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## WORKING OPPORTUNITY FUND (EVCC) LTD.

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The annual information form dated July 8, 2011 (the “AIF”), as amended by amendment no. 1 dated October 4, 2011, relating to the Class A Shares of the Working Opportunity Fund (EVCC) Ltd. (“WOF”) is amended and is to be read subject to the additional information set forth below. All capitalized words have the same meaning as set out in the AIF.

### Standby Credit Facility

The Fund has approved a \$10 million credit facility agreement with BCC Lending Services Ltd., an affiliate of Beedie Capital Partners, a Vancouver based institutional investor. The 12-month, non-revolving facility (the “Facility”) will enhance operating and financial flexibility for the Fund’s Venture Series.

As the originally offered shares of the Fund, the Venture Series is continuing the natural progression for a maturing venture capital portfolio by mainly focusing on follow-on investments and developing and closing-out exit opportunities. However, recent heightened concerns about a new recession and resulting high levels of market volatility has dampened activity in the IPO and M&A markets and impaired the ability of venture investors to exit positions. These market conditions, combined with the challenging capital raising climate for conventional retail capital funds, may put pressure on the Fund’s capital resources during peak redemption periods. The Facility provides the Fund with standby capital to alleviate that pressure, should it arise.

Under the Facility agreement, the Fund will pay interest on drawn amounts at a rate of 15.0% per annum. The Fund will also pay standby charges for undrawn amounts, a commitment fee and a bonus fee if the Fund achieves exits totaling \$25 million prior to December 31, 2013. The Fund must apply a portion of exit proceeds received during the term of the Facility towards payment of amounts owing under the Facility, excluding the first \$5 million of proceeds received. Any funds drawn under the Facility must be repaid on or before December 31, 2012. The Fund’s obligations under the Facility agreements are secured, including by a fixed charge over all assets of the Fund and/or sale proceeds derived from assets of the Fund. If the Fund is unable to repay amounts drawn by December 31, 2012, the Fund will be in default under the Facility and amounts drawn will bear interest at 20%. Under certain conditions, the Fund will have a period of time in which to sell assets of its choosing in order to repay the amounts owing under the Facility. During this time, the Fund will pay the lender a monthly monitoring fee and the Fund will be subject to restrictions on its use of available cash until the Facility is repaid, including a restriction on payment of management fees, although the fees would continue to accrue as a liability of the Fund. As the Facility provides greater capital resources for the Venture Series, all charges and costs associated with the Facility will be allocated to outstanding Venture Series shares. The maximum amount of standby charges and fees is approximately 0.5% of the net asset value of the Venture Series. Commercialization Series shares will not incur any charges related to the Facility and there are no restrictions under the Facility on the payment of dividends on the Commercialization Series shares previously or currently offered by the Fund.

**Statements about expectations for divesting from investments in the Fund’s venture portfolio are forward-looking statements. Actual results may differ materially from those expressed or implied by such forward-looking statements as a result of numerous known and unknown risks affecting the Fund and its portfolio companies, including risks inherent with investments in emerging businesses with unproven technologies or products or limited sales, market and economic risks that may significantly limit divestment opportunities, proceeds realized from divestments and sources of capital for portfolio companies, levels of Class A Share redemptions within the Fund, which in turn may impact the availability of the Fund to undertake follow-on investments and honour redemptions requests, and other risks referenced under “Risk Factors”. In addition, as much of the Fund’s assets are illiquid venture capital investments that may not be readily sold at prevailing carrying values, enforcement of security interests under the Facility could result in sales of venture assets of the Venture Series and/or the Commercialization Series at values lower than prevailing carrying values, which would result in portfolio losses.**

**Certificate of the Fund, Manager and Promoter**

December 28, 2011

This amendment no. 2, together with the annual information form, as amended by amendment no. 1 dated October 4, 2011, and the simplified prospectus, as amended by amendment no. 1 dated October 4, 2011, and the documents incorporated by reference into the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as amended, as required by the securities legislation of British Columbia and do not contain any misrepresentation.

**WORKING OPPORTUNITY FUND (EVCC) LTD.**

(signed) DAVID LEVI  
President, Chief Executive Officer and Director

(signed) CLINT MATTHEWS  
Chief Financial Officer

On behalf of the Board of Directors

(signed) CINDY STEWART  
Director

(signed) SUSAN ALLEY  
Director

**GROWTH WORKS CAPITAL LTD.**  
as Manager

(signed) DAVID LEVI  
President, Chief Executive  
Officer and Director

(signed) CLINT MATTHEWS  
Vice-President, Finance and  
Chief Financial Officer and Director

On behalf of the Board of Directors

(signed) DAVID BALSDON  
Director

**WORKING ENTERPRISES LTD.**  
as Promoter

(signed) DAVID LEVI  
President and Director

## **Certificate of the Principal Distributor**

December 28, 2011

To the best of our knowledge, information and belief this amendment no. 2, the annual information form, as amended by amendment no. 1 dated October 4, 2011, the financial statements of Working Opportunity Fund (EVCC) Ltd. for the financial period ended December 31, 2010 and the auditors' report on those financial statements, together with the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation.

**GROWTHWORKS CAPITAL LTD.**

(signed) D. LEVI  
President, Chief Executive Officer  
and Director



## **WORKING OPPORTUNITY FUND (EVCC) LTD.**

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The annual information form dated July 8, 2011 (the “AIF”) relating to the Class A Shares of the Working Opportunity Fund (EVCC) Ltd. (“WOF”) is amended as set out below. All capitalized words have the same meaning as set out in the AIF.

### Changes to Allocation of Investment Opportunities

When the Fund began offering the Commercialization Series, the scope of potential types of investments in companies with research and/or development activities in their operations was broadly described, ranging from start-ups and early stage to later stage companies, in the form of both equity and debt. Since 2005, the Manager’s investment team has favoured secured debt investments in mid and later stage companies for the Commercialization Series’ venture investments. Management believes this mainly mid to later stage, secured debt approach has proven to be successful and the Fund has adopted this more specific investment strategy in the amendment to its simplified prospectus as of the same date as this amendment.

As a result of the adoption of this more specific investment strategy, the section *Allocation of Investment Opportunities* on page 13 of the AIF is deleted by this amendment and replaced with the following:

### **“Allocation of Investment Opportunities**

Some Commercialization Opportunities will fit within the investment mandates of both the Commercialization Series Shares and the Venture Series Shares. The Fund has adopted the following policies to allocate overlapping Commercialization Opportunities between the Commercialization Series Shares and the Venture Series Shares:

- Commercialization Opportunities that fit within the investment mandates of both series may be taken up by the Commercialization Series Shares and the Venture Series Shares in equal amounts provided that if a series has a pre-existing stake in the portfolio company, that series may participate in the opportunity to the extent necessary to maintain its proportionate ownership and subject to a maximum total investment in a particular business by the Commercialization Series Shares of not more than 15% of the capital raised from the sale of Commercialization Series Shares.

The Commercialization Shares Venture Funds will be invested primarily in Eligible Business Investments with research and/or development activities mainly in mid to later stages of development.

The Investment Committee may amend the foregoing policies from time to time. In addition, the Investment Committee may, in exceptional circumstances, vary the allocation amounts in respect of a particular Commercialization Opportunity where it considers it appropriate to do so.”

**Certificate of the Fund, Manager and Promoter**

October 4, 2011

This amendment no. 1, together with the annual information form and the simplified prospectus, as amended and the documents incorporated by reference into the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as amended, as required by the securities legislation of British Columbia and do not contain any misrepresentation.

**WORKING OPPORTUNITY FUND (EVCC) LTD.**

(signed) DAVID LEVI  
President, Chief Executive Officer and Director

(signed) CLINT MATTHEWS  
Chief Financial Officer

On behalf of the Board of Directors

(signed) NIKOLAS WORHAUG  
Director

(signed) SUSAN ALLEY  
Director

**GROWTH WORKS CAPITAL LTD.**  
as Manager

(signed) DAVID LEVI  
President, Chief Executive  
Officer and Director

(signed) CLINT MATTHEWS  
Vice-President, Finance and  
Chief Financial Officer and Director

On behalf of the Board of Directors

(signed) DAVID BALSDON  
Director

**WORKING ENTERPRISES LTD.**  
as Promoter

(signed) DAVID LEVI  
President and Director

## **Certificate of the Principal Distributor**

October 4, 2011

To the best of our knowledge, information and belief this amendment no. 1, the annual information form, the financial statements of Working Opportunity Fund (EVCC) Ltd. for the financial period ended December 31, 2010 and the auditors' report on those financial statements, together with the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation.

**GROWTHWORKS CAPITAL LTD.**

(signed) D. LEVI  
President, Chief Executive Officer  
and Director

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Managed by GrowthWorks Capital Ltd.



# **WORKING OPPORTUNITY FUND**

**(EVCC) LTD.**

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## Annual Information Form

Class A Shares in the following series

Venture Series:

- Balanced Shares
- Growth Shares
- GIC Shares
- Financial Services Shares

Commercialization Series:

- '12 Commercialization Shares
- 

No securities regulatory authority has expressed an opinion about these shares and it's an offence to claim otherwise.

July 8, 2011

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## Introduction

This is the annual information form of Working Opportunity Fund (EVCC) Ltd. which contains additional information about the Fund.

In this document,

- “we”, “us”, “our”, “WOF” and the “Fund” refer to Working Opportunity Fund (EVCC) Ltd.
- “Administrator” means the administrator under the *Employee Investment Act*.
- “Balanced Series Shares” means the Balanced Shares and the Balanced Shares (series 1).
- “Balanced Shares” means WOF’s Class A Balanced Shares (series 2).
- “Balanced Shares (series 1)” means WOF’s Class A Balanced Shares (series 1) that previously were offered and issued by WOF.
- “B.C. Tax Act” means the *Income Tax Act* (British Columbia), R.S.B.C. 1996, c. 215, as amended.
- “Commercialization Series” or “Commercialization Series Shares” means any or all series of WOF’s Class A shares that have the word “commercialization” in their name, as the context requires.
- “Commercialization Shares” or “12 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2-2012).
- “05 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2) that previously were offered and issued by WOF.
- “06 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2-2006) that previously were offered and issued by WOF.
- “07 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2-2007) that previously were offered and issued by WOF.
- “08 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2-2008) that previously were offered and issued by WOF.
- “09 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2-2009) that previously were offered and issued by WOF.
- “10 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2-2010) that previously were offered and issued by WOF.
- “11 Commercialization Shares” means WOF’s Class A Commercialization Shares (series 2-2011).
- “Diversified Shares” means WOF’s Class A Diversified Shares (series 2) that were previously offered and issued by WOF.

- “*Employee Investment Act*” or the “*Act*” means the *Employee Investment Act* (British Columbia), R.S.B.C. 1996, c.112, as amended and the regulations enacted thereunder, as amended.
- “*Federal Tax Act*” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1, as amended and the regulations enacted thereunder, as amended.
- “*Financial Services Shares*” means WOF’s Class A Financial Services Shares (series 2).
- “*GIC Shares*” means WOF’s Class A GIC Shares (series 2).
- “*Growth Series Shares*” means the Growth Shares and the Growth Shares (series 1).
- “*Growth Shares*” means WOF’s Class A Growth Shares (series 2).
- “*Growth Shares (series 1)*” means WOF’s Class A Growth Shares (series 1) that previously were offered and issued by WOF.
- “*GrowthWorks*” means companies within the venture capital division of Matrix, including GrowthWorks Ltd. and the Manager.
- “*GrowthWorks Capital*” and the “*Manager*” means GrowthWorks Capital Ltd., manager of WOF, and indirect subsidiary of Matrix.
- “*Income Shares*” means WOF’s Class A Income Shares (series 2) that were previously offered and issued by WOF.
- “*IPA Shares*” means the shares of the series of Class B shares of the Fund identified as “IPA Shares” issued to the Manager.
- “*Matrix*” means Matrix Asset Management Inc., the parent company of GrowthWorks Ltd.
- “*Plan*” means the employee venture capital plan adopted by the Fund under the *Employee Investment Act*.
- “*portfolio company*” refers to a company or other entity in which WOF has made a venture investment.
- “*Pricing NAV*” means the total Pricing NAV of all Class A shares of the Fund, or if referred to in relation to a particular series of shares, then the total Pricing NAV of those shares only.
- “*Pricing NAV per Share*” means the amounts per Share calculated in accordance with the formulas set out under *Calculation of Pricing NAV per Share* that we use to establish the price for purchasing, redeeming and switching Shares.
- “*Province*” means the government of British Columbia.
- “*Resource Shares*” means WOF’s Class A Resource Shares (series 2) that were previously offered and issued by WOF.
- “*Series 1 Shares*” means the Balanced Shares (series 1) and the Growth Shares (series 1) that previously were offered and issued by WOF.
- “*Shares*” refers to any or all of the Balanced Shares, Growth Shares, Financial Services Shares, GIC Shares and Commercialization Shares, as the context requires.
- “*Sponsor*” means Working Enterprises Ltd., the Fund’s sponsor.

- “*spouse*” includes common-law partner as defined in the *Federal Tax Act* and references to “spousal accounts” and “spousal RRSPs” includes that of a common-law partner as defined in the *Federal Tax Act*.
- “*Tax Credit Certificate*” has the meaning set out under the heading *Canadian Income Tax Considerations*.
- “*TFSA*” means a tax-free savings account as described in section 146.2 of the Federal Tax Act.
- “*Venture Series*” or “*Venture Series Shares*” means the GIC Shares, Balanced Shares, Growth Shares and Financial Services Shares.

### **A Unique Type of Fund**

WOF is a unique investment fund owned by approximately 30,000 British Columbia shareholders. It is registered as an “employee venture capital corporation” under the B.C. *Employee Investment Act*. This means you can receive both federal and British Columbia tax credits on your Share purchases and that WOF must comply with various requirements of the *Employee Investment Act*.

Although WOF is not a “mutual fund”, as defined under securities legislation, it is structured much like a mutual fund. It pools money raised from investors with similar investment objectives, is managed by a professional manager, prices its shares by reference to net asset value per share and investors share in the Fund’s gains, losses, revenues and expenses. But it does have a number of important differences from mutual funds as described in this document, including:

- *Type of Investments* – WOF invests in a mix of venture investments and non-venture investments. Venture investments meet the requirements of the *Employee Investment Act* and are most often young, B.C. based private companies. Non-venture investments vary depending on the particular type of Shares purchased, and range from GICs to Canadian market equities.
- *Special Tax Benefits* – When you buy Shares, you are eligible to receive a total of 30% of the purchase price of your Shares in special tax credits which you can use to reduce the amount of income tax you pay. We have placed an illustration showing how these tax benefits work in *Purchases and Switches*.
- *Hold Period on Shares* – You can’t redeem your Shares on demand. Generally, you can redeem your Shares only after you have held them for 8 years.
- *Ability to Elect Some Directors* – Unlike most mutual funds, holders of Class A Shares have the right to elect at least 2 directors to WOF’s Board every year at the Fund’s annual general meeting.
- “*Pricing*” NAV - When calculating the price at which you can purchase, redeem or switch Shares, WOF uses Pricing NAV per Share. We adjust the net asset value per share to help spread the cost of commissions paid to dealers on the sale of Shares over the 8 year period that the Fund will typically have that share capital.

We discuss these and the other unique features of WOF throughout this document and WOF’s simplified prospectus.

### **Name, Formation and History of WOF**

WOF’s full legal name is Working Opportunity Fund (EVCC) Ltd. Its head office and principal place of business is at 2600 - 1055 West Georgia Street, P.O. Box 11170, Royal Centre, Vancouver, British Columbia, V6E 3R5.

WOF was incorporated under the *Company Act* (British Columbia) on November 5, 1991 by filing a memorandum and articles of incorporation with the B.C. Registrar of Companies. WOF began offering common shares to the public on January 8, 1992. In connection with the replacement of the *Company Act* (British Columbia) with the *Business Corporations Act* (British Columbia), WOF completed a “transition rollover” to the new act on December 15, 2004, and shareholders approved a new set of articles at the Fund’s annual general meeting on December 16, 2004. The Fund filed a Notice of Alteration with respect to adoption of the new articles with the B.C. Registrar of Companies on January 11, 2005.

In 1989, the Province of British Columbia enacted the *Employee Investment Act* to encourage B.C. residents to invest in eligible small and medium-sized British Columbia businesses, encourage greater employee participation in share ownership and enterprise development, create and protect jobs and promote growth and diversification of the B.C. economy. The Province sought support from the labour organizations associated with the Sponsor to form and sponsor an employee venture capital corporation that would be registered under the Act. As inducements for the Sponsor to form the Fund, the Province provided some start-up funding and approvals to allow the Fund to annually raise significant capital under the Act under the terms of a written agreement (the “**government agreement**”) with the Fund and the Sponsor. Based on this, the Sponsor formed the Fund and joined the Province in a “working partnership” among government, labour and business. In 2001, the government agreement was amended to further confirm the parameters of the “working partnership”:

- The parties agreed to work together in the spirit of partnership for purposes of jointly fostering the success of the Fund and promoting economic development and job creation in British Columbia.
- The Province and the Fund also agreed to deal fairly and in good faith with each other in efforts to resolve or cure any administrative, compliance or other problems which may arise from time to time.
- To provide vital operating certainty for the Fund’s investing and capital raising activities, the Province agreed to seek the necessary approvals under the *Employee Investment Act* so that the Fund could annually raise \$80 million from the sale of Shares on a rolling 5 year basis until the Province issued a notice terminating further approvals from being added beyond the 5 years of approved fund raising already in place when the notice was issued, and agreed that the notice mechanism would be the means through which the Province could terminate its provision of tax credits to investors who invest in the Fund.

On May 30, 2002 the Province enacted Bill 28 – Employee Investment Amendment Act, 2002 (“**Bill 28**”) which amended the *Employee Investment Act*. The net effect of the amendments is to allow the Province to unilaterally reduce the previously issued approvals allowing the Fund to raise \$80 million a year, despite its earlier commitments and the agreement referred to above. On June 21, 2002, the Province issued regulations further to Bill 28 and a press release which indicated that the Fund would now be able to raise \$55 million annually. The press release also indicated that the \$25 million removed from the Fund’s previous allocation would be reallocated to other, newly established employee venture capital corporations with assets of less than \$200 million. On July 18, 2002, the Province confirmed in writing to the Fund the reduction to \$55 million and that this \$55 million cap would be in place for the 2003, 2004 and 2005 RRSP seasons. On June 16, 2004 and again on July 24, 2007, the Province confirmed in writing to the Fund that the \$55 million cap would be in place for the 2006, 2007 and 2008 RRSP seasons and the 2009, 2010 and 2011 RRSP seasons, respectively. On October 26, 2010, the Province further confirmed in writing to the Fund that the \$55 million cap will also be in place for the 2012, 2013 and 2014 RRSP seasons.

Bill 28 and the regulations issued in connection therewith, also empower the Administrator to reallocate amounts to other corporations registered under the *Employee Investment Act* if a particular corporation is unable to utilize the full amount allocated to it or if the registration of a corporation is suspended or revoked. Bill 28 provides that any agreement, arrangement or approval with the Province will be without effect to the extent that it requires anything to be done which is inconsistent with the *Employee Investment Act* or regulations (as amended), requires a discretion under the *Employee Investment Act* to be exercised in a specified manner, or requires the taking of any action toward achieving a specific outcome under the *Employee Investment Act*. Bill 28 further provides that no compensation is payable to a corporation or any other person because of or arising out of the amendments, regulations made as a result of amendments or a reallocation of the amount of tax credits described above. In addition, Bill 28 provides that no actions or other proceedings may be brought against the Province, the Administrator or any other person arising as a direct or indirect consequence of the amendments, regulations made as a result of amendments or a reallocation of the amount of tax credits described above.

When WOF began, it was managed internally by its own officers and employees. In 1998, WOF's board and its shareholders approved a restructuring of management so that it would instead be provided by an external portfolio management company under the terms of a management agreement. The latter arrangement is the more typical management structure in the investment funds industry. On January 1, 1999, all WOF employees, including its investment team, started working for a separate company – GrowthWorks Capital Ltd. GrowthWorks Capital is registered under securities laws in British Columbia as a portfolio manager and provides investment management and other services to WOF under the terms of a management agreement. We discuss this agreement below and in the section called *Responsibility for Fund Operations – The Manager* on page 39. GrowthWorks Capital is also registered as a portfolio manager under securities laws in the provinces Ontario, Saskatchewan, Manitoba and Nova Scotia and as an investment fund manager in British Columbia. It is also registered as a mutual fund dealer under securities laws in the provinces of Ontario, British Columbia, Saskatchewan and Nova Scotia and is exempt from being a member of the Mutual Fund Dealers Association of Canada.

In keeping with mutual fund industry practice of having the manager, or an affiliate of the manager, act as the fund's principal distributor, and for consistency with other GrowthWorks managed funds, the Fund restructured its principal distributor role in August, 2007 and appointed GrowthWorks Capital as the Fund's principal distributor. As GrowthWorks Capital has taken on the responsibilities and duties of principal distributor, as well as certain distribution expenses, it is paid the same principal distributor commission of 0.75% of gross proceeds received on the sale of the Fund's shares that had been paid to the Fund's principal distributors in the past. However, to ensure that this restructuring is cost neutral or cost reducing to the Fund, to the extent the 0.75% principal distributor commission exceeds GrowthWorks Capital's out-of-pocket distribution expenses in its role as principal distributor, GrowthWorks Capital will abate its fees so that any such savings accrue to the Fund. See *Responsibility for Fund Operations – Principal Distributor* on page 48.

In mid-2006, WOF amended its valuation principles and procedures to maintain consistency with the Canadian Venture Capital and Private Equity Association (CVCA) Valuation Principles and Guidelines. As part of these amendments shareholders authorized the Fund to update and amend its employee venture capital corporation plan, without requiring further shareholder approval, to maintain consistency between its valuation principles and any updates made to the CVCA Guidelines. Any such updates are subject to Board approval and Administrator approval. In early December, 2006, the CVCA adopted updates with respect to marketability discounts for "Published Assets". These amendments were adopted by the Fund in late December 2006. See *Valuation* on page 27.

On November 16, 2007, the Fund completed a merger with BC Medical Innovations Fund (EVCC) Inc. ("BCMIF") through an asset purchase transaction whereby the Fund acquired the net assets of

BCMIF and shareholders of BCMIF became shareholders of the Fund. BCMIF shareholders received a total of 679,329 Balanced Shares (series 2) of the Fund with a total value of \$5,080,911 in exchange for 695,471 Class A shares of BCMIF, based on the relative net asset values on November 16, 2007. Given the size of BCMIF's assets relative to the Fund's assets, the merger did not represent a material change for the Fund, and therefore, was not subject to the approval of the Fund's shareholders.

### *Amendments to Constatng Documents*

In 1999, WOF shareholders passed a special resolution:

- to amend WOF's memorandum and articles by adding two new classes of shares: Balanced and Growth, and
- to exchange all WOF's issued common shares for Balanced Shares (series 1) on a one-for-one basis.

The Balanced Series Shares continued with the same investment strategy as the common shares had, while the Growth Series Shares have a somewhat different investment strategy for non-venture investments which offers more exposure to equities. In November 2007, the Balanced Series Shares non-venture investment strategy was expanded to include high yield and bank investments. We discuss these investment strategies in the section called *Investment Restrictions* on page 9.

In 2001, WOF shareholders approved changes to the commissions WOF pays on the sale of shares. Previously, dealers received an upfront sales commission equal to 5% of the selling price of each Share sold. As of the date of this annual information form, dealers can choose one of the two commission options discussed in the section called *Purchases and Switches* on page 29.

