GUIDE J3

TURN8

HOW TO RUN **PORTFOLIO HEALTH MONITORING** AND **AUTOMATED IC / BOARD REPORTING**

Follow-On Capital, Portfolio Value Creation and Corporate Integration

WHERE THIS IS USED

- CVC funds and portfolio companies
- Corporate venture and innovation portfolios
- Venture Studio portfolios
- Foundry-as-a-Service engagements

AUDIENCE

- Investment Committee / Board
- Close Owner / Fund CFO
- CVC Analyst
- Executive Sponsor

PHASE

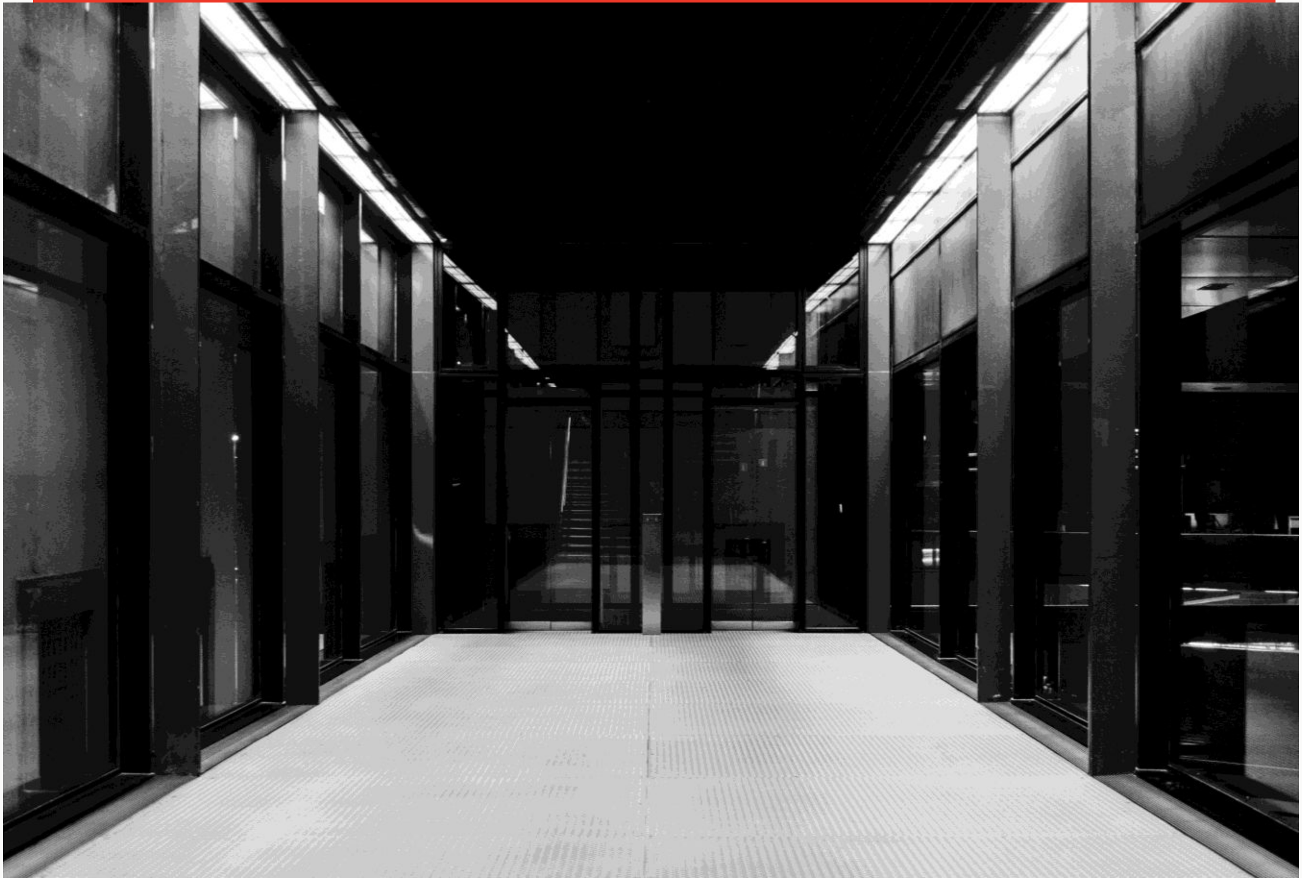
Phase Four: Scale & Optimize
Section J — Follow-On Capital, Portfolio Value Creation & Corporate Integration
Follows Section I (Growth & Unit Economics)

