



Jada جدا
شركة صناديق الاستثمار
Fund of Funds Company

JADA YEAR IN REVIEW 2020: FINANCING THE FUTURE OF SAUDI ARABIA

Owned by
إحدى شركات
صندوق الاستثمارات العامة
Public Investment Fund



We affirm our keenness and interest in developing the businesses of small and medium-sized enterprises and supporting entrepreneurs... so that these sectors strengthen our economy and advance the development of the country and the citizen.

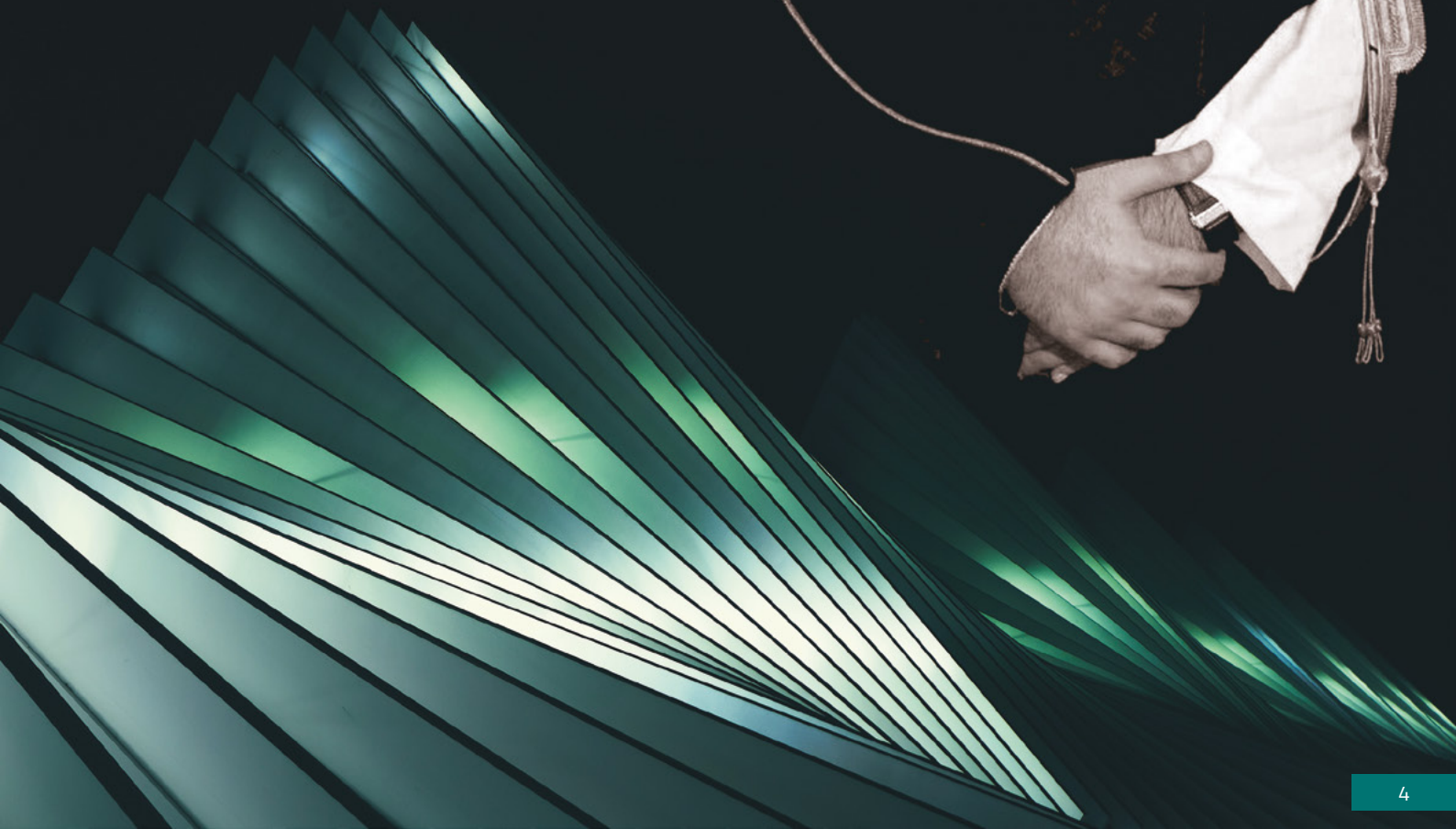
Custodian of the Two Holy Mosques
King Salman bin Abdulaziz





We will continue to support the vision realization programs by contributing to the financing of major projects, developing the businesses of medium, small and micro enterprises, and supporting entrepreneurs, which are among the most important drivers of economic growth, which will also diversify the economy and open new areas for investment and employment.

**His Royal Highness Crown Prince
Mohammed bin Salman**



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About Jada



THE JADA MISSION

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Jada was created to promote the development of a thriving Venture Capital and Private Equity (VCPE) ecosystem, which could in turn finance the growth of small-and-medium enterprises in Saudi Arabia in a sustainable manner. Launched by a resolution of the Council of Ministers, Jada was established by the Public Investment Fund with an investment capital of SAR 4 billion (approximately USD 1 billion). The creation of Jada is a critical component of Saudi Arabia's Vision 2030, the Kingdom's comprehensive economic and social development plan.

Jada seeks to partner with VCPE funds that are focused on the Saudi market and committed to international best practices in governance and fund management.

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1.

THE JADA MISSION

1.1

2020 in a Foreword

Since its founding, Jada has aspired to serve the private sector, particularly SMEs and startups, by promoting the development of a vibrant ecosystem of Venture Capital and Private Equity (VCPE) investment funds. In 2020, we committed SAR 1.14 billion (USD 304 million) to 14 investment funds, and are proud that our activities have begun to positively affect the lives of our fellow citizens and residents. Through our funds, Jada has participated in providing investment capital to over 250 promising companies, along with support for their development and growth. These companies in turn have been able to create many promising career opportunities for our citizens and residents, as well as to improve the lives of consumers with new and better goods and services. We are also proud that our activities have contributed to an accelerating trend in SME investment, with the past year recording 55% year-over-year growth for venture capital funding into Saudi startups.

Of course, we are only getting started. In line with our beloved nation's Vision 2030, we aim to contribute to the development of a thriving economy through continued efforts to support SMEs in the years to come. On behalf of myself and my colleagues on the Board of Directors, we assure you of our dedication to the Vision and its objectives and we express our deep appreciation for our nation's wise and ambitious leadership, as well as the great support and guidance of our shareholder, the Public Investment Fund.

Mazen Ahmed AlJubeir

Chairman of the Board



1.2

Unlocking Growth in VCPE



2020 has been an unprecedented year. The rapid spread of the coronavirus (COVID-19) pandemic, which we have all endured across the world and in the Kingdom of Saudi Arabia, has revealed the multiple challenges our nation and economy currently face. Above all, the pandemic confirmed one crucial fact: the diversification of the Saudi economy, beyond our oil and gas resources, is a priority that will determine the country's future.

Facing this reality, it is our strong belief at Jada that small and medium enterprises (SMEs) will play a pivotal role in the transformations of the next 10 years. That is why, since day one, Jada's priority and mandate have been to support the growing private sector, particularly SMEs and startups, to increase their share in the country's GDP to 35% by 2030, as outlined by Vision 2030. Jada Fund of Funds began operations in 2019 after being established by the Public Investment Fund (PIF) with a SAR 4 billion (USD 1.07 billion) capital investment. It was launched to serve as a catalyst for SME investment that will translate into new job opportunities.

Over the past 12 months, Jada has become the gateway for investors focused on SMEs in Saudi Arabia and a progressive engine responsible for driving a Venture Capital and Private

Equity (VCPE) sector boom in the country. We have done this by providing strategic and financial support to ambitious funds who have the potential to contribute to the long-term socioeconomic transformation of the nation. Key examples include our latest investment in Merak Capital's Technology Ventures Fund, aimed at supporting early-stage tech startups, our investment in Alpha Capital Saudi F&B Growth Fund, backing emerging Food and Beverage (F&B) SMEs, as well as our commitments to Shorooq Partners' Bedaya Fund, Raed Ventures and Hala Ventures to support high-potential, transformative SMEs. These examples perfectly capture our vision for the future and our belief in the immense potential of Saudi Arabia.

