

# **AVC 2025: Information Memorandum**

## **Your Gateway to the High- Growth Technology Sector**

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Venture Capital for HNWI,  
Accountants, Financial Advisors  
and their Clients

Loftus Capital Pty Ltd

May 2025



## Important Notice

### ISSUER

This Information Memorandum was prepared and issued by Loftus Capital Pty Ltd ABN 72 627 803 187 (the "Manager") to provide background information for persons considering applying for interests in the Australian Venture Capital 2025 Fund ("AVC 2025" or the "Fund"). Loftus Capital Pty Ltd is a corporate authorised representative (no. 1295644) of Loftus Nominees Pty Ltd ABN 28 646 030 355 AFSL No. 530733. No person other than the Manager has been authorised to give any information or to make any representation in connection with the Fund.

### REGULATORY NOTICE

Unless agreed otherwise by the Manager, receiving this Information Memorandum in paper or electronic form in Australia and the offer of units in the Fund is restricted to any person who is a wholesale client within the meaning of the Corporations Act 2001 (Cth) (Corporations Act).

This document does not constitute an offer of financial products or interests of any kind to that person or an invitation to any person to apply for the issue of securities or interests of any kind. The offer or issue of units does not require a disclosure document or PDS within the meaning of the Corporations Act, and this Information Memorandum is not a disclosure document or product disclosure statement within the meaning of the Corporations Act and has not been and is not required to be lodged with or notified to ASIC.

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It is the responsibility of any persons wishing to make an investment to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective Investors should inform themselves as to the legal requirements and tax consequences in Australia and any other relevant jurisdictions with respect to the acquisition, holding or disposal of partnership interests and interests in other entities.

There is no cooling off period in respect of an investment in the Fund.

### PURPOSE

This Information Memorandum has been prepared and issued by the Manager exclusively for the benefit and internal use of sophisticated and professional investors in connection with their consideration of an investment in the Fund. This Information Memorandum contains certain summary information regarding certain key aspects of the Fund, its proposed operations and its proposed underlying fund investments. By accepting this Information Memorandum, each recipient agrees to be bound by the following terms and conditions and the Trust Deed. Any information provided in this Information Memorandum and in any other document or communication is subject to the constituent documents for the Fund, which contain the details of the rights and obligations of investors in Fund. To the extent there is any inconsistency between this Information Memorandum and the constituent documents of the Fund, the latter will prevail.

### INDEPENDENT ADVICE REQUIRED

In preparing this Information Memorandum, the Manager has taken no account of the investment objectives, financial situation and particular needs of any particular person, and prospective investors must not construe the contents of this Information Memorandum as tax, legal or financial product advice. Before making any decision to invest in the Fund, prospective investors should:

- seek and rely on their own professional advice, in particular by obtaining appropriate tax, legal, financial and investment advice in light of their own circumstances; and
- conduct their own independent investigation and analysis regarding any information contained in this Information Memorandum.

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The Manager, the Fund and each of their respective affiliates, related bodies corporate, officers, employees, advisers, agents or associates:

- do not warrant or represent the origin, validity, accuracy, completeness or reliability of the information contained in this Information Memorandum (or any accompanying or subsequent information), and do not accept any responsibility for errors or omissions in this Information Memorandum (or any accompanying or subsequent information);
- disclaim and exclude all liability for all losses, claims, damages, costs and expenses of any nature arising out of or in connection with this Information Memorandum (or any accompanying or subsequent information);
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- notwithstanding the above, do not exclude any condition, warranty or right, the exclusion of which would contravene the Australian Competition and Consumer Act 2010 (Cth) or any other applicable law.

**PAST PERFORMANCE MAY NOT BE A RELIABLE INDICATOR OF FUTURE RESULTS**

In considering the past performance information contained in this Information Memorandum, investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Fund, or the underlying funds, will achieve comparable results, that unrealized returns will be met, or that the underlying funds will be able to make investments similar to the historical investments, track records described in this Information Memorandum.

**FORWARD LOOKING STATEMENTS**

This Information Memorandum also contains information that constitutes 'forward-looking statements' and past performance information. 'Forward-looking statements' can be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'anticipate', 'estimate', 'intend', 'continue' or 'believe' or the negatives or other variations of such words or comparable terminology.

As mentioned above, past performance of any of the underlying Managers, may not necessarily be indicative of future results. In addition, any projections or other estimates in this Information Memorandum, including estimates of returns or performance, are 'forward-looking statements'. These 'forward-looking statements' are based upon certain assumptions that may change. Due to various risks and uncertainties, including those described in Section 7 of this Information Memorandum, actual events or results or the actual performance of the Fund, or the underlying funds, may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, actual events are difficult to project and often depend upon factors that are beyond the control of the Manager.

Certain of the information contained in this Information Memorandum has been obtained from published sources prepared by other parties and no responsibility is assumed for the accuracy or completeness of such information. In addition, all industry and market data has been sourced from research of the Manager, unless otherwise indicated.

**RISK**

An investment in the Fund should be regarded as speculative and will involve significant risks, due to the nature of the investments the Fund intends to make.

The Fund is not a suitable investment for persons unable to sustain a loss of all or part of the sum invested or who require certain or predictable income flows. Investors should have the financial ability and willingness to accept the risks and lack of liquidity which are characteristic of the investments described in this Information Memorandum, for the entire term of the Fund. In particular, the attention of prospective investors is drawn to the risk factors set out in section 7 of this Information Memorandum.

**INFORMATION MEMORANDUM UPDATES**

The Manager may update or supplement this Information Memorandum at any time. Such further information is provided under the same terms and conditions as this Information Memorandum.

This Information Memorandum contains a summary and description of certain features of the Fund. Any information provided in this Information Memorandum and in any other document or communication is subject to the constituent documents for the Fund, which contain the details of the rights and obligations of investors in Fund. To the extent there is any inconsistency between this Information Memorandum and the constituent documents of the Fund, the latter will prevail.

**CURRENCY**

All dollar amounts in this Information Memorandum are quoted in Australian dollars, unless otherwise stated.

**CONFIDENTIALITY AND DISTRIBUTION OF THIS DOCUMENT**

This Information Memorandum and any other information provided in connection with this Information Memorandum are provided to prospective investors for the sole purpose of considering an investment in the Fund.

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**GLOSSARY**

Certain expressions used in this Information Memorandum have defined meanings, which are explained in section 8 (Glossary).

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# Executive Summary

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## SECTION 1

# Overview

AVC 2025 offers investors a rare opportunity to access Australia's thriving venture capital market through a diversified fund-of-funds strategy, designed to deliver exceptional returns.

## Why Technology:

Technology is reshaping the global economy, driving exponential growth and productivity. In Australia, digital innovation is transforming traditional industries, positioning technology as the backbone of economic progress.

## How to access this growth sector?

Venture Capital offers unparalleled access to the high-growth technology sector, serving as the gateway to investing in transformative innovations and disruptive startups.

## AVC 2025 Fund: Your Gateway to High-Growth Venture Capital

A unique opportunity to invest in a diversified fund-of-funds targeting the dynamic Australian and New Zealand venture capital ecosystem.

## The Fund Offers You:

- **Preferred Access to Multiple Top-Performing Managers:** Gain exposure to top-quartile VC funds in Australia and New Zealand.
- **Fund Diversification:** Manage risk by investing across multiple managers, funds and growth stages.
- **Low Minimum Commitment:** Tailored to accommodate sophisticated investors with a lower entry capital requirement.

## Return Expectations:

The Venture Capital sector has consistently outperformed traditional asset classes, delivering superior long-term returns. Historically, vintages launched after economic downturns have generated exceptional performance. The Fund aims to achieve a target return of at least 3x the invested capital.

## Unique Tax Advantages:

To the extent the Fund invests in an ESVCLP, income (including capital gains) from eligible investments are exempt from Australian tax, and capital invested in an eligible investment is eligible for a 10% non-refundable tax offset. This offset provides effective downside protection for contributions allocated to eligible venture capital investments.

Offer is only open to Wholesale Investors, noting that an investment in the fund is an illiquid long term investment.

**Barry Zuckerman**

## Key Terms Summary

<b>Target Fund Size</b>	A\$30 million
<b>Minimum Investor Commitment</b>	A\$200,000 [Class A] Class A investors will pay calls as and when due A\$100,000 [Class B] Class B investors will pay 100% of Commitment upfront
<b>Investment Period</b>	3.5 years from Final Closing Date
<b>Fund Term</b>	The end of the life of its last investee fund (they're typically 10 year funds)
<b>Single Investment Manager Limit</b>	40% of Fund Commitments
<b>Management Fees</b>	1.0% p.a. of Fund Commitments during the Investment Period, thereafter 1.0% p.a. of aggregated invested capital (subject to the fee not being less than \$200k p.a.)
<b>Carried Interest</b>	10% with 80/20 catch-up
<b>Preferred Return</b>	15% IRR [Class A] 8% IRR [Class B]
<b>Investor Eligibility</b>	Wholesale Investors only [Accountants certificate required for commitments less than \$500,000]

# The Technology Sector - the Future of Economic Growth

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SECTION 2a

# Technology: The Engine of Economic Growth

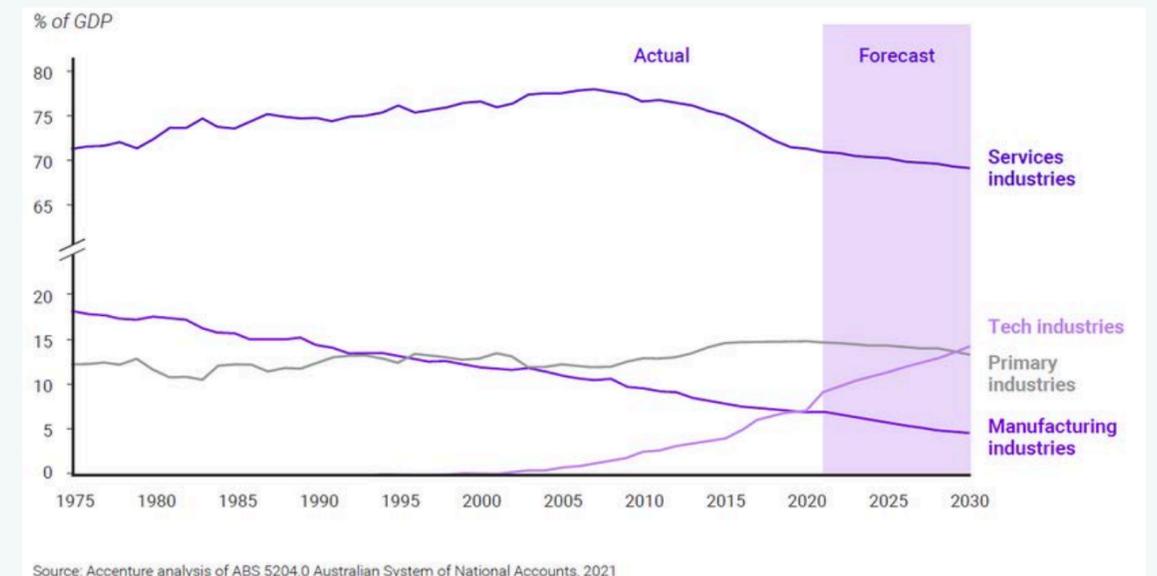
Technology is no longer just an industry; it is the engine driving global economic transformation.

Technology is reshaping the global economy, driving exponential growth and productivity. In Australia, digital innovation is transforming traditional industries, positioning technology as the backbone of economic progress.

- **Exponential Growth:** Tech dominates global market capitalisation, reflecting its unmatched ability to create wealth.
- **Private Market Opportunities:** With companies staying private longer, substantial value creation now occurs before IPO, offering unique opportunities for early investors.
- **Resilience in Cycles:** Market corrections have historically led to significant value creation in technology.
- **Australia's Competitive Edge:** Australia produces more unicorns per dollar of VC investment than global peers, showcasing its capital efficiency and innovation leadership.

By investing in AVC 2025, you gain access to the exceptional growth potential of technology and its transformative impact on the global economy.

