# Working Opportunity Fund (EVCC) Ltd.

Commercialization Series:
Commercialization Shares (series 2) (the "05 Commercialization Shares")

# Management Report of Fund Performance

For the year ended December 31, 2020

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## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Introduction

This annual Management Report of Fund Performance dated March 31, 2021 presents a discussion of the financial results for the Working Opportunity Fund (EVCC) Ltd. Commercialization Shares (series 2) for the year ended December 31, 2020 and assesses factors that may affect future results. The financial condition and results of operations are analyzed and significant factors that affected the statements of financial position, statements of comprehensive income, statements of changes in net assets, and statements of cash flows are discussed.

This report contains financial highlights but does not contain the audited annual financial statements of Commercialization Shares (series 2) (the “05 Commercialization Shares” or the “Series”) Class A Shares of the Working Opportunity Fund (EVCC) Ltd. (the “Fund” or “WOF”). You can get a copy of the audited annual financial statements at your request, and at no cost, by calling 1-888-787-9561 or by contacting the manager by mail at Suite 1830, 1066 West Hastings Street, Vancouver, BC V6E 3X2 or by visiting SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures or proxy voting disclosure record.

The Fund consists of the Venture Series (which consists of the Balanced shares (series 1 and 2)) and the 05 Commercialization Shares**.** The Venture Series participate in a separate venture portfolio from that of the 05 Commercialization Shares. “Commercialization Series” means some, any, or all series of the Fund’s Class A shares, as the context requires, that have or had the word “commercialization” in their name. Unless otherwise stated, all information in this report relates only to the Series. Historical financial results regarding previously outstanding series of the Commercialization Series which have been consolidated with the Series are not included in this report and instead can be found at www.sedar.com for the applicable years that each such series was outstanding. The following is a listing of these previously outstanding Commercialization Shares listed below which have been consolidated with the 05 Commercialization Shares in accordance with the Commercialization Series’ allocation rules upon completion of previously adopted dividend policies: Commercialization Shares (series 2-2006), Commercialization Shares (series 2-2007), Commercialization Shares (series 2-2008), Commercialization Shares (series 2-2009), Commercialization Shares (series 2-2010), Commercialization Shares (series 2-2011), Commercialization Shares (series 2-2012), and Commercialization Shares (series 2-2013).

In this report, “Net Assets” refers to net assets attributable to holders of Class A shares determined in accordance with International Financial Reporting Standards (“IFRS”) and as presented in the financial statements of the Series. “Pricing NAV” refers to the total pricing net asset value of all Class A shares, or if referred to in relation to one or more particular series of shares, then the total Pricing NAV of those shares only. We calculate Pricing NAV by adjusting Net Assets for the cost of commissions paid to dealers on the sale of shares over the eight-year period that the Fund typically has that share capital. We also calculate management fees, performance returns and the management and trading expense ratios based on Pricing NAV. “Pricing NAV per Share” means the price for purchasing, redeeming or switching shares of WOF, as and if applicable, calculated in accordance with the formulae set out in the Fund’s employee venture capital plan (the “Plan”).

The manager of the Fund, PenderFund Capital Management Ltd. (the “Manager”), became manager effective March 1, 2019, under a management agreement dated December 21, 2018 (the “Management Agreement”). Prior to March 1, 2019 the Fund’s manager (the “Initial Manager”) and principal distributor was GrowthWorks Capital Ltd., which managed the Fund pursuant to an amended and restated management agreement dated November 6, 2007 (the “IM Management Agreement”). You may contact the Fund or the Manager by mail at Suite 1830, 1066 West Hastings Street, Vancouver, BC V6E 3X2 or by telephone at 1-888-787-9561.

**All information included in this document for periods prior to March 1, 2019 is as reported by the Initial Manager.**

**Caution Regarding Forward-Looking Statements**

This report contains forward-looking statements about the Fund, including, for example, its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or negative versions thereof and similar expressions.

These forward-looking statements are based on the Manager’s current expectations and projections about future events, are inherently subject to risks, uncertainties and assumptions about the Fund and economic factors and other things, and relate primarily to: assessments of the liquidity position of the Commercialization Series including the targeted timing, the ability to complete, and the amount of proceeds realized (at current values or otherwise) from exits (also referred to as divestments); assessments regarding the proposed transaction with a third party for the acquisition of all of the issued and outstanding shares of the Fund (the “Proposed Transaction”) as described herein; the ability to finalize the terms of and/or complete the Proposed Transaction; the expected conditions to completion of the Proposed Transaction including obtaining shareholder approvals, obtaining any required regulatory approvals; obtaining opinions from professional advisors, the Board of Directors of the Fund reaching decisions based on that information and opinions with respect to Proposed Transaction; assessments of current and past considerations of strategic options for the Commercialization Series including statements regarding the future cost savings and enhanced liquidity for shareholders and the goal of treating shareholders in the same venture portfolio equally; development and value of the portfolios; concentration of the investment portfolios; the ability to meet operating commitments; the fairness of expense allocation policies, future economic and market conditions, including mergers and acquisitions (“M&A”) and initial public offering (“IPO”) market conditions and future divestment and investment activity including the ability to make follow on investments; and recent developments in the Fund's operating climate and possible future developments that may affect the Fund, and the Commercialization Series performance.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. While the Manager considers the foregoing expectations, assumptions and projections to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. Any number of important factors could contribute to these differences, including, but not limited to: general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, factors affecting portfolio company performance, changes in government regulations, unexpected judicial or regulatory proceedings, global pandemics and catastrophic events, matters relating to finalizing the terms of and/or completing the Proposed Transaction and matters relating to and other risks identified in the Fund’s most recent annual information form. Most of these factors are beyond the control of the Fund and its Manager**.** If the Fund does not finalize the terms of the Proposed Transaction and/or if the Proposed Transaction does not close, it is expected that the Board will continue to consider further strategic options for the Commercialization Series. There can be no guarantee as to the outcome of that further review and/or strategic options that may be available for the Commercialization Series especially given the ongoing liquidity pressure and the Manager’s expectation of limited activity involving portfolio company exits in the near term.

**There can be no assurance that the terms of the Proposed Transaction will be finalized and if finalized that the Proposed Transaction will be completed on the basis proposed or at all. A detailed information circular fully describing the Proposed Transaction will be delivered to shareholders prior to the shareholder meeting at which the Proposed Transaction is considered for approval.**

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any decisions regarding your investment in the Fund and we urge you to avoid placing undue reliance on forward-looking statements. Further, except as may be required under applicable law, the Manager has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

**Investment Objective and Strategies**

The Fund's fundamental investment objective for all Series of Class A Shares is to achieve long-term capital appreciation for shareholders. Long-term capital appreciation, typically measured after the passage of more than six years, means an increase in Pricing NAV.

