

eVENTURE newsletter

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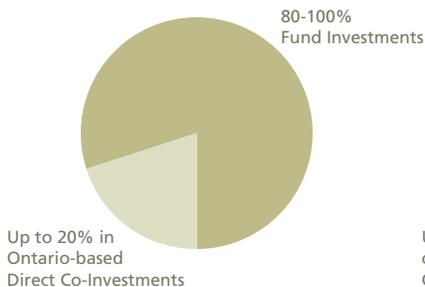
About OVCF

The Ontario Venture Capital Fund (OVCF) is a joint initiative between the Government of Ontario and leading institutional investors to invest primarily in Ontario-based and Ontario-focused venture capital and growth equity funds that support innovative, high growth companies. OVCF is structured as a fund of funds.

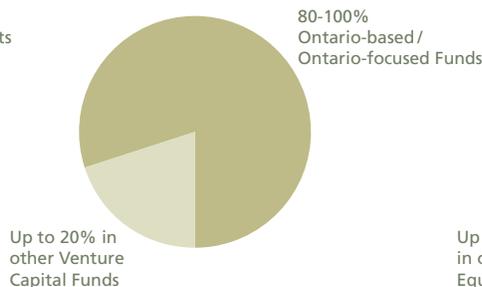
Through a disciplined focus on generating superior returns for its Lead Investors and fostering the development of best-in-class fund managers, OVCF serves as an important catalyst in ongoing efforts to create a profitable, globally competitive and self-sustaining venture capital industry in Ontario.

The portfolio guidelines of the Fund are as follows:

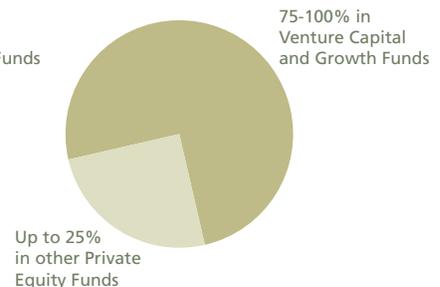
Investment Type



Geographic Focus



Sector Focus



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LEAD INVESTORS



FUND MANAGER

CONTACT

Northleaf Capital Partners, 79 Wellington Street West, 6th Floor, Box 120, Toronto, Ontario M5K 1N9
tel: 1.866.964.4141 | fax: 416.304.0195 | ovcf@northleafcapital.com | www.ovcf.com



OVCF successfully completes its investment program

The Ontario Venture Capital Fund (“OVCF”) is pleased to announce that the Fund has completed its investment program and is fully committed to a strong portfolio of top-tier managers and direct co-investments. Over the past 5 years, OVCF has served as a catalyst for the development of the venture capital ecosystem in Ontario and has successfully achieved its portfolio guidelines and strategic objectives. OVCF has made nine commitments to top-tier fund managers including Georgian Partners, Relay Ventures, XPV Capital, Celtic House Venture Partners, Golden Venture Partners, Rho Canada, and Lumira Capital. In addition to fund investments, OVCF has also made a number of direct co-investments in innovative, high-growth companies including Achievers, TeamBuy, Polar Mobile, Spectra7, BlueCat Networks, Shopify, and, most recently, Newterra.

“We are thrilled with the composition of the OVCF portfolio which encompasses both funds and direct co-investments across the IT, healthcare, and clean tech sectors,” said Melissa McJannet, Managing Director of Northleaf Capital Partners (“Northleaf”), the manager of OVCF. “These investments reflect OVCF’s long-term strategy – the construction of a portfolio of high-potential Ontario-based and

Ontario-focused venture capital and growth equity funds with the scale and resources to execute their plans, support successful high-growth companies and deliver world-class returns.”

“We are proud that OVCF has been widely acknowledged as an innovative and successful partnership involving government and private sector participants,” said Ian Carew, Director of Northleaf. “We believe that OVCF has fostered the development of best-in-class fund managers, and we look forward to continuing to support OVCF’s funds and portfolio companies as they contribute to the development of a profitable, globally competitive and self-sustaining venture capital industry in Ontario.”



OVCF makes commitment to Golden Venture Partners

The Ontario Venture Capital Fund has committed \$5 million to Golden Venture Partners I, a Toronto-based seed and early stage venture capital fund focused on the mobile market. Founded by Matt Golden, an experienced mobile investor with 15 years of venture capital, operations and legal experience, Golden Venture Partners targets companies developing mobile and web-related platform technologies. For more information on Golden Venture Partners, visit www.goldenvp.com.

