Working Opportunity Fund (EVCC) Ltd.

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

Management Report of Fund Performance

For the six months ended June 30, 2019

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Introduction

This interim Management Report of Fund Performance dated August 22, 2019 presents a discussion of the financial results for the Working Opportunity Fund (EVCC) Ltd. Commercialization Shares (series 2) (the "05 Commercialization Shares" or the "Series") for the six months ended June 30, 2019 and assesses factors that may affect future results. The financial condition and results of operations are analyzed and significant factors that affected the unaudited statements of financial position, statements of comprehensive income, statements of changes in net assets, and statements of cash flows are discussed.

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

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

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

The manager of the Fund is PenderFund Capital Management Ltd. (the "Manager"). The Manager became manager effective March 1, 2019, under a new management agreement dated December 21, 2018 (the "New Management Agreement"). Prior to March 1, 2019 the Fund manager (the "Initial Manager") and principal distributor was Growth Works Capital Ltd., which managed the Fund pursuant to an amended and restated management agreement dated November 6, 2007 (the "IM Management Agreement"). If you wish to contact the Fund or our Manager, by mail at Suite 1830, 1066 West Hastings Street, Vancouver, BC V6E 3X2 or by telephone at 1-888-787-9561.

All information for prior periods included in this document is as reported by the Initial Manager.

Caution Regarding Forward-Looking Statements

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

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. Any number of important factors could contribute to these digressions, including, but not limited to: general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

These forward looking statements primarily relate to future economic and market conditions, including mergers and acquisitions (“M&A”) and initial public offering (“IPO”) market conditions; the Commercialization Series’ liquidity position including timing and levels of redemptions and the Commercialization Series ability to make new and follow-on investments; fund redemptions and meet operating commitments; portfolio development; divestments from the portfolio; the conversion of debt investments held in the portfolio into equity investments; value increases including concentration of the portfolio; future capital raising; future cost savings and enhanced liquidity for Commercialization Series; and positioning the Fund for the future including a possible future reorganization of Fund assets. Such information has been included to assist readers with assessing the liquidity position of the Commercialization Series, the maturity of the Commercialization Series venture portfolio, recent developments in the Fund's operating climate and possible future developments that may affect the Fund’s and the Commercialization Series’ performance and liquidity.

All forward-looking statements are based on the Manager’s current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and economic factors, among other things. Statements with respect to liquidity are based on management’s beliefs and assumptions with respect to a range of factors, including M&A and IPO market conditions generally and within the sectors in which portfolio companies operate; market potential of technologies and products under development or offered by portfolio companies; the management, intellectual property rights, performance and stage of development of portfolio companies and the portfolio companies’ need for and access to further financing; concentration of the portfolio; the ability of the Commercialization Series to complete divestments from the portfolio; the impact of the conversion of debt investments into equity investments; the ability of the Commercialization Series to raise capital in the future; the ability of the Commercialization Series to process redemption requests and meet other operating commitments; future cost savings under the New Management Agreement and enhanced liquidity and additional future cost savings; and positioning the Fund for the future including a possible future reorganization of Fund assets. While management considers such beliefs and assumptions to be reasonable based on information currently available to it, no assurance can be given that such beliefs and assumptions will prove to be correct. Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks and uncertainties, including, but not limited to, those associated with economic and market conditions, including M&A and IPO market conditions; portfolio companies’ development, including value increases and achievement of milestones for developing products, technologies or services, including those for which markets are not yet established and may never be established; access to needed financing; portfolio companies’ ability to attract and retain key management and employees and establish and protect intellectual property rights; the ability of the Commercialization Series to complete divestments from the portfolio; the impact of the conversion of debt investments into equity investments; concentration of the portfolio; the ability of the Commercialization Series to raise capital in the future; redemption requests; the ability to obtain all necessary approvals for a possible future reorganization of assets and/or the ability to complete a reorganization as previously described or otherwise; and other risks identified in the Fund’s most recent annual information form. Most of these factors are beyond the control of the Fund and its Manager.

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

Results of Operations

All information for prior periods included in this document is as reported by the Initial Manager.