Australian economy by sector

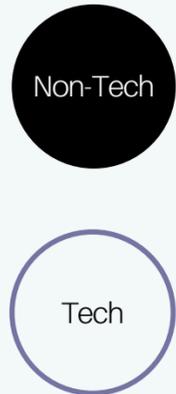
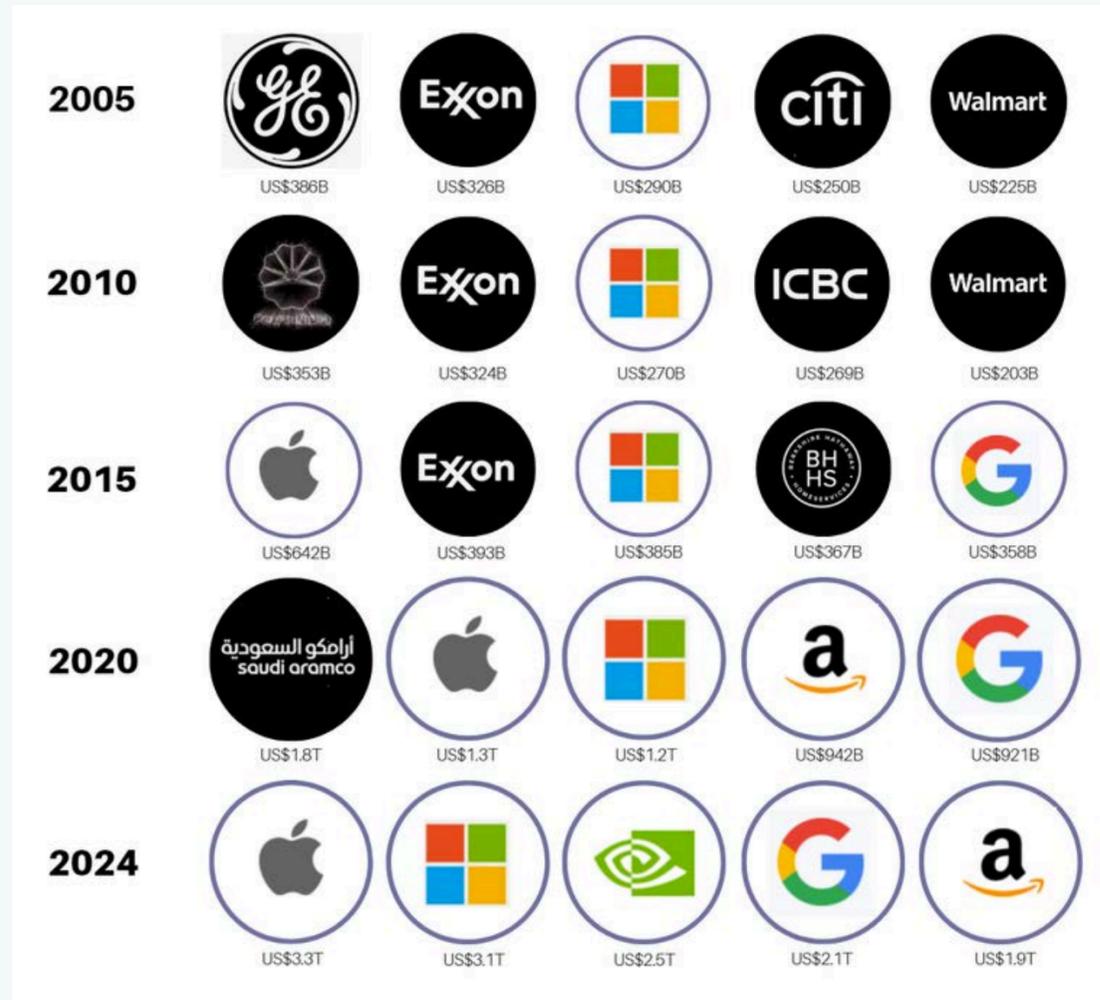


**The Australian tech industry is forecasted to surpass traditional sectors like manufacturing, reinforcing its role as a growth leader.**

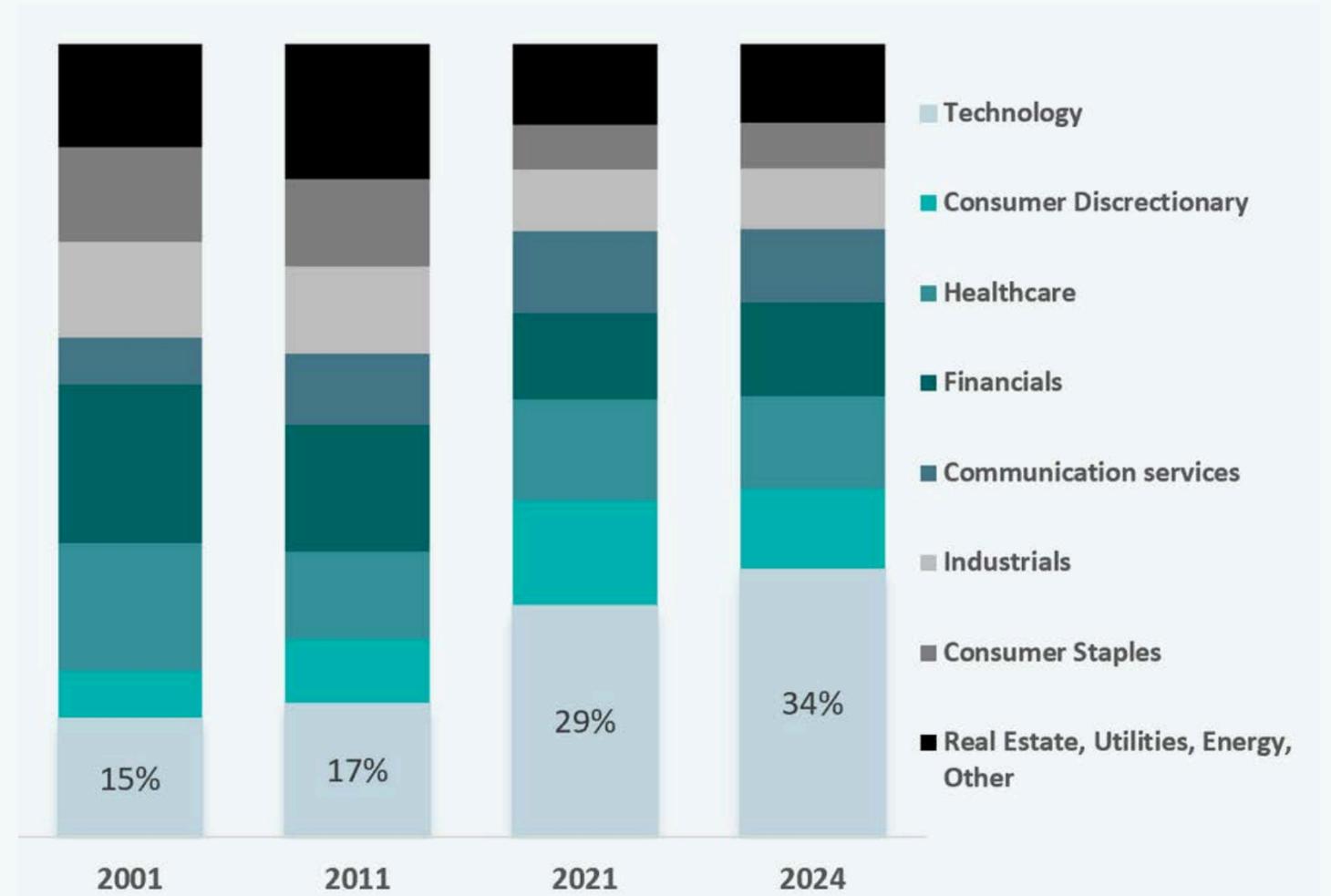
# Technology dominant in global market capitalisation

Tech companies dominate the world's largest market capitalisations, reinforcing their unmatched value creation.

World's largest companies by market capitalisation - dominated by tech companies:



S&P500 sector weightings 2001-2024



Source: www.visualcapitalist.com, Bloomberg, Google Finance, as at January of each year

<sup>1</sup>Source: Investopedia

# Unlocking Value: The Growth Opportunity in Private Markets

Private markets are now the primary engines of value creation, as companies stay private longer to achieve higher valuations before IPOs.

Amazon went public in 1997 at just three years old, and Google followed suit in 2004 at the age of six.

Today, however, the market dynamics are quite different as companies increasingly rely on private markets for their growth and are electing to stay private for longer periods of time. For example, Uber and Airbnb, two of the 10 largest-ever technology IPOs, were 10 and 12 years old, respectively, before going public—long after they had disrupted the industries in which they operate.

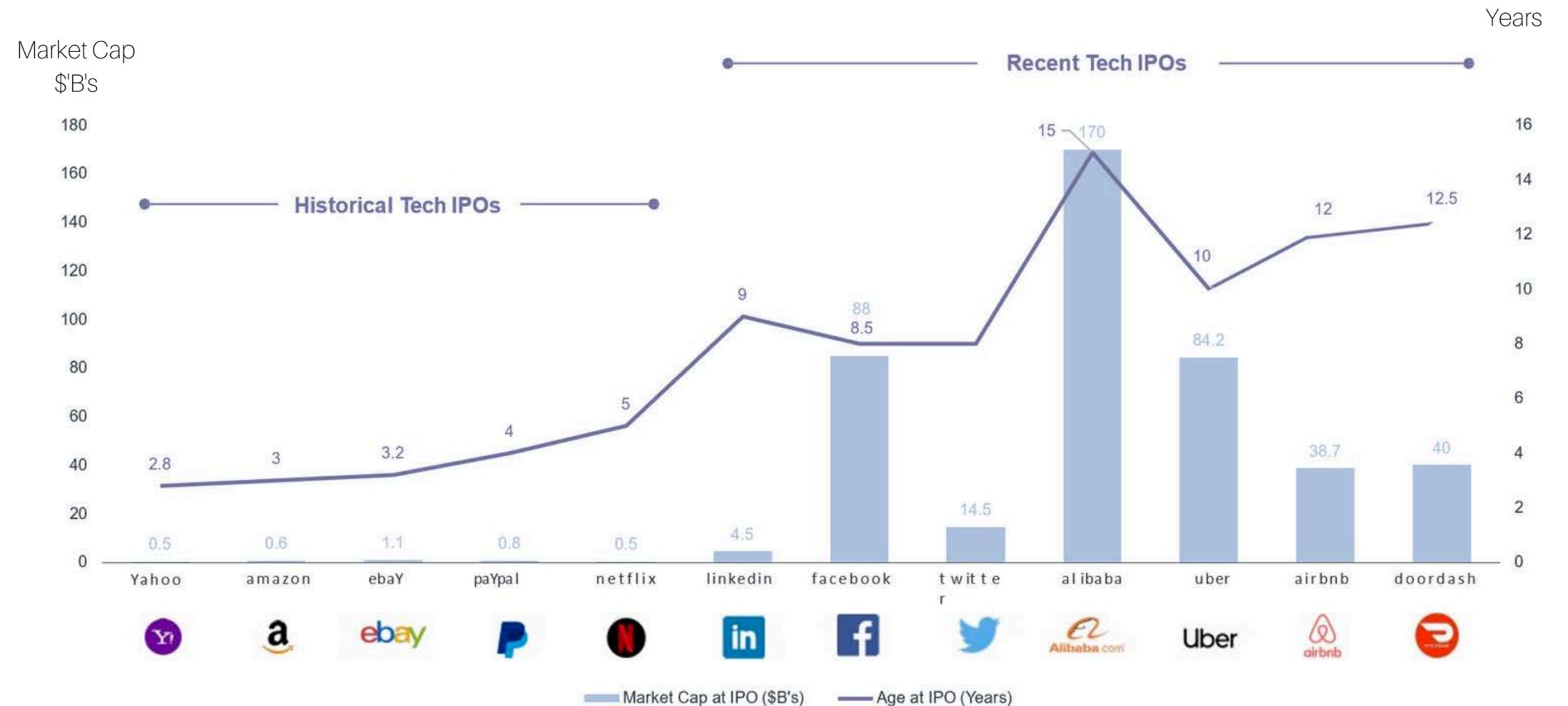


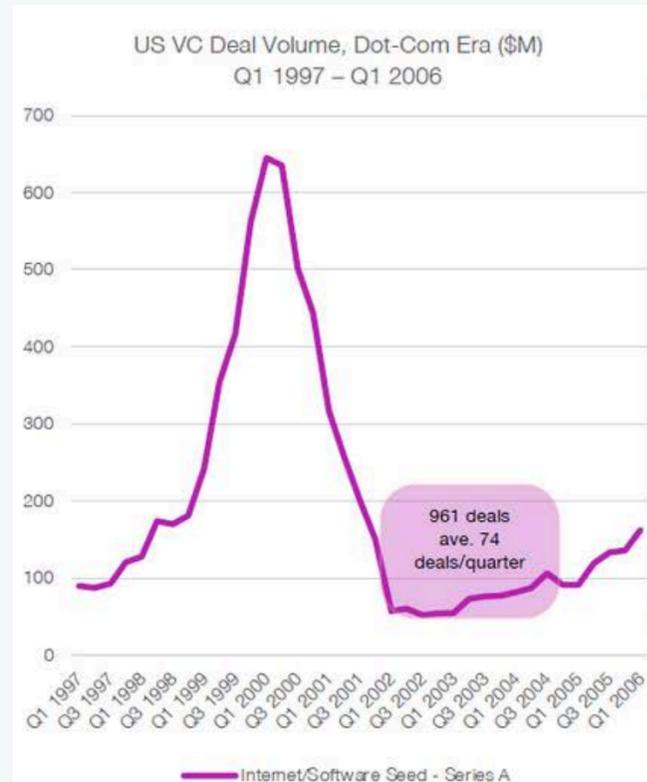
Chart source: Goanna Capital

# Resilience Through Market Cycles: Turning Downturns into Opportunity

Periods of economic uncertainty have consistently fueled innovation and long-term value creation, making downturns a strategic entry point for venture capital investors.

- Downturns create opportunities for resilient startups to emerge stronger.
- Historically, VC-backed companies launched during crises deliver outsized returns.
- Current market conditions mirror past cycles, offering unique opportunities for growth-focused investors.

