SEPTEMBER 2026

Jada جـدا
شركة صندوق الصناديق
Fund of Funds Company

Building the Builders

Inside Jada's Emerging Manager Program

About
Jada Fund of Funds

Jada Fund of Funds is a Saudi company based in Riyadh. Established in 2018 by the Public Investment Fund through a resolution of the Council of Ministers, Jada plays a key role in advancing Vision 2030 by leading the development of a thriving venture capital, private equity, and private debt ecosystem in the Kingdom.

For more information:

jada.com.sa

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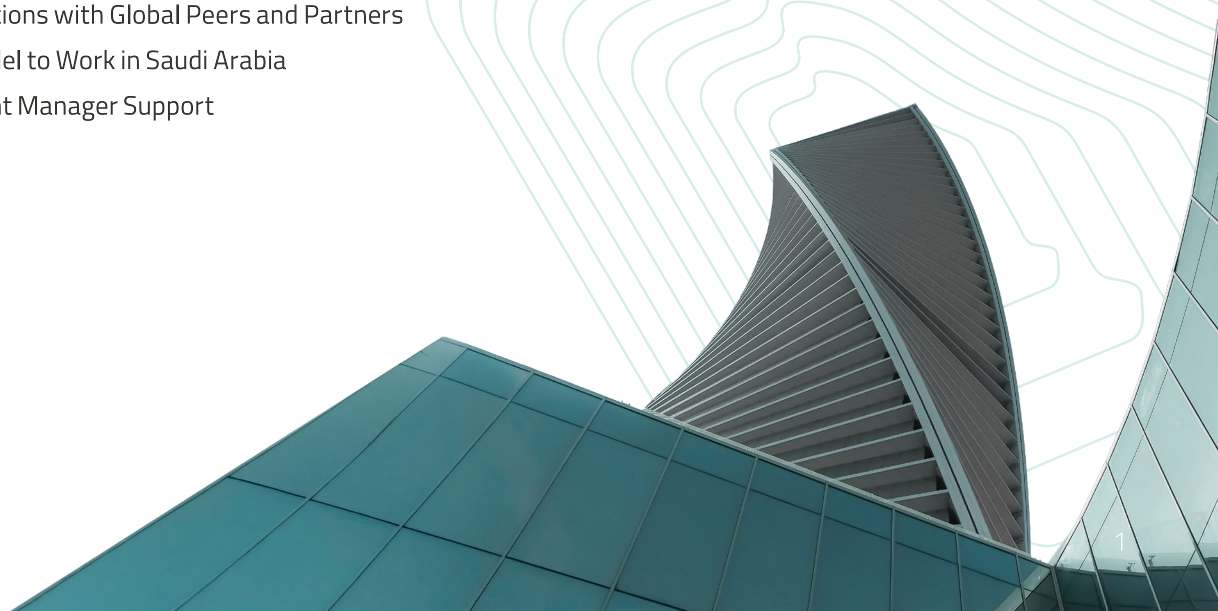

THE OPPORTUNITY:
Building Institutional Fund Managers in Saudi Arabia

Less than a decade ago, Saudi Arabia's startup ecosystem was still in its early stages. The foundational elements such as regulation, seed capital, experienced mentors, and a culture of entrepreneurship were progressively falling into place, yet ambition clearly outpaced available enablers. A handful of early-mover fund managers were beginning to shape what would later become one of the Middle East's fastest-growing venture markets.

The momentum was real, but progress was uneven. Capital availability and startup formation increased, but the development of institutional-grade fund managers, with governance, operational infrastructure, and track record required by institutional LPs, did not keep pace. In 2017, fewer than ten managers were actively deploying capital, seed rounds rarely exceeded US$500k, and Series A activity was limited. The institutional infrastructure was not yet in place, limiting the startup's ability to secure larger investments and scale effectively.

To address this gap, Jada Fund of Funds was established. Instead of investing directly in startups, Jada was designed as a pure fund-of-funds platform to crowd in private-sector investments. Its mandate is to develop a professional, commercially driven fund management ecosystem within the Kingdom by allocating capital and supporting the managers best positioned to deploy it.

