



**FINANCIAL AND
CONSUMER SERVICES
COMMISSION**

regulation • education • protection

New Brunswick Capital Markets Report 2019

FCNB.ca

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Acknowledgement:

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EXECUTIVE SUMMARY

The Financial and Consumer Services Commission (FCNB) has a legislated mandate to foster fair and efficient capital markets and confidence in those markets. At the beginning of 2005, the Commission took this mandate from paper to practice with the launch of the Fullsail initiative. Through Fullsail, we attempt to stimulate and support the development of New Brunswick's capital markets by continuing research and consultation on capital market issues and providing credible advice to policy makers and program developers. Our annual capital markets report is the cornerstone of our capital markets research and ongoing capital market development efforts.

The 2019 New Brunswick Capital Markets Report explores the transactions that have occurred from 2013 to 2018. For this year's report, we continue to find new data points to provide improved data analysis. This year's report provides clear and deeper insights into New Brunswick's capital markets activity. The report includes a review of trends identified over the past six years with a focus on the capital markets activity in 2018.

We share insights about the information obtained from various sources, however not all transactions that occur in the province are required to be reported, therefore the scope of the report has limitations. It is important to note that these insights can be influenced by the size of individual deals when compared to the relatively small sample size, undisclosed value of transactions, and undisclosed transactions.

In 2018, New Brunswick's total capital markets activity exceeded \$2 billion, a milestone only surpassed by 2017 results which were largely influenced by significant merger & acquisition (M&A) activity. The total capital markets activity in 2018 was comprised of \$271.44 million in direct investments, \$468.93 million in M&A activity, \$170.49 million in grants and \$1.38 billion in debt financing. For full details see our [dashboard](#).

Our newest research efforts allowed us to create detailed maps that identified the locations of New Brunswick companies that used the exempt markets and to track the location of companies involved with M&A activity. For instance, from 2013-2018 Saint John companies raised the most capital through the exempt markets reaching \$323.53 million, this was followed by Woodstock (\$322.59 million) and Blacks Harbour (\$250 million). Companies located in Blacks Harbour have completed M&A activity worth \$869.44 over the past six years.

Additional maps provide insight into where much of the investment is being sourced; for example, Ontario and Quebec have made significant investments in the province over the last six years recording \$348.98 million and \$279.87 million respectively. Ontario investors have mainly supported Information and Communications Technology (ICT) companies, while Quebec investors have been exclusively interested in the agriculture industry. New Brunswickers continue to support local businesses, with \$49.86 million invested over the last six years.

Record VC Funding

\$79.85M

Venture capital (VC) financing, reached \$79.85 million in 2018, which is greater than the total VC financing received in the previous five years. VC funding provides a true reflection of experienced investors' willingness to invest in the province. The report illustrates that the ICT industry has attracted the largest share of VC investment with more than \$70 million invested, followed by life sciences. Seed-stage deals accounted for half of the total number of deals, indicating two things:

- ▶ New Brunswick continues to develop start-ups that have grabbed the attention of investors; and,
- ▶ investment in early-stage companies have helped develop companies that are now attracting larger VC deals showing the health of this ecosystem. NB also witnessed an increase in the average deal size across all the stages.

Within the ICT industry during 2018, VC investors funded three cybersecurity companies for a total of \$27.70 million. This demonstrates that New Brunswick companies can compete in this highly competitive space.

Cybersecurity
\$27.7M
invested in
three companies

Merger & acquisition activity in 2018 included a record number of transactions (26) with a total transaction value of \$468.93 million. These results were enhanced by one large deal worth \$337.63 million in the energy sector. While the health of M&A activity is obvious within the province from these numbers, we only have a portion of the story as half of all these transactions did not disclose the value of their deals.

\$468.93M
in M&A activity
with 26 transactions

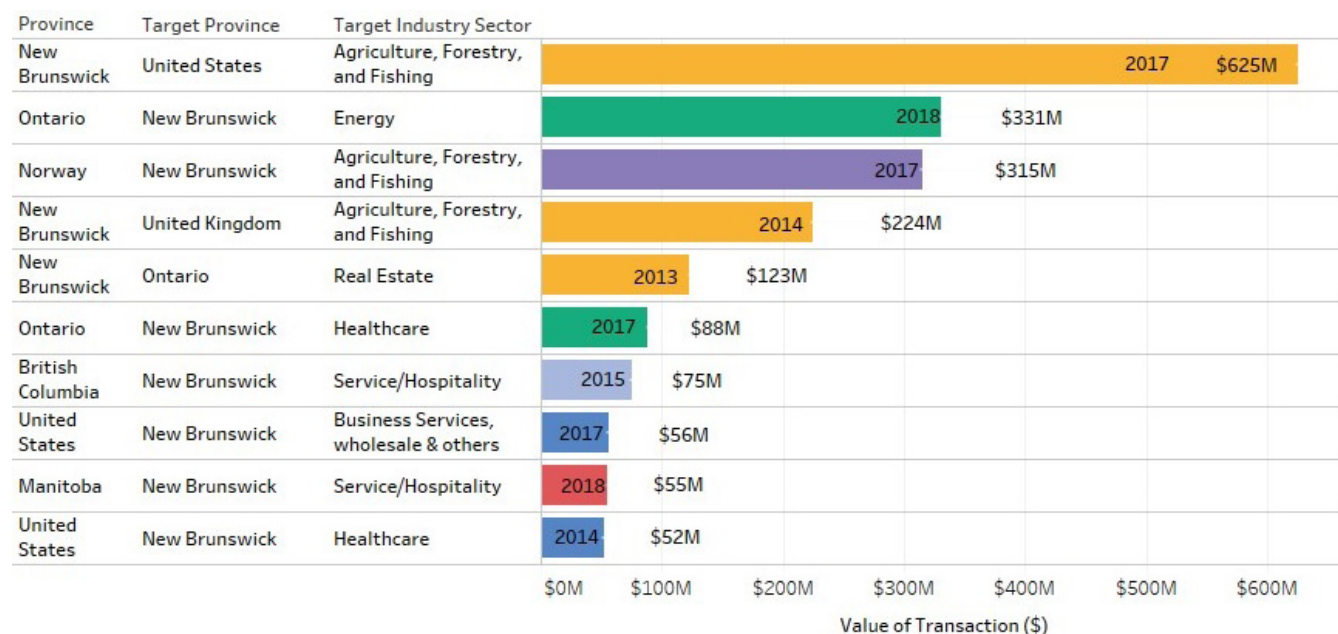
Diversity, within M&A deals in terms of sector and location of the acquirers, truly highlights the continued ability of New Brunswick companies to attract investment and their own willingness to invest in their growth and advancement. In 2018, numerous deals

were noted in the ICT sector while over the past six years the highest number of deals were noted in the business services/wholesale sectors. It is interesting to note that two of the top 10 deals over the past six years occurred in 2018.

Our report also explores grants received by New Brunswick companies, and the debt financing used throughout the province from Credit Unions, UNI and ACOA. We do not have complete details on the banking sector as the information is not available from the chartered banks on a provincial basis.

As we continue to collect and analyse data for the coming years, we expect that additional trends will become evident.

Largest M&A deals involving New Brunswick Companies (2013-2018)



Dashboard (2013-2018)

Type of Investment	2013	2014	2015	2016	2017	2018
Venture Capital Investments	\$7.12M	\$14.09M	\$11.63M	\$31.04M	\$13.84M	\$79.85M
VC # of Deals	15	22	15	31	27	22
Average Size of Deals	\$474,667	\$640,455	\$775,333	\$1,001,290	\$512,593	\$3,629,545
Exempt Distribution	\$442.97M	\$75.28M	\$363.92M	\$19.48M	\$91.11M	\$29.34M
# of Exempt Distribution by Issuers	21	19	18	16	10	11
Public Markets (Prospectus)	\$72.00M	-	-	\$96.65M	\$57.50M	\$162.25M
Mergers and Acquisitions	\$177.68M	\$372.02M	\$125.27M	\$7.03M	\$1,147.46M	\$468.93M
Provincial Grants	\$68.24M	\$70.63M	\$89.36M	\$64.71M	\$24.30M	\$40.74M
Federal Grants	\$64.75M	\$75.96M	\$70.14M	\$54.29M	\$83.40M	\$129.70M
Debt Financing						\$1,378.98M

1. INTRODUCTION

The Financial and Consumer Services Commission (FCNB) established its Fullsail initiatives in 2005 to help foster capital markets in New Brunswick. The initiatives include programs to educate capital market participants, engage stakeholders and consultants, and conduct research into New Brunswick's capital markets. The annual capital markets report is an important component of such initiatives.

The purpose of this report is to:

- ▶ provide a platform for stakeholders to engage and discuss further development of New Brunswick's capital markets.
- ▶ analyse trends in, sources of capital, industries receiving capital, and the various tools to raise capital.
- ▶ provide deeper insight into the capital markets activity occurring in New Brunswick.

The scope of the report includes an analysis of:

- ▶ Direct Investment
 - Venture Capital (VC)
 - Exempt Markets
 - Public Markets
- ▶ Mergers and Acquisitions (M&A)
- ▶ Grant Funding (supplementary capital)
- ▶ Debt Financing (limited scope)

Key questions we look to answer in this report include:

- ▶ which geographic regions provide funding to New Brunswick businesses?
- ▶ which geographic locations in New Brunswick receive funding?
- ▶ what stages of development are New Brunswick companies that attract investment?

- ▶ what specific industries are attracting different types of investment?
- ▶ what types of investment instruments are preferred by different types of investors?
- ▶ how active are New Brunswick companies that are listed on public stock exchanges?

Methodology

Research methods undertaken include:

- ▶ review of regulatory filings and published documents
- ▶ interviews with stakeholders
- ▶ review of VC and mergers and acquisitions data from Thomson Reuters

Please refer to [APPENDIX D - SOURCE LIST](#) for a comprehensive list of data sources.

2. DIRECT INVESTMENT – KEY FINDINGS

Direct investments highlight capital that is provided directly to New Brunswick companies through the public markets, exempt markets and venture capital (VC) investment.

Total direct investments in New Brunswick for 2018 totaled \$271.44 million, which is 67.1% more than 2017 (see figure 2.1), however this is lower than in 2013 and 2015. The 2013 and 2015 results were greatly influenced by large one-time deals. The 2018 results show a significant increase in VC funding and a significant increase within the public markets.

In 2018, VC funding constituted 29.42% of total direct investments, and exempt markets investment contributed just 10.81%. This is a reversal from prior years and will require a longer-term analysis to determine if these trends will continue (see figure 2.2).

Figure 2.1 Total direct investment (\$) in New Brunswick

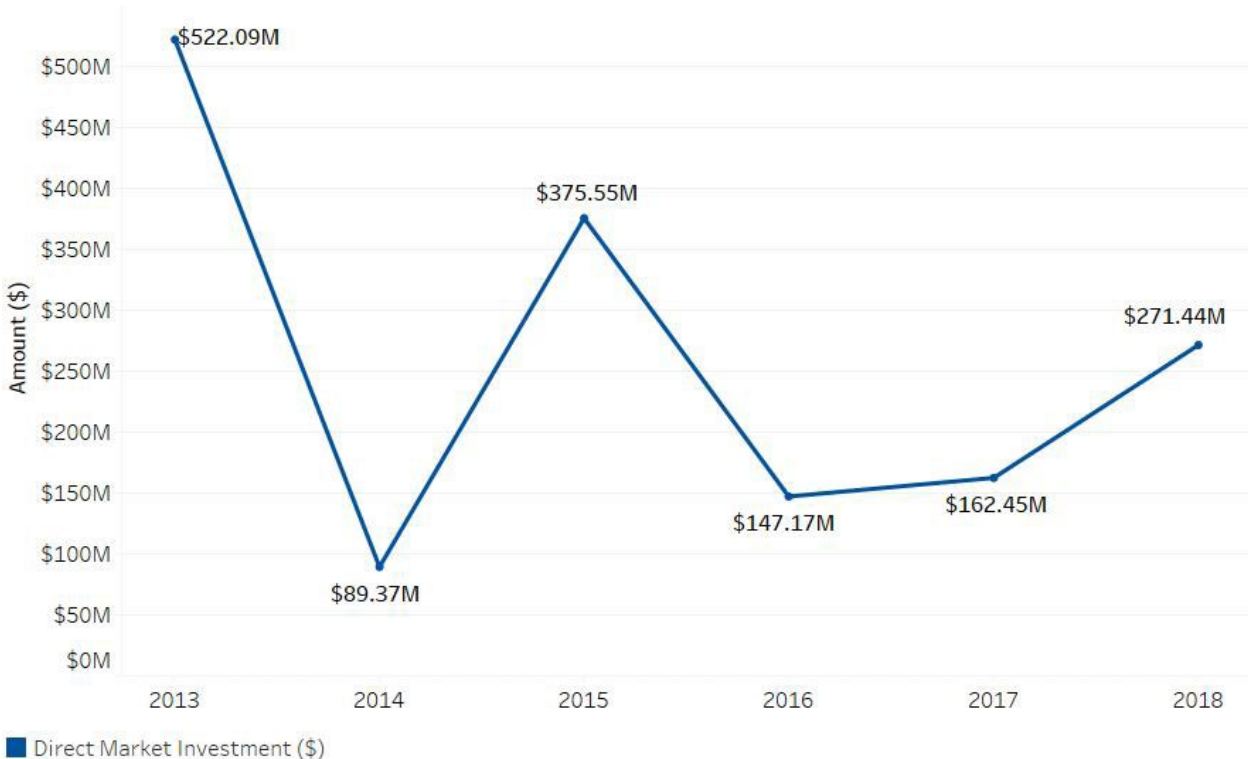


Figure 2.2 Total direct investment (\$) by type of distribution



2.1 VENTURE CAPITAL – KEY FINDINGS

Venture capital (VC) activity in New Brunswick had a historic year with total funding of \$79.85 million in 2018 (see figure 2.1.1). This amount exceeds the cumulative investment from VCs to companies in the province over the past five years despite having a lower overall number of deals in 2018 (22 compared to 27 in 2017). The 2018 results were led by three large investments, representing more than 72% of the total amount.

We had predicted in previous reports that support for early and seed companies by VC firms would likely produce greater later stage and business expansion stage of investment. The average deal size of companies in the later and expansion stage increased to \$7.88 million in 2018, as compared to the average deal size of \$1.01 million over the past five years. Figure 2.1.6 illustrates that New Brunswick companies are trending in this direction which provides evidence that past investments made in early and seed-stage companies have turned into improved results in the later and expansion stage.

