



# Investment Playbook

The  
**ALICE ANDERSON**  
Fund

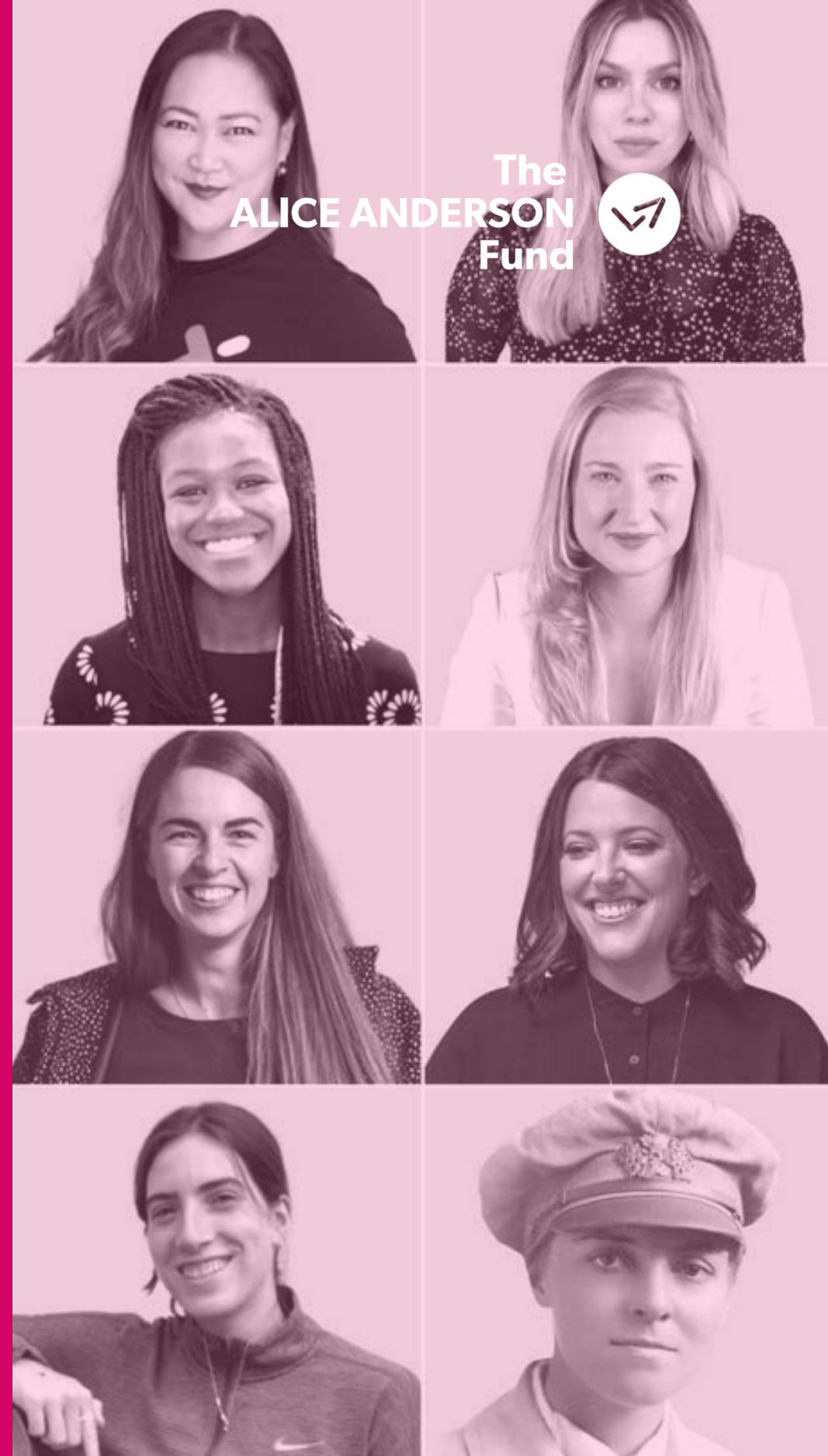


# Investment Playbook

As part of our support for female-led startups, the Alice Anderson Fund will co-invest alongside eligible investors through several investment mechanisms, including SAFEs, convertible notes and equity funding rounds.

The Alice Anderson Fund aims to have investment terms that are founder friendly and foster growth for female-led startups ("Investee Company"). To assist with this aim, we have put together this investment playbook which outlines our preferred investment terms and explanations of what we consider important and industry best practice. Our playbook is split into two categories:

- **"Required to Have"** these are terms that are required by the Alice Anderson Fund and must be included in order for us to invest; and
- **"Preferred to Have"** which are the terms that we consider best practice in the startup space. Ideally, we want to see these terms in the investment documentation.