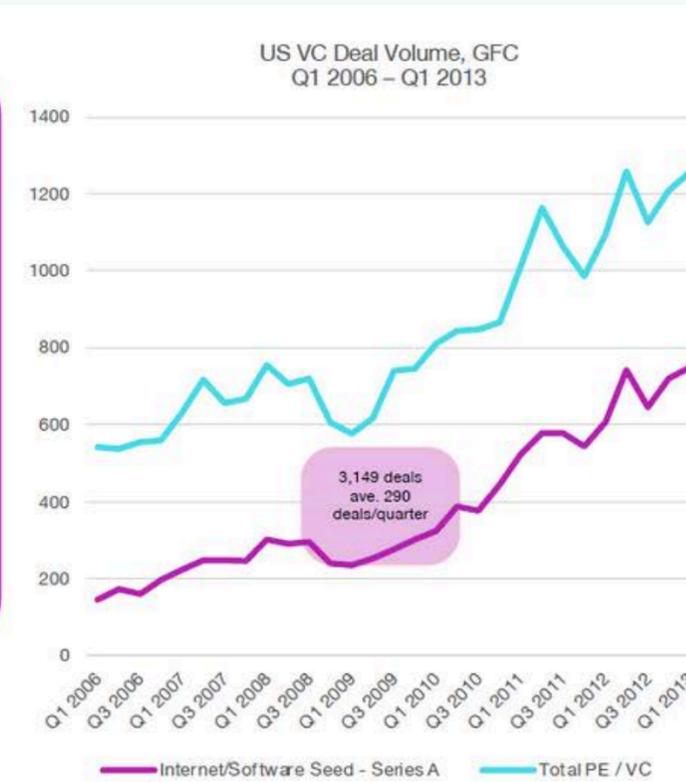
US VC Deal Volumes, DotCom Era (\$M) Q1 1997 - Q1 2006



Historic wealth creation

- facebook
- shopify
- ATLASSIAN
- Zillow
- YouTube
- DocuSign
- box
- Palantir
- ThreatMetrix
- yelp
- Klarna
- workday
- NETFLIX
- Chegg
- reddit
- KAYAK
- aconex
- GRUBHUB
- SPACE X
- palcoalto

US VC Deal Volumes, GFC Q1 2006 - Q1 2013



Massive wealth creation

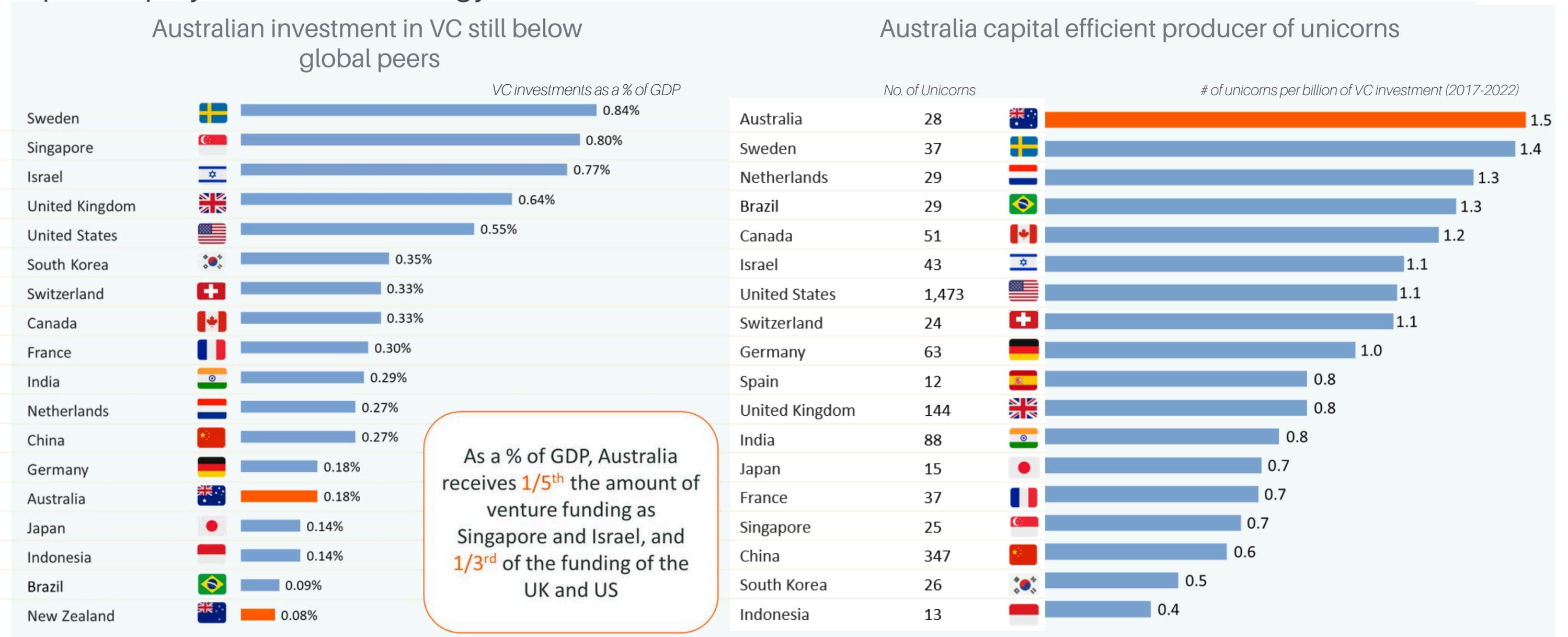
- zoom
- square
- twilio
- Pinterest
- slack
- Optimizely
- WhatsApp
- Uber
- airbnb
- WAYMO
- Dropbox
- glassdoor
- Kabbage
- snowflake
- stripe
- DATA DOG
- CLOUDFLARE
- wealthfront

Source: Cut Through Venture - November 22 Funding report

Source: PWC / Moneytree / Folklore Ventures

# Australia's Competitive Position

Australia outpaces global peers in creating unicorns per dollar of VC investment, showcasing a high return on capital deployed in the technology sector.



Source: 2023 GDP: IMF World Economic Outlook March 2024.  
Source credit: Airtree

Source: . Dealroom.co (as at September 2023). 2. US\$ billion of VC investment divided by number of new unicorns from end 2017 to end 2022. Source: Pitchbook.  
Source credit: Airtree

# Australian Unicorns: A Thriving Venture Capital Ecosystem

Prominent Unicorns backed by Venture Capital, serving millions of customers worldwide.

	Cloud based design platform Used by >95% of Fortune 500 Founded in Perth	>220 million users across 190 countries, ARR >US\$2.5bn, valued at >US\$32bn
	Education technology "the Spotify of workplace learning" Founded in Brisbane	>8 million users over 60 countries, Revenue >\$95m, valued at >\$2bn
	Enables users to create a single, customizable webpage Founded in Melbourne	>50 million users globally valued >\$1.3bn
	HR Software	>300,000 SME's, 2.5m employees globally ARR>A\$139m, valued at >2bn

## SafetyCulture

Used by 28,000+ organizations globally.

## ImmutableX

Partnered with global gaming companies like GameStop and TikTok.

## Airwallex

Operating in 130+ countries, serving thousands of global businesses.

## Culture Amp

Used by over 6,000 companies globally, including Canva and Unilever.

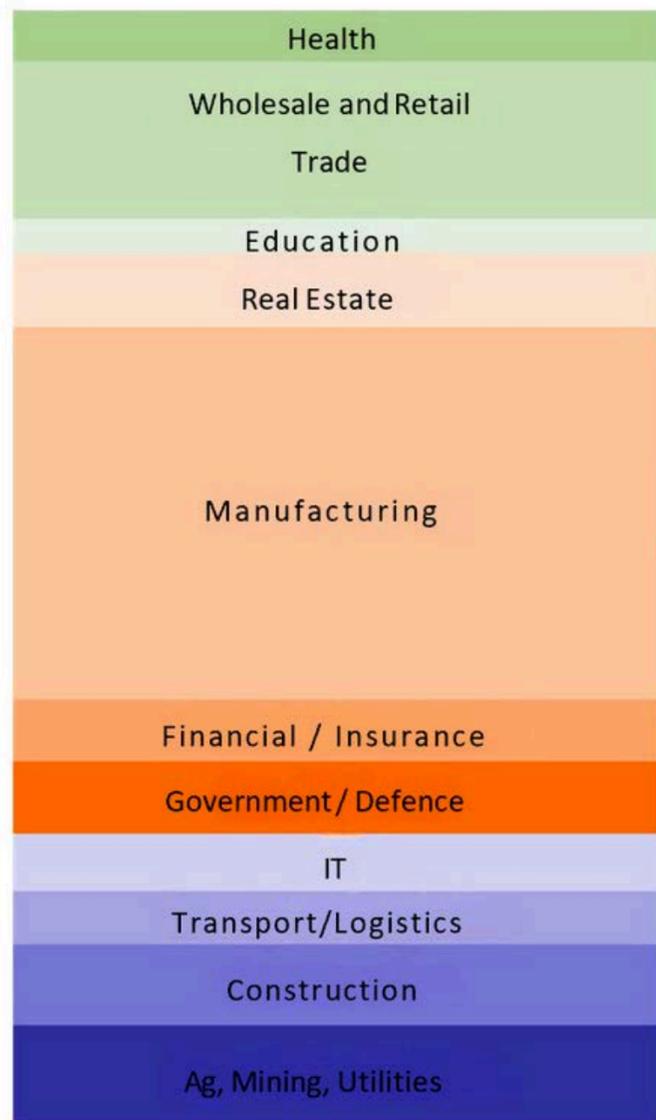
**Australia's Venture Capital ecosystem continues to foster globally impactful unicorns, driving innovation and delivering exceptional investment opportunities.**

# The Technology Landscape: The Next Decade of Innovation

Key industries are poised for significant transformation through advanced technologies.

Global GDP - \$85tr

Sector-Specific Technological Impact



## Health

- DNA Editing (CRISPR, gene therapy)
- Precision Medicine (personalized treatments)
- Automated Diagnosis (AI-powered diagnostics and medical imaging)

## Wholesale and Retail

- AI-Driven Content Creation (personalized marketing, product design)
- AI Tutors for Training (employee training, customer education)

## Education

- AI-Powered Learning, Virtual Classrooms
- Personalized learning paths, AI tutors, and immersive VR/AR educational experiences

## Real Estate

- Credit and Risk Automation (AI-driven financial assessments, fraud detection)
- Blockchain for Property Transactions (secure, transparent deals)

## Manufacturing

- Robotic Automation (smart factories, autonomous assembly lines)
- Augmented Reality (AR) Training (immersive workforce training)

## Financial / Insurance

- Decentralised Finance (DeFi) (blockchain disrupting traditional banking)
- AI-Powered Risk Management (predictive analytics, fraud detection)

## Government / Defence

- AI for Defense (cybersecurity, autonomous systems)
- Smart Surveillance (AI-enabled threat detection)

## IT

- Cloud Computing, Edge Computing, Cybersecurity
- AI and machine learning for predictive analytics, cloud infrastructure scalability, and cybersecurity solutions.

## Transport and Logistics

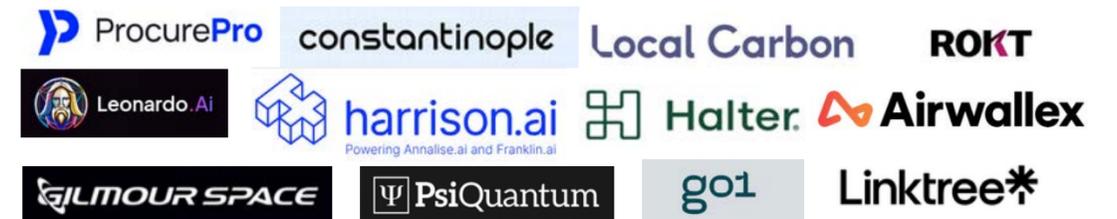
- Drones & Robotics (last-mile delivery, warehouse automation)
- Autonomous Vehicles (supply chain optimization)

## Construction

- 3D Printing, Modular Construction, Drones
- Automation in building processes, drone site monitoring, and sustainable materials.

## Agriculture, Mining, and Utilities

- Precision Agriculture (AI-driven farming, smart irrigation)
- AI Smart Grids (efficient energy distribution, renewable integration)



# Venture Capital - Unlocking Private Market Value

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SECTION 2b

# What is Venture Capital?

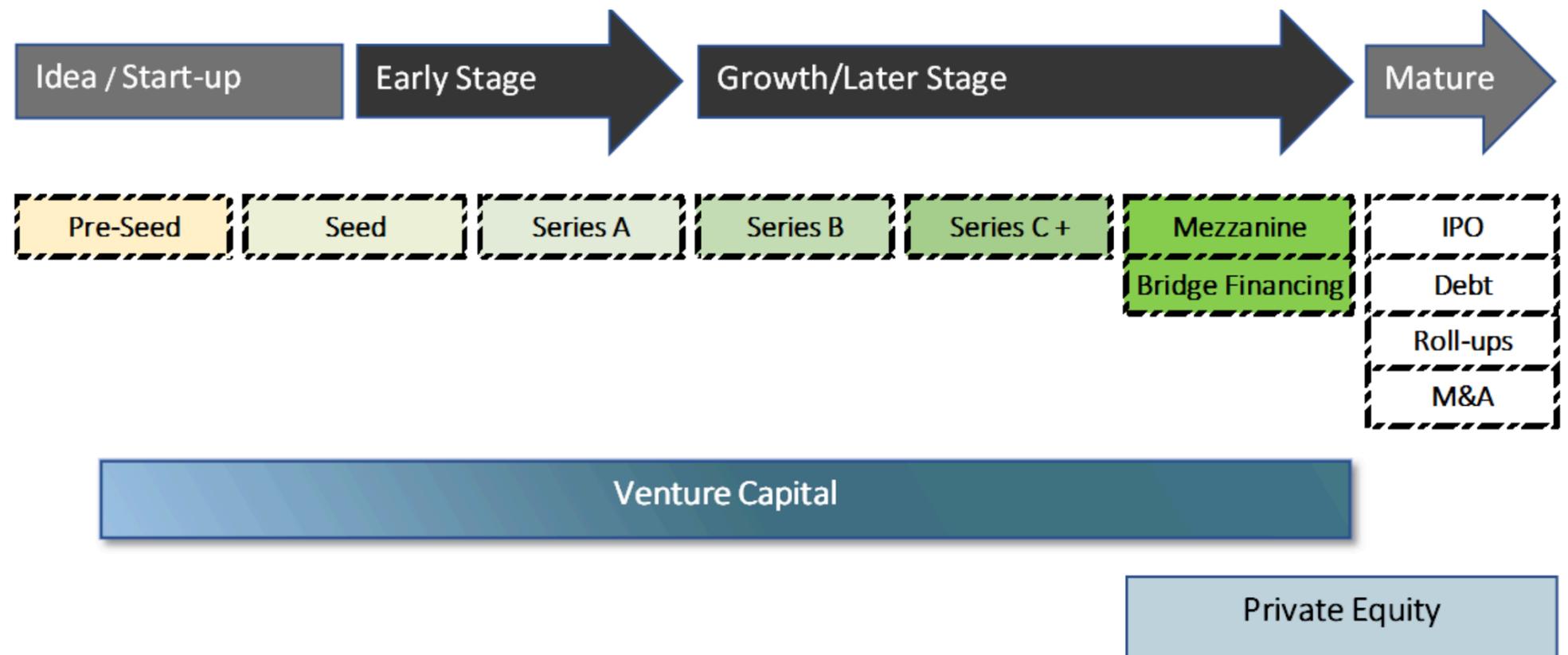
Venture capital is the financial engine behind innovation. It enables early-stage companies to develop groundbreaking technologies, scale operations, and become industry leaders.

