Court File No

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO GROWTHWORKS CANADIAN FUND LTD.
(the "APPLICANT")

APPLICATION RECORD
(Re: Initial Order pursuant to the *Companies' Creditors Arrangement Act*)

(Volume 2 of 2)

September 30, 2013

McCARTHY TÉTRAULT LLP
Barristers and Solicitors
Suite 5300, Box 48
Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, ON M5K 1E6

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Lawyers for the Applicant,
Growthworks Canadian Fund Ltd.

INDEX

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(the "APPLICANT")

INDEX
(Volume 1 of 2)

TAB NO.		DOCUMENT
	Exhibit "I"	Press Release of GrowthWorks Canadian Fund Ltd. Dated August 16, 2013
	Exhibit "J"	Press Release of GrowthWorks Canadian Fund Ltd. Dated September 3, 2013
	Exhibit "K"	CashFlow
	Exhibit "L"	GrowthWorks Canadian Fund Ltd. - 2012 Annual Financial Statement dated August 31, 2013
	Exhibit "M"	GrowthWorks Canadian Fund Ltd. - 2011 Annual Financial Statement dated August 31, 2013
	Exhibit "N"	GrowthWorks Canadian Fund Ltd. - 2013 Annual Financial Statement dated August 31, 2013
	Exhibit "O"	D&O Insurance Policy
3.		Initial Order
4.		Blackline of Initial Order to Model Order

Tab I

This is Exhibit I referred to in the affidavit of C. Ian Ross sworn before me, this 30 day of September 20 13

Kelly Peters
A COMMISSIONER FOR TAKING AFFIDAVITS

GrowthWorks Canadian Fund Ltd.

FOR IMMEDIATE RELEASE

GrowthWorks Canadian Fund Amends Participation Agreement with Roseway Capital

Toronto, Ontario, August 16, 2013 – GrowthWorks Canadian Fund Ltd. ("**Canadian Fund**") announced today that it has entered into a fifth amendment to the Participation Agreement dated May 28, 2010 (the "**Participation Agreement**") with Roseway Capital S.a.r.l. ("**Roseway**") whereby a payment of $20 million that was payable to Roseway on August 16, 2013 will now become payable on September 3, 2013 and a further $5.7 million will become payable to Roseway by September 10, 2013. Those amounts will bear interest at the rate of 18% per annum from the date on which they were originally payable by Canadian Fund. Canadian Fund continues to be engaged in active discussions with Roseway regarding a possible further, longer-term extension of those payment obligations, as well as amendments to certain other terms of the Participation Agreement and the security agreement (the "**Security Agreement**") in favour of Roseway which grants a charge over certain portfolio and other assets of the Fund. In connection with this amendment, Roseway has also waived until September 4, 2013 a default under the Security Agreement tied to the Fund maintaining a minimum net asset value. Canadian Fund cannot assure investors that these discussions will result in any further extension of the dates by which Canadian Fund must make those payments or that Canadian Fund will have sufficient funds to pay those amounts when due.

If Canadian Fund were to default on its obligations under the Participation Agreement or an event of default were to occur under the Security Agreement, the security held by Roseway over Canadian Fund's assets may be enforced by Roseway, which could result in forced divestments of some or all of those assets at values well below carrying values and a significant decline in the values of Class A shares of the Fund.

The Board of Directors of Canadian Fund continues to review, with the assistance of its independent financial and legal advisors, the strategic alternatives available to Canadian Fund.

Canadian Fund also announced that it has repaid in full its loan obligations to Matrix Asset Management Inc. of $4 million plus accrued and unpaid interest.

Forward Looking Statements: This press release contains forward looking statements about Canadian Fund's ability to make payments under financing arrangements. These statements are based on beliefs and assumptions of management of Canadian Fund at the time the statements are made, including beliefs and assumptions about Canadian Fund's ability to generate sufficient cash to satisfy its payment obligations under its existing financing arrangements. These beliefs and assumptions are subject to known and unknown risks and uncertainties, including the willingness of Roseway to agree to extend the dates by which Canadian Fund must satisfy its payment obligations under the Participation Agreement and refrain from enforcing its security should such extension not be granted and Canadian

Fund defaults on its obligations to Roseway or an event of default were to occur under the Security Agreement; risks and uncertainties associated with the volatility of market conditions and, in turn, the climate for divestment activity, performance of portfolio companies, valuations of portfolio companies, financing needs of portfolio companies and the availability of capital to satisfy such financing needs and other risks and uncertainties disclosed in Canadian Fund's most recently filed prospectus and other regulatory filings posted on SEDAR at www.sedar.com. These risks and uncertainties may cause actual results, events or developments to be materially different from those expressed or implied by such forward-looking statements. Unless required by law, neither Canadian Fund nor its manager assumes any obligation to update any forward-looking statements, whether as a result of new information, future events or results or other factors.

