



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

PORTFOLIO PERFORMANCE

- 3.7 %** **net internal rate of return** including financing and administrative costs since fund inception
- 12.4 %** **net internal rate of return** including financing and administrative costs for the reporting period
- \$83.5 m** **investment distributions** since fund inception
- \$114.7 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)

6,526

New Utah jobs added by Utah companies since fund inception (1,356 jobs were reported as part-time jobs)

Eide Bailly, LLP performed agreed upon procedures on this Annual Report in accordance with the terms of a contract dated June 22, 2016



ECONOMIC DEVELOPMENT



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- ▶ **77** Utah companies received investment capital from Utah Capital portfolio funds since fund inception (30 companies no longer owned by Utah Capital fund managers or have no value)
 - ▶ **6,526** new Utah jobs added by Utah companies since fund inception (1,356 jobs were reported as part-time jobs)
 - ▶ **\$931 m** invested in Utah companies by Utah Capital portfolio funds since fund inception
 - ▶ **\$18 m** invested by Utah Capital in Utah companies
 - ▶ **37** consulting sessions during reporting period
 - ▶ **67** events promoting Utah's entrepreneurs and companies
 - ▶ **11** community events supported during reporting period

Managing Director Jason Werlin (pictured above center) and TA Associates have been an integral part of the Utah Capital mission. Although Utah Capital has invested \$6.9 m in TA XI's \$4 b fund, their receptivity to events, availability for company introductions and investing activity in Utah¹ should be highlighted:

Employees from TA XI & XII investments in Utah over **1,700**
TA XI investments in Utah over **\$280 million**²



TA ASSOCIATES

"We are extremely impressed with the growing technology ecosystem in Utah. The combination of high quality, hardworking people and technological expertise makes Utah a very attractive place to do business."

– Jason Werlin
Managing Director

CAPITAL INTRODUCTIONS



The activities of Utah Capital continue to drive value for Utah. From the introductions Utah Capital has made since the inception of the 2015 post-performance legislation, \$8 m has been invested as of December 31, 2015 and reviewed by auditors. Utah Capital estimates an additional \$27 million of investments to occur over the next four years.

COLLABORATIONS



Based on feedback from legislators and community members, Utah Capital has recently renewed its efforts to collaborate with USTAR and BioUtah, two organizations that benefit from the information technology and life science private sector relationships Management has established over the years. The goal of this collaboration is to encourage the private sector to further invest in Utah companies.

FINANCING COSTS

- ▶ **\$3.6 m** for the full year



The portfolio continues to provide regular distributions. Utah Capital is currently negotiating a more favorable debt structure that allows principal payments to be postponed as the portfolio continues to be harvested. Although it is possible that tax credits may be used in the future, assuming steady investment performance and distributions, Utah Capital does not expect that the fund will require any tax credit redemptions over the next 5 years.

ADMINISTRATIVE COSTS

- ▶ **\$817 k** for the reporting period including:
 - ▶ **\$402 k** in total compensation paid to four employees
 - ▶ **\$250 k** investment allocation manager
 - ▶ **\$154 k** other (economic development, office, legal)
 - ▶ **\$11 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. These may include multiple meetings with the same company but are counted as separate sessions.

Events: meetings typically outside of Utah or with investors less familiar with Utah companies or Utah Capital strategy. These may include multiple meetings with the same company but are counted as separate sessions.

Financing Costs: interest, dividends, and fees.

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 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. Beginning in the 2014 reporting period, Utah Capital compares its portfolio companies to the companies GOED provides incentives to. In conjunction with GOED's EDTIF program, the legislature created Utah Capital to help companies secure investment they need to start, grow, and contribute to the state's economy. EDTIF and Utah Capital may have supplied post-performance incentives or other funds to some of the same companies, provided that each company made separate applications and met separate criteria.

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.

1 Although Utah Capital held 37 consulting sessions, participated in 67 events promoting entrepreneurs and companies, supported 11 community events and assisted with \$8 m worth of introductions during the reporting period, TA Associates sourced its only TA XI Utah investments (DigitCert and StorageCraft) through its robust outbound calling team.

2 as of 8/1/16



* Examples may or may not be specific to UFOF I, LLC