

*This prospectus constitutes a public offering of these securities only in Saskatchewan and Manitoba and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

Prospectus

Continuous Offering

December 19, 2016



**Class A (SK) Shares, Class A-F (SK) Shares, Class A (MB) Shares, Class A-F (MB) Shares, Class I (SK) Shares, Class I-F (SK) Shares, Class I (MB) Shares, Class I-F (MB) Shares, Class R (SK) Shares, Class R-F (SK) Shares, Class R (MB) Shares and Class R-F (MB) Shares**

Offering Price:	Pricing Net Asset Value per Share
Minimum Initial Subscription:	\$250
Minimum Subsequent Subscription:	\$25
Maximum Annual Offerings:	\$40 million of SK Shares in any SK Offering Year* and \$30 million of MB Shares in any MB Offering Year*

\* Or such other limits as are prescribed by applicable legislation or established by ministerial discretion from time to time.

**The Fund:** The Fund is a corporation incorporated under the laws of Saskatchewan and registered to carry on business under the laws of Manitoba. The Fund is also registered as a labour-sponsored venture capital corporation under the Saskatchewan Act and under the Manitoba Act. See "**Overview of the Legal Structure of the Fund**".

The Fund invests in small and medium-sized Saskatchewan and Manitoba businesses as authorized by the Saskatchewan Act and the Manitoba Act, respectively, all with the objective of achieving long-term capital appreciation with respect to its investments. Most, and potentially all, of these investments are in private companies. See "**Investment Objectives**" and "**Investment Strategies**".

**The Sponsor:** The sponsor of the Fund is the Construction and General Workers' Union, Local 180, a trade union as defined in *The Trade Union Act* (Saskatchewan). See "**Organization and Management Details of the Fund - Sponsor**".

**The Manager:** The manager of the Fund is Westcap Mgt. Ltd. See "**Organization and Management Details of the Fund – Management of the Fund - Manager**".

**The Offering:** This prospectus qualifies the issuance of the Class A (SK) Shares, Class A-F (SK) Shares, Class A (MB) Shares, Class A-F (MB) Shares, Class I (SK) Shares, Class I-F (SK) Shares, Class I (MB) Shares, Class I-F (MB) Shares, Class R (SK) Shares, Class R-F (SK) Shares, Class R (MB) Shares and Class R-F (MB) Shares; however, the Fund does not plan to sell either the Class R (MB) Shares or Class R-F (MB) Shares as at the date of this prospectus. This decision will be reassessed from time to time depending on, among other things, the status of the financial markets in the province of Manitoba.

The Shares are offered on a continuous basis and issued at the Pricing Net Asset Value per Share as of the next valuation of the Fund following the subscription. The Pricing Net Asset Value per Share is determined on a weekly basis as at the date of the Weekly Valuation Update. Shares subscribed for during the period commencing at 4:00 p.m. (Eastern time) on the date of a Weekly Valuation Update and prior to 4:00 p.m. (Eastern time) on the date of the immediately next following Weekly Valuation Update shall be issued at the Pricing Net Asset Value per Share as at the next Weekly Valuation Update which follows the receipt of the subscription by the Fund, or, subject to applicable law, as at such other date as the Chief Executive Officer and Chief Financial

Officer of the Fund may in their discretion deem appropriate, except in respect of Shares subscribed for subsequent to the last Weekly Valuation Update prior to the Cut-off Date, which will be issued for a purchase price equal to the Pricing Net Asset Value per Share as of the Cut-off Date. See "**Calculation of Net Asset Value**" and "**Description of the Securities Distributed**".

SK Shares may be issued only to an individual or a RRSP who, at the time of subscribing for SK Shares, meets all conditions of the Saskatchewan Act. SK Shares cannot be issued to a TFSA. For an individual purchasing SK Shares during the taxation year in respect of which he/she intends to apply for the tax credits applicable to such purchase, the onus rests with the individual to ensure that he/she is still resident in Saskatchewan (for purposes of payment of provincial income tax) on December 31 of that year. If this is not the case, such individual will not be eligible for the 20% Saskatchewan tax credit in respect of the purchase of the SK Shares. See "**Income Tax Considerations – Tax Credits Available to First Purchaser of SK Shares**".

MB Shares may be issued only to an individual or a RRSP or a TFSA who, at the time of subscribing for MB Shares, meets all conditions of the Manitoba Act. For an individual purchasing MB Shares during the taxation year in respect of which he/she intends to apply for the tax credits applicable to such purchase, the onus rests with the individual to ensure that he/she is still resident in Manitoba (for purposes of payment of provincial income tax) on December 31 of that year. If this is not the case, such individual will not be eligible for the 15% Manitoba tax credit in respect of the purchase of the MB Shares. See "**Income Tax Considerations – Tax Credits Available to First Purchaser of MB Shares**".

The Fund may suspend offering Shares and recommence offering Shares at any time that the Fund, in its discretion, deems appropriate. The minimum initial subscription for Shares is \$250, with a minimum subsequent subscription of \$25, subject to waiver by the Fund to accommodate pre-authorized contribution plans and payroll deduction plans.

Pursuant to the Saskatchewan Act, the maximum dollar amount of SK Shares that can be issued by the Fund in any one SK Offering Year is \$40 million (or such other limit as is prescribed by the Saskatchewan Act or established by ministerial discretion from time to time).

Pursuant to the Manitoba Act, the maximum dollar amount of MB Shares that can be issued by the Fund in any one MB Offering Year is \$30 million (or such other limit as is prescribed by the Manitoba Act or established by ministerial discretion from time to time).

The Shares are offered for sale only through registered dealers or other persons licensed to sell Shares of the Fund. See "**Purchase of Securities (Plan of Distribution)**". Subscriptions are received subject to rejection in whole or in part and such decision will be made within two days of receipt of the subscription. In the event the subscription is rejected in whole or in part the applicable subscription monies (or portion thereof) will be refunded immediately.

**Investment Objectives:**

The general objective of the Fund is to realize long-term capital appreciation of its investments in eligible businesses and eligible business entities. The Fund is subject to certain investment restrictions under the Saskatchewan Act, the Manitoba Act and applicable securities laws. In addition, the Fund has adopted certain investment policies and guidelines. Potential eligible investments will be evaluated according to, among other things: stage of development; size; quality of management; the market potential of the products and services sold or distributed; the profit potential of the eligible business or eligible business entity; and the opportunity for realization, by the Fund, of its investments. See "**Investment Objectives**", "**Investment Strategies**" and "**Use of Proceeds**".

**Tax Benefits:** Individual Saskatchewan residents (other than trusts) who purchase SK Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 20% Saskatchewan tax credit to a maximum of \$1,000 per taxation year (which is reached at an investment of \$5,000), as indicated below.

	<u>Tax Credit</u>	<u>Maximum Credit</u>	<u>Maximum Investment</u> <sup>(2)</sup>
Federal	15%	\$ 750	\$5,000
Saskatchewan	20%	\$1,000 <sup>(1)</sup>	\$5,000

Notes:

<sup>(1)</sup> The maximum Saskatchewan tax credit is an annual, aggregate limit applicable to purchases by an individual of shares of prescribed Saskatchewan labour-sponsored venture capital corporations.

<sup>(2)</sup> Amounts in this column indicate the maximum investment amount for which a tax credit is available.

Individual Manitoba residents (other than trusts) who purchase MB Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 15% Manitoba tax credit to a maximum of \$1,800 per taxation year (which is reached at an investment of \$12,000), as indicated below.

	<u>Tax Credit</u>	<u>Maximum Credit</u>	<u>Maximum Investment</u> <sup>(2)</sup>
Federal	15%	\$ 750	\$ 5,000
Manitoba	15%	\$1,800 <sup>(1)</sup>	\$12,000

Notes:

<sup>(1)</sup> The maximum Manitoba tax credit is an annual, aggregate limit applicable to purchases by an individual of shares of prescribed Manitoba labour-sponsored venture capital corporations.

<sup>(2)</sup> Amounts in this column indicate the maximum investment amount for which a tax credit is available.

An individual (other than a trust) who is an annuitant under an RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the Federal tax credit in respect of the purchase of Shares by the RRSP provided the RRSP is the first purchaser of the Shares.

An individual Saskatchewan resident (other than a trust) who is an annuitant under an RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the Saskatchewan tax credit in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the Shares.

An individual Manitoba resident (other than a trust) who is an annuitant under an RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the Manitoba tax credit in respect of the purchase of MB Shares by the RRSP provided the RRSP is the first purchaser of the Shares.

Shares may also be purchased by individuals and transferred to trusts governed by RRSPs or RRIFs. Where the Shares are purchased by an individual and transferred to a trust governed by a RRIF, the tax credits will also generally be available to the contributor to the RRIF. A trust governed by a RRIF cannot subscribe for Shares.

Unless and until amendments are made to the Saskatchewan Act, Shares may not be issued to or transferred to TFSAs of Saskatchewan residents. Shares may be issued to TFSAs of Manitoba residents but may not be transferred to TFSAs of Manitoba residents, unless and until amendments are made to the Manitoba Act.

Investors who purchase Shares in the first 60 days of any year and on or prior to the Cut-off Date in 2017 may elect to have their tax credits apply in respect of their 2016 taxation year instead of the 2017 taxation year. The maximum tax credits apply in respect of an investor's aggregate purchase of shares issued by prescribed labour-sponsored venture capital corporations for each taxation year, including the Fund.

If, in the opinion of the Saskatchewan Minister, the number of corporations registered as labour-sponsored venture capital corporations pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available in Saskatchewan, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

See "**Income Tax Considerations**" and "**Description of the Securities Distributed –Transfer**".

**Redemption:** Subject to the Eight Year Holding Period and the other restrictions set out herein and the withholding of any tax credits or other amount required to be withheld, Shares will be redeemed at the Pricing Net Asset Value per Share as determined by the Manager as at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next Weekly Valuation Update following the day on which the Fund receives a request for redemption would be after the Cut-off Date, then as at the Cut-off Date, plus any declared but unpaid dividends on the Shares being redeemed.

The Fund may have contingent liability for the repayment of tax credits in certain circumstances. Investors who request a redemption of Shares within the Eight Year Holding Period will, subject to certain exceptions, be subject to a withholding fee equal to the tax credits received on the purchase of such Shares. Accordingly, investors should be prepared to hold Shares for a minimum of eight (8) years from the date of purchase. See "**Income Tax Considerations**", "**Other Material Facts – Penalties Potentially Applicable to the Fund – Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund – Manitoba**".

**In addition to the Eight Year Holding Period, redemptions of the Shares are restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and Retained Earnings of the Fund. As a result, there can be no assurance that an investor will be able to redeem their Shares following the Eight Year Holding Period.**

See "**Redemption of Securities**".

**Risk Factors:** **An investment in the Shares is highly speculative in nature and is only appropriate for investors able to make a long-term commitment, and with the capacity to absorb a loss of some or all of their investment. There is no guarantee that an investment in the Shares will earn an acceptable rate of return or any return in the short or the long term.**

**No market exists at present through which the Shares may be sold and none is expected to develop. There are restrictions on both the transfer and redemption of Shares. Consequently, holders of Shares may not be able to sell or redeem their Shares and the Shares may not be accepted as collateral for loans. See "Redemption of Securities" and "Description of the Securities Distributed".**

Although the Fund is a mutual fund, many of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. In particular, rules directed at ensuring liquidity and diversification of investments as well as certain other investment restrictions and practices normally applicable to mutual funds do not apply. See "**Investment Restrictions – Exemptions and Policies**".

While funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the proceeds of the offering of Shares hereunder may be used to fund such redemptions. See "**Use of Proceeds**" and "**Description of the Securities Distributed**".

**There are a number of other risk factors that a potential investor in the Fund should consider carefully before investing in the Fund. Such risks include but are not limited to risks relating to the nature of the Fund's investments, geographic concentration of the Fund's investments, lack of liquidity of the Shares (including restrictions on redemptions), investment in early stage (typically private) companies, private company valuations, legislative changes, industry concentration associated with certain classes of Shares, diversification, reliance on management, external factors, management fees, use of proceeds, investment requirements, inability to use tax credits and transfers to RRSPs. See "Risk Factors".**

**The Agent  
and Principal  
Distributor:**

National Bank Financial Inc., having its principal Saskatchewan office at 1360, 410 – 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, is acting as an agent of the Fund and the principal distributor, as defined in NI 81-102, for the distribution of the Shares during the currency of this prospectus. There is no direct sales charge to investors on the purchase of Shares; however, the Fund will pay fees and costs to the Agent and any participating dealers in connection with the distribution of Shares. See "**Fees and Expenses**", "**Purchase of Securities (Plan of Distribution)**" and "**Organization and Management Details of the Fund – The Agent and Principal Distributor**".

**Additional  
Information:**

Additional information about the Fund is available in the following documents:

- the most recently filed annual financial statements;
- any interim financial report filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. See "**Documents Incorporated by Reference**" for further details.

Certain words and phrases used in this prospectus, including capitalized terms, have the meanings assigned thereto in the "**Glossary of Terms**".

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## Glossary of Terms

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated:

**"Agency Agreement"** means the agency agreement with the Agent dated December 19, 2016 pursuant to which the Agent has agreed to act as an agent and the principal distributor of the Fund in respect of sales of Shares.

**"Agent"** means National Bank Financial Inc.

**"applicable securities laws"** means the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and interpretation bulletins of, the applicable securities regulatory authority or applicable securities regulatory authorities of, the applicable jurisdiction or jurisdictions collectively.

**"Articles"** means the articles of incorporation of the Fund dated December 8, 1997, as subsequently amended and revised.

**"authorized businesses"** means eligible businesses, eligible business entities and any other businesses that can be invested in under the Saskatchewan Act or the Manitoba Act.

**"Board"** means the members of the board of directors of the Fund.

**"Broker"** means RBC Dominion Securities Inc.

**"Cheung On"** means Cheung On Investments Group Ltd.

**"Class A Shares"** means collectively the Class "A" (SK) shares of the Fund and the Class "A" (MB) shares of the Fund, and **"Class A (MB) Shares"** means the Class "A" (MB) shares of the Fund and **"Class A (SK) Shares"** means the Class "A" (SK) shares of the Fund.

**"Class A-F Shares"** means collectively the Class "A-F" (SK) shares and the Class "A-F" (MB) shares of the Fund, and **"Class A-F (MB) Shares"** means the Class "A-F" (MB) shares of the Fund and **"Class A-F (SK) Shares"** means the Class "A-F" (SK) shares of the Fund.

**"Class A Share Assets"** means the assets of the Fund that have been acquired, directly or indirectly, with monies raised through the issuance of Class A Shares and Class A-F Shares.

**"Class B Shares"** means the Class "B" shares of the Fund.

**"Class C Shares"** means the Class "C" shares of the Fund.

**"Class D Shares"** means the Class "D" shares of the Fund, which have been authorized for issuance by the shareholders of the Fund, but for which amendments to the articles of the Fund have not yet been made to create such shares.

**"Class I Shares"** means collectively the Class "I" (SK) shares of the Fund and the Class "I" (MB) shares of the Fund, and **"Class I (MB) Shares"** means the Class "I" (MB) shares of the Fund and **"Class I (SK) Shares"** means the Class "I" (SK) shares of the Fund.

**"Class I-F Shares"** means collectively the Class "I-F" (SK) shares and the Class "I-F" (MB) shares of the Fund, and **"Class I-F (MB) Shares"** means the Class "I-F" (MB) shares of the Fund and **"Class I-F (SK) Shares"** means the Class "I-F" (SK) shares of the Fund.

**"Class I Share Assets"** means the assets of the Fund that have been acquired, directly or indirectly, with monies raised through the issuance of Class I Shares and Class I-F Shares.

**"Class I Share Offering Date"** means the first day that Class I Shares were offered for sale.

**"Class R Shares"** means collectively the Class "R" (SK) shares of the Fund and the Class "R" (MB) shares of the Fund, and **"Class R (MB) Shares"** means the Class "R" (MB) shares of the Fund and **"Class R (SK) Shares"** means the Class "R" (SK) shares of the Fund.

**"Class R-F Shares"** means collectively the Class "R-F" (SK) shares and the Class "R-F" (MB) shares of the Fund, and **"Class R-F (MB) Shares"** means the Class "R-F" (MB) shares of the Fund and **"Class R-F (SK) Shares"** means the Class "R-F" (SK) shares of the Fund.

"**Class R Share Assets**" means the assets of the Fund that have been acquired, directly or indirectly, with monies raised through the issuance of Class R Shares and Class R-F Shares.

"**Class R Share Offering Date**" means the first day that Class R Shares were offered for sale.

"**Commission**" means the sales commission in the amount of 6% calculated on the gross proceeds raised in any fiscal year paid to all registered dealers selling Class A Shares, Class I Shares and Class R Shares (which, for greater certainty, does not include the F Series, on which no Commission is payable).

"**Concentra**" means Concentra Financial Services Association.

"**Conexus**" means Conexus Credit Union 2006.

"**Corporate Governance Policy**" means the corporate governance policy adopted by the Fund on November 25, 2008, as amended.

"**CRA**" means the Canada Revenue Agency.

"**CSA**" means the Canadian Securities Administrators.

"**Custodian Agreement**" means the custodian agreement dated as of December 22, 1997, as subsequently amended and revised, between the Fund and Concentra Trust, pursuant to which Concentra Trust has agreed to act as custodian and hold the portfolio securities of the Fund in safekeeping for the Fund.

"**Cut-off Date**" means the last Weekly Valuation Update prior to the last day for obtaining a tax credit for the preceding year.

"**CVCA**" means the Canadian Venture Capital and Private Equity Association.

"**Dissolution**" means the liquidation, dissolution or winding-up of the Fund, or other distribution of the assets of the Fund for the purpose of winding-up its affairs.

"**Eight Year Holding Period**" means the eight year period following the date of acquisition of Shares from the Fund.

"**eligible business**" has the meaning assigned to that term in the Saskatchewan Act.

"**eligible business entity**" has the meaning assigned to that term in the Manitoba Act.

"**eligible investment**" has the meaning assigned to that term in either the Saskatchewan Act or the Manitoba Act, as the context requires.

"**F Series**" means collectively the Class A-F Shares, the Class I-F Shares and the Class R-F Shares.

"**FCAA**" means the Financial and Consumer Affairs Authority of Saskatchewan.

"**Federal Act**" means the *Income Tax Act* (Canada), as the same may be amended or replaced from time to time

"**Fund**" means Golden Opportunities Fund Inc.

"**Guidelines**" means the proxy voting policies, procedures and guidelines of the Fund.

"**IFRS**" means the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time.

"**Innovation Companies**" means technology-based businesses located in western Canada, each with less than 300 employees and annual average total sales of less than \$25 million, that are operating in key sectors including, but not limited to, information and communication technology, life sciences, industrial biotechnology, clean technology, value-added agriculture and advanced manufacturing, or which otherwise qualify for loss support under the WD Agreement, while the WD Agreement is in effect.

"**Investment Committee**" means the investment committee of the Board.

"**IPA**" means an incentive participation amount equal to 20% of any return derived from an eligible investment of the Fund in any fiscal year, provided that for purposes only of calculating the IPA, the return on any eligible investment during such year shall not

include: (a) any commitment or work fees paid to the Fund in connection with such investment, or (b) the first 10% of interest and dividend income (other than deemed dividend income) earned from such investment.

"**IRC**" means the independent review committee of the Fund.

"**Liability Amount**" means the amount of the liability assumed by Conexus from January 1, 2007 with respect to the Commissions payable for each calendar year.

"**LSIF**" means labour-sponsored investment fund.

"**Management Agreement**" means the management agreement entered into between the Manager and the Fund dated December 31, 2008, as amended, which superseded and replaced the previous management agreement between the Manager and the Fund dated January 13, 1998 as was subsequently revised, renewed and amended.

"**Management Fee**" means the fee, calculated and payable monthly in arrears, equal to 2.5% of the aggregate Pricing Net Asset Value of the Fund as at each Weekly Valuation Date; provided that such fee relating to sales of the F Series will remain unearned until such time that \$5.0 million in gross proceeds is raised from the F Series.

"**Manager**" means Westcap Mgt. Ltd.

"**Manitoba Act**" means *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) and related regulations, as the same may be amended or replaced from time to time.

"**Manitoba Minister**" means the Manitoba minister charged with administration of the Manitoba Act.

"**Manitoba Registration**" means the Fund's registration under the Manitoba Act.

"**Manitoba Securities Act**" means *The Securities Act* (Manitoba) and related regulations, and the rules adopted by the MSC, as the same may be amended or replaced from time to time.

"**Manitoba Tax Act**" means *The Income Tax Act* (Manitoba), as the same may be amended or replaced from time to time.

"**Marketing Services Fee**" means the marketing services fee of 1.25% on the first \$10 million of gross proceeds from the sale of Shares sold by all registered dealers, including the Agent, during each calendar year, 1.00% on the next \$10 million of gross proceeds from the sale of Shares sold by all registered dealers, including the Agent, during each calendar year, and 0.75% on any additional gross proceeds from the sale of Shares sold by all registered dealers, including the Agent, during each calendar year, paid to the Agent as remuneration for distribution services being provided by the Agent to the Fund; provided that such fee relating to sales of the F Series will remain unearned until such time that \$5.0 million in gross proceeds is raised from the F Series.

"**MB Equity**" means the net proceeds of the offering raised from the issuance of the MB Shares.

"**MB Offering Year**" means from the 61<sup>st</sup> day of a calendar year to the 60<sup>th</sup> day of the following calendar year.

"**MB Shares**" means collectively the Class A (MB) Shares, the Class A-F (MB) Shares, the Class I (MB) Shares, the Class I-F (MB) Shares, the Class R (MB) Shares and the Class R-F (MB) Shares.

"**MSC**" means The Manitoba Securities Commission.

"**Net earnings after taxes**" refers to investment income earned, adjusting for expenses of earning the investment income, gains or losses on venture investment and then any applicable taxes for a period of one fiscal year. This is disclosed as the increase in net assets attributable to holders of redeemable shares from operations for the period in the Fund's financial statements.

"**NI 81-102**" means National Instrument 81-102 – *Investment Funds* of the CSA.

"**NI 81-105**" means National Instrument 81-105 – *Mutual Fund Sales Practices* of the CSA.

"**NI 81-106**" means National Instrument 81-106 – *Investment Fund Continuous Disclosure* of the CSA.

"**NI 81-107**" means National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the CSA.

"**offering**" means the offering of the Shares on a continuous basis.

**"Percentage Based Payments"** means, collectively, the Liability Amount and the Premium.

**"Premium"** means 0.20% of the gross proceeds raised in each calendar year from the sale of Class A Shares, Class I Shares and Class R Shares (which, for greater certainty, does not include the F Series, on which no Premium is payable), payable yearly for eight consecutive years for an aggregate of 1.60%, for as long as Conexus provides services under the Services Agreement, net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date, as remuneration for assuming the liability for managing the payment of and paying the Commissions for each year.

**"Pricing Net Asset Value of the Fund"** means the aggregate of:

- (a) the amount determined by subtracting the aggregate amount of the Fund's liabilities related to the Class A Share Assets from the aggregate of (i) the value of the Class A Share Assets for which a published market exists on the basis of the valuation of such assets as of the relevant date; (ii) the value of the Class A Share Assets for which no published market exists on the basis of the valuation of such assets as of that date; and (iii) the book value of any other Class A Share Assets (referred to herein as the **"Pricing Net Asset Value of the Class A Share Assets"**); plus
- (b) the amount determined by subtracting the aggregate amount of the Fund's liabilities related to the Class I Share Assets from the aggregate of (i) the value of the Class I Share Assets for which a published market exists on the basis of the valuation of such assets as of the relevant date; (ii) the value of the Class I Share Assets for which no published market exists on the basis of the valuation of such assets as of that date; and (iii) the book value of any other Class I Share Assets (referred to herein as the **"Pricing Net Asset Value of the Class I Share Assets"**); plus
- (c) the amount determined by subtracting the aggregate amount of the Fund's liabilities related to the Class R Share Assets from the aggregate of (i) the value of the Class R Share Assets for which a published market exists on the basis of the valuation of such assets as of the relevant date; (ii) the value of the Class R Share Assets for which no published market exists on the basis of the valuation of such assets as of that date; and (iii) the book value of any other Class R Share Assets (referred to herein as the **"Pricing Net Asset Value of the Class R Share Assets"**).

**"Pricing Net Asset Value per Share"** means, as applicable:

- (a) the net asset value of a Class A Share calculated for purposes of issuances and redemptions of Class A Shares. The Pricing Net Asset Value per Class A Share as at a particular Weekly Valuation Update is obtained by dividing the portion of the Pricing Net Asset Value of the Class A Share Assets on such date applicable to the Class A Shares, after deducting all declared or accumulated but unpaid dividends on the Class A Shares, if any, by the total number of the Class A Shares outstanding on such date (referred to herein as the **"Pricing Net Asset Value per Class A Share"**); or
- (b) the net asset value of a Class A-F Share calculated for purposes of issuances and redemptions of Class A-F Shares. The Pricing Net Asset Value per Class A-F Share as at a particular Weekly Valuation Update is obtained by dividing the portion of the Pricing Net Asset Value of the Class A Share Assets on such date applicable to the Class A-F Shares, after deducting all declared or accumulated but unpaid dividends on the Class A-F Shares, if any, by the total number of the Class A-F Shares outstanding on such date (referred to herein as the **"Pricing Net Asset Value per Class A-F Share"**); or
- (c) the net asset value of a Class I Share calculated for purposes of issuances and redemptions of Class I Shares. The Pricing Net Asset Value per Class I Share as at a particular Weekly Valuation Update is obtained by dividing the portion of the Pricing Net Asset Value of the Class I Share Assets on such date applicable to the Class I Shares, after deducting all declared or accumulated but unpaid dividends on the Class I Shares, if any, by the total number of the Class I Shares outstanding on such date (referred to herein as the **"Pricing Net Asset Value per Class I Share"**); or
- (d) the net asset value of a Class I-F Share calculated for purposes of issuances and redemptions of Class I-F Shares. The Pricing Net Asset Value per Class I-F Share as at a particular Weekly Valuation Update is obtained by dividing the portion of the Pricing Net Asset Value of the Class I Share Assets on such date applicable to the Class I-F Shares, after deducting all declared or accumulated but unpaid dividends on the Class I-F Shares, if any, by the total number of the Class I-F Shares outstanding on such date (referred to herein as the **"Pricing Net Asset Value per Class I-F Share"**); or
- (e) the net asset value of a Class R Share calculated for purposes of issuances and redemptions of Class R Shares. The Pricing Net Asset Value per Class R Share as at a particular Weekly Valuation Update is obtained by dividing the portion of the Pricing Net Asset Value of the Class R Share Assets on such date applicable to the Class R Shares, after deducting all declared or accumulated but unpaid dividends on the Class R Shares, if any, by the total number of the Class R Shares outstanding on such date (referred to herein as the **"Pricing Net Asset Value per Class R Share"**); or

- (f) the net asset value of a Class R-F Share calculated for purposes of issuances and redemptions of Class R-F Shares. The Pricing Net Asset Value per Class R-F Share as at a particular Weekly Valuation Update is obtained by dividing the portion of the Pricing Net Asset Value of the Class R Share Assets on such date applicable to the Class R-F Shares, after deducting all declared or accumulated but unpaid dividends on the Class R-F Shares, if any, by the total number of the Class R-F Shares outstanding on such date (referred to herein as the "**Pricing Net Asset Value per Class R-F Share**").

"**Prometa**" or the "**Transfer Agent**" means Prometa Fund Support Services Inc.

"**Prometa Administrative Services Agreement**" means the administrative services agreement between Conexus and Prometa dated as of October 31, 2011, as amended.

"**Prometa Expenses**" means the amount of the fees and expenses charged to Conexus by Prometa from time to time pursuant to the Prometa Administrative Services Agreement.

"**Provincial Tax Credit**" means either the Saskatchewan tax credit or the Manitoba tax credit, as applicable, received for purchasing the shares of a labour-sponsored venture capital corporation.

"**Receiver General**" means the Receiver General of Canada.

"**Resource Companies**" means businesses in the energy, mining and/or related resource services sector.

"**Retained Earnings**" refers to the portion of the net earnings of the Fund that is retained by the Fund rather than distributed to shareholders as dividends. Similarly, if the Fund incurs a loss, then that loss reduces the Fund's retained earnings balance. If the balance of the retained earnings account is negative, it may be called retained losses, accumulated losses or accumulated deficit, or similar terminology. Retained earnings and losses are cumulative from year to year.

"**RRIF**" has the meaning assigned to a registered retirement income fund by subsection 146.3(1) of the Federal Act.

"**RRSP**" has the meaning assigned to a registered retirement savings plan by subsection 146(1) of the Federal Act.

"**RRSP Trust Agreement**" means the RRSP Trust Agreement between Concentra Trust, a subsidiary of Concentra, and the Fund dated December 17, 1997, as subsequently amended and revised, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares.

"**Saskatchewan Act**" means *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) and related regulations, as the same may be amended or replaced from time to time.

"**Saskatchewan Minister**" means the Saskatchewan minister charged with administration of the Saskatchewan Act.

"**Saskatchewan Registration**" means the Fund's registration under the Saskatchewan Act.

"**Saskatchewan Securities Act**" means *The Securities Act, 1988* (Saskatchewan) and related regulations, as the same may be amended or replaced from time to time.

"**Saskatchewan Tax Act**" means *The Income Tax Act, 2000* (Saskatchewan), as the same may be amended or replaced from time to time.

"**Semi-Annual Valuations**" means the determination of the Pricing Net Asset Value per Share, which includes the determination of the value of the Class A Share Assets and the Class I Share Assets and the Class R Share Assets, calculated at the close of business on the last day of the second and fourth fiscal quarter in each year, if that day is a day on which the Manager would conduct a Weekly Valuation Update, or as of the first Weekly Valuation Update day following the last day of each fiscal quarter.

"**Service Fee**" means a service fee payable on a quarterly basis to the Agent and each other participating dealer who distributes Class A Shares, Class I Shares and Class R Shares (which, for greater certainty, does not include the F Series, on which no Service Fee is payable) equal to 0.50% of the aggregate Pricing Net Asset Value of Shares held by the clients of the Agent or other registered dealers, as the case may be.

"**Services Agreement**" means the services agreement between the Fund and Conexus dated November 30, 2006, as subsequently amended and restated.

"**Shares**" means collectively the Class A (SK) Shares, the Class A-F (SK) Shares, the Class A (MB) Shares, the Class A-F (MB) Shares, the Class I (SK) Shares, the Class I-F (SK) Shares, the Class I (MB) Shares, the Class I-F (MB) Shares, the Class R (SK) Shares, the Class R-F (SK) Shares, the Class R (MB) Shares and the Class R-F (MB) Shares.

"**SK Equity**" means the net proceeds of the offering raised from the issuance of the SK Shares.

"**SK Offering Year**" means from April 1<sup>st</sup> of a calendar year to March 31<sup>st</sup> of the following calendar year.

"**SK Shares**" means collectively the Class A (SK) Shares, the Class A-F (SK) Shares, the Class I (SK) Shares, the Class I-F (SK) Shares, the Class R (SK) Shares and the Class R-F (SK) Shares.

"**Specified Individual**" means the individual who received a Federal, Manitoba and/or Saskatchewan tax credit in connection with the purchase of Shares.

"**Sponsor**" means the Construction and General Workers' Union, Local 180, a trade union as defined in *The Trade Union Act* (Saskatchewan).

"**Tax Credit Trust Agreement**" means the agreement with Concentra, as trustee, and the Government of Saskatchewan made effective April 15, 1998, as subsequently amended and revised, pursuant to which Concentra has agreed to hold the Trust Monies and release them in accordance with the terms of the Tax Credit Trust Agreement.

"**Tax Legislation**" means, collectively, the current provisions of the Federal Act, the Saskatchewan Act, the Manitoba Act, the Saskatchewan Tax Act, the Manitoba Tax Act and the regulations under such statutes.

"**TFSA**", being a tax-free savings account, has the meaning assigned to a TFSA by subsection 146.2(5) of the Federal Act.

"**Transfer Agency Agreement**" means the transfer agency agreement between the Fund and the Transfer Agent dated the 8<sup>th</sup> day of August, 2011.

"**Trust Monies**" means an amount equal to the tax credits paid by the Saskatchewan Government in connection with the purchase of SK Shares by Saskatchewan residents, being 20% of the SK Equity.

"**Valuation Committee**" means the valuation committee of the Board.

"**WD**" means Western Economic Diversification Canada.

"**WD Agreement**" means the agreement entered into between the Fund and WD dated December 2, 2008, as amended, in regards to a loss support program aimed at supporting certain losses in investments made in Innovation Companies with monies raised through the issuance of the Class I Shares.

"**Weekly Valuation Update**" means the determination of the Pricing Net Asset Value per Share, calculated at the close of business on the last business day in each week.

"**Working Capital**" means cash plus marketable securities plus subscriptions receivable plus accrued interest and other receivables less accounts payable and accrued liabilities less redemptions payable less loss support contributions and advances less IPA payable, all as set out in the Statement of Financial Position in the Fund's financial statements.

## NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained in this prospectus and in the documents incorporated by reference herein may contain "forward-looking information" within the meaning of applicable securities laws, including statements concerning investment objectives, investment strategies, redemptions, penalties potentially applicable to the Fund, the availability of and changes to tax credits, the Fund's dividend policy and legal and administrative proceedings, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this prospectus or a document incorporated by reference herein, the words "may", "would", "could", "will", "anticipate", "believe", "estimate" and "expect" and similar expressions, as they relate to the Fund, are intended to identify these forward-looking statements relating to the business and affairs of the Fund.

Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the nature of the Fund's investments, management track record, general economic conditions, including the level of interest rates, corporate earnings, economic activity and the Canadian dollar, valuation policies and procedures of the Fund, lack of liquidity and redemption policies and procedures of the Fund, unfavourable legislative changes, the inability to use tax credits and other risks and uncertainties, all as further and more particularly described under the heading "**Risk Factors**" in this prospectus.

Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, that suitable investment opportunities will continue to be available and that the political environment in Saskatchewan and Manitoba will continue to support labour-sponsored venture capital corporations.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Forward-looking statements made in a document incorporated by reference in this prospectus are made as at the date of the original document and have not been updated except as expressly provided for in this prospectus.