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

As at June 30, 2019, total Pricing NAV for the Series was $12.9 million, a decrease of $4.0 million from the balance of $16.9 million at December 31, 2018. This decrease in Pricing NAV was primarily attributable to redemption activity of approximately $3.1 million, net realized and unrealized losses on venture investments of $0.7 million, and operating expenses of $0.3 million, which were partially offset by investment income of $0.1 million. Further details can be found below and in the "Investment Portfolio" section. There was no subscription activity for the period as new series are not being offered for sale.

For the six months ended June 30, 2019, the Series generated a total negative return on the Series of 5.88%. (June 30, 2018: -4.40%).

Income

Total investment income excluding gains and losses on investments was $162,793 for the Series for the six months ended June 30, 2019. This reflects a decrease from the $175,149 recorded for the six months ended June 30, 2018, primarily due to the reduction in income-generating investments as certain promissory notes were repaid in the period.

In the six months ended June 30, 2019, the net realized gain from the sale of investments was $7,034 as compared to the net realized loss on investments of $ 1,223,733 in the six months ended June 30, 2018. Net realized gains and losses on investments are the result of the sale of investments. They are generally not comparable between periods because the investments sold generally differ from period to period. The gain in the six months ended June 30, 2019 was primarily attributable to additional funds having been recovered and paid to the Fund from the disposition of an investment in a prior period, and the impact of foreign exchange rate changes.

The Fund recognized a negative net change in unrealized appreciation/depreciation of investments of $638,148 during the six months ended June 30, 2019, as compared to the positive net change of $853,587 in the same period in 2018. The 2019 semi-annual results were primarily attributable to a valuation adjustment which decreased the unrealized appreciation for one private technology company and by the negative impact of foreign exchange rate changes. The Canadian dollar appreciated against the US dollar in the six months ended June 30, 2019, resulting in an increase in unrealized depreciation of approximately $0.4 million on the conversion for financial reporting purposes of the carrying value of US dollar-denominated investments to Canadian dollars.

Expenses

For the six months ended June 30, 2019 the total operating expenses of the Series were $0.3 million, down from $0.5 million for the same period in 2018.

The Series' primary recurring expenses are management fees and administration costs.

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

An important consideration in the discussion of management fees and administration fees or costs during the six months ended June 30, 2019 is the change in both the manager of the Fund and the management agreement in effect, as described in the "Introduction" and "Recent Developments" sections of this document.

As a result of these changes, the structure and percentage of fees paid to the Initial Manager from January 1, 2019 to February 28, 2019 under the IM Management Agreement, were different from the structure and percentage of fees payable to the Manager and the administration costs paid by the Fund, from March 1, 2019 to June 30, 2019 under the New Management Agreement:

	Initial Management Agreement[1]	New Management Agreement[2]
	Series 2	Series 2
Period of applicability	Prior to March 1, 2019	March 1 - June 30, 2019
Management Fee	2%	1.50%
Additional Administration Fee	0.50% - 1.29%	N/A- administration costs are paid directly by the Fund

In the period from December 21, 2018 to February 28, 2019, the Manager provided certain services to the Fund to ensure an efficient transfer of management, and received a fee in respect of the Series of $24,930 including GST, of which $11,872 was paid during the six months ended June 30, 2019 and $13,058 was paid in December 2018.

The total of all management fees under the New Management Agreement and all management and administration fees under the IM Management Agreement during the six months ended June 30, 2019 was $168,349. The total of the professional fees, operating expenses, custody and recordkeeping fees, and directors' fees paid directly by the Fund, net of transitionary and strategic expenses, in the six months ended June 30, 2019 under the New Management Agreement was $57,504. Together, total management and administration costs including the fee for transitionary services were $237,725 for the six months ended June 30, 2019, down from the $371,971 incurred in the six months ended June 30, 2018.

Additional expenses incurred by the Series in the six months ended June 30, 2019 included service fees, also known as trailing commissions. Service fees are calculated as a percentage of the NAV of those shares for which a service fee applies. Service fees were $37,140 in period, as compared to $78,468 in the six months ended June 30, 2018. Redemptions of shares and the reduction in the NAV during the period led to the decrease in service fees in the period.