- ▶ Over the past six years, a positive trend has been identified in the number of deals and the total amount invested. However, the amount invested has increased at a faster rate than the number of deals, thereby the average deal size has increased to \$3.63 million in 2018 from \$0.47 in 2013.
- ▶ Information and Communications Technology (ICT) was the primary industry for investment in 2018, representing more than 92% of the total investment amount (see figure 2.1.3) with a total of 16 deals, while the Life Sciences industry witnessed their highest investment amount raised in the past six years (see figure 2.1.4).
- ▶ Over the past six years, 132 companies received VC funding, 71 were in the early stage of company development, 21 in their seed stage (see figure 2.1.5), 17 in the later stage and 23 in their expansion stage.
- ▶ In 2018, six investments were made in companies in the early stage, receiving a total investment of \$28.83 million, and 11 seed-stage companies were funded for a total of \$11.61 million. Three companies in the expansion stage received \$22.96 million and two companies in the later stage received funding worth \$16.45 million (see figure 2.1.6).

- ▶ The amount received by companies in 2018 that were in the late and expansion stage (\$39.41 million) was greater than the cumulative amount received by all the companies in these stages in the past five years (\$35.46 million).
- ▶ This year, again, the Canadian Venture Capital & Private Equity Association (CVCA) recognized the New Brunswick Innovation Foundation (NBIF) as the second most active government fund and among the top 10 most active VC firms across Canada.

In the last six years...



Figure 2.1.1 VC amount (\$) and number of deals (2013-2018)

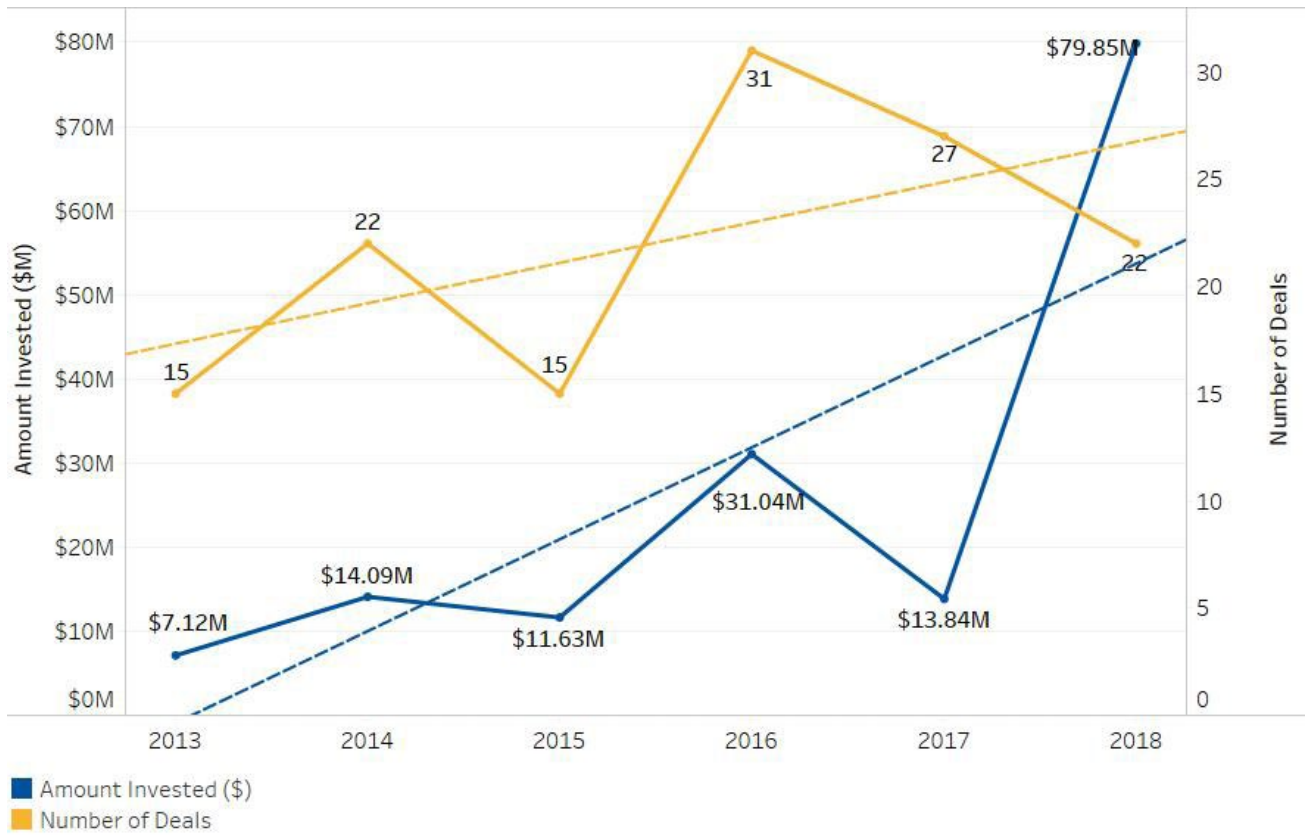


Figure 2.1.2 Average VC deal size (\$) and number of deals (2013-2018)

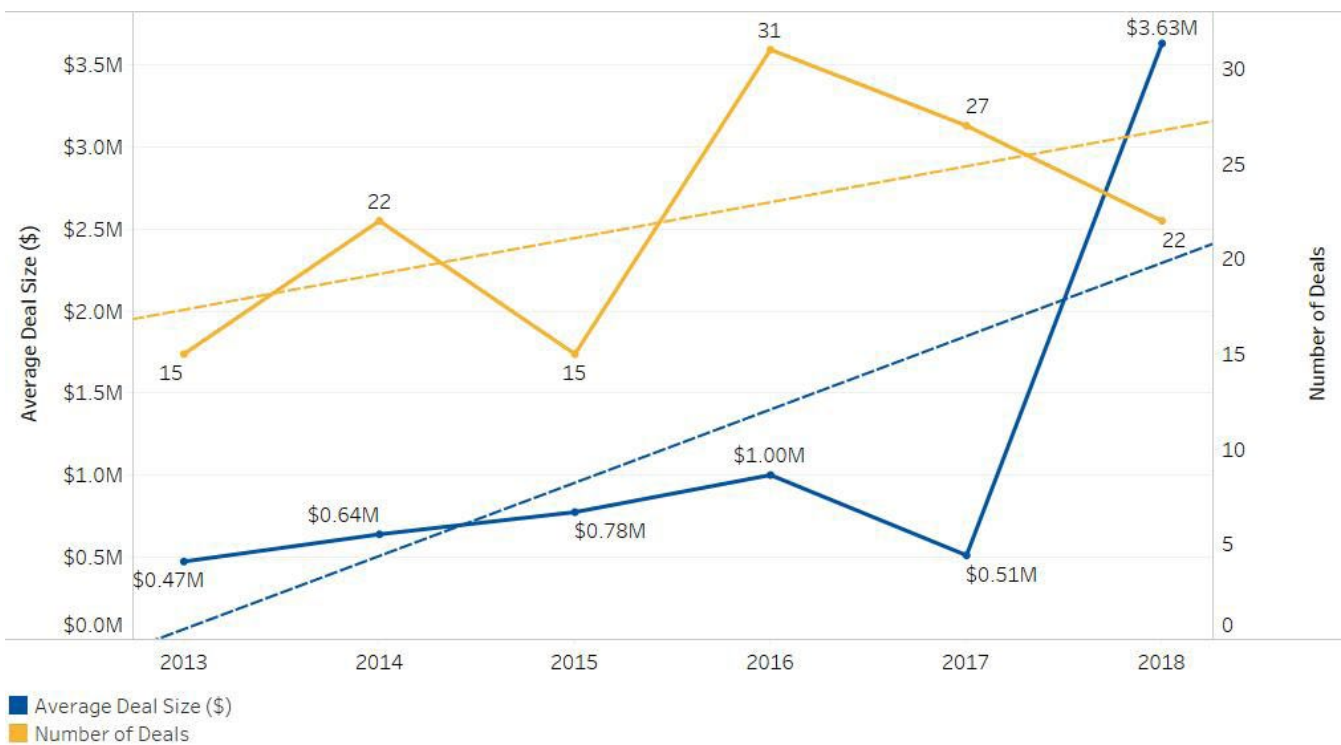


Figure 2.1.3 VC investment (\$) by industry sector (2013-2018)

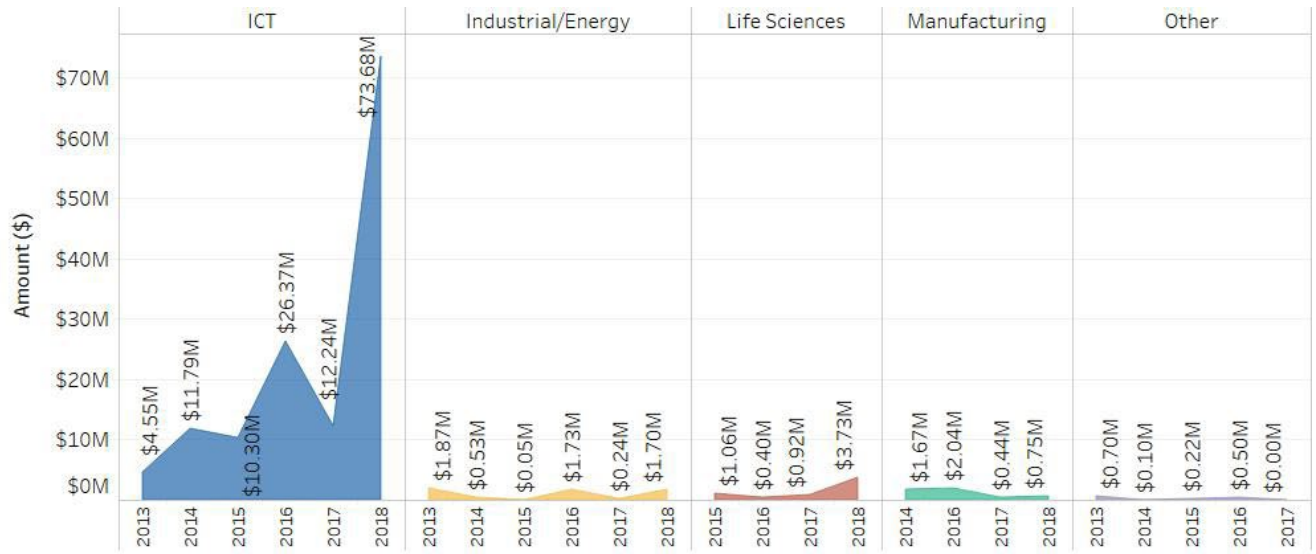


Figure 2.1.4 VC investment (\$) by industry and number of deals (2013-2018)

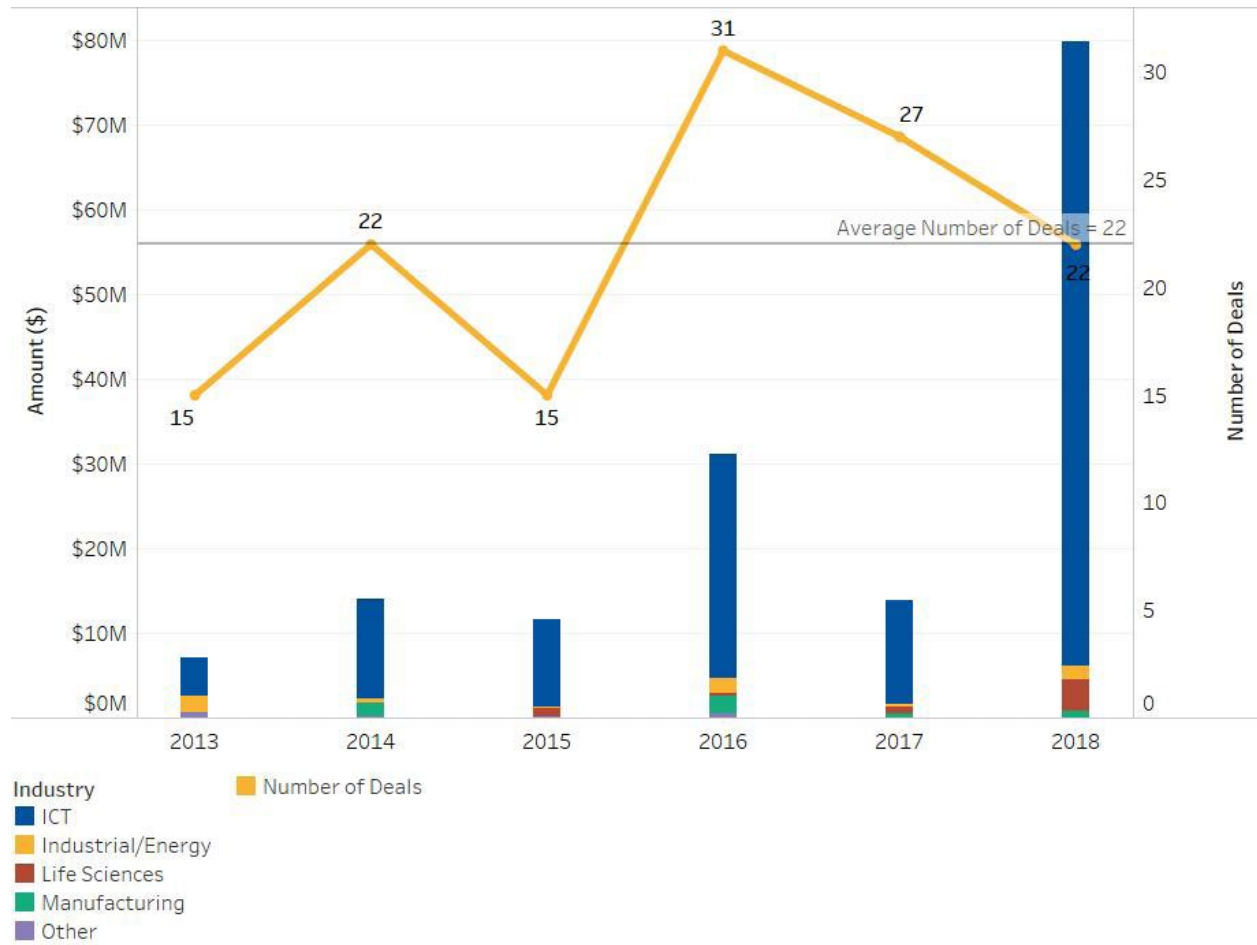


Figure 2.1.5 VC investment (\$) and number of deals by development stage - Early and Seed stage (2013-2018)

