

Funds Given Boost

By Barry Critchley

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Tucked away in the bowels of yesterday's economic statement by Dwight Duncan, Ontario's Treasurer, was some good news for the sponsors of, and investors in, labour-sponsored investment funds.

The Ontario government has extended the phase-out of the labour-Sponsored Investment Fund Tax Credit by one year to 2009. Initially the 15% provincial credit was slated to scale back to 10% in 2009; to 5% in 2010 and to zero in 2011. Now, each of those steps will be set back one year with the final phase-out taking place in 2012.

As well, the Ontario government has raised the maximum contribution limits, allowing investors to put in \$7,500 annually, up from a previous \$5,000.

And those measures brought applause from the industry. "In an environment where our available pool of capital has been shrinking, the increase in contribution limits to \$7,500 is a much needed boost to the industry," said John Varghese, managing director of Venturelink funds, a firm that has \$260-million in assets under management. "We are encouraged by the government's willingness to make this much needed step."

As well, Mr. Varghese says investors will "benefit from the improved performance of the funds given that some of the underlying investments are maturing and generating impressive results." For example, he mentions the 2007 sale of Ventus Energy to Suez Energy, a \$140-million transaction. Back in 2003, one of Varghese's funds anted up \$1.4-million for an initial

stake. It followed up later with more investments. Other investors also joined in. "That was a good win for our investors," Mr. Varghese said.

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