Except as required under applicable securities laws, the Fund undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.



## Prospectus Summary

The following is a summary of the principal features of this offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. Certain words and phrases used in this prospectus, including capitalized terms, shall have the meanings assigned thereto in the "Glossary of Terms".

### The Fund

The Fund is a corporation incorporated under the laws of Saskatchewan and registered to carry on business as an extra-provincial corporation under the laws of Manitoba. The Fund is also registered as a labour-sponsored venture capital corporation under the Saskatchewan Act and under the Manitoba Act. See "**Overview of the Legal Structure of the Fund**".

### The Manager

The manager of the Fund is Westcap Mgt. Ltd. See "**Organization and Management Details of the Fund – Management of the Fund - Manager**".

### The Offering

**Securities Offered:** This prospectus qualifies the issuance of the Class A (SK) Shares, Class A-F (SK) Shares, Class A (MB) Shares, Class A-F (MB) Shares, Class I (SK) Shares, Class I-F (SK) Shares, Class I (MB) Shares, Class I-F (MB) Shares, Class R (SK) Shares, Class R-F (SK) Shares, Class R (MB) Shares and Class R-F (MB) Shares; however, the Fund does not plan to sell either the Class R (MB) Shares or Class R-F (MB) Shares as at the date of this prospectus.

**Offering Price:** The Shares are offered on a continuous basis and issued at the Pricing Net Asset Value per Share as of the next valuation of the Fund following the subscription. The Pricing Net Asset Value per Share is determined on a weekly basis as at the date of the Weekly Valuation Update. Shares subscribed for during the period commencing at 4:00 p.m. (Eastern time) on the date of a Weekly Valuation Update and prior to 4:00 p.m. (Eastern time) on the date of the immediately next following Weekly Valuation Update shall be issued at the Pricing Net Asset Value per Share as at the next Weekly Valuation Update which follows the receipt of the subscription by the Fund, or, subject to applicable law, as at such other date as the Chief Executive Officer and Chief Financial Officer of the Fund may in their discretion deem appropriate, except in respect of Shares subscribed for subsequent to the last Weekly Valuation Update prior to the Cut-off Date, which will be issued for a purchase price equal to the Pricing Net Asset Value per Share as of the Cut-off Date. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share**" and "**Description of the Securities Distributed**".

**Minimum Investment:** Minimum initial subscription - \$250.  
Minimum subsequent subscription - \$25.

The Fund may waive minimum initial and subsequent subscription amounts to accommodate pre-authorized contribution plans and payroll deduction plans.

**Maximum Offering:** The Saskatchewan Act presently limits the aggregate amount of SK Shares that the Fund can issue in any SK Offering Year to \$40 million (or such other limit as is prescribed by the Saskatchewan Act or established by ministerial discretion from time to time). The Manitoba Act presently limits the aggregate amount of the MB Shares that the Fund can issue in any MB Offering Year to \$30 million (or such other limit as is prescribed by the Manitoba Act or established by ministerial discretion from time to time).

### Investment Strategy and Objectives

The general objective of the Fund is to realize long-term capital appreciation of its investments in eligible businesses and eligible business entities. The Fund is subject to certain investment restrictions under the Saskatchewan Act, the Manitoba Act and applicable securities laws. In addition, the Fund has adopted certain investment policies and guidelines. Potential eligible investments will be evaluated according to, among other things: stage of development; size; quality of management; the market potential of the products and services sold or distributed; the profit potential of the eligible business or eligible business entity; and the opportunity for realization, by the Fund, of its investments. See "**Investment Objectives**", "**Investment Strategies**" and "**Use of Proceeds**".

## Use of Proceeds

### *SK Shares & MB Shares*

The Fund plans to invest the SK Equity in small and medium-sized Saskatchewan eligible businesses and such other investments permitted by the investment policies of the Fund, the Saskatchewan Act, applicable securities laws and by the exercise of ministerial discretion. The Fund plans to invest the MB Equity in small and medium-sized Manitoba eligible business entities and such other investments permitted by the investment policies of the Fund, the Manitoba Act, applicable securities laws and by the exercise of ministerial discretion. See "**Investment Objectives**" and "**Investment Strategies**".

### *Class A Shares and Class A-F Shares*

With the proceeds of the offering raised from the issuance of the Class A Shares and the Class A-F Shares, the Fund will seek out a range of investments that will be very broad in scope and may include, among others, eligible businesses and eligible business entities involved in health care, biotechnology, renewable energy, technology, oil and gas, agriculture, services and manufacturing sectors of the economy to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity, which will be intended to provide considerable diversification for the Fund. See "**Investment Objectives**".

### *Class I Shares and Class I-F Shares*

With the proceeds of the offering raised from the issuance of the Class I Shares and the Class I-F Shares, the Fund is limited, in accordance with the WD Agreement, to making investments in Innovation Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares and the Class A-F Shares. See "**Investment Objectives**".

### *Class R Shares and Class R-F Shares*

With the proceeds of the offering raised from the issuance of the Class R Shares and the Class R-F Shares, the Fund will seek to invest in Resource Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares and the Class A-F Shares. See "**Investment Objectives**".

## Risk Factors

**An investment in the Shares is highly speculative in nature and is only appropriate for investors able to make a long-term commitment, and with the capacity to absorb a loss of some or all of their investment. There is no guarantee that an investment in the Shares will earn an acceptable rate of return or any return in the short or the long term.**

The business of the Fund is to make investments in Saskatchewan and Manitoba small and medium-sized eligible businesses. Accordingly, the Fund is subject to risks associated with the economies of the provinces of Saskatchewan and Manitoba. There is no assurance that suitable investments in these provinces will be found. See "**Investment Objectives**".

No market exists at present through which the Shares may be sold and none is expected to develop. There are restrictions on both the transfer and redemption of Shares. Consequently, holders of Shares may not be able to sell or redeem their Shares and the Shares may not be accepted as collateral for loans. Investors who request a redemption of Shares within eight years of the date of acquisition will, subject to certain exceptions, be subject to a withholding fee equal to the tax credits received on the purchase of such Shares. See "**Income Tax Considerations**", "**Other Material Facts – Penalties Potentially Applicable to the Fund – Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund – Manitoba**". There are also restrictions on redemptions of Shares which may impact an investor's ability to redeem their Shares, including after the Eight Year Holding Period. See "**Redemption of Securities**" and "**Description of the Securities Distributed**".

Venture capital investments made in early stage (typically private) companies are more speculative and involve a longer investment commitment than that typical for other types of investments made by mutual funds. There can be no assurance that any of the investments will mature and generate the returns expected, or any returns at all, and losses on unsuccessful investments are often realized before gains on successful investments are realized. Investments in private companies are subject to greater liquidity risk than investments in public companies. There can be no assurance that the Fund will be able to liquidate its investments in private companies at favourable prices and/or in a timely manner.

Most, and potentially all, of the Fund's investments are in small, privately held companies for which no published market exists. The fair value of the Fund's assets for which no published market exists is determined by the Manager as at the time of each Semi-Annual Valuation on the basis of policies and procedures established by the Board for determining the fair value of such assets, in accordance with CVCA valuation guidelines. The Semi-Annual Valuations are updated as and when any material changes occur (if any). As part of its engagement as auditor of the Fund, the Fund's auditor reviewed the Pricing Net Asset Value per Share as of August 31, 2016, calculated in accordance with the Fund's internal valuation policies and with the principles set

out herein. The auditor employed qualified valuers as members of their audit team. Based on the scope of the review, the auditor provided an opinion to the Audit and Valuation Committees of the Fund as to the reasonableness of the Pricing Net Asset Value per Share as of August 31, 2016. Unless required by the Fund's auditor or applicable law, independent valuations will not be conducted in respect of each investment within the Fund's portfolio. Should an independent valuation of any of the portfolio investments be required, the Fund's auditor will request a qualified independent third party valuator to conduct a valuation. See "**Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund**".

Changes have been made to the Saskatchewan Act which have the potential to negatively impact the Fund. Further, changes may be introduced to the Federal, Saskatchewan and Manitoba legislation that provides for tax credits in labour-sponsored venture capital corporations and related matters. Unfavourable changes could impact sales of Shares, the availability of capital for investment by the Fund could be reduced thereby decreasing the Fund's ability to fulfil its investment objectives and the Fund could be required to liquidate its investments at potentially unfavourable prices in order to satisfy redemption requests (subject to the restrictions on redemptions set out herein). See "**Risk Factors – Legislative Changes**".

The Fund will seek to invest the proceeds of the offering raised from the issuance of the Class I Shares and the Class I-F Shares in Innovation Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds of the Class A Shares and the Class A-F Shares. Consequently, the Class I Share Assets are subject to greater industry concentration risk than more diversified portfolios and the value of the Class I Share Assets and, the corresponding Pricing Net Asset Value per Class I Share and Pricing Net Asset Value per Class I-F Share, may be more volatile than that of portfolios with a more diversified investment strategy, such as the portfolio associated with the Class A Shares and the Class A-F Shares. There is also no assurance that suitable investments in Innovation Companies will be found. See "**Investment Objectives**".

The Fund will seek to invest the proceeds of the offering raised from the issuance of the Class R Shares and the Class R-F Shares in Resource Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds of the Class A Shares and the Class A-F Shares. Consequently, the Class R Share Assets are subject to greater industry concentration risk than more diversified portfolios and the value of the Class R Share Assets and, the corresponding Pricing Net Asset Value per Class R Share and Pricing Net Asset Value per Class R-F Share, may be more volatile than that of portfolios with a more diversified investment strategy, such as the portfolio associated with the Class A Shares. There is also no assurance that suitable investments in Resource Companies will be found. See "**Investment Objectives**".

Although the Fund is a mutual fund, many of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. In particular, rules directed at ensuring liquidity and diversification of investments as well as certain other investment restrictions and practices normally applicable to mutual funds do not apply. The Fund may take positions in small and medium sized businesses which will represent a larger percentage of equity than many other mutual funds would be permitted to take, and this may increase the risk per investment. See "**Investment Restrictions – Exemptions and Policies**".

Pursuant to the Management Agreement, the Fund is responsible for payment to the Manager of the Management Fee and the IPA. Before any IPA is paid to the Manager on an eligible investment: i) the eligible investments attributable to the particular share class must have achieved a "hurdle rate"; ii) the overall return of a particular eligible investment must be in excess of 10% since investment (excluding operational expenses of the Fund); and iii) the Fund must have fully recouped all of the principal invested in the particular eligible investment (all as further and better set forth in "Fees and Expenses"). The IPA is not affected by changes in the Pricing Net Asset Value per Share or the net assets reported in the Fund's financial statements. The "hurdle rate" was not met for the Class R Shares as of August 31, 2016 therefore no IPA will accrue to the Manager in respect of the Class R Shares as at August 31, 2016. There is a risk that an IPA may be earned in years when the Pricing Net Asset Value per Share has no return or negative returns. No IPA will be paid in respect of a particular eligible investment unless the eligible investment has achieved a cumulative investment return at an average annual rate in excess of 10% since investment (excluding operational expenses of the Fund). See "**Fees and Expenses – Fees and Expenses Payable by the Fund – Management Fees and Expenses**".

The Fund may invest in eligible businesses that are structured as a limited partnership. In certain cases, management of the limited partnership may be entitled to receive management fees and/or a "carried interest" paid by the limited partnership. In such a case, management fees would be paid at both the Fund level and the investee company level. The fair value of these investments reflects the Fund's share of these management fees and/or "carried interest" paid to the management of the limited partnerships.

While funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the proceeds of the offering of Shares hereunder may be used to fund such redemptions. See "**Use of Proceeds**" and "**Description of the Securities Distributed**".

The Fund may have its Saskatchewan Registration revoked and be subject to penalties if it fails to meet the investment requirements under the Saskatchewan Act. If the Saskatchewan Registration is revoked, investors in Saskatchewan may be ineligible for Federal and Saskatchewan tax credits. The Fund may have its Manitoba Registration revoked and be subject to penalties if it fails to meet the investment requirements under the Manitoba Act. If the Manitoba Registration is revoked, investors in Manitoba may be ineligible for Federal and Manitoba tax credits. See "**Other Material Facts – Penalties Potentially Applicable to the Fund - Saskatchewan**" and "**Other Material Facts – Revocation of Saskatchewan Registration**".

**There are a number of other risk factors that a potential investor in the Fund should consider carefully before investing in the Fund. Such risks include but are not limited to risks relating to the nature of the Fund's investments, geographic concentration of the Fund's investments, lack of liquidity of the Shares (including restrictions on redemptions), investment in early stage (typically private) companies, private company valuations, legislative changes, industry concentration associated with certain classes of Shares, diversification, reliance on management, external factors, management fees, use of proceeds, investment requirements, inability to use tax credits and transfers to RRSPs. See "Risk Factors".**

### **Tax Benefits and Eligibility for Investment**

Generally speaking, (i) the Saskatchewan Registration permits residents in Saskatchewan who purchase SK Shares to receive a Federal tax credit and a Provincial Tax Credit in respect of the purchase, and (ii) the Manitoba Registration permits residents in Manitoba who purchase MB Shares to receive a Federal tax credit and a Provincial Tax Credit in respect of the purchase.

Individual Saskatchewan residents (other than trusts) who purchase SK Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 20% Saskatchewan tax credit to a maximum of \$1,000 per taxation year (which is reached at an investment of \$5,000). An individual Saskatchewan resident (other than a trust) who is an annuitant under a RRSP or the spouse or common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal and Saskatchewan tax credits in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the SK Shares. Pursuant to the Saskatchewan Act, SK Shares may be purchased by individuals and transferred to trusts governed by RRSPs or RRIFs or SK Shares may be purchased directly by an individual's RRSP. Where the SK Shares are purchased by an individual and transferred to a trust governed by a RRIF, the tax credits will also generally be available to the contributor to the RRIF. A trust governed by a RRIF cannot subscribe for SK Shares.

Individual Manitoba residents (other than trusts) who purchase MB Shares will be eligible for a 15% Federal tax credit to a maximum of \$750 per taxation year (which is reached at an investment of \$5,000) and a 15% Manitoba tax credit to a maximum of \$1,800 per taxation year (which is reached at an investment of \$12,000). An individual Manitoba resident (other than a trust) who is an annuitant under a RRSP or the spouse or common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal and Manitoba tax credits in respect of the purchase of MB Shares by the RRSP provided the RRSP is the first purchaser of the MB Shares. Pursuant to the Manitoba Act, MB Shares may be purchased by individuals and transferred to trusts governed by RRSPs or RRIFs or MB Shares may be purchased directly by an individual's RRSP. Where the MB Shares are purchased by an individual and transferred to a trust governed by a RRIF, the tax credits will also generally be available to the contributor to the RRIF. A trust governed by a RRIF cannot subscribe for the MB Shares.

While the Shares can, provided certain conditions are met, be qualified investments for a TFSA under the Federal Act, under the Saskatchewan Act the Fund cannot issue Shares to TFSAs and under the Saskatchewan Act and the Manitoba Act Shares cannot be transferred by an individual to a TFSA. Unless and until amendments are made to the Saskatchewan Act, Shares may not be issued to or transferred to TFSAs of Saskatchewan residents. Shares may be issued to TFSAs of Manitoba residents but may not be transferred to TFSAs of Manitoba residents, unless and until amendments are made to the Manitoba Act.

Investors who purchase Shares in the first 60 days of any year during the currency of this prospectus, on or prior to the Cut-off Date, may elect to have their tax credits apply in respect of the preceding taxation year instead of the current taxation year to the maximum allowable amount of tax credit for that preceding taxation year.

Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund.

If, in the opinion of the Saskatchewan Minister, the number of corporations registered pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

The Shares are generally qualified investments for RRSPs and RRIFs provided the holder owns or has rights to acquire, directly or indirectly, less than 10% of the issued shares of any class of the Fund and further provided that the Fund is registered as a

labour-sponsored venture capital corporation under the Saskatchewan Act or the Manitoba Act, as applicable. In determining whether this 10% limit is exceeded, the holder may be deemed to own shares held by non-arm's length persons, within the meaning of the Federal Act, and certain other entities.

See "**Income Tax Considerations**" and "**Description of the Securities Distributed - Transfer**".

### Income Tax Sensitivity Analysis - Saskatchewan

The following table provides a sensitivity analysis of the total expected Federal and Saskatchewan tax credits available to an individual who purchases \$3,500 or \$5,000 worth of SK Shares of the Fund for the 2016 tax year and transfers such shares to a RRSP.

Taxable Income From <sup>(1)</sup>	\$15,844	\$15,844	\$45,283	\$45,283	\$90,564	\$90,564	\$127,431	\$127,431	\$140,389	\$140,389	\$200,000	\$200,000
Taxable Income To <sup>(1)</sup>	\$45,282	\$45,282	\$90,563	\$90,563	\$127,430	\$127,430	\$140,388	\$140,388	\$200,000	\$200,000	and over	and over
RRSP Contribution <sup>(2)</sup>	\$3,500	\$5,000	\$3,500	\$5,000	\$3,500	\$5,000	\$3,500	\$5,000	\$3,500	\$5,000	\$3,500	\$5,000
Marginal Rate <sup>(3)</sup>	26.00%	26.00%	33.50%	33.50%	39.00%	39.00%	41.00%	41.00%	44.00%	44.00%	48.00%	48.00%
Tax Savings <sup>(4)</sup>	\$910	\$1,300	\$1,173	\$1,675	\$1,365	\$1,950	\$1,435	\$2,050	\$1,540	\$2,200	\$1,680	\$2,400
Federal Tax Credit <sup>(5)</sup>	15%/3,500	15%/5,000	15%/3,500	15%/5,000	15%/3,500	15%/5,000	15%/3,500	15%/5,000	15%/3,500	15%/5,000	15%/3,500	15%/5,000
Saskatchewan Tax Credit <sup>(5)</sup>	20%/3,500	20%/5,000	20%/3,500	20%/5,000	20%/3,500	20%/5,000	20%/3,500	20%/5,000	20%/3,500	20%/5,000	20%/3,500	20%/5,000
Total Tax Credits	\$1,225	\$1,750	\$1,225	\$1,750	\$1,225	\$1,750	\$1,225	\$1,750	\$1,225	\$1,750	\$1,225	\$1,750
Total Tax Savings	\$2,135	\$3,050	\$2,397	\$3,425	\$2,596	\$3,700	\$2,660	\$3,800	\$2,765	\$3,950	\$2,905	\$4,150
Net Cash Outlay After Tax Credits	\$2,275	\$3,250	\$2,275	\$3,250	\$2,275	\$3,250	\$2,275	\$3,250	\$2,275	\$3,250	\$2,275	\$3,250
Net Cash Outlay After Tax Credits & Savings	\$1,365	\$1,950	\$1,103	\$1,575	\$910	\$1,300	\$840	\$1,200	\$735	\$1,050	\$595	\$850

Notes:

- (1) Taxable income has been calculated as gross income less income tax deductions allowed by law in Saskatchewan.
- (2) The RRSP contribution assumes that the investor is within his or her contribution limit.
- (3) The income tax rates are based on the Federal and Saskatchewan income tax legislation in effect as at November 25, 2016 and are the marginal tax rates for income, other than capital gains and dividend income, for individuals resident in Saskatchewan. Only the basic personal tax credits are included in the calculations. As more than one rate could apply to a particular bracket due to a difference in the Federal and Saskatchewan bracket thresholds, the rate indicated is that which applies to income in the middle range of the bracket.
- (4) RRSP tax savings result from RRSP deductions reducing taxable income and are calculated at the marginal income tax rates. RRSP tax savings are not unique to a labour-sponsored investment fund, and are available on any RRSP eligible investment, provided the investment is within contribution limits. Income tax is payable on the withdrawal of funds from RRSPs. It is assumed that an individual will have sufficient income for tax purposes to deduct the full amount of the RRSP contribution and realize the RRSP tax savings.
- (5) The Federal and Saskatchewan tax credits are generally available provided that the SK Shares are not redeemed within eight years from the date of purchase and the investor has tax otherwise payable against which to offset the tax credits. Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund. If, in the opinion of the Saskatchewan Minister, the number of corporations registered pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

## Income Tax Sensitivity Analysis - Manitoba

The following table provides a sensitivity analysis of the total expected Federal and Manitoba tax credits available to an individual who purchases \$5,000 or \$12,000 worth of MB Shares of the Fund for the 2016 tax year and transfers such shares to a RRSP.

Taxable Income From <sup>(1)</sup>	\$11,475	\$11,475	\$31,001	\$31,001	\$45,283	\$45,283	\$67,001	\$67,001	\$90,564	\$90,564	\$140,389	\$140,389	\$200,001	\$200,001
Taxable Income To <sup>(1)</sup>	\$31,000	\$31,000	\$45,282	\$45,282	\$67,000	\$67,000	\$90,563	\$90,563	\$140,388	\$140,388	\$200,000	\$200,000	and over	and over
RRSP Contribution <sup>(2)</sup>	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000	\$5,000	\$12,000
Marginal Rate <sup>(3)</sup>	25.80%	25.80%	27.75%	27.75%	33.25%	33.25%	37.90%	37.90%	43.40%	43.40%	46.40%	46.40%	50.40%	50.40%
Tax Savings <sup>(4)</sup>	\$1,290	\$3,096	\$1,388	\$3,330	\$1,662	\$3,990	\$1,895	\$4,548	\$2,170	\$5,208	\$2,320	\$5,568	\$2,520	\$6,048
Federal Tax Credit <sup>(5)</sup>	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000	15% / \$5,000
Manitoba Tax Credit <sup>(5)</sup>	15% / \$5,000	15% / \$12,000	15% / \$5,000	15% / \$12,000	15% / \$5,000	15% / \$12,000	15% / \$5,000	15% / \$12,000	15% / \$5,000	15% / \$12,000	15% / \$5,000	15% / \$12,000	15% / \$5,000	15% / \$12,000
Total Tax Credits	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550	\$1,500	\$2,550
Total Tax Savings	\$2,790	\$5,646	\$2,888	\$5,880	\$3,162	\$6,540	\$3,395	\$7,098	\$3,670	\$7,758	\$3,820	\$8,118	\$4,020	\$8,598
Net Cash Outlay After Tax Credits	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450	\$3,500	\$9,450
Net Cash Outlay After Tax Credits & Savings	\$2,210	\$6,354	\$2,112	\$6,120	\$1,838	\$5,460	\$1,605	\$4,902	\$1,330	\$4,242	\$1,180	\$3,882	\$980	\$3,400

### Notes:

- (1) Taxable income has been calculated as gross income less income tax deductions allowed by law in Manitoba.
- (2) The RRSP contribution assumes that the investor is within his or her contribution limit.
- (3) The income tax rates are based on the Federal and Manitoba income tax legislation in effect as at November 25, 2016 and are the marginal tax rates for income, other than capital gains and dividend income, for individuals resident in Manitoba. Only the basic personal tax credits are included in the calculations. As more than one rate could apply to a particular bracket due to a difference in the Federal and Manitoba bracket thresholds, the rate indicated is that which applies to income in the middle range of the bracket.
- (4) RRSP tax savings result from RRSP deductions reducing taxable income and are calculated at the marginal income tax rates. RRSP tax savings are not unique to a labour-sponsored investment fund, and are available on any RRSP eligible investment, provided the investment is within contribution limits. Income tax is payable on the withdrawal of funds from RRSPs. It is assumed that an individual will have sufficient income for tax purposes to deduct the full amount of the RRSP contribution and realize the RRSP tax savings.
- (5) The Federal and Manitoba tax credits are generally available provided that the MB Shares are not redeemed within eight years from the date of purchase and the investor has tax otherwise payable against which to offset the tax credits. Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund.

## Redemption

Subject to the Eight Year Holding Period and the other restrictions set out herein and the withholding of any tax credits or other amount required to be withheld, Shares will be redeemed at the Pricing Net Asset Value per Share as determined by the Manager as at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next Weekly Valuation Update following the day on which the Fund receives a request for redemption would be after the Cut-off Date, then as at the Cut-off Date, plus any declared but unpaid dividends on the Shares being redeemed.

The Fund may have contingent liability for the repayment of tax credits in certain circumstances. Investors who request a redemption of Shares within the Eight Year Holding Period will, subject to certain exceptions, be subject to a withholding fee equal to the tax credits received on the purchase of such Shares. Accordingly, investors should be prepared to hold Shares for a minimum of eight (8) years from the date of purchase. See "**Income Tax Considerations**", "**Other Material Facts – Penalties Potentially Applicable to the Fund – Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund – Manitoba**".

**In addition to the Eight Year Holding Period, redemptions of the Shares are restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and Retained Earnings of the Fund. As a result, there can be no assurance that an investor will be able to redeem their Shares following the Eight Year Holding Period.** In particular, in any fiscal year the Fund will not be required to redeem any Shares if:

- (1) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement;
- (2) the Fund is insolvent or would be rendered insolvent as a result of the redemption;
- (3) in relation to the Class A Shares and the Class A-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class A Shares and the Class A-F Shares,

combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class A Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class A Share Assets;

- (4) in relation to the Class I Shares and the Class I-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class I Shares and the Class I-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class I Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class I Share Assets; and
- (5) in relation to the Class R Shares and the Class R-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class R Shares and the Class R-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class R Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class R Share Assets.

Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Shares that are to be redeemed has died, (ii) the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or (iii) the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

To date, the Fund has fulfilled all redemption requests and expects to do so for the foreseeable future but it has the ability to decline a request for redemption for any of the foregoing reasons.

See "**Redemption of Securities**".

#### **Dividends**

Holders of Shares will be entitled to receive dividends at the discretion of the Board. The Fund has not declared any dividends since its inception and does not anticipate declaring dividends in the foreseeable future. See "**Dividend Policy**".

#### **Termination**

In the event of a Dissolution and after all liabilities of the Fund and all declared or accumulated but unpaid dividends on the Shares have been paid, the Class A-F Shares, the Class I Shares, the Class I-F Shares, the Class R Shares and the Class R-F Shares will each automatically be converted into Class A Shares based on the ratio between the Pricing Net Asset Value per Class A-F Share, the Pricing Net Asset Value per Class I Share, the Pricing Net Asset Value per Class I-F Share, the Pricing Net Asset Value per Class R Share and the Pricing Net Asset Value per Class R-F Share, respectively, and the Pricing Net Asset Value per Class A Share and then, after the holder of Class B Shares has received an amount equal to the stated capital of the Class B Shares, the holders of Class A Shares will be entitled to share equally, share per share, in the remaining assets of the Fund. See "**Termination of the Fund**".

#### **Organization and Management of the Fund**

The following is a general description of the organization and management of the Fund:

<b>Position</b>	<b>Name</b>	<b>Location</b>	<b>Services Provided / Relationship with the Fund</b>
Manager	Westcap Mgt. Ltd.	830 - 410 22nd Street East, Saskatoon, SK	The Manager manages the overall business and operations of the Fund, including providing investment advice regarding the investment portfolio of the Fund.
Sponsor	Construction and General Workers' Union, Local 180	Regina, SK	The Sponsor is the sole holder of Class B Shares and is entitled to elect a majority of the Board.
Custodian	Concentra Trust	Saskatoon, SK	The Custodian holds the portfolio securities of the Fund in safekeeping for the Fund.
Registrar & Transfer Agent	Prometa Fund Support Services Inc.	Winnipeg, MB	The Registrar & Transfer Agent provides shareholder services to the Fund including maintaining the shareholder register of the Fund.
Auditor	Ernst & Young LLP, Chartered Professional Accountants	Saskatoon, SK	The Auditor acts as the auditor of the Fund.
Agent and Principal Distributor	National Bank Financial Inc.	Saskatoon, SK	The Agent acts as an agent of the Fund and the principal distributor.

#### **Summary of Fees and Expenses**

This table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your

investment in the Fund. See "**Fees and Expenses – Fees and Expenses Payable by the Fund**" and "**Fees and Expenses – Fees and Expenses Payable by the Investors**" for full details relating to these fees and expenses.

<b>Fees and Expenses Payable by the Fund</b>		
<b>Type of Fee</b>	<b>Amount</b>	<b>Description</b>
Management Fee <sup>(1)</sup>	2.5% of the Pricing Net Asset Value of the Fund	Calculated and payable monthly in arrears to the Manager.
IPA	20% of any excess return on an eligible investment	Payable to the Manager on any excess return once certain benchmarks are met.
Percentage Based Payments <sup>(3)</sup>	0.95% of the net proceeds raised from the distribution of Class A Shares, Class I Shares and Class R Shares in the applicable year	Payable yearly to Conexus as part of the consideration for assuming the obligation to pay the Commission.
Prometa Expenses <sup>(3)</sup>	Equal to the amount of fees and expenses charged to Conexus by Prometa pursuant to the Prometa Administrative Services Agreement	Payable yearly to Conexus to reimburse Conexus for out-of-pocket costs incurred in connection with its obligation to pay the Commission.
Marketing Services Fee <sup>(2)</sup>	1.25% on the first \$10 million raised in a calendar year; 1.00% on the next \$10 million raised in a calendar year and 0.75% on any amounts over that raised in a calendar year	Calculated and paid to the Agent monthly based on the gross proceeds from the sale of Shares sold by the Agent and all registered dealers during each year. This fee is payable for the distribution services provided by the Agent to the Fund.
Agent Expenses	Reasonable costs incurred by the Agent relating to acting as agent in connection with the offering	Payable to the Agent to reimburse the Agent for costs incurred by the Agent in acting as agent in connection with the offering, including reasonable legal fees and costs.
Service Fee <sup>(3)</sup>	0.50% of the total of the Pricing Net Asset Value per Share of the Class A Shares, the Class I Shares and the Class R Shares held by the applicable dealer's clients	Payable quarterly to the Agent and other registered dealers who have clients who own Class A Shares, Class I Shares or Class R Shares.
RRSP Administration Fee	\$6.00 per year per plan	Payable to Concentra in respect of each RRSP established and maintained by Concentra Trust.
Operating Expenses	Direct costs and expenses incurred in the operation of the Fund	All direct costs and expenses incurred in the operation of the Fund, including brokerage commissions, out-of-pocket costs incurred by the Manager in carrying out its obligation under the Management Agreement.
Sales Incentive Fees	Expenses incurred under cooperative advertising programs	Payable to the Agent or other registered dealers for reimbursement of expenses incurred in promoting Shares.

Notes:

- (1) The Manager has agreed that its management fee in respect of the F Series will remain unearned until such time that \$5.0 million in gross proceeds was raised from the sale of the F Series. The Manager also agreed that its management fee in respect of the Class I Shares would remain unearned until such time that \$10.0 million in gross proceeds was raised from the sale of the Class I Shares and its management fee in respect of the Class R Shares would remain unearned until such time that \$5.0 million in gross proceeds was raised from the sale of the Class R Shares. Over \$10.0 million in gross proceeds has been raised from the sale of the Class I Shares and over \$5.0 million in gross proceeds has been raised from the sale of the Class R Shares and the management fees in respect of such funds had therefore been earned by the Manager. The Manager, however, has voluntarily waived such management fees in full, up to the time that such threshold was achieved.
- (2) The Agent has agreed that its marketing services fee in respect of the F Series will remain unearned until such time that \$5.0 million in gross proceeds was raised from the sale of the F Series.
- (3) Not applicable to the F Series.

<b>Fees and Expenses Payable Directly by You</b>		
<b>Type of Fee</b>	<b>Amount</b>	<b>Description</b>
Share Certificate Fee	\$100.00 per request	Payable if the holder of Shares requests a share certificate.

*Description of Fees and Expenses Payable by the Fund:*

### **Management Fees and Expenses:**

The Fund is responsible for payment of the Management Fee and the IPA to the Manager. Before any IPA is paid to the Manager on an eligible investment (for greater certainty, excluding cash and marketable securities), the Fund must have: (a) earned sufficient income to generate a rate of return on all eligible investments attributable to the applicable Shares that is greater than the 5 year average GIC rate of Concentra plus 1.5% on an annualized basis (excluding operational expenses of the Fund). The income on eligible investments for this purpose includes investment gains and losses (realized and unrealized) earned and incurred on eligible investments since the inception of the Fund; (b) earned sufficient income from the particular eligible investment to provide a cumulative investment return at an average annual rate in excess of 10% since investment (excluding operational expenses of the Fund); and (c) fully recouped an amount from the particular eligible investment, through income earned, liquidation of the investment, or otherwise, equal to all the principal invested in the particular eligible investment.



The Manager has agreed that its management fees in respect of the F Series will remain unearned until such time that \$5.0 million in gross proceeds is raised from the sale of the F Series.

The Manager agreed that its management fees in respect of the Class I Shares would remain unearned until such time that \$10.0 million in gross proceeds was raised from the sale of the Class I Shares. The Manager also agreed that its management fees in respect of the Class R Shares would remain unearned until such time that \$5.0 million in gross proceeds was raised from the sale of the Class R Shares. Over \$10.0 million in gross proceeds has been raised from the sale of the Class I Shares and over \$5.0 million in gross proceeds has been raised from the sale of the Class R Shares and the management fees in respect of such funds had therefore been earned by the Manager. The Manager, however, voluntarily waived such management fees in full, up to the respective date that such thresholds were achieved.

The Manager and its directors, officers and employees do not earn or receive and are not entitled to earn or receive any form of compensation from investee companies (other than compensation that is paid to the Fund) including without limitation: (i) management or directors fees; (ii) finder, referral or placement fees; (iii) corporate finance or due diligence fees; (iv) securities based compensation; or (v) carried interests.

See "**Fees and Expenses – Fees and Expenses Payable by the Fund - Management Fees and Expenses**", "**Investment Objectives**" and "**Investment Strategies**".

#### **Sales Commissions and Service Fees:**

The obligation to pay the Commission to the Agent and other registered dealers who distribute Class A Shares, Class I Shares and Class R Shares was assumed by Conexus pursuant to the Services Agreement. Conexus assumed such liability as consideration for the payment by the Fund to Conexus of the aggregate of: (i) the Liability Amount; (ii) the Premium; and (iii) the Prometa Expenses. The Percentage Based Payments are paid in yearly installments, with one installment being paid each year for eight consecutive years immediately following the applicable calendar year. Each Percentage Based Payment is equal to 0.95% of the gross proceeds raised in the applicable year net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date. The Percentage Based Payments and the Prometa Expenses are payable on January 15 of each year. Accordingly, the first payment relative to the 2017 calendar year will be payable on January 15, 2018. There is no Commission payable to the Agent or other registered dealers who distribute the F Series. As such, the F Series is suitable for investors who have entered into a fee-based compensation agreement with their dealer in which a fixed fee, paid by the client, compensates the dealer for their services.