Northleaf Capital Partners, the manager of OVCF, recently sat down with Golden Venture Partners to discuss their fund and outlook on the mobile sector.

Golden Venture Partners has a focused, niche strategy. Can you expand on your investment thesis and how it positions you in the marketplace? Golden Venture Partners (“GVP”) is a Toronto-based early-stage micro-venture capital fund investing throughout North America, with the majority of our investments in Ontario. We focus on investment opportunities that leverage two important factors:

First, the unparalleled growth and market opportunity within mobile technology, and second, the dramatic evolution in how companies are created, financed and acquired.

In terms of mobile growth and the opportunity, we believe that the mobile market is, and will continue to be, the driving force of technology growth. An IBM study found that by the end of the year, there will be more connected devices than people on the planet. Smartphone sales hit one billion units globally in 2013 and are forecast to increase by 300% by 2019. Tablet sales are expected to eclipse combined desktop and laptops sales by 2015, growing from 227 million units sold in 2013 to 338 million units in 2015. From a consumer behavior perspective, a shocking 91% of mobile users keep their device within arms reach 100% of the time. This increased device penetration and the ubiquitous availability of cloud computing has caused existing consumer and enterprise value chains to rapidly become antiquated. GVP invests in next generation products and services that capitalize on these opportunities and are truly disruptive within their respective markets.

The second key factor is the evolution in how companies are being created. Due to the proliferation of technology and the commercialization of cloud computing, today’s entrepreneurs can rapidly launch, test and scale new products and services while using capital much more efficiently. GVP invests at the early stages of this cycle, working with entrepreneurs to achieve product market fit and hit the core milestones that make their companies attractive to next level venture capital investment. Because of our focus on early-stage companies, GVP is able to invest smaller amounts of capital and acquire larger ownership interests in its portfolio companies.

What is the profile of the typical company you invest in?

When evaluating investment opportunities, GVP looks holistically at three core areas: team, market opportunity and traction. Because of the early-stage nature of our investments, the most critical weighting is generally on the quality of the team. We have built a large network of high potential entrepreneurs and

work hard to ensure that when the time is right, we're their first phone call. We also seek companies that are building quickly towards very large markets. Because mobile technology is still in its early stages, we believe that there are opportunities to be truly disruptive with the right technology and target investments accordingly. Finally, we look for an indication of traction and market acceptance. Although some of our investments are very early stage, an indication of month-over-month growth in revenue, customer acquisition and engagement are often leading traction signals.

To date we have been extremely successful applying these criteria and have backed a number of top-tier first-time and repeat entrepreneurs across North America. As an early-stage fund, GVP works closely with our portfolio companies, providing high level strategy, goal setting, recruiting support and a host of other valuable inputs to building a company. GVP has also provided its companies with much-needed marketing and PR support by hiring a top-tier executive from Silicon Valley, ensuring its portfolio companies learn how to properly market and communicate their brands.

What is your outlook on the mobile sector for the next 2-5 years? What major changes are influencing the types of investments you are making today?

People now spend more time consuming media content on mobile devices than they do on TV, or their PC. Smartphone usage surpassed one billion users globally in 2012 and is forecast to double to two billion users by the end of 2015. Gartner estimates that 139 billion apps will be downloaded in 2014, generating \$35 billion in revenue. These revenues are forecast to grow to \$75 billion by 2017. Meanwhile, mobile advertising is the fastest growing advertising segment, growing at 81% this past year in the US. Interestingly, it still only represented 3.7% of all ad spend. Forecasts call for continued growth to 8.4% by 2015 and we expect ongoing expansion as mobile devices continue to penetrate the market. As the overall market evolves, we anticipate a few high-level trends, including greater market penetration and influence from emerging markets, the maturation

and leveraging of mobile data and analytics, as well as continued growth in native mobile social media and networks where there are less clear dominant players, as is the case on the web.