As a registered employee venture capital corporation under the British Columbia Employee Investment Act, the Fund is required to make certain venture investments in companies that meet eligibility requirements. Eligibility requirements are focused on company size, measured by asset value and number of employees, and company location. The primary venture investment strategy for the Commercialization Series, while it was making new investments, was to invest in businesses that had research and/or development activities in their operations and were seeking to commercialize an idea, discovery or technology, that is, mainly in the mid to later stages of development. The Manager performs fundamental analyses for its investments and investment opportunities, including analyzing business plans, market opportunities, financial statements, particular industries, products, services and technologies, and evaluating the abilities of the management of the business. The Manager applies a "true" venture capital investing strategy by implementing a disciplined investment strategy and adding value to those portfolio companies by actively managing the investments through participating on boards of directors, assisting in recruiting key personnel, securing additional financing and helping to formulate long- term strategic plans, for example.

The Commercialization Series assembled a venture portfolio primarily consisting of companies with research and/or development activities in their operations. To help enhance return expectations on investments in companies with research and/or development activities, venture investments of the Commercialization Series were generally structured so that they were capable of generating both income (such as interest, royalties or dividends) and capital appreciation (such as conversion rights and warrants to purchase shares in the companies to whom loans were made). Given this income component, the Board adopted a dividend policy to pay dividends on each previously offered Commercialization Series equal in total to approximately 25% of the purchase price of the shares during the three-year period following the offering of a Series. See "Distributions of Dividend Payments" below. With the venture portfolio maturing, certain equity investments held in the venture portfolio have the potential to result in increases in value in the longer term. See "Results of Operation – Investment Portfolio".

The Series may also invest in short term investments and other non-venture investments we call "Directed Funds" when there is capital to do so. The investment strategy for the Directed Funds of the Series is generally to invest in high quality debt instruments, high yield investments and bank investments ("Bank Securities") which may include debt instruments and shares of Canadian banks and instruments linked to the performance of high-quality debt, high yield and Bank Securities. The level of non-venture investments, including Directed Funds, of the Series fluctuates based on a number of factors, including levels of redemption and investment and divestment activity within the portfolio and anticipated operating liabilities. Our portfolio adviser may change the selection of non-venture investments within the area of focus for Directed Funds based on its investment outlook from time to time. Pending investment of capital raised, funds may be temporarily held in high quality, liquid debt instruments or their equivalents. Additionally, some level of on-going cash balances may be held as part of the Directed Funds of the Series. Excess cash was maintained on deposit in a Premium Investment Account at the Royal Bank of Canada that provided interest at rates comparable to those investments under the Directed Funds investment strategy.

**Risk**

There are risks associated with holding an investment in the Fund. Readers are encouraged to review the risk disclosures in the Fund's most recent annual information form.

The remaining venture portfolio continues to be in the information technology sector in private companies that have research and/or development activities in their operations and are seeking to commercialize an idea, discovery or technology. Increased concentration is expected within the Series' maturing venture portfolio, thereby increasing the Commercialization Series' exposure to sector specific risk and also to specific company risk. Investee companies may require access to significant amounts of capital and if they are not able to raise sufficient capital, as was the case with one investee company during 2020, or if they raise capital at a lower valuation, it can negatively impact the NAV for the Series. Furthermore, even if there is interest in certain portfolio companies, there are risks associated with the Fund’s ability to dispose of portfolio assets given conditions to closing of divestment opportunities and the potential for liquidity risk post-closing if the divestment includes securities in listed entities. Given the level of portfolio concentration, this impact could be significant.

Throughout the year, the Fund’s board of directors (the “Board”), with input from the Manager, continued to evaluate ways to reduce costs, enhance liquidity options for shareholders and position the Fund for the future. As detailed in the “Recent Developments” below, the Fund has entered into a non-binding Letter of Intent (“LOI”) for a Proposed Transaction which, if it closes, which, if it closes, would result in the sale of all Commercialization Series shares, at a discount to NAV per Commercialization Series. The Proposed Transaction is subject to subject to a number of conditions the approval by the Supreme Court of British Columbia, regulatory, shareholder and others and there can be no guarantee that the approvals will be received or that the Proposed Transaction will be completed. If the Proposed Transaction does not close, it is expected that the Board will continue to review options to further reduce the operating costs of the Fund, pursue maximizing value and generating liquidity from the remaining investments in the Fund and to consider further strategic options for the Commercialization Series. There can be no guarantee as to the outcome of that further review and/or strategic options that may be available for the Series.

As further described under “Management Fees” below, during 2019 the Fund entered into the Management Agreement aimed at providing significant cost savings for usual day to day operations. Circumstances may arise that negatively impact the assumptions and costs associated with the Management Agreement and the operation of the Fund such that, while not intended, the management expense ratio under the Management Agreement may be higher than projected for particular periods.

In 2020, the COVID-19 global health pandemic resulted in significant volatility and turmoil in financial markets, M&A markets and IPO markets. While the negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies, and by the development of vaccines, the situation has affected and may continue to affect many businesses, including those of our Portfolio Companies. Any potential impact to on investment results will depend, to a large extent, on future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or treat its impact, almost all of which are beyond our control.

While the ultimate impact of the current global health pandemic is yet to be determined, no other material changes occurred with respect to the risks associated with holding an investment in the Series during the year ended December 31, 2020.

## Recent Developments

### *Strategic Initiative Developments*

Over the past few years, the Board, with input from the Manager, has reviewed and evaluated potential ways to reduce costs and enhance liquidity options for shareholders. Throughout 2020, with the assistance of independent legal counsel and other advisors, a special committee of directors independent of the Manager continued this strategic review and analysis of options seeking to meet those objectives and on December 21, 2020, the Fund announced that it had entered into a non-binding Letter of Intent with a third party regarding the potential acquisition of all of the issued and outstanding shares of the Fund. Under the LOI, Commercialization series shareholders would receive a cash payment at a discount to the NAV.

In reaching its decision to enter into the LOI with respect to the Commercialization Series, the Board and the Special Committee carefully considered several key factors including: the significant distributions to Series’ shareholders by way of dividends during the year; further increased concentration and liquidity risk with having a very small venture portfolio remaining in the portfolio after divestments completed during the year; ; continued operations expected to significantly erode shareholder value over time due to the uneconomical operating costs relative to the minimal remaining NAV of the Series.

The final structure of the Proposed Transaction will be determined by the parties following the receipt of tax, corporate and securities law advice. Pursuant to the terms of the LOI the parties will work towards finalizing and executing a definitive agreement for the Proposed Transaction, with the Fund having agreed to a corresponding exclusivity period.

Completion of the Proposed Transaction is subject to a number of customary conditions to closing, including regulatory and shareholder approvals. In addition, it is conditional on the Fund receiving comfort from a qualified person with respect to the financial fairness of the consideration being received by the Fund's shareholders. A detailed information circular describing the Proposed Transaction will be mailed to shareholders prior to any meeting at which the Proposed Transaction is considered for approval.