As remuneration for distribution services being provided by the Agent to the Fund, the Fund has agreed to pay to the Agent the Marketing Services Fee. The Marketing Services Fee is payable monthly. However, the Agent has agreed that its Marketing Service Fee on the sale of the F series will remain unearned until such time that \$5.0 million in gross proceeds is raised from the sale of the F Series. The distribution services being provided by the Agent to the Fund include, but are not limited to, acting as principal distributor and agent for the sale of Shares to eligible investors.

The Fund also reimburses the Agent for reasonable costs incurred by them related to them acting as agent in connection with the offering of Shares, including reasonable legal fees and costs.

In addition to the Commission, the Agent and other registered dealers who distribute Class A Shares, Class I Shares and Class R Shares are entitled to receive the Service Fee. There is no Service Fee payable to the Agent or other registered dealers who distribute the F Series. As such, the F Series is suitable for investors who have entered into a fee-based compensation agreement with their dealer in which a fixed fee, paid by the client, compensates the dealer for their services.

See "**Purchase of Securities (Plan of Distribution) – Agency Agreement and Services Agreement**".

#### **Operating Expenses:**

The Fund is responsible for all direct costs and expenses incurred in the operation of the Fund, such as fees and expenses paid to special consultants; insurance (including directors' liability insurance and IRC liability insurance); legal, audit, valuation and shareholder communication costs; travel, registrar and transfer agency expenses; the annual RRSP administration fee (see "**Purchase of Securities (Plan of Distribution) – RRSP Purchases**"); custodian and trustee fees; independent review committee fees; portfolio transaction costs; and directors' fees. These costs and expenses include all direct out-of-pocket costs and expenses incurred by the Manager in carrying out its obligations under the Management Agreement with the Fund. In accordance with its obligations under the Management Agreement, the Manager currently acts as manager of the Fund's liquid portfolio. The Fund would be responsible for any fees and expenses paid to any third party for liquid portfolio management services should the Manager no longer provide all or a part of these services to the Fund. Costs and expenses not specifically identifiable to any Shares will be allocated, at the time the costs and expenses are incurred, on the basis of the relative share capital of each type of share as a proportion of the total share capital of the Fund as at the latest Weekly Valuation Update.

See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**".

**Sales Incentive:**

The Fund may enter into cooperative advertising programs with the Agent or other registered dealers providing for reimbursement by the Fund of expenses incurred in promoting Shares, subject to compliance with applicable laws, based on past or anticipated sales by the Agent and other registered dealers.

*Description of Fees and Expenses Payable by the Investors:*

The investors will be responsible for paying the following amounts directly:

**Sales Charge:** Nil – Sales commissions and other fees and costs are paid indirectly by the investors through the Fund which directly or indirectly pays such commissions, fees and costs, as applicable, out of the proceeds from the sale of the applicable Shares.

**Transfer Fee:** Nil

**RRSP Fee:** The Fund has made arrangements with Concentra Trust, a subsidiary of Concentra, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares. Investors may take advantage of these arrangements by completing the applicable portion of their subscription form. The Fund pays an annual RRSP administration fee to Concentra Trust in respect of each RRSP established with and maintained by Concentra Trust. The Fund has negotiated an annual RRSP administration fee of approximately \$6.00/RRSP. This annual administration fee is subject to change on 60 days' notice without prior approval of the investors. Investors may also have their own or their spouse's or common-law partner's self-directed RRSP purchase Shares. See "**Purchase of Securities (Plan of Distribution) - RRSP Purchases**" and "**Income Tax Considerations**".

**Share Certificate Fee:** Holders of Shares who request the issuance of a share certificate in respect of Shares purchased thereby will be charged \$100 to cover administrative costs.

**Annual Return, Management Expense Ratio and Trading Expense Ratio – Class A Shares**

The management expense ratio, trading expense ratio and annual returns of the Class A Shares of the Fund for the past five years are as follows:

<b>Year</b>	<b>Annual Return<sup>(1)</sup></b>	<b>Management Expense Ratio<sup>(2)</sup></b>	<b>Adjusted Management Expense Ratio<sup>(3)</sup></b>	<b>Trading Expense Ratio<sup>(4)</sup></b>
2016	-10.08%	4.06%	4.73%	0.01%
2015	2.19%	7.31%	4.90%	-
2014	9.38%	7.78%	5.03%	0.02%
2013	3.30%	6.21%	5.22%	0.02%
2012	-4.24%	6.04%	5.22%	0.01%

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class A Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the Class A Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio of the Class A Shares of the Fund, as set out in the table above, will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**" and "**Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses**".

### Annual Return, Management Expense Ratio and Trading Expense Ratio – Class I Shares

The management expense ratio, trading expense ratio and annual returns of the Class I Shares of the Fund for the past five years are as follows:

Year	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>	Trading Expense Ratio <sup>(4)</sup>
2016	2.07%	5.71%	4.70%	-
2015	0.38%	6.00%	5.05%	-
2014	5.36%	7.68%	5.21%	-
2013	-0.59%	5.24%	4.71%	-
2012	1.40%	3.19%	2.69%	-

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class I Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the Class I Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio of the Class I Shares of the Fund, as set out in the table above, will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**" and "**Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses**".

### Annual Return, Management Expense Ratio and Trading Expense Ratio – Class R Shares

The management expense ratio, trading expense ratio and annual returns of the Class R Shares of the Fund since inception are as follows:

Year	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>	Trading Expense Ratio <sup>(4)</sup>
2016	-18.03%	2.78%	5.11%	0.03%
2015	2.93%	7.72%	5.23%	-
2014	0.20%	6.40%	4.92%	-

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class R Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the Class R Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio of the Class R Shares of the Fund will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**" and "**Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses**".

### Annual Return, Management Expense Ratio and Trading Expense Ratio – F Series

The management expense ratio, trading expense ratio and annual returns of the Class A-F Shares of the Fund, Class I-F Shares of the Fund and Class R-F Shares of the Fund for 2016 are as follows:

Class	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>	Trading Expense Ratio <sup>(4)</sup>
A-F	-6.65%	-0.72%	0.88%	-
I-F	4.21%	2.96%	1.29%	-
R-F	-6.83%	-0.40%	1.21%	-

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the respective share class (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**" and "**Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses**".

## Overview of the Legal Structure of the Fund

### Overview of the Legal Structure of the Fund

Golden Opportunities Fund Inc. is a corporation incorporated under the laws of Saskatchewan and registered as an extra provincial corporation to carry on business under the laws of Manitoba. The Fund is also registered as a labour-sponsored venture capital corporation under the Saskatchewan Act and under the Manitoba Act.

The Fund's registered office is located at 1500 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, S7K 5T6 and its head office is located at 830 - 410 22nd Street East, Saskatoon, Saskatchewan S7K 5T6, telephone: (306) 652-5557, facsimile: (306) 652-8186, web-site: <http://www.goldenopportunities.ca>.

The Fund was incorporated on December 8, 1997. The Fund amended its Articles on: (i) February 11, 2003 to change the transfer provisions in the Articles, to provide for weekly as opposed to monthly valuations of the Fund's assets, to provide for ownership of Shares by RRIFs and to make other minor amendments; (ii) December 24, 2008 to eliminate the redemption fee for redemptions which occur after the seventh anniversary of the date that such Shares were issued and to create the Class A (MB) Shares, the Class I (MB) Shares and the Class I (SK) Shares; (iii) December 17, 2012 to create the Class R (MB) Shares and the Class R (SK) Shares; (iv) February 2, 2016 to create multiple series of shares including the Class A-F (SK) Shares, Class A-F (MB) Shares, Class I-F (SK) Shares, Class I-F (MB) Shares, Class R-F (SK) Shares and Class R-F (MB) Shares; and (v) December 14, 2016 to eliminate the redemption fee previously payable when Shares are redeemed during the Eight Year Holding Period.

## Investment Objectives

### Investment Objectives

The Fund plans to make investments in small and medium-sized Saskatchewan eligible businesses and Manitoba eligible business entities, with the objective of achieving long-term capital appreciation. The Fund may also participate in investment groups and consortiums in situations where the investment opportunity requires a larger investment than the Fund is allowed or believes prudent to make by itself. Most, and potentially all, of these investments are in private companies.

The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets, more than 10% of the Pricing Net Asset Value of the Class I Share Assets or more than 10% of the Pricing Net Asset Value of the Class R Share Assets, as applicable, in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America.

In respect of any investment, the Fund will take into consideration any anticipated follow-on investment required in the future. Any such required follow-on or subsequent investment, either by way of debt or equity, will only be required to be made if the investee meets certain tests, such as timing and performance targets, that were fixed at the date of the original investment in the business. See "**Investment Restrictions**" below.

### *SK Shares*

Under the Saskatchewan Act, the Fund must invest the SK Equity in eligible businesses provided that, pending such investments, the SK Equity must be invested in such other investments permitted by the Saskatchewan Act. Under the Saskatchewan Act and through the exercise of ministerial discretion, eligible businesses are corporations, limited partnerships and other business entities that carry on business in Saskatchewan, that at the time of the investment by the Fund have, together with related businesses, less than 500 employees, that pay, and in the taxation year prior to the investment by the Fund paid, at least 25% of all their wages and salaries to employees of their permanent establishment in Saskatchewan and that do not provide financial assistance from equity capital received from a labour-sponsored venture capital corporation to the shareholders of a labour-sponsored venture capital corporation or the eligible business. The Fund may not invest: (i) more than 60% of the SK Equity that the Fund has invested in investment instruments issued by any one eligible business or any combination of one eligible business and one or more corporations that are not dealing at arm's length with such eligible business; or (ii) in an eligible business if the Fund and the eligible business are not dealing at arm's length, within the meaning of the Saskatchewan Act.

If the Fund does not invest at least 75% of the SK Equity in eligible businesses within 24 months from the end of the fiscal year of the Fund in which the SK Shares were issued (sometimes referred to as the "**SK pacing requirement**"), it may have its

Saskatchewan Registration revoked or suspended and may become subject to penalties under the Saskatchewan Act and the Federal Act.

In addition to the above-noted restrictions, beginning on and after January 1, 2014, the Fund has been and is required to invest a prescribed percentage of the SK Equity in businesses engaged in eligible innovation activities. Eligible innovation activities include: (a) 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 which 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. The prescribed amount was 11.25% of annual net capitalization of the SK Equity (annual capital raised from the sale of SK Shares less annual capital redeemed from the redemption of SK Shares, multiplied by the SK pacing requirement as set forth above) for the 2014 -2015 fiscal year and 15% for the 2015-2016 fiscal year and will be 18.75% for the 2016-2017 fiscal year and subsequent fiscal years. The Fund has made the innovation sector a key pillar of its Class A Share Assets and the Class I Share Assets are focused exclusively on investment in innovation. The Fund is confident that it will require no material changes to its investment strategy to comply with this requirement.

#### *MB Shares*

Under the Manitoba Act, the Fund must invest the MB Equity in eligible business entities provided that, pending such investments, the MB Equity must be invested in such other investments permitted by the Manitoba Act. Eligible business entities are entities which carry on an active business in Canada, for which at least 50% of the employees are employed in Manitoba or at least 50% of the total salaries and wages of the business is attributable to services rendered in Manitoba by the employees of the business, and for which the total value of the property of the entity does not exceed \$50,000,000, as further and better described under the Manitoba Act. The Manitoba Act prevents the Fund from investing the MB Equity in an eligible business entity engaged in selling the Shares, other than a wholly owned subsidiary of the Fund.

If the Fund does not invest at least 70% of the MB Equity in eligible business entities within 24 months from the end of the fiscal year of the Fund in which the MB Shares were issued, it may have its Manitoba Registration revoked or suspended and may become subject to penalties under the Manitoba Act and the Federal Act.

#### *Class A Shares and Class A-F Shares*

With the proceeds of the offering raised from the issuance of the Class A Shares and Class A-F Shares, the Fund will seek out a range of investments that will be very broad in scope, which will be intended to provide considerable diversification for the Fund, and may include, among others, eligible businesses and eligible business entities involved in the health care, biotechnology, renewable energy, technology, oil and gas, agriculture, services and manufacturing sectors of the economy to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity. The Fund may further seek to diversify such investments according to stage of development, by investing in businesses that are in the start-up, growth, and mature stages. Start-up stage businesses are those that have developed a product or service or are introducing a new technology, but have not yet reached the commercialization stage. Growth stage businesses include those that have entered into the commercialization of their products or services and are generating growing sales revenue and require financing to expand and grow. Mature stage investments include businesses with stable cash flow that require financing for retrofit activities, expansion capital or working capital programs.

#### *Class I Shares and Class I-F Shares*

The Fund has entered into the WD Agreement with WD in respect of a loss support program aimed at supporting certain losses in investments made with monies raised through the issuance of the Class I Shares and Class I-F Shares. The goal of the program is to make financing available to technology-based, small businesses in western Canada that have a reasonable probability of success but do not qualify for traditional sources of financing.

The WD Agreement limits the range of allowable investments that can be made with the proceeds of the offering raised from the issuance of the Class I Shares and Class I-F Shares to investments in Innovation Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares. It is anticipated that the Innovation Companies being invested in will be in the early stages of business development and that the capital provided to them will be used to assist with, among other activities: (i) research and development leading to commercialization, (ii) pre-commercial and commercial product development, (iii) market development or (iv) new production and services capacity to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity.

Under the WD Agreement, WD will review the eligibility of each proposed investment in an Innovation Company and provide written concurrence that the investment meets the eligibility requirements of the WD Agreement before the Fund may make an investment in an Innovation Company. For greater certainty, WD will not approve investments in Innovation Companies, nor will it conduct due diligence in respect of any such investments, it will simply confirm that such investments meet the eligibility requirements set forth in the WD Agreement prior to an investment being made.

The Fund has qualified for a loss contribution from WD of up to 50% of its qualified investments in Innovation Companies to a maximum of approximately \$3.3 million. Qualified investments in Innovation Companies may not exceed \$2,000,000 in respect of any particular Innovation Company. The loss contribution fund can be applied to up to 80% of certain losses, on a company by company basis.

Any loss contribution provided by WD may have to be repaid to WD by the Fund in certain circumstances. For example, if the Fund has produced in excess of a 10% internal rate of return per annum based on the Pricing Net Asset Value per Class I Share at the end of the period covered by the WD Agreement (being no later than March 31, 2022), the Fund will pay to WD as at the end of the period covered by the WD Agreement an amount equal to 1/6 of any returns in excess of this 10% annualized return, subject to certain limitations in the WD Agreement.

Any payment by WD under the WD Agreement is subject to there being an appropriation by the Government of Canada for the fiscal year in which the payment is being made. Further, the WD Agreement may be amended from time to time which could potentially result in changes to the amount and percentage of loss coverage and may be terminated if the agreement is not being administered according to the established terms and conditions agreed to by the parties, the agreement is not meeting its objectives or achieving the anticipated level of return, the agreement is not providing a satisfactory level of economic benefits to western Canada or WD's funding levels are changed by the Government of Canada such that continuation is impractical. In the event of a default by the Fund under the WD Agreement, WD may cease to provide loss contributions and may require repayment of loss contributions that have been advanced but not yet applied to eligible investments. An event of default includes submitting false or misleading information to WD, failing to satisfy a term or condition of the WD Agreement or becoming bankrupt or insolvent.

#### *Class R Shares and Class R-F Shares*

With the proceeds of the offering raised from the issuance of the Class R Shares and Class R-F Shares, the Fund will seek to invest in Resource Companies, to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity.

## **Investment Strategies**

### **Form of Investments**

The particular form of the Fund's investments are selected and negotiated after taking into account the investment criteria and guidelines of the Fund, the long-term requirements of the investee business, the stage of development of the investee business, the investee business' requirements, the ability to negotiate down-side protection and tax considerations.

To the extent possible, investments will be diversified by the expected holding period of the investment. Generally, the average holding period is expected to be five to eight years. Historically, the average holding period has been three to five years. The Fund may choose to refinance its investment through an arm's length third party where the expected return can be achieved in a shorter time frame. All investment recommendations will include a strategy for realization on investments made. Possible exit strategies include the following:

- refinancing with conventional lenders or leasing companies;
- sale of the business or investment to a third party;
- sale of the investment back to the business or its principals; and
- a public offering.

#### *SK Shares*

The Fund will diversify its Saskatchewan investment portfolio through the use of such instruments, among others, as common shares, convertible debentures, convertible preferred shares, limited partnership units, debt with equity participation, funded loan guarantees and bridge loans. Where the Fund makes an investment with the SK Equity by way of a loan, such investment, when possible, will be secured by a charge over the businesses' assets but may be subordinated to other lenders' security.

The Fund may guarantee loans of eligible businesses and in such circumstances the making of such loans would permit the growth and development of the business without the Fund being the primary investor and where the Fund would risk having its investment in an eligible business diluted. The aggregate of loan guarantees may not exceed 10% of the Fund's total assets at the time each loan guarantee is provided. The Fund will maintain a liquid reserve of 25% of the guaranteed amount on any loan guarantees. The Fund will maintain liquid reserves in investments permitted by the Saskatchewan Act.

#### *MB Shares*

The Fund will diversify its Manitoba investment portfolio through the use of such eligible investments, among others, as common shares, debt obligations, options or rights attaching to other eligible investments, partnership interests and flow-through investment vehicles. As required by the Manitoba Act, where the Fund makes an investment by way of a loan, such investment will be secured by a general security agreement or guarantee, and such obligation shall not rank above other debt obligations, subject to certain exceptions.

The Manitoba Act prohibits the following investments:

- (a) debt obligations secured by an interest in real property held primarily for (i) gaining gross revenue that is rent, (ii) development, subdivision, sale, or (iii) use in producing agriculture or horticulture crops;
- (b) debt obligations secured by an interest in Canadian resource property or foreign resource property held primarily for the purpose of gaining gross revenue that is rent or a royalty;
- (c) shares in financial institutions;
- (d) debt obligations of financial institutions that were not issued in the ordinary course;
- (e) investments in entities that carry on (i) professions regulated by a governing body under an Act of the Manitoba Legislature, (ii) the business of developing or exploring for minerals, unless substantially all of it is in Manitoba or is part of a business that includes extraction, processing or distribution of the materials, (iii) the business of producing agricultural or horticultural crops, or (iv) the business of leasing, rental, development or sale of real property; and
- (f) investments in entities in which substantially all of its assets are (i) real property described in subsection (a), (ii) an interest as described in subsection (b), (iii) assets used in business referred to in subsection (e), or (iv) investments of a type referred to in subsections (a) to (e) or subclauses (i) to (iii).

#### **Review and Investment Approval Process**

The Board has ultimate authority for all investments made by the Fund, including the establishment of investment policies and the implementation of appropriate procedures with respect to the investment process. The Investment Committee was established on December 23, 2008 and currently consists of Donald R. Ching, Brian L. Barber and Thomas A. Shepherd. The Investment Committee has the authority, subject to any guidelines imposed by the Board, to make final investment decisions on acquisitions and dispositions, for cumulative investments in any one eligible business or eligible business entity, up to the lesser of (i) \$1,000,000, and (ii) 3% of the Pricing Net Asset Value of the Class A Shares or 3% of the Pricing Net Asset Value of the Class I Shares or 3% of the Pricing Net Asset Value of the Class R Shares, as applicable. Investments above these thresholds must be approved by the Board.

The Manager will have primary responsibility for the initial screening and recommendation of investments and for carrying out the operational and financial due diligence on selected investments. The Manager will be responsible for the review of all projects and for ensuring that the projects meet the investment criteria of the Fund.

#### **Screening Investments**

In carrying out its initial screening of prospective investments, the Manager will investigate and consider the following with respect to each investee business:

- the particular industry, markets, products, services and technology;
- the competitive position;
- the experience of management personnel;
- the past performance and business plan;
- financial statements, projections and forecasts;
- the regulatory environment;
- labour relations history and employment practices;



- the current environmental situation;
- workplace safety;
- the expectation of generating new employment opportunities and the retention and protection of existing employment opportunities in Saskatchewan and Manitoba;
- opinions and information about the business and its prospects from consultants, customers, suppliers, bankers, financial analysts and technical consultants, as may be required; and
- market surveys where applicable, including real estate and/or business appraisals.

Where it is considered advisable, the Manager will engage other professionals with particular expertise for assistance and advice with respect to investment opportunities.

If, following the initial screening, the Manager determines that an investment opportunity is viable and a more detailed investigation is merited, it may enter into a confidentiality agreement and will generally enter into a non-binding memorandum of understanding with the applicant that sets out the Manager's requirements.

Upon the above being completed, the Manager will commence a comprehensive investigation of the proposed investment. This investigation and resulting report will include an assessment of risk, proposed structure of the investment, estimate of future investment requirements and expected return, and a review of the investee business against the initial screening criteria.

The Manager will prepare an investment memorandum for each investment recommended. The investment memorandum will be presented to the Board or the Investment Committee. The Board or Investment Committee, as applicable, will consider the proposal at its next meeting and, where appropriate, will approve the investment or return the proposal to the Manager for further review and evaluation. Upon approval, a commitment will be given to the investee business and the necessary contracts will be executed in accordance with the proposed structure of the investment.

### **Investment Monitoring**

The Manager will monitor each of the Fund's investments on a continual basis. The Manager or the Fund may require that a representative of it be appointed as a director or observer to the board or other governing body of an investee business. The Manager will require investee businesses to provide regular financial reports and detailed information concerning the investee business. In addition, the Manager will meet regularly with management and take such other steps as are considered necessary to assess the progress of an investee business' product, service or technology development.

The Manager will prepare, for review by the Board, an annual summary of each investment made by the Fund, which addresses the status of the investment performance against goals, compliance with terms or investment covenants, new factors of relevance and any other circumstances that may affect the value of the investment.

## **Overview of the Sectors that the Fund Invests In**

### **Sectors that the Fund Invests In**

#### *Class A Shares and Class A-F Shares*

With the proceeds of the offering raised from the issuance of the Class A Shares and Class A-F Shares, the Fund will seek to invest in a range of businesses from a broad cross-section of the economy that may include, among others, eligible businesses and eligible business entities involved in the health care, biotechnology, renewable energy, technology, oil and gas, agriculture, services and manufacturing sectors of the economy to the extent permitted by the Saskatchewan Act in the case of SK Equity and to the extent permitted by the Manitoba Act in the case of MB Equity.

#### *Class I Shares and Class I-F Shares*

With the proceeds of the offering raised from the issuance of the Class I Shares and Class I-F Shares, the Fund will seek to invest in Innovation Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares.

#### *Class R Shares and Class R-F Shares*

With the proceeds of the offering raised from the issuance of the Class R Shares and Class R-F Shares, the Fund will seek to invest in Resource Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares.

## *Trends, Events and Uncertainties*

According to the Provincial Outlook of RBC Economics published in September, 2016 (the "**RBC Outlook**"), the differences in provincial productivity growth rates between Saskatchewan and Manitoba observed in 2015 persisted into the first 8 months of 2016. Based on the RBC Outlook, Saskatchewan economic output is expected to shrink with a projected 2016 annual real GDP growth rate of -0.9%. The projected Manitoba 2016 annual real GDP growth is 1.9%. The national projected 2016 annual real GDP growth rate is 1.3%. The RBC Outlook forecasts that Saskatchewan will be the ninth fastest growing (contracting) provincial economy in Canada in 2016 while Manitoba will be the third fastest. The RBC Outlook forecasts that 2017 annual real GDP growth will be 1.6% for Saskatchewan and 2.4% for Manitoba. The forecasted 2017 national annual real GDP growth rate is 1.8%. The RBC Outlook forecasts Saskatchewan as the fifth fastest growing provincial economy in 2017 and Manitoba as the second. The Fund will continue to monitor its investee companies to assess the *potential* impact of any future economic fluctuations as the Fund remains a long-term investor. The Fund will continue to monitor the benchmarks and achievements of each investee company in its venture investment portfolio.

### **Significant Holdings**

Appendix A contains information with respect to the investments of the Class A Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. Appendix B contains information with respect to the investments of the Class I Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. Appendix C contains information with respect to the investments of the Class R Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. The information in each of these appendices is current as of November 25, 2016. The Fund has no control over any information disseminated by its investee companies (including information contained on the websites of its investee companies) and the Fund makes no representation or warranty about the accuracy or completeness of any such information.

## **Investment Restrictions**

### **Investment Restrictions**

#### *SK Shares*

Pursuant to the Saskatchewan Act, the Fund must invest a significant portion of the SK Equity in eligible investments, as described above under "**Investment Objectives**". During the 24 month period following the end of the fiscal year in which the SK Equity is raised, the Fund must invest and maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses or in any other type of investment permitted by the Saskatchewan Act. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund will maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses. Pending such investments being made, the SK Equity will be invested in investments permitted by the Saskatchewan Act.

In addition to the above-noted restrictions, beginning on and after January 1, 2014, the Fund has been and is required to invest a prescribed percentage of the SK Equity in businesses engaged in eligible innovation activities. Eligible innovation activities include: (a) 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 which 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. The prescribed amount was 11.25% of annual net capitalization of the SK Equity (annual capital raised from the sale of SK Shares less annual capital redeemed from the redemption of SK Shares, multiplied by the SK pacing requirement as set forth above) for the 2014 -2015 fiscal year and 15% for the 2015-2016 fiscal year and will be 18.75% for the 2016-2017 fiscal year and subsequent fiscal years. The Fund has made the innovation sector a key pillar of its Class A Share Assets and the Class I Share Assets are focused exclusively on investment in innovation. The Fund is confident that it will require no material changes to its investment strategy to comply with this requirement.

The Fund may not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets or more than 10% of the Pricing Net Asset Value of the Class R Share Assets, as applicable, in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor may the Fund invest more than 60% of the SK Equity that the Fund has invested in investment instruments issued by any one eligible business or any combination of one eligible business and one or more corporations that are not dealing at

arm's length with such eligible business or in an eligible business if the Fund and the eligible business are not dealing at arm's length, within the meaning of the Saskatchewan Act.

As required by the Saskatchewan Act (and the exercise of ministerial discretion), the Trust Monies must be set aside in a trust fund until such time as the Fund has invested 55% of the SK Equity, during the applicable fiscal period, in equity shares or debt obligations of eligible businesses and is otherwise in compliance with the investment criteria and restrictions set forth in the Saskatchewan Act. Pending release, the Trust Monies will be invested in investments permitted by the Saskatchewan Act. Once 55% of the SK Equity has been invested by the Fund into eligible businesses then, subject to receipt of written instructions from the Saskatchewan Ministry of the Economy and the Fund authorizing release of the Trust Monies held in trust, the applicable Trust Monies will be released from trust in such amounts, and at such times, as is required in order to make actual investments into identified eligible businesses. See "**Use of Proceeds**".

The Fund is prohibited by the Saskatchewan Act from investing any of its assets in any business that is not at arm's length to the Fund. The Fund and a business will be considered not at arm's length if they are related, within the meaning of the Saskatchewan Act. The Fund is further prohibited by the Saskatchewan Act and the exercise of ministerial discretion from using any of the SK Equity to:

- (a) provide loans, guarantees or other financial assistance to any shareholder of the Fund or any person related to a shareholder of the Fund;
- (b) invest in an eligible business that has provided financial assistance to a shareholder of the Fund by means of a loan, guarantee, provision of security, or any other financial assistance;
- (c) invest in agricultural land for the purpose of leasing or custom farming; or
- (d) invest in an eligible business that has more than \$500,000,000 in capitalization.

If the Fund has invested money in an eligible business and that eligible business, due to an acquisition, a takeover, a merger or any other event, subsequently becomes a prohibited investment under the Saskatchewan Act by having more than \$500,000,000 in capitalization, the Fund must sell or dispose of the investment on or before the date that is 24 months after the last day of the fiscal year in which the capitalization of the eligible business first exceeded \$500,000,000. As at November 25, 2016, neither the Class A Share Assets, the Class I Share Assets nor the Class R Share Assets included investments in companies with market capitalizations greater than \$500,000,000.

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Saskatchewan Registration and tax credit penalties being imposed on the Fund. See "**Other Material Facts – Penalties Potentially Applicable to the Fund - Saskatchewan**" and "**Other Material Facts – Revocation of Saskatchewan Registration**".

#### *MB Shares*

Pursuant to the Manitoba Act, the Fund must invest a significant portion of the MB Equity in eligible investments issued by eligible business entities, as described above under "**Investment Objectives**". During the 24 month period following the end of the fiscal year in which the MB Equity is raised, the Fund must invest and maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities or in any other type of investment authorized by the Manitoba Act, and 14% of the MB Equity must be in eligible investments for which the total cost of the eligible investments held by the Fund in such entity and any related entities does not exceed \$2,000,000. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund will maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities. Pending such investments being made, the MB Equity will be invested in investments permitted by the Manitoba Act.

Pursuant to the Manitoba Act, eligible investments issued by an eligible business entity include the following investments:

- (a) a share that was issued to the Fund by an entity that was an eligible business entity at the time the share was issued;
- (b) a debt obligation that was issued to the Fund by an entity that was an eligible business entity at the time it was issued where:
  - (i) the debt obligation, if secured, is secured solely by a general security agreement or by a guarantee referred to in clause (c); and

- (ii) the debt obligation, by its terms or the terms of any agreement related to it, does not rank ahead of any other debt obligations of the entity except that, where the entity is a corporation, the debt obligation may rank ahead of:
  - A. a debt obligation issued by the entity that is prescribed as a small business security for the purposes of paragraph (a) of the definition "small business property" in subsection 206(1) of the *Income Tax Act* (Canada); or
  - B. a debt obligation owing to a shareholder of the entity or to a person related to any such shareholder;
- (c) a guarantee provided by the Fund in respect of a debt obligation that, if the debt obligation had been issued to the Fund at the time the guarantee was provided, would have been an eligible investment because of clause (b);
- (d) an option or right granted by an eligible business entity, in conjunction with the issue by the entity of a share or debt obligation that is an eligible investment, to acquire a share of the capital stock of the entity that would be an eligible investment of the Fund if that share were issued at the time that the option or right was granted;
- (e) a partnership interest that was issued to the Fund by a partnership that was an eligible business entity at the time the interest was issued; and
- (f) an investment of a flow-through investment vehicle, as defined in the Manitoba Act, to the extent that the investment qualifies as an eligible investment of the corporation.

The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets or more than 10% of the Pricing Net Asset Value of the Class R Share Assets, as applicable, in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor will the Fund invest any MB Equity in an eligible business entity engaged in selling the shares of the Fund, other than a wholly owned subsidiary of the Fund.

The Fund is prohibited by the Manitoba Act from prohibiting investment in unionized or non-unionized businesses, acting as an instrument for organizing employees into unions, and acquiring or holding an investment in an entity that is engaged in selling the Shares, other than a wholly owned subsidiary of the Fund. In addition, the following investments are prohibited by the Manitoba Act, in relation to the MB Equity:

- (a) debt obligations secured by an interest in real property held primarily for (i) gaining gross revenue that is rent, (ii) development, subdivision, sale, or (iii) use in producing agriculture or horticulture crops;
- (b) debt obligations secured by an interest in Canadian resource property or foreign resource property held primarily for the purpose of gaining gross revenue that is rent or a royalty;
- (c) shares in financial institutions;
- (d) debt obligations of financial institutions that were not issued in the ordinary course;
- (e) investments in entities that carry on (i) professions regulated by a governing body under an Act of the Manitoba Legislature, (ii) the business of developing or exploring for minerals unless substantially all of it is in Manitoba or is part of a business that includes extraction, processing or distribution of the materials, (iii) the business of producing agricultural or horticultural crops, or (iv) the business of leasing, rental, development or sale of real property; and
- (f) investments in entities in which substantially all of its assets are (i) real property described in subsection (a), (ii) an interest as described in subsection (b), (iii) assets used in business referred to in subsection (e), or (iv) investments of a type referred to in subsections (a) to (e) or subclauses (i) to (iii).

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Manitoba Registration and penalties being imposed on the Fund. See "**Other Material Facts – Penalties Potentially Applicable to the Fund - Manitoba**" and "**Other Material Facts – Revocation of Manitoba Registration**".

## Exemptions and Policies

Although the Fund is a mutual fund, it is not subject to a variety of securities regulatory policies and restrictions which otherwise govern a public mutual fund. In this respect, certain of the policies applicable to the incorporation and capitalization of mutual funds, the frequency of determining pricing net asset value and suspensions of redemptions do not apply. In addition, the FCAA, on behalf of itself and the MSC, has granted the Fund exemptions from, or has allowed variation in respect of, certain of the standard investment restrictions and practices that are otherwise applicable to mutual funds as follows:

- (a) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase the securities of an issuer (except for the securities of designated governments or agencies thereof) if, as a result, the mutual fund would hold more than 10% of (i) the votes attaching to the outstanding voting securities of the issuer; or (ii) the outstanding equity securities of the issuer. The Fund has been granted exemption from this restriction.
- (b) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase mortgages other than guaranteed mortgages (meaning mortgages guaranteed or insured by the government of Canada or by the government of a jurisdiction, or agencies thereof). The Fund has been granted exemption from this restriction.
- (c) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase guaranteed mortgages if following such purchase more than 10% of the total assets of the mutual fund would consist of guaranteed mortgages. The Fund has been granted variation of this restriction as applicable to the Fund so as to permit it to purchase guaranteed mortgages provided that no more than 25% of the total assets of the Fund, at any one time, consist of investments in guaranteed mortgages.
- (d) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase securities for the purpose of exercising control or management over the issuer of the securities. The Fund has been granted exemption from this restriction.
- (e) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to purchase any security of an issuer which may, by its terms of purchase, require the mutual fund to make a contribution in addition to the payment of the purchase price for that security. The Fund has been granted exemption from this restriction, provided that if the Fund agrees to make additional investments in an authorized business (in addition to the initial investment) then such additional investment can only be made provided that certain performance targets have been met by the business within certain contemplated time frames, and provided that the total amount of additional investment, the performance targets and the time frames within which the performance targets must be met have been fixed at the date of the original investment in the business. Additional investments are not limited to a further single advance but could consist of subsequent multiple advances.
- (f) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to guarantee the securities or obligations of any other person or corporation. The Fund has been granted modification of this restriction as it is applicable to the Fund, such that the Fund is permitted to provide guarantees in an aggregate amount not exceeding 10% of the net asset value of the Fund, from time to time, provided that the Fund maintains reserves equal to 25% of the principal amount of the obligations guaranteed by the Fund.
- (g) Typically a mutual fund is not, without the prior approval of the securities regulatory authorities, allowed to invest more than 10% of its net assets in illiquid investments. The Fund has been granted exemption from this restriction on the condition that the Fund at all times maintain a reserve fund of liquid investments which will enable the Fund to make any redemptions that it could be required to make in any fiscal period, as a result of the redemption provisions attaching to the Shares. The Fund has established a reserve for redemptions based on the lesser of 20% of the Fund's Retained Earnings attributable to the Shares or 50% of the Fund's Net earnings after tax attributable to the Shares for the immediately preceding fiscal year.

