

Venture Capital Association of Alberta

SPRING NEWS

2017



Understanding Entrepreneur Mental Health

Understand the mental health strengths and weaknesses of entrepreneurs.

Founders are key to the success of every VC investor, so it makes sense to understand the mental health strengths and vulnerabilities of entrepreneurs so you can avoid some investment risks and invite the best from the entrepreneurs in your portfolio.

Are Entrepreneurs Touched by Fire?, a study by Michael A. Freeman, M.D. University of California, suggests an underlying relationship between entrepreneurship and mental health conditions.

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Spring Growth Message from the Executive Director



As I write this, the VCAA membership is in the thick of their busy season with AGM's, conferences, new office openings and new financings. The Alberta Venture Capital Industry is enjoying unprecedented growth, with several of our members opening new offices in the Province, including Relay Ventures and the Accelerate Fund. The VCAA's membership base grew as well and I would like to welcome new members RBC, Oslers and 500 Start-ups. According to the CVCA, 2016 saw \$68M invested in twenty-two companies and from all accounts, 2017 looks like it will be a strong year as well.

Last year saw the Government of Alberta bring in the Alberta Investor Tax Credit (AITC). In this issue of the VCAA News, Brad Pierce of BLG discusses recent changes to the legislation and how this will benefit the Alberta venture capital industry. This issue of the VCAA news also features a piece from Susan Miller of Mental

Wellness Recovery Groups. We were very fortunate to host Ms. Miller at our annual conference and ski day and hope to have her contribute regularly to our newsletter.

The VCAA has a number of events planned in the coming months, beginning with our AGM on June 13. This is followed by our annual Stampede event on July 15. I encourage all members to attend these events. We will be hosting the "Eric Schmadtke Commemorative Cycle event" in Banff on September 20. The purpose of this event will be to bring the local VC industry together, raise awareness of mental illness and raise funds for the Trust for Eric's family.

As always, I welcome your contributions to our newsletter and I look forward to continuing to work with everyone.

Warm Regards,
Rebecca Giffen

VCAA Partners



FIGURE 1
Respondents that report having any lifetime mental health condition
percent of total respondents

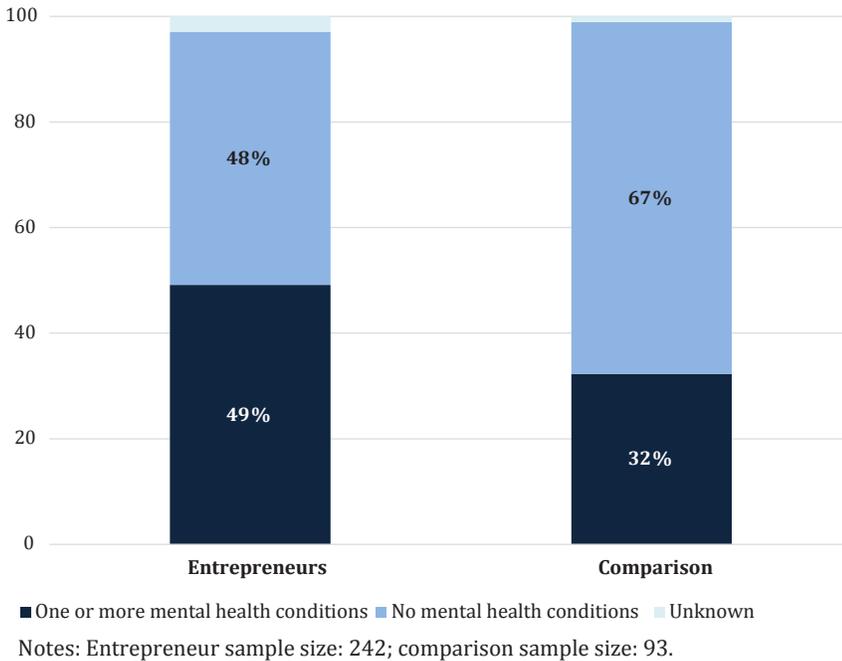
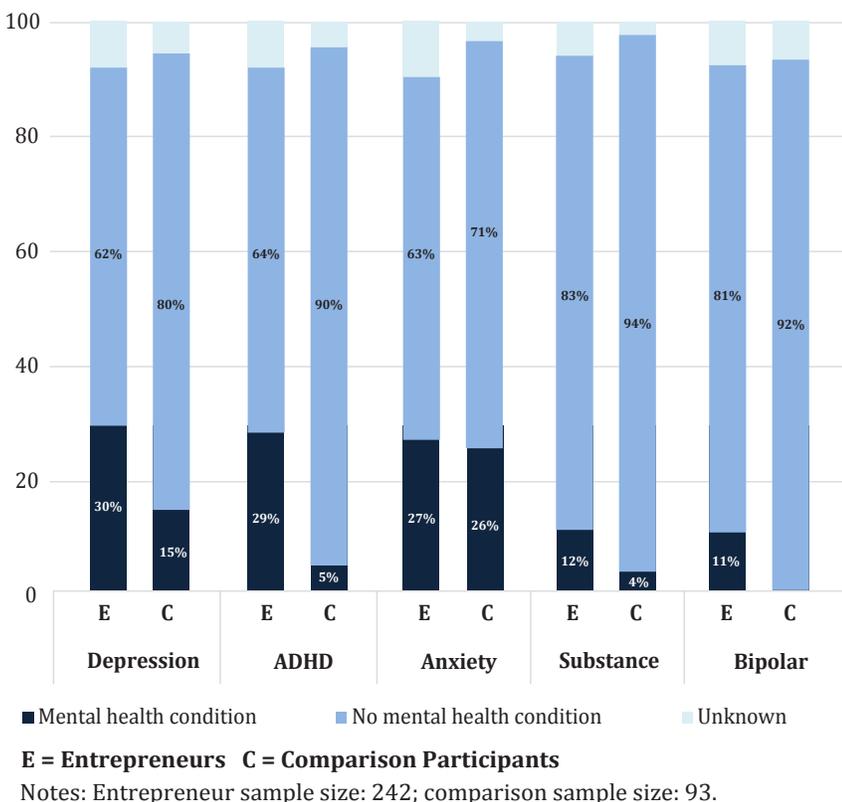


