



FINANCIAL AND  
CONSUMER SERVICES  
COMMISSION

regulation • education • protection

# *New Brunswick Capital Markets Report 2016*

---

OCTOBER 2016

**FCNB.CA**

85 Charlotte Street, suite 300 | Saint John, NB E2L 2J2 | 506 658-3060  
225 King Street, suite 200 | Fredericton, NB E3B 1E1 | 866 933-2222

## Acknowledgement

The Financial and Consumer Services Commission (FCNB) wishes to acknowledge the significant contribution to this report by Godfred Taku, MBA candidate at the University of New Brunswick (UNB), Saint John Campus.

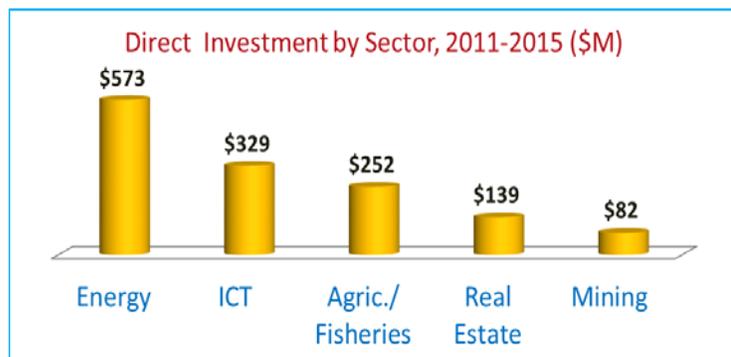
## Contents

Executive Summary .....	3
Introduction.....	6
Purpose and Scope of the Report.....	6
Methodology .....	7
New Brunswick’s Capital Markets .....	7
New Financing Options & Update on Crowdfunding.....	9
New Brunswick Investing in New Brunswick .....	10
Venture Capital (VC) Investments in New Brunswick’s Capital Markets:.....	12
Venture Capital Investment by Industry Sector (\$M).....	13
Venture Capital by Development Stage and Industry Sector (\$M) .....	13
Venture Capital Investments by Province (\$M).....	15
Exempt Markets Distributions in New Brunswick’s Capital Markets.....	16
Mergers and Acquisitions in New Brunswick’s Capital Markets.....	21
Grants in New Brunswick’s Capital Markets.....	25
Debt Financing.....	27
Analysis and Next Steps.....	29
Appendix A - Glossary.....	30
Appendix B - Dashboard of New Brunswick's Capital Markets' Indicators, 2011-2015.....	34
Appendix C - Dashboard of New Brunswick's Capital Markets' Indicators - 2015.....	35
Appendix D - Five Year Dashboard of New Brunswick's Capital Markets Key Indicators .....	36
Appendix E – Tables.....	37
Appendix F - Accelerators.....	49
Appendix G - Source List.....	50

## Executive Summary

The Financial and Consumer Services Commission (FCNB) has published the New Brunswick Capital Markets Report 2016 edition. The objectives of the report are twofold: to present a clear picture of New Brunswick's capital markets activity and to provide a tool to analyze capital markets trends. We continue to enhance our research and reporting by incorporating new and relevant information on capital markets' activities. Our goal is to provide stakeholders with a single source for in-depth information and analysis of our capital markets. We have been reporting on New Brunswick's capital markets for over five years and the analysis contained in this report delves deeper into the cumulative results, while comparing the current and prior year. We also take a closer look at direct investments which include venture capital investments, exempt markets distributions, angel investments and activity by New Brunswick public companies.

We have included data on over \$1.46 billion raised through direct investments received by New Brunswick companies between 2011 and 2015. The \$1.46 billion is comprised of: venture capital of \$62.17 million; public companies raising \$251.44 million, and exempt markets distribution of \$1.15 billion.



Overall activity in the exempt markets

for the five-years ending 2015 consists of debt instruments worth \$842.20 million (69.5%) and equity instruments worth \$368.77 million (30.5%). Investment in the exempt markets provided by New Brunswickers has reached \$50.44 million since 2011 representing 4.2% of the total funds raised in New Brunswick's exempt markets. Investors from outside the province contributed 95.8% of the total capital raised and their preference was to purchase debt securities (71.2%). However, our research indicates that investors from within the province are more interested in equity instruments as their exempt purchases included 67.9% equity securities.

Exempt markets rebounded in 2015 as \$363.92 million was raised compared to \$75.28 million in 2014. Agriculture & Fisheries attracted 68.8% of the total exempt distribution in 2015.



The cumulative value of merger and acquisition (M&A) deals for New Brunswick for the five years ending 2015, was also \$1.4 billion. New Brunswick companies have been actively purchasing companies within the province and outside of New Brunswick with total acquisitions worth

\$769.25 million representing 53.98% of all M&A activity in the province.

Mergers and acquisitions (M&A) in 2015 witnessed a significant drop to \$125.28 million, down from \$372.02 million in 2014. This amount was significantly below the five-year average of \$284.97 million.

The number of M&A deals also decreased by 47.8% in 2015. The largest deal was in the service and hospitality sector of \$74.98 million, representing 59.8% of the total value in 2015. Our research found that New Brunswick companies were not as active as in past years in acquiring companies from outside the province as the value of these deals was down to \$7.03 million.

Venture capital (VC) investments have been a key part of the capital markets in the province. In 2015, New Brunswick companies attracted a total of \$11.64 million compared to \$14.08 million in 2014 a decrease of 17.3%. In 2015, the VC funds raised were slightly below the cumulative five-year average of \$12.43 million. The number of VC deals also dropped by seven deals. However, the average size deal has continued to grow; 2015 average deal size of \$0.78 million was up when compared to \$0.64 million in 2014. The increase in deal size was due to four early stage New Brunswick companies receiving deals worth between \$1.00 million and \$2.50 million. ICT has been and continues to be the main focus for VC deals; attracting 88.6% of total VC capital in 2015. Overall the majority of VC deals were in the early and later stages of business development. Later stage VC investment increased by 127.3% (from \$0.99 in 2014 to \$2.25 million in 2015), although this amount remains below five-year average of \$4.80 million.

The federal and provincial governments supplemented capital investments by providing grants between 2011 and 2015 worth \$833.81 million.

The provincial government also supports entrepreneurial efforts through its Small Business Investor Tax Credit (SBITC). The SBITC program reimbursed \$36.19 million to New Brunswick investors who invested in the province for the five-years ending 2015.

There was a significant change to the SBITC program in 2015. The tax credit was increased from 30.0% to 50.0% of the amount invested. This had an immediate impact on New Brunswick's capital markets as the total capital raised in 2015 using the program increased to \$32.17 million an increase of 116.9% over 2014.

New Brunswick public companies were relatively quiet this year with a total capital raise of \$19.94 million. All of these funds were raised using the exempt market.

Debt financing by New Brunswick financial institutions remains a fundamental pillar in the capital markets of New Brunswick. The lending provided by the caisses populaires and the credit unions increased by 6.5% (\$52.17 million) and 7.3% (\$5.83 million) respectively, in 2015.

New Brunswick gross domestic product (GDP) rose by 1.9% in 2015 compared to a decline of 0.3% in 2014. In 2015, New Brunswick experienced its best growth rate since 2010, with goods-producing industries and manufacturing accounting for 4.6% and 4.3% of the growth respectively.

## **Introduction**

In 2005, the New Brunswick Securities Commission, now the Financial and Consumer Services Commission (FCNB), established its Fullsail initiatives to help foster capital markets in the province. Fullsail activities include programs to educate capital markets' participants, engage stakeholders and consultants, as well as conduct research into the province's capital markets.

## **Purpose and Scope of the Report**

This annual study is meant to provide a platform for engagement and discussion among stakeholders leading to further development of New Brunswick's capital markets. The report provides an analysis of the trends, sources, sizes, and types of various capital markets used by investors and businesses to raise capital to finance operations. Building upon the research contained in our previous reports, this report provides a comprehensive analysis of New Brunswick capital markets' activities for the past five-year period ending in 2015.

The report will also help stakeholders in their strategic decision process providing capital markets' stakeholders information about the most frequently used funding options to finance companies operations, which sectors within the New Brunswick economy are most attractive and the level of funding in the province. It also provides an overview of the changes in funding within the province over time.

The report provides a comparison of funding amounts among like-sized provinces in Canada; we examining each sector of the capital markets to identify growing and declining areas.

This report covers the following capital markets:

- Venture capital (VC)
- Merger and acquisition (M&A)
- Exempt markets
- Debt financing (limited scope)
- Grant funding (supplementary capital)

In this report, we analyze the above mentioned markets from multiple angles. We provide capital markets' stakeholders a practical overview of how New Brunswick companies have been raising money to fund their businesses over the years. To address the needs of different stakeholders, where appropriate we include: cumulative amounts, averages, comparisons and trends.

This report focuses on the following areas:

- Which geographic regions provide funding to New Brunswick businesses?
- The types of organizations provide funding?
- What specific industries are attracting investment?
- At what stage of development do these companies receive funding?
- Is there noteworthy M&A activity in the province?

Included in this report is a discussion on crowdfunding and the newly created Community Economic Development Corporation program.

## **Methodology**

The research methods used for this report include reviewing regulatory filings, published documents, completing interviews with stakeholders, and requesting data sets from Thomson Reuters. See Appendix G for a list of data sources.

## **New Brunswick's Capital Markets**

The development of the capital markets in New Brunswick continues to have its challenges as there are hindrances and external factors that impact these markets. From previous years' analysis, we found that one hindrance is the lack of a significant catalyst for economic growth. Despite the challenges, New Brunswick's economy recorded a positive GDP growth of 1.9% in 2015 compared to negative 0.3% GDP in 2014. The change was a result of an increase in goods-producing industries of 4.6%, manufacturing of 4.3%, services 1.0%, construction 2.3%.

New Brunswick led the Atlantic Provinces in GDP growth with 1.9%, Newfoundland declined by 2.2%, Prince Edward Island grew by 1.5%, and Nova Scotia witnessed a growth of 0.8%.

**Chart 1:** Real Gross Domestic Product (GDP) by Province, 2015

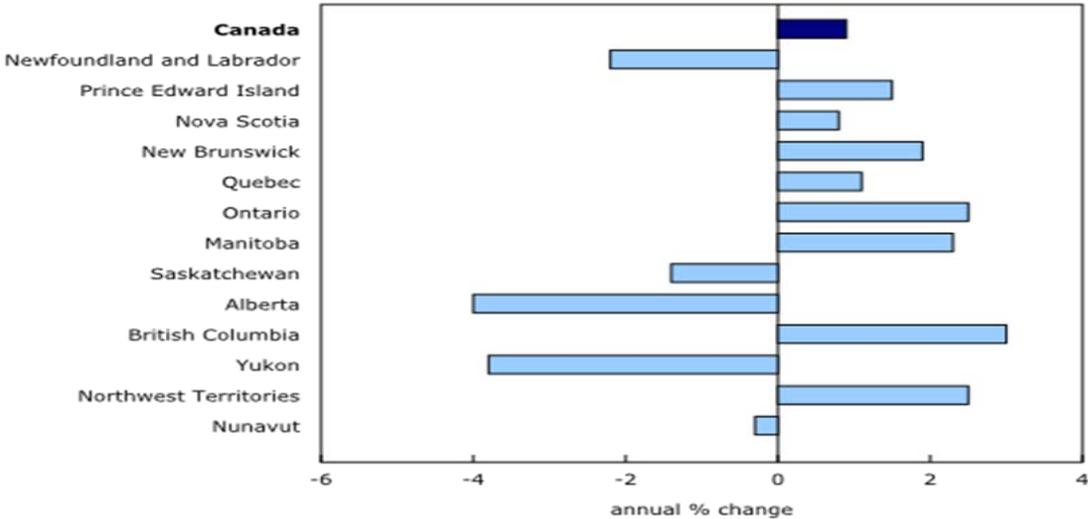
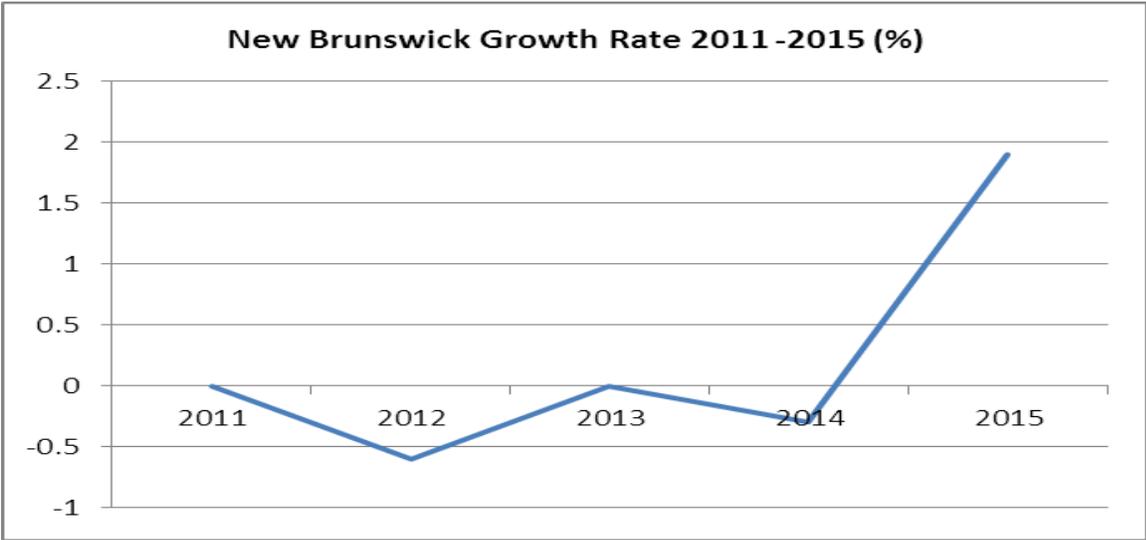


Chart 2 shows the real domestic gross product of New Brunswick over five years, with the worst year being 2012 with a decline of -0.6% and the best year being 2015 with a 1.9% growth rate.