If the Proposed Transaction does not close, it is expected that the Board will continue to review options to further reduce the operating costs of the Fund, pursue maximizing value and generating liquidity from the remaining investments in the Fund and to consider further strategic options for the Commercialization Series. There can be no guarantee as to the outcome of that further review and/or strategic options that may be available for the Series.

***Portfolio and Other Developments***

The Series' venture investment portfolio generally met expectations during the year, as there were two full divestments and one partial divestment, for aggregate proceeds that exceeded than the carrying value for these investments at the beginning of the year. This enabled the Fund to pay the two dividends to shareholders referred to below.

The Series' investee companies' financial performance is generally linked to the state of the Canadian and world economies and the Commercialization Series depends on M&A and IPO markets (collectively "exit markets") to divest its venture investments.

Beginning in late 2019, the outbreak of a novel strain of coronavirus ("COVID-19") spread rapidly to many parts of the world. In March 2020, the World Health Organization declared COVID-19 a health pandemic. The pandemic resulted in measures to contain the virus including quarantines, travel restrictions, and the temporary closure of stores and facilities in most of the world. Its widening global impact, together with the measures taken to contain the virus led to significant volatility in equity markets, including the M&A and IPO markets where our portfolio companies would typically seek exit opportunities. Significant monetary and fiscal stimulus, the reopening of global economies, and the development of vaccines mitigated the negative economic situation and have continued to move world markets higher. There is currently a renewal of activity in M&A markets as well as IPO markets, particularly for technology companies.

Following the unparalleled events of 2020, markets continued strong in the early part of 2021. If healthy exit markets continue to develop and persist, the Manager expects that they may eventually present exit opportunities for its remaining portfolio companies, although no assurance can be provided as to if, when or at what values any exits may be completed nor as to whether its portfolio companies may complete an orderly realization of value at current values or otherwise. Accordingly, the Manager expects that activity levels in exits for its remaining portfolio companies may continue at a relatively low rate for a period of time, and it continues to actively work with the management teams of its portfolio companies to support them in navigating the challenges brought on by the global pandemic. Investment results will depend to a large extent on future developments and new information that may emerge regarding COVID-19, factors which are beyond the control of the Fund. See "Risks".

As reported, the Fund established a special committee to work through key structuring matters involved with previously disclosed potential reorganization to a listed entity which included determining a course of action for the Series taking into account portfolio composition, liquidity options and such other factors as considered relevant on the advice of advisors. As a result of that assessment, on July 3, 2020, the Fund announced a $3.8 million dividend for the Fund's Commercialization Series' shares. The $3.8 million dividend represented over 60% of the Series' Pricing NAV at the time. In determining the amount of the dividend that was approved, the Board worked with the Manager to determine an appropriate reserve of cash for anticipated operating expenses over the medium term as it sought to maximize the value of the remaining portfolio. The $3.8 million dividend was paid effective July 13, 2020.

In connection with the payment of the dividend in July, 2020, the Fund made the decision to close the Series redemptions in accordance with the provisions for ceasing redemptions set out in the Fund's articles, its EVCC Plan and the *Employee Investment Act*. Closing the Series redemptions was based on a decision to return as much cash as possible, equally, to all shareholders. Redemption requests for the Series received by the Fund will continue to be placed in a queue for processing in the order they are received; however, the Fund announced that it does not expect to open redemptions of the Series and instead was seeking to distribute available cash from future divestments of portfolio companies equally by way of dividends. The Board also made the decision to cease payment of trailer commissions to dealers. The Fund has always reserved the right to not pay service fees/trailer commissions in specified circumstances. The Board has specified the payment of the $3.8 million dividend and closure of redemptions as such a circumstance. Accordingly, the Fund ceased to pay service fees/trailer commissions with respect to the Series shares beginning July 1, 2020.

On December 18, 2020, the Fund announced a $1.7 million dividend for the Fund's Commercialization Series' shares. The $1.7 million dividend represented over 60% of the Series' Pricing NAV at the time and was paid effective December 18, 2020. The Fund had completed exits from two private venture investments in the Commercialization Series' portfolio since the dividend in July, enabling the payment of the additional $1.7 million dividend. The Fund continued to review additional strategic options for Commercialization Series, as well as options to further reduce the operating costs, maximize value and generate liquidity from the remaining investments. See "Strategic Initiative Developments" above.

Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall only be paid on the sale of the relevant portfolio investment (the "Contingent IPA dividend"). The Series has accrued a Contingent IPA dividend, in connection with the Initial Manager ceasing to be the Fund's manager, of $322,849 (December 31, 2019: $497,448). The value of the Contingent IPA dividend payable has been adjusted as of December 31, 2020 to reflect the agreement entered into by the Fund on March 5, 2021, with the Initial Manager whereby the Fund settled the amount owing to the Initial Manager with total consideration comprising cash in the amount of $322,849 and certain securities in the portfolio as well as other non-monetary consideration and redeemed and cancelled the IPA Shares. See "Management Fees".

During the year, Mr. Chris Reid was appointed as a member of the Independent Review Committee, filling the vacancy left from the passing of Garry Rasmussen. As at December 31, 2020, the Independent Review Committee of the Fund was composed of Robert Cooper, Susan Koch and Chris Reid. As at December 31, 2020, the Independent Review Committee of the Manager was composed of Kerry Ho, Robin Mahood and John Webster.

The BC Registrar of Companies announced during the year that it would grant a 6-month extension for corporations who wish to delay their annual general meeting due to matters arising from the COVID-19 pandemic. With the challenges and restrictions related to COVID-19, the Fund's Board determined that postponing the annual general meeting for 2020 would be in the best interest of its shareholders and on December 18, 2020, the Fund announced that it had obtained an extension of six months. The Fund is expected to set a date in mid to late May 2021 as the date for its annual and special meeting of shareholders for 2020 and 2021 at which shareholders will be asked to consider the Proposed Transaction in addition to normal course matters. **A detailed information circular fully describing the Proposed Transaction will be delivered to shareholders prior to the shareholder meeting at which the Proposed Transaction is considered for approval.**

### Results of Operations

The following comments and the comments under "Recent Developments" reflect the views of the Manager and the portfolio management team and are based on information at the end of the period. Please read the caution regarding forward-looking statements located at the beginning of this document.

#### *Pricing NAV*

As at December 31, 2020 total Pricing NAV for the Series was $1.3 million, a decrease of $10.8 million from the balance of $12.1 million at December 31, 2019. This decrease in Pricing NAV during the period was primarily attributable to aggregate dividend payments of $5.5 million, redemption activity of approximately $3.0 million, net unrealized depreciation of venture investments of $2.2 million, and operating expenses of $0.2 million, which were partially offset by investment income of $0.1 million. Further details can be found below and in the "Portfolio and Other Developments" and "Investment Portfolio" sections. There was no subscription activity during the period as new series are not being offered for sale.