The Emerging Manager Program (EMP) is a primary vehicle for delivering this mandate.

RESPONDING TO THE GAP:
Jada's Emerging Manager Program

Why the Program Exists

Jada's investment mandate requires it to back commercially viable fund managers capable of generating strong risk-adjusted returns for its shareholders. In a mature ecosystem, this is primarily a process of selection: GPs bring track records, established teams, and institutional-grade governance. The LP's role is largely one of due diligence and allocation. But Jada's mandate has always encompassed more than selection. It includes supporting emerging managers by providing capital, institutional backing, and credibility, enabling them to build track records, scale over time, and contribute to the broader private capital ecosystem.

Alongside its investment activity, the EMP runs a structured training and education program that provides specialized courses and direct advisory support to fund managers during the pre-launch and early operational stages. While the investment pillar backs managers who are already approaching institutional readiness, the training program starts earlier, working with high-potential candidates before they are investable and equipping them with the knowledge and frameworks to conceive, structure, and launch a fund. From 2020 to 2025, over 770 emerging managers have studied in Jada's supported training programs.

In 2018, when the pool of locally experienced and institutionally trained fund managers was small, the program's training and education component was particularly important. Many potential GPs were stepping out of corporate or consulting roles with limited direct investing experience. Those who had worked in overseas funds rarely reached the partner level at which a personal track record could be ported. Others had gained early-stage capital-deployment experience domestically, but within an ecosystem that had not yet stress-tested their judgment.

Within Jada's portfolio framework, this category encompasses both first timers (managers raising their first institutional fund in KSA) and early non-first timers (managers raising a successor fund whose institutional readiness is still being established). The two cohorts share most of the structural gaps the program is designed to address; the difference lies in stage, not in nature.

The Emerging Manager Program (EMP) was established to address this structural gap. It operates across two interlocking pillars, combining deployment with institutional capability building:

1. **The first is investment.** Jada acts as an anchor LP to first- and early-generation fund managers who demonstrate genuine commercial potential, providing the institutional capital and credibility that allow a nascent manager to close a fund and begin deploying capital. These commitments are made selectively and based on long-term commercial viability, not on developmental goodwill. Where a limited track record would ordinarily preclude institutional backing, Jada supplements quantitative assessment with qualitative judgment. The program also employs structural innovation where appropriate: sidecar vehicles, for example, allow Jada to increase its exposure to high-conviction opportunities without disrupting the underlying fund's portfolio construction.

2. **The second pillar is development.** Jada's engagement does not end at close. From the earliest stages of due diligence through the life of the fund, Jada actively works to align its managers with the governance, operational, and investment standards expected by a broad base of institutional LPs. This begins before any capital is committed: the negotiation and structuring process addresses fund terms, governance arrangements, and GP-LP alignment, often for the first time in a manager's career. Post-investment, Jada maintains an active presence on LP advisory committees, using that role to reinforce best practices in portfolio construction, valuation, and reporting. The longer-term goal is deliberate: to transition each manager from dependence on a single institutional anchor toward an independent, commercially funded platform capable of attracting a diversified LP base on its own merits.

The program is not philanthropic. Its premise is that a well-designed developmental intervention yields better investment outcomes for Jada, the managers it backs, and the Saudi ecosystem.