Since 2019, we have committed more than SAR 1.14 billion (USD 304 million) which will be deployed, in time, by our portfolio funds into the right SMEs. Of which, Jada deployed as of 2020, SAR 151.4 million (USD 40.3 million) into more than 253 companies, which led to supporting 3,372 jobs in Saudi.

We also conducted training sessions for two cohorts - venture capital (VC) and private equity (PE) stakeholders, that drew 90 participants and organized five meet-ups, aimed at

There is no secret to success.

unlocking the enormous potential of the Saudi market for local and international funds. These can, in turn, become key drivers in realizing the tenets of Saudi Vision 2030. Our achievements have consistently been guided by our objectives to diversify the Saudi economy, to catalyze the VCPE opportunity and to sustain SME growth.

In addition to its core investment activity, Jada has collaborated with the Saudi regulatory authorities, such as the Capital Market Authority (CMA) and Ministry of Investment, to identify and overcome the hurdles in accelerating SME sector growth in the country.

As an outcome of our efforts in this field, we have seen remarkable double-digit growth for venture capital investments flowing into Saudi startups. In 2020, despite the abundant challenges, we saw over SAR 570 million (USD 152 million) in venture capital investment in 88 Saudi-based startups, representing a huge 55% year-on-year (YoY) growth in the funding over the year.

However, Jada did much more than invest large amounts of capital. Our actions have always been guided by our commitment to the highest ethical standards that are embedded in everything we do. This means we negotiate to ensure that best practices are in place to develop the industry and set the right standards for other investors - particularly important

since Jada has a mandate to invest in a nascent asset class in a developing geography.

Deciding who to partner with is, of the utmost importance to us. The stakes are high, and the future of our economy could hinge on the success of our operations. As such, when we are approached with an investment proposition, our process is stringent and exacting. And we follow three fundamental principles when deliberating whether to invest in a firm or not, which are: the people, the strategy, and the structure.

As we advance into 2021, we are keen to delve deep and address the remaining challenges that Saudi Arabia must face before it fully unlocks its economic potential. Therefore, Jada will continue to support funds that identify the most promising ventures.

In the interim, we are resolved to ensuring that our performance and ethical standards remain high as we continue to pursue new investment endeavors in the years to come.

Adel Al Ateeq

**Chief Executive Officer
of Jada Fund of Funds**

1.3 How has Jada Raised Awareness of the VCPE Sector in 2020?

Venture Capital and Private Equity (VCPE) is a new asset class in Saudi Arabia and needs support, empowerment, and an incubational environment to thrive. Jada's mission as a fund of funds is to provide funding to Saudi SMEs through commercially sustainable investments in private equity and venture capital funds.

As such, Jada needs to support these funds through investments as well as help mitigate risks so that the funds can continue their efforts to boost development. Jada plays the role of a facilitator and since 2020, it has been priority to raise awareness of the importance of this sector and activity for the future of the Saudi economy.

Jada's VCPE promotion efforts through 2020 stemmed from three main pillars

Investing



First, Jada has been investing in funds targeting promising Saudi companies and sectors. Deploying capital in funds that meet our high-performance standards and financial return prospects validates that the VCPE sector in Saudi Arabia is full of opportunities and is worth supporting. Our investment track record is also an efficient way to determine lucrative economic sectors in Saudi Arabia. For example, Jada has entered into partnership agreements with investment funds to finance emerging companies in consumer discretionary, information technology and financials, as well as in the F&B sector.

In 2020, Jada participated in 177 Seed, 61 Series A, 9 Series B, 2 Series C and 1 Series D funding rounds. What matters most to us is quality, and we prioritize sectors that have the greatest impact in terms of developing the economy and ensuring that our investments are profitable and feasible. Saudi Arabia's funding industry is now replete with opportunities and we are committed to growing it further through our engagement.



Convening Stakeholders

Second, Jada has organized a series of events, programs and initiatives to highlight the dynamics of the Saudi VCPE and what it is going through. Through our Emerging Manager Program (EMP), we have trained over 90 professionals and partnered with London Business School Professor Florin Vasvari, to provide the necessary skills and knowledge to excel in the private equity space and add more local talent to this industry. The course also included a special session with Saudi Arabia's Capital Market Authority (CMA), which addressed the licensing of private funds, classifications of funds, and changes to the Investment Funds Regulation (IFR).

Beyond the training program, Jada drew attention to Saudi's VCPE landscape through five virtual Meet-ups. Spanning diverse topics, from providing market insights to exploring desirable regulatory reforms, these sessions gathered top-tier industry thought leaders, such as Assaad Karam, Head of Private Equity at Alpha Capital, Nora Alsarhan, Executive Director of Investment at Saudi Venture Capital Company (SVC), Mazin Alzaidi, Director of Innovation and Entrepreneurship Sector at the Ministry of Investment of Saudi Arabia, Kais Alessa, Founding Partner and CEO of Vision Ventures Capital and Omar Almajdouie, Founding Partner at Raed Ventures and Vice Chairman of the Saudi Venture Capital and Private Equity Association (SVCPEA).



Policy and Regulatory Advocacy

Finally, Jada advocates in favor of shaping an attractive and robust Saudi regulatory framework that can accelerate sustainable VCPE and SME growth. For example, we submitted recommendations on the recent draft of the new Professional Companies Law of 2020 (PCL) and built close ties with the CMA, to amend and update the IFR and other relevant regulations. The new PCL represents a turning point in how professionals can operate their businesses in

Saudi. All governmental authorities in Saudi Arabia are tasked with improving the business ecosystem order to fulfil the goals of Vision 2030, and this will help them do so. This exposure towards regulators and deep understanding of Saudi Arabia's rules means Jada can provide strategic guidance and support the needs of fund managers entering the market for the first time.



How Jada is paving the way for a thriving VCPE industry



2.