Except as indicated above, the standard investment restrictions and practices otherwise applicable to mutual funds are applicable to the Fund, and such restrictions and practices are deemed to be incorporated in this prospectus by reference. A copy of the standard investment restrictions and practices shall be provided by or on behalf of the Fund to any person requesting the same.

In addition to the investment restrictions described above, the Board will from time to time establish certain other investment policies. The Board has approved the following investment restrictions and policies, which may be varied from time to time by the Board, as opportunities and market conditions dictate and as permitted by the Saskatchewan Act and the Manitoba Act:

- The portfolio assets of the Fund will be held in the custody of Concentra Trust, as custodian;

- The Fund will not pledge or mortgage any of its assets or borrow money, except as a temporary measure for the purpose of accommodating requests for Share redemptions while effecting an orderly liquidation of portfolio securities, provided that after giving effect to such borrowing the outstanding amount of all such borrowing does not exceed 5% of its net assets valued at the time of such borrowing;
- The Fund will not lend its portfolio assets except in accordance with any guidelines or restrictions imposed on the lending of portfolio assets by mutual funds;
- The Fund will not make loans, except in the ordinary course of investing its funds, make short sales of securities or purchase securities on margin or act as an underwriter of securities;
- The Fund will not lend directly or indirectly to the Sponsor;
- The Fund will not create, issue or purchase derivative securities, except that it may obtain options to acquire additional securities or rights to sell securities of the entities in which it invests;
- The Fund will not trade in commodities or commodity contracts or create, issue or purchase puts, calls, or combinations thereof except that it may obtain options to acquire additional securities or rights to sell securities of the entities in which it invests;
- The Fund may from time to time issue Class C Shares (and will be able to issue Class D Shares, if they are created) on a private placement basis to corporate, institutional and other investors who do not benefit from the tax advantage of an investment in Shares. The Fund has not issued, and has no present intention to issue, Class C Shares or Class D Shares;
- The Fund may invest in illiquid securities and securities the resale of which may be restricted. See "**Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund - Valuation of Assets for which no Published Market Exists**"; and
- The Fund will not invest in or lend money to any authorized business in which a director, officer or employee of the Manager has a material interest, whether such interest is direct or indirect.

In addition, and subject always to compliance with applicable law, the Fund may make additional investments in an authorized business (in addition to the initial investment) through the exercise, at the option of the Fund, of warrants, rights or options that may be received by the Fund as part of the securities issued to the Fund in consideration of the initial investment made by the Fund in the particular business. The ability of the Fund to exercise such warrants, rights or options does not have to be conditional upon the particular business satisfying fixed performance targets or any other conditions precedent established at the date of the initial investment by the Fund.

Currently, the short-term investments of the Fund (liquid portfolio) are solely comprised of investments permitted by the Saskatchewan Act.

As a labour-sponsored investment fund, the Fund is not subject to compliance with the legislative rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds, although the Fund may choose to follow such rules, restrictions and practices. As a result, the Fund may provide guarantees for the debts or obligations of other persons or companies or make investments of a nature or size which also involves participation in the management of the business, which other mutual funds would not make. Larger investments may also enable the Fund to obtain rights (for example in shareholders' agreements) which it believes are advantageous to the protection of its interests.

**The investment restrictions and policies described above may be varied from time to time by the Fund, provided that such variation is permissible under the Saskatchewan Act, the Manitoba Act, and all other applicable legislation.**

## **Fees and Expenses**

### **Fees and Expenses Payable by the Fund**

#### *Operating Expenses*

The Fund is responsible for all direct costs and expenses incurred in the operation of the Fund, such as fees and expenses paid to special consultants; insurance (including directors' liability insurance and IRC liability insurance); legal, audit, valuation and shareholder communication costs; travel, registrar and transfer agency expenses; the annual RRSP administration fee (see "**Purchase of Securities (Plan of Distribution) – RRSP Purchases**"); custodian and trustee fees; independent review committee fees; portfolio transaction costs; and directors' fees. These costs and expenses include all direct out-of-pocket costs and expenses incurred by the Manager in carrying out its obligations under the Management Agreement with the Fund. In accordance with its obligations under the Management Agreement, the Manager currently acts as manager of the Fund's liquid portfolio. The Fund would be responsible for any fees and expenses paid to any third party for liquid portfolio management services should the

Manager no longer provide all or a part of these services to the Fund. See "**Prospectus Summary - Summary of Fees and Expenses**" and "**Organization and Management Details of the Fund – Management of the Fund**".

The nature of the investments made by the Fund generally requires a greater commitment to investment analysis, due diligence investigations and post-investment monitoring than investments in most publicly traded securities. In addition, the cost to determine the value of the Fund's assets for which no published market exists are greater than valuation costs for mutual funds which invest primarily in listed securities. Consequently, the operating expenses of the Fund may be higher than many mutual funds and other pooled investment vehicles. Costs and expenses not specifically identifiable to any Shares will be allocated, at the time the costs and expenses are incurred, on the basis of the relative share capital of each type of share as a proportion of the total share capital of the Fund as at the latest Weekly Valuation Update.

The remuneration to be paid to the officers of the Fund will be established by the Board from time to time. No officer of the Fund has or is currently receiving any remuneration by virtue of such office. Each director of the Fund receives an annual retainer of \$1,000, each member of a committee of the Board receives an annual retainer of \$750 (increased from \$500 effective on January 1, 2016) and each director of the Fund and each member of a committee of the Board is entitled to receive a fee of \$400 per day for each Board or committee meeting attended or \$200 if the Board or committee meeting is less than one hour in duration, other than those persons who are also directors, officers, or employees of the Manager. The aforementioned restriction currently applies to Grant Kook and Doug Banzet. In addition, all directors are entitled to be reimbursed for expenses incurred in attending Board and committee meetings. No director or officer of the Fund (or their associates or affiliates) is indebted to the Fund.

#### *Management Fees and Expenses*

Pursuant to the Management Agreement, the Fund is responsible for payment of the following amounts to the Manager:

- (1) the Management Fee; and
- (2) the IPA. Before any IPA is paid to the Manager on an eligible investment, the Fund must have achieved all of the following:
  - (a) if the particular eligible investment (for greater certainty, excluding cash and marketable securities) is a Class A Share Asset, earned sufficient income to generate a rate of return on all eligible investments attributable to the Class A Shares and Class A-F Shares that is greater than the 5 year average GIC rate of Concentra plus 1.5% on an annualized basis (excluding operational expenses of the Fund). The income on eligible investments attributable to the Class A Shares and Class A-F Shares includes investment gains and losses (realized and unrealized) earned and incurred on eligible investments attributable to the Class A Shares and Class A-F Shares since the inception of the Fund;
  - (b) if the particular eligible investment (for greater certainty, excluding cash and marketable securities) is a Class I Share Asset, earned sufficient income to generate a rate of return on all eligible investments attributable to the Class I Shares and Class I-F Shares that is greater than the 5 year average GIC rate of Concentra plus 1.5% on an annualized basis (excluding operational expenses of the Fund). The income on eligible investments attributable to the Class I Shares and Class I-F Shares includes investment gains and losses (realized and unrealized) earned and incurred on eligible investments attributable to the Class I Shares and Class I-F Shares since the Class I Share Offering Date;
  - (c) if the particular eligible investment (for greater certainty, excluding cash and marketable securities) is a Class R Share Asset, earned sufficient income to generate a rate of return on all eligible investments attributable to the Class R Shares and Class R-F Shares that is greater than the 5 year average GIC rate of Concentra plus 1.5% on an annualized basis (excluding operational expenses of the Fund). The income on eligible investments attributable to the Class R Shares and Class R-F Shares includes investment gains and losses (realized and unrealized) earned and incurred on eligible investments attributable to the Class R Shares and Class R-F Shares since the Class R Share Offering Date;
  - (d) earned sufficient income from the particular eligible investment to provide a cumulative investment return at an average annual rate in excess of 10% since investment (excluding operational expenses of the Fund); and
  - (e) fully recouped an amount from the particular eligible investment, through income earned, liquidation of the investment, or otherwise, equal to all the principal invested in the particular eligible investment.

The Fund and the Manager believe that the IPA is appropriate for the Fund. Incentive fees are not uncommon in the venture capital industry in Canada. The Fund believes that it needs to be able to offer an incentive fee arrangement in order to attract and maintain the necessary professional expertise to be able to carry out its investment objectives and its mandate.

The IPA arrangement builds in a "hurdle rate" of the GIC rate of Concentra plus 1.5% on an annualized basis as set forth in paragraphs 2(a), (b) and (c) above. A hurdle rate is designed to ensure that incentive compensation is only paid in circumstances where the portfolio under management meets some acceptable minimum level of return. The hurdle rate for the Class A Shares, the Class I Shares and the Class R Shares for the past five years was as follows:

Period Ending	Hurdle Rate (See notes below for the applicable cumulative period)		
	Class A Shares <sup>(1)</sup>	Class I Shares <sup>(2)</sup>	Class R Shares <sup>(3)</sup>
August 31, 2016	5.08%	3.64%	3.45%
August 31, 2015	5.21%	3.76%	3.60%
August 31, 2014	5.33%	3.86%	3.77%
August 31, 2013	5.43%	3.84%	3.5%
August 31, 2012	5.57%	3.97%	-

Notes:

- (1) The hurdle rate for the Class A Shares is calculated from the inception of the Fund.
- (2) The hurdle rate for the Class I Shares is calculated from the Class I Share Offering Date.
- (3) The hurdle rate for the Class R Shares is calculated from the Class R Share Offering Date.

The Fund has met the hurdle rate for each of the Class A Shares and the Class I Shares as set forth in paragraphs 2(a) and (b) above in the past year and the Fund expects that it will meet the hurdle rate for the foreseeable future. As long as the hurdle rate is met, the IPA will be accrued based upon the performance of the eligible investment as set forth in paragraphs 2(d) and (e) above. The IPA is not affected by changes in the Pricing Net Asset Value per Share or the net assets reported in the Fund's financial statements.

The hurdle rate was not met for the Class R Shares as of August 31, 2016 therefore no IPA will accrue to the Manager in respect of the Class R Shares as at August 31, 2016.

**The requirement set forth in paragraph 2(d) above that no IPA be paid in respect of a particular eligible investment unless the eligible investment has achieved a cumulative investment return at an average annual rate in excess of 10% since investment (excluding operational expenses of the Fund) reflects the view of the Fund that no incentive payments are appropriate on an investment unless the investment meets a minimum prescribed level of success.**

The Manager has agreed that its management fees in respect of the F Series will remain unearned until such time that \$5.0 million in gross proceeds is raised from the sale of the F Series.

The Manager agreed that its management fees in respect of the Class I Shares would remain unearned until such time that \$10.0 million in gross proceeds was raised from the sale of the Class I Shares. The Manager also agreed that its management fees in respect of the Class R Shares will remain unearned until such time that \$5.0 million in gross proceeds is raised from the sale of the Class R Shares. Over \$10.0 million in gross proceeds has been raised from the sale of the Class I Shares and over \$5.0 million in gross proceeds has been raised from the sale of the Class R Shares and the management fees in respect of such funds had therefore been earned by the Manager. The Manager, however, has voluntarily waived such management fees in full up to the date that such respective thresholds were achieved.

During the fiscal year ended August 31, 2016, the Manager earned fees, including the IPA, in the amount of \$9,136,329 (including GST) pursuant to the Management Agreement. For the period from September 1, 2016 to November 25, 2016, the Manager earned fees, including the IPA, in the amount of \$1,679,595 (including GST).

The Manager and its directors, officers and employees do not earn or receive and are not entitled to earn or receive any form of compensation from investee companies (other than compensation that is paid to the Fund) including without limitation: (i) management or directors fees; (ii) finder, referral or placement fees; (iii) corporate finance or due diligence fees; (iv) securities based compensation; or (v) carried interests.

The Fund may invest in eligible businesses that are structured as a limited partnership. In certain cases, management of the limited partnership may be entitled to receive management fees and/or a "carried interest" paid by the limited partnership. In such a case, management fees would be paid at both the Fund level and the investee company level. The fair value of these



investments reflects the Fund's share of these management fees and/or "carried interest" paid to the management of the limited partnerships.

#### *Sales Commissions and Service Fees*

The obligation to pay the Commission to the Agent and other registered dealers who distribute Class A Shares, Class I Shares and Class R Shares was assumed by Conexus pursuant to the Services Agreement. Conexus assumed such liability as consideration for the payment by the Fund to Conexus of the aggregate of: (i) the Liability Amount; (ii) the Premium; and (iii) the Prometa Expenses. The Percentage Based Payments are paid in yearly installments, with one installment being paid each year for eight consecutive years immediately following the applicable calendar year. Each Percentage Based Payment is equal to 0.95% of the gross proceeds raised in the applicable year net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date. The Percentage Based Payments and the Prometa Expenses are payable on January 15 of each year. Accordingly, the first payment relative to the 2017 calendar year will be payable on January 15, 2018. There is no Commission payable to the Agent or other registered dealers who distribute the F Series. As such, the F Series is suitable for investors who have entered into a fee-based compensation agreement with their dealer in which a fixed fee, paid by the client, compensates the dealer for their services.

As remuneration for distribution services being provided by the Agent to the Fund, the Fund has agreed to pay to the Agent the Marketing Services Fee. The Marketing Services Fee is payable monthly. However, the Agent has agreed that its Marketing Service Fee on the sale of the F series will remain unearned until such time that \$5.0 million in gross proceeds is raised from the sale of the F Series. The distribution services being provided by the Agent to the Fund include, but are not limited to, acting as principal distributor and agent for the sale of Shares to eligible investors.

The Fund also reimburses the Agent for reasonable costs incurred by them related to them acting as agent in connection with the offering of Shares, including reasonable legal fees and costs.

In addition to the Commission, the Agent and other registered dealers who distribute Class A Shares, Class I Shares and Class R Shares are entitled to receive the Service Fee. There is no Service Fee payable to the Agent or other registered dealers who distribute the F Series. As such, the F Series is suitable for investors who have entered into a fee-based compensation agreement with their dealer in which a fixed fee, paid by the client, compensates the dealer for their services.

See "**Purchase of Securities (Plan of Distribution) – Agency Agreement and Services Agreement**".

#### *Sales Incentive*

The Fund may enter into cooperative advertising programs with the Agent or other registered dealers providing for reimbursement by the Fund of expenses incurred in promoting Shares, subject to compliance with applicable laws, based on past or anticipated sales by the Agent and other registered dealers.

#### *Other Expenses*

Currently the Manager, in connection with managing the Fund's short-term investments (liquid portfolio), utilizes the services of the Broker, through its offices located at Suite 2100 – 666 Burrard Street, Vancouver, BC, as principal broker in respect of the purchase and sale of securities for the Fund's short-term investments. For the year ended August 31, 2016, the Broker did not charge, and the Fund did not pay, any brokerage fees for the services provided by the Broker to the Fund, as the Fund did not sell any securities through the Broker during this time.

### **Fees and Expenses Payable by the Investors**

#### *RRSP Fee*

The Fund has made arrangements with Concentra Trust, a subsidiary of Concentra, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares. Investors may take advantage of these arrangements by completing the applicable portion of their subscription form. The Fund pays an annual RRSP administration fee to Concentra Trust in respect of each RRSP established with and maintained by Concentra Trust. The Fund has negotiated an annual RRSP administration fee of approximately \$6.00/RRSP. This annual administration fee is subject to change on 60 days' notice without prior approval of the investors. Investors may also have their own or their spouse's or common-law partner's self-directed RRSP purchase Shares. See "**Purchase of Securities (Plan of Distribution) - RRSP Purchases**" and "**Income Tax Considerations**".

### Share Certificate Fee

Holders of Shares who request the issuance of a share certificate in respect of Shares purchased thereby will be charged \$100 to cover administrative costs.

## Annual Returns and Management Expense Ratio

### Annual Return, Management Expense Ratio and Trading Expense Ratio – Class A Shares

The management expense ratio, trading expense ratio and annual returns of the Class A Shares of the Fund for the past five years are as follows:

Year	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>	Trading Expense Ratio <sup>(4)</sup>
2016	-10.08%	4.06%	4.73%	0.01%
2015	2.19%	7.31%	4.90%	-
2014	9.38%	7.78%	5.03%	0.02%
2013	3.30%	6.21%	5.22%	0.02%
2012	-4.24%	6.04%	5.22%	0.01%

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class A Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the Class A Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio of the Class A Shares of the Fund, as set out in the table above, will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses**" and "**Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses**".

Management expense ratios vary from mutual fund to mutual fund.

### Annual Return, Management Expense Ratio and Trading Expense Ratio – Class I Shares

The management expense ratio, trading expense ratio and annual returns of the Class I Shares of the Fund for the past five years are as follows:

Year	Annual Return <sup>(1)</sup>	Management Expense Ratio <sup>(2)</sup>	Adjusted Management Expense Ratio <sup>(3)</sup>	Trading Expense Ratio <sup>(4)</sup>
2016	2.07%	5.71%	4.70%	-
2015	0.38%	6.00%	5.05%	-
2014	5.36%	7.68%	5.21%	-
2013	-0.59%	5.24%	4.71%	-
2012	1.40%	3.19%	2.69%	-

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class I Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the Class I Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio of the Class I Shares of the Fund, as set out in the table above, will be higher than that of conventional mutual funds. See "**Fees and Expenses - Fees and Expenses**".

**Payable by the Fund - Operating Expenses" and "Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses".**

Management expense ratios vary from mutual fund to mutual fund.

### **Annual Return, Management Expense Ratio and Trading Expense Ratio – Class R Shares**

The management expense ratio, trading expense ratio and annual returns of the Class R Shares of the Fund since inception are as follows:

<b>Year</b>	<b>Annual Return<sup>(1)</sup></b>	<b>Management Expense Ratio<sup>(2)</sup></b>	<b>Adjusted Management Expense Ratio<sup>(3)</sup></b>	<b>Trading Expense Ratio<sup>(4)</sup></b>
2016	-18.03%	2.78%	5.11%	0.03%
2015	2.93%	7.72%	5.23%	-
2014	0.20%	6.40%	4.92%	-

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Class R Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the Class R Shares (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio of the Class R Shares of the Fund will be higher than that of conventional mutual funds. See **"Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses"** and **"Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses"**.

Management expense ratios vary from mutual fund to mutual fund.

### **Annual Return, Management Expense Ratio and Trading Expense Ratio – F Series**

The management expense ratio, trading expense ratio and annual returns of the Class A-F Shares of the Fund, Class I-F Shares of the Fund and Class R-F Shares of the Fund for 2016 are as follows:

<b>Class</b>	<b>Annual Return<sup>(1)</sup></b>	<b>Management Expense Ratio<sup>(2)</sup></b>	<b>Adjusted Management Expense Ratio<sup>(3)</sup></b>	<b>Trading Expense Ratio<sup>(4)</sup></b>
A-F	-6.65%	-0.72%	0.88%	-
I-F	4.21%	2.96%	1.29%	-
R-F	-6.83%	-0.40%	1.21%	-

Notes:

- (1) The annual return is calculated based on the Pricing Net Asset Value per Share as of August 31.
- (2) The management expense ratio has been calculated by aggregating all management fees and operating expenses paid or payable by the Fund in respect of the respective share class (including an estimated contingent IPA and all share issue costs, but excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of weekly average net assets administered during the period.
- (3) The adjusted management expense ratio is the management expense ratio excluding the IPA and estimated contingent IPA.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets administered during the period.

Because of the nature of the investments that the Fund makes, the management expense ratio will be higher than that of conventional mutual funds. See **"Fees and Expenses - Fees and Expenses Payable by the Fund - Operating Expenses"** and **"Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fees and Expenses"**.

Management expense ratios vary from mutual fund to mutual fund.

## Risk Factors

In addition to the risk factors mentioned elsewhere in this prospectus, the following may be considered as risk factors pertaining to an investment in Shares:

### Nature of Investment and Geographic Concentration

The business of the Fund is to make investments in Saskatchewan and Manitoba small and medium-sized eligible businesses. Accordingly, the Fund is subject to risks associated with the economies of the provinces of Saskatchewan and Manitoba. There is no assurance that suitable investments in these provinces will be found. There is no guarantee that an investment in the Shares will earn an acceptable rate of return or any return in the short or the long term. An investment in Shares is highly speculative in nature and is only appropriate for investors able to make a long-term commitment, and with the capacity to absorb a loss of some or all of their investment. The Shares should not be purchased by an investor who requires ongoing investment income or liquidity from the Shares within an eight year period from the date of purchase.

Venture capital investment in eligible businesses and eligible business entities in accordance with the investment restrictions and policies applicable to the Fund requires a greater commitment to investment analysis than investments in most other securities. In addition, the cost to determine the value of the Fund's assets for which no published market exists will be greater than valuation costs for mutual funds which invest primarily in listed securities. Consequently, the operating expenses of the Fund may be higher than those of many mutual funds and other pooled investment vehicles. See "**Fees and Expenses – Fees and Expenses Payable by the Fund - Operating Expenses**".

The Saskatchewan Act permits up to twenty-five percent (25%) of the SK Equity to be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses. The Manitoba Act permits up to thirty percent (30%) of the MB Equity to be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses. There is no assurance that the Fund will generate enough revenue on an on-going basis so as to enable the Fund to pay those operating expenses (if any) which exceed the aforesaid amount of monies that may be utilized by the Fund for payment of operating expenses. See "**Use of Proceeds**".

### Lack of Liquidity

No market exists at present through which the Shares may be sold and none is expected to develop. There are restrictions on both the transfer and redemption of Shares. See "**Description of the Securities Distributed**". Consequently, holders of Shares may not be able to sell or redeem their Shares and Shares may not be accepted as collateral for loans. Investors who request a redemption of Shares within eight years of the date of acquisition will, subject to certain exceptions, be subject to a withholding fee equal to the tax credits received on the purchase of such Shares. See "**Income Tax Considerations**", "**Other Material Facts – Penalties Potentially Applicable to the Fund – Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund – Manitoba**".

**In addition to the Eight Year Holding Period, redemptions of the Shares are restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and Retained Earnings of the Fund. As a result, there can be no assurance that an investor will be able to redeem their Shares following the Eight Year Holding Period.** In particular, in any fiscal year the Fund will not be required to redeem any Shares if:

- (1) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement;
- (2) the Fund is insolvent or would be rendered insolvent as a result of the redemption;
- (3) in relation to the Class A Shares and the Class A-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class A Shares and the Class A-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class A Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class A Share Assets;
- (4) in relation to the Class I Shares and the Class I-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class I Shares and the Class I-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class I Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class I Share Assets; and

- (5) in relation to the Class R Shares and the Class R-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class R Shares and the Class R-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class R Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class R Share Assets.

Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Shares that are to be redeemed has died, (ii) the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or (iii) the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

To date, the Fund has fulfilled all redemption requests and expects to do so for the foreseeable future but it has the ability to decline a request for redemption for any of the foregoing reasons. For example, based on the Fund's Net earnings after taxes in 2012, the Fund had the right in 2013 to decline redemption requests in relation to the Class A Shares; however, notwithstanding this right, the Fund continued to fulfill all redemption requests in 2013.

Even though a request for redemption may be declined by the Fund for any of the foregoing reasons, the request will remain in effect until withdrawn by the shareholder or subsequently fulfilled by the Fund.

See "**Redemption of Securities**" and "**Description of the Securities Distributed - Redemption by Holders**".

The Federal Act requires that a minimum percentage of the assets of a RRIF be withdrawn from the RRIF in each year and, accordingly, investments for a RRIF must be acquired with such requirements in mind. Due to the restrictions that exist on the ability to require the Fund to redeem Shares, an annuitant under such a trust that holds Shares may be required to withdraw all or some of the Shares if the trust holds insufficient liquid assets that may be withdrawn to meet the annual withdrawal requirements. See "**Income Tax Considerations – Eligibility for Investment and Transfer of Shares**".

#### **Risks Associated With Early Stage (Typically Private) Companies**

Venture capital investments made in early stage (typically private) companies are more 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 in order to mature and generate the returns expected by the Fund. Furthermore, despite diversification of the Fund's investment portfolio for purposes of distributing risk, the investments of the Fund are likely to mature at different times creating an irregular pattern in the Pricing Net Asset Value per Share. In addition, there can be no assurance that any of the investments will mature and generate the returns expected, or any returns at all, and losses on unsuccessful investments are often realized before gains on successful investments are realized. Investments in private companies are subject to greater liquidity risk than investments in public companies. There can be no assurance that the Fund will be able to liquidate its investments in private companies at favourable prices and/or in a timely manner.

#### **Private Company Valuation Risk**

Most, and potentially all, of the Fund's investments are in small, privately held companies for which no published market exists. The fair value of the Fund's assets for which no published market exists is determined by the Manager as at the time of each Semi-Annual Valuation on the basis of policies and procedures established by the Board for determining the fair value of such assets, in accordance with CVCA valuation guidelines. The Semi-Annual Valuations are updated as and when any material changes occur (if any). This valuation process 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. To the extent that these valuations are too high, new shareholder investment will provide a benefit to existing investors; similarly, to the extent these valuations are too low, existing investors will suffer a dilution in the value of their shares. As part of its engagement as auditor of the Fund, the Fund's auditor reviewed the Pricing Net Asset Value per Share as of August 31, 2016, calculated in accordance with the Fund's internal valuation policies and with the principles set out herein. The auditor employed qualified valuers as members of their audit team. Based on the scope of the review, the auditor provided an opinion to the Audit and Valuation Committees of the Fund as to the reasonableness of the Pricing Net Asset Value per Share as of August 31, 2016. Unless required by the Fund's auditor or applicable law, independent valuations will not be conducted in respect of each investment within the Fund's portfolio. Should an independent valuation of any of the portfolio investments be required, the Fund's auditors will request a qualified independent third party valuator to conduct a valuation. Such circumstances could impact negatively on the expenses of the Fund. See "**Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund**".

## **Legislative Changes**

### ***General***

Changes may be introduced to the Federal, Saskatchewan and Manitoba legislation that provides for tax credits in labour-sponsored venture capital corporations and related matters. Unfavourable changes could impact sales of Shares, the availability of capital for investment by the Fund could be reduced thereby decreasing the Fund's ability to fulfil its investment objectives and the Fund could be required to liquidate its investments at potentially unfavourable prices in order to satisfy redemption requests (subject to the restrictions on redemptions set out herein).

The Saskatchewan government has made changes to the Saskatchewan Act as more particularly described below.

### ***Changes to the Saskatchewan Act***

Beginning on and after January 1, 2014, the Fund has been and is required to invest a prescribed percentage of the SK Equity in businesses engaged in eligible innovation activities. Eligible innovation activities include: (a) 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 which 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. The prescribed amount was 11.25% of annual net capitalization of the SK Equity (annual capital raised from the sale of SK Shares less annual capital redeemed from the redemption of SK Shares, multiplied by the SK pacing requirement as set forth above) for the 2014 -2015 fiscal year, 15% for the 2015-2016 fiscal year and 18.75% for the 2016-2017 fiscal year and subsequent fiscal years. The Fund has made the innovation sector a key pillar of its Class A Share Assets and the Class I Share Assets are focused exclusively on investment in innovation. The Fund is confident that it will require no material changes to its investment strategy to comply with this requirement.

The changes to the Saskatchewan Act will impact the Fund by, among other things, requiring the Fund to invest a prescribed amount of its net annual capital raised in eligible innovation activities. The Fund has made the innovation sector a key pillar of its Class A Share Assets and the Class I Share Assets are focused exclusively on investment in innovation. While the definition of Innovation Companies for the purposes of the Class I Shares and the WD Agreement and the eligible innovation sector investments proposed by the Saskatchewan government are similar, they are not identical. As a result, the Fund will be required to closely monitor compliance with respect to investment in Innovation Companies (for the purposes of the Class I Shares) and innovation activities (for the purposes of the new requirements under the Saskatchewan Act). The Fund is confident that it will require no material changes to comply with the new requirements under the Saskatchewan Act.

### **Industry Concentration Risk Associated With Class I Share Assets**

The Fund will seek to invest the proceeds of the offering raised from the issuance of the Class I Shares and the Class I-F Shares in Innovation Companies, rather than a broad cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares and the Class A-F Shares. Consequently, the Class I Share Assets are subject to greater industry concentration risk than more diversified portfolios and the value of the Class I Share Assets, and the corresponding Pricing Net Asset Value per Class I Share and Pricing Net Asset Value per Class I-F Share, may be more volatile than that of portfolios with a more diversified investment strategy, such as the portfolio associated with the Class A Shares and the Class A-F Shares. The value of the Class I Share Assets may fluctuate as a result of factors affecting the technology sector generally. These risks include the potential failure of any discovery, innovation, or invention. Innovation Companies that have developed new technologies may have difficulty gaining market acceptance and sales of their new products or services. The value of Innovation Companies is often highly dependent on their intellectual property and the protection of such property with patents, trademarks, and similar laws. Possible infringement or changes to existing laws pertaining to intellectual property will generally have an effect on the value of investments in the technology sector. There is also no assurance that suitable investments in Innovation Companies will be found.

Under the WD Agreement, WD will review the eligibility of each proposed investment in an Innovation Company and provide written concurrence that the investment meets the eligibility requirements of the WD Agreement before the Fund may make an investment in an Innovation Company. For greater certainty, WD will not approve investments in Innovation Companies, nor will it conduct due diligence in respect of any such investments, it will simply confirm that such investments meet the eligibility requirements set forth in the WD Agreement prior to an investment being made. There can be no assurance that sufficient suitable investments in Innovation Companies will be found. In addition, the Innovation Companies in which the Fund invests

will generally be in the early stages of business development and will typically have few, if any, conventional assets. In the event that WD fails to confirm that such investments meet the eligibility requirements of the WD Agreement, the Fund's ability to satisfy its investment requirements under the Saskatchewan Act and the Manitoba Act may be impaired.

These risks related to the Class I Shares and Class I-F Shares are partially offset by the loss support provisions contained in the WD Agreement, which provide for coverage of losses on certain qualifying investments. However, contributions by WD under the WD Agreement may be limited by appropriation of government funds. Further, the WD Agreement may be amended from time to time which could potentially result in changes to the amount and percentage of loss coverage and may be terminated in certain circumstances and, in the event of default by the Fund, WD may cease to provide loss contributions and may require repayment of loss contributions that have been paid. See "**Investment Objectives**".

#### **Industry Concentration Risk Associated With Class R Share Assets**

The Fund will seek to invest the proceeds of the offering raised from the issuance of the Class R Shares and the Class R-F Shares in Resource Companies, rather than a potentially broader cross-section of the economy as is the case with the proceeds from the issuance of the Class A Shares and Class A-F Shares. Consequently, the Class R Share Assets are subject to greater concentration risk than more diversified portfolios and the value of the Class R Share Assets, and the corresponding Pricing Net Asset Value per Class R Share and Pricing Net Asset Value per Class R-F Share, may be more volatile than that of portfolios with a more diversified investment strategy, such as the portfolio associated with the Class A Shares and Class A-F Shares. The value of the Class R Share Assets may fluctuate as a result of 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. There is also no assurance that suitable investments in Resource Companies will be found. See "**Investment Objectives**".

#### **Diversification of Investments**

Although the Fund is a mutual fund, many of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. In particular, rules directed at ensuring liquidity and diversification of investments as well as certain other investment restrictions and practices normally applicable to mutual funds do not apply. In addition, diversification of investments which are made by the Fund may also be limited due to the size of the Fund. The Fund may also take positions in small and medium-sized authorized businesses which represent a larger percentage of the equity than a mutual fund would be permitted to take, and this may increase the risk per investment. See "**Investment Restrictions**".

#### **Management Track Record**

Investors will be relying upon the business judgment, expertise and integrity of the members of the Board, officers of the Fund and the Manager. The ability of the Manager to successfully manage the Fund and its investments is dependent upon its ability to attract and retain qualified personnel. The Manager can only be terminated by the Fund in limited circumstances. Holders of Shares are entitled to elect only a minority of the directors of the Fund (currently 4 of 9). See "**Organization and Management Details of the Fund – Management of Fund – Management Agreement**" and "**Description of the Securities Distributed**".

#### **External Factors**

The Pricing Net Asset Value per Share, and therefore the value of the Shares, is based on the value of the investments in the Fund's portfolio. The value of the investments will fluctuate with general economic conditions, including the level of interest rates, corporate earnings, economic activity, the Canadian dollar and other factors. Given the Fund's investment focus, the risk associated with such fluctuations may be increased for investors in the Shares since emerging businesses often are affected more than larger, more mature entities by external events, including downturns in general economic conditions.

#### **IPA Payable**

Pursuant to the Management Agreement, the Fund is responsible for payment to the Manager of the Management Fee and the IPA. Before any IPA is paid to the Manager on an eligible investment: i) the eligible investments attributable to the particular share class must have achieved a "hurdle rate"; ii) the overall return of a particular eligible investment must be in excess of 10% since investment (excluding operational expenses of the Fund); and iii) the Fund must have fully recouped all of the principal invested in the particular eligible investment (all as further and better set forth in "Fees and Expenses"). The IPA is not affected by changes in the Pricing Net Asset Value per Share or the net assets reported in the Fund's financial statements. The "hurdle rate" was not met for the Class R Shares as of August 31, 2016 therefore no IPA will accrue to the Manager in respect of the

Class R Shares as at August 31, 2016. There is a risk that an IPA may be earned in years when the Pricing Net Asset Value per Share has no return or negative returns. No IPA will be paid in respect of a particular eligible investment unless the eligible investment has achieved a cumulative investment return at an average annual rate in excess of 10% since investment (excluding operational expenses of the Fund). See "**Fees and Expenses – Fees and Expenses Payable by the Fund – Management Fees and Expenses**".