The venture capital financing cycle involves different stages from pre-seed/seed to growth/late stage, where each stage is typically characterized by certain milestones, which are either operational and/or financial. Through this process, venture capital financing has the potential to take companies from the earliest stages of their life to where they can be generating millions or even billions of dollars in revenue.

These different stages are outlined below:

- Pre-Seed/seed - The first capital financing round after incorporation of the company, which typically funds the development of new products or services
- Series A - The first significant financing round, in which one or more venture capital firms become involved in a fast-growing company that was previously financed by founders, seed venture capitalists and/or angel investors
- Series B & C - Financing that is provided to assist in scaling the company's operations, including manufacturing, new products, marketing, sales and customer service
- Late stage - Venture or Private equity financing provided once the business generates meaningful revenues. This can include capital for significant expansion, mergers and acquisitions or entering new markets, for example.

Venture Capital Lifecycle: From Idea to Market Leader



# Venture Capital: A Thriving Asset Class with a Maturing Australian Ecosystem

Venture capital is now a core component of diversified portfolios, delivering high returns and fostering innovation.

- Investments in Australian startups have grown from A\$600M in 2011 to A\$6B annually in 2024, with a peak of A\$10B in 2021.
- Institutional backing has elevated VC firms to 'institutional-grade', attracting global and domestic capital.
- The ecosystem now supports repeat founders, accelerators, venture debt funds, and globally successful startups.

**By investing in Australian venture capital, you gain access to a maturing ecosystem with a proven track record of value creation and innovation.**



Key managers in the Australian VC Ecosystem

<sup>2</sup> Source: Pitchbook, Goanna Capital  
Source: Pitchbook, Cut Through Ventures, State of Australian Startup Funding Q2 2024

# Why invest in Venture Capital?

Venture capital (VC) offers a unique opportunity to invest in transformative, high-growth industries at the forefront of global innovation. By participating early, investors gain access to immense value creation often unavailable in public markets.

## 1. Access High-Growth Opportunities

- Gain exposure to cutting-edge industries like AI, fintech, and green technologies, capturing early-stage growth.

## 2. Participate in Private Market Value Creation before IPOs

- With startups staying private longer, substantial value is now created before IPO, enabling investors to maximise returns.

## 3. Enhance Portfolio Diversification

- VC investments have low correlation with traditional assets, improving risk-adjusted returns.

## 4. Achieve Superior Returns

- Top VC funds historically outperform public markets, delivering outsized gains.

## 5. Make an Impact

- Support innovation and real-world problem-solving technologies while achieving financial success.

## A Strategic Asset Class

Investing in venture capital offers unparalleled growth potential, diversification, and alignment with transformative trends shaping the future. VC investing positions you at the forefront of innovation while delivering superior returns as part of a diversified wealth strategy.

## Why invest in a Venture Capital Fund-of-Funds?

A Venture Capital Fund-of-Funds (FoF) offers a strategic, diversified, and lower-risk approach to capturing the high-growth potential of venture capital.

### 1. Broad Diversification

- Reduce risk by spreading investments across multiple top-tier VC managers, industries, and growth phases.

### 2. Preferred Access

- Gain entry to elite VC funds that are often inaccessible to individual investors, leveraging our established network.

### 3. Consistent Outperformance

- Enhance returns by participating in top-performing funds that consistently outperform public markets.

### 4. Risk Mitigation and Expertise

- Minimise risks with expert fund selection and monitoring, ensuring robust portfolio management.

### 5. Balanced Exposure - Fund-of-funds offer diversification across:

- Vintages: Capturing different economic cycles.
- Sectors: Participating in emerging opportunities across various industries.
- Stages: Combining early-stage growth with later-stage stability

### 6. Capital Efficiency

- By pooling resources, a FoF allows smaller investors to achieve a level of diversification and access that would be unattainable through direct investments.

### 7. Proven Success

- Top venture capital managers demonstrate persistence in performance, meaning today's leaders are likely to remain dominant.
- A fund-of-funds capitalises on this track record, optimizing the portfolio for long-term value creation.

By investing in our fund-of-funds, you secure unparalleled access, diversification, and professional expertise—delivering consistent growth and aligning with the future of venture capital.

**Join us in unlocking the value  
of technology-driven innovation  
and venture capital growth.**

# Venture Capital - Return Expectations

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SECTION 2c

## Measuring Performance in the Alternative Asset Class

Understanding the Metrics that should Drive Your Investment Decision.

Performance Metric	Definition	Investor Relevance
IRR (Internal Rate of Return)	Measures annualised returns but assumes reinvestment at the same rate, which can lead to overstatements.	Often overstates performance and is sensitive to timing of cashflows. IRR is not an annualised interest rate.
DPI (Distributions to Paid-In Capital)	Represents cash returned to investors as a percentage of the invested capital.	Evaluates liquidity and capital returned to date.
TVPI (Total Value to Paid-In Capital)	Combines DPI (cash returned) with unrealised portfolio value, providing a comprehensive measure of total investment performance.	<b>In our view, this is the most reliable indicator for assessing real monetary performance</b>

**Focusing on TVPI offers the most accurate and comprehensive view of fund performance, empowering investors to make data-driven, long-term investment decisions.**

## Real Returns: Why TVPI Outperforms IRR in Assessing Investment Returns

Understanding Why TVPI Offers a Clearer and More Reliable Performance Measure.

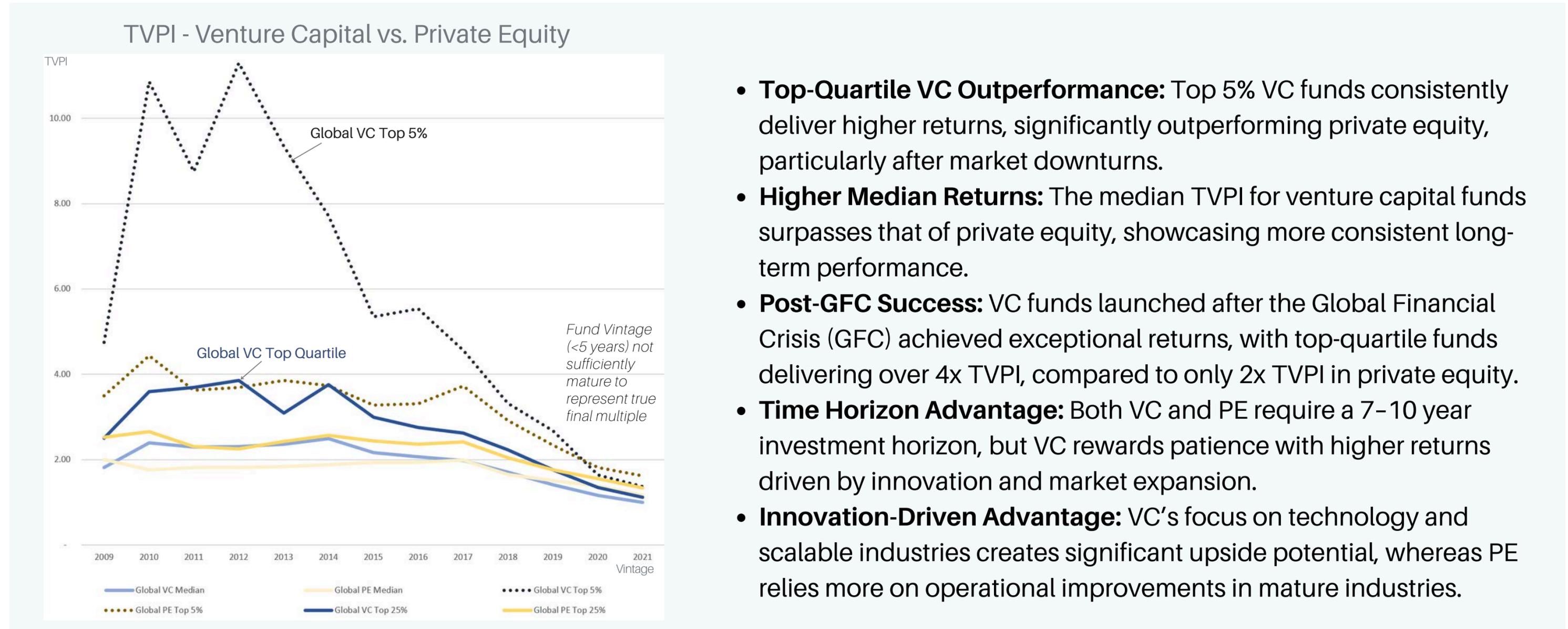
Scenario	IRR	TVPI	Gain as a % of Paid-In Capital
Example A (Early Return)	9.5%	1.2x	20%
Example B (Moderate Return)	9.5%	1.5x	48%
Example C (Higher Return Later)	9.5%	1.6x	57%
Example D (Delayed Return)	9.5%	1.8x	75%

- **IRR Limitations:** IRR often presents attractive figures but can mislead due to its sensitivity to cash flow timing and the assumption of reinvestment at the same rate.
- **TVPI Advantage:** TVPI provides a comprehensive view by combining both realised (DPI) and unrealised gains, offering a true reflection of total fund performance.
- **Expanded Scenario Analysis:** Identical IRRs can mask significant differences in actual investment outcomes. A more detailed scenario analysis reveals how TVPI better captures real investment returns.
- **Tax Impact:** Neither IRR nor TVPI accounts for the impact of taxes.

**TVPI provides a clearer, more transparent view of fund performance, empowering investors to make confident, well-informed long-term decisions**

# Venture Capital Outpaces Private Equity in Delivering Long-Term Value

A Strategic Comparison of Return Potential and Growth Opportunities.



- **Top-Quartile VC Outperformance:** Top 5% VC funds consistently deliver higher returns, significantly outperforming private equity, particularly after market downturns.
- **Higher Median Returns:** The median TVPI for venture capital funds surpasses that of private equity, showcasing more consistent long-term performance.
- **Post-GFC Success:** VC funds launched after the Global Financial Crisis (GFC) achieved exceptional returns, with top-quartile funds delivering over 4x TVPI, compared to only 2x TVPI in private equity.
- **Time Horizon Advantage:** Both VC and PE require a 7–10 year investment horizon, but VC rewards patience with higher returns driven by innovation and market expansion.
- **Innovation-Driven Advantage:** VC’s focus on technology and scalable industries creates significant upside potential, whereas PE relies more on operational improvements in mature industries.

Source: Cambridge stats - Global PE & Venture Capital Index and Benchmark Statistics Q3, 2024

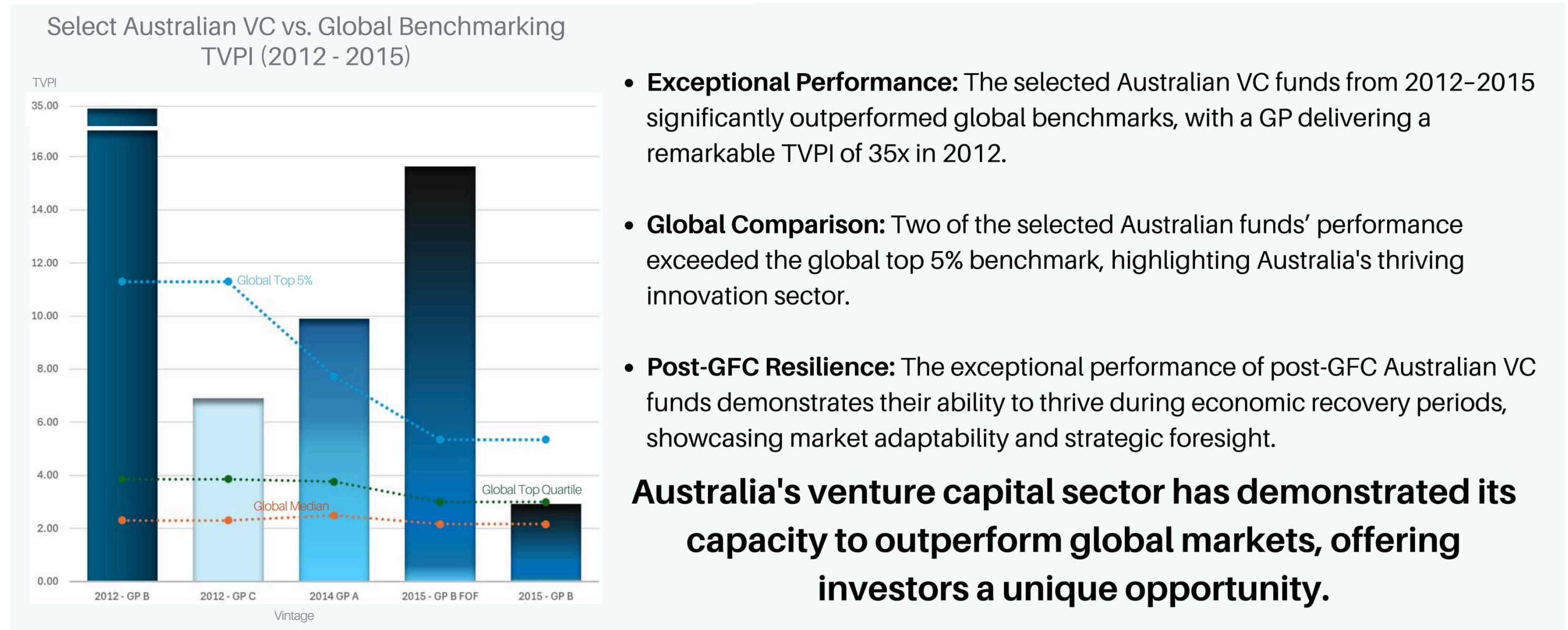
# Venture Capital vs. Private Equity: Superior Risk-Adjusted Investment Strategy

Why Venture Capital Offers a Stronger Risk-Reward Profile Than Private Equity:

Aspect	Venture Capital (VC)	Private Equity (PE)	Example
Diversified Investment Approach	Diversified portfolio across early-stage companies.	Heavy reliance on leverage and concentrated bets.	VC funds typically invest in 20-40 early-stage companies, reducing concentration risk, while PE funds often invest in 8-12 mature companies, increasing exposure to single-entity risk.
Sector Exposure	High-growth, innovative sectors with macro tailwinds.	Mature industries with slower growth potential.	VC focuses on innovative, fast-growing industries with macroeconomic tailwinds, while PE targets mature industries with slower growth prospects.
Financial Leverage	Minimal leverage reduces financial risk.	High leverage amplifies risk, specifically in economic downturns.	VC funds use minimal to no financial leverage, significantly lowering exposure to market downturns. In contrast, PE funds rely heavily on leverage, amplifying risk during economic slowdowns.
Potential Returns	A few big winners offset losses, balancing risk.	Returns depend on operational improvements.	VC portfolios can absorb small losses while delivering outsized gains from high-growth winners. PE returns rely primarily on operational improvements and cost-cutting in established businesses.