In October 2002, WOF shareholders passed a special resolution to amend the Fund's articles authorizing the Board to, in respect of its Series 1 Shares:

- provide an exception to the 8 year hold restriction to allow a redemption and repurchase of shares to be processed during a period of up to three months (as specified by the Board from time to time) prior to the eighth anniversary of the original purchase of the shares, and
- as it sees fit from time to time, set a lower hold period (or possibly no hold period at all) on shares sold in the future after a particular date and the early redemption fee payable on shares which are redeemed before 8 years.

These resolutions were designed to enable the Fund's Board to vary the 8 year hold on those shares if it deems it appropriate to do so and have since been incorporated into the revised series rights for the Balanced Series Shares and Growth Series Shares and the rights for the Commercialization Shares. On December 4, 2006, the Fund's board approved moving to a 5 year hold period (instead of 8) for Venture Series Shares purchased during the period from January 1, 2007 to March 1, 2007. The board made this decision to offer Venture Series Shares with a 5 year hold on a limited time basis only to respond to changes in the competitive landscape in BC and because of the large size of the Fund and its diversified portfolio. Over the long term, the Fund and its manager remain committed to an 8 year venture capital investment cycle and all Shares offered under the Fund's current prospectus have an 8 year hold.

On January 5, 2004, the Fund ceased offering series 1 of the Balanced Series Shares and Growth Series Shares and commenced offering series 2 of the Balanced Series Shares and Growth Series Shares. All Balanced Series Shares (whether series 1 or series 2) have the same investment strategies and share the same investments. Similarly, all Growth Series Shares (whether series 1 or series 2) have the same investment strategies and share the same investments. The only significant difference between series 1

and series 2 of each is the compensation payable to the Manager in respect of each. See *Responsibility for Fund Operations – the Manager* on page 39 for a summary of those fees. The primary reason for introducing series 2 of the Balanced Series Shares and Growth Series Shares was to implement a different incentive “participating interest” for the Manager on a “go forward” basis that was in line with market norms for such interests at that time. As a partial offset for the less attractive (from the Manager’s perspective) incentive interest applicable to series 2 and in recognition of the fact that, unlike most other investment funds, the Manager pays the Fund’s normal operating expenses, a small increase (0.3%) in the annual fee paid to the Manager was also applied to series 2. An independent committee of the Board comprised of non-interested directors, advised by the Fund’s auditor, reviewed and approved these adjustments. The independent committee, on behalf of the Fund, also engaged its own legal counsel which confirmed the appropriateness of the process followed and reviewed consequential amendments to material contracts. The fee arrangements disclosed in previous public disclosure documents filed by the Fund before the date of this annual information form regarding the series 1 Balanced Series Shares and Growth Series Shares remain fully in effect and were not changed by the introduction of the series 2 Balanced Shares and Growth Shares.

In December 2004, WOF’s shareholders approved share capital alterations to adopt the commonly used labour-sponsored fund structure and naming convention of having a single class of “Class A” shares being eligible for tax credits instead of two classes, Balanced Class and Growth Class. As a result, the previous shares were changed as follows:

<u>PREVIOUS</u>		<u>AFTER DECEMBER 2004</u>	
Class Name	Series Name	Class Name	Series Name
Balanced Class	(series 1)	Class A	Balanced Shares (series 1)
Balanced Class	(series 2)	Class A	Balanced Shares (series 2)
Growth Class	(series 1)	Class A	Growth Shares (series 1)
Growth Class	(series 2)	Class A	Growth Shares (series 2)

In connection with the approved share capital alterations, the previous Balanced Class and Growth Class shares were consolidated as one new class, Class A, issuable in series. Shareholders also approved consequential changes to the Fund’s employee venture capital plan and changes to the series rights so that the above series of Class A shares have identical wording in their respective provisions.

In addition, the Fund’s common shares were redesignated as “Class B” shares and made to be issuable in series. On December 9, 2005, the Fund altered its share capital to add the IPA Shares. The Fund has issued 100 IPA Shares to the Manager as the first series of Class B shares. See *Description of Shares – IPA Shares* on page 21.

On December 9, 2005, the Fund altered its share capital to add the Income Shares, Financial Services Shares, Resource Shares and Diversified Shares. These series of Class A shares were first offered during the week of January 3, 2006. These series of Class A shares offered investors different investment strategies for non-venture investments.

On November 6, 2007, the Fund altered its share capital to add the GIC Shares. The GIC Shares have substantially similar share rights and restrictions as other series of Venture Series Shares. At this time, holders of GIC Shares cannot switch out of the series to avoid the significant early redemption penalties associated with redeeming GICs before their regular maturity date. Other Venture Series Shares may switch into GIC Shares, but switching out is not permitted at this time. See *Description of Shares* on page 20 and *Purchases and Switches* on page 29.

On December 17, 2010, the Fund’s outstanding Income Shares (series 2) and Diversified Shares (series 2) were consolidated with the Balanced Shares (series 2) and the Fund’s outstanding Resource

Shares (series 2) were consolidated with the Growth Shares (series 2) in accordance with shareholder approval received at the Fund’s annual general meeting on December 8, 2010. The consolidations were aimed at streamlining the Fund’s Venture Series offering and making pricing and reporting processes more efficient. We discuss the investment strategies for the offered Venture Series Shares in the section called *Investment Restrictions* on page 9 and in the Fund’s prospectus under the heading *Specific Information about Venture Series Shares – Venture Investment Strategies*.

As approved by shareholders at the Fund’s annual general meeting on December 8, 2010, the rights attached to the Class B shares of the Fund were amended to exclude from the calculation of realized gains and income any interest income received or accrued on venture investments that is used or will be used in connection with the payment of dividends in accordance with the dividend policies of the Commercialization Series Shares. This interest will continue to be included for determining whether the conditions regarding the payment of IPA dividends have been met. The exclusion of interest from the amount of IPA dividends payable will benefit shareholders of the Fund as the Fund will be required to pay less IPA dividends than if the interest was included and the Fund’s MER will better reflect the management expenses actually incurred and paid by the Fund.

***Commercialization Series Shares***

As a matter of corporate law, WOF has created a new series of Commercialization Series Shares each year, and altered its share capital to add that new series, in order to pay dividends in accordance with each series’ dividend policy. Each series to date has had a dividend policy to pay dividends equal in total to approximately 25% of the purchase price with a target that the dividends be paid within the 3 year period after that series being offered. Commercialization Series Shares participate in the same venture and non-venture investment portfolios under the allocation rules and are considered to be a single investment fund for reporting purposes. See *Calculation of NAV Per Share – Allocation of Assets among Commercialization Series*.

The following Commercialization Series Shares have previously been offered:

<b>Series Name</b>	<b>Offer Period</b>
'05 Commercialization Shares	February 14, 2005 to July 29, 2005
'06 Commercialization Shares	January 3, 2006 to June 30, 2006*
'07 Commercialization Shares	January 2, 2007 to June 30, 2007*
'08 Commercialization Shares	January 2, 2008 to March 2008 <sup>+</sup>
'09 Commercialization Shares	January 2, 2009 to July 17, 2009
'10 Commercialization Shares	January 4, 2010 to July 30, 2010

- '06 Commercialization Shares, the '07 Commercialization Shares and the '08 Commercialization Shares were converted into the 05 Commercialization Shares in accordance with the investment allocation rules in 2009, 2010 and 2011, respectively. See *Calculation of NAV Per Share – Allocation of Assets among Commercialization Series*.
- + The '08 Commercialization Shares were offered until March 2008 when the sale of Commercialization Series Shares collectively reached the original \$10 million sales cap for Commercialization Series Shares. There is currently no sales cap for the Commercialization Series Shares.

On November 10, 2010, the Fund altered its share capital to add the '11 Commercialization Shares which were first offered for purchase on January 3, 2011 and will cease being offered in July of 2011. On July 6, 2011, the Fund altered its share capital to add the '12 Commercialization Shares which are expected to be available for purchase on January 3, 2012.

The Commercialization Series Shares primarily invest in companies with research and/or development activities in their operations. In November 2007, the Commercialization Series Shares non-venture investment strategy was expanded to include high yield and bank investments. We discuss these

investment strategies in the section called *Investment Restrictions* on page 9 and in the Fund’s prospectus under the headings *Specific Information about Venture Series Shares – Venture Investment Strategies* and *Specific Information about Commercialization Shares – Venture Investment Strategies*.

Under the initial investment allocation rules in place until March, 2010, the particular venture and non-venture investments made with the capital raised from the sale of the particular Commercialization Series was allocated solely to that series during the dividend paying period for that series after which time, the series’ assets were pooled with the assets of the ’05 Commercialization Shares and the series shares were converted into ’05 Commercialization Shares. As approved by shareholders at the Fund’s annual general meeting held on December 9, 2009, the Fund implemented revised investment allocation rules on March 22, 2010. On implementation, the venture and non-venture investments of each existing Commercialization Shares Series were pooled and these series now participate in a common venture portfolio and non-venture portfolio. The revised investment allocation rules provide for greater diversification, a key investment strategy for reducing the risks associated with venture capital investing, and for prioritization of income allocation to facilitate payment of the dividends in accordance with dividend policies adopted by the Board for each series of Commercialization Shares. See *Calculation of NAV Per Share – Allocation of Assets among Commercialization Series*.

The Commercialization Series Shares have the same share rights and restrictions as the Balanced, Growth, GIC and Financial Services Shares, except there is currently no switch privilege for the Commercialization Series Shares. See *Description of Shares* on page 20.

As of the date of this annual information form, the Fund now offers the following Class A shares:

<b>Class Name</b>	<b>Series Name</b>
Class A	Balanced Shares (series 2)
Class A	Growth Shares (series 2)
Class A	Financial Services Shares (series 2)
Class A	GIC Shares (series 2)
Class A	Commercialization Shares (series 2-2012*)

\* Available for purchase beginning on January 3, 2012.

## **Investment Restrictions**

### **Employee Investment Act**

WOF is an “**employee venture capital corporation**” under the *Employee Investment Act*. This means it has adopted an employee venture capital plan and has been registered by the Administrator. As a result, you are eligible to receive tax credits on your Share purchases, but WOF must comply with various requirements of the *Employee Investment Act*. These primarily restrict the kinds of investments WOF may make. If WOF doesn’t comply with the *Employee Investment Act*, it could face penalties.

### **The Administrator under the Employee Investment Act**

The Administrator is a provincial government official who oversees registrations, tax credit issuances, investment protection account releases, and compliance with the requirements of the *Employee Investment Act*. The Administrator has the authority to refuse to issue Tax Credit Certificates, refuse to authorize releases from an investment protection account, and to suspend or revoke the registration of an employee venture capital corporation if:

- the corporation fails to comply with the *Employee Investment Act* or its employee venture capital plan and any conditions pertaining to it, or

- the corporation or its directors, officers or shareholders are conducting the business or affairs of the corporation in a manner that is contrary to the spirit and intent of the *Employee Investment Act*.

### **Employee Venture Capital Plan**

In connection with its registration as an employee venture capital corporation under the *Employee Investment Act*, WOF adopted, on January 7, 1992, an employee venture capital plan. This Plan is a contractual agreement among WOF and its shareholders. Generally, the Plan may not be altered without the prior approval of the Administrator and the consent of a majority of shareholders. The Plan sets out how WOF will conduct its affairs with respect to the following matters:

- Share offerings;
- investor eligibility criteria;
- subscription entitlement;
- holding of Share certificates;
- application for Tax Credit Certificates;
- Share valuation;
- the Eligible Business Investments investment schedule;
- use of funds in accordance with the *Employee Investment Act*;
- redemption and resale of Shares; and
- WOF's investment strategy.

In addition, the Fund has adopted a governance plan – see *Fund Governance* on page 50 for details.

### **Investment Protection Account**

The *Employee Investment Act* requires WOF to establish a special account called the investment protection account (or **IP Account**) and to deposit into it 30% of all equity capital raised by WOF. Withdrawals from the IP Account require two authorizing signatures, one from an authorized Fund official and the other from the Administrator. The Administrator authorizes a payment out of the IP Account only if WOF has made or proposes to immediately make an eligible investment. The IP Account will have a zero balance once 80% of all funds raised by WOF from the issuance of Shares have been or are invested in eligible investments.

Income earned in the IP Account is for the account of WOF and need not be invested in Eligible Business Investments. If WOF's registration as an employee venture capital corporation is revoked, the Administrator may require WOF to pay to the British Columbia government all or part of the income earned on funds contained in the IP Account. The Royal Bank of Canada holds the IP Account which is governed by an agreement dated as of January 25, 1995.

### **Employee Investment Act Investment Requirements**

WOF offers the following types of shares: Venture Series Shares (Balanced Shares, Growth Shares, Financial Services Shares and GIC Shares) and '12 Commercialization Shares. All of the Venture Series Shares have the same investment objective and invest their invested Venture Funds in the same way, while the Commercialization Series Shares have the same investment objective but invest their Venture Funds differently, as indicated below:

<u>Shares</u>	<u>Investment Objective</u>	<u>Types of Investments</u>
<i>Venture Series Shares:</i> Balanced Shares, Growth Shares, Financial Services Shares, and GIC Shares	To obtain long term capital growth	<i>Venture Funds:</i> Diversified mix of Eligible Business Investments  <i>Directed Funds:</i> Differ according to particular Venture Series Shares. See the table below.
<i>Commercialization Series Shares:</i> '12 Commercialization Shares	To obtain long term capital growth	<i>Venture Funds:</i> Eligible Business Investments with Research/Development activities  <i>Directed Funds:</i> Debt, high yield, and bank investments *

The Venture Series Shares Directed Funds are invested differently as shown in the table below:

<b>Shares Name</b>	<b>Directed Funds (non-venture)</b>
GIC	GICs of BC Financial Institutions *
Balanced	Debt, High Yield, and Bank Investments *
Growth	Canadian Equity Market Investments *
Financial Services	Financial Services Sector Investments *

\* As permitted under the *Employee Investment Act*. See further descriptions below.

### ***GIC Shares***

The Directed Funds of the GIC Shares will generally be invested in guaranteed investment certificates (“GICs”) of, and deposits with, British Columbia financial institutions, such as credit unions, trust companies and banks. Additionally, the Venture Pending Funds (see below *Venture Funds Investment Restrictions*) associated with GIC Shares will generally be invested in GICs.

### ***Balanced Series Shares***

The Directed Funds of the Balanced Series Shares will generally be invested in high quality debt instruments, high yield investments (which would include high yield bonds and securities such as real estate investment trusts (“REITs”), power and pipeline income funds, or other high yielding investments) and bank investments which includes debt instruments issued by a Canadian bank as well as shares of Canadian banks. This may also include instruments whose returns are linked to the performance of high quality debt, high yield and bank investments.

### ***Growth Series Shares***

The Directed Funds of the Growth Series Shares will generally be invested in publicly traded Canadian shares and equity securities or funds or pools of such securities. This includes securities of

index funds that invest in component securities of broad market indexes like the S&P/TSX Composite Index. In selecting Canadian equity and equity-linked securities for the Growth Series Shares, we will generally give preference to investment products which apply “socially responsible” screens to securities included in a broad market index or sub-index.

### ***Financial Services Shares***

The Directed Funds of the Financial Services Shares will generally be invested in securities of issuers whose business activities are in the financial services sector or sub-sectors such as banking, wealth management and insurance, funds or pools of such securities, or instruments whose returns are linked to the performance of such securities. This includes exchange traded index funds covering the financial services sector.

### ***'12 Commercialization Shares***

The Directed Funds of the '12 Commercialization Shares will be generally invested in high quality debt instruments, high yield investments (which will include high yield bonds and securities such as real estate investment trusts (REITs), power and pipeline income funds, or other high yielding investments) and bank investments which includes debt instruments issued by a Canadian bank as well as shares of Canadian banks. This may also include instruments whose returns are linked to the performance of high quality debt, high yield and bank investments.

### ***Selection and Management***

Our portfolio adviser will select the non-venture investments described above. The portfolio adviser may change the selection of particular securities within the area of focus based on its investment outlook from time to time. When investing these funds, we may invest from time to time in mutual or pooled funds. Those funds may pay fees and expenses to their manager and others which are in addition to any fees and expenses paid by the Fund. However, the Fund does not pay any management fees or incentive fees that duplicate a fee an investor in the Fund already pays for the same service. If the Fund invests in a mutual fund managed by the Manager or an affiliate of the Manager, it also does not pay sales fees or redemption fees that duplicate a fee payable by an investor in the Fund.

Pending investment of new Directed Funds received from the issue of additional Shares in the investments described above, funds may be temporarily held in high quality, liquid debt instruments. Additionally, some level of on-going cash balances is expected to be held by all series.

### ***Venture Funds Investment Restrictions***

We call the money WOF has raised from the sale of its shares that is invested in (or is required over time to be invested in) Eligible Business Investments “**Venture Funds**”. We call any Venture Funds on hand waiting to be invested in Eligible Business Investments over time “**Venture Pending Funds**”.

Under WOF’s employee venture capital plan registered under the *Employee Investment Act*, WOF must have invested at least 80% of the money it raises each year from the sale of shares in “Eligible Business Investments” (as described below) within the following time periods.

- 20% by the end of the next fiscal year following that year,
- 40% by the end of the second fiscal year following that year,
- 60% by the end of the third fiscal year following that year, and
- 80% by the end of the fourth fiscal year following that year.

We have to maintain the 80% investment level until the Shares which provided the investment capital are redeemable after their eight-year hold period. If Shares are held beyond that period, no Eligible Business

Investment requirements apply to the share capital associated with those Shares. Since its inception, WOF has met its venture investment requirements.

Sourcing good venture investment opportunities takes time and these “pacing” rules provide a reasonable time to locate investments based on merit rather than arbitrary deadlines. In addition, these pacing rules enable WOF to support its portfolio companies through several rounds of follow-on financing from funds raised and on hand. This benefits portfolio companies by providing the capacity for funding future financings if they are progressing. It also helps protect investors in the Fund from significant dilution and/or loss which could result if the Fund was unable to participate in future financings due to lack of funds on hand.

While WOF does not ordinarily take control positions in its portfolio companies, as a venture capital investor, it generally does take larger positions than a typical mutual fund and often holds greater than 5% of a particular class of securities of the portfolio company.

### ***Sector Composition***

Venture Series Shares invest in a diversified portfolio of Eligible Business Investments. The Fund’s objective is to diversify that portfolio by business sector, with major groupings being in information technologies, life sciences and clean technologies, and by stage of company development. Those Eligible Business Investments are common assets of the Venture Series Shares, Balanced Shares (series 1) and Growth Shares (series 1) and are allocated to the Venture Series Shares, Balanced Shares (series 1) and Growth Shares (series 1) on a share for share basis based on the number of shares of each series issued and outstanding (unless otherwise provided in specific circumstances).

The Commercialization Series Shares primarily invest in companies with research and/or development activities in their operations. These **Commercialization Opportunities** will also have the capability of generating income (such as interest, royalties or dividends) in addition to potential capital appreciation. As a result, the venture portfolio associated with the Commercialization Series Shares will have a different composition than the venture portfolio associated with the Venture Series Shares.

### ***Allocation of Investment Opportunities***

Some Commercialization Opportunities will fit within the investment mandates of both the Commercialization Series Shares and the Venture Series Shares. The Fund has adopted the following policies to allocate overlapping Commercialization Opportunities between the Commercialization Series Shares and the Venture Series Shares:

- Commercialization Opportunities that fit within the investment mandates of both series may be taken up by the Commercialization Series Shares and the Venture Series Shares in equal amounts provided that if a series has a pre-existing stake in the portfolio company, that series may participate in the opportunity to the extent necessary to maintain its proportionate ownership and subject to a maximum total investment in a particular business by the Commercialization Series Shares of not more than 15% of the capital raised from the sale of Commercialization Series Shares.
- Commercialization Opportunities in very early stage companies that meet the following criteria:
  - the company has assets, measured in accordance with GAAP, of less than \$800,000,
  - the company has 8 or fewer full-time employees, and
  - the company has limited managerial expertise in place,

fall outside of the investment mandate of Venture Series Shares and therefore will not be subject to the pro rata offering rule noted above. The Commercialization Series Shares may take-up the whole of these types of Commercialization Opportunities.

The Commercialization Shares Venture Funds will be invested primarily in Eligible Business Investments with research and/or development activities at various stages of development.

The Investment Committee may amend the foregoing policies from time to time. In addition, the Investment Committee may, in exceptional circumstances, vary the allocation amounts in respect of a particular Commercialization Opportunity where it considers it appropriate to do so.

### ***Eligible Businesses***

An “**Eligible Business**” means a corporation, cooperative association, or partnership that:

- (a) has, together with its prescribed affiliates, less than \$50 million in total assets calculated in the manner prescribed by regulation;
- (b) has at least 80% of its assets located in British Columbia;
- (c) pays at least 50% of its wages and salaries, calculated in the manner prescribed by regulation, to employees who regularly work within British Columbia;
- (d) is not substantially engaged, determined in the manner prescribed by regulation, in any one or more of the following prescribed ineligible activities:
  - (i) primary resource exploration or extraction;
  - (ii) financial services such as providing loans, selling insurance or real estate or trading in securities;
  - (iii) property management or the rental or leasing of land or improvements;
  - (iv) the development of or improvement to land;
  - (v) agricultural activities, other than non-traditional agricultural activities such as: game farming, specialized small crops, livestock and poultry production; high technology enterprises such as greenhouses or hydroponic crop production, plant propagation, animal genetics or production of breeding stock; or
  - (vi) retail services; and
- (e) has a permanent establishment, as determined under the Federal Tax Act, located in British Columbia.

### ***Eligible Business Investments***

An “**Eligible Business Investment**” is one which meets each of the following requirements:

- (a) the investment consists of the acquisition:
  - (i) of any of the following types of securities which we call “**Eligible Securities**” of an Eligible Business directly from the Eligible Business:
    - (1) shares of any kind;
    - (2) debt securities that do not have conventional, periodic payments of principal and interest prior to maturity and which are:
      - (A) subordinated to the rights of other creditors, other than creditors prescribed by regulation;
      - (B) not secured in any way, and do not prevent the issuer from incurring other debts;
      - (C) secured by security which covers less than 50% of the amount of the debt, and do not prevent the issuer from incurring other debts; or

- (D) otherwise substantially at risk, as determined in the prescribed manner by regulation;
- (3) partnership interests or units;
- (4) royalty interests;
- (5) trust units, where the trust property primarily consists of other securities described in (1) through (8);
- (6) rights, options, or warrants to acquire any security which is described in (1) through (8);
- (7) such other securities as the Administrator considers to be similar in character to those listed above;
- (8) such other securities as may be prescribed by regulation.
- (ii) in circumstances prescribed by regulation, of Eligible Securities of an Eligible Business from an agent or broker acting as an underwriter for the Eligible Business;
- (iii) of Eligible Securities of an affiliate or associate of an Eligible Business directly from the affiliate or associate, and the funds paid by WOF for the Eligible Securities are in turn invested in Eligible Securities of the Eligible Business by the affiliate or associate either directly or indirectly through one or more other affiliates or associates;
- (iv) of Eligible Securities of an Eligible Business or an affiliate or associate of an Eligible Business from an existing investor who owns those securities, and the Administrator considers that the purchase of the Eligible Securities will:
  - (1) result in job preservation;
  - (2) assist the Eligible Business in dealing with the departure of an employee investor or a venture capital investor;
  - (3) facilitate an orderly succession where the owner of an Eligible Business is retiring;
  - (4) provide some other substantial economic benefit to the Eligible Business or the Province; or
- (v) of Eligible Securities in other prescribed circumstances;
- (b) the acquisition of the Eligible Securities was or will be for cash, for purposes of directly or indirectly raising additional capital for an Eligible Business, except if the Eligible Securities are purchased from an existing investor:
  - (i) under subsection (a)(iv) above; or
  - (ii) in accordance with the terms of an order by the Administrator under section 40(5) of the *Employee Investment Act* in circumstances where the purchase will result in substantial employee participation in the restructuring of ownership of an existing business
    - (1) to facilitate transfer of control from person or group of persons if the restructuring would result in a widely dispersed ownership by persons resident in Canada; or
    - (2) if the business is or will be in financial difficulty;
- (c) the investment is not and will not be prohibited under certain sections of the *Employee Investment Act* we describe below under the subheadings *Aggregate Investment Limitation*, *Investments for Certain Purposes Prohibited*, *Control of Eligible Business* and *Prohibited Investments*.