For the year ended December 31, 2020, the Series generated a total return of 6.28%. (December 31, 2019: -7.71%). Total return is calculated as the change in Pricing NAV per Share (and not the change in Net Assets) from January 1, 2020 to December 31, 2020 and consistent with standard methodology for calculating the annualized total return, the dividends paid in 2020 are assumed to be reinvested.

In January and February 2020, the December 31, 2019 Pricing NAV was adjusted to reflect a reduction in carrying value of one of the Fund's private portfolio companies. While the determination to recognize the reduction in carrying value of the private portfolio company was made based on information available subsequent to December 31, 2019, the reduction was recognized in the Fund's financial statements effective as of December 31, 2019, as the determination was made before the Fund's financial statements were authorized for issue. This resulted in Net Assets being significantly lower than the Pricing NAV published as at December 31,2019. As a result, the decrease in Net Assets recorded during the period was less than the change of Pricing NAV during the period. Further details can be found in the "Recent Developments" section.

While the management fees, performance returns and the management and trading expense ratios are based on Pricing NAV, all other information presented within this report is based on Net Assets and the interim and year-end financial statements.

Effective July 13, 2020, the Fund paid a $3.8 million dividend for the Commercialization Series' shares and effective December 18, 2020, the Fund paid a $1.7 million dividend for the Commercialization Series' shares. For more information on the dividend payments please see the "Recent Developments" section of this document.

***Income***

As reported in the financial statements, total investment income excluding gains and losses on investments was $61,849 for the Series for year ended December 31, 2020. This reflects a decrease from the $261,365 recorded for the year ended December 31, 2019. The decrease was due to the reduction in income-generating investments in comparison to prior period, when certain promissory notes were repaid. Interest from bonds, deposits and other investments also decreased in the year ended December 31, 2020 to $38,104 from $150,957 in same period in 2019 due to the decrease in excess cash and capital available for investment and a reduction in interest rates.
The net realized loss from the sale of investments was $2,654,933 in the year ended December 31, 2020 (2019 - net loss of $51,299). Net realized gains and losses on investments are the result of the sale of investments. They are generally not comparable between periods because the investments sold generally differ from period to period. During the year ended December 31, 2020, there were two full divestments of portfolio companies and a partial divestment of another. The loss in the year ended December 31, 2019 was the net impact of a write off of a divestment proceeds receivable offset against additional funds recovered and paid to the Fund from an investment that was disposed of in a prior period.

The Fund recognized a net gain in unrealized appreciation of investments of $3,140,652 during the year ended (2019 - net loss of ($3,335,780)). This change as reflected in the period's financial statements was primarily attributable to the reclassification of unrealized depreciation to realized depreciation on the sale of two investments. The Canadian dollar depreciated against the US dollar in the year ended December 31, 2020, resulting in an increase in unrealized depreciation of $43,581 compared to an increase in unrealized depreciation of $392,933 during the year ended December 31, 2019. on the conversion for financial reporting purposes of the carrying value of US dollar-denominated investments to Canadian dollars.

***Expenses***

For the year ended December 31, 2020 the total operating expenses of the Series were $244,708, down from $526,426 for the same period in 2019.

As at December 31, 2020, Net Assets for the Commercialization Series were also lower then Pricing NAV due to a retrospective update to the expense allocation policy between the Series. Historically expenses were allocated between the Series based on pro rata current Pricing NAV, however after the Commercialization Series dividend payments during the 2020 fiscal year, the allocation of expenses for the year based on Pricing NAV was viewed as no longer resulting in a fair allocation of expenses. Accordingly that allocation method was updated to a new basis aimed at better matching the expenses incurred by each Series, taking into account, for example, metrics such as the five year average Pricing NAV of the Series in order to provide for fairer allocation of operating expenses for the year.

The Series' primary recurring expenses are management fees and administration costs. Management fees are calculated based on a percentage of Pricing NAV, as specified in the management agreement between the Fund and its manager. Under the IM Management Agreement, administration fees were also calculated based on a percentage of Pricing NAV. Because Pricing NAV may be lower or higher for a portion of the financial period than it is at the end of the period due to changes in the value of the investment portfolio, as well as sales and/or redemptions, changes in expenses calculated based on a percentage of Pricing NAV may not be proportionate to the change in Pricing NAV in any financial period.

An important consideration in the discussion of management fees and administration fees or costs during the years ended December 31, 2020 and 2019 is the change in both the manager of the Fund and the management agreement in effect during the prior period, as described in the "Introduction" section of this document.

As a result of these changes, the structure and percentage of fees paid to the Initial Manager during the prior period, from January 1, 2019 to February 28, 2019, under the IM Management Agreement, were different from the structure and percentage of fees payable to the Manager and the administration costs paid by the Fund from March 1, 2019 onward under the Management Agreement:

| | IM Management Agreement[1] | Management Agreement[1] |
|---|---|---|
| | Series 2 | Series 2 |
| Period of applicability | Prior to March 1, 2019 | March 1 onward |
| Management Fee | 2% | 1.50% |
| Additional Administration Fee | 0.50% - 1.29% | N/A- administration costs are paid directly by the Fund |

The total of all management fees under the Management Agreement during the year ended December 31, 2020 was $75,506. The total of the operating expenses, custody and recordkeeping fees, professional fees and directors' fees paid directly by the Fund, net of strategic expenses, in the year ended December 31, 2020, under the Management Agreement was $158,690. Together, total management and administration costs were $234,196 for the year ended December 31, 2020, down from the $395,899 incurred in the year ended December 31, 2019.

Additional expenses incurred by the Series in the year ended December 31, 2020 included service fees, also known as trailing commissions. Service fees are calculated as a percentage of the Pricing NAV of those shares for which a service fee applies. Service fees were $19,801 in the year ended December 31, 2020, as compared to $68,956 in the same period in 2019. The decrease in service fees was as a result of redemptions of shares prior to June 30, 2019, the reduction in the NAV and the Fund ceased paying services fees on the Series on July 1, 2020. Further details can be found in the "Recent Developments" section.

Included in professional fees are costs of $10,512 in the year ended December 31, 2020 ($27,946 in the year ended December 31, 2019) relating to the ongoing strategic review work including with respect to the Proposed Transaction. Included in the prior period costs were transitionary expenses relating to the Manager providing certain services to the Fund to ensure an efficient transfer of management. The Manager received a fee in respect of the

[1] Please see details regarding the terms and fees under the IM Management Agreement and the Management Agreement in the "Related Party Transactions" and "Management Fees" section of this document.

Series of $24,930 including GST, of which $11,872 was paid during the year ended December 31, 2019 and $13,058 was paid in December 2018.

***Management Expense Ratio ("MER")***

The operating MER for the year ended December 31, 2020 was 4.70% (December 31, 2019: 3.86%). MER calculations are based on Pricing NAV and the changes in operating MER are consistent with the changes in operating expenses and Pricing NAV for the period. During the year ended December 31, 2020 the MER was greater than in prior year due to the significant decrease in Pricing NAV as a result of the dividends paid, and certain operating expenses which are fixed costs. Please see the "Financial Highlights" section below.

