



All About Investors

June 7th, 2023

Presenter - Brian Martin, CFA, P.Eng



Partner & Investment Director

Brian is responsible for leading investments in intelligent mobility, IoT, 5G and big data for TELUS Ventures. Brian is an experienced VC investor with expertise in go-to-market for early stage companies, and as an engineer, he applies both a strategic and technical lens when evaluating investment opportunities and guiding portfolio companies. Brian's portfolio companies have had exits to Splunk, Planet Labs, VMware, KeySight and IMS Health.

Prior to joining TELUS Ventures, Brian was a Principal at Vanedge Capital for 7 years and previously served as Chief Security Officer at BC Hydro, where he led overall security policy development and implementation for the province's electrical system. Brian is a trained engineer, with a bachelor's degree in electrical, electronics and communications engineering from the University of Alberta, and he holds a Professional Engineer certification from the New York State Education Department.

Brian is a Chartered Financial Analyst, a member of the CVCA committee on International Affairs and holds an MBA from the Smith School of Business at Queen's University.

[LinkedIn](#)

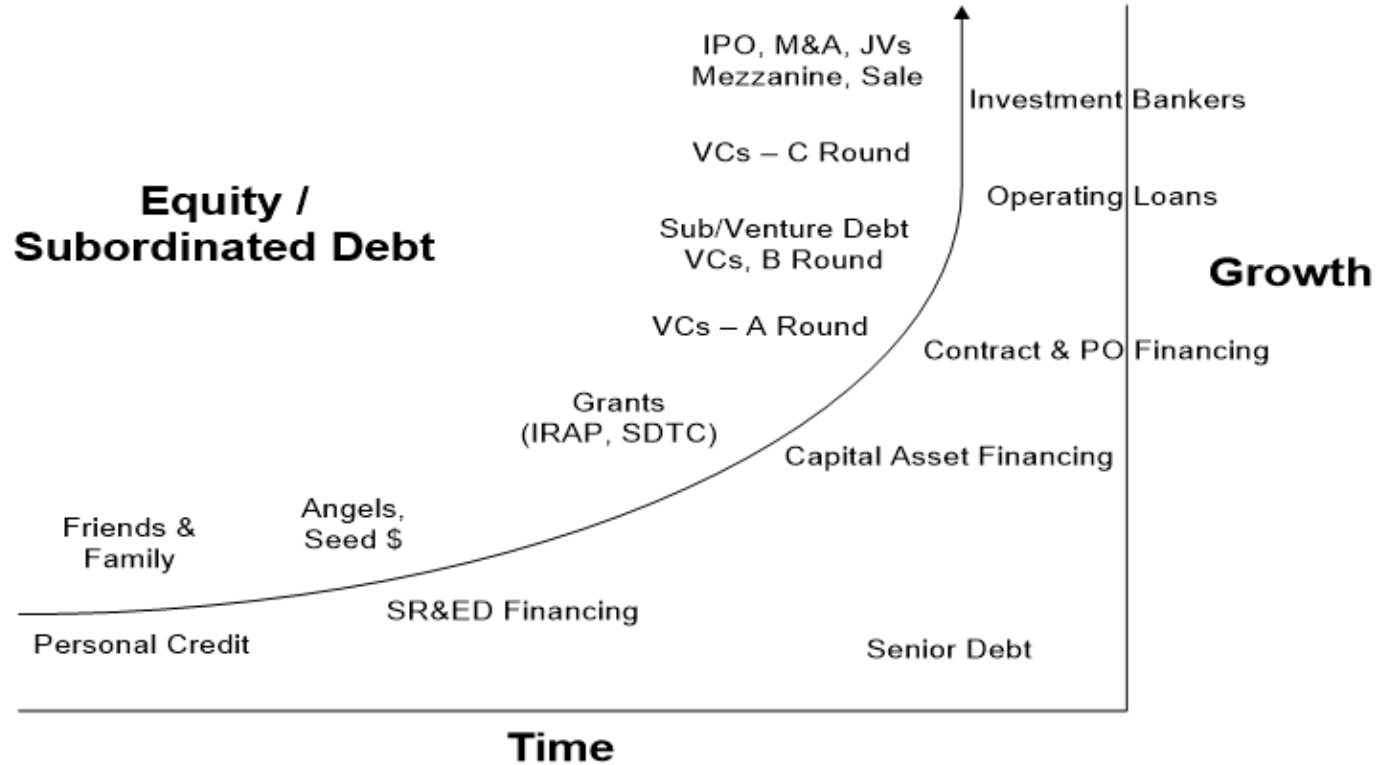
TLDR: Venture capital investor for TELUS with background as an operator, advisor and investor

