



Prepared in accordance with the requirements of §63M-1-1206
(6) of the Utah Venture Capital Enhancement Act

PORTFOLIO PERFORMANCE

- 2.4 %** **net internal rate of return** including financing and administrative costs since fund inception
- 16.8%** **net internal rate of return** including financing and administrative costs for the reporting period
- \$63.7 m** **investment distributions** since fund inception
- \$113.1 m** **net asset value** of Utah Capital portfolio funds
- No new** **investment commitments** will be made under the current financing structure

ECONOMIC DEVELOPMENT

77

Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)

5,073

New Utah jobs added by Utah companies since fund inception

Eide Bailly, LLP performed agreed upon procedures on this Annual Report in accordance with the terms of a contract dated August 28, 2015



ECONOMIC DEVELOPMENT

INSIGHT
VENTURE PARTNERS

NEA

ACCEL
PARTNERS

POLARIS
PARTNERS

zetta



- ▶ **77** Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers)
- ▶ **5,073** new Utah jobs added by Utah companies since fund inception
- ▶ **\$879 m** invested in Utah companies by Utah Capital portfolio funds since fund inception
- ▶ **\$17 m** invested by Utah Capital in Utah companies
- ▶ **29** consulting sessions during reporting period
- ▶ **74** events promoting Utah's entrepreneurs and companies
- ▶ **17** community events supported during reporting period

PELION
VENTURE PARTNERS

M
Menlo

**ANDREESSEN
HOROWITZ**

SORENSEN CAPITAL

The Utah Data Analytics Summit:

- ▶ **35** Developers
- ▶ **36** Entrepreneurs
- ▶ **51** Executives
- ▶ **29** Investors
- ▶ **20** Marketing, Sales, Finance, HR personnel
- ▶ **2** Vendors
- ▶ **72** Others (mainly students & professors)



CAPITAL INTRODUCTIONS



Many introductions were made during the reporting period. Utah Capital was helpful in sharing Utah-based funds and a Utah-based start-up company with non-Utah investors, totaling an estimated \$35 m that could be deployed into Utah. Venture Capital and Private Equity fund managers typically raise funds every 3–5 years and invest in companies opportunistically based on various investing strategies. The \$35 m is modeled after each fund manager's past fund exposure to Utah. The Utah-based start-up company was discovered as a result of a Utah Capital event and led to subsequent capital introductions totaling nearly \$2 m. Investments often take several months (or years) to materialize from introductions.

FINANCING COSTS

- ▶ **\$3.8 m** for the full year



The combination of increased investment performance and a decline in financing costs due to the 2012 refinancing have allowed the fund to reduce current tax credit exposure to \$0. Although it is possible that tax credits may be used in the future, assuming steady investment performance and distributions, it is unlikely that the fund will require any tax credit redemptions over the next 5 years. The fund has received typical investment distributions over the reporting period sufficient to allow the fund to pay-down its financing obligations. Current financing matures in 2017. Management continues to evaluate low cost sources of capital to finance the fund through completion. Consistent with legislation, Utah Capital will finance all new funds with equity capital.

ADMINISTRATIVE COSTS

- ▶ **\$908 k** for the reporting period including:
 - ▶ **\$466 k** in total compensation paid to four employees
 - ▶ **\$250 k** investment allocation manager
 - ▶ **\$173 k** other (economic development, office, legal)
 - ▶ **\$19 k** business travel expense

Sources: Utah Capital analysis, LP Capital Advisors (fund allocation manager) analysis. Job figures are received directly from Utah Capital portfolio funds.

Community Event: a Utah-based event focused on entrepreneurship and/or improving small business access to investment capital.

Consulting Sessions: meetings between Utah Capital staff and a Utah company seeking investment capital.

Financing Costs: interest, dividends, and fees paid to investors.

Investment Commitment: commitment by Utah Capital to invest in a portfolio fund.

Investment Distributions: cash returns from Utah Capital portfolio funds.

Net Asset Value: unrealized value of Utah Capital portfolio funds.

Net Internal Rate of Return: the annualized rate of return calculated using dates of cash outflows (investments, operating costs), cash inflows (investment distributions), and net asset value.

New Utah Jobs: number of Utah employees at a company that has received investment capital from a Utah Capital portfolio fund less number of employees at time of original investment by a Utah Capital portfolio fund. Once fund managers have sold their position in the company, Utah Capital does not track further job growth after the year of realization. With investments where fund managers continue to hold positions in the company, job growth is updated on an annual basis.

Utah Capital Portfolio Fund: any fund receiving an investment commitment from Utah Capital.

Utah Company: any company headquartered in or with substantial operations in Utah.

