



WORKING OPPORTUNITY FUND – MARCH/APRIL UPDATE

Working Opportunity Fund (EVCC) Ltd. (“Fund”) portfolio companies are working through the challenges and opportunities brought on by the COVID-19 pandemic. We have been actively working with the management teams of our portfolio companies to support them in making any key decisions and adjustments to their business, including:

- Putting in place a COVID-19 response plan to ensure the health and safety of employees
- Reviewing and adjusting operating plans to preserve cash and develop contingency plans
- Reviewing and adjusting product development and roadmaps to either conserve cash, or alternatively, accelerate development to assist their customers and pursue new opportunities that have recently developed

While we cannot predict the impact of COVID-19, we will continue to communicate key developments.

WOF provided a portfolio update in [a news release on February 28, 2020](#). In that update we noted that one of the Fund’s portfolio companies had accepted a term sheet for a significant equity financing. The valuation of the potential financing was at a lower level than prior equity financings. The portfolio company made a strategic decision to accept the term sheet and welcomed the significant growth resources that it expected to secure in that financing. Based on developments with this portfolio company, the Venture Series and the Commercialization Series experienced a reduction in carrying value of an aggregate of \$22.2 million or 26.1% and \$2.7 million or 22.1%, respectively. While an outcome such as this reflects the inherent risk in venture capital investing, this is a very disappointing situation for existing investors of this portfolio company.

The Fund’s Venture Series is reliant on exits from its private portfolio companies to generate liquidity for Venture Series shareholders and as WOF’s investments in these companies are all minority equity positions, the timing and ability to effect realization of exits are largely beyond the control of the Fund. Despite the Fund experiencing this reduction in value in January and February, we believe that the long term outlook for a number of the portfolio companies continues to be positive and there is potential for the Venture Series portfolio to provide value and meaningful liquidity to shareholders over time.

Fund Overview

The Working Opportunity Fund consists of two investment portfolios, the Venture Series and the Commercialization Series, both of which are invested in private, BC-based technology companies. The Fund’s Venture Series is closed for redemption and it has a dividend distribution policy in place whereby available cash from the portfolio is distributed proportionately to all shareholders. The Commercialization Series is open for redemption. The applicable fund codes are provided in the following table.

WOF – Venture Series	WOF 141, 142, 888, 890, 892, 894, 895, 896
WOF – Commercialization Series	WOF 104, 105

Outlook

The year has started with the degree of market volatility not seen since the financial crisis of 2008-09. The impact of COVID-19 and the breakdown of OPEC negotiations is negatively impacting economies around the world, including those in which our portfolio companies do business. It is too soon to tell that the impact to the Fund may be, but it may delay when portfolio companies can generate liquidity. In the meantime, we are seeking to operate the Fund cost effectively so that it is positioned to maximize value for shareholders.

The Venture Series and the Commercialization Series venture investments hold minority positions in BC-based private technology companies. Due to the current market volatility, we are working with portfolio companies to optimize each portfolio company's cash runway to help position them to react to the general market volatility, to the extent possible, from a position of strength.

If you have more questions about your investment in WOF, please contact Prometa Fund Support Services by phone (888-787-9561), fax (888-747-0984) or email (workingopportunityfund@prometa.ca).

<https://www.penderfund.com/funds/working-opportunity-fund>



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