



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

### Direct Investment Request – 2020 – #2

**Date:** 14 April 2020  
**To:** Toronto Atmospheric Fund Board of Directors  
**From:** Kim Marshall, Chair, Investment Committee

#### REASON FOR CONFIDENTIAL INFORMATION

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The attachments to this report contain commercial and financial information, supplied in confidence to the Toronto Atmospheric Fund, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

#### SUMMARY

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Approval of a Direct Investment is recommended which demonstrates the potential for appropriate risk-adjusted return and strong alignment with TAF's mandate. The proposed investment of up to \$1.5 million is in compliance with the maximum allocation (60%) for Direct Investments set out in TAF's investment policy.

#### RECOMMENDATIONS

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The Chair of TAF's Investment Committee recommends that the Toronto Atmospheric Fund Board of Directors:

1. Approve investment of up to \$1,500,000 subject to the terms and conditions outlined by the Investment Committee and as set out in Confidential Attachment 1;
2. Direct the Vice President, Impact Investing to implement the investment to the satisfaction of TAF's Solicitor; and
3. Direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains commercial and financial information, supplied in confidence to The Atmospheric Fund, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

## **FINANCIAL IMPACT**

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None.

## **DECISION HISTORY**

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The Investment Committee discussed the investment opportunity at its meetings of December 12, 2019 and February 27, 2020. Subsequently, additional due diligence was conducted and input from Investment Committee was incorporated to the Chair's satisfaction.

## **BACKGROUND**

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The proposed investment is a loan using secured working capital lines. This type of Purchase Order ("PO) financing allows the borrower access to capital to buy equipment once it has a confirmed purchase order from the buyer.

Adding the proposed investment to TAF's portfolio would not exceed the Direct Investment asset allocation maximum of 60% of NAV -- \$28M -- specified in the Statement of Investment Objectives and Principles (SIOP). With ~\$9 million current invested and ~\$14 million is approved or committed, this proposed investment will bring the total to ~\$24.5 million or ~51 percent, leaving ~\$2.5 million available for additional Direct Investment. Once the Government of Canada endowment is received an additional \$26.5 million will be available for Direct Investment.

## **CONTACT**

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## **SIGNATURE**

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Kim Marshall  
Chair, Investment Committee

## **ATTACHMENTS**

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Confidential Attachment #1