FINANCIAL HIGHLIGHTS

Jada's Numbers up to Q4 2020



Total Capital
Committed

SAR1.14 B

Total Capital
Deployed

SAR151.4 M



Jada Invested
in a Total of

14 FUNDS { 12 Venture Capital
2 Private Equity



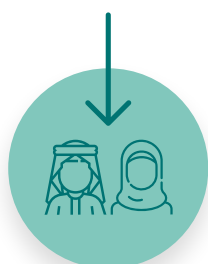
Jada
Supports

253

Companies

3,372

Jobs as of Q4 2020



Jada has

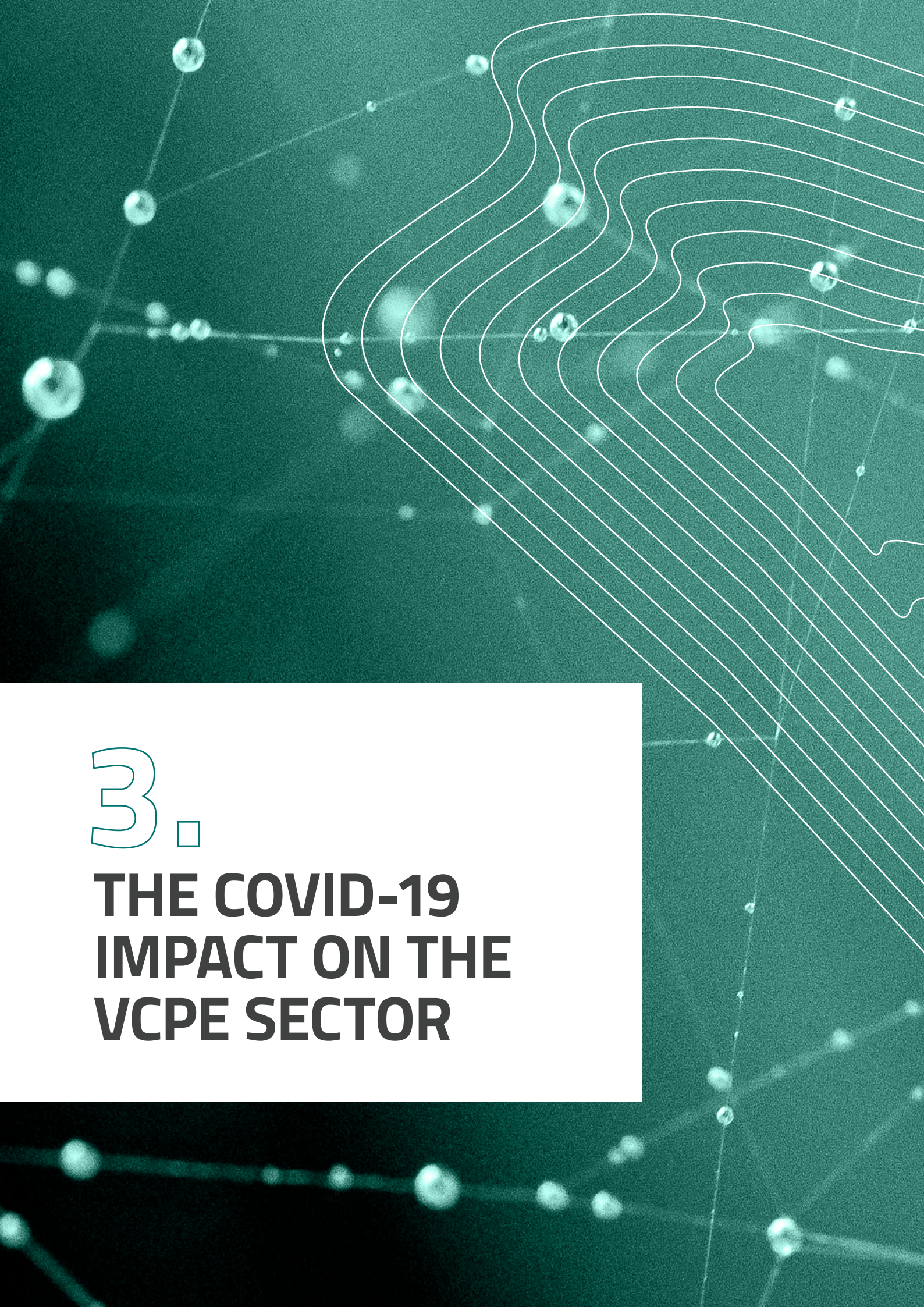
16

Full-time Employees

including

05

Women



3.

**THE COVID-19
IMPACT ON THE
VCPE SECTOR**

The COVID-19 Factor Impact on the VCPE Sector

Despite the serious consequences COVID-19 had on the world's economies, the VCPE sector remained resilient and showed bigger-than-ever growth prospects. In fact, the VCPE sector's agility and ability to perform during a time of crisis is further evidence of its potential and capacity to deliver outstanding results in the months to come.

First of all, the COVID-19 crisis has proven the strength of Saudi startups and helped enhance venture capital activity in Saudi Arabia.

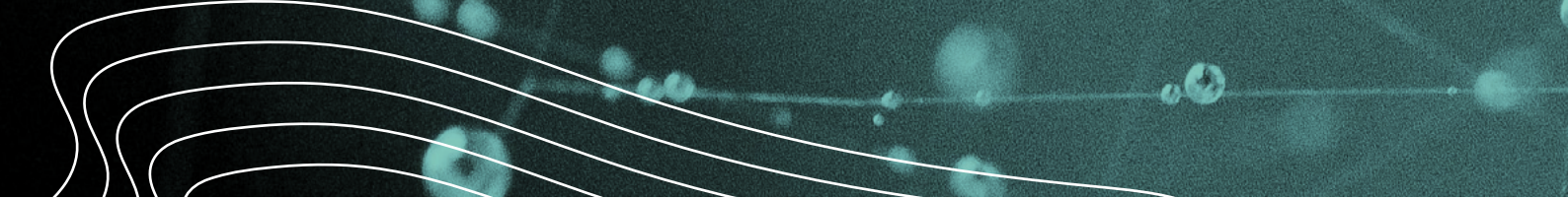
In 2020, Saudi Arabia registered a 55% increase in total funding deployed to Saudi startups, reversing the slow down witnessed across the rest of the Middle East and North African (MENA) region. For example, Lebanon experienced a drop of 34% and Jordan dropped by 38%. In fact, many Saudi companies during the pandemic adapted their products and services, making them more appealing to customers and thereby more investment worthy. For example, food delivery company Jahez secured a Series A round of over SAR 136 million (USD 36.5 million) in one of the largest funding rounds in the MENA region in 2020,

after it started offering its delivery capabilities to grocery stores and other non-food retailers to address the impact of COVID-19¹.

Jada has been closely following the pandemic and its impact on the main economic sectors of its underlying funds in our portfolio. In fact, mitigating risk has been a priority for Jada in 2020 as we pursued our investment management strategy². Specifically, with regard to the booming F&B sector in which Jahez operates, Jada invested in Alpha Capital Saudi F&B Growth Fund, as a way to support growth-stage F&B SMEs.

¹ MAGNITT 2020 Saudi Arabia Venture Capital Report

² Asharq Al-Awsat interview



Then, beyond individual companies, the COVID-19 pandemic has led to the strengthening of some promising sectors, confirming an interest in VCPEs in Saudi Arabia.

Funding in Saudi companies has been driven by later stage investments in e-commerce, with the sector accounting for 45% of all investments and registering a 68% year-on-year growth, in transport, which saw a 2,748% year-on-year increase in funding, and enterprise services, which grew by 3,021% in 2020. Education has emerged as a productive sector for VCPE opportunities, with a 25% increase when compared to FY 2019. Overall, every fourth investment round in 2020 was in Series A, showing the tremendous potential for the coming years³.

Jada is committed to sustaining the growth of these high-potential SMEs, which we have helped drive by investing in technology focused funds, including Vision, Raed, Hala Ventures and Alpha Capital. Furthermore, our commitment to backing first-time investments is testament to our belief that emerging fund managers can propel Saudi Arabia's venture capital sector forward, once they have the right structures, strategies and support networks in place.

Finally, the pandemic has emphasized the need to diversify the Saudi economy, making VCPE investment even more crucial in the country.

Beyond the VC success, the COVID-19 pandemic also showed the need for a structured PE sector in Saudi Arabia, to fully unlock the potential of sectors that we realized were under-allocated/penetrated in the country. These are mostly related to national security issues and include chemicals, pharmaceuticals, renewables, medical equipment, logistics and industrial services, which will need large investments in the coming years to develop locally.

Jada is committed to catalyzing the VCPE opportunity in Saudi Arabia and the COVID-19 pandemic has proven its valuable role in bolstering the country's economy. The virus hit hard but we remain determined to pursue the full diversification of the economy in 2021, whether the pandemic is over or not.

³Idem



4.

**JADA'S
INVESTMENTS
IN 2020**

Jada's Investments in 2020

Identifying and Investing in the Right VCPE Talent for Saudi



Despite the challenges posed by COVID-19, Jada Fund of Funds has pushed forward with its mandate, investing in funds that have demonstrated an inherent resilience and readiness to thrive in the post-pandemic climate.

Since Jada was established in 2019, we have added 14 funds to our portfolio, committing SAR 1.14 billion (USD 304 million) to venture capital and private equity funds. 10 of those funds were committed in 2020, making it a particularly productive year, despite challenging global headwinds.

The year began with **eWTP Capital**, the Riyadh based venture capital firm that specializes in investing in emerging digital economies.

Our first announcement of 2020 was soon followed by our commitment to Dammam based **Raed Ventures**, the early-stage venture capital firm that focuses on businesses with transformative potential. In March 2020, we added to two more firms to our portfolio of funds: **Shorooq Partners' Bedaya Fund** and Dammam-headquartered **Vision Ventures' single venture fund, Saqr**.



Jada's new funds at the end of 2020

At the start of Q2 we committed to investing in **Hala Ventures Capital** fund, which the Khobar based venture capital firm will use to empower early-stage GCC startups.

