

PROSPECTUS
CONTINUOUS OFFERING

November 24, 2011



Class A Shares in the following Series:

Series Name	Series/FundSERV No.
GIC	WVN 431
Balanced	WVN 443
Growth	WVN 451
Financial Services	WVN 471

Offering Price: Net Asset Value per Series Share

The Fund: GrowthWorks Atlantic Venture Fund Ltd. (the “Fund” or “GrowthWorks Atlantic Fund”) is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), the *Equity Tax Credit Act* (Nova Scotia) and the *Labour-Sponsored Venture Capital Tax Credit Act* (Newfoundland and Labrador) and is expected to be a prescribed registered labour-sponsored venture capital corporation under the *New Brunswick Income Tax Act* for the 2011 taxation year. The Fund raises capital and invests in a mix of venture investments and non-venture investments. Venture investments are made exclusively in the Atlantic Provinces with a view to significantly increasing the availability of venture capital to eligible businesses in the region. Non-venture investments vary depending on the particular Series Shares purchased and range from GICs to investments linked to Canadian market equities.

Tax Benefits: A purchase of Class A Shares offers you a number of tax benefits. These benefits are subject to certain restrictions set out in detail in “Income Tax Considerations” and “Eligibility for Investment”.

Eligible for 15% Federal Tax Credit:	You are eligible for a federal labour-sponsored fund tax credit equal to 15% of the purchase price of your Class A Shares, up to a maximum credit of \$750 per year.
Eligible for 20% Provincial Tax Credit: Nova Scotia: 20% New Brunswick: 20% Nfld. & Lab: 20%	If you are a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador you are also eligible for a provincial tax credit equal to 20% of the purchase price of your Class A Shares, up to a maximum tax credit of \$2,000 per year. See “Investment Highlights – Attractive Tax Benefits”. The Nova Scotia provincial tax credit is currently available for purchases of Class A Shares made on or before February 29, 2012 and on November 24, 2011, the Nova Scotia government introduced legislation, which if passed, would extend the Nova Scotia provincial tax credit to 2021. The Fund expects the New Brunswick provincial tax credit to be available for the 2011 tax year and has requested the tax credit be extended to the 2012 tax year. There can be no assurance that the Nova Scotia provincial tax credit will be available for the 2012 or later tax years or that the New Brunswick provincial tax credit will be available for the 2011 or later tax years. See “Purchases and Switches of Securities” and “Risk Factors”. If you are not a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador, you are not eligible to receive a provincial tax credit. The Fund intends to apply for registration as a labour-sponsored venture capital corporation (“RVC”) in the Province of Prince Edward Island if and when a RVC program is formally adopted there. See “Prospectus Summary – GrowthWorks Atlantic Venture Fund Ltd.” and “Income Tax Considerations”.
RRSP/RRIF Eligible:	Class A Shares are qualified investments for RRSPs and RRIFs. RRIFs cannot purchase Class A Shares directly; however Class A Shares can be purchased individually or through a RRSP and then transferred into a RRIF.
TFSA Eligible:	Class A Shares are qualified investments for TFSAs. Subject to annual maximums, an individual will be eligible for the federal, New Brunswick, and Newfoundland and Labrador provincial tax credits, as applicable, where Class A Shares are acquired by a trust governed by a TFSA of which the individual is the holder. At present, individuals resident in Nova Scotia cannot claim a provincial tax credit in respect of Class A Shares purchased through a TFSA. While the Fund has requested changes to applicable RVC Legislation in Nova Scotia to allow tax credits to be claimed by a holder of a TFSA that purchases Class A Shares, there can be no assurance that such changes will be made. See “Income Tax Considerations – Purchase of Class A Shares by a TFSA”.

Series Shares – Tactical Investment Choices: The Fund’s Class A Shares are issuable in series (the “**Series Shares**” and individually a “**Series**”). This prospectus qualifies the distribution of the four Series shown on the face page. As indicated by their names, these Series offer investors greater choice in selecting the non-venture investment content of their investment in the Fund and provide enhanced asset allocation opportunities. See “Investment Objective”, “Investment Strategies” and “Investment Restrictions”. Additionally, shares of one Series can generally be switched into shares of another Series as conditions or your preferences change. For details of the switch privilege, see “Purchases and Switches of Securities” and “Attributes of the Securities”.

Investments: The Fund invests in a mix of venture investments and non-venture investments with the objective of achieving long term capital appreciation. The Fund makes venture investments in small and medium sized businesses in the Atlantic Provinces. The venture investment strategy of the Series Shares is to primarily invest in a diversified portfolio of venture investments across sectors and stages of development. The Series participate in the same venture investment portfolio. Available funds invested in non-venture investments (“**Directed Funds**”) are invested so as to reflect each Series’ designated investment focus for those funds as follows:

Series Name	How are the Series Shares Invested?	
	Venture	Directed Funds (non-venture)
GIC	Diversified Venture	GICs of Canadian Financial Institutions
Balanced	Diversified Venture	Debt, High Yield and Bank Investments
Growth	Diversified Venture	Equity Market Linked Investments
Financial Services	Diversified Venture	Financial Services Sector Investments

See “Investment Objective”, “Investment Strategies” and “Investment Restrictions” and “Risk Factors – Nature of Investment”.

Our Manager: GrowthWorks Atlantic Ltd. (the “**Manager**”) is the manager of the Fund and is part of the venture capital division of Matrix Asset Management Inc. (“**Matrix**”). Companies within the venture capital division of Matrix (together, “**GrowthWorks**”) manage several venture capital funds, including GrowthWorks Canadian Fund Ltd. (Canada’s first labour-sponsored investment fund), GrowthWorks Commercialization Fund Ltd. and Working Opportunity Fund (EVCC) Ltd., a British Columbia based labour-sponsored venture capital fund and the largest venture capital fund in Western Canada. Matrix is a TSX-listed diversified asset management company that was formed from the business combination of GrowthWorks and Halifax-based SEAMARK Asset Management Ltd. Affiliates of Matrix also manage the Matrix group of mutual funds and flow-through investment funds. Matrix has approximately \$1.9 billion in assets under management. See “Organization and Management Details of the Fund – GrowthWorks” and “Organization and Management Details of the Fund - Portfolio Advisor”.

Purchases: Because we invest the Directed Funds differently for each Series, each Series has its own, different net asset value or “**NAV**” per Series Share. The purchase price of each Series will be the NAV per share for the particular Series. As such, the purchase price may vary from purchaser to purchaser and during the period of distribution. Purchases are subject to rejection or allotment in whole or in part by the Fund and the Fund may suspend offering one or more Series of shares and recommence offering as it considers appropriate from time to time. The Class A Shares will be sold in Nova Scotia, New Brunswick, PEI and Newfoundland and Labrador through appropriately registered dealers. You do not pay any commissions when you buy Class A Shares. Instead, the Manager pays the commissions. The Fund pays applicable service fees to registered dealers. See “Purchases and Switches of Securities”, “Plan of Distribution” and “Summary of Fees, Expenses and Dividends” for information on fees and expenses applicable to the Fund and an investment in Class A Shares.

Redemption: You can redeem Series Shares at their NAV per Series Share. If you redeem Class A Shares after you have held them for eight years, you do not have to repay any tax credits or pay any early redemption fees. If you redeem Class A Shares before you have held them for eight years, you generally will have to repay the tax credits you received on the purchase of them and pay an early redemption fee. The Fund is required to withhold these amounts from any proceeds payable to you on redemption. The Fund is prohibited by law from making redemptions in certain circumstances and may suspend redemptions for substantial periods of time in certain circumstances. Because there is no formal market, such as a stock exchange, through which Class A Shares may be sold, the only way you will likely be able to dispose of your shares is by redeeming them. See “Redemption of Securities”, “Income Tax Considerations” and “Risk Factors”.

Valuation: NAV per Series Share is calculated on each valuation date using the valuation rules and procedures adopted by the Fund’s Audit and Valuation Committee. The value of the Fund’s venture investments is reviewed annually by the valuation group of the Fund’s independent auditors who determine whether the net asset value per Class A Share is materially different from that presented in the financial statements on which they report. Unlike a traditional mutual fund, many of the Fund’s venture investments are in securities of businesses for which no published markets exist. Valuing these types of investments is based on inherent uncertainties and the resulting values can differ from the prices at which the investments could actually be sold, particularly after taking into account associated selling costs such as sales commissions and legal fees. See “Calculation of Net Asset Value”.

Risk Factors: Depending on the Series purchased, these securities may be highly speculative in nature. See “Risk Tolerance”. An investment in the Fund is appropriate only for investors who are able to make a long-term investment and who have the capacity to absorb a loss of some (or in the case of higher risk Series possibly all) of their investment. Although the Fund is a mutual fund, some of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. The Fund may have liability for the repayment of tax credits in certain circumstances. See “Risk Factors” and “Risk Tolerance”.

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

- the most recently filed audited annual financial statements;
- any unaudited semi-annual financial statements filed after those audited 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. Please see the “Documents Incorporated by Reference” section for further details. Along with this prospectus and the financial statements incorporated by reference herein, you are entitled to receive annual and semi-annual financial statements and management reports of fund performance of the Fund in accordance with securities laws. Investors should read this prospectus and review the financial statements and management reports of fund performance carefully before making an investment decision. Careful consideration should be given to the risk factors associated with making an investment in the Fund. See “Risk Factors”. Consult with your professional adviser before making an investment.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Any statement contained in a document incorporated by reference in this prospectus shall be deemed to be modified or superseded, for purposes of this prospectus, to the extent that a statement contained in this prospectus or in any subsequently filed document that also is incorporated by reference herein modifies or supersedes such statement. Notwithstanding the foregoing, any unaudited financial information contained in this prospectus shall be deemed to be modified or superseded for the purposes of this prospectus by subsequently filed audited financial information. Financial information contained in this prospectus and presented as unaudited at August 31, 2011 is unaudited because the audit of the Fund’s financial statements for the year ended August 31, 2011 was not complete as at the date of this prospectus.

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
ELIGIBILITY FOR INVESTMENT.....4	SECURITYHOLDER MATTERS..... 55
SELECTED DEFINITIONS.....5	TERMINATION OF THE FUND..... 56
PROSPECTUS SUMMARY.....7	PLAN OF DISTRIBUTION 56
SUMMARY OF FEES, EXPENSES AND DIVIDENDS.....13	PRINCIPAL HOLDERS OF SECURITIES OF THE FUND..... 57
OVERVIEW OF THE STRUCTURE OF THE FUND.....16	INTERESTS OF MANAGEMENT AND OTHERS IN
INVESTMENT OBJECTIVE.....16	MATERIAL TRANSACTIONS..... 57
INVESTMENT STRATEGIES.....16	PROXY VOTING DISCLOSURE..... 57
OVERVIEW OF THE SECTORS THE FUND INVESTS IN....20	MATERIAL CONTRACTS..... 58
INVESTMENT RESTRICTIONS.....20	LEGAL MATTERS AND ADMINISTRATIVE
FEES, EXPENSES AND DIVIDENDS22	PROCEEDINGS 58
ANNUAL RETURNS AND MANAGEMENT	EXPERTS 58
EXPENSE RATIO24	EXEMPTIONS AND APPROVALS..... 58
RISK FACTORS25	RISK TOLERANCE..... 58
DISTRIBUTION POLICY28	OTHER MATERIAL FACTS..... 59
PURCHASES AND SWITCHES OF SECURITIES28	PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL
REDEMPTION OF SECURITIES30	AND RECISSION 59
INCOME TAX CONSIDERATIONS.....32	DOCUMENTS INCORPORATED BY REFERENCE 59
ORGANIZATION AND MANAGEMENT DETAILS	PRIVACY POLICY..... 60
OF THE FUND40	AUDITORS' CONSENTF-1
CALCULATION OF NET ASSET VALUE.....50	APPENDIX A PORTFOLIO INFORMATION..... A-1
ATTRIBUTES OF THE SECURITIES.....52	CERTIFICATE C-1

ELIGIBILITY FOR INVESTMENT

In the opinion of Stewart McKelvey, tax counsel to GrowthWorks Atlantic Fund and GrowthWorks Atlantic Ltd., provided that the annuitant under a RRSP or RRIF, as the case may be, (together with any non-arm's length persons or entities) owns, or has options to acquire, less than 10% of the issued shares of any class of the Fund or any corporation related to the Fund, and provided that the Fund is a registered labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), the Class A Shares are eligible investments for RRIFs and RRSPs. RRIFs cannot purchase Class A Shares directly; however Class A Shares may be purchased individually or through a RRSP and then transferred into a RRIF.

In 2009, the Government of Canada introduced the tax free savings account or "TFSA". Canadians aged 18 and older can save up to the TFSA dollar limit per year (\$5,000 for 2011 and indexed for inflation for all years after 2009, rounded to the nearest \$500) in a TFSA. Class A Shares are eligible investments for a trust governed by a TFSA, provided that (i) the holder of the TFSA (being the individual that contributed to the TFSA), together with any non-arm's length persons or entities, owns, or has options to acquire, less than 10% of the issued shares of any class of the Fund or any corporation related to the Fund, and (ii) at the time the Class A Share is acquired by the TFSA, the Fund is a registered labour-sponsored venture capital corporation under the *Income Tax Act* (Canada). At present, individuals resident in Nova Scotia cannot claim a provincial tax credit in respect of Class A Shares purchased through a TFSA. While the Fund has requested changes to applicable RVC Legislation in Nova Scotia to allow tax credits to be claimed by a holder of a TFSA that purchases Class A Shares, there can be no assurance that such changes will be made. Further, individuals resident in Nova Scotia would be required to repay all or a portion of the provincial tax credits in respect of Class A Shares transferred to a TFSA, if such shares are so transferred within eight years from the original date of purchase.

See "Income Tax Considerations" for more details and consult with your tax advisor prior to making an investment.

SELECTED DEFINITIONS

“**Atlantic Provinces**” or “**Atlantic Canada**” means the provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia and PEI.

“**average net assets**” in respect of a given period means the average assets minus the average liabilities in that period as determined in accordance with the Fund’s valuation policies.

“**Board**” or “**Board of Directors**” means the board of directors of the Fund.

“**business day**” means each day that the Toronto Stock Exchange is open for trading.

“**Class A Shares**” means the Class A shares of the Fund, issuable in series.

“**Class B Shares**” means the Class B shares of the Fund.

“**Commercialization Series Shares**” or “**Commercialization Shares**” means all series of Class A Shares of the Fund previously offered by the Fund that include the word “commercialization”.

“**cut-off date**” means in February or March of every calendar year, the last day you can obtain a federal or provincial tax credit for the preceding tax year on your purchase of Class A Shares.

“**Directed Funds**”, in respect of a Series, means all funds allocated to that Series in the records of the Fund, other than Venture Funds, which are to be invested in accordance with the Series’ particular investment focus for those funds.

“**Diversified Shares**” means the previously offered Class A Shares, Series 10 of the Fund.

“**Fund**”, “**GrowthWorks Atlantic Fund**”, “**our**”, “**us**”, or “**we**” means GrowthWorks Atlantic Venture Fund Ltd.

“**GAAP**” means Canadian generally accepted accounting principles.

“**GST**” means goods and services tax.

“**GrowthWorks**” means companies within the venture capital division of Matrix, including the Manager, GrowthWorks Ltd. and GrowthWorks Capital Ltd.

“**GrowthWorks Atlantic**” or the “**Manager**” means GrowthWorks Atlantic Ltd., the manager of the Fund.

“**HST**” means harmonized sales tax.

“**IPA Dividends**” means dividends payable on the IPA Shares.

“**IPA Shares**” means the Class C shares of the Fund owned by the Manager.

“**Issued Class A Shares**” means all of the issued Class A Shares of the Fund of every Series.

“**Management Agreement**” means the management agreement dated for reference December 24, 2004 between the Fund and the Manager, as amended from time to time.

“**Matrix**” means Matrix Asset Management Inc., the parent company of GrowthWorks Ltd.

“**Merger Shares**” means the Original Balanced Shares issued in connection with the merger of WI Fund into the Fund.

“**NAV per Series Share**” means the net asset value per share of particular Series Shares, as calculated in accordance with the Fund’s valuation policies and procedures.

“**New Brunswick Act**” means the *New Brunswick Income Tax Act* and the regulations enacted thereunder, as amended, re-enacted or replaced from time to time.

“**New Brunswick Sponsor**” means the New Brunswick Federation of Labour.

“**Newfoundland Act**” means the *Labour-Sponsored Venture Capital Tax Credit Act* (Newfoundland and Labrador) and the regulations enacted thereunder, as amended, re-enacted or replaced from time to time.

“**Newfoundland Sponsor**” means the Newfoundland and Labrador Federation of Labour.

“**Nova Scotia Act**” means the *Equity Tax Credit Act* (Nova Scotia) and the regulations enacted thereunder, as amended, re-enacted or replaced from time to time.

“**Nova Scotia Sponsor**” means the Nova Scotia Federation of Labour.

“**Original Balanced Shares**” means the previously offered Class A Shares, Series 1 of the Fund.

“**PEI**” means Prince Edward Island.

“**PEI Sponsor**” means the Prince Edward Island Federation of Labour.

“**Provincial Sponsors**” means the New Brunswick Sponsor, the Newfoundland Sponsor, the Nova Scotia Sponsor and the Prince Edward Island Sponsor.

“**PSP**” means a payroll savings plan under which Class A Shares of the Fund may be purchased using funds deducted from the purchaser’s salary by his or her employer.

“**Regional Sponsor**” means the Canadian Federation of Labour.

“**reserves**” has the meaning ascribed by subsection 204.8(1) of the Tax Act, and includes money in cash or on deposit with qualified financial institutions, debt obligations of or guaranteed by the Canadian federal government, debt obligations of provincial and municipal governments, Crown corporations, corporations listed on a designated Canadian stock exchange, or authorized foreign banks (if the debt obligations are payable at a branch in Canada of such banks), guaranteed investment certificates issued by Canadian trust companies, qualified investment contracts and any other investments prescribed as reserves;

“**RRIF**” means a registered retirement income fund, as defined in subsection 146.3(1) of the Tax Act.

“**RRSP**” means a registered retirement savings plan, as defined in subsection 146(1) of the Tax Act.

“**RVC**” or “**Retail Venture Capital Fund**” means a labour-sponsored venture capital corporation or labour-sponsored investment fund registered or prescribed under applicable RVC Legislation and which offers its shares to retail investors by prospectus.

“**RVC Legislation**” means the Tax Act, together with the Nova Scotia Act, the New Brunswick Act and the Newfoundland Act.

“**Series**” or “**Series Shares**” means any series of Class A Shares offered hereunder.

“**Sponsors**” means the Provincial Sponsors and the Regional Sponsor.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, re-enacted or replaced from time to time.

“**TFSA**” means a tax-free savings account or TFSA, as defined in section 248(1) of the Tax Act.

“**Valuation Date**” means a date on which the net asset value of the Fund and NAV per Series Share is calculated, which will occur at least weekly for all Series that have a purchase and redemption price set at NAV per Series Share.

“**Venture Funds**” means at a minimum those funds raised from the sale of shares of a Series that are required to be invested in eligible business investments under applicable RVC Legislation.

“**WI Fund**” means Workers Investment Fund Inc.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution 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. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto under “Selected Definitions”.

GROWTHWORKS ATLANTIC VENTURE FUND LTD.

The Fund is incorporated under the laws of Canada and is registered as a labour-sponsored venture capital corporation under the Tax Act, the Nova Scotia Act and the Newfoundland Act and is expected to be a prescribed registered labour-sponsored venture capital corporation under the New Brunswick Act for the 2011 taxation year. These registrations enable eligible subscribers for Class A Shares to obtain the tax benefits summarized below. If you are not a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador, you are not eligible to receive a provincial tax credit. The Fund intends to apply for registration as a RVC in the Province of PEI if and when a RVC program is adopted there. However, there can be no assurance that PEI will adopt a RVC program.

The Fund has engaged one of Canada’s leading RVC managers as its manager. See “Organization and Management Details of the Fund – GrowthWorks” and “Organization and Management Details of the Fund – Manager of the Fund”.

The Fund raises capital and invests in a mix of venture investments and non-venture investments. Venture investments are made in the Atlantic Provinces using an actively managed, diversified investment strategy. Non-venture investments vary depending on the particular Series Shares purchased and range from GICs to investments linked to Canadian market equities. See “Investment Highlights” below, “Overview of the Structure of the Fund” and “Investment Objective”, “Investment Strategies” and “Investment Restrictions”.

INVESTMENT HIGHLIGHTS

The Fund’s investment objective is to achieve long-term capital appreciation by investing in a mix of venture investments and non-venture investments. “Long term capital appreciation” means we seek to provide you with a return on your investment by increasing the NAV per Series Share over the longer term, rather than by regularly paying out interest or dividends. See “Investment Objective”. Venture investments are primarily made in a diversified portfolio of small and medium sized businesses based in Atlantic Canada. All Series Shares participate in the same venture investment portfolio. Non-venture investments vary depending on the particular Series Shares purchased and range from GICs to investments linked to Canadian market equities. See “Investment Strategies”.

An investment in GrowthWorks Atlantic Fund is designed to provide you with the following benefits:

A Proven Venture Capital Manager

GrowthWorks Atlantic is the manager of the Fund. GrowthWorks manages several venture capital funds, including the Fund, GrowthWorks Canadian Fund, GrowthWorks Commercialization Fund and Working Opportunity Fund, a British Columbia based labour-sponsored venture capital fund and the largest venture capital fund in Western Canada. Affiliates of Matrix also manage the Matrix group of mutual funds and flow-through investment funds. Matrix is a TSX-listed diversified asset management company with approximately \$1.9 billion in assets under management. See “Organization and Management Details of the Fund – GrowthWorks”.

Pursuing Growth Opportunities

As part of its venture investment strategy, the Fund seeks out young, entrepreneurial companies with high growth potential, a greatly expanding area as economies continue their shift from traditional industries to new, knowledge-based ones. See “Investment Objective”, “Investment Strategies” and “Investment Restrictions”.

We typically play an active role by participating on venture portfolio company boards of directors, assisting in recruiting key personnel, securing additional financing, and helping to formulate long-term strategic plans. See “Organization and Management Details of the Fund – GrowthWorks”.

A Menu of Choices

Our Series Shares give you both the opportunity to participate in a diversified portfolio of venture investments and the freedom to choose the investment content you want for the non-venture portion of your investment. Non-venture

investments vary depending on the particular Series Shares purchased and range from GICs to investments linked to Canadian market equities, as shown in the table below. As an investor, you can initially choose the Series with the sector exposure that complements the other investments in your portfolio. Thereafter, you can generally switch from one Series to another over the term of your investment as conditions or your preferences change (but no switching out of GIC Series at this time). For details of this switch privilege, see “Purchases and Switches of Securities”. This menu of choices and switch privilege is designed to give investors the opportunity to select a Series with their preferred mix of venture and non-venture investments.

Venture investments for the Series Shares are made in eligible small and medium sized businesses in both new economy sectors and traditional industries. The Fund’s objective for its venture investments is to diversify the venture investment portfolio of the Series Shares by sector, geography and stage of development. This classic diversified venture investing strategy has been successfully applied by GrowthWorks for over a decade.

Our investment strategies for non-venture funds, what we call “Directed Funds”, reflect each Series’ designated investment focus for those funds (as shown below). Make your choice from the Series menu below:

Series Name	How are the Series Shares Invested?	
	Venture Funds	Directed Funds (non-venture)
GIC	Diversified Venture	GICs of Canadian Financial Institutions
Balanced	Diversified Venture	Debt, High Yield and Bank Investments
Growth	Diversified Venture	Equity Market Linked Investments
Financial Services	Diversified Venture	Financial Services Sector Investments

See “Investment Objective”, “Investment Strategies” and “Investment Restrictions”.

Cost Arrangements

Unlike most RVCs and other mutual funds, the Manager, not the Fund, pays most of the normal operating expenses of the Fund. These are significant expenses that the Fund does not have to pay for such as printing, legal, audit, valuation, insurance, trustee, transfer agency, custodian and safekeeping charges and some taxes. See “Summary of Fees, Expenses and Dividends” and “Fees, Expenses and Dividends”.

Seeking Regional Scale and Diversification

The Fund is specifically structured to invest across Atlantic Canada with the objective of achieving greater economies of scale, lower costs of operation and greater investment diversification.

Local Investment Focus

While the Fund operates regionally, it is structured to provide local, provincially-focussed investment decision-making using the following elements:

- 85% or more of the members of the Board of Directors of the Fund are resident in the Atlantic Provinces.
- The Fund has an Investment Committee of the Board and a Business Advisory Council designated for each Atlantic Province except PEI. Each Investment Committee has a majority of its members resident in its designated province and has full authority to approve new venture investments made by the Fund in that province.
- The Manager has investment staff for each Atlantic Province who are responsible for proposing investment opportunities to the Investment Committee for that province. The Manager has offices in Halifax, Nova Scotia and Fredericton, New Brunswick. The Manager also maintains an operating presence in Newfoundland and Labrador through a representation agreement with Atlantic Canada Gateway based out of Memorial University in St. John’s.

See “Investment Strategies – Implementation of Investment Strategies” and “Organization and Management Details of the Fund – Officers and Directors of the Fund”.

Attractive Tax Benefits

A purchase of Class A Shares offers you the following tax benefits.

- A 15% federal tax credit, to a maximum of \$750.
- A 20% provincial tax credit if you are a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador, up to a maximum annual credit of \$2,000.
- Currently the Nova Scotia provincial tax credit is available for purchases made on or before February 29, 2012 and on November 24, 2011, the Nova Scotia government introduced legislation, which if passed, would extend the Nova Scotia provincial tax credit to 2021. The Fund expects the New Brunswick provincial tax credit to be available for the 2011 tax year and has requested the tax credit be extended to the 2012 tax year. The Fund will issue an update news release on or before March 1, 2012 if at that time the Nova Scotia provincial tax credit has not been extended to the 2012 tax year or if the Fund has not received confirmation of the New Brunswick provincial tax credit for 2011. There can be no assurance that the Nova Scotia provincial tax credit will be available for the 2012 or later tax years or that the New Brunswick provincial tax credit will be available for the 2011 or later tax years. See “Risk Factors”.
- If you are not a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador, you are not eligible to receive a provincial tax credit. The Fund intends to apply for registration as a RVC in the Province of PEI if and when a RVC program is adopted there. See “GrowthWorks Atlantic Venture Fund Ltd.” above.
- RRSP, RRIF and TFSA eligibility. See “Income Tax Considerations – Status of the Fund”.