In addition, if we acquire an Eligible Security on an Eligible Business Investment and it's later converted or exchanged for another Eligible Security of the same portfolio company (or its affiliate or associate), the Eligible Security acquired upon the conversion or exchange will be an Eligible Business Investment.

### ***Aggregate Investment Limitation***

We cannot make or hold an Eligible Business Investment where, as a result of that investment, the total amount received directly or indirectly by that Eligible Business from WOF would exceed \$10,000,000 within a two year period.

However, the \$10,000,000 limit excludes any investments in Eligible Businesses that WOF chooses to make using money that is not required to be invested in Eligible Business Investments (ie. the remaining Share capital raised, plus any gains generated on invested capital).

### ***Investments for Certain Purposes Prohibited***

Under the *Employee Investment Act*, we cannot use funds raised through the sale of Shares to make an Eligible Business Investment where that Eligible Business intends to use the money, directly or indirectly, in whole or in part:

- (a) for lending, other than in exchange for Eligible Securities of an affiliate or an associate which is an Eligible Business;
- (b) for acquiring securities, other than:
  - (i) Eligible Securities from an affiliate or an associate which is an Eligible Business,
  - (ii) Eligible Securities approved by the Administrator on being satisfied that: (A) the investment will result in substantial employee participation in the start-up of a new business or restructuring of ownership of an existing business to facilitate transfer of control from a person or group of persons where the restructuring will result in widely dispersed ownership by persons resident in Canada, or (B) the Eligible Business is or will be in financial difficulty;
- (c) for making any payment with respect to the purchase of goods or services from, the payment of dividends to or the repayment of shareholder debt to a director, officer or shareholder of WOF or from or to an associate of a director, officer or major shareholder of WOF;
- (d) for purchasing services or assets provided by the government or an agency or corporation of the government, where
  - (i) those services or assets are to be used in all or in part in a business or activity that is the same or similar to the activity previously carried on by the government or the agency or corporation of the government, and
  - (ii) WOF has received, either directly or indirectly, any financial assistance from any government, municipality or public authority with respect to the acquisition of those services or assets;
- (e) as part of a transaction or series of transactions directly or indirectly involving, other than as a part of a proposal described under (b) (ii) above:
  - (i) the purchase or redemption of previously issued shares of the Eligible Business or one of its affiliates;
  - (ii) the retirement of any part of a liability to a shareholder of the Eligible Business or one of its affiliates;
  - (iii) the payment of dividends; or
  - (iv) the funding of all or part of the purchase by the Eligible Business of all or a substantial portion of the assets of an existing proprietorship, partnership, joint venture, trust or corporation;

- (f) for the funding of all or part of the purchase by the Eligible Business of any services or assets at a price that is greater than the fair market value of the services or assets purchased; or
- (g) for other prescribed purposes.

Despite the above, the Administrator may order, for a particular Eligible Business Investment, that the Eligible Business may use the proceeds from an investment by WOF, in whole or in part, for one or more of the purposes described above if the Administrator is satisfied that such use would assist in the overall growth and development of the Eligible Business.

### ***Control of Eligible Business***

Ordinarily, WOF cannot take control of a business it invests in. The *Employee Investment Act* provides that we may not make an Eligible Business Investment where:

- (a) 50% or more of the shares carrying votes for the election of directors of the Eligible Business are owned, directly or indirectly, by, or
- (b) the Eligible Business is controlled, directly or indirectly, in any manner, by

WOF or WOF and any other employee venture capital corporation or venture capital corporation (registered under the *Small Business Venture Capital Act*), either alone or in conjunction with one or more of its or their

- (c) associates or affiliates,
- (d) shareholders or their associates or affiliates,
- (e) directors or their associates, or
- (f) officers or their associates.

However, this general restriction does not apply to an investment in an Eligible Business where the Administrator is satisfied that

- (a) the investment will result in substantial employee participation in the
  - (i) start up and operation of a new business, or
  - (ii) restructuring of ownership of an existing business to facilitate transfer of control from a person or a group of persons where the restructuring will result in widely dispersed ownership by persons resident in Canada, or
- (b) the Eligible Business is or will be in financial difficulty.

The Administrator may set conditions with respect to the making or holding of an investment under these circumstances.

### ***Prohibited Investments***

The *Employee Investment Act* prohibits WOF from making or holding an Eligible Business Investment where a “major shareholder” of WOF is or was at any time during the two years immediately preceding the investment:

- (a) a major shareholder of the Eligible Business;
- (b) an associate of a major shareholder of the Eligible Business;
- (c) a voting trust where the trustee votes shares of the Eligible Business; or
- (d) the Eligible Business or an associate or affiliate of the Eligible Business.

A “major shareholder” of WOF means a person who, together with his or her associates, owns 10% or more of the Shares.

WOF also cannot make or hold an Eligible Business Investment where the Eligible Business or an associate, affiliate, director, officer or shareholder of the Eligible Business provides or has provided, directly or indirectly, as part of any transaction or series of transactions, a loan, guarantee or any other financial assistance to a person who is, or was at any time during the two years immediately preceding the investment:

- (a) WOF;
- (b) an associate or affiliate of WOF;
- (c) a director, officer or major shareholder of WOF; or
- (d) a member of a group of persons that controls WOF.

#### ***Directed Funds Investment Restrictions***

To provide liquidity and further investment diversification, the Fund generally invests its non-Venture Funds (such as the portion of capital raised not required to be invested in Eligible Business Investments, net investment gains, after expenses, and share capital more than 8 years old) in other types of investments. We call those funds “**Directed Funds**”. Levels of Directed Funds will generally decline due to, among other things, redemptions of Class A Shares and venture investment activity. Our “menu” of Venture Series Shares allows you to “direct” or choose the type of investments you want the Directed Funds to be invested in. Venture Series Shares’ Venture Funds are invested in the same diversified portfolio of Eligible Business Investments. It’s how we invest these Directed Funds that makes the difference between Venture Series Shares.

#### ***Directed Funds Permitted Investments under the Employee Investment Act***

Under the *Employee Investment Act*, we are permitted to invest Directed Funds in securities which meet the following criteria:

- (a) liquid reserves on deposit in British Columbia at a savings institution or with a loan company that has been approved by the Lieutenant Governor in Council under the *Financial Institutions Act* (British Columbia);
- (b) securities, as defined in the *Trustee Act*, that are issued by the government of British Columbia or Canada;
- (c) debt obligations guaranteed by the government of British Columbia or Canada;
- (d) debt obligations issued or guaranteed by corporations carrying on active business in British Columbia rated the equivalent of A-1, R-1 or higher by a recognized bond rating agency;
- (e) investments in community investment loan funds administered by Community Futures Development Corporations in British Columbia on terms acceptable to the Administrator;
- (f) securities of an Eligible Business or an affiliate or associate of an Eligible Business, of a WOF portfolio company or an affiliate or associate of a WOF portfolio company that do not qualify as Eligible Business Investments, provided WOF is meeting its investment pacing obligations;
- (g) securities listed and traded on The Toronto Stock Exchange (or its successor exchange or trading system);
- (h) securities of an investment unit trust or mutual fund corporation which holds a diversified investment portfolio of securities that are issued by British Columbia or Canadian issuers;
- (i) securities issued by British Columbia or Canadian issuers in which a prudent investor might invest;
- (k) securities representing pools of any of the above securities; or
- (l) any other investment prescribed by regulation.

WOF is also permitted under the *Employee Investment Act* to hold any securities it receives on the disposition of an Eligible Business Investment or other permitted investment it holds, provided WOF is meeting its investment pacing obligations.

As described earlier, we have chosen to invest the Directed Funds of the Shares in particular types of investments selected from the kinds of permitted investments described above.

In selecting Canadian equity and equity-linked securities for Growth Shares, we will generally give preference to investment products which apply “socially responsible” screens to securities included in a broad market index or sub-index.

### ***Venture Pending Funds***

We can invest Venture Pending Funds, in those securities described in paragraphs (a) – (d) under “*Directed Funds Permitted Investments under the Employee Investment Act*”.

### ***GIC Shares – GIC Content***

With both the GIC Shares’ 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 GIC Shares will be invested in GICs. If necessary, the allocation of venture investments among the Venture Series Shares will be adjusted to maintain that as a minimum level of GIC content for the GIC Shares.

### ***Additional Investment Restrictions Adopted by WOF***

In addition to the requirements of the *Employee Investment Act*, WOF’s board of directors has adopted the following investment restrictions:

- we perform an ethical review of potential portfolio companies. It prohibits us from investing in companies in the tobacco products, offensive military weapons or nuclear fission power industries,
- we will not buy or sell investments from any of WOF’s officers or directors, and
- we will not knowingly make any investment in any Eligible Business that a WOF director or officer (or their associates) (i) has a significant ownership interest in, or (ii) is an officer or director of (unless the director or officer or employee does not participate in making the WOF investment decision and discloses to WOF his or her offices with the Eligible Business).

### ***Changes to Investment Objectives or Strategies***

The fundamental investment objectives, restrictions, policies or strategies of WOF which are determined by the *Employee Investment Act* can only be changed if the *Employee Investment Act* is amended by government. The fundamental investment objectives, restrictions, policies or strategies of WOF which are determined by WOF’s board of directors can be changed by the Board.

### ***Mutual Fund Investment Restrictions Do Not Apply***

Because WOF is not a “mutual fund”, as defined under applicable securities legislation, it is not subject to the investment restrictions and practices governing mutual funds, including those in National Instrument 81-102. However, the extensive restrictions contained in the *Employee Investment Act* govern WOF’s unique investment mandate.

## Description of Shares

The authorized share capital of WOF consists of:

- an unlimited number of Class A shares, issuable in series, of which the following series have been identified and authorized for issuance: Balanced Shares (series 1), Balanced Shares (series 2), Growth Shares (series 1), Growth Shares (series 2), Income Shares (series 2), Financial Services Shares (series 2), Resource Shares (series 2), Diversified Shares (series 2), GIC Shares (series 2), Commercialization Shares (series 2), Commercialization Shares (series 2-2006), Commercialization Shares (series 2-2007), Commercialization Shares (series 2-2008), Commercialization Shares (series 2 – 2009), Commercialization Shares (series 2 – 2010), Commercialization Shares (series 2 – 2011) and Commercialization Shares (series 2– 2012); and
- an unlimited number of Class B shares, issuable in series of which the 100 shares of the first series, the IPA Shares, have been issued to the Manager;

all without par value. The directors are authorized to determine the name, number and rights and restrictions of each new series. WOF's articles provide that all series of a class have equal priority as among each other to dividends or return of capital.

### *Class A Shares*

The rights and restrictions attached to the Balanced Shares, Growth Shares, Financial Services Shares, GIC Shares and Commercialization Shares and to the previously offered Balanced Shares (series 1), Growth Shares (series 1), Income Shares, Resource Shares and Commercialization Series Shares, which are all series of Class A shares, are essentially identical. These rights also apply to fractions of shares in the proportion that the fractional share bears to a whole share.

The rights and restrictions on the Shares entitle you to:

- receive dividends if and when the board declares them;
- receive notice of all general meetings of shareholders of WOF;
- receive one vote for every Share you own;
- vote, along with all holders of Class A Shares, on the election of 2 of the 13 directors of WOF each year (the remainder are appointed by the Sponsor);
- receive on the liquidation, dissolution or winding-up of WOF, an amount equal to the applicable Pricing NAV per Share on the shares you hold. You will rank equally with the holders of Class B Shares on any distribution on a liquidation, dissolution or wind-up.
- switch from any of the Venture Series Shares into any other series of Venture Series Shares (with only one exception: no switching out of GIC Shares is permitted at this time) as determined by the Board. Currently, you are allowed to switch up to four times every year. There is currently no switch privilege for Commercialization Series Shares. See the section called *Purchases and Switches* on page 29; and
- redeem your Shares after you have held them for 8 years. See *Redemption* on page 33.

Under the *Business Corporations Act* (British Columbia), the Fund may be dissolved by special resolution of the shareholders. As noted above, on a dissolution, you will receive an amount equal to the applicable Pricing NAV per Share on the shares you hold.

You cannot redeem or transfer your Shares before the eighth anniversary except in very limited circumstances. Under exceptional circumstances, WOF doesn't have to redeem Shares even though you qualify to have them redeemed. For more information on redeeming your Shares, see *Redemption*

on page 33. Under the rights and restrictions attached to Class A shares, the Board is authorized to, as it sees fit from time to time, set a lower hold period (or possibly no hold period at all) on shares sold in the future after a particular date and the early redemption charges payable on shares which are held for less than 8 years.

Share transfers before the eighth anniversary are generally limited to a “hardship disposition”, see *Redemptions*, or a “trust disposition”, see *Canadian Income Tax Considerations – British Columbia Provincial Income Tax Considerations - Liability to Repay B.C. Tax Credit*.

Under the restrictions attached to the Shares, we must calculate Pricing NAV per Share at least monthly. Currently we calculate it weekly as we discuss in *Calculation of Pricing NAV per Share* on page 23.

In addition, the series rights and restrictions attached to the '12 Commercialization Shares permit the Board to, by resolution, automatically convert the '12 Commercialization Shares into another series of Commercialization Series Shares that participates in the same investment portfolio as the 12 Commercialization Shares and has the same cost structure as the '12 Commercialization Shares, provided that such conversion takes place at the shares' relative Pricing NAV per Share on the conversion date.

### ***Class B Shares***

As a class, the Class B shares:

- Are issuable in series. This allows the directors to determine the maximum number of shares, create an identifying name for the series, and attach special rights or restrictions to the shares of that series.
- Rank on a dissolution event equally with the Class A shares.

All other rights and restrictions in respect of a particular series of Class B shares will be established by the specific series rights and restrictions attached to the series.

### ***IPA Shares***

The IPA Shares have been structured to provide the “participating” or “carried” interest commonly provided to venture capital fund managers in the venture capital industry in North America. This enables the Fund to attract and retain skilled management to carry out its investment objectives. That participating interest enables the Fund’s manager to share in some of the gains associated with venture investments that surpass certain return thresholds.

The IPA Shares, a series of Class B shares, can only be issued to the Manager and they are non-transferable. They are also non-voting except as required by law.

The rights and restrictions attached to IPA Shares, as a series, entitle their holder to:

- receive dividends (the “IPA Dividends”) equal to 20% of the realized gains and income from each venture investment. Before any IPA Dividends can be paid in respect of a venture investment, the following conditions must be met:
  - *Portfolio Test* - total net realized and unrealized gains and income on the portfolio of venture investments allocated to a particular series of Shares must have generated a return, since the IPA Start Date, greater than a cumulative annualized rate of return on a 5 year GIC plus 2% per annum;

- *Venture Investment Test* - the venture investment must have generated a compounded annual internal rate of return of at least 12% (including realized and unrealized gains and income whether from prior partial dispositions of that venture investment or otherwise) since the date of the initial investment; and
- *Principal Test* - the Fund must have received a cash amount at least equal to the principal invested in the venture investment since the date of the initial investment.

The IPA Dividends are calculated and paid quarterly only if the above conditions are met. If the dividends on the IPA Shares would, if paid, reduce the return of the venture portfolio to below the cumulative threshold return referred to in the first condition above, the dividends actually paid on the IPA Shares on that date will be reduced so the return does not go below that cumulative threshold. If a particular venture investment is allocated to two or more series of Shares, each such allocation will be treated as a separate venture investment for the purposes of calculating the IPA Dividends.

The following terms have the following meanings for the purposes of calculating IPA Dividends:

**“IPA Start Date”** means, for each series of Class A shares, the date on which that series was initially offered for sale by the Fund.

**“date of the initial investment”** shall be deemed to be the IPA Start Date or date of actual investment if later than the IPA Start Date.

**“principal invested”** means the estimated fair value of the venture investment as at the IPA Start Date for all investments made before the IPA Start Date and the cost amount for all venture investments made after the IPA Start Date.

**“realized gains and income”**, in respect of a particular venture investment, means the amount by which total cash received from dispositions of a particular venture investment and all fees, royalties, interest (but excluding all interest income used or will be used in connection with the payment of dividends in accordance with the dividend policy for the Commercialization Series Shares), dividends and other distributions received in respect of the venture investment exceeds the principal invested in the venture investment since the date of the initial investment.

**“realized and unrealized gains and income”** means, in respect of a particular venture investment, the amount by which the total unrealized and realized gains from the venture investment, plus all fees, royalties, interest, dividends and other distributions received or receivable in respect of the venture investment exceeds the total unrealized and realized losses from the venture investment. Interest for this calculation includes interest income used or which will be used in connection with the payment of dividends in accordance with the dividend policy for the Commercialization Series Shares.

To the extent they are not declared by the Board and paid when payable, the IPA Dividends are cumulative.

- receive on redemption an amount equal to the purchase price paid for the IPA Shares, if the holder ceases to be the manager of the Fund and any dividends payable, accrued or accumulated on the IPA Shares have been paid in full or the holder otherwise agrees to redemption.
- receive on the liquidation, dissolution or winding-up of WOF all declared but unpaid dividends and all amounts of undeclared but accrued dividend entitlement (as though all venture investments had been disposed of).

## Calculation of Pricing NAV per Share

### *Pricing NAV – Balanced Shares, Growth Shares, Financial Services Shares, GIC Shares and Commercialization Series Shares*

As an employee venture capital corporation or **EVCC**, WOF calculates the prices used for purchasing and redeeming (and the price for switching Venture Series Shares), based on a formula determined under our employee venture capital plan. We call that price the “Pricing NAV per Share”.

Since the Shares invest their Venture and/or Directed Funds in different ways, they participate in different types of assets.

We calculate a different Pricing NAV per Share for each Series as follows.

$$\text{Pricing NAV per Share} = \frac{\text{Share Assets} + \text{UC} - \text{Share Liabilities}}{\text{total number of Shares of that series (including fractions thereof) issued and outstanding}}$$

Where:

“Share Assets” means the aggregate value of that portion of WOF’s assets which have been acquired, allocated or classified in the records of WOF as assets underlying the particular series of Shares in accordance with the investment policies applicable to such series (as determined by the Board from time to time), together with a pro rata portion of the assets of WOF not otherwise allocated to any one or more series or class of shares.

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

“UC” means the unamortized balance of up-front sales commissions paid by WOF for the procurement of Share subscriptions for that particular series using a straight line basis and an 8 year amortization period.

The Fund’s assets and liabilities are allocated in the records of the Fund among WOF’s series of Shares in accordance with the particular investment policies and expenses and charges applicable to the series. As set out in this annual information form and the Fund’s prospectus, the investment strategies for the Venture Series Shares and the Commercialization Series Shares are different. This will result in different investments with Venture Funds and/or Directed Funds being allocated and classified in the records of the Fund as assets solely underlying one series of Shares or, where investment mandates overlap, being allocated in part to more than one series of 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 Shares will differ as the valuation of the investments underlying those shares differs over time and the above formula is applied to calculate NAV per Share for the particular series. For more information on the particular investment policies and expenses associated with the Shares see the section titled “*Investment Restrictions*” in this annual information form and “*What Do Venture Series Shares Invest In?*”, “*What do Commercialization Shares Invest In?*” and “*Fees and Expenses*” in the Fund’s simplified prospectus. Also see “*Calculation of Pricing NAV per Share– Allocation of Assets among Commercialization Series Shares*” on page 24 for more information about how we allocate assets among the Commercialization Series Shares.

### ***The “Commissions Adjustment”***

We add in the unamortized balance of up-front sales commissions paid by WOF when calculating Pricing NAV. We call this “UC” or “Commissions Adjustment”.

When investors purchase Shares, the Fund pays up-front sales commissions to dealers. Because this up-front cost is associated with raising capital that is on hand for 8 years, it makes business sense to spread or match that cost equally over the 8 year period that the Fund will generally benefit from having the share capital. Therefore, for purposes of calculating Pricing NAV per Share, we use a method that initially “capitalizes” the commission amount paid as if it were an asset and then fully amortizes that cost on a straight-line basis over 8 years. So, for example, at the end of year 4, half the commission cost will have been charged through, and at the end of year 8, all of the amount initially capitalized will have been charged through.

The Fund, like most other labour sponsored investment funds, has used this method for dealing with sales commissions since its inception in 1992. Until September 30, 2003, the unamortized balance of sales commissions was recognized as an asset under generally accepted accounting principles (“GAAP”). On that date, GAAP changed and the amount capitalized is no longer recognized as an asset under GAAP and beginning January 1, 2004 are no longer shown as an asset on the Fund’s financial statements. However, the formulas for calculating Share prices provided for in the Fund’s employee venture capital plan and Share rights expressly include the Commissions Adjustment. Therefore, the Fund continues to include it in calculating Pricing NAV per Share. Because of the GAAP change, Pricing NAV per Share will differ from the net asset value per Share calculated under GAAP.

Labour sponsored investment funds based in other provinces of Canada may, for share pricing purposes, use other methods for dealing with sales commissions, including fully charging them at the time they are paid. As a result, you may not be able to directly compare information on WOF and those other funds.

### ***Comparing Pricing NAV per Share and GAAP NAV per Share***

To assist investors in assessing the difference that the Commissions Adjustment makes, we will on an ongoing basis in our annual information form and in the notes to our audited financial statements identify the difference between the Pricing NAV per Share and the net asset value per share calculated under GAAP (“GAAP NAV”).

By way of comparison, as at December 31, 2010, the GIC Shares GAAP NAV was 3.98% lower, Balanced Shares GAAP NAV was about 1.89% lower, the Balanced Shares (series 1) GAAP NAV was about 0.67% lower, the Growth Shares GAAP NAV was about 1.84% lower, the Growth Shares (series 1) was about 0.72% lower, the Financial Services Shares GAAP NAV was about 2.92% lower, the ’05 Commercialization Shares GAAP NAV was about 1.59% lower, the ’08 Commercialization Shares GAAP NAV was about 3.14% lower, the ’09 Commercialization Shares GAAP NAV was 3.621% and the ’10 Commercialization Shares GAAP NAV was 4.93% lower than their Pricing NAVs as a result of not including the unamortized balance of commissions also known as “deferred commissions”. No financial information as at December 31, 2010 is available for ’11 Commercialization Shares or ’12 Commercialization Shares as these series were not offered before January 1, 2011. No financial information is available for the ’06 Commercialization Shares or the ’07 Commercialization Shares as those shares were converted into the 05 Commercialization Shares in 2009 and 2010, respectively.

### ***Allocation of Assets among Commercialization Series***

Because of the unique investment and dividend policies associated with ’12 Commercialization Shares, we will apply the following rules when allocating assets to the ’12 Commercialization Shares.

The rules enable the specific dividend policy associated with a particular series of Commercialization Series Shares to be more easily administered. They also seek to avoid dilution for earlier investors, while gaining the benefits of diversification.