As Q3 arrived, we closed on a deal with Abu Dhabi based **Venture Souq's MENA FinTech 1 LP** fund, which will be filtered into its growing investment platform for global early-stage technology businesses.

In November 2020, our first PE fund of the year joined us: **Alpha Capital**, a Riyadh based boutique investment company, which targets growth-stage SMEs in Saudi Arabia's F&B sector.

With the year drawing to a close we struck deals with **Merak Capital**, a Riyadh-headquartered venture capital and private equity firm focused on emerging technologies in Saudi Arabia as well as Singapore based L Catterton's private equity fund – **The GCC Asia Growth Fund** – and **Access Bridge Ventures Fund**, an early-stage VC fund that invests in entrepreneurs across the MENA region.



Companies supported by Jada's portfolio funds in 2020



5.

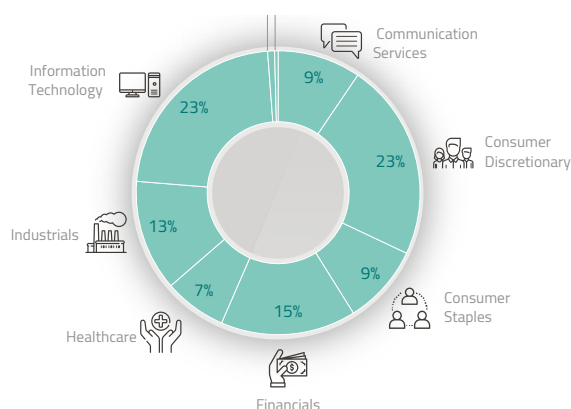
SME SECTOR DEVELOPMENTS

5.1 The Saudi SME Market, Industries on the Rise

The positive expansion witnessed in the Saudi SME market directly contributes to diversifying the country's economy as well as to exploring new sectors beyond the traditional oil and gas sector.

Venture capital investments in 2020 saw several new industries emerge, with startups and small businesses innovating and thriving. These include e-commerce, fintech and education, which respectively registered a 6%, 13% and 25% increase in funding in 2020 compared to 2019.

Having raised 45% of total venture capital funding, e-commerce startups in Saudi outperformed their peers across the MENA region (16%)⁴ and are positioning this sector as a key one for Saudi Arabia's future. Other sectors such as IT solutions, cloud computing and enterprise services are emerging in Saudi Arabia and registered increases in funding throughout the year.



Jada portfolio companies' distribution across sectors as of end of 2020

According to recent studies by MAGNiTT⁵, Saudi Arabia should surpass Egypt by total number of investments and total capital deployed in 2021 in venture funding.

The Saudi SME market is experiencing a sustained surge. Despite COVID-19, Saudi SMEs and startups have proven solid and the growing interest from VCPE professionals in Saudi Arabia shows that this segment of the economy is set to play a bigger role in the years to come.

In 2020, the country registered a 55% increase in total funding deployed to Saudi startups⁶, reversing the slow down trend witnessed across the rest of the MENA region. Saudi startups raised a record SAR 570 million (USD 152 million) in VC funding, at a Compounded Average Growth Rate (CAGR) of 40% for the past 5 years. The number of deals grew 35% in 2020 compared to 2019, to a total of 88 in 2020⁷.

These figures highlight the growth and return perspectives investors foresee in Saudi Arabia's SMEs and startups. Therefore, Jada's presence and mission is to fully unlock and sustain their potential to achieve Saudi Arabia's ambitious Vision 2030 objectives, such as job growth and the diversification of the Saudi economy.

⁴ Idem

⁵ MAGNiTT 2021 Emerging Venture Markets Report

⁶ MAGNiTT 2020 Saudi Arabia Venture Capital Report

⁷ Idem

5.2 Comparison Between the Global and Saudi SME Scene

55% increase
in total funding

a total of **88**
deals in 2020

\$7M gathered in
VC in 2015

In today's global economy, SMEs and entrepreneurs are at the heart of identifying inclusive growth elements in countries around the world.

Ensuring small companies have access to finance in the appropriate forms and volume is a prerequisite for their development and growth, and Saudi Arabia provides competitive financing options compared to the rest of the world.

In fact, research shows that globally⁸, SMEs are increasingly turning to alternative financing instruments, rather than straight debt, which they traditionally favored. PEs and VCs prefer this solution and have expanded in many countries. Overall, growth in venture capital volumes accelerated worldwide from 0.4% in 2015 to 20.9% in 2018⁹.

When it comes to financing SMEs through VCPE solutions, Saudi Arabia is also eyeing a rapid increase, with SMEs in the country only garnering approximately SAR 26 million (USD 7 million) in VC capital back in 2015¹⁰. They are projected to reach over SAR 1.5 billion (USD 500 million) in 2025¹¹. Clearly, Saudi SMEs are following an alternative financing trend - highlighting the need for a dynamic VCPE sector.

In addition, this search for new financing is fueled by the adverse consequences of the COVID-19 crisis on businesses, particularly on SMEs. Some still managed to innovate, including in Saudi Arabia, to survive the crisis.

While the majority of SMEs suffered and had to either lay off employees or close, the most agile firms around the world transformed themselves to fit the new situation through creating new products such as masks or rapid testing technologies. When lockdowns prevented businesses from opening as usual, they also enabled workers to transfer temporarily to other active businesses in essential industries. The Organization for Economic Cooperation and Development (OECD) estimates that roughly 21%¹² of global SMEs adopted this approach during the pandemic.

This global trend was also true in Saudi Arabia, where many SMEs took advantage of the focus on hygiene as a result of the pandemic, to develop new products and services. While Saudi SMEs have suffered from the crisis, the trend observed is very promising for the country's economy and Jada is pleased to contribute to the growth of exciting SMEs.

Overall, Saudi SMEs play the same key economic role that SMEs do around the world, and Jada is determined to support their growth in the years to come in order to sustainably diversify the country's economy and ensure employment for all Saudis.

⁸ OECD, Financing SMEs and Entrepreneurs 2020

⁹ Idem

¹⁰ MAGNITT 2020 Saudi Arabia Venture Capital Report

¹¹ STV Insights Report

¹² OECD, Financing SMEs and Entrepreneurs 2020

5.2 Saudi's Place in the Global Rankings for VCPE & SMEs

SAR 1.8 Billion

(USD 500 Million) expected by 2025

record **SAR 570 Million**
(USD 152 Million) in VC funding

Saudi Arabia ranked **62nd** out of 190 countries where making business is easy

According to the Doing Business 2020¹³ report, issued by the World Bank, Saudi Arabia ranked 62nd out of 190 countries in the world in terms of enabling businesses to thrive. A high ease of doing business ranking means the regulatory environment is more conducive to starting and operating a local firm and reflects its ability to access adequate financing in the country.

The growth of the VCPE sector in Saudi Arabia will be a key factor in the country's ability to attract businesses, especially SMEs, from around the world. And this growth seems on the right track, as Saudi Arabia ranked 12th in

the 2020 index of Venture Capital Availability¹⁴, when compared to 63 other countries in the world.

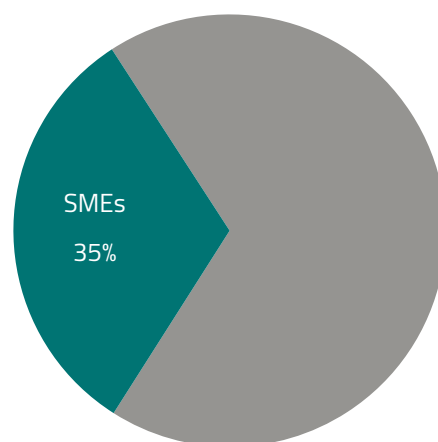
Saudi Arabia ranks third in the MENA region for the number of VC deals¹⁵. Jada is committed to catalyzing the VCPE opportunity in Saudi Arabia, and we will continue our efforts in 2021 to achieve the Vision 2030 economic goals and ambitions.

