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# Venture capital funds

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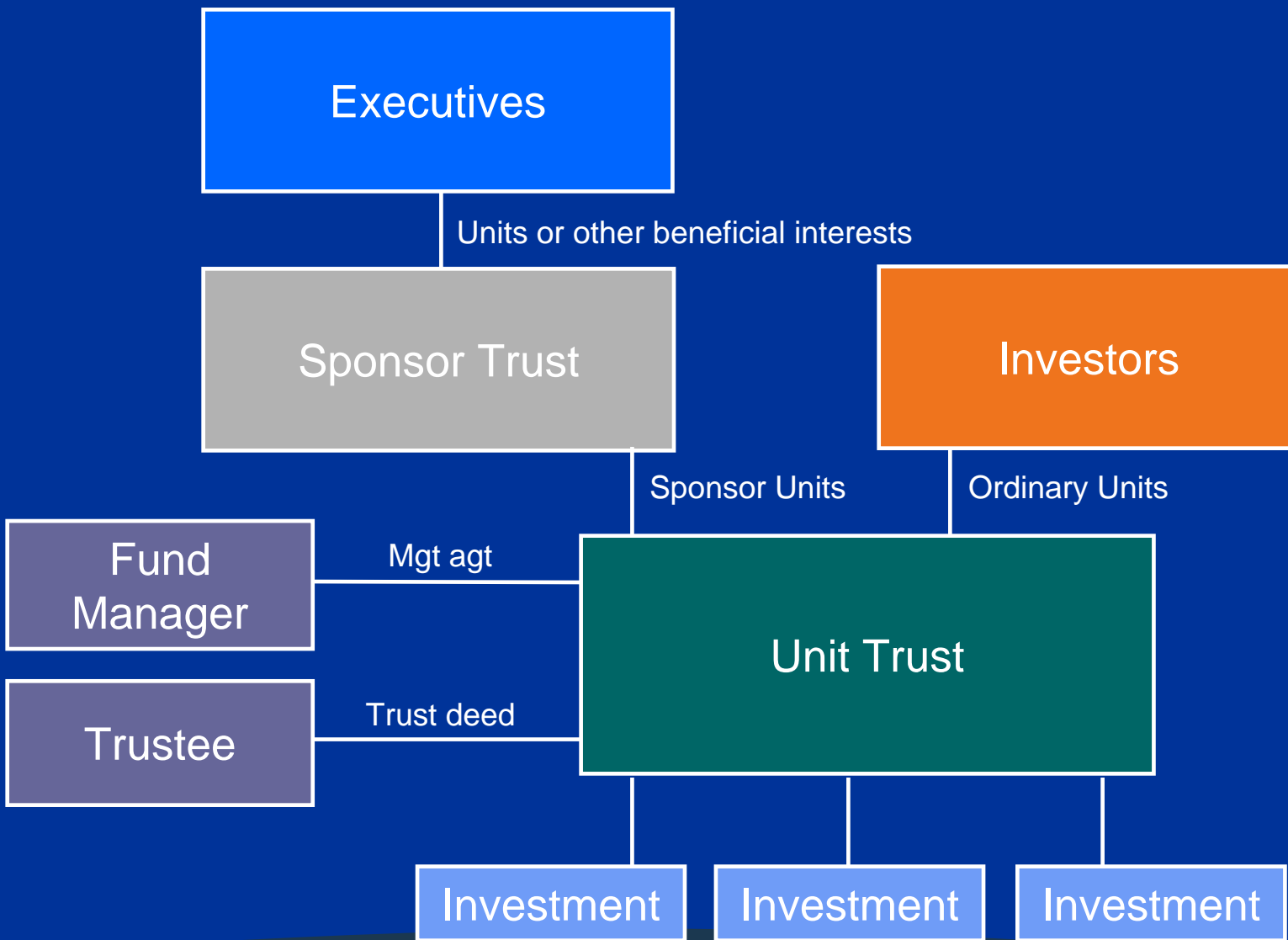
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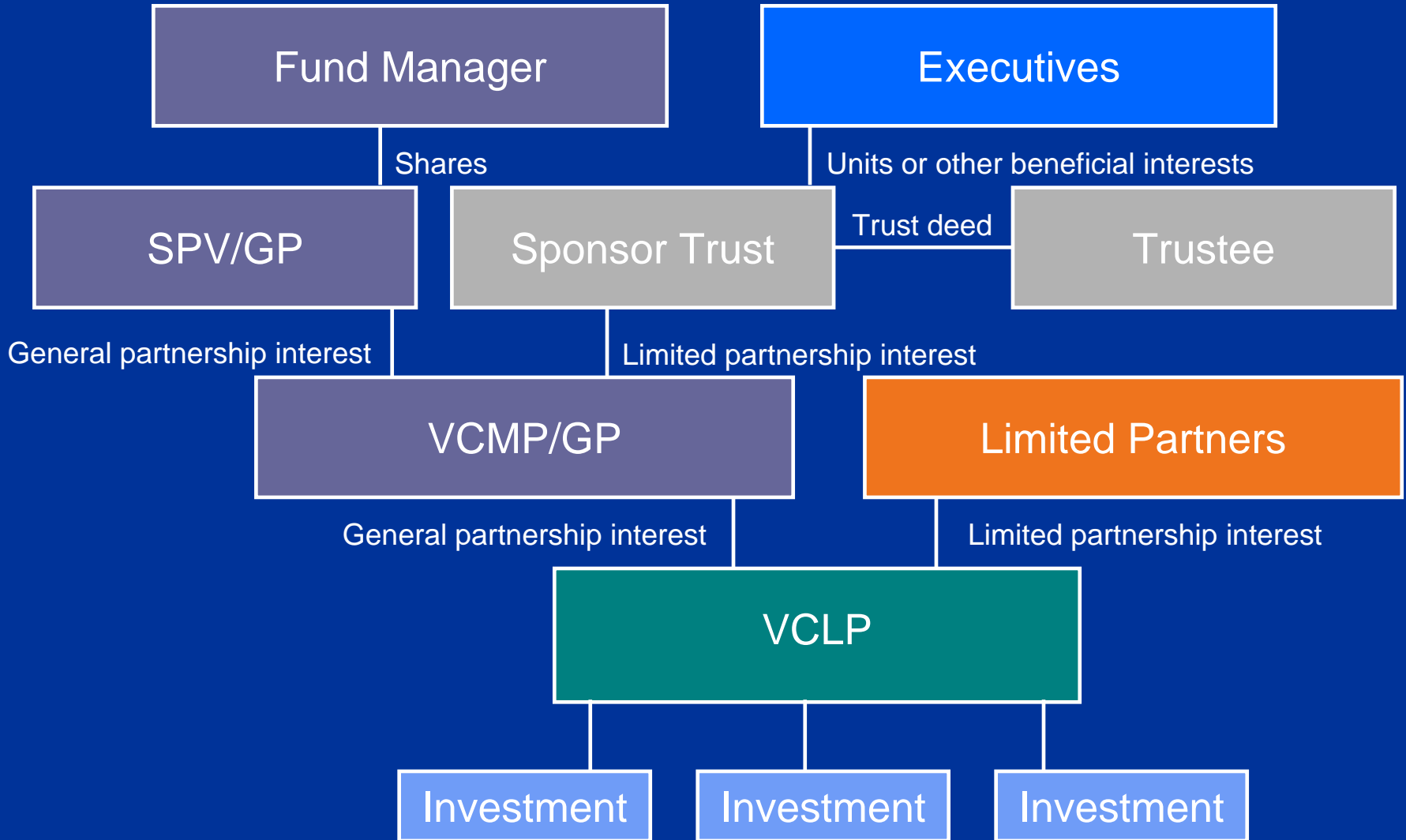
# Typical key commercial terms

- closed end fund (10 to 12 year life)
- investor commitments drawn only as needed
- restricted investment period (first 5 years)
- generally cannot reinvest proceeds from investments
- management fee (2% of committed capital)
- carried interest (20% of pre-tax profit, after 8% return)
- advisory board (investor representatives)

# Traditional fund structure



# VCLP fund structure



# VCLP – legal issues

- revocation of VCLP status severe
- directors' duties
- Australian financial services licensing
- registrable Australian body

# VCLP – technical issues

- initial valuation issues
- restricted activities
- location of assets (eg IP)
- tracing of funds
- take privates
- Australian auditor

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