



**Venture  
Ontario**

## **2024-2027 Business Plan**

Authorization:

Original approved by:  
"Vic Fedeli"

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Signature

March 26, 2024  
Date

The Honourable Vic Fedeli  
Minister of Economic Development, Job Creation and Trade

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## 1.0 Executive Summary

The annual business plan for Venture Ontario maps out the agency's strategic direction and upcoming activities for the next three fiscal years.

Management Board of Cabinet ("MBC") categorizes Venture Ontario as a "board-governed agency". Board-governed agencies are able to carry on as a business and conduct operations in support of their mandates. Such agencies are also required to submit their annual business plan to their responsible Minister no later than one month before the beginning of the provincial agency's fiscal year for approval (for Venture Ontario, by March 1). As such, results included in this business plan do not cover the entire 2023-2024 fiscal year<sup>1</sup> and will instead be reported as of the date of submission.

Venture Ontario was established as an agency of the Crown on February 1, 2009 by the *Venture Ontario Act, 2008* (the "Act") and is accountable to the Minister of Economic Development, Job Creation and Trade (the "Minister"). Venture Ontario's mandate is closely aligned with the Province's focus on economic growth and increased employment in Ontario. Specifically, Venture Ontario:

- Makes investments and manages its interest in venture capital funds and technology companies;
- Provides advice to the Province on venture capital matters; and
- Supports the development of Ontario's venture capital ecosystem and the implementation of the Province's venture capital policies.

Venture Ontario has committed approximately \$475 million to Ontario-based/Ontario-focused fund managers and start-up companies, up from \$425 million compared to last year. Venture Ontario's venture capital initiatives, together with third-party capital, have collectively made available over \$5.5 billion to venture capital fund managers and companies in Canada. Through Venture Ontario's investments, Ontario portfolio companies currently employ over 10,800 people and have cumulatively recorded approximately \$12.7 billion in revenues and \$3.6 billion in R&D expenditures.<sup>2</sup>

Compared to traditional economic development programs (e.g. grants, loans and tax credits), Venture Ontario's investments in venture capital funds have proven to be an effective tool to create the next generation of high quality, high paying jobs in Ontario, with little to no cost to government. Venture Ontario's investments are intended to ultimately generate net positive returns to the Province and capture the full economic benefits of such investments (e.g. jobs, tax revenues, etc).

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<sup>1</sup> Venture Ontario's fiscal 2023-2024 is April 1, 2023 to March 31, 2024.

<sup>2</sup> Revenues and R&D expenditures are reported as of December 31, 2022 have been aggregated across Venture Ontario's portfolio since inception. As individual fund managers may co-invest in syndicate, the aggregated figures may overstate these metrics due to potential double counting.

Access to venture capital is critical to the success of small Ontario businesses, playing a key role in their development, until such time that they can access additional sources of financing, such as loans and other debt instruments. Venture Ontario also supports Ontario technology companies by assisting in the development of Ontario-based fund managers and investment professionals. This helps to ensure that there is local talent capable of identifying world-class entrepreneurs and technologies, with the necessary experience to guide these companies in scaling up their operations and ultimately to a profitable exit.

A strong venture capital infrastructure and investment climate are needed to build and retain globally competitive companies in Ontario, rather than “seeding” the companies which are later forced to relocate (e.g. to the U.S.) to access larger, more available pools of capital and global markets. High potential, Ontario-based companies require access to capital for all stages of development, as well as top-tier fund managers who are able to provide expertise in scaling and monetizing technologies.

The development of a long-term, sustainable venture capital industry in Ontario, will in turn help strengthen Ontario’s economy and create job opportunities in key economic sectors of the province. Through its investments, Venture Ontario provides Ontario’s leading technology entrepreneurs with much needed capital that may otherwise not be available to them, so that they can bring new discoveries to market, and help them to achieve the scale necessary to realize their full economic potential.

With portfolio diversification across a sizable number of funds and companies to mitigate financial risks, Venture Ontario provides a market focussed means to help develop small businesses and to better capture the associated economic benefits over the long term, including the creation of high quality, high paying jobs for the people of Ontario.

Over the next three years, Venture Ontario will continue to deliver on its mandate, while also engaging the Ministry and the Government on possible follow-up programming and initiatives, so that Venture Ontario can continue to provide much needed access to capital to high-potential, Ontario-based technology companies.

## 2.0 Highlights of Fiscal 2023-24 Results to Date

Strategic directions for fiscal 2023-24 were aligned with the agency mandate letter for fiscal 2023-24 and focused on the following:

- Managing Venture Ontario's investment portfolio and business operations in a prudent and cost-effective manner using self-generated revenue to cover the agency's operations;
- Supporting the development of Ontario's venture capital ecosystem and strategically investing in venture capital funds, while maintaining Venture Ontario's high rate of net positive returns to the Province;
- Ensuring that Venture Ontario Fund and Venture Ontario Fund II investments are consistent with the Investment Framework that ensures investments are aligned with current government priorities, including but not limited to the commercialization/retention of intellectual property in Ontario and support for growth-oriented venture funds critical to Ontario firms reaching international prominence; and  
Working alongside Invest Ontario<sup>3</sup> to align investment attraction efforts to support the growth of local companies (Invest Ontario is an investment attraction agency that primarily provides business support programs, such as loans, grants, wage subsidies, and tax credits, whereas Venture Ontario focuses on making investments in Ontario-based/Ontario-focused fund managers and start-up companies).

In support of the strategic directions, corporate activities have been grouped into two categories: (1) Venture Ontario's business operations and (2) Venture Ontario's investment portfolio.

Objectives, performance measures and specific targets were set for each of these categories. An overview of results achieved for specific targets can be found in Section 10.

### Venture Ontario's Business Operations

The agency is substantially meeting all 2023-24 targets related to the objectives set out for Venture Ontario's business operations. These objectives included:

- Ensuring Venture Ontario's business operations are managed efficiently and effectively, including its limited partnership interests in externally-managed funds and the remaining OETF direct co-investments; and
- Ensuring continuity of business services.

## Venture Ontario's Investment Portfolio

Venture Ontario is substantially meeting all 2023-24 targets related to the objectives set out for Venture Ontario's investment portfolio. These objectives included:

- Ensuring investment portfolio is sufficiently diversified to mitigate financial risks while supporting the Province's venture capital policies;
- Maintain a positive net multiple of capital across Venture Ontario's investment portfolio;
- Track portfolio activity quarterly and report annually on key performance indicators;
- Respond to all capital calls from externally-managed funds by the required deadline; and
- Develop key relationships and networks (with VC fund managers, technology companies, institutional investors, VC associations, angel investor associations, and innovation-focused organizations) to gather market intelligence that will support better investment decisions and the development of venture capital public policies.

Below is a summary of results for Venture Ontario's investment portfolio to date and activities related to supporting the development of the venture capital ecosystem. For those funds that are actively investing but do not have sufficient activity at this time to aggregate results and preserve confidentiality, results are expected to be included in a future reporting cycle once available.

A complete list of Venture Ontario's investments can be found in Appendix B.

Please note that:

- As individual fund managers may co-invest in syndicate, the aggregated figures may overstate these metrics and may not be mutually exclusive.
- As Venture Ontario's underlying portfolio companies exit a fund that Venture Ontario has invested in or as Venture Ontario invests in new opportunities (i.e., investments in new funds with underlying portfolio companies), annual impact drivers, such as employment, will increase or decrease accordingly. Therefore, an increase or decrease from a prior year cannot solely be attributed to investment performance.
- For each fund, values related to revenues, R&D expenditures and employment are as of December 31, 2022 as reported by the fund manager.
- Data is provided to Venture Ontario by external fund managers as available and aggregated as of the date of submission. Data is regularly updated and subject to change. All figures are in Canadian dollars unless otherwise noted.