- Each year (until determined otherwise by the Board), a new series of Commercialization Series Shares will be priced at \$10 per share until the cut-off date (being the last day an investor can obtain a federal or provincial tax credit for the preceding tax year on a purchase of Class A shares). The new series will typically continue to be offered for sale for about four to six months thereafter, as determined by the Fund's Manager, at its Pricing NAV per Share after which time the new series will no longer be sold.
- Unless otherwise determined by the Board, each series of Commercialization Series Shares will have a dividend policy (the "Dividend Policy") to pay dividends equal in total to approximately 25% of the purchase price with a target that the dividends be paid within the three year period following the cut-off date for that series. It is expected that dividends will be paid in February of each year (the "Dividend Payment Date"). Venture investments made by Commercialization Series Shares generally include an initial income generating component intended to fund dividend payments. The period of time during which a series of Commercialization Series Shares is allocated income at least equal to the aggregate payments under its Dividend Policy is the "Dividend Allocation Period".
- Venture investments of all series of Commercialization Series Shares will be pooled and allocated among series on a share for share basis. Each series of Commercialization Series Shares will be allocated its specific share of the non-venture investment portfolio so as to retain each series' Pricing NAV and Pricing NAV per Share on that date. This rebalancing will subsequently occur on each date: when a new series of Commercialization Series Shares becomes subject to these allocation rules, which will be within 30 days of its cut-off date, with the specific date to be determined by the Fund's Manager; and when a series converts into the 05 Commercialization Shares (the original Series offered) as described below.
- The investment portfolio of a series of Commercialization Series Shares that participates in the pooled venture portfolio will consist of its specific non-venture portfolio and its proportionate share of the pooled venture portfolio, including gains and losses, allocated on a share for share basis with all other such series and will include interest and other income earned on the pooled venture portfolio as allocated below.
- Interest and other income from the pooled venture portfolio will be allocated during each year leading up to a Dividend Payment Date as follows: first to those series of Commercialization Series Shares in their Dividend Allocation Period, in proportion and up to the amount of the dividend to be paid by the series on the next Dividend Payment Date in accordance with the Dividend Policy, reduced by any surplus and increased by any deficiency of income allocated to that series during previous periods, and subject to a first allocation to any series of Commercialization Series Shares that has completed its dividend payments under its Dividend Policy; and thereafter to all series of Commercialization Series Shares on a share for share basis.
- Once a series of Commercialization Series Shares has completed payments under its Dividend Policy and has completed its Dividend Allocation Period, shares of that series will be converted into shares of 05 Commercialization Shares (the original Series offered) based on both series' relative Pricing NAV. At that time, the converting series shareholders will hold 05 Commercialization Shares.

To date, WOF has created a new series of Commercialization Series Shares each year. These allocation rules will be reflected in the determination of "Series Assets" for purposes of calculating Pricing NAV per Share for the Commercialization Series Shares. See *Calculation of Pricing NAV per Share* on page 23.

### ***Pricing NAV - Balanced and Growth Shares (series 1)***

For the purposes of redemptions and switching, we also calculate a Pricing NAV for the Balanced Shares (series 1) and Growth Shares (series 1) in a similar manner based on the Fund's assets and liabilities that are allocated or classified as assets and liabilities underlying those shares. Again, given that we ceased offering these shares less than 8 years ago, we add in "UC". As a result, we calculate a different Pricing NAV per Series 1 Share as follows.

$$\text{Pricing NAV per Balanced Share (series 1)} = \frac{\text{Balanced Share (series 1) Assets} + \text{UC} - \text{Balanced Share (series 1) Liabilities}}{\text{total number of Balanced Shares (series 1) (including fractions thereof) issued and outstanding}}$$

$$\text{Pricing NAV per Growth Share (series 1)} = \frac{\text{Growth Share (series 1) Assets} + \text{UC} - \text{Growth Share (series 1) Liabilities}}{\text{total number of Growth Shares (series 1) (including fractions thereof) issued and outstanding}}$$

Where:

"Balanced Share (series 1) Assets" means the aggregate value of that portion of WOF's assets which have been acquired, allocated or classified in the records of WOF as assets underlying the Balanced Shares (series 1) in accordance with the investment policy applicable to such series (as determined by the Board from time to time), together with a pro rata portion of the assets of WOF not otherwise allocated to any one or more series or class of shares.

"Balanced Share (series 1) Liabilities" means the aggregate value of that portion of WOF's liabilities which have been incurred, allocated or classified in the records of WOF in respect of the Balanced Share (series 1) Assets or Balanced Shares (series 1), together with a pro rata portion of the liabilities of WOF not otherwise allocated to any one or more series or class of shares.

"Growth Share (series 1) Assets" means the aggregate value of that portion of WOF's assets which have been acquired, allocated or classified in the records of WOF as assets underlying the Growth Shares (series 1) in accordance with the investment policy applicable to such series (as determined by the Board from time to time), together with a pro rata portion of the assets of WOF not otherwise allocated to any one or more series or class of shares.

"Growth Share (series 1) Liabilities" means the aggregate value of that portion of WOF's liabilities which have been incurred, allocated or classified in the records of WOF in respect of the Growth Share (series 1) Assets or Growth Shares (series 1), together with a pro rata portion of the liabilities of WOF not otherwise allocated to any one or more series or class of shares.

"UC" means the unamortized balance of up-front sales commissions paid by WOF for the procurement of Balanced Share (series 1) subscriptions or Growth Share (series 1) subscriptions, as the case may be, using a straight line basis and an 8 year amortization period.

### ***Frequency of Calculation***

We currently calculate Pricing NAVs per share weekly at the end of the day Friday. If we receive your order before 1:00 p.m. on a Friday (Vancouver time), we will process your order using the prices that we calculate that Friday for Shares. If we receive your order after 1:00 p.m., we will use next week's prices.

At least weekly, we arrange for publication of the Pricing NAVs per share in newspapers of general circulation in British Columbia such as the National Post, Globe and Mail, Province and Vancouver Sun. We also post those values on our website at [www.growthworks.ca/wof](http://www.growthworks.ca/wof).

## **Valuation**

WOF's board has delegated responsibility for establishing policies and procedures for determining Pricing NAVs per Share to its Valuation Committee. We describe the make-up of this committee in the section called *Responsibility for Fund Operations*. Currently, WOF's Plan sets out the key valuation principles and procedures. Amendments to the Employee Investment Act which came into force on May 30, 2002 empower the Province to prescribe a method for establishing the value of assets of a corporation registered under the Employee Investment Act. At this time, the Province has not prescribed or otherwise specified what this method will be. As of the date of this annual information form, WOF's valuation principles and procedures are consistent with the Canadian Venture Capital and Private Equity Association (CVCA) Valuation Principles and Guidelines.

### *Valuation of Assets*

Set out below are the existing valuation principles and guidelines of WOF for valuing its venture investments and non-venture investments.

WOF's assets can be divided into three main categories:

- *Securities for which there is a published market.* These **Published Assets** are valued at the bid price subject to marketability discounts for contractual, governmental or other legally enforceable restrictions preventing realization at the Valuation Date.
- *Securities for which there is no published market.* These **Unpublished Assets** are valued based on detailed valuation rules set out in the Plan and described below. The carrying values generated are reviewed semi-annually by an independent chartered business valuator.
- *Other assets.* Other assets are valued at the values they are carried on the books of WOF in accordance with generally accepted accounting principles, plus the unamortized balance of up-front sales commissions paid for the by the Fund (for pricing purposes). See the discussion about sales commissions above in *Calculation of Pricing NAV per Share* on page 23.

To ensure compliance, the valuation rules and process will be adjusted to reflect any changes in valuing WOF's assets required by any governmental or regulatory body having jurisdiction over WOF, WOF's auditor or the independent chartered business valuator.

The Valuation Committee sets the frequency for calculating Pricing NAVs per share which must be at least monthly. We call this a **Valuation Period**. It is currently weekly. However, the Valuation Committee can change this frequency and may also make a special valuation between the regular intervals if an event causes value to change by more than 5% since the last valuation. If a special valuation is made, the Pricing NAV per Share calculated for that day shall continue in effect until the end of the regular Valuation Period. The Manager calculates the Pricing NAVs per share for each Valuation Period by applying the valuation rules and procedures approved by the Valuation Committee. The Valuation Committee is provided with semi-annual reports on Pricing NAV calculations for the prior Valuation Periods.

### *Valuation of Published Assets*

WOF's Published Assets are valued at the bid price subject to marketability discounts for contractual, governmental or other legally enforceable restrictions preventing realization at the Valuation Date.

### *Valuation of Unpublished Assets*

Unpublished Assets are valued using the following principles and procedures:

- Investments are valued at estimated fair value (the amount that the investment could be exchanged between knowledgeable, willing parties in an arm's length transaction) using the method of valuation which best and most objectively reflects such fair value.
- New investments are valued at cost for generally one 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 (what we call a **Value Event**) with respect to an investment, values used in such offers or transactions are used in the valuation of the investment. Prices are adjusted to reflect the value an ordinary purchaser would likely have paid. Similarly, if there is a valuation prepared by a qualified independent party, that 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, the value from the last Value Event will be used.
- If an investment is progressing satisfactorily in relation to WOF's expectations and there has not been a recent Value Event, then the best and most objective traditional valuation method may be used to estimate value (ie. 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, any specific valuation or investment will be used. If there is evidence of a diminution of value of an investment, 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.

### *Semi-Annual and Annual Valuation Reviews*

An independent valuator, in good standing with the Canadian Institute of Chartered Business Valuators, semi-annually and annually reviews the value of the Unpublished Assets as of the last day of June and as of the last day of December every year. The valuator reports on whether the carried value of the Unpublished Assets represents a fair and reasonable estimate of the value of the Unpublished Assets on the basis of the foregoing valuation principles.

Valuation of WOF's Unpublished Assets will inevitably be subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

### *Changes to Valuation Rules*

As a result of amendments to the *Employee Investment Act*, the Province may prescribe valuation rules. In addition, shareholders have approved the Board making changes to its valuation rules to ensure consistency with the CVCA Guidelines as updated from time to time.

## Purchases and Switches

### Purchases

- You can place an order to buy a specific dollar amount of Shares at any time. You receive the number of Shares equal to the dollar value you want to spend divided by the weekly Pricing NAV per Share for the Shares you are purchasing. '12 Commercialization Shares will be available for purchase January 3, 2012 and will be priced at \$10.00 until February 29, 2012, and thereafter at the '12 Commercialization Shares' Pricing NAV per Share.
- WOF calculates Pricing NAV per Share weekly. If we receive your order before 1:00 p.m. on a Friday (Vancouver time), we will use the prices that we calculate that Friday for the Venture Series Shares and '12 Commercialization Shares. If we receive your order after 1:00 p.m., we will use the next week's prices.
- You can only buy Shares if you are a B.C. resident or you are a B.C. resident and buy Shares through your RRSP or TFSA or your spouse's RRSP (who also has to live in B.C.). Shares can be purchased individually and then transferred to a RRSP. Shares can be purchased by, or transferred to, a TFSA. Joint accounts cannot purchase or hold Shares. Prior to any purchase by, or transfer to, a RRSP, RRIF or TFSA, you should consult your own tax advisor about the use of a RRSP, RRIF or TFSA, as applicable, in your particular tax situation.
- You don't receive a federal tax credit if you buy Shares through a RRIF. Shares can be purchased through a RRSP and then transferred into a RRIF in certain permitted circumstances under the Federal Tax Act because Shares qualify as eligible investments for RRIFs.
- You don't pay any sales commissions when you buy Shares, WOF pays the commission. See page 31.
- You can only buy Shares from your investment or mutual fund dealer. You can also arrange to buy them through an automatic investment plan. See page 31.
- Your first purchase of Shares has to be at least \$500. You cannot split the initial \$500 amount between the different types of Shares. After that, you can buy Shares in amounts of \$25 or more. Under an automatic savings plan or a payroll savings plan, a minimum monthly purchase of \$25 applies.
- We generally offer Venture Series Shares for sale on a continuous basis. However, we may at any time and from time to time suspend offering one or more series of 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. It is expected that '12 Commercialization Shares will be offered on a continuous basis until four to six months after March 1, 2012.
- Currently, approvals issued under the *Employee Investment Act* allow us to sell up to \$55 million worth of Shares by the end (ie. March 1<sup>st</sup>) of each of the RRSP seasons for 2012, 2013 and 2014. Since no B.C. tax credits will be issued for any Shares sold above the amount of tax credits allocated to the Fund in the year, we will monitor sales and suspend them when this limit is reached. If we have to suspend sales, we will normally start them again at the beginning of the next government fiscal year.
- You receive tax credits when you buy Shares that you can use to reduce the amount of income tax you pay to the federal and provincial governments. This effectively reduces your out-of-pocket cost of buying Shares. Remember, the maximum amount of tax credits you can claim in a tax year applies to all Shares you purchase in a year whether by you individually, in your RRSP or TFSA and for your spouse's RRSP (if you are the contributor and are claiming the tax credit). See *Canadian Income Tax Considerations* on page 53. Here's an example of how this

works, assuming you buy the Shares through a fully deductible RRSP using 2011 income tax rates.

Taxable Income Before Deduction of RRSP Contribution	<b>\$35,000</b>	<b>\$55,000</b>	<b>\$76,000</b>
Subscription Amount	\$ 5,000	\$ 5,000	\$ 5,000
Share Purchase Tax Credits.			
Federal <sup>(1)</sup>	(750)	(750)	(750)
B.C. <sup>(2)</sup>	(750)	(750)	(750)
Estimated Tax Reduction from RRSP Contribution	<u>(1,003)</u>	<u>(1,485)</u>	<u>(1,625)</u>
<b>Net Cost of Investment After above Tax Savings<sup>(3)</sup></b>	<u><b>\$ 2,497</b></u>	<u><b>\$ 2,015</b></u>	<u><b>\$ 1,875</b></u>

- (1) You can't receive more than \$750 per year in federal tax credits for all share investments in prescribed labour-sponsored venture capital corporations whether purchased individually, in a RRSP, in a spousal RRSP (if you are the contributor and able to claim the federal tax credit) or a TFSA.
- (2) You can't receive more than \$2,000 per year in B.C. tax credits for all share investments in employee venture capital corporations and under registered employee share ownership plans whether purchased individually, in a RRSP, in a spousal RRSP (if you are the contributor and able to claim the B.C. tax credit) or a TFSA. You won't be able to use the B.C. Tax Credit if you are not resident in BC at the end of the calendar year.
- (3) Amounts withdrawn from an RRSP are taxable when withdrawn. RRSP tax savings are not unique to the Fund. Caution: A registered retirement income fund or **RRIF** is not eligible to buy Shares and receive a federal tax credit. However, Shares can be purchased through a RRSP and then transferred into a RRIF in certain permitted circumstances. Shares can also be purchased individually and then transferred to a RRSP. Shares can be purchased by, or transferred to, a TSFA. See *Purchases and Switches* and *Canadian Income Tax Considerations*.

For more on tax credits, you should turn to *Canadian Income Tax Considerations* on page 53.

- If you contribute to your spouse's RRSP, you or your spouse may claim the federal tax credit and your spouse may claim the B.C. tax credit or, if you are designated as a beneficiary of your spouse's RRSP, you may claim the B.C. tax credit. Currently, the amount of the tax credit on a particular Tax Credit Certificate must be claimed in full by one spouse. However, if there are multiple purchases in the same spousal account, there may be more than one Tax Credit Certificate issued for that account. The Fund has been advised that the amount of the tax credit on the additional tax credit certificate(s) need not be claimed by the same spouse. However, there can be no splitting of the amount of the tax credit on any particular tax credit certificate. As the Province, not the Fund, issues Tax Credit Certificates there can be no guarantee that each purchase of Shares receives its own Tax Credit Certificate or that this administrative practice will not change.
- Securities laws allow us to refuse your purchase order within one business day of receiving it. If we refuse a purchase order, we will immediately return your money without interest. Securities laws also allow you to cancel or withdraw from your purchase in some circumstances. See *What are Your Legal Rights?* on page 42 of the Fund's simplified prospectus. In addition to those rights, we allow you to cancel a purchase order so long as we receive the cancellation prior to 1:00 p.m. on the Friday of the week you placed your order.
- You must pay for your Shares when you buy them. If for any reason your payment hasn't been received within three business days of processing your order, the Shares will be sold back to WOF on the next business day. If the proceeds are more than the amount you owe us, we will

keep the difference. If the proceeds are less than the amount you owe, we will pay the difference and collect it plus the Manager's expenses from your dealer, in which case your dealer may require you to pay the difference plus expenses.

- When you buy Shares, you pay no commission to your dealer. Instead, WOF pays commissions to your dealer on the following basis. At the time of sale, your dealer will choose one of two commission options, either: (1) an up front sales commission of 5% of the price paid for the Shares and an ongoing service/trailer commission at a rate of 0.5% per annum on the Pricing NAV of those Shares, paid quarterly in arrears each year until the Shares are redeemed; OR (2) an up front sales commission of 2% of the price paid for the Shares and an ongoing service/trailer commission at a rate of 1% per annum on the Pricing NAV of those Shares, paid quarterly in arrears each year until the Shares are redeemed. WOF reserves the right to not pay the service/trailer commissions if the amount is less than \$25 or in other specific circumstances it may specify from time to time. In addition, WOF pays its principal distributor a commission of up to 0.75% of the gross proceeds received by WOF on the annual sale of Shares. See *Responsibility For Fund Operations – Principal Distributor* for details.

### ***Automatic Investment***

You may purchase Venture Series Shares through an automatic investment plan or a payroll savings plan, often called a “PSP”.

Under an automatic investment plan, you authorize us to debit your bank, trust company or credit union account monthly and use that amount to buy Venture Series Shares. Under a PSP, if you are employed by a participating employer, you may authorize your employer to deduct a specified amount from your pay and have that amount used to buy Venture Series Shares. Any amount remitted by your employer under a PSP will be deemed to be a purchase order of Venture Series Shares by you. You can take advantage of these plans by completing the appropriate subscription form.

- Under each of these services, you have to purchase at least \$25 of Venture Series Shares per month, and our usual minimum initial purchase amount of \$500 does not apply. Venture Series Shares sold through these plans are subject to the same commissions and services fees as are payable by the Fund on regular sales.
- You can make purchases through your RRSP. If you are not purchasing Venture Series Share under a PSP that is administered by a participating dealer, you must use a Fund RRSP (see below).
- You don't pay any additional administration fees for a PSP or for an automatic investment plan administered by us. Additional administration fees may be charged by a participating dealer administering your PSP.
- You can change the dollar amount or frequency of your purchases or terminate the service at any time subject to any conditions of your particular PSP. If we suspend offering a particular series of Venture Series Shares at any time, funds received through automatic investment plans and PSPs administered by us will be placed in a trust account and used to purchase that series of Shares when the offering resumes.
- Your particular PSP may have additional conditions, so you should consult your adviser. Also, to fully understand the impact on your taxes of a PSP, speak to your tax adviser.

While not currently available, the Fund may in the future offer the ability to purchase Commercialization Shares under PSPs, subject to the terms and conditions of the particular PSP.

### ***Opening a GrowthWorks WOF RRSP Account***

If you want to purchase Class A Shares through a RRSP but don't have a self-administered RRSP, you can open a GrowthWorks WOF RRSP. Simply complete the appropriate portion of our subscription form.

A GrowthWorks WOF RRSP may only hold shares of GrowthWorks managed funds and, in exceptional circumstances approved by the trustee, cash. Because of this, if you hold your Commercialization Shares in a GrowthWorks WOF RRSP, any cash dividends paid in accordance with a series' dividend policy will be automatically reinvested in the Matrix Money Market Fund (another GrowthWorks managed fund) in accordance with the terms and conditions of the GrowthWorks WOF RRSP. When you open a GrowthWorks WOF RRSP, you will receive a prospectus regarding the Matrix Money Market Fund which contains important details about the Matrix Money Market Fund including applicable fees and expenses. You should review this with your investment advisor. Matrix Funds Management (a division of GrowthWorks Capital) is the manager of Matrix Money Market Fund and SEAMARK Asset Management Ltd. is its portfolio advisor. The Manager, Matrix Funds Management and SEAMARK are all subsidiaries of Matrix. As such, there are some common directors and officers among these companies.

For more information about purchasing in a self-directed RRSP account, consult your investment advisor or contact our Manager at 1.800.268.8244.

### ***TFSA Account***

If you don't have a TFSA and would like to purchase or hold your Shares in a TFSA, consult your investment advisor or contact our Manager at 1.800.268.8244.

### **Switches**

- You can convert some or all of your Venture Series Shares (with only one exception: no switching out of GIC Shares is permitted at this time) into other Series of Venture Series Shares as determined by the Board. Currently, you are allowed to switch up to four times each calendar year.
- If you hold your Shares through a dealer, your dealer can request a conversion using the dealer's electronic order system. Otherwise, you have to send us a written and signed conversion request.
- Shares will be converted at the Pricing NAVs for the Venture Series Shares then in effect. If you are converting only part of your Shares, the ones you purchased first will be converted first.
- Conversion won't cause your hold period to restart. The date of your original investment in Shares will carry over to the ones you convert into.
- When you switch your Shares, the commission structure for the converted Shares will be the same as the commission structure chosen by your dealer when you purchased the Shares. See *Purchases* on page 29 for details.

There is no switch privilege at this time for Commercialization Series Shares. Other Venture Series Shares may switch into GIC Shares, but switching out is not permitted other than in extraordinary circumstances as approved by the Manager. The limitation on switching out of GIC Shares is needed to avoid the significant early redemption penalties associated with redeeming GICs before their regular maturity date.

In exceptional circumstances, the Fund may require holders of a particular Series of Venture Series Shares 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 sector is unlikely to increase over the medium term, the Fund may request holders of that Series to switch to another Series and, failing the holder making such a voluntary switch within a reasonable time, the Fund will be entitled to direct a switch from that particular Series into Balanced Shares. 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. Any requested or directed switch will not count as a switch for the purposes of calculating the number of permitted switches per year.

## Redemption

### *General*

- You can have WOF redeem your Shares any time after you have owned them for 8 years.
- If you are approaching the eighth anniversary of holding Shares, you may be able to redeem your Shares early. This is the case if the eighth anniversary of your Shares is during the second 30 days of the calendar year, then you can redeem those Shares up to 30 days prior to that anniversary date and you won't have to repay any tax credits that you received on the purchase of those shares. You can also redeem your Shares during the one month period prior to the eighth anniversary of your purchase if you also buy Shares at the same time on terms and conditions acceptable to WOF.
- You may also be able to redeem your shares prior to the eighth anniversary of your purchase **in very limited circumstances that amount to a “hardship disposition”**. We discuss these limited circumstances below under the heading *Early Redemption due to Hardship Disposition*.
- We calculate Pricing NAV per Share weekly. If we receive your redemption order before 1:00 p.m. on a Friday (Vancouver time), we will use the prices that we calculate that Friday for Venture Series Shares and Commercialization Shares. If we receive your redemption order after 1:00 p.m., we will use next week's prices.
- If you are eligible to redeem your Shares, you may choose to use your redemption proceeds to buy new Shares of WOF. We call this a “reinvestment” or a “rollover”. You can receive an additional round of tax credits on a reinvestment, subject to the usual maximums.

(Note: If you own Balanced Shares (series 1) or Growth Shares (series 1) and you choose to reinvest or rollover your shares, you will be issued Balanced Shares (series 2) or Growth Shares (series 2), as the series 1 shares are no longer offered. You may also choose to rollover into Financial Services Shares, GIC Shares or Commercialization Shares. Different fee arrangements apply to the Shares. See *Responsibility for Fund Operations – The Manager* on page 39 and see *Calculation of Pricing NAV per Share* on page 23.)