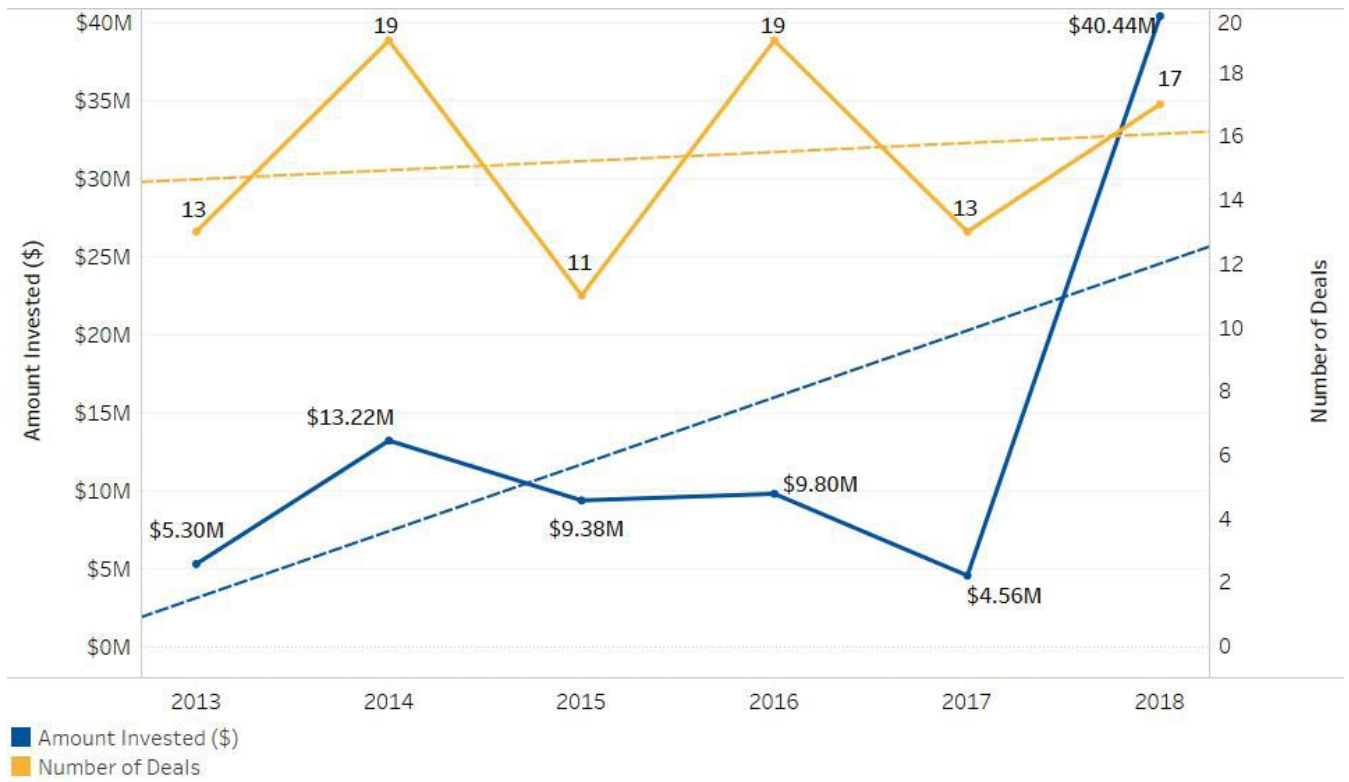
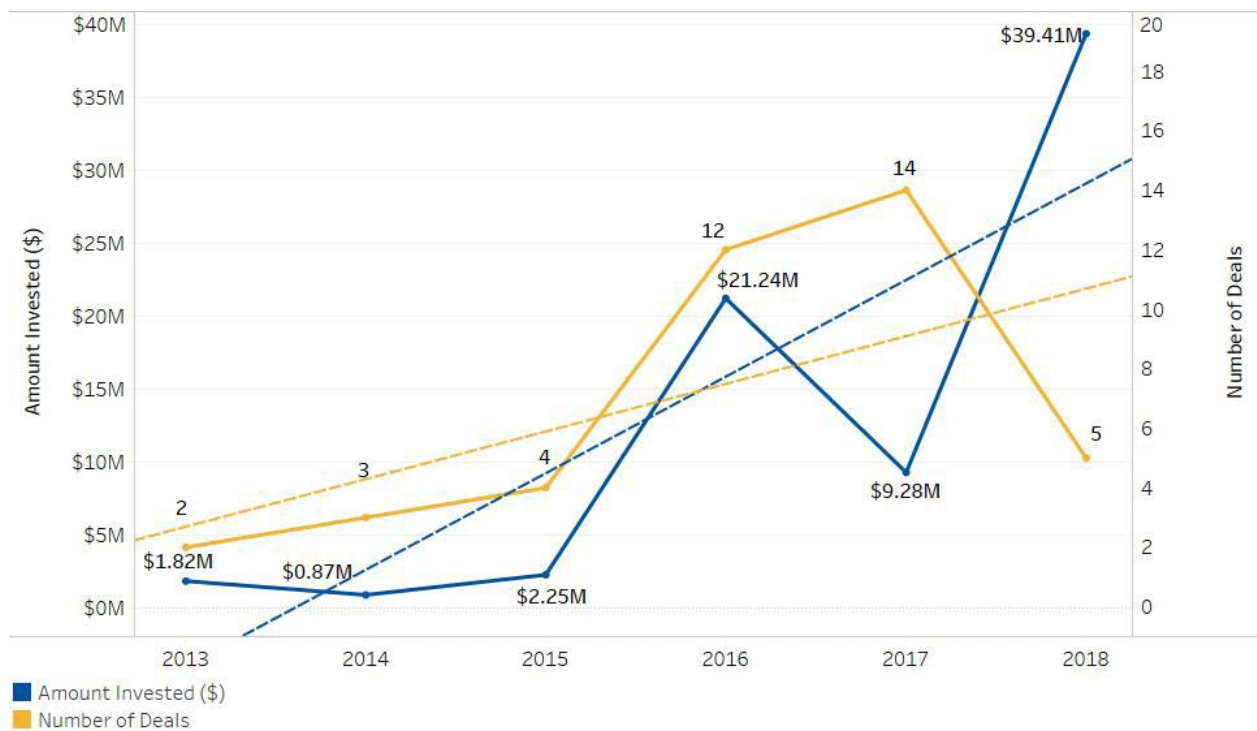


Figure 2.1.6 VC investment (\$) and number of deals by development stage - Later and Expansion stage (2013-2018)



2.2 EXEMPT MARKETS – KEY FINDINGS

The exempt markets are an important component of New Brunswick's total capital markets. Many companies use these prospectus exemptions to raise capital; however, these results do not include all activity within the exempt markets as securities laws only require companies using a subset of the exemptions to report their activity. Over the last six years, reported investments received by New Brunswick companies through exempt transactions have exceeded \$1 billion (see figure 2.2.1).

Through our continued research, we were able to add another layer of analysis in 2018, covering the past six years, that determined the location of companies raising money throughout New Brunswick (see figure 2.2.2).

- ▶ Over the past six years, Saint John companies have received the largest portion of the investments with \$323.53 million. Woodstock was the second most active with \$322.59 million and Blacks Harbour with \$250 million.
- ▶ More than 72% (\$739.01 million) of the investments over the past six years were raised from within Canada, with an additional 26.5% (\$271.18 million) coming in from the United States (see figure 2.2.3).
- ▶ Interestingly, over the past six years, New Brunswick has witnessed investments from throughout the world with investments coming from countries including the Cayman Islands, Panama, Australia, Germany, Hong Kong, etc. (see figure 2.2.3).
- ▶ Within Canada, since 2013, most of the investments have come from Ontario (\$348.98 million) and Quebec (\$279.87 million), while New Brunswick-based investments totaled \$49.86 million. New Brunswick has received investments from all the provinces and territories of Canada, excluding Nunavut (see figure 2.2.4).
- ▶ Over the past six years, ICT companies have raised \$366.92 million, making it the primary industry for investment, followed by Energy (\$312.70 million) and Agriculture (\$251.58 million) (see figure 2.2.5). This trend continued into 2018 as ICT raised 64.28% of the total investments.
- ▶ In 2018, though less investment was received compared to the past five years, Saint John companies received investments of over \$9.7 million followed by Fredericton with \$8.58 million and St. Stephen with \$7.49 million.

- ▶ In 2018, the number of issuers that raised capital through exempt markets increased to 11 from 10 in 2017 disrupting the five-year downward trend seen in last year's report. However, this increase in the number of deals did not translate into additional funds raised as New Brunswick saw a decline to \$29.34 million from \$91.10 million (see figure 2.2.1).
- ▶ 2018 saw investment within New Brunswick, for the first time, from Mexico, Argentina, Bahamas, British Virgin Islands, Germany, United Kingdom, Singapore, United Arab Emirates, and Israel. This was a significant increase over prior years (see figure 2.2.3).

Figure 2.2.1 Total exempt market investment (\$) and number of issuers (2013-2018)

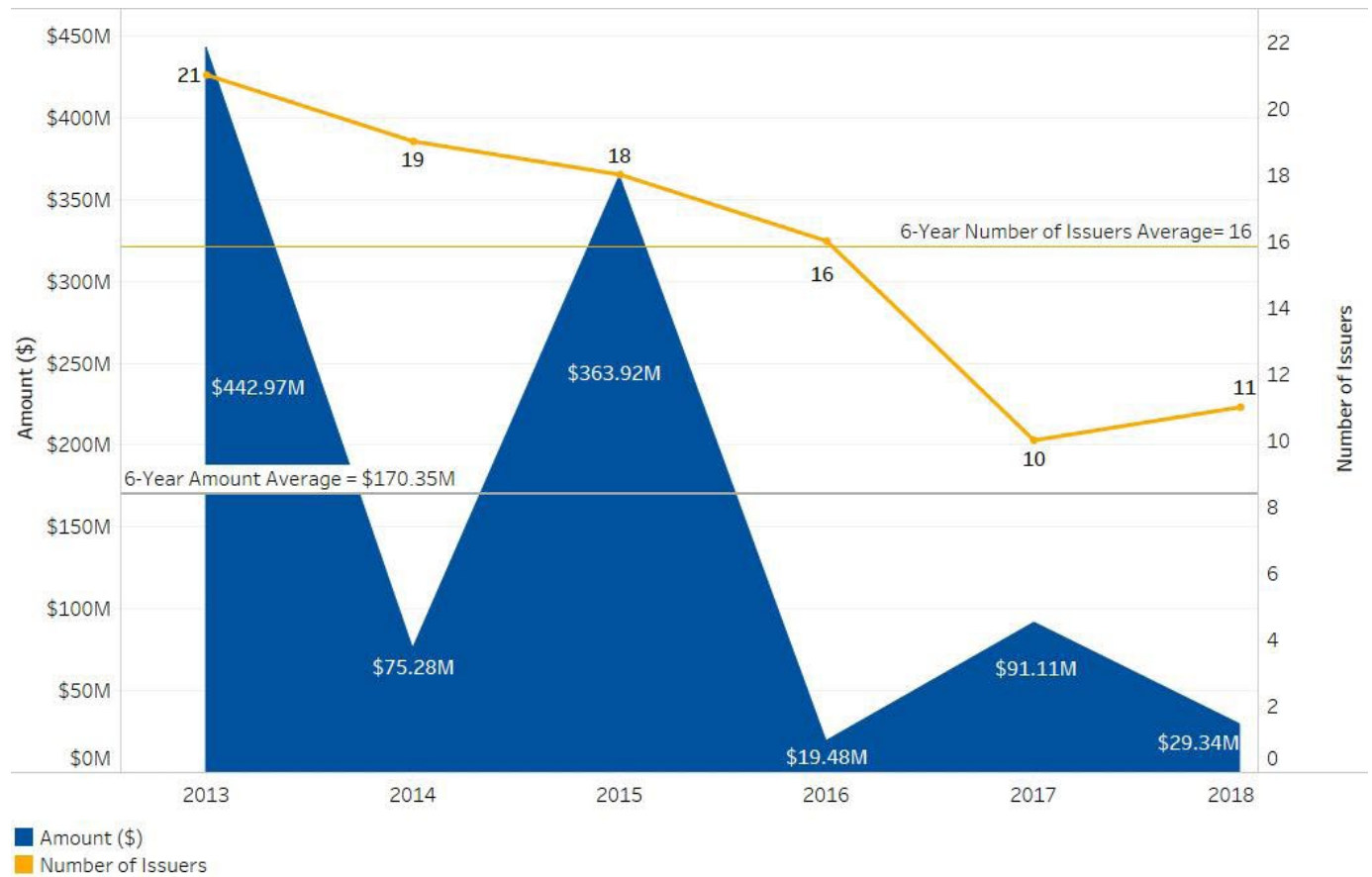


Figure 2.2.2 Total exempt investment (\$) received in New Brunswick by location (2013-2018)



Figure 2.2.3 Total exempt investment (\$) into New Brunswick by country source (2013-2018)

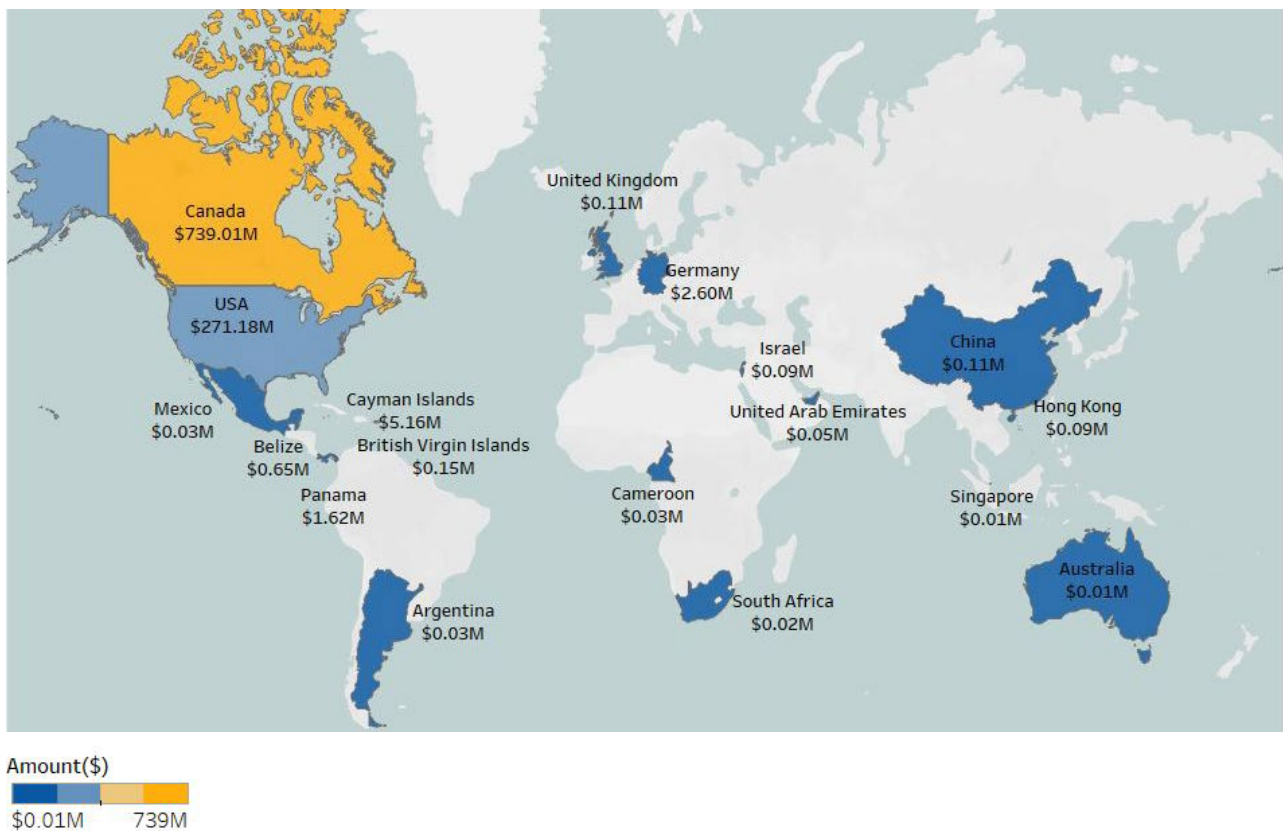


Figure 2.2.4 Total exempt investment in New Brunswick by provinces in Canada (2013-2018)

