



**GOLDEN**  
OPPORTUNITIES FUND

## Class R

### **ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

For the year ended August 31, 2021

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-261-5686, by writing to us at Suite 830, 410 - 22nd Street East Saskatoon, SK, S7K 5T6 or by visiting our website at [www.goldenopportunities.ca](http://www.goldenopportunities.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us at one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

This management discussion of fund performance supplements the annual financial statements of Golden Opportunities Fund Inc. – Class R (the “**Class R Fund**”) for the year ended August 31, 2021.

Golden Opportunities Fund Inc. (“**Golden**”) is a labour-sponsored venture capital corporation under *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) (the “**Saskatchewan Act**”) and *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) (the “**Manitoba Act**”). Golden is taxable as a mutual fund corporation and is a prescribed Labour-sponsored Venture Capital Corporation under the *Income Tax Act* (Canada) (the “**Federal Act**”).

An explanation of Golden’s authorized redeemable shares can be found in Note 1 to the financial statements and in Golden’s prospectus. Proceeds from the issue of redeemable shares are invested in three separate portfolios of assets as follows:

- The “**Class A Fund**” includes the assets acquired with funds raised from the issue of Class A Shares, Class A-B Shares and Class A-F Shares,
- The “**Class I Fund**” includes the assets acquired with funds raised from the issue of Class I Shares, Class I-B Shares and Class I-F Shares, and
- The Class R Fund includes the assets acquired with funds raised from the issue of Class R Shares, Class R-B Shares and Class R-F Shares.

Unless otherwise specified, all references to “**net assets**” or “**net assets per share**” in this report are references to net assets attributable to holders of redeemable shares determined in accordance with International Financial Reporting Standards as presented in the financial statements of the Class R Fund. All references to “**net asset value**” or “**net asset value per share**” in this report are references to net asset value determined for purposes of purchase and redemption of shares of the Class R Fund. An explanation of the differences can be found in Note 7 to the financial statements.

### Investment Objective and Strategies

The general investment objective of Golden is to make investments in small and medium-sized businesses authorized, or as may be permitted, by the Saskatchewan Act and the Manitoba Act, with the objective of achieving long-term capital appreciation. Most, and potentially all, of these investments are in private companies.

Under the Saskatchewan Act, Golden is required to invest and maintain at least 75% of its equity capital raised in Saskatchewan (for all Golden share classes in aggregate) in eligible Saskatchewan companies within two years from the fiscal year end of raising the equity capital. At August 31, 2021, Golden has met this pacing requirement under the Saskatchewan Act.

In addition, the legislation in Saskatchewan requires labour-sponsored venture capital corporations to invest 18.75% of annual net capital (being annual capital raised in Saskatchewan in all Golden share classes, less annual capital required to satisfy redemption obligations) in businesses engaged in eligible innovation activities. Eligible innovation activities include: (i) activities carried out by an eligible business whose principal business is directly related to one or more of the following sectors: clean or environmental technology, health and life sciences, crop and animal sciences, industrial biotechnology or information and communication technology; or (ii) activities carried out by an eligible business that involves technical risk, productivity improvement or the application of a technology, process or innovation that is new to Saskatchewan and facilitates growth, supports trade or exports, or enhances Saskatchewan’s competitiveness. Golden has made the innovation sector a key pillar of the Class A Fund and the Class I Fund is focused exclusively on investment in innovation. At August 31, 2021, Golden has met this innovation investment requirement under the Saskatchewan Act.

Under the Manitoba Act, Golden is required to invest at least 70% of its equity capital raised in Manitoba (for all Golden share classes in aggregate) in eligible Manitoba companies within two years from the fiscal year end of raising the equity capital, and 14% of the equity capital so invested must be in eligible investments for which the total cost of the eligible investments held by Golden in such entity and any related entities does not exceed \$2 million. At August 31, 2021, Golden has met this investment pacing requirement under the Manitoba Act.

The Class R Fund invests in companies in the energy, mining and/or related resource services sectors of the Saskatchewan economy. Golden seeks to diversify its investments according to stage of development and will invest in businesses that are in the start-up, growth, and mature stages of the business development cycle.