EXECUTIVE SUMMARY

A single venture's dashboard in Guide H2 and board pack in Guide H3 answer one question: how is this venture doing? The portfolio needs a different lens — how is the fund doing across every venture, where is capital at risk, and what needs escalation now. Those questions are answered at the portfolio level or not at all.

This guide extends the H2 dashboard and the H3 board pack to the portfolio level using the portfolio management system. It consolidates IRR, TVPI, NAV, and DPI across the portfolio, adds early-warning indicators and downside signals, and builds the portfolio health scorecard, the automated multi-audience reporting, and the escalation path that fires when a downside signal trips.

The four outputs of this guide are: a portfolio health scorecard consolidating returns and a health status per venture; early-warning indicators and downside signals with defined thresholds; automated reporting for executives, boards, and the Investment Committee generated from the portfolio system rather than hand-assembled; and a rehearsed escalation path with an owner, a response, and a timeline for every signal.



THE CORE PROBLEM

Portfolio-level problems are usually visible in the individual venture dashboards months before anyone connects them, because no one is looking across the portfolio on a defined cadence with defined signals. By the time a struggling venture reaches the Investment Committee as a discussion item, the capital is often already impaired and the options have narrowed.

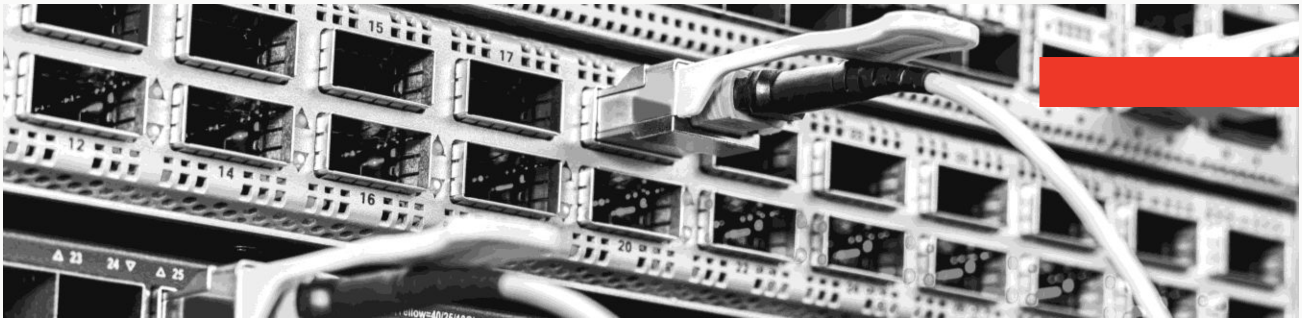
Monitoring the ventures is not the same as monitoring the portfolio. The fund's job is to allocate scarce capital and attention to where they earn the most and to cut losses early — which requires seeing the whole, with leading signals and a rehearsed response.

The six most consistent failure patterns in portfolio monitoring:

- **Ventures monitored, portfolio not.** Each venture has a dashboard, but the fund has no consolidated view of returns and risk across the portfolio.
- **Reporting by heroics.** Every board and Investment Committee report is hand-assembled from scattered sources, so it is late, inconsistent, and quarterly at best.
- **Lagging signals only.** Health is judged on NAV and returns, which move last; the leading indicators that predict impairment are not tracked at the portfolio level.
- **No downside-signal definition.** Struggling is a matter of opinion, so nothing triggers until the problem is undeniable — which is usually too late to act cheaply.
- **No escalation path.** A downside signal, even when noticed, has no defined owner, response, or timeline, so it produces concern rather than action.
- **Inconsistent definitions.** IRR, TVPI, NAV, and DPI are computed differently across ventures, so the consolidated view is not comparable and cannot be trusted.

