



Manager of US Venture Capital Funds
Investment Advisor to International Financial Institutions
& Governments in Private Equity

**EVALUATION:
THE LOWER VOLGA REGIONAL VENTURE CAPITAL
FUND**

PRESENTED TO:
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INTRODUCTION

Project Background & Terms of Reference

The Lower Volga Regional Venture Capital Fund (LVRVF) seeks to upgrade the investment skills of its staff in the entire investment process from deal origination through the profitable sale of portfolio companies. The LVRVF engaged Innovative Ventures Inc., to deliver training to its investment officers.

The LVRVF envisioned each investment officer to receive:

- 40 hours of formal small group training in the theory and practice of venture capital investing in the developed and emerging country markets;
- 40 hours of one-on-one assistance in the application of training subjects and materials to their daily activities; and
- Additional consulting activities as mutually agreed upon.

Section #1 in the Appendix presents the terms of reference, the response of Innovative Ventures to the LVRVF's Request for Proposal, and the detail on project objectives.

Change in the Terms of Reference

Innovative Ventures arrived in Volgograd on 30 April 1997. Work began with a review of deals in the pipeline, and the staff training needs to progress these deals with Country Director, Joel Montgomery. Mr. Montgomery left a few days later to the United States for seven (7) weeks.

Innovative Ventures reviewed documents of existing investments and conducted staff meetings to learn training needs. Subsequent conversations with Mr. Kent Engelmeier, President of the LVRVF and Mr. Montgomery, resulted in a mutual decision to alter the consultant terms of reference and methods of delivering training to better meet the professional development needs of investment staff and the Fund. We mutually agreed to:

1. Substitute formal small group training with hands-on, one-on-one training to the investment officers in the Volgograd, Samara, and Saratov offices.
2. Deliver training not by teaching the theory of venture capital, but by working with the investment officers on current investment proposals and solving investment and investee company issues each executive director faces in conducting their work. Such assistance is more tangible and beneficial to the skill development of the investment officers.
3. Devote the majority of consultant time and training to the Volgograd office by assisting Mr. Michael Cassyanick in the development, preparation, structuring and negotiation of the Flexoprint investment (and supporting documents) to final form and presentation to the LVRVF's Investment Committee.

Background on Innovative Ventures Inc.

Innovative Ventures manages private equity funds and provides advisory services to international investors. Our investors committed US\$285MM to international funds, and we've trained 229 investors in solutions that improve investment operations, liquidity and ROI in the countries of:

- Sub-Saharan Africa;
- Canada;
- EU Member States;
- Kazakhstan;
- Kenya;
- South Africa; and
- Uganda

Methods Used to Implement the Project

Innovative Ventures evaluated the operations of the LVRVF in three areas:

1. Investment operations. The investment process used to implement the investment strategy which includes activities of generating deal flow through the management of investee companies. Our review included:
 - A. Methods used to originate deals, and strategies executed to screen and select investment opportunities;
 - B. Procedures for conducting due diligence and methods of recording and inputting this information to advance investments in the approval process, and ultimately into acquisition proposals;
 - C. Deal structures used and strategies implemented to negotiate investments; and
 - D. Management of portfolio companies.
2. Staffing. The LVRVF employs local staff and expatriates to conduct investment operations. We evaluated the mix of people to accomplish objectives and suggest improvements.
3. Investment Approvals. Innovative Ventures evaluated investment memorandums and term sheets to the LVRVF's Investment Committee. Issues reviewed included the definition of risks and rewards of investment, and a qualitative assessment if the rewards justify the risks.

Innovative Ventures reviewed other documents to increase our knowledge of the Fund, its operations, and issues identified by others.

1. Draft investment proposals on TSR, Alpha Cement, and Mogies (sunflower oil).
2. Project summaries on deals in the pipeline including the:
 - Plastic plug project of Suvenir JSC (Volgograd Oblast);
 - Foam cement project of Cottage JSC (and its 90 page market research report), the computer turn-key project of Invest-Cenepris, and the bottles project of KKD JSC (all in Samara Oblast); and
 - Bagged cement packing project of Volsk Terminal JSC and the polypropylene project of Economical Collaboration Investment (all in Saratov Oblast).
3. Supervisory Board Meeting Report, Lower Volga Regional Venture Fund, dated 10.4.97.
4. Phase I Operational Review Report on the Lower Volga Regional Venture Fund. An internal report

on the LVRVF to the EBRD Early Stage Equity Team, dated 15-17.10.96.