## Venture Capital Benchmarking (2012-2015)

Demonstrating Historical Outperformance in Australian VC.

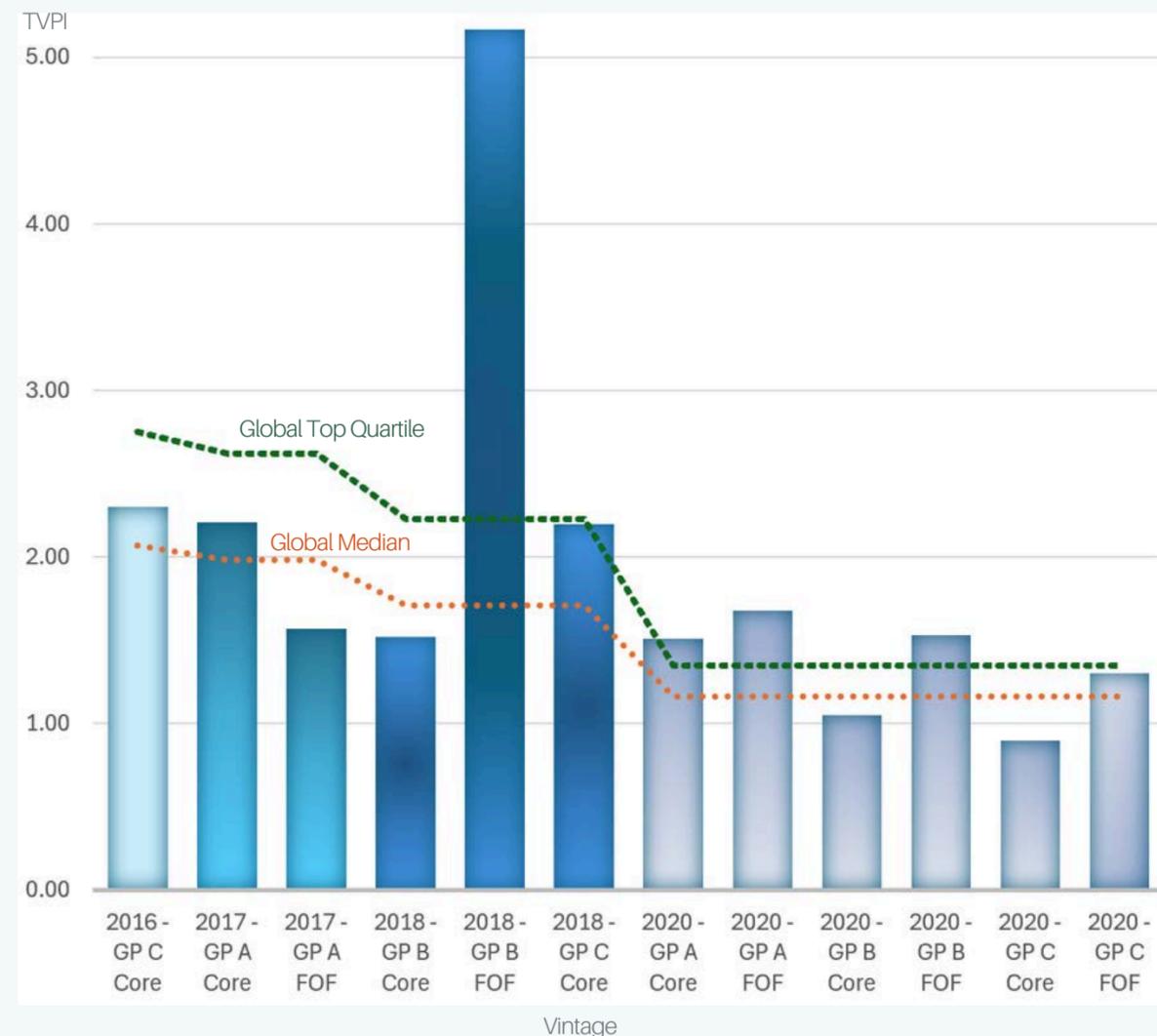


Source: Cambridge Stats - Global PE & Venture Capital Index and Benchmark Statistics Q3, 2024  
Historical returns do not guarantee future performance. Investments are subject to market risks, and actual outcomes may differ materially

# Venture Capital Benchmarking (2016-2020)

Navigating Market Volatility with Strategic Diversification.

Select Australian VC vs. Global Benchmarking TVPI (2016 - 2020)

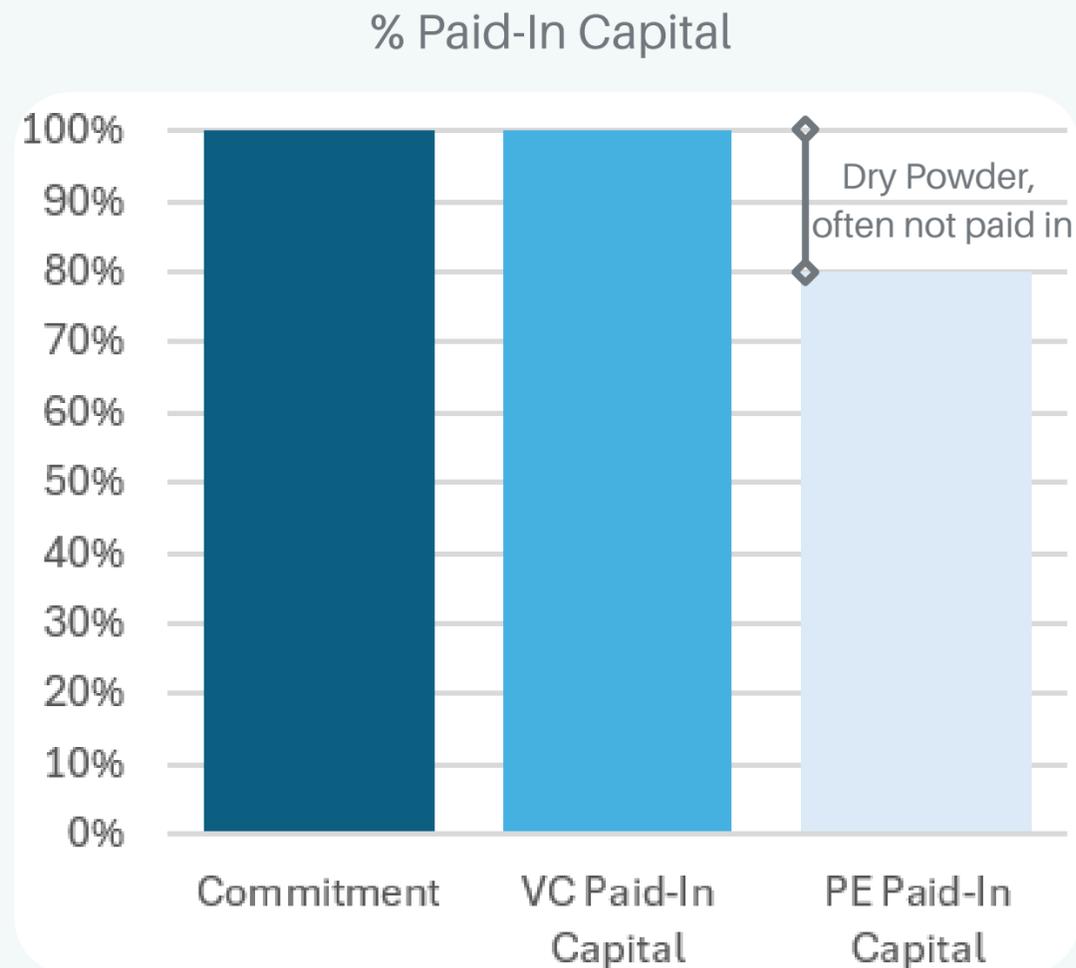


- **Resilience During Market Downturns:** Despite the tech slump in 2022, select Australian VC funds remained in the top quartile, demonstrating strong resilience against market volatility.
- **Early-Stage Growth Potential:** 2020 vintage funds, though initially impacted by overheated valuations and market corrections, are well-positioned for future growth due to their early lifecycle stage.
- **Fund-of-Funds Model Advantage:** Diversification across multiple funds reduces risk, offering a more stable return profile compared to single fund investments.
- **Strategic Adaptability:** AVC's fund-of-funds strategy mitigates risk and capitalises on market recovery opportunities, ensuring steady long-term value creation.

Source: Cambridge Stats - Global PE & Venture Capital Index and Benchmark Statistics Q3, 2024; FOF = Follow-On ("later stage") fund  
 Historical returns do not guarantee future performance. Investments are subject to market risks, and actual outcomes may differ materially

# Tax Benefits and Capital Efficiency: Unlocking Value in Venture Capital

How Tax Incentives and Efficient Capital Deployment Maximize Investor Returns.



- **Efficient Capital Deployment:** VC funds fully call 100% of investor commitments, ensuring efficient and timely capital deployment. In contrast, PE funds often retain uncalled capital (dry powder), reducing effective returns and delaying capital utilisation.
- **Attractive Tax Incentives:** Eligible VC funds, such as ESVCLPs (Early Stage Venture Capital Limited Partnerships), offer tax-free capital gains on qualifying investments, significantly enhancing after-tax returns.
- **Downside Protection:** Australian investors receive a 10% non-refundable tax offset on capital invested in eligible investments of ESVCLPs, providing an additional layer of risk mitigation.
- **Incentivising Innovation:** Government tax concessions are designed to stimulate investment in early-stage innovation and startup sectors, aligning investor interests with national economic growth.

# Strategy and Process - Capturing the Opportunity

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## SECTION 3

# Strategy

## Accessing the high growth technology sector...

### **About the Fund - AVC 2025**

The Fund is the second fund managed by Loftus Capital. The Fund will seek to gain access to venture capital funds managed by top quartile venture capital managers in Australia and New Zealand.

The Fund is seeking to raise total capital commitments of A\$30 million, with a minimum Fund size of A\$10 million. The minimum investment in the Fund is A\$100,000.

### **Investor profile**

The Fund is only open to Wholesale Investors. Potential investors should be persons seeking access and exposure to a portfolio of venture capital funds focused on early stage to high growth, later stage companies. Investment in the Fund involves a high level of risk and redemptions and withdrawals are not permitted.

### **Fund objective**

The objective of the Fund is to deliver returns to investors in excess of three times their capital contributions over a period of 10 years. This is a target and may not be achieved.

### **Investment objective**

The Fund's investment objective for its investment portfolio is to achieve this return by investing in venture capital funds managed by top quartile venture capital managers in Australia and New Zealand.

The Fund intends to complete its selection and commitment to underlying funds over a 3 and a half year period.

### **Investment strategy**

The Fund will make capital commitments to underlying venture capital funds that meet Loftus's investment management selection criteria and are in accordance with the investment guidelines detailed in this Information Memorandum.

The Fund may also acquire secondary interests in funds that meet the investment criteria.

These funds will invest in start-ups and follow-on rounds in investments predominantly in the Australasian technology sector.

## Strategy cont.

Providing access to a diversified Venture Capital portfolio.

### Diversification

The Fund will provide diversification across the following criteria:

- Fund manager
- Financing stage - allocations to be made across the full venture capital life cycle
- Vintage year - the Fund is expected to commit to the selected underlying funds over 3½ years. Venture capital managers generally raise funds every 2-3 years.
- Secondary transactions - the Fund may invest into existing 'closed' funds in order to increase the Vintage Year diversification of the Fund.

### Fund manager

The Fund will invest in funds managed by between 4 to 8 managers.

### Multiple funds managed by single manager

Where managers raise multiple funds, Loftus will consider each fund on its individual merits.

### Financing stage diversification

The Fund will invest in funds covering all stages of the venture capital investment lifecycle:

#### *Early-stage ("Core") focus:*

These funds will typically invest in Pre-seed/Seed to Series A when the risks are predominantly around the technology, product and market risk.

#### *Follow-on focus:*

These funds will typically invest in the mid to later stage growth rounds of successful portfolio companies.

Funding rounds will be sourced from:

- the follow-on rounds from the manager's current and prior early-stage funds; and
- opportunistically into new companies (i.e. those not already in the portfolio).

These funds enjoy the financial benefits from being able to take up the previous funds participation rights on further fundraisings, as well as the teams prior relationship with the portfolio company.

## Strategy cont.

Providing access to a diversified Venture Capital portfolio.

### Investment Guidelines

The Investment Guidelines are designed to ensure that the investments made by the Fund are consistent with the investment strategy.

#### *Commitment level:*

- no single manager will represent more than 40% of Fund Commitments (at the Final Closing Date)
- up to 10% of Fund Commitments may be invested in bespoke mandates (eg. e-mobility), have unique characteristics, or be an “emerging manager”

#### *Portfolio construction targets:*

- at least 60% of the Fund allocated to funds managed by:
  - AirTree Ventures,
  - Blackbird Ventures, and/or
  - Square Peg
- follow-on focus bias > 50% of Fund Commitments
- 3-8 managers

### Geographic location

The Fund will only invest in investment managers primarily domiciled in Australia or New Zealand.

### Timing of deployment of capital

Generally venture capital funds invest their capital over a 2-3 year period. Given the Fund will be committing to underlying funds over the next 3½ years, it is likely that the Fund will be fully called over a period of 4 - 6 years.

## Process

Building a diversified Venture Capital portfolio.