Agenda

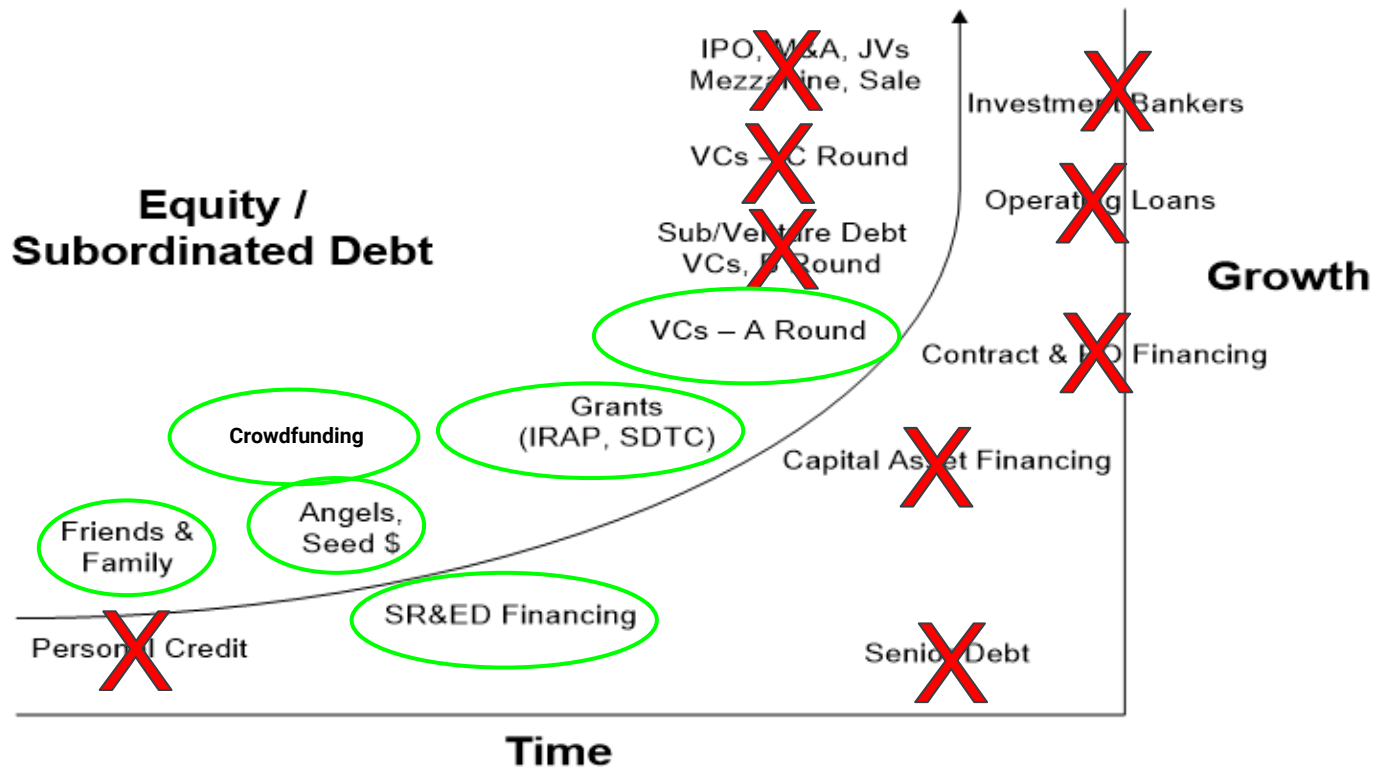
- 1) Startup Funding Lifecycle
- 2) Investor Profiles:
 - a) Friends & Family
 - b) Angels
 - c) Institutions
- 3) Current VC Statistics
- 4) VC Q&A