The form of Golden’s investments is selected and negotiated after considering the investment objectives and criteria of Golden, the long-term requirements of the investee business, the stage of development of the investee business, the investee business’ requirements, the ability to negotiate downside protection and tax considerations. Golden generally makes investments with the expectation that the holding period will be five to eight years.

Golden has diversified its Class R Fund portfolio using instruments such as common shares, limited partnership units, secured notes, participating loans, warrants, and options. When possible, where Golden makes an investment by way of a debt instrument, Golden will secure its investment by a charge over the business’ assets. This charge may be subordinated to other lenders’ security. Golden takes the security with the goal of limiting the downside risk of the investment.

Golden’s manager, Westcap Mgt. Ltd. (the “**Manager**”), performs a fundamental analysis of each investment opportunity including, but not limited to, an analysis of:

- the experience of management personnel,
- the industry and the competitive position of the company within its market,
- the past performance and business plan of the company,
- the financial statements, projections, and forecasts of the company,
- the expected return on investment,
- exit strategies, and
- the risks of the company.

## Risk

There have been no significant changes to the overall risk level associated with an investment in the Class R Fund during the year ended August 31, 2021. The risks of investing in Golden remain as described in Golden's prospectus dated November 18, 2020.

The Class R Fund makes and holds certain investments that are considered speculative and involve a longer investment commitment than that typical for other types of investments made by mutual funds. Many such investments require between five to eight years to mature and generate the returns expected by Golden. As a result, the shares of the Class R Fund are suitable only for investors able to make a long-term investment.

The business of Golden is to invest its eligible capital in Saskatchewan and Manitoba eligible businesses and in proportion to the jurisdiction where it was raised. There is a risk that Golden will not be able to find suitable investments that meet its investment criteria for the Class R Fund.

There is also a risk that changes could be introduced to the Federal Act, the Saskatchewan Act, or the Manitoba Act that may be unfavourable to Golden's ability to attract further investment.

Since the Class R Fund portfolio is concentrated in the oil & gas sector, the net asset value may fluctuate due to factors affecting the resource sector generally. These risks include drilling success, commodity price variability, acquisition, exploration, development, production and environmental risks as well as risks relating to the regulatory environment.

Valuing venture investments is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. Please see Note 12 to the financial statements for disclosure about the nature and extent of risks relative to financial instruments and how Golden manages those risks.

At August 31, 2021, the Class R Fund was invested in nine companies within the oil & gas sector. Within the different stages of the business development cycle, as at August 31, 2021, the Class R Fund's venture investment portfolio, based on investment cost, was 12.78% mature, 55.42% growth and 31.80% start-up. The total cost base of the Class R Fund's venture investments represents 74.99% of the Class R Fund's net asset value.

## Results of Operations

### *Net Assets*

The Class R Fund's net assets decreased from \$6.7 million at August 31, 2020 to \$6.2 million at August 31, 2021, a decrease of \$492 thousand. The net asset value per Class R Share increased from \$5.63 at August 31, 2020 to \$5.64 at August 31, 2021, an increase of 0.18%. The net asset value per Class R-F Share increased from \$6.97 at August 31, 2020 to \$7.03 at August 31, 2021, an increase of 0.86%.

The increase in net assets from operations was \$26 thousand for the year ended August 31, 2021. The Class R Fund raised proceeds of \$436 thousand from the issue of Class R and Class R-F shares during the year ended August 31, 2021 and incurred \$954 thousand of redemptions, representing 8.15% of the outstanding share capital. During the year ended August 31, 2021, the number of Class R Shares outstanding decreased from 1,189,303 to 1,100,095 and the number of Class R-F Shares outstanding increased from 1,491 to 1,632.

Cash and short-term investments decreased from \$5 million at August 31, 2020 to \$3.7 million at August 31, 2021, due to a venture investment purchase of \$500 thousand, net operating expenses of \$322 thousand, and net share capital redemptions of \$515 thousand.

### *Statement of Comprehensive Income*

The Class R Fund income, excluding net unrealized gains, was \$57 thousand for the year ended August 31, 2021 compared to \$89 thousand for the year ended August 31, 2020. The decrease is due to lower interest rates on cash and short-term investments.

The Class R Fund expenses for the year ended August 31, 2021 were \$379 thousand, a decrease of \$67 thousand from the prior year. The average net asset value of the Class R Fund was \$6.6 million for the year ended August 31, 2021, compared to \$7.8 million for the year ended August 31, 2020.