***Liquidity***

As at December 31, 2020, the Net Assets of the Fund of $1.4 million included $1.3 million in cash and liquid assets, a decrease of approximately $7.0 million from the $8.3 million of cash and liquid assets as at December 31, 2019. This largest component of this significant decrease in liquid assets in the period was the aggregate $5.5 million in dividends paid to Series' shareholders in the year. See "Recent Developments – Portfolio and Other Developments" above. The remainder of the decrease was due redemptions and expenses during the period. Please also refer to the "Expenses" and "Investment Portfolio" sections of this document.

The Series' primary source of liquidity at present is the sale and/or repayment of investments. No capital is expected to become available from the issuance of shares as the Series is not in distribution. The primary factors that draw on the Series' available capital are management fees and other operating commitments, and distributions to shareholders and costs associated with the ongoing strategic review work including with respect to the Proposed Transaction. Until July 3, 2020, distribution to shareholders had been by way of redemptions of Class A Shares and distributions by way of dividends had been limited to specific dividend policies adopted for the Commercialization Series.

Operating expenses generally include fees paid to the Fund's manager, the cost to operate the Fund, and costs associated with matters such as the ongoing review of opportunities to continue to reduce costs and enhance liquidity options for shareholders and positioning the Fund for the future. Please refer to the "Results of Operations" and "Recent Developments" sections of this document.

The Fund manages liquidity by regularly measuring and estimating cash available and cash required, with the goal of ensuring sufficient liquid assets are on hand to fund operating expenses while working toward exit opportunities for its remaining investments.

Venture capital investments in private companies are not immediately saleable and it may take some time for exit opportunities to arise, particularly as the Series generally holds minority positions. Forced sales of venture investments prior to orderly exit opportunities generally result in exit values that are lower than prevailing carrying values and may result in portfolio losses. For example, a forced sale through a secondary transaction where an investor sells its minority position in a portfolio company to another financial investor, generally results in discounts in pricing compared to the sale of 100% of the portfolio company to a strategic acquirer or to the portfolio company completing an IPO. The Series relies to a significant extent on favourable M&A and IPO market conditions for positive venture investment exit opportunities and realization, conditions over which the Fund has no control. Further, increasing levels of redemptions will generally reduce liquidity and the proportion of capital invested in non-venture investments. As disclosed in its most recent annual information form, the Fund Articles permit it to suspend redemptions in certain circumstances, including where it is determined that available capital will not be sufficient to honour all redemption requests.

As part of the Fund work on a potential reorganization, the Board assessed the liquidity of the Series and determined a course of action for the Series taking into account portfolio composition, liquidity options and such other factors as considered relevant on the advice of advisors. As a result of that assessment, on July 3, 2020, the Fund announced that it closed the Commercialization Series for redemptions in accordance with the provisions for ceasing redemptions set out in the Fund's articles, its EVCC Plan and the *Employee Investment Act*. The decision to close Commercialization Series for redemptions was based on a decision to return as much cash as possible, equally, to all shareholders. Redemption requests for Commercialization Series received by the Fund will continue to be placed in a queue for processing in the order they are received; however, the Fund announced it does not expect to open redemptions of Commercialization Series and instead was seeking to distribute available cash from future divestments of portfolio companies equally, by way of dividends.

Effective July 13, 2020, the Fund paid a $3.8 million dividend for the Commercialization Series' shares and effective December 18, 2020, the Fund paid a $1.7 million dividend for the Commercialization Series' shares. For more information on the dividend payments please see the "Recent Developments" section.

The Series' ability to pay future dividends and meet operating commitments in the ordinary course is dependent on its liquidity position and forecasted liquidity needs. The Proposed Transaction described in detail in the "Recent Developments" section would provide shareholders with a liquidity option for their investment in shares of the Fund, at a discount to their NAV. If the Proposed Transaction described in the "Recent Developments" section does not close, the primary source of liquidity for the Series is the realizations of exits for investee companies, and the timing and ability to effect realization of exits are largely beyond the control of the Fund. No assurance can be given as to the timing of, the ability to or the amount of proceeds from, exits from the venture investment portfolio, the future payment of dividend(s) on the Commercialization Series, the ability to make follow-on investment and/or operating commitments. If the Proposed Transaction does not close, the Board will continue to review options to further reduce the operating costs of the Fund, pursue maximizing value and generating liquidity from the remaining investments in the Fund and to consider further strategic options for the Commercialization Series. There can be no guarantee as to the outcome of that further review and/or strategic options that may be available for the Series.

**There can be no assurance that the terms of the Proposed Transaction will be finalized and if finalized that the Proposed Transaction will be completed on the basis proposed or at all.**

For more information on liquidity, please see the Fund's most recent annual information form and the "Investment Portfolio" and "Recent Developments" sections of this document.

***Distributions of Dividend Payments***

When assembling the Series' venture investments portfolio, the investments were generally structured so that they were capable of generating both capital appreciation and income, such as interest, royalties or dividends. While the Fund was offering the Commercialization Series Shares, given the potential income component, which generally existed during the first three years of an investment, the Board adopted a dividend policy to pay dividends on each Series equal in total to 25% of the purchase price of the shares during the three-year period after each of the series of Commercialization Series was offered for sale. the Fund met this dividend policy for all Commercialization Series offered with a total of $2.50 per share, or $9.5 million in aggregate, having been paid on all outstanding or previously outstanding Commercialization Series shares.

On completion of its dividend policy, each of the previously outstanding series of the Commercialization Series were converted into the 05 Commercialization Shares in accordance with the Commercialization Series' investment allocation rules. For more information on the allocation rules, see the Fund's most recent annual information form.

In addition to the above noted dividend policies, the rights and restrictions attached to the Series allow holders to receive dividends if and when the Board declares them. Effective July 13, 2020 the Fund paid a $3.8 million dividend for the Fund's Commercialization Series' shares and effective December 18, 2020 the Fund paid a $3.8 million dividend for the Fund's Commercialization Series' shares. For more information on the aggregate $5.5 million dividend payments see the "Recent Developments" section of this document.

***Investment Portfolio***

As recorded in the financial statements, the aggregate fair value of the Series' venture investment portfolio decreased by $1.1 million during the year ended December 31, 2020. The decrease in the value of the venture investments is attributable to the two full divestments and one partial divestment of the Fund's portfolio companies. Further details can be found in the "Recent Developments" section.

At the end of the period, the Series holds venture investments in three investee companies and is focused on developing and completing exit opportunities as well as strategic follow-on investments within the existing venture portfolio. Please see the "Summary of Investment Portfolio" section of this document. See "Recent Developments" regarding the settlement by the Fund of the amount owing to the Initial Manager with total consideration comprising cash in the amount of $322,849 and certain securities in the portfolio as well as other non-monetary consideration.