5. Minutes on the EBRD Early Stage Equity Fund Managers Conference, dated 28-28.6.96.
6. Report on LVRVF Activities by Joel Montgomery, dated 12.3.97.

DELIVERABLES PRODUCED

1. 61 hours of hands-on, one-on-one training (plus preparatory work to develop training materials and excluding travel time) was delivered on-site to Mr. Vladimir Rushmanov in the Fund's Saratov office, and 56.5 hours delivered on-site to Mr. Victor Dmitriev in the Samara office. Mr. Michael Cassyanick of the Volgograd office received in excess of 280 hours of training and advisory support.
2. Independently conducted industry, marketing, sales, and distribution due diligence with existing and potential customers of Flexoprint, and meetings with the sales/marketing team of the Company. Assisted in completing the Flexoprint investment and:
 - Co-authored the acquisition proposal, the term sheet and the RFP for legal due diligence;
 - Collaborated in meetings to consummate this transaction including investment structuring and negotiations with management;
 - Participated and supported Mr. Michael Cassyanick in the LVRVF's Investment Committee meeting.

Section #2 in the Appendix presents the acquisition proposal and supporting documents.

3. Created and tested project proposal and due diligence questionnaires on the investment projects of:
 - Computer turn-key project of Invest-Cenepris (Samara Oblast);
 - Bottles project of KKD JSC (Samara Oblast);
 - Polypropylene project of Economical Collaboration Investment (Saratov Oblast); and
 - Bagged cement packaging project of Volsk Terminal (Saratov Oblast).

Section #3 in the Appendix present questionnaires used.

4. Conducted due diligence meetings with the executive directors (and Kent Engelmeier) on investment opportunities:
 - Plastic plug bottle project of Suvenir JSC (Volgograd Oblast);
 - Powdered material computer turn-key project of Invest-Cenepris (Samara Oblast);
 - Bottle project of KKD JSC (Samara Oblast);
 - Bagged cement packaging project of Volsk Terminal (Saratov Oblast);
 - Polypropylene project of Economical Collaboration Investment (Saratov Oblast).
5. Participated in the portfolio review of investee Saratov Wallpaper (Saratov Oblast), and conducted meeting with the executive directors of Lada-Khelb and Rolti (Samara Oblast).
6. Authored the re-write of the LVRVF's information brochure (Section #4, Appendix).

7. Represented the LVRVF with Victor Dmitriev in an investment seminar organized by the legal firm of Steptoe & Johnson and the Samara City Administration in Samara.
8. Provided limited administrative decision-making and guidance in the absence of Mr. Joel Montgomery.
9. Responded to investment inquiries from interested parties and directed these inquires (when necessary) to the appropriate investment officer or administrative staff.

SKILLS OF THE INVESTMENT STAFF

Introduction

Kent Engelmeier and Joel Montgomery built a terrific fund organization quickly. They established policies and procedures, opened and staffed headquarters and regional offices, cultivated deals and consummated six transactions. They accomplished this in the face of a 100% turnover in Russian investment staff, the loss of Derek Minno, and huge expenditures in time and energy to support the administrative demands of fund management in Russia; fighting fires consumed many resources.

The Lower Regional Venture Capital Fund is evolving as it builds on its successes to grow the portfolio into a pool of saleable companies to strategic or financial investors. Upgrading the skills of investment officers as this strategy evolves is necessary so staff is equipped with the right competencies to manage and liquidate a portfolio of diversified investments.

Challenges ahead of the Fund for the next three years include nurturing the portfolio into a set of profitable and growing companies for liquidation, identifying new investments that balance risk in the portfolio, and developing staff into value-added venture capitalists.

Staffing

Mr. Victor Dmitriev and Mr. Vladimir Rushmanov have banking backgrounds and investee company experience in Lada-Khelb, Rolti, and Saratov Wallpaper. Their investment maturity is broader and deeper than Mr. Cassyanick. Consequently they received training that role modeled methods to conduct due diligence, strategic implications of originating deal flow, and ways of adding-value to portfolio companies.

In contrast Mr. Cassyanick could not benefit from such advisory training since he lacks investment experience nor managed any investee companies. Training delivered to him consisted of assisting and doing the work necessary to complete the Flexoprint transaction. Mr. Cassyanick can use this training to develop future projects, and the documents as role models to create new acquisition proposals, term sheets, and RFPs.