### Ontario Emerging Technologies Fund (“OETF”) Results:

- Investments:
  - Committed a total of approximately \$105 million to 27 Ontario-based companies
- Leverage on investments:
  - Approximately \$3.5 of third-party capital for every \$1 of OETF capital invested

### OETF portfolio companies have cumulatively recorded to date:

- \$1 billion in revenues; and
- \$450 million in R&D expenditures;

### Ontario Venture Capital Fund (“OVCF”) Results:

- Investments:
  - 9 commitments to Ontario-based/focused funds; and
  - 7 direct co-investments into Ontario-based companies.
- Leverage on investments:
  - Approximately \$5 in third party capital for every \$1 of OVCF capital invested.
- Capital committed by OVCF, together with third party capital, have collectively provided over \$1 billion to Ontario-based/focused funds and companies.

### OVCF Ontario-based portfolio companies have cumulatively recorded:

- \$5.5 billion in revenues;
- \$1.2 billion in R&D expenditures; and
- Employ over 2,600 people.

### Northleaf Venture Capital Fund (“NVCF”) Results:

- Investments:
  - 15 fund commitments; and
  - 12 direct co-investments into Canadian companies.
- Leverage on investments:
  - Approximately \$7.5 in third party capital for every \$1 of NVCF capital invested.
- Capital committed by NVCF, together with third party capital, have collectively provided over \$2 billion to funds and companies with a Canada/Ontario presence.

NVCF Ontario-based portfolio companies have cumulatively recorded:

- \$4.9 billion in revenues;
- \$1.3 billion in R&D expenditures; and
- Employ over 4,880 people.

ScaleUp Venture Fund I (“SUVF I”) Results:

- Investments:
  - 28 direct co-investments, including 16 Ontario-based companies totalling approximately \$45 million.
- Leverage on investments:
  - Approximately \$7.8 in third party capital for every \$1 of SUVF I capital invested in Ontario-based companies.
- Capital committed by SUVF, together with third party capital, have collectively provided approximately \$398 million to Ontario companies.

SUVF I Ontario-based portfolio companies have cumulatively recorded:

- \$489 million in revenues;
- \$151 million in R&D expenditures; and
- Employ over 1,104 people.

Yaletown Innovation Growth Fund I (“IGF I”) Results:

- Investments:
  - 3 direct co-investments into Ontario-based companies totalling approximately \$27.5 million.
- Leverage on investments:
  - Approximately \$4.2 in third party capital for every \$1 of IGF I capital invested in Ontario-based companies.
- Capital committed by IGF I, together with third party capital, have collectively provided approximately \$143 million to Ontario companies.

IGF I Ontario-based portfolio companies have cumulatively recorded:

- \$57 million in revenues;
- \$53 million in R&D expenditures; and
- Employ over 210 people.



Lumira Ventures III LP (“Lumira III”) Results:

- Investments:
  - 5 direct co-investments into Ontario-based companies totalling approximately \$23 million.
- Leverage on investments:
  - Approximately \$20 in third party capital for every \$1 of Lumira capital invested in Ontario-based companies.
- Capital committed by Lumira III, together with third party capital, have collectively provided approximately \$480 million to Ontario companies.

Lumira III Ontario-based portfolio companies have cumulatively recorded:

- \$395 million in revenues;
- \$230 million in R&D expenditures; and
- Employ approximately 229 people.

Genesys Ventures III LP (“Genesys III”) Results:

- Investments:
  - 6 direct co-investments into Ontario-based companies totalling approximately \$37.5 million.
- Leverage on investments:
  - Approximately \$20 in third party capital for every \$1 of Genesys III capital invested in Ontario-based companies.
- Capital committed by Genesys III, together with third party capital, have collectively provided approximately \$785 million to Ontario companies.

Genesys III Ontario-based portfolio companies have cumulatively recorded:

- \$39 million in revenues;
- \$217 million in R&D expenditures; and
- Employ over 257 people.

Amplitude Ventures I LP (“Amplitude I”) Results:

- Investments to date:
  - 4 direct co-investments into Ontario-based companies totalling approximately \$36 million.
- Leverage on investments:
  - Approximately \$10.7 in third party capital for every \$1 of Amplitude I capital invested in Ontario-based companies.

- Capital committed by Amplitude I, together with third party capital, have collectively provided approximately \$421 million to Ontario companies.

Amplitude I Ontario-based portfolio companies have cumulatively recorded:

- \$14 million in revenues;
- \$67 million in R&D expenditures; and
- Employ over 115 people.

Yaletown Innovation Growth Fund II (“IGF II”) Results:

- Investments:
  - 2 direct co-investments into Ontario-based companies totalling approximately \$26 million
- Leverage on investments:
  - Approximately \$5 in third party capital for every \$1 of IGF II capital invested in Ontario-based companies.
- Capital committed by IGF II, together with third party capital, have collectively provided approximately \$156 million to Ontario companies.

IGF II Ontario-based portfolio companies have cumulatively recorded:

- \$107 million in revenues;
- \$150 million in R&D expenditures; and
- Employ over 800 people.

Whitecap Venture Partners V LP (“Whitecap V”) Results:

- Investments:
  - 4 direct co-investments into Ontario-based companies totalling approximately \$18 million.
- Leverage on investments:
  - Approximately \$1 in third party capital for every \$1 of Whitecap V capital invested in Ontario-based companies.
- Capital committed by Whitecap V, together with third party capital, have collectively provided approximately \$35 million to Ontario companies.

Whitecap V Ontario-based portfolio companies have cumulatively recorded:

- \$2.4 in revenues;
- \$1.7 in R&D expenditures; and
- Employ over 60 people.

Maverix Growth Equity GP (“Maverix”) Results:

- Investments:
  - 3 direct co-investments into Ontario-based companies totalling approximately \$145 million.
- Leverage on investments:
  - Approximately \$2.3 in third party capital for every \$1 of Maverix capital invested in Ontario-based companies.
- Capital committed by Maverix, together with third party capital, have collectively provided approximately \$480 to Ontario companies.

Maverix Ontario-based portfolio companies have cumulatively recorded:

- \$78 in revenues;
- \$5 in R&D expenditures; and
- Employ over 220 people.

Panache II GP Inc. (“Panache”) Results:

- Investments:
  - 10 direct co-investments into Ontario-based companies totalling approximately \$6 million.
- Leverage on investments:
  - Approximately \$10 in third party capital for every \$1 of Panache capital invested in Ontario-based companies.
- Capital committed by Panache, together with third party capital, have collectively provided approximately \$70 million to Ontario companies.

Panache Ontario-based portfolio companies have cumulatively recorded:

- \$1.2 in R&D expenditures; and
- Employ over 50 people.

Recent Venture Ontario investments, which include Lumira IV, Climate Innovation Capital, Northleaf Growth Fund and Amplitude Ventures Fund II, are actively investing but do not have sufficient activity at this time to aggregate results and preserve confidentiality. These results are expected to be included in the next reporting cycle.

## **Summary of Results Related to Activities Supporting the Development of Ontario's Venture Capital Ecosystem**

Venture Ontario is substantially meeting all 2023-24 targets to support the development of Ontario's venture capital ecosystem, as well as the implementation of the Province's venture capital policies. Activities to support these efforts involve building key relationships and networks to gather market intelligence that will support investment decisions and the development of venture capital public policies.

As of the date of this report, Venture Ontario has participated in a number of important Canadian venture capital and sector related events and conferences, including:

- OBIO Investor Summit;
- Canadian Innovation Exchange (CIX);
- Canadian Venture Capital Association (CVCA) Annual Conference;
- Innovation and Resilience Forum Private Markets Canada Conference;
- AGRI Tech Venture Forum;
- Healthcare Investor Conference;
- The Future of Transportation and Mobility;
- Women's Private Capital Summit Canadian Fintech Summit;
- Collision Toronto; and
- Toronto World Economic Forum.

