PROJECT NAME: Venture Innovation Fund II
PROJECT NUMBER: ME-M1090

PROJECT TEAM: Rogério Ramos (MIF/ATF), Team Leader; **Susana García-Robles** (MIF/ATF), Co-Team Leader; **Matthew Talvacchia** (MIF/ATF); **Alberto Bucardo** (MIF/CME); **Michelle Friedman** (MIF/DEU); and **Ignacio Barragan** (LEG/NSG).

I. PROJECT SUMMARY

The MIF investment in Venture Innovation Fund II (VIF II) follows MIF's Early Stage Equity Strategy of filling gaps in early-stage financing to support start-up companies in healthcare, financial services, and other technology related sectors in Mexico. Mexico is a nascent venture capital market positioned for continued strong growth. The entrepreneurial ecosystem of the country is developing with the support of the government, the private sector and the educational and research institutions, allowing for the creation of high potential, high impact companies. Funding for these companies however continues to be scarce. They are represented mainly by Governmental funds, angels, and few Venture Capital funds operating in the market. Venture Innovation Fund II (VIF II) seeks commitments for US$ 40 Million to invest in up to 20 early stage Mexican companies through venture capital rounds. The strategic focus will be service innovation, targeting sectors such as health and financial services, and other technology related services. Investments must demonstrate an innovation component, scalability potential, and superior management. The fund will make initial investments of US$ 400K with follow-on investments determined by company performance.

Emphasis will be given to building solid companies with strong corporate governance. The Fund will seek to take a role of active investor and strategic partner. In this sense, as part of the requirements of any investment, it will seek to participate in the board of directors to monitor and supervise the performance of the company and to take part in any relevant decision taken in the company.

The MIFs prior experience in early stage equity and venture funds will ensure that the Management Company, Venture Partners, LLC., structures the Fund according to international best practices and adopts the best practices in corporate governance and environmental and social standards, at both the Fund and investee levels. Furthermore, the MIF experience in other markets (i.e. Brazil) indicates that once the total investment amount in the VC/PE market increases, often led by local Pension Funds, some management companies tend to migrate to growth (expansion) capital, resulting in fewer players and investors focusing on the seed and early stage segment. The MIF will provide an equity investment to an asset class that is of limited supply in the Mexican market. It will improve the credibility of the Fund by helping to bring other investors during its first and subsequent closings.

VIF II is also unique compared to other funds in the MIF Mexican portfolio because of its experience investing in technologies serving the healthcare industry. In the first fund, out of 11 investments made, 5 were in this sector. Although other Funds in Mexico currently have healthcare in their targeted sectors, this Fund is expected to generate more transactions in this sector given its track record. Not to mention its close partnership with Venture Institute, this will serve as an accelerator and feeder of potential investments to the Fund.

II. PROJECT CONTRIBUTION TO THE ACCESS FRAMEWORK

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Project contribution to MIF's mandate: the project will contribute to achieving MIF's mission of advancing private sector development with an emphasis on developing and growing small businesses in LAC. The project will provide up to 20 start-ups with early stage financing and value added advice, which will increase their possibilities of growth.

Project alignment with MIF agendas: the project is aligned with the MIF's "Start-Up and Early Stage Equity Funds for High Growth Firms" agenda.

Project contribution to agenda results and knowledge: Investing through venture capital funds allows the MIF to leverage its resources by reaching more companies than would be possible if done directly. By focusing on early stage companies, the project will achieve results that will contribute directly to the Agenda's objectives. Please refer to the "Impact Indicators" section.

From a knowledge perspective, the project will contribute to better understand the challenges facing start-ups and small enterprises in Mexico in terms of financing needs, corporate governance, and the PE/VC ecosystem, especially after the entrance of Mexican Pension Funds. Pension Funds are not investors in early stage companies, but this project may highlight its indirect impact, such as industry awareness, multiply effect of funding in the Mexican economy, and exit strategies. As high performance companies grow they may become investees of Private Equity funds, which are expected to be primarily funded by local pension funds in the coming years.