Innovative Ventures is most impressed with the professional staff in the Samara and Saratov offices. These two men exhibit the characteristics which any venture fund in the world would be proud of; experienced in finance and eager to learn the business, extremely dedicated to the job, proactive and thorough in lead generation and due diligence. Most of all they possess the competency, personal integrity and honesty that commands respect from the general directors of investee companies. We

believe that their development needs to grow into value-added venture capital managers are manageable and achievable. Joel Montgomery did the Fund 110% right by hiring Messgrs Rushmanov and Dmitriev.

But Innovative Ventures has deep reservations with the ability of the Volgograd executive director and the staff to function and serve as an investment office, the headquarters and central command of the Fund. The office has low morale with teamwork strained and indifferent rather than cooperative. And while employees do not have to like one another, lack of respect limits their efficiency and productivity.

Counterbalancing Mr. Cassyanick's weaknesses is his strength to work hard and shape an interesting idea that walks in the door into an attractive opportunity. He transformed the Label investment proposal into the 'silk purse' known as the Flexoprint transaction which received approval from the LVRVF's Investment Committee.

Mr. Cassyanick's weak interpersonal skills toward co-workers limit his effectiveness and future contribution to the Fund. LVRVF should consider hiring a back-up investment officer to support Mr. Cassyanick and perform the investment functions he is ill-equipped or unable to perform. These activities include deal prospecting, deal screening, due diligence especially industry, marketing, sales, and distribution analysis, preparing financial projections and the accompanying narrative for presentation in acquisition proposals.

The Fund has matured to the point where it needs the senior leadership and investment experience of a resident Chief Investment Officer or General Partner to manage investment operations and train staff. The investment officers, especially Messgrs Rushmanov and Dmitriev are constructively ambitious and seek senior management guidance to grow as venture capital investors and portfolio managers. For example; Victor Dmitriev's action to issues identified by Innovative Ventures to the merits of the continuing due diligence on Invest-Cenepris demonstrates his positive response to training and development. Additional training will develop his talents even more.

Victor Dmitriev advocated and championed this deal (letter in Section #5, Appendix) to Messgrs, Engelmeier and Montgomery (approval for letter inclusion in this report given by Kent Engelmeier). Victor adopted our suggestion to use Hancock's experience in funding venture capital funds with a technology focus to learn the pros, cons, risks and rewards of financing technology deals.

Innovative Ventures expects staff to continue this professional and personal growth from the training and direct leadership of a resident Chief Investment Officer. Rushmanov and Dmitriev desire to originate a local transaction that wins Investment Committee approval as a new investment like Mr. Cassyanick's Flexoprint transaction. Yet both men are frustrated because they are not receiving training to accomplish nor involved in the decision making that affects their region. For example, Victor desires more training in Western-style techniques of strategic and marketing due diligence while Vladimir desires more one-on-one, hands-on assistance and training in taking an investment from concept to close.

TRAINING NEEDS OF STAFF IN THE INVESTMENT PROCESS

Innovative Ventures implemented training to the Russian investment staff in deal evaluation, portfolio management, and preparation of investments through Investment Committee approval. We observed how staff works and issues they confront in the implementation of the Fund's strategy, policies and

procedures. While our training was well received, much more needs to be done to build the staff into value-added venture capitalists. And success in building these skills mandates an update to the Fund's strategy as it increases the number of investees in its portfolio, and seeks new investments to balance portfolio risk.

Deal Origination

The LVRVF has no shortage of venture stage companies as deal flow. This is expected since early stage financing is the most difficult to secure and there is an abundant supply of venture stage companies looking for capital in the Volga region. But venture stage transactions are labor and time intensive to consummate, manage and liquidate; they possess much risk, lots of things can and do go wrong in the company building process.

More established businesses like a Lada-Khelb and Povolzhe Brewing reduce investment risk, balance portfolio risk, and increase the probability of profitable exit since early stage risks are behind them; they possess a mature infrastructure, a second tier management group that support senior executives in achieving growth targets, established policies and procedures, a track record (although limited) in competing in an market economy, and employ experienced executives.