The Success of the VCPE Asset Class

Will enable small and medium enterprises find equity financing opportunities to grow and expand

to help SMEs raise their contribution in the GDP to 35% by 2030

Vision 2030 goal SMEs as part of GDP



Success of the asset class leads to the growth of the SME contribution to the Saudi GDP

¹³ The World Bank's Doing Business 2020 Report

¹⁵ MAGNITT 2020 Saudi Arabia Venture Capital Report

¹⁴ The World Bank's 2020 index of venture capital availability



6.

SAUDI WOMEN IN VCPE ECOSYSTEM

Saudi Women in Venture Capital and Private Equity (VCPE) Ecosystem

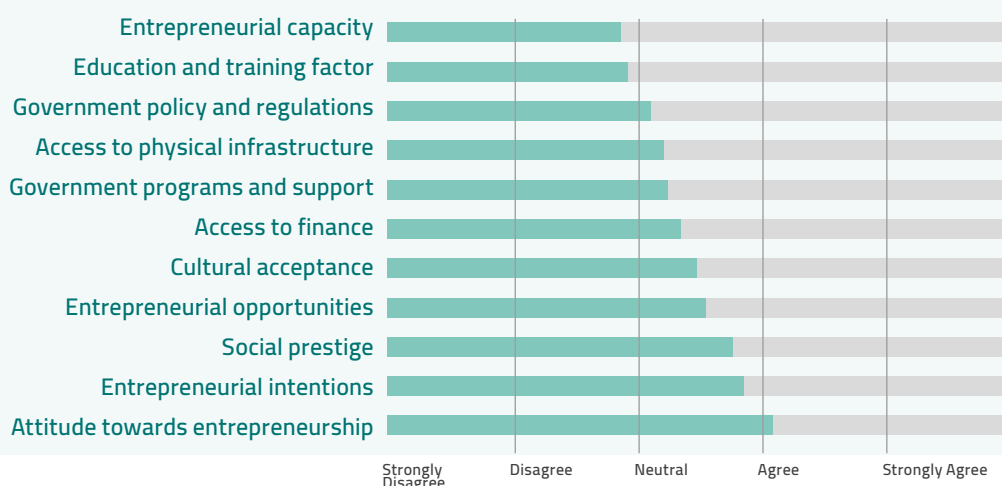
The diversification of the Saudi economy mandates the increased involvement of women in economic functions to succeed. Saudi Arabia at large, and Jada specifically, have made substantial efforts and inroads to including women's contribution in its economic life, with more and more women playing key roles in companies, authorities and non-profit organizations.

In fact, in recent years, Saudi Arabia has implemented sweeping interventions, programs, and policies to support women in achieving their potential and to enable greater economic inclusivity. For instance, one of Vision 2030's preliminary objectives is to raise women's participation in the workforce to 30%, which will significantly transform the country's business landscape.

As stated above, women are also key for Jada to succeed, as they contribute to the entrepreneurial and investment trends that the Fund of Funds supports on a daily basis. For the first time in Saudi Arabia, the estimated proportion of women involved in entrepreneurial activity (14.7%) is higher than the proportion of men engaged in entrepreneurship (13.4%)¹⁶. On the investor side, 14% of women have provided financing for a new business in the last three years.

The most popular industries for women include wholesale and retail, administrative and support services, construction, and human health and social work activities¹⁷. Women make unique contributions in education, and human health and social work and are key to Saudi Arabia's development in these fields.

Can entrepreneurship help transform the lives of Saudi women? (HKS Policy Insights)



¹⁶ GEM Women's report for KSA

¹⁷ Idem



7.

**JADA'S
INITIATIVES
IN 2020**

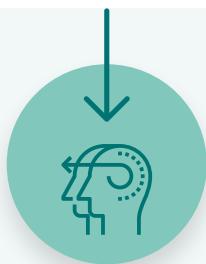
Jada's Initiatives in 2020

Throughout 2020 Jada provided a platform to empower and educate PE and VC talent and stakeholders with international best practices and unique insights into the Fund.

We achieved this through organizing **two Emerging Manager Program (EMP) Foundation trainings** and **four deep dive sessions** – educational trainings managed and run by the

best academic minds in the industry to upskill Saudi's emerging VCPE talent.

And 2020 saw Jada launch and host a series of **five virtual meet-ups** with our c-suite executives that offered unprecedented and comprehensive insights into how a fund of funds operates, and what it seeks in general partners and investment opportunities.



INITIATIVES IN 2020

2 EMP
Foundation
Trainings

4 EMP
Deep Dive
Trainings

5 Jada
Meet-ups

7.1 Jada's Emerging Manager Program Foundation Trainings

Jada's inaugural EMP Foundation trainings saw 90 trainees attend one of two cohorts, one focused on the VC opportunities and structures in Saudi Arabia, while the other focused on the PE landscape and its immense potential.

EMP Foundation Training: VC

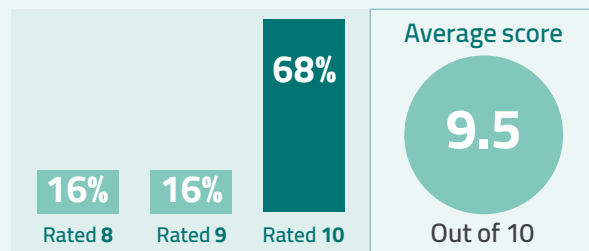
Overview:

Jada's first training cohort, the 'EMP Foundation Training: VC' ran for four days from June 24 to 29, 2020 and brought more than 30 attendees through its virtual doors to actively participate in seminars and workshops run by Professor Florin Vasvari, Academic Director of Private Equity at the London Business School, MaameYaa Kwafo-Akoto, Senior Associate at Allen & Overy and Nabil Issa and James Stull, Partners at international law firm King & Spalding.

Key Learnings:

The sessions covered the full gamut of the VC landscape including, fund economics and structuring, investment fund due diligence, VC team dynamics, compensation, public market benchmarking, fund reporting and governance, operational fund due diligence, setting-up a co-investment program with investors to monitor and manage risk and the legal structures for setting up a VC fund.

Feedback:



- “Most practical executive education course I have taken in my 10-year career
- “Being among industry leaders and learning from their insightful contributors was a privilege
- “Dr. Florin's part of the course exceeded my expectations given the interactive nature of his class and the kind of details that were highlighted

EMP Foundation Training: PE

Overview:

Later in the year, Jada's second cohort, the 'EMP Foundation Training: PE' ran for four days between December 16 and 21, 2020, and saw 60 invites sent to participants to attend interactive virtual sessions with Prof. Florin Vasvari, Academic Director of Private Equity at the London Business School and James Stull, Partner at international law firm King & Spalding.

Key Learnings:

Attendees of this cohort were introduced to the breadth of Saudi Arabia's PE infrastructure and its potential to boom in the coming years through topics including PE fund economics and structuring, PE investment due diligence, performance measurement in PE, fund reporting and governance. They also gained insights into the special situations and distressed investing and listened to an overview of legal considerations for closed-ended funds and the structure of Saudi's Capital Market Authority versus offshore PE fund structures.

Testimonials:



How to carefully pick the best strategy for your investment, in order to create the best return for the investors in addition to picking the right deal.

Nourah Alarifi
Albilad Capital
International & Multi Assets Analyst



The importance of disclosure, keeping your investors always aware of the events happening in your fund during the investment period is very important.

Tariq Sharaf
Adeem Capital
Chief Investment Officer



Bridging the gap between theory and practice.

Rawan Alrasheed
NCB Capital
Private Equity - Asset Management



It gave me a thorough understanding of how private capital funds are structured, operated and financed.

Hamad AlKadi
Capital Market Authority
Senior officer of offering, merger and acquisitions



7.2 Jada's VC Deep Dives

In October 2020, Jada conducted two deep-dive trainings into venture capital. Run by Florin Vasvari, Academic Director of Private Equity at the London Business School, the sessions focused on two topics critical to the long-term success of the VC sector in the Kingdom: Screening and Due Diligence of VC deals and Valuation of high-tech companies.

A second round of deep dives were conducted, under the direction of Professor Vasvari, in November, this time with a private equity focus. The two three-hour sessions focused firstly on board activities and membership, and setting up incentives for portfolio company management, while the second session focused on reporting by portfolio companies.