III. INFORMATION

COUNTRY:	Mexico	TEHCNICAL COOPERATION: INVESTMENT: LOAN: TOTAL MIF FUNDING:	$ 395,000 $ 3,000,000 $ 0 $3,395,000	 8.4%
LOCATION:	Mexico City	COUNTERPART:	NA	-
EXECUTING AGENCY:	Venture Partners, LLC.	COFINANCING (IF AVAILABLE):	**Management Team**: $ 600,000 **Other Investors**: $ 36,400,000 (to be confirmed)[1]	 1.5% 90.1%
ACCESS AREA:	ATF	TOTAL PROJECT:	$ 40,395,000	100 %
AGENDA:	Start-up and Early Stage Equity Funds for High Growth Firms	NUMBER OF DIRECT BENEFICIARIES:	Up to 20 start-ups or early stage companies in the health, financial, and technology sectors.	
COMPLEMENTARY BANK OPERATIONS (IF ANY):	NA	NUMBER OF INDIRECT BENEFICIARIES:	200 entrepreneurs[2] 100 employees	
		QED SCORE:	7.7	

IV. PROBLEM DIAGNOSIS

[1] Including the following: i) multilaterals and government agencies: $10-15 MM (i.e. INADEM, Mexico Ventures, CAF); ii) local institutions: $5-10MM (i.e. Altus Ventures, Nala Investments); iii) private investors: $ 5-10 MM, as well as other local and international private investors.

[2] Venture Institute will continue to be a feeder of opportunities to Venture Partners. Management Team will contribute to the Venture Institute process, and even though some of these entrepreneurs will not receive an investment from the fund, they will get some form of coaching and feedback from the Venture Partners' principals

Problem: Despite better macroeconomic conditions and important changes in the private equity regulation allowing Mexican pension funds to invest in this asset class, start-up and small companies continue to be financially underserved. According to the Mexico Ministry of the Economy, 35 percent of Mexico's Gross Domestic Product (GDP) and 73 percent of the country's jobs are created by small and medium sized companies (SMEs). While only 21 percent of SMEs are subject to bank financing, most startups and SMEs have no access to credit. On the equity side, only few venture capital funds are serving the SME market, and mostly focusing on growth equity, instead of early stage. The Mexican government is also promoting entrepreneurship by launching several initiatives. For example, the creation of the National Institute of the Entrepreneur (INADEM) with the objective of implement, execute and coordinate national policies to support entrepreneurs and SMEs, promote innovation, and competitiveness. Start-up Mexico, a partnership with NAFIN (Mexican Development Bank), was created as a co-investment seed capital fund to support start-ups.

Causes: The lack of financing to start-ups and early stage companies in Mexico is partially explained by a limited number of investors targeting this stage, few fund managers with proven track record of investing in this sector, and industry focus on late stage transactions. According to LAVCA, about US$470 million has been committed to VC/Growth funds, but less than a quarter is dedicated to start-up and early stage funds. Furthermore, commitments represents only 0.02 percent of the country GDP, well below other emerging markets - Russia (0.09%), China (0.16%), Brazil (0.22%), and India (0.32%).

Classify the problem in one or more of the following categories that most apply:

Market failure	X	**Skill deficit**	X
Institutional weakness		**Collective action problem**[3]	
Policy weakness/failure		**Lack of appropriate technology**	
OTHER:	**Explain as needed**		

Beneficiaries: The direct beneficiaries will be up to 20 innovative Mexican start-ups with high growth potential operating in the health and financial services industries, as well as those applying technology to traditional sectors. During the first years, they expect to generate around 100 high skilled technology jobs. Venture Partners will also benefit from MIF investment as it will allow the Team to build on its first initiative (a $5 million fund) and establish itself as a Management Team.

V. PROJECT DESCRIPTION

Project objective at the impact level: The impact of the project is to catalyze and promote technological innovation, dynamic entrepreneurship and employment by supporting the development of the Mexican early stage financing industry.

Project objective at the result level: The result of the project is to mobilize capital for a Fund that will invest in up to 20 innovative Mexican start-ups with high growth potential operating in the health and financial services industries, as well as those applying technology to traditional sectors.

[3] The term "collective action problem" describes the situation in which multiple individuals would all benefit from a certain action, which, however, has an associated cost making it implausible that any one individually can or will undertake and solve it alone. The rational choice is then to undertake this as a collective action the cost of which is shared.

Model: Venture Innovation Fund II will target innovation in health services, financial services, and new technology application to traditional services. Pipeline will be generated by Venture Partners network and its Venture Institute acceleration program. Through the analysis of the different developing stages (i.e. creation, value creation process, mentor assignment, strengthening and consolidation, to an eventual exit) Venture Partners and Venture Institute teams will be aligned with the entrepreneurs and investors to seek to obtain the best possible results.