Reference:

C. Ian Ross
Chairman
Tel: (416) 934-7777
Suite 2200, Exchange Tower
130 King Street West, Toronto, Ontario M5X 1E3

Tab J

This is Exhibit......5......referred to in the affidavit of......C. Ian Ross...... sworn before me, this......30...... day of...September......20..13..

Kelly Potts
A COMMISSIONER FOR TAKING AFFIDAVITS

GROWTHWORKS Canadian Fund Ltd.

FOR IMMEDIATE RELEASE

GrowthWorks Canadian Fund Amends Participation Agreement with Roseway Capital

Toronto, Ontario, September 3, 2013 – GrowthWorks Canadian Fund Ltd. ("**Canadian Fund**") announced today that it has entered into a sixth amendment to the Participation Agreement dated May 28, 2010 (the "**Participation Agreement**") with Roseway Capital S.a.r.l. ("**Roseway**") whereby a payment of $20 million that was payable to Roseway on September 3, 2013 will now become payable on September 30, 2013 and a further $5.7 million will become payable to Roseway by October 7, 2013. Those amounts will bear interest at the rate of 18% per annum from the date on which they were originally payable by Canadian Fund. Canadian Fund continues to be engaged in active discussions with Roseway regarding a possible further, longer-term extension of those payment obligations, as well as amendments to certain other terms of the Participation Agreement and the security agreement (the "**Security Agreement**") in favour of Roseway which grants a charge over certain portfolio and other assets of the Fund. In connection with this amendment, Roseway has also waived until October 1, 2013 a default under the Security Agreement tied to the Fund maintaining a minimum net asset value. Canadian Fund cannot assure investors that these discussions will result in any further extension of the dates by which Canadian Fund must make those payments or that Canadian Fund will have sufficient funds to pay those amounts when due.

If Canadian Fund were to default on its obligations under the Participation Agreement or an event of default were to occur under the Security Agreement, the security held by Roseway over Canadian Fund's assets may be enforced by Roseway, which could result in forced divestments of some or all of those assets at values well below carrying values and a significant decline in the values of Class A shares of the Fund.

The Board of Directors of Canadian Fund continues to review, with the assistance of its independent financial and legal advisors, the strategic alternatives available to Canadian Fund.

Forward Looking Statements: This press release contains forward looking statements about Canadian Fund's ability to make payments under financing arrangements. These statements are based on beliefs and assumptions of management of Canadian Fund at the time the statements are made, including beliefs and assumptions about Canadian Fund's ability to generate sufficient cash to satisfy its payment obligations under its existing financing arrangements. These beliefs and assumptions are subject to known and unknown risks and uncertainties, including the willingness of Roseway to agree to extend the dates by which Canadian Fund must satisfy its payment obligations under the Participation Agreement and refrain from enforcing its security should such extension not be granted and Canadian Fund defaults on its obligations to Roseway or an event of default were to occur under the Security Agreement; risks and uncertainties associated with the volatility of market conditions and, in turn, the climate for divestment activity, performance of portfolio companies, valuations of portfolio companies, financing needs of portfolio companies and the availability of capital to satisfy such financing needs and other risks and uncertainties disclosed in Canadian Fund's most recently filed prospectus and other regulatory filings posted on SEDAR at www.sedar.com. These risks and uncertainties may cause actual results, events or developments to be materially different from those expressed or implied by such forward-looking statements. Unless required by law, neither Canadian Fund nor its manager assumes any obligation to update any forward-looking statements, whether as a result of new information, future events or results or other factors.

Reference:

C. Ian Ross
Chairman
Tel: (416) 934-7777
Suite 2200, Exchange Tower
130 King Street West, Toronto, Ontario M5X 1E3

Tab K

Report regarding the Preparation of the Cash Flow Statement

Item	Representation
1.	The hypothetical assumptions are reasonable and consistent with the purpose of the projections as described in Note 1 to the attached Cash Flow Forecast ("**Note 1**"), and the probable assumptions are suitably supported and consistent with the plans of the debtor company and provide a reasonable basis for the projections. All such assumptions are disclosed in the Notes.
2.	Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.
3.	The projections have been prepared solely for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that it may not be appropriate for other purposes.