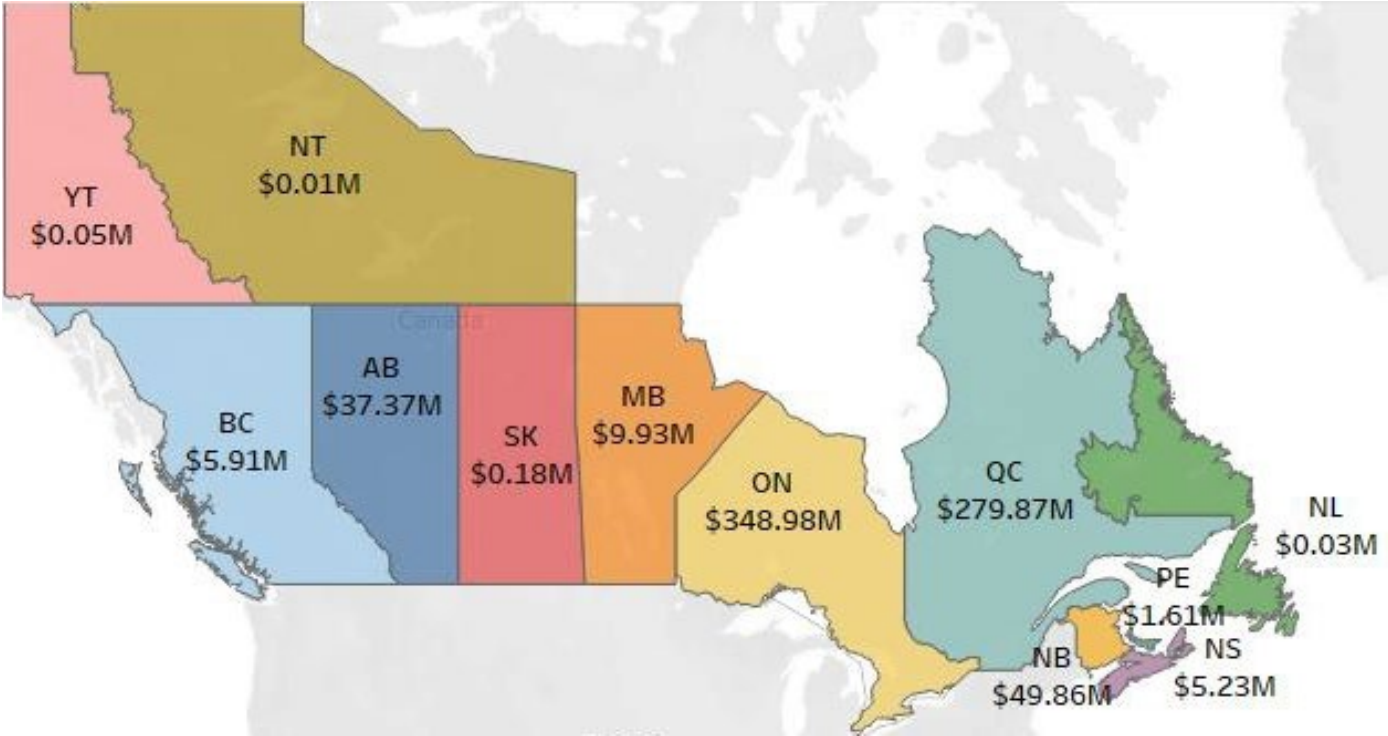


Figure 2.2.5 Total exempt investment (\$) raised by New Brunswick companies by industry sector (2013-2018)

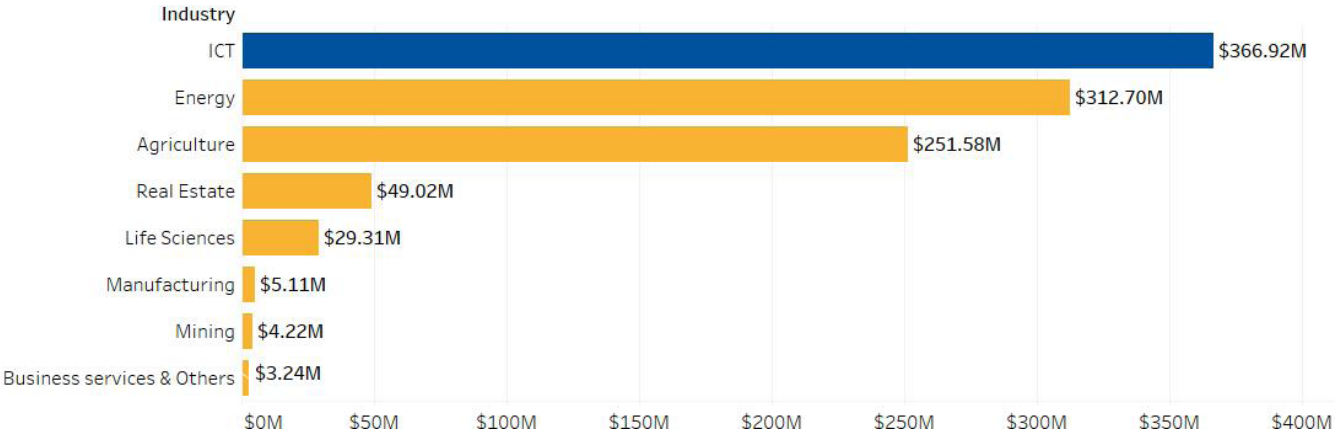
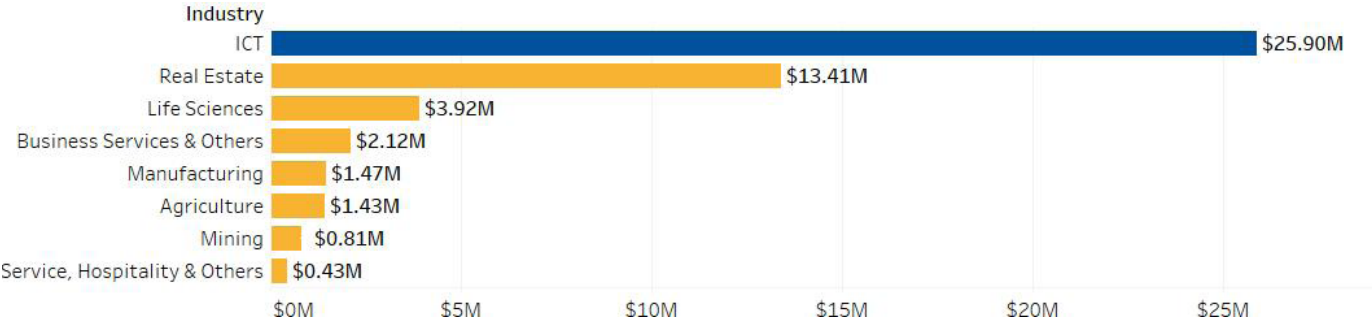


Figure 2.2.6 Total exempt investments (\$) by New Brunswickers in New Brunswick companies by industry sector (2013-2018)



EXEMPT MARKETS - ADDITIONAL FINDINGS

- ▶ Debt has consistently been the principal security issued, holding 65% of the total investments over the past six years.
- ▶ The ICT sector continues to be the most active in 2018 with \$18.86 million raised. Of the \$18.86 million raised, \$5.52 million came from New Brunswickers.
- ▶ The number of investors, in the past three years, has been between 270 and 280, irrespective of the investment amounts.
- ▶ Private companies have raised 93.59% of the total investments in the past six years, with just 6.41% going to public companies.
- ▶ In the past six years, 86.6% of the total investments was provided to companies with more than 500 employees.

For additional information, please refer to [APPENDIX A - EXEMPT MARKETS](#)

2.3 PUBLIC COMPANIES – KEY FINDINGS

Publicly listed companies can raise capital through public markets, such as traditional stock exchanges or through the exempt markets. The total capital raised by public companies, in 2018, was \$165.24 million, which is 123.45% more than last year.

- ▶ In 2018, public companies raised \$162.25 million through the public markets making it the highest amount raised in the past six years while only \$2.99 million were raised through exempt distribution, which is the lowest in the past six years (see figure 2.3.1).
- ▶ In the past six years, 63.37% of the total capital raised by New Brunswick companies using the public markets were by the life sciences industry. Companies involved in producing cannabis, within a regulated marketplace, are in this sector (see figure 2.3.2).

Figure 2.3.1 Distribution of capital raised by public companies by type of markets (2013-2018)

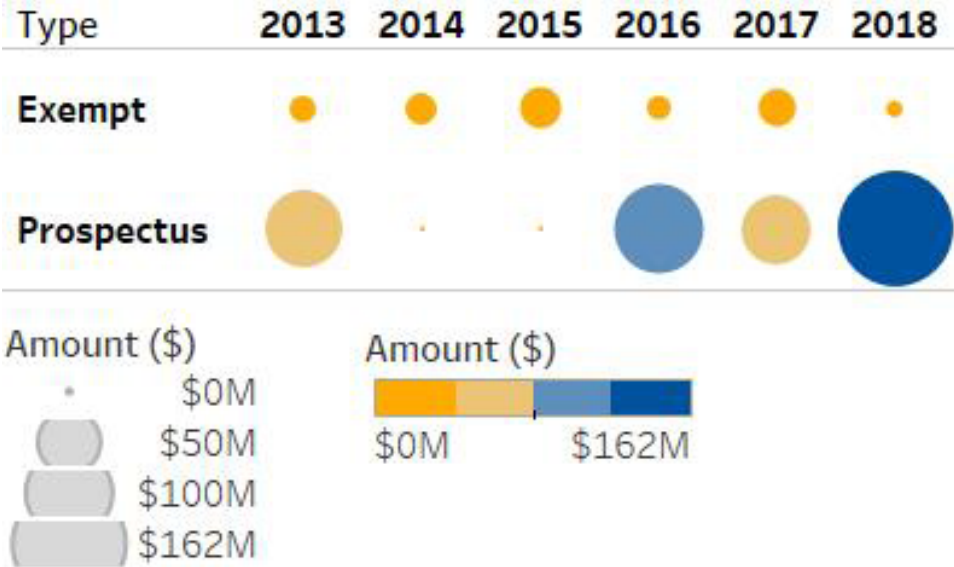
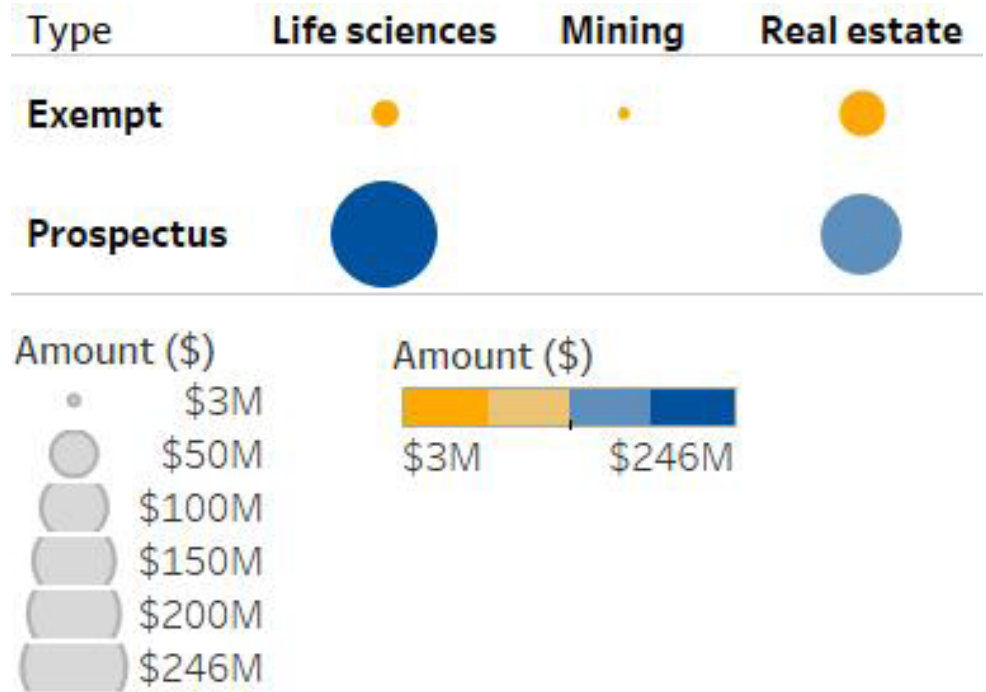


Figure 2.3.2 Distribution of total capital raised by public companies by industry sector (2013-2018)



3. MERGERS AND ACQUISITIONS – KEY FINDINGS

Reported merger and acquisition (M&A) activity in New Brunswick for 2018 had a value of \$468.93 million (see figure 3.1), and since 2013 M&A activity has reached a cumulative total of \$2.3 billion. It is important to note that these numbers don't fully represent the M&A activity, as the deal value of only 49 of 117 transactions over the past six years was reported. For 2018, the value of 13 of the 26 transactions was reported.

- ▶ Over the past six years, New Brunswick was the target location for 79 transactions. In 58 transactions, the acquirers were from within Canada (11 from within New Brunswick worth \$14.53 million) and the total value reported was \$690.16 million (see figure 3.2).
- ▶ Acquisitions, over the past six years, of New Brunswick companies from outside of Canada reached \$471.90 million, which included 10 acquisitions from the United States, for a total reported value of \$131.50 million, and the other acquiring companies were from European countries, and most recently from India (see figure 3.2).
- ▶ Since 2013, New Brunswick companies have completed 49 acquisitions for a total transaction value of \$1.15 billion. New Brunswick-based companies acquired companies located in the United States worth \$625 million. New Brunswickers have undertaken acquisitions in Mexico, Uruguay, U.K., Ireland, Germany, and Spain (see figure 3.3).
- ▶ Fredericton companies had the most M&A activity, since 2013, with a total reported value of \$473.49 million. This was driven by a large deal in the energy sector (see figure 3.4). In 2018, Saint John had the largest number of deals reaching eight, while Moncton and Fredericton witnessed five deals each.
- ▶ Over the past six years, the agriculture, and the forestry and fishing industry sectors had a reported total acquisition value of \$1.24 billion, while the business and the wholesale services industry sector had the largest number of deals (26) with a total reported transaction value of \$164.94 million (see figure 3.6).
- ▶ In 2018, with New Brunswick firms being the target, the ICT industry witnessed the largest number of deals (four) totaling \$24.23 million. In terms of New Brunswick acquirers, three transactions occurred in both the business and wholesale services sector with a total value of \$40 million and the healthcare sector with a total transaction value of \$13.41 million.