<u>The Fund's investment strategy:</u> The investment focus will be based on highly innovative business models, considering innovation as a new solution to a persistent problem or the development of a new market. The Fund has two main investment profiles: companies selected from the Venture Institute program and companies outside the program that represent an attractive investment opportunity for Venture Partners.

- *Target Sectors*: Health services, financial services, and new application of technology to traditional services (education, entertainment, energy, etc.)
- *Investment Criteria*: Innovation component, potential for scalability, and solid management.
- *Investment Requirements*: Board-level representation and successful due diligence.
- *Investment Size*: Initial investments of US$ 400K with follow-on investments determined by company performance, minimum 10% equity portion.
- *Exit strategy*: i) strategic buyers (local or international); ii) financial investors interested in supporting the company's following growth phase; iii) re-sale to the entrepreneurs.

Understanding the difficulties in divesting from these investments, the Fund will establish exit mechanisms such as preferred equity redemption or buyback instruments (purchase of the Fund shares by the entrepreneurs). Ideally these mechanisms will kick off in the year 3 of the investment, and can be funded by dividend payments or periodic payments related to sales or profits of the companies.

In companies that are part of the investment portfolio, the Fund will seek to take a role of active investor and will seek to engage in the same operations as a strategic partner. In this sense, as part of the requirements of any investment, it will seek to participate in the board of directors to monitor and supervise the performance of the company and to take part in any relevant decision taken in the company. The Fund may influence the formation and/or changes in the management teams of the companies, for the purposes of strengthening the teams and ensuring they possess the tools to maximize the performance of companies invested.

Venture Partners will have an 8-year lifetime, including a 3-year investment period. The Fund will have the option to be extended for up to 2 years. The target gross return of the investments is 25%. In case of a lower capitalization, returns should be negatively affected.

Financial viability: The Fund will have the minimum size required (first closing at US$ 15M) to achieve a critical mass and implement its strategy. During the investment period, the Fund will charge an annual 2.5% management fees over committed capital. After the investment period the Fund will charge an annual 2.5% management fee over the outstanding capital invested. This will cover the operational costs during the life of the Fund and is expected to retain a good Management Team.

Sustainability: Considering the risk profile of this fund, Venture Partners expect that 30% of the investments will generate enough returns to reward investors and compensate for the losses of the underperforming investments. Once all the capital has been returned and "hurdle rate" of 8% has been distributed to the LPs, the Managers will receive the "catch-up provision" of 20% aggregate distributions to LPs up to that point, and subsequently a carried interest of 20% of remaining distributions.

Components:

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Component I: Equity Investment in the Venture Innovation Fund II of up to US$ 3 Million.

Component II: Supervision, Advisory Services, Evaluation and Dissemination. This non-reimbursable component will provide up to US$ 395,000 distributed as follows: (i) training for the Fund's management team; (ii) up to three rounds of independent evaluations; (iii) legal costs associated with the investment; (iv) dissemination of best practices in industry events and through publications; (v) rating of the Fund under the Global Impact Investment Rating System (GIIRS) for the first four years; (vi) supervision activities; and (vii) mandatory contributions to the agenda and MIF impact evaluation accounts.

Knowledge Sharing, Communication Strategy:

Knowledge objective: To contribute to a better understanding of the challenges facing start-ups and early stage companies in Mexico, what makes a promising entrepreneurial team, and what are the key elements the fund management team has to focus on to provide added value. Through this Fund the MIF will also enhance its understanding of the dynamics of the nascent early stage equity industry in Mexico.

Main knowledge-sharing product: The early stage equity industry in LAC currently faces an important knowledge gap in terms of operational best practices as well as industry expertise. To help address this gap, this project will finance a technical note of the Fund's lessons and experiences, which will contribute to a broader knowledge product on lessons learned and best practices in early stage equity investing in the Region.