C Ian Ross

Growthworks Canadian Fund Ltd.

Per: C. Ian Ross, Interim Chief Executive Officer

This is Exhibit K *referred to in the affidavit of* C Ian Ross *sworn before me, this* 30 *day of* September *20*13

Kelly Pet

A COMMISSIONER FOR TAKING AFFIDAVITS

Growthworks Canadian Fund Ltd.
13 Week Cash Flow Forecast
CAD $000

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
Week Ending	4-Oct	11-Oct	18-Oct	25-Oct	1-Nov	8-Nov	15-Nov	22-Nov	29-Nov	6-Dec	13-Dec	20-Dec	27-Dec	13 week Total
Cash Inflow														
Venture Exits	-	-	-	-	38	-	-	-	1,200	-	-	-	-	1,238
Total Cash Inflow	-	-	-	-	38	-	-	-	1,200	-	-	-	-	1,238
Cash Outflow														
Follow on Funding	-	-	-	-	-	-	-	-	-	1,000	-	-	-	1,000
CEO Fees & Expenses	-	11	-	11	-	-	11	-	11	-	11	-	11	66
Insurance Fees	100	-	-	-	-	-	-	-	-	-	-	-	-	100
Financial Advisor Fees	70	20	20	20	20	20	20	20	20	25	25	25	25	330
Interest Fees	1,477	-	-	-	-	-	-	-	-	-	-	-	-	1,477
Other	-	-	197	-	-	-	-	197	-	-	-	50	-	444
Total Cash Outflow	1,647	31	217	31	20	20	31	217	31	1,025	36	75	36	3,417
Restructuring Costs														
Financial Advisor Fees	230	80	80	80	80	76	76	76	76	76	76	76	76	1,160
Total Restructuring Fees	230	80	80	80	80	76	76	76	76	76	76	76	76	1,160
Net Cash Flow	(1,877)	(111)	(297)	(111)	(62)	(96)	(107)	(293)	1,093	(1,101)	(112)	(151)	(112)	(3,339)
Opening Cash Balance	6,560	4,683	4,572	4,275	4,164	4,102	4,006	3,899	3,606	4,698	3,597	3,485	3,334	6,560
Net Cash Flow	(1,877)	(111)	(297)	(111)	(62)	(96)	(107)	(293)	1,093	(1,101)	(112)	(151)	(112)	(3,339)
Ending Cash Balance	4,683	4,572	4,275	4,164	4,102	4,006	3,899	3,606	4,698	3,597	3,485	3,334	3,221	3,221

Notes
1 The purpose of this Cash Flow Forecast is to determine the liquidity requirements for Growthworks Canadian Fund Ltd. during the CCAA Proceedings.
2 Receipts have been forecast based on expected venture exits.
3 Follow on Funding is based on management's estimate of possible requirements.
4 Operating expenses are forecast based on historical analysis and estimates from services providers.
5 Payments to the Manager have not been included, however, payments may be required in order to facilitate an orderly transition of the management and accounting for the fund and completion of the audit.
6 Estimated Restructuring costs are based on projected costs associated with legal and professional fees relating to the CCAA Proceedings.

Tab L

GROWTHWORKS
Canadian Fund

This is Exhibit 1 referred to in the
affidavit of C. Ian Ross
sworn before me, this 30
day of September 20 13
Kelley Bit
A COMMISSIONER FOR TAKING AFFIDAVITS

2012 Annual Financial Statements
For the year ended August 31, 2012

GrowthWorks Canadian Fund Ltd.

WV Canadian & Merger Series:
WV Canadian – Commission I
CAVI Series
ENSIS Series
CMDF Series
CSTGF Series
FOF Traditional Series

GIC Series:
Venture / GIC – Commission I
Venture / GIC – Commission II

Growth Series:
Venture / Growth – Commission I
Venture / Growth – Commission II
FOF Growth Series

Financial Services Series:
Venture / Financial Services – Commission I
Venture / Financial Services – Commission II

Balanced and CMDF Reinvestment Series:
Venture / Balanced – Commission I (formerly Diversified Series Commission I)
Venture / Balanced – Commission II (formerly Diversified Series Commission II)
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Performance Diversification Know-How

GrowthWorks Canadian Fund
Annual Report to Shareholders

To our investors,

I am pleased to report that the GrowthWorks Canadian Fund completed a total of 22 partial and complete exits totaling $12.15 million during its fiscal year ended August 31, 2012 despite volatile and challenging market conditions. We also continued to work closely with managements of the increasingly mature portfolio companies in our diversified investment portfolio. The goal is to develop and position these companies for exit transactions when merger and acquisition (M&A) and initial public offering (IPO) activity returns to normal levels.