Figure 3.1 Total value and number of M&A transactions (2013-2018)

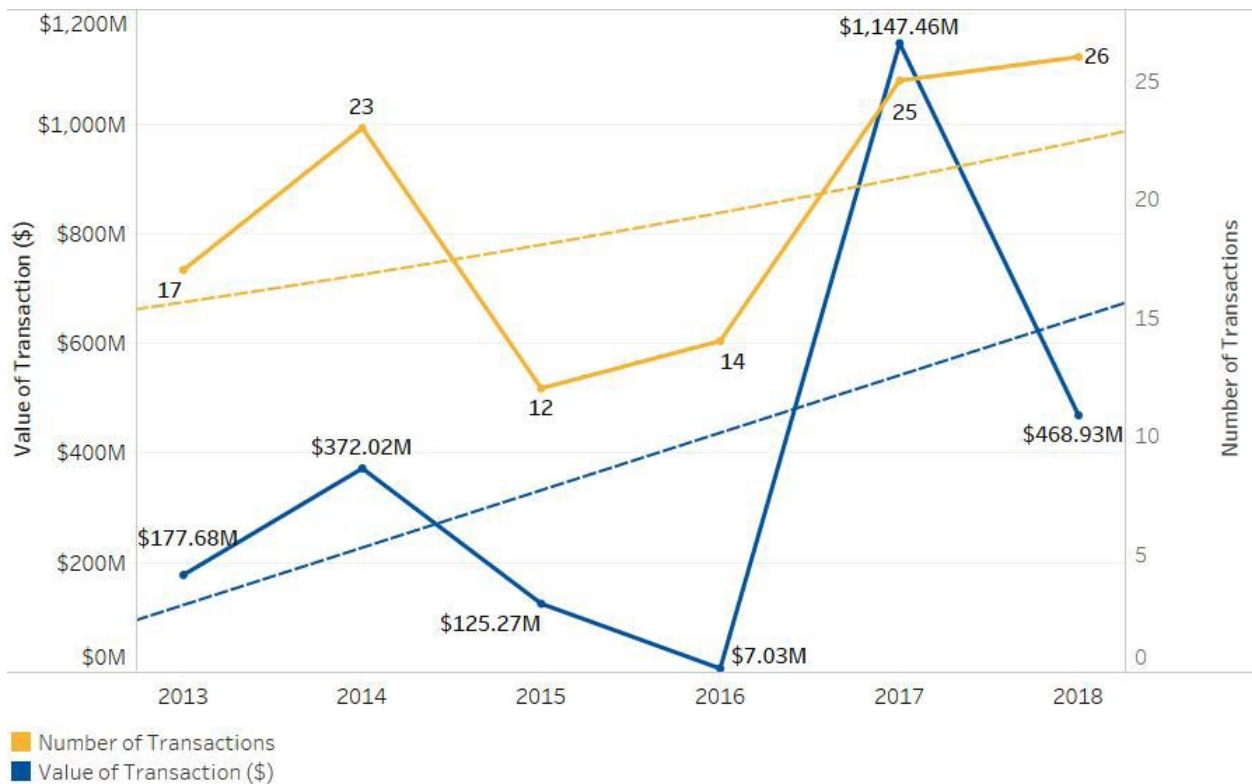
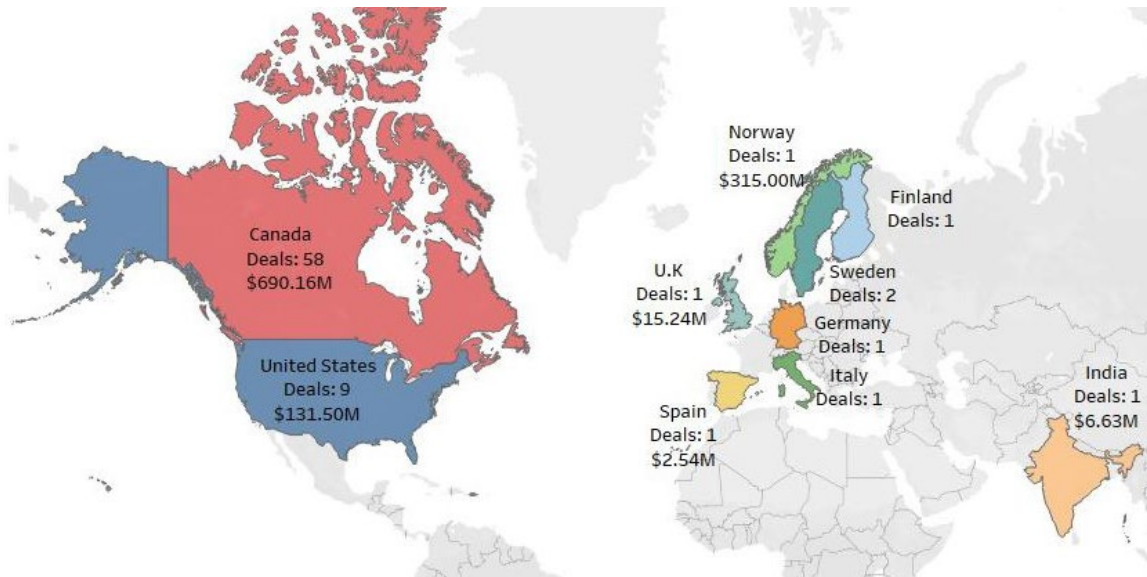
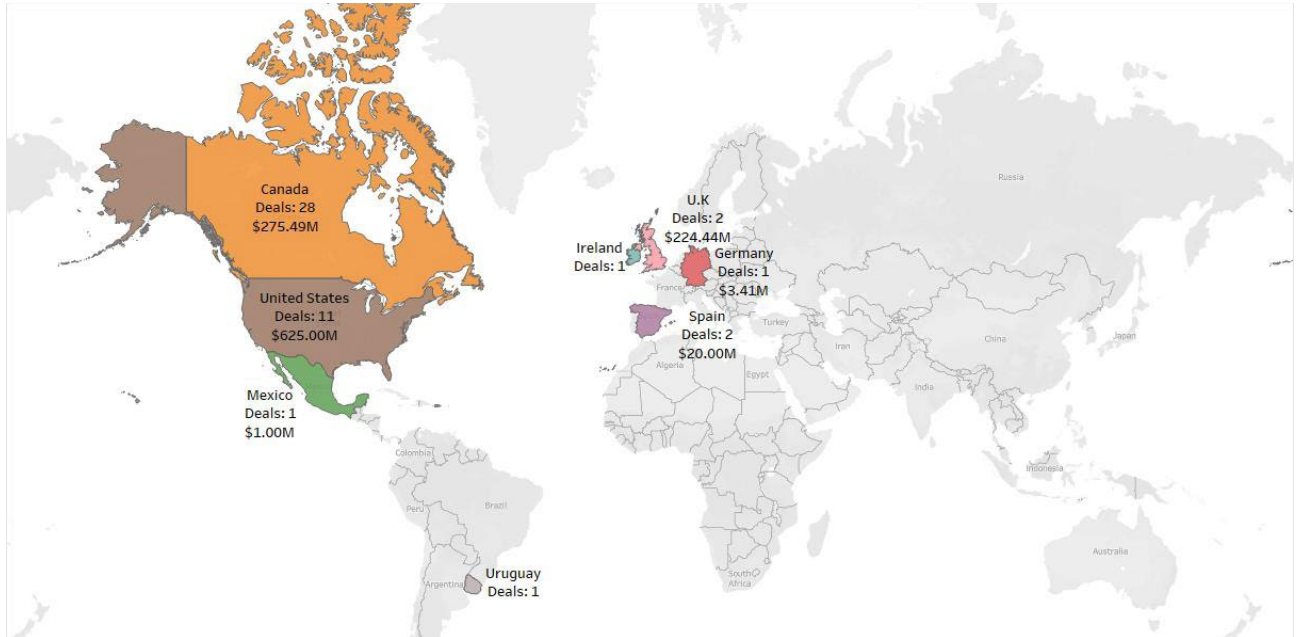


Figure 3.2 Value of New Brunswick companies acquired and the locations of the companies that completed the acquisition (2013-2018)



The location of three acquirers and the transaction value of acquisitions by Germany, Sweden, Finland, and Italy were not disclosed. An undisclosed acquiror completed an acquisition worth \$1 million in 2018.

Figure 3.3 Value and location of firms acquired by New Brunswick companies (2013-2018)



The location of two targets and the transaction value of acquisitions in Uruguay and Ireland were not disclosed. The transaction value for an undisclosed target was reported at \$2.51 million in 2014.

Figure 3.4 Location of New Brunswick companies acquired (2013-2018)



Figure 3.5 Location of New Brunswick acquiror companies (2013-2018)

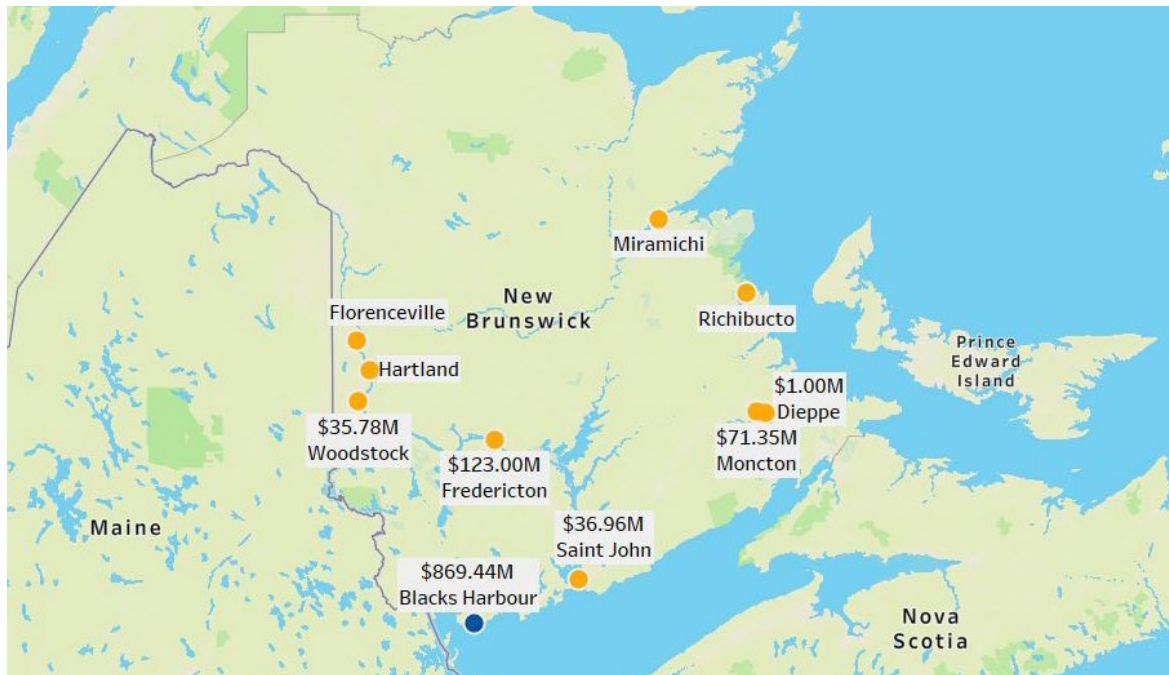
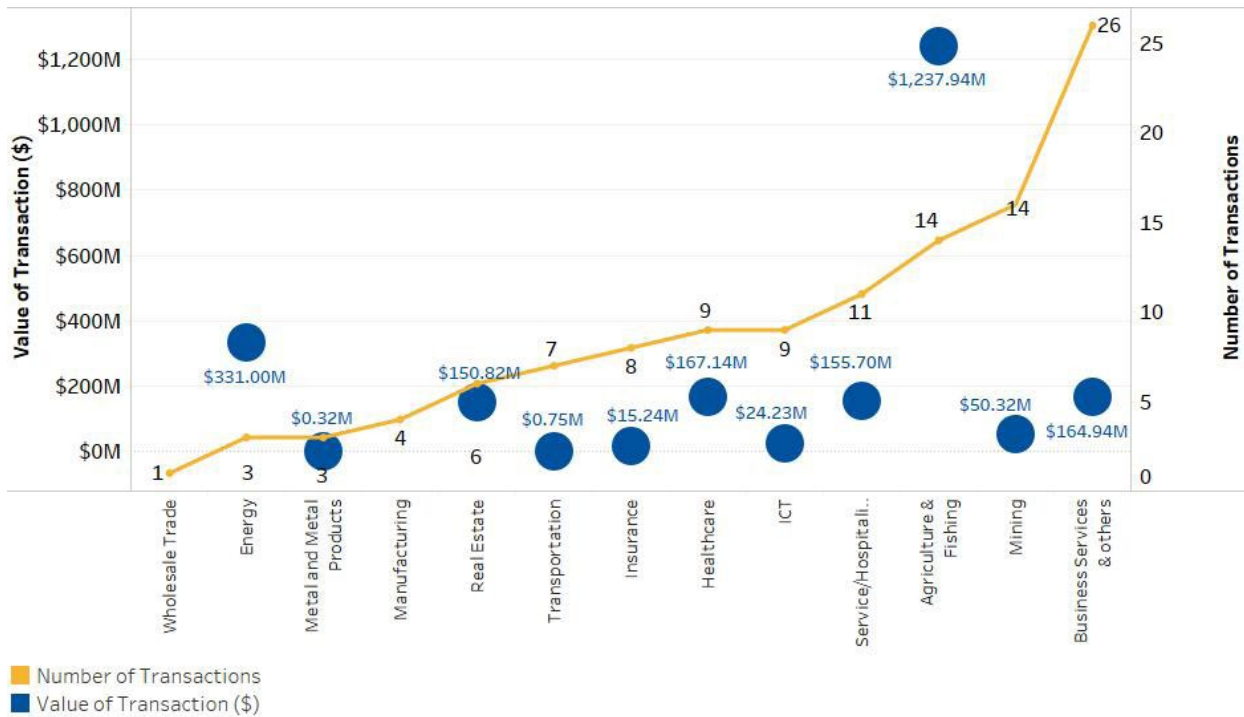


