



Kemeny Capital

Due Diligence Framework

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Our due diligence framework covers various aspects of Kemeny Capital's assessment of UK early stage companies, including the business model, financial analysis, operational and organisational analysis, risk assessment, KYB and valuation.

Kemeny Capital is committed to providing investors with financial promotions that are clear, fair, and not misleading. Our Due Diligence Framework is designed to avoid foreseeable harm to investors and improving outcomes when investing in early stage companies.

Kemeny Capital provides access to early stage UK companies which are inherently risky and are statistically prone to failure. Investors in early stage companies have a high risk of losing all of their capital. We take steps to ensure that each consumer accessing our products is sophisticated enough to know there is a high chance of losing their money and that they must build a diversified portfolio.

Kemeny Capital is exclusively targeted at high net worth individuals and sophisticated investors with experience investing in early stage companies, or the financial capacity to bear the total loss of investment in an individual company.

Despite the experience of our target market, we conduct detailed verification and background checks on businesses Kemeny Capital provides access to. We have partnered with Venture Capital infrastructure platform Floww to augment our due diligence process. The result is deep insight into private companies and provision of data-rich ecosystem for both Kemeny Capital and investors to conduct thorough research on private companies.

Given the nature of early stage companies, we do not make detailed assessments of commercial prospects of a company. Kemeny Capital does not provide investment or tax advice and our due diligence processes do not infer a recommendation to invest in any company or is our due diligence an endorsement of any company.

This framework details the process for verifying company information and identifying and avoiding potential harm to investors.

- Company and director background checks
- Verification of company claims
- Assessment of valuation
- Third party services
- Health of the company's financials

Company background checks

Our process

We conduct background checks on companies and their directors before they appear on Kemeny Capital. We assess many companies and a high proportion of these do not enter formal due diligence. Our background checks include director KYC, KYB and a general assessment of the business. A core element of our due diligence is assessing director experience and competence. We request information directly from the company as well as conducting research on publicly available databases. Kemeny Capital assesses director experience on a qualitative basis by meeting with management in the early stages of our due diligence process. We believe personal interactions when investing in early stage companies and it gives us an opportunity to gain deeper insight into a business.

Considerations & limitations

Strong academic and industry experience does not always translate to the ability to successfully grow an early stage company. We believe this assessment should be made by experienced investors and to facilitate this, we provide investor access to companies as detailed in our Resources Framework. We review the share structure but deem our target market sufficiently experienced to deduce their own conclusions about the pros and cons. These checks can be processed by our partners who will provide investors and Kemeny Capital a summary of their analysis.

Third party background checks

Our process

In many cases, companies featured on Kemeny Capital are conducting wide funding raising campaigns and are engaged with multiple parties. In such a case, the company has engaged a legal firm or infrastructure platform such as Floww to facilitate payments and manage the investment process. These third party legal firms will conduct their own due diligence on a company before representation and engagement. In other cases, Kemeny Capital may be introduced to a company by another FCA regulated firm who are acting as the main book runner. When Kemeny Capital is introduced to a company with documentation approved by another FCA authorised firm, we conduct background checks and use information provided to us by the authorised firm. Kemeny Capital has partnered with Floww to enhance our due diligence and provide investors with a data rich environment to conduct their own analysis on companies.

Considerations & limitations

Kemeny Capital does not always have direct access to third party due diligence but will always confirm the credentials of the third party and make an assessment on their reputation and experience. Should we feel the documentation provided to us does not meet a high standard, we may suggest alternative methods for facilitating subscriptions and payments, or decline to proceed.

Verification of company claims

Our process

Kemeny Capital will request a range of documentation from a company in the initial stage of our due diligence process. Any claims about the businesses performance the company feels should be included in the highlights of the business investment case in the financial promotion are verified. We review financial details in investment decks but do not verify financial projections or make an assessment of future earnings. Should a company be primarily raising through Floww, Floww will have conducted extensive verification and background checks and will provide Kemeny Capital a summary of their findings which are also available to investors in Floww's dashboard.

Considerations & limitations

We do not verify every single claim or detail in a company's investment deck. Investment decks do not form part of the Kemeny Capital financial promotion and are provided for investors to conduct their own research. If a company is being introduced to an investor through Floww, detailed information collated by Floww is available to investors. Kemeny Capital may not have direct access to raw data featured on Floww, but will be provided with a due diligence summary.

Assessment of valuation

Our process

Kemeny Capital will review a company's valuation proposal during our due diligence process. We will frame our assessment in the context of any previous funding rounds. Kemeny Capital will convey our views to the company and make suggestions on the company valuation to improve long-term investor returns.

Considerations & limitations

Kemeny Capital does not set a company's valuation. We believe our target market is adequately experienced to make their own assessment, and we provide access to investors to quiz the company on its valuation and justification.

Commercial assessment

Our process

We make basic commercial assessments of a business in the early stage of our due diligence process. We consider information and should we believe there is limited chance of success, we will not progress a company to our formal due diligence process.

Considerations & limitations

While this may prevent investors accessing very well run companies through Kemeny Capital, our values sit in providing access to companies we feel will grow and avoiding harm to investors.

Funding round details

Our process

Kemeny Capital will request a range of details from the company including share classes, previous rounds, where else they are raising capital, and valuation. We take a holistic view with a focus on risk to consumers. We consider the amount being raised and whether it will help the company deliver its objectives.

Considerations & limitations

Companies have different share classes and we expect experienced investors to understand the implications. We will consider whether the company will need additional capital but this does not form a core part of our due diligence.

Company financials

Our process

Kemeny Capital conducts a risk based approach to assessing company's financial statements in order to identify any foreseeable harm to investors. We look at the company's assets paying particular attention to debt and the ability for a company to service this debt. Should debt be significant, we will enquire as to the nature of the liabilities.

Considerations & limitations

We are conscious historical financial performance is not a reliable indicator of the future prospects of a early stage company. Our focus is on major risks as opposed to financial analysis and valuation metrics. A detailed breakdown of financial history and projections will be made available in Floww. Kemeny Capital will not be involved in the formulation of any forecasts and investors must make their own decisions.