Professional fees for the six months ended June 30, 2019 were $45,838 (Nil in the six months ended June 30, 2018). These represent legal, audit and advisory fees incurred and accrued for the period. Included in these fees are costs of $27,946 relating to the transition of manager, strategic review and restructuring initiative of the board of the Fund (Nil in the six months ended June 30, 2018).

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

[2] Please see details regarding the terms of the New Management Agreement in the "Related Party Transactions" and "Management Fees" section of this document.

Management Expense Ratio ("MER")

The operating MER for the six months ended June 30, 2019 was 4.19% (June 30, 2018: 5.09%). The changes in operating MER are consistent with the changes in operating expenses and Pricing NAV for the period. Please see the "Financial Highlights" section below.

Liquidity

The Series strengthened its already significant liquidity position during the six months ended June 30, 2019. The June 30, 2019 Pricing NAV of $12.9 million included $9.1 million in cash and liquid assets, an increase of $3 million from the $6.1 million of cash and liquid assets at December 31, 2018. This significant increase in liquid assets in the period was primarily due to the early repayment of certain promissory notes, being partially offset by expenses of the period and increases in unrealized depreciation of investments. Please refer to the "Investment Portfolio" section of this document.

The Series' primary source of liquidity at present is the sale and/or repayment of investments. No capital is available from the issuance of shares as the Series is not in distribution. The primary factors that draw on the Series' liquidity are (1) venture investment activity, (2) management fees and other operating commitments, (3) redemptions of Class A Shares, in particular shares that may be redeemed after expiration of the hold period on shares and without repayment of tax credits (referred to as "mature Class A shares") and (4) historically, distributions in accordance with dividend policies adopted for the Commercialization Series. Please see the "Distributions of Dividend Payments" section below for further information regarding dividends. Operating expenses generally include fees paid to the Fund's manager, the cost to operate the Fund, and costs associated with matters such as the ongoing review of opportunities to continue to reduce costs and enhance liquidity options for shareholders and positioning the Fund for the future. Please refer to the "Results of Operations" section of this document.

The Fund manages liquidity by regularly measuring and estimating cash available and cash required, with the goal of ensuring sufficient liquid assets are on hand to meet projected redemption requests and to fund follow-on venture investments and operating expenses. An ongoing analysis of historical redemption activity assists in modeling expected levels of annual share redemptions relative to the number of mature shares of the Series. This liquidity management process also provides information for setting targeted levels of investment/divestment activity in advance of disposition dates. In addition, external financing is a potential strategic source of liquidity which, if available, could be used as a bridge to healthier exit markets and/or where the value accretion expected to be generated by the financing exceeds the costs associated with the financing.

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

The Series' ability to honour Share redemption requests, participate in selected investments, and meet operating commitments in the ordinary course is dependent on its liquidity position and forecasted liquidity needs. Since the primary source of liquidity for the Series is the realizations of exits for investee companies, and the timing and ability to effect realization of exits are largely beyond the control of the Fund, no assurance can be given as to the timing or amount or the ability to continue to fund Share redemptions, follow-on investment and/or operating commitments.

The cash dividend distribution policy announced for the Venture Series on October 30, 2014 only applies to the Fund's Venture Series shares and will not impact previously adopted dividend policies in respect of the Commercialization Series shares or redemptions of 05 Commercialization Shares as the Fund manages liquidity separately for Venture Series and the Commercialization Series shares. For more information, see the Management Report of Fund Performance for the Venture Series Balanced Shares.

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

Distributions of Dividend Payments

Venture investments of the Series have generally been structured so that they are capable of generating both capital appreciation and income, such as interest, royalties or dividends. Given the potential income component, which generally exists during the first three years of an investment, the Board of Directors of the Fund adopted a dividend policy to pay dividends on each Series equal in total to 25% of the purchase price of the shares during the three year period after each of the series of Commercialization Series was offered for sale. Since its initial offering of the Commercialization Series shares in 2005, the Fund has met this dividend policy for all Commercialization Series with a total of $2.50 per share, or $9.5 million in aggregate, having been paid on all outstanding or previously outstanding Commercialization Series shares.