MIF's experience: The MIF to date has committed US$ 58 million to Mexican Venture Capital Funds, of which US$ 12.7 million has been cancelled. US$ 16 million has been already returned, mainly from two funds: PYMEX (established in 2002, which has returned US$ 9 million) and LatinIdea (established in 2004, which has returned US$ 2.5 million). Venture Innovation Fund II complements the MIF's portfolio in Mexico because it will target sectors that are currently neither the focus of recently approved funds nor of funds that are currently investing, most notably technologies applied to healthcare. Additionally, the MIF believes Venture Partners can follow the successful experience the MIF had with LatinIdea. LatinIdea launched its first fund in early 2000s with a US$ 5 million capitalization. In 2004, it raised its second fund, LatinIdea II, a US$ 20 million fund where the MIF committed USD 5 million. In December 2012, LatinIdea reached the first closing of LatinIdea III, a US$ 148 million fund, including commitments from local Pension Funds and private investors targeting established companies looking for expansion capital. The MIF decided not to participate in LatinIdea III to instead continue focusing on first time fund managers and supporting early stage strategies, as capital available for such funds is still limited to multilateral organizations (such as the MIF), government funded programs (such as INADEM), and few private investors.

Lessons learned: Some of the lessons learned by the MIF and other co-investors in VC funds in Mexico and LAC at large are:

i) The Fund economics is very important to keep the management team interest aligned with the Fund's results. In that sense, a minimum capitalization needs to be appropriate to the Fund's strategy.

ii) Disciplined investment criteria are essential to successful management companies. Venture Partners will target sectors that they have experience investing.

iii) Solid corporate governance is not a guarantee of performance, but funds that lack corporate governance are poised to fail.

iv) SMEs need more than an initial round of financing to achieve growth and expansion; Venture Partners has as part of its investment strategy the provision of several rounds of financing to scale up the most promising companies in the portfolio.

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VI. MIF ADDITIONALITY

As one of the region´s most recognized institution with more than 15 years of experience supporting the Seed and VC industry, the MIF will provide both financial and non-financial additionality to the project.

MIF Non-Financial Additionality: The MIF will ensure that the Management Company, Venture Partners, LLC., structures the Fund according to international best practices and terms, which may help raise additional capital, particularly from institutional investors. Through its participation in the LP's Advisory Committee, the MIF will promote best practices in the Fund's corporate governance. The MIF will also participate as an observer in the Investment Committee to check whether the Fund is following international best practices in terms of approving investments, portfolio monitoring, and exits.

MIF Financial Additionality: The MIF will provide an equity investment to an asset class that is of limited supply in the Mexican market. It will improve the credibility of the Fund by helping to bring other investors during its first and subsequent closings.

VII. RESULTS INDICATORS

Results Metrics: The project's expects to achieve the following results:

i) US$ 36 MM of additional investments mobilized by the Fund (9:1 mobilization ratio).
Ii) US$5-10 MM from private sector investors mobilized by the Fund.
iii) 20 companies receive early stage capital from the Fund.
iv) Amount of financing provided to companies by the Fund.

VIII. IMPACT INDICATORS

Impact Metrics: The expected impact will be measured by:

i) Number of permanent employees (by sex);
ii) Amount of revenues generated by portfolio SMEs;
iii) Percentage of SME exits that are successful;
iv) Percentage of portfolio reporting growth in EBITDA;
v) Percentage of businesses with at least one woman on founding team that become dynamic;
vi) Mobilization ratio of all additional investments in Fund;
vii) Mobilization ratio of private sector investment in Fund;
viii) Fund receives three or more stars GIIRS rating;
ix) Net IRR

IX. SYSTEMIC IMPACT

Mexico is a nascent private equity market positioned for continued strong growth. The entrepreneurial ecosystem of the country is developing with the support of the government, the private sector and the educational and research institutions, allowing for the creation of high potential, high impact companies. Also, the venture capital environment in Mexico has become stronger as a consequence of the financial reforms and enhanced by the new government policies which now allow the creation of new vehicles for venture capital investments. These new mechanisms have paved the way for the venture capital firms in Mexico and have provided an

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important boost to the industry; however there is still a long way to go as the industry still represents a very small percentage of Mexico's GDP, even when compared with other developing countries.

X. BASELINE DATA, MONITORING MECHANISMS AND EVALUATIONS

Baseline Data: The Management Team will capture the necessary data to monitor and evaluate performance and development impact of the companies. This data will come primarily from the companies' investment memorandums presented in the Investment Committees, and may be complemented by interviews and additional data requests when needed. The data will be collected through the AFSR, when the Managers list the companies for the first time. Other relevant baseline data that cannot be provided through the aforementioned means can be obtained through GIIRS rating process.