What Emerging Managers Need to Succeed

The distinction between an emerging manager and an established one extends beyond the age of their funds. It reflects a substantial difference in institutional readiness across several dimensions, as shown in the following matrix:

Dimension	Emerging Manager	Established Manager	Key Distinction
Track Record Audited, GP-level performance attributable to a stable team	Absent	Established	Individual deal experience may exist, but institutional LPs require GP-level track records that first-time funds cannot yet provide.
Governance IC composition, valuation policies, LP reporting	Partial	Established	First-time funds are frequently under-governed. Policies exist in skeleton form but lack the rigor and consistency institutional LPs expect.
Structural Alignment Waterfall, GP commitment, hurdle rates, key-person provision	Developing	Established	Emerging GPs may not have encountered institutional commercial standards in earlier careers. Terms often require negotiation and education.
Operational Resilience COO function, succession planning, team depth	Nascent	Established	Lean teams create key-person concentration risk. Absence of documented succession planning is a fiduciary concern for LPs.
Fundraising Capability LP network, IR function, placement infrastructure	Nascent	Established	First-time managers often rely on a single anchor LP, creating misaligned incentives. Diversifying the LP base requires infrastructure they are still building.

How Jada Works with Emerging Managers

Jada's approach to emerging managers is deliberately active. The institution views a GP as a work in progress rather than simply investable or not.

> "We don't view a GP as a finished product that is either investable or not; instead, we ask how we can help them grow to the point where they become investable so that the next LP who comes along with an entirely commercial mandate could make an allocation decision based solely on the merits of the proposition." – Senior Jada Executive

In practice, this means that Jada engages prospective GPs through a structured process of negotiation, challenge, and co-design. Where track records are limited, Jada supplements quantitative assessment with qualitative judgment: the quality of the team's investment thesis, the coherence of their portfolio construction plan, the depth of their sector knowledge, and the openness to institutional feedback.

Where governance or structural terms fall short of institutional standards, Jada does not simply decline. It engages directly, often through extended dialogue, to understand the GP's constraints and co-develop solutions. This process is demanding for both parties. GPs must confront the gap between their self-assessment and institutional expectations. Jada must balance its developmental mandate with its fiduciary duty to its shareholder. The calibration is often complex.

BUILDING STRONG MANAGERS:

The Development Approach

Using the Investment Process as a Development Tool

Some of the most important development work occurs before any capital is committed. The due diligence and negotiation process that precedes a Jada investment commitment is often the first time an emerging GP is subjected to rigorous institutional scrutiny of their fund terms, governance arrangements, and investment processes. The outcome of that process, whether an investment is made or not, is secondary to the learning it produces.

The following story illustrates how this process worked in practice with one of Jada's earliest private equity manager relationships.

Developing an Institutional-Grade Fund Manager

One of Jada's earliest private equity engagements involved a newly formed team of two experienced GPs who had recently left a regional PE firm. They brought credible track records, a focused investment thesis, and early backing from a regional investor. But like most first-generation managers in nascent ecosystems, they arrived with structural, governance, and alignment gaps that needed to be resolved before institutional capital could be committed.

Waterfall Structure

The initial fund terms proposed an American waterfall, a deal-by-deal carry distribution model that provides GPs with earlier access to carried interest but creates misalignment risk from an LP perspective if early distributions are subsequently reversed by underperformance in later deals. Jada advocated strongly for a European waterfall, whose conditions carry distributions on whole-fund return of capital and preferred return, more closely aligning GP incentives with long-term LP outcomes.

The GP's position reflected a genuine operational concern: for a first-time manager without balance sheet resources, the delayed carry distributions of a European structure created real cash flow pressure in the fund's early years. Jada acknowledged this constraint while holding firm on the alignment principle. The resulting negotiation was, by one account, technically demanding and prolonged, but the manager ultimately adopted the European waterfall. The process itself is a reference point within Jada for how institutional discipline can shape emerging managers constructively.

Investment Committee Composition

In the early years of the program, Jada and its GPs often debated the composition of investment committees. The appropriate balance between internal and external members depends on the GP's maturity, the depth of its team, and the nature of the fund's strategy. As a GP matures and demonstrates investment discipline across successive vintages, the need for external oversight often becomes less pressing.

> Our journey with Jada was a very difficult one, but I am thankful because they made us better investors."
>
> – General Partner (GP) of a Jada investee fund

STRUCTURAL INNOVATION:
The Sidecar Model

Innovative Solutions with Global Peers and Partners

Jada's investment mandate has evolved beyond conventional fund commitments. One of its structural innovations is the sidecar vehicle, a companion investment structure that has allowed Jada to increase its exposure to high-conviction Saudi market opportunities, deploy additional capital into top-performing companies, and access attractive follow-on investments without requiring underlying fund managers to alter their existing portfolio construction mandates.