**Chart 2:** Real Gross Domestic Product (GDP), 2011-2015



## New Financing Options & Update on Crowdfunding

**Community Economic Development Corporation (CEDC):** A CEDC provides an opportunity for New Brunswickers to channel their investment funds into their local economy. CEDCs acts as a pool of capital raised through the selling of shares or other acceptable financial security to defined individuals. The promoters and funders have the power to choose officers and directors to oversee the CEDC’s activities. The project that is funded by the CEDC must have revenue generating goals to qualify and the expectation to yield returns for investors. The minimum investment per individual is \$1,000. The maximum amount an individual can invest is \$250,000. If the investor is a trust or a corporation, the minimum amount is \$50,000. Individuals and companies benefit from investing in their community and from a 50.0% personal income tax credit for an eligible investment they make in a CEDC. Future editions of this report will track CEDC activity in the province.

**Crowdfunding** continues to evolve and there has been significant growth around the world. New Brunswick has been relatively slow to adopt crowdfunding as a viable option; there have been no reports of New Brunswick companies using the recently introduced rules related to equity crowdfunding to raise capital for their company. The following infographic shows the growth rates from around the world provided by: *Massolution/Crowdsourcing.org - 2015CF Crowdfunding Industry; Date: 31 March, 2015.*



Growth by crowdfunding region prediction for 2015 in millions of USD (research based estimate)

## **New Brunswickers Investing in New Brunswick**

New Brunswickers have always been supporters of local companies. Our data does not capture all activities in the province but captures the activity reported to our various sources. Our research shows in 2015, over \$43.94 million was raised, excluding grants and debt. Highlights include:

- Individuals invested a total of \$32.17 million in New Brunswick private companies utilizing the Small Business Investor Tax Credit program (SBITC)
- Venture capital firms located within the province invested \$3.09 million
- Angel investors, individuals and other companies using exempt markets provided \$8.68 million
- Accelerators played an active role in the New Brunswick capital markets

Accelerators, also known as start-up accelerators, are often fixed-term, cohort-based programs, that include mentorship and various educational components with the goal of building the knowledge and expertise to help this community succeed. Planet Hatch, a Fredericton based accelerator, is specifically geared towards helping start-ups accelerate, collide, and fuse within the entrepreneurial community. While each accelerator has its own unique goals and mandates, start-ups (also known as cohorts) typically receive office space, mentorship and a unique opportunity to learn from some of New Brunswick's best mentors and entrepreneurs. New Brunswick accelerators include; Planet Hatch, Propel ICT, Connexionworks and the Venn Garage. Additional details can be found in Appendix F.

# Are New Brunswickers Investing in New Brunswick?



## New Brunswick Investments

**\$43.94 million**

Total equity investment (within NB)

## Who's Investing? \$

**\$32.17 million**  
Individual investors

**\$3.09 million**  
Venture capital

**\$8.68 million**  
Angel investors

## Government Support through Capital Programs

**\$15.69 million**  
was provided by Small Business Investor Tax Credit (SBITC)

**153**  
approved SBITC applications

**\$110.14 million**  
in provincial grants

## NB Investors Using Exempt Markets by Sector in 2015 (\$M)



**\$0.17**  
Agriculture



**\$1.56**  
Healthcare



**\$6.09**  
ICT



**\$0.27**  
Life Sciences



**\$1.89**  
Real Estate



**\$0.20**  
Other

### Venture Capital (VC) Investments in New Brunswick's Capital Markets:

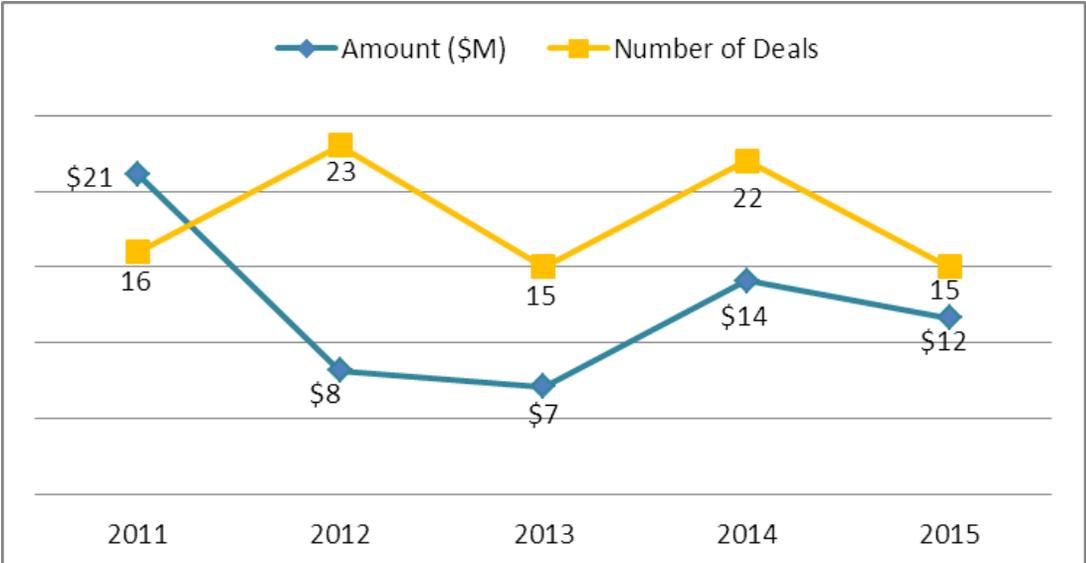
Venture Capital (VC) investments have witnessed constant fluctuation in the number of deals and the amounts of investment since 2011. Within the past five years, New Brunswick companies attracted a total of \$62.17 million in VC funding. The number of VC deals fluctuated between 15 and 23 and with the cumulative number of deals standing at 91. With the exception of 2011, the average size VC deal has been increasing.

The ICT has sector attracted a significant number of deals and the majority of investment dollars. ICT represents 74.0% of the cumulative VC investments representing 68 deals and \$46.01 million raised.

Figure 1.0 shows the number and value of VC deals for the past five years. The number of deals has remained relatively constant with the overall value dropping slightly since the peak in 2011.

In 2015, there were 15 deals worth \$11.64 million which is lower than the 22 deals and \$14.08 million raised in 2014. However, the average deal size continues to grow as the 2015 average deal size was \$0.78 million compared to \$0.64 million in 2014. This increase was actually due to New Brunswick companies in their early stages receiving larger VC deals than in prior years. This increase has the promise of potential growth in our start-up community.

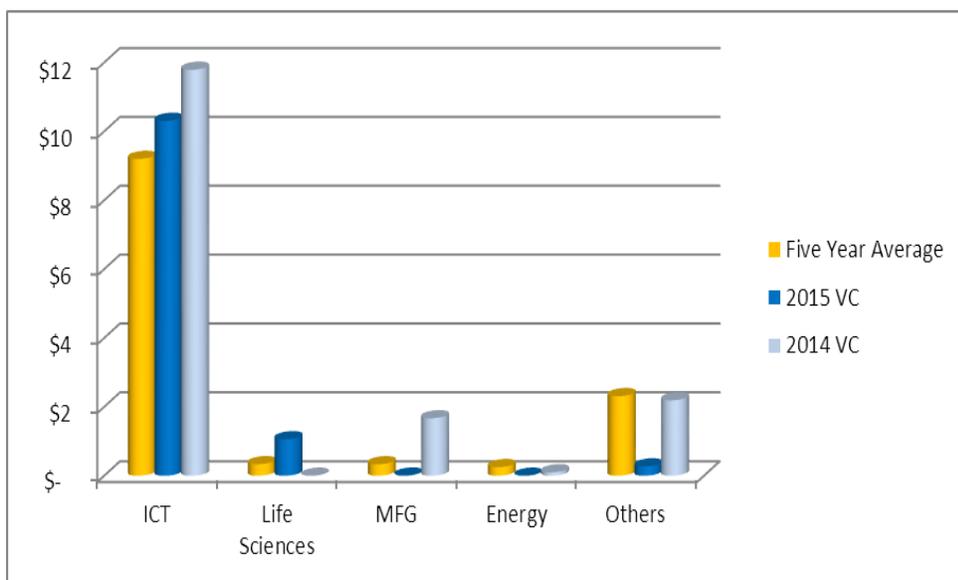
**Figure 1.0: Amount (\$M) and Number of VC Investment**



## Venture Capital Investment by Industry Sector (\$M)

Significant VC investment is being channelled to the ICT sector. Figure 1.1 illustrates that in 2015, ICT investment was \$10.31 million representing 88.6% of the total VC investments of \$11.64 million for the year. The ICT investments for 2015 fell below 2014 by 12.5%, but it was above the five-year average of \$9.20 million. Life Sciences sector attracted an investment of \$1.06 million in 2015. The remaining sectors have had limited investment since 2011.

**Figure 1.1: Amount of VC Investment by Industry Sector (\$M)**



## Venture Capital by Development Stage and Industry Sector (\$M)

Figure 1.2 demonstrates that of the \$11.64 million raised in 2015, \$9.22 million (79.2%) was invested at the early stage and \$2.25 million was in the later stage.

The 2015 VC investment of \$9.22 million in the early stage was down from \$12.69 million in 2014, but it was above the five-year average of \$6.89 million. The later stage VC investment increased by 127.3% (from \$0.99 in 2014 to 2.25 million in 2015). All later stage investments were related to the ICT sector which is a significant increase when compared to \$0.10 million in 2014, although below the five-year average of \$3.45 million in the ICT sector.

**Figure 1.2: VC Amount by Development Stage and Industry Sector (\$M)**

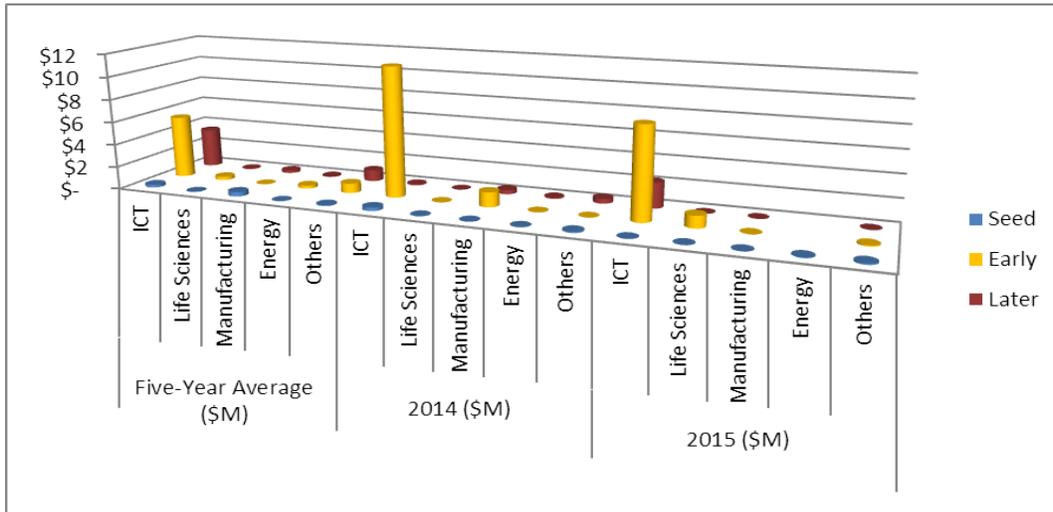
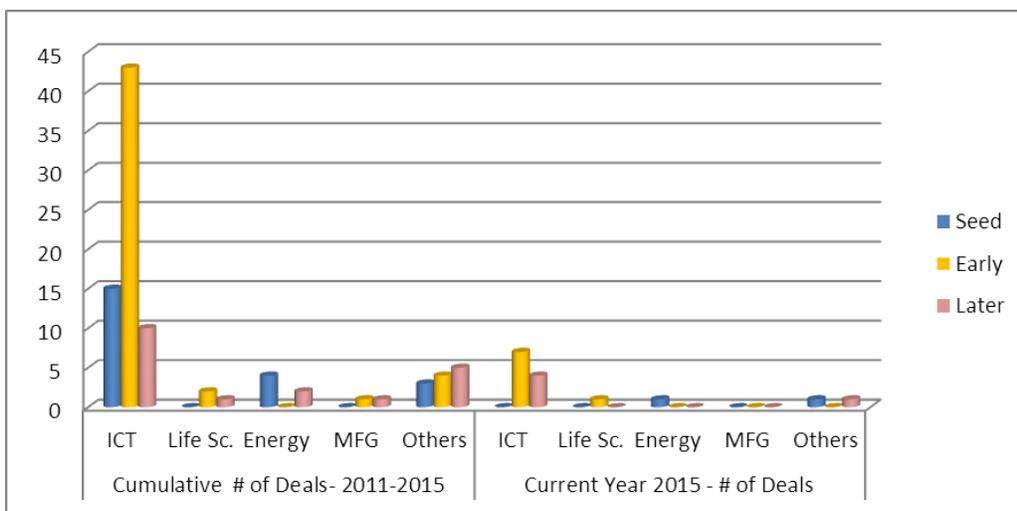


Figure 1.3 demonstrates the cumulative number of deals for the past five years and number of deals in 2015. The cumulative numbers of deals in the seed, early and later stages were 22, 50 and 19 respectively. ICT recorded the highest number of deals in all three stages while the remaining sectors had a limited number of deals. Although there are a significant number of seed deals, they only represent \$3.61 million or 5.8% of the cumulative value.

In 2015, there were 15 deals recorded, down from 22 deals in 2014. Companies at an early stage received eight deals, down from 14 in 2014. In the later stage, 2015 and 2014 recorded five deals each.