FIGURE 2
Lifetime prevalence of mental health conditions among entrepreneurs



As **Figure 1** illustrates, almost half of the entrepreneurs reported having a lifetime mental health condition, as compared with 32% of the non-entrepreneurs. A 50% higher incidence!

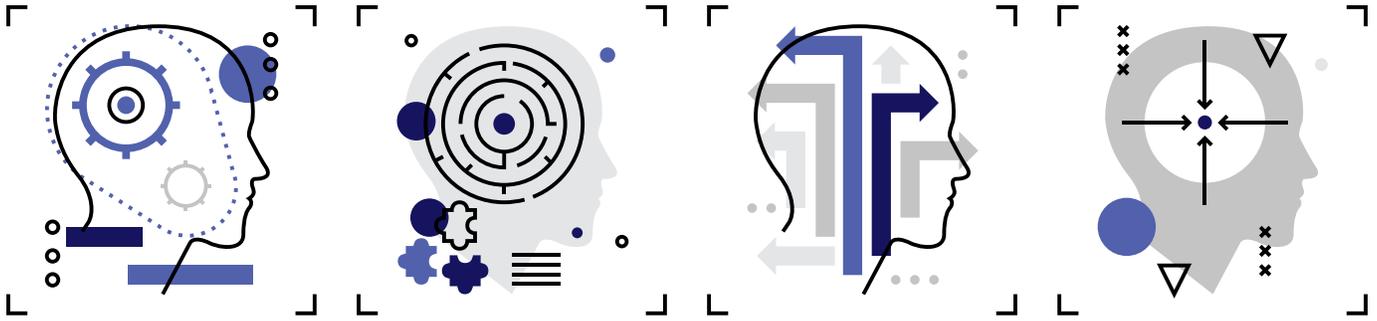
Figure 2 displays the prevalence of five common mental health conditions among the entrepreneurs studied. Relative to the general population, entrepreneurs reported double the incidence of depression, six times ADHD, three times substance abuse, and ten times the general population incidence of Bipolar Disorder.

The success of entrepreneurs would indicate that perhaps Alice was on to something, when she told the Mad Hatter, “You’re entirely bonkers. But I’ll tell you a secret. All the best people are.” The lead researcher Dr Freeman concluded, “that there is an underlying relationship between Entrepreneurship and behaviours associated with mental health conditions which may be highly advantageous and benefit both the individual and society.” But that isn’t the only way of seeing the data.

Are there aspects of being an entrepreneur that make mental health conditions more likely or more severe?

Given only one in eight VC investments is considered a success, an early-stage business often requires extraordinary effort from the leader and the team. Meeting milestones results in a break-neck pace at a time when delegation isn’t possible – since there are too few people and too many vital things to do. There are many crises familiar to us all. Situations where, but for extraordinary effort, all could be lost.

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I've been there, done that, and got the T-shirt. What I didn't know until Obama declared cortisol public enemy number one in 2013, was that relentless stress and lack of sleep create chronically high cortisol levels in the blood. There are many research studies concluding that high cortisol increases the risk for mental illness and interferes with every cognitive function: learning, memory, concentration, decision-making, judgement, and social interactions.