The blueprint came from an established private equity and debt manager with a lengthy track record. The firm had arranged to manage capital on behalf of a supranational institution via a managed account, functionally equivalent to a sidecar. The investor's goal was to provide non-traditional funding for small to mid-sized innovators in Saudi Arabia without disrupting the main fund's portfolio construction.

Jada recognized the applicability of this model to its own strategic priorities. A Saudi-specific sidecar would allow it to increase its effective exposure to domestic opportunities, particularly follow-on investments in high-performing portfolio companies, without breaching the geographic concentration limits embedded in its underlying fund agreements.

Putting the Model to Work in Saudi Arabia

Jada established its Saudi-focused sidecar in early 2024. Within eighteen months, the vehicle had been nearly fully deployed. That pace validated the underlying investment thesis and the appetite for increased exposure to the Saudi market.

As a pioneer of the structure within the Kingdom, Jada's leadership navigated the tax and legal documentation requirements for operating as a sovereign-owned single LP in a sidecar, a process with no legal precedent. Having successfully navigated that process, Jada has since extended an open invitation to international managers to explore sidecar arrangements for Saudi-focused opportunistic allocations, removing a barrier that might otherwise have discouraged structurally innovative partnerships.

> "We want to let them know that we can work with them to explore the structure so they will not need to deviate from the portfolio construction arrangement they have with their existing LPs." – Senior Jada Executive

The sidecar's fee structure adds a further alignment advantage: management fees apply only to deployed capital, not to committed capital, directly linking the manager's incentive to deployment velocity. This contrasts with the 2-and-20 structure standard[1] across Jada's main fund commitments.

Follow-on investments in Syarah, a digital platform for vehicle transactions, and Tabby, a Saudi fintech operating in the buy-now-pay-later and consumer financial services space, illustrate the kind of high-conviction exposure the sidecar was designed to generate.

Post-Investment Manager Support

Jada's engagement with fund managers does not end at close. Through its role on each fund's Limited Partner Advisory Committee (LPAC), Jada retains visibility into portfolio developments and a formal channel for providing guidance.

This post-investment relationship is a deliberate component of the EMP. Jada uses the LPAC role to raise governance standards, reinforce best practices on valuation and reporting, and provide constructive challenges to GPs navigating decisions that fall outside their prior experience. Where a matter has implications for all LPs, rather than for Jada specifically, Jada's standard practice is to redirect the manager to the full LPAC rather than provide a bilateral response, thereby reinforcing the manager's development of broad stakeholder management skills.[2]

Emerging managers are often, by temperament and circumstance, highly receptive to guidance. Jada is aware that this receptiveness can lead to dependency, causing the GP to rely too heavily on Jada's guidance for decisions they should make independently. Managing this boundary is itself a developmental exercise.

1 The conventional private equity and venture capital fee model comprises a 2% annual management fee on committed capital and a 20% performance fee (carried interest) on profits above a defined hurdle rate. Management fees cover operational costs; carried interest aligns manager incentives with investor returns.

2 LPAC: Limited Partner Advisory Committee. A governance body within a fund that provides LPs with oversight rights on key decisions, including conflicts of interest, valuations, and fund extensions.

BROADENING THE ECOSYSTEM:

New Explorations

Building the Pipeline by Investing in Accelerators

Jada studied a wide range of investment vehicles in their early years, including accelerators and incubators. While it does not conflict with our design parameters, the pre-seed risk-return profile just was not our primary focus.

Accelerator funds were usually small, staff turnover was higher than at later-stage managers, and track record attribution was complicated by frequent team changes. For an institutional LP with a dual development and commercial mandate, the model required a different underwriting framework than Jada had yet developed.