Figure 3.6 Total number of M&A deals and transaction value by industry within New Brunswick (2013-2018)



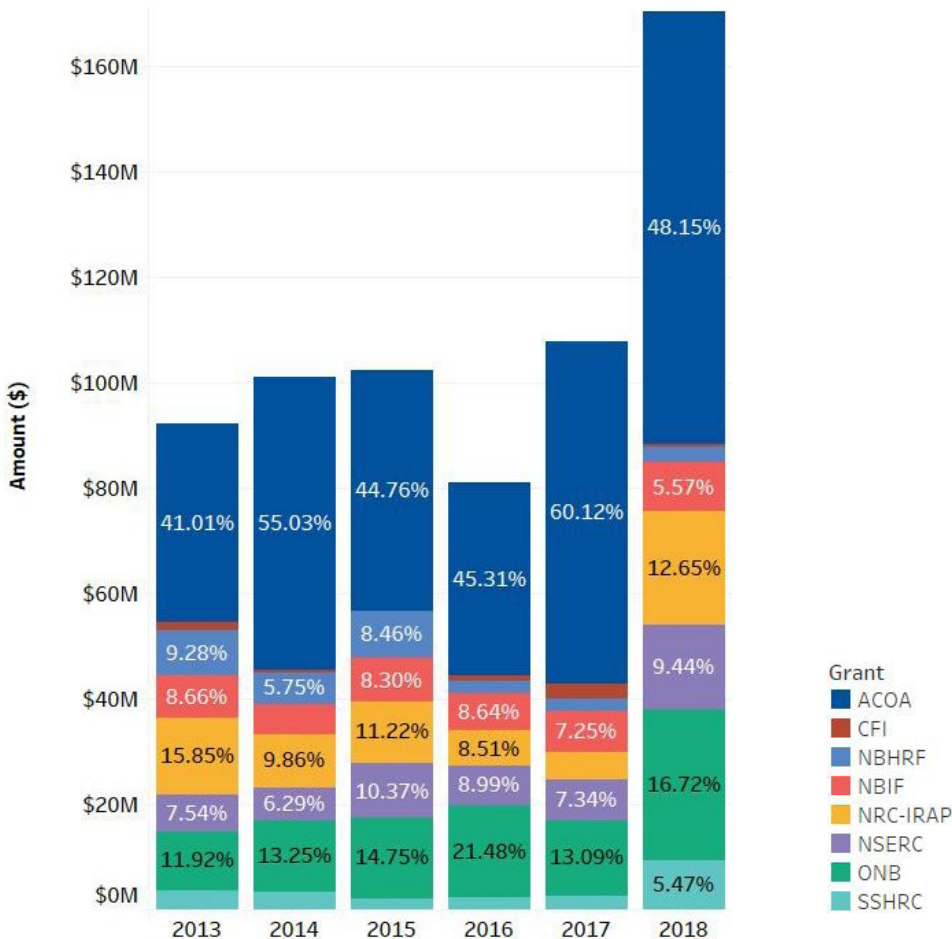
For additional information, please refer to [APPENDIX B - MERGERS AND ACQUISITIONS](#)

4. GRANTS – KEY FINDINGS

Federal and provincial governments have provided \$836.22 million over the past six years through grants of \$478.24 million and \$357.98 million, respectively. The year 2018 saw an increase of 58.25% in grants received by New Brunswick companies over 2017. This increase is driven by contributions from ACOA (\$82.07 million), ONB (\$28.5 million), NRC-IRAP (\$21.56 million), NSERC (\$16.08 million) and SSHRC (\$9.33 million). It is important to note that the analysis excludes grant contributions by RDC as the data was not available at the time of this report.

- ▶ In 2018, ACOA, ONB, NBIF, NRC-IRAP, NSERC, and SSHRC provided their largest grant contributions in the past six years totaling \$167.04 million, as compared to \$102.36 million in the previous year.
- ▶ ACOA continues to be the key contributor, representing 48.15% of all the total grants in 2018, while ONB comes second, representing 16.72%.

Figure 4.1 Grant contribution (%) and amount by grant provider (2013-2018)



5. DEBT FINANCING – KEY FINDINGS

Debt financing provided by UNI Financial Cooperation (UNI), New Brunswick’s Credit Unions and ACOA reached \$1.38 billion in 2018 (see figure 5.1), with UNI providing most of the financing. Due to system changes at New Brunswick’s Credit Unions, it was not possible to provide a comparative analysis for their data over the past 6 years. Information from the major chartered banks was not available at a provincial level, which significantly limits a complete analysis.

- ▶ In 2018, UNI contributed its highest level of financing over the past 6 years.
- ▶ Debt financing provided by ACOA increased by 56.39% in 2018 and the number of loans granted increased by almost 25.71%, from 105 in 2017 to 132 in 2018 (see figure 5.2).
- ▶ UNI provided debt financing of \$1.16 billion in 2018, which is an increase of 21.88% since last year, and an increase of 48.03% since 2013 (see figure 5.3).

Figure 5.1 Total debt financing by institution (2018)

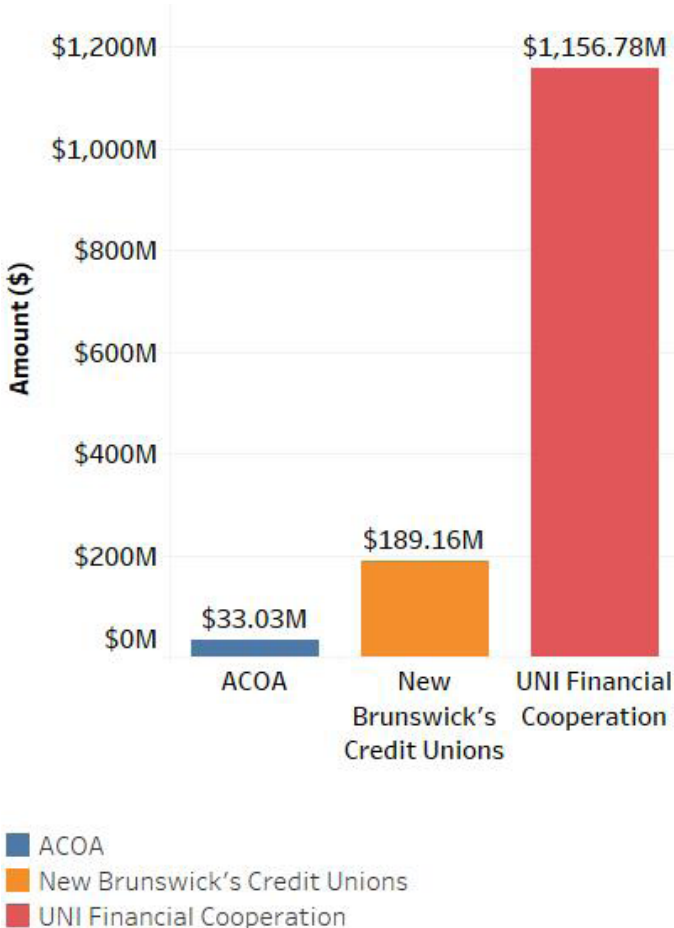


Figure 5.2 Total debt financing by ACOA (2013-2018)

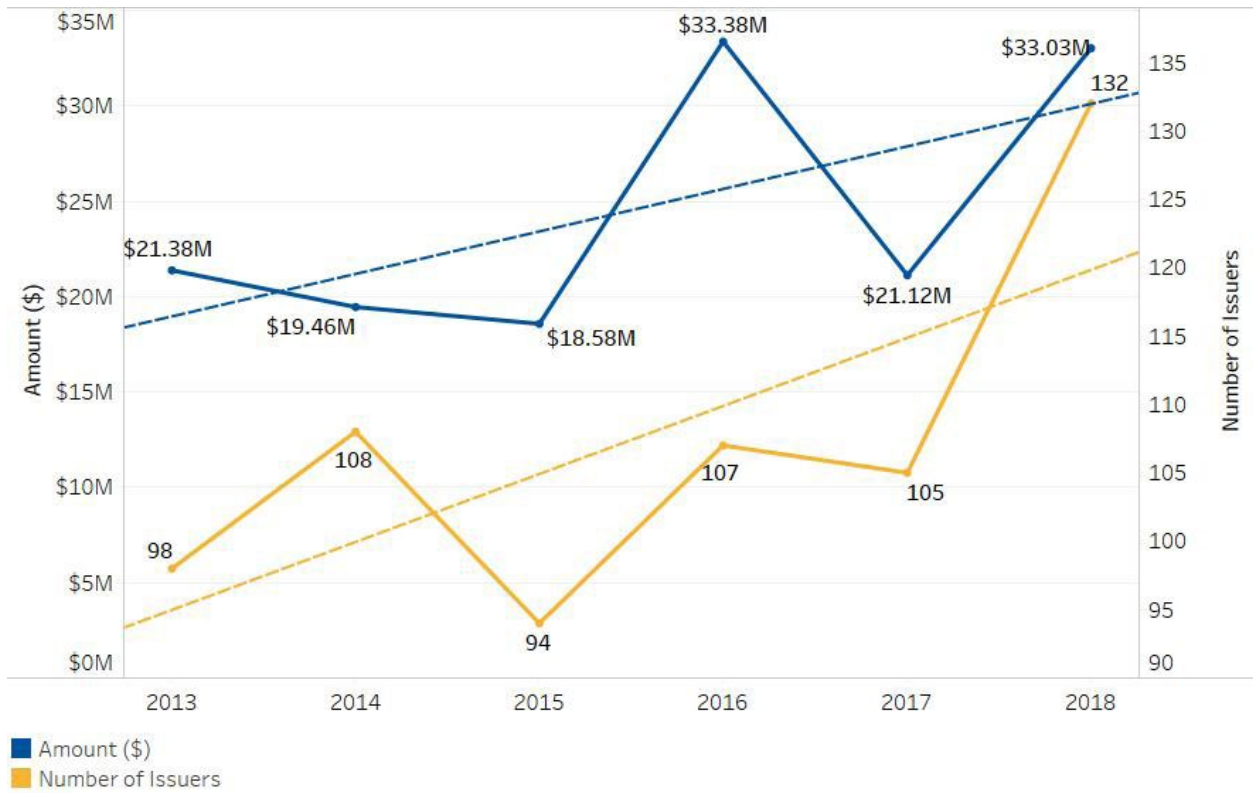
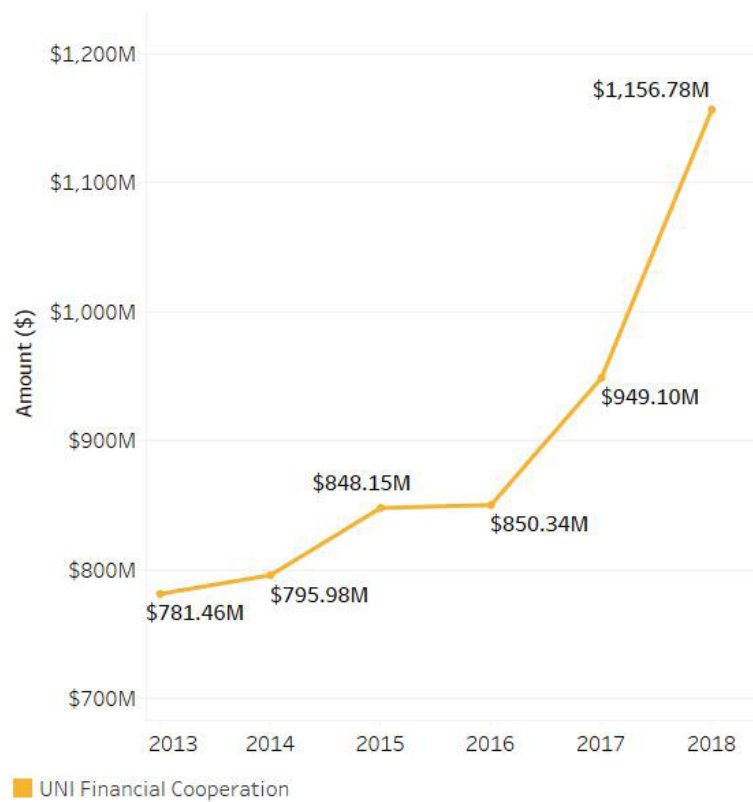


Figure 5.3 Total debt financing by UNI Financial (2013-2018)



6. CLOSING STATEMENT

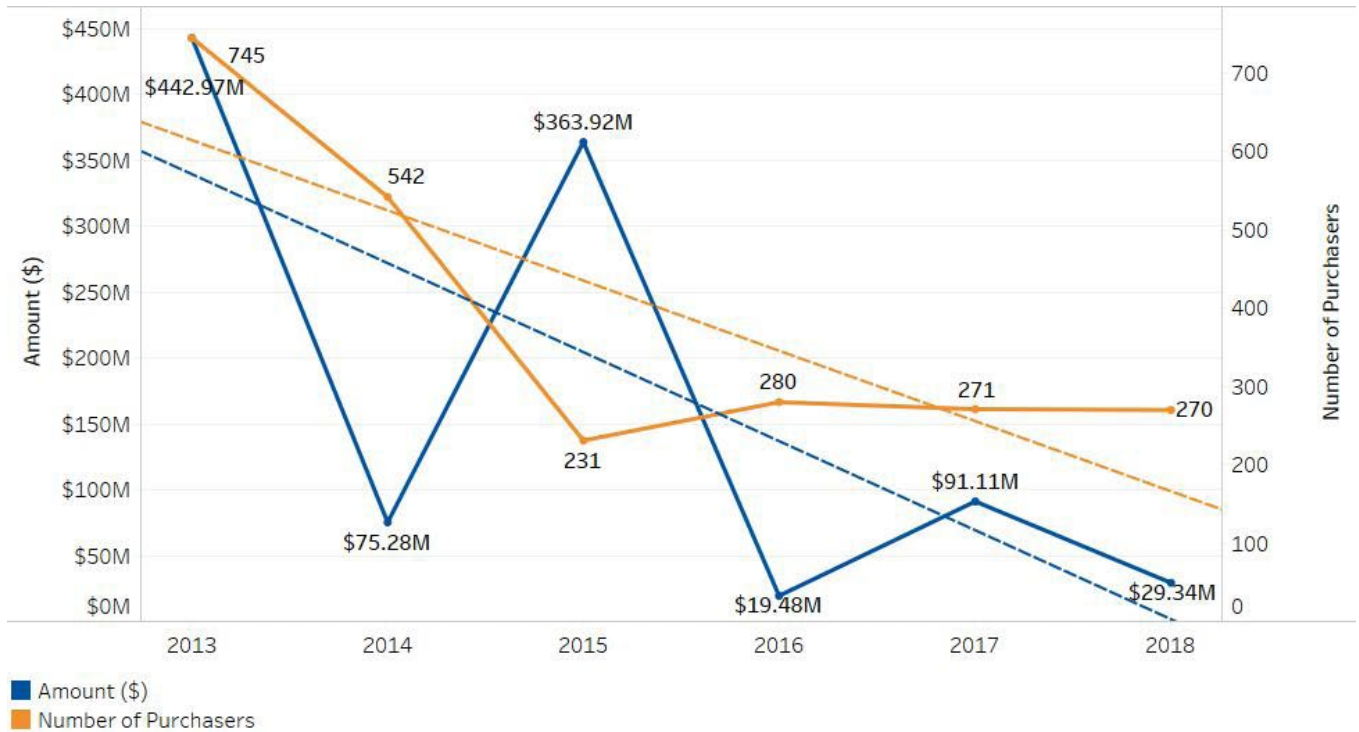
FCNB commenced its research into New Brunswick's capital markets in 2009. As annual results vary significantly, we decided to extend the scope of this year's report to six years as we believe that longer trends provide a more complete and accurate measure of capital market activity. Our intention, over the coming years, will be to provide additional years of data that may provide more insight into the trends impacting our capital markets.

