Welcome to the EIF Impact Event #1 !!!

Luxembourg, 10 October 2016
ITI-SEI Team, European Investment Fund
EIF: Supporting smart, sustainable and inclusive growth for SMEs

“Europe’s Leading Developer of Risk Financing for Entrepreneurship & Innovation”

Public private partnership
European Investment Bank, European Commission and 30 financial institutions

Value-add is in mobilising private sector action, aiming to create a self-sustainable eco-system, independent from public sector support

EUR 19.4 bln in signed commitments since inception, leveraging EUR 111.5 bln total capital

Policy and financial return objectives driven AAA rated
…and Europe’s leading social impact fund investor.

Since 2014:
- 9 social impact fund investments
- EUR 95m committed
- 33 portfolio companies
What we are looking for?

Terms & Conditions

Team / Track-record

Strategy

Market Opportunity

Fund Parameters

Downside Protection
## Investment strategy

**What:** value creation proposal  
**How:** PPM, *.ppt, discussions with fund manager

The Strategy = Investment Thesis  
(not only the focus…)
Criteria (2/5)

Team

What: PPM, organigram, CVs, ref. calls, split of incentive scheme, t/r tool

How:
1. Background completeness and complementarity
2. Stability / Turnover
3. Succession Issues
4. Incentive scheme analysis
5. Reputation
6. Independency; Investment decision process
7. Alignment of Interest
Criteria (3/5)

Track Record

**What:** Info provided by fund manager, T/R tool, reference calls, previous Q-reports

**How:**
1. Relevance
2. Current performance assessment
3. Benchmarking
4. Final expected performance assessment
5. Reference calls (previous employers, portf. comps)
Market / Competition

**What:** PPM, discussion with fund manager

**How:**
1. Market Opportunity
2. Competition
Criteria (5/5)

**Fund Parameters**

**What:** target fund size, portfolio model, management fee, budget

**How:**

Coherence with all previous elements:

- portfolio model with strategy & market opportunity
- team with budget and management fee
Alignment of Interest

- GP Commitment vs. Management Fee
- Carry to the Team

Conflict of Interest Management

- Exclusivity Clause
- Fee Off-set
- No Cross-Over Investments
- Interest of GP must be channeled through the fund
- Clear segregation of GP and LP roles
- Transparency Obligations
Terms and Conditions

Protective Clauses

- Removal clauses
- Key-man clauses
- Defaulting LP clauses
- Distribution Cascade
Thank you!

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