

CVCA 2009 Annual Conference
28th May 2009

VC fundraising environment – the future that lies ahead

Daniel Dupont, Coller Capital (moderator)

Panelists:

Ian Carew, TD Capital Private Equity Investors

Jacques Bernier, Teralys Capital

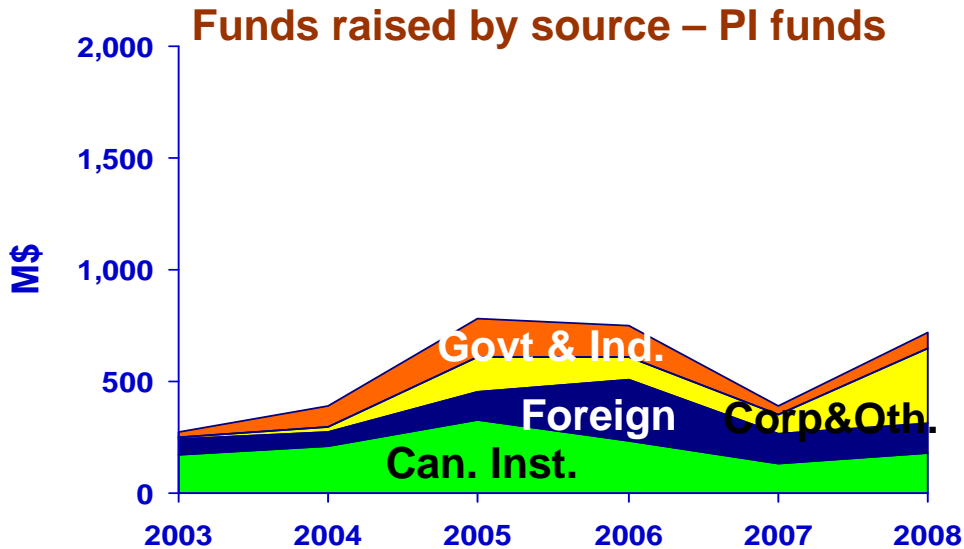
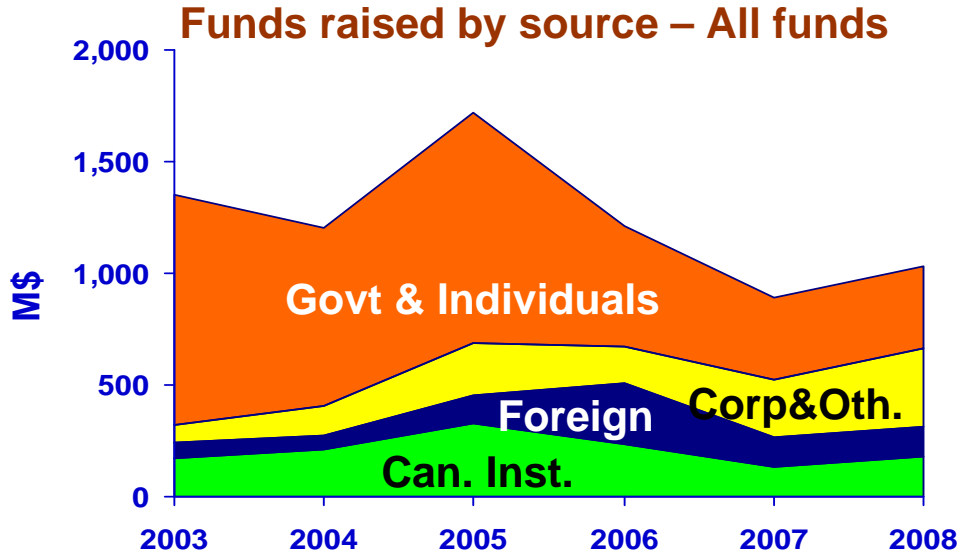
Steven Hnatiuk, Yaletown Venture Partners

Benoît Hogue, Propulsion Ventures Inc.