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

The last payment under the dividend policies adopted for Commercialization Series was completed by December 31, 2016, and there were no dividends payable or paid during the six months ended June 30, 2019.

Investment Portfolio

The aggregate fair value of the Series' venture investment portfolio decreased by $6.9 million or 63.2% during the year, as a result of the divestment of two privately held venture investments and unrealized depreciation in the valuation of two other privately held venture investments during the period.

The Series completed one full divestment during the period, with the early repayment of a $5.5 million from Teradici. The Series also completed one partial divestment during the period, upon a partial loan repayment from 4300092 Canada Inc. (formerly LightHaus). This partial divestment was the result of the company collecting an earnout payment from the 2015 acquisition of LightHaus by US-based Envysion Inc.

At the end of the period, the Series holds venture investments in 6 investee companies.

Non-venture investments decreased from $5.6 million at December 31, 2018 to NIL at June 30, 2019. Non-venture investments were sold to partially fund redemptions of $3.1 million during the period and to provide cash to fund the operating expenses of the Series.

The Series did not fund any new venture or non-venture investments during the period. Excess cash was maintained on deposit in a Premium Investment Account at the Royal Bank of Canada that provided interest at rates equivalent to those available from other available non-venture investments

Investment Pacing

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

Recent Developments

The Series' venture investment portfolio generally did not meet expectations during the year, as two portfolio companies did not meet their performance milestones. However, the Series' largest investee company, D-Wave Systems, continued to meet performance milestones and is expected to be able to raise capital at appropriate valuations.

The financial performance of the Series' investee companies is linked to the state of the Canadian and world economies. The outlook for the growth-oriented private companies in the Commercialization Series' venture investment portfolio continues to be positive. Certain Commercialization Series' portfolio companies depend on venture capital financing to fund working capital during their growth stages, therefore healthy funding markets are imperative.

The Series depends on M&A and IPO markets (collectively "exit markets") to sell its venture investments and on the ability of investee companies to repay loans. Investment and exit markets continue to be healthy for private technology companies. Commercialization Series' portfolio companies appear to be positioned to benefit from healthy levels of investment activity, both in terms of availability of growth capital and availability of exit opportunities. If healthy exit markets continue, the Fund expects that they may eventually present exit opportunities for certain portfolio companies, although the Fund can provide no assurance as to if, when or at what values, any exits may be completed. Since the Fund's ability to fund follow-on investments and operating expenses depends on the timing and realizations of exits, no assurance can be given as to the timing, amount or the ability to fund follow-on investment and/or operating commitments. Please see also the "Liquidity" and "Investment Portfolio" sections of this document.

The Manager assumed management of the Fund under the New Management Agreement on March 1, 2019 and the Fund now pays a management fee of 1.5% of Pricing NAV and its own administrative expenses rather than paying a percentage fee for normal course administration costs to the manager. Please see the "Results of Operations" and "Management Fees" sections of this document for more information. Under the New Management Agreement, the Fund and the Manager have agreed to use reasonable commercial efforts to effect a reorganization of the assets of the Fund and since March 1, 2019, the Manager and the Fund have been evaluating numerous aspects of the previously announced potential reorganization, including working through tax considerations and reviewing opportunities for liquidity and further cost savings.

The potential reorganization transaction would require shareholder approval, certain regulatory approvals and approvals of the boards of the Fund, its sponsor and the Manager acting reasonably. A detailed information circular describing the potential reorganization is required to be mailed to shareholders in conjunction with seeking any such shareholder approval. At the Funds' next shareholder meeting, shareholders will be asked to ratify the transition of management. The Fund has received an extension to January 2020 to hold its next annual general meeting. There can be no guarantee that these required approvals will be received and/or that the Fund will complete a reorganization as previously described or otherwise.

For more details regarding the New Management Agreement, please see the Fund's most recent annual information form.

Ms. Susan Koch was appointed as a member of the Independent Review Committee, filling the vacancy left from the passing of Mr. Bill LeClair. At June 30, 2019, the Independent Review Committee of the Fund was composed of Mr. Robert Cooper, Ms. Susan Koch, and Mr. Garry Rasmussen. The Independent Review Committee of the Manager was composed of Kerry Ho, Robin Mahood and John Webster.