The Class R Fund had a net decrease in the unrealized depreciation of venture investments of \$348 thousand for the year ended August 31, 2021. Net unrealized gains of \$424 thousand on investments in public companies, and net unrealized losses of \$76 thousand on privately held investees, were recognized in the year ended August 31, 2021. There is no contingent incentive participation amount attributable to the Class R Fund at August 31, 2021.

## **Investment Portfolio**

The Class R Fund venture investment portfolio increased from a cost base of \$4.2 million at August 31, 2020, to \$4.7 million at August 31, 2021. The increase is due to a \$500 thousand investment in ROK Resources Inc., an oil and gas exploration and production company with assets in southeast Saskatchewan. All Class R Fund venture investments are in the Oil & Gas sector.

The Class R Fund portfolio includes one investment in a publicly traded entity with a fair value of \$237 thousand and representing 3.81% of the Class R Fund net asset value, that must be disposed of by August 31, 2023 in accordance with the regulations to the Saskatchewan Act. Golden will divest the investment in this publicly traded company in an orderly manner by the required date.

## **Recent Developments**

The outbreak of the novel strain of coronavirus, specifically identified as **“COVID-19”**, has disrupted global health, economic and market conditions, and triggered a period of slowdown in the global economy. The duration and full impacts of the COVID-19 pandemic are still unknown. The distribution of vaccines has resulted in the easing of restrictions in many jurisdictions, though the COVID-19 impact continues to cause material disruption to businesses globally, resulting in continued economic pressures. While the conditions have become more stable, many factors continue to extend economic uncertainty, including the rollout and efficacy of vaccines, emergence of new COVID-19 variants and the durability and effectiveness of government interventions.

It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Class R Fund's portfolio companies in future periods. While the Manager continues to monitor these developments generally, and particularly in connection with the Class R Fund's portfolio investments, it is not possible to reliably estimate the impact on the financial results and condition of the Class R Fund in future periods.

## **Related Party Transactions**

The Manager is a company controlled by the President & Chief Executive Officer of Golden and was engaged by an agreement dated December 31, 2008. Please refer to the “Management Fees” section for a description of services provided by the Manager.

For the Class R Fund, management fees of \$169 thousand (2020 - \$211 thousand) were paid or payable to the Manager during the year ended August 31, 2021. Management fees of \$14 thousand (2020 - \$18 thousand) are included in Class R Fund accounts payable and accrued liabilities at August 31, 2021.

The above-mentioned transactions were in the normal course of operations, are non-interest bearing, and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Class R Fund and are intended to help you understand the Class R Fund's financial performance for the past five years.

### Net Assets per Class R Share <sup>(1)</sup>

	2021	2020	2019	2018	2017
Net assets, beginning of year	\$ 5.62	\$ 7.65	\$ 8.02	\$ 8.48	\$ 8.64
<b>Increase (decrease) from operations:</b>					
Total revenue	\$ 0.05	\$ 0.08	\$ 0.09	\$ 0.05	\$ 0.04
Total expenses	(0.33)	(0.38)	(0.42)	(0.45)	(0.45)
Realized gains	-	-	-	0.11	-
Unrealized gains (losses)	0.30	(1.73)	(0.02)	(0.19)	0.24
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.02</b>	<b>\$ (2.03)</b>	<b>\$ (0.35)</b>	<b>\$ (0.48)</b>	<b>\$ (0.17)</b>
Net assets at end of year shown	\$ 5.63	\$ 5.62	\$ 7.65	\$ 8.02	\$ 8.48

(1) This information is derived from the Class R Fund's audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in Note 7 to the Class R Fund's financial statements.

(2) Net assets are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial year.