These investments offer greater opportunities for liquidity in an illiquid Russian market, and Innovative Ventures recommends that the LVRVF initiate a marketing program to find established businesses for investment. But good quality later stage companies are harder to attract in part because they have more financing options, 'allergies' to outside shareholders, needs for confidentiality and secrecy, and beliefs that private equity requirements are too onerous and burdensome. Convincing this type of company of the merits of taking on an outside investor requires a staff of trained investment officers that can overcome these objections, and persuade enterprise directors that the Fund can add-value over and beyond money.

Success in marketing requires the executive directors to sell the benefits of private equity investment to enterprises that have more financing options than venture stage enterprises. Support this program with sales literature that promotes the success of the Fund in financing established and mature companies (e.g., Lada-Khelb & Povolzhe Brewing), and communicates the image of the Fund as an investor in companies in all stages of development. Innovative Ventures created a draft of this literature (Section #4, Appendix).

Training required to sell the benefits of the Fund as a business partner to later stage companies includes:

1. Educate staff to present the experience in depth and breadth of the Fund's limited partners in fund-of-fund and direct venture capital investing. Develop staff's knowledge of Hancock and Point Ventures experience in providing a range of value-added services that help investee companies achieve its objectives more quickly versus a strategy of 'going it alone' through assistance in strategic planning, executive recruiting, engaging consultants, raising co-investment and attracting strategic investors, hiring investment bankers to liquify investments in international equity markets.
2. Help staff overcome their shyness to promote their operating experience and skills to prospective clients, and how their knowledge helps investees grow into profitable enterprises. The Russian staff is embarrassed to self-promote themselves and feel that a man's contribution is his future performance, not past achievements. Yet yesterday's contributions increase the knowledge and

experience to deliver more value-added to tomorrow's investees. Innovative Ventures recommends that the Chief Investment Officer role-model this promotion in the presence of staff, and explain how and why the portfolio officer can deliver the value-added the prospect needs to grow.

3. Role model and instruct staff to sell the advantages of equity versus debt in the capital structure of a company, and why the cost of capital is only one factor in making the decision to purchase money. Explain how the Fund's reporting requirements (while troublesome at times) help develop an investee's infrastructure and business planning process, mature a company for more profitable growth and prepare it for the reporting requirements of international investors and equity markets. Create information brochures for distribution to support the personal selling efforts of staff.
4. Tutor staff to approach and aggressively court other investors for co-investment and syndication opportunities.

One source of established businesses is suppliers and customers of investee companies and joint stock companies under investment consideration.

Investee companies and enterprises under due diligence are building their businesses under difficult conditions in Russia. Success requires a collaborative effort between them, their customers and suppliers. These enterprises screened and selected the very best customers and suppliers as possible to increase their probability of success. They drop customers and suppliers that fail to perform.

For example, Innovative Ventures met with Konfi, a potential customer of Flexoprint during investment due diligence. This candy company sells 1.2 thousand tons of candy/year to shops throughout the CIS. They are privatized with 90% of equity owned by employees and 10% held by a local firm. They are almost 100% self-financed with retained earnings reinvested to modernize and refurbish. No debts and salaries are current.

Flexoprint arranged this meeting to demonstrate the quality of customer they are pursuing to build their business. And this type of enterprise represents the later stage company that can balance the early stage company risk in the LVRVF's portfolio.

Screening Transactions

Deal origination is a screening process to identify investment candidates and deals worthy of investigation and continuing consideration. The screening process consists of multiple stages; at each stage the Russian investment staff uses criteria to continue the evaluation and take the investment candidate to the next stage or stop due diligence.

The screening process employed to select investments includes the following criteria:

1. Adherence to the investment guidelines of the EBRD and the LVRVF's Investment Committee.
2. Appeared opportunity of the project and confirmed in due diligence.
3. Trust & faith in the management team after a lengthy 'get acquainted' period.
4. Agreement to terms and conditions of investment.

These criteria worked well in building the portfolio and the first set of investments. And the Fund should encourage and support the expat and Russian staff to apply these criteria in selecting future investments. However the Fund has matured with five investments (and one pending) and the screening criteria used to select investments should be updated to reduce overall portfolio risk.

Innovative Ventures recommends that the Fund adopt additional criteria in selecting future investments, and a screening process that filters out opportunities more quickly. Educate investment officers to use the screening criteria and the screening process as tools in deal evaluation.