#### **External Management Fees**

The Fund may invest in eligible businesses that are structured as a limited partnership. In certain cases, management of the limited partnership may be entitled to receive management fees and/or a "carried interest" paid by the limited partnership. In such a case, management fees would be paid at both the Fund level and the investee company level. The fair value of these investments reflects the Fund's share of these management fees and/or "carried interest" paid to the management of the limited partnerships.

#### **Use of Proceeds to Fund Redemptions**

While funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the proceeds of the offering of Shares hereunder may be used to fund such redemptions. See "**Redemption of Securities**" and "**Description of the Securities Distributed - Redemption by Holders**".

#### **Non-Compliance with Investment Requirements**

The Fund may have its Saskatchewan Registration revoked and be subject to certain penalties if it does not comply with the investment and other requirements of the Saskatchewan Act. The Fund may have its Manitoba Registration revoked and be subject to certain penalties if it does not comply with the investment and other requirements of the Manitoba Act. See "**Other Material Facts – Penalties Potentially Applicable to the Fund - Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund - Manitoba**". The investment performance of the Fund may be adversely affected if the Fund becomes subject to such penalties or if its Saskatchewan Registration or its Manitoba Registration is revoked. If the Saskatchewan Registration and Manitoba Registration are revoked, the Fund will cease to qualify as a labor-sponsored venture capital corporation under the Federal Act and tax credits will not be available in respect of purchases of Shares after such registrations are revoked.

#### **Inability to Use Tax Credits**

An individual should calculate his or her Federal tax payable and provincial tax payable carefully to ensure that the amount of Federal tax credit and Provincial Tax Credit available, as a result of a purchase of Shares, may be fully utilized. Unused tax credits are not refundable and may not be carried forward or back to reduce taxes otherwise payable for other years. An individual will not be able to take full advantage of the Provincial Tax Credit or Federal tax credit if the amount of tax payable under the Saskatchewan Tax Act, the Manitoba Tax Act or the Federal Act is less than the Provincial Tax Credit or the Federal tax credit, as applicable. For example, if an individual no longer resides in Saskatchewan as at the last day of a taxation year, for income tax purposes the individual may have no tax payable under the Saskatchewan Tax Act, notwithstanding the fact that the individual may have earned income in the year in Saskatchewan.

#### **Transfers to RRSP**

CRA may redetermine the fair market value of a Share as of the date of the contribution of such share to an RRSP. Such a redetermination would affect the proceeds of disposition received by the contributor and may affect the amount of the deduction available as a result of the contribution. A contribution of previously purchased Shares to an RRSP will prevent the deductibility of any interest in respect of funds borrowed to initially purchase the Shares. See "**Income Tax Considerations – Eligibility for Investment and Transfer of Shares**".

#### **Pricing Net Asset Value per Share**

As permitted under securities laws, the Fund's net asset value for the purchase and sale of shares may be different from the net assets presented in the Fund's financial statements. Securities laws require the Fund to calculate its net asset value by determining the fair value of its assets and liabilities. In doing so, the Fund calculates the fair value of its assets and liabilities using the valuation policies set out in the section entitled "**Calculation of Net Asset Value**". This differs from the accounting principles used in the preparation of the Fund's financial statements. The financial statements of the Fund contain a reconciliation of the net



assets reported in the financial statements to the net asset value used by the Fund for the purpose of transacting sales and redemptions of shares. As at August 31, 2016, there was no material difference between the net assets reported in the Fund's financial statements and the net asset value used by the Fund for the purchase and sale of Shares of the Fund. See "**Calculation of Net Asset Value**".

## **Dividend Policy**

The Fund may declare such dividends on the Shares from time to time out of monies legally available for dividends as may be appropriate. Dividends on Class A Shares and Class A-F Shares may only be paid out of monies derived from the Class A Share Assets. Dividends on Class I Shares and Class I-F Shares will only be paid out of monies derived from the Class I Share Assets. Dividends on Class R Shares and Class R-F Shares will only be paid out of monies derived from the Class R Share Assets. There has been no dividend distribution by the Fund since its inception and the Fund does not anticipate declaring dividends in the foreseeable future.

The Fund intends to capitalize annually certain amounts of its interest and other investment income (other than dividends in respect of taxable Canadian corporations) and capital gains to the extent necessary to obtain a refund of the tax otherwise payable on its taxable capital gains and to reduce the tax otherwise payable by it on its interest and other investment income (other than dividends in respect of taxable Canadian corporations). Such capitalization will be effected, provided the approval of the shareholders of Fund is obtained, by increasing the stated capital of the Shares. If and to the extent that the Fund increases the stated capital of the Shares, a holder of Shares will be deemed to have received a dividend equal to the amount of the stated capital increase in respect of his or her Shares. See "**Income Tax Considerations**".

## **Purchase of Securities (Plan of Distribution)**

### **Plan of Distribution**

The SK Shares are offered for sale in the province of Saskatchewan and the MB Shares are offered for sale in the province of Manitoba, in each case only through registered dealers or other persons licensed to sell Shares of the Fund. You may place an order to purchase a specific dollar amount of offered Shares at any time, or provide instructions for regular Share purchases through a Payroll Investment Plan or Pre-Authorized Debit Plan (described in further detail below). Subscriptions are received subject to rejection in whole or in part and such decision will be made within two days of receipt of the subscription. In the event the subscription is rejected in whole or in part the applicable subscription monies (or portion thereof) will be refunded immediately.

### **Issue Price**

You will receive the number of Shares equal to the dollar amount of your purchase divided by the Pricing Net Asset Value per Share then in effect. See "**Calculation of Net Asset Value**". Any method of purchase described herein has no effect on fees to the purchaser or expenses incurred by the Fund, nor does it affect the amount of compensation paid to the dealer.

### **Agency Agreement and Services Agreement**

The Fund has entered into the Agency Agreement, pursuant to which the Agent has agreed to act as an agent and the principal distributor of the Fund in respect of sales of Shares. As remuneration for distribution services being provided by the Agent to the Fund, the Fund has agreed to pay to the Agent the Marketing Services Fee. The Marketing Services Fee is payable monthly. The distribution services being provided by the Agent to the Fund include, but are not limited to, acting as principal distributor and agent for the sale of Shares to eligible investors. The Fund also reimburses the Agent for reasonable costs incurred by it related to it acting as agent in connection with the offering of Shares, including reasonable legal fees and costs.

The Agent and other registered dealers who distribute Class A Shares, Class I Shares and Class R Shares are entitled to receive the Commission and the Service Fee equal to 0.50% of the aggregate Pricing Net Asset Value of Shares held by their clients. There is no Commission or Service Fee payable to the Agent or other registered dealers who distribute the F Series. As such, the F Series is suitable for investors who have entered into a fee-based compensation agreement with their dealer in which a fixed fee, paid by the client, compensates the dealer for their services.

The obligation to pay the Commission to the Agent and other registered dealers who distribute Class A Shares, Class I Shares and Class R Shares was assumed by Conexus pursuant to the Services Agreement. Conexus assumed such liability as consideration for the payment by the Fund to Conexus of the aggregate of: (i) the Liability Amount; (ii) the Premium; and (iii) the Prometa

Expenses. The Percentage Based Payments are paid in yearly installments, with one installment being paid each year for eight consecutive years immediately following the applicable calendar year. Each Percentage Based Payment is equal to 0.95% of the gross proceeds raised in the applicable year net of the aggregate of any related redemptions as at the end of the calendar year immediately preceding each payment date. The Percentage Based Payments and the Prometa Expenses are payable on January 15 of each year. Accordingly, the first payment relative to the 2017 calendar year will be payable on January 15, 2018.

### **Payroll Investment Plan**

You may purchase Shares through an arrangement made with your employer to deduct the purchase amount from your paycheque. Your employer will remit the purchase amount directly to the Fund in your name. Purchases remitted directly to the Fund by an employer are eligible to receive tax credit and RRSP benefits immediately by reducing the deductions held at source from your paycheque. The minimum purchase required per occurrence through the Payroll Investment Plan is \$25. You may cancel your Payroll Investment Plan at any time by providing written instruction to your employer.

### **Pre-Authorized Debit Plan**

The Fund has established a pre-authorized debit plan to assist investors in making an investment in Shares. The minimum purchase amount required per occurrence through a pre-authorized debit plan is \$25. There are no administrative fees payable for participation in the pre-authorized debit plan. Participants in the plan are not required to commit to any specific number of purchases and may, at their option, make purchases monthly, bi-weekly or weekly.

By signing a subscription form, investors:

- (1) waive any pre-notification requirements as specified by sections 15(a) and (b) of the Canadian Payments Association Rule H1 with regards to pre-authorized debits;
- (2) confirm that all persons whose signatures are required to authorize transactions in the bank account specified in the agreement have signed the agreement;
- (3) authorize the Fund to accept changes to the pre-authorized contribution plan agreement from any registered dealer or any financial advisor in accordance with the policies of the Fund;
- (4) agree that information on the agreement will be shared with the financial institution, insofar as the disclosure of such information is directly related to and necessary for the proper application of the rules applicable to pre-authorized debits; and
- (5) acknowledge and agree that they are fully liable for any charges incurred if the debits cannot be made due to insufficient funds or any other reason for which they may be held accountable.

Investors have certain recourse rights if a debit does not comply with the agreement. For example, investors have the right to receive reimbursement for any debit that is not authorized or is not consistent with the pre-authorized debit agreement. To obtain more information on recourse rights, investors may contact their financial advisor or visit [www.cdpay.ca](http://www.cdpay.ca)

Investors may change their instructions or cancel the pre-authorized contribution plan at any time, provided that written notice is provided to the Fund at least 10 business days in advance of any pending debit.

### **RRSP Purchases**

The Fund has entered into the RRSP Trust Agreement, pursuant to which individual investors may establish a RRSP with Concentra Trust and have the RRSP purchase Shares. Certain administrative services relating to the RRSPs established for investors will be provided by the Transfer Agent, pursuant to the Transfer Agency Agreement. Investors may take advantage of these arrangements by completing the applicable portion of their subscription form relating to this offering. The Fund pays an annual RRSP administration fee to Concentra Trust in respect of each RRSP established with and maintained by Concentra Trust. The Fund has negotiated an annual RRSP administration fee of approximately \$6.00 per RRSP account. This annual administration fee is subject to change on 60 days' notice without prior approval of the investors. Investors may also have their own or their spouse's or common-law partner's self-directed RRSP purchase Shares. See "**Income Tax Considerations**".

## **Suspension and Resumption of the Offering**

Although the Fund expects to continuously offer Shares at prices equal to the Pricing Net Asset Value per Share, the Fund may, from time to time, in its sole discretion, suspend and recommence this offering at any time the Fund deems appropriate. In particular, the Fund may suspend this offering at any time when the Fund has more funds than it can invest in eligible investments within a reasonable period of time, and will recommence the offering at such time as sufficient investment opportunities are available.

## **Redemption of Securities**

### **Redemption of Securities**

Subject to the Eight Year Holding Period and the other restrictions set out herein and the withholding of any tax credits or other amount required to be withheld, Shares will be redeemed at the Pricing Net Asset Value per Share as determined by the Manager as at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next Weekly Valuation Update following the day on which the Fund receives a request for redemption would be after the Cut-off Date, then as at the Cut-off Date, plus any declared but unpaid dividends on the Shares being redeemed.

**In addition to the Eight Year Holding Period, redemptions of the Shares are restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and Retained Earnings of the Fund. As a result, there can be no assurance that an investor will be able to redeem their Shares following the Eight Year Holding Period.** In particular, in any fiscal year the Fund will not be required to redeem any Shares if:

- (1) the redemption would cause the Fund to be in default of its financial obligations under an arm's length loan agreement;
- (2) the Fund is insolvent or would be rendered insolvent as a result of the redemption;
- (3) in relation to the Class A Shares and the Class A-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class A Shares and the Class A-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class A Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class A Share Assets;
- (4) in relation to the Class I Shares and the Class I-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class I Shares and the Class I-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class I Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class I Share Assets; and
- (5) in relation to the Class R Shares and the Class R-F Shares: (i) the redemption would create a Working Capital deficiency for the Fund with respect to such shares, or (ii) the total redemptions of Class R Shares and the Class R-F Shares, combined, in the fiscal year would exceed either 20% of the Fund's Retained Earnings attributable to the Class R Share Assets or 50% of the Fund's Net earnings after taxes, for the previous fiscal year, attributable to the Class R Share Assets.

Subject to corporate law requirements, these restrictions will not apply if (i) the holder of the Shares that are to be redeemed has died, (ii) the holder of the Shares that are to be redeemed is a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died or (iii) where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

Subject to the above restrictions, Shares may be redeemed by the Fund upon request from the holder prior to the expiry of the Eight Year Holding Period, but only if an amount equal to the Federal tax credit, the Saskatchewan tax credit, if any, and the Manitoba tax credit, if any, on such shares is withheld from the redemption proceeds and paid to the Receiver General, the Saskatchewan Minister and the Manitoba Minister, respectively. There shall be no withholding of the tax credit amounts in circumstances where the Shares to be redeemed were issued more than eight years earlier, belong to a shareholder who has died, belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or, in the case of MB Shares, where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

To date, the Fund has fulfilled all redemption requests and expects to do so for the foreseeable future but it has the ability to decline a request for redemption for any of the foregoing reasons. For example, based on the Fund's Net earnings after taxes in

2012, the Fund had the right in 2013 to decline redemption requests in relation to the Class A Shares; however, notwithstanding this right, the Fund continued to fulfill all redemption requests in 2013.

Subject to the foregoing limitations, any such Shares that the Fund has not redeemed in a particular fiscal year will be redeemed in the following fiscal year before the Fund redeems any other Shares of that class. For such purposes, the requests to redeem such Shares will be deemed to have been received by the Fund on the first day of the following fiscal year in the order that they were originally received by the Fund.

Class A Shares and Class A-F Shares shall only be redeemed using monies derived from the Class A Share Assets. Class I Shares and Class I-F Shares shall only be redeemed using monies derived from the Class I Share Assets. Class R Shares and Class R-F Shares shall only be redeemed using monies derived from the Class R Share Assets.

To redeem Shares, a holder, or the holder's legal representative, must submit a written request to either the head office of the Fund, located at Suite 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan S7K 5T6, or to the Fund's Transfer Agent at its office located at 220 – 155 Carlton Street, Winnipeg, MB R3C 3H8. The request for redemption must be signed by the shareholder and set forth the number and class of Shares that the holder wishes to have redeemed.

See "**Description of the Securities Distributed - Redemption by Holders**" and "**Calculation of Net Asset Value – Pricing Net Asset Value per Share**".

## **INCOME TAX CONSIDERATIONS**

### **Introduction**

In the opinion of MacPherson Leslie & Tyerman LLP (with respect only to Canadian Federal and Saskatchewan income tax considerations), counsel to the Fund, and Aikins, MacAulay & Thorvaldson LLP (with respect only to Canadian Federal and Manitoba income tax considerations), counsel to the Agent, the following is a summary of the principal Canadian Federal income tax considerations, Saskatchewan income tax considerations and Manitoba income tax considerations generally applicable to prospective purchasers of Shares pursuant to this prospectus who, at all relevant times and for the purposes of the Tax Legislation, are individuals (other than trusts) resident in Saskatchewan or Manitoba, as applicable, hold their Shares as capital property, and deal at arm's length and are not affiliated with the Fund. Generally, the Shares will be capital property to the holder thereof unless the holder is a trader or dealer in securities or has acquired the Shares as part of an adventure in the nature of trade.

For purposes of this section "**Income Tax Considerations**", it is assumed that the Fund is a "**registered labour-sponsored venture capital corporation**" as defined under the Saskatchewan Act and that the Fund is a "**registered labour-sponsored venture capital corporation**" as defined under the Manitoba Act at all times. It is also assumed that the Fund will not qualify as an "**investment corporation**" under the Federal Act. The Fund is a "**private corporation**" and, as a registered labour-sponsored venture capital corporation under the Saskatchewan Act and the Manitoba Act, is a "**mutual fund corporation**" for purposes of the Federal Act.

This summary is based on the Tax Legislation, counsel's understanding of the current administrative and assessing practices of the CRA, the Saskatchewan Minister, the Manitoba Minister, the Saskatchewan Ministry of Finance, the Manitoba Ministry of Finance and specific proposals for amendments to the Tax Legislation publicly announced prior to the date hereof, but does not take into account or anticipate any other changes in law or to any administrative or assessing practices, whether by judicial, governmental or legislative action.

**This summary is of a general nature only and is not exhaustive of all possible Federal, Saskatchewan or Manitoba income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Therefore, prospective purchasers should consult their own tax advisers with respect to their particular individual circumstances. This summary does not take into account foreign income tax, and except for the Provinces of Saskatchewan and Manitoba, provincial or territorial income tax legislation or considerations.**

### **Tax Credits Available to First Purchaser of SK Shares**

An individual Saskatchewan resident (other than a trust) who is the first person to be the registered holder of SK Shares will be eligible for: (i) a Federal labour-sponsored funds non-refundable tax credit (the "**Federal Tax Credit**") in an amount equal to 15% of the individual's net cost of the SK Shares to a maximum of \$750 per taxation year; and (ii) a 20% Saskatchewan labour-sponsored funds non-refundable tax credit (the "**SK Tax Credit**") to a maximum \$1,000 per taxation year. The maximum Federal Tax Credit and SK Tax Credit is reached in each case at an investment of \$5,000. Generally, an individual's net cost of SK Shares is the price paid in respect of the subscription for, or the acquisition of, the SK Shares. The amount of the Federal Tax Credit and SK Tax Credit does not reduce the net cost of the SK Shares to the holder for this purpose. The amount of any assistance provided by a government, municipality or public authority in respect of the acquisition of a SK Share, other than a tax

credit or a deduction in respect of a contribution to a RRSP, will reduce the individual's net cost of the SK Share. The individual will be eligible for an annual aggregate maximum Federal Tax Credit of \$750 (based on a \$5,000 investment) and SK Tax Credit of \$1,000 (based on a \$5,000 investment) in respect of his or her aggregate purchases of SK Shares and any other shares of registered labour-sponsored venture capital corporations or labour-sponsored investment fund corporations under the Federal Act and the Saskatchewan Act each taxation year.

An individual (other than a trust) who is the annuitant under a RRSP or the spouse or the common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal Tax Credit in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the SK Shares. An individual Saskatchewan resident (other than a trust) who is an annuitant under a RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the SK Tax Credit in respect of the purchase of SK Shares by the RRSP provided the RRSP is the first purchaser of the SK Shares. Unlike the Federal Act, the Saskatchewan Act does not specifically allow an individual to claim the SK Tax Credit in respect of the purchase of SK Shares by a RRSP of which the annuitant is the spouse or common law partner of the individual. However, the Fund has received written confirmation from the Saskatchewan Minister that it has taken an administrative position of allowing an individual to claim the SK Tax Credit where the purchaser of the SK Shares is a RRSP of which the annuitant is the individual's spouse or common law partner.

To be eligible for the Federal Tax Credit, the individual must file with his or her tax return the information return issued to him or her in respect of the acquisition of SK Shares. The Federal Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which the SK Shares are irrevocably subscribed and paid for or acquired, unless the SK Shares are irrevocably subscribed and paid for or acquired in the first 60 days of a calendar year, in which case the Federal Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of Federal Tax Credit for that preceding taxation year. The Federal Tax Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

To be eligible for the SK Tax Credit, the individual must file with his or her tax return the tax credit certificate issued to him or her by the Saskatchewan Minister in respect of the acquisition of SK Shares. The SK Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which SK Shares are acquired, unless the SK Shares are acquired in the first 60 days of the calendar year, in which case the SK Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of SK Tax Credit for that preceding taxation year. The SK Tax Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund. If, in the opinion of the Saskatchewan Minister, the number of corporations registered pursuant to the Saskatchewan Act is sufficient to take up the maximum annual tax credits available, the Saskatchewan Minister may suspend the further registration of corporations, suspend the allowance of tax credits or allocate the tax credits amongst the registered corporations.

#### **Tax Credits Available to First Purchaser of MB Shares**

An individual Manitoba resident (other than a trust) who is the first person to be the registered holder of MB Shares will be eligible for: (i) the Federal Tax Credit in an amount equal to 15% of the individual's net cost of the MB Shares to a maximum of \$750 per taxation year; and (ii) a 15% Manitoba labour-sponsored funds non-refundable tax credit (the "**MB Tax Credit**") to a maximum \$1,800 per taxation year. The maximum Federal Tax Credit and MB Tax Credit is reached at an investment of \$5,000 and \$12,000, respectively. Generally, an individual's net cost of MB Shares is the price paid in respect of the subscription for, or the acquisition of, the MB Shares. The amount of the Federal Tax Credit and MB Tax Credit does not reduce the net cost of the MB Shares to the holder for this purpose. The amount of any assistance provided by a government, municipality or public authority in respect of the acquisition of a MB Share, other than a tax credit or a deduction in respect of a contribution to a RRSP, will reduce the individual's net cost of the MB Share. The individual will be eligible for an annual aggregate maximum Federal Tax Credit of \$750 (based on a \$5,000 investment) and MB Tax Credit of \$1,800 (based on a \$12,000 investment) in respect of his or her aggregate purchases of MB Shares and any other shares of registered labour-sponsored venture capital corporations or labour-sponsored investment fund corporations under the Federal Act and the Manitoba Act for each taxation year.

An individual (other than a trust) who is the annuitant under a RRSP or the spouse or the common-law partner of the annuitant under a spousal or common-law partner RRSP will be entitled to the Federal Tax Credit in respect of the purchase of MB Shares by the RRSP provided the RRSP is the first purchaser of the MB Shares. An individual Manitoba resident (other than a trust) who is an annuitant under a RRSP or the spouse or the common law partner of the annuitant under a spousal or common law partner RRSP will be entitled to the MB Tax Credit in respect of the purchase of MB Shares by the RRSP provided the RRSP is

the first purchaser of the MB Shares. An individual resident in Manitoba who is the holder of a TFSA will be entitled to both the Federal Tax Credit and the MB Tax Credit in the respect of the purchase of MB Shares by the TFSA provided the TFSA is the first purchaser of the MB Shares.

To be eligible for the Federal Tax Credit, the individual must file with his or her tax return the information return issued to him or her in respect of the acquisition of MB Shares. The Federal Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which the MB Shares are irrevocably subscribed and paid for or acquired, unless the MB Shares are irrevocably subscribed and paid for or acquired in the first 60 days of a calendar year, in which case the Federal Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of Federal Tax Credit for that preceding taxation year. The Federal Tax Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

To be eligible for the MB Tax Credit, the individual must file with his or her tax return the Tax Credit receipt issued to him or her by the Fund in respect of the acquisition of MB Shares. The MB Tax Credit may be deducted from the individual's tax payable only in respect of the taxation year in which MB Shares are acquired, unless the MB Shares are acquired in the first 60 days of the calendar year, in which case the MB Tax Credit may, at the individual's option, be deducted from the tax payable in respect of the preceding taxation year to the maximum allowable amount of MB Tax Credit for that preceding taxation year. The MB Tax Credit is not refundable to the extent that it exceeds the individual's tax otherwise payable and is not transferable by the individual.

Maximum annual tax credits apply in respect of all purchases of shares of prescribed and registered labour-sponsored venture capital corporations, for each taxation year, including the Fund.

#### **Eligibility for Investment and Transfer of Shares**

Pursuant to the Tax Legislation, so long as the Fund is registered as a labour-sponsored venture capital corporation under the Saskatchewan Act or the Manitoba Act, Shares will generally be qualified investments for trusts governed by RRSPs, RRIFs and TFSAs at any time if, immediately after the Shares were acquired by the registered plan, (i) the Shares are not a "prohibited investment" as discussed further below and (ii) at the time the Shares are acquired by the RRSP, RRIF or TFSA (A) the holder of the RRSP, RRIF or TFSA, as the case may be, (being the individual that contributed to the RRSP, RRIF or TFSA) does not hold a "significant interest", as defined in the Federal Act, in the Fund and (B) the Fund deals at arm's length, within the meaning of the Federal Act, with such holder and any corporation, partnership or trust in which the holder has a significant interest. A holder will generally hold a significant interest in a corporation (including the Fund) if the holder owns, directly or indirectly, 10% or more of the issued shares of any class or series of the Fund or of any corporation related to the Fund. For these purposes, a taxpayer is deemed to own shares owned by any other persons with whom he or she does not deal at arm's length for the purposes of the Federal Act, his or her proportionate share of shares owned by a partnership of which he or she is a partner, and all or part of the shares owned by a trust of which he or she is a beneficiary, depending on the terms of the trust. A holder of a RRSP, RRIF or TFSA will generally hold a significant interest in a partnership or trust if the holder, either alone or together with one or more persons with whom the holder does not deal at arm's length, holds interests representing 10% or more of the fair market value of all interests in the partnership or trust. Provided that the holder of a TFSA, or the annuitant under an RRSP or RRIF, does not hold a "significant interest" (within the meaning of the Federal Act) in the Fund or any person or partnership that does not deal at arm's length with the Fund for purposes of the Federal Act, and provided that such holder or annuitant deals at arm's length with the Fund for purposes of the Federal Act, the Shares will not be a prohibited investment for a trust governed by such TFSA, RRSP or RRIF. Holders should consult their own tax advisors as to whether Shares of the Fund are prohibited investments in their particular circumstances and whether penalty taxes apply as set out in the Federal Act. Although, as described above, Shares will generally be qualified investments for RRIFs, a RRIF is not permitted to subscribe directly for Shares and may generally only acquire such shares from certain RRSPs or other RRIFs.

An individual who acquires Shares may transfer the Shares to a RRSP under which the individual or his or her spouse or common-law partner is the annuitant. On the transfer of Shares to a RRSP the holder of the Shares will be deemed to have disposed of the Shares and to have received proceeds of disposition equal to the fair market value of the Shares on the date of transfer. If the fair market value of the Shares is greater than the individual's adjusted cost base of the Shares, the excess will be the holder's capital gain. If the fair market value of the Shares is less than the individual's adjusted cost base of the Shares, any resulting capital loss will generally be denied. See "**Income Tax Considerations – Federal Taxation of Shareholders**". The individual may be eligible to treat an amount equal to the fair market value of the Shares at the time of the transfer as a deductible contribution to the RRSP, subject to the contribution limits in the Federal Act. The determination of the fair market value of Shares is a factual matter. In assessing the income tax return of an individual who has made such a transfer, the CRA has the right to review the fair market value of a Share.

Contributions to RRSPs are deductible in accordance with the provisions of the Federal Act which place limits on the annual amount of deductible RRSP contributions. This deduction is in addition to the Federal Credit. Generally, for any year, an individual may deduct a RRSP contribution that does not exceed the amount by which the lesser of the RRSP dollar limit for the year and 18% of his or her earned income (as defined in the Federal Act) for the immediately preceding year exceeds the value of his or her pension or deferred profit sharing plan benefits determined in accordance with the Federal Act. For 2016 the RRSP dollar limit is \$25,370. Unused RRSP deduction room for 1991 and subsequent years can be carried forward to increase the amount of an individual's deductible contribution to a RRSP, subject to the detailed provisions of the Federal Act in that regard. The Federal Act permits an indefinite carry forward of unused RRSP deductions.

In addition, an individual who acquires the Shares, or a RRSP under which the individual or his or her spouse or common-law partner is the annuitant which acquires Shares, may transfer the Shares to a RRIF under which the individual or his or her spouse or common-law partner is the annuitant. There is no tax deduction available for transfers of property from an individual to a RRIF. An individual who makes such a transfer of Shares will be deemed to have disposed of the Shares and to have received proceeds of disposition equal to the fair market value of the Shares on the date of transfer. If the fair market value of the Shares is greater than the individual's adjusted cost base of the Shares, the excess will be the holder's capital gain. If the fair market value of the Shares is less than the individual's adjusted cost base of the Shares, any resulting capital loss will generally be denied. See "**Income Tax Considerations – Federal Taxation of Shareholders**". The determination of the fair market value of the Shares is a factual matter. In assessing the income tax return of an individual who has made such a transfer, the CRA has the right to review the fair market value of the Shares. Where such a transfer is made by an eligible RRSP, generally no tax consequences will ensue as rules in the Federal Act permit tax sheltered contributions of property to a RRIF from RRSPs.

Persons who hold Shares in a RRIF must take into account the rules in the Federal Act compelling a holder of a RRIF to include in their income a prescribed amount of the value of the RRIF annually. Given the illiquid nature of the Shares, holders of RRIFs could be compelled to include the value of the Shares in their income.

While the Shares can, provided certain conditions are met, be qualified investments for a TFSA under the Federal Act, under the Saskatchewan Act the Fund cannot issue Shares to TFSAs and under the Saskatchewan Act and the Manitoba Act Shares cannot be transferred by an individual to a TFSA. Unless and until amendments are made to the Saskatchewan Act, Shares may not be issued to or transferred to TFSAs of Saskatchewan residents. Shares may be issued to TFSAs of Manitoba residents but may not be transferred to TFSAs of Manitoba residents, unless and until amendments are made to the Manitoba Act.

## **Federal Taxation of Shareholders**

### *Dividends*

Dividends (other than capital gains dividends) paid on Shares and received, or deemed to be received, by an individual will be included in computing the individual's income subject to the gross-up and dividend tax credit rules in the Federal Act applicable to dividends from taxable Canadian corporations. The amount of a capital gains dividend received, or deemed to be received, by an individual that holds Shares will be deemed to be a capital gain of the holder from a disposition of capital property for the year in which the dividend is received. One-half of the amount of a capital gains dividend will be included in the holder's income as a taxable capital gain for purposes of the Federal Act and the Saskatchewan Tax Act or the Manitoba Tax Act, as applicable.

If, and to the extent that, the Fund increases the stated capital of the Shares, as discussed below under the headings "**Income Tax Consideration – Federal Taxation of the Fund – Dividend Refunds and Capitalization of Income**" and "**Dividend Policy**", an individual who holds Shares will be deemed to have received a dividend equal to the amount of the stated capital increase in respect of his or her Shares. The deemed dividend will be subject to the treatment generally applicable to dividends or capital gains dividends, as the case may be, paid on the Shares. See "**Dividend Policy**".

**A holder of a Share will not receive any cash distribution in respect of a deemed dividend or a deemed capital gains dividend. Accordingly, an individual holder may be liable to pay tax in respect of a deemed dividend or a deemed capital gains dividend even though the holder will not have received a cash distribution from the Fund with which to pay the tax.**

A holder of a Share which is a RRSP or RRIF (or TFSA, as applicable) is exempt from tax on the amount of any dividend, deemed dividend or capital gains dividend.

### *Disposition of Shares*

In general, a disposition or a deemed disposition of a Share (otherwise than on the automatic conversion of a Share for Class A Shares) which is capital property will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such a share, net of any costs of disposition, exceed (or are less than) the adjusted cost base of such a share to the

holder thereof. In calculating a holder's gain or loss, the cost to the holder of a particular Share will be determined by averaging the cost of that Share with the adjusted cost base of all Shares held as capital property at that time by the holder. A holder's adjusted cost base of a Share will be increased by the amount of any deemed dividend or deemed capital gains dividend arising as a result of the capitalization of income described under the heading "**Dividend Policy**". The Federal Tax Credit and the Provincial Tax Credit will not reduce the adjusted cost base of the Shares.

In general, a holder of a Share that is automatically converted for Class A Shares will recognize neither a capital gain nor a capital loss as a result of the conversion. Such a holder will be deemed not to have disposed of the Share and to have acquired the Class A Shares received on the conversion at a cost equal to the adjusted cost base of the Share. The cost of the Class A Shares so acquired will generally be averaged with the adjusted cost base to the holder of any other Class A Shares held by the holder at that time as capital property.

A capital loss that would otherwise arise on the disposition (including a redemption) of a Share will be reduced by the amount of the Federal Tax Credit and the Provincial Tax Credit received in respect of the Share by the holder of the Share (or by a person with whom the holder does not deal at arm's length) to the extent that the amount of such tax credits has not previously reduced a capital loss in respect of the Share.

Any capital loss realized by a holder of a Share on the sale or transfer of a Share to a RRSP or RRIF under which the holder or his or her spouse or common-law partner is the annuitant will be deemed to be nil.

One-half of any capital gain or capital loss will be the holder's taxable capital gain or allowable capital loss, as the case may be. Taxable capital gains must be included in computing the holder's income. Allowable capital losses in excess of taxable capital gains may generally be carried back three years and carried forward indefinitely for deduction against capital gains realized in those years, in accordance with and subject to rules contained in the Federal Act.

#### *Redemption of Shares*

On the redemption of a Share, the redemption proceeds will be treated as proceeds of disposition of the Share and the holder thereof will be deemed to have realized a capital gain (or capital loss) equal to the amount by which the redemption proceeds, net of any costs of disposition, exceed (or are less than) the adjusted cost base of the Share to the holder thereof. See "**Income Tax Considerations – Federal Taxation of Shareholders – Disposition of Shares**". On a redemption of a Share, the proceeds of disposition will include any amount withheld from the redemption proceeds and paid to the Receiver General of Canada, the Saskatchewan Minister or the Manitoba Minister as a return of the Federal Tax Credit or the Provincial Tax Credit, as the case may be.

On the redemption of a Share prior to the expiry of the Eight Year Holding Period, the Fund shall be required to withhold from the redemption proceeds and pay to the Receiver General of Canada, the Saskatchewan Minister or the Manitoba Minister a penalty in an amount equal to the Federal Tax Credit and the Provincial Tax Credit, as the case may be, on such shares unless the Shares that are to be redeemed belong to a shareholder who has died, belong to a RRSP or RRIF where the sole beneficiary of the plan or fund (as the case may be) has died, or, in the case of MB Shares only, where the Specified Individual has become disabled and permanently unfit for work, or terminally ill, after the Shares were issued.