Startup Funding Lifecycle

Source of Financing



Source of Financing



Ground Rules for Fundraising

The right AMOUNT, reasonable VALUATION and under reasonable TERMS

ALL investors need to be able to BUY LOW & SELL HIGH

- There needs to be “upside” at every stage of the investment
- Watch that valuations don’t get too high so that you can’t fundraise or get punitive terms
- Different investors will have different expectations
 - I.e. Turning \$15K into \$50K for an Uncle is a great outcome.
 - I.e. Turning \$5M into \$7.5M for a VC is a not a great outcome.

Ground Rules for Fundraising

Be a great steward of capital

- Spend money to create value

Raising money is not a badge of honour

- Talking to investors is massive waste of time because revenue cures all problems (focus on product & customers)
- The more money you raise, the more you will need to pay back on an exit

Investor Profiles

Friends & Family

- One of the largest supplies of capital to startups.
- Raising capital is often more of an ethical decision than a financial one.
- What does Thanksgiving dinner 5 years from now?

Friends and Family Round - Summary

- **Investor Sophistication:** Low
- **Cheque Size / Investor:** \$10-150k
- **Total Round Size:** \$25-150k
- **Pre-Money Valuation:** <\$1M
- **Security Types:** Common shares
- **Transactions Costs:** Very Low
- **Effect on Control:** Founders will typically maintain full control of the Company and Board
- **Investor Relations Burden:** Very Low
- **Pros:** Easy money, cheap, little/no impact on control
- **Cons:** Impact on relationships if risks not understood

Grants, Grants & More Grants

SR&ED: Money for Scientists & Engineers

- Can finance this through organizations to pull money forward (10%-12% coupon)

IRAP: Money to start projects

- Usually forgivable loans to create jobs. Read and negotiate the fine print.

Canada Council: Money for Arts projects

Grants.Gov: US Defense & Other US Special Projects

Alacrity Foundation: Money for marketing

Competitions

Others...