The real issue:

Portfolio monitoring is not reporting overhead — it is the fund's risk-management and capital-allocation system. A CVC that cannot see its portfolio with leading signals and a rehearsed escalation path is not managing risk; it is discovering it. The purpose of this guide is to make impairment visible early enough to act, and to make the fund's response to a downside signal a rehearsed procedure rather than an improvised scramble.



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PREREQUISITES

Must Be Complete Before Starting:

- **Guide H2 live for each venture** — the dashboard carries the CVC Portfolio category and Green / Amber / Red thresholds
- **Guide H3 in use** — the quarterly board pack is a view over H2 data and the Decision Record discipline is established
- **A portfolio management system in place** — a single system of record for portfolio metrics with a metric definition register
- **Guide H1 completed for each portfolio company** — tranche milestone status, follow-on triggers, and strategic mandate status are recorded

Team Readiness:

- Close Owner confirmed to own the portfolio health scorecard and the escalation path
- CVC Analyst available to maintain the portfolio-system data and automate the reporting
- Fund CFO owns the IRR, TVPI, NAV, and DPI definitions and the IFRS 13 fair-value consolidation
- The Investment Committee and board reporting cadence agreed with owners and an access model

EXPECTED OUTPUT/ SUCCESS CRITERIA

You have completed this guide when the following are true:

- A portfolio health scorecard consolidates IRR, TVPI, NAV, and DPI with a health status per venture
- Early-warning indicators and downside signals are defined with thresholds, drawn from each venture's leading indicators
- Automated multi-audience reporting — executive summary, board pack extension, and IC portfolio review — is generated from the portfolio system, not hand-built
- A defined escalation path assigns an owner, a response, and a timeline to each downside signal
- Metric definitions are consistent across the portfolio in the portfolio-system definition register
- The escalation path is rehearsed and linked to the Decision Record discipline

STEP-BY-STEP INSTRUCTIONS

STEP 1 CONSOLIDATE PORTFOLIO RETURNS IN THE PORTFOLIO SYSTEM

The foundation of portfolio monitoring is a single, consistent consolidation of returns. IRR, TVPI, NAV, and DPI must mean the same thing for every venture, be owned by the Fund CFO, and roll up from the same fair-value basis — otherwise the portfolio view is an average of incompatible numbers.

Metric	What It Measures	Owner
IRR	Time-weighted return on deployed capital	Fund CFO
TVPI	Total value relative to paid-in capital	Fund CFO
NAV	Fair value of holdings on an IFRS 13 basis	Fund CFO
DPI	Capital actually distributed relative to paid-in	Fund CFO

1.1 **Fix consistent definitions in the metric definition register** — Record one definition per metric in the portfolio-system register and apply it to every venture. Consistency of definition is the precondition for a comparable portfolio view.

1.2 **Consolidate on a single IFRS 13 fair-value basis** — The Fund CFO consolidates NAV on the same fair-value basis used at tranche release in Guide H1, so the portfolio's value ties to the fund's books.

STEP 2 BUILD THE PORTFOLIO HEALTH SCORECARD

The portfolio health scorecard is one row per venture, showing consolidated returns, a single health status, and a trajectory. It applies the H2 one-signal-per-category discipline at the portfolio level: one clear status per venture, not a wall of metrics that hides the signal.

Venture	Returns (IRR / TVPI / NAV)	Health Status	Trajectory	Next Gate
[Venture 1]	[values]	Green	Improving	Follow-on gate Q3
[Venture 2]	[values]	Amber	Flat	Milestone review
[Venture 3]	[values]	Red	Declining	Escalation triggered

2.1 **Assign one health status per venture** — Roll each venture's H2 categories and leading indicators into a single Green, Amber, or Red status. The status is a considered signal, not an average — a Red on runway is Red regardless of a Green on product.