This section details our approach to selecting and investing in new funds:

### Manager Selection

Only funds' whose manager or management team's previous funds have in the past performed within the top quartile bands will be considered for selection. It is expected that the Fund will invest in funds managed by 4-8 managers.

### Selection Criteria

Attributes considered in assessing prospective venture managers are as follows:

- Track record
- Team experience (depth and composition)
- Investment strategy – target markets
- Fund terms (with regard to ILPA/market)
- Value add they bring to the investee post investment
- ESG credentials/approach
- Must be 2nd+ fund
- Reporting transparency
- Fund independently audited annually

### Investment Process

The investment process can be summarised as follows:

1. Pipeline of opportunities - Loftus is well positioned to know of all venture capital fundraisings prior to or at commencement of the fundraise.
2. Initial due diligence questionnaire - sent to Manager for completion. Responses considered before proceeding to the next stage.
3. Review dataroom / fundraising materials.
4. Meet with the investment team.
5. Review legal documents.
6. Ensure compliance with Investment Guidelines.
7. Prepare an investment paper for approval by the board.
8. Monitor performance and compliance with various guidelines.

The risk management of the fund and its commitments is an essential part of the investment process.

## A targeted due diligence and selection process

# AVC 2022 Fund [Fund 1]

Demonstrating access to Top Quartile VC funds through a diversified portfolio:

- Fund raised in 1H 2022 (3 years old), 75% called
- Invested in funds managed by 4 fund managers:



- Fund allocation split between Early Stage/ Later-stage investing, approximately 25/75
- Investors have exposure to 122 different venture capital investments at 31 December 2024

**Unlocking exclusive access to top-tier  
Venture Capital Investments**

At 31 December 2024:

56% of fund value concentrated in 14 companies:

Investee company name	VC Fund sponsor	Share of portfolio*
Canva	airtree <b>BLACKBIRD</b> Second Quarter	12.5%
ROKT	Square Peg	6.0%
employmenthero	airtree	5.8%
SafetyCulture	airtree <b>BLACKBIRD</b>	5.0%
Airwallex	Square Peg	4.9%
go1	airtree  Second Quarter	3.5%
InDebted	airtree  Second Quarter	3.5%
FLEET	<b>BLACKBIRD</b>	3.3%
Empower	<b>BLACKBIRD</b>	2.8%
Buildkite	airtree	2.1%
tomorrow.io	Square Peg	1.8%
Linktree	airtree	1.8%
NIMBLE	Square Peg	1.7%
askable	airtree	1.6%
		<b>56.3%</b>

# The Value Proposition: Why invest in AVC 2025?

AVC 2025 provides investors with unparalleled access to Australia's dynamic venture capital ecosystem, designed for superior returns, diversification, and tax efficiency.

## 1. Superior Long-Term Returns:

- Access to top-performing Australian VC funds with a track record of outperforming global benchmarks.
- Exposure to scalable, high-growth sectors driving innovation and economic expansion.

## 2. Diversified, Lower-Risk Strategy:

- Fund-of-funds model reduces concentration risk by investing across multiple high-performing VC funds.
- Minimal reliance on financial leverage lowers exposure to market downturns compared to private equity.

## 3. Proven Resilience Across Market Cycles:

- Consistent outperformance during market recoveries, including the post-GFC boom and resilience during the 2022 tech slump.
- Strategic adaptability ensures steady value creation in volatile markets.

## 4. Attractive Tax Advantages:

- Investments in eligible structures like ESVCLPs provide tax-free capital gains and a 10% non-refundable tax offset for Australian investors on eligible investments.
- Enhances after-tax returns and offers a layer of downside protection.

## 5. Efficient Capital Deployment:

- Full capital deployment in the venture capital sector ensures maximum exposure to high-growth opportunities with little or no capital left idle.
- Eliminates the inefficiencies of private equity's uncalled capital (dry powder).

## 6. Preferred Access to Top VC Funds:

- AVC 2025 offers carefully selected access to elite, hard-to-access VC funds, providing exposure to cutting-edge innovations and emerging technologies.

# Investment Manager - Loftus Capital

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## SECTION 4

## About Loftus Capital: Your Gateway to investing in Venture Capital

### Background:

Loftus Capital is a boutique fund manager focused on providing access to investors who ordinarily don't have access to venture capital or the emerging technology sector. The executives have a strong history in the Private Equity/Venture Capital sectors. Having been CFO's and responsible for the "detail" in some of Australia's leading managers, we have the relevant experience in fundraising and investor due diligence processes to properly assess prospective venture capital managers, monitor and support the performance of the portfolio.

Barry Zuckerman and David Bull formed Loftus Capital in 2021 with a focus on providing Wholesale Investors with access to the Australasian Venture Capital market.

### Independence:

Loftus Capital is independently owned and controlled by its investment executives.

### Licencing:

Loftus Nominees Pty Ltd (ABN 28 646 030 355) which will act as the trustee of the Fund has an Australian Financial Services License (AFSL No. 530733), and Loftus Capital Pty Ltd has been authorised as its representative (number 1295644).

*"We pride ourselves on trust and transparency, delivering a clear value proposition. We look for the same attributes in the Managers we select."*

### Experienced team:

Loftus Capital has an experienced team that has had first-hand exposure to the due diligence processes lead by global and local institutional investors. This exposure provides them with an unrivalled understanding of how GP's approach fundraising, how to assess them and ask the right questions.

### Long-term relationships:

Loftus Capital is well connected amongst the Venture Capital and Private Equity community. This, combined with our understanding of the sector, and support we can provide these Venture Capital partners, ensures that we have access to funds which are often inaccessible to ordinary wholesale investors.

**With extensive expertise in fundraising, investor due diligence, and deep industry knowledge, Loftus Capital excels at identifying and selecting top-tier venture capital managers.**

## Our Experience

### Barry Zuckerman - Managing Director

- Responsible for the fund, including venture partner selection, investor relations and fund administration.
- Currently part-time CFO to Potentia Capital. Former COO and CFO of CHAMP Private Equity (now CPE Capital) from 2001 to 2019.
- During his 18+ years at CPE Capital (CHAMP), he was involved in 6 fundraisings totaling AU\$4bn, led a back-office team that was recognised as "class-leading", and managed all non-investment related activities of the Group.
- Held numerous Directorships and other sub-committee roles.
- Previous employment included being CFO of Challenger Ltd during its growth phase (13 acquisitions and staff growth from 60 to 800 people over a period of 3 years), being CFO of The Howard Group (which subsequently merged with Challenger), both ASX listed companies; and prior to that, as an Information Systems audit specialist at EY.
- Member of the International Private Equity and Venture Capital Valuations Board ("IPEV") from 2008 to 2017.
- Won numerous AVCAL (AIC) Awards in his career.
- He has a Bachelor of Commerce degree from the University of Cape Town, and is a member of Chartered Accountants ANZ.



### David Bull - Director

- Responsible for the back-office function (including compliance), and venture partner selection process.
- Currently the founder and Managing Director of Loftus Group, an independent provider of fund administration and accounting services to Australian private equity and venture capital managers with over \$3bn of assets under administration.
- 30 years in the industry - for the past 18 years he has been the Chief Financial Officer of Archer Capital (part-time since 2019). Previous employment included 7 years as Director of Finance at Henderson Private Capital in London between 1999 and 2006.
- Prior to that the inaugural Controller of the AMP Private Investments Business Unit in Sydney.
- David qualified as a Chartered Accountant with PwC.
- He has a Bachelor of Commerce from the University of New South Wales, holds a Graduate Diploma in Applied Finance and Investment, the UKSIP Investment Management Certificate and is a member of both Chartered Accountants ANZ and the Institute of Chartered Accountants in England and Wales.



# AVC 2025 Fund Structure

**Background:**

The Fund will comprise an Australian unit trust which is intended to qualify as a managed investment trust (MIT).

**Trustee:**

Loftus Nominees Pty Ltd ABN 28 646 030 355 AFS Licence No. 530733 will be the trustee of the Trust.

**Manager:**

Loftus Capital Pty Ltd ABN 72 627 803 187 will be the manager of the Trust.

**Ultimate parent entity:**

The ultimate parent entity is owned by entities associated with Barry Zuckerman and David Bull.

**Fund administrator:**

Loftus Group will be the fund administrator. Loftus is a professional fund administrator providing fund administration, accounting and taxation services to a number of other managers, including: Archer Capital, Genesis Capital, Future Now Capital, Odyssey Private Equity, Potentia, Potentum Partners and Redwood North and Virescent Ventures. These services are engaged on an arm's length basis.

**Relationship disclosure:**

*Loftus Group:*

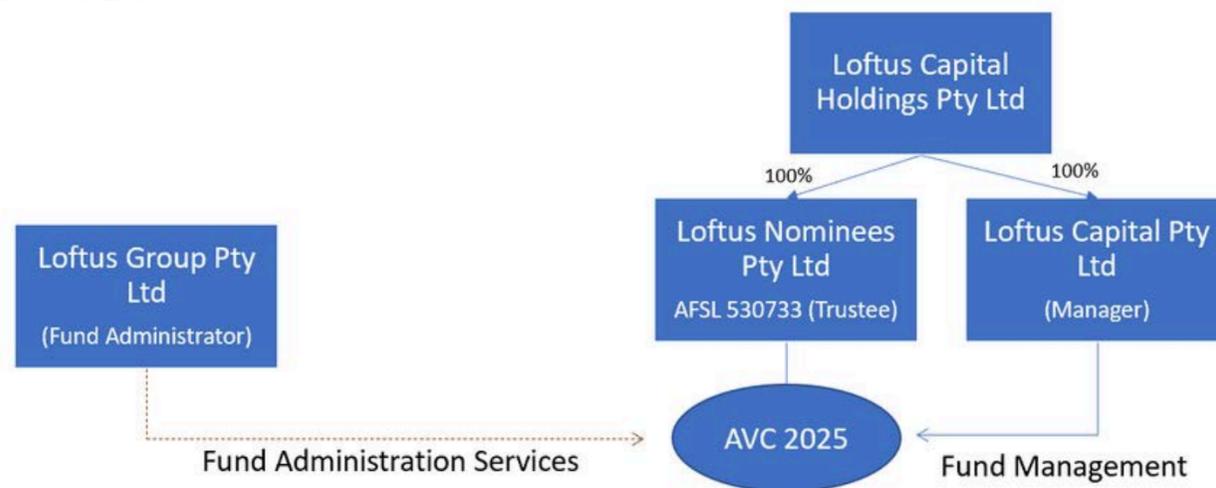
David Bull is a Founder and Director of Loftus Group. Loftus Group provide administration services to certain private equity and venture capital managers in Australia.

*Potentia Capital:*

Barry Zuckerman is part-time CFO to Potentia Capital. Potentia is a technology focused private equity firm in Australia.

*Management of potential conflicts:*

Loftus may propose an investment in a fund broadly associated with the Manager. If so the investment should not be >5% of the fund and the Manager should satisfy himself that such investment complies with the Investment Guidelines. The Manager will also advise the investors of such investment.



# Key Terms Summary

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## SECTION 5

# AVC 2025 : Terms Summary

## Overview

This section contains a summary and description of certain features of the Australian Venture Capital 2025 Fund (the “AVC 2025” or the “Fund”). Any information provided in this Terms Summary and in any other document or communication is subject to the terms of the Trust Deed.

Key Term	Description
<b>Name of Fund</b>	Australian Venture Capital 2025 Fund (“AVC 2025”)
<b>The Fund Structure</b>	The Fund will comprise an Australian unit trust which is intended to qualify as a managed investment trust (“MIT”).
<b>Trustee</b>	Loftus Nominees Pty Ltd ABN 28 646 030 355 AFS Licence No. 530733 will be the trustee of the Trust.
<b>Manager</b>	Loftus Capital Pty Ltd ABN 72 627 803 187 will be the manager of the Trust.
<b>Investment Focus</b>	The Fund will focus on investing in Australasian venture capital opportunities by investing in the venture capital funds raised by the region’s leading venture capital managers. This fund-of-funds approach aims to achieve broad exposure to the venture capital sector while using manager and stage diversification to lower portfolio risk.

## AVC 2025 : Terms Summary

Key Term	Description
<b>Currency</b>	The currency of the Fund will be Australian dollars.
<b>Fund Size (target)</b>	The Fund is seeking to raise Capital Commitments of A\$30 million.
<b>Eligible Investors</b>	The Fund is only open to certain qualifying investors such as Wholesale Clients (as defined in the Corporations Act).
<b>First Closing Date (target)</b>	31 May 2025
<b>Final Closing Date</b>	A date determined by the Manager not more than 12 months after the First Closing Date.
<b>Minimum Investor Commitment</b>	A\$100,000 in Committed Capital.

