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NEWS

Dutton launches VC firm

Mark Pownall

ONE of Perth's better-known faces of venture capital, Mark Dutton, has moved to establish his own firm with private equity backing pitched at funding the smaller end of the market.

Mr Dutton and former Foundation Capital colleague Yehuda Cohen have established Banksia Capital in the belief that bigger venture firms tend to ignore deals below \$15 million. Banksia will concentrate on the spectrum below this threshold, to as little as \$3 million, though it will team up with bigger players to access deals above that level if opportunities arise.

“Our view is that \$3 million to \$15 million space is underserved, probably nationally in private equity but particularly in Western Australia,” Mr Dutton said.

A former fund manager with Perth-based Foundation Capital, Mr Dutton has been working with Malaysian-based investment group Navis for the past two years and has kept in close touch with the WA market.

Mr Cohen has been working with Foundation Capital for the past five years, having been a management consultant before that.

The pair's funding is via a consortium of private individuals who were seeking to be passive investors.

While Mr Dutton did not want to disclose details on Banksia's



MADE MARKET: Mark Dutton (left) and Yehuda Cohen have set up Banksia Capital to target opportunities below \$15 million. Photo: Grant Curral

backers, he said they were a handful of wealthy players who had been successful in business and wanted to invest in local growth opportunities without being hands-on.

“These are guys who can write \$3 million to \$5 million cheques,” he said. “We want to manage a portfolio of good businesses, not 30 individual investors.”

The Banksia founders have worked together at Foundation, where they were involved in deals such as funding Benchmark Debtor Finance, the management

buy-in of Croissant Express, and the management buy-outs of Europcar and Kailis & France Foods.

Mr Dutton said that, during his time with Navis, he was continually seeing deals below the level the investment group was interested in.

Nationally, he believes the smaller investment arena has been left unattended, as players have moved up to bigger deals fuelled by the amount of private equity capital available, at least until last year.

“A lot of guys in the \$20 million range have vacated that space; they have moved on to bigger things,” Mr Dutton said. “That has created a macro gap.”

He said the situation was more acute in Perth because Sydney-based venture capitalists did not want to manage small investments over a long distance. Similarly, companies or management seeking funding were often looking for someone on the ground to assist them with their plans.