

# NATIONAL POST

## Tech fund with a difference

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Byline: Barry Critchley  
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Access is one key difference between the average punter and the institutional investor crowd.

Northern Rivers Capital Management, a money manager that deals with so-called accredited investors, is set to demonstrate its access with its latest offering, which is appropriately known as Northern Rivers Silicon Valley Access Fund LP, a late-stage, pre-IPO technology fund.

The fund is being marketed to accredited investors. To get aboard, an investor has to be prepared to ante up \$100,000. The fund plans to use the proceeds to invest in private companies that are within two or three years of having a so-called liquidity event.

In essence, the investment being made by the fund will be the last round before the private company has a liquidity event, such as going public. But the fund, which hopes to raise about US\$10-million, won't be investing blind: It will be investing alongside some of the better-known names in U.S. venture-capital financing.

The fund was formed after Greg Edwards and Dan Hachey -- the former was chief executive of YMG Capital Management, while the latter is a long-time investment banker with a special interest in technology -- started investing on their own in such companies. (The two are partners in a firm called Bennington Investment Management.) They then took the idea to Robert Blakely, president of Northern Rivers. Within a short period, a fund was seeded (Blakely put in US\$1-million) and then launched. The capital contributed by Blakely has been invested in eAsic Corp., a San-Jose-based company.

For its part, Northern Rivers Innovation LP has already made one investment in these types of investments: It spent US\$1.7-million to acquire a stake in eAsic Corp. Kleiner Perkins Caufield & Byers and Vinod Khosla were the lead investors on the offering, which closed last November.

"No one else is doing it in Canada," said Blakely, explaining why he agreed to seed the fund. And what's more, he said the fund "is precisely the type of business we are developing, which is innovative, creative and will serve our clients well." He added that in a few months, a closed-end fund to invest in U.S. real estate will be launched.

The Access fund intends to exploit the relationship that Edwards and Hachey have built up with some of the U.S. investment banks. Those banks are typically called in by the venture-capital investors when a new round of financing is required.

And the plan is to invest in preferred shares. The partnership expects to put at least US\$1-million in each investment.

bcritchley@nationalpost.com