Related Party Transactions

For the period from January 1, 2019 to February 28, 2019, the Fund paid management fees and administration fees of $95,591 to the Initial Manager for management and portfolio advisory and administration expenses.

In the period from December 21, 2018 to February 28, 2019, the Manager provided certain services to the Fund to ensure an efficient transfer of management, and received a fee in respect of the Series of $24,930 including GST, of which $11,872 was paid during the six months ended June 30, 2019 and $13,058 was paid in December 2018.

On March 1, 2019 the Fund began to pay management fees to the Manager for services. For the period from March 1, 2019 to June 30, 2019, $72,758 was paid to the Manager for management and portfolio advisory.

The Manager also recovers from the Fund certain Fund operating expenses incurred by it on behalf of the Fund.

In addition to the Fund, the Manager is the portfolio manager for a number of funds and one or more of those other funds may hold investments in investee companies of the Fund. The Manager has adopted an allocation of opportunities policy to address potential conflicts that might arise as a result of the common shareholdings. As at June 30, 2019 D-Wave is the sole investment of the Fund that is held in another fund under the Manager's management.

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

As at June 30, 2019 directors and officers of the Fund and/or the Manager held less than 0.01% of the issued and outstanding shares of D-Wave, one of the Fund's investments.

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

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

Alex Irwin is a director of the Fund and provides consulting services on a fee for service basis to the Fund.

The Initial Manager owns a series of Class B shares of the Fund, which entitled the Initial Manager to receive dividends ("IPA dividends") based on realized gains and income from venture investments attributable to the Fund's series 2 shares, including the Series, while the Initial Manager was the Fund's manager. No IPA dividends were paid to the Initial Manager by the Series during the period (December 31, 2018: $NIL).

From time-to-time the Series is required to accrue conditional IPA dividends ("Conditional IPA dividends"). Conditional IPA dividends are not amounts that are actually paid or payable, but are an estimate of IPA dividends that would be payable if the entire venture portfolio were disposed of at the estimated fair value as of the period end. Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall only be paid on the sale of the relevant portfolio investment (the "Contingent IPA dividend"). The Series has accrued a Contingent IPA dividend, in connection with the Initial Manager ceasing to be the Fund's manager, of $497,448 (recorded as Conditional IPA dividend at December 31, 2018: $518,911) (See "Management Fees"). 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 Fund's Commercialization Series of shares is excluded from realized gains and income used to calculate the IPA dividends and Conditional IPA dividends although this interest will continue to be included for determining whether the conditions regarding the payment of IPA dividends have been met.

FINANCIAL HIGHLIGHTS[3]

The following tables show selected key financial information about each of the Series and are intended to help you understand the Series' financial performance for the past five years and the six months ended June 30, 2019. The financial information presented below was prepared in accordance with International Financial Reporting Standards.

05 Commercialization Shares **Net Assets per share (1)**						
	June 30, 2019	**2018**	**2017**	**2016**	**2015**	**2014**
Net assets per share, beginning of period (2)	**$9.11**	**$10.79**	**$11.76**	**$11.90**	**$11.53**	**$11.54**
Increase (decrease) from operations:						
Total revenue	0.10	0.36	0.41	0.58	0.25	0.09
Total expenses and amortization (excluding distributions)	(0.19)	(0.43)	(0.45)	(0.47)	(0.45)	(0.45)
Realized gains (losses) for the year	-	(0.73)	-	0.06	0.55	0.01
Unrealized gains (losses) for the year	(0.38)	(0.81)	(0.89)	(0.38)	0.08	0.45
Total increase (decrease) from operations (2)	**(0.47)**	**(1.61)**	**(0.93)**	**(0.21)**	**0.43**	**0.10**
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions	**-**	**-**	**-**	**-**	**-**	**-**
Net Assets per share at end of period (2)	**$8.58**	**$9.11**	**$10.79**	**$11.76**	**$11.90**	**$11.53**

