

CAPE Fund intends to invest in diverse industries and regions, always with a view to fulfilling its mission of promoting entrepreneurial values among Aboriginal people through the funding and development of successful businesses located on or off reserve, where such projects can serve as fundamental examples of the benefits of entrepreneurial activities.

The Fund will partner in businesses by providing equity and quasi equity investment in varying amounts in the range of \$1,000,000 to \$7,500,000 (with most investments expected to be in the \$3,000,000 to \$5,000,000 range). These investments may be "one time" or "staged" depending on the growth and business requirements of the Fund's investee companies.

CAPE Fund will not make investments in start-ups, unless they are backed by a strong and credible operating partner or that, at the very least, there is complete depth and experience in the management of the investee company.

Throughout CAPE Fund's Investor/Partner involvement in a business, and leading up to a potential sale of its position to Aboriginal entrepreneurs, CAPE Fund will assist in recruiting and developing strong, independent "working" Boards of Directors with significant domain and pertinent business experience to facilitate the profitable growth of investee companies for the benefit of the Aboriginal community at large.

The Fund intends to focus on projects which are linked, either through ownership, employment or geographic proximity, to an Aboriginal group or community. CAPE Fund will only invest in Portfolio Companies that the Investment Committee determines possess the following strengths or features:

- Long term economic sustainability (or the reasonable promise thereof) must be present
- Clear and defined market opportunity
- An articulate, realistic and complete business plan (see guide under "Useful Links")
- Ability to provide CAPE Fund with an appropriate return on its investment
- Potential to sell ownership and transfer management to Aboriginal entrepreneurs or communities within a reasonable period of time
- and could provide a platform for Aboriginal management training

**FORM OF INVESTMENT** CAPE Fund will invest as a partner in its investee businesses through a selection of equity and quasi equity instruments. These may take the form of:

- Common shares
- Retractable preferred shares, dividend and non dividend bearing, with current or cumulative dividend
- Debentures, interest bearing (either current or cumulative) which may be convertible into equity (at the option of CAPE) or which may have warrants to purchase equity attached to them.

It is anticipated that the average hold period of the Fund's investments will be 5 to 7 years. Investments will be structured to provide the Fund with an exit opportunity from the investment within this time period or slightly beyond. It is fundamental to the Mission, that CAPE Fund provides an opportunity for the Aboriginal communities involved to repurchase its interest in each investee company.