These benefits are subject to certain restrictions that are set out in detail in “Eligibility for Investment” and “Income Tax Considerations”. The maximum federal and provincial tax credits apply to your total purchases of Class A Shares issued by RVCs.

Illustration

The following is an example of how investors in the following provinces can reduce the amount of income tax they pay.

	Nova Scotia		New Brunswick		Newfoundland and Labrador		PEI
Taxable Income Level ⁽¹⁾⁽²⁾	\$35,000	\$65,000	\$35,000	\$65,000	\$35,000	\$65,000	\$35,000/\$65,000
Purchase Amount⁽²⁾	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Federal Tax Credit ⁽³⁾	(750)	(750)	(750)	(750)	(750)	(750)	(750)
Provincial Tax Credit ⁽³⁾	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	n/a ⁽⁴⁾
Estimated RRSP Tax Savings ⁽²⁾⁽⁵⁾	(1,498)	(1,934)	(1,205)	(1,705)	(1,375)	(1,765)	(1,440) / (1,935)
Net Cost of Investment after above Tax Savings	<u>\$1,752</u>	<u>\$1,316</u>	<u>\$2,045</u>	<u>\$1,545</u>	<u>\$1,875</u>	<u>\$1,485</u>	<u>\$2,810 / \$2,315</u>

(1) The taxable income levels are based on federal and provincial tax legislation in existence and proposed up to August 31, 2011 and are subject to change.

(2) Assumes purchaser is within his or her 2011 RRSP contribution limit and tax rate at the indicated income level applies to full purchase amount.

(3) Federal and provincial tax credits are generally available so long as the purchaser has tax payable against which to claim the tax credits. The maximum provincial tax credit is \$2,000 in Nova Scotia, New Brunswick and Newfoundland and Labrador and would be obtained on the purchase of Class A Shares having a net cost of \$10,000. The Fund expects the New Brunswick provincial tax credit to be available for the 2011 tax year. See “Income Tax Considerations” and “Risk Factors”. The Nova Scotia provincial tax credit will be available for purchases of Class A Shares of RVCs registered under the Nova Scotia Act made on or before February 29, 2012 and on November 24, 2011, the Nova Scotia government introduced legislation, which if passed, would extend the Nova Scotia provincial tax credit to 2021. See “Income Tax Considerations” and “Risk Factors”.

(4) No provincial tax credit is currently available in PEI.

(5) RRSP tax deductions are available on any RRSP-eligible investment and tax is payable on all amounts withdrawn from RRSPs.

THE OFFERING

- Class A Shares:** We are offering four Series of the Fund’s Class A Shares under this prospectus:
- **GIC Series**
 - **Balanced Series**
 - **Growth Series**
 - **Financial Services Series**
- See “Attributes of the Securities”, “Investment Objective”, “Investment Strategies” and “Calculation of Net Asset Value”.
- Eligible Investors:** These Class A Shares are being offered for sale under this prospectus in Nova Scotia, New Brunswick, PEI and Newfoundland and Labrador. See “Plan of Distribution”.
- Individuals, RRSPs and TFSAs are eligible to subscribe directly for Class A Shares. Class A Shares can also be transferred into RRIFs, TFSAs or RRSPs. At present, individuals resident in Nova Scotia cannot claim a provincial tax credit in respect of Class A Shares purchased through a TFSA. Further, individuals resident in Nova Scotia would be required to repay all or a portion of the provincial tax credits in respect of Class A Shares transferred to a TFSA, if such shares are so transferred within eight years from the original date of purchase. While the Fund has requested changes to applicable RVC Legislation in Nova Scotia to allow tax credits to be claimed by a holder of a TFSA that purchases Class A Shares, there can be no assurance that such changes will be made. See “Income Tax Considerations”.
- Series Switch Rights:** You can convert or “switch” from one Series to another (however no switching out of GIC Series is permitted at this time). This useful feature enables you to adapt your investment in Series Shares as conditions or your preferences change over the term of your investment. No early redemption or switch fees apply on a switch. See “Purchases and Switches of Securities” and “Income Tax Considerations”.
- Purchase Price / Redemption Price:** The purchase price, the redemption price and the price for switching of each Series is the net asset value or “NAV” per Series Share for the particular Series then in effect. Because we invest Directed Funds for each Series differently, each Series has its own NAV per Series Share. See “Calculation of Net Asset Value”.
- On redemption, you receive the NAV per Series Share then in effect less applicable fees payable by you and any tax credits or other amounts required to be withheld. If received by the Fund prior to 4:00 p.m. (Atlantic time) on a Valuation Date, orders for purchases, redemptions and switches will be processed at the NAV per Series Share determined on that Valuation Date. Orders for purchases, redemptions and switches received after that time will be processed at the NAV per Series Share determined on the next Valuation Date. See “Purchases and Switches of Securities” and “Redemption of Securities”.
- NAV per Series Share is calculated on each Valuation Date by applying the specific valuation rules and procedures adopted by the Fund’s Audit and Valuation Committee. Unlike a traditional mutual fund, many of the Fund’s venture investments are in portfolio companies for which no published markets exist. Valuing these types of investments is based on inherent uncertainties and the resulting values can differ from the prices at which the investments could actually be sold. The value of the Fund’s venture investments is reviewed annually by the valuation group of the Fund’s independent auditors who determine whether the net asset value per Class A Share is materially different from that presented in the financial statements on which they report. See “Calculation of Net Asset Value”.
- Minimum Purchases:** Except for purchases under a PSP, pre-authorized chequing or “PAC” plan or other purchase plan, the minimum initial purchase is \$500 per Series. Subsequent purchases of a Series can be in amounts of \$50 or more. Under PSPs, purchasers may be subject to minimum purchase amounts of \$10 per week and \$500 per year. Under monthly PAC plans and other purchase plans, purchasers may be subject to a minimum purchase amount of \$50 per month.

Voting & Dividend Rights:

Each holder of Class A Shares is entitled to:

- one vote for every Class A Share held;
- vote for 6 of the 15 directors the Fund; and
- receive dividends if and when the Board declares them.

The Fund intends to capitalize certain amounts of its interest, investment income and capital gains from time to time to reduce the taxes it would otherwise have to pay which will increase the paid up capital of its Series Shares. To the extent the Fund capitalizes its earnings by increasing the paid up capital of its Series Shares, it pays less tax and its NAV per Series Share is higher than it otherwise would be if it had paid additional taxes or paid a cash dividend. For Canadian tax purposes, this will trigger a deemed dividend for shareholders equal to the amount of the paid-up capital increase in the shareholders' shares. See "Attributes of the Securities", "Distribution Policy" and "Risk Factors".

Redemption Rights:

You can redeem your Class A Shares at any time subject to the conditions set out under "Redemption of Securities". If you redeem Class A Shares after you have held them for eight years, you do not have to repay any tax credits or pay early redemption fees. If you redeem them before you have held them for eight years, you generally will have to repay an amount equal to the tax credits you received on the purchase of them and pay an early redemption fee to the Manager. The early redemption fee is equal to 6% of the original purchase price less 0.75% for each year (prorated daily) that has passed since you purchased the shares. This early redemption fee helps recover a portion of the up-front sales commission paid by the Manager when the Class A Shares were purchased. No early redemption fee is payable on Merger Shares exchanged for WI Fund shares issued before April 1, 2004. See "Redemption of Securities" and "Plan of Distribution".

Restrictions on Transfer:

You can transfer Class A Shares to your spouse, former spouse, common-law partner or former common-law partner or to your RRSP, RRIF or TFSA or to the RRSP, RRIF or TFSA of your spouse, former spouse, common-law partner or former common-law partner. Other transfers are restricted except in specified circumstances. See "Attributes of the Securities – Description of Securities Distributed – Class A Shares" and "Income Tax Considerations".

Termination of the Fund

The Fund may be dissolved by special resolution of the shareholders. See "Attributes of the Securities - Description of the Securities Distributed – Class A Shares" for information about Class A shareholders' entitlements on a dissolution.

RISK FACTORS

Depending on the Series purchased, these securities may be highly speculative in nature. See "Risk Tolerance". An investment in the Fund is suitable only for investors able to make a long-term investment and who have the capacity to absorb a loss of some (or in the case of higher risk Series possibly all) of their investment. Many of the Fund's portfolio companies are developing products, technologies or services for which markets are not yet established and may never become established. Early stage investments are usually considered more risky than investments in companies at more advanced stages of development. The Fund's early stage investments will typically take longer to mature and present exit opportunities than other venture capital investments. The values which the Fund puts on its investments may not reflect the amounts for which they can actually be sold. Although the Fund is a mutual fund, many of the rules normally applicable to mutual funds do not apply to the Fund. Specifically, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply. There is no formal market, such as a stock exchange, through which Class A Shares may be sold and none is expected to develop. The transfer of Class A Shares is restricted. The Fund will generally be required to withhold certain amounts on a redemption of Class A Shares before the eighth anniversary of the issue date for the particular Class A Shares. There is no assurance that enough suitable investments in eligible Canadian businesses will be found. The Fund will be subject to certain penalty taxes or may lose its registration if it fails to meet the investment pacing and other requirements of applicable RVC Legislation. There is no assurance that changes will not be introduced to federal or provincial legislation or regulations which, if unfavourable, could impair the Fund's investment performance and its ability to raise capital and maintain adequate liquidity. At present, the Nova Scotia provincial tax credit is available for purchases of Class A Shares made on or before February 29, 2012 only and on

November 24, 2011, the Nova Scotia government introduced legislation, which if passed, would extend the Nova Scotia provincial tax credit to 2021. The Fund expects the New Brunswick provincial tax credit to be available for the 2011 tax year and has requested the tax credit be extended to the 2012 tax year. There can be no assurance that the Nova Scotia provincial tax credit will be available for the 2012 or later tax years or that the New Brunswick provincial tax credit will be available for the 2011 or later tax years. The expiry or elimination of RVC tax credits in one or more of the provinces where the Fund is registered or prescribed could impair the Fund's investment performance and its ability to raise capital and maintain adequate liquidity. Investors will be relying upon the business judgment, expertise and integrity of the Board, the Manager and its affiliates. Investors should consult with a professional advisor before purchasing Class A Shares. See "Risk Factors", "Risk Tolerance" and "Income Tax Considerations".

By registering the Fund under RVC Legislation or providing a tax credit in respect of purchases of Class A Shares, no government has passed on the merits of an investment in Class A Shares and in no way guarantees such investment.

ORGANIZATION AND MANAGEMENT OF THE FUND

The following chart sets out information about the manager, custodian, registrar and transfer agent and auditors of the Fund.

Manager ⁽¹⁾	Custodian	Registrar and Transfer Agent	Auditors
<p>GrowthWorks Atlantic Ltd., Halifax Nova Scotia. The Manager provides day-to-day management, investment management and administration services to the Fund. See "Organization and Management Details of the Fund - Details of the Management Agreement."</p>	<p>RBC Dexia Investor Services, Toronto, Ontario. The Custodian holds the portfolio securities of the Fund in safekeeping. See "Organization and Management Details of the Fund - Custodian".</p>	<p>The Fund is the registrar and transfer agent for its Class A shares. The Manager provides these services to the Fund. See "Organization and Management Details of the Fund - Transfer Agent and Registrar".</p>	<p>KPMG LLP, Vancouver, B.C. KPMG LLP are the auditors of the Fund. See "Organization and Management Details of the Fund - Auditors".</p>

(1) GrowthWorks Atlantic Ltd. is the manager of the Fund and under securities laws, the Manager is considered a promoter of the Fund. The Manager has an office at Suite 310, 1801 Hollis Street, Halifax, Nova Scotia, B3J 3N4. The Manager's corporate head office is at 2600 Royal Center, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5.

SUMMARY OF FEES, EXPENSES AND DIVIDENDS

These tables list 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.

Summary of Fees, Expenses and Dividends payable by the Fund or Manager

Type of Fee or Dividend	Amount and Description
<p>Management Fee</p> <p>2% of average net assets.</p>	<p>We pay the Manager an annual management fee of 2% of the average net assets of the Fund for management and investment management services provided to the Fund. This fee is calculated and paid monthly on the average net assets of the Fund. See “Fees, Expenses and Dividends”.</p>
<p>Administration Fees</p> <p>2% of average net assets.</p> <p>Capital retention fee of 0.75% of the original purchase price of the Class A Shares.</p>	<p>We pay the Manager an annual administration fee of 2% of the average net assets of the Fund for administrative, sales and marketing services provided to the Fund. This fee is calculated and paid monthly on the average net assets of the Fund. See “Fees, Expenses and Dividends”.</p> <p>In addition, we pay the Manager an annual capital retention administration fee of 0.75% of the original purchase price of Series Shares which remain issued and unredeemed. This fee is for the Manager’s efforts to raise and retain capital within the Fund and ceases in respect of any Series Shares held for more than eight years. It is calculated and paid monthly. See “Fees, Expenses and Dividends – Fees, Expenses and Dividends Payable Directly by the Fund – Management and Administration Fees”.</p>
<p>Incentive Participation Dividends</p> <p>If return thresholds are met, dividends equal to 25% of the realized gains and income from each venture investment.</p>	<p>The Manager, as the sole owner of the IPA Shares, is entitled to receive incentive participation dividends or “IPA” dividends equal to 25% of the <u>realized</u> gains and income from each venture investment. However, before any dividends can be paid in respect of a venture investment, each of the following conditions must be met:</p> <ul style="list-style-type: none"> • total net realized and unrealized gains and income on the Fund’s portfolio of venture investments must have generated a return greater than a cumulative annualized rate of return on a 5 year GIC plus 2%; • the venture investment must have generated a compounded annual internal rate of return of at least 12%; and • the Fund must have received a cash amount at least equal to the principal invested in the venture investment. <p>Dividends on the IPA Shares are paid quarterly only if these conditions are met. See “Attributes of the Securities – Class C Shares”.</p>
<p>Fund Operating Expenses</p> <p>The Manager pays most of the Fund’s normal operating expenses.</p>	<p>Unlike most RVCs and mutual funds, the Manager, not the Fund, pays most of the normal day to day operating expenses of the Fund.</p> <p>However, the Fund does pay its own taxes, including HST and GST, service fees payable to dealers and has agreed to reimburse the Manager for certain approved interest costs. See “Fees, Expenses and Dividends – Fees, Expenses and Dividends Payable Directly by the Fund – Management and Administration Fees” and “Fees, Expenses and Dividends – Fees and Expenses Payable Directly by the Manager – Operating Expenses”.</p>
<p>Service Fees to Dealers</p> <p>See “Dealer Compensation”.</p>	<p>The Fund pays the service fees described in “Summary of Dealer Compensation” below.</p>

Summary of Fees, Charges and Expenses Payable Directly by You

Type of Fee	Amount and Description
<p>Sales Charge</p> <p>None.</p>	<p>None. You do not pay any commissions when you purchase Class A Shares. Sales commissions are paid by the Manager. See “Summary of Dealer Compensation” below.</p>
<p>Switch Fee</p> <p>None.</p>	<p>None. No fee is payable upon exercise of the switch privilege generally available to holders of Series Shares. For details about the switch privilege, see “Purchases and Switches of Securities”.</p>
<p>Early Redemption Fees</p> <p>Paid to the Manager.</p> <p>6% of the purchase price of the Series Shares less 0.75% for each year since purchase.</p>	<p>If you redeem Series Shares after you have held them for eight years, you do not have to repay any tax credits or pay any early redemption fees.</p> <p>If you redeem Series Shares <u>before</u> you have held them for eight years, you generally will have to repay an amount equal to the tax credits you received on the purchase of the shares and will have to pay an early redemption fee to the Manager. The early redemption fee is equal to 6% of the original purchase price less 0.75% for each year (prorated daily) that has passed since you purchased the Series Shares. This early redemption fee helps recover a portion of the up-front sales commission that the Manager paid when the Series Shares were purchased. See “Redemption of Securities”.</p>

Summary of Dealer Compensation

<p>Sales Commissions</p> <p>Paid by the Manager. 6% of the purchase price.</p>	<p>The Manager will pay an up-front sales commission of 6% of the purchase price to registered dealers. See “Plan of Distribution”.</p>
<p>Service Fees</p> <p>Paid by the Fund. Annual service fee of 0.5% of the average net asset value of the Class A Shares.</p>	<p>The Fund pays a quarterly service fee to registered dealers at an annual rate of 0.5% of the average net asset value of the Class A Shares held by the dealers’ clients. See “Plan of Distribution”.</p>
<p>Sales Incentives</p>	<p>The Manager, or the Fund if approved by the Manager, may enter into co-operative advertising programs with registered dealers distributing Class A Shares. Unlike most RVCs, the Manager, not the Fund, reimburses dealers for co-operative advertising expenses that may be reimbursed under applicable securities laws.</p>

ANNUAL RETURNS AND MANAGEMENT EXPENSE RATIO

The tables below provide annual return and management expense ratio (“**MER**”) data for the Series for the years ended August 31, 2006, 2007, 2008, 2009 and 2010, as applicable. The annual return data shows, in percentage terms, how much an investment made on September 1 (or the date of inception for the financial year in which the Series was introduced) would have grown or decreased by August 31 of that financial year-end period.

The annual return data and MER is as disclosed in the Fund’s most recently filed annual management reports of fund performance for each Series. For further information with respect to annual returns and MER, see the Fund’s most recently filed annual financial statements and management reports of fund performance and any subsequently filed interim financial statements and management reports of fund performance. At the time of filing this prospectus, the Fund had not filed annual financial statements or management reports of fund performance for the year ended August 31, 2011. See “Documents Incorporated by Reference”. Accordingly, the following information is for years ended at or prior to August 31, 2010.

Balanced Series Shares - years ended August 31

	2010	2009	2008	2007	2006
Annual Returns ⁽¹⁾	-2.89%	-10.75	-7.31%	-0.42%	-4.54%
MER ⁽²⁾	6.22%	5.53%	5.14%	5.45%	4.98%

GIC Series Shares - years ended August 31

	2010	2009
Annual Returns ⁽³⁾	-4.80%	-
MER ⁽²⁾	6.37%	4.23%

Growth Series Shares - years ended August 31

	2010	2009	2008
Annual Returns	-4.31%	-7.84%	-6.90%
MER ⁽²⁾	6.42%	5.83%	5.46%

Financial Services Series Shares - years ended August 31

	2010	2009	2008
Annual Returns	-6.41%	-6.82%	-6.20%
MER ⁽²⁾	6.45%	5.81%	5.22%

(1) On December 15, 2007, the Original Balanced Shares were converted into the Balanced Series shares. Prior to conversion, these two Series of Class A Shares were referable to the same portfolio of assets and had the same fee and cost structure. The information provided for the period prior to conversion is for the Original Balanced Shares. Effective December 16, 2005, the Fund completed a merger by purchasing the assets of WI Fund in exchange for Class A shares (Original Balanced Shares). Annual return data for the year ended August 31, 2006 is from December 16, 2005 to August 31, 2006.

(2) MER means Management Expense Ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as a percentage of average weekly net asset value during the period. MER for periods of less than one year is annualized. For the years ended August 31, 2008, 2007 and 2006, the annual administration fee payable by the Fund to the Manager was 1.25% of the average net assets of the Fund. Effective September 1, 2009, the annual administration fee was increased to 2.0% of the average net assets of the Fund. If the increase were effective prior to September 1, 2009, it is estimated that the MER for the Series for the year ended 2009 would have increased by approximately 0.75%.

(3) Sales of the GIC Series commenced on November 7, 2008. Accordingly, no annual return data for the GIC Series is presented for years prior to the year ended August 31, 2010.

OVERVIEW OF THE STRUCTURE OF THE FUND

The Fund's full legal name is "GrowthWorks Atlantic Venture Fund Ltd. / Fonds de capital atlantique GrowthWorks Ltée". The Fund's head office is Suite 310, 1801 Hollis Street, Halifax, Nova Scotia, B3J 3N4 and its registered office is Suite 900, 1959 Upper Water Street, Purdy's Wharf, Tower 1, Halifax, Nova Scotia B3J 3N2. The Fund began offering its Class A Shares to the public on January 12, 2005. The Fund was incorporated under the *Canada Business Corporations Act* on November 16, 2004 by the filing of Articles of Incorporation with Industry Canada. Restated Articles of Incorporation were filed on January 10, 2005 changing the French name of the Fund from "GrowthWorks Fonds de Capital Atlantique Ltée" to "Fonds de capital atlantique GrowthWorks Ltée", changing the classes and maximum number of shares that the Fund is authorized to issue and changing the rights, privileges, restrictions and conditions attached to the Fund's shares. The Restated Articles of Incorporation permit the Fund to issue more than one series of Class A Shares. Series shares were created on January 10, 2005, November 9, 2006 and September 26, 2007 by the filing of articles of amendment. On November 29, 2007, articles of amendment were filed to add a conversion feature to each previously offered series of Commercialization Shares and the Original Balanced Shares.

GrowthWorks Atlantic Fund is registered as a labour-sponsored venture capital corporation under the Tax Act, the Nova Scotia Act and the Newfoundland Act and is expected to be a prescribed registered labour-sponsored venture capital corporation under the New Brunswick Act for the 2011 taxation year. The Fund intends to apply for registration as a RVC in the Province of PEI if and when a RVC program is adopted there. There can be no assurance that PEI will adopt a RVC program.

The Fund is considered a mutual fund under securities laws.

INVESTMENT OBJECTIVE

The Fund's investment objective is to achieve long-term capital appreciation by investing in a mix of venture investments and non-venture investments. Venture investments are primarily made in a diversified portfolio of small and medium sized businesses based in Atlantic Canada. Non-venture investments vary depending on the particular Series Shares purchased and range from GICs to investments linked to Canadian market equities. "Long term capital appreciation" means we seek to provide you with a return on your investment by increasing the NAV per Series Share over the longer term, rather than by regularly paying out interest or dividends. See "Risk Factors".

The approval of a majority of the holders of the Class A Shares is required to change the Fund's investment objective. The Fund seeks to achieve its investment objective through a number of investment strategies, which are described below and which are within the purview of the Board or the Manager.

INVESTMENT STRATEGIES

Venture Investment Strategies

The venture investment strategy for the Series is to primarily invest in a diversified portfolio of venture investments, in both new economy sectors and traditional industries. We seek to diversify these venture investments by sector, geography and stage of development. This classic diversified venture investing strategy has been successfully applied by GrowthWorks for over a decade.

We seek to reduce the risks typically associated with venture investments by investing in businesses in different sectors, areas of technology and regions, and by implementing a disciplined investment strategy. We generally apply the following strategies when making venture investments:

- **Growth Focused:** We seek out young, entrepreneurial companies with high growth potential capable of generating long term capital appreciation. These companies typically have or have potential for a high value-added component to their products, services or technologies and generally have or have potential for sustainable competitive advantages. Within this general context, however, we may from time to time invest in other types of companies that have potential for an attractive rate of return.
- **Strong Management:** Identifying an experienced, aggressive, cohesive and committed management team is critical to successful venture capital investing. Generally, we encourage portfolio companies to provide their management team with performance incentives through profit sharing or share ownership to enhance commitment to the success of the company.

- **Active Value-Added Investing:** While the management teams of our portfolio companies manage day-to-day business matters, we seek to add value to portfolio companies. We typically seek to do this by having members of our investment team participate on the companies’ boards of directors, help formulate long-term strategic plans, assist in evaluating senior management and recruiting key personnel and secure additional financing.
- **Investment Structure:** The Fund may structure its investments as equity or debt investments, or a combination of both. Generally, investments are structured to meet the needs of portfolio companies, protect the Fund’s capital, generate the greatest potential appreciation in value and facilitate liquidity in a reasonable time frame (typically three to eight years). We generally take active minority positions that are frequently larger than the positions other mutual funds ordinarily take. However, this is typical for venture capital investing and enables us to obtain rights (for example, in investment, management or shareholders’ agreements) which enhance the protection of the Fund’s interests.
- **Size of Investment:** The size of our investments depends on the financial requirements of the portfolio company but mostly range between \$500,000 and \$5,000,000. Typically, several rounds of investment are required in a portfolio company over time to help finance ongoing development and the achievement of specific milestones. Applicable RVC Legislation does not permit the Fund to claim investment pacing credit to the extent that it invests more than the lesser of 10% of the money it raises from the sale of Class A Shares and \$15,000,000 in any one portfolio company.
- **Co-Investing:** Investing in young, entrepreneurial businesses is risky. Often these businesses are on a course of rapid development and require large amounts of capital. We often seek to co-invest with other venture investors both Canadian and international to spread risk, provide access to additional capital sources and enhance investment opportunities. To help us achieve this, our Manager has developed a large network of contacts with other venture capital investors interested in investing in the Atlantic Provinces.
- **Multi-Sector Diversification:** We look at a wide range of opportunities and invest in a variety of industries and sectors. We pursue new economy opportunities in areas like life sciences, information technology, and advanced manufacturing, as well as growth opportunities within traditional industries.
- **Multi-Region Diversification:** To help further diversify risk and access a greater number of investment opportunities, we invest in businesses in different areas across Atlantic Canada, subject to our investment pacing requirements. See “Investment Restrictions”.
- **Stages of Development:** We invest in companies ranging from start-up and early stage companies to later stage companies in need of expansion financing.
- **Exit Opportunities:** While the nature of venture capital investing is long-term, we always look at the potential for exit opportunities and the ability to realize our investment. We seek to invest in those businesses that provide this potential.

Appendix A lists those venture portfolio companies of which the Fund holds more than 5% of a particular class of securities as of November 16, 2011.

Non-venture Investment Strategies

We will generally apply the following strategies when making non-venture investments:

- **Venture “Pending” Funds:** Funds on hand that are expected in the future to be invested in venture investments (“**Venture Pending Funds**”) are invested in GICs and high quality, liquid debt reserves so that capital is preserved for required future venture investments.
- **Directed Funds:** When investing the Directed Funds of a particular Series, the Fund will generally invest in the particular Directed Funds investments associated with the Series, as described below.