# Required to have

Term	Detail	Explanation
<p><b>Reporting Requirements</b></p>	<p>Investee Company reporting to the Alice Anderson Fund:</p> <p>Every year:</p> <ul style="list-style-type: none"> <li>• Annual financial statement; and</li> <li>• Annual management projections.</li> </ul> <p>Every 6 months:</p> <ul style="list-style-type: none"> <li>• Unaudited management accounts</li> <li>• Management Updates (including key quantitative metrics and qualitative overview (eg highlights/challenges/asks)</li> <li>• A summary of the number of jobs created by the Company (including gender and diversity metrics of employees);</li> <li>• The number of executive roles based in Victoria (including gender and diversity metrics); and</li> <li>• Export revenue.</li> </ul>	<p>The Alice Anderson Fund is a fund backed by the Victorian Government. These reporting requirements allow the Alice Anderson Fund to have all the information it needs to allow the deployment of government funding.</p> <p>Investee Companies will sign a Grant Agreement with LaunchVic that includes these requirements.</p>
<p><b>Divesture</b></p>	<p>The Alice Anderson Fund requires the right to divest shares /convertible instrument in the Investee Company if the Investee Company moves into any of the following industries:</p> <ul style="list-style-type: none"> <li>• Tobacco or tobacco-related products;</li> <li>• Cluster munitions and other controversial weapons;</li> <li>• Thermal coal;</li> <li>• Gambling;</li> <li>• Logging of old growth forests;</li> <li>• Uranium;</li> <li>• Unregulated animal testing;</li> <li>• Live cattle and/or sheep exports; or</li> <li>• Fracking.</li> </ul>	<p>As a public fund there are certain restrictions on what the fund can invest in.</p> <p>In the unlikely event that an Investee Company moves into one of the prohibited industries, the Alice Anderson Fund needs to have the right to exit from the arrangement.</p> <p>Investee Companies will sign a Grant Agreement with LaunchVic that includes these requirements.</p>

# Preferred to Have

Term	Detail	Explanation
<b>Founder Vesting</b>	<p>We would normally expect to see founders' shares vest in the Investee Company over no longer than 4 years, with 25% vesting after the first year cliff and the remaining 75% vesting periodically over the course of the next three months.</p> <p>There may be some circumstances where a founder's shares have already vested or vesting is not appropriate.</p>	<p>The founding team ultimately make up the core value of any startup. Vesting provides investors with comfort that the founder is incentivised to stay in the Investee Company and work towards its growth.</p>
<b>Pre-Emptive Rights</b>	<p>A "pre-emptive right" term allows all shareholders a right of first refusal to invest in the Investee Company in future capital raises (follow on rounds).</p> <p>Shareholders should only be entitled to their "pro rata" stake. This means if they decide to take up their pre-emptive rights they won't be diluted from their current position in that round.</p>	<p>This is included to afford current investors and shareholders the opportunity to be part of the future growth journey of the Investee Company.</p>
<b>Equity Share Option Plan (ESOP)</b>	<p>We would expect to see the Investee Company allocate at least 10% of the shareholding to an equity share option pool.</p> <p>We recommend having an ESOP which vests over a period of time, ideally a four year vesting period with 25% vesting at one year and 75% vesting periodically for the remaining three years.</p>	<p>It's important to allocate enough equity to attract, incentivise and retain top team members.</p>
<b>Drag Rights</b>	<p>Drag Right: allows a large proportion of the shareholders who want to sell to a third party purchaser, to be able to "drag" the remaining shareholders. We would normally expect to see the drag right set at around 75%.</p>	<p>These terms are included to make sure that all shareholders (both major and minor) are afforded rights to be able to exit on similar deal terms as other shareholders.</p>
<b>Tag Rights</b>	<p>Tag Right: allows shareholders to be able to "tag" onto an offer to purchase shares if a third party purchaser offers to purchase the majority shares of the Investee Company. We would normally expect to see the tag right set at around 51%.</p>	

# Preferred to Have

Continued..

Term	Detail	Explanation
<b>Protecting IP</b>	An IP assignment clause or separate IP agreements that require the founder(s) or other relevant persons to transfer all IP they have created for the business across to the Investee Company.	IP holds significant value in a startup and that value should sit in the Investee Company and not with individuals. This term ensures that the IP sits in the Investee Company.
<b>Restraint</b>	A founder restraint is a clause that restricts the founder from leaving the Investee Company to work for a competitor or start up a competing business for a period of time.	This term prevents a founder taking their knowledge and value to a similar business which would have a detrimental effect on the value of the Investee Company.
<b>Director and Officers insurance</b>	Inclusion of a term which requires the Investee Company to obtain directors' and officers' liability insurance cover.	Director and Officer Insurance, adds a layer of protection for both the directors and the Investee Company from any breaches relating to directors duties.
<b>Warranties</b>	<p>Inclusion of warranties (representations given by the Investee Company) which includes basic statements as to the "legal health" of the Investee Company, including:</p> <ul style="list-style-type: none"><li>• Corporate capacity</li><li>• Ownership of IP</li><li>• Debts and share structure.</li></ul>	Warranties are a basic protection for investors as they serve to confirm that the Investee Company is in the agreed state before they invest funds.
<b>Confidentiality</b>	Any announcements about the Alice Anderson Fund's involvement in the investment round, must first be approved by us.	<p>The Alice Anderson Fund has certain branding and reputational guidelines to follow. This term allows the Alice Anderson Fund to sense check any statements before they are made public.</p> <p>Investee Companies will sign a Grant Agreement with LaunchVic that includes these requirements.</p>

# Contact us



[launchvic.org](https://launchvic.org)



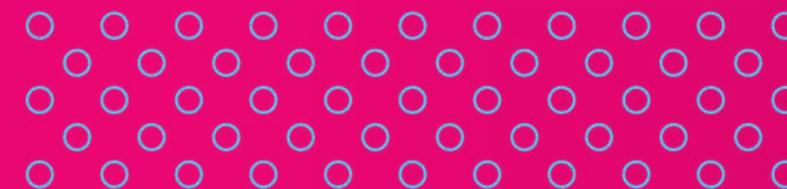
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