- If you are redeeming Shares directly, rather than through your dealer's electronic order system, you will have to complete and sign our redemption request form.
- If your Shares are held in an RRSP, RRIF or TFSA, a person authorized by the trustee of the plan must request the redemption. If your Shares are held in your account with a dealer, the consent of the dealer is required.
- Under exceptional circumstances, WOF doesn't have to redeem Shares even though you have held them for 8 years. WOF can refuse to redeem if it would create a working capital deficiency for WOF, cause it to be in default of its financial obligations under an arm's length loan agreement, if WOF is insolvent or the redemption would cause WOF to become insolvent, or if

total redemptions in the fiscal year would exceed either: 20% of WOF's retained earnings or 50% of WOF's net earnings after taxes for the previous fiscal year.

- If WOF can't meet all redemption requests, it will honour requests in the following priority: first, requests resulting from shareholder death; second, requests resulting from shareholder bankruptcy; third, requests resulting from shareholder disability; fourth, requests resulting from shareholder involuntary loss of employment; and fifth, all other requests for redemption.

Remember that redeeming your Shares could mean you will have to pay taxes. See *Canadian Income Tax Considerations* on page 53 for details.

### ***Early Redemption due to Hardship Disposition***

There are four hardship disposition categories as listed below:

- *Death*
- *Bankruptcy or Pending Bankruptcy*
- *Permanent Disability*
- *Involuntary Loss of Employment*

**Note:** Amendments to the *Employee Investment Act* which came into force on May 30, 2002 and May 20, 2004 require shareholders to repay all or some of both the provincial and federal tax credits provided on the purchase of those Shares if the person is eligible for early redemption due to hardship disposition and redeems the Shares within 5 years of their purchase. See *Liability to Repay Federal Tax Credit* and *Liability to Repay B.C. Tax Credit*.

To be eligible to redeem early under this exception to the hold period, you will need to apply to the Fund and provide satisfactory documentation establishing that your circumstances amount to a "hardship disposition." Upon receiving the Fund's approval, your Shares can be redeemed after repayment of federal and provincial tax credits if being redeemed within 5 years of purchase. To facilitate this repayment, the amount you receive on redemption will be net of the federal and provincial tax credits required to be repaid.

If any of the above conditions existed at the time you purchased the Shares or you knew at the time of the purchase that such a condition would soon occur, this will be considered to be a pre-existing condition and you will not be entitled to redeem the Shares prior to 8 years from the date you purchased the Shares. If you fall within one of the above categories and would like to apply for early redemption due to a "hardship disposition" give our Manager a call at 1.800.268.8244.

### ***Redemptions of Previously Offered Shares***

The foregoing rules relating to redemption and early redemption also applies for redemptions of Balanced Shares (series 1), Growth Shares (series 1) and previously offered Commercialization Series Shares.

**Note:** Venture Series Shares purchased between January 1, 2007 and March 1, 2007 have a hold period of 5 years. To ensure the cost of commissions paid by the Fund to registered dealers when shares are issued is borne equitably among Venture Series shareholders, shareholders who access this redemption right prior to 8 years will pay to the Fund an early redemption charge equal to the balance of any unamortized commissions not yet charged to the redeemed shares under the "Pricing NAV" system. For those Venture Series Shares sold between January 1, 2007 and March 1, 2007 having an upfront commission of 5.0% paid by the Fund to your dealer and the 0.75% commission paid to the Fund's principal distributor, the early redemption charge will be calculated as 0.0599% times the number of months remaining from the time of redemption until the end of 8 years. For those Venture Series

Shares sold between January 1, 2007 and March 1, 2007 having an upfront commission of 2.0% paid by the Fund to your dealer and the 0.75% commission paid to the Fund's principal distributor, the early redemption charge will be calculated as 0.0287% times the number of months remaining from the time of redemption until the end of 8 years.

## Responsibility for Fund Operations

### Board of Directors and Officers of WOF

WOF's board of directors has top level responsibility for overseeing the management of WOF, subject to the responsibilities delegated to its committees and the Manager as described below.

WOF's directors and officers are:

<u>Name, municipality of residence and position</u>	<u>Principal occupation, business or employment at present and for previous five years</u>	<u>Director since</u>	<u>Number of Shares beneficially owned, controlled, or over which has direction</u>
Susan Alley, <sup>(1)(3)</sup> North Vancouver, BC Director	Vice-President, Human Resources, Western Canada, First on Site Restorations,	October 25, 2007	131
Raymond Castelli <sup>(2)</sup> West Vancouver, BC Director	Chief Executive Officer, Weatherhaven	December 8, 2006	726
Jill Donaldson, Vancouver, BC Secretary	Senior member, Irwin, White & Jennings, law firm	N/A	Nil
Judi Filion <sup>(2)</sup> New Westminster, BC Director	Former Treasurer, BC Government & Service Employees' Union	December 8, 2010	500
Stephen Hunt Burnaby, BC Director	Director, United Steelworks - District	May 12, 2010	Nil
David Levi <sup>(4)</sup> Vancouver, BC Director	President and Chief Executive Officer of the Fund, President, Chief Executive Officer and Director, Matrix and GrowthWorks.	November 5, 1991	3,376
Dr. Julia G. Levy <sup>(1)(2)</sup> Vancouver, BC Director	Former Executive Chairman, Scientific Advisory Board (and previously Chief Executive Officer and Vice-President), QLT Inc.	January 7, 1992	1,289 (660 shares have been purchased by Dr. Levy for a spousal account)
Clint Matthews, Coquitlam, BC CFO	Chief Financial Officer of Matrix and Chief Financial Officer and Vice-President, Finance of GrowthWorks Capital Ltd.	N/A	1300

<u>Name, municipality of residence and position</u>	<u>Principal occupation, business or employment at present and for previous five years</u>	<u>Director since</u>	<u>Number of Shares beneficially owned, controlled, or over which has direction</u>
Lori Mayhew <sup>(1)</sup> Delta, BC Director	Secretary-Treasurer, Canadian Office and Professional Employees Union, Local 378	June 22, 2006	Nil
Cindy Oliver <sup>(3)</sup> Burnaby, BC Director	President, Federation of Post-Secondary Educators of British Columbia	June 22, 2006	503
Barry O'Neill <sup>(3)</sup> Lantzville, BC Director	President, British Columbia Division, Canadian Union of Public Employees	June 23, 2005	803
Christopher Reid, <sup>(2)</sup> Delta, BC Director	Chair, Hydrexia Inc.	October 25, 2007	Nil
Angela Schira <sup>(2)</sup> Richmond, BC Director	Former Secretary-Treasurer, B.C. Federation of Labour	July 19, 2001	3,793
Cindy Stewart <sup>(2)(3)</sup> Vernon, BC Director and Chairperson	Former President, Health Sciences Association, British Columbia (retired)	September 3, 2002	1,889
Nikolas O. Worhaug <sup>(1)(3)</sup> Langley, BC Director	Canadian Director, UNITE HERES International Union	January 7, 1992	375 (375 shares have been purchased by Mr. Worhaug for a spousal account)

Notes:

- (1) Member of Audit and Governance Committee.
- (2) Member of Investment Committee.
- (3) Member of Finance and Valuation Committee.
- (4) Mr. Levi is a non-voting member of Audit and Governance Committee, Investment Committee and Finance and Valuation Committee

Each of the directors and officers of WOF has held the principal occupation listed above, or other offices with the same union or company, for the last 5 years except as set out in the section called "Officers and Directors of the Manager of the Fund" below for the officers and directors of the Manager and the following: Mr. Castelli was previously Senior Vice President of Quadrem, a Dallas-based supply chain solutions business, from January 2001 to September 2006 and President of NaiKun Wind Development Corporation from October 2006 to March 2008; Ms. Alley was previously Vice-President, Human Resources for Open Solutions Canada Inc. from August 2007 to January 2011, a Partner with Knightsbridge, a human resources consulting firm, from April 2006 to July 2007, Vice-President, Human Resources for Citizens Bank of Canada, a banking institution, from January 2005 to December 2005; Ms. Filion was a data entry clerk with Okanagan College and is currently on leave from that position; Ms. Mayhew was an adjuster for the Insurance Corporation of British Columbia and is currently on leave from that position beginning May 1, 2008; Mr. Reid was Vice-President and General Manager of Motive Power, Plug Power Inc., from May 2007 to January 2010 and prior the acquisition by Plug Power Inc., Mr. Reid was CEO of Cellex Power Products Inc. from November 1998 to April 2007 and Ms. Stewart was Canadian Director of *Partners in the Horn of Africa* from September 2009 to August 2010.

Each member of the Board receives \$300 for each Board meeting and is reimbursed for all expenses incurred to attend meetings and carry out Board duties. The total amount paid to WOF's directors for the 2010 fiscal year was \$ 40,500. In accordance with terms of the Management Agreement, these fees are paid by the Manager.

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

There are no cease trade orders or bankruptcies affecting the directors or executive officers of the Fund.

#### ***Investment Committee***

The Board has established an Investment Committee composed of 5 or more directors. The President is a non-voting member of the Investment Committee. A quorum for meetings of the Investment Committee is three members. The Investment Committee is responsible for approving initial investments in Eligible Businesses with a transaction cost of up to \$6 million, subject to certain matters which can be approved by the Manager. Additionally, where an Eligible Business has received more than \$3 million in follow-on investments approved by the Manager (on a cumulative basis since the last Investment Committee or Board approved investment), the Investment Committee must approve the next follow-on investment in that business. Eligible Business Investments which have received more than \$6 million in follow-on investments (on a cumulative basis since the last Investment Committee or Board approved investment), are subject to Board approval. See below *Summary of Venture Investment Approval Authorities*.

#### ***Valuation Committee***

The Board has established a Valuation Committee comprised of 5 directors, 3 of whom are not members of the Investment Committee. The Board has delegated responsibility to the Valuation Committee for determining the Pricing NAV per Share and policies and procedures for the Manager to use when calculating Pricing Net Asset per Share. A majority of the voting members of the Valuation Committee are independent of the Sponsor and its shareholder unions. The President and the Chief Financial Officer are non-voting members of the Valuation Committee. See the section above called *Calculation of Pricing NAV per Share* on page 23.

#### ***Audit & Governance Committee***

The Board has established an Audit and Governance Committee comprised of at least 4 directors, a majority of whom are not officers or employees of WOF or the Sponsor. The role of the Audit and Governance Committee includes reviewing and approving the financial statements of WOF sent to shareholders and liaising with WOF's auditor and overseeing the Fund's corporate governance policies.

#### ***The Advisory Council***

To assist it in implementing its investment strategy, WOF has created an Advisory Council composed of experienced business persons. Members of the Advisory Council provide the Board and GrowthWorks Capital with their views on proposed initial investments in Eligible Businesses. WOF intends to have between 4 and 12 members on the Advisory Council and a quorum for meetings of the Advisory Council is any 3 members.

The name, municipality of residence and principal occupation of each member of the Advisory Council is set out below:

<u>Name and Municipality of Residence</u>	<u>Occupation or Position</u>
J. Stewart Cunningham, Vancouver, BC	Businessperson, Retired Actuary
Doug Eakins, Vancouver, BC	Chartered Accountant
John Geddes, Vancouver, B.C	VP Business Development, MacDonald Dettwiler and Associates Ltd.
Ellen Godfrey, Victoria, BC	Management Consultant
Merl Hoekstra, Monroe, Washington	Group VP, Business Development, The Elitech Group
John Maycock, Vancouver, BC	Partner, Toll Cross Investments Inc.
Ian Reid, Vancouver, BC	Former Co-Founder Partner, Sierra Systems Group Inc.

The members of the Advisory Council are not employed by WOF, but are paid for their services at a per diem rate of \$300. In 2010, WOF paid a total of \$ 6,300 to Advisory Council members. In order to avoid potential constraints on the expression of opinions by members of the Advisory Council, the members are not held liable to WOF for any views expressed by them, or for any losses that WOF may incur in reliance on such views.

#### ***Summary of Venture Investment Approval Authorities***

The following matrix summarizes who is responsible for approving venture investments in various circumstances:

<b>Responsible for Approval</b>	<b>Initial Investments</b>	<b>Follow-On Investments (Cumulative Investment Per Portfolio Company)</b>
Manager	Up to a total of \$500,000 per quarter (as approved by the Manager's CEO)	Up to \$3 million
Investment Committee	Up to \$6 million *	\$3-6 million
Board	Over \$6 million	Over \$6 million
Advisory Council	All*	None

\* except those initial investments of \$500,000 or less per quarter approved by the Manager's CEO. The next investment after a Manager approved initial investment is considered to be an initial investment for purposes of the matrix.

### **The Manager**

GrowthWorks Capital's head office and principal place of business is at 2600 - 1055 West Georgia Street, P.O. Box 11170, Royal Centre, Vancouver, British Columbia, V6E 3R5. GrowthWorks Capital's telephone number is 604.688.9631 or 1.800.268.8244. You can e-mail GrowthWorks Capital at [info@growthworks.ca](mailto:info@growthworks.ca) or visit its website at [www.growthworks.ca](http://www.growthworks.ca).

Founded in 1998, GrowthWorks has a skilled and knowledgeable team of venture capital professionals with a combined 200 years of investing experience. GrowthWorks Capital Ltd. is registered as a portfolio manager under securities laws in the provinces of British Columbia, Ontario, Saskatchewan, Manitoba and Nova Scotia and as an investment fund manager in British Columbia. It is also registered as a mutual fund dealer under securities laws in the provinces of British Columbia, Ontario, Saskatchewan and Nova Scotia and is exempt from being a member of the Mutual Fund Dealers Association of Canada.

Effective January 15, 2010, GrowthWorks Ltd., the Manager's parent company, Matrix and SEAMARK Asset Management Ltd. completed a business combination pursuant to which GrowthWorks Ltd. and SEAMARK became subsidiaries of Matrix, a TSX listed company. See *Principal Holders of Securities – the Manager*.

### ***Services and Agreements***

GrowthWorks Capital manages the day-to-day business, affairs and operations of the Fund.

Here are the investment related services GrowthWorks Capital provides or arranges to provide, to us under a **Management Agreement** that was originally entered into on January 1, 1999 and was amended and restated as of November 6, 2007:

- identifying investment opportunities which meet WOF's objectives and investment strategy;
- analyzing proposed investments;
- negotiating and structuring proposed investments;
- preparing and making recommendations for investments to the Advisory Council and the Investment Committee or the Board in accordance with the investment decision making process established by WOF;
- monitoring WOF'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; and
- recommending the appropriate timing, terms and methods of realizing on WOF's investments.

GrowthWorks Capital also provides us with the following administrative services:

- devising and implementing a marketing strategy;
- maintaining shareholder records (registrar, transfer agency, and "authorized depository" functions under the *Employee Investment Act*);
- preparing shareholder reporting information;
- overseeing securities administration;
- providing RRSP trust administration services as agent for the RRSP trustee;
- assisting with necessary filings under applicable securities legislation;

- providing administrative and support services to the Board, Board Committees and the Advisory Council;
- providing bookkeeping and accounting services; and
- providing office premises and telephone reception.

To facilitate GrowthWorks Capital providing these services to the Fund and conducting business and transactions on the Fund's behalf, WOF and GrowthWorks Capital entered into an **Authorization Agreement** dated January 1, 1999 (amended and restated as of September 5, 2008) which provides the Manager and its staff with the necessary authorizations to conduct business on behalf of the Fund.

The Fund has also appointed the Manager as the Fund's Principal Distributor. See below "*Principal Distributor*".

Under the Management Agreement, the Manager can engage affiliates and, with the consent of the Fund, other entities to provide some or all of the services provided to WOF under the Management Agreement. The Manager shall only engage persons who have: the necessary systems, personnel and registrations under applicable securities laws and regulations to provide their applicable component of the services; adopted policies and procedures that would be considered standard practice in labour-sponsored investment fund industry; and adopted a compensation system for the investment managers who deal with Fund investments which is no less favourable than that relating to other clients and/or funds they are responsible for. The Manager's ability to engage affiliates and others will in no way diminish its legal obligation to provide or arrange for the provision of services to the Fund in accordance with the standard of care set out in the Management Agreement. In addition, there will be no change to the fees paid by the Fund under the Management Agreement, as the Manager, not the Fund, will be responsible for any costs incurred as a result of any such engagement. In this regard, the Manager has engaged its affiliate SEAMARK Asset Management Ltd. to provide investment management advice on certain of its Directed Funds investments for the Balanced Shares and the Growth Shares. In keeping with the terms of the Management Agreement, the Manager, not WOF, pays all costs incurred with this engagement. SEAMARK Asset Management is registered as a portfolio manager in British Columbia and all other provinces of Canada.

The Management Agreement had an initial term of 5 years, and is renewable for additional 5 year terms. The agreement has been renewed in accordance with its terms on December 31, 2003 and December 31, 2008. We may terminate the Management Agreement earlier if (i) the Manager is in breach or default of any of the provisions thereof and such breach has not been cured within 30 business days' notice; (ii) the Manager becomes bankrupt or insolvent; or (iii) after 3 years on written notice to the Manager. Termination will be effective 2 years after the date of notice of termination. The Manager may terminate the Management Agreement, if (i) WOF is in breach or default of any of the provisions thereof and such breach has not been cured within 30 business days notice; (ii) there is a fundamental change in the investment objectives, policies or restrictions of WOF; or (iii) after 3 years on written notice of termination to WOF. Termination will be effective 2 years after the date of notice of termination. If the Management Agreement is terminated, WOF must promptly appoint a successor manager to carry out the management activities until a meeting of WOF's shareholders is held to confirm such appointment. Any successor manager will be subject to removal or termination in substantially the same manner as provided for in the Management Agreement.

#### ***Manager Compensation – Venture Series Shares and Commercialization Series Shares***

The following is a summary of fees payable to the Manager by the Fund in respect of the Venture Series Shares and Commercialization Series Shares as a liability specifically allocated and charged to those shares only.

The Manager is paid an annual management fee of 2.0% on the Pricing NAV of the Shares and an annual administration fee on a declining basis as follows:

- 1.29 % of Pricing NAV up to \$100 million in Pricing NAV,
- 0.83 % of the next \$100 million in Pricing NAV,
- 0.61 % of the next \$100 million in Pricing NAV, and
- 0.50 % of the Pricing NAV beyond \$300 million.

The above percentages have been rounded to two decimal places for ease of presentation. Both the management and administration fees are calculated and paid monthly on the Pricing NAV of the Venture Series Shares and Commercialization Series Shares and allocated to each series based on relative Pricing NAV. However, for purposes of calculating the tiers or asset level thresholds for the declining administration fee, the Pricing NAV of all issued WOF Class A shares are combined. This way investors receive the benefit of the declining fee schedule sooner than would otherwise be the case. As of the date of this annual information form, the Pricing NAV of all WOF Class A shares was approximately \$187 million. At that level, the average annual administration fee charged to the Venture Series Shares and Commercialization Series Shares would be about 1.08 %.

These fees are also reduced by the Shares' pro rata portion of any fees we receive from portfolio companies such as finders' fees, directors' fees and work fees and by any operating costs paid directly by 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 the realized gains on venture investments which surpass certain return thresholds. In the case of gains associated with the Shares, a participating interest for the Manager will be provided through the payment of IPA Dividends on the IPA Shares. See *Description of Shares Capital – IPA Shares*.

#### ***Fund Expenses***

The Manager, not the Fund, is responsible for paying the Fund's usual operating expenses. However, in addition to paying the Manager the fees outlined above, the Fund pays applicable taxes, capital items, commissions and expenses unique to early stage, research and/or development company investing. These latter expenses will be allocated specifically to the Commercialization Series Shares. All administration fees listed in the Fund's simplified prospectus paid by investors are for the Manager's account.

#### ***Manager Compensation – Series 1 Shares***

The following is a summary of the fees payable to the Manager solely in respect of the previously issued Balanced Shares (series 1) and Growth Shares (series 1) (the "Series 1 Shares") as a liability specifically allocated and charged to those shares under the terms of the Management Agreement.

The Manager is paid an annual management fee for the Series 1 Shares only on a declining basis as follows:

- 3.01% of Pricing NAV up to \$100 million in Pricing NAV,
- 2.54% of the next \$100 million in Pricing NAV,
- 2.33% of the next \$100 million in Pricing NAV, and
- 2.22% of the Pricing NAV beyond \$300 million.

The above percentages have been rounded to two decimal places for ease of presentation. This fee is calculated and paid monthly on the average Pricing NAV of the Series 1 Shares only and allocated to the Balanced Shares (series 1) and Growth Shares (series 1) based on relative Pricing NAV. However, for purposes of calculating the tiers or asset level thresholds, the Pricing NAV of all issued WOF Class A shares is combined. This way investors will continue to benefit from the declining fee schedule in the same way as if additional Series 1 Shares were sold. As at the date of this annual information form, the Pricing NAV of all WOF Class A shares was approximately \$187 million. At that level, the average annual management fee charged to the Series 1 Shares would be about 2.79%.

These fees are also reduced by the Shares' pro rata portion of any fees we receive from portfolio companies such as finders' fees, directors' fees and work fees and by any operating costs paid directly by the Fund.

The Manager can also earn a performance bonus fee equal to 20% of the returns on WOF's venture investment portfolio attributable to the Balanced Shares (series 1) and Growth Shares (series 1), net of associated direct expenses, above a threshold return of: 10% or the average 5 year GIC rate during the year plus 3%, whichever is greater. Returns include interest, dividends, fees and realized and unrealized gains and losses. If the returns do not exceed the threshold in any given year, no amount will be payable and, furthermore, the difference below the threshold will be carried forward and deducted from the returns on WOF's venture investment portfolio in subsequent years.

***Directors and Officers of the Manager***

GrowthWorks Capital's officers have many years of experience in making and managing venture capital investments in Canada. The names, municipality of residence and principal positions of each of GrowthWorks Capital's directors and officers are:

<b>Name and Place of Residence</b>	<b>Position with Manager and Principal Occupation</b>
David Balsdon Mississauga, ON	Chief Operating Officer for Matrix and Chief Operating Officer and Chief Compliance Officer, GrowthWorks Capital Ltd.
Pat Brady Vancouver, BC	Vice-President, Investments of GrowthWorks Capital Ltd.
Jim Charlton Saltspring Island, BC	Senior Vice-President, Investments, British Columbia of GrowthWorks Capital Ltd.
Carol Crow N. Vancouver, BC	Vice-President, Human Resources of GrowthWorks Capital Ltd.
Rolf Dekleer Vancouver, BC	Vice-President, Investments of GrowthWorks Capital Ltd.
Deborah Gray Toronto, ON	Acting Senior Vice-President, National Sales and Marketing for Matrix and GrowthWorks Capital Ltd.
Thomas J. Hayes Halifax, NS	President, GrowthWorks Atlantic Ltd. <sup>(1)</sup>
Harold Heide Winnipeg, MB	Vice-President, Investments of GrowthWorks Capital Ltd.

