

June 2011

We are pleased to provide this quarterly newsletter to keep you up to date on the recent activity of some of GrowthWorks Canadian Fund's portfolio companies, GrowthWorks Commercialization Fund's portfolio companies, industry news and other newsworthy information.



First Quarter GrowthWorks Canadian Fund Exits

Gemin-X Pharmaceuticals Inc., is focused on the discovery, development and commercialization of novel, targeted cancer therapeutics to improve the lives of patients. Gemin-X is responsible for the discovery of GX15-070 (obatoclax), a small molecule that selectively reinitiates apoptosis and may be effective in stimulating cancer cell self-digestion. Currently under Phase II clinical trials, the trial is evaluating the safety and effectiveness of obatoclax as a first line of treatment along side chemotherapy. Gemin X is also responsible for the discovery of GMX1777, an inhibitor of NAD+ synthesis, for which its first

Phase I clinical trial was recently completed. A GrowthWorks Fund investee company since May 2009, Gemin-X was acquired by NASDAQ-listed Cephalon Inc. in a transaction worth up to US\$525 million.

Castlemore Golf & Country Club, located in Brampton, Ontario is an 18-hole golf course that is considered by some to have all the elements of a championship golf course. Situated in Brampton's Castlemore community, it contains a backyard facing the courses, sparing lakes and boasts some of the finest greens in Ontario. Castlemore had been a GrowthWorks Canadian Fund investee company since August 2006. Castlemore was acquired by Sundial Homes.

Custom Software Solutions Inc., a GrowthWorks Canadian Fund investee company since October 2008 and based in Virden, Manitoba, is a leader in the development and delivery of information technology and business process automation

systems for the Canadian insurance industry. Its end-to-end technology platform is built by brokers for brokers and takes into account all aspects of a working brokerage. Custom Software provides solutions to over 350 brokerage offices across Canada. GrowthWorks' interest was acquired in a private refinancing of the company.

Tell Us About Us Inc., a customer satisfaction, social media, call centre technology leader, is based in Winnipeg, Manitoba. TUAU uses a variety of tools such as point-of-sales and point-of-purchase materials to obtain customer satisfaction surveys as well as mystery shoppers and field assessments to measure brand experience. TUAU helps its clients engage in a continuous dialogue with customers to help their clients listen to what customers are saying so they can create and implement better customer focus strategies geared towards customers having consistent brand experiences. TUAU was acquired by Colorado-based Market Force Information.



In the news...

Cephalon
[Read more...](#)

OneChip Phototonics
[Read more...](#)

Sector Spotlight: Cloud Computing

Remember as a child being scolded for having your head in the clouds? Well, not only is it now okay, the clouds are revolutionizing the computer industry. There are no hard and fast rules about what defines a cloud computing solution, but in general, cloud computing is a generic term for anything that involves the delivery of hosted services over the internet. The goal is to provide easy, scalable access to computing services and IT services. Usually this is provided in the form of web-based tools or applications that users can access and use through a web browser. From the user's perspective it is as though the programs were stored locally on the hard drives of their computers, but the software and data are actually stored on remote servers. The user is able to, in a sense, dial into a remote server from any location to access and use the software and applications stored on it. The distinct characteristics of cloud computing is that it is sold on demand, the user can use as much or as little of it as they want at any given time and the service is fully managed by the provider. All that is needed by the user is a computer and internet access.

The logistics behind cloud computing involves multiple cloud components communicating with each other over application programming interfaces. One component provides storage, another component provides applications while another component provides information, as examples. Similar to the economic concept of specialization, each program does one thing really well and by working together over a universal interface, it results in a system that is significantly larger in whole than the individual applications. Think of it as little rain clouds in the sky that all link and touch each other at various points to create one big thunderstorm cloud but with cloud computing the integration touch points are more specific and defined. The services provided by a provider can be broadly divided into three categories: 1. Infrastructure-as-a-Service (IaaS) 2. Platform-as-a-Service (PaaS) and 3. Software-as-a-Service (SaaS). Within these categories, storage, database, process, application, information, platform integration, security and management/governance services are provided. These services can be combined to solve very specific problems as a single solution or used individually. Exactly what applications and how many one uses depends on the architecture of their respective system requirements. In choosing a cloud computing solution, one needs to consider their needs, the components that exist which can be deployed on premises and what can be accessed in the cloud. There are numerous architectural options and one can mix as few or as many and customize to get the final architecture.

Not only is cloud computing changing the entire computer industry as the concept of buying, downloading and upgrading software becomes obsolete, it has contributed to reducing the barriers to entry for a new business start up by helping to reduce the costs associated with starting a new venture. Traditionally, a company would have to buy computers, software or software licenses and install each software package on each computer. Each time that there was a new hire, the company would either have to purchase more software or make sure its current licenses allowed for more users. With cloud computing, instead of installing a suite of software on each computer, you only have to load one application. That application would allow each employee to log into a web-based service which holds all the programs needed for the employee to do his or her job. Because it is being provided as a service, the company pays only for what it uses and how much it uses as opposed to paying for a full set of software products that an employee may only use once or twice per month depending on their job functions. Cloud computing platforms are easily changed and do not require the distribution of software, upgrades or bug fixes, from the users' perspective, which in turn, translates into better worker efficiency. It also provides a way for a company to increase capacity or add capabilities quickly without investing in new infrastructure, training or new software licenses.