So investments are dependant upon founders who are statistically more likely to have mental health conditions than the general public. The average early-stage company environment is likely to create

chronically-high cortisol levels associated with increased risk of mental illness.

Sounds like an accident waiting to happen.

No-one is suggesting that less effort be extended or a reduction in the laser-like focus on the business. However, it is possible to marry those efforts with behaviours that will reduce the mental health toll on the founder and their team.

Until you model the behaviour by taking care of your cortisol levels, it is unlikely you can do much to mitigate the high-cortisol levels of your investees. So, I suggest we start there.

First, it's important to understand that the release of cortisol is automatic and biologic. We cannot shrug off cortisol's many biological responses by ignoring it, no matter how tough or disciplined we might be.

Unlike adrenaline which can be felt and dissipates quickly, cortisol's effects on the body aren't felt and if cortisol is repeatedly triggered, it will build-up to chronically high levels, unless steps are taken to dissipate it. The key is to enable the body to dissipate cortisol regularly, while not increasing cortisol unnecessarily.

The four major ways to mitigate chronically high cortisol levels are: breathe, move, be present and repair.

1. BREATHE This is the most effective and least difficult practice for releasing cortisol. Throughout the day take three minutes to inhale through your nose so that your belly expands thinking "deep", exhale slowly through your mouth with your stomach collapsing, thinking 'slow". Six breaths minimum. A good app that helps: [Paced Breathing](#)

2. MOVE Cortisol prepares your body for physical action (fight or flight), so exercise is a good way of releasing cortisol. 20-30 minutes of aerobic exercise is good. However, extreme and exhausting activities can increase cortisol – since cortisol is needed to extend exertion.

3. BE PRESENT Anticipating and recalling are the same to your brain as though the action is happening. So stop

your brain's chatter by playing sports or a game, or an engaging music playlist. Leave your phone in the laundry room for 2 hours when you come home from work. When walking notice one thing you 1) see, 2) hear and 3) smell-or-feel. Then two, three, four and five things in those three categories. As an investor watch that the timing of your emails don't suggest that the founder should be always-on. Research has shown truly disconnecting from a situation has positive cognitive benefits.

4. REPAIR Reduce cortisol levels with 7-8 hours of sleep per night, avoiding caffeine and sugar, drinking more water, and if negative thoughts and worries persist, sign up for Cognitive Behavior Therapy (CBT) – either in-person or online with tranqool.com.

For more information on prevention and recovery from mental health conditions, for entrepreneurs contact sue.miller@mentalwellnessrecovery.com.

NOT-SO

CLASSIFIED

INDUSTRY PROFESSIONAL EVENTS

Invest Canada 2017
June 6-8, 2017
Montreal, QC
See ad on page 8

conference.cvca.ca

Banff Venture Forum
September 21 & 22, 2017
Banff, AB

banffventureforum.com

GIVE BACK

Eric Schmatke
Commemorative Cycle Event
September 20, 2017
Banff, AB

Visit website for details.

vcaa.ca

AGMs

VCAA AGM 2017
June 13, 2017
Calgary Winter Club
Calgary, AB

See ad below

Email Rebecca Giffen to RSVP today.

vcaa.ca

INDUSTRY SOCIAL EVENTS

VCAA 2017 Stampedo
Co-op Wine Garden and Rodeo
July 15, 2017
Calgary Stampedo
Calgary, AB

See details on page 7

vcaa.ca

MISSING

Are we missing something?
Submit your next event, function
or industry news today.

Email Rebecca Giffen today.

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VCAA

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VCAA

YOU'RE INVITED
VCAA 2017 AGM

June 13, 2017
11:30 am - 1:30 pm
Calgary Winter Club
4611 14 Street N.W.

Lunch Provided.
RSVP today: E-mail: rebecca.giffen@venture-edge.com

The graphic features a central illustration of business icons including a funnel, pie charts, a calendar, a smartphone, a document, and a calculator, all rendered in a hand-drawn style.

UPDATE ON AITC Alberta Investment Tax Credit

As a result of the multipronged effort by the investment and start-up communities, the Alberta Government implemented several much needed changes to the Alberta Investment Tax Credit (AITC) program and its impact on venture capital corporations (VCCs) and eligible business corporations (EBCs).

To recap, the original program regulations implemented by Order in Council on December 16, 2016 imbedded a number of problems into the program that would have greatly limited its impact and effectiveness.