<b>Name and Place of Residence</b>	<b>Position with Manager and Principal Occupation</b>
Alex Irwin W. Vancouver, BC	Chief Strategy Officer, Matrix and GrowthWorks Capital Ltd. and Director of GrowthWorks Capital Ltd.
Timothy Lee Mississauga, ON	Chief Investment Officer, Venture Capital of GrowthWorks Capital Ltd.
David Levi Vancouver, BC	President, CEO and Director of Matrix and GrowthWorks <sup>(2)(3)</sup>
Clint Matthews Coquitlam, BC	Chief Financial Officer Matrix and Chief Financial Officer, Vice-President, Finance and Director of GrowthWorks Capital Ltd. <sup>(2)</sup>
Murray Munro Vancouver, BC	Senior Vice-President, National Sales, Marketing and Government Relations, of GrowthWorks Capital Ltd.
Maria Pacella Vancouver, BC	Vice-President, Investments of GrowthWorks Capital Ltd.
Scott Pelton Toronto, ON	Vice-President, Investments of GrowthWorks Capital Ltd.
Andrew Pinkerton Toronto, ON	Vice-President, Investments of GrowthWorks Capital Ltd.
Joseph Regan Mississauga, ON	Vice-President, Investments of GrowthWorks Capital Ltd.
Mark Stirling Hamilton, ON	Vice-President, Investments of GrowthWorks Capital Ltd.
Joseph Timlin N. Vancouver, BC	Vice-President, Investments of GrowthWorks Capital Ltd.

Notes:

- (1) Mr. Hayes is principally employed by GrowthWorks Atlantic Ltd., part of the venture capital division of Matrix.
- (2) These individuals also act as officers of WOF.
- (3) Mr. Levi is a director of the Fund. With the formation of GrowthWorks Ltd. in 1998, Mr. Levi's principal occupation became President and Chief Executive Officer of GrowthWorks. On the formation of Matrix in January 2010, Mr. Levi's principal occupation now includes serving as President and Chief Executive Officer of Matrix.

The following are biographies of the directors and officers of GrowthWorks Capital Ltd.:

**David Balsdon** is Chief Operating Officer for Matrix and Chief Operating Officer and Chief Compliance Officer at GrowthWorks Capital. 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 Mavrix 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.

**Pat Brady** is a Vice-President, Investments at GrowthWorks Capital. Mr. Brady joined GrowthWorks Capital on its formation on January 1, 1999. From 1998 to 1999, Mr. Brady was an Investment Manager at the Working Opportunity Fund. Prior to joining the Working Opportunity Fund, Mr.

Brady had over 6 years of management experience with life science and other emerging companies. Mr. Brady has a MBA from the University of Western Ontario. Mr. Brady serves as a Board member for Inimex Pharmaceuticals Inc., MSI Methylation Sciences Inc. and Valocor Therapeutics Inc.

**Jim Charlton** is a Senior Vice-President, Investments, British Columbia at GrowthWorks Capital. Mr. Charlton has over 24 years of venture capital experience and has worked closely with several successful entrepreneurs and their companies. Mr. Charlton joined GrowthWorks Capital on its formation on January 1, 1999. From 1996 to 1999, Mr. Charlton was a Vice-President Investments at the Working Opportunity Fund. Prior to 1996, Mr. Charlton was Vice-President at Ventures West Management Inc., a venture capital firm. Mr. Charlton also spent 8 years with Discovery Enterprises Inc., an early stage venture capital firm, of which he became Vice President and Chief Financial Officer. Mr. Charlton holds a B.Sc. in Astronomy from UBC and a MBA from the University of Western Ontario. He currently sits on the boards of Mixpo Inc., CellFor Inc., and Light Haus Logic Inc. He is also a director of Wavefront AC, a community based commercialization entity focused on wireless and digital media companies. Mr. Charlton serves on the Finance Committee and Valuation Committee of the Canadian Venture Capital Association.

**Carol Crow** is a Vice-President, Human Resources at GrowthWorks Capital. Ms. Crow joined GrowthWorks in September 2005 and has over 20 years of experience in the management of human resources, finance and operations across a variety of industries including manufacturing, technology, tourism and health care. Ms. Crow was previously a Director of Human Resources with Retirement Concepts and a Director of Finance and Operations with Signature Vacations. At GrowthWorks, Ms. Crow is responsible for overall human resource strategic direction including compensation and benefits, performance management, employee attraction, recruiting, employee development and retention, employee communication, health/safety and appreciation/recognition programs. Ms. Crow holds an Honours Business Administration degree from the University of Western Ontario and is a Certified Human Resources Professional.

**Rolf Dekleer** is a Vice-President, Investments at GrowthWorks Capital. Mr. Dekleer joined GrowthWorks Capital in 2000 bringing 18 years of experience in the technology sector with Cymbolic Sciences, MacDonald Dettwiler, Agilent Technologies, Hewlett-Packard and Schlumberger. He has extensive experience in product management and business development, including 10 years with venture capital backed technology companies. Mr. Dekleer also has two years of investment experience with Innovation Ontario Corp., an early stage venture capital firm in Toronto. Mr. Dekleer graduated from BCIT's Electronics Engineering program, and has an MA and an MBA from York University. Mr. Dekleer serves on the boards of Angstrom Power, CoolEdge Lighting, D-Wave Systems, Dyaptive Systems, General Fusion, NxtGen Emission Controls, Radiant Communications, Switch Materials and Zeugma Systems.

**Deborah Gray** is the Acting Senior Vice-President of National Sales and Marketing at Matrix Asset Management and GrowthWorks Capital. 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 Vice President, Atlantic Canada at GrowthWorks Capital and President of GrowthWorks Atlantic Venture Fund and its manager, GrowthWorks Atlantic Ltd. Prior to an affiliate of GrowthWorks Capital 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) (together the "GrowthWorks WV Funds") 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 a 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. and Sampling Technologies Inc.

**Harold Heide** is a Vice-President, Investments at GrowthWorks Capital. Mr. Heide has over 27 years of experience in financial and operational management positions. Between 1996 and March, 2000, he served as the Director, Risk Management with the Manitoba Capital Fund Limited Partnership which provided mezzanine financing to both small and mid-sized businesses in Manitoba. He has held previous financial management positions with Monsanto Canada and Canadian Pacific, and was a licensed investment executive with the former Midland Doherty. Mr. Heide is a graduate of the University of Manitoba. He sits on a variety of investee boards, such as Digital Payment Technologies, Kraus Global and The Puratone Corporation.

**Alex Irwin** is Chief Strategy Officer of Matrix and GrowthWorks Capital and a director of GrowthWorks Capital. Previously, he served as Chief Operating Officer at Matrix and GrowthWorks Capital overseeing operational matters for Matrix and its divisions and prior to that he served as Senior Counsel at GrowthWorks Capital overseeing all significant legal matters and certain operational matters affecting GrowthWorks and its managed funds. He has extensive experience in new fund product development and structuring investment vehicles, including those with significant tax benefits. Mr. Irwin was the founding principal of the law firm Irwin, White & Jennings, a law firm, which practices business law and acts for investment funds and venture capital funds. The firm has advised on capital raising and investing transactions valued at over \$1 billion. Mr. Irwin has degrees in both Business Administration and Law from the University of British Columbia.

**Timothy Lee** is Chief Investment Officer, Venture Capital at GrowthWorks Capital. Mr. Lee joined GrowthWorks in 2005 and brings 17 years of corporate finance and venture capital experience. Prior to joining GrowthWorks, Mr. Lee was a General Partner with another Canadian venture capital firm, where he was involved with a number of notable exits from portfolio companies. Mr. Lee currently serves on a number of Boards including Aizan Technologies Inc., cfactor Works Inc., and Blueprint Software Systems Inc. Mr. Lee has a BA from the University of Toronto, an MBA from York University and is a Chartered Financial Analyst.

**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 subsidiaries of Matrix including GrowthWorks Ltd. and its related companies including GrowthWorks Capital and SEAMARK Asset Management Ltd. Mr. Levi is also President and Chief Executive Officer and director of the Fund, GrowthWorks Canadian Fund and GrowthWorks Commercialization Fund. Mr. Levi is also a director of GrowthWorks Atlantic Venture 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 approximately \$200 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 the Working Opportunity Fund. In 2002, Mr. Levi led GrowthWorks’ acquisition of the company that previously managed the 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 the 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 is the Chair of 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 subsidiaries. Mr. Matthews is also Chief Financial Officer and Vice President, Finance and a director of GrowthWorks Capital. Mr. Matthews joined GrowthWorks Capital in April 2008. Prior to joining GrowthWorks Capital, 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.

**Murray Munro** is Senior Vice-President, National Sales, Marketing and Government Relations at GrowthWorks Capital. Mr. Munro joined GrowthWorks Capital on its formation in January 1, 1999. From 1998 to 1999, Mr. Munro was Vice-President of Marketing and Operations at the Working Opportunity Fund. Prior to joining GrowthWorks Capital, Mr. Munro served as Executive Director of the Western Brewers Association, an industry association representing the commercial brewing industry in Western Canada. He was also Director of the Small Business and Equity Investment Branch of the Ministry of Small Business, Tourism and Culture where he was responsible for small business and venture capital programs in British Columbia. Mr. Munro worked in the BC public service for fourteen years, during which time he held a variety of positions with the Ministry of Finance and Ministry of Economic Development. Mr. Munro has an undergraduate degree from the University of British Columbia and a Masters of Arts and a Masters of Public Administration from Queen's University.

**Maria Pacella** is a Vice-President, Investments at GrowthWorks Capital. Ms. Pacella joined GrowthWorks Capital in 2001 focusing on information technology investments. Prior to joining GrowthWorks she worked as a M&A investment banker with Deutsche Bank across a variety of industries including financial services and technology. Ms. Pacella also worked at an interactive media start-up assisting the company in operational activities and strategic initiatives. Ms. Pacella has a bachelor of Business Administration from Simon Fraser University and is a CFA charter holder. Ms. Pacella's board positions include Genologics Life Sciences Software, Redlen Technologies, BuildDirect.com, Colligo Networks, CopperLeaf Technologies and the CFA Vancouver Society.

**Scott Pelton** is a Vice President, Investments for GrowthWorks Capital. Prior to joining GrowthWorks in 2005, he spent 5 years at Scotiabank Private Equity Investments, most recently as Executive Director. Prior to Scotiabank, Mr. Pelton worked in a variety of consulting and systems development roles for clients such as Intel, SAP and Sony. Mr. Pelton holds a Bachelor of (Computer) Engineering and Management from McMaster University in Hamilton, Ontario. Mr. Pelton serves on the boards of a number of early-stage technology companies and was a director of a number of successful exited portfolio companies of GrowthWorks Canadian Fund and GrowthWorks Commercialization Fund including Bump Technologies (sold to Google), Datawire (sold to First Data) and Sysomos (sold to MarketWire).

**Andrew Pinkerton** is a Vice President, Investments at GrowthWorks Capital, focusing on information technology investments. Prior to joining the company in May 2003, Mr. Pinkerton worked as a Director of Corporate Development at Workbrain, in the Institutional Equity Research Groups at Credit Suisse First Boston Technology Group, Deutsche Bank Technology Group and PaineWebber Technology Group in San Francisco, California. Mr. Pinkerton has also worked in the

Investment Banking Division of Alex, Brown & Sons in Boston, Massachusetts. Mr. Pinkerton graduated Cum Laude from Harvard College and also graduated with an MBA from the Rotman School of Business at the University of Toronto. Mr. Pinkerton serves on the Board of Directors for Camilion Solutions, Covarity, Morega Systems, OneChip Photonics, Paymentus and Perspecsys.

**Joseph Regan** is a Vice-President, Investments with GrowthWorks Capital. Mr. Regan joined an affiliate of GrowthWorks Capital in early 2003 and has over a decade of life sciences venture capital experience, active in both company creation and the strategic growth of portfolio companies. In addition, he brings domain expertise via his tenure in the pharmaceutical industry at Hoffmann-La Roche and Syntex Pharmaceuticals Inc. He was also Vice-President, Ventures West Management Inc. from 1998 until 2001. Mr. Regan has an Honours B.Sc.(Distinction) from the University of Guelph and a MBA from McMaster University. Mr. Regan is currently on the Boards of Cytochroma Inc., Targeted Growth Inc., Sunnybrook Working Ventures Medical Discovery Fund Inc., Viron Therapeutics Inc., Ambit BioSciences Corporation and Receptor Therapeutics Inc.

**Mark Stirling** is a Vice President, Investments in Ontario at GrowthWorks Capital. Mr. Stirling has held numerous executive and technical positions in both Canada and US, including: COO - Nakisa Inc., COO/CFO - ISOPIA Inc., COO/CFO - GSA Consulting Inc., President - Obvious Systems Inc., Vice President – ABTS Global LP (Aird & Berlis LLP), President - Laurentian Media (ComputerWorld) and Founding President - International Data Corporation (IDC) Canada. Mr. Stirling holds an MBA from the Ivey School of Business, University of Western Ontario and an BSc in Physics (Magna Cum Laude) from the University of Toronto. Prior to his entry into the private sector, he was a theoretical physicist with NASA. Mr. Stirling serves on the Board of Directors for GreenCore Composites, Ascentify, Kibboko, Multicorpora, Natrix Separations and Peerset. He is also chair of Hy-Power Nano, and Secretary of the Board of Governors of Hillfield Strathallan College, Canada's third largest private school.

**Joseph Timlin** is a Vice-President, Investments with GrowthWorks Capital. Mr. Timlin joined GrowthWorks Capital in 2002 focusing on software and information technology investments. Prior to joining GrowthWorks he worked for four years with BDC's Venture Capital Group focusing on information technology and alternative energy investments. Mr. Timlin has experience in technical sales and sales management in the municipal and industrial water and waste industry, and has worked as a construction engineer. Mr. Timlin has a BSc in Civil Engineering from Queen's University and a MBA from UBC. Mr. Timlin is currently on the Board of Directors of Layer-7 Technologies, Make Technologies, ResponseTek Networks, Sutus, and Teradici.

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

There are no cease trade orders or bankruptcies affecting the directors or executive officers of the Manager.

#### **Principal Distributor**

In keeping with mutual fund industry practice of having the manager, or an affiliate of the manager, act as the fund's principal distributor, and for consistency with other GrowthWorks managed funds, the Fund restructured its principal distributor role and has appointed GrowthWorks Capital as the Fund's principal distributor. As principal distributor of the Fund, GrowthWorks Capital authorizes a selling group consisting of qualified investment advisors, brokers and mutual fund dealers.

As GrowthWorks Capital has assumed the responsibilities and duties of principal distributor, as well as certain distribution expenses, it is paid the same principal distributor commission of 0.75% of gross proceeds received on the sale of the Fund's shares that had been paid to the Fund's principal distributors in the past. However, to the extent the 0.75% principal distributor commission exceeds

GrowthWorks Capital's out-of-pocket distribution expenses in its role as principal distributor, GrowthWorks Capital will abate its fees so that any such savings accrue to the Fund.

### **Brokerage Arrangements**

The Manager typically uses Macquarie Private Wealth Inc. for brokerage services concerning the Fund's non-venture investments, although, the arrangement is not exclusive and the Manager may engage one or more different brokers from time to time for non-venture investment transactions. The Manager 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, the Manager will not consider a broker's sale of Fund shares as a factor. The Manager 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, the Manager 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. The Manager 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 annual information form, 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 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 our Manager toll-free at 1.800.268.8244 or at [info@growthworks.ca](mailto:info@growthworks.ca).

### **Custodian**

Royal Bank of Canada is the custodian of WOF's portfolio securities. It is located at 1025 West Georgia Street, Vancouver, British Columbia, V6E 3N9.

Under a custodial agreement dated October 15, 2008, Royal Bank of Canada is the custodian of all securities owned by WOF. As custodian, Royal Bank of Canada is responsible for the safekeeping of such securities, and for collecting and receiving all income, principal, dividends and other distributions with respect to the property of WOF in its custody. Royal Bank receives fees in accordance with its standard fee schedule as determined by it from time to time. This agreement can be terminated on 45 days notice. Under the Management Agreement, WOF has designated the Manager to direct Royal Bank of Canada's handling of the securities.

### **Auditor**

WOF's auditor is Hay & Watson, Chartered Accountants. They are located in Vancouver, British Columbia. The auditor's responsibility is to determine that WOF's financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles.

### **Registrar**

WOF acts as its own registrar. It keeps records of the owners of Shares, processes orders and issues account statements and tax slips to investors. Share certificates or electronic records representing Shares are deposited with WOF. WOF holds them in custody for generally 8 years from the date of purchase unless the Shares are disposed of in accordance with the rights and restrictions attached to the Shares. WOF holds the certificates and records under the terms of a depository agreement with the Province of British Columbia amended and restated as of January 10, 2005. Under this agreement, the Fund is the authorized depository for Shares at the discretion of the Administrator of the *Employee Investment Act*. The agreement may be cancelled on reasonable written notice.

### **The Sponsor**

As required by the applicable tax credit legislation, WOF has a labour sponsor, Working Enterprises Ltd. The aim of Working Enterprises in sponsoring WOF is to provide B.C. residents with the opportunity to invest in a tax-assisted venture capital investment vehicle which may not otherwise be available to them. It also seeks to promote job creation and economic development in British Columbia.

Working Enterprises is owned equally by B.C. Federation of Labour, B.C. Government and Service Employees Union, Canadian Union of Public Employees, Health Sciences Association, International Longshore and Warehouse Union, Canadian Office and Professional Employees' Union and the United Steelworkers. Working Enterprises' shareholders represent over 500,000 employees in government and a variety of industries in British Columbia.

Working Enterprises holds one Share of WOF. The articles of WOF require that WOF have at least 11 directors. Members of the Board are to be elected or appointed on the following basis:

- a minimum of 2 directors are to be elected by the holders of Class A Shares at WOF's annual general meeting,
- a minimum of 2 directors must be independent business persons or investment managers appointed by the Sponsor;
- the president of WOF is automatically appointed as a director; and
- sufficient additional directors are to be appointed by Working Enterprises as are necessary to equal 50% of the total number of directors plus one.

Working Enterprises indirectly owns approximately 29.4% of the shares of GrowthWorks Capital Ltd.

Under British Columbia securities laws, Working Enterprises is regarded as the promoter of WOF.

### **Principal Holders of Securities**

#### ***WOF***

At the date of this annual information form, to our knowledge, no person owns more than 10% of any class or series of voting securities of WOF. The Manager holds all of the IPA Shares, which are non-voting.

As of June 28, 2011, directors and senior officers of WOF, as a group, through their shareholdings in Matrix, beneficially indirectly owned or controlled approximately 12.1% of the outstanding voting securities of the Manager.

For clarity, indirect percentage holdings of the Manager throughout this annual information form exclude restricted common shares.

#### ***The Manager***

As of June 28, 2011, the persons controlling more than 10% of the outstanding voting securities of Matrix, which is the parent company to GrowthWorks Ltd. and its subsidiary GrowthWorks Capital, are as follows:

<u>Name of Shareholder</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage of Common Shares</u>
David Levi	Common	Direct, Indirect, or Controlled <sup>(2)</sup>	5,503,439	11.7%
Working Enterprises Ltd. <sup>(1)</sup>	Common	Direct, Indirect, or Controlled	13,802,173	29.4%

<sup>(1)</sup> For a description of the ownership of Working Enterprises Ltd., see the above section called *The Sponsor*.

<sup>(2)</sup> Mr. Levi holds 712,008 shares personally and controls DLN Funtimes Ltd. which holds 4,050,078 common shares and he controls the David Levi Family Trust which holds 741,353 common shares.

As of June 28, 2011 directors and senior officers of the Manager, as a group, beneficially owned, directly or indirectly, or controlled, approximately 22.2% of the outstanding voting securities of Matrix. Matrix is a TSX-listed diversified asset management company that was formed from the business combination of GrowthWorks and SEAMARK Asset Management Ltd. Affiliates of Matrix also manage the Matrix group of investment funds and the Mavrix flow-through investment funds. As of the date of this annual information form, Matrix has approximately \$2.3 billion in assets under management.

## Fund Governance

### *Board*

The board of directors of WOF has adopted a governance plan that has been approved by the Administrator that provides the framework for Fund governance. WOF's board of directors has overall responsibility for overseeing the management of WOF. The Board provides this oversight and direction on an ongoing basis, through its own processes, through its committees' processes, and through its oversight of delivery of services by the Manager under the Management Agreement.

A summary of key tasks and actions of the Board and Directors in fulfilling these general responsibilities as covered by the governance plan are as follows:

- **Management Oversight** – Monitor and assess the performance of the Manager based on detailed reports provided by the Manager at regular Board meetings;
- **Strategic Review** - Review periodically the Fund's stated objectives, strategies and policies as set out in the Fund's prospectus and annual information form and if deemed appropriate, further discuss such matters at Board meetings;
- **Risk Management** – Review periodically the principal risks identified in the Fund's prospectus and other continuous disclosure documents and if deemed appropriate discuss such risks with the Board and the Manager at Board meetings;
- **Code of Ethics and Conflicts of Interest** – Review periodically the Board's Code of Ethics and Conflicts of Interest Policy and, if deemed appropriate, consider amendments thereto; and
- **Committee Oversight** – Establish and operate Board committees including delegation of responsibility by establishing written committee terms of reference, and appointment of committee members and committee chairs.

The governance plan also sets out how that the Board of Directors addresses material conflicts with the Manager in accordance with:

- the Board's Code of Ethics and Conflict of Interest Policy;
- the governing provisions of the *Business Corporations Act* (British Columbia), and
- any provisions of securities law or policy that apply in respect of the conflict.

A Director who is a director or officer with the Fund's sponsor or who is a member of a union who is a shareholder of the Fund's sponsor or who is an officer, director or shareholder of the Manager (referred to as an "interested director") will abstain and not vote on matters involving such a conflict. In addition, the Board may decide to form a special committee of certain independent directors of the Fund (meaning non interested directors) to consider the matter and authorize such committee to seek advice from, and direct questions to, the Fund's independent auditors and/or independent counsel as the committee deems appropriate. Ultimately, all decisions regarding these matters before the Board of Directors must be made by vote of only those Directors who are not in a conflict of interest.

The Governance Plan is available for inspection during regular business hours at the Fund's head office. We further discuss the roles of the Board, its Committees, the Advisory Council and the Manager in the section called *Responsibility for Fund Operations* on page 35.

The Board's Code of Ethics and Conflicts of Interest Policy sets out the Fund's Code of Ethics for its directors and includes provisions on conflicts with respect to holdings by directors in investee companies. The Fund will not make an investment in any company that a director has a significant interest and directors may only acquire interests in investee companies after the Fund makes an investment if it is in relation to compensation as a director or officer of that company or as part of formal policy requiring participation in a financing, provided any such interest is not a significant interest.

#### ***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 an indirectly wholly owned subsidiary of Matrix which 22.2% of the outstanding voting securities are owned by directors and senior officers of GrowthWorks (and persons related to them, including trusts for those persons and the family members of those persons), two of whom are directors and/or officers of the Fund, namely Mr. David Levi and Mr. Clint Matthews. David Levi directly or indirectly owns or controls 11.7% of the outstanding voting shares of Matrix and is a director of the Fund and the Manager. See "Principal Holders of Securities". The Sponsor of the Fund, Working Enterprises Ltd., owns approximately 29.4% of the outstanding voting shares of Matrix.

In keeping with the mutual fund industry practice of having the manager, or an affiliate of the manager, act as a fund's principal distributor, the Fund restructured this role and effective November 6, 2007, the Manager assumed the responsibilities and duties of principal distributor. This restructuring was approved by a committee of independent directors of WOF. As principal distributor, the Manager is paid certain distribution expenses and is paid the same principal distributor commission of 0.75% of the gross proceeds received on the sales of the Fund's shares that has been paid to the Fund's principal distributors in the past. However, to the extent the 0.75% principal distributor commission exceeds the Manager's out of pocket distribution expenses in its role as principal distributor, the Manager will abate its fees so that any savings accrue to the Fund.

