

Saskatchewan Fund of Funds Proposal



We're adding an F.

Food. Fuel. Fertilizer. **Founders.** The world wants what we have. We should leverage and protect it.

Saskatchewan is losing ground as our biggest thinkers, best entrepreneurs and their ideas are going elsewhere.

Founders follow capital. With the click of a mouse, they can transfer their intellectual property and establish their business anywhere.

Our neighbours to the east and west, specifically, are pulling together well-capitalized investment funds, incentives and pitch packages aimed at Saskatchewan Founders.

To keep what we've built – and continue to grow – we need to ensure our Founders and start-ups have the tools, capital, connections and climate to thrive right here.

FIERCE COMPETITION FOR FOUNDERS

- Opportunity Calgary Investment Fund and Innovate Calgary
- Ontario Emerging Technologies Fund
- Manitoba's Small Business Venture Capital Tax Credit –provides a non-refundable tax credit of up to 45% to individuals and corporations
- Alberta's Major Innovation Fund

We have what the world wants - including our locally-grown Founders. Let's make sure they stay and grow in Saskatchewan.

Giving Small Business a Boost

A new way to channel capital to founders ready to scale and help Saskatchewan compete and win.

Access to capital is critical for the development and expansion of Saskatchewan small businesses. Small businesses (1-49 employees) are the backbone of Saskatchewan's economy, and primary job creators, accounting for more than 98% of businesses operating in our province and representing nearly one-third of Saskatchewan's GDP.

Our future depends on innovators, creators and independent owner-operators who are primed to grow and ready to scale up.

SMALL BUSINESS, BIG IMPACT

- Nearly 150,000 small businesses operating in Saskatchewan
- 30% of Saskatchewan workers are employed by a small business.
- Small businesses pay out \$6.8 billion in wages and salaries or 25% of Saskatchewan's total payroll.
- Represent 29% of Saskatchewan's GDP.

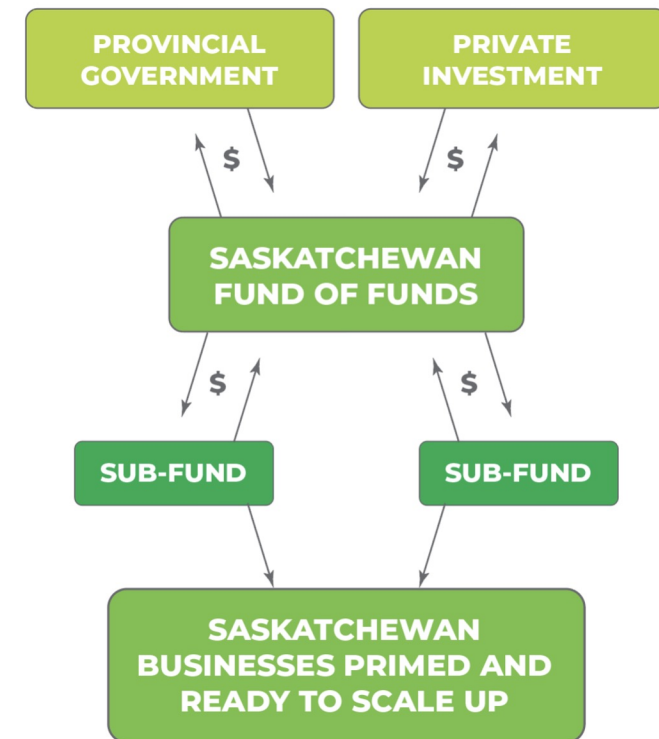
Fund of Funds Structure

Assures that companies have already been “vetted” by expert sub-funds, **de-risking the investment** for taxpayers.

A Saskatchewan Fund of Funds would only invest in other funds with a commitment to the Province. Similar to other provinces, these are funds that agree to meet the sub-fund requirements and invest directly in Saskatchewan businesses following their own established and independent investment guidelines.

OTHER FUNDS OF FUNDS

- BC Tech Fund - A \$100 M venture capital fund to help promising local tech companies to take the next step.
- Manitoba First Fund - \$100 M provincially funded venture capital organization formed as a fund of funds to partner with existing investment fund managers that commit to investing in Manitoba.
- Alberta Enterprise Corporation - Since its inception the fund has invested \$1.1 billion into Alberta tech companies and has created 2982 direct and countless indirect jobs in the province.