Ratios and Supplemental Data						
	June 30, 2019	**2018**	**2017**	**2016**	**2015**	**2014**
Pricing NAV (000's) (3)	$12,946	$16,852	$23,596	$28,904	$25,201	$19,942
Number of shares outstanding (000's) (3)	1,496	1,833	2,240	2,420	2,082	1,703
Operating management expense ratio (4)	4.19%	4.10%	3.87%	3.77%	3.76%	3.81%
Amortization of share issue commissions and fees	0.71%	0.66%	0.64%	1.16%	0.55%	0.61%
Earned IPA	-	-	0.02%	0.08%	1.34%	0.03%
Conditional IPA	(0.29%)(4)	(0.39%)	(1.49%)	0.55%	0.49%	0.85%
Total MER before waivers or absorptions	4.61%	4.37%	3.04%	5.56%	6.14%	5.30%
Trading expense ratio (5)	-	-	0.02%	-	0.03%	0.09%
Portfolio turnover ratio (6)	-	3.15%	7.15%	6.08%	23.75%	91.93%
Pricing NAV per share at end of period	**$8.66**	**$9.19**	**$10.92**	**$11.94**	**$12.10**	**$11.71**

[3] All information for prior periods included in this document is as reported by the Initial Manager.

Notes:

(1) This information is derived from the Series' unaudited interim and audited annual financial statements. Net Assets per share presented in the financial statements differs from the Pricing NAV calculated for fund pricing purposes. Pricing NAV includes the unamortized balance of up-front sales commissions paid by the Fund. A reconciliation of Net Assets to Pricing NAV is included in the notes to the financial statements.

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

(3) This information is provided as at December 31 of the year shown and at June 30, 2019 for the interim period.

(4) Operating management expense ratio ("MER") means the total MER for the Series before taking into account amortization of share issue commissions and fees, Earned IPA dividends and Conditional IPA dividends. Earned IPA dividends reflects the Initial Manager's participating interest in gains and income realized on successful exits from the Fund's venture investments. Conditional IPA dividends are not an amount actually paid or payable; rather, it is an estimate of the IPA dividends that would be payable if the Fund's entire venture portfolio was disposed of at the period end and this line reflects the change in the estimate from the previous period. Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall only be paid on the sale of the relevant portfolio investment. The Series has accrued a Contingent IPA dividend payable to the Initial Manager only upon sale of the relevant portfolio company of $497,448 (recorded as Conditional IPA dividend at December 31, 2018: $518,911). See "Related Party Transactions". Total MER is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average weekly Pricing NAV during the period. In calculating the effect of the change under the New Management Agreement, the Manager has assumed that the 2018 operating expenses for the Fund would have been equal to the Fund's annualized budget for operating expenses for 2019, which would have resulted in a decrease of the 2018 MER of approximately 1.21%. Circumstances may arise that negatively impact these assumptions and costs associated with the transition to the New Management Agreement may be such that while not intended, MER under the New Management Agreement may be higher than projected for particular periods. In addition, to the MER analysis, the Fund also considered the potential for additional fees payable in the event of a successful exit for portfolio investments and concluded that such potential would be less likely under the terms of the New Management Agreement.

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

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

Management Fees

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

During the six months ended June 30, 2019, there was a change in the manager of the Fund and the management agreement. Please see details of the changes in the “Introduction” and “Recent Developments” sections of this document.

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

Fees payable until February 28, 2019

Under the IM Management Agreement, the Initial Manager provided management services to the Fund until February 28, 2019.

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

Under the terms of the IM Management Agreement, the Fund paid the Initial Manager a monthly management fee of 2% and an administration fee of between 0.50% to 1.29% of the proportionate share of the Fund’s month end Pricing NAV attributable to the Commercialization Series 2 shares, less any fee or benefit, including finders’ fees, directors’ fees and consulting fees, received by the Initial Manager from investees or prospective investees, from which the Initial Manager paid all costs of operating the Fund other than certain share issue commissions and income taxes. The fees under this agreement for the two month period from January 1 to February 28, 2019 were $95,591, including GST of $4,552 (six months ended June 30, 2018 - $371,971, including GST of $17,713).