In the market today, probably the single largest shift we're seeing is the adoption of mobility in the enterprise. Enterprises have begun to adopt Bring Your Own Device ("BYOD") programs and allow a more open attitude to new productivity services that can be sold into the enterprise on a bottoms-up basis. Similarly, enterprises are growing increasingly comfortable with mobile cloud infrastructure services as they look to replace outdated on-premise solutions. Equally exciting is the SMB/mobile workforce whom, to date, have not been well served by desktop technology but will thrive on mobile focused business process software.

What types of mobile opportunities are you seeing in the Ontario market?

Ontario is a hub for mobile entrepreneurship and development talent. While the ecosystem continues to evolve, it has matured significantly over the past few years with more repeat entrepreneurs and more general bench strength across all of the necessary skill sets required to start and grow disruptive companies. Of the fund's 15 investments, eight are Ontario-based companies and we expect that ratio to remain consistent moving forward. World-class mobile companies such as Wattlepad and TopHat are being created in Ontario and are attracting top-tier venture capital and we expect this trend to accelerate over the coming years.



Ontario Venture Capital Fund provides lead commitment to Georgian Partners Growth Fund II

The Ontario Venture Capital Fund (“OVCF”) committed \$17.5 million to Georgian Partners Growth Fund II (“Georgian Partners”), an Ontario-based venture capital fund focused on investing in expansion stage Enterprise Software, internet and information companies that are exploiting Applied Analytics, the convergence of Cloud-based business solutions, Big Data, and broad Information Rights.

“We are delighted to once again provide a lead commitment to support Georgian Partners - one of Canada and Ontario’s most promising venture capital funds,” said Ian Carew, Director of Northleaf Capital Partners (“Northleaf”), the manager of OVCF. “The investment in Georgian Partner reflects OVCF’s strategy to invest in best-in-class Ontario-based and Ontario-focused venture capital and growth equity funds. We are confident in Georgian Partners’ ability to apply its deep global software domain knowledge and proven operational expertise to help its portfolio companies achieve their growth potential.”

OVCF first supported Georgian Partners with an anchor commitment to Georgian Partners Growth Fund I back in 2010. “We are extremely pleased with the strong relationship and partnership we have built with Georgian Partners over the past number of years,” said Melissa McJannet, Managing Director of Northleaf. “Four years after our first fund investment with Georgian Partners, we have successfully co-invested alongside the fund in a number of promising Ontario-based portfolio companies and, at this early stage in its lifecycle, have already have seen a number of exciting portfolio company successes and early realizations.”

Georgian had a strong close on its second fund – with more than \$100 million in commitments. “We are grateful to have the support of OVCF as our lead investor for the second time,” said Justin LaFayette, founder and Managing Director of Georgian Partners. “OVCF has proven to be a patient investor and true partner throughout the past fund cycle, and the assistance and guidance that OVCF and Northleaf have provided has been, and continues to be, invaluable.”

For more information on Georgian Partners’ investment strategy and team, visit www.georgianpartners.com.



OVCF makes direct co-investment alongside XPV Capital in Newterra

The Ontario Venture Capital Fund recently completed a direct co-investment in Newterra Group Ltd. (“Newterra”), a leading provider of decentralized, modular water and wastewater treatment solutions to the industrial and municipal markets. The company has vertically integrated operations that design, engineer, manufacture and support Newterra’s innovative advanced water treatment systems, many of which utilize the company’s proprietary Membrane Bioreactor and MicroClear™ membrane module technologies.

With eight offices worldwide and approximately 170 employees, Newterra has proven traction and leadership across multiple, high-growth end markets. Its customers include Fortune 500 oil & gas, mining, industrial and food & beverage companies, in addition to major engineering, procurement, construction firms, municipalities and private developments.

OVCF invested alongside XPV Capital, a leading investor focused exclusively on the water sector.

“Newterra is a shining example of the emerging companies in which XPV invests,” said David Henderson, Managing Director of XPV Capital. “We support water technology companies that take advantage of global trends affecting the way we use, manage and treat water. Newterra is capturing opportunities created by a shift towards modular, decentralized treatment solutions, and our additional investment in them is a strong vote of confidence in the next phase of their success.”

“OVCF is proud to partner with XPV Capital in supporting Newterra, an innovative, fast-growing company, as it continues its global expansion and embarks on its next phase of growth,” said Melissa McJannet, Managing Director of Northleaf Capital Partners, the manager of OVCF. “Newterra represents OVCF’s seventh direct co-investment and we are delighted to include this high potential Ontario-based company in the OVCF portfolio.”