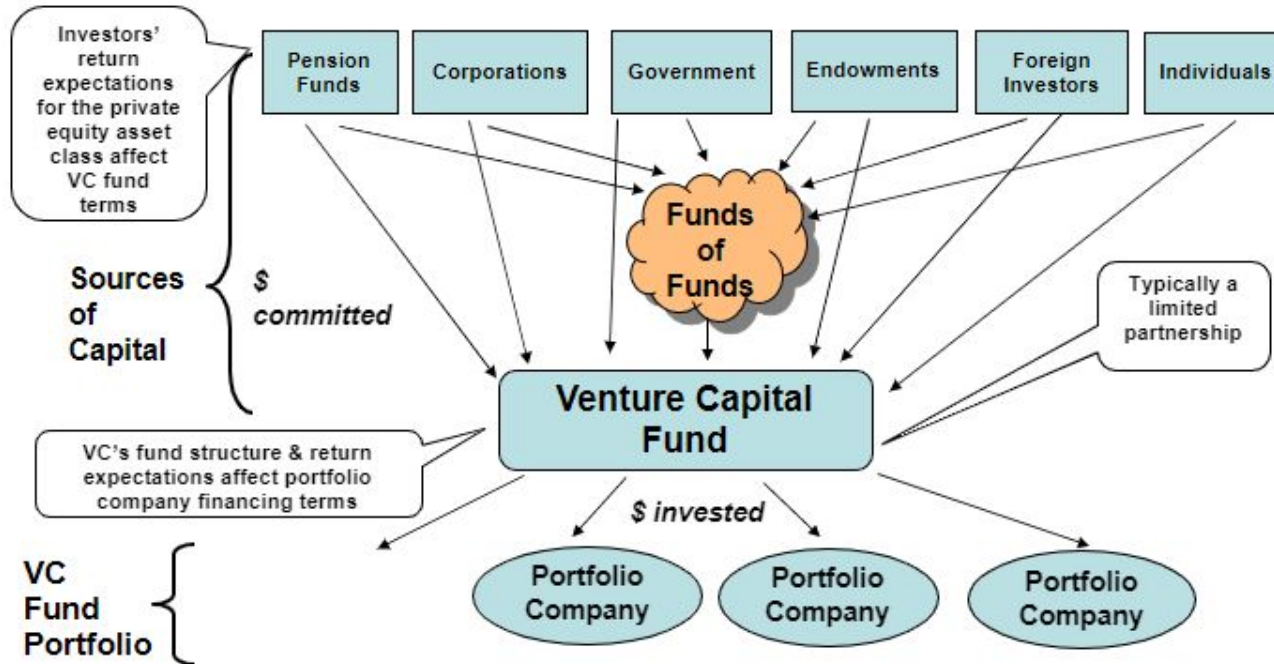
Angels & Accelerators

- Angels are HNWI
- Typically invest in things that they know / industry experience
- Do due diligence on them. Is this someone you want to work with for 5+ years?
- Accelerators are where to find active angel investors: CDL, TechStars, Y Combinator

Angel Round - Summary

- **Investor Sophistication:** Medium to High
- **Cheque Size / Investor:** \$20-150k
- **Total Round Size:** \$0.3M-1M
- **Pre-Money Valuation:** \$0.7-3.0M
- **Security Type:** Common Shares, SAFEs/Convertibles, Preferred Shares
- **Transactions Costs:** Low
- **Effect on Control:** Investors may have veto rights over certain actions; may ask for board seats etc.
- **Investor Relations Burden:** Low to High
- **Pros:** More \$, advice, introductions, support
- **Cons:** Lose 100% control, “start the clock” to an exit

