

**EPEA**

Egyptian Private  
Equity Association

In partnership with:



African Private Equity and  
Venture Capital Association

# PRIVATE CAPITAL FUNDS MASTERCLASS

24<sup>th</sup> - 26<sup>th</sup> February 2023

Ernst and Young  
Cairo CFC Office, Festival City, Cairo



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## Welcome

Dear Masterclass Participant,

The Private Capital Funds Masterclass provides a detailed overview of investing and managing Venture Capital (VC) and Private Equity (PE) funds focusing on emerging markets in general and on Egypt in particular. It is designed to address the needs of institutional investors who want to become familiar with investing in and managing a portfolio of VC&PE funds, as well as fund managers launching and managing VC/PE funds.

The masterclass addresses topics that fund investors and VC&PE fund managers should know and become familiar with. The purpose is to provide a common understanding of the approaches, terminologies, strategies, roles, and expected outcomes for successful investments in and by VC&PE funds. Best international practices are presented for every stage of the investment and portfolio management process.

The sessions are sequential with the learnings of one session building on those of the previous one. 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. The timing of sessions, as set out in the agenda, may be adapted to accommodate discussions and inquiries and to address topics of specific interest to participants in more depth.

Small one-page cases will be distributed during certain sessions. Participants are expected to read these short cases during the session, have a discussion within their assigned working groups and then bring their conclusions and questions to be debated among all participants.

The masterclass will help investors get a better grasp of the key aspects to be considered when appraising a VC/PE fund and managing a portfolio of funds. Fund managers will gain thought-provoking and practical insights on how to refine their investment thesis, develop their fund model, build a team, and enhance their marketing pitch.

Best regards,

**Egyptian Private Equity Association (EPEA)**

# Agenda

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## DAY ONE

- 2:00 PM – 2:30 PM**      **Registration**
- 2:30 PM – 2:45 PM**      **Introductions and Opening Remarks**
- 2:45 PM – 4:00 PM**      **Module 1: *Business Model of Investment Funds***  
This session explains the business model of private capital funds with a focus on fund structures in emerging markets. It describes the structures of funds, the fund economics including the incentive structure and compensation of the fund manager and the governance of funds. An overview of the Africa VC eco-system is provided.
- 4:00 PM – 4:15 PM**      **Refreshment break**
- 4:15 PM – 5:15 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 in the context of Egypt-focused funds. Taxation issues will be addressed.
- 5:15 PM – 6:30 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.
- End of Day One**
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## DAY TWO

- 8:30 AM – 9:00 AM**      **Introduction to Day Two**
- 9:00 AM – 10:30 AM**      **Module 4: *The Fund Manager***  
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 fund management team in making investments and managing the fund. Track record considerations will be explored distinguishing between first time or emerging managers from established managers. 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.  
**Mini-case #1: Team retention**
- 10:30 AM – 10:45 AM**      **Refreshment break**
- 10:45 AM – 11:45 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 VC/PE investments. Various deal structuring options and investment instruments will be outlined. Tax issues will be addressed.
- 11:45 AM – 1:00 PM**      **Module 6: *Due Diligence of Companies***  
This session outlines and explains the structure of due diligence of companies. It focuses on the evaluation of the risks to consider and covers the elements of a due diligence of a company, and the role of the investment team in due diligence. All aspects of due diligence are outlined including business integrity, market, company structure,

governance, legal, accounting/finance, social, environmental, and human resources. Processes, tools, and resources are discussed.

1:00 PM – 2:00 PM

Lunch break

2:00 PM – 3:30 PM

**Module 7: Exits**

This session addresses the current exit environment and the different types of exits that prevail today. We explore the drivers of strategic M&A exits, why and how they get done, and how investors and CEOs can prepare for a successful exit. Also covered are the biggest pitfalls to successful exits, and what boards and investors can do well before a planned exit to avoid or mitigate these.

**Mini-case #2:** Successfully exiting the un-exitable

3:30 PM – 3:45 PM

Refreshment break

3:45 PM – 4:45 PM

**Module 8: Due Diligence of Funds**

This session outlines and explains the structure of fund due diligence. It focuses on the evaluation of the risks to consider, the appropriateness of the fund strategy, the fund management team and its capabilities to deliver the strategy, and the deal flow, pipeline and exits. Due diligence tools and resources are presented. Integrity and ESG due diligence processes will be addressed.

4:45 PM – 5:30 PM

**Module 9: Operational Due Diligence**

This session outlines the operational due diligence conducted by investors of the fund manager and the fund, including 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.

5:30 PM 6:30 PM

**Module 10: 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.

End of Day Two

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## DAY THREE

8:30 AM – 9:00 AM

Introduction to Day Three

9:00 AM – 10:00 AM

**Module 11: 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.

10:00 AM – 11:00 AM

**Module 12: Case Study – Due Diligence – Team Discussions**

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 working groups to analyse and discuss the case, based on the roles assigned to each group. In their roles as either fund managers or fund investors, participants review and discuss the merits of an investment in the Fund. Taking into consideration the outcome of the due diligence, each manager group prepares a presentation to the investor group. The investor groups prepare questions and areas for discussion

with the managers, including the fund's strategy and key terms under which they would choose to invest in the Fund.

**11:00 AM – 11:15 AM** Refreshment break

**11:15 AM – 12:15 PM** **Module 13: *Manager - Investor Negotiations***

Each of the manager group presents the Fund to one of the investor groups. The investor group 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.

**12:15 PM – 1:15 PM** **Module 14: *Fundraising***

The session provides a framework for successful fundraising for a fund. Best practices in pitching to investors will be explored. Expected marketing and fund documents will be outlined and described including topics to be addressed in these documents and level of details.

**1:15 PM – 2:00 PM** Lunch break

**2:00 PM – 3:30 PM** **Module 15: *Fund Governance***

This session explains the governance structure of funds and best practices in fund governance. Participants will explore a mini case to illustrate an issue that sometimes fund managers face of the departure of a senior partner triggering a key person event.

**Mini-case #3: Conflict of Interest**

**3:30 PM – 3:45 PM** Refreshment break

**3:45 PM – 4:45 PM** **Module 16: *Portfolio Monitoring and Reporting***

The session gives an overview of portfolio monitoring, risk management, and reporting to investors.

**4:45 PM – 5:45 PM** **Module 17: *Responsible Investment and The Impact of private capital investments on Economic Development***

This session examines the development impact of private capital fund and particularly venture capital investments on economies and how these impacts contribute to growth and development of countries. We will look at how to quantify and measure these impacts through the framework of the Sustainable Development Goals (SDGs) to better articulate how a private company contributes to the SDGs and how these contributions are aggregated at the fund level.

**5:45 PM – 6:30 PM** **Wrap-Up, Feedback and Conclusion**

**Graduation certificates**

## Facilitators

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### Hany Assaad (Lead Facilitator)

Managing Director  
Avanz Capital Egypt

Hany Assaad is co-founder of Avanz Capital, established to pursue private equity investing opportunities across emerging markets. As the Chief Portfolio & Risk Officer, he leads sourcing, screening and negotiation of investments, risk management, and the ESG aspects of Avanz Capital.

Mr. Assaad has had a long career in EM investments, including two decades at International Finance Corporation. He was Chief Investment Officer at IFC's Private Equity and Investment Funds leading the investment process for sector-specific funds. Prior to that, he held various leadership investment positions at IFC covering a range of sectors and industries.

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