Venture Ontario's participation at such investment and sector events is helping to raise awareness of the agency's mandate and potential investment opportunities in Ontario.

Venture Ontario is also proactively holding discussions with venture capital funds, investors, technology industry thought leaders and subject matter experts to gather critical market intelligence that will help shape appropriate venture capital public policies in the coming years. While continuing to provide advice to the Ministry and the Province on venture capital matters as required, Venture Ontario staff also participated in relevant venture capital organizations, such as serving as board member and chair of the membership committee to the Canadian Venture Capital and Private Equity Association (CVCA)<sup>4</sup>.

For the remaining fiscal year, Venture Ontario is taking an active role in industry events, such as speaking at the Canadian Innovation Exchange (CIX) and the Women's Private Capital Summit. Venture Ontario expects to attend a total of about 25 venture capital and related industry events this fiscal year.

Such events are essential to building and maintaining strong relationships with other investors, thought leaders, and subject matter experts, who interact with

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<sup>4</sup> The CVCA is a professional association that brings members together by connecting private capital professionals, facilitating partnerships and enabling connections to foster and knowledge to prosper.

the sector and companies at various stages of their lifecycle. The stronger these relationships are, the more effectively Venture Ontario can access market intelligence with respect to funds that are currently or expected to fundraise, as well as insight to help identify potential stage or sector gaps faced by Ontario-based technology companies. With experience in both direct investments into companies and investments into venture capital funds, Venture Ontario shares its feedback, perspectives and observations through proactive outreach to venture capital fund managers, as well as new and established Ontario-based companies. This outreach includes “Ask the Investor” sessions at industry conferences and responding to direct inquiries to Venture Ontario or via the Ministry. By providing feedback in areas such as fundraising, investment thesis, and other relevant matters, Venture Ontario can help fund managers to further define and advance their value proposition. Venture Ontario plans to continue its strategic engagement with stakeholders over the next three years.

### 3.0 Mandate and Governing Legislation

Venture Ontario (or the “Corporation”) was established by the *Venture Ontario Act, 2008* (the “Act”) and performs the following activities:

- (a) Receive, hold, administer and otherwise deals with the interest of the Government of Ontario in the limited partnership known as the Ontario Venture Capital Fund LP;
- (b) Acquire, manage and otherwise deal with the other investments or classes of investments that are prescribed by the regulations;
- (c) Carry out the other objects that are prescribed by the regulations; and
- (d) Receive, hold, invest, sell or otherwise deal with property, whether real or personal, in connection with the objects described in clause (a), (b), or (c).

The Act provides that the Minister may issue policies or directives in writing to Venture Ontario on matters relating to the exercise of its powers or duties, and the Board of Directors of Venture Ontario (the “Board”) shall ensure that such policies and directives are implemented in a timely manner.

Ontario Regulation 278/09 made under the Act (the “Regulation”) prescribes additional duties with respect to investments, which authorizes Venture Ontario to make:

1. Investments in venture capital funds that invest in,
  - i. for-profit businesses, if the venture capital fund’s investments include investments in private businesses, or
  - ii. other venture capital funds that invest in for-profit businesses if the other venture capital fund’s investment includes investments in private businesses.
2. Investments in for-profit businesses that are,
  - i. private businesses<sup>5</sup>, or
  - ii. public businesses<sup>6</sup>, if the Corporation,
    - A. invested in the business when it was a private business, or
    - B. has an investment in a venture capital fund described in paragraph 1 that made a direct or indirect investment in the business when it was a private business.
3. Investments in businesses that the Corporation considers to be emerging technology businesses, which portfolio shall be known in English as the Ontario Emerging Technologies Fund and in French as Fonds ontarien de développement des technologies émergentes.

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<sup>5</sup> In the regulation, “private business” means a business that is not a public business;

<sup>6</sup> In the regulation, “public business” means a business that lists its securities on a stock exchange.

Under the Regulation, Venture Ontario can also perform other activities to help further develop the Ontario venture capital ecosystem as follows:

- (a) Develop or participate in conferences or other events regarding venture capital matters;
- (b) Collect, analyze or distribute information regarding venture capital matters;
- (c) Provide advice to the Government of Ontario on venture capital matters; and
- (d) Undertake other activities that are similar or related to the objects described in the bullets above.

The Act, together with Venture Ontario's corporate by-laws and the Memorandum of Understanding (MOU) between the Minister and Chair of the Board, describe in general terms the way Venture Ontario is to be operated and managed.

Venture Ontario is required to provide its annual report to the Minister within 120 days after fiscal year end. The annual report is tabled in the Legislature. The financial statements are consolidated with the Public Accounts of Ontario.

## **4.0 Overview of Current and Future Initiatives**

### **4.1 Current Initiatives**

Venture Ontario is responsible for managing its OETF investment portfolio and its limited partnership interests in externally-managed funds. A list of Venture Ontario's fund portfolio can be found in the Appendix B.

### **4.2 Future Initiatives**

In addition to continuing to make investments under the Venture Ontario Fund, the agency will implement new initiatives as approved by the Province in a cost-effective and efficient manner. As capital is returned from current investments, Venture Ontario will work with the Ministry to develop and implement economic development policies that support Ontario technology companies, which may include, but are not limited to:

- Identifying sectors and stage of growth in the Ontario venture capital market through research, networks and market intelligence; and
- Deploying capital in those areas through strategic investments in fund managers targeting such sectors and stage of growth through the Venture Ontario Fund.

Venture Ontario will also continue to focus on helping to develop a long term, sustainable venture capital industry in Ontario to create an environment where technology companies can thrive, which in turn will help grow Ontario's economy and create job opportunities in key economic sectors of the province. As part of

this effort, Venture Ontario will assist the Ministry as required to review better ways to measure the impact of government investment on the venture capital ecosystem.

## **5.0 Environmental Scan: Assessment of Issues Facing Venture Ontario**

### **5.1 External Factors**

Throughout 2023, Ontario's venture capital market remained robust. Venture investment continued to cool from the unprecedented increase in investment experienced in 2021 and to a lesser extent in 2022. At approximately \$3 billion invested, activity reverted to pre-pandemic levels roughly on par with 2019's \$2.9 billion. Overall, there has been a steady increase in annual venture capital investment in Ontario as the Province emerged from the 2008-09 turmoil. The steady upward climb reflects the region's attractiveness to investors, supported by a favorable business environment and a growing entrepreneurial ecosystem. While global economic conditions will continue to shape and influence the Ontario venture marketplace, it would seem the significantly elevated investment levels between 2020 and 2022 were an outlier.

Technology investment continues to dominate Ontario, representing 85% of dollars invested, continuing a trend that over the past decade that has seen an annual average of 80% of investment flow to high-tech start-ups. Toronto in particular has emerged as a global hub for artificial intelligence, fintech, digital banking, and blockchain technology startups. Health/biotechnology companies have not enjoyed the same level of investment attraction, registering only 2% of total dollars and marking the 4<sup>th</sup> time in the prior 5 years the sector has accounted for single digit share of investment. Investments in cleantech and other non-high technology account for the remaining 13% of investment, which is largely on par with recent averages. As global awareness of climate change has increased, there has been a growing interest in clean energy startups with the industry beginning to carve a niche for itself.

Distribution of investment across company stages does not deviate from recent trends but nonetheless provides insight into the dynamics of Ontario's venture capital market. Later stage companies received 43% of all investment dollars, on par with the previous year and above the 5-year average. Expansion stage investment fell sharply from 37% to 21% of the total. In contrast, early-stage companies attracted an additional 10% of market share compared to 2022, for a total of 30% of invested capital. Early-stage funding remains crucial for fostering innovation in the province, with government support a necessary anchor in encouraging innovation and growth in the venture capital asset class.

