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EXCLUSIVE | INVESTING

## New Tech Fund Backed by Jeff Bezos Courts Individual Investors

Coatue's fund is being anchored by \$1 billion from family offices of Amazon founder and Michael Dell

BY ANGEL AU-YEUNG

The often opaque world of Silicon Valley venture capital is opening up a bit wider to individual investors.

Hedge-fund giant Coatue Management is launching a fund that invests in high-growth public and private tech companies, and requires a minimum investment of \$50,000. The family offices of Amazon.com founder Jeff Bezos and PC company founder Michael Dell have committed a total of \$1 billion to seed the new fund, according to Coatue.

"It's such an obvious idea that if I don't do it, someone else will," Philippe Laffont, Coatue's founder, said in an interview. He said he personally pitched Bezos and Dell, including one over dessert at lunch. (Laffont didn't divulge which of the two.)

The new fund will invest around 20% to 50% of its assets in private investments, and the rest in public stocks, according to a pitch deck seen by The Wall Street Journal.

Access to private tech companies and other nonpublicly listed investments has historically been reserved for the super-rich and institutional investors, such as endowments and sovereign-wealth funds. But big asset managers including BlackRock and KKR have been seeking to expand by tapping into the vast pool of individual investors' wealth.

Coatue, founded in 1999, is a powerhouse in tech venture and growth investing with a private portfolio that includes OpenAI and Elon Musk's SpaceX and xAI.

For its other funds, Coatue typically requires a minimum investment of \$5 million.



Philippe Laffont, founder of Coatue Management.

PHOTO: JEENAH MOON/BLOOMBERG NEWS

The New York-based firm managed \$54 billion in assets as of December, according to the pitch deck. That included around \$22.3 billion invested in public stocks and \$22.9 billion marked for early-stage and growth venture investments.

Coatue's new fund could be a lucrative new revenue stream. It will charge an annual management fee of 1.25% plus 12.5% of the fund's annual profits, providing the profits exceed 5%.

Redemptions won't be as easy as with publicly listed funds. Investors will be able to sell their shares once a quarter, with Coatue capping total redemptions at

5% of the fund. Those who sell in the first year will incur a 2% penalty.

The fund will launch with Swiss banking giant UBS, and be made available to wealth-management clients through advisers as soon as this week, according to people familiar with the matter.

Not everyone at Coatue wanted to target individual investors, but Laffont said opening up tech investments "makes the job a little bit less boring."

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**An investment in the Fund is speculative with a substantial risk of loss. You should carefully consider these risks together with all of the other information contained in this Prospectus before making a decision to invest in the Fund.** Shares are an illiquid investment.

**The Shares are sold only to persons or entities that are both "accredited investors," as defined in Section 501(a) of Regulation D under the Securities Act, and "qualified clients," as defined in Rule 205-3 under the Advisers Act.** The Fund has no operating history.

Shares are not listed on any securities exchange, and it is not anticipated that a secondary market for Shares will develop. Although the Fund may offer to repurchase Shares from time to time, Shares will not be redeemable at an investor's option nor will they be exchangeable for shares of any other fund. As a result, an investor may not be able to sell or otherwise liquidate his or her Shares. The Adviser intends to recommend that, in normal market conditions, the Fund's Board of Trustees conduct quarterly repurchase offers of no more than 5% of the Fund's net assets.

A 2% early repurchase fee (an "Early Repurchase Fee") may be charged by the Fund with respect to any repurchase of Shares from a shareholder at any time prior to the day immediately preceding the one-year anniversary of the Shareholder's purchase of the Shares.

The Fund may use leverage as, and to the extent, permitted by the 1940 Act. The Fund is permitted to obtain leverage using any form of financial leverage instruments, including funds borrowed from banks or other financial institutions, margin facilities, notes or preferred stock and leverage attributable to reverse repurchase agreements or similar transactions. See "Leverage Risk" in "Risks" in the Prospectus.

An investment in the Fund may not be suitable for investors who may need the money they invested in a specified timeframe.

Shares are subject to substantial restrictions on transferability and resale and may not be transferred or resold except as permitted under the Fund's agreement and declaration of trust.

The amount of distributions that the Fund may pay, if any, is uncertain.

The Fund may pay distributions in significant part from sources that may not be available in the future and that are unrelated to the Fund's performance, such as the sale of assets, borrowings, return of capital, offering proceeds or from temporary waivers or expense reimbursements borne by the Adviser or its affiliates that may be subject to reimbursement to the Adviser or its affiliates.

Please refer to [coatuectek.com](http://coatuectek.com) for a list of current holdings.

AI is an emerging technology and, as a result, is subject to a higher level of risk and uncertainty than more established industries/sectors. The AI Companies, including potential Coatue investments, could be adversely affected if AI adoption is slower, more limited or less successful than anticipated.

The views expressed reflect the opinions of the author as of the date of this article and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

The Coatue Innovation Fund is distributed by Foreside Fund Services, LLC.

The Coatue Innovation Fund is a continuously offered, non-diversified, unlisted closed-end management investment company structured as a "Tender Offer Fund".