By Jada's third operating year, the calculus had shifted. Seed and Series A managers were reporting increasing pressure on deal valuations and growing competition for a limited pool of investment-ready companies. The constraint was structural: the pipeline of fundable startups was too shallow, and the earliest stage of that pipeline (where accelerators operate) was underinvested.

Jada has since invested in a select number of accelerator funds, applying a rigorous evaluation framework to a broad field of proposals. Those that met the investment threshold shared a viable operating model, measurable ecosystem impact, and an alignment with Jada's development mandate. Flat6Labs, for example, is an accelerator with regional reach, a structured cohort model, and a record of producing fundable graduates. Jada participated with an adapted underwriting approach, appropriate controls in place, and a recognition that the value to the ecosystem justified the departure from conventional fund structures.

Balancing Outperformance and Continuity Risk of Single-GPs

The question of whether institutional investors should back single-GP funds is one of the more nuanced recurring debates. The performance case for lean, founder-led fund structures is well-documented: single GPs typically move faster, exercise higher conviction, and leverage concentrated personal networks without the dilution of committee-driven processes.

The institutional risk case is equally clear. A single GP represents a single point of failure for the governance, portfolio oversight, and exit management of a long-dated fund. Health events, personal circumstances, or appointments to senior public roles, which are all statistically meaningful possibilities, could leave a portfolio without a qualified manager. For an institution with fiduciary obligations to a sovereign shareholder, this continuity risk is not abstract.

Jada's standard position has been to decline single-GP proposals in which the continuity risk is unmitigated. This is not a judgment on the manager's capability but a recognition that the risk cannot be diversified away within the fund structure.

> We have a fiduciary duty to our shareholder, who has a well-defined risk threshold. The risk of inheriting an orphan portfolio is not something we are prepared to take."
>
> – Senior Jada Executive

Jada consistently encourages structural resolutions, including appointing an experienced CEO or deputy, establishing a documented succession plan, and forming a competent investment committee with genuine depth and decision-making authority. These measures reduce key-person risk, making the opportunity more appealing to investors willing to accept that exposure.

A recent investment committee discussion illustrates the tension this creates. A single-GP proposal was declined on continuity grounds despite the manager's MOIC being significantly above the portfolio median. A committee member's question, "What can we do to help these managers reach the standard?" reflects both the frustration of the trade-off and the developmental orientation that distinguishes Jada's approach.

For Jada, these decisions carry weight beyond the immediate risk-return calculation. Supporting a high-performing single GP to build the institutional structure required for investment is itself an act of ecosystem development. If done well, it produces a manager capable of attracting a broad LP base for subsequent funds.

RAISING THE STANDARD OVER TIME

Jada's standards have risen materially since the program's early years, in direct proportion to the ecosystem's development. Since inception, the priority has been identifying teams with the appetite and discipline to deploy institutional capital professionally, on commercial terms, and to commit to Saudi-focused mandates. Previously, the pool of candidates that met even those baseline criteria was narrow.

> In the beginning, we were looking for capable bodies to manage funds." – Senior Jada Executive

Today, in addition to ongoing support of the EMP as a core mandate, Jada seeks managers with sophisticated portfolio construction frameworks, demonstrated sectoral expertise, credible follow-on funding strategies, and, in some cases, early evidence of portfolio company exits. Internal governance, including investment committee composition, valuation procedures, and LP reporting cadence, is being assessed with increasing rigor.

Jada also requires fund managers to focus their capital allocation on Saudi Arabian companies, ensuring the program delivers on its domestic economic development mandate while remaining commercially oriented.

Alongside developing local managers, Jada has sought to attract international fund managers with established track records to invest in the Saudi market. The cross-pollination of knowledge and standards that occurs when sophisticated global managers operate alongside emerging local GPs is itself a development mechanism. It is also a signal to the international investment community of the Kingdom's growing relevance as an investment destination.

As Foreign Direct Investment (FDI) into the Kingdom continues to grow, a program that improves institutional capacity and instills professional standards among local fund managers helps to create and sustain the conditions that make that investment viable over time.