Suggested criteria for selecting future investments include:

1. Companies generating sales revenues US\$1MM/year, profitable and with stable cash flow. Target businesses in easy-to-understand industries where the LVRVF's executive directors can transfer knowledge and learning curve lessons in growing a company from one investee to another; this suggestion creates efficiencies in the entire investment process from due diligence through portfolio management.
2. Uses of investment capital to finance;
 - A. Expansion of existing products, develop and launch product line additions and second generations product solutions.
 - B. Fixed assets.
 - C. Modernize facilities.
 - D. Market development.
 - E. Working capital to increase sales orders.
3. Companies with management characteristics such as;
 - A. Presence of a second tier management group.
 - B. Clear lines of authority separating managers and responsibilities for accomplishing tasks.
 - C. Depth and breadth of the infrastructure and procedures used to transfer work within the infrastructure.

Screening criteria are only as good as the judgment of the investor using it, so care must be exercised in its use to allow compelling deals in the system, e.g., an enterprise may meet all the criteria but its sales are less than US\$1MM or it may be currently unprofitable. Some venture stage companies may be of interest and warrant investment like a Flexoprint or a TSR.

A policy directive is required from the Investment Committee to adapt the screening criteria in use now; change also requires an update to the Fund's operating policies and procedures. One solution to effect this recommendation is to layer the deal intake database with a more user-friendly structure that objectively reports investment inquiries to senior Fund management.

The database in-use functions well for its intended objectives; it operates much like a salesman's customer call report, and enables an executive director to report the status of a prospect. But it does not screen deals to stringent criteria since it was not designed to do so, nor did the criteria exist in the early stage of the Fund's life. Now the LVRVF can use its learning curve experiences to develop criteria and

target investments to strategically restructure the portfolio and balance risk with return.

Innovative Ventures created a form (Section #3, Appendix) that captures information for recording and screening investment inquiries to pre-determined criteria. This form is being tested by the Fund's investment officers in Samara (on two transactions) and the Saratov office (on one transaction).

The category titled 'Stage of Development' captures information on the life cycle status of a project. Clearly the bottles, polypropylene, and plastic plug projects are concept stage projects and candidates for rejection if the LVRVF decides to target later stage companies for investment. Since later stage companies have significant revenues and the foundation to grow sales and profitability, information from Invest-Cenepri on the categories 'Time to Complete Project Development' and 'Time When First Sales Begin' would screen it out for additional consideration.

Innovative Ventures expresses caution to the Fund in using this or a derivative screening form. It is difficult for Russian entrepreneurs and businessmen to provide this information; some are hesitant to answer until a relationship is established between them and the investment officer while others simply don't have the information. Perhaps information requested on this form can be divided into two stages with the financial statements provided after the 'get acquainted' period.

Due Diligence

The Fund created a due diligence process (Section # 6, Appendix) to help prospects prepare project information. Our concern with the methodology is that Russian entrepreneurs and businessmen frequently talk around such open-ended questions; direct questions encourage brevity.

Innovative Ventures created a due diligence questionnaire (Section # 3, Appendix) to get better information from potential investees more quickly. We tested it with two prospects in the Samara Oblast, and one prospect in the Saratov Oblast. Messgrs Dmitriev and Rushmanov evaluated the form for usefulness and practicality.

We learned that this form has value and can be used in due diligence. But where it is given to entrepreneurs to fill out and return in venture capital investing in developed countries, distribution to Russian businessmen would scare them away from the Fund.

Messgrs., Rushmanov and Dmitriev recommend that it be used by staff to restructure and guide due diligence activities; it has most value in directing the investment officers to ask specific questions and gather the information needed to progress a project from one stage to the next, culminating in an investment decision.

Innovative Ventures concurs with staff's recommendations. Michael Cassyanick put forth the idea that the form be redesigned and inputted into the Fund's database for use by staff to electronically record and document information learned in due diligence.

Portfolio Management

Much of the management function is driven by the quarterly financial reporting requirements to the EBRD. The quality and quantity of information provided is dependent on the sophistication of the financial and accounting systems in place at each investee, and the presence of a qualified CFO.

Investee reporting of information will improve as each enterprise upgrades their internal accounting and management control procedures to internationally accepted accounting and financial reporting procedures.

The LVRVF is the lead and sole investor in most transactions. The lead investment position mandates extensive and 'hands-on' involvement by the Russian staff since they have no other investor to share investment responsibilities. Nor are other investors available to provide the knowledge that staff lack in growing investee companies due to their newness in venture capital.