2.2 **Show trajectory, not just level** — A venture that is Amber and improving is a different decision from one that is Amber and declining. Trajectory is what turns the scorecard from a snapshot into an early-warning tool.

STEP 3 DEFINE EARLY-WARNING INDICATORS AND DOWNSIDE SIGNALS

Returns move last. To act early, the portfolio must track the leading indicators that predict impairment — rolled up from the I3 leading indicators and the H2 dashboards — and define the downside signals that fire when a threshold is crossed. A signal without a threshold is a feeling; a signal with a threshold is a trigger.

Downside Signal	Leading Indicator	Threshold	Severity
Growth stalling	Pipeline coverage / channel ceiling (I1)	Below target for a defined period	Amber
Economics breaking	CAC or payback trend (I2)	Breaches the scale-worthy bar	Red
Retention decay	New-cohort retention (I2)	Falls below the cohort baseline	Red
Runway compression	Burn vs. runway (C2)	Runway below a safe threshold	Red
Milestone slippage	Tranche milestone status (H1)	Gate missed at the review	Amber / Red

3.1 **Roll leading indicators up from the ventures** — The I3 leading indicators and the H2 category signals already exist per venture. Portfolio monitoring aggregates them — it does not invent a parallel metric set the ventures do not maintain.

3.2 **Set the threshold and severity for each signal** — Each signal has a threshold that fires it and a severity that determines the escalation response. Thresholds are set before signals fire, so the response is a procedure, not a debate.

STEP 4 AUTOMATE MULTI-AUDIENCE REPORTING FROM THE PORTFOLIO SYSTEM

Reporting that is hand-assembled is late, inconsistent, and quarterly. Reporting generated from the portfolio system is current, consistent, and available on demand. Following the H2 multi-audience discipline, produce three views from one source: an executive summary, a board-pack extension, and an Investment Committee portfolio review.

4.1 **Generate three audience views from one source** — The executive view is a short health-and-returns summary; the board view extends the H3 pack to the portfolio; the Investment Committee view carries the full scorecard, signals, and follow-on and escalation status. All three read from the portfolio system so they never disagree.

4.2 **Make reporting a view over data, not a rebuild** — As with the H3 board pack, the reports are views over the portfolio system's data, not manually rebuilt each cycle. This is what removes the reporting-by-heroics failure and lets the cadence be as frequent as the decision needs.

4.3 **Use predictive analytics to surface risk earlier** — Where the predictive baselines from Guide I3 and the AI capabilities from Section K are available, apply them to flag ventures whose trajectory predicts a signal before the threshold is crossed — turning the report from a rear-view mirror into an early-warning system.