#### *Minimum Tax*

The Federal Act provides for an alternative minimum tax applicable to individuals and trusts. Individuals and certain trusts are required to compute their "**adjusted taxable income**" which includes certain amounts which, for general income tax purposes, would be deductible or exempt. Taxable dividends (without application of dividend gross-up) and 80% of capital gains are included in "**adjusted taxable income**." Individuals and certain trusts are entitled to claim an annual basic exemption of \$40,000. A minimum tax is applied to the amount by which "**adjusted taxable income**" exceeds the basic exemption. If the minimum tax so calculated exceeds the tax otherwise payable, the minimum tax is payable; however, it may be carried forward to offset tax payable in a future year in accordance with and subject to rules contained in the Federal Act. The Saskatchewan Tax Act and the Manitoba Tax Act impose similar minimum taxes. The Federal Tax Credit and Provincial Tax Credit may not be applied to reduce a holder's liability for alternative minimum tax.

#### *Deduction of Interest on Borrowed Money*

If an individual borrows money to buy Shares, the interest on the loan will ordinarily be deductible for income tax purposes so long as the Shares are owned by the individual for the purpose of earning income. If an individual contributes Shares purchased with borrowed funds to a trust governed by a RRSP, the interest expense relating to the period following the contribution will not be deductible. If an individual sells Shares purchased with borrowed funds to a trust governed by a RRSP or RRIF the ability to



deduct the interest expense after the sale will depend on whether the proceeds of the disposition are used for the purpose of earning income.

### **Provincial Taxation of Shareholders**

Individuals resident in Saskatchewan will pay Saskatchewan income tax based on their taxable income generally as determined for purposes of the Federal Act. Accordingly, except as otherwise described herein, the Saskatchewan tax treatment of a holder of a SK Share will generally be analogous to the individual's tax treatment under the Federal Act discussed herein.

Individuals resident in Manitoba will pay Manitoba income tax based on their taxable income generally as determined for purposes of the Federal Act. Accordingly, except as otherwise described herein, the Manitoba tax treatment of a holder of a MB Share will generally be analogous to the individual's tax treatment under the Federal Act discussed herein.

### **Federal Taxation of the Fund**

The Fund is a "**private corporation**" and, as a registered labour-sponsored venture capital corporation under the Saskatchewan Act and the Manitoba Act, is a "**mutual fund corporation**" for the purposes of the Federal Act. As a corporation resident in Canada, the Fund is required to calculate its income or loss for each taxation year, file income tax returns and pay tax at normal corporate rates.

#### *Dividends*

Any dividends received by the Fund from taxable Canadian corporations will generally not be subject to tax.

#### *Business Income*

Business income will be included in calculating the Fund's income subject to tax for a taxation year, including the Fund's proportionate share of any partnership income allocated to the Fund from a partnership which has a fiscal period ending the Fund's particular taxation year.

#### *Capital Gains and Losses*

The Fund has elected, in accordance with the Federal Act, to have each of its "**Canadian securities**" (as defined in the Federal Act) treated as capital property. Such an election ensures that gains or losses realized by the Fund on the sale of Canadian securities are taxed as capital gains or capital losses.

When the Fund sells, or otherwise disposes of a capital property, the proceeds of disposition will be characterized as a capital gain to the extent that such proceeds exceed the Fund's adjusted cost base of the property and the Fund's reasonable costs of disposition. If the proceeds of disposition are less than the adjusted cost base of the property, a capital loss will result. In certain circumstances, such a capital loss which arises in respect of a share disposed of by the Fund may be reduced by the amount of any dividends, including deemed dividends, which have been received by the Fund on such a share.

One-half of any realized capital gain or capital loss will be the Fund's taxable capital gain or allowable capital loss, as the case may be. The Fund's taxable capital gains for a year, net of any allowable capital losses, will be included in computing the Fund's income for tax purposes. Allowable capital losses of the Fund may be deducted only against taxable capital gains arising in the year, or a preceding or future year (in accordance with rules contained in the Federal Act). As a mutual fund corporation, the Fund will be entitled to refunds in accordance with the provisions of the Federal Act of substantially all tax paid with respect to net taxable capital gains if it pays or is deemed to have paid capital gains dividends or redeems Shares.

#### *Interest and Other Investment Income*

Interest and investment income, other than dividends in respect of shares of taxable Canadian corporations, will be included, net of reasonable expenses, in calculating the Fund's income subject to tax. The Fund will be eligible for a refund of a portion of the tax paid by it on such income (net of losses of the Fund) determined in accordance with the detailed rules in the Federal Act, if it pays or is deemed to have paid taxable dividends (other than capital gains dividends) to its shareholders. The Fund will be subject to an additional refundable tax equal to 10 2/3% of such investment income. Such tax will be refundable to the Fund in accordance with detailed rules in the Federal Act if the Fund pays or is deemed to have paid taxable dividends (other than capital gains dividends) to its shareholders.

### *Dividend Refunds and Capitalization of Income*

Management of the Fund has indicated that it intends to make appropriate elections under the Federal Act to enable it to capitalize, on a periodic basis, sufficient amounts of its capital gains and interest and other investment income in order to minimize taxes payable on net realized capital gains and on net investment income. In such a case, the Fund will be deemed to have paid a dividend on its then issued and outstanding Class A Shares, Class I Shares or a combination of both equal to the amount added to the stated capital of the respective classes of Shares and each holder of such Shares will be deemed to have received a dividend, or if the Fund so elects, a capital gains dividend, equal to the holder's proportionate share thereof even though the holder will not receive a cash distribution from the Fund. The adjusted cost base of the holder's Shares will be increased by the amount of the deemed dividend.

In the case of a deemed capital gains dividend, one-half of such amount will be included in the holder's income as a taxable capital gain for the purposes of the Federal Act. If the Fund makes the election referred to above but does not designate a deemed dividend as a capital gains dividend, the amount of the deemed dividend will be included in the holder's income as an ordinary dividend and will be subject to the gross-up and dividend tax credit rules in the Federal Act. See "**Income Tax Considerations – Federal Taxation of Shareholders – Dividends**".

A holder of a Share will not receive any cash distribution in respect of a deemed dividend or a deemed capital gains dividend. The amount of any deemed dividend or deemed capital gains dividend resulting from an increase in the paid-up capital of the Shares may entitle the Fund to a refund of tax otherwise paid or payable on its interest and other investment income (other than dividends in respect of shares of taxable Canadian corporations) or realized capital gains, as the case may be. See "**Income Tax Considerations – Federal Taxation of the Fund – Capital Gains and Losses**" and "**Income Tax Considerations – Federal Taxation of the Fund – Interest and other Investment Income**".

### **Provincial Taxation of the Fund**

For the purposes of provincial corporate income tax, the Fund's aggregate income will be attributed to, and taxable in, those provinces in which it is earned. Notwithstanding the foregoing, none of the income of the Fund will be subject to tax in a particular province unless the Fund carries on business in such province through a permanent establishment as defined in the provincial corporate tax statute applicable to that particular province. Counsel has been advised by Management of the Fund that the Fund does not intend to carry on business through a permanent establishment in any province other than the provinces of Saskatchewan and Manitoba. Subject to this assumption, all of the Fund's aggregate income will be attributed to, and taxable in, the Province of Saskatchewan and the Province of Manitoba.

## **Organization and Management Details of the Fund**

### **Management of the Fund**

#### *Officers and Directors of the Fund*

The Fund currently has 9 directors. Holders of Shares, other than the Class B Shares, currently have the right, at a duly constituted meeting called for such purpose, to elect 4 directors to the Board. The holder of the Class B Shares currently has the right to elect 5 directors to the Board. One of the directors elected by the holder of the Class B Shares must be elected from a list of nominees put forth by the holders of Shares. Besides this right to put forth a list of nominees, holders of Shares have no right to elect, remove, or replace directors elected by the holder of Class B Shares (the Sponsor), being a majority of the directors. If the number of directors changes, the number of directors to be elected by each of the holders of Shares (other than the Class B Shares) and the holder of the Class B Shares would change accordingly, in compliance with the Articles. See "**Description of the Securities Distributed**".

The Board has established a Valuation Committee, to assist the Board with evaluating the Fund's valuation policies and procedures, an Audit Committee, to assist the Board by overseeing the accounting and financial reporting processes of the Fund, an Investment Committee, to assist the Board with evaluating proposed investments and the Fund's investment policies and procedures, and a Governance and Nomination Committee, to assist the Board with recruiting qualified nominees for the Board and to oversee the corporate governance policies and procedures of the Fund.

The name, municipality of residence, office with the Fund, and principal occupation of each of the directors and officers of the Fund are set out below, along with the committees, if any, that the director is a member of.

<b>Name and Municipality of Residence</b>	<b>Office with the Fund</b>	<b>Principal Occupation</b>	<b>Director From</b>
Grant J. Kook <sup>2,4</sup> Saskatoon, SK	President, Chief Executive Officer and Director	President and Chief Executive Officer, Westcap Mgt. Ltd.	December 5, 1997 - Present
Douglas W. Banzet <sup>1</sup> Saskatoon, SK	Chief Financial Officer and Director	Chief Operating Officer and Director, Westcap Mgt. Ltd.	December 5, 1997 - Present
Hon. William (Bill) McKnight PC <sup>2,4</sup> Saskatoon, SK	Chairman and Director	Chairman and Lead Director of McKnight & Associates	January 13, 1998 - Present
Brian L. Barber <sup>1,3</sup> Regina Beach, SK	Vice-Chairman and Director	Senior Vice-President Ledor Construction Limited	January 13, 1998 - Present
Lorraine Sali <sup>4</sup> Regina, SK	Director	Business Manager Construction and General Workers' Union, Local 180	December 30, 2005 - Present
Donald R. Ching <sup>3</sup> Saskatoon, SK	Director	Retired Businessman	February 1, 2006 – Present
Ron S. Waldman <sup>2</sup> Saskatoon, SK	Director	President and Chief Operating Officer of Keystone Consulting Inc.	November 17, 2006 - Present
Thomas A. Shepherd <sup>1,3</sup> Regina, SK	Director	Retired Businessman	November 17, 2006 - Present
James S. Salamon <sup>1</sup> Saskatoon, SK	Director	Managing Partner, SRG Chartered Professional Accountants	September 29, 2015 - Present

Notes:

- <sup>1</sup> Member of the Audit Committee
- <sup>2</sup> Member of the Valuation Committee
- <sup>3</sup> Member of the Investment Committee
- <sup>4</sup> Member of the Governance and Nomination Committee

Each director's term of office will expire at the next annual general meeting of the shareholders of the Fund.

The following is a brief biographical description, including principal occupation for the last five years, of the directors and officers of the Fund:

Grant J. Kook is President, Chief Executive Officer and Chair of the Manager. Mr. Kook is the co-founder and President and Chief Executive Officer of Cheung On Investments Group Ltd., an international investor syndicated fund. Mr. Kook has been the President and Chief Executive Officer of the Ramada Hotels since 1992. Mr. Kook was appointed the Chairman of the Board of Directors for SaskTel in February 2008. Mr. Kook also sits or has sat on the boards of a number of companies, including Saskatchewan Blue Cross and 3sHealth Shared Services Saskatchewan and is currently a member of the Investment Committee for the Saskatchewan Teachers' Federation pension fund. He was nominated in 1999 and 2003 for Ernst & Young's Entrepreneur of the Year Award. Mr. Kook was a Vice President of the Canadian Venture Capital and Private Equity Association (CVCA) and past Chairman of the Board of the Children's Hospital Foundation of Saskatchewan. Mr. Kook was the chair of the 2013 and 2014 CIS University Cup Men's Hockey Championship, and a founding board member of the Saskatchewan Hockey Hall of Fame. Mr. Kook is the recipient of the 2013 Saskatchewan Order of Merit, and also the recipient of the Queen's Diamond Jubilee Medal, 2012, and the Commemorative Medal of the Centennial of Saskatchewan, 2005. He is the recipient of the 2014 Saskatoon Tourism Leadership award and has been recognized as the 2013 Chinese Canadian Entrepreneur Award for Community Involvement, the 2013 Canadian Interuniversity Sport (CIS) Volunteer of the Year Award, the 2008 B'nai Brith – We Are Proud of You Award. In 2008, he was named one of Saskatchewan's Men of Influence by Saskatchewan Business Magazine. He has earned the Chartered Director Designation (C. Dir.) from McMaster University DeGroote School of Business.

Douglas W. Banzet is the Chief Operating Officer and a director of the Manager. Mr. Banzet has been Director of Finance of Cheung On since 1995. From March 1993 to June 1995, Mr. Banzet was an independent management consultant to a variety of small and medium-sized Saskatchewan businesses. Prior to March 1993, Mr. Banzet held various senior management positions with a number of large Canadian trust companies. Mr. Banzet has over forty years' experience in the financial service and asset management fields. His experience includes investment valuations of both private and public businesses, feasibility analysis, risk assessment, commercial loan financing, administration, budgeting, planning and management of large commercial loan portfolios. Mr. Banzet also serves as a director of a number of private Canadian companies involved in life sciences, oil and gas exploration, biotech, value added processing, health care and service industries.

The Honourable William (Bill) McKnight P.C. has been a Director of Star Mineral Group since May 2013, and Chairman of McKnight and Associates, a Canadian firm of consultants that specializes in domestic and international strategic planning and promotion since 1993. He served as Chairman and Lead Director of Cline Mining Corporation from 2005 to April 2013 and as the Treaty Commissioner for the Province of Saskatchewan from 2007 to 2012, appointed and mandated by Canada and the Federation of Saskatchewan Indian Nations to assist with Treaty implementation. The Honourable Bill McKnight resigned as a Member of Parliament in July of 1993 after serving Canada in that capacity since 1979. Nine of his fifteen years as a Member of Parliament were as a Senior Cabinet Minister holding the following positions: Minister of Energy, Mines and Resources, Minister of Agriculture, Minister of National Defense, Minister of Western Economic Diversification, Minister of Indian Affairs and Northern Development and Minister of Labour and Housing. The Honourable Bill McKnight is a director of a number of private and publicly traded companies involved in the investment, development, manufacturing and trade areas, and Honourary Chief of the Muskeg Cree Nation.

Brian L. Barber has been involved in the construction industry for over twenty six years, and is currently the Senior Vice President for Ledcor Construction Limited, Saskatchewan. Prior to joining Ledcor, he spent the last 25 years with Stuart Olson Dominion Construction Ltd. (formerly Dominion Construction). Mr. Barber holds the Gold Seal Certification in Project Management-General Contracting and has been involved in numerous organizations including the General Contractors Association of Saskatchewan and the Saskatchewan Construction Association. Mr. Barber has developed a unique perspective in planning, building design and construction in a variety of commercial, community and institutional projects throughout Saskatchewan. Mr. Barber is active in many civic interests including the Regina Beach Yacht Club, Saskatchewan Roughriders Football Club, the Juvenile Diabetes Research Foundation and the Canadian Breast Cancer Foundation. As well, he is a board member of the Regina Qu'Appelle Health District and the Regina Exhibition Association and a trustee for both the Labourer's Health and Welfare Training Fund and the Carpenter's Training Fund.

Lorraine Sali is the Business Manager for the Sponsor, which position she has held since 2001. Ms. Sali joined the Construction and General Workers' Union, Local 180 in 1987. She is chairperson for the Saskatchewan Training Trust Fund, co-chair for the Labourers Health and Welfare, a trustee on the Labourers Pension Trust Fund and sat on the Workers Compensation Board Committee of Review 2006, representing organized labour. As well, she serves on the Board of Directors for Funds Administrative Service Inc. and FAS Benefit Administrators Ltd. Ms. Sali is an active Trade Board Member for the Construction Craft Labourer Trade.

Donald R. Ching is currently a retired businessman, however, he continues to sit as a corporate board member for various organizations and act as a consultant on various projects. Mr. Ching, from January 2005 to December 2007, acted as the President and Chief Executive Officer of AREVA Resources Canada Inc. From 1996 to 2004, Mr. Ching was the President and Chief Executive Officer of SaskTel. Prior to this he was the President of Crown Investment Corporation, managing partner in the law firm of Mitchell Taylor Romanow Ching (now Woloshyn & Company) and Executive Vice President of the Potash Corporation of Saskatchewan. Mr. Ching was previously a member of the Saskatchewan Bar Association and is on the Board of Directors of several private businesses involved in forestry and manufacturing.

Ron S. Waldman is the Founder and Principal of Keystone Consulting Inc., a business advisory firm operating more than five years. In February of 2016, Mr. Waldman also became the Managing Partner of the Brand Alliance, a Canadian end to end brand advisory practice. He served as President and Chief Operating Officer of the Obasa Group of Companies, a Saskatchewan corporate housing provider and real estate development company from 2014 to 2016. From 2012 to 2013, Ron was Chief Operating Officer of River Landing Development Joint Venture, an estimated \$300 million dollar mixed-use real estate development in Saskatoon. From 2011 to 2012, he served as a Senior Advisor for Deep Earth Energy Production where he co-authored the business case to establish Saskatchewan's first commercial scale geo-thermal energy production plant. Additionally, Mr. Waldman, since May 2002 has been an active Partner in Northstar Hospitality and Development Group, a leading BC Rockies resort developer and operator. Ron was Chairman of the Board of Directors of the Saskatoon Airport Authority from 2012 to 2014 and served as a Director from 2005 to 2014. He was the Chairman of the Board of Directors of Great Western Brewing Company Limited from 2011 to 2012, and from 1994 to 2010 he held the position of Chief Executive Officer. Prior, Mr. Waldman practiced corporate finance with KPMG Saskatoon and held several positions with the Saskatchewan based, family owned, Coca-Cola franchise bottling business, Beverage Central Inc. including: President and Chief Executive Officer from 1987

until 1991, concluding with leading the sale of Beverage Central Inc. to the Coca – Cola Company. Currently Mr. Waldman is a Director of several for profit and not for profit organizations including: Golden Opportunities Fund Inc., Cavalier Enterprises Inc., SGI, Wanuskewin UNESCO Campaign and as an Equity Director in Great Western Brewing Company Limited. Ron as well was a past Chair and Director of the Royal University Hospital Foundation and a past Director of the Saskatchewan Chamber of Commerce.

Thomas A. Shepherd is currently a retired businessman, leaving his position in January 2008 as the Senior Vice President of Dundee Realty Corporation responsible for the Land and Housing Operations of Dundee Developments and Homes by Dundee in Regina, Saskatchewan. After graduation from the University of Saskatchewan with a Bachelor of Commerce in 1966 to 1972 Tom was employed with Clarkson, Gordon & Co. where he obtained his Chartered Accountant (C.A.) designation and became Audit Manager. From 1972 to July 2008, Tom was continuously employed as a senior officer with Dundee Realty Corporation and its predecessor companies Cairns Homes Limited, Carma Developers Ltd. and Preston Developers Inc. Mr. Shepherd has an extensive background in community leadership. He has served and continues to serve on a number of sport associations and committees, including being the founder and President of Friends of the Riders Inc., the fundraising arm for the Saskatchewan Roughrider Football Club from 1986 to present. He was President (1987 – 1989), Member of the Management Committee, Director and Treasurer of the Saskatchewan Roughrider Football Club for twenty-two years, Past Treasurer and Director of the Regina Rams Football Club for six years and Treasurer and Director of the Gordon Currie Youth Development Fund for twenty-five years. Mr. Shepherd was also a Director for both Grey Cup 1995 Inc. and Grey Cup 2003 Inc. In 2005, the Province of Saskatchewan awarded Mr. Shepherd both the Saskatchewan Volunteer Medal and the Saskatchewan Centennial Medal. In 2006, Mr. Shepherd was inducted into the Regina Sports Hall of Fame. In 2008, Mr. Shepherd was inducted into the Canadian Football Hall of Fame, and in 2009 inducted into the Saskatchewan Sports Hall of Fame. In 2010, Tom was conferred with an Honorary Doctor of Law Degree from the University of Regina.

James S. Salamon is a chartered professional accountant in Saskatchewan, Alberta and British Columbia and has been involved in public accounting in Saskatoon and Regina for over 29 years, achieving senior management positions with both Deloitte & Touche (Saskatoon) and Ernst and Young (Regina) where he worked with public companies, cooperatives, crown corporations, not-for-profit organizations and owner managed enterprises. Mr. Salamon started SRG Chartered Professional Accountants in 1999 in order to focus his practice on the entrepreneur. He is involved in all areas of financial statement preparation and income tax planning and compliance for clients in a wide variety of industries and professions throughout Saskatchewan. Mr. Salamon is actively involved in a number of professional and community organizations including past and present positions with the Canadian Institute of Chartered Accountants, the Institute of Chartered Accountants of Saskatchewan and Chartered Professional Accountants Saskatchewan and board and executive positions with Junior Achievement of Saskatoon and Saskatchewan, Family Service Foundation, Family Service Saskatoon, Saskatoon Co-op Association, Queen City Soccer Association and Riverside Country Club. In 2004, Mr. Salamon was made a fellow of the Institute of Chartered Accountants of Saskatchewan in recognition of his service to the profession and the community.

The officers of the Fund will devote such time and attention to the business and affairs of the Fund as may be required to adequately fulfill their duties and obligations to the Fund arising out of their respective positions.

#### *Cease Trade Orders and Bankruptcies*

Except as set out below, no director or executive officer of the Fund:

- (a) is, as at the date of this prospectus, or was, within 10 years before the date of this prospectus, a director, chief executive officer or chief financial officer of any issuer (including the Fund) that:
  - (i) was subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days while the director or executive officer was acting in the capacity of director, chief executive officer or chief financial officer, or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) is, as at the date of this prospectus, or has been, within 10 years before the date of this prospectus, a director or executive officer of any issuer (including the Fund) that, while that person was acting in that capacity, or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or

insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Mr. Banzet was a director of Phenomenome Discoveries Inc. ("**PDI**"), an investee company of the Fund, when, on February 25, 2016, FTI Consulting Canada Inc. was appointed as receiver of PDI and Phenomenome Laboratory Services Inc. ("**PLSI**"). Mr. Banzet resigned as a director of PDI on August 10, 2016. Subsequent to this time, the assets of PDI and PLSI were sold under the receivership.

Mr. Banzet was also a director of both NorAmera BioEnergy Corporation and NorAmera Technologies Inc. (the "**NorAmera Companies**"), each an investee company of the Fund, until his resignation as a director from both entities on May 27, 2015. After his resignation, on November 19, 2015, the NorAmera Companies were placed into receivership. The assets were sold under the receivership in February of 2016.

#### *Manager*

The Manager is a corporation incorporated under *The Business Corporations Act* (Saskatchewan), having its registered office and principal place of business at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan S7K 5T6.

#### *Management Agreement*

The Manager has been retained to manage and administer the business affairs of the Fund, including the management of the Fund's investment in authorized businesses and its liquid portfolio investments and to perform Weekly Valuation Updates. The Management Agreement was entered into on December 31, 2008 and amended on December 30, 2011, December 21, 2012 and February 5, 2016, and replaced the previous agreement which was entered into on January 13, 1998. The Manager has also been retained by First Nations and Métis Fund Inc., a Saskatchewan crown corporation, to manage The First Nations Métis Fund, by Saskatchewan Immigrant Investor Fund Inc., a subsidiary of the Saskatchewan Crown Investments Corporation, to manage the Headstart on a Home program and by Westcap MBO Investment LP, a private limited partnership, to manage its operations and affairs.

The Manager has agreed that it shall devote such time and attention as may be required to fulfill its obligations under the Management Agreement. The Management Agreement is for an initial term of two years, and is renewable thereafter indefinitely for successive two year terms, until terminated in accordance with its provisions which include (i) the right to terminate by mutual agreement of the parties, (ii) the right of the Fund to terminate where the Manager has become bankrupt and (iii) the right of the Manager to terminate the Management Agreement effective as of the end of the initial term or any subsequent two-year renewal period provided that notice of such termination is properly delivered to the Fund in accordance with the Management Agreement. Further, the Management Agreement may be terminated by the Fund in the event of a default by the Manager in the due observance or performance of any of its material obligations contained in the Management Agreement where notice of such default is given to the Manager and the Manager has not remedied such default within 30 days after such notice is received.

The duties of the Manager include the following:

- seeking out and identifying investment opportunities using many sources, including labour organizations, contractors, developers, financial institutions, pension funds, government and crown agencies and other venture capital funds;
- undertaking operational due diligence of investment opportunities;
- developing, negotiating and presenting investment recommendations to the Board;
- ongoing monitoring of all investments;
- providing investment advice for the Fund's liquid portfolio investments, unless this function is subcontracted to a third party approved of by the Board;
- providing performance reports to the Board;
- making disposition recommendations; and
- performing Weekly Valuation Updates.

The Sponsor, as well as investors, may propose investment opportunities for consideration by the Fund. The acceptance of any such proposals will be subject to the Fund's regular approval process, including suitability under the Fund's investment criteria and the normal due diligence process.

*Directors, Officers and Senior Employees of the Manager of the Fund*

The name, municipality of residence, office with the Manager (if applicable) and principal occupation of each of the directors, officers and senior employees of the Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Office with the Manager</b>	<b>Principal Occupation</b>
Grant J. Kook Saskatoon, SK	President, Chief Executive Officer and Director	President and Chief Executive Officer Westcap Mgt. Ltd.
Douglas W. Banzet Saskatoon, SK	Chief Operating Officer and Director	Chief Operating Officer Westcap Mgt. Ltd.
Rob Connoly Saskatoon, SK	Chief Financial Officer	Chief Financial Officer Westcap Mgt. Ltd.
Wanda Hunchak Saskatoon, SK	Vice-President	Vice-President Westcap Mgt. Ltd.
Jamie Schwitzer Saskatoon, SK	Vice-President	Vice-President Westcap Mgt. Ltd.
Tyler Bradley Saskatoon, SK	Vice-President	Vice-President Westcap Mgt. Ltd.

The following is a brief biographical description, including principal occupation for the last five years, of the directors, officers and senior employees of the Manager.

Grant J. Kook is President, Chief Executive Officer and Chair of the Manager. Mr. Kook is the co-founder and President and Chief Executive Officer of Cheung On Investments Group Ltd., an international investor syndicated fund. Mr. Kook has been the President and Chief Executive Officer of the Ramada Hotels since 1992. Mr. Kook was appointed the Chairman of the Board of Directors for SaskTel in February 2008. Mr. Kook also sits or has sat on the boards of a number of companies, including Saskatchewan Blue Cross and 3sHealth Shared Services Saskatchewan and is currently a member of the Investment Committee for the Saskatchewan Teachers' Federation pension fund. He was nominated in 1999 and 2003 for Ernst & Young's Entrepreneur of the Year Award. Mr. Kook was a Vice President of the Canadian Venture Capital and Private Equity Association (CVCA) and past Chairman of the Board of the Children's Hospital Foundation of Saskatchewan. Mr. Kook was the chair of the 2013 and 2014 CIS University Cup Men's Hockey Championship, and a founding board member of the Saskatchewan Hockey Hall of Fame. Mr. Kook is the recipient of the 2013 Saskatchewan Order of Merit, and also the recipient of the Queen's Diamond Jubilee Medal, 2012, and the Commemorative Medal of the Centennial of Saskatchewan, 2005. He is the recipient of the 2014 Saskatoon Tourism Leadership award and has been recognized as the 2013 Chinese Canadian Entrepreneur Award for Community Involvement, the 2013 Canadian Interuniversity Sport (CIS) Volunteer of the Year Award, the 2008 B'nai Brith – We Are Proud of You Award. In 2008, he was named one of Saskatchewan's Men of Influence by Saskatchewan Business Magazine. He has earned the Chartered Director Designation (C. Dir.) from McMaster University DeGroote School of Business.

Douglas W. Banzet is the Chief Operating Officer and a director of the Manager. Mr. Banzet has been Director of Finance of Cheung On since 1995. From March 1993 to June 1995, Mr. Banzet was an independent management consultant to a variety of small and medium-sized Saskatchewan businesses. Prior to March 1993, Mr. Banzet held various senior management positions with a number of large Canadian trust companies. Mr. Banzet has over forty years' experience in the financial service and asset management fields. His experience includes investment valuations of both private and public businesses, feasibility analysis, risk assessment, commercial loan financing, administration, budgeting, planning and management of large commercial loan portfolios. Mr. Banzet also serves as a director of a number of private Canadian companies involved in life sciences, oil and gas exploration, biotech, value added processing, health care and service industries.

Rob Connoly is the Chief Financial Officer with the Manager. Mr. Connoly has more than 20 years of investment management experience with expertise in real estate investment analysis and market research. Prior to joining the Manager in 2003, Mr. Connoly was with Boston Development Corp. from 1996 to 2003 and Summit Development Group from 1992 to 1994 where he identified and evaluated real estate acquisition opportunities. Mr. Connoly has a strong financial background and his experience includes advising TCU Financial Group from 1994 to 1996 to manage the availability of capital funds and the identification of appropriate market instruments for investment. Mr. Connoly is a Vice-President of the Canadian Venture Capital and Private Equity Association (CVCA). Mr. Connoly holds a Chartered Professional Accountant (CPA, CMA) designation, and a Chartered

Financial Analyst (CFA) designation. He is a member of the Institute of Chartered Professional Accountants of Saskatchewan, the CFA Institute, and the CFA Society of Saskatchewan. Mr. Connolly serves as a director on a number of boards for companies in the building supply, infrastructure, food processing and service, and manufacturing industries.

Wanda Hunchak holds the office of Vice-President with the Manager. Ms. Hunchak has more than 15 years of experience investing in Saskatchewan business. Prior to joining the Manager in 2003, Ms. Hunchak was the manager of client services within the chartered banking system from 1996 to 1998 and managed a commercial credit portfolio from 1998 to 2001. In 2001 she joined Saskatchewan Opportunities Corporation (SOCO) as a venture capital investment analyst and later that year became a senior management consultant with one of Canada's largest agricultural consulting firms. Ms. Hunchak sits on various Committees and Boards and currently serves as Chair of the Saskatoon Regional Economic Development Authority (SREDA) Board of Directors. Ms. Hunchak holds a Chartered Professional Accountant (CPA, CMA) designation, and a Chartered Financial Analyst (CFA) designation. She is a member of the Institute of Chartered Professional Accountants of Saskatchewan, the CFA Institute, and the CFA Society of Saskatchewan.

Jamie Schwitzer holds the office of Vice-President with the Manager. Mr. Schwitzer has over 15 years of investment management experience during which he has developed and implemented rigorous and detailed due diligence processes applicable to a wide range of sectors and investment instruments. Prior to joining the Manager, from 2007, Mr. Schwitzer was a partner with Victoria Park Capital, a private equity firm managing a \$400-million-plus portfolio of investments. From 2000 – 2007, Mr. Schwitzer was an investment manager with a specialty finance company specializing in subordinated debt, mezzanine and equity financings across life science, manufacturing, retail and oil and gas sectors. His background also includes managing money market and fixed income investments, public equities, currency trading and asset/liability management with Crown Life Insurance Company. Mr. Schwitzer holds a Chartered Financial Analyst (CFA) designation, and is a member of the CFA Institute and the CFA Society of Saskatchewan. Mr. Schwitzer serves as a director of a number of private Canadian companies involved in technology, manufacturing and value added processing.

Tyler Bradley holds the office of Vice-President with the Manager. Mr. Bradley has more than 13 years of investment management experience, with a focus on private company finance. Prior to joining the Manager in 2007, Mr. Bradley was an Investment Analyst for a seed-stage investment fund from 2005 to 2007, where he was responsible for new venture investments and portfolio management. Between 2001 and 2005, Mr. Bradley worked in various corporate finance roles with start-up and growth-stage companies. Mr. Bradley received his Bachelor of Commerce from the University of Saskatchewan. Mr. Bradley serves as a director of a number of private Canadian companies involved in the oil and gas exploration, and software industries.

None of the Manager, its directors, officers or employees will enter into any arrangement whereby they receive a fee or benefit from the purchase and sale of any or all of the Fund's investment portfolio, without the consent of the Board.

The Manager's executives collectively have a background in investment fund management and management of commercial loan portfolios. Their knowledge and background includes the raising of investment capital, administration of funds under management, diverse business acumen, and investor relations and reporting. As the Fund grows in size and scope, additional experienced and professional support staff will be retained on an "as required" basis, to join the Fund's management team.

#### *Cease Trade Orders and Bankruptcies of the Manager*

Except as set out under the heading "**Organization and Management Details of the Fund – Management of the Fund - Cease Trade Orders and Bankruptcies**", no director or executive officer of the Manager:

- (a) is, as at the date of this prospectus, or was, within 10 years before the date of this prospectus, a director, chief executive officer or chief financial officer of any issuer that:
  - (i) was subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days while the director or executive officer was acting in the capacity of director, chief executive officer or chief financial officer, or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or



- (b) is, as at the date of this prospectus, or has been, within 10 years before the date of this prospectus, a director or executive officer of any issuer that, while that person was acting in that capacity, or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

*Ownership of Securities of the Investment Fund and of the Manager*

As of November 25, 2016:

- (a) the directors and executive officers of the Fund, as a group, beneficially own, or control or direct, directly or indirectly, 10,391,426 Class A Shares, 591,173 Class I Shares and 594,784 Class R Shares;
- (b) the directors and executive officers of the Manager, as a group, beneficially own, or control or direct, directly or indirectly, 9,353,927 Class A Shares, 4,632,160 Class I Shares and 3,813,077 Class R Shares; and
- (c) the members of the IRC, as a group, beneficially own, or control or direct, directly or indirectly, nil Class A Shares, nil Class I Shares and nil Class R Shares.

The only person owning beneficially or of record, directly or indirectly, more than 10% of the outstanding common shares of the Manager (the only authorized class of shares of the Manager) is Mr. Grant J. Kook, who holds 100% of the outstanding share capital of the Manager, being 100 common shares.

*Executive Compensation*

The Fund has two named executive officers, as that term is defined in Form 51-102F6 *Statement of Executive Compensation* of the Canadian Securities Administrators. No cash or non-cash compensation was paid by the Fund to the named executive officers of the Fund during the most recently completed financial year. Currently there are no plans, arrangements or agreements in place pursuant to which cash or non-cash compensation will be paid or distributed to executive officers of the Fund.