The Series did not fund any new venture or non-venture investments during the period. Excess cash was maintained on deposit in a Premium Investment Account at the Royal Bank of Canada that provided interest at rates that were comparable to those investments under the Directed Funds investment strategy.

***Investment Pacing***

As at the end of the period, the Fund is current with its investment pacing requirements. Investment pacing requirements are applied at the Fund level and are described in detail in the Fund's most recent annual information form.

## Related Party Transactions

In the year ended December 31, 2020, $75,506 was paid to the Manager for management and portfolio advisory services. The Manager also recovers from the Fund certain Fund operating expenses incurred by it on behalf of the Fund.

In the period from December 21, 2018 to February 28, 2019, the Manager provided certain services to the Fund to ensure an efficient transfer of management, and received a fee in respect of the Series of $24,930 including GST, of which $11,872 was paid during the year ended December 31, 2019 and $13,058 was paid in December 2018.

In addition to the Fund, the Manager is the portfolio manager for a number of funds and one or more of those other funds may hold investments in investee companies of the Fund. The Manager has adopted an allocation of opportunities policy to address potential conflicts that might arise as a result of the common shareholdings. As at December 31, 2020 DWSI Holdings Inc. (formerly D-Wave Systems Inc.) and Copperleaf Technologies Inc. are the sole investments of the Fund that are also held in other funds under the Manager's management.

Certain directors and/or officers of the Fund and/or the Manager own shares of the Fund directly and/or indirectly. These shareholdings are disclosed in the Fund's Annual Information Form each year and represent less than 1% of the outstanding shares of the Fund.

As at December 31, 2020 directors and officers of the Fund and/or the Manager held less than 0.01% of the issued and outstanding shares of DWSI Holdings Inc. (formerly D-Wave Systems Inc.), one of the Fund's investments.

Maria Pacella is a director and CEO of the Fund and an officer and shareholder of the Manager. Gina Jones is the Fund's CFO, and an officer and shareholder of the Manager.

The secretary of the Fund provides legal services on a fee for service basis to the Fund in the normal course of business.

## FINANCIAL HIGHLIGHTS[2]

The following tables show selected key financial information about each of the Series and are intended to help you understand the Series' financial performance for the year ended December 31, 2020 and the past five years ended December 31. The financial information presented below was prepared in accordance with International Financial Reporting Standards.

***05 Commercialization Shares***

| ***Net Assets per share (1)*** | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Net Assets per share, beginning of period (2)** | **$6.58** | **$9.11** | **$10.79** | **$11.76** | **$11.90** |
| **Increase (decrease) from operations:** | | | | | |
| Total revenue | $0.06 | $0.17 | $0.36 | $0.41 | $0.58 |
| Total expenses and amortization [excluding distributions] | ($0.23) | ($0.34) | ($0.43) | ($0.49) | ($0.47) |
| Realized gains (losses) for the period | ($2.49) | ($0.04) | ($0.73) | $0.00 | $0.06 |
| Unrealized gains (losses) for the period | $3.11 | ($2.14) | ($0.81) | ($0.88) | ($0.38) |
| **Total increase (decrease) from operations (2)** | $0.45 | ($2.35) | ($1.61) | ($0.97) | ($0.21) |
| **Distributions:** | | | | | |
| From net investment income (excluding dividends) | - | - | - | - | - |
| From dividends | - | - | - | - | - |
| From capital gains | - | - | - | - | - |
| Return of capital (7) | ($5.49) | - | - | - | - |
| **Total annual distributions** | ($5.49) | - | - | - | - |
| **Net Assets per share at end of period (1)(2)** | **$1.38** | **$6.58** | **$9.11** | **$10.79** | **$11.76** |

| ***Ratios and Supplemental Data*** | | | | | |
|---|---|---|---|---|---|
| Total Pricing NAV (000's) (3) | $1,266 | $12,082 | $16,852 | $23,596 | $28,904 |
| Number of shares outstanding (000's) (3) | 1,003 | 1,424 | 1,833 | 2,240 | 2,420 |
| Operating management expense ratio (4) | 4.70% | 3.86% | 4.10% | 3.87% | 3.77% |
| Amortization of share issue commissions and fees | 0.82% | 0.72% | 0.66% | 0.64% | 1.16% |
| Earned IPA | 0.00% | 0.00% | 0.00% | 0.02% | 0.08% |
| Conditional IPA | -3.35% | -0.16% | -0.39% | -1.49% | 0.55% |
| Total MER before waivers or absorptions | 2.17% | 4.42% | 4.37% | 3.04% | 5.56% |
| Trading expense ratio (5) | 0.00% | 0.00% | 0.00% | 0.02% | 0.00% |
| Portfolio turnover rate (6) | 0.00% | 0.00% | 3.15% | 7.15% | 6.08% |
| **Pricing NAV per share at end of period** | **$1.26** | **$8.49** | **$9.19** | **$10.92** | **$11.94** |

*Notes:*

*(1) This information is derived from the Series' unaudited interim and audited annual financial statements. Net Assets per share presented in the financial statements differs from the Pricing NAV calculated for fund pricing purposes. Pricing NAV includes the unamortized balance of up-front sales commissions paid by the Fund. A reconciliation of Net Assets to Pricing NAV is included in the notes to the financial statements. As at December 31, 2019 an adjustment was made to Net Assets per share, for financial reporting purposes including this table. Refer to "Recent Developments" section for further details.*

*(2) The increase/decrease from operations is based on the weighted average number of shares outstanding during the financial period. Net Assets and distributions are based on the actual number of shares outstanding at the relevant time.*

*(3) This information is provided as at December 31 of the year shown.*

*(4) Operating management expense ratio ("MER") means the total MER for the Series before taking into account amortization of share issue commissions and fees, Earned IPA dividends and Conditional IPA dividends with respect to the Initial Manager. The Manager is not entitled to any IPA dividends. Earned IPA dividends reflects the Initial Manager's participating interest in gains and income realized on successful exits from the Fund's venture investments. Conditional IPA dividends were not an amount actually paid or payable; rather, were an estimate of the IPA dividends that would be payable if the Fund's entire venture portfolio was disposed of at the period end and this line reflects the change in the estimate from the previous period. Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall*

[2] All information for periods prior to March 1, 2019 included in this document is as reported by the Initial Manager.