AI PROMPT — Automated Portfolio Reporting Design

```
I am designing automated multi-audience portfolio reporting from a
portfolio management system. Consolidated metrics per venture: IRR,
TVPI, NAV, DPI, health status, leading indicators, and downside-
signal status: [paste]. Design three report views generated from
the single source — an executive summary, a board-pack extension
over the H3 format, and an Investment Committee portfolio review —
specifying exactly what each contains and for whom. Recommend how
to apply the I3 predictive baselines to flag ventures likely to
trip a downside signal before they cross the threshold, and how to
keep all three views reconciled to one source.
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STEP 5 DEFINE THE ESCALATION PATH WHEN A SIGNAL FIRES

A downside signal is only useful if it triggers a rehearsed response. Define, for each severity, who owns the response, what the response is, and by when it must happen — so a Red signal produces action within days, not a note for the next quarterly meeting.

Severity	Owner	Response	Timeline
Amber	Close Owner	Venture review; corrective plan agreed with the EIR	Within the monthly review
Red	Close Owner → IC	Convene an ad hoc review; decide support, restructure, hold, or exit	Within days of firing
Critical	Investment Committee	Capital-at-risk decision recorded in a Decision Record	Immediate

5.1 **Name the decision types the escalation can reach** — An escalation resolves to one of a defined set of decisions: support with help or capital, restructure, hold, or exit. Naming the decision types keeps the response fast and connects a Red signal to the invest/continue/stop discipline of Guide J1 and the ownership outcomes of Guide L3.

5.2 **Attach an owner and a timeline to every severity** — Every severity has one accountable owner and a maximum response time. An escalation path without a timeline is a suggestion, not a control.

STEP 6 SET THE PORTFOLIO REVIEW CADENCE AND GOVERNANCE

Monitoring is a cadence, not a system that runs itself. Establish a monthly portfolio review owned by the Close Owner and a quarterly Investment Committee portfolio review, feed both from the automated reporting, and define who can see what.

6.1 **Run a monthly Close Owner portfolio review** — The Close Owner reviews the scorecard, the signals, and the escalation status monthly, acts on Amber signals, and escalates Reds. This is the routine that keeps the quarterly Investment Committee review free of surprises.

6.2 **Extend the H3 board pack to the portfolio quarterly** — The quarterly Investment Committee and board review uses the portfolio-pack extension of the H3 format, opening with the decisions the portfolio requires — follow-ons, escalations, exits — rather than a tour of every venture.

6.3 **Define the access and permissions model** — Following the H2 discipline, define who sees the executive, board, and Investment Committee views. A portfolio view shared without an access model leaks sensitive fund and venture data.

STEP 7 REHEARSE THE DOWNSIDE AND LINK TO THE DECISION RECORD

An escalation path that has never been run is a document, not a capability. Rehearse a downside signal end to end, and ensure that every material escalation decision lands in a Decision Record, so the fund's response to trouble is governed with the same rigor as its decision to invest.

7.1 **Run a downside signal through the full path** — Take one venture's plausible downside signal and walk it through detection, escalation, decision, and Decision Record. The rehearsal surfaces the gaps — an undefined owner, a missing threshold, a slow timeline — while they are still cheap to fix.

7.2 **Land every escalation decision in a Decision Record** — A support, restructure, hold, or exit decision is recorded in a Decision Record exactly as a follow-on decision is in Guide J1. The Decision Record is the governance output; the discussion is not.

7.3 Apply the dual-track split — For Venture Studio portfolios, the portfolio view consolidates studio ventures and the Executive Sponsor and Venture Board govern escalations. For a CVC fund, the consolidation is the fund view, the Fund CFO owns the returns math and the IFRS 13 basis, and the Investment Committee governs capital-at-risk decisions. In both tracks the portfolio system is the single source, and escalation decisions are recorded in a Decision Record.

AI PROMPT — Downside Rehearsal and Escalation Decision Record

```
I am rehearsing the portfolio escalation path for a plausible
downside signal. The venture and the signal that fired: [describe].
Its severity, leading indicator, and threshold: [paste]. Walk the
signal through the full path — detection, owner, response,
decision, and timeline — and identify any gap (undefined owner,
missing threshold, slow response). Then draft the Decision Record
for the escalation decision (support, restructure, hold, or exit),
capturing the decision, its conditions, the owners and dates, and
the link to any follow-on implication in Guide J1 or ownership
outcome in Guide L3.
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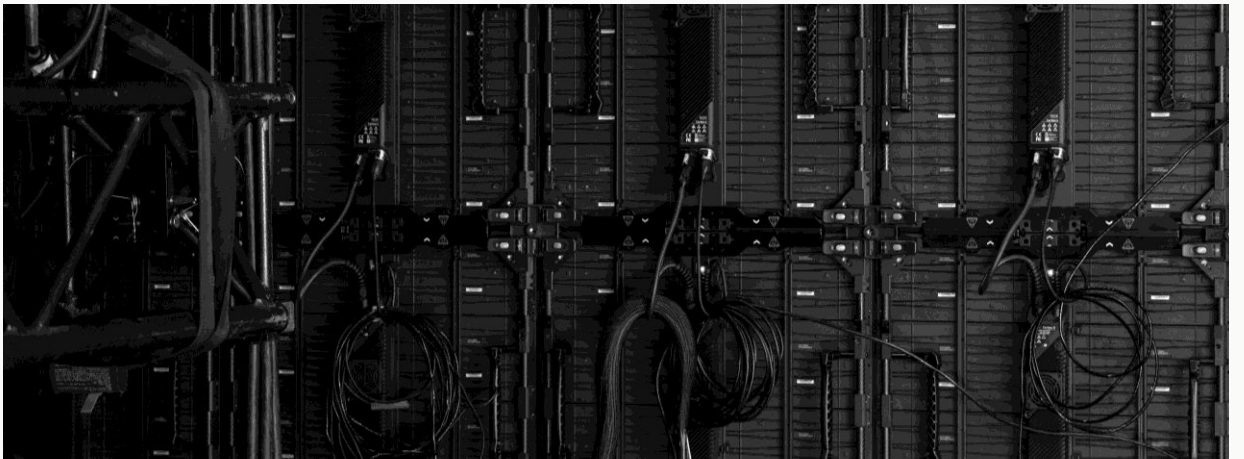