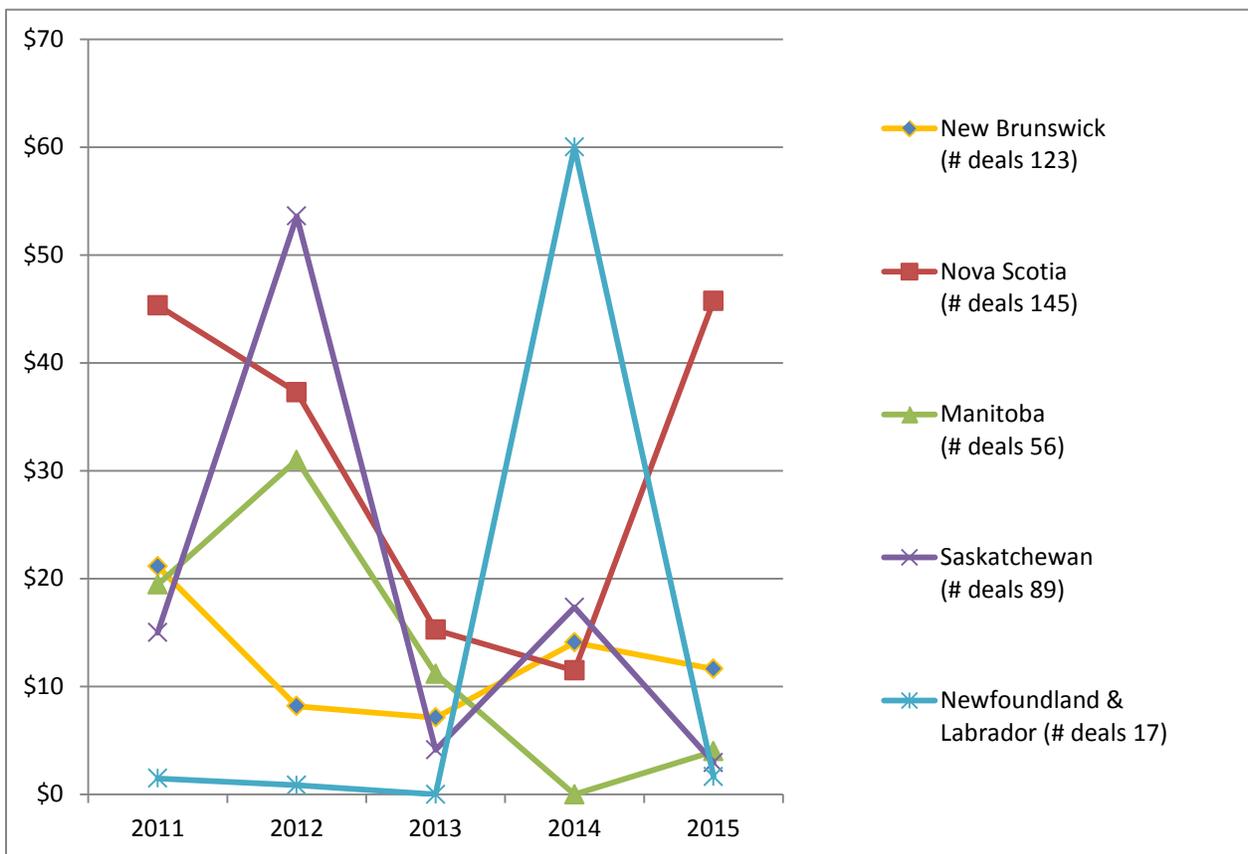
**Figure 1.3: Number of VC investments by Development Stage and Industry Sector**



## Venture Capital Investments by Province (\$M)

Figure 1.4 shows VC investments over the past five years for similar sized provinces including New Brunswick. New Brunswick has shown the most consistency and has received the second largest number of deals since 2011, following only Nova Scotia. New Brunswick's \$62.17 million in total funding is smallest amongst these provinces. The total VC activity in the province shows the competitiveness of New Brunswick based companies. Nova Scotia led with \$155.09 million raised and Newfoundland and Labrador recorded the largest single VC investment of approximately \$60.00 million in 2014.

**Figure 1.4: VC Investment per Province (\$M)**



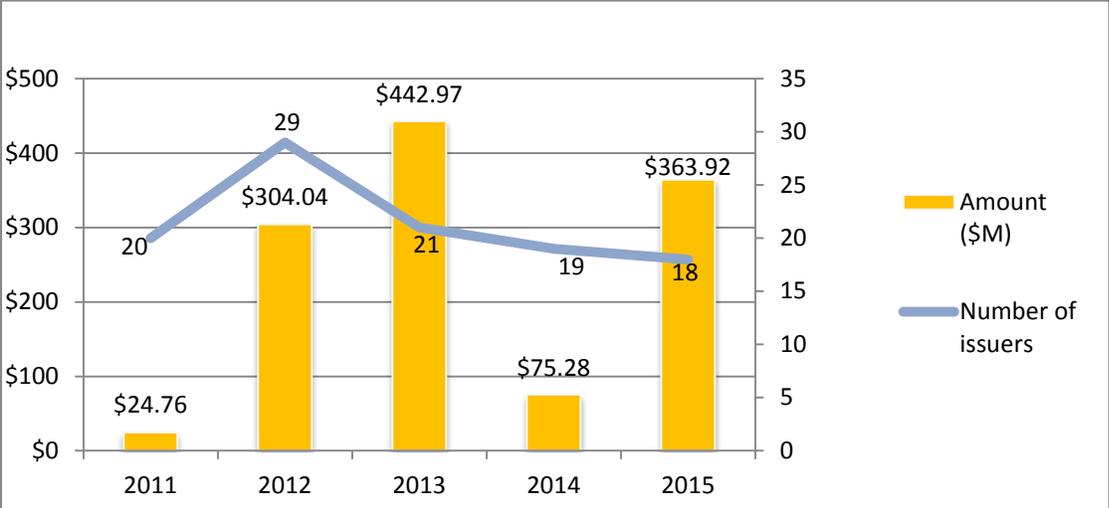
# Exempt Markets Distributions in New Brunswick’s Capital Markets

Exempt markets involve securities that are distributed without a prospectus. Generally, every person who distributes new securities must disclose certain information to potential investors in the form of a prospectus. The requirement to disclose this information is to ensure that investors receive sufficient information to allow them to make an informed investment decision. In some cases, the requirement for a prospectus can be waived. This exemption typically applies to illiquid securities, which do not have established secondary markets.

Our analysis of the exempt markets was completed using information obtained from regulatory filings, as well as information provided to us voluntarily by investors. Many companies raising capital in the province rely on the private issuer exemption, which does not require reporting to FCNB.

Figure 2.0 illustrates the trend of the exempt markets over a five-year span, 2011 to 2015. New Brunswick exempt market investments for the period reached \$1.20 billion. The highest exempt distribution in dollars amount was in 2013 with \$442.97 million; while 2012 was the highest in number of issuers with 29. There was significant increase in the dollar amount from 2014 (\$75.28 million) to 2015 (\$363.92 million) which included a significant investment in the fisheries industry. Both 2012 and 2013 included significant energy investments.

**Figure 2.0: Total Exempt Market Distribution (\$M)**



This year we broadened our analysis by dissecting the type of investment made by investors into debt and equity securities as defined in Appendix A and is illustrated in Figure 2.1. Although both types of investments are considered growth capital they represent a vastly different type of investment. Over the years there has been fluctuation; however debt securities have been more popular than equity securities, especially with non-New Brunswick investors. New Brunswick investors appear to prefer equity investments as their total securities purchased were \$50.44 million of which 67.9% were equity securities. Further details are in Figure 2.3.

In 2013, \$442.97 million was raised and debt securities represented \$324.24 million or 73.2%. In 2012 and 2014, similar outcomes were reported, while 2015 had a significant equity raise of \$176.86 million or 48.6% of the total raise.

**Figure 2.1: Exempt Market Distribution by Type of Securities 2011-2015 (\$M)**

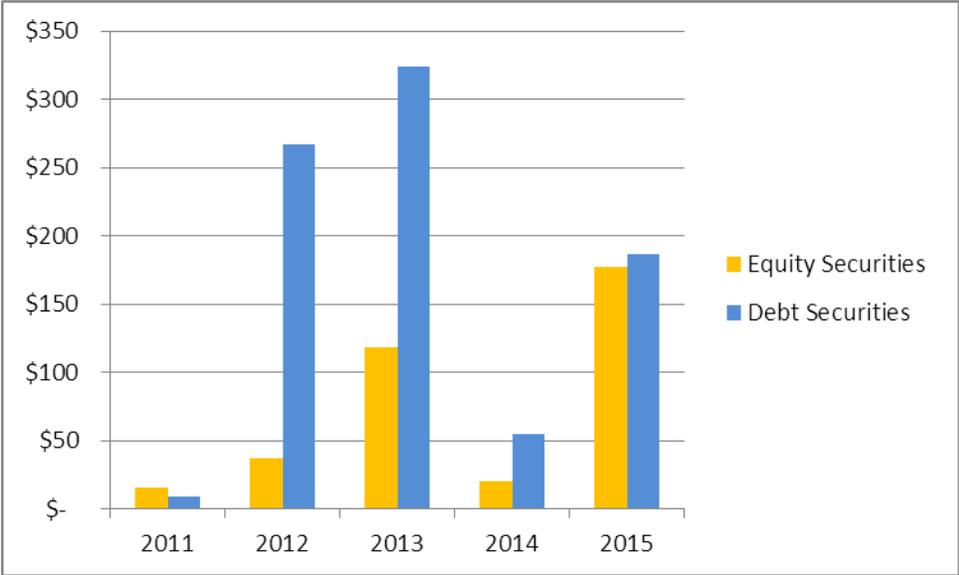


Figure 2.2 illustrates the type of exempt securities preferred by investors in the various industries. This chart includes 2014 and 2015 only as these details were not available prior to 2014. Agriculture and fisheries recorded the highest distribution in 2015 with \$250.17 million raised which is a significant increase over 2014 where only \$0.66 million was raised. The ratio for equity and debt securities used in agriculture and fisheries in 2015 was 1:1.

ICT attracted \$55.74 million in total securities in 2014 and \$50.81 million (91.2%) were debt securities. However in 2015, ICT was more balanced as equity securities of \$41.31 million were sold and \$51.99 million debt securities were issued.

**Figure 2.2: Exempt Market Distribution by Sector and Type of Security, 2014-2015 (\$M)**

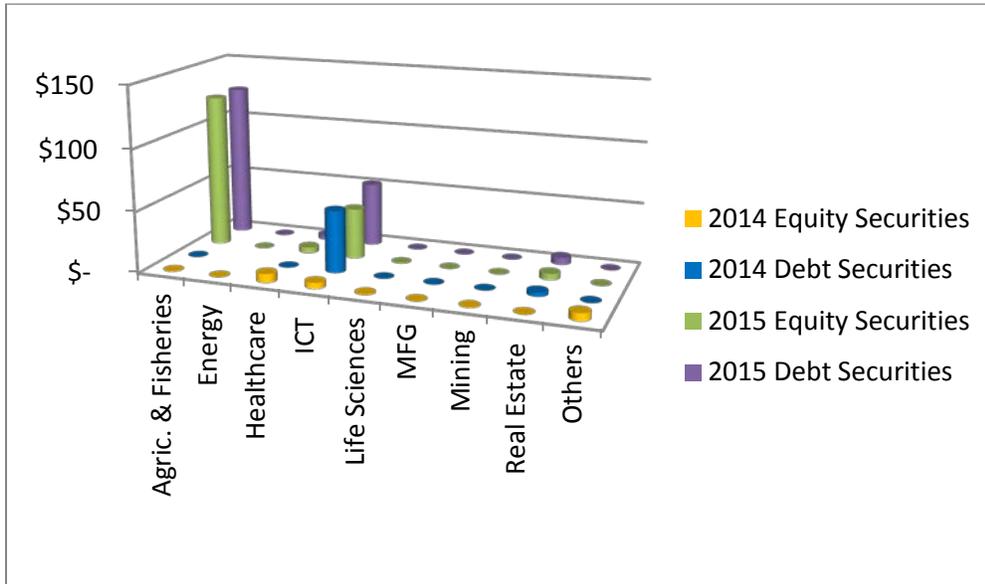


Figure 2.3 illustrates the cumulative amount of exempt distribution by type of securities and location of the investors. In the five-year period ending 2015, investors from outside New Brunswick purchased more debt securities which were valued at \$826.02 million compared to the value of their equity purchases of \$334.53 million. Conversely, investors in New Brunswick acquired more equity securities (\$34.25 million) than debt securities (\$16.19 million). The total investment made by New Brunswickers or New Brunswick organizations was \$50.44 million, which is 4.2% of the total capital raised in the exempt market.