Venture Capital Funds



Institutional Seed Round

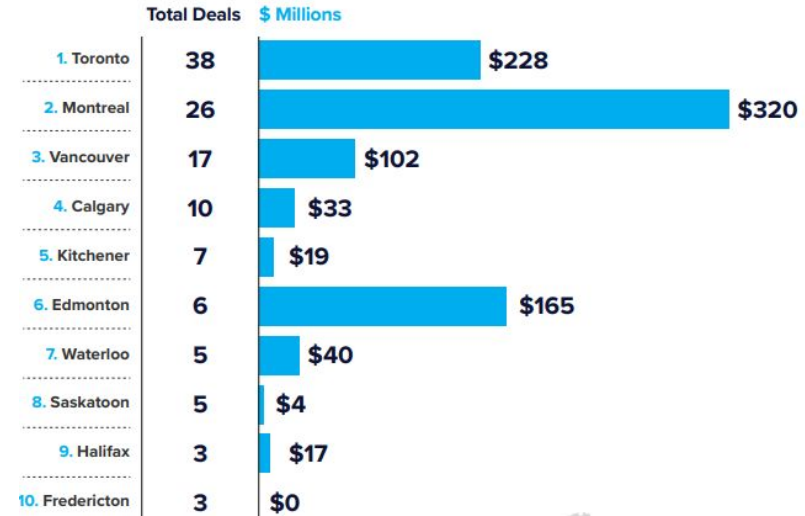
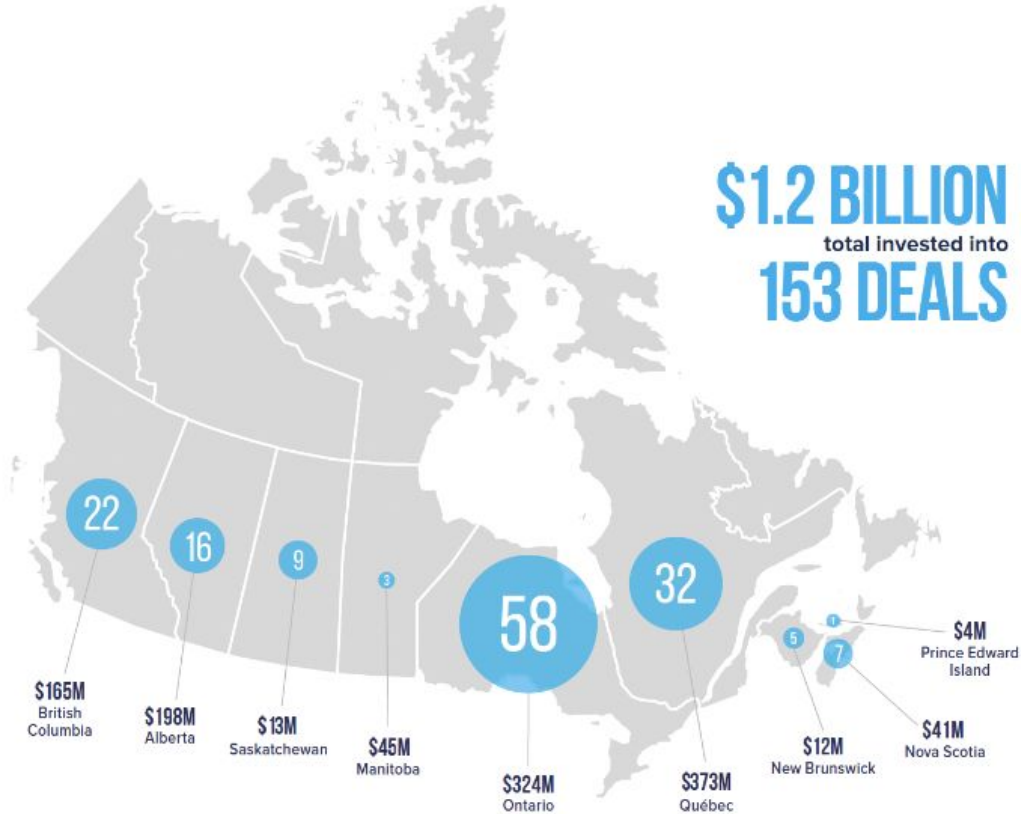
- Seed investors do a lot of small bets
- Good to have someone that is 'local' that can help recruit, be a sounding board
- Great to have someone that knows your business

Institutional Seed Round - Summary

- **Investor Sophistication:** High
- **Cheque Size / Investor:** \$0.1-1.0M
- **Total Round Size:** \$1.5-3.0M
- **Pre-Money Valuation:** \$4.5-10M
- **Security Type:** Preferred Shares
- **Transactions Costs:** High
- **Effect on Control:** Protective provisions will be standard; 1+ board seat(s) likely required
- **Investor Relations Burden:** Medium
- **Pros:** More \$, professional advice, follow on capital
- **Cons:** Give up more control, 100% commitment to an exit on a specified timeline