### Net Assets per Class R-F Share <sup>(1)</sup>

	2021	2020	2019	2018	2017
Net assets, beginning of year	\$ 6.96	\$ 8.83	\$ 9.00	\$ 9.09	\$ 8.87
<b>Increase (decrease) from operations:</b>					
Total revenue	\$ 0.05	\$ 0.07	\$ 0.09	\$ 0.05	\$ 0.04
Total expenses	(0.26)	(0.32)	(0.80)	(0.08)	(0.07)
Total expenses waived/recovered	-	-	0.57	-	-
Realized gains	-	-	-	0.10	-
Unrealized gains (losses)	0.26	(1.89)	(0.03)	(0.16)	0.07
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.05</b>	<b>\$ (2.14)</b>	<b>\$ (0.17)</b>	<b>\$ (0.09)</b>	<b>\$ 0.04</b>
Net assets at end of year shown	\$ 7.02	\$ 6.96	\$ 8.83	\$ 9.00	\$ 9.09

(1) This information is derived from the Class R Fund's audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in Note 7 to the Class R Fund's financial statements.

(2) Net assets are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial year.

## Ratios and Supplemental Data – Class R Shares

	2021	2020	2019	2018	2017
Total net asset value (000's) <sup>(1)</sup>	\$ 6,206	\$ 6,694	\$ 8,697	\$ 8,519	\$ 8,315
Number of shares outstanding <sup>(1)</sup>	1,100,095	1,189,303	1,136,928	1,064,656	980,641
Management expense ratio <sup>(2)</sup>	5.80%	5.75%	5.66%	5.45%	5.24%
Management expense ratio excluding IPA <sup>(3)</sup>	5.80%	5.75%	5.66%	5.45%	5.24%
Trading expense ratio <sup>(4)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(5)</sup>	-	-	-	24.10%	-
Net asset value per share	\$ 5.64	\$ 5.63	\$ 7.65	\$ 8.00	\$ 8.48

(1) This information is provided as at August 31 of the year shown. The total net asset value refers to the net asset value determined for purposes of purchase and redemption of Class R Shares.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of weekly average net asset value during the year.

(3) Management expense ratio excluding IPA is based on total expenses, less IPA and change in contingent IPA, for the stated year and is expressed as an annualized percentage of weekly net asset value during the year.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the weekly average net asset value during the year.

(5) The Class R Fund's portfolio turnover rate indicates how actively the Class R Fund's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class R Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Class R Fund.

## Ratios and Supplemental Data – Class R-F Shares

	2021	2020	2019	2018	2017
Total net asset value (000's) <sup>(1)</sup>	\$ 11	\$ 10	\$ 9	\$ 8	\$ 9
Number of shares outstanding <sup>(1)</sup>	1,632	1,491	920	920	920
Management expense ratio <sup>(2)</sup>	3.72%	4.05%	2.66%	0.90%	0.79%
Management expense ratio excluding IPA <sup>(3)</sup>	3.72%	4.05%	2.66%	0.90%	0.79%
Management expense ratio before waiver/recovery <sup>(4)</sup>	3.72%	4.05%	9.19%	0.90%	0.79%
Management expense ratio before waiver/recovery & excluding IPA <sup>(5)</sup>	3.72%	4.05%	9.19%	0.90%	0.79%
Trading expense ratio <sup>(6)</sup>	-	-	-	-	-
Portfolio turnover rate <sup>(7)</sup>	-	-	-	24.10%	-
Net asset value per share	\$ 7.03	\$ 6.97	\$ 8.83	\$ 8.98	\$ 9.09

(1) This information is provided as at August 31 of the year shown. The total net asset value refers to the net asset value determined for purposes of purchase and redemption of Class R-F Shares.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of weekly average net asset value during the year.

(3) Management expense ratio excluding IPA is based on total expenses, less IPA and change in contingent IPA, for the stated year and is expressed as an annualized percentage of weekly net asset value during the year.

(4) Management expense ratio before waiver/recovery is based on total expenses before management fees waived and marketing service fees recovered and is expressed as an annualized percentage of weekly net asset value during the year. Management fees earned by the Manager for the period prior to Golden Opportunities Fund Inc. reaching \$5 million in aggregate gross sales of Class A-F, Class I-F and Class R-F Shares were waived by the Manager. The Manager also reimbursed the Class R Fund for its share of marketing service fees earned by Golden Opportunities Fund Inc.'s principal distributor on the first \$5 million of aggregate sales of Class A-F, Class I-F and Class R-F Shares. This waiver of fees and reimbursement of expenses has now been discontinued, and all future management fees and marketing service fees with respect to the Class R-F Shares will be paid by the Class R Fund.