**Figure 2.3: Cumulative Exempt Distribution by Security Type & Investor Location, 2011 to 2015 (\$M)**

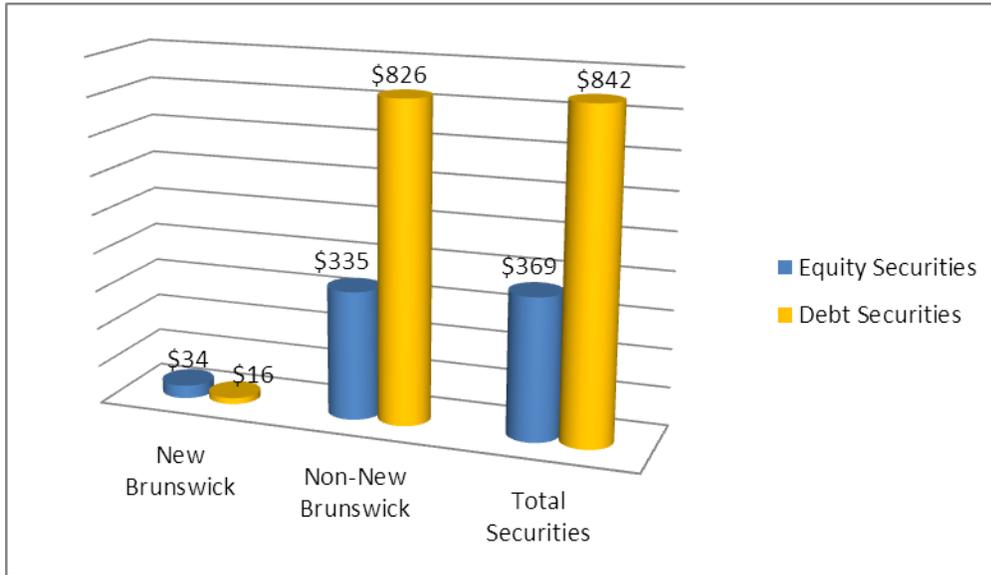
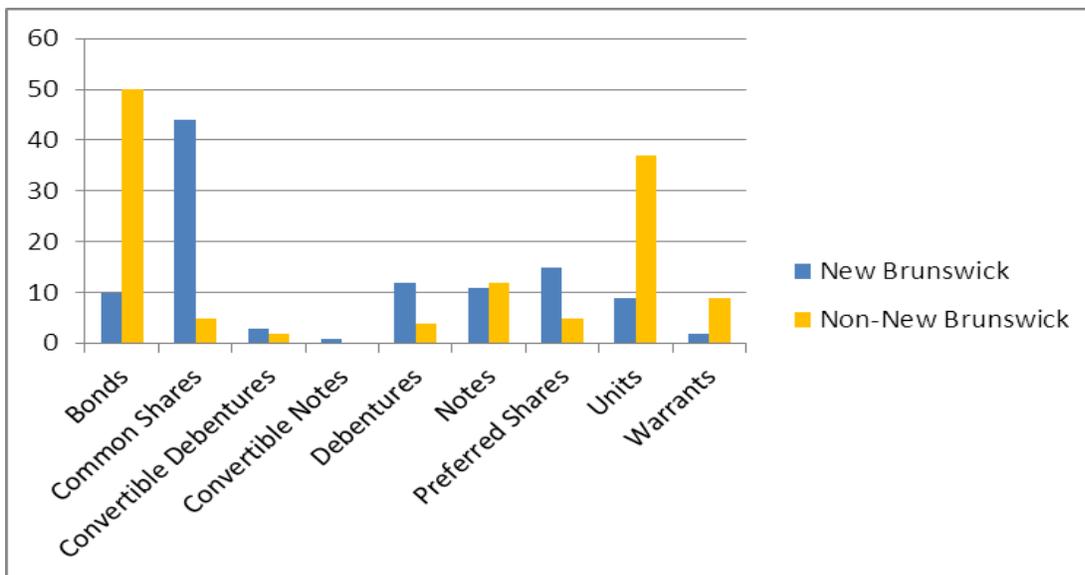
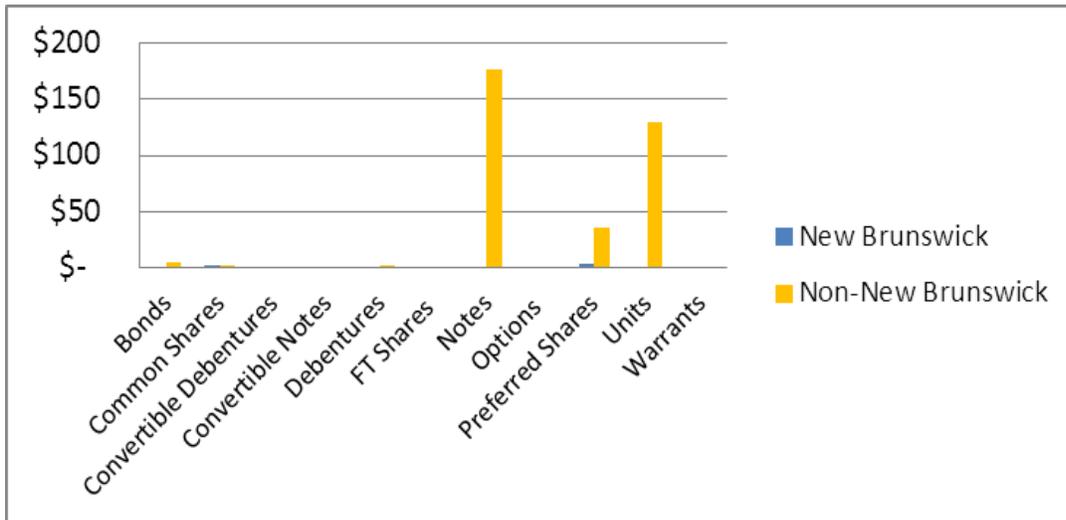


Figure 2.4 and 2.4a illustrate the number of investors, and value of investment by New Brunswickers and non-New Brunswickers, by investment instrument, in the reported exempt market for 2015. A total of 231 investors bought exempt securities in New Brunswick; 107 investors were from New Brunswick and 124 investors were from out of the province. Figure 2.4a shows the vast majority of the investments were for notes and for units. The monetary value of the investments by New Brunswickers was \$10.16 million against \$353.78 million by external investors; which is illustrated in Figure 2.5.

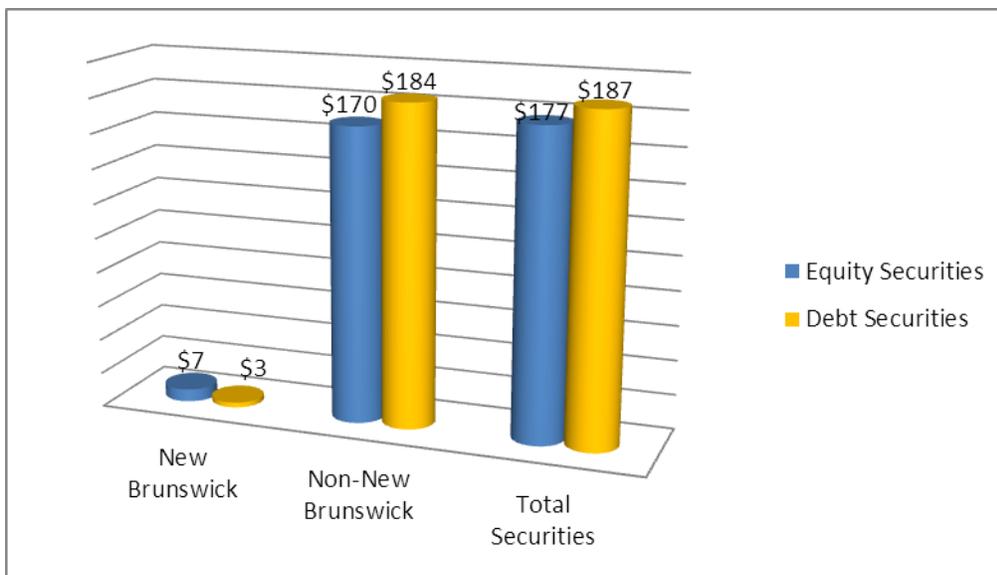
**Figure 2.4: Number of Investors by Specific Securities in 2015**



**Figure 2.4a Value of Exempt Distribution by Specific Securities in 2015 (\$M)**

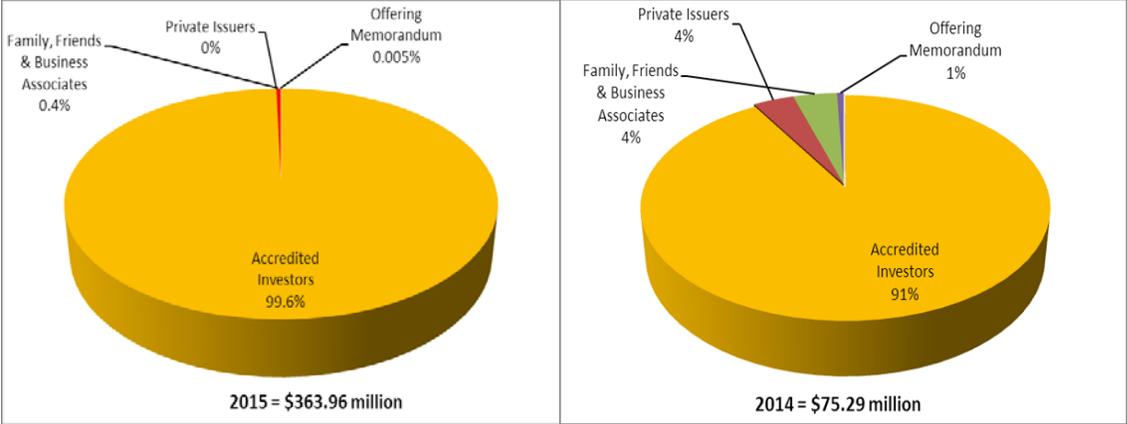


**Figure 2.5: Exempt Distribution by Security Type & by Investor Location, 2015 (\$M)**



There are various types of exemptions that companies can use to raise funds including: Accredited Investors; Offering Memorandum; Private Issuers; Family Friends & Business Associates as well as others. See the glossary in Appendix A for additional details or National Instrument (NI) 45-102, that can be found at FCNB.ca. Figure 2.6 illustrates the various exemptions and the types of investors who purchased securities in the exempt market in New Brunswick. Accredited investors purchased the vast majority of the exempt distributions in 2014 (\$68.78 million) and in 2015 (\$362.46 million).

**Figure 2.6: Exempt Market Distribution by Type of Exemption, 2015 (\$M)**



**Mergers and Acquisitions in New Brunswick’s Capital Markets**

Mergers and acquisitions (M&A) play an important role in understanding the economic situation of the New Brunswick capital markets. The information analyzed was provided by Thomson Reuters, via Alacra Inc. and it was complemented with our own research.

Figure 3.0 shows that the value and number of deals in the province continues to fluctuate between 2011 and 2015. In this period, New Brunswick’s capital markets recorded a total of 80 deals worth over \$1.42 billion. In 2015, 12 deals were completed valued at \$125.28 million; however this was a 66.3% decrease from the 23 deals worth \$372.02 million completed in 2014. Unfortunately, seven of the twelve deals reviewed in the current year did not disclose the dollar value of the transaction. This has had a direct impact on our ability to analyze and report this information.

**Figure 3.0: Mergers and Acquisitions (\$M) 2011-2015**

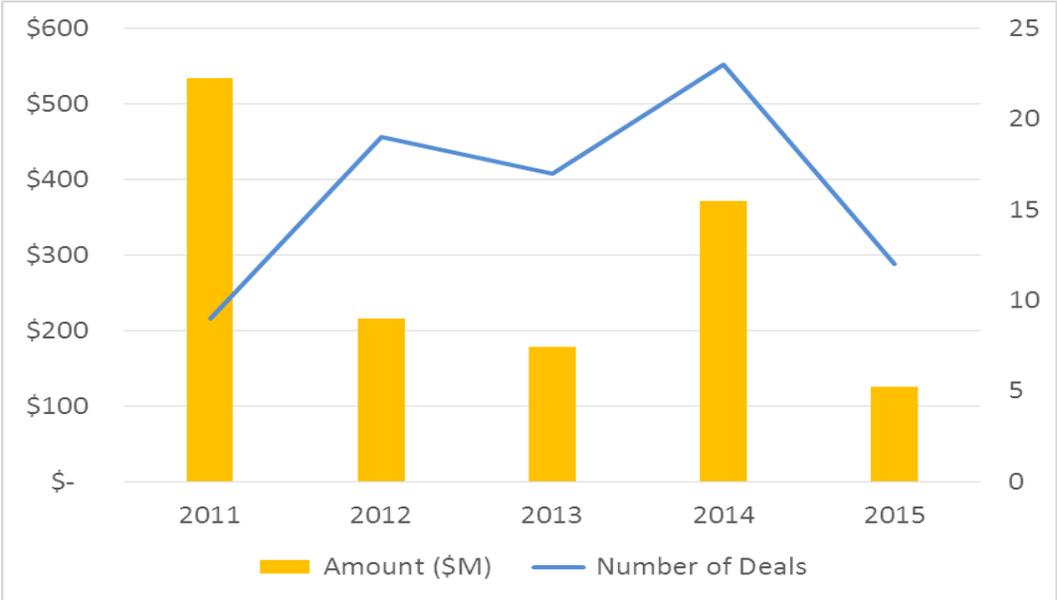


Figure 3.1 exhibits M&A deals carried out by New Brunswick companies (acquirer) and New Brunswick companies that were acquired by companies from outside of the province. From 2011 to 2015, New Brunswick companies spent \$769.27 million which is 54.00% of total M&A deals in the capital markets against \$655.58 million spent by external companies to acquire New Brunswick companies.

**3.1: Comparison of M&A Deals (\$M) - Acquirer and Acquired by**

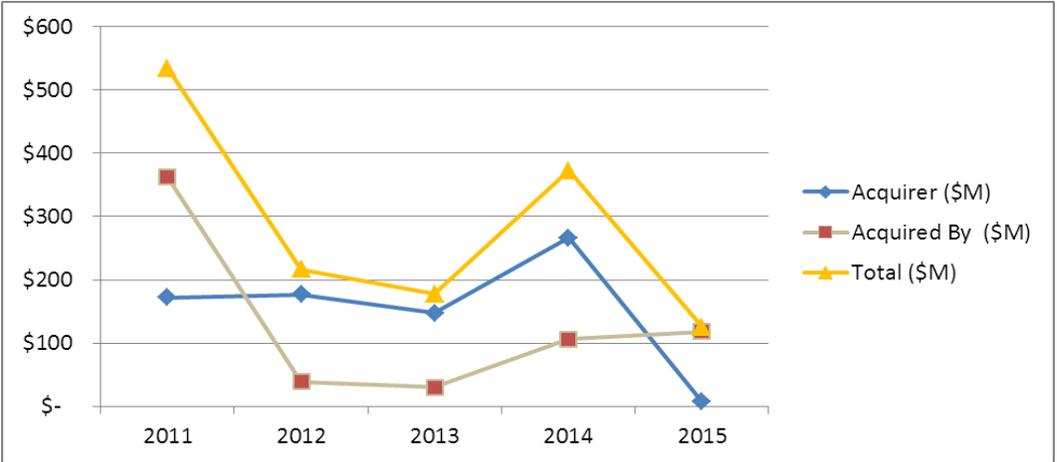


Figure 3.2 shows the locations of M&A activity including those companies purchasing New Brunswick companies, and includes the deals where New Brunswick companies are the acquirers over the past five years ending in 2015. The largest deal was an acquisition from the USA in 2011 worth \$350.00 million. Excluding the 2011 deal, the majority of acquisitions (53.99%) relate to New Brunswick companies being the acquirer.