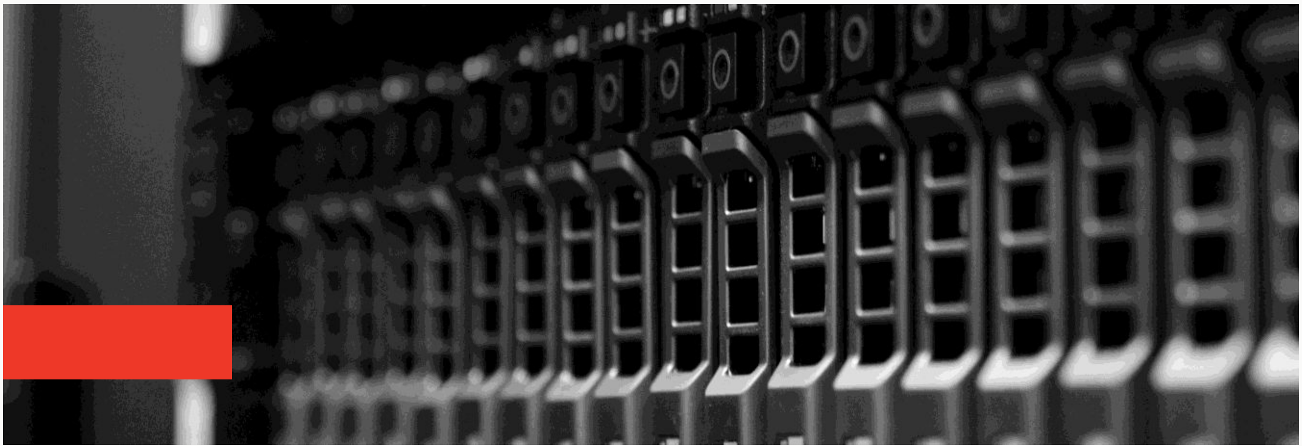
TROUBLESHOOTING

Symptom	Likely Cause	Fix
A struggling venture surprised the Investment Committee	Ventures were monitored individually; the portfolio had no consolidated, signal-driven view	Build the Step 2 portfolio health scorecard and the Step 3 downside signals so a declining trajectory is visible at the portfolio level before it becomes a crisis.
Portfolio reports are always late and inconsistent	Reporting is hand-assembled from scattered sources each cycle	Automate reporting from the portfolio system per Step 4 as views over one source, so reports are current, consistent, and available on demand.
The consolidated returns are not comparable across ventures	IRR, TVPI, NAV, and DPI are defined differently per venture	Fix one definition per metric in the register per Step 1.1 and consolidate NAV on a single IFRS 13 basis owned by the Fund CFO.
Problems are only visible once NAV or returns move	Only lagging metrics are tracked at the portfolio level	Add the Step 3 leading indicators and downside signals rolled up from the I3 and H2 metrics so impairment is predicted, not just recorded.
A downside signal fired but nothing happened	No escalation path with an owner, response, and timeline	Define the Step 5 escalation path per severity and rehearse it per Step 7 so a signal produces action, not concern.
Escalation decisions are re-litigated or forgotten	Decisions were discussed but not recorded	Land every escalation decision in a Decision Record per Step 7.2, with conditions, owners, and links to J1 or L3.
Sensitive portfolio data reached the wrong audience	Reporting was shared without an access and permissions model	Define the Step 6.3 access model before sharing any portfolio view, following the H2 permissions discipline.