Monitoring Mechanisms: The Fund will be responsible for setting up a monitoring mechanism and report to the MIF through the Annual Fund Supervision Report (AFSR) platform. As is characteristic in venture capital funds, Venture Partners is expected to apply a data-driven and hands-on supervision model in each of the portfolio investments. As a result, the Fund will prepare investor reports on the state of the investees on a quarterly basis and provide audited financial statements on an annual basis. The MIF will conduct monitoring through participation in the different Fund's committees, supervision missions, and the preparation of Annual Funds' Supervision Reports.

Evaluations: The project will be subject to up to three independent evaluations throughout the Fund's life, most likely three years in to the investment period, after the investment period is finished, and at the end of the Fund's life, to capture lessons learned. Key evaluation questions include: i) what are the main challenges faced dynamic entrepreneurs (both male and female) to grow their companies in these sectors? ii) What constitutes a promising entrepreneurial team? iii) What are the key elements the fund management team has to focus on to provide value add to the start-ups and the entrepreneurs?

XI. EXECUTING AGENCY

Venture Partners has been one of the few early stage equity fund managers in Mexico. Its first fund, Seed Innovation Trust I (SIT I), invested in seed and Series A rounds in 11 entrepreneurship projects with scalable business models and strong innovation components. Venture Partners raised MXN 61 Million (USD 5 Million) among 18 different Limited Partners, mostly Mexican private investors, and *Startup Mexico* (SIT I being the first investment from this new public vehicle). SIT I was constituted through a Mexican Trust, with Evercore Partners as Trustees. It is audited by Deloitte and for every calendar year, KPMG performs a "Mark-to-Market" valuation of the portfolio. For 2012 the annualized, unrealized return was estimated at 46%.

It is important to highlight that Venture Partners targeted the same sector in its first fund as it is now proposing to target in Venture Innovation Fund II. Additionally, out of the 11 investments made in the first fund, 4 companies have women entrepreneurs, including 2 women CEOs. There is a consensus that access to finance is one of the main challenges faced by women starting a business. In fact only

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5% of venture investments go to women entrepreneurs.[4] However, there is little research available focusing exclusively on the profiles and challenges faced by high-growth female entrepreneurs in LAC, and most of this research does not include a comparison to high-growth male entrepreneurs or control for other factors that might affect access to finance, such as the entrepreneurs' socio-economic backgrounds. Thus, more research is needed to understand if the challenge of accessing VC and Seed capital affects women and men differently. For this purpose, the MIF has commissioned a study, funded by the Productivity Fund, to better understand the profiles and challenges faced by high-growth female entrepreneurs. For the purposes of Venture Innovation Fund II, while no specific target has been set by the Fund Managers, investment in companies with women entrepreneurs and CEOs is expected to reflect the track record of their first fund.

The investment thesis for Venture Innovation Fund II has been developed and will be carried out by a team with broad financial and operational experience. Fernando Lelo de Larrea was CEO of a private equity fund with over MX $500 million which invested in 25 real estate projects and spent 5 years working in project finance at Protego, now Evercore. Federico Antoni was CEO of a publicly traded retail company in Mexico, and headed the E-Commerce division of Grupo Televisa. Both are economists with a MBA from Stanford University Graduate School of Business and have been working together for more than 10 years in the development of the entrepreneurial ecosystem in Mexico. The team has been recently strengthened by the incorporation of Ytzia Belausteguigoitia, whom until recently had worked as the Chairwoman´s Office Coordinator at the Mexican Stock Exchange. Ytzia has an MBA from the Instituto Panamericano de Alta Dirección de Empresa (IPADE), training from a consulting firm at A.T. Kearney, and the initial experience of a *start-up* converted into a consolidated company at Volaris.

In 2011, Venture Partners' founders created Venture Institute, an innovation platform aimed to contribute to the development of a solid entrepreneurial ecosystem in Mexico. Venture Institute represents an important strategic enhancer and unique competitive advantage for Venture Partners.

Venture Institute has enabled the development of high impact companies starting from an idea and a talented founder team since 2011. The partners created the company to participate and contribute to the nascent entrepreneurial ecosystem by fostering innovation in the most dynamic sectors of the economy, through research, consulting and mentoring, technology transfer and education.