The Initial Manager also had a participating interest in the realized gains and income attributable to Commercialization Series 2 shares, payable through dividends on the IPA Shares. During the period ended June 30, 2019, the Commercialization Series 2 shares recorded no IPA dividends (June 30, 2018: $Nil) nor were there IPA dividends payable as at June 30, 2019. Under the rights attached to the IPA Shares, certain amounts are to be accrued as at the date of termination of the Initial Manager as the contracted manager of the Fund in certain circumstances which accrued amounts shall only be paid on the sale of the relevant portfolio investment. The Series has accrued a Contingent IPA dividend payable to the Initial Manager only upon sale of the relevant portfolio company of $497,448 (recorded as Conditional IPA dividend at December 31, 2018: $518,911), with the decrease reflecting the change in the value of venture investments from December 31, 2018 to February 28, 2019 (being the date on which the Initial Manager ceased being the Fund’s manager). See “Related Parties Transactions” for additional details.

The table below summarizes the changes in the Conditional IPA dividend recorded by the Commercialization Series during the period ended June 30, 2019. As noted above the decrease reflects the change in the Conditional IPA dividend prior to February 28, 2019 before the change in manager, after this date the balance has been recorded as a Contingent IPA dividend:

Conditional IPA dividend at December 31, 2018	$	518,911
Changes in estimated Conditional IPA dividend due to changes in the fair value of venture investments as at February 28, 2019		(21,463)
Contingent IPA dividend at June 30, 2019	$	497,448

Fees payable after February 28, 2019

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

The management and administration fees for the Commercialization Series 2 shares for the four month period from March 1, 2019 to June 30, 2019 were $72,758 including GST of $3,544 (June 30, 2018: $Nil).

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

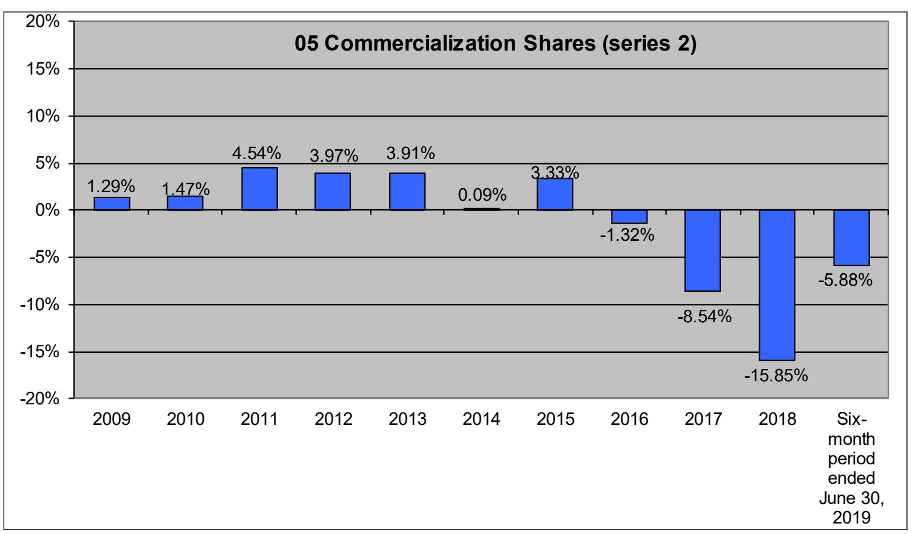
PAST PERFORMANCE

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

Period-by-Period Returns

All information for prior periods included in this document is as reported by the Initial Manager.

To illustrate how the Fund's performance has varied over time, the following bar charts show the Series' performance for the six month period ended June 30, 2019 and for each of the previous 12-month periods ended December 31. The bar charts show, in percentage terms, how much an investment made on January 1 of a given year would have grown or decreased by December 31 of that year and the six month period ended June 30, 2019.



SUMMARY OF INVESTMENT PORTFOLIO

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

The investee companies in the Series’ investment portfolio are all in the information technology sector. While concentration of value is expected within a maturing venture portfolio, it does mean that a material change, whether positive or negative, in a particular portfolio company, will likely result in a corresponding material change in overall NAV for the Series. As at June 30, 2019, the top two investments represent 25.29% of Pricing NAV of the Series. A description of the Series’ top four investments is provided below.

