chart of the GP/manager with reporting lines
- 1.3. Outline of GP processes
  - 1.3.1. Fund managers' selection criteria, DD scope and process
  - 1.3.2. Decision making process, role of investment committees
  - 1.3.3. Risk and monitoring process
    - Monitoring visits
    - Treatment of underperforming funds
    - Secondaries and co-investment strategy, if applicable
    - Description of back office functions and team
  - 1.3.4. Compliance check processes
    - Tax transparency, AML/CFT controls, regulatory considerations
  - 1.3.5. Deal allocation (in the case of multi-product firms)
- 1.4. Track Record (historic and other currently active funds/ fund-of-funds) and AUM detail  
Type, sector, geography, stage, AUM, % firm assets, strategies, launch date, investment period end date, % capital deployed, termination date, performance to date (gross and net values for TVPI, DVPI, IRR respectively), total fees generated across the platform.

### 2. Management Team performance:

Information about the performance of each senior individual in the management team:

- 2.1. Title, role, date joined, years of experience, expertise area, office location, time dedicated to the Fund-of-Funds (%), 3 references per Investment Partner
- 2.2. VC experience (commitments, exits, amount and number, multiples)
- 2.3. Annual compensation from the Fund-of-Funds (and % of total compensation)
- 2.4. Carry split (if relevant) of the Fund-of-Funds
- 2.5. Split of GP Commitment to the Fund-of-Funds
- 2.6. Ownership split of the management company
- 2.7. Key men detail and investment committee composition

### 3. Fund-of-Funds Strategy

- 3.1. Detailed description of investment strategy/ geography/sectors/stages
- 3.2. Description of the extent to which the Fund-of-Funds fits with each of the Policy Fit indicators
- 3.3. Targeted return gross and net (IRR)

---

<sup>19</sup> Some of the information may be covered by a PPM (offering memorandum) made available to the EIF.

<sup>20</sup> As part of its due diligence EIF will require the EIF's integrity questionnaire to be filled in by the GP.

- 3.4. Deal sourcing
- 3.5. Indicative Pipeline/ model portfolio
- 3.6. Outline of investment guidelines including:
  - 3.6.1. Target portfolio composition
  - 3.6.2. Target Geographies, sectors, fund types
  - 3.6.3. Investment limits and restrictions (ticket sizes, sectors, leverage, reinvestments, etc.)
  - 3.6.4. Co-investment strategy
  - 3.6.5. Exclusion policy (sectors, jurisdictions)

#### 4. Proposed terms and conditions

- 4.1. First closing date
- 4.2. Fund-of-Funds size: minimum/target/maximum
- 4.3. Identification of (prospective) Fund-of-Funds investors (LPs)  
Fundraising prospects, timeframe, soft commitments, types of investors targeted, name of placement agent (if relevant)
- 4.4. Legal structure of the Fund-of-Funds<sup>20</sup>  
Type of vehicles, jurisdiction, regulated/non-regulated
- 4.5. Investment Period
- 4.6. Term of the Fund-of-Funds
- 4.7. GP commitment
- 4.8. Capital calls  
The way the Fund-of-Funds proposes to call capital from LPs
- 4.9. Distributions  
Frequency, waterfall description
- 4.10. Fees
  - 4.10.1. Management fees and costs  
Structure, base, amounts/limits, pro-forma budgets/ fee model  
Indication of costs borne by the Fund-of-Funds/manager and detail of costs that would be charged to the Fund of Fund.  
Fee offset
  - 4.10.2. Carry and waterfall description
- 4.11. Governance
  - 4.11.1. Termination, suspension, dissolution provisions, Key-persons for cause/no-fault
  - 4.11.2. Advisory board/committee participation/functions/governance
- 4.12. Reporting
  - 4.12.1. Proposed reporting and frequency
  - 4.12.2. Valuation process /principles
  - 4.12.3. An example of prior reporting
- 4.13. Audit
  - 4.13.1. Details of auditors
  - 4.13.2. Recent audit report of the Fund-of-Funds and/or GP