*Compensation of Directors*

Each director of the Fund receives an annual retainer of \$1,000 and each member of a committee of the board receives an annual retainer of \$750 (increased from \$500 effective on January 1, 2016), other than those persons who are also directors, officers, or employees of the Manager. As well, each such person is entitled to receive a fee of \$400 per day for each board or committee meeting attended or \$200 if the board or committee meeting is less than one hour in duration. The aforementioned restriction currently applies to Grant Kook and Doug Banzet. In addition, all directors are entitled to be reimbursed for expenses incurred in attending board and committee meetings.

Members of the IRC are entitled to the same compensation as directors of the Fund. Don Ching, Ron Waldman and Lori Sali, each an independent director within the meaning of applicable securities laws, are the current members of the IRC and receive the same compensation as noted above for their participation in meetings of the IRC.

The following table summarizes the compensation received by the Fund's directors during the year ended August 31, 2016. The amounts indicated include IRC fees received by directors and all board and committee meetings the director attended during the year.

Name	Fees earned	All Other Compensation	Travel Expenses	Other Expenses
Hon. William (Bill) McKnight Director and Chairman of the Board	\$5,900	\$-	\$-	\$-

Name	Fees earned	All Other Compensation	Travel Expenses	Other Expenses
Brian L. Barber Director, Vice-Chairman of the Board and Chairman of the Audit Committee	\$5,500	\$-	\$-	\$-
Donald R. Ching Director and Chairman of the Investment Committee	\$5,700	\$-	\$-	\$-
Lorraine Sali Director and Chairman of the Governance and Nominations Committee	\$5,300	\$-	\$-	\$-
Ron S. Waldman Director and Chairman of the Valuation Committee	\$6,300	\$-	\$-	\$-
Thomas A. Shepherd Director	\$5,700	\$-	\$-	\$-
James S. Salamon Director	\$4,750	\$-	\$-	\$-
Grant J. Kook Director, President and CEO	\$-	\$-	\$-	\$-
Douglas W. Banzet Director and CFO	\$-	\$-	\$-	\$-
<b>Total</b>	\$39,150	\$-	\$-	\$-

### Conflicts of Interest

In making an investment in the Fund, investors will be relying upon the business judgment, expertise and integrity of the Board, the board of directors of the Manager and the Fund's and Manager's respective officers and employees. The services of the Manager under the Management Agreement are not exclusive, and nothing in the Management Agreement will prevent the Manager, or any shareholder, director, employee or officer thereof, from providing similar services or devoting a portion of their time to other investment funds (including other labour-sponsored venture capital corporations) and other clients (whether their investment objective and policies are similar to those of the Fund) or from engaging in other activities. Such other activities may result in certain conflicts of interest. Notwithstanding any conflict of interest, the Manager will present to the Fund all investment opportunities appropriate for the Fund. Under the Management Agreement, shareholders, directors, officers and employees of the Manager are permitted to be shareholders, directors, officers and employees of the Fund.

The Manager and its directors, officers and employees do not earn or receive and are not entitled to earn or receive any form of compensation from investee companies (other than compensation that is paid to the Fund) including without limitation: (i) management or directors fees; (ii) finder, referral or placement fees; (iii) corporate finance or due diligence fees; (iv) securities based compensation; or (v) carried interests.

### Corporate Governance

In accordance with the requirements of the Manitoba Act, the Fund has developed the Corporate Governance Policy, having regard to what are generally considered to be the best corporate governance policies and practices for public companies.

The Corporate Governance Policy specifies the principals and practices applicable to governance of the Fund and, in particular, establishes a framework for relevant governance, process, policies and controls to the Fund. In addition to the Corporate Governance Policy the Fund has adopted other policies and practices that it views as being consistent with the best corporate governance policies and practices. The Fund has also implemented procedures that will assist the Board and the Manager in achieving the policies set forth in the Corporate Governance Policy.

The following is a summary of certain of the matters addressed in the Corporate Governance Policy:

- Objective – The purpose of the Corporate Governance Policy is to maintain strong corporate governance standards and policies for the Fund.
- Structure and Constitution of the Board – The structure of the Board will be in accordance with the Manitoba Act and the Saskatchewan Act and will be comprised of business executives and professionals with a wide range of industry experience. In addition, a majority of the Board will be independent of the Manager.
- Standards of Conduct and Code of Ethics – In addition to the duties of officers and directors provided for in *The Business Corporations Act* (Saskatchewan), the officers and directors of the Fund will be governed by the CFA Institute Code of Ethics and Standards of Professional Conduct.
- Compensation and Insurance – The Corporate Governance Policy sets out the compensation structure for directors. The Fund will provide insurance for directors, officers and members of the independent review committee against liability incurred by them in such capacity. See "**Fees and Expenses – Fees and Expenses Payable by the Fund – Operating Expenses**".
- Strategic Planning – On at least an annual basis, the Fund will approve an operating budget for the upcoming year and will review the actual to budgeted results of the previous year.
- Officers – The Board has the authority to appoint the officers and there are currently two officers of the Fund. See "**Organization and Management Details of the Fund – Management of the Fund – Officers and Directors of the Fund**".
- The Manager – The duties and responsibilities of the Manager are as set out in the Management Agreement.
- Shareholder Communications – An annual report together with annual audited financial statements and annual management report of fund performance will be filed on an annual basis, and sent to all shareholders who request a copy. In addition, the Fund will file its unaudited semi-annual interim financial statements and interim management report of fund performance, and send a copy to all shareholders who request a copy. The Fund will send all required meeting materials for the Fund's annual general meeting to its shareholders. The Fund has adopted a privacy policy related to the protection of confidential information of its shareholders.

The Fund is committed to continually reviewing and improving its corporate governance practices. In that respect, the Fund intends to review the Corporate Governance Policy and its corporate governance practices on an annual basis and implement changes considered appropriate for the Fund from time to time. The Corporate Governance Policy is available for inspection during regular business hours at the head office of the Fund.

### **Independent Review Committee**

As required by NI 81-107, an IRC has been established. The IRC is governed by a charter which provides that the Manager will refer conflict of interest matters to the IRC for review or, in certain cases, for approval as required by NI 81-107. The IRC currently consists of Donald R. Ching, Ron S. Waldman and Lorraine Sali, each an independent director of the Fund.

The IRC will prepare, at least annually beginning after the August 31, 2008 financial year end of the Fund, a report of its activities which will be available on the Fund's internet site at <http://www.goldenopportunities.ca>, or by request, at no charge, by writing to the Fund at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, S7K 5T6.

The Fund is responsible for the fees and expenses (including costs of independent counsel or advisors, if the IRC deems it appropriate to retain such experts) of the IRC. Each member of the IRC receives an annual retainer in the amount of \$750 and are entitled to receive a fee of \$400 per day for each IRC meeting attended or \$200 if the IRC meeting is less than one hour in duration. See "**Organization and Management Details of the Fund – Management of the Fund – Compensation of Directors**".

The Fund also provides insurance for the benefit of the members of the IRC against liability incurred by them in this capacity. The annual premium for this insurance for the fiscal year ended August 31, 2016, which was paid by the Fund, was \$6,075. The Fund is not aware of any claim or potential claim which would require resort by the Fund to this liability insurance.

### **Sponsor**

The Sponsor is the Construction and General Workers' Union, Local 180, a trade union as defined in *The Trade Union Act* (Saskatchewan), having its principal office at 1866 McAra Street, Regina, Saskatchewan, S4N 6C4.

### **Custodian**

Under the Custodian Agreement, Concentra Trust has agreed to act as custodian and hold the portfolio securities of the Fund in safekeeping for the Fund. The address of Concentra Trust is 333-3rd Avenue North, Saskatoon, Saskatchewan, S7K 2M2.

### **Auditor**

The auditor of the Fund is Ernst & Young LLP, Chartered Professional Accountants, 1200 - 410 22nd Street East Saskatoon, Saskatchewan S7K 5T6.

### **Registrar and Transfer Agent**

The registrar and transfer agent for the Shares is Prometa Fund Support Services Inc., having its head office and principal place of transfer in the city of Winnipeg, Manitoba.

### **Promoters**

Each of the Manager and the Sponsor may be regarded as a promoter of the Fund. Neither of these promoters receives any remuneration or other thing of value in consideration for being a promoter of the Fund. The Sponsor, in its capacity as such, has received 10 Class B Shares of the Fund, being all of the issued and outstanding Class B Shares of the Fund. See "**Organization and Management Details of the Fund - Sponsor**". The Manager receives remuneration in consideration for acting in the capacity as Manager to the Fund. See "**Organization and Management Details of the Fund – Management of the Fund**" and "**Fees and Expenses – Fees and Expenses Payable by the Fund – Management Fees and Expenses**".

### **The Agent and Principal Distributor**

National Bank Financial Inc., referred to herein as the Agent, having its principal Saskatchewan office at 1360, 410 – 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, is acting as an agent of the Fund and the principal distributor, as defined in NI 81-102, for the distribution of the Shares during the currency of this prospectus. The Fund is entitled to enter into arrangements with participating dealers in the Provinces, whereby such participating dealers will also distribute Shares in the Provinces.

There is no direct sales charge to investors on the purchase of Shares; however, the Fund will pay fees and costs to the Agent and any participating dealers in connection with the distribution of Shares. See "**Fees and Expenses**" and "**Purchase of Securities (Plan of Distribution)**".

The Agent is entitled to terminate its obligations under the Agency Agreement by notice given to the Fund at least sixty days prior to the date of termination on the basis of its assessment of the state of the financial markets and on the occurrence of certain stated events including in the event of any breach or failure by the Fund to comply with any of the terms or conditions of the Fund set out in the Agency Agreement. The Fund is entitled to terminate its obligations under the Agency Agreement by notice given to the Agent at least sixty days prior to the date of termination in the event of any breach or failure by the Agent to comply with any of the terms or conditions of the Agent set out in the Agency Agreement.

Pursuant to the Agency Agreement, the Fund has agreed to indemnify the Agent and each of its directors, officers, employees and agents against certain liabilities and expenses and will contribute to payments that the Agent may be required to make in respect thereof and the Agent has agreed to indemnify the Fund and each of its directors, officers, employees and agents, including the Manager, against certain liabilities and expenses and will contribute to payments that the Fund may be required to make in respect thereof.

## Calculation of Net Asset Value

### Pricing Net Asset Value per Share

A separate net asset value is calculated for the Class A Share Assets, the Class I Share Assets and the Class R Share Assets. The Manager determines the Pricing Net Asset Value of the Class A Share Assets, the Pricing Net Asset Value of the Class I Share Assets and the Pricing Net Asset Value of the Class R Share Assets at the close of business on the last business day in each week. The Valuation Committee must approve these valuations at least two times each year.

The Pricing Net Asset Value per Class A Share on the applicable date is obtained by dividing the portion of the Pricing Net Asset Value of the Class A Share Assets on such date applicable to the Class A Shares, after deducting all declared or accumulated but unpaid dividends on the Class A Shares, if any, by the total number of the Class A Shares outstanding on such date. The Pricing Net Asset Value per Class A-F Share on the applicable date is obtained by dividing portion of the Pricing Net Asset Value of the Class A Share Assets on such date applicable to the Class A-F Shares, after deducting all declared or accumulated but unpaid dividends on the Class A-F Shares, if any, by the total number of the Class A-F Shares outstanding on such date.

The Pricing Net Asset Value per Class I Share on the applicable date is obtained by dividing the portion of the Pricing Net Asset Value of the Class I Share Assets on such date applicable to the Class I Shares, after deducting all declared or accumulated but unpaid dividends on the Class I Shares, if any, by the total number of the Class I Shares outstanding on such date. The Pricing Net Asset Value per Class I-F Share on the applicable date is obtained by dividing portion of the Pricing Net Asset Value of the Class I Share Assets on such date applicable to the Class I-F Shares, after deducting all declared or accumulated but unpaid dividends on the Class I-F Shares, if any, by the total number of the Class I-F Shares outstanding on such date.

The Pricing Net Asset Value per Class R Share on the applicable date is obtained by dividing the portion of the Pricing Net Asset Value of the Class R Share Assets on such date applicable to the Class R Shares, after deducting all declared or accumulated but unpaid dividends on the Class R Shares, if any, by the total number of the Class R Shares outstanding on such date. The Pricing Net Asset Value per Class R-F Share on the applicable date is obtained by dividing portion of the Pricing Net Asset Value of the Class R Share Assets on such date applicable to the Class R-F Shares, after deducting all declared or accumulated but unpaid dividends on the Class R-F Shares, if any, by the total number of the Class R-F Shares outstanding on such date.

See "**Description of the Securities Distributed - Transfer**".

As permitted under securities laws, the Fund's net asset value for the purchase and sale of shares may be different from the net assets presented in the Fund's financial statements. Securities laws require the Fund to calculate its net asset value by determining the fair value of its assets and liabilities. In doing so, the Fund calculates the fair value of its assets and liabilities using the valuation policies set out below. This differs from the accounting principles used in the preparation of the Fund's financial statements. The financial statements of the Fund contain a reconciliation of the net assets reported in the financial statements to the net asset value used by the Fund for the purpose of transacting sales and redemptions of shares. As at August 31, 2016, there was no material difference between the net assets reported in the Fund's financial statements and the net asset value used by the Fund for the purchase and sale of Shares of the Fund.

### Annual and Semi-Annual Valuation

The Semi-Annual Valuations are determined as at the last day of August and the last day in February in each year. As part of its engagement as auditor of the Fund, the Fund's auditor reviewed the Pricing Net Asset Value per Share as of August 31, 2016, calculated in accordance with the Fund's internal valuation policies and with the principles set out herein. The auditor employed qualified valuers as members of their audit team. Based on the scope of the review, the auditors provided an opinion to the Audit and Valuation Committees of the Fund as to the reasonableness of the Pricing Net Asset Value per Share as of August 31, 2016. Unless required by the Fund's auditor or applicable law, independent valuations will not be conducted in respect of each investment within the Fund's portfolio. Should an independent valuation of any of the portfolio investments be required, the Fund's auditor will request a qualified independent third party valuator to conduct a valuation. See "**Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund**".

## Weekly Valuation Updates

The Manager updates the Semi-Annual Valuations as at the Weekly Valuation Update, and at such other times as the Chief Executive Officer and Chief Financial Officer may in their discretion deem appropriate. A Weekly Valuation Update is based on the most recently conducted Semi-Annual Valuation as adjusted, if necessary, to take into account any material change (if any) in the assets of the Fund since such Semi-Annual Valuation. A Weekly Valuation Update remains in effect until such time as the next Weekly Valuation Update is determined.

## Valuation Policies and Procedures of the Fund

The Board has adopted and performs its valuations, based on the CVCA valuation guidelines, except in the case of valuations based on published market value where NI 81-106 prescribes an alternative method of valuation.

### *Valuation Committee*

The Board has established the Valuation Committee which has delegated responsibility for determining the fair value of the Fund's investments to the Manager as set out below. A majority of the members of the Valuation Committee are, and will continue to be, independent of the Manager and of the Sponsor. See "**Organization and Management Details of the Fund – Management of the Fund – Officers and Directors of the Fund**".

### *Valuation of Assets*

The Manager determines the Semi-Annual Valuations. The Valuation Committee is responsible for approving the Semi-Annual Valuations prepared by the Manager. The Semi-Annual Valuation prepared as at the end of the fourth quarter in each year is presented to the Board for approval, accompanied by an annual independent valuation report, if required. See "**Calculation of Net Asset Value – Annual and Semi-Annual Valuation**".

### *Valuation of Assets for which a Published Market Exists*

The value of the Fund's assets for which there exists a published market is determined on the basis of the previous day's closing prices of such securities, or, if no sales of a particular security have been transacted on that date, then on the basis of that day's closing bid price or if there is no closing bid price, then on the basis of the most recent closing price. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation or on security dealer quote system. However, a reasonable discount to market may be used if trading is restricted in any way. Generally, debt assets that the Fund intends to hold to maturity and that are therefore not traded by the Fund are valued at amortized cost.

### *Valuation of Assets for which no Published Market Exists*

The fair value of the Fund's assets for which no published market exists is determined by the Manager as at the time of each Semi-Annual Valuation on the basis of policies and procedures established by the Board for determining the fair value of such assets. The Semi-Annual Valuations are updated as and when any material changes occur (if any), with respect to the assets of the Fund for which no published market exists, subsequent to the most recent Semi-Annual Valuation. In determining the fair value of such assets, in accordance with the CVCA valuation guidelines, the Manager is guided, where appropriate, but not bound by, the following criteria:

- investments are initially carried at cost and thereafter at estimated fair value (the price at which an orderly transaction would take place between willing buyers and sellers when neither is under any compulsion to buy or sell, both parties having reasonable knowledge of relevant facts and have the ability to perform sufficient due diligence in order to be able to make orderly investment decisions related to the enterprise);
- in estimating fair value the Fund will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and will use reasonable data and market inputs, assumptions and estimates. In a stable environment with little change to the investment, cost may be the best indicator of fair value;
- if there is a substantial arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such offer or transaction may be used in the valuation of the investment if circumstances warrant. Similarly, if there is a valuation prepared by a qualified independent party, such valuation is considered to provide valid indication of fair value of an investment;
- in estimating fair value, a reasonable multiple of sustained earnings, cash flow, sales revenue or discounted cash flow (as considered appropriate) with a cross-reference to, and an assessment of, tangible net asset value may be used;

- liquid debt instruments are valued at amortized cost with accrued interest earned included in interest receivable;
- convertible securities are generally valued at the greater of their principal amount and their estimated fair value as if they had been converted, in each case with such estimated fair value being determined on the basis described above; and
- in the unusual event that the valuation policies and procedures described above are not appropriate to a particular investee's business circumstance, then the Board may approve recommendations from the Manager regarding the use of appropriate valuation techniques for that investment.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties, and the resulting values may differ from fair values that would have been used had a ready market existed for the investments.

### **Reporting of Pricing Net Asset Value**

The Pricing Net Asset Value per Share is disclosed on the front page of the Fund's website (<http://www.goldenopportunities.ca>) and can also be obtained by calling the Fund's toll-free number at 1-866-261-5686. The Pricing Net Asset Value per Share is updated on the website and over the phone at the commencement of the next business day following each Weekly Valuation Update.

### **Description of the Securities Distributed**

The authorized capital of the Fund consists of:

- (i) an unlimited number of Class "A" (SK) Shares, issuable in series, of which an unlimited number of Class "A" (SK) Shares and an unlimited number of Class "A-F" (SK) Shares are authorized for issuance;
- (ii) an unlimited number of Class "A" (MB) Shares, issuable in series, of which an unlimited number of Class "A" (MB) Shares and an unlimited number of Class "A-F" (MB) Shares are authorized for issuance;
- (iii) 10 Class "B" Shares;
- (iv) an unlimited number of Class "C" Shares, issuable in series;
- (v) an unlimited number of Class "I" (SK) Shares, issuable in series, of which an unlimited number of Class "I" (SK) Shares and an unlimited number of Class "I-F" (SK) Shares are authorized for issuance;
- (vi) an unlimited number of Class "I" (MB) Shares, issuable in series, of which an unlimited number of Class "I" (MB) Shares and an unlimited number of Class "I-F" (MB) Shares are authorized for issuance;
- (vii) an unlimited number of Class "R" (SK) Shares, issuable in series, of which an unlimited number of Class "R" (SK) Shares and an unlimited number of Class "R-F" (SK) Shares are authorized for issuance; and
- (viii) an unlimited number of Class "R" (MB) Shares, issuable in series, of which an unlimited number of Class "R" (MB) Shares and an unlimited number of Class "R-F" (MB) Shares are authorized for issuance.

No Class C Shares have been issued to date.

The following is a summary of the material provisions attaching to the Shares:

#### *Issue*

The SK Shares may be issued only to individuals and RRSPs who, at the time of subscribing for such shares, meet all conditions of the Saskatchewan Act. The MB Shares may be issued only to individuals and to RRSPs and TFSAs who, at the time of subscribing for such shares, meet all conditions of the Manitoba Act. The Fund will not issue share certificates representing the Shares unless requested by a holder of such shares. See "**Income Tax Considerations**".

### *Subscriptions*

The minimum initial subscription amount is \$250 and the minimum subsequent subscription amount is \$25. The Fund may waive minimum initial and subsequent subscription amounts to accommodate pre-authorized contribution plans and payroll deduction plans. Shares are offered on a continuous basis at an offering price equal to the Pricing Net Asset Value per Share. See "**Calculation of Net Asset Value – Pricing Net Asset Value per Share**".

### *Transfer*

The Articles currently permit an individual holder of SK Shares who received a Federal or Saskatchewan tax credit in connection with the purchase of such shares to transfer such shares to a RRSP or a RRIF under which the individual or his or her spouse or his or her common-law partner is the sole annuitant. In addition, SK Shares may also be transferred, with prior approval of the Board, to other eligible investors (who meet all the applicable conditions of the Saskatchewan Act) or otherwise as may be permitted under the Saskatchewan Act.

The Articles currently permit transfers of MB Shares provided that: (i) the transfer is to the Specified Individual or the Specified Individual's spouse or former spouse, (ii) the transfer is to a RRSP or a RRIF for the Specified Individual, (iii) the transfer occurs as a result of the death of the Specified Individual or his/her spouse, (iv) the Specified Individual becomes disabled and permanently unfit for work, or terminally ill, after the such shares were issued, or (v) the transfer is otherwise permitted under the Manitoba Act and has been approved by the Board.

Shares may not be transferred to a TFSA.

### *Redemption by Holders*

Subject to the Eight Year Holding Period and the other restrictions set out herein and the withholding of any tax credits or other amount required to be withheld, Shares will be redeemed at the Pricing Net Asset Value per Share as determined by the Manager as at the Weekly Valuation Update which immediately next follows the day on which the Fund receives the request for redemption or, where the next Weekly Valuation Update following the day on which the Fund receives a request for redemption would be after the Cut-off Date, then as at the Cut-off Date, plus any declared but unpaid dividends on the Shares being redeemed.

The Fund may have contingent liability for the repayment of tax credits in certain circumstances. Investors who request a redemption of Shares within the Eight Year Holding Period will, subject to certain exceptions, be subject to a withholding fee equal to the tax credits received on the purchase of such Shares. Accordingly, investors should be prepared to hold Shares for a minimum of eight (8) years from the date of purchase. See "**Income Tax Considerations**", "**Other Material Facts – Penalties Potentially Applicable to the Fund – Saskatchewan**" and "**Other Material Facts – Penalties Potentially Applicable to the Fund – Manitoba**".

**In addition to the Eight Year Holding Period, redemptions of the Shares are restricted both by law and due to the fact that the obligation of the Fund to redeem the Shares is based on the profitability and Retained Earnings of the Fund. As a result, there can be no assurance that an investor will be able to redeem their Shares following the Eight Year Holding Period.**

See "**Redemption of Securities**".

### *Dividends*

Holder of the Class A Shares and Class A-F Shares are entitled to receive non-cumulative dividends at the discretion of the Board out of monies of the Fund derived from the Class A Share Assets. Holders of the Class I Shares and Class I-F Shares are entitled to receive non-cumulative dividends at the discretion of the Board out of monies of the Fund derived from the Class I Share Assets. Holders of the Class R Shares and Class R-F Shares are entitled to receive non-cumulative dividends at the discretion of the Board out of monies of the Fund derived from the Class R Share Assets.

### *Voting Rights*

Holder of Shares are entitled to receive notice of and attend all meetings of shareholders of the Fund and, except for meetings at which only holders of a different class or series of shares of the Fund are entitled to vote separately as a class or series, are entitled to vote at any such meeting. Each Share entitles the holder thereof to one vote.



### *Election of Directors*

The maximum number of directors currently permitted by the Articles is 15. The Board is currently comprised of 9 directors. Based on a Board of 9 directors, the holders of the Shares, together, are entitled to elect 4 directors to the Board and the Sponsor, as the holder of Class B Shares, is entitled to elect 5 directors to the Board. One of the directors elected by the Sponsor will be elected from a list of nominees put forth by the holders of the Shares, together. If the number of directors changes, the number of directors to be elected by each of the holders of the Shares, together, and the holder of the Class B Shares would change accordingly, in compliance with the Articles.

### *Fractional Shares*

A holder of a fractional Share is entitled to exercise voting rights and to receive dividends in respect of such fractional Share to the extent of such fraction.

### *Dissolution*

On a Dissolution, and after payment of any liabilities of the Fund and all declared or accumulated but unpaid dividends on the Shares, the Class A-F Shares, the Class I Shares, the Class I-F Shares, the Class R Shares and the Class R-F Shares will each automatically be converted into Class A Shares based on the ratio between the Pricing Net Asset Value per Class A-F Share, the Pricing Net Asset Value per Class I Share, the Pricing Net Asset Value per Class I-F Share, the Pricing Net Asset Value per Class R Share and the Pricing Net Asset Value per Class R-F Share, respectively, and the Pricing Net Asset Value per Class A Share. Thereafter the holders of Class A Shares will be entitled to share equally, share per share, in the remaining assets of the Fund after the return of an amount equal to the stated capital of the Class B Shares to the holder of the outstanding Class B Shares

## **Shareholder Matters**

### **Meetings of Shareholders**

The chairman of the Board, if any, or the Chief Executive Officer of the Fund, or the Board by resolution may at any time call and at any place convene the annual or a special meeting of shareholders. The Board shall call an annual meeting of the shareholders each year, not later than 15 months after the preceding annual meeting. A special meeting of shareholders must be convened if requisitioned by holders of at least five percent of the issued shares of the Fund that carry the right to vote at the meeting sought to be held. Not less than 21 days and not more than 50 days' notice will be given for any meeting of the Fund's shareholders. A quorum for any shareholder meeting is constituted if shareholders holding at least one (1%) percent of the total number of issued shares of the Fund that are entitled to vote at such a meeting are present, either in person or represented by proxy. Voting at a shareholders meeting is generally conducted by a show of hands of shareholders present at the meeting and entitled to vote thereat unless a ballot is demanded by any shareholder or proxyholder entitled to vote at the meeting. Every shareholder present in person at a shareholders meeting shall have one vote on a show of hands. Every shareholder present in person or by proxy shall have one vote for every share registered in his name. In the case of an equality of votes the chairman of the meeting shall, both on a show of hands and on a ballot, have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

### **Matters Requiring Shareholder Approval**

Certain changes affecting the Fund can only be implemented with the approval of its shareholders. A meeting of the shareholders or, where required by law, a meeting of each series or class of shareholders of the Fund will be held to consider and approve any of the following matters which the Fund may propose to change in the future:

- subject to certain exemptions available under rules applicable to mutual funds, the basis of the calculation of a fee or expense that is charged to the Fund or directly to the holders of Shares by the Fund or the Manager in connection with the holding of Shares is changed in a way that could result in an increase in charges to the Fund or to the holders of Shares;
- a fee or expense, to be charged to the Fund or directly to the holders of Shares by the Fund or the Manager in connection with the holding of Shares, that could result in an increase in charges to the Fund or to the holders of Shares is introduced;
- change of the manager of the Fund (other than to an affiliate of the Manager);
- any change in the investment objectives of the Fund;
- any decrease in the frequency of calculating the net asset value of the Shares;
- certain types of reorganizations as prescribed under rules applicable to mutual funds;

- subject to certain exemptions available under rules applicable to mutual funds which allow for notice in lieu of seeking approval, the use by the Fund of permitted derivatives; or
- any other matter which is required by the constating documents or by applicable laws to be approved by shareholders of the Fund.

Unless a greater majority is required by applicable laws, such as for amendments to the Articles, resolutions must be approved by the majority of the votes cast at a shareholders' meeting.

### **Reporting to Shareholders**

Upon the purchase of SK Shares, a purchaser who is resident in Saskatchewan is entitled to receive a tax credit certificate under the Saskatchewan Act in prescribed form and an annual statement showing the number, class and current value of their Shares.

Upon the purchase of MB Shares, a purchaser who is a resident in Manitoba will be entitled to receive a receipt under the Manitoba Tax Act in prescribed form showing the number and class of Shares purchased and the consideration for which such Shares were issued.

An annual report together with annual audited financial statements and annual management report of fund performance will be filed on an annual basis, and sent to all shareholders who request a copy. In addition, the Fund will file its unaudited semi-annual interim financial statements and interim management report of fund performance, and send a copy to all shareholders who request a copy. The financial statements of the Fund will be reported in accordance with IFRS and will reflect the Net Asset Value of the Fund as at the date of the statements. These documents and other disclosure relating to the Fund can be accessed at the SEDAR website at <http://www.sedar.com>.

### **Termination of the Fund**

The Fund may be dissolved in accordance with applicable law. Under The Business Corporations Act (Saskatchewan), the Fund may be dissolved by special resolution of the shareholders or by court order. In the event of a Dissolution, and after payment of any liabilities of the Fund and any declared or accumulated but unpaid dividends on the Shares, the Class A-F Shares, the Class I Shares, the Class I-F Shares, the Class R Shares and the Class R-F Shares will each automatically be converted into Class A Shares based on the ratio between the Pricing Net Asset Value per Class A-F Share, the Pricing Net Asset Value per Class I Share, the Pricing Net Asset Value per Class I-F Share, the Pricing Net Asset Value per Class R Share and the Pricing Net Asset Value per Class R-F Share, respectively, and the Pricing Net Asset Value per Class A Share. Thereafter the holders of Class A Shares will be entitled to share equally, share per share, in the remaining assets of the Fund after the return of an amount equal to the stated capital of the Class B Shares to the holder of the outstanding Class B Shares.

See "**Description of the Securities Distributed –Dissolution**".

Any valuation of the assets of the Fund at the time of a Dissolution will be based upon the valuation policies and procedures set out herein. See "**Calculation of Net Asset Value - Valuation Policies and Procedures of the Fund**".

### **Use of Proceeds**

#### **SK Shares**

The SK Equity will be invested in accordance with the investment policies of the Fund and the applicable provisions of the Saskatchewan Act. The Fund plans to invest the SK Equity in small and medium-sized Saskatchewan eligible businesses and such other investments as permitted by the Saskatchewan Act and by the exercise of ministerial discretion. See "**Investment Objectives**" and "**Investment Strategies**". Any capital gain and interest and other investment income earned on such investments will accrue to the benefit of the Fund.

Pursuant to the Saskatchewan Act (and the exercise of ministerial discretion) the Fund is obligated, during the 24 month period following the end of the fiscal year in which the SK Equity is raised, to invest and maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses or in any other type of investment authorized by the Saskatchewan Act. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund will maintain at least 75% of the SK Equity in investment instruments issued by eligible businesses. Pending such investments being made, the SK Equity will be invested in investments permitted by the Saskatchewan Act.

In addition to the above-noted restrictions, beginning on and after January 1, 2014, the Fund has been and is required to invest a prescribed percentage of the SK Equity in businesses engaged in eligible innovation activities. Eligible innovation activities include: (a) 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 which 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. The prescribed amount was 11.25% of annual net capitalization of the SK Equity (annual capital raised from the sale of SK Shares less annual capital redeemed from the redemption of SK Shares, multiplied by the SK pacing requirement as set forth above) for the 2014 -2015 fiscal year and 15% for the 2015-2016 fiscal year and will be 18.75% for the 2016-2017 fiscal year and subsequent fiscal years. The Fund has made the innovation sector a key pillar of its Class A Share Assets and the Class I Share Assets are focused exclusively on investment in innovation. The Fund is confident that it will require no material changes to its investment strategy to comply with this requirement.

The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets or more than 10% of the Pricing Net Asset Value of the Class R Share Assets, as applicable, in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor will the Fund invest more than 60% of the SK Equity that the Fund has invested in investment instruments issued by any one eligible business or any combination of one eligible business and one or more corporations that are not dealing at arm's length with such eligible business, and will not invest in an eligible business if the Fund and the eligible business are not dealing at arm's length, within the meaning of the Saskatchewan Act.

As required by the Saskatchewan Act (and the exercise of ministerial discretion), the Trust Monies must be set aside in a trust fund until such time as the Fund has invested 55% of the SK Equity, during the applicable fiscal period, in equity shares or debt obligations of eligible businesses and is otherwise in compliance with the investment criteria and restrictions set forth in the Saskatchewan Act. Pending release, the Trust Monies will be invested in investments permitted by the Saskatchewan Act. Once 55% of the SK Equity has been invested by the Fund into eligible businesses then, subject to receipt of written instructions from the Saskatchewan Ministry of the Economy and the Fund authorizing release of the Trust Monies held in trust, the applicable Trust Monies will be released from trust in such amounts, and at such times, as is required in order to make actual investments into identified eligible businesses. The Fund entered into the Tax Credit Trust Agreement pursuant to which Concentra has agreed to hold the Trust Monies and release them in accordance with the terms of the Tax Credit Trust Agreement.

Pursuant to the exercise of ministerial discretion under the Saskatchewan Act, up to 25% of the SK Equity can be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses which include, among others, commissions to the Agent and sub-agents for sales of Shares, marketing materials and management fees. Resort to these monies for funding operating expenses will only be required where the revenue generated by the Fund in any particular period is less than the operating expenses of the Fund for that same period. Furthermore, while funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the SK Equity could be used to fund such redemptions.

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Fund's registration under the Saskatchewan Act and penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Saskatchewan**".

### **MB Shares**

The MB Equity will be invested in accordance with the investment policies of the Fund and the applicable provisions of the Manitoba Act. The Fund plans to invest the MB Equity in small and medium-sized Manitoba eligible business entities and such other investments as permitted by the Manitoba Act and by the exercise of ministerial discretion. See "**Investment Strategies**" and "**Investment Objectives**". Any capital gain and interest and other investment income earned on such investments will accrue to the benefit of the Fund.

Pursuant to the Manitoba Act (and the exercise of ministerial discretion) the Fund is obligated, during the 24 month period following the end of the fiscal year in which the MB Equity is raised, to invest and maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities or in any other type of investment authorized by the Manitoba Act, and 14% of the MB Equity must be in eligible investments for which the total cost of the eligible investments held by the Fund in such entity and any related entities does not exceed \$2,000,000. The Fund's fiscal year end is August 31. As at the end of such 24 month period and for the period that follows, the Fund must maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities. Pending such investments being made, the MB Equity will be invested in investments

permitted by the Manitoba Act. The Fund will not invest more than 10% of the Pricing Net Asset Value of the Class A Share Assets or more than 10% of the Pricing Net Asset Value of the Class I Share Assets or more than 10% of the Pricing Net Asset Value of the Class R Share Assets, as applicable, in any one eligible business or eligible business entity, other than where the securities are issued or guaranteed by the Government of Canada, the Government of any Province or Territory in Canada or the Government of the United States of America, nor will the Fund invest in an eligible business entity engaged in selling the shares of the Fund, other than a wholly owned subsidiary of the Fund.