Series Name	Directed Funds* (non-venture)
Balanced	Debt, High Yield and Bank Investments
Growth	Equity Market Linked Investments
Financial Services	Financial Services Sector Investments
GIC	GICs of Canadian Financial Institutions

* See below for a more detailed description

Balanced

The Directed Funds of the Balanced Series will generally be invested in reserves expected to generate a fairly stable level of current income. To achieve this, the Directed Funds will generally be invested in high quality debt instruments, high yield investments and bank securities. High yield investments will include high yield bonds and reserves whose returns are linked to the performance of securities such as real estate investment trusts (REITs), power and pipeline income funds and other high yielding investments. Bank securities will include debt instruments issued by Canadian banks as well as reserves whose returns are linked to the performance of Canadian bank shares.

Growth

The Directed Funds of the Growth Series will generally be invested in reserves which provide participation in a portfolio or index of publicly traded shares and equity securities. This would include reserves whose returns are linked to a pool of Canadian listed shares or the performance of broad market indexes like the S&P/TSX Composite Index.

Financial Services

The Directed Funds of the Financial Services Series will generally be invested in reserves which offer participation in the securities of issuers whose business activities are in the financial services sector or sub-sectors such as banking, wealth management and insurance. This would include reserves whose returns are linked to the performance of equity securities, such as common or preferred shares, or debt securities, such as bonds or commercial paper, of such issuers.

GIC

The Directed Funds of the GIC Series will generally be invested in reserves consisting of guaranteed investment certificates (“GICs”) of, and deposits with, Canadian financial institutions such as credit unions, trust companies and banks, as eligible. Additionally, the Venture Pending Funds associated with GIC Shares will generally be invested in GICs. With both the GIC Series’ Directed Funds and Venture Pending Funds being invested in GICs, it is anticipated that a minimum of 55% of the subscription proceeds, net of redemptions, from the sale of the GIC Series will be invested in GICs. If necessary, the allocation of venture investments among the Series will be adjusted to maintain that as a minimum level of GIC content for the GIC Series.

Selection and Management

The Manager will select or structure reserve investments to provide the participation described above. In managing the Directed Funds, the Manager may change the selection of particular securities, or the link to a particular index, sub-index or the types of securities within the area of focus based on its investment outlook from time to time. The intention is to give the Manager the ability to provide value added management through securities selection as conditions and opportunities change. Investment advising activities that require registered status under applicable securities laws are undertaken by senior officers of the Manager who are also officers of GrowthWorks Capital Ltd., an affiliate of the Manager that is registered as a portfolio manager under the securities laws of Nova Scotia. See “Organization and Management Details of the Fund – Details of the Management Agreement”.

Pending investment of new Directed Funds received from the issue of additional Series Shares in the investments described above, funds may be temporarily held in high quality, liquid debt instruments.

Implementation of Investment Strategies

The Board has overall responsibility for the investment policies of the Fund. The Fund is structured to provide provincially-focused investment decision-making. The Fund has an Investment Committee of the Board designated for each Atlantic Province in which a provincial RVC tax credit is available. Each Investment Committee has full authority to approve new venture investments made by the Fund in the committee’s designated province. The majority of members of each Investment Committee are resident in the province for which the committee is designated. The Fund also has Business Advisory Councils for each of Nova Scotia, New Brunswick and Newfoundland and Labrador. The Business Advisory Councils provide input on initial investments in these provinces. See “Organization and Management Details of the Fund – Officers and Directors of the Fund – Business Advisory Councils”.

Sourcing Venture Investment Opportunities

The Fund through its Manager has established investment offices in Nova Scotia and New Brunswick and an operating presence in Newfoundland and Labrador through the Manager’s representation agreement with Atlantic Canada Venture Gateway based out of Memorial University. Using these offices and the representation agreement, our Manager works with members of our provincial Investment Committees and Business Advisory Councils to generate contacts and investment opportunities throughout Atlantic Canada. Our Manager and its staff also network with entrepreneurs, angel investors, other

venture capital investors, universities, research organizations, financial intermediaries, operating companies, consultants, merger and acquisition specialists and professional firms to generate additional deal flow. These networks and contacts, together with direct financing inquiries, provide the Fund with diverse investment opportunities from across the region. We often participate with other investors in identifying, structuring and negotiating investments. This participation may also serve to increase the Fund's investment opportunities.

The nature and timing of our venture investments in eligible businesses depends on a number of factors such as the amount of funds available for investing, the quality of the investment opportunities at a particular time and the time required to assess those opportunities and structure the investment. While we intend to comply with the investment pacing requirements contained in RVC Legislation, there is no assurance that enough suitable investments will be identified and completed within the required time frames to achieve such compliance. See "Investment Restrictions – Statutory Investment Restrictions" and "Risk Factors".

Evaluating Venture Investment Opportunities

Our investment team performs a fundamental analysis of each investment opportunity, including analyzing business plans, investigating market potential, financial statements, particular industries, products, services, and technologies and evaluating the experience and abilities of management of the business. This "due diligence" process takes time and usually involves in-depth discussions with potential portfolio companies and review of other sources of information and research. Sometimes, we engage professionals with specific expertise for assistance with respect to a particular investment opportunity.

Structuring Venture Investments

When negotiating the form of our venture investments, we take into account the Fund's size, investment criteria and strategies and the long-term requirements of the portfolio company and tax considerations. Given the long-term capital appreciation investment objective, the Fund's investment generally takes the form of one or a combination of preferred shares that are convertible into common shares, common shares themselves, options or warrants that create a right to acquire preferred shares or common shares, debt that is convertible into preferred shares or common shares and also just straight debt. We may also guarantee certain debt obligations of portfolio companies.

Venture Investment Approval Process

The Board has established an Investment Committee for each of the Atlantic Provinces except PEI. A majority of the members of each Investment Committee must be resident in the province for which the committee is designated. The applicable Investment Committee has full authority to approve new venture investments to be made in the province.

Potential conflicts may arise for directors of the Fund or members of an Investment Committee in connection with making investment decisions; however, if such a conflict arises, the affected directors will declare their conflict and abstain from participating in the investment decision. See "Organization and Management Details of the Fund – Officers and Directors of the Fund – Independent Review Committee".

Managing Venture Investments

In monitoring the progress of venture investments in eligible businesses, the Manager generally takes a hands on approach. In addition to sitting as board members of many of our portfolio companies and often sitting on committees of the boards of these companies, the investment team, and others where appropriate, may:

- perform a detailed review of budgets and financial statements;
- monitor compliance with terms and conditions of any loan or shareholders' agreement and enforce them if necessary;
- review the performance of senior management;
- meet with management, directors and other shareholders to review developments to date;
- assist in formulating short, medium, and long range strategies for development which will include discussions of realizing on the Fund's investment;
- monitor the implementation and results of research and development programs;
- use its extensive network of legal, financial, and business contacts to assist the company in its development; and
- assist the company in its dealings to secure additional financing.

Exiting Venture Investments

A planned realization strategy is a critical part of managing the Fund's assets. The stage at which a portfolio company is at in its corporate development will affect the timing of when we realize on our investment. Typically, full value "exit events" are initial public offerings or the sale of the portfolio company to a strategic buyer or industry player or other public or private sale. The ability to dispose of an investment on a full value exit event depends on the financial condition and prospects of the portfolio company itself and the state of the financial markets at the time. When portfolio companies fail or do not demonstrate sufficient merit to warrant further financing, the business may simply close or become insolvent and subject to creditor action. Early stage investments generally require a longer investment commitment than other investments. See "Risk Factors – Longer Investment Commitment". Sometimes on acquisitions, we receive as payment of the purchase price shares in the acquiring company. We will hold or dispose of these shares, keeping in mind the Fund's investment objective and the requirements of RVC Legislation and securities legislation.

OVERVIEW OF THE SECTORS THE FUND INVESTS IN

The venture investment strategy for the Series is to primarily invest in a diversified portfolio of venture investments, in both new economy sectors and traditional industries. See "Investment Objective" and "Investment Strategies". Appendix A contains information with respect to the venture investments of GrowthWorks Atlantic Fund as of November 16, 2011 in companies of which the Fund holds more than 5% of a particular class of securities.

INVESTMENT RESTRICTIONS

Statutory Investment Restrictions – An investment in the Fund provides you with tax credits that you can use to reduce the amount of income tax you pay. In exchange for the ability to offer these tax credits, the federal government and those Atlantic Provinces that offer a provincial tax credit require the Fund to make venture investments in accordance with certain investment requirements which are set out in general terms below. These typically include rules, often referred to as investment pacing rules, that require the Fund to make and hold certain amounts of investments in "eligible businesses" or what we more often call "venture investments". The Fund must always comply with the federal rules and must also comply with the investment rules of those provinces that offer a provincial tax credit.

- Key characteristics of an "eligible business" include:
 - having assets less than \$50 million (or \$25 million for eligible businesses in Nova Scotia) (together with related companies as defined in the Tax Act);
 - having less than 500 employees (together with related companies as defined in the Tax Act);
 - paying at least 50% of its salaries in Canada, some of which may also be required to be paid in a specific province (to be an eligible business located in Nova Scotia or Newfoundland and Labrador at least 75% must be paid in the applicable province);
 - having at least 50% of its employees employed in Canada; and
 - having a permanent establishment in Canada for the purposes of the Tax Act (or, if necessary, in the relevant province).
- *Under the Tax Act*, the Fund must invest and hold investments in eligible businesses located in Canada having an aggregate investment cost equal to 60% of the lesser of the Fund's shareholders' equity for the current year and the Fund's shareholders' equity in the immediately preceding year. Shareholders' equity is an accounting term that reflects the current value of assets less liabilities that are attributable to the shareholders of the company. For the purposes of the investment pacing requirement under the Tax Act, unrealized gains and losses in respect of the Fund's eligible investments are excluded from shareholders' equity. Also, shareholders' equity relating to Class A Shares that have been outstanding for more than eight years is excluded from the calculation. This adjustment to shareholders' equity and other adjustments permitted under the Tax Act operate to reduce the Fund's investment pacing requirement. Also, the Fund receives extra credit for investment pacing requirements when it invests in eligible businesses with less than \$10 million in assets. For these investments, the Fund's investment cost is increased to 150% to 200% of the actual cost. Under the Tax Act, the Fund may become liable for a special tax in the event of an "investment shortfall" in any given month relative to these federal investment pacing rules. Generally, an investment shortfall will occur when the total adjusted cost of the Fund's eligible investments is less than 60% of the Fund's shareholders' equity. See "Income Tax Considerations – Federal Penalty Taxes Potentially Applicable to the Fund".

- *In Nova Scotia*, the Fund must invest at least 70% of the money raised in Nova Scotia in eligible business entities within 12 months after the end of the taxation year in which the money was raised. Also, at least 80% of the money raised must be invested in eligible business entities within two years after the end of the taxation year in which the money was raised. This is adjusted so that those investments that the Fund has sold are deemed to continue to be invested for a period of nine months. It is also adjusted to exclude any investment in any publicly traded company the cost of which exceeds 15% of the total equity capital raised in Nova Scotia by the Fund unless that investment was held prior to the portfolio company becoming a public company.
- *In New Brunswick*, the Fund must invest at least 80% of the money raised in New Brunswick in either eligible investments or reserves issued in New Brunswick. In addition, the Fund must invest at least 60% of the money raised in eligible investments within 5 years of raising the money. The New Brunswick Department of Finance is undertaking a review of these investment pacing requirements which may result in a change to the amount of capital raised by the Fund that must be invested in eligible New Brunswick businesses or to the timeframe in which investments must be made. The Fund's expected status as a prescribed registered labour-sponsored venture capital corporation in New Brunswick may be revoked if GrowthWorks Canadian Fund fails to meet any remaining investment pacing requirements in New Brunswick. While GrowthWorks Canadian Fund is managed by an affiliate of the Manager, it has a separate board of directors and its assets are managed separately from those of the Fund.
- *In Newfoundland and Labrador*, the Fund must invest at least 40% of the money raised in Newfoundland and Labrador in eligible business entities within 12 months after the end of the taxation year in which the money was raised. Thereafter, at least 60% of the money raised must be invested in eligible business entities within two years after the end of the taxation year in which the money was raised and at least 75% of the money raised must be invested in eligible business entities within three years after the end of the taxation year in which the money was raised and during all subsequent years. Under the Newfoundland Act, the Fund must set aside in a trust fund an amount of money equal to the amount of the provincial tax credits issued to residents of Newfoundland and Labrador. As the Fund invests in Newfoundland and Labrador eligible businesses, funds are eligible to be released from this trust account to the Fund based on a prescribed release formula. If the Fund's registration under the Newfoundland Act is revoked, money then remaining in the account is immediately payable to the Government of Newfoundland and Labrador.
- Our investments generally cannot be used by venture portfolio companies to carry on business or re-invest outside Canada, re-lend to another business, to (among other things and subject to certain exceptions) invest in land (except land which is incidental or ancillary to the eligible business), or to finance the provision of goods or services to the eligible business by a shareholder of the Fund.
- The Fund cannot claim federal investment pacing credits to the extent it invests more than the lesser of \$15 million or 10% of the total amount of money raised from the sale of Class A Shares in any one eligible business. Typically eligible investments are equity or debt instruments. When calculating this amount, only 25% of the amount of guaranteed debt is counted as an investment.

Federal investment pacing requirements apply to all capital raised from the sale of all Issued Class A Shares. Provincial investment pacing requirements apply only to capital raised in the applicable province. The investment pacing requirements are requirements of the Fund as a whole and do not apply separately to money raised from sales of specific shares.

The Fund intends to apply for registration as a RVC in the Province of PEI if and when a RVC program is adopted there. If the Fund becomes registered as a RVC in PEI, the Fund will be subject to investment pacing requirements with respect to the money subsequently raised in that Province.

There can be no assurance that the Fund will always hold enough eligible venture investments in order to comply with federal and provincial investment pacing requirements. If from time to time we fail to meet the investment pacing and other requirements noted above, the Fund may have to pay penalty taxes or other amounts and/or ultimately could cease to be registered or prescribed as a RVC in one or more jurisdictions. See "Income Tax Considerations" and "Risk Factors – Availability of Investment Opportunities, Penalty Taxes and Revocation of Registration".

By registering the Fund under RVC Legislation or providing a tax credit in respect of the purchase of Class A Shares, no government has passed on the merits of an investment in Class A Shares and in no way guarantees such investment.

Other Investment Restrictions and Policies

The Board has also approved the following investment restrictions and policies which may be varied from time to time by the Board (if permitted by the applicable legislation). Generally, the Fund:

- will not make loans except in the ordinary course of operating its business or investing its funds;

- may provide guarantees as a funding alternative for portfolio companies;
- will not act as an underwriter of securities or market to the public the securities of another issuer;
- may invest more than 10% of its net assets in illiquid securities and securities the resale of which is restricted;
- may invest in more than 10% of the securities of any one issuer; however, it does not normally invest in securities for the purpose of exercising control;
- may invest in securities of a mutual fund;
- may invest in securities which may require it to make an additional contribution beyond the price of the security;
- will not invest in real estate except through an eligible investment in a corporation or partnership that holds real estate where such real estate is incidental or ancillary to the business in which the eligible business is engaged or through reserves;
- will not, under our ethical review process, invest in portfolio companies in industries such as tobacco product manufacturers and offensive military weapons manufacturers;
- will not buy portfolio securities from or sell portfolio securities to directors or officers of the Fund, the Manager or its affiliates unless it complies with applicable statutory investment restrictions, a third party sells or purchases the same portfolio securities on the same terms at the same time, and the Board approves it; and
- will not sell securities short or purchase securities on margin, nor will it engage in transactions customarily known as “derivatives”, except as disclosed under “Investment Strategies” and that it may conduct covered short sales where convenient, or may obtain options, warrants or rights to acquire additional securities or rights to sell securities of the entities in which it invests and except that it may engage in transactions in specified derivatives in accordance with any guidelines or restrictions imposed on mutual funds.

The approval of a majority of the holders of the Class A Shares is required to change the Fund’s investment objective. See “Investment Objective”. Otherwise, the Board has overall responsibility for the investment strategies of the Fund and has the authority to change the investment strategies. See “Investment Strategies – Implementation of Investment Strategies”.

FEES, EXPENSES AND DIVIDENDS

Fees, Expenses and Dividends Payable Directly by the Fund

Management and Administration Fees

Under the Management Agreement, in return for providing or arranging for management (including investment management) and administration (including sales and marketing) services, GrowthWorks Atlantic receives:

- (i) a management fee of 2% per annum of the average net assets of the Fund;
- (ii) an annual administration fee of 2% of the average net assets of the Fund; and
- (iii) an annual capital retention administration fee of 0.75% of the original purchase price of Class A Shares which remain issued and unredeemed.

These management and administration fees are calculated and paid monthly based on the average net assets of the Fund. The administration fee based on capital retention ceases in respect of any Series Shares which were originally issued more than eight years previously. During the year ended August 31, 2011, a total of \$1,802,842 (plus HST) (unaudited) in management and administration fees were paid to the Manager, of which \$1,797,633 (unaudited) was paid in respect of the Series Shares and \$5,209 (unaudited) was paid in respect of the previously offered series of Diversified Shares.

GrowthWorks Atlantic is responsible for paying all costs if it arranges for a third party to provide any of the Services it has agreed to provide or arrange to provide under the Management Agreement. See “Organization and Management Details of the Fund – Manager of the Fund”.

IPA Dividends

It is common in the venture capital industry in North America to provide the manager of a venture capital fund with a “participating” or “carried” interest in realized gains on the venture portfolio. In the case of the Fund, this “participating” or “carried” interest is provided through the IPA Shares. To the date of this prospectus, no IPA Dividends have been paid. See “Attributes of the Securities – Class C Shares”.

Directors Remuneration

The Fund's directors, other than those who are also executive officers, are entitled to receive a fee of \$500 for each Board or Board committee meeting attended in person and \$250 for each such meeting attended by teleconference. In addition, all directors are reimbursed for expenses incurred in attending Board and Board committee meetings. Directors' fees are paid by the Manager and the fees paid or payable for the year ended August 31, 2011 totalled \$26,750 (unaudited).

Service Fees

The Fund will pay registered dealers a quarterly service fee at an annual rate of 0.5% of the average net asset value of those Class A Shares held by the dealer's clients. Service fees may not be paid if the amount is less than \$25 for all Class A Shares held by the dealer's clients or in other specific circumstances that may be specified from time to time.

Service fees are intended to compensate dealers for the expenses incurred by them in communicating on an ongoing basis, both by mail and in person, with their clients who are holders of Class A Shares with respect to investments made by the Fund and the investment strategies and investment performance of the Fund. See "Plan of Distribution".

Fees and Expenses Payable Directly by the Manager

Operating Expenses

Unlike most RVCs and other mutual funds, the Manager, not the Fund, pays most of the normal operating expenses of the Fund that fall within the scope of the services covered by the Management Agreement. These are significant expenses that the Fund does not have to pay for such as printing, legal, audit, valuation, insurance, trustee, transfer agency, custodian and safekeeping charges. However, the Fund does pay its own taxes, including federal and provincial income and capital taxes and applicable HST. The Fund also pays the service fees payable to dealers and any unusual or special items outside of the Services. The Fund has also agreed to reimburse the Manager for interest costs the Manager (or any affiliate of the Manager) incurs in connection with borrowings made in the course of fulfilling its obligations under the Management Agreement and which have been pre-approved by the Fund. The Manager will seek to borrow these funds primarily from chartered banks or other financial institutions at the lowest borrowing rates available for comparable commercial transactions, and may borrow these funds from affiliates of the Manager at the same or lower rates. Currently, the only borrowing approved by the Fund is that made by the Manager to pay sales commissions to dealers on the sale of Class A Shares.

As provided for under the Management Agreement, any ordinary operating expenses paid directly by the Fund, for example salaries paid to the Fund's employees, will be reimbursed by the Manager or offset by way of a reduction in the fees payable to the Manager.

Sales Commissions

The Manager will pay registered dealers an up-front sales commission of 6% of the purchase price paid for the Class A Shares sold through the dealer. See "Plan of Distribution".

The Manager, or the Fund if approved by the Manager, may enter into co-operative advertising programs with registered dealers distributing Class A Shares. The Manager, not the Fund, reimburses dealers for any co-operative advertising expenses.

Sales Charges

The Manager pays the sales charges described under "Plan of Distribution".

Fees and Expenses Payable Directly by You

There is a \$100 fee payable by shareholders to cover the administrative cost of the issuance of a share certificate.

If Series Shares are redeemed prior to the eighth anniversary of purchase, early redemption fees apply and tax credits must be repaid, except in very limited circumstances. See "Redemption of Securities".

ANNUAL RETURNS AND MANAGEMENT EXPENSE RATIO

The tables below provide annual return and management expense ratio data for the Series for the years ended August 31, 2006, 2007, 2008, 2009 and 2010, as applicable.

The annual return data and MER is as disclosed in the Fund's most recently filed annual management reports of fund performance for each Series. For further information with respect to annual returns and MER, see the Fund's most recently filed annual financial statements and management reports of fund performance and any subsequently filed interim financial statements and management reports of fund performance. At the time of filing this prospectus, the Fund had not filed annual financial statements or management reports of fund performance for the year ended August 31, 2011. See "Documents Incorporated by Reference". Accordingly, the following information is for years ended at or prior to August 31, 2010.

Balanced Series Shares - years ended August 31

	2010	2009	2008	2007	2006
Annual Returns⁽¹⁾	-2.89%	-10.75	-7.31%	-0.42%	-4.54%
MER⁽²⁾	6.22%	5.53%	5.14%	5.45%	4.98%

GIC Series Shares - years ended August 31

	2010	2009
Annual Returns⁽³⁾	-4.80%	-
MER⁽²⁾	6.37%	4.23%

Growth Series Shares - years ended August 31

	2010	2009	2008
Annual Returns	-4.31%	-7.84%	-6.90%
MER⁽²⁾	6.42%	5.83%	5.46%

Financial Services Series Shares - years ended August 31

	2010	2009	2008
Annual Returns	-6.41%	-6.82%	-6.20%
MER⁽²⁾	6.45%	5.81%	5.22%

(1) On December 15, 2007, the Original Balanced Shares were converted into the Balanced Series shares. Prior to conversion, these two Series of Class A Shares were referable to the same portfolio of assets and had the same fee and cost structure. The information provided for the period prior to conversion is for the Original Balanced Shares. Effective December 16, 2005, the Fund completed a merger by purchasing the assets of WI Fund in exchange for Class A shares (Original Balanced Shares). Annual return data for the year ended August 31, 2006 is from December 16, 2005 to August 31, 2006.

(2) MER means Management Expense Ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as a percentage of average weekly net asset value during the period. MER for periods of less than one year is annualized. For the years ended August 31, 2008, 2007 and 2006, the annual administration fee payable by the Fund to the Manager was 1.25% of the average net assets of the Fund. Effective September 1, 2009, the annual administration fee was increased to 2.0% of the average net assets of the Fund. If the increase were effective prior to September 1, 2009, it is estimated that the MER for the Series for the year ended 2009 would have increased by approximately 0.75%.

(3) Sales of the GIC Series commenced on November 7, 2008. Accordingly, no annual return data for the GIC Series is presented for years prior to the year ended August 31, 2010.

RISK FACTORS

The following may be considered as risk factors pertaining to an investment in Class A Shares of the Fund. Consult with your professional adviser before making an investment.

Nature of Investment

There is no assurance that sufficient suitable investments will be found in order to fulfil the Fund's investment objective. There is no guarantee that an investment in Class A Shares will earn a specified rate of return or any return in the short or the long term. The NAV per Series Share depends on the value of the Fund's investments. As these investments go up and down, the value of your investment in the Fund may be more or less when you redeem it than when you purchased it.

Portfolio companies may lack depth of management, be unable to generate funds necessary for growth or potential development, or be developing or marketing new products or services for which markets are not yet established and may never become established. Early stage investments are more risky than investments in companies at more advanced stages of development. Most early stage companies have little or no operating or financial track record. In addition, early stage companies often experience higher levels of employee turnover than other companies. The success of portfolio companies will depend in part on their ability to attract and retain qualified employees and their ability to preserve trade secrets and otherwise protect their intellectual property. For these reasons and because of the limitations on transfer and redemption of Class A Shares, you should only invest in Class A Shares if you are able to make a long-term commitment and have the capacity to absorb a loss of some (or in the case of higher risk Series, possibly all) of your investment. See "Risk Tolerance".

Venture capital investment 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 is greater than the valuation costs for mutual funds which invest primarily in listed securities. Consequently, the operating expenses of the Fund will likely be substantially higher than those of many conventional mutual funds and pooled investment vehicles. The impact on the Fund is mitigated by the Manager paying most of the Fund's normal operating expenses. See "Fees, Expenses and Dividends – Fees and Expenses Payable Directly by the Manager – Operating Expenses".

Longer Investment Commitment

Venture capital investments are more speculative and typically involve a longer investment commitment than other types of equity investments. Most venture capital investments take three to eight years to mature. The Fund's early stage investments will typically take longer to mature than other venture capital investments. In addition, losses on unsuccessful investments are often realized before gains on successful investments are realized.

Liquidity

No market exists at present through which you can sell your Class A Shares and none is expected to develop. As a practical matter, investors will have to rely on redemption to dispose of their shares. There is no guarantee that the Fund will be able to meet all redemption requests. There are restrictions on the transfer of Class A Shares and the Fund will generally be required to withhold certain amounts on a redemption of Class A Shares before the eighth anniversary of when they were purchased. See "Redemption of Securities". Consequently, you may not be able to sell your Class A Shares and Class A Shares may not be accepted as collateral for loans.

In any financial year, the Fund is not required to (but still may) redeem Issued Class A Shares having an aggregate redemption price exceeding 20% of the net asset value of Class A Shares issued for eight or more years, plus 10% of the net asset value of Class A Shares issued for less than eight years as of the last day of the preceding financial year and may suspend redemptions for substantial periods of time in such circumstances. Where a redemption request is not honoured in one year, it will be made as of the first day of the next financial year of the Fund subject to the limits referred to above. Under corporate law, the Fund is restricted from redeeming its shares in certain circumstances. If at any time the amount required to fund redemption requests exceeds the Fund's liquid assets, it may be required to dispose of venture investments before they have been held for a sufficient time to achieve their anticipated returns or the Fund may be unable to meet such redemption requests as and when they are received and may be unable to meet its investment objective. Levels of Class A Share redemptions typically increase as the proportion of outstanding Class A Shares held for more than eight years increases. Increasing levels of Class A Share redemptions will generally reduce liquidity and the proportion of each Series' capital invested in non-venture investments.