## AVC 2025 : Terms Summary

Key Term	Description
<b>Classes of Units</b>	<p>Class A Units - units to be issued to Investors committing greater than or equal to A\$200,000. Calls to be due and payable when called upon.</p> <p>Class B Units - units to be issued to Investors as fully paid units, with the full capital commitment paid at closing. Investors committing less than A\$200,000 to the Fund must invest on a fully paid basis, as can other investors.</p> <p>Class C Units - GP Commitment units, units issued exclusively to the GP.</p> <p>Manager Units - units on which carried interest is paid.</p>
<b>Late Capital</b>	<p>Investors admitted after the First Closing Date may be required to contribute the proportion of their Committed Capital that they would have paid had they been admitted on the First Closing Date, plus late capital interest equivalent to interest thereon at the rate of 8% per annum from the respective funding dates of previous calls in the Fund until that later closing date.</p>
<b>Term</b>	<p>The Fund will terminate after the last of the underlying venture capital funds is wound up (with the Trustee to endeavour to complete the wind up of the Fund within 90 days), unless terminated earlier in accordance the terms of the Trust Deed.</p>
<b>Investment Period</b>	<p>Commences on the First Closing Date and ends three and a half years after the Final Closing Date or such other date determined in accordance with the Trust Deed.</p>

## AVC 2025 : Terms Summary

Key Term	Description
<b>Single Investment Manager Limitation</b>	<p>The Fund will not invest more than 40% of the Committed Capital of the Fund (as at the Final Closing Date) in the funds managed by any one underlying venture capital manager.</p>
<b>Management Fees</b>	<p><u>During the Investment Period:</u> An amount equal to 1.0% per annum on aggregate Investor Committed Capital.</p> <p><u>Post Investment Period:</u> A Management Fee being the greater of:</p> <ol style="list-style-type: none"> <li>1) 1.0% per annum of the aggregate invested capital of the Fund, as reduced by capital returns, until all underlying investment funds have been dissolved; and</li> <li>2) \$200,000 per annum.</li> </ol>
<b>Fund Expenses, including Establishment Costs &amp; Ongoing Administration Costs</b>	<p>The Trust must pay and indemnify the Trustee, and the Manager for all expenses and other outgoings related to the operation of the Fund that are reasonably and properly incurred.</p> <p>Establishment costs incurred in the establishment of the Fund are expected to be not more than \$175,000 plus GST.</p> <p>Ongoing administration fees and operating costs payable will be paid by the Fund. Such expenses include, without limitation, investment accounting, audit and registry fees, insurance premiums, and the costs of convening and holding meetings of Investors. If any of these costs are paid by the Manager or Trustee, they will be reimbursed out of the Fund for all such costs.</p>

## AVC 2025 : Terms Summary

Key Term	Description
<b>Distributions</b>	Distributions from the Fund may be made at any time at the direction of the Manager. Distributions (including tax credits) will be initially allocated amongst the Class A, B and C unit classes proportionately based on Capital Commitments and then in accordance with the following order of priority:
<b>Return of Contributed Capital</b>	First, 100% to the Investor until such Investor has received distributions equal to its capital contributions;
<b>(i) Preferred Return:</b>	Second, 100% to the Investor until such: <ul style="list-style-type: none"> <li>• Class A Investor has received an internal rate of return of 15% on its cashflows from the Fund ; and</li> <li>• Class B Investor has received an internal rate of return of 8% on its cashflows from the Fund (Preferred Return).</li> </ul>
<b>(ii) Carried Interest Catch-up:</b>	Third, 80% of the remaining amount to the holders of the Manager's Units and 20% to the Investor until the Manager's Units has together received cumulative distributions of 10% of all amounts distributed pursuant to clauses (i), (ii); and (iii).
<b>(iii) Carried Interest:</b>	Thereafter, 90% to the Investor and 10% to the holders of the Manager's Units. The distributions to the holders of the Manager's Units described in clause (ii) and this clause (iii) being referred to as the "Carried Interest".

## AVC 2025 : Terms Summary

Key Term	Description
<b>Carried Interest deferral</b>	The Manager may elect not to take any carried interest even if due and payable.
<b>Clawback</b>	On termination of the Fund, the holder of the Manager Units must cause the refund of any excess (if any and less Taxes) of any carried interest distributions received by the Manager's Units above the aggregate amount that they are entitled to receive under the waterfall.
<b>Reports</b>	The Manager will provide the Investors with annual financial reports of the Fund within 120 days after the end of the fiscal year of the Fund and half yearly financial reports within 60 days after the end of each fiscal half year. Financial reports will be prepared in accordance with approved accounting practice. The fiscal year end of the Fund will be 30 June.
<b>Amendments</b>	<p>Amendments to the Trust Deed may be made:</p> <ul style="list-style-type: none"> <li>• to correct a manifest error; or</li> <li>• to comply with any legal requirement, provided the amendment doesn't adversely affect the rights of Investors; or</li> <li>• with approval by Special Resolution.</li> </ul>

## AVC 2025 : Terms Summary

Key Term	Description
<b>Defaults</b>	<p>In the event an Investor does not pay a call on its Committed Capital or other amount due to the Fund when required, the Trustee and Manager will have the right to:</p> <ul style="list-style-type: none"> <li>• seek payment of the due amount plus interest, expenses and costs;</li> <li>• apply any amount payable from the Fund to the relevant investor to offset unpaid amount plus any accrued interest, expenses and costs; and</li> <li>• forfeit and/or sell the Investor's interests, under the Trust Deed.</li> </ul> <p>Rights attaching to the interests of a defaulting Investor will be suspended while it continues to be a defaulting Investor.</p>
<b>Transfer of Fund interests</b>	<p>An Investor may only transfer its interests in the Fund in accordance with the Trust Deed and with the consent of the Trustee (which may be withheld in their absolute discretion).</p>
<b>Termination of the Trustee and the Manager</b>	<p>The Trustee and the Manager may be removed if Investors pass a Special Resolution by a majority of not less than 75% of the votes cast at a meeting of the Unit Holders.</p>

# Tax Considerations

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## SECTION 6

## AVC 2025 : Taxation

### **Investors should seek their own professional tax advice**

The tax information provided is intended to be a brief guide to Australian tax consequences only and should not be relied upon as a complete statement of all relevant laws. We strongly recommend that potential investors read this Information Memorandum in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund.

The following comments are relevant for Australian tax resident individuals, companies and complying superannuation funds who hold their units in the Fund solely on capital account for Australian income tax purposes. Other investors should seek their own advice on the taxation implications of investing in the Fund.

Further, the comments do not take into account the Australian tax consequences for Investors who (i) hold their Units in the course of trading or dealing in securities or otherwise on revenue account or as trading stock; (ii) are subject to the Taxation of Financial Arrangements (“TOFA”) regime that have made an election to rely on the fair value or reliance on financial reports methodologies; or (iii) are exempt from income tax in Australia.

This summary is necessarily general in nature and is not intended to be either a definitive or exhaustive statement of the possible tax treatment of the Fund or its Investors. In particular, the summary does not take into account the specific circumstances of any Investor. Prospective Investors should therefore obtain professional tax advice that takes into account their specific circumstances before making the decision to invest in the Fund.

### **The Fund - Income tax treatment**

The Fund will comprise a single unit trust, which is intended to be treated as a “flow through” entity for Australian income tax purposes. As such, it should not be liable to pay income tax on its net (i.e. taxable) income for an income year, provided that the Investors are presently entitled to the distributable income of the Fund for that income year. The Fund will be established as a wholesale, unregistered Managed Investment Scheme (“MIS”) under the Corporations Act 2001 and it is intended that the Fund will qualify as a MIT.

A MIT is an Australian trust that meets certain requirements for each income year including licensing requirements, “widely held” ownership requirements, “closely held” restrictions, investment management requirements and other conditions. It is important to note that the requirement to qualify as a MIT must be satisfied in each income year. As such, the Trustee will need to assess whether the Fund satisfies the requirements to qualify as a MIT for each income year.

# AVC 2025 : Taxation cont.

If the Fund qualifies as a MIT, the Trustee intends to make an irrevocable election (“MIT capital election”) to apply the CGT rules as the primary code for the taxation of gains and losses on the disposal of “covered assets” (which includes shares in a company, units in a trust, and rights or options to acquire or dispose of these assets). The MIT capital election does not apply to debt interests or certain financial arrangements.

The Fund will likely derive the following sources of income:

- Distributions from underlying funds
  - From ESVCLP’s (which are generally expected to be non-taxable to Investors)
  - From MIT’s (which are generally expected to be taxable as capital gains; or
- Otherwise from the Sale of an interest in an underlying fund.

## INCOME TAX TREATMENT FOR INVESTORS

### On acquisition of Units

Each Unit in the Fund should be a CGT asset for Australian income tax purposes. For Australian CGT purposes, the cost base and reduced cost base of each Unit held by an Investor should include the amount that the Investor paid to acquire the Unit, plus any incidental costs of acquisition or disposal.

Where Units are partly paid, only the paid-up portion should be included in the cost base and reduced cost base. The cost base and reduced cost base of each Unit should be increased by an amount equal to the capital payments made in respect of that Unit at the time of each subsequent capital call.

### Distributions from the Fund

An Australian resident Investor who is presently entitled to a share of the income of the Fund at the end of or during an income year is required to include their proportionate share of the Fund’s net income (i.e., taxable profits) in the Investor’s assessable income for the corresponding year. The Investor’s proportionate share of the Fund’s net income should be determined by their proportional entitlement to the income of the Fund in accordance with the Fund’s constituent documents. The Trustee should advise the Investor of the amounts to which an Investor is presently entitled to for each income year. Each component of the Fund’s taxable income should retain its character in the hands of Investors for Australian income tax purposes.

## AVC 2025 : Taxation cont.

The Fund may also make cash distributions to Investors that exceed the net income of the Fund. Such distributions may arise as a result of:

- Non-taxable distributions from an ESVCLP;
- “Tax deferred” distributions (e.g. income sheltered by tax losses) or capital returns; and
- “CGT concession” amounts (i.e. the discount component of any net capital gains derived by the Fund).

Tax deferred distributions and capital returns paid or credited by the Fund to an Investor in excess of that Investor’s proportionate share of the net income of the Fund should reduce the CGT cost base and reduced cost base of the Investor’s Units. Once the CGT cost base and reduced cost base of the Units are reduced to nil, any further distributions of tax deferred amounts or capital returns in excess of the CGT cost base of the Units should give rise to an assessable capital gain.

Distributions of non-taxable gains from an ESVCLP and CGT concession amounts should not be assessable to the Investor and should not affect the CGT cost base of the Investor’s Units.

While not expected to be the case, if the Fund’s assessable income includes a franked dividend, Australian resident Investors must include the distributed dividend and the attached franking credits in their assessable income. A tax offset equal to the value of the franking credits may be applied against the income tax payable by the Investor (subject to certain circumstances). Certain Investors may be entitled to a tax refund to the extent that the tax offset exceeds their income tax liability for the year. We recommend Investors seek their own advice in this regard.

The Fund may derive assessable income from investments offshore and may be subject to income tax in foreign jurisdictions (e.g. withholding tax). Certain Investors may be entitled to a FITO in respect of the foreign income tax paid by the Fund. We recommend Investors seek their own advice in this regard.

### **Non-refundable Tax Offset**

A non-refundable carried forward tax offset equal to the Investor's proportionate share of 10% of the capital invested in an ESVCLP by the Fund and used by the ESVCLP to invest in one or more EVCIs may be available to investors.

A tax offset can reduce the tax liability of an individual in a given income year. As the tax offset is non-refundable, this means that where the tax offset exceeds the tax liability of an investor in a given year of income, a refund is not available for the excess amount, but rather the excess can be carried forward to be utilised in future years of income. The amount of the tax offset is reduced to the extent that the amounts contributed by the investors are not, in effect, used by the underlying ESVCLP to make EVCIs within that income year or the first two months after the end of that income year.

## AVC 2025 : Taxation cont.

If an Investor is a partnership or trust, the offset will generally instead be available to the ultimate individual or corporate partners or beneficiaries in accordance with their respective proportionate interest in the partnership or trust. Where a superannuation fund or a self-managed superannuation fund is an investor and contributes to the Fund and consequently the underlying ESVCLP during an income year, the superannuation fund or the self-managed superannuation fund is entitled to the tax offset, not its members.

### **Sale of Units**

A sale of Units should constitute a disposal for CGT purposes. A capital gain should arise to the Investor where the capital proceeds received from the sale of the Units are greater than the cost base of the Units. A capital loss should arise if the capital proceeds on sale are less than the reduced cost base of the Units.

Discount CGT treatment may be available for an Australian resident Investor that is an individual or trust (who would be entitled to a 50% CGT discount) or complying superannuation fund (who would be entitled to a 1/3 discount) to reduce capital gains realised (after offsetting capital losses) on the sale or redemption of the Units, if the Units have been held for at least 12 months.

Integrity rules exist which may prevent the CGT discount being applied to capital gains arising from the disposal of Units where a majority of the underlying CGT assets of the Fund, by value, have not been held for at least 12 months. These integrity rules should not apply if (relevantly) an Investor (together with associates) beneficially owns less than 10% of the voting interests, issued Units or other fixed interests in the Fund just prior to the disposal.

### **Australian PAYG withholding**

The Fund is required to deduct Pay-As-You-Go withholding tax from distributions paid to certain Investors at the highest marginal tax rate, including the Medicare Levy if the Investor has not quoted either their Tax File Number or Australian Business Number and none of the relevant exemptions apply. An Investor should generally be entitled to a tax credit for any such tax withheld.

### **Stamp duty treatment for Investors**

The initial acquisition of Units in the Fund when the Fund does not hold any dutiable property or interests in downstream entities should not be subject to stamp duty.

Investors should seek their own tax advice with respect to the stamp duty consequences that may arise from the disposal of their interests or further acquisitions at a future point in time.

## AVC 2025 : Taxation cont.

### **GST treatment for Investors**

The acquisition and disposal of Units in the Fund by an Investor should not be subject to GST. This is because the transaction should be input taxed or outside the scope of GST depending on the GST registration status and tax residence of the Investor.

An Australian resident Investor will generally incur GST of 10% on costs relating to professional advisory services (e.g. tax, legal and other advisory services) acquired by the Investor, in their own right, in relation to their investment in the Fund.

Investors should seek their own tax advice to determine whether any GST incurred on costs (such as the third-party advisory fees) in connection with the acquisition or disposal of their interests is recoverable from the ATO in the form of "input tax credits" or "reduced input tax credits", having regard to their own particular circumstances.

### **The Foreign Account Tax Compliance Act and Common Reporting Standard**

The FATCA was enacted by the US Congress in March 2010 as an attempt to identify income and assets held by US tax residents in foreign jurisdictions. It imposes due diligence and reporting obligations on foreign financial institutions including the obligation to report to the ATO where investors are US tax residents (or controlled by US tax residents). Such information is then transmitted by the ATO to the US Internal Revenue Service ("IRS").

The OECD CRS is broadly modelled on an intergovernmental approach to FATCA and requires Australian banks and financial institutions to collect and report to the ATO various account related information of investors who are foreign tax residents (or certain entities controlled by foreign tax residents). Such information is then transmitted by the ATO to the competent tax authority of the investor's tax residence where Australia has an active automatic exchange of information relationship.

