

# **£100m fund to back expansion plans of firms in the Cardiff Capital Region seeking a fund manager**

A new £100m fund to back the expansion plans of firms in the Cardiff Capital Region (CCR), as well as attracting new investment and jobs into the region, has moved a step closer.

The region, made up of the 10 local authorities of south-east Wales, is now looking to appoint an external funder manager for its Innovation Investment Fund.

The cabinet of the CCR, made up of the region's local authority leaders, have agreed a funding commitment of £50m from the £1.3bn City Deal, towards the investment fund, with the expectation that the appointed fund manager will match fund it so taking the investment pot to £100m. The fund, with a focus on supporting firms to scale-up, will also seek to leverage further investment from co-investors on a deal by deal basis.

It is not clear at this stage whether the fund will be split up into specific funding pots, although the appointed fund manager will be expected to originate investment deal flow, which as well as identifying indigenous firms could also back inward investment projects into the region.

The aim is for the fund to become evergreen with returns from investments made through equity, and potentially debt that could be converted into equity, being invested back into the fund to make new investments.

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Deputy chair of the CCR's cabinet and leader of Monmouthshire County Council, Richard John, said: "The establishment of a targeted Innovation Investment Fund for high growth potential businesses has long been an objective of CCR so I am delighted that we are working with 31 Ten Consulting and Pinsent Masons to procure a fund manager and that the proposal has now progressed to the stage where we are actively reviewing market responses to our tender.

“The fund represents a natural evolution of our investment and intervention framework and fully supports the region’s industrial and economic plan through the provision of patient capital for businesses that are actively seeking to take new products to market, improve their Innovation capability and scale up in the region.

Chair of the CCR’s investment panel and Regional Economic Partnership, Frank Holmes, who is also a partner of Gambit Corporate Finance, said: “CCR is moving in to the implementation phase of its Innovation Investment Fund, and is currently reviewing the responses to a competitive tender by fund managers applying for the role to run this dedicated scale up fund for indigenous and inward investing companies operating in the region’s sector of strengths, including semiconductors, and specialist fields within medtech, fintech, creative industries, cyber and environment.

“The appointed fund manager will be tasked with targeting match funding as well as originating and co-funding on investments.”

The investment fund plans comes after the British Business Bank, following an announcement in Rishi Sunak’s Budget in October, is setting up a £130m investment fund to back Welsh SMEs. While there are currently no specific details on the fund, it will be run by an external fund manager.

The Business Growth Fund has also stepped up its investment activity in Wales with two recent equity investments to support the expansion plans of Swansea-based Character.com and Ammanford-based Victorian Sliders.

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