Follow-on Financings

Most of the Fund's portfolio companies will require additional financing after the Fund has invested in order to fully implement their business strategies. If the Fund is unable to raise additional capital after it has met the investment pacing requirements applicable to it or is otherwise unable to participate in follow-on financings, it will be reliant upon third parties to provide future funding to these companies and may suffer dilution and adverse changes in terms of its investments. The ability of the Fund to raise additional capital depends upon a number of factors including the state of the capital markets and future legislative changes to RVC programs.

Availability of Venture Investment Opportunities, Penalty Taxes and Revocation of Registration

Of the many venture investment opportunities presented to the Fund, only a small number meet the Fund's investment objective and prescribed eligibility criteria under RVC Legislation. The availability of attractive venture investment opportunities fluctuates with changing economic conditions and other factors. RVC Legislation imposes special taxes and penalties on the Fund if it does not comply with the investment and other requirements in those statutes. In New Brunswick, investment and other requirements are established by agreement with the Province of New Brunswick. Non-compliance with investment and other requirements may result in the revocation of the Fund's registered or expected prescribed status. There can be no assurance that the Fund will always hold enough eligible venture investments in order to comply with federal and provincial investment pacing requirements. See "Income Tax Considerations". The Fund's expected status as a prescribed registered labour-sponsored venture capital corporation in New Brunswick may be revoked if GrowthWorks Canadian Fund fails to meet any remaining investment pacing requirements in New Brunswick. While GrowthWorks Canadian Fund is managed by an affiliate of the Manager, it has a separate board of directors and its assets are managed separately from those of the Fund. The expiry or revocation of the Fund's registration or prescribed status under RVC Legislation could impair the Fund's investment performance and its ability to raise capital and maintain adequate liquidity.

Management

Investors will be relying upon the business judgement, expertise and integrity of the Board, its committees and GrowthWorks. The ability of the Manager to successfully manage the Fund and its investments is dependent on its ability to attract and retain skilled employees. The services of the directors and officers of GrowthWorks are not exclusive to the Fund, and such persons may provide similar services to other parties, including other labour-sponsored venture capital corporations. The other activities of directors and officers of GrowthWorks and the persons they retain may result in certain conflicts of interest. See "Organization and Management Details of the Fund – Conflicts of Interest".

External Factors

NAV per Series Share is based on the value of the publicly traded and privately held securities in the Fund's portfolio and, therefore, the value of your Class A Shares will increase or decrease with the value of such investments. The value of the publicly traded securities and investments will fluctuate with general economic and market conditions, including the level of interest rates, corporate earnings, economic activity, the Canadian dollar and other factors. Sector investments are issued by issuers in a particular sector or investments that generate a return linked to a particular sector. These sectors may be affected adversely by sector-specific conditions or legislative changes in addition to general economic conditions. Shares of different Series are exposed to these risks in varying degrees depending in part on the particular series' non-venture investment strategy. In the case of GIC Series shares, the benefit of external deposit insurance programs in respect of GICs held by the Series will be subject to the usual insurance limits for those programs, which vary according to the issuing institution's type and province. See "Investment Strategies – Non-venture Investment Strategies" and "Risk Tolerance".

Valuations

NAV per Series Share is based on estimates of the fair value of the Fund's assets for which there is no published market. This valuation process is subjective to a degree and, to the extent that these valuations are too high, new subscriptions to the Fund will provide a benefit to existing investors; similarly, to the extent these valuations are too low, existing investors may suffer a loss upon redemption. Valuing these types of investments is based on inherent uncertainties and the resulting values can differ from the prices at which the investments are actually sold. See "Calculation of Net Asset Value".

Holding Shares Outside of a RRSP, RRIF or TFSA

If you hold your Class A Shares outside a RRSP, RRIF or TFSA, then when the Fund capitalizes some of its gains and income in order to reduce the taxes it would otherwise pay you may be liable for the payment of tax upon the deemed dividend for which you did not receive a cash distribution with which to pay such tax. See "Distribution Policy".

Legislative and Regulatory Changes

The Fund and its portfolio companies are subject to federal and provincial legislation and regulations. Governments may change existing legislation or regulations or introduce new legislation or regulations which could adversely affect the interests of the Fund and its shareholders. For example, there could be changes to legislation providing for tax credits for investments in RVCs and related matters or changes to legislation or regulations for qualifying as an RVC. If such changes are unfavourable, such as the termination of a provincial tax credit program, or result in the Fund's deregistration as an RVC, the Fund's ability to attract future investment could be impaired. As a result, the liquidity of the Fund may be adversely affected and the availability of funds for investment by the Fund could be reduced, thereby decreasing the Fund's ability to fulfil its investment objective and meet redemption requests. The Nova Scotia provincial tax credit will be available for purchases of Class A Shares of RVCs registered under the Nova Scotia Act made on or before February 29, 2012 and on November 24, 2011, the Nova Scotia government introduced legislation, which if passed, would extend the Nova Scotia provincial tax credit to 2021. The New Brunswick provincial tax credit is expected to be available for the 2011 tax year. In addition, regulatory bodies or policy making bodies may change policies or introduce new policies which could adversely affect the interests of the Fund and its shareholders. There can be no assurance the Fund will maintain the registered or prescribed status needed to offer federal and/or provincial RVC tax credits. The expiry or elimination of RVC tax credits in one or more of the provinces where the Fund is registered or prescribed could impair the Fund's investment performance and its ability to raise capital and maintain adequate liquidity and could adversely impact the Fund's ability to participate in follow-on financings which in turn could reduce the value of affected portfolio holdings.

Tax Matters

Tax authorities may reassess the Fund with respect to its income tax and related filings or apply interpretations of applicable tax laws, or change such laws in a manner that adversely affects the Fund. In that case, the Fund may have to pay more taxes or be subject to interest and penalties, which may reduce the value of your Class A Shares. Further, the tax consequences associated with an investment in Class A Shares may differ from those described or referred to in this prospectus as a result of such reassessments, interpretations, or changes or as a result of specific factual determinations made by tax authorities.

Mutual Fund Rules

Although the Fund is a mutual fund as defined by securities laws, many of the rules normally applicable to mutual funds are not applicable to the Fund as a RVC. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds operating in Canada do not apply. The Fund may take positions in 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.

Series of Shares and Taxation of Switches

The Fund is a corporation with multiple issued classes of shares, some of which are divided into series. It is a single legal entity. As such, the income, dividends, capital gains and expenses are assessed as a whole and then allocated across the series of each class of shares of the Fund according to Fund policies to ensure fairness to the individual shareholders. Technically, if any series of a class of shares cannot meet its obligations, the assets associated with the other series or classes may be required to be used to pay for those obligations. Although this risk technically exists, it is not likely that the liabilities of a class or series will exceed the assets of that class or series. In addition, while you may purchase a particular Series, the Fund has the right to direct you to switch your shares to shares of another Series in certain limited circumstances. See "Purchases and Switches of Securities".

On November 5, 2010, the Department of Finance (Canada) released draft legislation that would allow holders of Class A Shares to switch their shares of a particular Series into shares of another Series without having to pay an amount equal to the federal tax credits received in connection with the purchase of the Class A Shares. There can be no assurance that the draft federal legislation will be enacted as currently proposed or at all. See "Income Tax Considerations – Taxation of Securityholders - Conversions / Switches of Series Shares".

The New Brunswick Department of Finance has advised that for residents of New Brunswick who effect switches of Series Shares, it will follow the administrative practices applied under the Tax Act. Accordingly, the Fund will apply the administrative policies followed under the Tax Act unless legislation, regulations or specific administrative policies are adopted for New Brunswick that require the Fund to do otherwise. There can be no assurance that the New Brunswick Department of Finance will continue to apply this administrative policy in the future.

DISTRIBUTION POLICY

The Fund may declare dividends on one or more series of Class A Shares in cash or kind from time to time. Dividends may be declared and paid in differing amounts on different Series of Class A Shares and on any one Series of Class A Shares to the exclusion of other Series of Class A Shares. See “Attributes of the Securities”. The Fund adopted dividend policies with respect to previously offered Commercialization Series Shares. See “Attributes of Securities – Previously Offered Commercialization Shares”. The payment of dividends on Commercialization Series Shares did not reduce the NAV per Series Share of the Series Shares offered hereunder. The Manager may receive IPA Dividends as the holder of the IPA Shares. See “Attributes of the Securities – Class C Shares”.

The Fund can reduce its tax liability by adding to or “capitalizing” investment income and capital gains to the paid-up capital of any Series of its Class A Shares. As a result, the Fund intends to capitalize annually certain amounts of its interest and other investment income and capital gains to reduce the tax otherwise payable by it. It intends to capitalize such investment income and capital gains among the Series Shares on the basis and to the extent that assets or investments allocated or attributed to the Series give rise to such income or gains. To the extent the Fund capitalizes its earnings by increasing the paid up capital of its Series Shares, it pays less tax and its NAV per Series Share is higher than it otherwise would be if it had paid additional taxes or paid a cash dividend. This will trigger a deemed dividend for shareholders equal to the amount of the paid-up capital increase in the shareholders’ shares. With a deemed dividend, shareholders do not receive a cash payment. This can have some negative tax consequences for shares held outside a RRSP, RRIF or TFSA because shareholders other than RRSPs, RRIFs and TFSAs have to pay tax on deemed dividends even though they will not receive any cash distribution. See “Income Tax Considerations – Taxation of the Fund – Federal Taxation of the Fund” and “Income Tax Considerations – Taxation of Securityholders – Taxation of Dividends”. See also the financial statements incorporated by reference into this prospectus.

PURCHASES AND SWITCHES OF SECURITIES

Purchases

- You can place an order to purchase a specific dollar amount of offered Series Shares at any time. You receive the number of Series Shares equal to the dollar amount divided by the purchase price then in effect.
- The purchase price is the NAV per Series Share then in effect for a particular Series.
- NAV per Series Share is calculated on each Valuation Date. Currently, this is at least weekly. Properly completed orders received before 4:00 p.m. (Atlantic time) on a Valuation Date will be processed using the prices calculated on that Valuation Date. Orders received after 4:00 p.m. (Atlantic time) on a Valuation Date will be processed using the prices calculated on the next Valuation Date. Purchases under a PSP will generally be processed within ten days after the Fund receives subscription proceeds from the purchaser’s employer at the price on the next Valuation Date.
- You can purchase shares individually or through a RRSP (including spousal or common-law partner RRSPs) or through a TFSA although individuals resident in Nova Scotia cannot claim a provincial tax credit in respect of Class A Shares purchased through a TFSA. RRIFs cannot purchase Class A Shares directly, and as a result, if you want a RRIF to hold Class A Shares, you must purchase the Class A Shares individually or through your RRSP and then transfer them into a RRIF.
- While Series Shares may be purchased by joint accounts, federal and provincial tax credits will be issued in the name of one joint account holder, not both.
- You must purchase Class A Shares through your investment or mutual fund dealer who is registered to sell shares of labour-sponsored investment funds.
- Except for purchases under a PSP, pre-authorized chequing or “PAC” plan or other purchase plans, initial purchases of Class A Shares must be at least \$500 per Series. Subsequent purchases of a Series can be in amounts of \$50 or more. Purchasers under a PSP may be subject to minimum purchase amounts of \$10 per week and \$500 per year and purchasers under PAC or other purchase plans may be subject to a minimum purchase amount of \$50 per month.
- You are eligible to receive tax credits on the purchase of Class A Shares that can be used to reduce the amount of income tax you pay. This reduces your effective cost of purchasing Class A Shares. All investors are eligible for a 15% federal labour-sponsored fund tax credit subject to a maximum credit of \$750 per year. If you are a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador, you are eligible for an additional 20% provincial tax credit subject to a maximum credit of \$2,000 per year. If you are not a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador, you are not eligible to receive a provincial tax credit. The Fund intends to apply for registration as a RVC in the Province of PEI if and when a RVC program is adopted there. There can be no assurance that PEI will adopt a RVC program. For more information on tax credits, see “Income Tax Considerations”.

- The maximum federal and provincial tax credits apply to your total purchases of Class A Shares issued by labour-sponsored venture capital corporations and similar entities prescribed, registered or approved under federal or provincial laws.
- Currently the Nova Scotia provincial tax credit is available for purchases of Class A Shares made on or before February 29, 2012 and on November 24, 2011, the Nova Scotia government introduced legislation, which if passed, would extend the Nova Scotia provincial tax credit to 2021. The Fund expects the New Brunswick provincial tax credit to be available for the 2011 tax year. The Fund will issue an update news release on or before March 1, 2012 if at that time the Nova Scotia provincial tax credit has not been extended to the 2012 tax year or if the Fund has not received confirmation of the New Brunswick provincial tax credit for 2011. There can be no assurance that the Nova Scotia provincial RVC tax credits will be available for the 2012 or later tax years or that the New Brunswick provincial tax credit will be available for the 2011 or later years. See “Risk Factors”.
- If you buy Class A Shares during the period from January 1 to the cut-off date, you can choose to apply part or all of your tax credits to the previous tax year or instead you can choose to use them for the tax year you bought them in.
- Under securities laws, the Fund may be permitted to refuse a purchase order within one business day of receiving it. If an order is refused, funds will be returned immediately without interest. Securities laws also allow investors to cancel or withdraw from their purchase in some circumstances. See “Purchasers’ Statutory Rights”. In addition to those rights, we allow you to cancel a purchase order so long as we receive the cancellation prior to 4:00 p.m. (Atlantic time) on the Valuation Date immediately following when you placed your purchase order.
- If we do not receive payment for the purchase of Class A Shares within three business days of processing the order, the Class A Shares will be sold back to the Fund on the next Valuation Date. If the proceeds are more than the purchase price, the Fund keeps the difference. If the proceeds are less than the purchase price, the Fund pays the difference and collects it plus expenses from the investor’s dealer, in which case the dealer may require the investor to pay the difference plus expenses.
- The Fund generally offers Class A Shares for purchase on a continuous basis. At any time, we may suspend offering one or more Series of Class A Shares (subject, in appropriate circumstances, to continuing the offering in respect of specified categories of investors) and recommence offering some or all of them at a later date.
- You do not pay any commissions on the purchase of Class A Shares. Sales commissions are paid by the Manager. See “Plan of Distribution”.

Purchasing through a GrowthWorks RRSP Account or a TFSA

If you want to purchase Class A Shares through a RRSP but do not have a self-directed RRSP, you can open a GrowthWorks RRSP. Simply complete the appropriate portion of the application form. A GrowthWorks RRSP may only hold shares of GrowthWorks managed funds and, in exceptional circumstances approved by the trustee, cash. You may also purchase Class A Shares through a TFSA. For further information, contact the Manager at 1.800.268.8244.

Switches

Investors who hold Series Shares may switch their investment to another Series having a different investment content for non-venture investments. This useful feature empowers you to better adapt your investment in the Fund to complement the other investments in your portfolio or react to changing market conditions, without incurring any early redemption or switch fees or repayment of tax credits.

- You can convert some or all of your Class A Shares of a particular Series into any other Series (except that no switching out of GIC Series is permitted at this time). Currently, you are allowed to switch up to four times each calendar year.
- If you hold Series Shares through a dealer, your dealer can request a conversion using the dealer’s electronic order system. Otherwise, you must send the Fund a written and signed conversion request.
- Series Shares will be converted from one Series to another using the NAVs per Series Share then in effect. If you are converting only part of your holdings in a particular Series, the shares you purchased first will be converted first.
- Properly completed conversion requests received before 4:00 p.m. (Atlantic time) on a Valuation Date are generally processed using prices calculated on that Valuation Date. Properly completed conversion requests received after 4:00 p.m. (Atlantic time) on a Valuation Date will generally be processed using prices calculated on the next Valuation Date.
- The date of your original investment in Class A Shares of the particular Series will carry over to the Series you converted into for the purposes of determining whether early redemption fees apply on a redemption of those Series Shares.

The limitation on switching out of GIC Series is needed to avoid the significant early redemption penalties associated with redeeming GICs before their regular maturity date. Other Series may switch into GIC Series, but switching out of GIC Series is not permitted other than in extraordinary circumstances as approved by the Manager.

In exceptional circumstances, the Fund may require holders of a particular Series to switch into another Series. If (i) the net asset value of a Series is less than a minimum amount set by the Board (currently \$1 million), (ii) it is not anticipated that sales of that Series over the next 12 month period will bring the net assets over the minimum amount; and (iii) feedback the Fund obtains from investment advisors and other industry participants suggests that interest in the particular Series is unlikely to increase over the medium term, the Fund may direct a switch from that particular Series into another Series. Additionally, the Fund may similarly direct such a switch if other circumstances arise which the Board considers to be of significant harm or disadvantage to the Fund or shareholders. Any directed switch will not count as a switch for the purposes of calculating the number of permitted switches per year.

See also “Income Tax Considerations – Taxation of Securityholders – Conversion/Switches of Series Shares” and “Risk Factors” for additional important information.

REDEMPTION OF SECURITIES

General

- You can redeem Class A Shares at any time, subject to the conditions below. **If investors redeem Class A Shares prior to the eighth anniversary of purchase, early redemption fees will generally apply and tax credits received on the purchase of those shares will have to be repaid except in very limited circumstances.** See “Early Redemption Fees and Repayment of Tax Credits” below.
- On redemption, you will receive the NAV per Series Share that you are redeeming multiplied by the number of shares of that Series you are redeeming less any applicable fees payable by you and any tax credits or other amounts required to be withheld by the Fund.
- NAV is calculated on each Valuation Date. Currently, this is at least weekly for all Series Shares. Redemption orders received before 4:00 p.m. (Atlantic time) on a Valuation Date are processed using the prices calculated on that Valuation Date provided we have received all relevant documentation. Redemption orders received after 4:00 p.m. (Atlantic time) on a Valuation Date are processed using the prices calculated on the next Valuation Date. If you are redeeming only part of your holdings in a particular Series, the shares you purchased first will be redeemed first.
- If you redeem Class A Shares directly, rather than through your dealer’s electronic order system, you must complete and sign the redemption request form.
- If Class A Shares are held in a RRSP, RRIF or TFSA, a person authorized by the trustee of the plan must request the redemption. If Class A Shares are held in your account with a dealer, the consent of the dealer is required.
- In any fiscal year, the Fund is not required to (but still may) redeem Issued Class A Shares having an aggregate redemption price greater than 20% of the net asset value of Class A Shares issued for eight years or more, plus 10% of the net asset value of Class A Shares issued for less than eight years as at the last day of the preceding financial year. If this occurs, we will redeem any Issued Class A Shares not redeemed in a fiscal year in the immediately following fiscal year provided that the restriction on aggregate redemption price does not apply. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators.

Remember that redeeming your Class A Shares could trigger the payment of taxes. See “Income Tax Considerations – Taxation of Securityholders – Disposition of Class A Shares”.

Early Redemption Fees and Repayment of Tax Credits

- Redemption fees apply and tax credits must generally be repaid if Class A Shares are redeemed prior to the eighth anniversary of purchase except in very limited circumstances (see below). To facilitate payment, the amount you receive on redemption will be net of the amount of applicable fees payable by you and tax credits required to be repaid.

- The early redemption fee payable by you is equal to 6% of the original purchase price less 0.75% for each year (pro rated daily) that has passed since you purchased the Class A Shares. This early redemption fee helps recover part of the up-front sales commission that the Manager paid when the shares were purchased. No early redemption fee is payable on Merger Shares distributed in exchange for WI Fund Class A Shares issued before April 1, 2004. Further no early redemption fee is payable if you have held the Class A Shares for eight years.
- If you are approaching the eighth anniversary of your purchase of Class A Shares and you bought your Class A Shares in February or March of a particular year, then special rules may apply that allow you to redeem your Class A Shares prior to the eighth anniversary without having to repay tax credits or pay any early redemption fees. Under these rules, if you redeem your Class A Shares in February or on March 1 and not more than 31 days prior to the eighth anniversary of their date of purchase, your redemption will effectively be deemed to have occurred on or after the eighth anniversary. The Nova Scotia Department of Finance has advised that it intends to follow proposed amendments to the Tax Act to permit redemptions not more than 31 days prior to the eighth anniversary of the date of purchase without repayment of the Nova Scotia tax credit.
- If you reinvest the redemption proceeds for shares you have held for eight years (we call this a “reinvestment”), you can receive an additional round of tax credits on such reinvestment, subject to the usual maximums. If you are a resident of Nova Scotia, you are only eligible to receive the provincial tax credit on the positive difference between the amount reinvested and the amount of your original investment.
- If tax credits must be repaid, all investors must repay an amount equal to the federal tax credit received on the purchase of the Class A Shares. For those investors resident in Nova Scotia who received the additional provincial tax credits, the amount of the provincial tax credit received on the original purchase must also be repaid, unless the repayment is waived or pro rated by the Minister of Finance (Nova Scotia). Under the Newfoundland Act, investors resident in Newfoundland and Labrador who receive a provincial tax credit and redeem their Class A Shares before the eighth anniversary of their purchase, must repay an amount equal to the tax credits received in respect of those shares, including interest at 1.2% per month if the amount owing exceeds \$100, unless the repayment is waived or pro rated by the minister appointed to administer the Act. Under the New Brunswick Tax Act, investors resident in New Brunswick who receive a provincial tax credit and redeem their Class A Shares before the eighth anniversary of their purchase, must repay an amount equal to the tax credits received in respect of those shares, including interest thereon where prescribed, unless the repayment is waived or pro rated in accordance with the regulations. To date, no regulations have been passed.
- Under the Tax Act, you will not have to repay tax credits on a redemption in the following circumstances:
 - if you have held the Class A Shares for eight years;
 - if you become disabled or permanently unfit for work or terminally ill after acquiring the Class A Shares;
 - any documentation relating to tax credits that has been issued to the original purchaser in respect of such Class A Shares has been returned to us;
 - if you acquire Class A Shares from another person as a consequence of the death of the other person or the death of an annuitant under a trust governed by a RRSP or RRIF, or the death of a holder of a TFSA that previously held such Class A Shares; or
 - in any other circumstances approved by the Board where the redemption is permitted for the purposes of the Tax Act and any other applicable provincial legislation and is not prohibited by any other applicable legislation.
- For those investors resident in Nova Scotia and New Brunswick who redeem Class A Shares prior to the eighth anniversary of their purchase, we will follow the administrative practices followed under the Tax Act unless legislation, regulations or administrative policies are adopted by the relevant province that require the Fund to do otherwise. See “Income Tax Considerations”.
- No early redemption fee is payable if you redeem Class A Shares after you become disabled or permanently unfit for work or terminally ill or if you acquired the Class A Shares as a consequence of death of another person or an annuitant under a trust governed by a RRSP or RRIF, or a holder of a TFSA that previously held such Class A Shares.

INCOME TAX CONSIDERATIONS

Introduction

In the opinion of Stewart McKelvey, tax counsel to the Fund, the following summary presents fairly: (i) the principal Canadian federal income tax considerations; and (ii) the Nova Scotia, New Brunswick and Newfoundland and Labrador provincial income tax considerations generally applicable to prospective purchasers of Class A Shares pursuant to this prospectus who, for the purposes of the Tax Act and at all relevant times, are individuals resident in Canada (other than trusts that are not qualifying trusts), hold their Class A Shares as capital property and deal at arm's length with the Fund.

Generally, Class A Shares will be capital property to the holder thereof unless the holder is a trader or dealer in securities or has acquired the Class A Shares as part of an adventure in the nature of trade. This summary also addresses the principal Canadian federal income tax considerations generally applicable to trusts governed by RRSPs, RRIFs or TFSAs under which the annuitant or holder is resident in Canada. The Fund is registered as a labour-sponsored venture capital corporation under the Tax Act, the Nova Scotia Act and the Newfoundland Act and is a prescribed registered labour-sponsored venture capital corporation under the New Brunswick Act. This summary assumes that the Fund will continue to be so registered under the above legislation.

This summary is based on the current provisions of the Tax Act and the Regulations under the Tax Act (the "Tax Regulations"), and all specific proposals to amend the Tax Act and the Tax Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof, counsel's understanding of the current administrative practices of the Canada Revenue Agency (the "CRA"), the *Income Tax Act* (Nova Scotia) and the regulations thereunder, the Nova Scotia Act and the regulations thereunder, the New Brunswick Act and the regulations thereunder, the Newfoundland Act and the regulations thereunder, counsel's understanding of the current administrative practices of the provincial authorities in the application of the aforementioned provincial statutes and the specific proposals for amendments to the aforementioned provincial statutes publicly announced prior to the date hereof. This summary does not otherwise take into account or anticipate any changes in law whether by judicial, governmental or legislative action.

This summary is of a general nature only and is not exhaustive of all possible federal and provincial 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. This summary does not address the tax considerations relevant to a purchaser that borrows in order to acquire Class A Shares. Prospective purchasers should consult their own tax advisors with respect to their individual circumstances.

Status of the Fund

The Fund is registered as a labour-sponsored venture capital corporation under the Tax Act, the Nova Scotia Act and the Newfoundland Act and is expected to be a prescribed registered labour-sponsored venture capital corporation under the New Brunswick Act for the 2011 taxation year. These registrations enable eligible subscribers for Class A Shares to obtain the tax benefits summarized below.

In the opinion of Stewart McKelvey, tax counsel to GrowthWorks Atlantic Fund and GrowthWorks Atlantic Ltd., provided that the annuitant under a RRSP or RRIF, as the case may be, (together with any non-arm's length persons or entities) owns, or has options to acquire, less than 10% of the issued shares of any class of the Fund or any corporation related to the Fund, provided that the annuitant (and any corporation, partnership or trust in which the annuitant has a significant interest) and the Fund deal at arm's length and provided that the Fund is a registered labour-sponsored venture capital corporation under the Tax Act, the Class A Shares will be qualified investments for RRIFs and RRSPs. RRIFs cannot purchase Class A Shares directly; however Class A Shares may be purchased individually or through a RRSP and then transferred into a RRIF.

