

Support and capital for emerging venture funds, a profile of Thema

With #QVCS, Maddyness profiles different people in Venture Capitalism to share knowledge and insight and foster a more accessible ecosystem. Today, we speak to George Askew, cofounder of Thema.

I began my career in 2009, initially as a startup operator before becoming a Venture Capitalist in 2015. Over the years, I've been actively involved in structuring multiple VC funds as an emerging manager. This has allowed me to gain first-hand experience in navigating the challenges inherent in selecting the right partners, especially considering the long-term nature of the relationships and the operational intricacies associated with launching a fund. On top of this, the cost-related barriers to entry before fund launch underscored the importance of capital efficiency, leaving little room for error. It transpired being a first time manager is equally as entrepreneurial as being a first time founder and can be a lonely experience particularly as a solo GP.

These learnings led to the launch of *Thema*, alongside my co-founder Sam Ettelaie. Today Thema is breaking down the barriers to entry for the next wave of emerging VC fund managers by providing them with the tools to launch a fund in an efficient manner. Our goal is to provide GPs with the foundational regulatory infrastructure, LP capital and support throughout their scaling journey, positioning us as one of Europe's most strategic LPs. Drawing from my earlier experience of directly investing in early-stage companies and Sam's experience of investing in funds, we recognise that value-add extends beyond

just investing capital. As we know it is important VC GPs have operational experience in order to relate to founders, shouldn't this also be applicable for the LP's investing in funds?

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Which industries are you working in?

We are looking to build a diverse portfolio of GPs and are therefore sector agnostic. Due to the nature of an evolving VC ecosystem it is likely that we will have a high weighting to various emerging tech sectors such as AI, DeepTech, BioTech and Climate.

What do you look for in an emerging manager?

Finding from Thema's proprietary dataset, comprising audited returns data from over 100 fund

managers operating in Europe with a fund vintage of 2014-2017, indicate that entities raising £0-£50m tend to outperform those managing larger funds. A notable divergence is observed when funds surpass the £200M mark, with returns being c.30% lower than smaller funds. This underscores the attractiveness of investing in emerging GPs. We assess prospective GPs using our in-house matrix, which comprises 45 distinct facets. These aspects revolve around several different areas for instance the team's experience and dynamics, the operational, investment, or community-building aspects of individuals' backgrounds, and how GPs' proposed value-add propositions translate into tangible returns for LPs.

Whilst there isn't a single secret sauce, we believe that there are key areas which stand out when considering an investment into an emerging GP:

1. Differentiation & Defensibility: Why would a founder choose you over an

established Tier 1 VC that is likely to have the capacity to write a larger cheque? What unique sourcing channels do you have access to and how are these channels defensible over the long term, especially in the event of outlier success.

2. Transparency & Self-awareness: Being transparent and self aware goes along way in Venture. Not only do we see a direct correlation between these skills and the ability to access great deals, the ability to acknowledge challenges and communicate effectively, especially during times when things do not go to plan, which will almost certainly happen during your first fund cycle, is crucial. The likelihood is if you have these skill traits, lessons will be learnt and you will build trust with your LPs as they will feel they've been kept in communication.
3. Fund Management vs a Fund: There is a clear distinction between being an investor and being a fund manager. Lots of people are the former but feel like they should become the latter. Finding exciting companies is important but showcasing your knowledge of how to construct a portfolio, where to spend your time and resources and how you'll maintain open communication with LPs is equally as important.

What does the future look like?

Whilst there has been a lot of talk over the last five years regarding levelling the playing field, we do believe that in the coming years a more level playing field in who has ability to raise LP capital, with increased emphasis on diversity across gender, ethnicity, socio-economic backgrounds, and more. This aligns with Thema's vision to support a broad spectrum of talented fund managers.

We see the next few vintages of VC funds being raised as those with the potential to significantly outperform the ten-year average return. We believe these funds will exhibit high performance, benefitting from an increased surge in tech M&A towards the back end of 2024, resulting in quicker deployment of earlier stage financing. We also believe that the continued trend of LPs favouring hype-specialist VCs with a focus on narrow investment verticals will continue.

The landscape of pension fund capital in VC is poised to change. There is a burgeoning opportunity for pension funds to increase returns over the long term for their underlying customers by investing in the VC asset class. We are however cautious on how this capital will be deployed by pension funds. Attracting the correct talent for these pension funds is key or outsourcing to

fund-of-funds who have a track record of deploying into the ecosystem will be important, this is unlikely to be lots of the corporates who are building VC arms to position themselves as the go to for the pension fund capital. We believe there will be a small trickle of capital in the next two years with increased deployment from 2027. Whilst there is a lot of excitement in the VC ecosystem regarding the Mansion House reform, we do not see this capital trickling down to early-stage emerging managers, rather we see this capital consolidated with the already established big funds in the market.

We can't talk about the future without touching on AI and CleanTech. We believe these sectors present immense opportunities but do believe we will see a clash between innovation and the regulatory bodies.

What makes Thema different?

We have experienced every step of the VC chain – from being a founder and raising venture to fund management to deploying as a cornerstone limited partner. Learning from our mistakes and leveraging this knowledge to empower the upcoming wave of emerging VC talent, making it more accessible and fostering a collaborative ecosystem.

What one piece of advice would you give emerging managers looking to launch their own fund?

There is an old saying, “if it ain't broke, don't fix it”. The essence is to keep things simple and avoid unnecessary complexity, especially with additional offerings that are essentially layer fees on existing services you can engage with directly. The Thema team has treaded this path and are delighted to chat with managers seeking advice on how best to navigate the exciting world of VC.

George Askew is the cofounder of [*Thema*](#).