**Figure 3.2: M&A Deals by Acquirer Location (\$M), 2015**

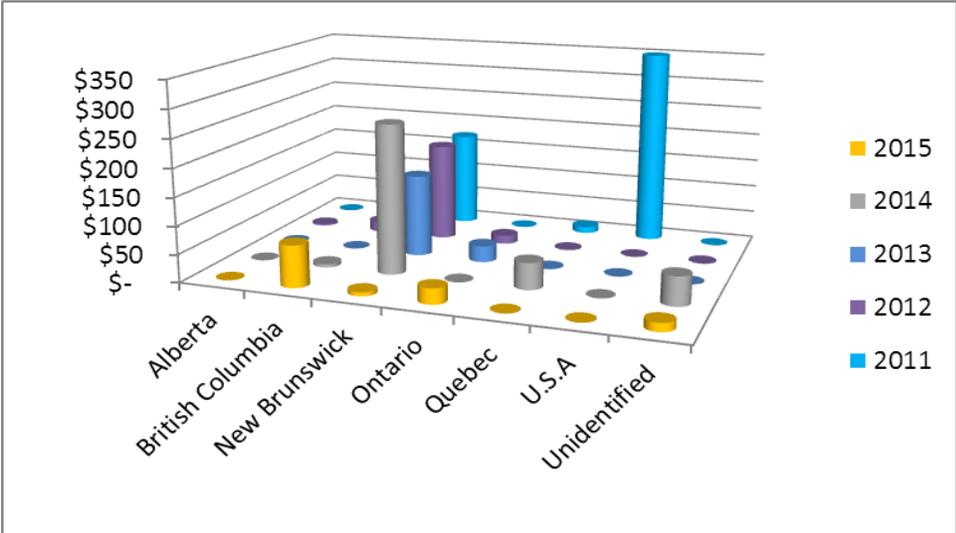


Figure 3.3 shows M&A deals in 2015, the sectors that experienced the M&A activities were: insurance \$15.24 million, real estate \$28.03 million, and service and hospitality \$74.48 million.

**Figure 3.3: M&A Deals by Sector for 2015 (\$M)**

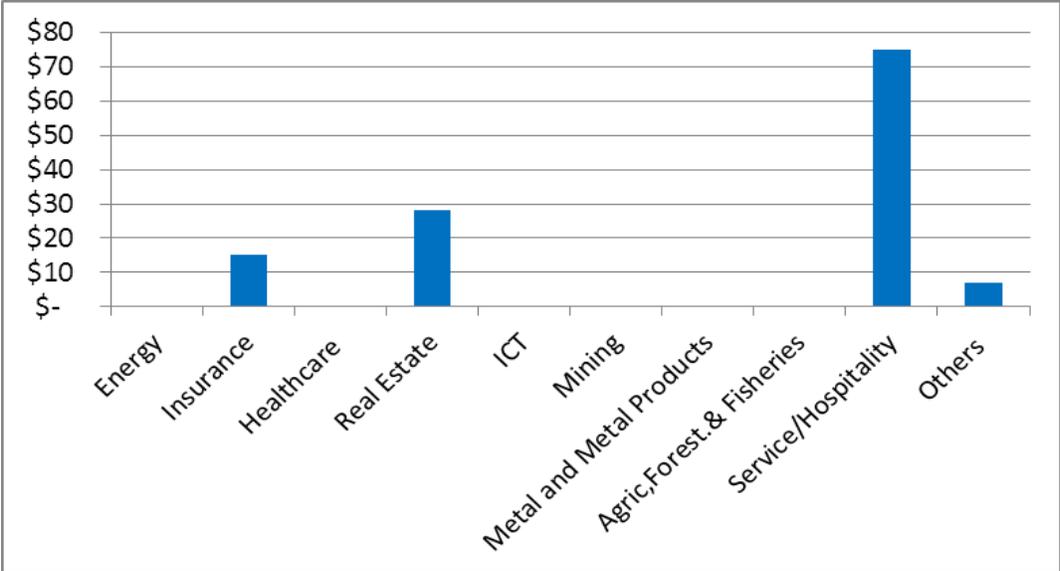


Figure 3.4 shows the M&A deals by sector from 2011 to 2015. Industries with the highest volume and value of deal flow were agriculture and fisheries (\$525.67 million), ICT (\$350.90 million), mining (\$197.60 million) and real estate (\$150.83 million).

**Figure 3.4: Cumulative M&A Deals by Sector, 2011 to 2015 (\$M)**

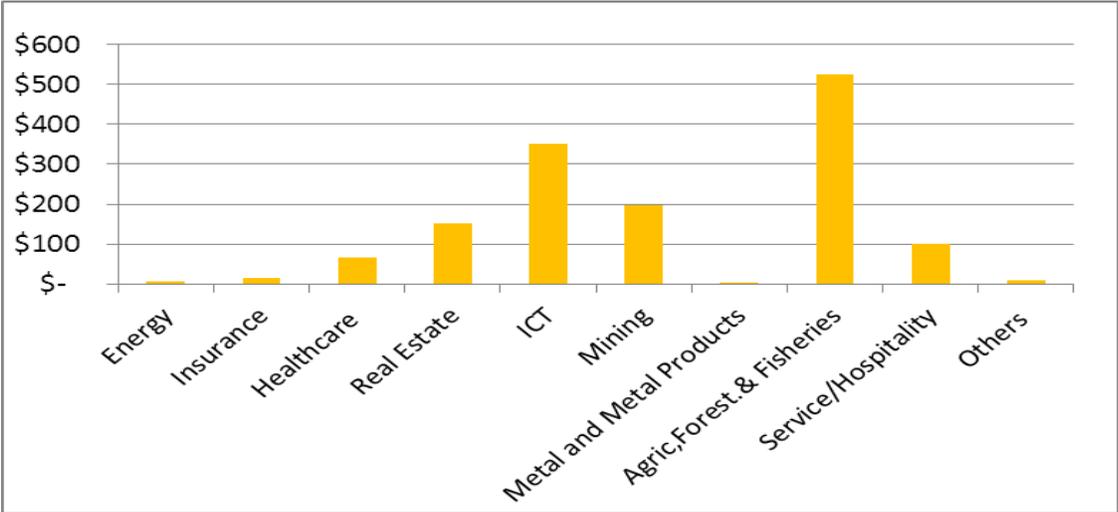
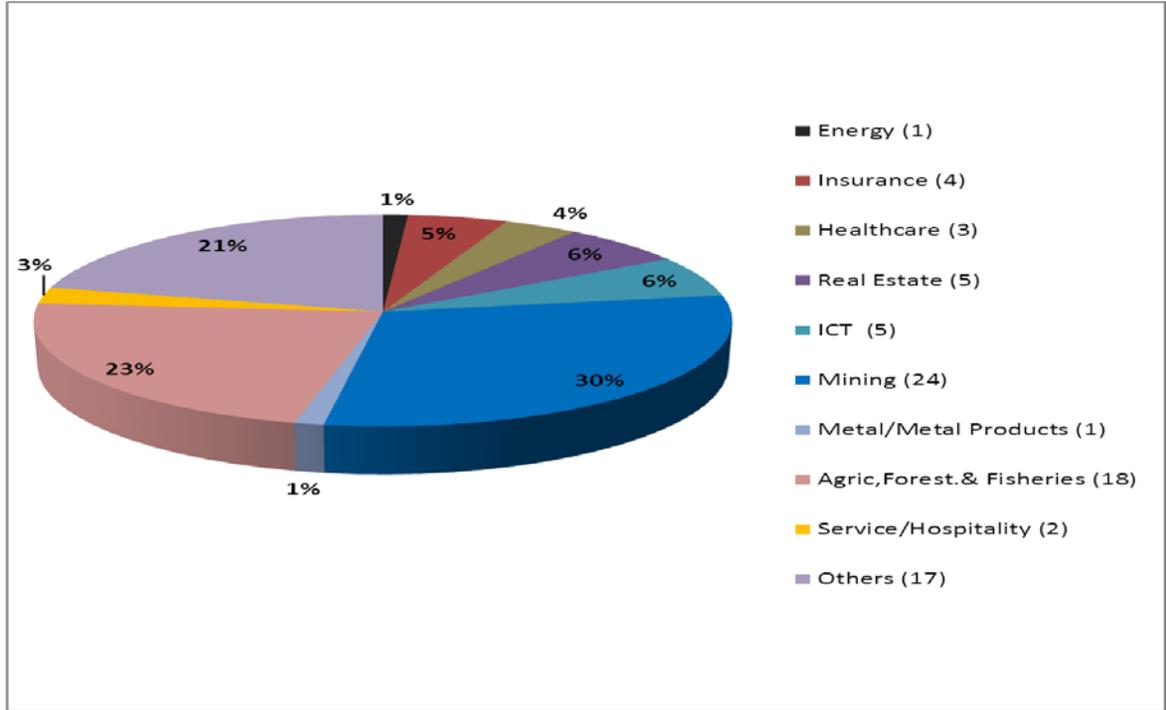


Figure 3.5 shows the number of M&A deals by sector for the past five years. Mining led with 30.0%, followed by agriculture, forestry and fisheries (22.5%).

**Figure 3.5: Number of M&A Deals by Sector from 2011 to 2015**



## Grants in New Brunswick’s Capital Markets

For our analysis, we considered federal and provincial government grants that supported capital market development in the province. The total provided from 2011-2015 was \$833.81 million, comprised of 57.6% provincial grants and 42.4% federal grants. We noted a steady increase in federal grants from 2011-2014 with a reduction in 2015. The provincial grants have fluctuated over the years as the province refocused its efforts starting in 2012. Both federal and provincial grants in 2015 were up by 15.6% (from \$156.63 million to \$181.05 million) from 2014 figures.

**Figure: 4.0 Provincial and Federal Grants (\$M)**

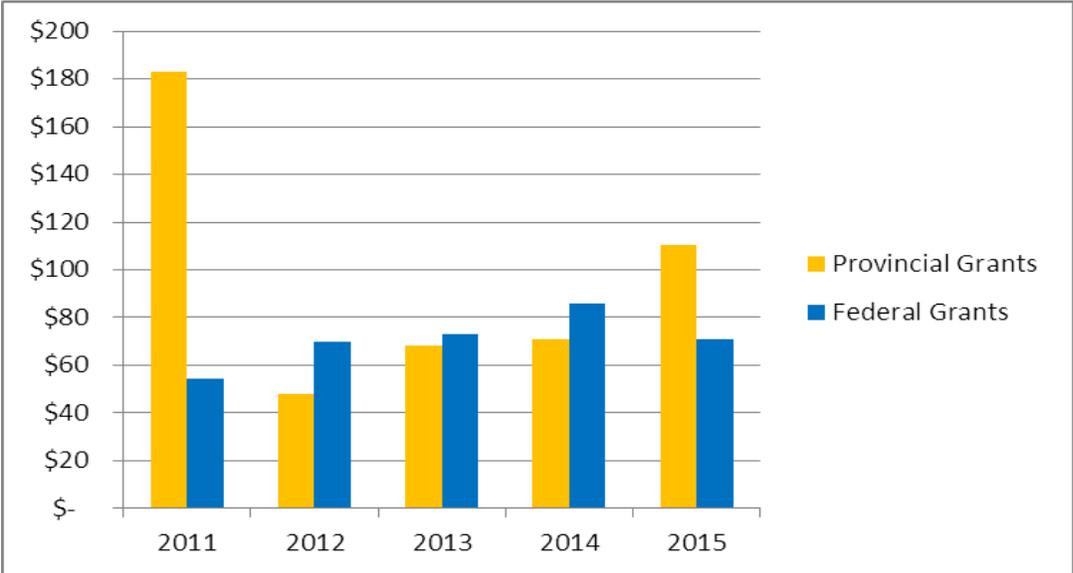


Figure 4.1 shows provincial grants over five years, the total amount was \$480.02 million with Regional Development Corporation contributing 57.1% and Opportunities New Brunswick 31.6%. At the provincial level Opportunities New Brunswick provided \$12.2 million related to Financial Assistance to Industry while the remainder (\$2.9 million) was provided by the Small Business Group. New Brunswick innovation Foundation (NBIF) provides grants however their grants are for research based projects.

**Figure: 4.1 Provincial Grants in New Brunswick (\$M)**

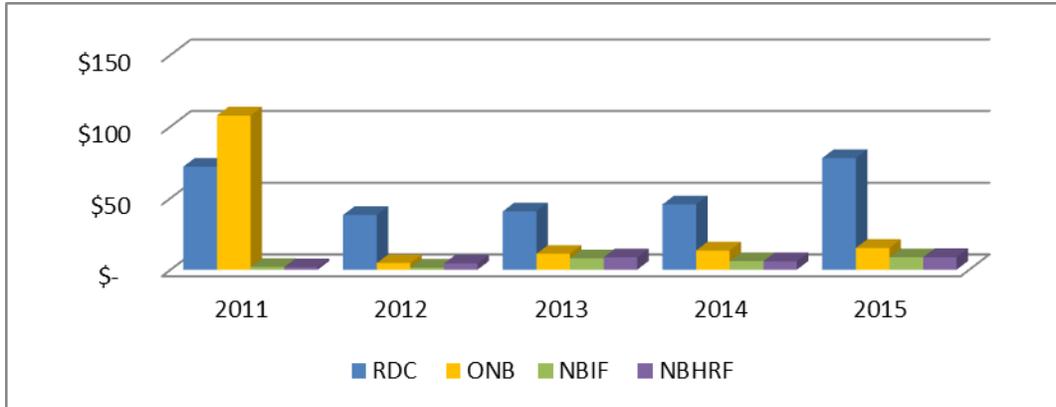
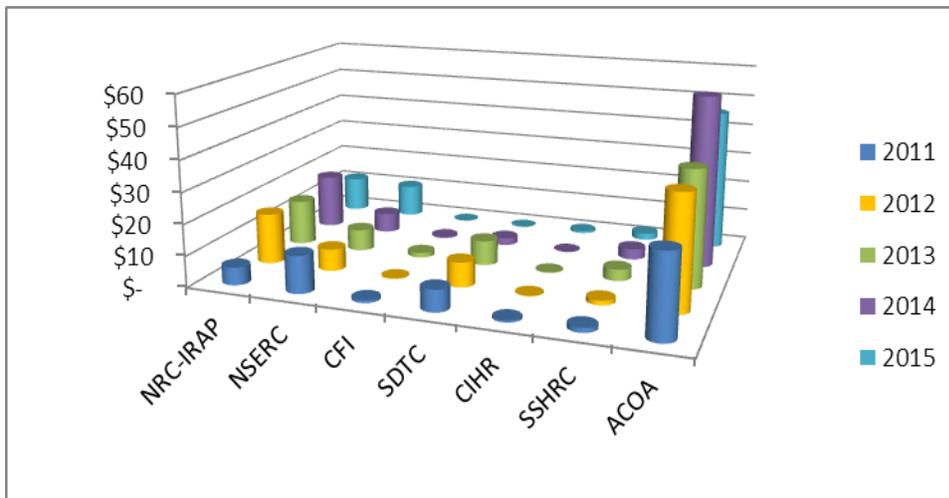


Figure 4.2 illustrates federal grants provided in New Brunswick. Atlantic Canada Opportunity Agency (ACOA) continues to provide the majority of grants available to the province. ACOA provided grants of \$55.61 million in 2014 but dipped in 2015 to \$45.84 million.