Venture Capital



Screening and
Due Diligence of
VC Deals

Valuation of
High-Tech
Companies

Attendees

35

Attendees

37

Participants'
Rating

80%

Participants'
Rating

80%

Private Equity



Board activities, memberships, and
setting up incentives for portfolio
company management

Reporting by portfolio companies

Attendees

63

Days

4

Sessions

7

Hours

6

7.3 Jada's Meet-ups

Overview:

Jada launched a series of virtual and interactive meet-ups to focus the dialogue on Saudi Arabia's PE, VC and investment infrastructure, and on its core mandate to catalyze its growth, for the benefit of its stakeholders – wherever they were.

The Launch of Jada Meet-ups in 2020



Objectives

Raise awareness about Jada's mandate, and to initiate contact with Saudi investment professionals and other related stakeholders. Discuss private equity in KSA and Market trends and What Jada looks for in fund managers.

Understand EMP 1st cohort developmental needs. Agree on administrative details on the next EMP training deep-dives. Share personal experiences.

Reflections on VCPE industry in Saudi and discuss insights from VCPEA latest report. Sign the ecosystem partnership MOU.

Lessons learned and best practices from other emerging markets and inflection point(s) of market development (e.g. job creation and industry growth along with the economy).

Explore the future of the PE industry in Saudi and the criteria and regulatory frameworks that can catalyze an active, dynamic private equity investment ecosystem.

Meet-up 01: Jada's Role in the PE Ecosystem



Watch the full session with Adel Al Ateeq, Jada's CEO:



Scan this
Or click [here](#)

Our first-ever meet-up saw Adel Al Ateeq, our CEO, host an interactive, public session with international investors and business leaders to share his knowledge, hopes and perspectives on the state of the VCPE landscape in Saudi Arabia.

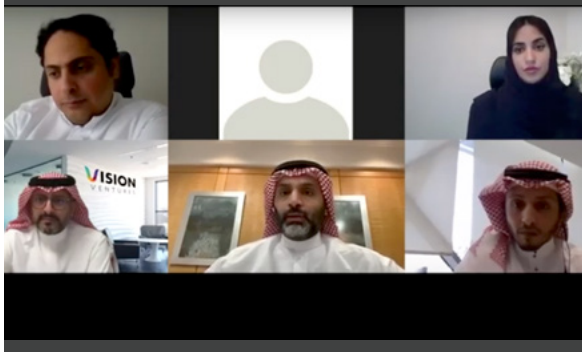
Mr. Al Ateeq presented the rationale for Jada's establishment and its modus operandi to galvanize Saudi Arabia's economic growth through a robust SME market able to benefit from funds and with access to reliable sources of capital. Taking questions from participants, Mr. Al Ateeq explained why a fund of funds structure provides the best method of accelerating SME sector growth in Saudi Arabia.

Jada's second meet-up brought Prof. Florin Vasvari, Academic Director of Private Equity at the London Business School together with Jada's key stakeholders to discuss the priority areas for the first EMP Foundation training, and the developmental needs of the first cohort focused on VC.

Meet-up 02: Discussion with LBS Professor Florin Vasvari



Meet-up 03: Insights into Saudi Ventures Q2 Report



Watch the full session:



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Jada's third meet-up saw Saudi's leading business executives coming together for a panel moderated by Mazin Alshanbari, Venture Capital Director, Jada, to discuss the findings from the 'Saudi Ventures' Q2 report, published by the Saudi Venture Capital and Private Equity Association (SVCPE) in August 2020.

According to the report, VC investments in Saudi-based startups posted a staggering year-on-year increase of more than 300% in Q2 of 2020, from the same period in 2019, up from Approximately SAR 57 million (USD 15.1 million) to over SAR 250 billion (USD 66.7 billion) ¹⁸.

From this starting point, the conversation focused on the exciting potential of the Saudi market for investors, fund and asset managers looking to unlock Saudi Arabia's favorable market forces as it forges on with realizing Vision 2030.

The panel brought together Mazin Al Zaidi, Director of Innovation and Entrepreneurship Sector, Ministry of Investment of Saudi Arabia. Nora Al Sarhan, Executive Director of Investment, Saudi Venture Capital Company (SVC), Kais Al-Essa, Founding Partner and CEO, Vision Ventures, and Omar Almajdouie, Founding Partner, Raed Venture and Vice Chairman, SVCPE Association.

Jada's fourth meet-up was hosted by New York based private equity firm, Warburg Pincus, to share key learnings and best practices from other emerging markets, and emphasized the inflection points of market developments such as job creation, and industrial and economic growth.

Meet-up 04: Lessons from Emerging Economies PE Ecosystem (Private)

WARBURG PINCUS

¹⁸VCPEA's "Saudi Venture" Q2 report

Meet-up 05: Uplifting Investment Standards in Saudi Arabia's PE Sector



Watch the full session:



Scan this
Or click [here](#)

Our final meet-up of the year saw a high-level webinar co-hosted by Jada Fund of Funds and Chartered Financial Analyst (CFA) Society Saudi Arabia. It assembled preeminent thought leaders and experts in the country's PE sector to explore the current state of the industry and the ways it can thrive in the coming years.

Moderated by Rawan Aljermawi, CFA, Board Member, at CFA Society Saudi Arabia & VP, Investments at Jada, the panel comprised Adel Al Ateeq, CEO of Jada, who explored the Fund of Funds' extensive mandate and responsibility to grow the nascent PE industry ethically in Saudi Arabia, Sulaiman Alkhushi, CFA, Vice President of Investments at Jada, who explained what PE funds can do to secure capital from investors like Jada, and Assad Karam, CFA, Head of Private Equity at Alpha Capital, the manager of "Alpha Capital Saudi F&B growth Fund", a recent beneficiary of a commitment from Jada. He outlined the ways PE investors can help startups and SMEs entering the country overcome common challenges when looking to grow and scale and, specifically examined why exit strategies remain tricky to navigate.



8.

PARTNER & INDUSTRY HIGHLIGHTS

Partner & Industry Highlights

Jada Fund of Funds contributed directly to the development of VCPE activity in Saudi Arabia throughout the year, as well as to some SME financing. We asked some of our partners to testify about the support we provided and share with us their vision for the Saudi economy and its potential.



Testimony 01

Fahad AlSaud
CEO of Alpha Capital
a Saudi-based PE fund supported by Jada

Merak.Capital

Testimony 02

Abdullah Altamami
Founding Partner & CEO of Merak Capital
Saudi-based VC fund supported by Jada

FOODICS®

Testimony 03

Ahmad Al-Zaini
Founder & CEO of Foodics
UAE-based startup with Saudi-based
venture capital fund supported by Jada

The Private Equity Perspective

Testimony 01
Fahad AlSaud
CEO of Alpha Capital



According to you, what are the main challenges the Saudi PE sector is facing?



The PE industry in Saudi Arabia has been constantly evolving and has undergone many ups and downs over the past years. We are seeing a resurgence in Limited Partners' (LP) appetite for blind pool funds recently after this model was rejected by them post 2009 in favor of a deal-by-deal model. The challenges most PE firms face today are mainly the scarcity of sizeable and good quality deals, bridging the valuation gap between sellers who are emotionally attached to their businesses, competition from family groups with various business interests that can provide a better offering when it comes to synergies - thus

making them a more compelling option for sellers, the lack of awareness by sellers with regard to the value add of financial investors, enforceability of certain legal clauses and lastly, the exit route through IPOs especially for majority ownership. That said, these challenges can be overcome by experienced PE firms that have the right setup, an active approach to deal sourcing, and a unique and tested value creation model that is relevant to portfolio companies.



What were the most notable PE investment trends in Saudi Arabia in 2020? How do you think these will evolve in 2021? And in your opinion, what are the most promising economic sectors in the country for the years to come from an investment point of view?