(5) Management expense ratio before waiver/recovery and excluding IPA is based on total expenses before management fees waived and marketing service fees recovered, less IPA and change in contingent IPA, for the stated year and is expressed as an annualized percentage of weekly net asset value during the year.

(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average weekly net asset value during the year.

(7) The Class R Fund's portfolio turnover rate indicates how actively the Class R Fund's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Class R Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Class R Fund.

## Management Fees

The annual management fee, which is calculated and payable monthly, is equal to 2.5% of the aggregate net asset value of the Class R Fund, on a class-by-class basis, as at each valuation date. The Manager has been retained to manage and administer the business affairs of Golden, including the management of the Class R Fund's investments in eligible businesses and its marketable securities investments, and maintain all required books and records of the Class R Fund. The Manager is also responsible for seeking out and identifying investment opportunities and undertaking operational due diligence of the investment opportunities. The Manager develops investment recommendations to Golden's Board of Directors (the "Board"), monitors all investments, provides performance reports to the Board, and makes disposition recommendations to the Board. For these services, the Manager is compensated with the management fees. A 20% IPA is also payable to the Manager, provided certain criteria have been met. The IPA is only earned on realized gains that the Class R Fund has received in cash and the realized investment performance of the Class R Fund. The criteria are fully described in Golden's prospectus.

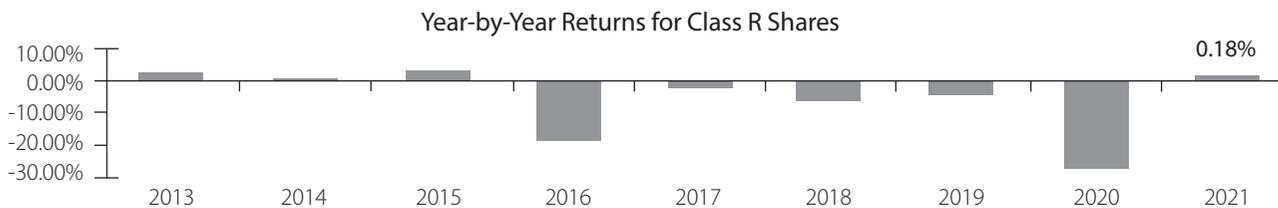
## PAST PERFORMANCE

The performance data provided does not consider sales, redemption, or other optional charges payable by any shareholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

## Year-by-Year Returns

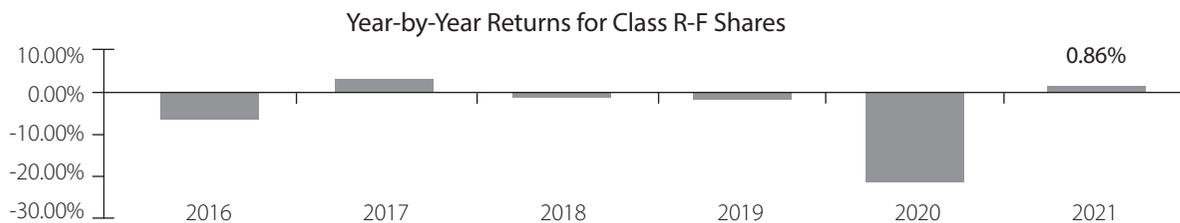
### Class R Shares

The bar chart below shows the performance for the Class R Shares for the periods presented. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown by the last day of each financial year. The 2013 fiscal year end consists of the period from January 4, 2013, the first day on which the Class R Shares were issued, to August 31, 2013.



### Class R-F Shares

The bar chart below shows the performance for the Class R-F Shares for the periods presented. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown by the last day of each financial year. The 2016 percentage indicates the performance from February 19, 2016, the first day on which the Class R-F Shares were issued, to August 31, 2016.



## Annual Compound Returns

### *Class R Shares*

	<b>Golden</b>	CIFSC Retail Venture Capital Index
Since Inception	<b>-6.40%</b>	-11.19%
Five year	<b>-8.17%</b>	-10.73%
Three year	<b>-10.99%</b>	-15.67%
One year	<b>0.18%</b>	2.77%

### *Class R-F Shares*

	<b>Golden</b>	CIFSC Retail Venture Capital Index
Since Inception	<b>-5.33%</b>	-9.59%
Five year	<b>-4.54%</b>	-10.73%
Three year	<b>-7.83%</b>	-15.67%
One year	<b>0.86%</b>	2.77%

The returns for Golden do not take into consideration the tax credits received by the purchaser. The 'CIFSC Retail Venture Capital Index' combines the returns from 12 retail venture capital funds to provide a sector average return.