## ***Manager***

The Manager's services are not exclusive to WOF. However the following special provisions are included in our Management Agreement to protect WOF:

- for all investment opportunities the Manager sources that are “eligible investments” under the *Employee Investment Act*, WOF has the first right to participate in them, unless the Board has agreed to share those opportunities with other investors under co-investing arrangements;
- the Manager will not form or manage any other employee venture capital corporation which raises money from the same type of retail investors to whom WOF sells its Shares; and
- the Manager will use its best efforts to ensure that WOF meets its investment schedule obligations for making Eligible Business Investments.

## ***Board Seats on Reporting Issuers***

In the normal course of providing investment management, employees and officers of the Manager may act as directors or officers of reporting issuers in which WOF invests and may also advise WOF as to trading in securities of those reporting issuers by exercising their discretion and judgment. Having board representation on portfolio companies is an important feature of venture capital investing. However, this can present issues concerning confidential information and conflicting duties. The Manager has put in place the following rules and safeguards to both protect the confidential information of reporting issuers and to resolve any conflicts that may arise in these circumstances.

Dealing with Confidential Information - The Canadian Securities Administrators (the “CSA”) have indicated that, in the case of a conflict with other duties, it is their view that a director's or adviser's first responsibility regarding a reporting issuer's confidential information is to the reporting issuer on whose board the director serves. To preserve confidentiality, all employees and officers of the Manager are obligated to keep all confidential information they receive about any business in which WOF invests strictly confidential and are prohibited, except as required by law, from disclosing any of that information to anyone outside of the Manager or its professional advisors or syndicate members similarly bound to confidentiality.

The Manager also prohibits its employees and officers from trading in any securities of a business in which WOF invests. This means that if employees or officers of the Manager have information, confidential or not, about a business in which WOF invests, they cannot use that information personally to trade in securities of that business.

The Manager's rules in this area supplement securities laws designed to address matters regarding confidential information. Under securities laws, reporting issuers are required to continuously disclose all material information to the public and persons are prohibited from trading in the reporting issuer's securities using material undisclosed information. Reporting issuers and individuals face serious penalties for failing to comply with these laws.

Resolving Conflicts - Where a potential conflict between the interests of WOF and the interests of a reporting issuer that WOF has invested in arises, 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 WOF's investment interests and abstain from voting on the matter at the reporting issuer board. 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. This is a common procedure for avoiding conflicts authorized by Canadian corporation statutes.

### ***Proxy Voting Guidelines***

As part of its investment advice and management, the Manager votes the proxies associated with WOF's investments in a manner which it believes to be in the best interests of WOF as follows. Because a decision to invest in an portfolio company is generally an endorsement of management of the portfolio company, the Manager will generally vote WOF'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, WOF's shares will be voted on a case by case basis, in a manner which the Manager believes is in the best interests of WOF having regard to the information available to it. Proxies associated with any investment in mutual funds will also be voting in accordance with applicable securities regulation.

From time to time, apparent conflicts of interest may arise with respect to the exercise of voting rights of WOF such as situations where employees and officers of the Manager serve as directors of such an portfolio company. In all situations of conflict or apparent conflict, the Manager will only exercise voting rights of WOF uninfluenced by considerations other than the best interests of WOF. In other words, the Manager will vote WOF's shares solely in the capacity as a representative of WOF and not in any other legal capacity.

WOF'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 our website [www.growthworks.ca/wof](http://www.growthworks.ca/wof).

### ***WE Related Entities***

Where a significant cost or other advantage to WOF can be obtained, WOF purchases services from some companies related to Working Enterprises Ltd. in the normal course of doing business. However, it is WOF's policy to have the Audit Committee review any significant dealings with any company related to Working Enterprises. All such dealings are subject to cancellation by the Audit Committee at any time. Members of the Audit Committee who are associates of Working Enterprises Ltd. abstain from voting on these matters. Dealings under the Management Agreement, which was approved by a special committee of independent Board members and by WOF shareholders, are not subject to this policy.

### ***Use of Derivatives***

Currently, the Board has adopted a policy that we may use derivatives for hedging or risk reducing purposes, including writing covered call options. Our Manager may use derivatives as part of Directed Funds investments as we may purchase securities linked to the performance of the types of securities specified as possible Directed Funds investments. These types of investments must fall within the Directed Funds' mandate for a particular series of shares.

## **Canadian Income Tax Considerations**

In the opinion of Blake, Cassels & Graydon LLP, tax counsel to WOF, the following summary presents fairly the principal Canadian federal income tax considerations generally applicable to purchasers of Shares. Unless the context otherwise indicates, when we use the term "you", it means any eligible purchaser of Shares. See the section called *Purchases and Switches* on page 29. This summary assumes you are a Canadian resident individual, hold Shares as capital property and deal at arm's length and are not affiliated with WOF. It also discusses the consequences under the *B.C. Tax Act* as a result of WOF being registered under the *Employee Investment Act* as an employee venture capital corporation.

This summary is of a general nature only and is not exhaustive of all possible federal or British Columbia income tax considerations. It is based on:

- current provisions of the *Federal Tax Act*;
- specific proposals for amendments to the *Federal Tax Act* publicly announced prior to the date hereof;
- counsel's understanding of the current published administrative practices of the Canada Revenue Agency;
- the provisions of the *B.C. Tax Act* dealing with the B.C. Tax Credit (as hereinafter defined) and the income taxation of WOF and the *Employee Investment Act* as of the date of this annual information form; and
- correspondence received by WOF and its counsel from the Administrator.

This summary does not take into account any provincial taxes, other than provincial income taxes imposed by the *B.C. Tax Act*, or any foreign income tax legislation or considerations. It does not take into account nor does it anticipate any changes in law, whether by legislative, governmental or judicial action after July 7, 2011, other than any specifically mentioned below. It is assumed that WOF will continue to be registered under the *Employee Investment Act* as an employee venture capital corporation. **You should consult with your own tax advisor about your particular tax situation.**

### *Federal Tax Act Considerations*

#### **Taxation of WOF**

##### *Calculation of Income and Taxes Under the Federal Income Tax Act*

WOF is a corporation resident in Canada which has a December 31 taxation year. It must calculate its income or loss for each taxation year, file income tax returns and pay its income tax liability. WOF is treated as a mutual fund corporation and also as a Canadian-controlled private corporation for the purposes of the *Federal Tax Act*.

Income tax rates can change. For its 2011 and 2012 taxation years, WOF is subject to an effective combined Canadian federal and British Columbia provincial tax rate (including federal surtax) of approximately 44.67% and 44.67%, respectively, on its interest and other investment income (other than dividends from taxable Canadian corporations). These rates respectively include an additional refundable tax of 6 2/3% of such investment income. All of the tax paid by WOF on taxable capital gains and part of the tax payable by WOF on investment income will be refundable in certain circumstances. See below. For the 2011 and 2012 taxation years, WOF is subject to an effective combined Canadian federal and British Columbia provincial tax rate on business income of approximately 38.0% in 2011 and 38.0% in 2012.

##### *Dividends*

Any dividends declared on shares of taxable Canadian corporations will generally be received by WOF free of tax. No tax will be payable by WOF on any dividends paid by WOF.

##### *Capital Gains and Losses*

WOF has elected in accordance with the *Federal Tax Act* to have each of its Canadian securities treated as capital property. This is expected to ensure that gains or losses realized by WOF on the sale of Canadian securities are taxed as capital gains or capital losses.

When WOF sells, or otherwise disposes of a capital property, it will realize a capital gain to the extent the proceeds of disposition exceed WOF's adjusted cost base of the property and any costs of

disposition. A capital loss results if these proceeds are less than the adjusted cost base and any costs of disposition. One-half of a capital gain (“taxable capital gain”) will be included in computing income and one-half of any capital loss (“allowable capital loss”) may be deducted against taxable capital gains. 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.

WOF maintains a capital gains dividend account under the *Federal Tax Act*. WOF can receive a refund of income taxes payable by WOF on net realized capital gains if it pays (or is deemed to have paid) capital gains dividends or redeems Shares. The amount of the refund is calculated on a formula basis.

### ***Interest and Other Investment Income***

WOF must include interest and investment income (other than taxable capital gains and dividends), net of expenses, in calculating its taxable income subject to normal corporate rates of tax. As a private corporation, WOF is eligible for a refund of a portion of the tax paid by it on its income when it pays or is deemed to have paid taxable dividends (other than capital gains dividends) to its Shareholders. The amount of the refund available to WOF in any taxation year is limited to the lesser of:

- (a) one-third of the taxable dividends paid by it in the year to its shareholders; and
- (b) its refundable dividend tax on hand at the end of the year.

Generally speaking, the refundable dividend tax on hand account is a cumulative amount equal to a portion of the non-refunded income tax paid on WOF’s interest and investment income, other than capital gains, determined in accordance with detailed rules in the *Federal Tax Act*.

### ***Dividend Refunds and Capitalization of Income***

WOF intends to increase the paid-up capital of the Shares, by series, on an annual basis to maximize the refund of income tax available to it in respect of taxes payable on net realized capital gains and net investment income. The amount of any dividend or capital gains dividend may entitle WOF to a refund of tax otherwise payable on its realized capital gains and other investment income. See the sections above called “Capital Gains and Losses” and “Interest and Other Investment Income”.

WOF has elected to maintain a separate paid-up capital account for each class and series of its Shares and may continue to add additional amounts to each account by special resolution in addition to those amounts required by the *Employee Investment Act*.

**If and to the extent that WOF increases the paid-up capital of a series of Shares as discussed above, you will be deemed to have received a dividend equal to the amount of the paid-up capital increase in respect of your Shares in that Series. The deemed dividend will be subject to the treatment generally applicable to dividends or capital gains dividends, as the case may be, paid on that series of Shares.**

See below under the section called *Taxation of Shareholders - Dividends*.

### ***Potential Penalty Taxes Applicable to WOF***

The *Federal Tax Act* provides that a provincially registered labour-sponsored venture capital corporation such as WOF will only be liable to pay a federal penalty tax for the failure to meet certain investment guidelines if and when the labour-sponsored venture capital corporation is subject to a penalty under the provincial legislation under which it is registered. WOF will not be liable for any such federal penalties because the *Employee Investment Act* does not provide for any penalties to be imposed in the event that investment restrictions are not met.

## **Taxation of Shareholders**

### ***Federal Tax Credit Available to an Individual Purchaser (not an RRSP)***

When you buy Shares, you receive a **Federal Tax Credit** equal to 15% of your net cost of Shares up to \$750 annually. Generally, your net cost of Shares is the price you paid for them. The amount of the Federal Tax Credit or B.C. Tax Credit does not reduce the net cost of the Shares.

You can deduct the Federal Tax Credit from the federal income tax you would otherwise have to pay. If you buy Shares during the first 60 days of any calendar year, you can choose to claim for part of or all of your Federal Tax Credit to apply to the previous tax year or instead you can use them for the tax year you bought them in. To claim a Federal Tax Credit for 2011 and subsequent years, you must file with your tax return the document issued to you by WOF evidencing your purchase of Shares.

You are limited to deducting a maximum Federal Tax Credit of \$750 for any single taxation year. The \$750 annual limit refers to all labour-sponsored funds tax credits including the Federal Tax Credit in respect of your Shares. The Federal Tax Credit is not a taxable benefit or income to you. Except for the limited circumstance of buying Shares in the first 60 days of the calendar year, you cannot carry forward or carry back the Federal Tax Credit. Any excess Federal Tax Credit is not refundable and cannot be transferred to anyone else. Therefore you should carefully calculate your federal taxes payable to ensure the Federal Tax Credit from buying Shares is fully utilized. A Federal Tax Credit may also affect the calculation of the amount of tax instalments or employee withholdings required by the *Federal Tax Act* for the taxation year to which the Federal Tax Credit relates.

The Federal Tax Credit cannot be used to reduce your minimum tax. See below the section called *Minimum Tax*.

### ***The RRSP or RRIF as a Purchaser***

You may, in limited circumstances, also be able to receive the Federal Tax Credit if your RRSP or a spousal RRSP (of which your spouse is the annuitant) buys the Shares. You will be entitled to the Federal Tax Credit if your RRSP acquires the Shares provided that your spouse has not made a contribution to your RRSP or to an RRSP which transferred funds to your RRSP. You will also be entitled to the Federal Tax Credit even if your spouse contributed funds to your RRSP or to another RRSP that transferred funds to your RRSP provided that no other person claims a tax credit. Similarly, if you contribute to an RRSP under which your spouse is the annuitant which acquires Shares, you will be entitled to the Federal Tax Credit provided that no other person claims the tax credit.

If you contribute to an RRSP, you may claim a deduction for 2011 in respect of contributions of up to 18% of your earned income in 2011, subject to a maximum of \$22,450, as adjusted to reflect increases in the average wage of Canada since 2010 (which amount may be reduced for members of a registered pension plan or deferred profit sharing plan). For years after 2011, the \$22,450 limit will be adjusted to reflect increases in the average wage in Canada. You can carry forward any unused allowable RRSP contribution room for 1991 and subsequent taxation years and add them to the contribution limits for subsequent years.

No Federal Tax Credit is available if a RRIF subscribes for Shares. No tax deduction is generally available in respect of the sale or transfer of a Share by an individual to a RRIF.

### ***The TFSA as a Purchaser of the Shares***

You will be able to receive a Federal Tax Credit if your TFSA buys Shares.

If you contribute to a TFSA, no deductions may be made from your earned income. The contribution limit for 2011 will be \$5,000. You can carry forward any unused TFSA contribution room, including withdrawals made from the TFSA, which amounts are added back to the contribution room for the following taxation year, from 2009 onward.

### ***The Shares as a Qualified Investment for an RRSP or RRIF***

A Share is a qualified investment for an RRSP or RRIF provided that, immediately after the time the Share was acquired by the RRSP or RRIF, the annuitant under the plan or fund is not a connected shareholder of WOF. Generally speaking, a connected shareholder is a person who, together with any non-arm's length persons, owns or has options to acquire 10% or more of the issued Shares of any class or series of WOF or of any corporation related to WOF. This 10% rule will not apply if the aggregate cost amount of the holdings of the RRSP or RRIF and its annuitant and non-arm's length persons do not exceed \$25,000 and the annuitant deals at arm's length with WOF.

A RRSP or RRIF will not be liable to tax under the *Federal Tax Act* in respect of taxable dividends or capital gains dividends received, or deemed to have been received, by the registered plan in respect of Shares held by the registered plan or in respect of capital gains realized on the disposition of Shares provided such Shares continue to be qualified investments as discussed above.

Distributions from a RRSP or RRIF to the annuitant are included in the income of the annuitant in the year of the distribution. Where the registered plan is a spousal plan, under certain circumstances the distributions to the annuitant may instead be included in the income of the spouse who was the contributor to the spousal plan.

**In the 2011 Federal Budget, which was released on June 6, 2011, proposals were made to amend the *Federal Tax Act* to extend a penalty tax to a holder of an RRSP or RRIF that acquires or holds property that constitutes a "prohibited investment", within the meaning of the *Federal Tax Act*. If adopted, these proposed rules are generally intended to apply to investments acquired after March 22, 2011. You should consult your tax advisor regarding the application of the proposed amendments to your particular circumstances.**

**The income tax consequences to you of holding your Shares through an RRSP and of either transferring shares to such RRSP or causing the RRSP to acquire the Shares directly depend on your particular situation. You are encouraged to consult your own professional tax advisor as to the particular income tax consequences to you of any arrangements whereby Shares are held by RRSPs or RRIFs.**

### ***The Shares as a Qualified Investment for a TFSA***

Shares are a qualified investment for a TFSA provided that at the time the Shares are acquired by the TFSA, (i) WOF is registered under the *Employee Investment Act* and (ii) the holder of the trust (being the individual that contributed to the TFSA) does not hold a "significant interest", as defined in the *Federal Tax Act*, in WOF and WOF deals at arm's length with such holder or any corporation, partnership or trust in which the holder has a significant interest. Generally speaking, a holder holds a "significant interest" if the holder owns, directly or indirectly, 10% or more of the issued shares of any class or series of WOF or any corporation related to WOF. For these purposes, a taxpayer is deemed to own shares owned by any other persons with whom he or she does not deal at arm's length for the purposes of the *Federal Tax Act*, his or her proportionate share of shares owned by a partnership of which he or she is a partner, and all or part of the shares owned by a trust of which he or she is a beneficiary, depending on the terms of the trust.

A TFSA will not be liable to tax under the *Federal Tax Act* in respect of any taxable dividends, capital gains dividends received, or deemed to be received by the TFSA in respect of Shares held by the TFSA or in respect of capital gains realized on the disposition of Shares, provided such Shares continue to be qualified investments as discussed above.

Distributions from a TFSA to the account holder are not included in the income of the account holder. Any distributions out of the TFSA are received tax-free.

**The income tax consequences to you of holding your Shares through a TFSA and of either transferring shares to the TFSA or causing the TFSA to acquire the Shares directly depend on your particular situation. You are encouraged to consult your own professional tax advisor as to the particular income tax consequences to you of any arrangements whereby Shares are held by TFSAs.**

#### ***Transfer of Shares to an RRSP and RRIF***

You may transfer Shares to an RRSP under which you or your spouse is the annuitant. When you transfer Shares to an RRSP, you may treat the fair market value on the date of transfer of the Shares as a contribution to the RRSP. The contribution will be deductible in accordance with provisions of the *Federal Tax Act* subject to annual limits. This deduction is in addition to the Federal Tax Credit. WOF believes that the fair market value of a Share will be the Pricing NAV per Share determined by WOF and set out in the most recent monthly valuation. Canada Revenue Agency does, however, have the right to review the fair market value of a Share. If you transfer Shares, you have to include in your income, in addition to any taxable gain realized on the transfer, any proceeds received from an RRSP as consideration for the Share in excess of fair market value.

If you buy Shares during the first 60 days of 2012 and then transfer them to an RRSP during that period as a contribution, you may elect to apply, in respect of either the 2011 taxation year or the 2012 taxation year, the amount permitted to be deductible as a contribution in accordance with provisions of the *Federal Tax Act*.

On the transfer or sale of Shares to an RRSP or RRIF, you will be deemed to have received proceeds equal to the fair market value of the Shares at the date of transfer. If this amount is greater than your adjusted cost base of the Shares, the excess will be a capital gain. Special rules in the *Federal Tax Act* prevent you from realizing a capital loss on the transfer. The rules applicable to the calculation of capital gains and losses generally are more fully discussed below in the section called *Taxation of Shareholders - Disposition of Shares*.

If you borrow money to buy Shares which you then contribute to an RRSP, you cannot deduct the related interest expense once the Shares are transferred to an RRSP. See *Deduction of Interest on Borrowed Money*.

The *Federal Tax Act* contains general rules that govern transfers or swaps into RRIFs. Subsequent transfers of Shares to a RRIF by the RRSP may be permitted within the parameters set out in the *Federal Tax Act*.

**On June 6, 2011, the Minister of Finance (Canada) released proposed amendments to the *Federal Tax Act* to address the use of RRSPs and RRIFs in certain tax planning arrangements. The RRSP and RRIF tax proposals apply to transactions that occur after March 22, 2011, subject to certain grandfathering rules. You should consult your tax advisor regarding application of the RRSP and RRIF tax proposals to your particular circumstances.**

### ***Transfer of Shares to a TFSA***

When you transfer Shares to a TFSA, you may treat the fair market value on the date of transfer of the Shares as a contribution to the TFSA. If a transfer of Shares is made to a TFSA, the individual who transfers the Shares will be deemed to have received proceeds of disposition equal to the fair market value of the Shares on the date of transfer. If the fair market value of the Shares was greater than the individual's adjusted cost base of the Shares, the excess would be the holder's capital gain which would be reported in the individual's personal tax return in the year of the transfer and may be subject to payment of tax on one-half of the gain. If the fair market value of the Shares was less than the individual's adjusted cost base of the Shares, any resulting capital loss would be denied. You will not be liable to repay the Federal Tax Credit on a transfer of Shares to a TFSA provided that transfer is a "trust disposition" – see the section below called *British Columbia Provincial Income Tax Considerations – Liability to Repay B.C. Tax Credit*.

If you borrow money to buy Shares which you then contribute to a TFSA, you cannot deduct the related interest expense once the Shares are transferred to a TFSA. See below the section below called *Deduction of Interest on Borrowed Money*.

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

**The *Federal Tax Act* contains certain punitive rules which address the use of TFSAs in certain tax planning arrangements. You should consult your tax advisor regarding application of the these rules to your particular circumstances.**

### ***Shares Held by an RRIF***

Under the *Federal Tax Act*, there are a number of rules which require a minimum percentage of the assets of an RRIF to be withdrawn in each year. You must plan such RRIF investments in such a way as to allow withdrawal of the required amount in each year. Because of the restrictions placed on the redemption of the Shares by WOF, an annuitant of an RRIF may be unable to withdraw the required amount in cash. If sufficient liquid assets are not available in the RRIF to make the necessary annual withdrawal, then a portion of the Shares may have to be withdrawn in lieu of cash.

### ***LIFs, LIRAs and LRIFs***

The Shares will also be qualified investments for purposes of a locked in retirement account ("LIRA") which qualifies as an RRSP for purposes of the *Federal Tax Act* subject to the terms and conditions of the LIRA. The Shares will also be qualified investments for a life income fund ("LIF") and a locked in retirement income fund ("LRIF") which qualifies as an RRIF for purposes of the *Federal Tax Act*, subject to the terms and conditions of the LIF and LRIF. You should consult with your own professional tax advisor regarding the terms and conditions of such plans and the qualification of such plans as an RRSP or RRIF for purposes of the *Federal Tax Act*.

### ***Liability to Repay Federal Tax Credit***

By virtue of amendments to the *Employee Investment Act* which came into force on May 30, 2002 and May 20, 2004 the definition of "hardship disposition" was deleted from the *Employee Investment Act*. Under the provisions of the *Federal Tax Act*, Shareholders, who redeem Shares within 5 years of purchase, will have to repay an amount to the federal government equal to the lesser of the amount to be paid to the province of British Columbia and the proceeds of redemption net of the amount repaid to the province of British Columbia for an early redemption of such Shares occasioned by a "hardship

disposition”. See *Liability to Repay B.C. Tax Credit*. In the case of a “trust disposition”, no liability to repay the B.C. Tax Credit arises, so no corresponding liability to repay the Federal Tax Credit occurs. These types of dispositions are described on page 64. Certain redemption charges may also apply – see *Redemption* on page 33 for details.

### ***Fees***

You cannot deduct any fees if the Shares are purchased directly by an RRSP of which you or your spouse is the annuitant. You may treat early redemption fees as an expense of disposition in respect of the taxation year in which the redemption of Shares occurs. The early redemption fee will accordingly reduce any capital gain or increase any capital loss otherwise determined on the redemption of a Share. You are not entitled to deduct WOF RRSP trustee fees.

