

Summary

WUTIF Capital (VCC) Inc. is an **angel fund** established for the purpose of investing in promising start up technology companies such as those based on technologies developed at British Columbia's universities and institutions. It also serves as a vehicle for making **charitable contributions** while still giving donors a payback. Substantial tax benefits are available to investors. WUTIF was formed in mid-2003 and has invested over \$4 million in 39 companies in B.C.

- ❖ WUTIF is a Venture Capital Corporation (VCC) established under the B.C. Small Business Venture Capital Act.
- ❖ Investors receive one common share and one warrant.
- ❖ WUTIF provides investors with a 30% 'cash back' tax credit up to \$60,000 (even if purchased from an RRSP)
- ❖ There are no restrictions on trading of shares.
- ❖ Investments can be made from a self-directed RRSP.

Strategy

The Fund is a seed investment fund administered by **WUTIF Management Corporation** (the Manager) that will benefit emerging technology ventures (eg. University spin-offs and others) by providing them with greatly needed access to seed capital *and* management expertise. By helping to commercialize B.C.'s mega-million dollar investment in institutional research, WUTIF will be well positioned to grow as it co-invests with knowledgeable angel investors and mentors.

The Manager will also donate 20% of its performance fees to B.C.'s universities.

WUTIF's mission is to provide startup funding to all types of advanced technology companies based in B.C. From \$10,000 to as much as \$200,000 will be advanced as financial and operational milestones are successfully reached.

Partnerships

The primary source of the many opportunities WUTIF will be considering will largely be drawn from, but not limited to, work being carried out in B.C.'s universities. WUTIF enjoys a working relationship with the technology transfer officers in B.C.'s major academic institutions.

- ❖ University of British Columbia
- ❖ University of Victoria
- ❖ Simon Fraser University
- ❖ British Columbia Institute of Technology
- ❖ University of Northern British Columbia

Tax Incentives

All eligible investors receive a 30% after-tax "cash" benefit. In addition, investors are encouraged to donate their WUTIF shares to their alma mater or favorite charity in return for an income tax deduction of up to 43.7%. Therefore, the actual out of pocket cost to a donor at the top marginal tax rate is only \$2.63 for each \$10 placed with the fund. And the investor still owns one warrant for each Share purchased. Investors may buy shares from within their RRSPs or contribute shares to an RRSP.

Board of Directors

Mike Volker, President of WUTIF, has worked with technology startups since 1981 when he sold his company, one of the University of Waterloo's first spin-offs, Volker-Craig Ltd. He founded the B.C. Advanced Systems Institute's Product Development Fund, served on the Board of Seed Management's very successful seed fund and in 1999 established Vancouver's Angel Technology Network that has raised millions of dollars for various B.C. ventures. He is Director of Simon Fraser University's Industry Liaison Office.

Tim Collings is an angel investor and inventor. At Simon Fraser University, he invented the V-Chip, a view-control technology that has been legislated as a mandatory component in all TV sets sold in the USA. Recently, he was an assistant professor in TechBC's School of Information Technology. He holds an engineering degree from the University of Waterloo.

Gordon Skene is an investor in, and director of, numerous technology ventures. He founded Future Fund Capital (VCC) Corp and was Director of Corporate Finance at MacMillan Bloedel Ltd and President of Norsat International. He holds degrees in Science and Business from the University of British Columbia.

Bruce Schmidt is a UBC graduate specializing in life-sciences and biotechnology companies. He is a founding director and leads corporate development activities for Genome British Columbia and is past Chair of Life Sciences B.C.(B.C. Biotech). More recently he became Chair of the B.C. Nanotechnology Alliance is Co-Chair of the provincial Integrated Technology Initiative Leadership Council.

Advisors

To ensure the success of investments, WUTIF will rely on its extensive network of angels and mentors with whom it co-invests. Compensation for management will be based mainly on the performance of the Fund's investee companies.

Current Offering (January 2008)

Offering Size: Up to \$1,500,000 (subject to tax credit limits)

Offering Price: \$11.70 per Share and **\$0.10** per Warrant until Feb. 28, 2008. Each Share Purchase Warrant gives its holder an 8-year option to acquire an additional Common Share at the subscription price plus 4% per year.

Current Valuation: \$12.08 per share.

Minimum Subscription: 1,000 shares

Tax Credits: Refundable tax credits of 30% may be available to investors. This can be confirmed at the time of purchase.



US Investors: Shares and Warrants may be purchased from WUTIF Shareholders for \$8.50. Current Valuation is \$12.08.