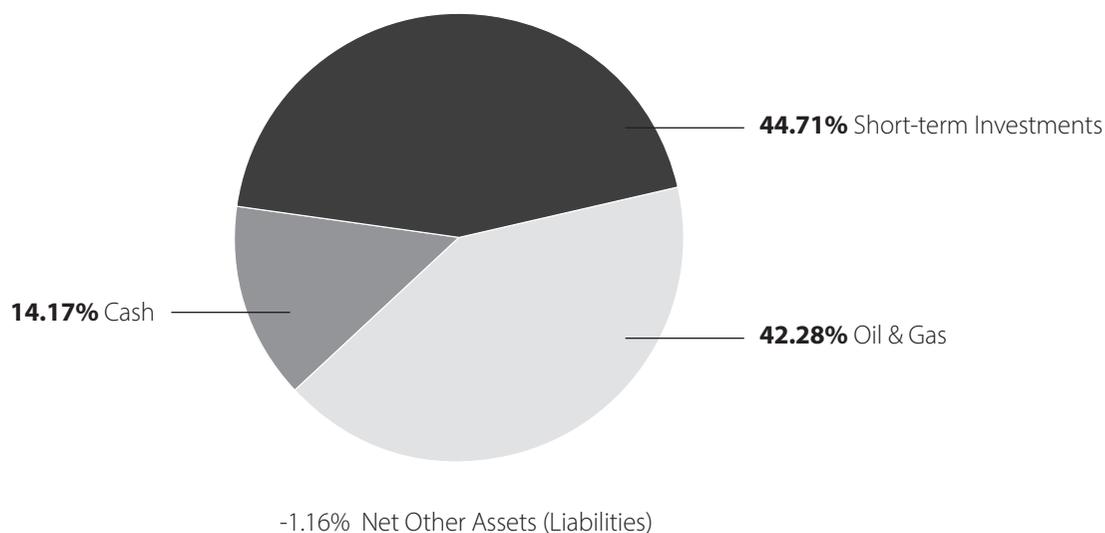
## SUMMARY OF INVESTMENT PORTFOLIO

The summary of investment portfolio may change due to ongoing portfolio transactions and a quarterly update is available upon request.

### All Holdings (cost as % of net asset value)

1. Cash		14.17%
2. Stampede Drilling Inc.	Equity	13.35%
3. Burgess Creek Exploration Inc.	Equity	13.11%
4. Credence Resources II LP	Debt 10.74%, Equity <0.01%	10.74%
5. Whitecap Resources Inc.	Equity	9.59%
6. ROK Resources Inc.	Debt 8.04%, Equity <0.01%	8.04%
7. Credence Resources LP	Debt 7.72%, Equity <0.01%	7.72%
8. Affinity Credit Union, 0.85%, due November 25, 2021	Term Deposit	7.56%
9. Diamond North Credit Union, 1.00%, due May 22, 2022	Term Deposit	6.43%
10. Synergy Credit Union, 0.90%, due September 30, 2021	Term Deposit	6.43%
11. Field Exploration LP	Debt 5.74%, Equity <0.01%	5.74%
12. New Community Credit Union, 0.90%, due June 10, 2022	Term Deposit	5.63%
13. Avalon Oil & Gas Ltd.	Equity	5.00%
14. Cornerstone Credit Union, 0.80%, due June 10, 2022	Term Deposit	4.02%
15. Cornerstone Credit Union, 1.00%, due April 25, 2022	Term Deposit	3.22%
16. Cornerstone Credit Union, 1.00%, due April 30, 2022	Term Deposit	3.22%
17. Synergy Credit Union, 0.90%, due October 6, 2021	Term Deposit	3.22%
18. Affinity Credit Union, 0.85%, due September 3, 2021	Term Deposit	3.06%
19. Conexus Credit Union, 0.80%, due February 28, 2022	Term Deposit	1.93%
20. Lex Energy Partners LP	Equity	1.70%

### Asset Mix (fair value as % of net asset value)







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