A Class A Share will generally be a qualified investment for and can be acquired by a trust governed by a TFSA, provided that (i) the holder of the TFSA (being the individual that contributed to the TFSA), together with any non-arm's length persons or entities, owns, or has options to acquire, less than 10% of the issued shares of any class of the Fund or any corporation related to the Fund, and (ii) at the time the Class A Share is acquired by the TFSA, the Fund is a registered labour-sponsored venture capital corporation under the Tax Act.

Tax Credits

Federal Tax Credit Available to First Purchasers

An individual (other than a trust), the annuitant under a trust governed by a RRSP that is not a spousal or common-law partner plan, the annuitant, the spouse or common-law partner of the annuitant under a trust governed by a RRSP that is a spousal or common-law partner plan, or the holder of a TFSA, which is the first person to be the registered holder of a Class A Share (the “Original Holder”) will be entitled to a non-refundable federal labour-sponsored funds tax credit (the “Tax Credit”).

Pursuant to the Tax Act, the Tax Credit will be 15% of the Original Holder’s net cost of the Class A Shares up to a maximum net cost of \$5,000. Generally, an Original Holder’s net cost of a Class A Share is the price paid in respect of the subscription for, or the acquisition of, the Class A Share less the amount of any assistance provided by a government, municipality or public authority in respect of the acquisition of the Class A Share, other than a tax credit (including the Tax Credit or any provincial tax credit). The annual aggregate maximum Tax Credit in respect of purchases of Class A Shares and any shares of other registered RVCs is \$750.

The Tax Credit may be deducted only from the individual’s tax payable under the Tax Act and only in respect of the calendar year in which the Class A Share is acquired, or subscribed and paid for, unless the Class A Share is acquired, or subscribed and paid for, in the first 60 days of the following calendar year in which case the Tax Credit may, at the individual’s option, be deducted from the tax payable under the Tax Act in respect of the preceding calendar year.

The Tax Credit is not transferable by the individual and is not refundable to the extent it exceeds the individual’s tax otherwise payable.

In order to claim a Tax Credit, the individual must file with his or her tax return an information return under the Tax Act (an “Information Return”) issued to him or her by the Fund in respect of the acquisition of the Class A Shares.

Provincial Tax Credits Available to First Purchasers

General

The comments in this paragraph apply to each of the provincial tax credits described in this section of this prospectus. The annual maximum provincial tax credit is an aggregate amount in respect of purchases of Class A Shares and any qualifying shares of other RVCs. The provincial tax credit may be deducted from an individual’s provincial tax payable only in respect of the calendar year in which the Class A Shares are subscribed for or acquired, unless the Class A Shares are subscribed for or acquired in the first 60 days of a calendar year, in which case the tax credit may, at the individual’s option, be deducted from the provincial tax payable in respect of the preceding calendar year. Currently, the Nova Scotia provincial tax credit will be available for purchases of Class A Shares of RVCs registered under the Nova Scotia Act made on or before February 29, 2012 and the New Brunswick provincial tax credit is expected to be available for the 2011 tax year. See “Risk Factors”. An individual who is not liable to pay provincial income tax in a particular year cannot deduct the provincial tax credit. The provincial tax credit is not transferable by an individual and is not refundable to the extent it exceeds the individual’s provincial income tax otherwise payable. For the purposes of the provincial tax credits, the net cost of a Class A Share is generally the price paid for the Class A Share less the amount of any assistance provided by a government, municipality or public authority in respect of the acquisition of the Class A Share, other than a tax credit (including the Tax Credit or any provincial tax credit).

Nova Scotia

An investment in Class A Shares by an Original Holder who is a resident of Nova Scotia is eligible for a matching non-refundable non-transferable 20% provincial tax credit. Officials of the Nova Scotia Department of Finance have advised that the provincial tax credit is available for direct purchases by RRSPs which qualify an individual for a federal Tax Credit. The maximum annual Nova Scotia tax credit is \$2,000 and would be obtained on the purchase of Class A Shares having a net cost of \$10,000. The Nova Scotia tax credit is available for purchases of Class A Shares made on or before February 29, 2012 only.

An individual will be required to repay all or a portion of the Nova Scotia provincial tax credits received in respect of a Class A Share if such share is disposed of within eight years from the date of purchase. On a reinvestment, a holder resident in Nova Scotia will only be entitled to receive the provincial tax credit on the positive difference between the amount reinvested and the amount of the original investment. The aggregate of all Nova Scotia provincial tax credits to purchasers of shares of all eligible corporations cannot exceed \$5,000,000 in any fiscal year. In order to claim a Nova Scotia tax credit, the Original Holder must file, with his or her tax return, the tax credit certificate issued to him or her by the Fund in respect of the

acquisition of the Class A Shares. No deduction will be permitted for Nova Scotia income tax purposes unless the individual files a tax return within seven years after the end of the year to which the deduction pertains.

At present, individuals resident in Nova Scotia cannot claim a provincial tax credit in respect of Class A Shares purchased through a TFSA. While the Fund has requested changes to the Nova Scotia Act to allow tax credits to be claimed by a holder of a TFSA that purchases Class A Shares, there can be no assurance that such changes will be made.

New Brunswick

An investment in Class A Shares by an individual who is the first person to be the registered holder of a Class A Share and who is a resident of New Brunswick is eligible for a matching non-refundable non-transferable 20% provincial tax credit. The New Brunswick tax credit is available under the New Brunswick Act for direct purchases of Class A Shares by RRSPs and TFSAs which are a qualifying trust for the individual. The maximum annual New Brunswick tax credit is \$2,000 and would be obtained on the purchase of Class A Shares having a net cost \$10,000. The New Brunswick legislation provides that the New Brunswick tax credit is available for the taxation years prescribed by regulation. The Fund expects the New Brunswick tax credit to be available in respect of the 2011 taxation year.

Newfoundland and Labrador

An investment in Class A Shares by an Original Holder who is a resident of Newfoundland and Labrador is eligible for a matching non-refundable non-transferable 20% provincial tax credit. The maximum annual Newfoundland and Labrador tax credit is \$2,000 and would be obtained on the purchase of Class A Shares having a net cost of \$10,000.

PEI

No PEI provincial tax credit is available to purchasers of Class A Shares.

Taxation of the Fund

Federal Taxation of the Fund

The taxation year of the Fund ends on August 31 of each year. As a registered RVC, the Fund is a “mutual fund corporation” for the purposes of the Tax Act.

The Fund has elected, in accordance with the Tax Act, to have each of its “Canadian securities” (as defined in subsection 39(6) of the Tax Act) treated as capital property. Such an election is intended to ensure that gains or losses realized by the Fund on the disposition of Canadian securities are treated as capital gains or capital losses.

When the Fund sells, or otherwise disposes of a capital property, the Fund will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the Fund of the property and any reasonable costs of disposition. One-half of any capital gain or capital loss will be the Fund’s taxable capital gain or allowable capital loss, as the case may be. Taxable capital gains must be included in computing the Fund’s income. Allowable capital losses may normally be deducted against taxable capital gains of the Fund for the year. Allowable capital losses in excess of taxable capital gains for the year may generally be carried back three years and carried forward indefinitely for deduction against taxable capital gains realized in those years.

Taxes payable by the Fund on net realized capital gains will be refundable on a formula basis when Class A Shares are redeemed or when the Fund pays, or is deemed to pay, dividends to holders of the Class A Shares which it elects to be treated as capital gains dividends (“Capital Gains Dividends”).

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

Interest and other investment income (other than taxable capital gains and dividends in respect of shares of taxable Canadian corporations) will be included, net of reasonable expenses, in calculating the Fund’s income subject to normal corporate rates of tax. The Fund will be subject to additional refundable tax on certain investment income. The Fund will be eligible for a refund of a portion of the normal corporate tax and refundable tax in accordance with the detailed rules in the Tax Act if the Fund pays or is deemed to pay taxable dividends, other than Capital Gains Dividends, to its shareholders.

The Fund intends to increase the paid-up capital of the outstanding Class A Shares, by series, on an annual basis in order to maximize the refunds of tax available to it in respect of taxes payable on net realized capital gains and, if available to it, the refunds of tax in respect of taxes payable on net investment income. The Fund intends to file an election such that it will be deemed to have paid a dividend on its then issued and outstanding Class A Shares by series equal to the amount added to the paid-up capital of the series of Class A Shares and each holder of Class A Shares by series 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.

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 the particular province. If applicable, the taxation of the Fund in each of the Atlantic Provinces will generally parallel the federal tax treatment of the Fund. The Fund also pays corporations capital tax in the Province of Nova Scotia.

Taxation of Securityholders

Taxation of Dividends

Holders of Class A Shares will be liable for tax on taxable dividends, other than Capital Gains Dividends as discussed below, received or deemed to be received, from the Fund, subject to the gross-up and dividend tax credit rules normally applicable to dividends from taxable Canadian corporations.

As described above, the Fund may pay, or may be deemed to have paid, Capital Gains Dividends to holders of Class A Shares. Capital Gains Dividends received, or deemed to have been received, by a holder of a Class A Share will be treated as realized capital gains in the hands of such holder, subject to the general rules relating to the taxation of capital gains.

Disposition of Class A Shares

A holder will generally realize a capital gain (or capital loss) on the disposition of a Class A Share, including on a redemption of a Class A Share or transfer of a Class A Share to a RRSP, RRIF or TFSA, to the extent that the proceeds of disposition of the Class A Share exceed (or are exceeded by) the adjusted cost base to the holder of the Class A Share and any reasonable costs of disposition (including any redemption fee payable to the Fund). On a redemption of a Class A Share, the proceeds of disposition will include any amount withheld from the redemption proceeds and paid as a return of the Tax Credit or the applicable provincial tax credit.

The cost of Class A Shares of a Series acquired by the holder will be equal to the subscription price paid for such shares. Generally, the cost of each Class A Share acquired will be averaged with the adjusted cost base to the holder of all other Class A Shares of the same Series for the purpose of determining the adjusted cost base of each Class A Share at any subsequent time. The adjusted cost base to the holder of a Series of Class A Shares will be increased by the amount of any dividend or Capital Gains Dividend deemed to have been received by the holder as a result of the increase in the stated capital of Class A Shares of that Series as described above under "Taxation of the Fund". The adjusted cost base of Class A Shares will not be reduced by the Tax Credit or by any matching provincial tax credit received by the holder.

A capital loss that would otherwise arise on the disposition of a Class A Share will be reduced by the amount of the Tax Credit and the provincial tax credit received in respect of the Class A Share by the holder of the Class A 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 Class A Share.

Any capital loss realized by a holder of Class A Shares on the sale or transfer of Class A Shares (a) to a RRSP under which the holder or the holder's spouse or common-law partner is the annuitant or becomes, within 60 days after the end of the taxation year, an annuitant, or (b) to a RRIF under which the holder is a beneficiary or immediately after the disposition becomes a beneficiary, 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 may normally be deducted against taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains for the year may generally be carried back three years and carried forward indefinitely for deduction against taxable capital gains realized in those years.

Conversions / Switches of Series Shares

On November 5, 2010, the Department of Finance (Canada) released draft legislation that would allow holders of Class A Shares to convert their shares of a particular Series into shares of another Series (we also call such conversions, "switches") without having to pay an amount equal to the federal tax credits received in connection with the purchase of the Class A

Shares, as more particularly described under the heading “Redemption of Securities” above, provided that the conversion is a “qualifying exchange” within the meaning of the proposed legislation. Under the proposed definition, a conversion of shares of a particular Series into shares of another Series will be a “qualifying exchange” provided (a) the only consideration received by the holder of the particular Series on the conversion are the shares of the other Series and (b) the rights in respect of each Series are identical except for the portion of the reserve (within the meaning assigned by definition in subsection 204.8(1) of the Tax Act) of the Fund that is attributable to each Series. Management of the Fund has informed counsel that these conditions will be satisfied such that any conversion of shares of a particular Series into shares of another Series by way of a switch will be a “qualifying exchange”. It is proposed that such legislation would be effective for any conversions on or after January 1, 2004. There can be no assurances that the draft federal legislation will be enacted as currently proposed or at all.

Similarly, under both the Nova Scotia Act and the Newfoundland Act, holders of Class A Shares that switch their shares of a particular Series into shares of another Series will not be considered to have redeemed the shares so switched and will not have to repay an amount equal to the provincial tax credits received in connection with the purchase of such shares. The New Brunswick Department of Finance has advised that it will apply the same administrative policy applied under the Tax Act for residents of New Brunswick who effect switches of Series Shares. Accordingly, the Fund will apply the administrative policies followed under the Tax Act unless legislation, regulations or specific administrative policies are adopted for New Brunswick that require the Fund to do otherwise.

Provided the Class A Shares of a particular Series received on a conversion are the only shares of such Series held by a holder, the holder's adjusted cost base of such Class A Shares will be deemed to be equal to the adjusted cost base of the shares that were converted. Otherwise, a holder's adjusted cost base of Class A Shares of a particular Series received on a conversion will be deemed to be equal to the average of (i) the adjusted cost base of the shares that were converted and (ii) the adjusted cost base of any other shares of the Series into which the original shares were converted that were held by the holder immediately prior to the conversion.

At this time, all other Series may switch into GIC Series but there is no switch right out of GIC Series. See “Purchases and Switches of Securities”.

Alternative Minimum Tax

Taxable dividends (without application of the dividend gross-up) and Capital Gains Dividends received, or deemed to be received, from the Fund and capital gains realized on the disposition of Class A Shares may increase a holder's liability for alternative minimum tax. The Tax Credit may not be applied to reduce a holder's liability for alternative minimum tax.

Taxation of Registered Plans and TFSAs

Subject to the qualifications discussed above under the heading “Status of the Fund”, Class A Shares are qualified investments for trusts governed by RRSPs, RRIFs and TFSAs.

Provided that a Class A Share continues to be a qualified investment for and does not become a prohibited investment of a RRSP, RRIF or TFSA, the RRSP, RRIF or TFSA, will be exempt from tax on the amount of any dividends received from the Fund (including deemed dividends and capital gains dividends) as well as tax on the amount of any gains arising on a disposition of the Class A Share. Moreover, the alternative minimum tax under the Tax Act does not apply to such RRSPs, RRIFs and TFSAs.

Under the Tax Act and proposed legislation, if Class A Shares cease to be a qualified investment for a RRSP, RRIF or TFSA because the Fund ceases to be registered as a RVC under the Tax Act or because there is a change of law, the Tax Act imposes tax on the on the income earned on such shares. If the Class A Shares become a prohibited investment, the Tax Act and the proposed legislation impose tax on income reasonably attributed to such shares. In addition, the holder of the TFSA or annuitant of the RRSP or RRIF will be subject to a tax equal to 50% of the fair market value of the Class A Share at the time it ceased to be a qualified investment or became a prohibited investment. However, if the RRSP, RRIF or TFSA disposes of the Class A Share before the end of the year following the year in which the Class A Share ceased to be a qualified investment, the holder will generally be entitled to a refund of the tax in the year of disposition.

If Class A Shares cease to be a qualified investment for an RRSP or a RRIF, pursuant to draft legislation, the controlling annuitant of the registered plan will be subject to the same tax as above in relation to a TFSA.

Certain transactions can lead to penalties pursuant to proposed legislation. Holders of Class A Shares which are a TFSA, RRSP or RRIF should consult their own tax advisors to determine if any penalties apply in their particular circumstances.

Direct Purchase or Transfer of Class A Shares to a RRSP

Subject to the qualifications discussed above under the heading “Status of the Fund”, a Class A Share will be a qualified investment for a RRSP. An Original Holder, other than a TFSA, of a Class A Share may transfer, for no consideration, the Class A Share to a RRSP under which the Original Holder or his or her spouse or common-law partner is the annuitant. The Original Holder of a Class A Share who makes such transfer will be entitled to treat an amount equal to the fair market value of the Class A Share at the time of the transfer as a contribution in kind to the RRSP and will be deemed to have disposed of the Class A Share for proceeds of disposition equal to such fair market value. The RRSP contribution will be deductible in computing the Original Holder’s income in accordance with the provisions of the Tax Act which place limits on the annual amount of deductible RRSP contributions. This deduction is in addition to the Tax Credit available against tax otherwise payable. The determination of the fair market value of a Class A Share at any particular time is a factual matter. In assessing a holder’s income tax return, the CRA has the right to review the fair market value of a Class A Share at the time it was transferred to a RRSP.

Generally, for any year, an individual may deduct RRSP contributions that do not, in the aggregate, 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 Tax Act) for the immediately preceding taxation year exceeds the value of his or her pension or deferred profit sharing plan benefits for the immediately preceding taxation year, determined in accordance with the Tax Act. An individual’s RRSP deduction limit for a year will be further adjusted by any past service pension adjustment or pension adjustment reversal for the year, calculated in accordance with the Tax Act. For 2011, the RRSP dollar limit is \$22,450. An individual’s unused RRSP deduction limit for 1991 and subsequent years can be carried forward to increase the amount of the individual’s deductible RRSP contribution for a taxation year.

On the transfer of a Class A Share to a RRSP, the holder of the Class A Share may realize a capital gain but certain capital losses may be denied. See “Taxation of Securityholders – Disposition of Class A Shares” above.

Transfer of Class A Shares to a RRIF

A RRIF is not permitted to directly subscribe for Class A Shares.

Subject to the qualifications discussed above under the heading “Status of the Fund”, a Class A Share will also be a qualified investment for a RRIF. Certain transfers of Class A Shares to RRIFs are permitted without having to comply with the general restrictions on the transfer of Class A Shares. Moreover, Class A Shares can be transferred by an individual to a RRIF which purchases the shares for valuable consideration if the individual or his or her spouse or common-law partner is the annuitant of the RRIF. On such a sale of a Class A Share to a RRIF, the Original Holder of the Class A Share may realize a capital gain but certain capital losses may be denied. See “Taxation of Securityholders – Disposition of Class A Shares” above. No tax deduction is generally available in respect of the sale or other transfer of a Class A Share by an individual to a RRIF.

Purchase of Class A Shares by a TFSA

Subject to the qualifications discussed under the heading “Eligibility for Investment”, Class A Shares are qualified investments for a TFSA. A TFSA is a savings account that allows individuals resident in Canada who are 18 years of age and older to make contributions and withdrawals at any time and for any purpose. Unlike contributions to RRSPs, contributions to a TFSA are non-deductible, however, all withdrawals are made free of tax. This means any increase in the value of investments held by your TFSA will be received by you tax free when you withdraw them. Interest on any money borrowed to invest in a TFSA is non-deductible. The account holder is the only person who can contribute to a TFSA. For the 2011 taxation year, the holder may contribute up to \$5,000 to his or her TFSA. Annual contribution limits may be carried-forward and are increased to take into account withdrawals from the TFSA during the previous year.

An individual will be eligible for the federal Tax Credit and the New Brunswick or Newfoundland and Labrador provincial tax credits (as applicable) where the Class A Shares are acquired by a trust governed by a TFSA of which the individual is the holder. However, an individual is limited to claiming in any given taxation year an annual aggregate maximum federal Tax Credit of \$750 in respect of purchases of Class A Shares and any shares of other RVCs. See also “Provincial Tax Credits Available to First Purchasers – New Brunswick and Newfoundland and Labrador” above. At present, the Nova Scotia 20% provincial tax credit cannot be claimed by the holder of a TFSA that purchases Class A Shares.

Provided that the Class A Shares continue to be qualified investments for a TFSA, a TFSA that holds the shares as capital property will be exempt from tax on the amount of any dividends received from the Fund (including deemed dividends and capital gains dividends) as well as tax on the amount of any gains arising on a disposition of the Class A Shares. If the Class A Shares cease to be a qualified investment for a TFSA because the Fund ceases to be registered as a RVC under the Tax Act or because there is a change of law, the holder of the TFSA that holds Class A Shares would be subject to a tax equal to 50%

of the fair market value of the Class A Shares at the time they ceased to be a qualified investment. However, if the TFSA disposes of the Class A Shares before the end of the year following the year in which the Class A Shares ceased to be a qualified investment, the holder will generally be entitled to a refund of the tax in the year of disposition.

Transfer of Class A Shares to a TFSA

Pursuant to certain amendments, an Original Holder can transfer Class A Shares to a TFSA under which the Original Holder, their spouse, common-law partner or former spouse or common-law partner is the annuitant where permitted by the Fund's Articles, as discussed below. An individual who makes a transfer of Class A Shares to a TFSA will be deemed to have disposed of the Class A Shares and to have received proceeds of disposition equal to the fair market value of the Class A Shares on the date of transfer. If the fair market value of the Class A Shares was greater than the individual's adjusted cost base of the Class A Shares, the excess would be the holder's capital gain. If the fair market value of the Class A Shares was less than the individual's adjusted cost base of the Class A Shares, any resulting capital loss would be denied. The determination of the fair market value of the Class A Shares is a factual matter. In assessing the income tax return of an individual who made such a transfer, the CRA would have the right to review the fair market value of the Class A Shares. There would be no tax deduction available for transfers of property from an individual to a TFSA. See "Attributes of the Securities – Description of Securities Distributed – Class A Shares – Transfer".

The transfer of Class A Shares from a RRSP to a TFSA without payment of any consideration by the TFSA to the RRSP will be treated as a withdrawal from the RRSP and a contribution to the TFSA equal to the value of the Class A Shares withdrawn and the value of such Class A Shares will be subject to tax as income earned in the year of transfer. As such, you should consult your tax advisor prior to transferring Class A Shares from a RRSP to a TFSA.

At present, individuals resident in Nova Scotia would be required to repay all or a portion of the provincial tax credits in respect of Class A Shares transferred to a TFSA, if such shares are so transferred within eight years from the original date of purchase.

At the Fund's annual and special meeting of shareholders scheduled for December 6, 2011, shareholders will be asked to approve refinements to the Fund's Articles to expressly permit transfers of Class A Shares to or by TFSAs as contemplated by recent amendments to the Tax Act.

Federal Penalty Taxes Potentially Applicable to the Fund

The Fund will be subject to certain penalties and taxes if it fails to comply with certain requirements of the Tax Act applicable to registered RVCs.

If the Fund issues an Information Return under the Tax Act in respect of a Class A Share (i) when it was a revoked corporation under the Tax Act, or (ii) which Class A Share is not issued within 180 days of the issuance of the Information Return, the Fund is liable to pay a penalty equal to the subscription price of the Class A Share.

The Fund is subject to the successive registration provisions of the Tax Act. As a result, it is required to have invested by the end of the first year after which Class A Shares are first issued, and at all times thereafter, at least 60% of its shareholders' equity (computed under rules in the Tax Act) in eligible investments (the "60% Rule").

If the Fund does not satisfy the 60% Rule at any time during a month following the end of the year in which Class A Shares are issued, the Fund will be required to pay a tax in respect of that month equal to the greatest amount in that month by which 60% of the shareholders' equity of the Fund exceeds the cost of the eligible investments of the Fund, which is referred to as the investment shortfall, multiplied by 1/60th of the prescribed rate of interest for that month. The investment shortfall, subject to some adjustment, is initially determined as the amount by which 60% of the lesser of the shareholders' equity in the Fund at the end of the preceding taxation year or the end of the particular year exceeds the amount that is the greater of:

- (i) the total of the amounts which is the adjusted cost to the Fund of an eligible investment of the Fund at that time; and
- (ii) an average amount that is calculated as 50% of the amount of the total of all amounts which is the adjusted cost to the Fund of an eligible investment at the beginning of the particular year and the adjusted cost base to the Fund of an eligible investment at the end of the particular year.

The Tax Act provides detailed rules for computing shareholders' equity and the investment shortfall, including adjustments to the calculation of the deficiency to:

- (i) exclude from the calculation of the shareholders' equity certain taxes and penalties paid before the end of the month that have not been refunded;

- (ii) provide that Class A Shares will not be included in the calculation after the expiration of the eight year period for Class A Shares; and
- (iii) provide that the amount of shareholders' equity in the last 60 days of the taxation year of the Fund (net of redemptions in that period) shall be deemed to have been raised at the beginning of the next taxation year of the Fund.

In determining the adjusted cost to the Fund of an eligible investment under the Tax Act, an incentive is provided for investments in smaller businesses. The specific incentives to the cost of investments are the following:

- (i) 150% of the cost of any investment in small businesses (and all related entities) that, at the time of purchase, have \$10,000,000 or less in assets will be deemed to be the cost of such investment for the purposes of the Tax Act investment pacing requirements; and
- (ii) 200% of the cost of investments in the early stage of financing, in eligible businesses (and all related entities) that, at the time of the purchase, have \$2,500,000 or less in assets will be deemed to be the cost of such investment for the purposes of the Tax Act investment pacing requirements.

The cost of any other eligible investment is the cost to the Fund.

If the Fund is required to pay such tax in 12 consecutive months (the "12-month period"), the Fund will be required to pay a further tax (the "additional tax") and a penalty in respect of the 12-month period. The additional tax will be equal to 20% of the average of the greatest monthly differences in the 12-month period. Any additional tax payable for previous 12-month periods (net of any refund of additional tax paid) and any tax previously payable for having failed to satisfy the respective investment test described above will reduce the additional tax for a particular 12-month period. The amount of the penalty is equal to the additional tax.

If the Fund satisfies the 60% Rule or does not have an investment shortfall throughout any period of 12 consecutive months following the end of a 12-month period in respect of which it was required to pay the additional tax, it will be entitled to a refund of the additional tax and 80% of the penalty if it files the required return under the Tax Act. Pursuant to the Tax Act, the payment of refunds occurs on or before the later of the:

- (i) 30th day after receiving the application; and
- (ii) 60th day after the elimination of the monthly deficiency for 12 consecutive months.

All RVCs which are provincially registered but which are not registered or revoked corporations under the Tax Act are required to file returns with the CRA and pay a tax in an amount equal to any tax payable by the provincially registered RVC as a consequence of its failure to acquire sufficient properties of a character described in the provincial law. Where the government of a province refunds to any RVC an amount and the refund is of an amount paid in satisfaction of a particular amount payable in a taxation year which was also payable under the Tax Act, the amount of the refund paid by the province is deemed to have been paid by the RVC on account of any tax payable by it in the year under the Tax Act.

If a RVC is required, as a consequence of a provincial law on merger, winding up or dissolution, to pay an amount to the province and if the corporation is not a registered RVC or a revoked corporation under the Tax Act, the Fund is required to pay an additional tax for the taxation year in an amount equal to the amount that was payable to the province as an additional tax under the Tax Act.