VALIDATION STEPS

Confirm each of the following before declaring portfolio monitoring operational:

- IRR, TVPI, NAV, and DPI are consolidated in the portfolio system with one definition per metric
- NAV is consolidated on a single IFRS 13 fair-value basis owned by the Fund CFO
- The portfolio health scorecard shows one health status and a trajectory per venture
- Early-warning indicators and downside signals are defined with thresholds and severities, rolled up from the ventures
- Automated executive, board, and Investment Committee reports are generated from the single source
- The escalation path assigns an owner, a response, and a timeline to every severity
- The decision types — support, restructure, hold, exit — are named and linked to J1 and L3
- A monthly Close Owner review and a quarterly Investment Committee portfolio review are scheduled with an access model
- The escalation path has been rehearsed end to end and lands decisions in a Decision Record



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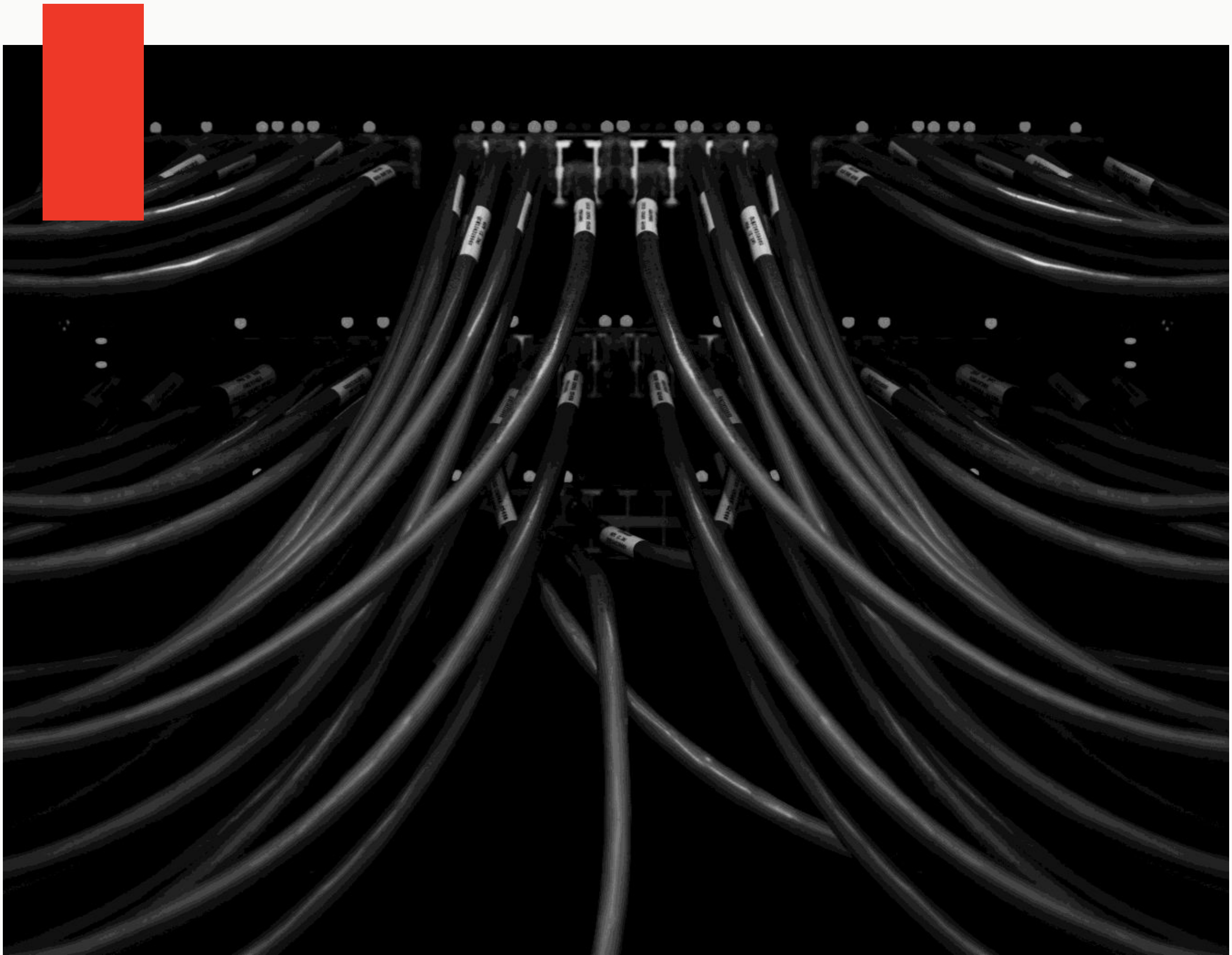
NEXT STEPS