Future reports will also focus on monitoring new variables and findings identified each year.

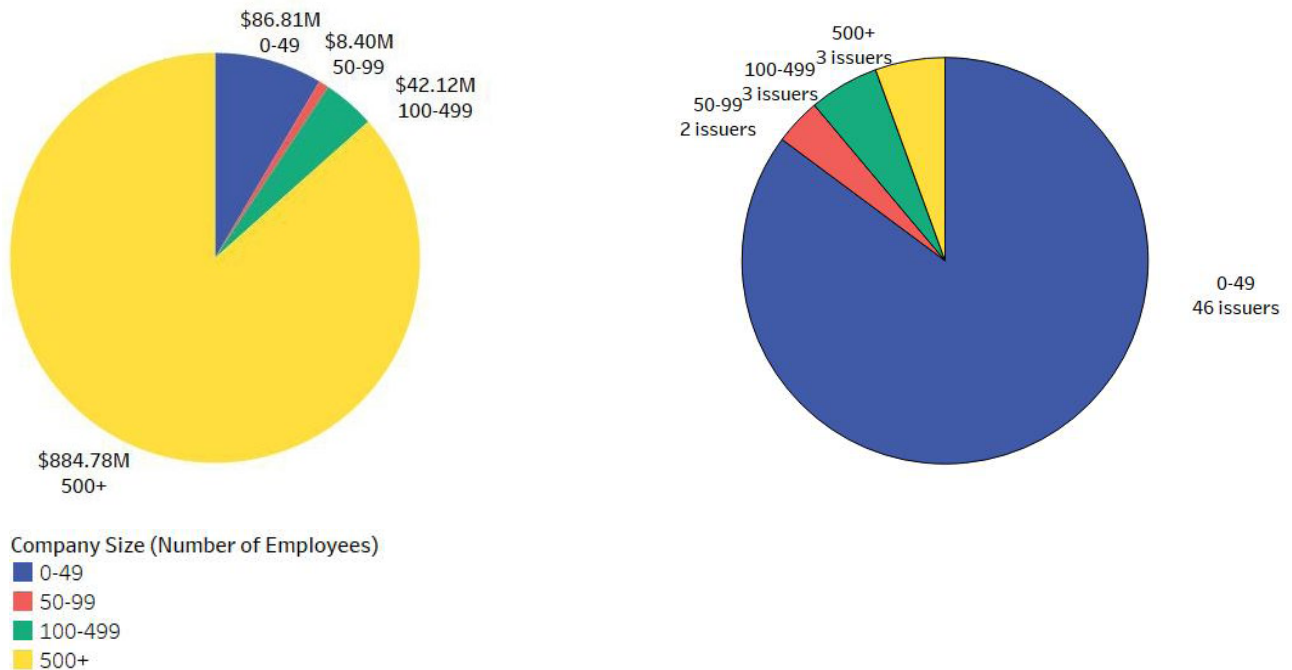
FCNB welcomes discussion and comments on this report. Please contact our Senior Analyst, Capital Markets Jeff Harriman, at jeff.harriman@FCNB.ca.

APPENDIX A - EXEMPT MARKETS

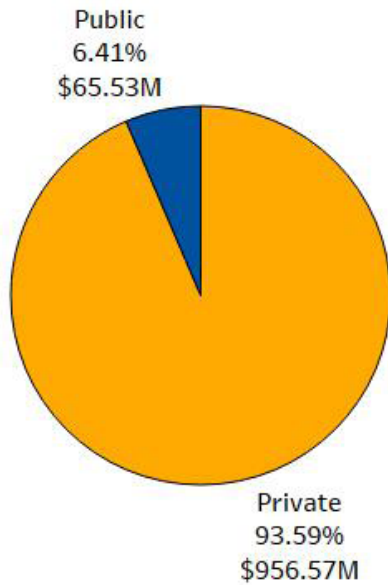
Total exempt investment (\$) and number of purchasers (2013-2018)



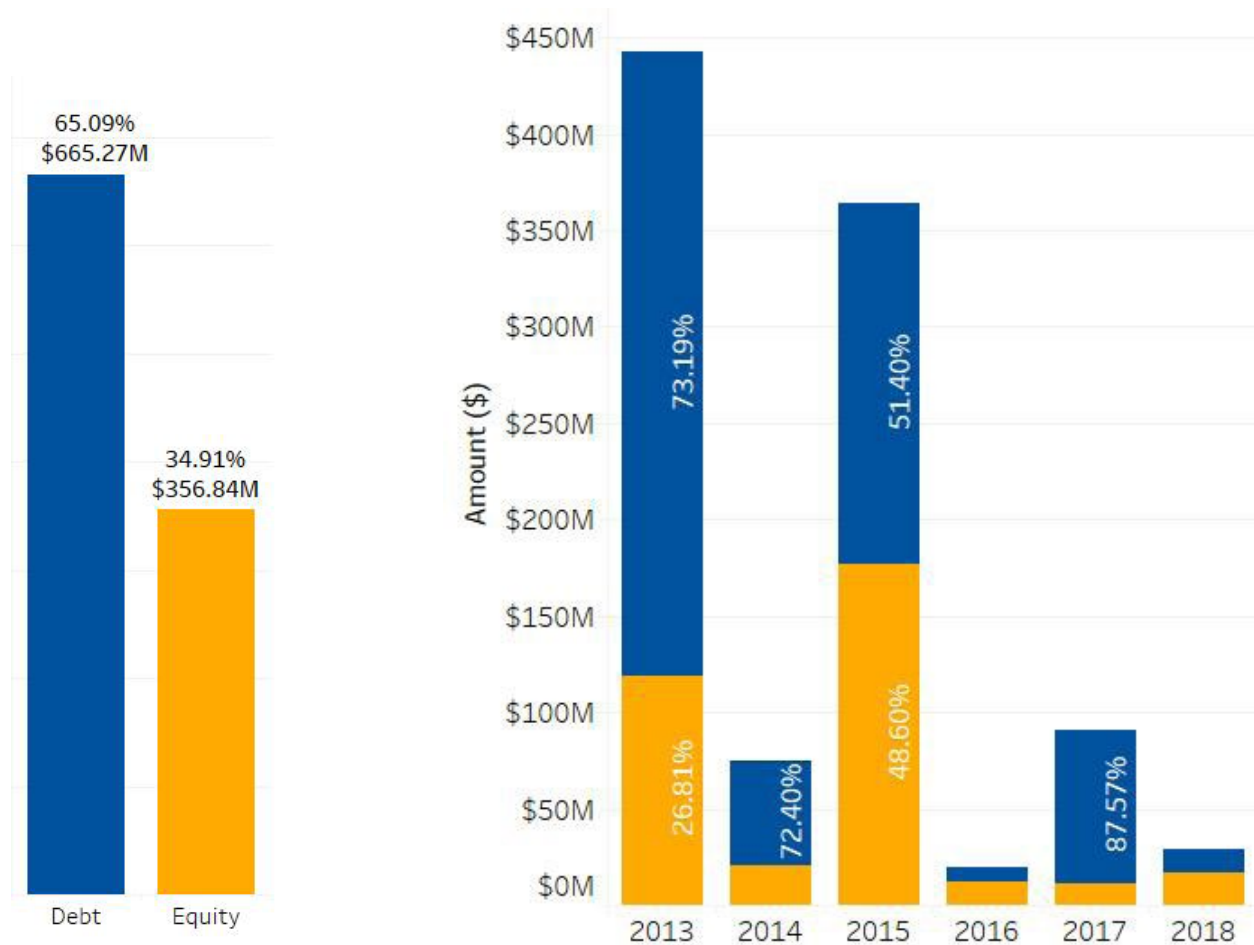
Exempt distribution amount raised and number of issuers by company size (2013-2018)



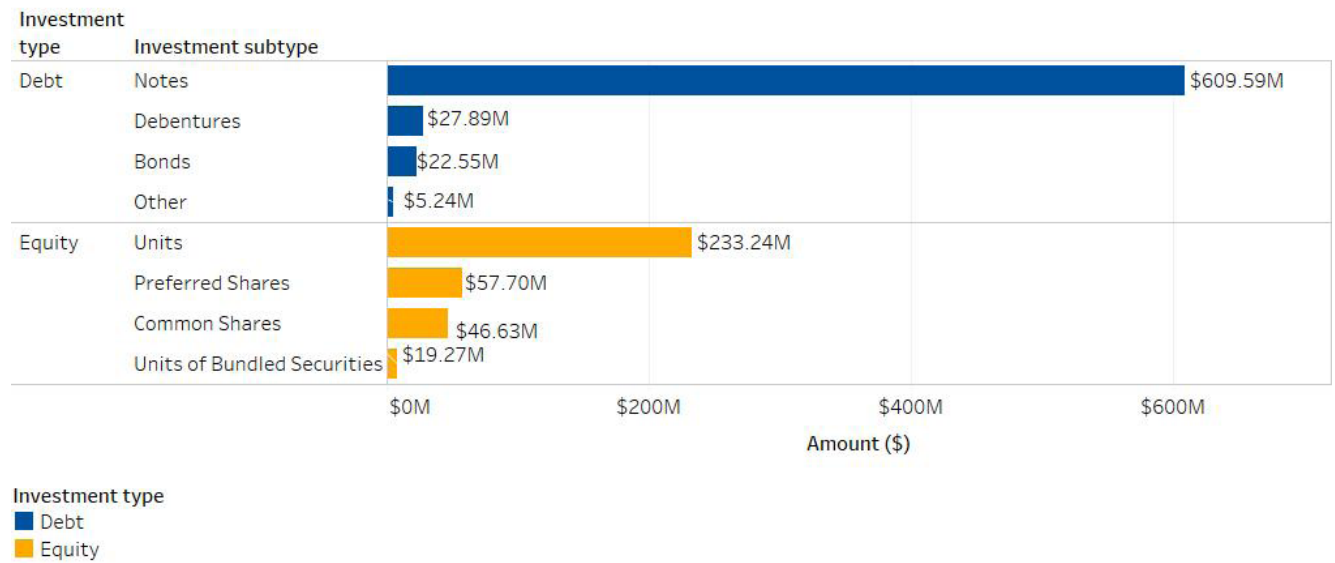
Exempt distribution amount raised by type of company - Public vs. Private (2013-2018)



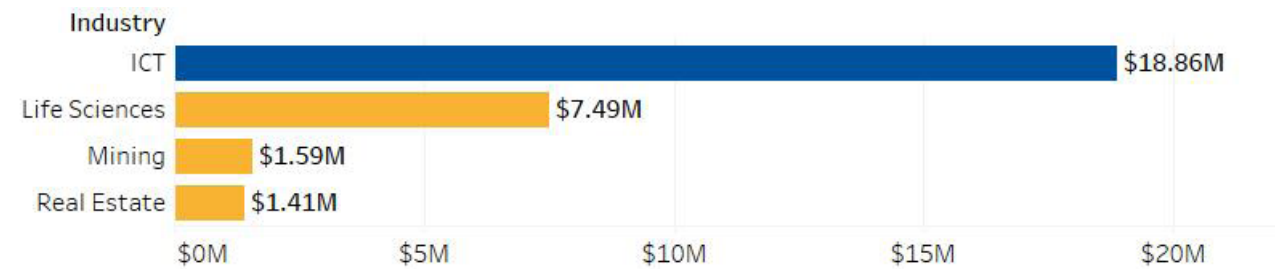
Total exempt distribution (\$) by type of security - Debt vs. Equity (2013-2018)



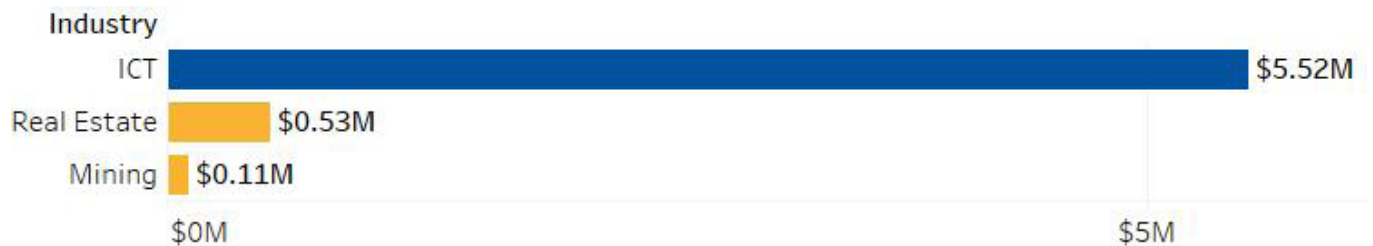
Total exempt distribution (\$) by sub-type of security (2013-2018)



Total exempt distribution (\$) raised by New Brunswick companies by industry sector (2018)



Total exempt distribution (\$) by New Brunswickers in New Brunswick companies by industry sector (2018)