**Figure 4.2: Federal Grants In New Brunswick (\$M)**



# Debt Financing

The information available about indirect financing options is limited to these three institutions:

- Fédération des caisses populaires acadiennes
- Credit Union Atlantic (New Brunswick)
- Atlantic Canada Opportunity Agency (ACOA)

Information for the major chartered banks is not available at a provincial level.

Figure 5.0 illustrates the outstanding loans from 2011 to 2015. Outstanding loans held at caisses populaires totalled \$848.15 million in 2015. Outstanding loans increased by 6.6% in 2015, compared to a 1.9% increase in 2014.

In 2015, Credit Union Atlantic outstanding loans were \$85.87 million compared to \$80.04 million 2014; an increase of 7.3%.

These two institutions have witnessed steady growth in their financial assets over the past five years.

**Figure 5.0: Caisses populaires & Credit Union Atlantic: Outstanding Loans (\$M).**

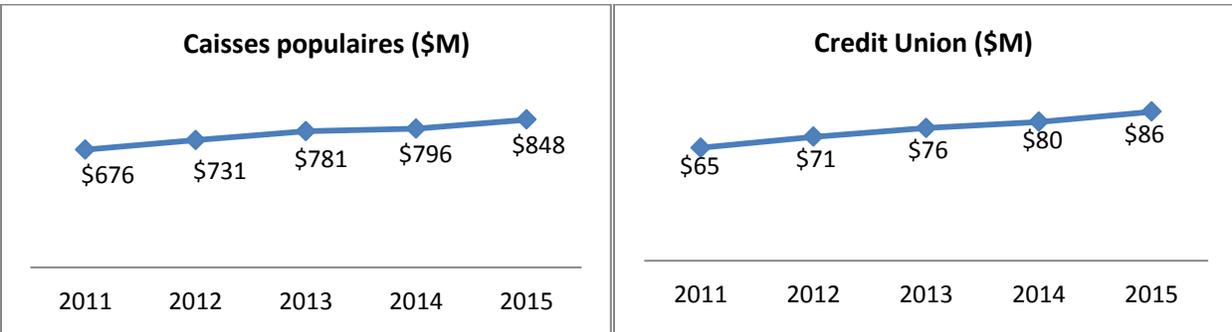
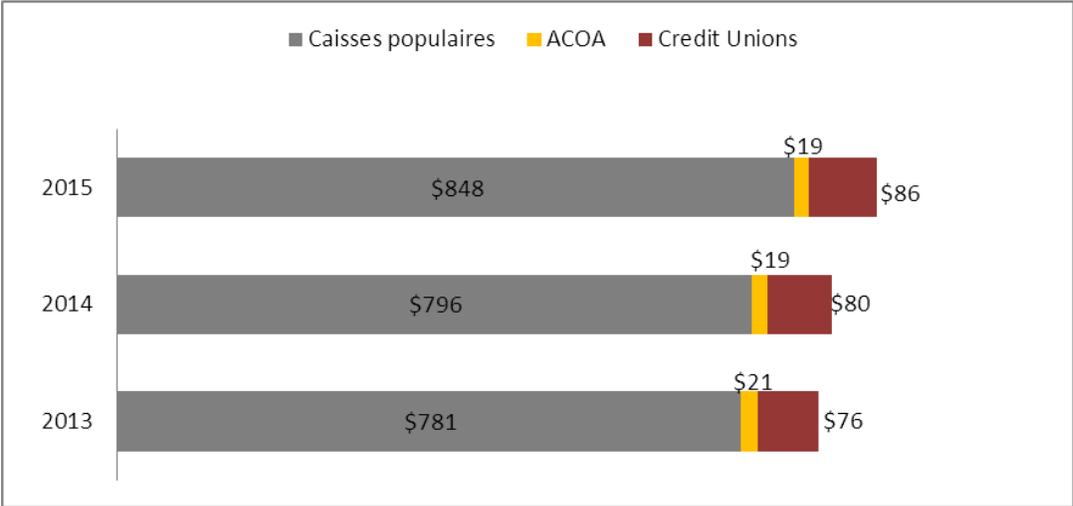


Figure 5.1 shows all of the debt financing in New Brunswick’s capital markets over the last three years. Caisses populaires have had the largest contribution among the three reporting debt financing institutions in New Brunswick over five years.

A total of \$952.60 million loans were availed by the three institutions in 2015: Caisses populaires had 89.0%, Credit Union 9.0% and ACOA 2.0%.

**Figure 5.1: Debt Financing in the New Brunswick Capital Markets**



## Analysis and Next Steps

FCNB commenced its research into New Brunswick's capital markets in 2009. Our research has shown that the capital markets in the province are greatly influenced by individual, large scale projects. In 2015, a significant deal in the fisheries industry was larger than all other direct investment deals combined. To smooth out the impact of these large deals, we have analysed the current year's totals compared to the five year average results. Our research also indicates that companies within New Brunswick were able to attract capital from within the province and from outside the province and we noted that the majority of investors from outside the province prefer debt instruments while New Brunswick investors prefer equity.

Private companies, as well as publicly-listed companies in the ICT, fisheries, and energy sectors have had a significant impact on our capital markets over the years. Additionally, the recent change in tax policy related to the SBITC program has also impacted our capital markets producing a record number of deals and investment dollars raised by New Brunswick companies who qualified for the program. Other recent developments in the province's capital markets such as Equity Crowdfunding and CEDC program provide innovative ways for companies to raise money in the province. We will track the progress of these options and report on it in our 2017 report.

We believe that New Brunswick accelerators are providing mentorship and skill development for our start-up community. Many of the companies that have worked through the accelerators' programs are now actively raising funds. We will continue to track the progress of the accelerators and report on their impact on the province's capital markets.

Future research will focus on the longer term impact of the volume of VC deals on early stage companies, especially within the ICT sector. In 2015, four early stage companies received significant funding. In prior reports we have suggested that the continued support of start-ups could yield positive long term results. Although one year is not a trend, we will continue to follow VC activity to determine if this type of deal continues and in-turn helps grow New Brunswick's capital markets.

The FCNB welcomes discussion and comments on this report. Please contact our Capital Markets Specialist, Jeff Harriman, at [Jeff.Harriman@FCNB.ca](mailto:Jeff.Harriman@FCNB.ca).

## Appendix A - 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 foodservices**- 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.
- **Balanced stage** - Funds whose investment focus has a multi-stage (balanced) focus in venture capital. The funds' investment activities include seed stage, early stage and/or later stage investing, with no particular concentration on either.
- **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 of time. 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 via 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 that make a majority 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 have just 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 made market studies, assembled the key management, developed a business plan, and are ready to start, or have already started conducting business.

- **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.
- **Equity crowdfunding** - Equity crowdfunding is the name given to the process whereby people (the “crowd”) invest in a private company (a company that is not listed on a stock market) in exchange for shares in that company, typically via the internet.
- **Exempt market distributions** - When an issuer sells securities using one of the prospectus exemptions established under securities law.
- **Funding location** - The geographical location of where the venture capital investment being invested into New Brunswick is coming from.
- **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 – grants are provided by the National Research Council
    - NSERC – grants provided by Natural Sciences and Engineering Research Council of Canada
    - CFI – grants provided by Canada Foundation for Innovation
    - SDTC – grants provided by Sustainable Development Technology Canada
    - CIHR – grants provided by Canadian Institutes of Health Research
    - SSHRC – Social Sciences and Humanities Research Council
    - ACOA – grants provided by Atlantic Canada Opportunities Agency
  - Provincial Grants
    - RDC – grants provided by Regional Development Corporation
    - ONB – grants provided by Opportunities New Brunswick. Additionally the assistance provided by Financial Assistance to Industry includes payroll rebates, forgivable loans as well as non-repayable contributions towards capital expenditures. The assistance provided by the Small Business Group includes non-repayable contributions towards capital expenditures, non-repayable contributions towards business development expenses and payroll support.
    - NBIF – grants provided by New Brunswick Innovation Foundation
    - NBHRF – grants provided by New Brunswick Health Research Foundation
- **Government** - A private equity fund formed by a government agency that raises money from outside investors.
- **ICT** - The Information and Communications Technology sector.
- **Institutional** - Funds managed inside certain large organizations such as endowments, foundations or pension funds, investment banks, other banking/ financial institutions.

- **Investor location** - The geographical location of the investor who provided the investment.
- **Later stage** - Funds that make a majority of their investments into portfolio companies that have an already established product or service that has 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 sector.
- **Manufacturing** - The fabrication, processing or preparation of products from raw materials and commodities sector.
- **Mergers and acquisitions** (abbreviated **M&A**) - is 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, other child entity 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.
- **Offering memorandum** - A legal document stating the objectives, risks and terms of investment involved with a private placement. This includes items such as the financial statements, management biographies, detailed description of the business, etc.
- **Other (under the 'industry' category)** - Includes construction, wholesale trade, transportation and warehousing, tourism, utilities, arts, entertainment and recreation sectors.
- **Other (under the 'type of funder' category)** - Investors with an interest in specific private equity deals, but without a permanent market presence, such as angel investors, 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 don't have voting rights.
- **Private independent** - Funds that make private equity investments and raise a portion or all of its capital from outside investors.
- **Retail** - Funds established with benefit of government tax credits to individuals, such as Labour Sponsored Venture Capital Corporations (LSVCCs).
- **Seed stage** - Funds that make a majority of investments in newly-formed companies, thereby helping 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 administration 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.
  
- **Venture capital investment** - A special form of private equity investment characterized by investment in young, high-growth-potential companies.

## Appendix B - Dashboard of New Brunswick's Capital Markets' Indicators, 2011-2015

Funding Source	ICT	Life Sciences	MFG	Energy	Agriculture / Fisheries	Mining	Healthcare	Real Estate	Insurance	Service / Hospitality	Other	2011 to 2015
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	Total (\$M)
<b>DIRECT CAPITAL INVESTMENTS:</b>												
Venture Capital	46.01	1.68	1.67	3.12	-	-	-	-	-	-	9.69	62.17
Exempt Distribution	282.98	4.41	2.50	569.90	251.84	1.23	-	12.18	-	10.12	13.22	1,148.38
* Public Market	-	-	-	0.18	-	80.50	16.14	126.40	-	-	28.22	251.44
<b>Total Direct Investment</b>	<b>328.99</b>	<b>6.09</b>	<b>4.17</b>	<b>573.20</b>	<b>251.84</b>	<b>81.73</b>	<b>16.14</b>	<b>138.58</b>	<b>-</b>	<b>10.12</b>	<b>51.13</b>	<b>1,461.99</b>
<b>MERGERS AND ACQUISITIONS:</b>												
Acquirers	-	-	0.30	-	475.05	161.62	-	122.80	-	-	9.51	769.28
Acquired by	350.90	7.64	-	7.82	50.62	36.00	57.52	28.03	15.24	100.68	1.12	655.57
<b>Total Mergers &amp; Acquisitions</b>	<b>350.90</b>	<b>7.64</b>	<b>0.30</b>	<b>7.82</b>	<b>525.67</b>	<b>197.62</b>	<b>57.52</b>	<b>150.83</b>	<b>15.24</b>	<b>100.68</b>	<b>10.63</b>	<b>1,424.85</b>
<b>SUPPLEMENTARY CAPITAL:</b>												
<b>** Grants:</b>												
Provincial Agencies	-	-	-	-	-	-	-	-	-	-	-	480.02
Federal Agencies	-	-	-	-	-	-	-	-	-	-	-	353.79
<b>Total Grants</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>833.81</b>
<b>Grand Total, 2011-2015</b>	<b>679.89</b>	<b>13.73</b>	<b>4.47</b>	<b>581.02</b>	<b>777.51</b>	<b>279.35</b>	<b>73.66</b>	<b>289.41</b>	<b>15.24</b>	<b>110.80</b>	<b>61.76</b>	<b>3,720.64</b>
*** Debt Financing as of Dec 31, 2015												952.60

\* Public markets include amounts raised of \$62.59 million within the exempt markets, the remainder from public markets.