During 2020, the PE investment landscape was in a wait and watch mode as both investors and sellers were dealing with ravages of the pandemic. We have seen some activity on the fundraising side as investors were gearing up for a rebound once businesses adjusted to the new normal. Given the acceleration of digital adoption as a result of the pandemic, investment witnessed an upswing mainly in fintech, technology startups, and aggregation platforms. We believe these trends will continue in 2021, albeit at a slower pace as asset prices are escalating. We believe the PE investment activity in 2021 will resume and continue to focus on sectors that are supported by the country's favorable demographics, more inbound consumer spending and changes in consumer trends. Sectors of particular focus will be F&B, healthcare, education, entertainment, and logistics. We also expect a rebound in real estate activity, mainly residential and mixed use developments.

How would you describe your relationship with Jada? Can you share examples of Jada's contribution to your development so far?

Jada is a best-in-class value-added LP. We have experienced this first-hand - starting with due diligence all the way through until the final commitment. First, Jada's thorough due diligence process on our fund reconfirmed our belief in applying best practice governance as well as reporting standards. Moreover, during our fundraising, Jada also tapped into its network to propose other value-added LPs. Finally, our active engagement with Jada's team on a regular basis has also been beneficial, with the entity sharing market insights and potential deal opportunities. We expect to see further value-added contribution from Jada as our relationship develops and we move into deploying the fund and delivering on our value proposition and promised returns.





What are the main regulatory changes the PE sector needs to fully achieve its potential?

We have been following closely the government's ongoing effort in supporting PE ecosystems, and the new Professional Companies Law (PCL) is a significant step in developing the PE industry. The new Companies Law introduces significant advancements, especially in reducing the administrative burdens, permitting additional rights contracted in shareholders' agreements, eliminating capitalization requirements at and after incorporation, and expressly establishing tag-along and drag-along rights. The enforceability of such legal clauses remains among the main challenges for PE firms today. Another regulatory change that we believe would support the PE sector is the recent amendment of the CMA's regulations that allow funds to become legal entities.

What are the key success factors for PE firms?

We believe one of the major factors for the success of PE firms is having a local presence and a hands-on team with local experience. Other factors include ensuring an adequate fund size for the target market, a committed and well incentivized team, value-added LPs such as Jada, a proven track record in the targeted sector, deep understanding of the local business culture and the legal and regulatory landscapes, valid and relevant value added proposition and the ability to source quality deals and price them properly.

How can PE firms add value to portfolio companies and how would that differ across different growth stages?

PE firms add value through many verticals, mainly in terms of instilling best practice governance, providing strategic support, such as 1) defining and articulating strategy, 2) providing access through own network and 3) identifying and extracting cross-portfolio synergies. In addition, PE firms play a key role in optimizing the capital structure and assisting management teams in identifying and recruiting C-level executives. Also, one of the key value-added propositions that PE firms bring is providing portfolio companies with access to relevant operational expertise when needed. They also support the creation of liquidity events for the shareholders.





The Venture Capitalist Perspective

Testimony 02

Abdullah Altamami
Founding Partner & CEO of
Merak Capital



According to you, what are the main challenges and opportunities the Saudi VCPE sector currently faces?



Merak.Capital

It so happens that the main challenge in the Saudi VCPE sector is also one of the biggest opportunities for Saudi Arabia to reinforce its status as the regional hub for VC and PE asset classes. The challenge is exits, and the mirroring opportunity is the ever-growing public markets in the country, especially for growth firms through Nomu Parallel Market. Although the VCPE markets in Saudi Arabia and the region have been experiencing unprecedented growth in funding and transactions, we are yet to see

validated returns, whether through acquisitions or public listings (IPOs, Direct Listing, etc.). We personally anticipate the next few years will be pivotal as a number of companies prepare to list on the Saudi Stock Exchange Tadawul via Nomu Parallel Market. This will be achieved through the growing appetite from investors seeking access to growth-centered opportunities, and the evolving public markets in Saudi Arabia that is emerging as a financial hub for the region.



What were the most notable investment trends in Saudi Arabia in 2020? How do you think these will evolve in 2021?

The most notable trends in 2020 were in logistics and fintech, driven by the forced acceleration of digitalization due to COVID-19. Logistics, and chiefly last-mile delivery businesses, were powering our daily lives during global lockdowns, from food delivery to general e-commerce. Fintech's, and mainly payments, were the financial backbone of the economy in 2020. Most of this accelerated adoption is here to stay, and some studies estimate that digitalization has been propelled 10 years ahead in terms of penetration (e.g., general e-commerce).

In your opinion, what are the most promising economic sectors in Saudi Arabia in the years to come from an investment point of view?

At Merak Capital, we believe the most exciting sectors are those being changed and revolutionized by technology that push the digitalization cycle forward. The main verticals we expect will have significant value in terms of opportunities in the next few years are fintech, logistics, consumer, healthtech, and the overall digital economy infrastructure.

How would you describe your relationship with Jada? Can you share examples of Jada's contribution to your development so far?

Jada is an anchor investor with us in Merak Technology Ventures Fund (MTVF). We see Jada as more than an investor with Merak Capital, it is also a highly valuable partner. We worked with Jada to produce the best structured VC fund under CMA in Saudi Arabia, creating a standard of global best practices with a locally compliant framework. Jada, for us is one of our crucial long-term partners in building the next wave of technology champions in Saudi Arabia and the Middle East as a whole.

What will be your priorities in 2021?

Our priorities in 2021 will be focused on building a strong pipeline of high-potential ventures in Saudi Arabia and across the region, along with identifying the verticals where we can add the most impact in terms of value creation for our portfolio companies. Moreover, we are focused on mapping industries that are ripe for digitalization and disruption, to anticipate the upcoming waves of technological transformation.



The View from the SMEs

Testimony 03

Ahmad Al-Zaini

Founder & CEO of Foodics



What sector do you operate in?

Foodtech & fintech.

Do you find it easy to access funding in Saudi Arabia? What are the main challenges to raising funds in the country?

Companies with an ambitious vision to solve a problem and fill a gap will find it easier to attract investors. We have from the beginning had a great experience finding the right investors who believed in us and in our vision. The Saudi government and the business community have together built an enabling environment to support small businesses and entrepreneurs with innovative ideas to fast track their growth.



FOODICS

What are you trying to achieve as an entrepreneur? How did Jada contribute to this objective?

Our aim is to help the F&B business owners in the Middle East to digitalize their operations, gain greater visibility and control of their businesses growth. With the latest fund directed to Foodics, Jada has enabled us to start planning to expand our operations and accelerate our product development for restaurant management solutions and fintech, allowing us to further support the markets in which we are present. In doing so, it allows us to contribute to Vision 2030, especially in areas that focus on the digital transformation landscape in Saudi Arabia. Our purpose will always be to empower businesses and help them enhance their contribution to the economy.



What will you need in 2021 to continue growing? (capital, strategic advice, internationalization, etc.).

Human capital: In a service business, human capital plays a major role in the growth of the company. We are planning to double our headcount and through putting the right talent in place, we are confident we will accelerate our growth.

Partnerships: Our solution enables a complete ecosystem for restaurant owners to kickstart and run their operations with minimal challenges. Partnering with the right third-party solutions to cover a wider range of services, will assist Foodics in becoming a one stop shop that facilitates businesses in operating seamlessly.





9.

REGULATORY CHANGES IN 2020

9.1 Jada's Policy Advocacy Efforts

Jada will continue to work hand-in-hand with the relevant institutions to further enhance the VCPE sector to ensure that SMEs and startups thrive.

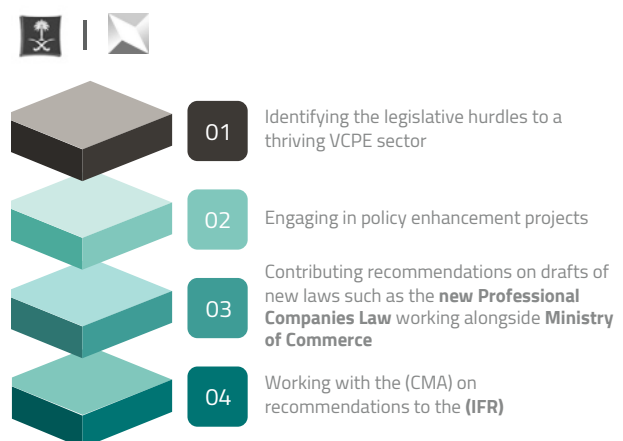
Indeed, watching the success of the Group of Twenty (G20) Saudi presidency unfold was a source of pride for all Saudis, at a time when it was most needed. As Saudi Arabia's Fund of Funds, Jada has been a keen observer and invested stakeholder in more ways than one.

