

**CDVCA GUIDE TO
DEVELOPING PRESENTATIONS
FOR
PROSPECTIVE INVESTORS**



FOREWORD AND ACKNOWLEDGEMENTS

Telling a persuasive story to investors is an important part of successful CDVC fundraising efforts. This guide offers tools to help CDVC funds prepare concise, well-organized, thorough, and ultimately successful presentations. This guide was developed by Amy Solas, in conjunction with CDVCA staff*. Amy Solas is President of Solas Communications and has over 15 years of experience in financial communications and related fields. She advises private equity funds, hedge funds, investment banks and operating companies on capital-raising communications, new business development and investor relations. Our thanks go to her for all her hard work. We also extend sincere thanks to the CDVC funds that shared sample presentations, insights and experiences to inform and enhance this guide.

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Understanding Prospective Investors

Your objective is to persuade prospective investors to invest in your fund. In order to do this in a presentation, you must convincingly demonstrate how and why your fund meets your audience's investment criteria. This, in turn, requires that you have a thorough understanding of the criteria, both financial and social, before you start to develop your presentation.

Different investors will put a different weight on financial and social returns and have different return expectations for each. What is the profile of your prospective investor? Do they have fiduciary duties that limit their ability to focus on social returns? Are they focused on a particular sort of social return? Are they providing equity, a grant or a loan? Regional focus, CRA, etc? What is their social objective? Have they invested in a CDVC fund previously? How you tailor your investment thesis – your summary of the key reasons for investing in your fund and the basis for your presentation – will depend on the answers to these questions.

There are two initial questions that your audience is likely to want answered by your presentation: First, does your fund make their screen? Second, if your fund does make their screen, should they invest in it?

- The screen: “Does this investment opportunity fit with our objectives? Is there a compelling need to be met that our investment will fill? Does this investment meet our financial criteria?” This might be a presentation in and of itself, or could be part of a larger presentation to remind the audience of a particular fit.
- The investment opportunity: “Why should we invest in *this* fund? How are you going to provide the financial and social returns that you say you will?”

What Investors Expect You to Cover in an Investor Presentation

There are a number of areas that investors expect your presentation to cover (in order for you to demonstrate that you can achieve the financial and social returns they want). These issues are listed below, although not necessarily in the order in which your presentation should cover them. These issues do not necessarily all belong in one presentation.

- When the fund was founded
- The fund's current size
- The fund's current investors, if relevant
- The fund's board of directors
- The amount being sought by the fund, how investment in the fund will be structured and the life of the fund
- The fund's social objectives: What are the social returns you seek to generate? What are your targets? How will you measure your achievements?
- The fund's financial objectives: What return on investment are you targeting?
- Assistance the fund will offer or currently offers portfolio companies to achieve those social and financial objectives
- The fund's investment strategy and criteria: What will or do you look for in the companies in which you invest? Industry focus? Geographic focus?

- The fund's investment process: How will or do you identify promising companies in which to invest? What is your due diligence process? Your investment approval process?
- The structure of the fund's investments
- The fund's process for monitoring investments: What type of reporting will you or do you require from your portfolio companies?
- Other support, such as consulting or informal advice, that the fund will provide to portfolio companies
- What do you do if an investment is in trouble?
- The fund management team's positions and relevant experience
- The fund's current portfolio, if relevant
- The fund's track record, financial and social, using rigorous, relevant measures
- The fund's competitors for investment and deal flow: Who are the other providers of capital in your market space?

The level of detail that you provide on each of these items will vary, depending on the stage of the investment process and what the audience is looking for. Depending on the investor or the stage of the relationship/discussions with the investor, you may also want to discuss:

- Potential co-investors
- Marketing and deal sourcing
- Case studies demonstrating the success of portfolio companies
- Consultants or investment advisors used by the fund
- A page tailored to the specific investor on how the fund meets their investment criteria

How to Write an Effective Investor Presentation

In order to convince investors to invest in your fund, you must take all of the information you will be presenting and synthesize it into a compelling, persuasive story. You are not simply presenting investors with all the relevant information and letting them make up their own minds. The following guidelines will help you write a concise, convincing and clear investor presentation.

First, your presentation must have a point.

The point of any presentation is simply the answer to question in the audience's mind. In an investor presentation, the audience's question is, "Should we invest in this fund?" Since your answer is "Yes, you definitely should invest in this fund," the next step is to figure out the reasons why. The "why" is the argument that this investment will meet the investor's criteria for social and financial returns. This is your investment thesis and it is the basis for developing your presentation.