Pursuant to the exercise of ministerial discretion under the Manitoba Act, up to 30% of the MB Equity can be utilized by the Fund, if required, to satisfy payment of the Fund's ongoing operating expenses which include, among others, commissions to the Agent and sub-agents for sales of Shares, marketing materials and management fees. Resort to these monies for funding operating expenses will only be required where the revenue generated by the Fund in any particular period is less than the operating expenses of the Fund for that same period. Furthermore, while funds have been reserved for the purposes of funding redemptions that may come due, to the extent that such funds are insufficient to satisfy redemptions, a portion of the MB Equity could be used to fund such redemptions.

Failure of the Fund to meet the investment and timing requirements noted above could result in a revocation of the Fund's registration under the Manitoba Act and penalties being imposed on the Fund. See "**Other Material Facts - Penalties Potentially Applicable to the Fund - Manitoba**".

### **Principal Holders of Securities of the Fund**

As at the date of this prospectus, the Sponsor owns all the issued and outstanding Class B Shares both beneficially and of record. See "**Organization and Management Details of the Fund - Sponsor**".

As at the date of this prospectus, the only issued and outstanding shares in the capital of the Manager are 100 common shares, owned by Mr. Grant Kook both beneficially and of record. Mr. Grant Kook is a director and officer of both the Fund and the Manager. See "**Organization and Management Details of the Fund – Management of the Fund**".

The directors and senior officers of the Fund, as a group, and the directors and senior officers of the Manager, as a group, beneficially own, directly or indirectly, less than 1% of all the issued and outstanding Shares.

### **Interest of Management and Others in Material Transactions**

Pursuant to the Management Agreement, the Manager has been retained as manager of the Fund and will receive certain management fees and other compensation. Mr. Grant J. Kook, the President and Chief Executive Officer and a director of the Fund, is the sole shareholder of the Manager. See "**Organization and Management Details of the Fund – Management of the Fund**".

### **Proxy Voting Disclosure**

The Fund has the responsibility to exercise voting rights attaching to securities held by the Fund. In order to ensure that voting securities held by the Fund are voted in a manner that serves the best interests of the Fund and its securityholders, the Fund has established the Guidelines designed to provide general guidance, in compliance with applicable legislation, for the voting of proxies.

The Guidelines set out the voting procedures to be followed in voting on routine and non-routine matters. Routine matters include election of directors, appointment of auditors, management and compensation related resolutions and certain changes in corporate structure. Although the Guidelines contain standing policies for voting on certain routine matters, each routine and non-routine matter will be assessed on a case-by-case basis to determine whether such matter is in the best interests of the Fund and its securityholders.

The Guidelines also include procedures to ensure that voting rights are exercised in accordance with the Guidelines.

The Guidelines are available on request, at no charge, by writing to the Fund at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, S7K 5T6.

Commencing on August 31, 2006, the Fund began disclosing its annual proxy voting record as of June 30 for each year, covering the period from July 1 to June 30 of such year. These documents are available on the Fund's website at <http://www.goldenopportunities.ca>.

## Material Contracts

The Fund has entered into the following material contracts:

- (a) the Management Agreement referred to under "**Organization and Management Details of the Fund – Management of the Fund – Management Agreement**";
- (b) the Agency Agreement and the Services Agreement referred to under "**Purchase of Securities (Plan of Distribution) – Agency Agreement and Services Agreement**";
- (c) the Custodian Agreement;
- (d) the Tax Credit Trust Agreement referred to under "**Use of Proceeds**";
- (e) the Transfer Agency Agreement;
- (f) the RRSP Trust Agreement referred to under "**Purchase of Securities (Plan of Distribution) – RRSP Purchases**"; and
- (g) the WD Agreement referred to under "**Investment Objectives**".

Copies of the foregoing contracts may be inspected during regular business hours at the principal place of business of the Fund at 830 – 410 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan S7K 5T6.

## Legal and Administrative Proceedings

There are no legal or administrative proceedings material to the Fund to which the Fund, the Manager or the Agent is a party, and no such proceedings are known to be contemplated.

## Experts

The auditor of the Fund is Ernst & Young LLP. Ernst & Young LLP has advised that they are independent with respect to the Fund in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Saskatchewan. None of MacPherson Leslie & Tyerman LLP, counsel to the Fund, Aikins, MacAulay & Thorvaldson LLP, counsel to the Agent, or Ernst & Young LLP, auditor of the Fund, or any director, officer, employee or partner thereof, as applicable, has received or will receive a direct or indirect interest in the property of the Fund or of any associate or affiliate of the Fund. As at the date hereof, the partners and associates of MacPherson Leslie & Tyerman LLP and the partners and associates of Aikins, MacAulay & Thorvaldson LLP, each as a group, beneficially own, directly or indirectly, less than 1% of all of the issued and outstanding Shares.

## Exemptions and Approvals

The Fund is generally governed by the standard investment restrictions and practices that are otherwise applicable to mutual funds. However, some of these restrictions and practices do not apply to the Fund and the Fund has been granted exemptions from, or variations in respect of, certain restrictions and practices. See "**Investment Restrictions – Exemptions and Policies**". The Fund has also been granted exemptions from, or variations in respect of, certain other provisions in NI 81-102 and NI 81-105 to permit it, among other things, to invest in certain persons or companies of which a director or officer of the Fund is a partner, director, officer or small security holder, subject to certain conditions set forth in such exemptive relief, and to pay fees and expenses in the manner disclosed in this prospectus.

## Other Material Facts

### Penalties Potentially Applicable to the Fund - Saskatchewan

The Saskatchewan Act requires that, unless the Saskatchewan Minister provides approval for the Fund to wind-up or dissolve, the Fund shall pay a penalty to the Saskatchewan Minister equal to the Saskatchewan tax credits that were issued by the Province of Saskatchewan on the sale of SK Shares if the Fund:

- (a) proposes to wind-up or dissolve;
- (b) has its Saskatchewan Registration revoked; or
- (c) purchases or otherwise acquires any of the SK Shares prior to eight years from the date of issue of the SK Shares unless:

- (i) the Saskatchewan tax credit issued to the holder of the SK Share at the time of issuance of the SK Share to the holder is repaid to the Saskatchewan Minister;
- (ii) the SK Shares to be redeemed belonged to a holder who has died; or
- (iii) the holder of the SK Shares to be redeemed is a RRSP or RRIF and the sole beneficiary of the plan or fund has died.

#### **Revocation of Saskatchewan Registration**

The Saskatchewan Minister may revoke the Saskatchewan Registration of the Fund if the Fund has been struck from the register of corporations pursuant to section 290 of *The Business Corporations Act* (Saskatchewan), or if the Fund fails to comply with any provision of the Saskatchewan Act or any terms and conditions imposed by the Saskatchewan Minister pursuant to the Saskatchewan Act. Where the Fund has been struck from the register of corporations, the Fund's Saskatchewan Registration may be revoked without notice to the Fund. In any other circumstances, the Saskatchewan Minister must give notice to the Fund of any proposal to revoke the Fund's Saskatchewan Registration. The Fund will have an opportunity, within 60 days of the written notice of proposal, to correct any default and to appeal any revocation of its Saskatchewan Registration. Investments in SK Shares made after the revocation of the Fund's Saskatchewan Registration will not entitle purchasers to receive Saskatchewan tax credits.

#### **Penalties Potentially Applicable to the Fund - Manitoba**

Upon the redemption of a MB Share prior to the expiry of the Eight Year Holding Period, the Manitoba Tax Act requires that the Fund withhold from the redemption price and pay to the Manitoba Minister, within 30 days of the redemption, an amount equal to the greater of the Manitoba tax credit that was issued by the Province of Manitoba on the sale of such Share or the redemption price, unless:

- (a) the Manitoba tax credit has not yet been claimed, in respect of the Share;
- (b) the redemption occurs as a result of the death of the holder of the Share or the death of the annuitant under a RRSP or RRIF that held the Share; or
- (c) the Specified Individual became disabled and permanently unfit for work, or terminally ill, after the Share was issued.

The Manitoba Tax Act requires that, if the Fund's registration under the Manitoba Act is cancelled, the Fund must pay a penalty, within 90 days of the cancellation, to the Manitoba Minister for each outstanding MB Share equal to 1.875% of the consideration received by the Fund for the issuance of such MB Share for each year or part year remaining before the Eight Year Holding Period expires with respect to such MB Share.

If the Fund issues more than \$30 million of MB Shares (or such other limit as is prescribed by the Manitoba Act from time to time) in any one MB Offering Year, it must pay a tax equal to 15% of the excess. In addition, its registration under the Manitoba Act may be suspended or revoked. The Fund does not intend to sell MB Shares having a total selling price in excess of its current limit.

The Fund is required to invest and maintain at least 70% of the MB Equity in eligible investments issued by eligible business entities and 14% of the MB Equity must be in eligible investments for which the total cost of the eligible investments held by the Fund in such entity and any related entities does not exceed \$2,000,000. If it does not meet either of these requirements, a penalty of 30% of the greater of the two possible deficiencies will be payable by the Fund to the Minister of Finance (Manitoba) under the Manitoba Act. If liable for such a penalty the Fund may recover up to 90% of the penalty assessed if it does not run a deficiency in its next fiscal year. See "**Investment Restrictions – Investment Restrictions – MB Shares**".

#### **Revocation of Manitoba Registration**

The Manitoba Minister may suspend the Manitoba Registration of the Fund if the Fund:

- (a) fails to comply with the requirements under the Manitoba Act, to file or provide, or to produce for inspection, a record, report, statement, return or other information, and does not rectify such non-compliance within 30 days after receiving notice from the Manitoba Minister;

- (b) fails to value the Shares as required by the Manitoba Act and does not rectify such non-compliance within 30 days after receiving notice from the Manitoba Minister;
- (c) fails to pay a penalty under the Manitoba Act or a tax payable under section 11.1 or 11.5 of the Manitoba Tax Act within 60 days of assessment;
- (d) amends its articles except as provided for under the Manitoba Act; or
- (e) has its assets, or a substantial portion of them, placed under the control of a receiver, a receiver-manager or a trustee in bankruptcy.

If the Fund does not correct the default within one year of its Manitoba Registration being suspended, then its Manitoba Registration will be cancelled. Investments in MB Shares made after the cancellation of the Fund's Manitoba Registration will not entitle purchasers to receive Manitoba tax credits.

### **Federal Penalty**

The Federal Act requires that the Fund comply with the business investment requirements under the Saskatchewan Act and the Manitoba Act and, as a consequence of non-compliance, the Fund will be liable to pay an amount (other than interest) equal to the amount that it may be required to pay under the Saskatchewan Act or the Manitoba Act, as applicable, as a penalty to the Receiver General. The Federal Act also provides that the Fund will be liable to pay an amount (other than interest) equal to the amount that it may be required to pay under the Saskatchewan Act or the Manitoba Act, as applicable, as a consequence of the amalgamation or merger of the Fund with another corporation, a Dissolution or the Fund ceasing to be registered under the Saskatchewan Act or the Manitoba Act, as applicable, as a penalty to the Receiver General.

### **Purchasers' Statutory Rights of Withdrawal and Rescission**

Securities legislation in each of Provinces of Saskatchewan and Manitoba provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province. The purchaser should refer to the applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or should consult with a legal advisor.

### **Documents Incorporated By Reference**

Additional information about the Fund is available in the following documents:

1. The most recently filed comparative annual financial statements of the Fund, together with the accompanying report of the auditor.
2. Any interim financial report of the Fund filed after those annual financial statements.
3. The most recently filed annual management report of fund performance of the Fund.
4. Any interim management report of fund performance of the Fund filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. Any document of the type referred to above filed by the Fund after the date of this prospectus, and prior to the completion or termination of the distribution contemplated herein, shall be deemed to be incorporated by reference into this prospectus.

You can get a copy of these documents, at your request, and at no cost by calling the Fund toll-free at 1-866-261-5686 or from your dealer. These documents are also available on the Fund's internet site at <http://www.goldenopportunities.ca> or by contacting the Fund at [gofrequest@sasktel.net](mailto:gofrequest@sasktel.net). These documents and other information about the Fund are also available on the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) website under the Fund's name, which can be accessed at <http://www.sedar.com>.

**Any statement contained in this prospectus or a document incorporated or deemed to be incorporated by reference herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein, or in any other document which is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this prospectus.**



## CERTIFICATE OF GOLDEN OPPORTUNITIES FUND INC.

Dated: December 19, 2016

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all materials facts relating to the securities offered by this prospectus as required by the securities legislation of Saskatchewan and Manitoba.

(signed) "Grant J. Kook"  
Grant J. Kook  
President and Chief Executive Officer

(signed) "Douglas W. Banzet"  
Douglas W. Banzet  
Chief Financial Officer

On behalf of the Board of Directors of  
**GOLDEN OPPORTUNITIES FUND INC.**

(signed) "William (Bill) McKnight"  
Honourable William (Bill) McKnight, PC  
Chairman

(signed) "James S. Salamon"  
James S. Salamon  
Director

## CERTIFICATE OF WESTCAP MGT. LTD. as Manager and Promoter

Dated: December 19, 2016

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all materials facts relating to the securities offered by this prospectus as required by the securities legislation of Saskatchewan and Manitoba.

(signed) "Grant J. Kook"  
Grant J. Kook  
Chief Executive Officer

(signed) "Douglas W. Banzet"  
Douglas W. Banzet  
Chief Operating Officer

On Behalf of the Board of Directors of  
**WESTCAP MGT. LTD.**, as Manager and Promoter

(signed) "Grant J. Kook"  
Grant J. Kook  
Director

(signed) "Douglas W. Banzet"  
Douglas W. Banzet  
Director

## **CERTIFICATE OF NATIONAL BANK FINANCIAL INC.**

Dated: December 19, 2016

To the best of our knowledge, information and belief, this prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Saskatchewan and Manitoba.

**NATIONAL BANK FINANCIAL INC.**

(signed) "*Etienne Dubuc*"

Etienne Dubuc  
Managing Director

APPENDIX A  
**Golden Opportunities Fund Inc.**  
**Portfolio Information - Class A Shares**

The following table contains information with respect to the investments of the Class A Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. This information is current as of November 25, 2016. The Fund has no control over any information disseminated by its investee companies (including information contained on the websites of its investee companies) and the Fund makes no representation or warranty about the accuracy or completeness of any such information.

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund		Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
10127441 Saskatchewan Ltd. PO Box 3720 Regina, SK S4P 3N8	Ethanol production and value added products	Common shares	42.14%	Less than 0.01%
Avalon Oil & Gas Ltd. 1120-833 4 Ave SW Calgary, AB T2P 3T5	An exploration and production start-up company focused on Saskatchewan heavy oil assets	Class A common shares	16.48%	2.66%
Can Pro Capital Corp. Box 250 Arborfield, SK S0E 0A0 Website: www.cpil.ca	Fund the primary farming operations of Can Pro Ingredients Ltd.	\$3,329,838.00 debenture, 0% due March 4, 2018 Class A Common shares	100.00%	1.39%
Can Pro Ingredients Ltd. Box 250 Arborfield, SK S0E 0A0 Website: www.cpil.ca	Manufacture and merchandise specialty canola bioproducts and dehydrated alfalfa products	Class A common shares	82.40%	3.03%
Connect Energy Holdings Ltd. Suite 201, 203 Stonebridge Road Saskatoon, SK S7T 0G3	Investment in natural gas retailer	Class A common shares	90.00%	Less than 0.01%
Credence Resources Inc. 1500 410 22 Street E Saskatoon, SK S7K 5T6	General partner for investments in junior oil and gas exploration and development companies	Class A common shares Class B common shares	50.00% 100.00%	0.04%
Credence Resources Limited Partnership 1500 410 22 Street E Saskatoon, SK S7K 5T6	Investments in junior oil and gas exploration and development companies	\$14,633,169.55 participating loan, variable rate Series 2A limited partnership unit Series 2B limited partnership unit Series 4A limited partnership unit Series 5A limited partnership unit Series 5B limited partnership unit Series 5D limited partnership unit Series 6A limited partnership unit Series 7A limited partnership unit	 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00%	6.11%

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund		Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
Credence Resources II Inc. 1500 410 22 Street E Saskatoon, SK S7K 5T6	Investments in junior oil and gas exploration and development companies	Class A common shares Class B common shares	50.00% 100.00%	0.04%
Credence Resources Limited Partnership II 1500 410 22 Street E Saskatoon, SK S7K 5T6	Investments in junior oil and gas exploration and development companies	\$8,679,843.00 participating loan, variable rate Series 2A limited partnership unit Series 4A limited partnership unit Series 5A limited partnership unit	100.00% 100.00% 100.00%	3.63%
Dyna Holdings GP Inc. #202-2100 Airport Drive Saskatoon, SK S7L 6M6	Diversified Industrial/oil & gas/mining	Class A common shares	50.00%	Less than 0.01%
Dyna Holdings LP #202-2100 Airport Drive Saskatoon, SK S7L 6M6	Diversified Industrial/oil & gas/mining	Class A limited partnership units	42.43%	4.13%
Field Exploration Inc. 1500 410 22 Street E Saskatoon, SK S7K 5T6	General partner for investments in junior oil and gas exploration and development companies	Class A common shares Class B common shares	50.00% 100.00%	0.04%
Field Exploration Limited Partnership 1500 410 22 Street E Saskatoon, SK S7K 5T6	Investments in junior oil and gas exploration and development companies	\$10,036,730.23 participating loan, variable rate Series 2A limited partnership Series 2B limited partnership Series 2C limited partnership Series 3A limited partnership Series 3B limited partnership	100.00% 100.00% 100.00% 100.00% 100.00%	4.19%
G4 Energy Limited Partnership 1205 - 620 Spadina Cres. Saskatoon, SK S7K 3T5	Investment in oil and gas exploration and development companies	Class B units	13.32%	0.13%
G5 Energy Limited Partnership 1205 - 620 Spadina Cres. Saskatoon, SK S7K 3T5	Investment in oil and gas exploration and development companies	Class B units	19.32%	0.38%
Golden Health Care Inc. 101 3550 Taylor Street E Saskatoon, SK S7H 5H9	Own and operate personal care homes	Class A common shares Class E preferred shares Class F preferred shares Class G preferred shares Class H preferred shares	50.00% 50.00% 100.00% 90.00% 90.00%	7.23%

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund		Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
		Class I preferred shares	75.00%	
		Class J preferred shares	75.00%	
		Class K preferred shares	100.00%	
		Class L preferred shares	100.00%	
		Class N preferred shares	100.00%	
		Class O preferred shares	100.00%	
		Class P preferred shares	100.00%	
GOF Care Homes Inc. 101 3550 Taylor Street E Saskatoon, SK S7H 5H9	To provide operational oversight of Harwood Manor	Demand Promissory Note, 0%	100.00%	0.01%
		Class A common shares		
H.J.R. Asphalt GP Inc. 1605 Chappell Drive Saskatoon, SK S7M 3X9	Highway, street and bridge construction	Class A common shares	32.00%	Less than 0.01%
H.J.R. Asphalt LP 1605 Chappell Drive Saskatoon, SK S7M 3X9	Highway, street and bridge construction	Class A partnership units	32.00%	4.28%
Jump.ca Wireless Supply Corp. 1845 Victoria Ave Regina, SK S4N 6E6 Website: www.jump.ca	Retail distribution of telecommunication products and services	Class B preferred shares Note 2	18.70%	0.82%
Lex Energy Partners LP 2530 Sandra Schmirler Way Regina, SK S4W 0M7	Investment in oil and gas exploration and development companies	Limited partnership units	9.42%	0.95%
Lift Petroleum Inc. 35 Duncan Norrie Drive Winnipeg, MB R3P 2K1	To invest in exploration and production oil and gas company in Manitoba	\$2,575,000.00 variable rate participating loan Class A common shares Class B common shares	50.00% 100.00%	1.12%
MATRIX Energy Technologies Inc. 350 808 4 Ave SW Calgary, AB T2P 3E8 Website:www.matrix.com	A directional drilling innovator applying state-of-the-art technology to enhance oil and gas extraction	Common shares	6.21%	0.83%
Med-Life Discoveries GP Inc. 1500, 410 22nd Street E Saskatoon, SK S7K 5T6	A biotechnology company based out of Saskatoon, Saskatchewan	\$47,702.00 promissory note, 0%, demand Class A shares	47.75%	0.02%
Med-Life Discoveries LP 1500, 410 22nd Street E Saskatoon, SK S7K 5T6	A biotechnology company based out of Saskatoon, Saskatchewan	Class A limited partnership units \$2,085,640.00 promissory note, 11% demand \$429,249.00 promissory note, 15% demand	47.75%	3.37%

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund		Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
NorAmara Properties Inc. 60 Queen Street Weyburn , SK S4H 2L2	Real estate	Class A common shares	25.00%	0.30%
Performance Plants Inc. 700 Gardiners Road Kingston, ON K7M 3Y1 Website: www.performanceplants.com	Plant biotechnology; improvement of food crops	Common shares	13.46%	1.89%
Phenomenome Discoveries Inc. 204 - 407 Downey Road Saskatoon, SK S7N 4L8	Metabolic profiling technology and related services	Class A common shares Class B common shares	5.23% 54.60%	1.43%
Prairie Meats Inc. 2326 Millar Avenue Saskatoon, SK S7K 2Y2	A well-known industry leader providing quality meat products through its processing, wholesaling and retail facilities.	Class A common shares	78.00%	less than .01%
Prairie Meats LP 2326 Millar Avenue Saskatoon, SK S7K 2Y2	A well-known industry leader providing quality meat products through its processing, wholesaling and retail facilities.	Class A limited partnership units	71.98%	2.88%
CanniMed Therapeutics Inc. & PM Power Group Holdings Ltd. #1 Plant Technology Road Box 19A, RR #5 Saskatoon, SK S7K 3J8 Website: www.cannimed.ca	Plant biotechnology; plant made pharmaceutical technology and custom contract services	Class A common shares Note 1 stock options purchase warrants \$1,047,000.00 convertible debenture, 10%, due December 15, 2018	19.90%  0.30% 2.35%	2.57% Note 3
Quality Wireline Services Ltd. 417A Mississippian Drive Esteron, SK S4A 2A4	Oil and gas services specializing in wireline services	\$65,157.54 debenture, 16.5%, demand		0.03%
Rite Way Mfg. Co. Ltd. 1891 Albert Street N R.M. of Sherwood No. 159, SK	General Partner for investment in manufacturer of agricultural equipment.	Class A common shares	42.32%	less than .01%
Safety Seven Manufacturing Inc. 311 Main Street Moose Jaw, SK S6H 0W2	Manufacturer of specialty footwear products	\$459,149.00 promissory note, non-interest bearing, demand Class A common shares Class C preferred shares	  10.00% 72.46%	0.28%
Solido Design Automation Inc. 501 - 121 Research Drive Saskatoon, SK S7N 1K2 Website: www.solidodesign.com	Electronic design automation	Class A convertible preferred shares Class B convertible preferred shares Class C convertible	12.29%  43.08% 20.02%	1.06%

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund preferred shares		Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
SuperiorFarms Solutions LP 1891 Albert Street N R.M. of Sherwood No. 159, SK	Involved in the design, manufacturing and export of innovative agricultural equipment with patented features.	Limited partnership units	42.32%	2.69%
SuperiorRoads Solutions Inc. 1891 Albert Street N R.M. of Sherwood No. 159, SK	General Partner for investment in manufacturer of industrial equipment.	Class A common shares	42.32%	less than .01%
SuperiorRoads Solutions LP 1891 Albert Street N R.M. of Sherwood No. 159, SK	Involved in the design, manufacturing and export of innovative industrial equipment with patented features.	Limited partnership units	42.33%	less than .01%
Terra Grain Fuels Inc. PO Box 3720 Regina, SK S4P 3N8 Website: www.terragrainfuels.com	Ethanol production and value added products	\$5,056,417.00 debenture, 12%		2.11%
Villanova 4 Oil Corp. 1200 - 1881 Scarth Street Regina, SK S4P 4K9	Oil and gas exploration and development	Common shares	5.74%	2.97%
Warman Home Centre Inc. 601 South Railway St W Warman, SK S0K 4S1 Website: www.warmanhomecentre.com	General partner for investment in full service home building and supply business	Warrants	Note 1 4.00%	Less than 0.01%
Warman Home Centre LP 601 South Railway St W Warman, SK S0K 4S1 Website: www.warmanhomecentre.com	Retail lumber and hardware, truss, cabinet and metal Manufacturing ,and Ready-to-Move (RTM) and on-site homes	Class A limited partnership units	40.49%	7.81%
West Mountain Environmental Corp. 137 LeMarchant Road St. John's, NL A1C 2H3 Website: www.westmountaincapital.com	Soil and pharmaceutical remediation facility	Common shares	23.93%	1.53%
Western Building Centres Limited 11301 - 6th Avenue North Battleford, SK S9A 3W2	Retail hardware and building centres	Class A common shares \$5,451,383.00 promissory note, 8.25%, due March 31, 2017 \$4,750,000.00 promissory note, 9.25%, demand	71.31%	4.28%

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund	Cost of Investments as a Percentage of the Fund's Class A Net Asset Value
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Note 1: The percentages shown reflect convertible debentures, stock options and warrants on an "as converted" basis. Any anti-dilutive conversion has not been reflected.

Note 2: The Class B preferred shares held in Jump.ca Wireless Supply Corporation receive \$2.78 per Class B preferred share as liquidation preference prior to participation by the common shares. After the Class B preferred shares have received their liquidation preference, the Class B preferred shares are fully participating with the common shares. To the extent the Class B preferred shares are included with the common shares, the total shareholdings held by the Fund would represent 18.70% of all issued common and preferred shareholdings on a fully diluted basis.

Note 3: On October 31, 2016, Prairie Plant Systems Inc. ("Prairie Plant") completed a corporate reorganization which resulted in the Fund receiving common shares in CanniMed Therapeutics Inc. ("CanniMed") and PM Power Group Holdings Ltd. ("PM Power") in exchange for the Fund's Prairie Plant shares (the "Share Exchange"). The Fund's proportionate holdings in common shares of CanniMed and PM Power are identical to the Fund's proportionate holdings in Prairie Plant prior to the reorganization. On exercise or conversion of the stock options, purchase warrants and convertible debenture noted above, the The Fund will receive common shares in CanniMed and PM Power on the same basis as the Share Exchange. The percentage reported above under "Investments as a Percentage of the Fund's Class A Net Asset Value" reflects the aggregate cost of holdings in CanniMed and PM Power as a percentage of the Fund's Class A Net Asset Value.



**APPENDIX B**  
**Golden Opportunities Fund Inc.**  
**Portfolio Information - Class I Shares**

The following table contains information with respect to the investments of the Class I Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. This information is current as of November 25, 2016. The Fund has no control over any information disseminated by its investee companies (including information contained on the websites of its investee companies) and the Fund makes no representation or warranty about the accuracy or completeness of any such information.

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund	Cost of Investments as a Percentage of the Fund's Class I Net Asset Value
Dyna Holdings LP #202-2100 Airport Drive Saskatoon, SK S7L 6M6	Diversified Industrial/oil & gas/mining	Class A limited partnership units	7.57% 7.16%
MATRIX Energy Technologies Inc. 700, 808 4th. Ave. SW Calgary, AB T2P 3E8 Website:www.matrix.com	A directional drilling innovator applying state-of-the-art technology to enhance oil and gas extraction.	Common shares	1.24% Note 1 1.62%
Med-Life Discoveries GP Inc. 1500, 410 22nd Street E Saskatoon, SK S7K 5T6	A biotechnology company based out of Saskatoon, Saskatchewan	\$2,248.00 promissory note, 0%, demand Class A shares	2.25% Note 1 0.01%
Med-Life Discoveries LP 1500, 410 22nd Street E Saskatoon, SK S7K 5T6	A biotechnology company based out of Saskatoon, Saskatchewan	Class A limited partnership units \$1,000,143.00 promissory note, 11%, demand \$123,243.00 promissory note, 15%, demand	2.25% Note 1 5.82%
Phenomenome Discoveries Inc. 204 - 407 Downey Road Saskatoon, SK S7N 4L8	Metabolic profiling technology and related services	Class A common shares	0.13% Note 1 0.65%
CanniMed Therapeutics Inc. & PM Power Group Holdings Ltd. #1 Plant Technology Road Box 19A, RR #5 Saskatoon, SK S7K 3J8 Website: www.cannimed.ca	Plant biotechnology; plant made pharmaceutical technology and custom contract services	Class A common shares stock options purchase warrants \$573,000.00 convertible debenture, 10%, due December 15, 2018	2.18% Note 1 0.05% 13.65% 6.09% Note 2
Rite Way Mfg. Co. Ltd. 1891 Albert Street N R.M. of Sherwood No. 159, SK	General Partner for investment in manufacturer of agricultural equipment.	Class A common shares	7.20% less than .01%
Solido Design Automation Inc. 501 - 121 Research Drive Saskatoon, SK S7N 1K2 Website: www.solidodesign.com	Electronic design automation	Class A convertible preferred shares Class B convertible preferred shares Class C convertible preferred shares	3.92% 3.88% 30.72% 2.95%

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund		Cost of Investments as a Percentage of the Fund's Class I Net Asset Value
SuperiorFarms Solutions LP 1891 Albert Street N R.M. of Sherwood No. 159, SK	Involved in the design, manufacturing and export of innovative agricultural equipment with patented features.	Limited partnership units	7.20%	4.47%
SuperiorRoads Solutions Inc. 1891 Albert Street N R.M. of Sherwood No. 159, SK	General Partner for investment in manufacturer of industrial equipment.	Class A common shares	7.20%	less than .01%
SuperiorRoads Solutions LP 1891 Albert Street N R.M. of Sherwood No. 159, SK	Involved in the design, manufacturing and export of innovative industrial equipment with patented features.	Limited partnership units	7.20%	less than .01%
West Mountain Environmental Corp. 137 LeMarchant Road St. John's, NL A1C 2H3 Website: www.westmountaincapital.com	Soil and pharmaceutical remediation facility	\$300,000.00 convertible debenture, 10%, due July 13, 2017		1.22%

Note 1: Although the percentage shareholdings held by the Class I Shares is less than 5%, the total percentage held by the Fund of the respective class of the investee company is greater than 5% when included with investments held by the Fund's Class A Shares - See Appendix A.

Note 2: On October 31, 2016, Prairie Plant Systems Inc. ("Prairie Plant") completed a corporate reorganization which resulted in the Fund receiving common shares in CanniMed Therapeutics Inc. ("CanniMed") and PM Power Group Holdings Ltd. ("PM Power") in exchange for the Fund's Prairie Plant shares (the "Share Exchange"). The Fund's proportionate holdings in common shares of CanniMed and PM Power are identical to the Fund's proportionate holdings in Prairie Plant prior to the reorganization. On exercise or conversion of the stock options, purchase warrants and convertible debenture noted above, the The Fund will receive common shares in CanniMed and PM Power on the same basis as the Share Exchange. The percentage reported above under "Investments as a Percentage of the Fund's Class I Net Asset Value" reflects the aggregate cost of holdings in CanniMed and PM Power as a percentage of the Fund's Class I Net Asset Value.

APPENDIX C  
**Golden Opportunities Fund Inc.**  
**Portfolio Information - Class R Shares**

The following table contains information with respect to the investments of the Class R Shares of the Fund where 5% or more of the securities of any class of an investee company are beneficially owned directly or indirectly by the Fund. This information is current as of November 25, 2016. The Fund has no control over any information disseminated by its investee companies (including information contained on the websites of its investee companies) and the Fund makes no representation or warranty about the accuracy or completeness of any such information.

Name and Address	Nature of Principal Business	Total of the Percentage of Securities of each Class Owned by the Fund	Cost of Investments as a Percentage of the Fund's Class R Net Asset Value	
Avalon Oil & Gas Ltd. 1120-833 4 Ave SW Calgary, AB T2P 3T5	An exploration and production start-up company up company focused on Saskatchewan heavy oil assets	Class A common shares	0.80%	4.17%
			Note 1	
			Note 2	
Credence Resources Limited Partnership 1500 410 22 Street E Saskatoon, SK S7K 5T6	Investments in junior oil and gas exploration and development companies	\$479,862.00 participating loan, variable rate Series 5C limited partnership units Series 5E limited partnership units	100.00%	6.44%
			100.00%	
Credence Resources Limited Partnership II 1500 410 22 Street E Saskatoon, SK S7K 5T6	Investments in junior oil and gas exploration and development companies	\$668,501.00 participating loan, variable rate Series 2B limited partnership units Series 3A limited partnership units Series 4B limited partnership units Series 5B limited partnership units	100.00%	8.97%
			100.00%	
			100.00%	
			100.00%	
Field Exploration Limited Partnership 1500 410 22 Street E Saskatoon, SK S7K 5T6	Investments in junior oil and gas exploration and development companies	\$356,853.50 participating loan, variable rate Series 2D limited partnership unit Series 3C limited partnership unit	100.00%	4.79%
			100.00%	
Lex Energy Partners LP 2530 Sandra Schmirler Way Regina, SK S4W 0M7	Investment in oil and gas exploration and development companies	Limited partnership units	0.71%	1.82%
			Note 2	
Villanova 4 Oil Corp. 1200 - 1881 Scarth Street Regina, SK S4P 4K9	Oil and gas exploration and development	Common shares  Warrants	1.82%	13.14%
			Note 1	
			2.60%	
			Note 2	

Note 1: The percentages shown reflect convertible debentures, stock options and warrants on an "as converted" basis. Any anti-dilutive conversion has not been reflected.

Note 2: Although the percentage shareholdings held by the Class R Shares is less than 5%, the total percentage held by the Fund of the respective class of the investee company is greater than 5% when included with investments held by the Fund's Class A Shares - See Appendix A.