DELIVERING RESULTS:
Program Impact and Outcomes

Jada's more than SAR 3.6 billion of committed capital has backed approximately 50 funds that have invested in over 750 portfolio companies. Five re-up funds have been raised with one sidecar investment, with more in the pipeline. Additionally, over 770 investment professionals have completed Jada's focused training program. The quantitative impact of the Emerging Managers Program documents the resilience and depth of an ecosystem that previously did not exist.

Jada's participation in a fund also functions as a quality signal for outside capital. When foreign or regional investors have wanted to enter oversubscribed funds, Jada has shown flexibility, for example by allowing GPs to increase fund size, as appropriate, to accommodate demand (as with Raed Ventures, which expanded its raise to admit a Singapore-based fund of funds), or reducing their own allocation to create room (as when Seedra was oversubscribed, and Jada adjusted its ticket to accommodate a regional family office).

Funds backed[3]	47
Fund managers invested	41
Emerging fund managers invested	35
Capital committed	⃁ 3.6 Bn +
Portfolio companies	750 +
Training & education sessions	~ 20
Trained investment professionals	770 +

3 Greater than the number of fund managers due to the re-up impact (when an existing LP commits capital to a new fund raised by the same GP). A re-up is a "re-commitment" and reflects positively on the GP's progress.

Quantitative metrics capture only part of the program's contribution. The remainder is reflected in qualitative outcomes described below.

Governance

Governance standards among backed managers have improved over time, including stronger investment committee composition and more rigorous LP reporting practices.

In one instance, a GP initially favored an American waterfall structure, under which carried interest is distributed on a deal-by-deal basis. Jada's investment committee required a European waterfall, which operates at the fund level. Through discussion, the GP adopted the European structure, showing how Jada's governance requirements can help shape practice among fund managers.

Pipelines

Jada's decision to include accelerators in its investment scope has helped build a more active early-stage pipeline.

Anchor and Catalyst

Jada has directly connected international LPs with emerging managers, seeding partnerships that would not have formed otherwise.

Depth

Several Saudi-domiciled fund managers, backed in earlier cycles, are now raising second and third funds with more diversified LP bases.

Information Network

Jada identifies gaps in capital allocation, sector coverage, and founder support and shares these findings with stakeholders who can act on them.

Internationalization

Increased participation by international fund managers in the Saudi market has been catalyzed in part by Jada's involvement and the availability of structured mechanisms, such as the sidecar.

Regulation and Ecosystem

Close engagement with relevant authorities and ecosystem players, including contributions to regulatory discussions on fund structuring and investor participation.

LOOKING AHEAD:
The Next Phase of the Program

Jada's Emerging Manager Program occupies an unusual position in the global LP landscape. It is neither a purely commercial allocator nor a development finance institution operating outside market incentives. It is an institution that has chosen to treat both mandates as complementary and has built an investment practice that honors them simultaneously.

The program has demonstrated that institutional capital can be deployed productively among first-generation fund managers without sacrificing the governance and alignment standards that protect LP interests. It has been shown that the development process, including the negotiation of waterfall structures, the insistence on GP commitment, and the challenge to single-GP continuity risk, is not an obstacle to investment but a precondition for it.

The Saudi venture ecosystem of 2026 is materially different from the one Jada entered in 2018. The pool of experienced local fund managers has grown. Deal quality and volume have increased. International managers are allocating to the Kingdom with greater conviction. The Emerging Manager Program has been a consistent and deliberate contributor to these shifts.

Rising expectations on both sides will define the program's next chapter. Jada's standards will continue to evolve as the ecosystem matures. The managers it has backed will increasingly be expected to stand without institutional scaffolding; they'll need to raise subsequent funds on commercial terms, attract more private LPs, and deliver higher realized returns. The developmental work of the early years, combined with ongoing optimization, is driving our current performance record.

That transition, from early promise to proof, is the most important story the Emerging Manager Program has yet to tell.

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