Prospective Investors will be required to certify their country of residence for tax purposes and, if applicable, their tax identification number ("TIN"), their entity's FATCA and CRS status and such information for controlling persons of certain entity investors. Failure to do so may prevent investments into the Fund. Additional information may also be required before the Manager can process the application to invest.

# Risk Factors

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## SECTION 7

# **AVC 2025 : Risk Factors**

## **Overview**

An investment in Australian Venture Capital 2025 Fund (the “AVC 2025” or the “Fund”) entails a high degree of risk and is suitable only for sophisticated investors who understand fully and are capable of assessing the risks of a Fund of this nature.

Prospective investors should carefully consider the following factors (amongst others) in making their investment decision.

These risk factors do not purport to be a complete explanation of the risks involved in investing in the Fund. Prospective investors must read the Investment Documents including all attachments and must consult their own professional advisors, before deciding to invest in the Fund.

## **GENERAL INVESTMENT RISKS**

### **General market**

Investors’ returns may be adversely affected by fluctuations in general economic and market conditions, including:

- a. Market volatility;
- b. Movements in interest rates;
- c. Domestic and international economic conditions, which generally affect business earnings;
- d. Political events, war, natural events; and
- e. Changes in government, monetary policies, taxation and other laws and regulations.

The above factors may affect the Fund to the extent that an investment held by an underlying fund, to which it may have an exposure, may be affected by some of the above factors.

### **Economic and political risk**

In the course of investing, the Fund will be exposed to the direct and indirect consequences of political, economic or social changes in the investment region that could affect adversely its investments. The investments could be affected adversely by changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or interest rate movements. While the Manager intends to manage or delegate management of its Fund’s assets in a manner that will minimise its exposure to such risks, there can be no assurance that adverse political or economic changes will not cause the Fund to suffer losses.

# AVC 2025 : Risk Factors cont.

### **Legal, tax and regulatory risks**

Legal, tax and regulatory changes in the Australian and New Zealand investment environment or otherwise, may occur during the term of the Fund which could have an adverse effect on the Fund. The Fund may not be in a position to take legal or management control of its investments. The Fund may have limited legal recourse in the event of a dispute, and remedies may have to be pursued in the courts.

### **Foreign exchange**

Investments in foreign securities involve the risk of currency fluctuations between the Australian Dollar and the currency in which the investment is made. The Fund is making both Australian Dollar and US Dollar commitments. Distributions from the underlying fund's investments may also be impacted by foreign currency where the underlying venture capital fund's investment may come from a country other than Australia. Fluctuations in the exchange rate between the foreign currencies and the Australian Dollar are unpredictable and can have an impact on the return on investment.

### **SPECIFIC FUND RISKS**

The ability of the Manager to continue to manage the investment portfolio in accordance with these materials is dependent on the maintenance of Loftus's Australian Financial Services Licence ("AFSL") and its continued solvency. Maintenance of its AFSL depends on, among other things, Loftus continuing to comply with the ASIC imposed licence conditions and the Corporations Act.

### **Asset class inherent risk**

Investment in venture capital can be of a higher risk than traditional asset sectors, due to the illiquid nature of the asset class and some investments may fail which may result in a loss of some of Investors' capital.

### **Past performance**

The historical performance of venture capital funds or the venture capital market in general are not reliable indicators of future performance and the Fund does not guarantee any level of return to investors.

### **Underlying Fund performance**

The performance of the Fund is dependent on the investment performance achieved by the Fund's Investment Portfolio. Accordingly, there is a risk that the underlying venture capital investments in which the Fund invests, or to which the Fund has an exposure, may perform poorly.

## **AVC 2025 : Risk Factors cont.**

### **Lack of liquidity / No public market**

Investing in the Fund requires a long-term commitment from Investors, with no certainty of return. Some of the Fund's investments will be highly illiquid. Consequently, realisation of those investments may require a lengthy time period. There is a risk that market conditions might change before realisation of those investments can take place.

There are also restrictions on transfer of interests in the Fund, which makes an investment in the Fund illiquid. There is a risk that Investors will not be able to exit the Fund at the time of their choosing. There is no right to withdraw from the Fund or redeem their interests in the Fund.

There is no secondary public market for interests held in the Fund.

### **Implication of failing to meet calls of the Fund**

Pursuant to the Trust Deed of the Fund, a failure of any Investor in meeting calls by the Manager can result in a forfeiture of that Investor's interest in the Fund and therefore a loss of any paid-up capital from that Investor.

### **Reliance on the Manager and its underlying Venture Capital managers**

Investors will have no opportunity to control the day-to-day operations, including investment and exit decisions, of the Fund. They must rely on the ability of the underlying Venture Capital fund managers in identifying, structuring, developing, and realising potential investments.

### **Key personnel risk**

There is a risk of departure of key staff or consultants with particular expertise in funds, venture capital and private equity investments, whether they are staff or key personnel working with the Investment Manager or the underlying Venture Capital fund managers.

### **Compliance risk**

Reports provided to the Fund may be incorrect or fraudulent, compliance may not have been enforced or investment guidelines may have been breached. This risk is managed by regularly reviewing and closely monitoring the underlying funds and direct investments, to which the Fund has exposure, as part of the investment process.

## **AVC 2025 : Risk Factors cont.**

### **Investment values rise and fall**

Interests in the Fund are valued according to the market value of the underlying assets to which they correspond. The value of these assets will rise and fall over time. Ultimately though an Investor's return from the Fund will be determined by distributions received from the underlying funds. For Investors, the return on investment will depend on the success of the Fund's underlying investments, and there can be no assurances that they will generate target returns. Neither the Manager nor any other entity guarantees any particular rate of return being earned by the Fund or the return of capital.

### **Inability to source investment opportunities**

The success of the Fund will depend on the identification and availability of suitable investment opportunities by the underlying venture capital funds. There is a risk that there may be a lack of suitable investment opportunities for the underlying funds to invest in.

### **Liability**

The Trust Deed contains provisions that are designed expressly to limit the liability of Investors, in their capacity as investors in the Fund, to the amount of their respective capital commitments. There can be no absolute assurance that the liability of Investors will be limited as intended by those provisions as the ultimate liability of Investors rests with the courts. Each Investor must satisfy itself as to the risks of the limitation and to its liability as an Investor in the Fund.

### **Indemnity**

The Fund will provide an indemnity to the Indemnified Persons in respect of any claims, losses, liabilities, costs or expenses incurred in connection with the Fund (to the extent that it is not the result of negligence, wilful misconduct or fraud by the Indemnified Person), which may result in a loss of capital for Investors.

# Glossary

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## SECTION 8

## AVC 2025 : Relevant Terminology

**A\$,** Australian Dollars

**ABN,** Australian Business Number

**AFSL,** Australian Financial Services Licence

**Alternative Asset Class,** Alternative investments are supplemental strategies to traditional long-only positions in stocks, bonds and cash. They include natural resources, hedge funds, private equity, venture capital, real estate and infrastructure.

**AML/CTF Law,** Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)

**Application Form,** An application form for the Fund Interests

**ASIC,** Australian Securities and Investments Commission

**ASX,** Australian Stock Exchange

**ATO,** Australian Taxation Office

**B,** Billion

**Capital Contributions,** The capital contribution to the Fund of any Investor

**Carried Interest,** The amount payable to the Manager (or persons associated with the Manager) as its entitlement to Carried Interest in respect of the performance of the Fund as determined under the Trust Deed

**CFO,** Chief Financial Officer

**CGT,** Capital gains tax

**COO,** Chief Operating Officer

**Cloud,** Cloud computing is the delivery of computing services – including servers, storage, databases, networking, software, analytics, and intelligence - over the internet

**Committed Capital,** The total of the committed capital of an Investor to the Fund made under an Application Form or Deed of Accession and accepted by the Fund Manager

**Corporations Act,** Corporations Act 2001 (Cth)

**Deed of Accession,** The deed approved by the Manager under which a person undertakes to comply with the terms of the Investment Documents

**Distribution,** Payout of any amount or asset passed on by the fund to the Investor

**DotCom or Dot-com bubble,** Refers to the stock market bubble in the late 1990's, a period of extensive growth in the use and adoption of the internet

**DPI or Distributions to Paid-In Capital,** Represents the cumulative distributions to Investors divided by the cumulative Paid-In Capital

**ESG,** Environmental, social and corporate governance, a framework designed to be embedded in an organisations strategy that considers the needs and ways in which to generate value for all of the organisations stakeholders

**ESVCLP,** Early-stage venture capital limited partnership registered under the Venture Capital Act

**EVCI,** Eligible venture capital investment (as defined under the Income Tax Assessment Act 1997)

**FATCA,** The Foreign Account Tax Compliance Act of the US

**Final Closing Date,** A date determined by the Manager which is not more than 12 months after the First Closing Date

**First Closing Date,** 30 April 2025 or such date as determined by the Manager

**FITO,** Foreign income tax offset

**FoF,** Fund-of-funds

**Fund,** Australian Venture Capital 2025 or "AVC 2025" or the "Trust"

**Fund Interests,** Units in the Trust

**Fund Manager,** Loftus Capital Pty Ltd ABN 72 627 803 187, or "Manager"

**Fund Vintage,** The year a fund made its first investment

**GDP,** Gross domestic product, reflects the monetary value of goods produced in a country over a certain period of time

## AVC 2025 : Relevant Terminology

**GFC**, Global financial crises refers to the period of extreme stress in global financial markets and banking systems between mid 2007 and early 2009

**Gross IRR**, An IRR calculated at a specific date which uses actual cashflows by the Fund for Investments, actual cash flows returned to the Fund from investments, and a final cash inflow representing the Fair Value of unrealised investments. Expenses such as management fees are not included

**GST**, Goods and Services Tax

**IM**, This information memorandum

**IPEV**, International Private Equity and Venture Capital Valuations Board

**Invested Capital**, The portion of the aggregate of all Investors' Committed Capital invested in investments of the Fund, less the cost of all investments which have been sold, redeemed or otherwise realised and distributed in cash or in specie to Investors or written off to zero

**Investors**, Means Unitholders

**Investment**, Refers to all of the financial instruments held by the Fund

**Investment Committee / Team**, Barry Zuckerman and David Bull

**Investment Documents**, The Trust Deed, the Application Form, and relevant onboarding materials

**Investment Period**, Commencing on the First Closing Date and ending three and half years after the Final Closing Date, or such other date determined in accordance with the Trust Deed

**ILPA** , Institutional Limited Partner Association, a trade association for institutional limited partners in the private equity asset class. ILPA asserts three guiding principles include: alignment of interest, governance, and transparency

**Investment Management Agreement**, The management agreement governing the provision of management services by the Manager to the Fund

**IPO**, Initial Public Offering (listing)

**IRR**, The discount rate at which the present value of all cash inflows and cash outflows totals to zero as at the date of calculation

**Late Capital**, Investors admitted after the First Closing Date may be required to contribute the proportion of their Committed Capital that they would have paid had they been admitted on the First Closing Date, plus late capital interest equivalent to interest thereon at the rate of 8% per annum from the respective funding dates of previous calls in the Funds until that later closing date

**Manager**, Loftus Capital Pty Ltd ABN 72 627 803 187, or "Fund Manager"

**Member**, Means a holder of a Unit

**MIT**, A managed investment trust ("MIT") is a type of trust in which members of the public collectively invest in passive income activities. A trust qualifies as a MIT if it meets certain requirements for the income tax year it is in operation

**MoIC**, Multiple of invested cost

**NASDAQ**, The second largest stock exchange in the world, based in New York, USA

**Net IRR**, The IRR which considers the actual net cash inflows and outflows from/to the Investors up to and including a specific date, including the net asset value at that date

**Paid-In Capital**, The amount called or paid-in by an Investor to a fund at that particular point in time

**PE**, Private equity

**Preferred Return**, A rate of return beyond which the Manager may earn Carried Interest. Please refer to Section 5

**Portfolio**, The investments made by the Fund in Australian Venture Capital funds

**Residual Value**, Refers to the residual value or net asset value of the Fund (after carry)

**RITC**, Reduced Input Tax Credits, that where claimed, reduce the GST cost borne by the Fund

## AVC 2025 : Relevant Terminology

**R&D**, Research and development

**SaaS**, Software as a service is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted

**Special Resolution**, A resolution approved by the Investors together holding together at least 75% of the Committed Capital of those Investors entitled to vote or who do vote on the resolution

**S&P500**, The Standard and Poor's 500, a stock market index tracking the stock performance of 500 large companies listed on stock exchanges in the United States

**T**, Trillion

**TAM**, Total addressable market, also called total available market, is a term that is typically used to reference the revenue opportunity available for a product or service

**Tax Act**, Means the Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth), as applicable

**Tax Benefit**, Means any tax related benefits attaching to the income of the Fund or distributions from the Fund, including tax credits, tax offsets and other attributes that reduce tax payable in Australia, but excludes any ESVCLP Tax Offset (as that term is used in the Tax Act)

**Trust**, AVC 2025 or the "Fund"

**Trustee**, Loftus Nominees Pty Ltd ABN 28 646 030 355 AFS Licence No. 530733 will be the trustee of the Trust

**TFN**, Tax File Number

**Trust Deed**, The trust deed constituting the AVC 2025 Trust

**TVPI**, Total Value to Paid-In Capital which is calculated as the sum of the Distributions to Paid-In Capital plus the Residual Value, to the Paid-In Capital

**Unicorn**, Privately owned start-up business worth more than \$1 billion

**Unit**, Means a beneficial interest in the AVC 2025 Trust

**VC**, Venture capital

**Venture Capital Act**, Venture Capital Act 2002 (Cth)

**Wholesale Client**, Has meaning provided to it in section 761G of the Corporations Act and includes where a person: a) is a professional investor (as defined in Corporations Act); b) invests at least A\$500,000 into the Fund; or c) meets the asset (A\$2.5 million of net assets) or income (A\$250,000 of gross income for the last two financial years) requirements set out in the Corporations Act

**Wholesale Investor**, Means Wholesale Client

# Contact Us

Please reach out to us if you have any questions or wish to register your interest in relation to this investment opportunity.

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