## **PROSPECTUS SUMMARY OF FEES & EXPENSES**

<b>Shareholder Transaction Expenses</b> <i>(fees paid directly from your investment)</i>	<b>Class S Shares</b>	<b>Class D Shares</b>	<b>Class I Shares</b>
Maximum Sales Load (as a percentage of purchase amount)	3.50%	1.50%	None
Maximum Early Repurchase Fee (as a percentage of repurchased amount)	2.00%	2.00%	2.00%
Dividend Reinvestment and Cash Purchase Plan Fees	0.00%	0.00%	0.00%

  

<b>Estimated Annual Operating Expenses</b> <i>(as a percentage of net assets attributable to Shares)</i>	<b>Class S Shares</b>	<b>Class D Shares</b>	<b>Class I Shares</b>
Advisory Fee	1.25%	1.25%	1.25%
Incentive Fee	0.00%	0.00%	0.00%
Distribution and Servicing Fee	0.85%	0.25%	None
Other Expenses	0.89%	0.89%	0.89%
Total Annual Expenses	2.99%	2.39%	2.14%
Less Fee Waiver / Expense Reimbursement	-0.14%	-0.14%	-0.14%
Total Annual Expenses after Fee Waiver / Expense Reimbursement	2.85%	2.25%	2.00%

## **PROSPECTUS SUMMARY OF FEES AND EXPENSES DISCLOSURES**

Investors purchasing Class S and Class D Shares may be subject to a sales load of up to 3.50% and 1.50%, respectively, of the investment amount. Class I shares are not sold subject to a sales load. Please consult your financial intermediary for additional information.

A 2.00% Early Repurchase Fee payable to the Fund will be charged with respect to the repurchase of Shares at any time prior to the day immediately preceding the one-year anniversary of a Shareholder's purchase of the Shares (on a "first in - first out" basis). An Early Repurchase Fee payable by a Shareholder may be waived in circumstances where the Board determines that doing so is in the best interests of the Fund and in a manner that will not discriminate unfairly against any Shareholder. The Early Repurchase Fee will be retained by the Fund for the benefit of the remaining Shareholders.

The Fund does not currently expect to charge fees under its Dividend Reinvestment Plan. The Fund does not presently maintain a Cash Purchase Plan.

The Fund pays the Adviser an Advisory Fee of 1.25% on an annualized basis of the value of the Fund's net assets calculated and accrued monthly as of the last business day of each month and payable monthly. For purposes of determining the Advisory Fee payable to the Adviser, the value of the Fund's net assets will be calculated prior to the inclusion of the Advisory Fee and Incentive Fee payable to the Adviser or to any purchases or repurchases of Shares of the Fund or any distributions by the Fund. The Adviser has agreed to voluntarily waive its Advisory Fee for the six-month period from the Initial Closing Date. The Advisory Fees waived by the Adviser during this six-month period are not subject to recoupment by the Adviser under the Expense Limitation Agreement. Such fee waiver is not reflected in the above fee table.

The Adviser will charge an Incentive Fee equal to 12.5% of the Fund's Total Return, subject to a 5.0% annual Hurdle Amount and a High Water Mark with a 100% Catch-Up (each as defined and described in further detail herein). The Incentive Fee will be measured on a calendar year basis, be paid annually and accrue monthly (subject to pro-rating for

partial periods). No Incentive Fee is shown in the table as the Fund has not yet commenced operations and no performance return has been assumed.

Class S Shares and Class D Shares are subject to an ongoing Distribution and Servicing Fee to compensate financial industry professionals for distribution-related expenses, if applicable, and providing ongoing services in respect of Shareholders who own Class S or Class D Shares of the Fund. Class S Shares and Class D Shares pay a Distribution and Servicing Fee to the Distributor at an annual rate of 0.85% and 0.25%, respectively, based on the aggregate net assets of the Fund attributable to such class.

Other Expenses are based on estimated amounts that have been annualized for the current fiscal year and include, among other things, estimated professional fees and other expenses that the Fund bears, including initial and ongoing offering costs, fees and expenses related to the administration of the Fund, transfer agent and custodian and the reimbursement of costs of personnel associated with the Adviser or its affiliates who provide certain non-advisory services to the Fund, as permitted under the Investment Advisory Agreement.

Pursuant to an expense limitation agreement (the "Expense Limitation Agreement") with the Fund, the Adviser has agreed to waive fees that it would otherwise be paid, and/or to assume expenses of the Fund, if required to ensure that annual operating expenses (excluding (i) the Advisory Fee; (ii) the Incentive Fee; (iii) any Distribution and Servicing Fee; (iv) all fees and expenses of portfolio companies in which the Fund invests (including all acquired fund fees and expenses); (v) transactional costs associated with consummated and unconsummated transactions, including legal costs and brokerage commissions, associated with the acquisition, disposition and maintenance of investments by the Fund; (vi) interest; (vii) taxes; (viii) brokerage commissions; (ix) dividend and interest expenses relating to short sales; and (x) extraordinary expenses (expenses resulting from events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence)) do not exceed 0.75% per annum of the average monthly net assets of each class of Shares. With respect to each class of Shares, the Fund agrees to repay the Adviser any fees waived under the Expense Limitation Agreement or any expenses the Adviser reimburses in excess of the Expense Limitation Agreement for such class of Shares, provided the repayments do not cause annual operating expenses for that class of Shares to exceed the expense limitation in place at the time the fees were waived and/or the expenses were reimbursed, or the expense limitation in place at the time the Fund repays the Adviser, whichever is lower. Any such repayments must be made within three years after the month in which the Adviser incurred the expense. The Expense Limitation Agreement has a term ending one year from the initial offering of the Fund's securities under an effective Registration Statement on Form N-2, and the Adviser may extend the term for a period of one year on an annual basis, subject to the approval of the Board, including a majority of the Independent Trustees. Organizational and certain initial operating expenses incurred prior to the commencement of the Fund's operations and reimbursed by the Adviser are included as reimbursable expenses under the Expense Limitation Agreement, subject to the same three-year recoupment period.