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

If you borrow money to buy Shares, the interest on the loan will ordinarily be deductible for income tax purposes provided the Shares are owned by you for the purpose of earning income. If you contribute Shares purchased with borrowed funds to an RRSP, the interest expense relating to the period following the contribution will not be deductible. If you sell Shares purchased with borrowed funds to an RRSP or RRIF, the ability to deduct the interest expense after the transfer will depend on whether the proceeds of the disposition are used for the purpose of earning income. **You should consult with your own professional tax advisors to determine when interest paid on money borrowed to acquire Shares will be deductible in your particular circumstances, particularly in light of proposed amendments released for comment on October 31, 2003 by the Department of Finance which were to be applicable for taxation years commencing after 2004.**

### ***Dividends***

If you hold your Shares outside an RRSP, RRIF or TFSA, cash or stock dividends (other than capital gains dividends) paid on Shares and received by you must be included in computing your income subject to the gross-up and dividend tax credit rules in the *Federal Tax Act* normally applicable to taxable dividends from taxable Canadian corporations. Taxable dividends, known as eligible dividends, are subject to an enhanced gross-up and dividend tax credit and will generally include dividends paid by taxable Canadian corporations such as Canadian controlled private corporations, where those dividends have been designated as eligible dividends by the dividend-paying corporation. A capital gains dividend received by you will generally be deemed to be a capital gain for the year in which the dividend is received subject to certain transitional rules if the capital gains dividend is treated as being paid from capital gains realized by WOF before February 28, 2000. Currently, you have to include one-half of any capital gains as taxable capital gains in your income for determining how much tax you have to pay. The taxable capital gain is not eligible for the Capital Gains Exemption (see *Capital Gains Exemption*). **You should consult with your own tax advisor about your particular tax situation.**

**If and to the extent that WOF increases the paid-up capital of its Shares as discussed above, you will be deemed to have received a dividend equal to the amount of the paid-up capital increase, by Series, in respect of your Shares. The deemed dividend will be subject to the treatment generally applicable to taxable dividends or capital gains dividends, as the case may be, paid on the series of Shares. You will not receive any cash distribution in respect of a deemed dividend or a deemed capital gains dividend. As a result, if you hold your Shares outside an RRSP, RRIF or TFSA, you may be liable to pay income tax in respect of the deemed dividend or a deemed capital gains dividend even though you will not have received a cash distribution from WOF with which to pay the tax. A RRSP, a RRIF or a TFSA is exempt from income tax on the amount of any dividend or capital gains dividend deemed to have been received by the RRSP, the RRIF or the TFSA.**

### ***Disposition of Shares***

In general, a disposition or a deemed disposition of Shares which are capital property will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Shares exceed (or are less than) your adjusted cost base of the Shares and any reasonable costs of disposition (including any redemption fees payable to WOF). The Federal Tax Credit and the B.C. Tax Credit will not reduce the adjusted cost base of the Shares. Your adjusted cost base will be increased by the amount of any dividends you are deemed to have received when WOF capitalizes its earnings. See the section above called *Taxation of WOF*.

The capital loss that would otherwise arise on the disposition of Shares will be reduced by the amount of the Federal Tax Credit and B.C. Tax Credit you (or a person with whom you do not deal at arm's length with) received in respect of your Shares to the extent that such tax credits have not previously reduced a capital loss in respect of the Shares. No capital loss is available on the sale or transfer of a Share to a RRSP under which you or your spouse is the annuitant or becomes, within 60 days after the end of the taxation year, an annuitant, or to a RRIF under which you are the beneficiary or immediately after the disposition become the beneficiary.

You have to include one-half of any capital gains as taxable capital gains in your income. The taxable capital gain is not eligible for the Capital Gains Exemption (see *Capital Gains Exemption*). One-half of any capital loss (the "allowable capital loss") may normally be deducted in computing your income for the current year or taxable income for the three preceding or for future years (in accordance with rules contained in the *Federal Tax Act*) to the extent of taxable capital gains.

If your RRSP, RRIF or TFSA holds the Shares, the amount of taxable capital gains is exempt from income tax when realized by the RRSP, RRIF or TFSA.

If you convert any of the Venture Series Shares into any of the other Venture Series Shares, you will not be considered to have disposed of the Venture Series Shares converted for the purposes of the *Federal Tax Act*. Your cost of Venture Series Shares received on the conversion will be deemed to be your adjusted cost base of the Venture Series Shares which were converted and must be averaged with the adjusted cost base of any other Venture Series Shares you own of the series into which the Venture Series Shares were converted. If you convert any of the Venture Series Shares into any of the other Venture Series Shares and hold those newly converted Venture Series Shares on December 31 of that year, and WOF capitalizes its earnings, you will be deemed to have received a taxable dividend and/or capital gains dividend to the extent the paid-up capital of the Venture Series Shares, by series, is increased. See the above section called *Taxation of Shareholders – Dividends*. The amount of the taxable dividend or the capital gains dividend may reflect income or gains for that series of Venture Series Shares for the entire year even though you held Venture Series Shares of that series for only part of the year. You can switch any Venture Series Shares into any other Venture Series Shares with only one exception: no switching out of GIC Shares is permitted at this time. There are no switch or conversion privileges at this time for the Commercialization Shares. See the section called *Purchases and Switches* on page 29.

### ***Redemption of Shares***

If you redeem Shares, the proceeds you receive will be treated as proceeds of a disposition of the Shares and you will realize a capital gain (or capital loss) equal to the amount by which the redemption proceeds exceed (or are less than) your adjusted cost base of the Shares and any costs of disposition. See *Taxation of Shareholders - Disposition of Shares*.

### ***Capital Gains Exemption***

The *Federal Tax Act* provides for a \$750,000 exemption from tax for qualifying post-1984 net capital gains of an individual resident in Canada arising on certain qualified small business corporation shares

as defined in the *Federal Tax Act*. The Shares do not constitute qualified small business corporation shares so the \$750,000 exemption will not apply.

### ***Minimum Tax***

Taxable dividends and capital gains dividends received from WOF and capital gains realized on the disposition of Shares may increase your liability for alternative minimum tax. The Federal Tax Credit cannot be used to reduce your liability for alternative minimum tax. Your ability to deduct the Federal Tax Credit may be adversely affected if minimum tax exceeds your regular tax.

### **British Columbia Provincial Income Tax Considerations**

#### ***Employee Investment Tax Credit***

If you are a B.C. resident throughout the year and (i) you buy Shares individually, (ii) you are the annuitant under a RRSP and you buy Shares through your RRSP, (iii) you are the annuitant under a RRIF and you buy Shares through your RRIF, or (iv) the account holder under a TFSA and you buy Shares through your TFSA you will, subject to the conditions set out below, receive a “**Tax Credit Certificate**” under the *Employee Investment Act* that allows you to deduct a “**B.C. Tax Credit**” from your B.C. income taxes otherwise payable in an amount equal to 15% of the amount you paid to WOF for your Shares subject to an aggregate annual limit of \$2,000 for investments in shares issued by employee venture capital corporations and under an employee share ownership plan registered under the *Employee Investment Act*. You can choose to deduct your B.C. Tax Credit against tax otherwise payable under the *B.C. Tax Act* for either the taxation year in which you buy the Shares or the taxation year ending within the preceding 60 days, after deducting certain other tax credits available under the *B.C. Tax Act*. You cannot obtain a refund in respect of any unutilized B.C. Tax Credit and such B.C. Tax Credit cannot be carried forward or transferred to anyone else. Therefore you should carefully calculate your federal taxes payable to ensure the B.C. Tax Credit from buying Shares is fully utilized. Where Shares are acquired by a spousal RRSP under which your spouse is the annuitant, you or your spouse may claim the B.C. Tax Credit provided you are also a beneficiary of that RRSP.

British Columbia income tax otherwise payable by individuals is calculated as a percentage of taxable income calculated under the *Federal Tax Act*. Deductions claimed by an individual in respect of a taxation year pursuant to the *Federal Tax Act* will reduce the B.C. income tax otherwise payable but tax credits claimed under the *Federal Tax Act*, such as the Federal Tax Credit, will not reduce B.C. income tax otherwise payable.

An income tax return must be filed with a copy of the Tax Credit Certificate within three years of the end of the taxation year to which the B.C. Tax Credit pertains to obtain the B.C. Tax Credit.

A B.C. Tax Credit may affect the calculation of the amount of tax instalments or employee withholdings required by the *B.C. Tax Act* for the taxation year to which the B.C. Tax Credit relates.

#### ***Tax Credit Certificate***

WOF will apply on your behalf, as a purchaser of Shares, for a Tax Credit Certificate entitling you to a B.C. Tax Credit. See above “Employee Investment Tax Credit”. If you are a B.C. resident throughout the year and the annuitant under an RRSP or RRIF, you will be entitled to the B.C. Tax Credit in respect of the acquisition of Shares by the RRSP or RRIF, as the case may be. Where Shares are acquired by a spousal RRSP under which your spouse is the annuitant, you or your spouse may claim the B.C. Tax Credit provided you are also a beneficiary of that RRSP. If you are a B.C. resident throughout the year and the account holder under a TFSA, you will be entitled to the B.C. Tax Credit in respect of the acquisition of Shares by the TFSA.

If the Minister of Finance and Corporate Relations approves the application made by WOF and the Administrator under the *Employee Investment Act* is satisfied about certain conditions, counsel to

WOF understands that the Administrator will issue a Tax Credit Certificate to you (subject to the requirement that if you are the contributor to a spousal RRSP, you are also designated as the beneficiary of that spousal RRSP). The conditions require that:

- (a) WOF, its directors, officers and its shareholders are conducting the business or affairs of WOF in a manner that is not contrary to the spirit and intent of the *Employee Investment Act*, whether or not there has been a contravention of the *Employee Investment Act*. WOF is not aware of any act or omission that would cause the Administrator to withhold the issuance of Tax Credit Certificates on this basis;
- (b) WOF and its Eligible Investors are complying with WOF's Plan and any conditions pertaining to it;
- (c) the Shares have been acquired in accordance with the Plan;
- (d) other than where prescribed, the Shares do not constitute a type of security that entitles you in respect of the acquisition of those Shares,
  - (i) to claim a tax credit under the *B.C. Tax Act* or the *Federal Tax Act*, other than under section 13.1 of the *B.C. Tax Act* or section 127.4 of the *Federal Tax Act*, against tax payable,
  - (ii) to claim a deduction from income under the *B.C. Tax Act* or the *Federal Tax Act*, or
  - (iii) to receive any other financial assistance from any government, municipality or public authority;
- (e) no B.C. Tax Credit or Federal Tax Credit has been previously allowed for those Shares under the *B.C. Tax Act* or the *Federal Tax Act*; and
- (f) the sum of your aggregate entitlements in respect of all Tax Credit Certificates applied for in the year is \$2,000 or less.

The Lieutenant Governor-in-Council may, in respect of any year, prescribe the maximum annual amount of B.C. Tax Credits to be granted by the Administrator to participants in employee share ownership plans and shareholders of employee venture capital corporations registered under the *Employee Investment Act*. For 2011 and 2012, the annual maximum amount of tax credits available for employee venture capital corporations will be \$17 million in the aggregate with approval for employee venture capital corporations like WOF of \$8.25 million.

Amendments to the *Employee Investment Act* were made on May 30, 2002. Under these amendments, the Province can adopt regulations that:

- subdivide the annual maximum tax credit amount into smaller annual maximum amounts (that may differ from each other),
- specify criteria which may differentiate among corporations registered under the *Employee Investment Act* on any basis the Province considers appropriate,
- allocate those smaller annual maximum amounts among corporations according to the criteria which apply to them, and
- authorize the Administrator under *Employee Investment Act* to, in circumstances and on conditions that may be prescribed, reallocate amounts set by the regulation regardless of which prescribed criteria apply to the corporations.

Additionally, the amendments empower the Administrator to reduce a particular corporation's already issued approvals to raise equity capital if the approved amount exceeds the amounts for the annual maximum or the smaller annual maximum amounts for corporations meeting criteria established under

the regulations or as a result of the Administrator making a reallocation under the regulations, with effect as of the effective date of the regulation or reallocation (as the case may be).

### ***Liability to Repay B.C. Tax Credit***

In certain circumstances, the directors, officers, members of a group of persons that control a corporation or a registered holder of Shares who controls a corporation that is or was an employee venture capital plan may be liable under the *Employee Investment Act* to pay to the British Columbia government an amount equal to or less than the B.C. Tax Credit previously issued in respect of the issue of Shares.

There are other circumstances in which you, or others who purchase Shares from you, will be liable to repay the B.C. Tax Credit. The following are the circumstances and the required amount of the repayment:

- (a) If you receive, directly or indirectly, the benefit of all or part of a B.C. Tax Credit when you are not entitled, you have to pay the amount of the excessive benefit immediately to the Minister of Finance.
- (b) If you received a B.C. Tax Credit and dispose of the beneficial interest in respect of Shares acquired within 5 years from when you acquired the Shares, you will have to repay or cause to be repaid to the Minister of Finance and Corporate Relations an amount equal to the lesser of the B.C. Tax Credit allowed under section 13.1 of the *B.C. Tax Act*, in respect of those Shares, and an amount prescribed by regulation.

The regulations have prescribed such lesser amount to be 15% of the greater of the consideration received for the disposition of the Shares and an amount determined by the Administrator in relation to the fair market value of the Shares. The Administrator has advised the Fund that the Administrator considers the fair market value of the Shares to be the equal to the consideration received for the disposition of the Shares, before applicable fees, charges or repayment of tax credits. Accordingly, Shareholders will have to repay to the Province of British Columbia an amount equal to the lesser of the B.C. Tax Credit allowed in respect of those Shares and 15% of the consideration received for the disposition of the Shares for an early redemption of such Shares occasioned by a “hardship disposition”.

- (c) If you acquire beneficial ownership in the Shares pursuant to a disposition referred to in paragraph (b), you are jointly and severally liable to make the repayment referred to in paragraph (b) with the original purchaser of the Shares who received the B.C. Tax Credit and who disposes of them.

Based on correspondence from the Administrator concerning exchanges of shares, the conversion of Venture Series Shares for any other Venture Series Shares or vice versa will not be considered a disposition by the Administrator.

WOF is only liable to repay the B.C. Tax Credit where a person who acquires the Shares or the beneficial ownership in the Shares pursuant to a disposition referred to in paragraph (b) is an associate or an affiliate of WOF. WOF is then jointly and severally liable with the persons referred to in paragraphs (b) and (c) to make the repayment referred to in paragraph (b).

Liability will not arise in any of the above circumstances where:

- (a) the disposition is a trust disposition; or
- (b) a tax credit repayment had previously been made in respect of the Shares disposed of.

A trust disposition occurs where there is a disposition of a Share:

- (a) to a trust for which the transferor or the transferor’s spouse is the annuitant or beneficiary;

- (b) from a trust to the annuitant or beneficiary of the trust;
- (c) from one trust to another if both trusts have the same annuitant or beneficiary;
- (d) from one trust to another trust if the annuitant of the trust receiving the Share is the spouse of the annuitant of the trust disposing of the Share; or
- (e) in other prescribed circumstances (there are no other circumstances applicable to WOF at this time).

A trust means:

- (a) a trust governed by a registered retirement savings plan as defined in the *Federal Tax Act*;
- (b) a trust governed by a registered retirement income fund as defined in the *Federal Tax Act*;
- (c) a trust, in a form and on terms approved by the Administrator, established for the purpose of acquiring or holding shares issued under a Plan; and
- (d) other prescribed trusts (there are no prescribed trusts applicable to WOF at this time).

For discussion of the “hardship disposition” rules, see the section on *Early Redemption due to Hardship Disposition* on page 34.

The Administrator has advised the Fund that a trust governed by a TFSA as defined in the *Federal Tax Act*, will be a trust for purposes of the *Employee Investment Act* and that transfers to and from a trust governed by a TFSA will be a trust disposition, therefore not subject to the repayment of the B.C. Tax Credit, for the purposes of the *Employee Investment Act*

#### ***Tax Effects of the B.C. Tax Credit Under the Federal Tax Act***

As a result of the qualification of WOF as a prescribed labour-sponsored venture capital corporation for the purposes of the *Federal Tax Act*, you will not be required to reduce your adjusted cost base of your Shares, as otherwise determined, by the amount of the B.C. Tax Credit. In addition, you will not be required to include the amount of the B.C. Tax Credit in your income. The amount of a loss arising from a disposition of your Shares, as otherwise determined under the *Federal Tax Act*, will, however, be reduced by the amount of B.C. Tax Credit you receive. Any property you substitute for your Shares will be subject to a similar loss reduction calculation in respect of the B.C. Tax Credit.

#### ***Provincial Taxation of WOF***

For the purposes of provincial corporate income tax, WOF’s aggregate income will be attributed to, and taxable in, those provinces in which it is earned. The taxation of WOF under the *B.C. Tax Act* will parallel the federal tax treatment discussed above in the section called *Federal Tax Act Considerations - Taxation of WOF*. The amount of the British Columbia income tax refundable to WOF by virtue of a capital gains refund will depend on the percentage of WOF’s taxable income earned in British Columbia relative to WOF’s entire income for the taxation year.

#### **Material Contracts**

WOF is governed by its Articles referred to in the section called *Name, Formation and History of WOF* on page 3. WOF has also entered into the following contracts which may be material to investors:

- (a) the co-investment agreement referred to in the section called *Other Material Information* on page 67;
- (b) the custodian agreement referred to in the section called *Responsibility for Fund Operations - Custodian* on page 48;
- (c) the depository agreement referred to in the section called *Responsibility for Fund Operations – Registrar* on page 48;

- (d) the employee venture capital plan referred to in the section called *Investment Restrictions – Employee Venture Capital Plan* on page 10;
- (e) the government agreement and the amendment referred to in the section called *Name, Formation and History of WOF* on page 3;
- (f) the investment protection account agreement referred to in the section called *Investment Restrictions – Investment Protection Account* on page 10; and
- (g) the amended and restated management agreement and the authorization agreement referred to in the section called *Responsibility for Fund Operations – The Manager* on page 39.

Copies of the above contracts may be inspected during regular business hours at our offices.

## **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 5% 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 2 months' notice will be given for any meeting of the Fund's shareholders. The quorum for any shareholder meeting is 25 persons represented in person or proxy 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 for Certain Changes***

Any amendments to the Articles of WOF relating to the make-up of the Board require unanimous approval of shareholders present in person or by proxy at any meeting of shareholders. All other amendments to the Articles, including rights attached to the Shares, require the approval of three-quarters of the votes cast at a general meeting of shareholders. For those amendments relating to only one series of Class A shares, WOF needs the approval of two thirds of the votes cast at a separate meeting of the holders of that series (unless a higher threshold is required by the Employee Investment Act in respect of the matter in question, in which case, it must be approved by that higher threshold). Shareholders of the Fund will also be asked to consider and approve any other matter which is required by the constating documents or by applicable laws to be approved by shareholders of the Fund and 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, and 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 regulations. 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](http://www.growthworks.ca) and [www.sedar.com](http://www.sedar.com).

In addition, every year shareholders will receive information circulations in relation to the Fund's annual general meeting.

## **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 and Blake, Cassels & Graydon LLP. Hay & Watson, Chartered Accountants 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 December 31, 2010 and 2009. As at the date hereof, the members and associates of Irwin, White & Jennings, Barristers and Solicitors, as a group, the partners and associates of Blake, Cassels & Graydon as a group, and the partners and associates of Hay & Watson, as a group, beneficially hold, directly or indirectly less than one percent of securities of the Fund.

## **Other Material Information**

### ***Co-Investment Agreements***

Investing in young, entrepreneurial businesses is risky. Often these businesses are on a course of rapid development and require large amounts of capital. We seek to co-invest with other venture investors to diversify risk, provide our portfolio companies with access to additional capital sources, and enhance our investment opportunities. To this end, WOF has a co-investment agreement dated July 19, 2000, as amended, with GrowthWorks Ltd. the parent company of the Manager, under which WOF will co-invest up to \$30 million with new technology funds established and managed by GrowthWorks Ltd. or any of its subsidiaries and up to \$30 million with new biotechnology funds established and managed by GrowthWorks Ltd. or any of its subsidiaries.

Under this co-investment agreement, all eligible investment opportunities will be shared proportionately based on the committed capital of the co-investing participants. Members of the Manager's investment team and support staff will be employed by the managers of other GrowthWorks funds. Each manager compensates its employees directly based on the services provided.

## **Exemptions and Approvals**

WOF has been given an exemption from section 2.1 of National Instrument 81-105 to permit it to directly pay sales commissions and other costs associated with the distribution of its Shares. The Fund has also been given exemptive relief from the section 9.2 of National Instrument 81-106 in connection with the filing of annual information forms for series of Shares that are no longer offered for sale by WOF. The Fund has also been given exemptive relief from the requirement of section 3.1(2) of National Instrument 41-101 that requires labour sponsored investment funds to file a prospectus in the form of Form 41-101F2, provided that the Fund files an annual information form and a simplified prospectus that comply with NI 81-101 and Forms 81-101F1 and F2, subject to such additions and amendments as are appropriate to explain the unique nature and features of the Fund, and obtains a receipt for the simplified prospectus. The Fund has also been given exemptive relief from the requirement in item 7.2 of Form 41-101F2 that would otherwise require the Fund to include a table disclosing information with respect to each portfolio company in which the Fund holds 5% or more of a class of securities of the portfolio company.

## **Auditors Consent**

### **Consent of Hay & Watson**

We have read the Simplified Prospectus and the Annual Information Form of the Working Opportunity Fund (EVCC) Ltd. (the "Fund") dated July 8, 2011, relating to the sale and issue of Balanced Shares, Growth Shares, Financial Services Shares, GIC Shares and Commercialization Shares of the Fund. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Simplified Prospectus and Annual Information Form of our report to the shareholders of the Fund on the statements of net assets as at December 31, 2010 and 2009, the statements of operations, of changes in net assets and of cash flows for the years then ended and the statement of venture investment portfolios as at December 31, 2010. Our report is dated March 2, 2011.

*"Hay & Watson"*

Vancouver, British Columbia  
July 8, 2011

Chartered Accountants

## **Certificate of the Fund, Manager and Promoter**

July 8, 2011

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia and do not contain any misrepresentation.

### **WORKING OPPORTUNITY FUND (EVCC) LTD.**

(signed) DAVID LEVI  
President, Chief Executive Officer and Director

(signed) CLINT MATTHEWS  
Chief Financial Officer

On behalf of the Board of Directors

(signed) CINDY STEWART  
Director

(signed) SUSAN ALLEY  
Director

### **GROWTH WORKS CAPITAL LTD.** as Manager

(signed) DAVID LEVI  
President, Chief Executive  
Officer and Director

(signed) CLINT MATTHEWS  
Vice-President, Finance and  
Chief Financial Officer and Director

On behalf of the Board of Directors

(signed) ALEX IRWIN  
Director

### **WORKING ENTERPRISES LTD.** as Promoter

(signed) DAVID LEVI  
President and Director

## **Certificate of the Principal Distributor**

July 8, 2011

To the best of our knowledge, information and belief this annual information form, the financial statements of Working Opportunity Fund (EVCC) Ltd. for the financial period ended December 31, 2010 and the auditors' report on those financial statements, together with the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation.

**GROWTHWORKS CAPITAL LTD.**

(signed) D. LEVI  
President, Chief Executive Officer  
and Director

This Annual Information Form provides important information concerning:

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WORKING OPPORTUNITY FUND (EVCC) LTD.

Venture Series:

- Balanced Shares
- Growth Shares
- GIC Shares
- Financial Services Shares

Commercialization Series:

- '12 Commercialization Shares
- 

You can find additional information about Working Opportunity Fund (EVCC) Ltd. in its financial statements and management reports of fund performance. If you have questions or want a free copy of the financial statements and management reports of fund performance, call us at 1.800.268.8244 or ask your dealer or Investment Advisor. You can also find these documents on our website at [www.growthworks.ca/wof](http://www.growthworks.ca/wof).

These documents and other information about WOF, such as information circulars and material contracts, are also available at [www.sedar.com](http://www.sedar.com).

Manager of the Fund:

**GROWTHWORKS CAPITAL LTD.**

2600-1055 West Georgia  
P.O. Box 11170 Royal Centre  
Vancouver, British Columbia V6E 3R5  
Telephone: (604) 688-9631 Fax: (604) 669-7605  
[www.growthworks.ca](http://www.growthworks.ca)