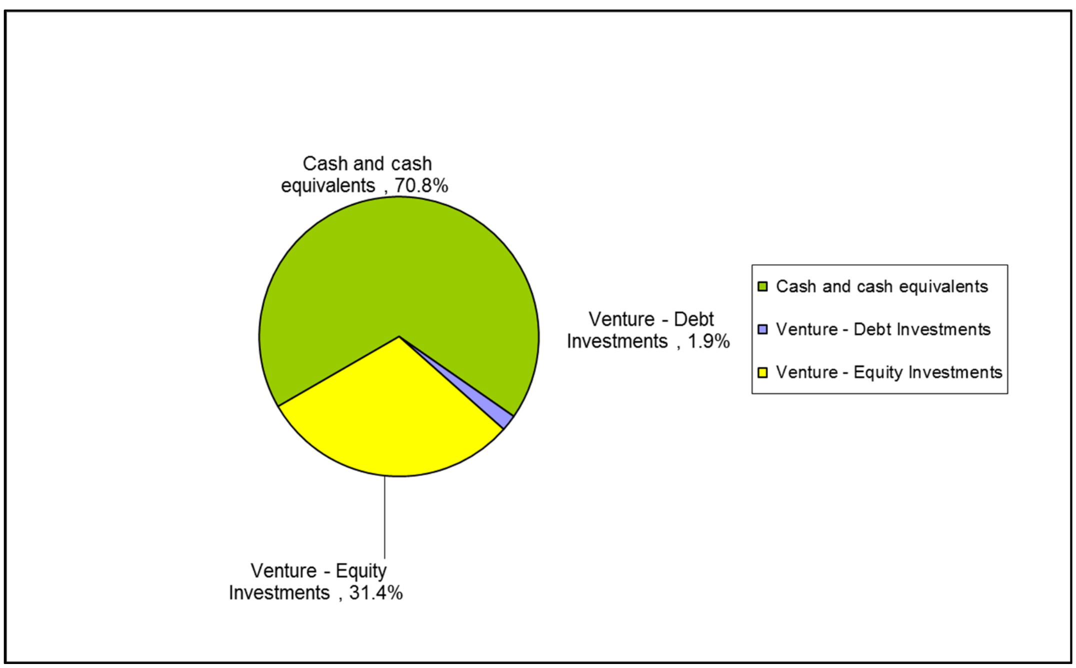
- D-Wave Systems is a quantum computer hardware and software developer. Initial applications are for use with hybrid supercomputer quantum computer applications. Customers with systems installed onsite include NASA, Google, Lockheed Martin, Los Alamos National Labs and the University of Southern California.

- BuildDirect is a home improvement Ecommerce business. BuildDirect specializes in shipping heavy building materials direct to homes and job sites in Canada and the United States.

- Vitrium Systems delivers enterprise content security and digital rights management software to control and protect documents and images for secure distribution.

- Inetco provides real-time transaction monitoring software for a variety of payment processing and banking environments.

The tables and pie charts below provide information about the investment portfolio of the Series. The investment portfolio profile may change due to ongoing portfolio transactions within the Series. See the Schedule of Investment Portfolio in the Fund’s financial statements for additional investment details and a breakdown of the portfolio by subgroup as a percentage of Pricing NAV. As at June 30, 2019 the overall asset mix of the Series, as a percentage of the Pricing NAV, is set out below:



The following table represents the Top 25 investments within the total investment portfolio for the Series, excluding cash and short-term investments, based on fair value as a percentage of Pricing NAV. We note that for the purposes of the Top 25 Investments table, the investment portfolio includes only 6 investments.

1	D-Wave Systems Inc.	
2	Sandbox Technologies Inc.	
3	BuildDirect.com Technologies Inc.	
4	Inetco Holdings Ltd.	
5	4300092 Canada Inc.	
6	Teradici Corporation	
	TOTAL PERCENTAGE OF PRICING NAV	33.30%

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