For more information on Newterra, visit www.newterra.com and for more information on XPV Capital, visit www.xpvcapital.com.



Ontario Venture Capital Fund invests in recent Shopify Series C financing

The Ontario Venture Capital Fund (“OVCF”) is delighted to announce it has made a direct co-investment in Shopify Inc. (“Shopify”), alongside Georgian Partners. This recent commitment is in addition to a number of direct co-investments that OVCF has made in innovative, high-growth companies (including Achievers, TeamBuy, Polar Mobile, Spectra7, BlueCat Networks and Newterra).

Shopify is a unique and highly successful SaaS-based e-commerce platform that provides retailers with the tools they need to setup an online store, including free web-based store building software and unlimited e-commerce website hosting. Shopify is proudly Canadian, with offices in Ottawa, Toronto and Montreal. The company has experienced impressive growth over the last two years, quadrupling its number of customers, and is well positioned to benefit from the compelling, high growth e-commerce industry segment. Shopify currently powers over 80,000 entities in 80 countries, including Tesla Motors, Gatorade, Forbes, Amnesty International, Encyclopedia Britannica, CrossFit, and many more.

“We are thrilled to have participated in the Series C financing for Shopify alongside our partner, Georgian Partners, and other leading world class investors,” said Ian Carew, Director of Northleaf Capital Partners, the manager of OVCF. “We are excited to have this successful and fast growing technology company in the OVCF portfolio – it is a great example of a high-potential firm that is well positioned to deliver world-class returns.”

For more information on Shopify, visit www.shopify.com.



AccelerateTO: Celebrating entrepreneurial success

AccelerateTO, in partnership with the C100, hosted the fourth annual AccelerateTO conference, bringing together Toronto’s top technology entrepreneurs, influencers and investors. The goal of AccelerateTO is to accelerate early-stage Canadian technology companies through stronger relationships with Silicon Valley and Canadian influencers and investors.

On September 19, 2013, Ryerson’s Mattamy Athletic Centre was packed with 700 attendees to hear social media magnate Jack Dorsey, co-founder of Twitter and CEO of Square, share his story of entrepreneurial success. In addition to Dorsey, Kobo founder Mike Serbinis took the stage to share his Canadian success story.

OVCF was delighted to be the presenting sponsor of the closing reception of AccelerateTO, held at the National Ballet School’s Toronto campus.

NVCF

NORTHLEAF VENTURE CATALYST FUND

Northleaf Capital Partners selected as Venture Capital Action Plan Fund Manager

Northleaf Capital Partners (“Northleaf”) is pleased to announce that it has been selected to manage Northleaf Venture Catalyst Fund (the “Fund”), a newly created fund of funds that will invest in high-potential venture capital fund managers across Canada. Northleaf Venture Catalyst Fund, the first fund of funds to be established through the Venture Capital Action Plan, will be market-based and returns focused, with the aim of supporting the most promising opportunities in Canada.

Northleaf will manage the Fund on behalf of major Canadian institutional investors, including Canada Pension Plan Investment Board, OpenText™ Corporation, BMO Financial Group, Canadian Imperial Bank of Commerce, National Bank of Canada, RBC, Scotiabank and TD Bank Group, as well as the Government of Canada and the Government of Ontario.

Northleaf was selected following a rigorous review process that included an evaluation of several of the world’s leading private equity fund of funds managers. In its role as fund manager, Northleaf will execute on the Fund’s strategy by constructing a focused portfolio of high-potential fund managers with sufficient scale and resources to deliver world-class returns, and by promoting the ongoing adoption of global best practices across the Canadian venture capital industry.

Northleaf Venture Catalyst Fund will build upon the success of the Ontario Venture Capital Fund and serve as the next important catalyst in promoting a vibrant venture capital industry in Canada.

[Click here](#) to read the official press release.

OVCF IN THE NEWS

[Spectra7 opens on TSX as Canada’s new semiconductor company](#)

[Celtic House portfolio company ViXS Systems Inc. closes largest going public TSX financing since 2011](#)

[Matt Golden, Kunal Gupta and John Albright named as top players in Toronto’s digital industry by *Toronto Life*](#)

[Shopify and Achievers top Deloitte Technology Fast 50™ list](#)