Ontario-based startups continue to have a strong appeal to international investors, specifically US-based firms. In 2023, US investors accounted for 41%



of invested capital in Ontario once again outpacing Canadian firms (39%) as it has in each of the previous two years. International investment, which accounts for 60% of total Ontario investment, highlights the recognition of the region as a key player in the global innovation landscape.

While Silicon Valley remains unchallenged as the global benchmark in venture capital activity, Ontario has ranked within the top 10 North American jurisdictions for capital investment in 12 of the last 13 years. In 2023, Ontario ranked 7<sup>th</sup> in total investment affirming itself as a prominent hub within the North American landscape. Within Canada, Ontario continues to rank 1<sup>st</sup> as it has for the past 20 years, accounting for 42% of all venture investment.

### **Economic Outlook**

According to TD Economics<sup>7</sup>, with central banks biased toward monetary tightening over roughly the past 2 years, inflationary pressures appear to be cooling across the G-7 economies. With expectations of stable but persistent high interest rates and other factors, the pace of global expansion is expected to slow from 3.1% this year to 2.6% in 2024. Canada's economy is not immune against the weight of high interest rates and a litany of other factors that has contracted the economy over the past two quarters. An expected rebound in the fourth quarter is likely to be short-lived given the weight of high interest rates relative to essentially "free" money over the pandemic. Countercyclical buffers are wearing thin such that real GDP growth in Canada is expected to slow from a modest 1.1% pace this year to only 0.5% in 2024.

In North America, business investment outperformed through the initial 9-months of the year. As in the United States, investment in Canada has been uplifted by government subsidies for clean energy, infrastructure and re-shoring projects; moreover, ongoing normalization of vehicle production as supply chains improve has enabled some pent-up investments on transportation equipment. However, these factors won't completely outweigh the cyclical forces of weaker corporate profits and relative high borrowing costs, which are expected to push non-residential investment from a 3% pace this year to less than 1% in 2024. Likewise, the economy will likely fail to get much support from residential investments, which has already affected growth for over a year. If borrowing costs start to come down in the first half of 2024, the drag on effect should diminish.

Given highly indebted households and weak housing markets across Canada, Ontario's economic growth has been resilient through the first half of 2023 realizing real GDP growth of 1.5% year-on-year. Contraction was observed

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<sup>7</sup> TD Economic reports include but not limited to Quarterly Economic Forecast (December 14, 2023); Provincial Economic Forecast (December 19, 2023); and Q&A to Issues Impacting the Economic and Financial Outlook (November 22, 2023).

nation-wide in the third quarter; however, Ontario modestly outperformed overall Canadian performance given the province's relative strength. Economic growth this year has been supported by firm manufacturing activity as well as capital investment. A surge in immigrant and non-permanent residents continues to fuel the province's overall growth, masking soft performance in per-capita consumption. Rate sensitivity driving elevated borrowing costs have been a major headwind to Ontario's highly levered households. Expectations are for much of the same in 2024, with weak consumer spending dragging Ontario's and Canada's economic growth.

With respect to housing, resale markets in the province are among the weakest in the country, but activity may be reviving given a recent pullback in mortgage rates along with bond yields since October 2023. The affordability backdrop has not yet dissuaded builders, with starts and completions running at multi-year highs. And, homebuilding will receive a boost moving forward from the federal/provincial decision to drop HST charges on purpose-built rental construction. The Bank of Canada is expected to start cutting its policy rate this spring, despite inflation remaining above the target, and shelter inflation likely still running hot; thus, limiting its ability to re-anchor consumer inflation expectations.

<b>Ontario Economic Forecasts</b>			
[ Annual average % change, unless otherwise noted ]			
Economic Indicators	2023F	2024F	2025F
Real GDP	1.1	0.3	1.5
Nominal GDP	3.8	3.2	3.5
Employment	2.5	0.3	1.1
Unemployment Rate (%)	5.6	6.9	6.9
Housing Starts (000's)	95.1	87.1	89.4
Existing Home Prices	-5.7	-5.1	2.1
Home Sales	-13.1	2.7	20.7
Source: Statistics Canada, CMHC, CREA, Forecast by TD Economics			

Venture Ontario will continue to risk manage its investment portfolio by diversifying its fund investments, managing incremental changes to risk through new fund commitments, the "pacing" of these investments, and monitoring of underlying portfolio company activities driving fund performance. This will be appropriately balanced with our public policy objectives of building a stronger and more resilient VC ecosystem in Ontario/Canada and continuing to help finance high-potential Ontario-based companies across key strategic sectors. We will closely monitor market risks, the impact of inflationary pressures, tightening of monetary policies with expectations of persistent high interest rates, and expansion of fiscal policies on our investments, and will adjust our investment tactics accordingly to meet our public policy objectives.

## 5.2 Internal Factors

As an agency of the Ontario government, Venture Ontario is required to report on its activities, operations and results, which can be impacted by changes in government directions and policies. Venture Ontario will continue to meet its business objectives while adhering to applicable government-wide directives and reporting requirements.

## 6.0 2024-27 Strategic Directions

Venture Ontario's most recent annual Minister's letter of direction (formerly referred to as the annual agency mandate letter), which covers fiscal year 2024-25, was received on September 27, 2023 and identifies several government-wide priorities for all agencies<sup>8</sup>, as well as specific priorities for Venture Ontario.

Accordingly, Venture Ontario's 2024-2027 strategic directions have been developed in alignment with priorities listed in the new agency mandate letter and corporate activities will focus on the following strategic directions:

- Managing Venture Ontario's investment portfolio and business operations in a prudent and cost-effective manner using self-generated revenue to cover operations;
- Supporting the development of Ontario's venture capital ecosystem and strategically investing in venture capital funds, while maintaining Venture Ontario's high rate of net positive returns to the Province;
- Ensuring that Venture Ontario Fund and Venture Ontario Fund II investments are consistent with the Investment Framework, and also ensuring that investments are aligned with current government priorities, including but not limited to the commercialization and protection of intellectual property in Ontario and support for growth-oriented venture funds critical to Ontario firms reaching international prominence; and
- Working alongside Invest Ontario<sup>9</sup> to align investment attraction efforts to support the growth of local venture capital funds and companies.

In support of the strategic directions, corporate activities have been grouped into two categories: (1) Venture Ontario's business operations and (2) Venture Ontario's investment portfolio. Performance measures and targets have been set accordingly and are outlined in the table below:

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<sup>8</sup> As agencies are expected to act in the best interests of Ontarians by being efficient, effective, and providing value for money to taxpayers, government-wide priorities include (1) competitiveness, sustainability and expenditure management; (2) transparency and accountability; (3) risk management; (4) workforce/labour management; (5) diversity and inclusion; (6) data collection, sharing and use; and (7) digital delivery and customer services.

<sup>9</sup> Invest Ontario is an investment attraction agency that primarily provides business support programs, such as loans, grants, wage subsidies, and tax credits, whereas Venture Ontario focuses on making investments in Ontario-based/Ontario-focused fund managers and start-up companies.

