

# Mobilising Japanese capital worldwide, a profile of Kepple Capital

With #QVCS, Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Takahiro Kanzaki, CEO of Kepple Capital.

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We were aware that many Japanese VCs would face fund maturity in 2023 and would require a secondary market to sell their shares. Seeing this as an opportunity, we founded Kepple Capital in 2022 to launch the secondary fund, Kepple Liquidity Fund.

In addition to the secondary fund, we received requests from LP (Limited Partner) to manage a startup investment fund. As a result, we launched DX Fund with RPA Holdings as LP.

## Which industries are you working in?

We can invest in all sectors. Meanwhile, the demand for selling in the secondary market mainly rises for businesses that take time to see fruitful results, including those in the DeepTech and biotechnology industries. We anticipate more investment opportunities in these areas.

# What do you look for in a founder?

Kepple Liquidity Fund primarily invests in pre-IPO companies that are performing well, alleviating our concerns about their business growth. Our main focus lies in governance. We carefully assess if the founder demonstrates integrity and possesses the essential qualities to lead a listed company in the future. Additionally, we consider the capabilities of the board members, ensuring they can effectively monitor and support the founder. Furthermore, we make an effort to understand whether the founder has cultivated a strong corporate culture, which we gauge by interacting with former employees.

## Can you talk about your current portfolio?

Kepple Liquidity Fund has invested in 5 companies so far, spanning diverse industries including FinTech, DeepTech, drone, life science, and education. Typically, our portfolio companies require achieving one more milestone before being approved for an IPO. In many cases, companies just need to adjust their shareholder structure, which we facilitate through our investments. If the milestone revolves around sales target achievement, we can assist by introducing potential clients.

## What does the future look like?

Unlike seed or early-stage startups, our portfolio companies are not heavily impacted by new technology. They typically operate businesses that have already gained attention and are well-known to many people. One trend we are observing is the Japanese government's recent strong support for university-launched startups. The commercialisation of university-launched seed projects should gain further traction. For instance, we have invested in a company that is developing iPS cell therapy for heart failure.

Kepple Capital aims to mobilise Japanese capital worldwide. Given Japan's aging society, Japanese companies are seeking growth opportunities in overseas markets. These companies are often cash-rich, providing ample dry powder. With our support, we hope to enable Japanese companies to assist overseas startups with their branding and technology.

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## What makes KEPPLE Capital different?

In Japan, it is common to have LP secondary funds that buy LP's shares, but there are no direct secondary funds that select individual stocks. However, outside of Japan, direct secondary funds are common. We perceive this as a favourable prospect and operate a direct secondary fund providing liquidity to the startup market.

## What one piece of advice would you give founders?

Founders are diligently focused on their businesses, so I don't have much advice on the business itself. My advice is to avoid potential pitfalls, as even small issues can significantly impact your business. As an accountant, I have been trained to be cautious about the inherent risks in a company. Founders should proactively address concerns such as harassment by strengthening governance and implementing employee training. Additionally, it's crucial for founders to understand that their behaviour is monitored by various stakeholders.

Takahiro Kanzaki is the CEO of *Kepple Capital*.