Specifically:

ANTI-STACKING:

Sections 1 (5) (a) (ii), 5 (4) and 16 of the initial regulations precluded eligibility of VCCs and EBCs who had received investment, directly or indirectly, from Alberta Enterprise Corporation (AEC);

REQUIRED AMENDMENTS:

Section 5 (1) of the initial regulations required EBC's to amend their articles to restrict compensation to shareholders, directors and officers of the company without shareholder approval and would have created an inflexible, cumbersome and costly process and an unnecessary burden on fledgling companies.

BY ORDER IN COUNCIL APRIL 11,

2017: Sections 1(5)(a)(ii), 5(4), and 16 of the initial regulations have been completely removed thus removing the anti-stacking requirement relative to AEC, and the provisions requiring changes to an EBCs' by-laws related to executive and board member compensation removed, though, continue to apply to VCC's.

These welcome changes remove the uncertainty created on the initial announcement of the program and allow those wishing to take advantage of the tax credit program to proceed with accessing capital and for the program to achieve its objective of supporting the innovation community and fostering a more diversified Alberta economy.



For further inquiries regarding the AITC program and eligibility, application process and the legal aspects of accessing capital using the program kindly contact:

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2017 Stampede Co-op Wine Garden & Rodeo

July 15, Calgary, AB

The VCAA will be hosting its members at the Stampede July 15 at the 2017 Co-op Wine Garden and Rodeo. The VCAA membership includes top technology investors from across Canada and the US and sponsorship of the event will give you a unique opportunity to network with this exclusive group.

The 2017 Co-op Wine Garden (Rodeo) package includes:

- Entry to Stampede Park
- Private area shared with other groups within the Wine Garden
- Wine tasting
- Lunch buffet of Gourmet cuisine prepared by our Executive Chef
- \$10 Food and Beverage voucher and Parting gift
- Reserved seats in the Level 5 section of the Grandstand to watch the Afternoon Rodeo

Three Levels of Sponsorship Opportunities

TITLE (SOLD) \$2,500

- **Title billing for the event**
- 2 complimentary passes to the event (\$380 VALUE)
- Ability to place brochures on table at event
- Logo recognition: VCAA website, event marketing materials, conference signage (*if any*) and printed conference program (*if any*)

GOLD (1 AVAILABLE) \$1,250

- 2 complimentary registrations (\$280 VALUE)
- Logo recognition: VCAA website, event marketing materials, conference signage (*if any*) and printed conference program (*if any*)

SILVER (2 AVAILABLE) \$750

- 1 complimentary registrations (\$140 VALUE)
- Logo recognition: VCAA website, event marketing materials, conference signage (*if any*) and printed conference program (*if any*)

For more information email: Rebecca.giffen@venture-edge.com



New Member PROFILE



500 Startups Canada
500canada.ca

500 Startups Canada is the nation's largest early stage seed fund with offices and partners in Calgary, Montreal, Toronto and Waterloo. We seek diverse investments in promising products, great entrepreneurs and outstanding teams.

As an extension of the global 500 venture fund, 500 Canada provides its portfolio the opportunity to leverage

our global investment team, accelerator program and mentor network that has operational experience at companies such as PayPal, Google, Facebook, YouTube, Yahoo, LinkedIn, Twitter and Apple. We have a global team of one hundred and fifty people in twenty countries, and have invested in over 1,800 startups that come from more than sixty countries.



◆ **SAVE THE DATE** ◆

CVCA AND RÉSEAU CAPITAL
JOINTLY PRESENT:

INVEST '17
CANADA

CANADA'S PRIVATE EQUITY &
VENTURE CAPITAL CONFERENCE

JUNE 6-8, 2017
LE CENTRE SHERATON HOTEL, MONTREAL, QUEBEC

conference.cvca.ca

[#InvestCanada2017](https://twitter.com/InvestCanada2017)

WE NEED YOUR EXPERTISE

LEAD the conversation.

The VCAA newsletter is your publication. This is the space for your voice and we want to share your skills, experience and insights with the membership. Submit articles or suggest individuals that our team should reach out to for their expertise.

Reach out to Rebecca today!
rebecca.giffen@venture-edge.com

VCAA

Relay Ventures is an early stage venture capital firm focused exclusively on mobile software, services, content and technology.

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“Over 20 years in Energy Technology Investing”

We invest in early to growth stage companies that offer products or services that dramatically improve the profitability of producing or consuming energy. Whether fuel or electricity, alternative or traditional, we help create companies that make energy more efficient, reliable, and cost-effective. Since our founding in 1996 we have managed approximately \$500 million and we have delivered nearly 30 exits. We are currently investing out of our fourth fund and have offices in Toronto, Montreal, Calgary, Philadelphia and San Francisco.

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