Own a Part of BC's Tech Sector

WUTIF – the Western Universities Technology Innovation Fund – invites YOU to become a shareholder in an innovative fund that co-invests with angels in a broad range of technology startups in British Columbia. These startups may be university spin-off companies and other technology ventures based in B.C. WUTIF was formed in 2003 and has invested over \$4 million in 39 companies.

Now You can...

- ❖ Be part of an angel fund that invests with angels
- ❖ impact the future of BC's Tech sector
- ❖ achieve above average returns
- ❖ leave a legacy

by...

- ❖ purchasing Shares and Warrants
- ❖ donating shares to maximize tax deduction (or use an RRSP for similar effect)
- ❖ retaining warrants for personal gain

WUTIF is an Angel Fund...

- ❖ that co-invests with angel investors
- ❖ *and* an endowment *and* investment fund
- ❖ supporting tomorrow's technology winners
- ❖ providing tax leverage of almost 4:1
- ❖ offering 30% refundable tax credits (up to \$60,000 per investor)

A 3-way win:

- ❖ invest in BC's economy – the Tech Sector
- ❖ support your institutions and charities
- ❖ enjoy a personal return on investment

A Novel Idea

WUTIF Capital (VCC) Inc. is unique in that it invests in startup opportunities in B.C. alongside knowledgeable angel investors.

Furthermore, investors may elect to use Federal and Provincial tax incentives to make investments and generous donations at the same time.

According to *Venture Economics*, early stage mutual fund style investing provides greater (>20%) long term returns on average than other asset classes.

Investing in startup companies is risky. Even the best people with superb technologies often fail. On the other hand, dedicated entrepreneurs with unproven technologies often succeed beyond investors' wildest expectations.

It is impossible to predict winners with any certainty. Early stage investing is a numbers game. Because only 1 out of 10 investments may produce the 10X or 100X that angels dream of, it is necessary to invest in a large number of promising opportunities.

WUTIF will invest in a large number (goal=100) of ventures giving investors a broad base that will include its share of winners. WUTIF's investors will be offered the right to co-invest in specific opportunities from time to time.

The Opportunity

In recent years, the **Government of Canada** has substantially increased its spending on research and development. B.C.'s universities have more than doubled their R&D budgets in the past 7 years and this trend will continue. The talent pool of technical people and technology entrepreneurs has increased as well and B.C.'s technology sector is a \$15 billion industry employing more than 70,000 people. B.C.'s universities alone have spun-off more than 150 companies including industry leaders such as **QLT Inc.**, **MacDonald Dettwiler**, **Angiotech Pharmaceuticals**, **Xenon Genetics**, **WebNames.ca**, **Aspreva Pharmaceuticals**, **Cardiome Pharma**, **Brightside Technologies**, **Canadian V-Chip Designs** and **Ncompass Labs**. Participants in Vancouver's Angel Technology Network (**VANTEC**) have invested in most of these at their early stages – long before institutional investors become interested. It is companies such as these in which WUTIF co-invests.

In 2003, the B.C. Government updated its **Small Business Venture Capital Act**. A 30% "cash-back", after-tax, credit is available to investors who invest in eligible small companies directly or through special Venture Capital Corporations. In 2006, up to \$85 million in investments were eligible for this tax credit. This incentive is intended to encourage the private sector to take on the task of identifying and making early stage investment decisions. WUTIF has previously received tax credit allocations allowing it to raise \$4.4 million through 2007. WUTIF will raise additional capital during 2008, based on tax credit availability.

Low Admin Fees

WUTIF is keeping its management and administration costs low – so that 95% of capital raised can be invested – by offering its Shares mainly to angels, high net worth individuals and knowledgeable investors instead of a broadly based prospectus offering through retail channels where high commissions and marketing campaigns result in large expenditures. Further, WUTIF's Manager will be compensated mainly on the Fund's performance.

Start Up Challenges

Obtaining startup capital is the toughest challenge facing technology entrepreneurs today. Other than funding that may be provided by angel investors, i.e. technology entrepreneurs supporting new ventures, there is limited equity capital available for new ventures. Yet, there are numerous new spin-offs.

Organizations such as the **Innovation and Science Council of B.C.**, the **B.C. Advanced Systems Institute**, and **Seed Management Inc.**, have, in the past, made investments (usually in the form of grants, royalties or equity) in promising ventures. Many of B.C.'s leading technology companies got their early start through such support. There were many winners.

Although Venture Capital Corporations such as WUTIF must maintain certain investment levels in eligible businesses, investors are not restricted from selling their shares (that's why they can donate them if they wish to). WUTIF plans to provide investors with liquidity whenever it achieves liquidity on any of its investments.