\*\* We have collected total amounts for grants for our analysis as industry breakdown was not available

\*\*\* Debt financing includes information of outstanding loans to New Brunswick businesses made by Caisses populaires, ACOA and New Brunswick Credit Union's

## Appendix C - Dashboard of New Brunswick's Capital Markets' Indicators - 2015

Funding Source	ICT	Life Sciences	MFG	Energy	Agriculture/ Fisheries	Mining	Healthcare	Real Estate	Insurance	Service / Hospitality	Other	2015
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	Total (\$M)
<b>DIRECT CAPITAL INVESTMENTS:</b>												
Venture Capital	10.31	1.06	-	-	-	-	-	-	-	-	0.27	11.64
Exempt Distribution	93.30	0.31	-	-	250.17	-	-	-	-	-	0.20	343.98
* Public Market	-	-	-	-	-	-	8.74	11.20	-	-	-	19.94
<b>Total Direct Investment</b>	<b>103.61</b>	<b>1.37</b>	<b>-</b>	<b>-</b>	<b>250.17</b>	<b>-</b>	<b>8.74</b>	<b>11.20</b>			<b>0.47</b>	<b>375.56</b>
<b>MERGERS AND ACQUISITIONS:</b>												
Acquirers	-	-	-	-	-	-	-	-	-	-	7.03	7.03
Acquired by	-	-	-	-	-	-	-	28.03	15.24	74.98	-	118.25
<b>Total Mergers &amp; Acquisitions</b>								<b>28.03</b>	<b>15.24</b>	<b>74.98</b>	<b>7.03</b>	<b>125.28</b>
<b>SUPPLEMENTARY CAPITAL:</b>												
<b>** Grants:</b>												
Provincial Agencies	-	-	-	-	-	-	-	-	-	-	-	110.14
Federal Agencies	-	-	-	-	-	-	-	-	-	-	-	70.91
<b>Total Grants</b>												<b>181.05</b>
<b>Grand Total - 2015</b>	<b>103.61</b>	<b>1.37</b>	<b>-</b>	<b>-</b>	<b>250.17</b>	<b>-</b>	<b>8.74</b>	<b>39.23</b>	<b>15.24</b>	<b>74.98</b>	<b>7.50</b>	<b>681.89</b>
*** Debt Financing as of Dec 31, 2015												952.60

\* Public markets include amounts raised within the exempt markets and from the public markets

\*\* We have collected total amounts for grants for our analysis as industry breakdown was not available

\*\*\* Debt financing includes information of outstanding loans to New Brunswick businesses made by Caisses populaires, ACOA and New Brunswick Credit Union's

## Appendix D - Five Year Dashboard of New Brunswick's Capital Markets Key Indicators

Dashboard	Year (\$M)				
	2011	2012	2013	2014	2015
Venture Capital Investments	21.15	8.18	7.12	14.08	11.64
VC # of Deals	16	23	15	22	15
Average Size of Deals	1.32	0.36	0.47	0.64	0.78
Exempt Distribution (with energy )	24.75	304.04	434.89	75.28	343.96
Exempt Distribution (excluding energy)	24.75	23.20	122.47	74.99	343.96
# of Exempt Distribution by Issuers	20	29	21	19	18
Public Markets	116.90	23.20	80.08	11.30	19.94
Mergers and Acquisitions	533.87	215.98	177.70	372.02	125.28
Provincial Grants	182.91	48.20	68.14	70.63	110.14
Federal Grants	54.14	69.85	72.89	86.00	70.91
Debt Financing	761.93	820.02	879.28	895.47	952.60
SBITC Investment Received	16.60	17.60	19.30	14.83	32.17
SBITC Tax Credit Provided	4.98	5.28	5.79	4.45	15.69

\* Public Markets include money raised by New Brunswick public companies through both the public markets and the exempt markets.

## Appendix E – Tables

Table 1.0: Total Amount (\$M) and Number of Venture Capital Investments

Venture Capital Investments	2011	2012	2013	2014	2015
Amount (\$M)	21.15	8.18	7.12	14.08	11.64
Number of Deals	16	23	15	22	15
Yearly Average Size of Deals (\$M)	1.32	0.36	0.47	0.64	0.78

Table 1.1: Amount (\$M) of Venture Capital Investments by Industry Sector and Type of Funder, 2015

Types of Funder	2015 (\$M)					
	ICT	Life Sciences	Manufacturing	Energy	Others	Total
Government	1.31	-	-	-	0.17	1.48
Private	3.60	-	-	-	-	3.60
Retail	-	-	-	-	-	-
Others	5.40	1.06	-	-	0.10	6.56
Institutional	-	-	-	-	-	-
Corporate/ PE Venture	-	-	-	-	-	-
Individuals	-	-	-	-	-	-
<b>Total VC - 2015</b>	<b>10.31</b>	<b>1.06</b>	<b>-</b>	<b>-</b>	<b>0.27</b>	<b>11.64</b>
Total VC - 2014	11.79	-	-	0.10	2.19	14.08
Five - Year Average VC	9.20	0.34	0.33	0.62	1.94	12.43

Table 1.2: Five-Year Amount (\$M) of Venture Capital Investments by Sector and Funder, 2011-2015

Types of Funders	Cumulative VC - 2011 to 2015 (\$M)					
	ICT	Life Sciences	Manufacturing	Energy	Others	Total
Government	4.16	-	-	0.10	2.04	6.30
Private	14.46	-	-	-	0.50	14.96
Retail	1.74	0.25	-	1.10	-	3.09
Institutional	1.74	-	-	1.92	2.43	6.09
Corporate/ PE Venture	4.15	-	-	-	2.00	6.15
Individuals	0.79	-	-	-	-	0.79
Others	18.97	1.43	1.67	-	2.72	24.79
<b>Total</b>	<b>46.01</b>	<b>1.68</b>	<b>1.67</b>	<b>3.12</b>	<b>9.69</b>	<b>62.17</b>
Cumulative % by Industry	74.0%	2.7%	2.7%	5.0%	15.6%	100.0%

## Capital Markets Report - 2016

**Table 1.3: Amount (\$M) of Venture Capital Investments by Development Stage and Industry**

Stage	ICT	Life Sciences	Energy	Manufacturing	Others	Total
<b>Cumulative Amount 2011 to 2015 (\$M)</b>						
Seed	1.24	-	1.95	-	0.42	3.61
Early	27.48	1.46	-	1.30	4.21	34.45
Later	17.29	0.22	1.17	0.37	5.06	24.11
<b>Total Cumulative</b>	<b>46.01</b>	<b>1.68</b>	<b>3.12</b>	<b>1.67</b>	<b>9.69</b>	<b>62.17</b>
<b>Five-Year Average (\$M)</b>						
Seed	0.25	-	0.39	-	0.09	0.73
Early	5.50	0.29	-	0.26	0.84	6.89
Later	3.45	0.04	0.24	0.07	1.00	4.80
<b>Total Average</b>	<b>9.20</b>	<b>0.33</b>	<b>0.63</b>	<b>0.33</b>	<b>1.93</b>	<b>12.42</b>
<b>2015 VC by Development Stage and Industry Sector (\$M)</b>						
Seed	-	-	-	-	0.14	0.17
Early	8.05	1.06	-	-	0.13	9.22
Later	2.26	-	-	-	-	2.25
<b>Total 2015</b>	<b>10.31</b>	<b>1.06</b>	<b>-</b>	<b>-</b>	<b>0.27</b>	<b>11.64</b>
<b>2014 VC by Development Stage and Industry Sector (\$M)</b>						
Seed	0.30	-	-	-	0.10	0.40
Early	11.39	-	-	1.30	-	12.69
Later	0.10	-	0.10	0.37	0.42	0.99
<b>Total 2014</b>	<b>11.79</b>	<b>-</b>	<b>0.10</b>	<b>1.67</b>	<b>0.52</b>	<b>14.08</b>

## Capital Markets Report - 2016

**Table 1.4: Number of Venture Capital Investments by Development Stage and Industry**

Stage	ICT	Life Sc.	Energy	MFG	Others	Total
<b>Cumulative Amount 2011 to 2015 (\$M)</b>						
Seed	15	-	4	-	3	22
Early	43	2	-	1	4	50
Later	10	1	2	1	5	19
<b>Total Cumulative</b>	<b>68</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>12</b>	<b>91</b>
<b>Five-Year Average (\$M)</b>						
Seed	3	-	1	-	1	5
Early	9	1	-	-	1	10
Later	2	-	-	-	1	3
<b>Total Average</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>19</b>
<b>2015 VC by Development Stage and Industry Sector (\$M)</b>						
Seed	-	-	1	-	1	2
Early	7	1	-	-	-	8
Later	4	-	-	-	1	5
<b>Total 2015</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>15</b>
<b>2014 VC by Development Stage and Industry Sector (\$M)</b>						
Seed	2	-	-	-	1	3
Early	13	-	-	1	-	14
Later	2	-	1	1	1	5
<b>Total 2014</b>	<b>17</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>22</b>

**Table 1.5: Amount (\$M) of Venture Capital Investments by Province**

Province	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Total (\$M)	%
New Brunswick	21.15	8.18	7.12	14.08	11.64	62.17	14.2%
Nova Scotia	45.32	37.28	15.26	11.49	45.74	155.09	35.3%
Manitoba	19.45	31.00	11.18	-	4.00	65.63	14.9%
Saskatchewan	15.00	53.60	4.13	17.34	2.95	93.02	21.1%
New Foundland & Labrador	1.49	0.85	-	60.00	1.65	63.99	14.5%
<b>Total</b>	<b>102.41</b>	<b>130.91</b>	<b>37.69</b>	<b>102.91</b>	<b>65.98</b>	<b>439.90</b>	<b>100%</b>
<b>Yearly Average</b>	<b>20.48</b>	<b>26.18</b>	<b>7.54</b>	<b>20.58</b>	<b>13.20</b>	<b>87.98</b>	

## Capital Markets Report - 2016

**Table 1.6: Number (#) of Venture Capital Investments by Province**

Province	2011	2012	2013	2014	2015	Total	%
New Brunswick	16	23	15	22	15	91	34.0%
Nova Scotia	9	39	13	10	17	88	32.8%
Manitoba	4	12	2	1	3	22	8.2%
Saskatchewan	7	33	5	6	4	55	20.5%
Newfoundland & Labrador	3	3	1	2	3	12	4.5%
<b>Total VC #</b>	<b>39</b>	<b>110</b>	<b>36</b>	<b>41</b>	<b>42</b>	<b>268</b>	<b>100%</b>
Yearly Average #	8	22	7	8	8	53	-

### 2.0: Exempt Markets Distributions, 2011-2015

	2011	2012	2013	2014	2015	Total
Amount (\$M)	24.76	304.04	442.97	75.28	363.92	<b>1,210.97</b>
Number of Issuers	20	29	21	19	18	<b>107</b>

**Table 2.1: Exempt Markets Distributions (\$M) by Type of Securities, 2011 – 2015**

Securities	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Cumulative Total (\$M)
<b>Equity Securities</b>						
Common Shares	13.50	23.18	4.13	10.25	4.58	55.64
Options	-	-	-	-	-	-
Preferred Shares	0.19	1.57	12.01	10.22	40.38	64.37
Units	1.67	12.29	102.59	0.18	130.50	247.23
FT Shares	-	-	-	0.12	-	0.12
Warrants	-	-	-	-	1.40	1.41
<b>Total</b>	<b>15.36</b>	<b>37.04</b>	<b>118.73</b>	<b>20.77</b>	<b>176.86</b>	<b>368.77</b>
<b>Debt Securities</b>						
Bonds	6.00	2.50	4.14	3.40	6.00	22.04
Convertible Debentures	1.35	5.50	0.75	0.65	1.87	10.12
Convertible notes	-	-	-	0.11	0.12	0.22
Notes	2.05	257.90	312.61	50.35	2.91	625.81
Debentures	-	1.10	6.74	-	176.16	184.01
<b>Total</b>	<b>9.40</b>	<b>267.00</b>	<b>324.24</b>	<b>54.51</b>	<b>187.06</b>	<b>842.20</b>
<b>Grand Total</b>	<b>24.76</b>	<b>304.04</b>	<b>442.97</b>	<b>75.28</b>	<b>363.92</b>	<b>1,210.97</b>

## Capital Markets Report - 2016

**Table 2.2: Exempt Markets Distribution (\$M) by Security Type and Sector, 2015**

Type of Security	(\$M)									
	Agric. & Fisheries	Energy	Healthcare	ICT	Life Sciences	MFG	Mining	Real Estate	Others	Grand Total
<b>Equity Securities 2015</b>										
Common Shares	-	-	3.13	1.13	0.31	-	-	-	-	4.57
Preferred Shares	-	-	-	40.18	-	-	-	-	0.18	40.36
Units	125.00	-	0.30	-	-	-	-	5.20	-	130.50
Warrants	-	-	1.43	-	-	-	-	-	-	1.43
<b>Total</b>	<b>125.00</b>	<b>-</b>	<b>4.86</b>	<b>41.31</b>	<b>0.31</b>	<b>-</b>	<b>-</b>	<b>5.20</b>	<b>0.18</b>	<b>176.86</b>
<b>Debt Securities 2015</b>										
Bonds	-	-	-	-	-	-	-	6.00	-	6.00
Convertible Debentures	-	-	1.00	0.88	-	-	-	-	-	1.88
Convertible Note	-	-	-	0.11	-	-	-	-	-	0.11
Debentures	-	-	2.90	-	-	-	-	-	-	2.90
Notes	125.17	-	-	51.00	-	-	-	-	-	176.17
<b>Total</b>	<b>125.17</b>	<b>-</b>	<b>3.90</b>	<b>51.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.00</b>	<b>-</b>	<b>187.06</b>
<b>Grand Total 2015</b>	<b>250.17</b>	<b>-</b>	<b>8.76</b>	<b>93.30</b>	<b>0.31</b>	<b>-</b>	<b>-</b>	<b>11.20</b>	<b>0.18</b>	<b>363.92</b>
<b>Exempt Distribution 2014</b>										
Equity Securities	0.41	0.29	7.40	4.93	0.78	0.18	0.50	-	6.33	20.82
Debt Securities	0.25	-	-	50.81	-	-	-	3.40	-	54.46
<b>Grand Total 2014</b>	<b>0.66</b>	<b>0.29</b>	<b>7.40</b>	<b>55.74</b>	<b>0.78</b>	<b>0.18</b>	<b>0.50</b>	<b>3.40</b>	<b>6.33</b>	<b>75.28</b>

**Table 2.3: Exempt Markets Distribution by Security Type and Investor Location, 2011- 2015 (\$M)**

Type of Security	Cumulative Amount 2011 - 2015 (\$M)			2015 Amount (\$M)		
	New Brunswick	Non-New Brunswick	Total 2011-2015	New Brunswick	Non-New Brunswick	Total 2015
<b>Equity:</b>						
Common Shares	18.46	37.19	55.65	2.04	2.55	4.59
FT Shares	0.13	-	0.13	-	-	-
Options	-	-	-	-	-	-
Preferred Shares	13.34	51.02	64.36	4.38	36.00	40.38
Units	2.05	245.18	247.23	0.62	129.88	130.50
Warrants	0.27	1.14	1.41	0.27	1.12	1.39
<b>Total Equity</b>	<b>34.25</b>	<b>334.53</b>	<b>368.78</b>	<b>7.31</b>	<b>169.56</b>	<b>176.86</b>
<b>Debt:</b>						
Bonds	7.85	14.18	22.03	1.28	4.72	6.00
Convertible Debentures	1.98	8.15	10.13	1.13	0.74	1.87
Convertible Notes	0.22	-	0.22	0.11	-	0.11
Debentures	3.27	7.47	10.74	0.16	2.74	2.90
Notes	2.87	796.20	799.07	0.17	176.01	176.18
<b>Total Debt</b>	<b>16.19</b>	<b>826.00</b>	<b>842.19</b>	<b>2.85</b>	<b>184.22</b>	<b>187.06</b>
<b>Grand Total</b>	<b>50.44</b>	<b>1,160.53</b>	<b>1,210.97</b>	<b>10.16</b>	<b>353.78</b>	<b>363.92</b>