Revocation of Registration under the Tax Act

The Minister of National Revenue may revoke the Fund's registration as a federal RVC if:

- its Articles do not comply with the requirements of the Tax Act relating to, among other things, business, authorized share capital, reductions in paid-up capital and redemptions and transfers of Class A Shares;
- it does not meet the minimum investment requirements in the Tax Act and is required to pay a penalty tax for three or more taxation years or does not meet the minimum investment requirements in 18 or more months during a period of 36 consecutive months;
- it does not comply with the restrictions in its Articles relating to requirements of the Tax Act;
- it does not file the proper forms and returns and pay any special taxes or penalties required of it under the Tax Act;
- it does not issue the proper Information Returns to purchasers of Class A Shares or issues more than one Information Return in respect of the same acquisition of, or subscription for, a Class A Share;
- its financial statements are not prepared in accordance with generally accepted accounting principles;

- it does not prepare, in a timely way, proper valuations of its Class A Shares;
- it has provided a guarantee of a debt and has failed to maintain the reserve in respect of the guarantee required of it under the Tax Act; or
- it has paid a fee or commission in excess of a reasonable amount in respect of the offering for sale of its shares.

The Minister of National Revenue must give 30 days' notice to the Fund of any proposal to revoke its registration. The Fund will have an opportunity to appeal any revocation of its registration. If the Fund's registration is revoked, the Class A Shares will cease to be a qualified investment for a trust governed by a RRSP, RRIF or TFSA. An investment in Class A Shares made after the revocation of the Fund's registration will not entitle the purchaser to receive a Tax Credit.

A RVC may voluntarily de-register and be treated in the same manner as a revoked corporation.

Revocation of Provincial Registration and Provincial Penalty Taxes Potentially Applicable to the Fund

The Fund could be subject to a penalty (including a refundable penalty), or have its registration under the Nova Scotia Act revoked or have the sale of its shares restricted if, in the opinion of the Minister of Finance (Nova Scotia), the Fund has not complied with the Nova Scotia Act or the spirit and intent of the Nova Scotia Act. The registration of the Fund under the Nova Scotia Act could also be revoked if the Fund has been suspended or otherwise restricted from issuing shares in Nova Scotia by the Nova Scotia Securities Commission or if it does not meet certain eligibility criteria set out in the Nova Scotia Act. These criteria require that (i) at least 75% of the salaries and wages paid by the Fund and its affiliates are paid to residents of Nova Scotia or at least 90% of the salaries and wages paid by the Fund and its affiliates are paid to residents of the Atlantic Provinces; (ii) the Fund and its affiliates employ three or more employees who are residents of the Atlantic Provinces and whose combined paid hours of employment are not less than 3,900 in a twelve-month period; and (iii) the majority of the directors and senior officers of the Fund and its affiliates be resident in the Atlantic Provinces.

If the Fund's certificate of registration is revoked in Nova Scotia, the Fund could, at the discretion of the Minister of Finance (Nova Scotia), be liable to pay, within 90 days of the date of revocation, a penalty (with interest) equal to the aggregate of (a) 20% of all amounts raised by the Fund through the issue of Class A Shares for which a Nova Scotia tax credit certificate was issued, less (b) 20% of all amounts invested by the Fund in eligible business entities. The Nova Scotia Department of Finance has indicated that this penalty will be also applied if the Fund fails to meet the investment pacing rules under the Nova Scotia Act. The investment pacing rules require that (i) at least 70% of the equity capital raised by the Fund in Nova Scotia must be invested in eligible business entities within twelve months after the end of the Fund's tax year in which the equity capital was raised; and (ii) at least 80% of the equity capital raised by the Fund in Nova Scotia must be invested in eligible business entities within twelve months following the time referred to in (i) above. See "Risk Factors".

The Fund's expected status as a prescribed labour-sponsored venture capital corporation under the New Brunswick Act may not be renewed in the event that it fails to keep its investment commitments made to the Minister of Finance (New Brunswick). The Fund's expected status as a prescribed registered labour-sponsored venture capital corporation in New Brunswick may be revoked if GrowthWorks Canadian Fund fails to meet any remaining investment pacing requirements in New Brunswick. While GrowthWorks Canadian Fund is managed by an affiliate of the Manager, it has a separate board of directors and its assets are managed separately from those of the Fund. See "Risk Factors".

The issuance of provincial tax credits under the Newfoundland Act to purchasers of Class A Shares may be suspended and the Fund's registration may be revoked where it is determined that the Fund has not complied with a provision of the Newfoundland Act or it has failed to meet another condition required for registration. Further, for any year in which the Fund is in a shortfall position with respect to its investment pacing requirements under the Newfoundland Act, the Fund may be subject to a penalty of 3% of the cumulative investment shortfall at the end of such year.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

Officers and Directors of the Fund

The Fund's Board has top level responsibility for overseeing the management of the Fund. The Board oversees management of the Fund by monitoring and assessing the Manager's direction of the business and affairs of the Fund.

The Fund's Articles provide that the Board:

- shall consist of 15 members, 9 of whom must be nominated and elected by the Sponsors and 6 of whom must be elected by the holders of Class A Shares (see "The Sponsors" below); and

- must have directors resident in each of the Atlantic Provinces, who are appointed and/or elected as illustrated by the following chart and notes:

Who appoints/elects	New Brunswick Residents	Nova Scotia Residents	Newfoundland Residents	PEI Residents
New Brunswick Sponsor	2	-	-	-
Nova Scotia Sponsor	-	2	-	-
Newfoundland Sponsor	-	-	2	-
PEI Sponsor	-	-	-	1
Class A Shareholders	1	1	1	1

Notes:

- (1) In addition, the Regional Sponsor appoints/elects 2 Board members who must be resident in one of the Atlantic Provinces.
- (2) The Fund's President and one other person will also be nominees for election as directors by the Class A shareholders.

The Board may determine the residency requirements for a particular Atlantic Province will not apply during periods when investors resident in that province are not eligible to receive provincial tax credits for purchasing Shares.

The Fund has 15 directors. Each of the directors will hold office until the next annual meeting of shareholders or until their successors are appointed or elected. Set out below are the name, place of residence, office, principal occupation, date first became a director and number of Class A shares owned or controlled for each of the current directors and officers of the Fund.

Name and Place of Residence	Office	Principal Occupation	Date first became a director	Number of Class A Shares owned or controlled
BERT O. BLUNDON ⁽¹⁾⁽³⁾ Mount Pearl, NL	Director of the Fund	Secretary-Treasurer of the Newfoundland and Labrador Association of Public and Private Employees and Secretary-Treasurer of the Newfoundland and Labrador Federation of Labour	November 2005	966
MICHEL BOUDREAU ⁽⁴⁾⁽⁵⁾ Dieppe, NB	Director of the Fund	President of the New Brunswick Federation of Labour and utility service worker with Moncton based nursing home	June 2005	93
TERRANCE CARTER ⁽⁴⁾ Miramichi, NB	Director of the Fund	Secretary-Treasurer, Eastern Provinces Council of UFCW Canada	March 2006	37
RICK CLARKE ⁽²⁾⁽⁶⁾ Dartmouth, NS	Chairman of the Board and Director of the Fund	President of the Nova Scotia Federation of Labour	January 2005	947 (of which 199 shares have been purchased by Mr. Clarke for a spousal RRSP)
HARRY G. EVANS, C.A. ⁽⁴⁾ Douglas, NB	Director of the Fund	Chartered Accountant, Vice President and General Manager of L & A Metalworks Inc. (metal products manufacturing)	November 2005	1,373

Name and Place of Residence	Office	Principal Occupation	Date first became a director	Number of Class A Shares owned or controlled
THOMAS J. HAYES Halifax, NS	President, CEO and Director of the Fund	President and CEO of the Fund, President and CEO of GrowthWorks Atlantic and Vice President, Atlantic Canada of GrowthWorks Capital Ltd.	November 2004	5,018 (of which 1,523 shares have been purchased by Mr. Hayes for a spousal RRSP)
JOAN B. JESSOME ⁽²⁾⁽⁵⁾ Dartmouth, NS	Director of the Fund	President of the Nova Scotia Government & General Employees Union	January 2005	1,106
DAVID LEVI ⁽¹⁾ Vancouver, BC	Director of the Fund	President, CEO and Director, Matrix and GrowthWorks	November 2004	Nil
BRIAN MATHESON ⁽⁵⁾ Middle Sackville, NS	Director of the Fund	International Representative for the International Brotherhood of Electrical Workers	April 2005	Nil
CLINT MATTHEWS Coquitlam, BC	CFO of the Fund	CFO and Vice President, Finance of GrowthWorks Capital Ltd.	N/A	Nil
KENT OLIVER Saint John , NB	Director of the Fund	International Representative for the Construction Sector Operations at International Brotherhood of Boilermakers, Eastern Canada	April 2011	Nil
LANA PAYNE ⁽³⁾ St. Johns, NL	Director of the Fund	President of the Newfoundland and Labrador Federation of Labour	December 2009	Nil
CARL PURSEY Charlottetown, PEI	Director of the Fund	President of the PEI Federation of Labour	January 2005	Nil
ANDREW ROBINSON ⁽¹⁾⁽²⁾ Albany, PEI	Director of the Fund	President and General Manager of PEI Agromart Ltd., a fertilizer blending and crop inputs company	November 2005	Nil
ROBERT SIME ⁽¹⁾ Halifax, NS	Director of the Fund	President of Regional Approach Ltd., a travel marketing company	March 2007	99
GERALD F. TAYLOR ⁽¹⁾⁽³⁾ St. John's, NL	Director of the Fund	Chartered Accountant, Quinlan & Taylor, Chartered Accountants and Management Consultants	January 2005	470

Notes:

- (1) Member of Audit and Valuation Committee. Chair, Gerald F. Taylor.
- (2) Member of Nova Scotia Investment Committee. Chair, Rick Clarke.
- (3) Member of Newfoundland and Labrador Investment Committee. Chair, Bert O. Blundon.
- (4) Member of New Brunswick Investment Committee. Chair, Harry G. Evans.
- (5) Member of the Independent Review Committee. Chair, Brian Matheson.
- (6) As Chairman of the Board, Rick Clarke also serves as a non-voting member of the Audit and Valuation Committee, the New Brunswick and Newfoundland and Labrador Investment Committees and the Independent Review Committee.

Each of the directors and officers of the Fund has held the principal occupation listed above for the last five years, except (i) as set out in the section called “Officers and Directors of the Manager of the Fund” below for the officers and directors of GrowthWorks Atlantic, and (ii) as follows: prior to working with the Newfoundland and Labrador Association of Public Employees, Bert Blundon worked with the Newfoundland and Labrador Department of Work, Services and Transportation; prior to her election as President of the Newfoundland and Labrador Federation of Labour (“NLFL”) in November 2008; Lana Payne was the First Vice-President of the NLFL and the communications and research director for CAW/FFAW and prior to March 2009, Carl Pursey served as a postal clerk with Canada Post and was President of the Charlottetown local of the Canadian Union of Postal Workers.

Investment Committees

The Board has established three Investment Committees, one designated for each of Nova Scotia, New Brunswick and Newfoundland and Labrador. Each Investment Committee has authority to approve new venture investments made by the Fund in its designated province. A majority of the members of an Investment Committee must be resident in the province designated for the committee. See “Investment Strategies – Venture Investment Approval Process”. The Board may determine there will be no Investment Committee for a particular Atlantic Province during periods when investors resident in that province are not eligible to receive provincial tax credits for purchasing Class A Shares.

Audit and Valuation Committee

The Board has established an Audit and Valuation Committee consisting of five directors. The Audit and Valuation Committee is responsible for overseeing the Fund’s valuation policies and procedures. See “Calculation of Net Asset Value”. This committee is also responsible for reviewing and recommending approval of the Fund’s financial statements and liaising with the Fund’s auditor. This committee meets semi-annually to review financial statements and otherwise on an as needed basis. Quorum for meetings is a majority of members.

Independent Review Committee

The Fund has established an Independent Review Committee comprised of three directors. Each member of the Independent Review Committee is independent as determined in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”). The primary responsibility of the Independent Review Committee is to provide for the independent review and oversight of conflicts of interest faced by the Manager in managing the Fund. The Independent Review Committee has a written charter that includes its responsibilities and functions, and the policies and procedures it will follow when performing its functions. The committee reviews and makes recommendations with respect to all conflict of interest matters that are referred to it by the Board or the Manager. Certain conflict of interest matters are expected to arise from time to time and, for recurring matters, the committee has established standing instructions to the Manager and may continue to do so in the future. See “Conflicts of Interest” below. The Independent Review Committee undertakes an annual review of, among other things, its charter, the Manager’s written policies and procedures for dealing with conflict of interest matters and standing instructions issued by the committee. The Independent Review Committee also prepares an annual report to shareholders that describes the committee and its activities for the financial year. These reports are available on GrowthWorks’ website at www.growthworks.ca or by request, and at no cost, by calling toll free 1.800.268.8244. Members of the Independent Review Committee receive the same remuneration as members of other committees of the Board. See “Fees, Expenses and Dividends – Fees, Expenses and Dividends Payable Directly by the Fund – Directors Remuneration”. The fees are paid by the Manager and the fees paid or payable for the year ended August 31, 2011 to members of the Independent Review Committee totalled \$500 (unaudited).

Business Advisory Councils

The Board has established three Business Advisory Councils, one designated for each of Nova Scotia, New Brunswick and Newfoundland and Labrador. Each Advisory Council is composed of a minimum of three businesspeople resident in the designated province. The Advisory Councils provide the Fund’s Investment Committees or the Board, as the case may be, with their views on proposed initial venture investments in their designated provinces.

Members receive a per diem rate of \$300 from the Manager. To encourage the expression of opinions and to recognize the “advisory” nature of these bodies, members of an Advisory Council are not liable in any way for any views expressed by them. The Board may determine there will be no Business Advisory Council for a particular Atlantic Province during periods when investors resident in that province are not eligible to receive provincial tax credits for purchasing Class A Shares.

The Sponsors

The Fund was established with the assistance and sponsorship of senior federations of labour in the Atlantic Provinces and the Regional Sponsor. As a labour-sponsored venture capital corporation, the Fund is able to access the RVC tax credits described in this prospectus. Our labour sponsors also desire to enhance local job creation and economic development through their sponsorship of the Fund.

The Sponsors of the Fund are the New Brunswick Federation of Labour, the Newfoundland and Labrador Federation of Labour, the Nova Scotia Federation of Labour, the PEI Federation of Labour (the “Provincial Sponsors”) and the Canadian Federation of Labour (the “Regional Sponsor”). The Sponsors nominate and elect 9 of the 15 members of the Board. The remaining 6 directors are elected by holders of the Class A Shares. See “Organization and Management Details of the Fund – Officers and Directors of the Fund”.

Pursuant to the Articles of the Fund, each of the Sponsors is entitled to nominate 2 individuals to the Board, except the PEI Sponsor which is entitled to nominate 1 individual. Each individual nominated by a Provincial Sponsor must be resident in the province in which the Provincial Sponsor is organized and is required to be elected to the Board.

None of the Sponsors receive any fees from the Fund for sponsoring the Fund.

The Sponsors and Working Enterprises Ltd. (“WE Ltd.”), the sponsor of Working Opportunity Fund, support the concept and success of labour-sponsored venture capital funds in Canada. They have agreed to coordinate and strengthen their respective sponsorships. To provide an Atlantic Canada focused forum and organization for them to coordinate, exchange views and pursue activities of common interest, WE Ltd. will establish a committee on which the Sponsors and WE Ltd. will have equal representation. WE Ltd. has also agreed to dedicate its share of any future net profits attributable to GrowthWorks Atlantic’s management of the Fund for purposes of funding philanthropic activities designated by such committee.

GrowthWorks, part of the Matrix Group of Companies

Matrix’s venture capital division is operated through GrowthWorks and is one of three core operating divisions within the Matrix group of companies. Matrix is a TSX-listed diversified asset management company that was formed from the business combination of GrowthWorks and Halifax-based SEAMARK Asset Management Ltd. Affiliates of Matrix also manage the Matrix group of mutual funds and flow-through investment funds. Matrix has approximately \$1.9 billion in assets under management.

Companies within the venture capital division of Matrix manage several venture capital funds, including GrowthWorks Canadian Fund, GrowthWorks Commercialization Fund and Working Opportunity Fund, a British Columbia based RVC and the largest venture capital fund in Western Canada. In managing venture investment portfolios, GrowthWorks identifies, analyzes and structures investments in young, entrepreneurial companies with high growth potential. As active venture capital managers with a skilled and knowledgeable team of professionals with over 200 years of combined investing experience, GrowthWorks seeks to add value by participating on portfolio companies’ boards of directors, assisting in recruiting key personnel, securing additional financing, and helping to formulate long-term strategic plans. GrowthWorks also promotes co-investment arrangements with other venture capital investors and among the venture capital investment funds it manages to help fund the multiple rounds of financing typically required by developing portfolio companies and to help spread and diversify the risk associated with venture investing. See “Risk Factors – Nature of Investment”.

Manager of the Fund

GrowthWorks Atlantic is the manager of the Fund. GrowthWorks Ltd. formed GrowthWorks Atlantic as its operating entity for Atlantic Canada. The vast majority of its officers and employees are resident in the Atlantic Provinces and actively participate in and foster greater venture capital investing in the region. See “Investment Strategies” for information on the Fund’s investment strategies.

The Manager is a corporation incorporated under the laws of Canada and has an office at Suite 310, 1801 Hollis Street, Halifax, Nova Scotia, B3J 3N4. The Manager’s corporate head office is at 2600 Royal Center, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5. Under securities laws, the Manager is considered a promoter of the Fund.

Cost Assistance from Atlantic Canada Opportunities Agency

The Manager entered into an agreement with Atlantic Canada Opportunities Agency (“ACOA”) under which ACOA agreed to provide the Manager with cost assistance of up to \$9 million, subject to certain terms and conditions, towards eligible costs the Manager incurs in establishing and operating the Fund until December 31, 2010. The Manager, not the Fund, pays most of the normal operating expenses of the Fund, including printing, legal, audit, valuation, insurance, trustee, transfer agency, custodian and safekeeping charges and marketing expenses. The cost assistance from ACOA was a key element behind the

formation of the Manager as a venture capital manager focussed on Atlantic Canada and formation of the Fund. The assistance allowed the Manager to quickly establish operations infrastructure and hire professionals and staff based in Atlantic Canada and provided vital support for the objectives of creating a larger pool of capital for small and medium sized businesses in the region and expanding the region's new economy companies. Repayment of the cost assistance provided to the Manager by ACOA is the obligation of the Manager, not the Fund.

Duties and Services to be provided by the Manager

GrowthWorks Atlantic manages the day-to-day business, affairs and operations of the Fund. In this regard, it provides or arranges for the provision of day-to-day management (including investment management) and administration services (including sales and marketing) (the "Services") to the Fund under the terms of the Management Agreement. In performing its duties, GrowthWorks Atlantic must exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund, and must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

Day-to-day management services include:

- managing the daily operations of the Fund;
- selecting all service providers to the Fund and monitoring compliance with all agreements entered into by the Fund; and
- ensuring compliance with all relevant securities laws.

Investment management services include:

- identifying investment opportunities which meet the Fund's objectives and investment strategies;
- analyzing and evaluating proposed investments;
- structuring and negotiating proposed investments;
- preparing and making recommendations for investments to the Investment Committees or the Board in accordance with the investment approval procedures adopted by the Fund;
- monitoring the Fund's portfolio investments, which may include actively participating on portfolio companies' boards of directors and evaluating financial and other key performance indicators;
- regularly reporting to the Board on the investment portfolio;
- recommending the appropriate timing, terms and methods of acquiring investments; and
- dealing with portfolio dispositions.

Administrative services include:

- developing and implementing marketing, communications, distribution and capital retention strategies;
- calculating net asset value per share of each series in accordance with policies and procedures approved by the Board and the Audit and Valuation Committee of the Board on each Valuation Date;
- share registrar and transfer agency services and share transaction processing;
- preparing shareholder reporting information;
- liaising with trust company staff in respect of self-directed RRSP programs;
- acting as, or arranging for another person to act as, the Fund's principal distributor and paying the sales commissions associated with the sale of Series Shares;
- arranging for all necessary filings under applicable securities legislation and other legislation;
- providing administrative and support services to the Board, Board Committees and the Business Advisory Councils; and
- providing office premises and information technology systems including shareholder database, transaction processing and accounting.

Details of the Management Agreement

Under the Management Agreement, the Manager receives from the Fund annual management and administration fees. See “Fees, Expenses and Dividends”. Unlike most RVCs and mutual funds, GrowthWorks Atlantic, not the Fund, pays most of the normal operating expenses of the Fund. The Fund does pay its own taxes, including GST and HST on the fees payable to the Manager for the Services. The Fund also pays the service fees payable to dealers and any unusual or special items outside of the Services. The Fund has agreed to reimburse the Manager for interest costs incurred by the Manager (or any affiliate of the Manager) in connection with borrowings made in the course of fulfilling its obligations under the Management Agreement and which have been pre-approved by the Fund. See “Fees, Expenses and Dividends – Fees and Expenses Payable Directly by the Manager – Operating Expenses”.

The Management Agreement can be terminated by agreement of the parties. Either party may terminate the agreement if the other party is bankrupt, insolvent, wound-up or dissolved or if the other party does not remedy a material breach within 60 days of written notice of the breach. In addition, the Fund may terminate the Management Agreement by resolution of the Board if this resolution is ratified by special resolution of the Fund’s shareholders. Given the long term nature of venture investment management and the substantial investment by the Manager in forming the Fund, such termination will be effective five years after the passing of such a shareholders’ resolution. In such circumstances, the Fund will be responsible for paying the reasonable transfer, wind-down and transition costs incurred by GrowthWorks Atlantic as a result of having to transition operations to a new manager. GrowthWorks Atlantic also may terminate the agreement if the Fund changes its fundamental investment objective and policies. If the Management Agreement is terminated for any reason, the succeeding manager will be required to assume all indebtedness incurred by the Manager with the approval of the Fund in performing its obligations under the Management Agreement.

Under the Management Agreement, the Manager may engage others at its own cost, including affiliates of the Manager, to provide some or all of the Services and may delegate any part of its duties and powers to them. However, as set out in the Management Agreement, any such engagement would not diminish the Manager’s legal obligation to provide or arrange for the provision of the Services to the Fund.

Officers and Directors of the Manager of the Fund

Set out below are the name, place of residence, office, principal occupation and previous business experience of the directors, officers and senior managers of GrowthWorks Atlantic.

Name and Place of Residence	Position with the Manager	Principal Occupation⁽¹⁾
David Balsdon Mississauga, ON	Chief Operating Officer and Chief Compliance Officer and Director	Chief Operating Officer of Matrix and Chief Compliance Officer of GrowthWorks Capital Ltd.
Peter Clark Fredericton, NB	Regional Investment Manager for New Brunswick	Regional Investment Manager for GrowthWorks Atlantic Ltd.
Deborah Gray Toronto, ON	Senior Vice President, National Sales and Marketing	Senior Vice President, National Sales, Marketing of Matrix and GrowthWorks Capital Ltd.
Thomas J. Hayes Halifax, NS	President and CEO	President and CEO of the Fund, President and CEO of GrowthWorks Atlantic Ltd. and Vice President, Atlantic Canada of GrowthWorks Capital Ltd.
David Levi Vancouver, BC	Director	President, CEO and Director of Matrix
Clint Matthews Coquitlam, BC	CFO, Vice President, Finance and Director	CFO of Matrix
Christopher Moyer Halifax, NS	Investment Manager	Investment Manager with GrowthWorks Atlantic Ltd.

Note:

- (1) Each of the directors and officers of the Manager has held the principal occupation listed above for the last five years, except as set out below.

The following are biographies of the director, officers and senior managers of GrowthWorks Atlantic:

David Balsdon is Chief Operating Officer at Matrix and Chief Compliance Officer and a director at GrowthWorks Atlantic and GrowthWorks Capital Ltd. Mr. Balsdon joined the Matrix team with one of its subsidiaries in 2001 and has over 20 years of experience in the financial industry. Mr. Balsdon is also Secretary-Treasurer and Director of the Matrix Resource Limited Partnerships. Mr. Balsdon represents Matrix Funds Management (a division of GrowthWorks Capital) at IFIC (Investment Funds Institute of Canada) and periodically serves on IFIC committees. Prior to 2001, Mr. Balsdon held management positions at a major Canadian mutual fund company and a major Canadian custodian.

Peter Clark joined GrowthWorks in 2006 as the Regional Investment Manager for New Brunswick. Mr. Clark has over 13 years of experience in corporate development, transaction execution and business planning with various companies in Canada and the United States. Prior to joining GrowthWorks, Mr. Clark served as a Vice President with Barrett Xplore, Inc., a wireless broadband Internet service provider, and with TeleTech Holdings, Inc., a NASDAQ listed provider of outsourced customer management services. He is a director of Lymbix Inc. and Anyware Group Inc. Mr. Clark holds a Bachelor of Arts (Economics) degree from Dartmouth College in New Hampshire.

Deborah Gray is Senior Vice-President of National Sales and Marketing at Matrix, GrowthWorks Atlantic and GrowthWorks Capital Ltd. Prior to her appointment in May, 2011, Ms. Gray served as a project communications consultant to GrowthWorks. Previously, Ms. Gray spent 20 years in the Canadian investment and financial services industries, focussing predominantly on venture capital. Ms. Gray has served in a variety of senior positions, including Managing General Partner for a Canadian venture capital group. Most recently, Ms. Gray was President of her own firm, which provided strategic sales and marketing consulting to small and medium sized high-growth businesses. Ms. Gray holds a BA in Economics from the University of Western Ontario and has completed a variety of industry related courses.