Jim Soleymanlou, RainMakers Private Equity

The fund raising equation of our industry

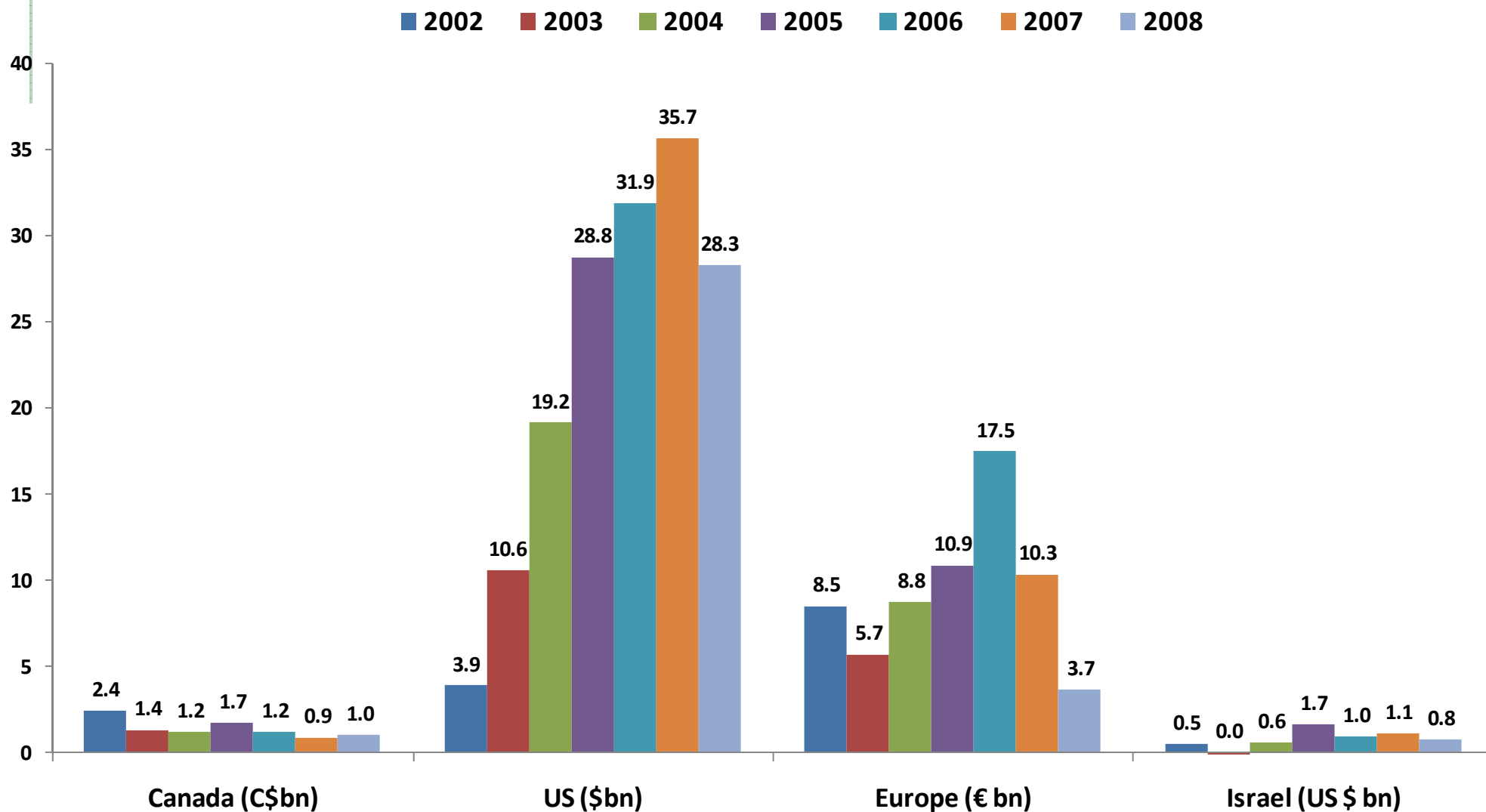
New data



- Investment by Canadian institutional investors is low: performance, allocation, diversification outside Canada
- Investment by foreign investors, which in the long term should compensate for the diversification of Canadian investors outside Canada is still low: young industry, absence of track record
- Corporations and banks have played a significant role through corporate funds and more recently in private independent funds
- Historically the Canadian VC industry has been mainly funded by governments or individuals benefiting from tax credits
- This source has been divided by 3 since 2003 (\$1027M to \$367)
- It has not been replaced by other sources

VC fundraising – local currencies

Collier Capital



	Canada (C\$)	US (\$)	Western Europe & Israel (\$)	Europe (€)
1 year	3.4	-20.9	-8.9	-17.9
3 years	2.5	4.2	5.8	0.0
5 years	0.0	6.4	2.9	2.1
10 years	1.7	15.5	1.7	0.4