## Venture Ontario's Business Operations

Objective	Performance Measures	New Targets
<ul style="list-style-type: none"> <li>Ensure Venture Ontario's business operations are managed efficiently and effectively, including its limited partnership interests in externally-managed funds and the remaining OETF direct co-investments.</li> </ul>	<ul style="list-style-type: none"> <li>Venture Ontario's adjusted operating expenses (net of any reimbursements received and impairment charges) as a percentage of committed capital to investment funds.</li> <li>Legislative requirements met.</li> <li>Compliance attestation submitted to the Ministry annually to confirm that Venture Ontario is in substantial compliance with all applicable government directives and policies.</li> </ul>	<ul style="list-style-type: none"> <li>Given that the number of investment commitments are expected to increase significantly over the next few years owing to the Venture Ontario Fund, adjusted operating expenses as a percentage of committed capital to be no more than 0.75%, which is at the mid-point of 0.50%-1.0% in management fees typically charged by fund-of-funds.</li> <li>Annual business plan and annual report submitted on March 1 and within 120 days after its fiscal year end respectively.</li> <li>Compliance attestation submitted to the Ministry by prescribed deadline.</li> </ul>
<ul style="list-style-type: none"> <li>Ensure continuity of business services.</li> </ul>	<ul style="list-style-type: none"> <li>% of employee turnover.</li> <li>Internal procedures manual is revised and updated annually.</li> <li>Business continuity plan is provided to the Ministry annually.</li> <li>Detailed risk assessment chart is provided to the Ministry twice a year.</li> </ul>	<ul style="list-style-type: none"> <li>No more than 15% employee turnover annually.</li> <li>Annual update of internal procedures manual completed.</li> <li>Annual update of business continuity plan completed.</li> <li>Semi-annual updates of risk assessment (in March and September) completed.</li> </ul>

## Venture Ontario's Investment Portfolio

Objective	Performance Measures	New Targets
<ul style="list-style-type: none"> <li>Ensure investment portfolio is sufficiently diversified to mitigate financial risks while supporting the Province's venture capital policies.</li> </ul>	<ul style="list-style-type: none"> <li>Number of new strategic fund investments made in alignment with the Province's venture capital policies and the Investment Framework.</li> <li>Investment Framework reviewed with Minister annually.</li> </ul>	<ul style="list-style-type: none"> <li>A minimum of 3 new fund commitments per fiscal year made across 2-3 target sectors as identified in the Investment Framework, with the number of new fund commitments in future years to be dependent on available remaining capital and the level of fundraising activity in the market.</li> </ul>
<ul style="list-style-type: none"> <li>Maintain a positive net multiple of capital across Venture Ontario's investment portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Aggregate net multiple of capital for Venture Ontario investment portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain an average portfolio net multiple of capital of at least 1.20x.</li> </ul>
<ul style="list-style-type: none"> <li>Track portfolio activity quarterly and report annually on key performance indicators.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain key performance indicators and other relevant metrics from the fund managers on a quarterly or annual basis subject to each investments respective partnership agreement; review and ensure adherence to limited partnership agreements; and gather market intelligence with respect to fund commitments/ investments.</li> </ul>	<ul style="list-style-type: none"> <li>On a quarterly basis, portfolio summaries including activity and financial summaries are received. Annually, key performance indicators are included with the quarterly portfolio summaries from each fund manager.</li> </ul>
<ul style="list-style-type: none"> <li>Respond to capital calls from externally-managed funds by the required deadlines.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of capital calls are met by the required deadlines.</li> </ul>	<ul style="list-style-type: none"> <li>Substantially all (95% or more) capital calls are met by the deadlines set by the respective fund managers.</li> </ul>

Objective	Performance Measures	New Targets
<ul style="list-style-type: none"> <li>Develop key relationships and networks (with VC fund managers, technology companies, institutional investors, VC associations, angel investor associations, and innovation-focused organizations) to gather market intelligence for potential investment commitments and the development of venture capital public policies.</li> </ul>	<ul style="list-style-type: none"> <li>Number of meetings with potential investors, fund managers, and other venture capital stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Engaging with a minimum of 12 fund managers per year that are actively fundraising and seeking an investment commitment from Venture Ontario.</li> <li>Hold a minimum of 50 meetings per year with other key relationships and networks.</li> <li>Hold bi-annual meetings with Invest Ontario to exchange investment attraction information and explore partnership opportunities</li> </ul>

## 7.0 Overview of Corporate Risk Assessment and Management

Risk Factor	Description	Likelihood of Occurrence	Impact if Risk Realized	Mitigation Strategy
Human Resources Risk	Risk that Venture Ontario does not have sufficient staff resources or loses key senior staff to deliver on its mandate.	High	High	Review organizational needs on an annual basis and continue to work with the Ministry to get approval on additional FTEs and to take other corrective action as needed.
Financial Risk	Potential weakness in capital markets could make it more difficult to recoup Venture Ontario investments through exits.	Medium	High	Venture Ontario monitors the performance of its investment portfolio by reviewing quarterly reports provided by the fund managers. Any potentially adverse situation with respect to the portfolio is reviewed and a course of action is developed to best remediate such situation.

<b>Risk Factor</b>	<b>Description</b>	<b>Likelihood of Occurrence</b>	<b>Impact if Risk Realized</b>	<b>Mitigation Strategy</b>
Operational Risk	Business continuity risk in the event of disasters or other events.	Medium	Medium	Venture Ontario's business continuity plan is reviewed, updated and approved annually to ensure the agency is prepared for disruption to standard working conditions. Systems, procedures and controls are in place and key staff are adequately prepared to ensure continuity of operations.
Strategic Risk (Policy Changes)	Changes made by the Province to current venture capital policies could result in additional changes to responsibilities for Venture Ontario.	Medium	High	Monitor, assess, and respond to policy development matters in support of the Province's venture capital policies and plans. Provide technical analysis and advice to support the policy process.

## 8.0 Human Resources

Venture Ontario's full-time equivalents ("FTEs") are included as part of the Ministry's overall FTE count. The Ministry's cost of eight (8) Venture Ontario positions and associated overhead are fully recoverable from Venture Ontario.

Venture Ontario's staffing levels are lean compared to public sector bodies with similar economic development mandates, such as BDC and Investissement Québec. Given that the Government approved the delivery of the \$300 million Venture Ontario Fund, the agency continues to work with the Ministry to seek approval for additional FTEs and reduce the risk of key staff departures. Therefore, with the on-going lean staffing model and to help ensure prudent operations, Venture Ontario continues to be supported by a limited number of external service providers having specialized knowledge in fund evaluation, as well as audit and accounting services.

Venture Ontario works with the Ministry's Strategic Human Resources Business Unit to implement and maintain the Province's human resources strategies, policies, and practices.

## 9.0 Communication Plan

As set out in the Memorandum of Understanding between the Minister and Chair of the Board (the “MOU”), Venture Ontario works closely with the Ministry when news releases or announcements are scheduled to be released to the public, including industry stakeholders, in accordance with the MOU’s public communications protocol. Under the MOU, the Deputy Minister of the Ministry of Economic Development, Job Creation and Trade (the “Ministry”) is responsible for ensuring that the Ministry provides communications services to Venture Ontario, including, but not limited to, drafting of news releases related to Venture Ontario’s investments and subject to approval by both the Ministry and Venture Ontario. As previously directed, Venture Ontario will continue to work with selected fund managers and the Ministry to publicly announce investments made under the Venture Ontario Fund.

Updates related to Venture Ontario can be found on its website, [www.ventureontario.ca](http://www.ventureontario.ca). The site includes Venture Ontario’s annual business plan, annual report and relevant portfolio related information including new investments and successful exits. Venture Ontario’s annual financial statements are also available in Volume 2 of the Public Accounts of Ontario.

Updates on the externally-managed funds can be found at the following websites.