Thomas J. Hayes is President and Chief Executive Officer of the Fund and GrowthWorks Atlantic. Mr. Hayes is also the Vice President, Atlantic Canada of GrowthWorks Capital Ltd. and President of ACF Equity Atlantic Inc., a venture capital fund operating in Atlantic Canada. Mr. Hayes is also a director of the Canadian Venture Capital Association. Prior to an affiliate of GrowthWorks Capital Ltd. taking over the management of the GrowthWorks Canadian Fund (formerly Working Ventures Canadian Fund) and the GrowthWorks Opportunity Fund (formerly the Working Ventures Opportunity Fund) in 2002, Mr. Hayes was Vice President of Investments of those funds. From 1982 to 1987 he served as Vice-President and then President of Atlantic Ventures Trust, an institutional private venture capital fund for Atlantic Canada. As CEO of Atlantic Fish Specialties Ltd. from 1987 to 1997, he led the company through a major restructuring and turnaround resulting in the company being recognized as the top small business in Canada, winning the prestigious Canada Award of Business Excellence. Mr. Hayes has also been awarded the Atlantic Canada Entrepreneur of the Year Award in the "Turnaround" category. Mr. Hayes has also served as Chief of Staff for the Office of the Premier in Nova Scotia. He has 40 years of business and management experience and is a past Chair of the Atlantic Provinces Economic Council (APEC). Mr. Hayes is currently a director of Anyware Group Inc.

David Levi is the President, Chief Executive Officer and a director of Matrix and holds director and/or officer positions in each of the operating divisions of Matrix, including GrowthWorks Ltd., GrowthWorks Capital Ltd. and SEAMARK Asset Management Ltd. Mr. Levi is also a director of the Fund and President and Chief Executive Officer and director of GrowthWorks Canadian Fund, GrowthWorks Commercialization Fund and Working Opportunity Fund. Mr. Levi played a critical role in the formation and launch of the Working Opportunity Fund in January 1992. Since that time, Working Opportunity Fund, under Mr. Levi's leadership and direction, has grown to be the largest venture capital fund in western Canada with over \$180 million in assets and has invested over \$570 million in more than 125 growth-oriented, entrepreneurial BC companies. In late 1998, Mr. Levi founded GrowthWorks Ltd. and in early 1999 GrowthWorks Capital assumed management of Working Opportunity Fund. In 2002, Mr. Levi led GrowthWorks' acquisition of the company that previously managed GrowthWorks Canadian Fund. In 2010, Mr. Levi led GrowthWorks' in completing a business combination with SEAMARK Asset Management Ltd. that resulted in the formation of Matrix. Prior to launching Working Opportunity Fund, Mr. Levi was chair of VanCity Credit Union and remained as a director until 1996. He is the president of the Retail Venture Capital Association of Canada and he is also a past director of the Canadian Venture Capital Association. Mr. Levi has provided strategic direction to many portfolio companies and currently serves on the board of Avcorp Industries. He also chairs Verite, an independent, non-profit social auditing and research organization and is involved in a number of community organizations.

Clint Matthews is the Chief Financial Officer of Matrix and certain of its operating subsidiaries. Mr. Matthews is also Chief Financial Officer of the Fund and the Manager and a director of the Manager. Mr. Matthews joined GrowthWorks Capital Ltd. in April 2008. Prior to joining GrowthWorks Capital Ltd., Mr. Matthews was Vice President, Investment Finance with Hospitals of Ontario Pension Plan where he was head of operations and finance. Prior to this, Mr. Matthews held senior positions with Deutsche Bank / Securities Canada and Gordon Capital / HSBC Securities. He worked for nine years in public accounting at KPMG primarily serving investment dealer and foreign bank clients. Mr. Matthews received his joint honours degree in mathematics and economics from the University of Waterloo where he also completed his Masters in Accounting. Mr. Matthews is a Chartered Accountant with over 20 years of professional experience and is a member of the Institutes of Chartered Accountants of Ontario and British Columbia.

Christopher Moyer is an Investment Manager of GrowthWorks Atlantic. Mr. Moyer previously held the position of Investment Analyst of GrowthWorks Atlantic and prior to that, Controller of GrowthWorks Atlantic. Prior to joining GrowthWorks Atlantic in 2005, Mr. Moyer spent four years as Divisional Controller and Senior Accountant with a general contracting firm. He has fourteen years of accounting and finance experience and holds a Bachelor of Commerce degree from Dalhousie University and a CMA designation. He has also completed an MBA at St. Mary's University. Mr. Moyer is currently a director of Virtual Marine Technology, Impath Networks Canada Corp., ClearRisk Inc., Azorus Inc. and Sampling Technologies Inc.

Portfolio Advisor

The Manager provides portfolio advisory services to the Fund under the Management Agreement. See "Duties and Services to be provided by the Manager" above. The Board has established an Investment Committee for each Atlantic Province except PEI. Each Investment Committee has authority to approve new venture investments made by the Fund in its designated province. See "Officers and Directors of the Fund – Investment Committees" above.

Certain officers of the Manager are also officers of GrowthWorks Capital Ltd., an affiliate of the Manager which is registered as a portfolio manager under securities laws in the provinces of Nova Scotia, Ontario, Manitoba, Saskatchewan and British Columbia, a mutual fund dealer under securities laws in the provinces of Nova Scotia, Ontario, Saskatchewan and British Columbia, an exempt market dealer under securities laws in the provinces of British Columbia and Ontario and an investment fund manager in British Columbia. For purposes of activities that require registered status under applicable securities laws, the Manager, at its own cost, has its senior officers who are also officers of GrowthWorks Capital Ltd. and have the necessary registration status, perform those activities in their capacity as officers of GrowthWorks Capital Ltd. See "Organization and Management Details of the Fund – Officers and Directors of the Manager of the Fund". GrowthWorks Capital Ltd. is a corporation incorporated under the laws of Canada and has offices located at Suite 310, 1801 Hollis Street, Halifax, Nova Scotia, B3J 3N4, at Exchange Tower, Suite 2200, 130 King Street West, Toronto, Ontario M5X 1E3 and at Suite 2600, 1055 West Georgia Street, Vancouver, B.C. V6E 3R5.

Brokerage Arrangements

GrowthWorks typically uses Macquarie Private Wealth Inc. for brokerage services concerning the Fund's short term investments, including both Venture Pending Funds and reserves. The arrangement is not exclusive and GrowthWorks may engage one or more different brokers from time to time for these investment transactions. GrowthWorks has in place a process for selecting brokers and allocating trades to selected brokers which is designed to be in the best interests of the Fund. In selecting a broker for the Fund, GrowthWorks will not consider a broker's sale of Fund shares as a factor. GrowthWorks may consider, in addition to the ability to trade at the best price, speed/timeliness, confidentiality, market depth, broker's expertise and capital commitment. As permitted under securities legislation, GrowthWorks receives, on behalf of the Fund, both order execution goods and services and research goods and services from Macquarie. The research goods and services are customary and relate to the kinds of investments within the Fund's portfolio, including general and specific reports on markets, pricing and credit ratings. GrowthWorks makes a determination that the Fund receives a reasonable benefit from order execution goods and services and research goods and services by considering both the use of the goods and services and the amount of brokerage commissions paid. Since the date of the Fund's last prospectus, Macquarie has provided both order execution goods and services and research goods and services, including reports on the bond market, pricing of portfolio assets and credit rating services. Macquarie is not affiliated with GrowthWorks, the Manager or the Fund. The name of any other broker that provides order execution goods and services or research goods and services will be provided upon request by contacting the Fund toll-free at 1.800.268.8244 or at info@growthworks.ca.

Conflicts of Interest

Allocation of Investment Opportunities

The services of GrowthWorks and its senior management and key employees are not exclusive to the Fund and they may provide similar services to other parties, including as managers of other labour-sponsored venture capital corporations. Affiliates of the Manager currently manage GrowthWorks Canadian Fund, GrowthWorks Commercialization Fund and Working Opportunity Fund. Instances may arise when an investment opportunity meets the investment criteria of the Fund and/or one or more other investment funds, including labour-sponsored funds, managed by GrowthWorks ("Other GW Managed Funds"). Overlapping investment opportunities should generally only arise between the Fund and GrowthWorks Canadian Fund given the regional focus and location of the Other GW Managed Funds. Overlapping venture investment opportunities will be allocated among the Fund and GrowthWorks Canadian Fund on an equitable basis, as set out in any co-investment agreement entered into between the funds or as otherwise determined by the investment committees of the funds from time to time. GrowthWorks Canadian Fund is presently focussed on follow-on investing.

Investing in Companies in which another GW Managed Fund holds an Interest

The Fund has adopted a policy that it will only make an initial investment in a company that Other GW Managed Funds already hold an interest in if, concurrent with the proposed investment, or within a reasonable time prior to the date of the proposed investment, an arm's length new investor(s) makes or has made an investment of an amount which is at least 25% of the proposed aggregate investment on substantially the same terms and conditions as the proposed investment, or the pricing of the proposed investment reflects an independent valuation prepared by an appropriately qualified valuator. For this purpose, the "aggregate investment" includes the proposed investment by the Fund and the Other GW Managed Funds. This policy can be waived by the Board or the applicable provincial Investment Committee if the Board believes it is appropriate to do so. If the Fund has entered into a specific co-investment arrangement with an Other GW Managed Fund, that specific co-investment arrangement will apply instead.

Independent Review Committee

The Fund has established an Independent Review Committee comprised of three directors. Each member of the Independent Review Committee is independent as determined in accordance with NI 81-107. The primary responsibility of the Independent Review Committee is to provide for the independent review and oversight of conflicts of interest faced by the Manager in managing the Fund. See "Officers and Directors of the Fund – Independent Review Committee" above. In addition to matters discussed above, the Independent Review Committee established the following standing instructions that may be followed, on certain terms and conditions, when potential conflict of interest situations arise.

- *Substantial Securityholder* - these instructions allow the Fund to make or hold investments in an entity in which the Fund alone or together with one or more related funds is a "substantial securityholder" (as defined in applicable securities legislation).
- *Proxy Voting* - these instructions allow officers of the Manager or an investment manager for a particular portfolio company to complete a proxy or vote in person at a meeting of that particular portfolio company on behalf of the Fund.
- *Self Dealing* – these instructions allow the Fund to purchase shares from a company for which an officer of GrowthWorks acts as a director.
- *Portfolio Companies* - these instructions allow the Fund to purchase a security from a person or company having fewer than 100 shareholders of which directors or officers of the Fund, the Manager or an affiliate of the Manager are a director or officer.
- *Non-venture Investments* - these instructions allow the Fund to trade non-venture investments with quoted prices or current redemption prices (as established or calculated by a qualified third party) among different Series of Class A Shares or with Other GW Managed Funds.
- *Cross-holdings* – these instructions govern transactions involving securities held or to be purchased by the Fund and one or more other investment funds managed by the Manager or an affiliate or related company of the Manager.

The Independent Review Committee undertakes an annual review of, among other things, its charter, the Manager's written policies and procedures for dealing with conflict of interest matters and standing instructions issued by the committee. The Independent Review Committee also prepares an annual report to shareholders that describes the committee and its activities for the financial year. See "Officers and Directors of the Fund – Independent Review Committee" above.

Conflicts of interest may arise in connection with transactions involving common portfolio holdings among the Fund and other investment funds or portfolios managed by the Manager or its affiliates. If a material conflict of interest arises in connection with transactions involving the Fund's holdings, in the absence of standing instructions that apply in the circumstances, the matter will be referred to the Independent Review Committee.

Board Seats on Investee Companies

In the normal course of providing investment management, members of our Manager's team participate on investee company boards of directors. Having board representation on portfolio companies is an important and standard feature of venture capital investing and as a result, the Fund often requires board representation as a condition of its investment.

From time to time, the Fund may hold an investment in an investee company that is a reporting issuer. If a potential conflict arises between the interests of the Fund and the interests of a reporting issuer in which the Fund has invested, employees and officers of the Manager that serve as directors of the reporting issuer are required to disclose to the board of the reporting issuer that they are managers of Fund's investment interests and abstain from voting on the matter at the reporting issuer board meeting. This way the reporting issuer is made aware of the different interests and the Manager's employee or officer withdraws from the reporting issuer decision. In addition, where a material conflict of interest arises between the interests of

the Manager and the Fund as a result of such board representation, the conflict will be referred to the Independent Review Committee.

Custodian

Under an agreement dated January 10, 2005 between the Fund and RBC Dexia Investor Services (the “Custodian”), with an address at Royal Trust Tower, 12th Floor, 77 King Street West, P.O. Box 7500, Station A, Toronto Ontario, M5W 1P9, the Custodian has agreed to hold the portfolio securities of the Fund in safekeeping. Assets are held in Canada by sub-custodians and sub-sub custodians appointed in accordance with the agreement.

Each party may terminate the agreement without any penalty by giving at least 30 days’ prior written notice to the other party of such termination. Prior written notice is not required and termination is immediate upon the giving of notice in the event that: (a) either party is declared bankrupt or is insolvent; (b) the assets or the business of any party shall become liable to seizure or confiscation by any public or governmental authority, or (c) the Manager’s powers and authorities to act on behalf of or represent the Fund have been revoked or terminated.

Auditors

The Fund’s auditors are KPMG LLP with an address at 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3.

Transfer Agent and Registrar

The Fund is the registrar and transfer agent for its Class A Shares. Under the Management Agreement, the Manager provides share registrar and transfer agency services and share transaction processing services. See “Duties and Services to be provided by the Manager” above. An affiliate of the Manager assists the Manager in providing these services to the Fund. The share registers and register of transfers of Class A Shares are kept at the office of the Manager or its affiliates.

Promoter

Under applicable securities laws, the Manager may be considered a promoter of the Fund as it may be considered to have taken the initiative in founding or organizing the Fund. See “Manager of the Fund”, “Duties and Services to be Provided by the Manager”, “Details of the Management Agreement” and “Officers and Directors of the Manager of the Fund” above. Also see, “Fees, Expenses and Dividends – Fees, Expenses and Dividends Payable Directly by the Fund – Management and Administration Fees”.

CALCULATION OF NET ASSET VALUE

The Audit and Valuation Committee of the Board has responsibility for establishing policies and procedures for valuing investments and calculating the net asset value of the Fund and NAV per Series Share. The Audit and Valuation Committee has adopted the rules and procedures described below.

NAV per Series Share

The price for purchasing and redeeming Class A Shares and the price for switching among Series is the net asset value or “NAV” per Series Share. This section explains how we calculate NAV per Series Share. NAV per Series Share for each Series is calculated at least weekly. As permitted under securities laws, an investment fund’s calculated net asset value for purposes of transacting sales and redemptions of shares may be different from the net asset value presented in the fund’s financial statements. No such difference exists in the case of the Fund because the Fund values its Class A Shares in a manner consistent with GAAP.

The Fund may issue its Class A Shares in several series. The Series Shares’ non-venture investment portfolios differ in varying degrees. See “Investment Objective”, “Investment Strategies” and “Investment Restrictions”. Because of these differences, each Series has its own, different net asset value per share or “NAV” per Series Share, which is the price for purchasing and redeeming shares of that Series.

The formula for calculating NAV per Series Share is as follows:

$$\text{NAV per Series Share} = \frac{\text{Series Assets} - \text{Series Liabilities}}{\text{Total number of shares of that Series issued and outstanding}}$$

Where:

“Series Assets” means the aggregate value of that portion of the Fund’s assets which have been acquired, allocated or classified in the records of the Fund as assets underlying that particular Series in accordance with the investment policy applicable to such Series, together with a *pro rata* portion of the assets of the Fund not otherwise allocated to any one or more series or class of shares; and

“Series Liabilities” means the aggregate value of that portion of the Fund’s liabilities which have been incurred, allocated or classified in the records of the Fund as liabilities in respect of the particular Series Assets or Series Shares, together with a *pro rata* portion of the liabilities of the Fund not otherwise allocated to any one or more series or class of shares.

The Fund’s assets and liabilities are allocated in the records of the Fund among series of Class A Shares in accordance with the particular investment policies and expenses and charges applicable to the series. This will result in venture and/or non-venture investments being allocated and classified in the records of the Fund as assets solely underlying one series of Class A Shares or, where investment mandates overlap, being allocated in part to more than one series of Class A Shares. It is fairly common for labour sponsored investment funds to have multiple series of Class A shares and for assets and liabilities to be allocated among such series in the records of the labour sponsored investment fund. This will mean the price and performance of the Series will differ as the valuation of the investments underlying those Series differs over time and the above formula is applied to calculate NAV per Series Share for the particular series. See “Investment Strategies – Non-venture Investment Strategies”.

Valuation Policies and Procedures of the Fund

Valuing Venture Investments

Venture investments are valued at estimated “fair value”, which is the amount that the investment could be exchanged for between knowledgeable, willing parties in an arm’s length transaction. Our venture investments can be divided into two main categories: privately held venture investments and publicly traded venture investments. Venture investments are valued using the following policies and methodologies:

General Venture Investment Valuation Policies

- Options and warrants will be valued at their “in the money” value.
- All quasi-equity, equity-linked or convertible into equity investments will be valued as equity if the equity value would be higher than the value established under the policies below.
- All valuations will take into account the difference between the currency of the investment and the currency of the Fund, using the exchange rate applicable on the valuation date.

Valuation Policies Unique to Privately Held Venture Investments

For venture investments for which there exists no published or quoted market (also referred to as “privately held”), the following valuation methodologies are applied:

- Estimated fair value is the price that the investment could be exchanged for between knowledgeable and willing parties in an arm's length transaction and will be determined using the method of valuation which best and most objectively reflects such fair value. In this regard, the methodologies set out below are applied.
- New investments will be valued at cost for generally a year unless there is a change or event which establishes a change in value.
- If there is a recent significant arm's length, bona fide, enforceable offer or transaction (a “Value Event”) with respect to an investment, values used in such an offer or transaction will be used in the valuation of the investment. However, if a special purchaser pays more than estimated fair value, the Value Event value will be reduced to reflect the value an ordinary purchaser would likely have paid. If a valuation is prepared by a qualified independent party (a “Specific Valuation”), such valuation may be used to give a valid indication of the current value of an investment. If there is not a recent Value Event or evidence of a change in value (see below), the value from the last Value Event will be used.
- If there is evidence of a diminution of value, then a decrease in the value of the investment will be recognized in multiples of 25% (unless there is sufficient information to more accurately assess the decrease in value in which case multiples of 5% will be used), and if there is strong evidence of value creation, an increase in the value of the investment to reflect that value creation may be recognized.

- If a portfolio company has profits or positive cash flows, it will generally be valued at cost for the first year. If there has not been a recent Value Event, then the best and most objective traditional valuation method may be used to estimate value (i.e. such as: a conservative multiple of sustainable earnings with a cross reference to (and an assessment of) tangible asset value may be used). However, if the investment is not amenable to being valued using traditional valuation methods, then the value from the last Value Event, Specific Valuation or investment will be used.
- The valuation calculations will generally reflect the impact of rights under contractual arrangements or terms attaching to a particular class of securities held by the Fund if such rights provide the Fund with better economic results and are likely to be exercised.

The process of valuing investments for which no published or quoted market exists is inevitably based on inherent uncertainties and the resulting values will likely differ from the value that would have been used had a ready market existed for the investments. See “Risk Factors – Valuations”.

Valuation Policies Unique to Publicly Traded Venture Investments

Our venture investments for which there exists a published or quoted market (also referred to as “publicly traded”), are valued at their closing bid prices (on a fully converted or exchanged basis, as the case may be) on each Valuation Date subject to marketability discounts for contractual, governmental or other legally enforceable restrictions preventing realization at the Valuation Date.

The methodologies applied are subject to change from time to time as determined by the Audit and Valuation Committee.

Valuing Non-venture Investments

Short-term debt instruments are valued at cost with accrued interest or discount earned included in the interest receivable. Listed securities are valued at the closing bid price reported on that day by the principal securities exchange on which the securities are traded. Reserves and other investments that are not traded or quoted on a market but are currently redeemable or callable by the Fund are valued at their redemption value as at each Valuation Date as confirmed by the pricing agent responsible for calculating the redemption price.

Independent Valuation

The value of the Fund’s venture investments is reviewed annually by the valuation group of the Fund’s independent auditors who determine whether the net asset value per Class A Share is materially different from that presented in the financial statements on which they report.

Compliance with Industry Standards

The policies and methodologies applied to value the Fund’s venture investments comply, in all material respects, with the Valuation Principles and Guidelines recommended by Canada’s Venture Capital & Private Equity Association (the “CVCA”) as at the date of this prospectus. If the CVCA updates its guidelines, the Fund’s Audit and Valuation Committee will review the updates prior to their adoption by the Fund.

Reporting of Net Asset Value

NAV per Series Share for each Series is calculated at least weekly and published in, or made available through the websites of, newspapers of general circulation in Canada such as the National Post and the Globe and Mail and posted at www.growthworks.ca.

ATTRIBUTES OF THE SECURITIES

The authorized capital of the Fund consists of an unlimited number of Class A Shares issuable in series, an unlimited number of Class B Shares and an unlimited number of Class C shares (the “Class C Shares”). The following is a summary of the material provisions attached to each class of shares of the Fund.

Description of the Securities Distributed – Class A Shares

Series Shares

The Class A Shares are issuable in series, each series consisting of such number of shares as may be determined by the Board. The Fund is offering Series 6 (GIC Series), Series 7 (Balanced Series), Series 8 (Growth Series) and Series 9 (Financial Services Series) of its Class A Shares under this prospectus. The Fund previously offered Series 1 (Original

Balanced Shares), Series 2 (05 Commercialization Shares), Series 3 (06 Commercialization Shares), Series 4 (07 Commercialization Shares) and Series 10 (Diversified Series) of its Class A Shares. The Fund created but never offered Series 5 (08 Commercialization Shares). The Fund is authorized to issue an unlimited number of Series Shares. See “Diversified Series Shares”, “Original Balanced Shares” and “Previously Offered Commercialization Shares” below.

Except as otherwise specified, all Series of Class A Shares have the rights and restrictions as set out below. These rights also apply to fractions of Class A Shares in the proportion that the fractional Class A Share bears to a whole Class A Share.

- *Issue* – Class A Shares may be issued to individuals, RRSPs and such other persons as may be permitted under applicable legislation from time to time, including TFSAs. This restriction is subject to an exception with respect to Class A Shares issued to another labour-sponsored venture capital fund in the context of a merger.
- *Redemption Rights* – Class A Shares are redeemable on demand, subject to the conditions set out under “Redemption of Securities”. Redemption proceeds may be subject to certain fees and repayment of tax credits. See “Redemption of Securities”.
- *Transfer* – Generally, if appropriate documentation to claim the federal tax credit and provincial tax credit (if applicable) has been issued, we cannot register a transfer of Class A Shares except if all conditions of the Tax Act and applicable provincial legislation, if any, have been satisfied and we are notified that the Class A Shares are being transferred:
 - as a consequence of the death of the original investor;
 - by the original investor who, after acquiring the Class A Shares, became disabled and permanently unfit for work or terminally ill if such transfer is permitted under the legislation or by the government authority of your province of residence;
 - to a RRSP, RRIF or TFSA under which the original investor or his or her spouse or common-law partner or former spouse or common-law partner is the annuitant;
 - to the original investor or the spouse or common-law partner or former spouse or common-law partner of the original investor; or
 - in accordance with such other conditions as may be prescribed for the purposes of the Tax Act and any applicable provincial legislation and as approved by the Board.
- *Dividends* – Holders of Class A Shares are entitled to receive dividends at the discretion of the Board.
- *Voting Rights* – Holders of Class A Shares are entitled to receive notice of and attend all meetings of shareholders of the Fund and are entitled to one vote for each Class A Share held except for meetings at which only holders of shares of a different class or series are entitled to vote separately as a class or series. The holders of Class A Shares are entitled to elect the number of directors not nominated by the Sponsors. Currently, this is 6 of 15 directors.
- *Switch Rights* – For Series Shares only, each share can be converted into another Series Share designated by the Board based on their relative Net Asset Value per Series Share. Holders of Series Shares are currently allowed to switch their shares four times every calendar year. This frequency may be changed by the Board. See “Income Tax Considerations” and “Risk Factors”. At this time, all other Series may switch into GIC Series but there is no switch right out of GIC Series. See “Purchases and Switches of Securities”.
- *Dissolution* – On the liquidation, dissolution or winding-up of the Fund or other distribution of its assets for the purpose of winding up its affairs (a “dissolution”), the holders of Class A Shares will be entitled to share rateably the remaining property and assets of the Fund after the holders of Class B Shares are paid an amount equal to the purchase price paid for such shares and after the holder of Class C Shares is paid the amount provided for in the rights attached to the Class C Shares.

Original Balanced Shares

The Fund previously offered the Original Balanced Shares, either pursuant to previously filed prospectuses or through the WI Fund Merger. The Original Balanced Shares had substantially the same rights and restrictions as the Series Shares, except they could not be switched into another Series of Class A Shares. In December 2007, the Original Balanced Shares were converted into the Balanced Series shares that form part of the Series Shares.

Previously Offered Commercialization Shares

The Fund previously offered the 05, 06 and 07 Commercialization Shares. The Board adopted a dividend policy in respect of each previously offered series of Commercialization Shares to pay cash dividends during a period of approximately three years after the offering period for the given series that total about 25% of the purchase price of the shares (the “Dividend Policy”). To facilitate implementation of the Dividend Policy, a new series of Commercialization Shares was offered each

year. The venture and non-venture investments allocated to each series of Commercialization Shares, on a series by series basis after the Dividend Policy for a series had been completed, were pooled with the assets allocated to the Series Shares. Once the pooling of assets was completed for a given series of Commercialization Shares, that series of Commercialization Shares and the Balanced Series shares were referable to the same venture and non-venture investment portfolios. Each series of Commercialization Shares was converted into Balanced Series shares following the pooling of the series' assets with those of the other non-Commercialization Series Shares. The conversions were effected based on the NAV per Series Share of the converted series of Commercialization Shares relative to the NAV per Series Share of Balanced Series shares at the time of the conversion.

The pooling of assets and conversion for each series was approved by shareholders at the Fund's 2007 AGM. In January 2008, the 05 Commercialization Shares were converted into Balanced Series shares, in December 2008, the 06 Commercialization Shares were converted into Balanced Series shares and in December 2009, the 07 Commercialization Shares were converted into Balanced Series shares.

Diversified Series Shares

The Fund previously offered Diversified Series shares pursuant to previously filed prospectuses. The Diversified Shares had substantially the same rights and restrictions as the Series Shares. In December 2010, the Diversified Shares were converted into the Balanced Series shares that form part of the Series Shares. The conversion was approved by holders of Diversified Shares at the Fund's 2010 AGM.