*only be paid on the sale of the relevant portfolio investment. The Series has accrued a Contingent IPA dividend, in connection with the Initial Manager ceasing to be the Fund's manager, of $322,849 (December 31, 2019: $497,448). On March 5, 2021, the Fund settled the amount owing to the Initial Manager with total consideration comprising cash in the amount of $322,849 and certain securities in the portfolio as well as other non-monetary consideration and redeemed and cancelled the IPA Shares. See "Related Party Transactions". Total MER is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average weekly Pricing NAV during the period. The Management Agreement took effect on March 1, 2019. If the Management Agreement had been in effect throughout 2019, this would have resulted in a decrease of the 2019 MER of approximately 0.22%. Circumstances may arise that negatively impact costs associated with the transition to the Management Agreement such that while not intended, MER under the Management Agreement may be higher than projected for particular periods. In addition, to the MER analysis, the Fund also considered the potential for additional fees payable in the event of a successful exit for portfolio investments and concluded that such potential would be less likely under the terms of the Management Agreement.*

*(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average weekly Pricing NAV during the period.*

*(6) A Series' portfolio turnover rate indicates how actively the Series' portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Series buying and selling all of the securities in its portfolio once in the course of the period. While the portfolio turnover rate is not necessarily related to performance, in general, lower turnover rates result in lower trading costs and may reduce realized capital gains and losses. This rate is a blended rate of the turnover of the venture and non-venture investments. Due to the nature of non-venture investments, in particular the bond and deposits portfolio, the turnover associated with these investments may be significantly higher than the turnover of the venture investments.*

*(7) As set out in "Results of operations – Distributions of Dividend Payments" , "Liquidity" and "Recent Developments" the Series paid two dividends during the year"*

## Management Fees

Management fees are calculated and paid monthly to the manager of the Fund, based on the aggregate net asset value of all outstanding Class A shares of the Fund, in accordance with the management agreement in place at the time.

On March 1, 2019, there was a change in the manager of the Fund and the management agreement. Please see the "Introduction" section of this document.

Please see the "Expenses" section of this document for aggregate amounts paid during the period and comparative amounts for the prior year period.

### *Fees payable February 28, 2019 onward*

Under the Management Agreement, the annual management fee payable is 1.5% of Pricing NAV of all series of shares of the Fund and the Fund pays operating expenses set out in an annual budget approved by the Board and any expenditure by the Fund that is more than $10,000 and not included in the annual budget must be approved by the Board, acting reasonably.

The management and administration fees for the Commercialization Series 2 shares for the year ended December 31, 2020 were $ 75,506 including GST of $3,684 (ten month period from March 1, 2019 to December 31, 2019 were $171,191 including GST of $8,338).

There is no performance bonus for the Manager under the Management Agreement; however, on completion of a possible future reorganization of Fund assets, the Manager will be entitled to a success fee on the same terms and conditions as IPA dividends provided that no such success fee would be paid or accrued until all preferred shares issued to Fund shareholders in connection with such reorganization have been redeemed.

### *Fees payable until February 28, 2019*

Under the IM Management Agreement, the Initial Manager provided management services to the Fund until February 28, 2019. Under the IM Management Agreement, the Initial Manager was responsible for paying the Fund's general operating expenses, with the following exceptions: fees payable to the Initial Manager as outlined above, applicable taxes, capital items, commissions, a portion of fees payable to the Fund's IRC and expenses unique to early stage, research and/or development company investing. These latter expenses were allocated specifically to the Commercialization Series Shares.

Under the terms of the IM Management Agreement, the Fund paid the Initial Manager a monthly management fee of 2% and an administration fee of between 0.50% to 1.29% of the proportionate share of the Fund's month end Pricing NAV attributable to the Commercialization Series 2 shares, less any fee or benefit, including finders' fees, directors' fees and consulting fees, received by the Initial Manager from investees or prospective investees, from which the Initial Manager paid all costs of operating the Fund other than certain share issue commissions and income taxes. The fees under this agreement for the two-month period from January 1 to February 28, 2019 were $95,591, including GST of $4,552.

The Initial Manager owns a series of Class B shares of the Fund (the "IPA shares"), which entitled the Initial Manager to receive dividends ("IPA dividends") based on realized gains and income from venture investments attributable to the Series while the Initial Manager was the Fund's manager. No IPA dividends were paid to the Initial Manager by the Series during the year ended December 31, 2020 (December 31, 2019: $NIL). The Manager does not hold any IPA shares.

Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall only be paid on the sale of the relevant portfolio investment (the "Contingent IPA dividend"). The Series has accrued a Contingent IPA dividend, in connection with the Initial Manager ceasing to be the Fund's manager, of $322,849 (December 31, 2019: $497,448) (See "Management Fees"). See "Recent Developments" regarding the settlement by the Fund of the amount owing to the Initial Manager with total consideration comprising cash in the amount of $322,849 and certain securities in the portfolio as well as other non-monetary consideration.

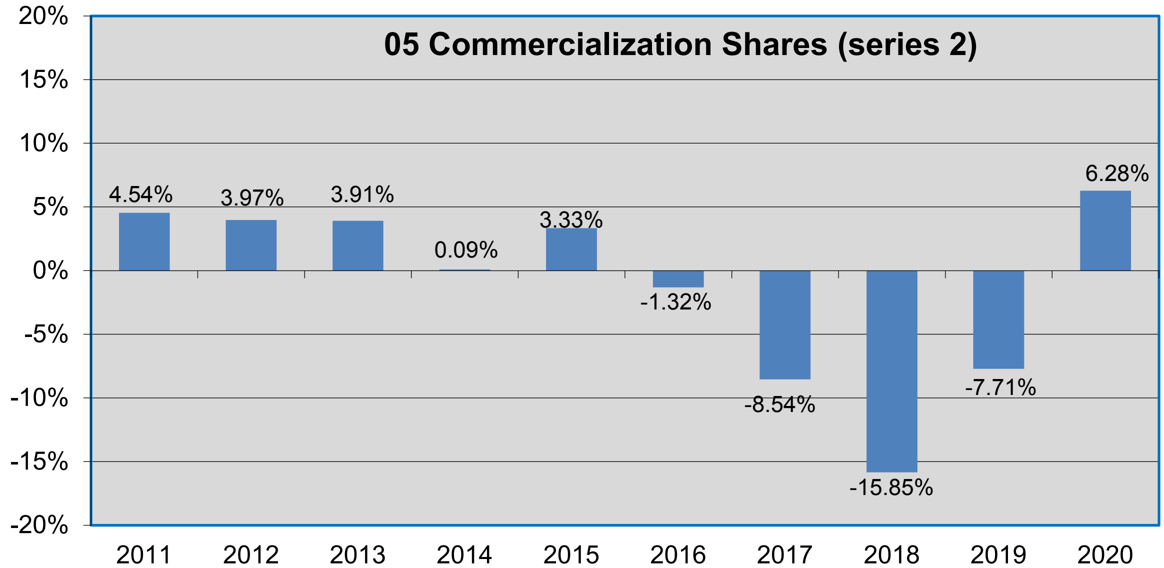
## PAST PERFORMANCE

The performance data provided assumes reinvestment of distributions, if any, and does not take into account redemption or other charges directly payable by any shareholder that would have reduced returns. In calculating standard performance data, distributions are included and furthermore, it is generally assumed that distributions by an investment fund are reinvested in shares of that investment fund although the Series was not available for purchase when distributions of the dividends paid in accordance with the dividend policy were made. Therefore, consistent with standard methodology for calculating the annualized total return, the dividends paid in 2020 are assumed to be reinvested. Past performance does not necessarily indicate how the Series will perform in the future.