Externally-Managed Funds	Website
OVCF	<a href="http://www.ovcf.com">www.ovcf.com</a>
NVCF and Northleaf Growth Fund	<a href="http://www.northleafcapital.com">www.northleafcapital.com</a>
SUVF I	<a href="http://www.suv.vc">www.suv.vc</a>
Yaletown IGF I and IGF II	<a href="http://www.yaletown.com">www.yaletown.com</a>
Lumira III and Lumira IV	<a href="http://www.lumiraventures.com">www.lumiraventures.com</a>
Genesys III & Genesys IV	<a href="http://www.genesyscapital.com">www.genesyscapital.com</a>
Amplitude I and Amplitude II	<a href="https://amplitudevc.com/en">https://amplitudevc.com/en</a>
Whitecap V	<a href="https://whitecapvp.com/">https://whitecapvp.com/</a>
Climate Innovation Capital Fund I	<a href="https://climateic.com/">https://climateic.com/</a>
Maverix Growth Equity Fund I	<a href="https://www.maverixpe.com/">https://www.maverixpe.com/</a>
Panache Ventures Investment Fund II	<a href="https://www.panache.vc/">https://www.panache.vc/</a>
Brightspark Canadian Opportunities Fund II	<a href="https://brightspark.com/en">https://brightspark.com/en</a>
Luge Investment Fund II	<a href="https://www.luge.vc/">https://www.luge.vc/</a>

Venture Ontario responds to inquiries from the public regarding its mandate and responsibilities as required, in a timely manner and in accessible formats as requested.



## 10.0 Overview of 2023-24 Results

In the agency's mandate letter for fiscal 2023-24, the government included a number of general priorities for all agencies to help ensure that agencies act in the best interests of Ontarians by being efficient, effective, and providing value for money to taxpayers. Accordingly, Venture Ontario conducted its operations in alignment with these priorities, including:

### 1. Competitiveness, Sustainability and Expenditure management

- Operating within the agency's allocations and within the Board-approved budget.
- Identifying and pursuing high potential investment opportunities, innovative practices and/or improved program sustainability.
- Complying with applicable direction related to supply chain centralization, including contract harmonization for planned and pending procurements, accounting practices and realty interim measures for agency office space.
- Leveraging and meeting benchmarked outcomes for compensation strategies and directives.

### 2. Transparency and Accountability

- Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.
- Adhering to accounting standards and practices, and responding to audit findings, where applicable.
- Identifying appropriate skills, knowledge and experience needed to effectively support the board's role in agency governance and accountability.

### 3. Risk Management

- Developing and implementing an effective process for the identification, assessment and mitigation of risks, including planning COVID-19 impacts and any future emergency risks.

### 4. Workforce Management

- Optimizing Venture Ontario's organizational capacity to support the best possible public service delivery, including redeploying resources to priority areas, where needed.

### 5. Diversity and Inclusion

- Developing and encouraging diversity and inclusion initiatives by promoting an equitable, inclusive, accessible, anti-racist and diverse workplace.
- Adopting an inclusion engagement process to ensure all voices are heard to inform policies and decision-making.

## 6. Data Collection

- Improving how the agency uses data in decision-making, information sharing and reporting, to inform outcome-based reporting and improve service delivery.
- Increasing data sharing with Supply Chain Ontario when applicable regarding procurement spending and planning, contract arrangements and vendor relations to support data-driven decision-making.
- Supporting transparency and privacy requirements of data work and data sharing with the Ministry, as appropriate.

## 7. Digital Delivery and Customer Service

- Using a variety of approaches or tools to ensure service delivery and service standards are met in all situations, including methods that have evolved since COVID-19.

As of the date of this report, Venture Ontario is substantially on track to meet its fiscal 2023-24 targets (i.e. from April 1, 2023 to March 31, 2024):

### Venture Ontario's Business Operations

Objective	Performance Measures	Targets Set in Previous Business Plan	Results
<ul style="list-style-type: none"> <li>• Ensure Venture Ontario's business operations are managed efficiently and effectively, including its limited partnership interests in externally-managed funds and the remaining OETF direct co-investments.</li> </ul>	<ul style="list-style-type: none"> <li>• Venture Ontario's adjusted operating expenses (net of any reimbursements received and impairment charges) as a percentage of committed capital to investment funds.</li> <li>• Legislative requirements met.</li> <li>• Compliance attestation submitted to the</li> </ul>	<ul style="list-style-type: none"> <li>• Adjusted operating expenses as a percentage of committed capital to be no more than 0.575%, which is at the midpoint of 0.40%-0.75% in management fees typically charged by fund-of-funds.</li> <li>• Annual business plan and annual report submitted on</li> </ul>	<ul style="list-style-type: none"> <li>• Adjusted operating expenses as a percentage of committed capital was 0.469%<sup>10</sup>.</li> <li>• Annual business plan and annual report submitted by the required deadline.</li> <li>• Compliance attestation submitted to the Ministry by the required deadline.</li> </ul>

<sup>10</sup> This value is for the twelve months ended March 31, 2023 and is based on the latest audited financial statements.

Objective	Performance Measures	Targets Set in Previous Business Plan	Results
	<p>Ministry annually to confirm that Venture Ontario is in substantial compliance with all applicable government directives and policies.</p>	<p>March 1 and within 120 days after its fiscal year end respectively.</p> <ul style="list-style-type: none"> <li>• Compliance attestation submitted to the Ministry by prescribed deadline.</li> </ul>	
<ul style="list-style-type: none"> <li>• Ensure continuity of business services.</li> </ul>	<ul style="list-style-type: none"> <li>• % of employee turnover.</li> <li>• Internal procedures manual is revised and updated annually.</li> <li>• Business continuity plan is provided to the Ministry annually.</li> <li>• Detailed risk assessment chart is provided to the Ministry twice a year.</li> </ul>	<ul style="list-style-type: none"> <li>• No more than 15% employee turnover annually.</li> <li>• Annual update of internal procedures manual completed.</li> <li>• Annual update of business continuity plan completed.</li> <li>• Semi-annual updates of risk assessment (in March and September) completed.</li> </ul>	<ul style="list-style-type: none"> <li>• Two staff member are currently on secondment, representing a 25% annual employee turnover; one position has been temporarily backfilled and the other is expected to be filled shortly.</li> <li>• Annual update of internal procedures manual completed.</li> <li>• Annual update of business continuity plan completed.</li> <li>• Semi-annual risk assessments completed and tabled with the Audit &amp; Risk Committee.</li> </ul>

### Venture Ontario's Investment Portfolio

Objective	Performance Measure	Targets Set in Previous Plan	Results
<ul style="list-style-type: none"> <li>Ensure investment portfolio is sufficiently diversified to mitigate financial risks while supporting the Province's venture capital policies.</li> </ul>	<ul style="list-style-type: none"> <li>Number of new strategic fund investments made in alignment with the Province's venture capital policies and the Investment Framework.</li> </ul>	<ul style="list-style-type: none"> <li>A minimum of 3 new fund commitments per fiscal year made across 2-3 target sectors as identified in the Investment Framework, with the number of new fund commitments in future years to be dependent on available remaining capital and the level of fundraising activity in the market.</li> </ul>	<ul style="list-style-type: none"> <li>3 new fund commitments were formally made as of the date of this report made in alignment with the Investment Framework.</li> </ul>
<ul style="list-style-type: none"> <li>Maintain a positive net multiple of capital across Venture Ontario's investment portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Aggregate net multiple of capital for Venture Ontario investment portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain net multiple of capital of at least 1.20x.</li> </ul>	<ul style="list-style-type: none"> <li>Net multiple of capital of 1.49x as at March 31, 2023.<sup>11</sup></li> </ul>
<ul style="list-style-type: none"> <li>Track portfolio activity quarterly and report annually on key performance indicators.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain key performance indicators and other relevant metrics from the fund managers on a quarterly or annual basis subject to each investments respective partnership</li> </ul>	<ul style="list-style-type: none"> <li>On a quarterly basis, portfolio summaries including activity and financial summaries are received. Annually, key performance indicators are included with the quarterly portfolio summaries from</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio summaries and annual key performance indicators received from each fund manager.</li> </ul>

<sup>11</sup> Multiple of capital represents the return to Venture Ontario before the agency's expenses