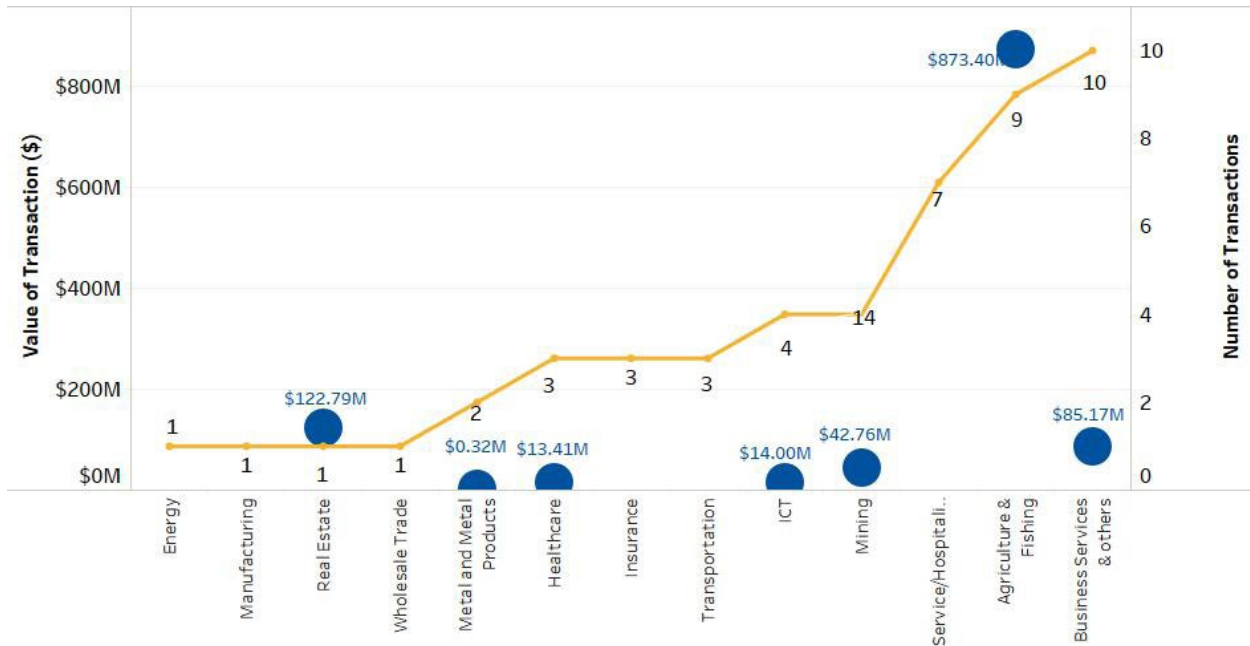


APPENDIX B - MERGERS AND ACQUISITIONS

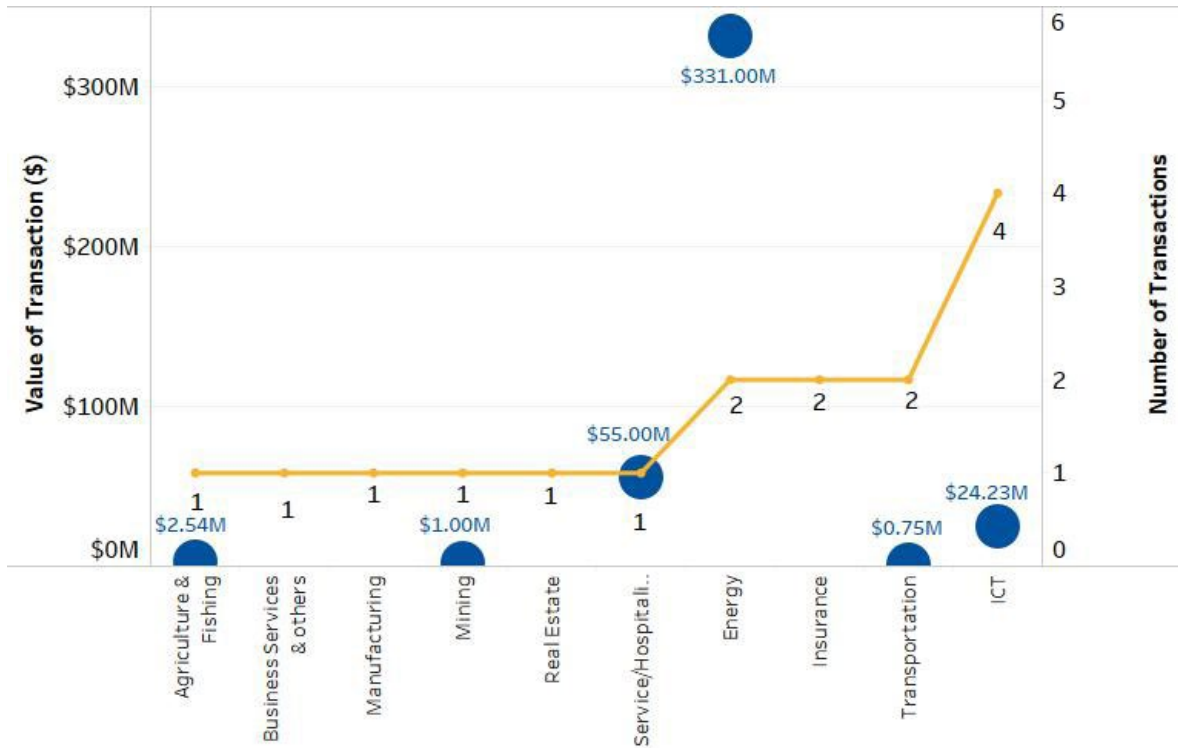
Number of M&A deals and transactions amounts by industry with New Brunswick firms as target (2013-2018)



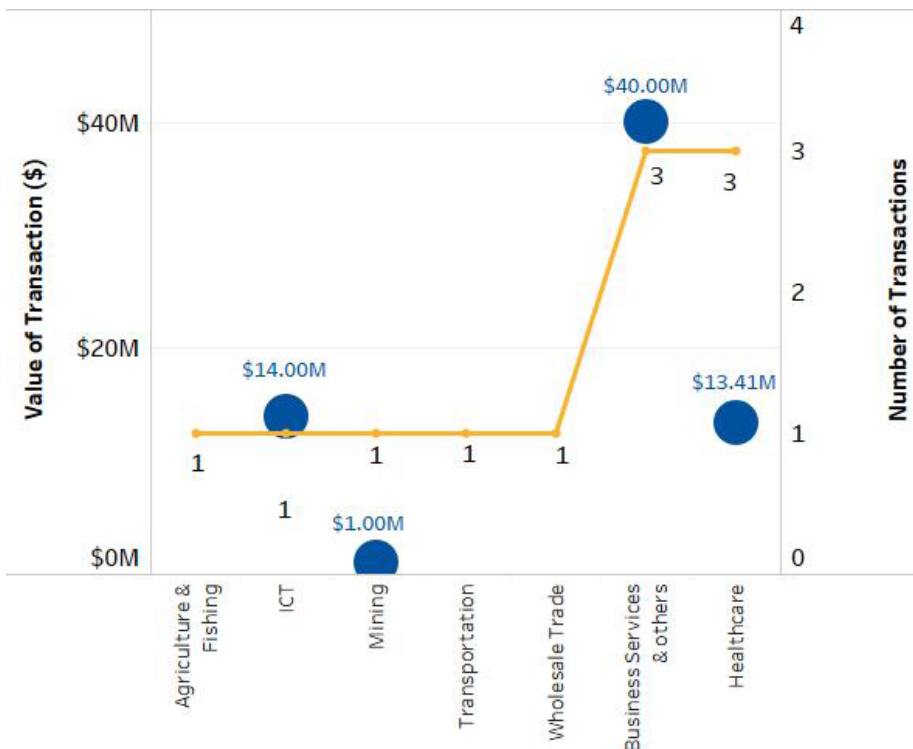
Number of M&A deals and transactions amounts by industry with New Brunswick firms as acquirer (2013-2018)



Number of M&A deals and transactions amounts by industry with New Brunswick firms as target (2018)



Number of M&A deals and transactions amounts by industry with New Brunswick firms as acquirers (2018)



APPENDIX C – GLOSSARY

Accredited investors: A person or organization, generally wealthy and experienced, who meets established criteria. For specific criteria see [National Instrument 45-106 Prospectus and Registration Exemptions](#).

Agriculture, forestry and fishing: Industry sectors of crop production, animal production, forestry and logging, fishing and other related activities.

Angel investment: A monetary or mentoring investment from an individual in a small and/or start-up business.

Bonds: A bond is a debt instrument. The investor lends money to a borrower (such as a corporation or the government) for a certain period. In exchange, the borrower agrees to pay the investor a fixed rate of interest at certain times and to repay the value of the money borrowed (face value) at its maturity date.

Capital markets: These markets bring together the providers and users of capital, the financial products – like stocks (equity capital) and bonds (debt capital) – that make the transfer of capital possible, and the people and organizations that support the process.

Common stock: Securities representing equity ownership in a corporation, providing voting rights, and entitling the holder to a share of the company's success through dividends and/or capital appreciation.

Convertible debentures: A type of loan issued by a company that can be converted into stock by the holder and, under certain circumstances, the issuer of the loan.

Crowdfunding: The practice of funding a project or venture by raising many small amounts of money from a large number of people, typically through the Internet.

Debt financing: Loans derived from institutions, such as banks, credit unions, finance companies, portfolio managers, financial funds and insurance companies.

Early stage: Funds making most of their investments in companies that have product development, initial marketing, manufacturing and sales activities already in the testing or production stages. The investments are used by the company to begin production and sales. In some cases, the product may just have been made commercially available and the companies may not yet be generating profits. The companies may be in the process of organizing or they may already be in business for three years or less. Usually, such firms will have produced market studies, assembled key management, developed a business plan, and are ready to start, or have already started, conducting business.

Energy sector: Companies belonging to this sector relate to producing or supplying energy. This sector includes companies involved in the exploration and development of oil or gas reserves, oil and gas drilling, or integrated power firms.

Equity investment: A funding source which refers to the acquisition of equity (ownership) participation in a private (unlisted) company or buying and holding of shares of stock on a stock market by individuals or firms.

Exempt markets distributions: When an issuer sells securities using one of the prospectus exemptions established under securities law.

Exempt markets: Exempt markets involve securities that are distributed without a prospectus. Generally, every company distributing new securities must disclose certain information to potential investors in the form of a prospectus. This information is disclosed to ensure that investors have enough information to help them make a well-informed decision. Sometimes, the requirement for a prospectus can be waived. This exemption usually applies to illiquid securities, which do not have established secondary markets. Companies can use multiple exemptions to raise funds. For further details, please see [Glossary](#) in Appendix C or the [National Instrument 45-102](#).

Expansion stage: When companies have products and services that are currently available and require additional capital to expand production to increase revenue.

Funding location: The geographical source of the venture capital investment being invested in New Brunswick.

Funder type: The structure of the fund entity.

Grant: A type of fund usually granted by federal and provincial agencies for a specific purpose.

► Federal Grants:

- NRC-IRAP: National Research Council- Industrial Research Assistance Program
- NSERC: Natural Sciences and Engineering Research Council of Canada
- CFI: Canada Foundation for Innovation
- SDTC: Sustainable Development Technology Canada
- CIHR: Canadian Institutes of Health Research
- SSHRC: Social Sciences and Humanities Research Council
- ACOA: Atlantic Canada Opportunities Agency

► Provincial Grants:

- RDC: Regional Development Corporation
- ONB: Opportunities New Brunswick.

Additionally, the assistance provided by Financial Assistance to Industry includes payroll rebates, forgivable loans as well as non-repayable contributions toward capital expenditures. The assistance provided by the Small Business Group includes non-repayable contributions toward capital expenditures, non-repayable contributions toward business development expenses and payroll support.

- NBIF: New Brunswick Innovation Foundation
- NBHRF: New Brunswick Health Research Foundation

ICT: The Information and Communications Technology sector.

Institutional: Funds managed inside certain large organizations such as endowments, foundations or pension funds, investment banks, and other banking/ financial institutions.

Investor location: The geographical location of the investor who provided the investment.

Later stage: Funds that make most of their investments into portfolio companies that have an already established product or service and have already generated revenue but may not be making a profit. These companies may need capital to grow or expand. The investments are used to increase marketing, production capacity, further product development, etc.

Life sciences: The biotechnology, medical and healthcare sectors

Manufacturing: The fabrication, processing or preparation of products from raw materials and commodities sectors.

Mergers and acquisitions (M&A): An aspect of corporate strategy, corporate finance and management dealing with the buying, selling, dividing and combining of different companies and similar entities that can help an enterprise grow rapidly in its sector or location of origin, or a new field or new location, without creating a subsidiary, or using a joint venture.

Notes: A financial security that generally has a longer term than a bill, but a shorter term than a bond.

Other (under the 'industry' category): Includes warehousing, tourism, utilities, arts, entertainment and recreation sectors.

Other (under the 'type of funder' category): Includes investors with an interest in specific private equity deals, but without a permanent market presence, such as angel investors and non-private equity investors.

Outstanding debt: The principal amount of money borrowed, but not yet paid back.

Preferred shares: A class of ownership in a corporation that has a higher claim on the assets and earnings than common shares. Preferred shares generally have a dividend that must be paid out before dividends to common shareholders and they usually do not have voting rights.

Private independent: Funds that make private equity investments and raise a portion or all of its capital from outside investors.

Private issuer: When companies need additional financing after formation, they can use the private issuer exemption to issue securities to start a business and sell securities in any amount without any required disclosure, provided these trades are only to specified purchasers and the company's securities are owned by no more than 50 people. The private issuer exemption requires restrictions to be in place, which limit the ability to transfer ownership of the securities.

Seed stage: Funds that make a majority of investments in newly formed companies, and in doing so, help a company's founder conduct research leading to development and design of a product or service. This stage involves a relatively small amount of capital and is typically a pre-marketing stage.

Services: An industry sector referring to the following services:

- ▶ professional
- ▶ scientific and technical
- ▶ administrative and support
- ▶ waste management and remediation
- ▶ other services not including educational and public administrative services

Type of venture capital fund: The derived or stated investment focus of the fund.

Type of funder: The structure of the fund entity.

Units: A combination of securities or types of securities put together and bought and sold as one.

Unit of bundled securities (UBS): A unit consisting of a common share and a warrant.

Venture capital investment: A special form of private equity investment characterized by investment in young, high-growth potential companies

APPENDIX D – SOURCE LIST

Venture Capital

Sources:

New Brunswick Innovation Foundation (NBIF)
Thomson Reuters
Public Information Sources

Exempt Markets

Source:

Regulatory filings made to The Financial and Consumer Services Commission

Our analysis of New Brunswick's 2018 exempt markets was completed using information obtained from regulatory filings.

Many companies raising capital in New Brunswick rely on private issuer exemptions, which do not require reporting to FCNB.

Mergers & Acquisitions

Sources:

Thomson Reuters
Public Information Sources

Grants

Provincial Agency Sources:

1. New Brunswick Innovation Foundation (NBIF)
2. Direct from Opportunities New Brunswick (ONB)
3. New Brunswick Health Research Foundation (NBHRF)

Federal Agency Sources:

1. National Research Council (NRC-IRAP)
2. Natural Sciences and Engineering Research Council of Canada (NSERC)
3. Canada Foundation for Innovation (CFI)
4. Social Sciences and Humanities Research Council (SSHRC)
5. Atlantic Canada Opportunities Agency (ACOA)

Government of Canada - [Open Canada](#)

Debt

Sources:

1. Direct information provided by UNI Financial Cooperation
2. Atlantic Canada Opportunities Agency (ACOA) project information [site](#)
3. Direct information from Credit Union Atlantic