Class B Shares

The Fund's Class B Shares have the following rights and restrictions:

- *Issue* – Class B Shares may be issued only to an eligible labour body under the Tax Act.
- *Transfer* – The Fund cannot register or otherwise recognize a transfer of Class B Shares, unless the transferee is an eligible labour body and the transfer is approved by the Board.
- *Dividends* – The holders of the Class B Shares are not entitled to receive dividends.
- *Voting Rights* – The holders of the Class B Shares are entitled to elect 9 of a total of 15 directors. Holders of Class A Shares elect the remainder. Of the 9 directors to be elected by the holders of the Class B Shares, 2 are nominated by such holder and the remaining 7 are nominated by the Provincial Sponsors. See “Organization and Management Details of the Fund – Officers and Directors of the Fund” and “Organization and Management Details of the Fund –The Sponsors”. The holders of the Class B Shares are entitled to receive notice of and attend all meetings of shareholders of the Fund and to one vote for each Class B Share held at all such meetings except meetings at which only holders of shares of a different class or series are entitled to vote separately as a class or series.
- *Dissolution* – On dissolution, the holders of the Class B Shares are only entitled to receive an amount equal to the purchase price paid for such shares, which is a nominal amount. This amount will be paid before any assets are distributed to the holders of Class A Shares and after the holder of Class C Shares is paid the amount provided for in the rights attached to the Class C Shares.

Class C Shares

The Class C Shares have the following rights and restrictions:

- *Issue and Transferability* – The Class C Shares may only be issued to a manager or investment manager of the Fund and are not transferable. The Manager holds 100 Class C Shares (the “IPA Shares”), representing all of the outstanding Class C Shares.
- *Incentive Participation Dividends* – The holder of IPA Shares is entitled to receive dividends (“IPA Dividends”) based on realized gains and income from venture investments. The IPA Dividends equal 25% of the realized gains and income from each venture investment.

Before any IPA Dividends can be paid in respect of any venture investment, the following conditions must be met:

- (i) *Portfolio Test* – the total net realized and unrealized gains and income of the Fund from its portfolio of venture investments must have generated an annualized rate of return greater than a cumulative annualized threshold rate of return equal to the average annual rate of return on a five year guaranteed investment certificate offered by the Royal Bank of Canada plus 2%;
- (ii) *Venture Investment Test* – the compounded annual internal rate of return (including realized and unrealized gains and income from prior partial dispositions of that venture investment or otherwise) from the venture investment since its acquisition by the Fund must equal or exceed 12% per year; and
- (iii) *Principal Test* – the Fund must have fully recovered a cash amount at least equal to the principal invested in the venture investment.

We only pay IPA Dividends in respect of a venture investment if, at the time of a divestment, all the above conditions are met at that time. If the conditions are not met at the time of a full divestment of a venture investment, we don't pay an IPA Dividend in respect of that divestment even if the conditions are subsequently met. We also only pay IPA Dividends on any partial disposition of such a venture investment if the Fund receives, from all dispositions of that venture investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the venture investment. If on a subsequent partial disposition of that same venture investment all conditions are met, we will pay an IPA Dividend on all realized gains and income from all divestments of that venture investment.

IPA Dividends are calculated and payable quarterly. To the extent they are not declared by the Board and paid when payable, they are cumulative. The Fund intends to elect, to the maximum extent possible, that any such dividends be "capital gains dividends" for the purposes of the Tax Act.

(Note: The Fund and the Manager believe that the IPA Dividend arrangements are appropriate as they have been structured to replicate, to the extent reasonably possible, the "participating" or "carried" interest commonly provided to venture capital fund managers in the venture capital industry in North America. In addition to being common industry practice, the Fund believes that it needs to be able to offer a participating interest which is competitive with arrangements generally prevailing in the venture capital industry in order to attract and retain skilled management to carry out its investment objective and strategies. The participating interest provided to managers in the private venture capital industry is generally 20% or higher. The dividend arrangements build in "hurdle rates" of: (i) GIC rate plus 2% for the venture portfolio, and (ii) a 12% internal rate of return for the specific investment disposed of. Hurdle rates are often used in venture capital fund participating interest arrangements and are designed to ensure that a manager receives a share of gains only when these minimum performance benchmarks have been met.)

- *Non-Voting* – Except as required by law, the holder of the IPA Shares is not entitled to vote.
- *Manager Termination* – If the holder of the Class C shares is terminated as a manager or investment manager of the Fund, the holder of the IPA Shares will be entitled to receive an amount equal to all declared but unpaid IPA Dividends payable promptly and an amount equal to the IPA Dividend that would be payable assuming all venture investments were sold at that time payable as each venture investment is actually disposed of.
- *Redemption* – The Fund may redeem the IPA Shares by payment of an amount equal to the purchase price paid for such shares if the Manager agrees thereto or ceases to be manager of the Fund and provided that any IPA Dividends payable, accrued or accumulated have been paid in full.
- *Dissolution* – On dissolution, the holder of the IPA Shares will be entitled to receive an amount equal to all declared but unpaid IPA Dividends and an amount equal to the IPA Dividends that would be payable assuming all venture investments were sold at that time, before any assets are distributed to holders of any other shares of the Fund, but shall not otherwise be entitled to a distribution of assets on the dissolution of the Fund.

SECURITYHOLDER MATTERS

Meetings of Securityholders

The directors of the Fund must call a general meeting of shareholders every year. A special meeting of shareholders may be called by the directors at any time and 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 60 days' notice will be given for any meeting of the Fund's shareholders. The quorum for any shareholder meeting is two persons present in person and each entitled to vote at the meeting either as a shareholder or as proxy for one or more shareholders. Voting at the meetings is generally conducted by a show of hands of shareholders and proxyholders present at the meeting and entitled to vote thereat unless a ballot is demanded by a shareholder present at the meeting or by a

proxyholder entitled to vote at the meeting or unless proxies representing not less than 5 per cent of the shares entitled to be voted at the meeting would be voted against what would otherwise be the decision of the meeting on such matter.

Approval of Shareholders of Certain Changes

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, an undisclosed change in any contract or the entering into of any new contract as a result of which the basis for the calculation of the fees or of other expenses that are charged to the Fund or its securityholders could result in an increase in charges to the Fund or its securityholders;
- change of the manager of the Fund (other than to an affiliate of the Manager);
- any change in the investment objective of the Fund;
- any change of auditors;
- any decrease in the frequency of calculating the net asset value of the Class A Shares;
- 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 of the Fund or by applicable laws to be approved by shareholders of the Fund.

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

Reporting to Securityholders

Investors will receive a transaction confirmation and appropriate documentation to enable investors to claim the federal tax credit and the provincial tax credit (if applicable).

Audited annual and unaudited semi-annual financial statements, an annual report of the Fund, management reports of fund performance and statements of accounts are made available to all shareholders in accordance with applicable securities laws. Such financial statements are prepared in accordance with generally accepted accounting principles in Canada and reflect the net asset value of the Fund at the date of the statements. The Fund's financial statements are also available at www.growthworks.ca. Shareholders will also receive materials in relation to the Fund's annual general meetings in accordance with applicable securities laws.

TERMINATION OF THE FUND

Under the *Canada Business Corporations Act*, the Fund may be dissolved by special resolution of the shareholders. See "Attributes of the Securities - Description of the Securities Distributed – Class A Shares" for information about Class A shareholders' entitlements on a dissolution.

PLAN OF DISTRIBUTION

The Manager is authorized to select the Fund's principal distributor from time to time or, alternatively if it is appropriately registered under applicable securities laws, may itself act as the Fund's principal distributor. The Manager has selected its affiliate, GrowthWorks Capital Ltd., as the Fund's principal distributor. GrowthWorks Capital Ltd. is registered as a mutual fund dealer in Nova Scotia. The principal distributor will authorize a selling group consisting of qualified investment dealers, brokers and mutual fund dealers to distribute and sell the Class A Shares, and provide logistical and marketing support to the selling group. Class A Shares are being offered for sale under this prospectus in Nova Scotia, New Brunswick, PEI and Newfoundland and Labrador. All purchases are subject to rejection or allotment in whole or in part by the Fund. The purchase price of each Series is the NAV per Series Share for the particular Series.

Although we expect to continuously offer Class A Shares, the Fund may suspend offering any of the offered Series Shares (subject, in appropriate circumstances, to continuing the offering in respect of specified categories of investors) and recommence offering some or all of the Series Shares or other Series of Class A Shares at a later date at any time if we consider it appropriate to do so.

Payroll Savings Plans

Class A Shares of the Fund may be purchased under payroll savings plans or “PSPs” through which participating employees authorize their employers to make deductions from the employees’ pay to fund the purchase of Series Shares. The amount remitted from time to time by an employer on behalf of an employee pursuant to a PSP is deemed to be a subscription by the employee for as many Series Shares of the Fund, including fractional shares, as may be purchased with the amount of that remittance at the applicable NAV per Series Share on the weekly Valuation Date following acceptance of the subscription by the Fund.

Participants under PSPs may be subject to a minimum investment of \$10 per week and an aggregate minimum investment of \$500 per year. There are no administrative fees payable to the Fund for participation in a PSP. There may be additional administration fees charged by a participating dealer administering your PSP. Other than the minimum investment amounts noted above, participants in a PSP are not required to commit to any specific number of purchases. Subject to any additional conditions associated with a particular employer’s PSP, a participant in a PSP may change the dollar amount or the frequency of his or her purchases or may terminate any further participation in the PSP at any time without penalty on written notice to the Fund and his or her employer.

Shares sold through PSPs are subject to the same commissions and service fees as are payable on regular sales. If the Fund permanently suspends sales of a particular Series of Shares and replaces the suspended Series with another comparably structured Series, for example when Balanced Series replaced Original Balanced Shares, PSP sales will automatically shift to the replacement Series. If sales of a particular Series are suspended temporarily, monies received through PSPs will be held pending the resumption of sales of that Series. Purchasers should consult their advisers as to the specific conditions that apply to particular PSP programs and any unique tax considerations associated with PSP purchases.

PAC and Other Purchase Plans

The Fund may also sell Class A Shares through pre-authorized chequing or “PAC” and other purchase plans. This may include direct purchase and capital accumulation plans whereby purchases are made in accordance with exemptions from the requirement under applicable securities laws to effect trades through registered investment dealers, brokers or mutual fund dealers.

PRINCIPAL HOLDERS OF SECURITIES OF THE FUND

To the knowledge of the Fund, no person beneficially owns, or controls and directs, directly or indirectly, more than 10% of the issued and outstanding Class A Shares of the Fund. The Regional Sponsor owns all of the issued and outstanding Class B Shares of the Fund, and the Manager owns the IPA Shares, which represent all of the issued and outstanding Class C Shares of the Fund.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Fund has retained the Manager to provide the Services to the Fund. See “Organization and Management Details of the Fund – Manager of the Fund”. The Manager is part of the venture capital division of Matrix. The directors and senior officers of GrowthWorks, as a group, beneficially owns, directly or indirectly, or controls approximately 19% of the issued and outstanding common shares of Matrix (calculations in this paragraph do not include unvested restricted common shares), three of whom are directors and/or officers of the Fund, namely Mr. Thomas Hayes, Mr. David Levi and Mr. Clint Matthews. David Levi directly or indirectly owns or controls 12.54% of the shares of Matrix and is a director of the Fund and the Manager.

PROXY VOTING DISCLOSURE

As part of its management services, the Manager votes the proxies associated with the Fund’s investments in a manner which it believes to be in the best interests of the Fund as follows. Because a decision to invest in a portfolio company is *generally* an endorsement of management of the portfolio company, the Manager will generally vote the Fund’s shares with management on routine matters, provided however, that the matter meets the corporate governance requirements applicable to that portfolio company. On other matters, including those business issues specific to the portfolio company or those raised by shareholders of the portfolio company, the Fund’s shares will be voted on a case by case basis, in a manner which the Manager believes is in the best interests of the Fund having regard to the information available to it.

From time to time, apparent conflicts of interest may arise with respect to the exercise of voting rights of the Fund such as situations where employees and officers of the Manager serve as directors of such a portfolio company. In all situations of

conflict or apparent conflict, the Manager will only exercise voting rights of the Fund uninfluenced by considerations other than the best interests of the Fund. In other words, the Manager will vote the Fund's shares solely in the capacity as a representative of the Fund and not in any other legal capacity.

The Fund's proxy voting record for the period ended June 30 of each year from 2006 onwards is available free of charge to any shareholder of the Fund after August 31 of that year and is also available for viewing on GrowthWorks' website www.growthworks.ca/funds/atlantic.

MATERIAL CONTRACTS

The Fund is governed by Articles of Incorporation, as amended, referred to under "Overview of the Structure of the Fund". The Fund is also presently a party to the following material contracts:

- (a) The Management Agreement referred to under "Organization and Management Details of the Fund – Details of the Management Agreement"; and
- (b) The Custodian Agreement referred to under "Organization and Management Details of the Fund - Custodian".

Copies of the foregoing contracts may be inspected during regular business hours at the principal place of business of the Manager in Halifax.

LEGAL MATTERS AND ADMINISTRATIVE PROCEEDINGS

There are no legal proceedings material to the Fund to which the Fund or the Manager is a party or to which any of its property is subject and no such proceedings are known to be contemplated.

EXPERTS

Certain legal matters in connection with this offering have been passed upon on behalf of the Fund and the Manager by Irwin, White & Jennings, Barristers and Solicitors ("IWJ"), and Stewart McKelvey. KPMG LLP is the Fund's auditor and such firm has prepared an opinion with respect to the Fund's financial statements for the financial years ended August 31, 2010 and August 31, 2009. As at the date hereof, the members of IWJ, as a group, and the partners and associates of Stewart McKelvey, as a group, beneficially hold, directly or indirectly less than one percent of securities of the Fund. KPMG LLP are auditors of the Fund and have confirmed to the Fund and the Manager that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct prescribed by the various provincial institutes of chartered accountants.

EXEMPTIONS AND APPROVALS

The Fund has received exemptions and approvals from securities regulatory authorities that continue to be relied on by the Fund. In January 2005 and March 2009, the Fund received exemptive relief from the investment and redemption restrictions in National Instrument 81-102 *Mutual Funds* in relation to certain of the Fund's investments and from the restrictions on incentive fees in National Instrument 81-102 *Mutual Funds* in relation to the IPA Shares. In January 2005, the Fund was also granted relief from the prohibitions in National Instrument 81-105 *Mutual Fund Sales Practices* against the making of certain payments by the Fund to participating dealers. The Fund also received an exemption in January 2005 from the provisions of securities legislation that prohibit the Fund from making and holding an investment in a person or company in which the Fund, alone or together with one or related funds, is a substantial securityholder. In October 2007, the Fund received approval under National Instrument 81-102 *Mutual Funds* to pool the assets of each series of Commercialization Shares with the assets of the Series Shares and to effect a subsequent conversion of each such series into Balanced Series shares. See "Attributes of the Securities – Description of the Securities Distributed – Class A Shares". In December 2010, the Fund received approval under National Instrument 81-102 *Mutual Funds* to convert the previously offered Diversified Shares into Balanced Series shares. See "Attributes of the Securities – Description of the Securities Distributed – Class A Shares".

RISK TOLERANCE

The Series Shares all participate in: (i) venture investments, and (ii) non-venture investments which vary according to the particular Series Shares purchased, as indicated by each Series' name.

The non-venture investments of the GIC Series are low risk, but when coupled with the higher risk venture portion, the GIC Series shares overall are suitable for investors who have a moderate tolerance for risk.

The non-venture investments of the Balanced Series have low to moderate risk, but when coupled with the higher risk venture portion, the Balanced Series overall are suitable for investors who have a moderate to high tolerance for risk.

The non-venture investments of the Growth and Financial Services Series have moderate to high risk, but when coupled with the higher risk venture portion, these Series Shares overall are suitable for investors who have a high tolerance for risk.

OTHER MATERIAL FACTS

Merger with Workers Investment Fund Inc.

Effective December 16, 2005, the Fund completed a merger (the “Merger”) with WI Fund. Under the Merger, the Fund purchased all of the net assets of WI Fund in exchange for Original Balanced Shares of the Fund. Those Original Balanced Shares were in turn transferred to shareholders of WI Fund through a redemption procedure. The number of Original Balanced Shares issued to WI Fund under the Merger and subsequently transferred to shareholders of WI Fund was based on the net asset value or “NAV” of WI Fund relative to the NAV of the Original Balanced Shares of the Fund on the effective date of the Merger. As part of the Merger transaction, shareholders of WI Fund received a total of 1,901,634 Original Balanced Shares having an aggregate NAV of approximately \$18.86 million.

Future Merger Transactions

The Fund intends to explore opportunities to acquire investments that have potential to diversify risk, generate positive returns and assist in lowering the overall management expense ratio for Fund shareholders. As part of that strategy, the Fund may examine other venture capital funds to identify possible merger candidates. If suitable candidates are identified, the Fund may complete mergers with such other funds, subject to obtaining the necessary regulatory and shareholder approvals.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RECISSION

Securities legislation in certain of the provinces and territories 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. In several of the provinces and territories securities legislation further provides a purchaser with the remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by securities legislation of the purchaser’s province or territory. The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

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

- the most recently filed audited annual financial statements;
- any unaudited semi-annual financial statements filed after those audited 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.

Any of the above documents, if filed by the Fund after the date of this prospectus and prior to the termination of the distribution are deemed to be incorporated by reference into this prospectus.

These documents are incorporated by reference into this prospectus, which means they legally form part of this document just as if they were printed as part of this document. You can get copies of these documents at your request, and at no cost, by calling toll free 1.800.268.8244 or from your investment advisor. The Fund’s financial statements are also available on GrowthWorks’ website at www.growthworks.ca or by contacting us at info@growthworks.ca. These documents and other information about the Fund are also available on the SEDAR website at www.sedar.com.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Any statement contained in a document incorporated by reference in this prospectus shall be deemed to be modified or superseded, for purposes of this prospectus, to the extent that a statement contained in this

prospectus or in any subsequently filed document that also is incorporated by reference herein modifies or supersedes such statement. Notwithstanding the foregoing, any unaudited financial information contained in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus by subsequently filed audited financial information.

PRIVACY POLICY

The Fund is committed to the privacy of the Fund's shareholders and maintains safeguards and procedures to ensure that their privacy is protected. To ensure compliance with applicable privacy legislation, the Fund and its Manager have adopted policies regarding the collection, use and disclosure of shareholders' personal information. Below is a summary of the purposes for which information from the Fund's shareholders is collected and in what circumstances it may be disclosed.

"Personal Information" means information about an identifiable individual other than business contact information. It includes items such as a shareholder's name, address, gender, age, family status, social insurance number, investment selection, beneficiary information and personal bank account information.

We collect and use Personal Information for the following purposes:

- *To identify a shareholder.* We use your Personal Information to identify you and to ensure the accuracy of information contained in your account record;
- *To establish and administer shareholders' account.* When you purchase shares in the Fund, the Personal Information we receive from your applications or know your client forms is used to establish and administer your account and to record and store account holdings and transaction information in your account record;
- *To execute transactions.* We use your Personal Information in connection with executing transactions with or through our transfer agent including transferring funds by electronic or other means;
- *To develop and improve products.* We collect Personal Information about the products that you purchase from the Fund in order to further develop and enhance the products the Fund offers in the future. That information may also be used to bring new products offered by the Fund or other GrowthWorks managed funds to your attention;
- *To understand shareholder needs and preferences.* In order to provide you with better service, we may ask for additional information to determine what shareholders' responses will be to proposed initiatives. For example, we may seek shareholders' feedback on alternative forms of shareholder communication, such as e-mail;
- *To meet legal regulatory requirements.* We collect the Personal Information of shareholders to comply with certain regulatory reporting requirements;
- *To protect against error and fraud.* To protect you and the Fund from fraud and error, we may verify your Personal Information and may use your Personal Information to ensure your eligibility to purchase the Fund's products; and
- *To manage the Fund's operations and investments.* Our Manager analyzes your selection of Fund products and services in order to respond to shareholder's interests and better manage the Fund and the Fund's investments.

Any additional uses would require your written consent. You can withdraw your consent after it's been given.

The Fund may, on occasion, need to disclose Personal Information to other parties about its shareholders. GrowthWorks ensures that when it transfers shareholders' Personal Information to third parties, it is done with the strict understanding that it is for a specific, legitimate business purpose. Some examples of when Personal Information may be disclosed include:

- *To enable the provision of services* - to a related company or third party agent that provides services such as an investment manager or the Fund's transfer agent;
- *To assist an agent acting on behalf of a shareholder* - to an individual's personal investment adviser if satisfied that the disclosure is at the request of the individual. This would include providing your investment advisor with investment account statements, tax receipts, financial statements for your investments, proxy mailings, transaction confirmations and other information that your investment advisor may request to service your account;
- *To protect the Fund's interests* - to protect the Fund's interests including collecting a debt owed to the Fund or allowing the performance of a transaction; and
- *Research or business planning* - to a third party retained to perform research or business planning activities for the Fund.

For a copy of the Fund's complete privacy policy log onto our website at www.growthworks.ca or contact the Fund's privacy officer by email at privacyofficer@growthworks.ca or by mail at Suite 310, 1801 Hollis Street, Halifax, Nova Scotia, B3J 3N4 Attention: Privacy Officer.



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AUDITORS' CONSENT

GrowthWorks Atlantic Venture Fund Ltd. (the "Fund"), Class A Shares being offered in the following series:

GIC Series
Balanced Series
Growth Series
Financial Services Series
(collectively, the "Offered Series")

We have read the prospectus dated November 24, 2011 relating to the sale and issue of Class A Shares of the Offered Series of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned prospectus, of our auditors' report dated November 9, 2010 to the shareholders of the Fund on the following financial statements of the Fund:

- statement of investment portfolio as at August 31, 2010;
- statements of net assets as at August 31, 2010 and 2009; and
- statements of operations, changes in net assets and of cash flows for years ended August 31, 2010 and 2009.

Chartered Accountants

Vancouver, Canada
November 24, 2011

APPENDIX A
PORTFOLIO INFORMATION
GROWTHWORKS ATLANTIC VENTURE FUND LTD.
(unaudited)

The following tables contain information with respect to the venture investments of GrowthWorks Atlantic Venture Fund as of November 16, 2011 in companies of which the Fund holds more than 5% of a particular class of securities. The composition of the Fund's venture portfolios is subject to change as new investments are made and investments are sold in the normal course of business.

<u>Name and Location</u>	<u>Nature of Business</u>	<u>Percentage of Securities of Each Class Owned by the Series</u>	<u>Cost of Investment as a Percentage of Series Net Asset Value</u>	
AnyWare Group Inc. Saint John, New Brunswick	Provider of access and security e-solutions.	Debenture A, 13.33%	100.00%	1.73%
		Debenture B, 6.00%	41.26%	2.43%
		Debenture E, 10.00%	50.00%	3.47%
		Debenture H, 12.00%	50.00%	1.73%
Azorus Inc. Halifax, Nova Scotia	Recruiting software for post secondary educational institutions	Preferred Share A	100.00%	2.95%
		Preferred Share C	100.00%	1.29%
		Preferred Share D	100.00%	1.39%
		Preferred Share E	100.00%	1.22%
		Preferred Share F	24.56%	1.13%
		Preferred Share G	39.19%	2.23%
		Promissory Note Warrants	100.00% 39.19%	0.69% 0.00%
ClearRisk Inc. St. John's, Newfoundland and Labrador	Development and commercialization of risk management solutions	Preferred Share A	87.72%	3.47%
Coast to Coast Publications Ltd. Miramichi, New Brunswick	Publisher of specialized directories for the hospitality industry	Common Share B	100.00%	0.43%
		Convertible Debenture, 14%	100.00%	0.84%
Impath Networks Canada Inc. Dartmouth, Nova Scotia	Manufacturer of components for the security industry	Preferred Shares A	27.79%	5.20%
		Warrants	19.23%	0.00%
Inocom Inc. Fredericton, New Brunswick	Language interpretation technologies for use in hospitals	Common Shares	6.84%	0.21%
Lymbix Inc., Moncton, New Brunswick	Development and commercialization of sentiment analysis software	Debenture, 12%	100.00%	4.68%
Origin Biomed Inc. Halifax, Nova Scotia	Development and commercialization of over the counter pain treatments	Common Share B	10.05%	7.10%
		Preferred Share	25.00%	1.73%
NeuroQuest Inc. Halifax, Nova Scotia	Development and commercialization of prescription pain treatments	Common Shares	7.64%	0.00%
Sampling Technologies Inc. Lower Sackville, Nova Scotia	Provider of pharmaceutical marketing solutions	Convertible Debenture A, 10%	25.00%	1.73%
		Convertible Debenture B, 10%	75.00%	5.20%
SG5 Innovation Inc. Moncton, New Brunswick	Development and commercialization of e-commerce for the advertising industry	Preferred Share	100.00%	1.39%
		Convertible Debenture, 16%	100.00%	1.73%
Virtual Expert Clinics Inc. Fredericton, New Brunswick	Development and commercialization of autism treatment tools	Convertible Debenture A, 16%	100.00%	1.56%
		Convertible Debenture B, 10%	50.00%	1.99%
		Convertible Debenture C, 16%	50.00%	0.61%
		Convertible Debenture D, 13%	54.55%	2.08%
		Convertible Debenture E, 13%	50.00%	2.43%
		Convertible Debenture F, 13%	50.00%	1.73%
Virtual Marine Technology Inc. St. John's, Newfoundland and Labrador	Development and commercialization of small boat simulators	Preferred Shares A	68.69%	3.81%
		Preferred Shares B	59.36%	2.60%
Total for all Series venture investments				76.84%

CERTIFICATE

GROWTHWORKS ATLANTIC VENTURE FUND LTD.

Date: November 24, 2011

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the Class A Shares of GrowthWorks Atlantic Venture Fund Ltd. offered by this prospectus as required by the securities legislation of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

(signed) THOMAS J. HAYES
Chief Executive Officer

(signed) CLINT MATTHEWS
Chief Financial Officer

On behalf of the Board of Directors

(signed) DAVID LEVI
Director

(signed) RICK CLARKE
Director

GROWTHWORKS ATLANTIC LTD.

(signed) THOMAS J. HAYES
Chief Executive Officer



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