Objective	Performance Measure	Targets Set in Previous Plan	Results
	agreement; review and ensure adherence to limited partnership agreements; and gather market intelligence with respect to fund commitments/ investments.	each fund manager.	
<ul style="list-style-type: none"> <li>Respond to capital calls from externally-managed funds by the required deadlines.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of capital calls are met by the required deadlines.</li> </ul>	<ul style="list-style-type: none"> <li>Substantially all (95% or more) capital calls met by the deadline specified by the fund manager.</li> </ul>	<ul style="list-style-type: none"> <li>Substantially all capital calls have been met by the required deadlines.</li> </ul>
<ul style="list-style-type: none"> <li>Develop key relationships and networks (with VC fund managers, technology companies, institutional investors, VC associations, angel investor associations, and innovation-focused organizations) to gather market intelligence for potential investments and venture capital public policies.</li> </ul>	<ul style="list-style-type: none"> <li>Number of meetings with potential investors, fund managers, and other venture capital stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Engaging with a minimum of 12 fund managers per year that are actively fundraising and seeking an investment commitment from Venture Ontario.</li> <li>Hold a minimum 50 meetings per year with other key relationships and networks</li> </ul>	<ul style="list-style-type: none"> <li>Engaged with over 40 active fund managers</li> <li>Minimum target of 50 meetings with other key relationships and networks was achieved.</li> </ul>

## Appendix A: Financials

### Proposed Operating Expenditures, Projected Revenues & Funding Requirements

Venture Ontario is a Board-governed provincial agency. It has a legislated requirement to issue audited financial statements for the fiscal year, which are approved by its Board of Directors and to formally submit these to the Minister within 120 days after the end of every fiscal year. The financial statements summarize Venture Ontario's revenue and expenditures and are tabled in the Legislature once approved by the Minister. The statements are also included in the Public Accounts of Ontario. Venture Ontario's financial results are consolidated with those of the Province for Public Accounts and Budget purposes.

Venture Ontario's annual business plan sets out the operating expenditures and revenues of the agency in the past fiscal year with a forecast over the next three fiscal periods, as well as the corresponding projection for the Statements of Financial Position<sup>12</sup>.

**Note:** For the Statement of Operations & Changes in Accumulated Operating Surplus, no speculations are taken with respect to investment income in funds, gains/(losses) in funds, impairment in funds or foreign exchange gains/(losses) subsequent to the year ending March 31, 2024. The values of these financial assets are held constant only for budgeting purposes.

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<sup>12</sup> These statements are consistent with Public Sector Accounting Standards.

Table 1:

<b>Statements of Operating Expenditures</b>	Actual results for the initial 6 months of fiscal 2023-24	Forecast for 12 months of fiscal 2023-24	Forecast for the fiscal years ending March 31st		
			2024-25	2025-26	2026-27
All figures are unaudited (\$,000)					
<b>Shared operating costs with the Ministry:</b>					
Salaries & wages	436	911	1,284	1,336	1,390
Benefits	48	127	186	202	210
Transportation & communications	7	14	19	20	21
Services	52	83	113	118	124
Accommodations	-	102	107	112	118
Supplies & equipment	1	2	2	2	2
<b>Total reimbursements to the Ministry</b>	<b>544</b>	<b>1,239</b>	<b>1,711</b>	<b>1,790</b>	<b>1,865</b>
<b>Other direct operating expenses:</b>					
Cash management fees	12	152	139	119	102
Professional services fees <sup>13</sup>	178	774	832	878	750
Board and committee member expenses	3	5	5	5	6
<b>Total ODOE</b>	<b>193</b>	<b>931</b>	<b>976</b>	<b>1,002</b>	<b>858</b>
<b>Total direct operating expenses</b>	<b>737</b>	<b>2,170</b>	<b>2,687</b>	<b>2,792</b>	<b>2,723</b>

<sup>13</sup> Professional services fees includes external service providers having specialized investment knowledge in fund evaluation, direct co-investment and fund-of-fund investments, as well as audit, bookkeeping and legal services.

Table 2:

<b>Statements of Operations &amp; Changes in Accumulated Operating Surplus</b>	Actual results for the initial 6 months of fiscal	Forecast for 12 months of fiscal	Forecast for the fiscal years ending March 31st		
			2023-24	2023-24	2024-25
All figures are unaudited (\$,000)	2023-24	2023-24	2024-25	2025-26	2026-27
<b>Revenues:</b>					
EOI expense recovery	4	4	-	-	-
Interest income	7,617	13,110	2,500	2,100	1,700
Net realized gains/(losses) on sale of investments in funds	8,431	9,506	n/a	n/a	n/a
Foreign currency exchange gains/(losses)	-78	-1,461	n/a	n/a	n/a
	15,974	21,159	2,500	2,100	1,700
<b>Expenditures:</b>					
Reimbursement to the Ministry	544	1,239	1,711	1,790	1,865
Cash management fees	12	152	139	119	102
Professional services fees	178	774	832	878	750
Board & Committee fees	3	5	5	5	6
	737	2,170	2,687	2,792	2,723
Operating surplus for the period	15,237	18,989	-187	-692	-1,023
Accumulated operating surplus - beginning	507,792	507,792	526,781	526,594	525,902
<b>Accumulated operating surplus - ending</b>	523,029	526,781	526,594	525,902	524,879



Table 3:

<b>Statements of Financial Position</b>	Actual results for the initial 6 months of fiscal 2023-24	Forecast for 12 months of fiscal 2023-24	Forecast for the fiscal years ending March 31st		
			2024-25	2025-26	2026-27
All figures are unaudited (\$,000)					
<b>Financial assets:</b>					
Cash and cash equivalents	83,705	117,710	25,522	24,830	23,807
Marketable securities	277,036	204,631	245,678	210,147	180,612
Accounts receivable	4,003	2	2	2	2
Ontario Emerging Technologies Fund	1,313	1,313	1,313	1,313	1,313
Investments in limited partnerships	159,353	204,174	255,128	290,659	320,194
	525,410	527,830	527,643	526,951	525,928
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	1,722	400	400	400	400
Accumulated surplus	523,688	527,430	527,243	526,551	525,528
<b>Accumulated surplus is comprised of:</b>					
Accumulated operating surplus	523,029	526,781	526,594	525,902	524,879
Accumulated remeasurement gains/(losses)	659	649	649	649	649
	523,688	527,430	527,243	526,551	525,528

## Appendix B: List of Venture Ontario's Investment Portfolio

Venture Ontario has made investment commitments to the funds listed below, which are either fully committed or in their active investment period:

Fund	Fund Manager	Vintage Year	Fund Structure	Investment Sector	Total Fund Size	Venture Ontario Investment Commitment
OETF	Venture Ontario	2009	Direct investment into companies	Clean technology, life sciences and advanced health technologies, digital media and information and communications technology sectors	\$105M	\$105M
OVCF	Northleaf Capital Partners Ltd.	2008	Fund-of-funds <sup>14</sup>	Generalist	\$205M	\$90M
NVCF	Northleaf Capital Partners Ltd.	2014	Fund-of-funds <sup>15</sup>	Generalist	\$300M	\$50M
SUVF I	ScaleUP Venture Partners, Inc.	2016	Direct investment into companies	ICT	\$106M	\$25M
IGF I	Yaletown Partners Inc.	2017	Direct investment into companies	ICT/cleantech	\$128M	\$20M

<sup>14</sup> OVCF primarily invested in other VC funds, with discretionary direct co-investments into Ontario-based companies

<sup>15</sup> NVCF primarily invested in other VC funds, with discretionary direct co-investments into Ontario/Canada-based companies