With portfolio monitoring operational, the Follow-On Capital, Portfolio Value Creation, and Corporate Integration section of Phase Four is complete. The fund can now see its portfolio, act early on downside signals, and report to executives, boards, and the Investment Committee from a single source.

Where a downside signal resolves to exit or a change of ownership, connect to Guide L3, which structures the long-term ownership outcome — wind-down, spin-out, spin-in, or wholly-owned. Where it resolves to further backing, connect to Guide J1.

Feed the portfolio's leading indicators and predictive flags into the AI expansion and optimization work in Section K, so the continuous-optimization capabilities improve the early-warning system over time, and keep the strategic value from Guide J2 visible on the scorecard alongside the financial returns.



MASTER CHECKLIST

A. RETURNS CONSOLIDATION

☐ IRR, TVPI, NAV, and DPI consolidated in the portfolio system
☐ One definition per metric fixed in the definition register
☐ NAV consolidated on a single IFRS 13 basis owned by the Fund CFO

B. HEALTH SCORECARD

☐ One row per venture with consolidated returns and a single health status
☐ Health status rolled up with one-signal-per-category discipline
☐ Trajectory shown alongside level for every venture

C. EARLY-WARNING SIGNALS

☐ Leading indicators rolled up from the I3 and H2 metrics
☐ A threshold defined for every downside signal
☐ A severity assigned to every downside signal

D. AUTOMATED REPORTING

☐ Executive, board, and Investment Committee views generated from one source
☐ Reports built as views over data, not rebuilt each cycle
☐ Predictive analytics applied to flag risk before the threshold is crossed

E. ESCALATION PATH

☐ An owner, response, and timeline defined for every severity
☐ Decision types named: support, restructure, hold, exit
☐ Escalation linked to the J1 follow-on discipline and L3 ownership outcomes

F. CADENCE AND ACCESS

☐ Monthly Close Owner portfolio review scheduled
☐ Quarterly Investment Committee portfolio review over the H3-extended pack scheduled
☐ Access and permissions model defined before any view is shared

G. REHEARSAL AND GOVERNANCE

☐ A downside signal rehearsed end to end and gaps fixed
☐ Escalation decisions land in a Decision Record
☐ Dual-track ownership and returns responsibilities confirmed

H. FINAL CHECK

☐ The fund can see the portfolio, not just the ventures
☐ A downside signal triggers a rehearsed response within a defined timeline
☐ Every escalation decision is captured in a Decision Record

If a signal can fire with no owner, threshold, or timeline
→ It is not monitoring. Close the gap before it matters.