Along side the influx of cloud computing services, a new body of law has emerged as new regulations and standards have been needed in response to concerns about information privacy, residency and security associated with cloud computing. While most jurisdictions have enacted some form of information privacy legislation, cloud data governance is about the management of efforts focused on safeguarding access to private and sensitive business data and within that framework, being in compliance with applicable laws. **PerspecSys Inc.**, an investee company of both the GrowthWorks Canadian Fund and GrowthWorks Commercialization Fund, is leading the world in providing data governance solutions. The first cloud data governance solution available from PerspecSys is the salesforce.com Edition™. Bering Media Inc., a Commercialization Fund investee company, is an information privacy company that has built a platform that allows companies to provide targeted advertising online to specific areas by through the ISP addresses within a postal code, without the use, disclosure or sharing of individual identifying information.

GrowthWorks Commercialization Fund Portfolio Updates



GreenCore Composites Inc.

Meet the GrowthWorks
Commercialization Fund's
Newest Addition!

www.greencorenc.com

Adding to its list of cleantech investee companies, the GrowthWorks Commercialization Fund, in conjunction with Sustainable Chemical Alliance, recently invested in GreenCore Composites Inc.

GreenCore, based in Toronto, Ontario is a cleantech manufacturer of NCell™ natural fibre reinforced thermoplastics. NCell is unique in the world, and is protected by a strong IP strategy. These compounds are used by companies that are seeking more environmentally conscious methods to inject mold or extrude industrial and consumer products. The technology is based on situ-generation lignocellulosic microfibers, which have a high aspect ratio and surface area giving them improved mechanical properties.

As an alternative replacement in the manufacturing process,

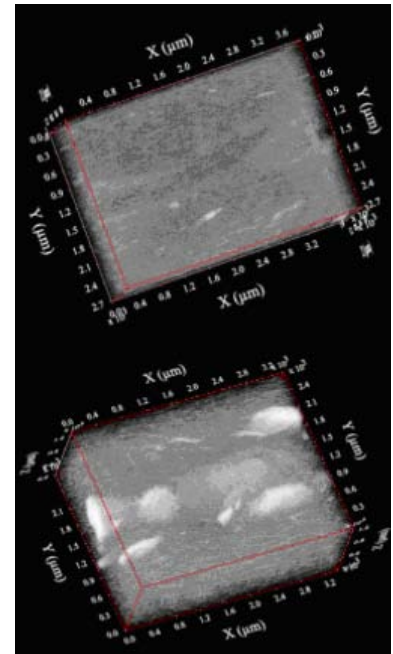
Industry Update

The GrowthWorks Commercialization Fund is now registered in Manitoba, a Labour Sponsored Venture Capital Corporation (LSVCC) where the provincial tax credit for investors in the Fund is 15%, with a maximum investment of \$12,000 per year. The Federal tax credit is 15% on a maximum investment of \$5,000 per year.

NCell has three major advantages over glass or mineral fibre re-enforced plastic:

1. It is fully recyclable. Other re-enforced plastic cannot be recycled, and usually ends up in landfill.
2. It is 20% lighter with the same strength characteristics. This is particularly important in the auto industry, where the quest for fuel efficiency only intensifies as the price of oil rises.
3. NCell, when compared to other reinforced polymers such as glass, require less energy to manufacture, reducing tool and die wear. This provides molders with substantial cost savings.

Having commenced commercial sales in 2009, GreenCore will use the funds raised to continue the development and launch of the NCell™ composites. So far, GreenCore's sales are running in excess of 200% of projections, and demand growth is comfortably outstripping supply.



X-Ray MicroCT Images depicting NCell™ Improved (top) vs. Poor (bottom) dispersion in conventional WPC. Wood fiber agglomerates can be seen causing stress concentrations and lower mechanical performance in the composite

This report contains information that is obtained from third parties and "forward looking statements". This report contains forward-looking statements that are not based on historical or current fact, including statements in respect of the plans and prospects of, and results achieved by, portfolio companies. 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 a Fund and current and future portfolio companies, including risks inherent in emerging businesses with unproven products or limited sales and other risks referenced a Fund's public disclosure record. Many of these risks are beyond the control of a Fund, its manager and the Fund's portfolio companies. Neither Fund nor their manager assumes any obligation to update any of the forward-looking statements made in this report. Commissions, trailing commissions, management fees and expenses all may be associated with investments in retail venture capital funds (RVCs). Please read the relevant Fund's prospectus before investing. RVCs are not guaranteed, their values change frequently and past performance may not be repeated. GrowthWorks Canadian Fund purchased the assets of Canadian Science and Technology Growth Fund Inc. and Capital Alliance Ventures Inc. in 2005, ENSIS Growth Fund Inc. in 2008 and Canadian Medical Discoveries Fund Inc. in 2009, in each case in exchange for Class A shares. ENSIS is a registered trademark of ENSIS Capital Corporation. Third party links are provided merely as a convenience to you, and the inclusion of any link does not imply endorsement or verification of third party information by the funds or their manager. GrowthWorks Commercialization Fund Ltd. and GrowthWorks Canadian Fund Ltd. have the same manager, however, they are separate investment funds. For more information see the relevant Fund's prospectus. GrowthWorks Capital Ltd is the funds' principal distributor.