This inexperience did not limit Messgrs Rushmanov and Dmitriev performance in managing Saratov Wallpaper and Rolti. Success resulted from their banking background and experience in crisis management. Both men are quick to learn; an on-site Chief Investment Officer or General Partner will help fill-in their experience gaps, and provide the leadership to develop the venture capital talents of these two men.

Staff conducts site visits with investees on an 'as needed' basis to learn progress and problems in meeting objectives. We have not seen monthly progress reports prepared by investees for the investment staff. Investees say they can work to build the company, or do paperwork for reporting, but they can't do both.

While Innovative Ventures sympathizes with investees concern that reporting requirements can be onerous if taken to extremes, monthly reports of three-five pages are within reason and totally justified. We encourage the Fund to establish written reporting procedures for investee submission. Samples of monthly reports submitted to Innovative Ventures by its investees are provided in Section #7, Appendix.

The portfolio process will become more complex and require more sophisticated management skills of the Russian staff. Investee requirements will shift rapidly from crisis management to the 'blocking and tackling' activities in building successful companies. And while 'managing to the numbers' is essential in portfolio oversight, sophisticated investors know that the fundamentals of building a second tier management group, decentralizing decision-making, launching second generation products and creating a proactive marketing organization produce the 'numbers'.

Innovative Ventures discussed 'value-added' in portfolio management with the Russian investment staff. Value-added is provided as a response to needs identified by investment officers in due diligence like recruiting new executives, strategic planning, positioning the company to enter new markets, mentoring and counseling senior managers.

But value-added is also a response to unforeseen events that take enterprises by surprise, e.g., incidences like explosion in sales and the need for additional cash, products late to market, and erosion in sales to name a few. These events can be anticipated by recognizing the qualitative indicators of high growth or the subtle indicators of impending difficulties that reveal themselves twelve (12) to eighteen (18) months in advance of occurrence. Identifying them enables the investment officer to implement a proactive response early enough to have a positive effect on the enterprise. Table 1 (next page) presents these qualitative indicators.

Table 1: Criteria to Manage Investments

Criteria	Qualitative Indicators of High Growth	Subtle Indicators of Trouble or Failure to Achieve Potential
Bellwether Customer	A new Bellwether Customer	Change in Relationship
Depth of Understanding in Marketing	Process to Establish Pre-selling Relationships	Poor Productivity in Sales Prospecting-Sales Success
	Customer Focus	One-upmanship of Competitors
	Conduct Market Research	Spend \$ on brick & mortar
Actions of Competitors to Build Primary Demand	Competitors Exiting or Losing their Effectiveness	Poor Sales Success to Effort Expended
Effect of Company Culture	Team Comradery	Departures of Key Managers
Efficient Operations	Flow-of-Work with the Infrastructure	Declines in Productivity

While Russian staff acknowledges the concept of value-added, needs exist to educate each officer in its implementation. Knowledge transfer can be affected from the Fund's General Partner to the Russian investment staff through one-on-one conversations, co-participation in Board of Director meetings, and attending customer and sales calls of investees.

Attending customer and sales calls demonstrates first-hand to staff how add-value is created and delivered; it sends a strong message to the customer since the investor can communicate reasons for investment, and the support the investee enjoys from the investor. After a due diligence visit to Flexoprint's customer Knofi, its representatives reciprocated by visiting Flexoprint to determine the feasibility of purchasing label products sooner than initially anticipated.

CONCLUSIONS & CLOSING REMARKS

The Lower Volga Regional Ventures Capital Fund is a well-managed and well-staffed investment fund; one of the best that Innovative Ventures has encountered in its ten years of international venture capital investing and fund advisory assignments in North America, Europe, the CIS and Africa. Like all funds, it is evolving and needs to adapt its investment strategy to this evolution. And accompanying this evolution must be a new training curriculum and techniques to grow staff into value-added investors.

Innovative Ventures introduced some of these new techniques to Fund staff. We evaluated and suggested an update to the Fund's strategy of deal origination so it can balance portfolio risk. And we suggest additional training so staff can execute this updated strategy cost effectively.

Innovative Ventures thanks the Russian staff for making our work so enjoyable these past three months in Volgograd, Samara and Saratov. We are grateful to Kent Engelmeier and Ed Kane for having the confidence in Innovative Ventures to conduct most important assignment.