**Period-by-Period Returns**

All information for periods prior to March 1, 2019 included in this document is as reported by the Initial Manager.

To illustrate how the Fund's performance has varied over time, the following bar charts show the Series' performance for the year ended December 31, 2020 and for each of the previous 12-month periods ended December 31. The bar charts show, in percentage terms, how much an investment made on January 1 of a given year would have grown or decreased by December 31 of that year based on Pricing NAV. Refer to the "Recent Developments" section for disclosure of adjustments to Pricing NAV during the year ended December 31, 2020.



**Annual Compound Returns**

The table below shows the Series' annual compounded performance for the given years, compared with the NASDAQ Composite Index denominated in Canadian dollars, as a comparative broad-based market index due to its significant exposure to technology and life sciences companies. The performance of the NASDAQ Composite Index can be an indicator of the M&A and IPO activity within the sectors represented by the index, including the technology sector. To the extent that the Fund has investments within those sectors, changes in M&A and IPO activity can impact the value of the Fund's venture investments, opportunities for the Fund to dispose of such investments and, potentially, Fund returns. For instance, increasing performance of the index may increase the number of potential acquirers for the Fund's venture investments since stock compensation is often the acquisition currency used in M&A transactions. This can positively influence the value of the Fund's venture investments, thereby increasing returns. By contrast, declining performance of the index may be an indicator of decreased M&A and IPO activity, which may in turn negatively impact the value of the Fund's venture investments, thereby reducing returns. The Series have underperformed the NASDAQ Composite Index during the years presented. Consistent with standard methodology for calculating the annualized total return, the dividends paid in 2020 are assumed to be reinvested.

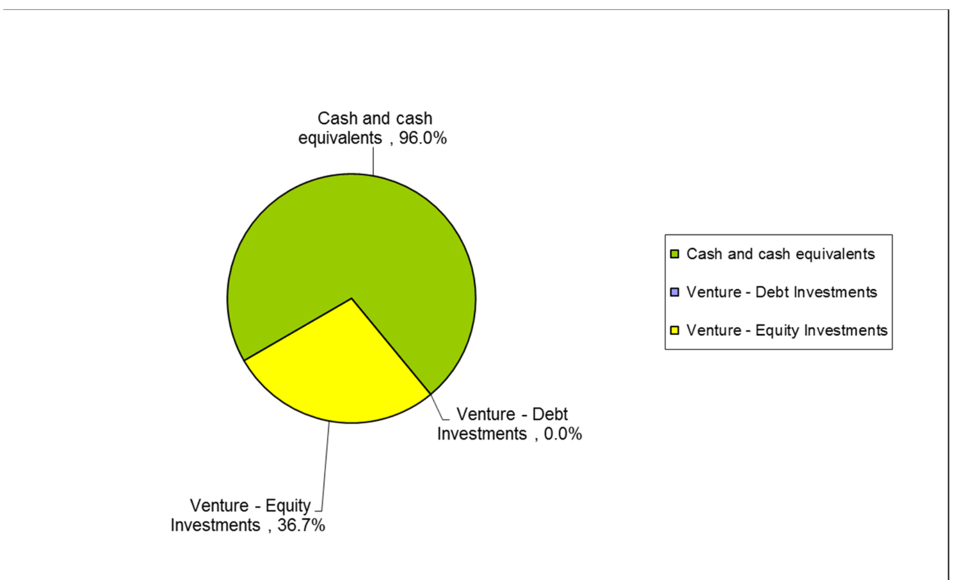
| Annual Compound Returns | 1 Year Return | 3 Year Return | 5 Year Return | 10 Year Return |
|---|---|---|---|---|
| WOF Comm 05 | 6.28% | -6.17% | -5.71% | -1.39% |
| NASDAQ Composite Index ($CDN) | 41.02% | 23.70% | 18.78% | 20.03% |

## SUMMARY OF INVESTMENT PORTFOLIO

The Series seeks to maximize returns by supporting high growth potential companies. The Fund applies a "true" venture capital investing strategy by adding value to portfolio companies by actively managing investments, typically through participating on boards of directors, assisting in recruiting key personnel, securing additional financing, and helping to formulate long-term strategic plans. At the end of the year, the Series holds venture investments in three portfolio companies.

The investee companies in the Series' investment portfolio are all in the information technology sector. While concentration of value is expected within a maturing venture portfolio, it does mean that a material change, whether positive or negative, in a particular portfolio company, will likely result in a corresponding material change in overall Pricing NAV and Net Assets for the Series. As at December 31, 2020, the investments represent 36.7% of Net Assets of the Series.

See "Recent Developments" regarding the agreement with the Initial Manager whereby the Fund amounts owing to the Initial Matter by way of a cash payment of $322,849 and the transfer of certain securities in the portfolio as well as other non-monetary consideration. The tables and pie charts below provide information about the investment portfolio of the Series. The investment portfolio profile may change due to ongoing portfolio transactions within the Series and after the end of the year, the Fund transferred certain securities as part of the settlement of the amount owing to the Initial Manager. See "Recent Developments". See the Schedule of Investment Portfolio in the Fund's financial statements for additional investment details and a breakdown of the portfolio by subgroup as a percentage of Net Assets. As at December 31, 2020 the overall asset mix of the Series, as a percentage of the Net Assets, is set out below (remaining balance of Net Assets comprised of other assets and liabilities of -$0.5 million (-32.8% of Net Assets)):

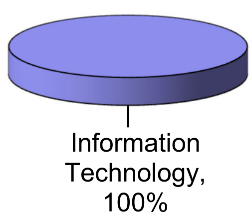


The following table represents the Top 25 investments within the total investment portfolio for the Series, excluding cash and short-term investments, based on fair value as a percentage of Net Assets. For the purposes of the Top 25 Investments table, the investment portfolio includes only 3 investments.

| | | |
|---|---|---|
| 1 | BuildDirect.com Technologies Inc. | |
| 2 | DWSI Holdings Inc. (fka D-Wave Systems Inc.) | |
| 3 | 4300092 Canada Inc. | |
| | TOTAL PERCENTAGE OF NET ASSETS | 36.7% |

The following charts show the venture investment portfolio for the Series as represented by sector and type of investment holding as a percentage of total cost of venture investments. The Commercialization Series' venture investments may consist of equity and debt instruments but generally consisted of debt investments during the first three years from the date of investment. Debt investments were generally structured so that they were capable of generating income during the first three years and were generally subordinated and in some cases were structured to be converted into shares of the portfolio company after completion of the income generating period. As debt investments were repaid or converted, the equity component as a percentage of the venture portfolio has increased.

**Sector Composition based on Cost of Venture Investments**




**Investment Holdings based on Cost of Venture Investments**