Sources: NVCA/Thomson Reuters, Cambridge Associates, Thomson Reuters

LPs declining to re-invest with some of their GPs in the last 12 months

	North American LPs (%)
Summer 2007	77%
Summer 2008	62%
Summer 2009	92%

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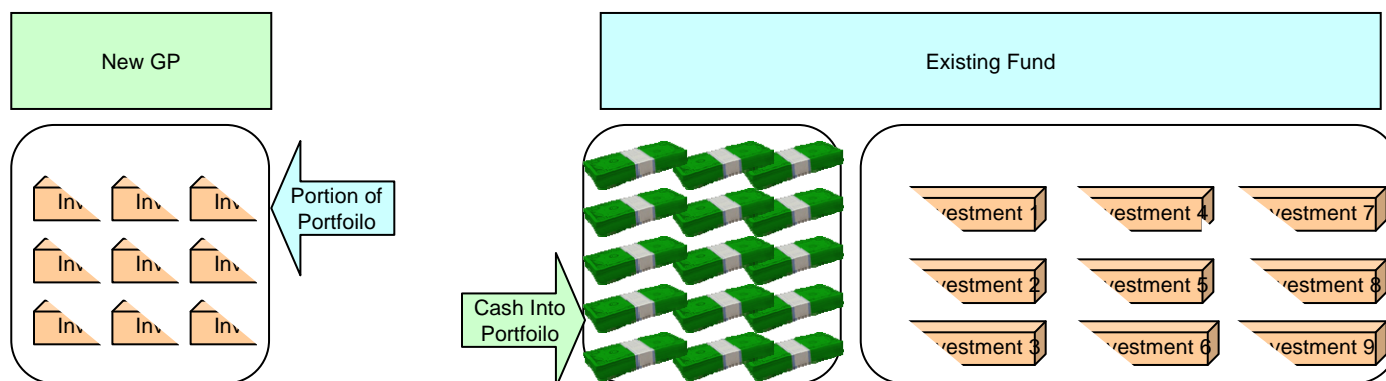
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Secondary Direct Transaction Structure

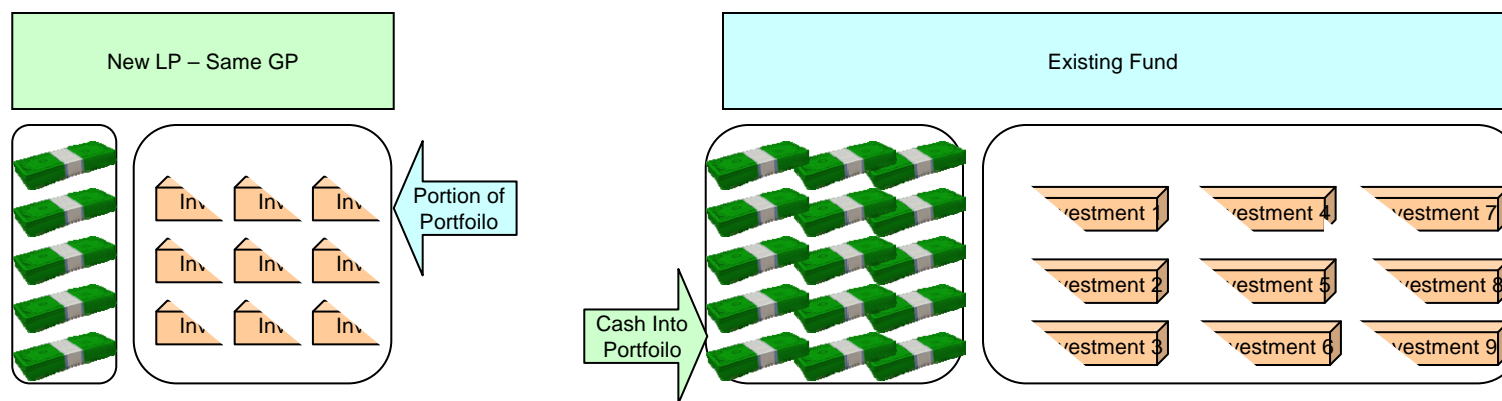


New GP:

- Buys % of portfolio stakes
- Becomes co-investor w/ fund
- No future funding commitment

Existing Fund:

- Receives cash for % of portfolio stakes
- Incurs dilution of portfolio ownership
- Can use cash for portfolio or distribute to LPs



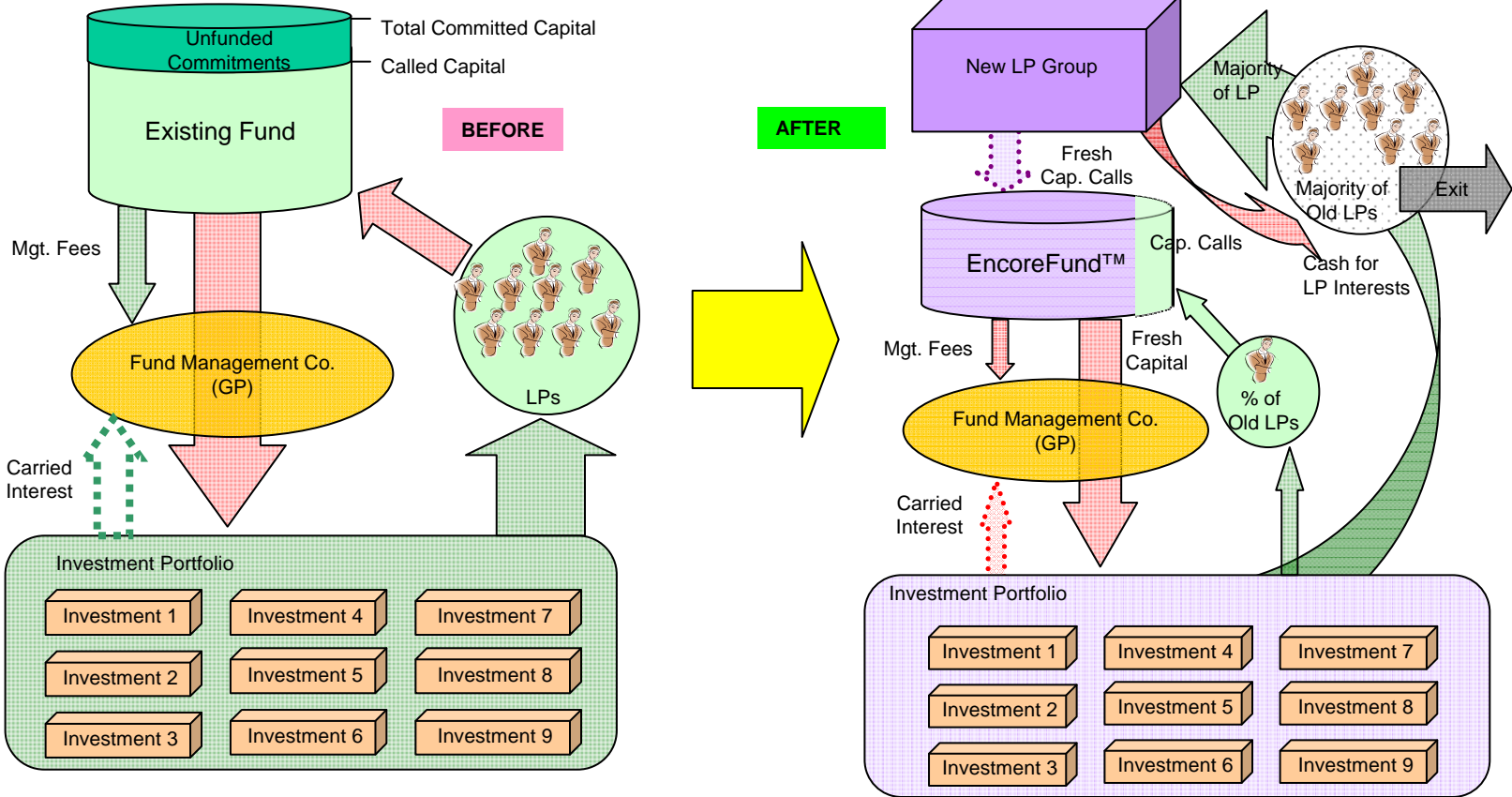
New LP:

- Buys % of portfolio stakes
- Becomes co-investor w/ fund
- Pro rata funding commitment

Existing Fund:

- Receives cash for % of portfolio stakes
- Incurs dilution of portfolio ownership
- Can use cash for portfolio or distribute to LPs
- Less funding risk for portfolio

EncoreFund™ Transaction Structure



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