The "Diplomado Emprendedor", as it is known by founders and experts, was the first initiative. It was developed in collaboration with ITAM, Mexico's most prestigious Management and Economics University, as an executive education program on Entrepreneurship. In a short time, the program has become one of the most successful programs for ITAM. After this initial success, Venture Institute created in 2012 a seed accelerator program focused on service innovation that has become the 'elite' program for high impact entrepreneurs because of an impressive set of alumni companies, and was the first seed acceleration program to be certified by the federal Ministry of Economy.

During 2012, Venture Institute accelerated more than 20 companies, which currently sell their products and services in the Mexican market, and formed more than 100 entrepreneurs through educational programs in well-known academic institutions. These companies raised MXN $80 Million (US$6.5 Million) from angel and institutional investors, and currently 80% are still operating.

[4] International Finance Corporation (IFC). *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries,* Washington, DC: International Finance Corporation, 2011, 54.

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Every year more than 300 entrepreneurs are interviewed to participate in the Venture Institute programs or to receive investment from Venture Partners. Venture Institute provides a co-working space for founders that are in the acceleration program. The space has the flexibility to welcome entrepreneurs in short periods of exploration time, giving Venture Institute the opportunity to get to know them and assess their capabilities.

Venture Institute team is composed by both Fernando and Federico and other five professionals. These professionals are the ones dealing with the companies on a daily basis. The role of Venture Institute is to be a feeder of opportunities to Venture Partners fund.

The Portfolio of Venture Partners' first fund includes four companies that were accelerated by Venture Institute: Carrot, Cuídate, Gaudena and Click. These projects, assessed objectively by the fund before investing, would have been very difficult to discover if not for the business accelerator program. In addition to the exclusive access, the acceleration program allowed Venture Partners to significantly reduce the risk of these investments. The team assesses the potential of the entrepreneurs for three months, promotes a philosophy of immediate pilots to reduce the risk of implementation, particularly the risk associated with technology, and can more easily establish the time at which to make the investment to optimize the amount and valuation.

XII. PROJECT RISKS

Fundraising Risk: The Fund may fail to reach a minimum capitalization necessary to cover operational costs and make investments. **Considerations**: The Fund is targeting a minimum capitalization of US$15 million to start operations. The management team has access to a network of potential investors including the ones supporting the first fund. Given MIF's role in the Mexican VC market, our investment may also attract other investors to this Fund.

Management Risk: Even though the Management Team has successfully raised and invested its first fund, it is in its early stage and performance cannot be measured yet. This will be a larger fund which will require more discipline and a better defined investment strategy and fund diversification.

Considerations: The Fund will count on the experience developed through Venture Institute and the potential pipeline generated there. The Fund is also expect to rely on other entrepreneurs who could be an investor in the Fund, but also a coach to Fund's investees

Sector Risk: The targeted sectors are being considered by other funds in Mexico, which can drive prices up. **Considerations**: The team has demonstrated experience investing in these sectors and it will provide most likely "series A" investments, which means entering the company before other funds operating in the market. The relationship build through Venture Institute will allow them to identify some opportunities before other fund operating in the market. Nevertheless, the Mexican VC industry is nascent and there are still plenty of opportunities at good prices in Mexico.

Financial and Exit Risk. The Fund may incur in losses and be unable to find suitable exit options to liquidate investments. **Considerations**: Early stage equity is a high-risk strategy, which the MIF is willing to accept in order to develop the industry in Mexico. Given the illiquid market for early stage investments, the Managers will focus on exit options early in the process, engaging prospective buyers from the start.

XIII. ENVIRONMENTAL AND SOCIAL ASPECTS

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Positive or Negative Environmental or Social Spillover Effects. The Fund is not expected to produce negative social or environmental outcomes. All investee companies will comply with the environmental and social safeguard policies of the IDB Group. The Fund will also comply with policies pertaining to the IFC's excluded investment list.

XIV. COUNTRY OFFICE COMMENTS

There is a growing demand for venture capital funds, by young entrepreneurs that are developing new projects in Mexico. Part of this demand is generated by the lack of enough job opportunities in the country, situation that is pushing the young college graduates to develop their own business, many of them very innovative and with high yield potential. Another relevant issue is that in the country exists an incipient and growing software industry, which represents an opportunity sector to invest in the near future. The Country Office consider that this VC fund is a chance to support the development of the entrepreneur sector in Mexico, being necessary to assure the counterpart funds in the short term to take advantage of the business opportunities existing in the country.

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