Current Canadian VC Stats

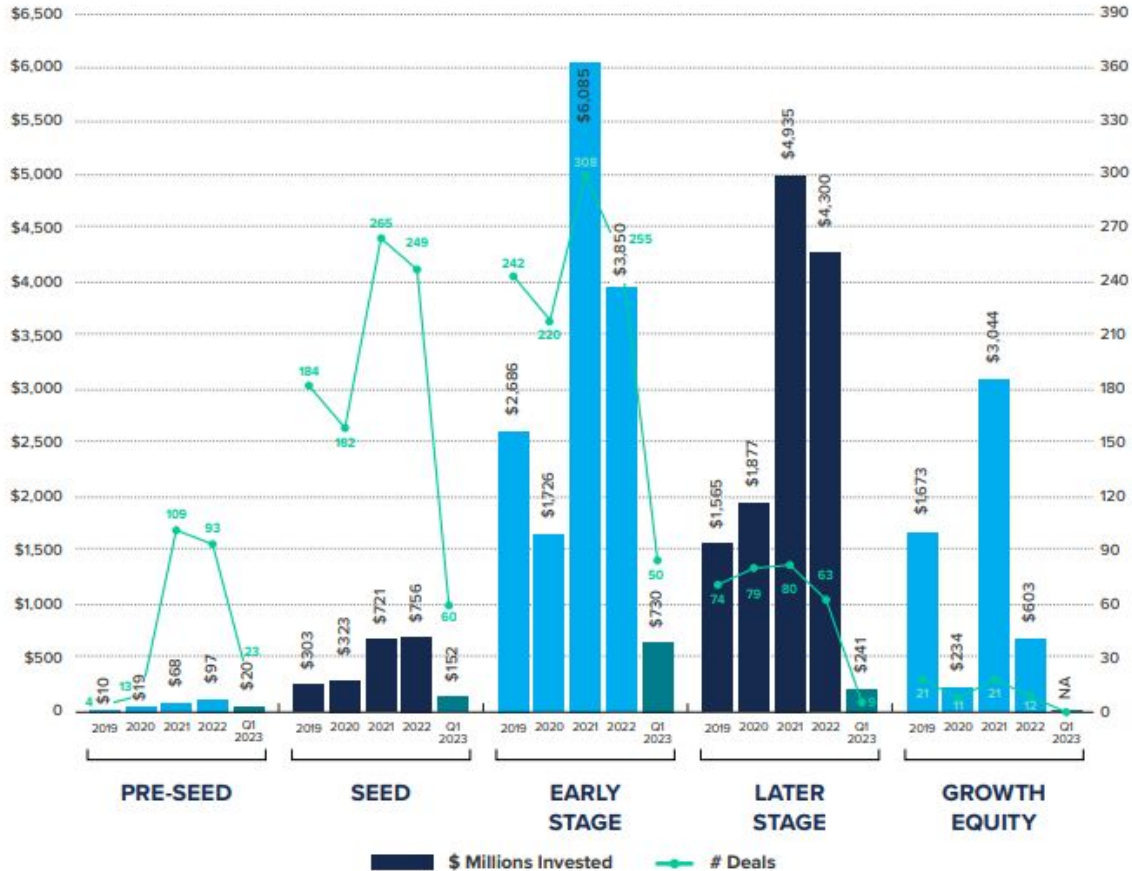
Stats - CVCA - Q1 2023



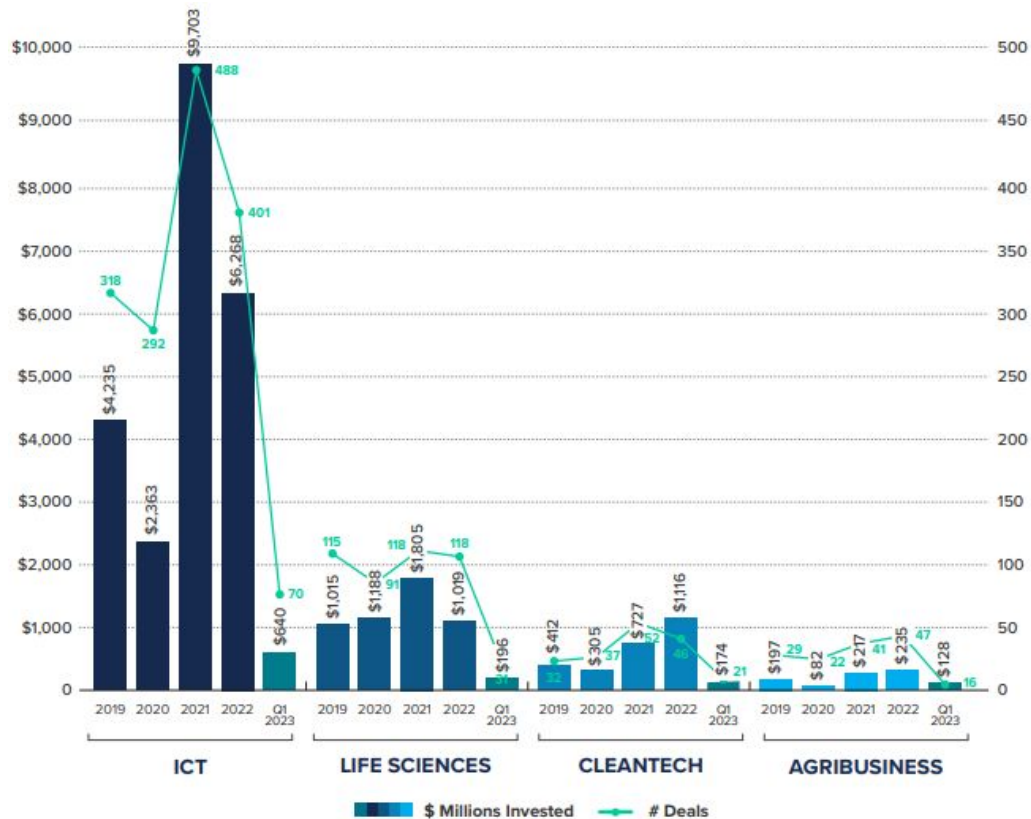
CVCA - Quarter over Quarter Activity



CVCA - Year over Year Stage Breakdown



CVCA - Year over Year Sector Activity Breakdown



Stats - CVCA Contributing Firms

VENTURE CAPITAL FIRMS

Accelerate Fund	Ecofuel / Fonds Ecofuel	Investeco Capital Corp	Sand Hill North
Active Impact Investments	Emerald Technology Ventures	Kanata Ventures	ScaleUP Ventures
AmorChem Fund	EnerTech Capital	KJSM Ventures Canada	Sherbrooke Innopole
Amplify Capital	Esplanade Healthtech Ventures	Luge Capital	TandemLaunch
Amplitude Ventures	Espresso Capital Ltd.	Lumira Ventures	Telegraph Hill Capital
Anges Québec Capital / AQC Capital	Evok Innovations	MaRS Investment Accelerator Fund (IAF)	TELUS Pollinator Fund for Good
AVAC Ltd.	FACIT	Math Venture Partners	The51 Ventures Fund
Azure Capital Partners	Ferst Capital	McRock Capital	Thin Air Labs
BCF Ventures	FINTOP Capital	MKB	UCeed
BDC Cleantech Practice	First Ascent Ventures	NAventures	Venbridge Ltd.
BDC Intellectual Property-Backed Financing	Good News Ventures	New Brunswick Innovation Foundation	Version One Ventures
Brightspark Ventures	Grand Ventures	Pangaea Ventures	Vistara Growth
Build Ventures	Graphite Ventures	Pelorus Venture Capital Ltd.	Volta Labs
CEMEX Ventures	GreenSky Capital Inc.	Pender Ventures	Weave VC
Centre for Aging + Brain Health Innovation	Greensoil PropTech Ventures	Proeza Ventures	Wesley Clover International
CIBC Innovation Banking	Highline Beta	Quark Venture	White Star Capital
CIC Capital Ventures	iGan Partners	Real Ventures	Yaletown Partners
Clanton Capital	Information Venture Partners	Relay Ventures	
Climate Innovation Capital	Innovobot	Renewal Funds	
Conexus Venture Capital	inovia Capital	Rhino Ventures	
CTI Life Sciences	Invest Nova Scotia	Roadmap Capital	
Cycle Capital Management		Round 13 Capital	

Tips & Tricks for Managing Investors

- **Don't run out of cash**
- Meet your operating plan
- Monthly email for investors & interested parties
- Manage investor opinions
- Be careful about handing out Board seats, do it sparingly

Q&A

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Venture Capital Director
TELUS Ventures

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