<b>Fund</b>	<b>Fund Manager</b>	<b>Vintage Year</b>	<b>Fund Structure</b>	<b>Investment Sector</b>	<b>Total Fund Size</b>	<b>Venture Ontario Investment Commitment</b>
Lumira III	Lumira Capital Investment Management Inc.	2017	Direct investment into companies	Life sciences	\$179M	\$23M
Genesys III	Genesys Capital Management (Fund III) Inc.	2016	Direct investment into companies	Life sciences	\$107M	\$17M
Amplitude I	Amplitude Venture	2019	Direct investment into companies	Life sciences	\$200M	\$10M
IGF II	Yaletown Partners Inc.	2021	Direct investment into companies	ICT/cleantech	\$130M	\$13M
Lumira IV	Lumira Capital Investment Management Inc.	2021	Direct investment into companies	Life sciences	\$220M USD	\$11.7M USD
Whitecap V	Whitecap Management V Inc.	2021	Direct investment into companies	Generalist	\$140M	\$10M
Maverix	Maverix Growth Equity GP	2021	Direct investment into companies	Generalist	\$368M USD	\$15M USD
CIC	Climate Innovation Capital Fund I GP Inc.	2022	Direct investment into companies	Cleantech	Not Disclosed	\$5M USD

<b>Fund</b>	<b>Fund Manager</b>	<b>Vintage Year</b>	<b>Fund Structure</b>	<b>Investment Sector</b>	<b>Total Fund Size</b>	<b>Venture Ontario Investment Commitment</b>
Panache	Panache II GP Inc.	2022	Direct investment into companies	ICT	\$100M	\$7.5M
Amplitude II	Amplitude Ventures GP II Inc.	2023	Direct investment into companies	Cleantech	Not Disclosed	\$11.5M USD
Northleaf Growth Fund	Northleaf Growth Fund GP Ltd.	2023	Direct investment into companies	ICT	Not Disclosed	\$10M USD
Brightspark	Brightspark Canadian Opportunities Fund II L.P.	2023	Direct investment into companies	ICT	Not Disclosed	\$10M
Genesys	Genesys Venture IV Limited Partnership IV Ltd.	2023	Direct investment into companies	Life Sciences	Not Disclosed	\$10M
Luge	Luge Investment Fund II, L.P.	2023	Direct investment into companies	ICT	\$71M (First Close)	\$12M

## **Appendix C: Corporate Governance**

### **Minister**

Each year, the Minister of Economic Development, Job Creation and Trade (the “Minister”) is required to table Venture Ontario’s annual report in the Legislature. In addition, the Minister reviews and approves Venture Ontario’s annual business plan. The Minister also maintains communications with Venture Ontario through its Chair, regarding government policies and issues relevant to Venture Ontario.

### **Chair**

The Chair is accountable to the Minister for Venture Ontario’s performance in fulfilling its mandate. The Chair is responsible for providing advice and information to the Minister with regard to Venture Ontario’s operations and affairs. In addition, the Chair provides leadership to Venture Ontario.

### **Board of Directors**

The Board of Directors of Venture Ontario (the “Board”) is appointed by the Lieutenant Governor in Council and is accountable to the Minister through the Chair. The Board performs a supervisory role, overseeing the management of Venture Ontario’s business and affairs to ensure Venture Ontario’s mandate is fulfilled. The Board is comprised of both public servants employed by the Crown and independent directors.

The Board meets at least quarterly and receives regular reports from the President and Chief Executive Officer and Venture Ontario staff concerning the agency’s operations and its compliance with applicable laws and policies. Standards of conduct for Board members are set out in the Board-approved Code of Conduct.

There are also two committees of the Board to assist it in supervising the management of Venture Ontario:

### **Audit and Risk Committee**

The Audit and Risk Committee reviews and recommends approval by the Board of an annual internal audit plan and receives reports from Venture Ontario’s internal auditors and Auditor of Record regarding internal controls and financial reporting. It also reviews financial policies and financial statements and recommends them to the Board. Another function of the Audit and Risk Committee is to review Venture Ontario’s major risks and mitigation strategies.

### **Governance and Human Resources Committee**

The Governance and Human Resources Committee assists the Board in (1) matters related to Venture Ontario governance structures and practices and (2) reviewing human resources programs and practices of Venture Ontario related to compensation, performance evaluation, and training.

### **President and Chief Executive Officer**

Under the *Venture Ontario Act, 2008* (the “Act”), the President and Chief Executive Officer (the “CEO”) is employed under Part III of the *Public Service of Ontario Act, 2006* (“PSOA”) and is appointed by the Board. The CEO is accountable to the Board for:

- Managing and administering Venture Ontario;
- Supervising Venture Ontario staff; and
- Carrying out the roles and responsibilities assigned by the Board, the Act and applicable government directives.

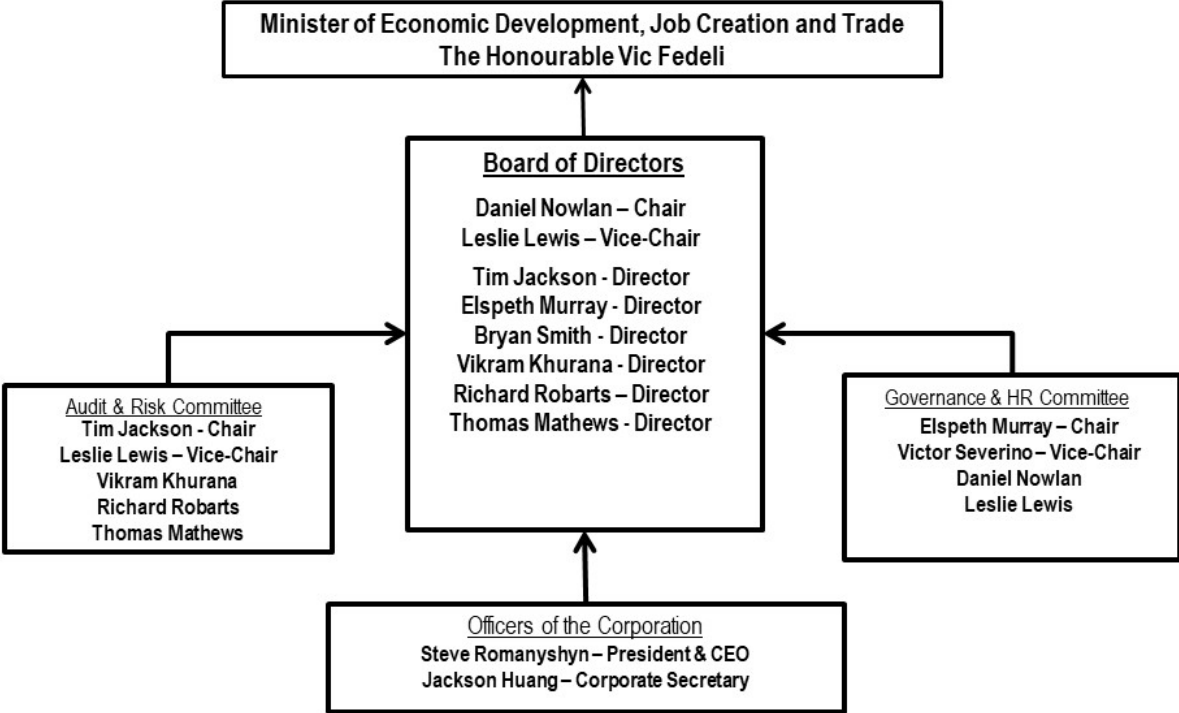
The CEO works under the direction of the Chair and the Board to implement policy and operational decisions. The CEO reports the agency’s performance results to the Board, directly or through the Chair.

### **Employees**

All employees of Venture Ontario are civil servants employed under Part III of the PSOA. Venture Ontario’s business operations are carried out by staff under the supervision of the CEO.

Appendix D: Organizational Chart

Venture Ontario  
Organizational Chart<sup>16</sup>



<sup>16</sup> Updated as of Jan.29, 2024