

ABSTRACT

CAPITAL TECH INNOVATION INVESTMENT FUND FOR BRAZILIAN SMEs.

The executing agency is the Fund, Capital Tech, which will be established as a local vehicle (*Fundo Mutuo de Investimento em Empresas Emergentes FMIEE*) according to the Instruction CVM 209. The fund will be managed by Invest Tech *Gestão de Recursos* (Investech), an independent asset management firm exclusively dedicated to VC/PE funds established in 2004.

The *general objective* of the project is to further the development of the venture capital industry in Brazil, providing examples of how the financing of the small companies through VC produces an impact on the growth and organization of these companies. The *purpose* of the project is to support a new VC Management Team and its first VC Fund, which will provide equity and quasi-equity financing, financial and technical advisory, and value-added governance to 8 to 12 technology-related SMEs with potential to provide its investors with exits via strategic sales, consolidation or through the *Bovespa Mais*.

The MIF will provide USD 2 mm for the fund's capitalization, along with other co-investors, and USD 100,000 in technical assistance. The technical assistance grant will be used to perform up to three evaluations during the life of this fund, develop some best practices cases among the investees that could be featured in VC events, and train junior staff in matters related to VC international practices. The evaluations will center around the logframe and the development outcome matrix and will consider the financial performance of the fund, the types of deals in the pipeline, the overall operational functioning of the fund manager, as well as the social and environmental impact of the fund's investments.

The R\$ 32.5 mm (USD 16.25 mm) fund will provide equity and convertible debt financing, financial and technical advisory, and value-added governance to approximately 8-12 technology-related SMEs with potential to provide its investors with exits via strategic sales, consolidation or through the *Bovespa Mais*. Capital Tech will invest in innovative Information Technology and Service Provider companies that offer new technology solutions or concepts to different industries with potential to expand to local and even international markets. The Fund will look for companies with technical, operational, commercial and/or financial synergies that will improve both the quality of the portfolio and exit strategies. These investments are more likely to be located in São Paulo and Rio de Janeiro. Some of the targeted industries include telecommunications, software, hardware, biotechnology, entertainment, manufacturing and services.