Seeding Success

Pre-Seed, Seed and Series-A stages are where competition is **most fierce** and capital is needed most.

PRE-SEED

ROUND SIZE \$10K-\$500K

Pre-seed funding is the initial phase of venture financing. It marks the beginning of the seed funding process. At this point, entrepreneurs use their own resources to develop and grow their startup while seeking guidance and assessing viability.

- Assemble a team
- Create a minimum viable product
- Showcase the product's potential and attract investment

SEED

ROUND SIZE \$500K-\$5M

Seed funding is the first official equity funding stage, where investors provide funding in exchange for equity ownership in the startup. Funds raised at this stage can vary from a few thousand dollars to several million dollars.

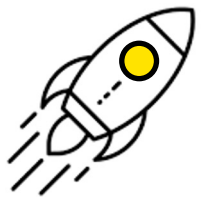
- Support the initial influx of capital
- Go-to-market strategy are being developed

SERIES-A

ROUND SIZE \$5M+

It is the first round of investment for new businesses. At this stage, startups must have a developed product, consistent revenue flow, and a plan to generate long-term profits.

- Options for VC's and external Investment through additional rounds



Criteria

What's needed to drive investment, shore up our sector and sustain Saskatchewan's leadership.

DIVERSE

Funding is not sector specific

EARLY

Pre-Seed Round
Seed Round
Series-A Round

LOCAL

Minimum **50%** of employees residing in SK

An investment into a Venture Capital Fund will drive province wide growth, with economic benefits well beyond the reaches of the capital deployed.

Cost-Neutral Approach

Goal: minimize **taxpayer impact and risk**, making it a cost-neutral or even revenue-positive over the long term.

SHARED OPPORTUNITY

Government's commitment is supplemented by private sector investment, market expertise, efficiency, and a profit-driven mindset, reducing the risk and burden to the public.

REPLENISHING CAPITAL

The fund becomes self-sustaining over time, reducing the need for continuous injections of government capital.

SUCCESS SPIN-OFFS

Growing businesses, and the jobs they create, means added personal and business tax revenue for the province. Additionally, the province will share in profits generated by the Fund with the ability to withdraw capital.

INVESTMENT

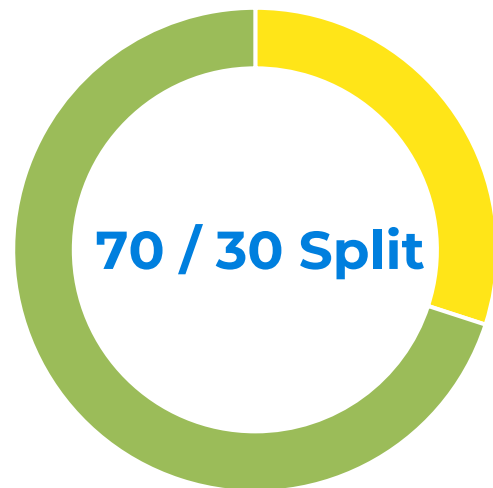
\$100 Million
(Capital Call
Structure)

Fund Focus

The Fund should target **sectors of strength** without losing sight of high-potential start-ups in other areas.

Mining, energy, and agriculture are Saskatchewan's sectors of strength, representing a substantial proportion of our province's economic output.

As such, we believe 70% of fund's investments should focus on bolstering these sectors with the remaining portion targeted to start-ups in other areas.



■ Diverse Sectors ■ Key Sectors

This approach will drive and incentivize innovation that strengthens our economic pillars and, at the same, allows us to capitalize on emerging technologies and solutions that serve other industries and sectors of the economy.

Widely-recognized companies like Coconut Software, Vendasta, 7shifts, and Skip the Dishes are examples of start-ups that would have been ineligible for investment if 100% of funds has been restricted to Saskatchewan's "sectors of strength."

Propelling the Growth Plan

Saskatchewan's SMEs are **ready to deliver** the jobs, productivity and innovation needed to hit our 2030 goals.

1.4 million people living in Saskatchewan

100,000 new jobs

Grow capital investment to \$16 billion annually

Small businesses are best-positioned to create new jobs opportunities for skilled workers and those looking for solid entry-level job opportunities.

Small businesses (1-49 people) are the engines of Saskatchewan's economy, accounting for more than 98% of businesses and nearly one-third of the province's GDP.

With more opportunities for people to invest directly into locally-owned and operated businesses, all segments of our economy will attract investment, driving us to our 2030 goal.