## Capital Markets Report - 2016

**Table 2.4: Number of Exempt Markets Distribution by Location, 2015**

Type of Securities	New Brunswick	Non-New Brunswick	Total
Bonds	10	50	60
Common Shares	44	5	49
Convertible Debentures	3	2	5
Convertible Notes	1	-	1
Debentures	12	4	16
Notes	11	12	23
Preferred Shares	15	5	20
Units	9	37	46
Warrants	2	9	11
<b>Grand Total</b>	<b>107</b>	<b>124</b>	<b>231</b>

**Table 2.5: Exempt Markets Distribution (\$M) by Type of Investors, 2015**

Type of Exempt Markets	2014 (\$M)	2015 (\$M)
Accredited Investors	68.78	362.46
Private Issuers	2.90	-
Family, Friends & Business Associates	3.13	1.33
Offering Memorandum	0.47	0.13
<b>Total</b>	<b>75.28</b>	<b>363.92</b>

**Table 2.6: Exempt Markets Distribution (\$M) by Investor Location and Sector, 2015**

Location	Agric. & Fisheries	Healthcare	ICT	Life Sciences	Real Estate	Others	Total
Alberta	-	0.25	2.00	-	2.93	-	5.18
British Columbia	-	0.95	-	0.02	0.08	-	1.05
Cayman Island	-	4.50	-	-	-	-	4.50
Manitoba	-	-	-	0.02	-	-	0.02
NB	0.17	1.56	6.10	0.27	1.88	0.20	10.18
Ontario	-	0.48	85.25	-	2.91	-	88.64
Prince Edward Island	-	-	-	-	0.30	-	0.30
Quebec	250.00	0.05	-	-	3.01	-	253.06
Saskatchewan	-	-	-	-	0.05	-	0.05
USA	-	0.94	-	-	-	-	0.94
<b>Grand Total</b>	<b>250.17</b>	<b>8.73</b>	<b>93.35</b>	<b>0.31</b>	<b>11.16</b>	<b>0.20</b>	<b>363.92</b>

## Capital Markets Report - 2016

**Table 3.0: M&A Deals at a Glance in New Brunswick, 2015**

Acquirer Location	Target Location <sup>2</sup>	Amount in (\$M)	Number of Deals
US	New Brunswick	Not Disclosed	1
Ontario	New Brunswick	Not Disclosed	1
Nova Scotia	New Brunswick	Not Disclosed	1
British Columbia	New Brunswick	74.98	1
New Brunswick	Not Disclosed	Not Disclosed	1
Ontario	New Brunswick	28.03	1
New Brunswick	UK	Not Disclosed	1
Not Disclosed	New Brunswick	Not Disclosed	1
Not Disclosed	Alberta	7.04	1
Not Disclosed	New Brunswick	15.24	1
Quebec	New Brunswick	Not Disclosed	1
Ontario	New Brunswick	No Financial Impact on NB	1
<b>Total</b>		<b>125.28</b>	<b>12</b>

**Table 3.1: Total Amount (\$M) and Number of M&A Deals, 2011-2015**

Total Amount and Number of M&A Deals		
Year	Amount (\$M)	Number of Deals
2011	533.89	9
2012	215.98	19
2013	177.70	17
2014	372.02	23
2015	125.28	12
<b>Five-Year Cumulative Amount /#</b>	<b>1,424.87</b>	<b>80</b>
<b>Five-Year Average</b>	<b>284.97</b>	<b>16</b>

## Capital Markets Report - 2016

**Table 3.2: New Brunswick Companies Acquired Other Companies and Non-New Brunswick Companies Acquired New Brunswick Companies, 2011 to 2015**

Year	Acquirer (\$M)	Acquired By (\$M)	Total (\$M)
2011	171.97	361.90	533.87
2012	176.78	39.20	215.98
2013	147.29	30.41	177.70
2014	266.20	105.82	372.02
2015	7.03	118.25	125.28
<b>Five-Year Cumulative Amount</b>	<b>769.27</b>	<b>655.58</b>	<b>1,424.85</b>
<b>Five-Year Average</b>	<b>153.85</b>	<b>131.11</b>	<b>284.96</b>

**Table 3.3: Total Amount (\$M) of M&A Deals by Acquirer's Location, 2011-2015**

Location	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Cumulative Total (\$M)	Five-Year Average
Alberta	-	3.11	-	-	-	3.11	0.62
British Columbia	0.36	18.84	0.30	5.86	74.98	100.34	20.06
New Brunswick	171.97	176.78	147.26	266.21	7.03	769.25	153.85
Ontario	-	15.24	29.39	-	28.03	72.66	8.92
Quebec	11.54	1.11	0.75	47.95	-	61.35	12.28
U.S.A	350.00	-	-	-	-	350.00	70.00
Unidentified	-	0.90	-	52.00	15.24	68.14	13.63
<b>Total</b>	<b>533.87</b>	<b>215.98</b>	<b>177.70</b>	<b>372.02</b>	<b>125.28</b>	<b>1,424.85</b>	<b>25.06</b>

## Capital Markets Report - 2016

**Table 3.4: Total Amount (\$M) of M&A Deals by Industry, 2011-2015**

Industry	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Cumulative Total (\$M)	5 years Average
Energy	-	7.82	-	-	-	7.82	1.56
Insurance	-	-	-	-	15.24	15.24	3.05
Healthcare	-	7.63	-	57.50	-	65.15	13.03
Real Estate	-	-	122.80	-	28.03	150.83	30.17
ICT	350.00	0.90	-	-	-	350.90	70.18
Mining	108.05	41.84	4.67	43.06	-	197.60	39.52
Metal and Metal Products	-	-	0.32	-	-	0.32	0.06
Agriculture, Forestry and Fishing	75.82	154.39	24.00	271.46	-	525.67	105.13
Service/Hospitality	-	-	25.70	-	74.98	100.68	20.14
Others (sanitation, Buz. Services etc.)	-	3.40	0.21	-	7.03	10.64	2.13
<b>Total</b>	<b>533.87</b>	<b>215.98</b>	<b>177.70</b>	<b>372.02</b>	<b>125.28</b>	<b>1,424.85</b>	<b>284.97</b>

**Table 3.5: Number of M&A Deals by Acquirer's Location, 2011-2015**

Location	2011	2012	2013	2014	2015	Total
Alberta	-	1	-	-	-	1
British Columbia	2	6	2	2	1	13
New Brunswick	5	5	7	6	1	24
Nova Scotia	-	-	-	2	-	2
Ontario	-	5	5	2	1	13
Manitoba	-	-	-	1	-	1
Quebec	1	1	2	5	-	9
U.S.A	1	-	-	-	-	1
Unidentified	-	1	1	5	9	16
<b>Total</b>	<b>9</b>	<b>19</b>	<b>17</b>	<b>23</b>	<b>12</b>	<b>80</b>

## Capital Markets Report - 2016

**Table 3.6: Number of M&A Deals by Industry, 2011-2015**

Industry	2011	2012	2013	2014	2015	Total
Energy	-	1	-	-	0	1
Insurance	-	-	1	2	1	4
Healthcare	-	1	-	2	0	3
Real Estate	-	-	2	1	2	5
ICT	1	1	-	3	0	5
Mining	6	9	5	4	0	24
Metal and Metal Products	-	-	1	-	0	1
Service/Hospitality	0	0	1	-	1	2
Agriculture, Forestry and Fishing	2	5	3	5	3	18
Others (Business Services, wholesale etc)	-	2	4	6	5	17
<b>Total</b>	<b>9</b>	<b>19</b>	<b>17</b>	<b>23</b>	<b>12</b>	<b>80</b>

## Capital Markets Report - 2016

**Table 4.0: Federal and Provincial Grants in New Brunswick, 2011 -2015 (\$M)**

Funding Organisation	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Five -Year Total (\$M)
Provincial Agencies	182.91	48.20	68.14	70.63	110.14	480.02
Federal Agencies	54.14	69.85	72.89	86.00	70.91	353.79
<b>Total</b>	<b>237.05</b>	<b>118.05</b>	<b>141.03</b>	<b>156.63</b>	<b>181.05</b>	<b>833.81</b>

**Table 4.1: Provincial Grants in New Brunswick, 2011-2015 (\$M)**

Funding Organisation	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Five -Year Total (\$M)
RDC	71.89	38.14	40.67	45.53	77.90	274.13
DED	107.60	4.50	11.00	13.39	15.10	151.59
NBIF	1.82	1.29	7.90	5.90	8.50	25.41
NBHRF	1.60	4.27	8.57	5.81	8.64	28.89
<b>Total</b>	<b>182.91</b>	<b>48.20</b>	<b>68.14</b>	<b>70.63</b>	<b>110.14</b>	<b>480.02</b>

**Table 4.2: Federal Grants in New Brunswick, 2011 – 2015 (\$M)**

Funding Organisation	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Five -Year Total (\$M)
NRC-IRAP	5.70	16.29	14.62	17.59	11.49	65.69
NSERC	12.04	7.14	6.95	6.36	10.62	43.11
CFI	0.90	0.22	1.56	0.54	-	3.22
SDTC	7.00	8.00	8.00	2.35	-	25.35
CIHR	0.63	0.14	0.20	0.08	0.77	1.81
SSHRC	1.50	1.50	3.74	3.47	2.19	12.40
ACOA	26.37	36.56	37.82	55.61	45.84	202.20
<b>Total</b>	<b>54.14</b>	<b>69.85</b>	<b>72.89</b>	<b>86.00</b>	<b>70.91</b>	<b>353.79</b>

## Capital Markets Report - 2016

**Table 4.3: Provincial Research Grants by New Brunswick Innovation Foundation (NBIF)**

Type of Fund	Amount (\$M)
Research Innovation Fund (RIF)	3.20
Research Assistantships Initiative (RAI)	0.91
NB Graduate Scholarships Program	1.15
NB Innovation Research Chairs	1.40
Innovation Voucher Fund (IVF)	1.40
Research Technicians Initiative (RTI)	0.43
<b>Total</b>	<b>8.50</b>

**Table 5.0: Debt Financing of Business Clients**

Funding Organisation	Outstanding Loan Balances					
	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	% Change
Caisses Populaires (New Brunswick)	675.50	730.61	781.46	795.98	848.15	6.55%
ACOA	21.34	18.02	21.38	19.45	18.58	-4.49%
Credit Unions	65.09	71.39	76.44	80.04	85.87	7.29%
<b>Total</b>	<b>761.93</b>	<b>820.02</b>	<b>879.28</b>	<b>895.47</b>	<b>952.60</b>	<b>6.38%</b>

**Table 5.1: Loan Balances on 1st January and Newly Issued Loans in 2015 - Caisses populaires**

Loan Type	Outstanding Loan Balances		%
	2014 (\$M)	2015 (\$M)	Change
<b>New</b>	174.64	239.99	37.42%
<b>Old</b>	621.34	608.16	-2.12%
<b>Total</b>	<b>795.98</b>	<b>848.15</b>	<b>6.55%</b>

## Appendix F - Accelerators

Information below was obtained directly from the accelerator's website.

**Planet Hatch:** <http://planethatch.com/en>

Planet Hatch is an accelerator based in Fredericton, New Brunswick, that provides opportunities for ideas and worlds to collide. They are specifically geared towards helping start-ups accelerate, collide and fuse within the entrepreneurial community. They have partnered with a number of other organizations to improve their offerings. The following is an example of one of their programs:

### **PROGRAMS**

The Launch & Build programs are intense and focus on results! Both programs are comprised of a 12-week intensive program, beginning with a call for applications and then shortlisted for Selection Camp that competitively chooses companies for entry into the Accelerator. They also have some of the top minds in business and technology from across Atlantic Canada working as volunteer coaches and mentors.

**Propel ICT** <http://www.propelict.com/>

Their mission is to: Educate And Mentor Entrepreneurs With The Goal Of Launching Atlantic Canada's First Billion Dollar Tech Company.

They work closely with Planet Hatch and provide the next level of training in this ecosystem. They work with later stage companies through their Build program, those who have progressed beyond the idea phase and earned initial market traction.

**Venn Centre** - <http://venncentre.ca/en/pages/about-us>

Established in 2010, Venn was founded by a group of tech economy entrepreneurs and stakeholders to support innovation-based economic development. Venn helps New Brunswick tech companies get to market, sustain and grow their business, and scale their operations. Venn is committed to creating a dynamic, globally successful technology industry in New Brunswick that is driven by strategic partnerships, meaningful collaborations, and enhanced cooperation between the business community, the academic and research community, and the government sector.

**ConnexionWorks** - <http://connexionworks.ca/>

ConnexionWorks is a creative and inspiring solution for a collaborative workspace in Saint John. It is open to various individual start-ups and small to medium sized businesses alike. ConnexionWorks will be a venue for nurturing natural collisions and collaborative thinking. Its prestigious location will be the physical knowledge core of our community.

## Appendix G - Source List

### Tables 1.0 to 1.6

Source: Thomson Reuters

### Tables 2.0 to 2.6

Source:

Regulatory filings made to Financial and Consumer Services Commission

### Tables 3.0 to 3.6

Sources:

1. Thomson Reuters
2. Public information sources

### Tables 4.0 to 4.3

#### **Provincial agencies**

Sources:

1. *Business New Brunswick Annual Report 2015*
2. New Brunswick Innovation Foundation (NBIF)
3. Direct from Opportunities New Brunswick
4. NBHRF – grants provided by New Brunswick Health Research Foundation

#### **Federal agencies**

Sources:

5. NRC – IRAP – grants are provided by the National Research Council
6. NSERC – grants provided by Natural Sciences and Engineering Research Council of Canada
7. CFI – grants provided by Canada Foundation for Innovation
8. SDTC – grants provided by Sustainable Development Technology Canada
9. CIHR – grants provided by Canadian Institutes of Health Research
10. SSHRC – Social Sciences and Humanities Research Council

11. ACOA – grants provided by Atlantic Canada Opportunities Agency

**Table 5.0 & 5.1**

Sources:

1. Direct information provider by Fédération des caisses populaires acadiennes
2. Atlantic Canada Opportunities Agency (ACOA), project information site
3. Direct information from Credit Union Atlantic