As part of our mandate of shaping an enabling business ecosystem in Saudi Arabia, Jada's role in policy advocacy and in contributing to the regulatory framework of the country's private sector to deliver programs and initiatives that accelerate the development and growth of the VCPE industry, is, in a sense a reflection of Saudi Arabia's role in facilitating the G20's imperatives this year. And beyond reflections, what was proposed at the Leader's Summit this year will have a direct impact on the work we do and what we can achieve in the years to come. Our ambition this year, was therefore, to also contribute to the necessary policy developments.

Since its establishment by PIF, Jada, in alignment with the Saudi Venture Capital and Private Equity Association (SVCPEA), has collaborated with the Saudi regulatory authorities to identify and reduce the hurdles to accelerate SME sector growth in the country.

Aligned with the overarching objectives of Vision 2030, this initiative aims to realize our core mandate of maintaining the sustainable growth of the national economy. The new Professional Companies Law (PCL) was submitted by the Ministry of Commerce, to support the Saudi government's ongoing efforts to further advance its flourishing VCPE and entrepreneurship ecosystems.

As a core component in this framework of policy advocates and consultants, and in prime position to gather and refine submissions to the government to further enhance access to the VCPE ecosystem for regional and international players, Jada, in addition to offering the required capital to funds, can also provide strategic guidance and support for fund managers entering the market for the first time.



Jada's role in shaping the regulatory framework of the Kingdom's private sector

9.2 Major Amendments

2020 was a year of many reforms in the Saudi economic and business environment. In line with the objectives of Vision 2030, changes were implemented to the regulatory and legal framework, specifically across corporate initiatives and investment in Saudi Arabia, in a bid to ensure more flexibility to economic stakeholders.

Jada has positioned itself as a partner for regulatory bodies in Saudi Arabia, providing input when it comes to improving the capital market structures in the country. The most notable example of Jada's contribution to the nation's regulatory framework's evolution is the recently approved amendments to the Investment Funds Regulations and Real Estate Investment Funds Regulations announced by CMA¹⁹.

The approved amendments aim to further regulate and develop the capital market, supporting the growth of the asset

management industry in the Saudi financial sector, diversifying sources of financing in the economy, and regulating aspects of institutional investment. In addition, it aims to improve the services provided to investors, develop the securities business activities, create a competitive environment, and continue to regulate and create entities under the CMA's supervision. These amendments also aim to improve the governance of investment funds, and enhance investor protection, in line with international best practices and standards.

¹⁹ CMA press release issued on 1 March 2021



10.
**LOOKING
TO 2021**

10.1 2021 Outlook

Since Jada's operations began in 2019, 2020 marked Jada's first full year of business activity. In the past year, we have contributed to strengthening the emerging VCPE sector across its multiple levels, and to supporting companies across Saudi Arabia. This is only the beginning of a long journey towards widening the diversification of the nation's economy. As the world registers some progress in ending the COVID-19 crisis, 2021 will pave the way for more achievements in the VCPE sector.

In the upcoming period, we will focus on proceeding with impactful investments. With multiple plans for investments that will ensure the flow of significant financial returns to Jada and support its efforts in contributing to the Saudi economy, we hope to achieve a positive impact on employment opportunities for Saudi nationals, in line with the overarching goals of Vision 2030.

Jada has so far invested in 14 VCPE funds with deployments exceeding SAR 151.4 million (USD 40.39 million).

More importantly, these investments will translate into positive outcomes in the medium and long term in meeting Jada's objectives and its ability to strengthen and empower the private sector. Despite investing only in a fraction of these commitments so far, we are proud that our investment portfolio includes more than 253 companies providing over 3,372 job opportunities in Saudi Arabia.

We look forward to investing a greater proportion of our commitments during 2021, and to making new investments that contribute to strengthening the Saudi economy.

Moving ahead, as we continue to identify high potential opportunities to invest in, Jada also remains committed to upskilling more Saudi professionals to further accelerate the nation's transformation. We are confident that 2021 will be better as we invest in more funds and implement initiatives to strengthen the market.

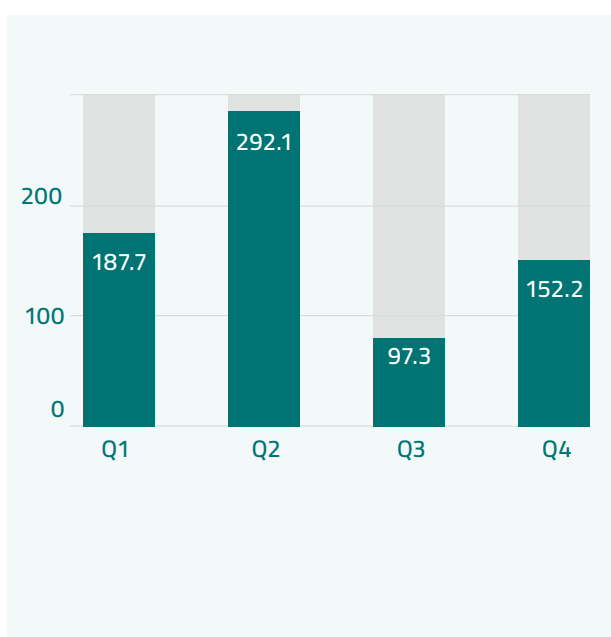
10.2 The Final Viewpoint: Catalyzing the VCPE Opportunity with the Saudi Venture Capital and Private Equity Association (SVCPEA)

What is your overall assessment of the Saudi VCPE sector's performance in 2020? What are the main trends you observed throughout the year?

2020 was an exceptional year for the VC industry in Saudi and across the globe. Despite the crisis following the outbreak of the COVID-19 pandemic, the Saudi VC industry showed resilience. This was reflected in the number of investment rounds for Saudi startups that remained consistent almost throughout the year. Furthermore, it is noted that Q2 2020 witnessed the highest volume of investment in terms of value.

It was also observed that most of the investments in 2020 were made in the early stages (Pre-Seed, Seed, and Pre-Series A) – with some investments made in Series A and Series B. In addition, Saudi VCs showed interest in innovative and emerging sectors - the most notable of these were fintech, e-commerce, software as a service (SaaS), media, healthtech, edutech and delivery/logistics.

Volume of Investments by Quarter for 2020
(SAR million)





How would you describe Jada's role within the industry?

The remarkable growth of the Saudi VCPE industry has been largely driven by the collective efforts of a diverse, yet integrated, set of stakeholders. Jada's role is instrumental in not only the development of the VCPE sectors, but in growing the SME and entrepreneurship ecosystem at large. Vision 2030 aims to raise the contribution of the SME sector to the GDP to more than 35% by 2030. Evidently, Jada has been making a significant contribution towards achieving this objective through partnering with funds that commit to supporting the local SMEs and startups. Such important efforts will ultimately help in boosting innovation and lead to more economic growth.

What will be the main opportunities for the VCPE sector in 2021 according to you?

The increase of VC (and amounts of dry powder) coupled with the ongoing trend to grow the number of local tech-based startups pose a massive investment opportunity. This is also augmented by the ongoing support of the Saudi government to the sector that introduced and has started implementing a number of favorable regulatory reforms in 2020 (mainly the IFR amendments and the new Professional Companies Law). Therefore, it is expected that 2021 will result in a growing stream of investment deals in multiple technology sectors. In addition, with the growth and scalability of startups, 2021 might witness more investment rounds in Series A and Series B. Early-stage investing is also expected to continue to register an upward trend.



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Fund of Funds Company

Owned by إحدى شركات
صندوق الاستثمارات العامة
Public Investment Fund