Given lower levels of sales of the Fund shares, which was prompted in part by the phase out of the Ontario labour-sponsored fund tax credit, and the mature stage of many of the Fund's holdings, the Board of Directors decided in September 2011 to close sales of the Fund's Class A shares.

Additionally, challenging exit market conditions during the second half of 2011 and early 2012 impaired the Fund's ability to complete all further planned divestments from its venture investment portfolio, tightening the fund's liquidity position.

On November 10, 2011 the Fund announced that it had adopted a redemption management plan (RMP) whereby the Fund closed weekly Class A share redemptions and, subject to regulatory relief, will process redemptions of Class A shares on a semi-annual basis in amounts determined by the Board of Directors. The RMP was formulated to maintain meaningful levels of investor liquidity while at the same time preserve cash needed to fund follow on investments in the Fund's most promising portfolio companies. The Board and the Manager of the Fund remain confident in the potential of the Fund's mature, diversified venture portfolio.

Update on redemption management plan

The Fund initially obtained regulatory relief to close Class A share redemptions until April 16, 2012, which regulatory relief was subsequently extended to July 31, 2012 and then November 30, 2012 (the "Order"). The Fund also sought further regulatory relief to allow the Fund to process redemptions of Class A shares on the terms of the RMP adopted by the Board of Directors. The Fund is continuing to work with regulators regarding regulatory relief to enable the Fund to process redemptions under the terms of the RMP. There can be no assurance that the Fund will secure the regulatory relief required to enable the Fund to process redemptions on the basis proposed under the RMP or at all, or if it does, that the Fund will have sufficient available cash to process redemptions under the RMP or resume weekly, unrestricted Class A share redemptions. Further details about the RMP will be announced when the regulatory application process concludes. The RMP was approved by shareholders at the Fund's annual and special meeting held on June 28, 2012. The resolution provides for the implementation of semi-annual redemption processing for the Fund's Class A shares until November 10, 2013 and authorizes the Board, without further approval by shareholders, to extend semi-annual redemption processing for a further 12 months thereafter to November 10, 2014. Any further extensions of the RMP would be subject to further shareholder approval and regulatory orders.

Volatile market conditions have dampened M&A and IPO activity over the past year or so, impairing the Fund's ability to complete cash-generating exits from its venture portfolio and tightening the Fund's liquidity position. The Fund has arranged for medium-term financing to support the Fund's liquidity pending the completion of divestments from the Fund's venture portfolio. This includes loans pursuant to a financing facility established and announced in March 2011 (the "Facility"). Under the Facility, funds can be raised on an as needed basis, through the issuance of secured notes of various maturities (the "Notes") to accredited investors. The total principal amount of Notes funded under the Facility is $13.5 million, of which $9.5 million matures on December 20, 2012 and $4.0 million matures on July 31, 2014. Given strong fundamentals evident across a number of portfolio companies, the Fund entered into a participation agreement dated May 28, 2010 with Roseway Capital L.P. ("Roseway") with the objective of strengthening follow-on investment support for particularly promising companies within the venture portfolio. Under the participation agreement, Roseway advanced $20 million to the Fund in exchange for a participating interest in 15 venture investment holdings of the Fund (the "participation holdings"), with a total carrying value of approximately $100 million. The participating interest entitles Roseway to receive 20% of the proceeds (cash or shares) earned on or generated from the sale or divestment of the participation holdings, subject to minimum annual payments of $5.7 million during the three years after closing. To achieve greater financial flexibility, the Fund entered into financing arrangements aimed at supporting the shareholder liquidity while divestments are pursued.

For more information on the RMP, please see:
http://www.growthworks.ca/funds/saskatchewan/gw-canadian-fund/default.asp

Exit activity

The most significant exits during fiscal 2012 were:

- **MCN BioProducts Inc.,** which developed a patented process to manufacture canola-based ingredients for the aquaculture and animal feed industries, sold its technology assets to Bunge Limited (NYSE: BG), a leading global agribusiness and food company. The assets include intellectual property related to the conversion of canola and rapeseed meals into nutritionally dense protein concentrates that can replace both fish meal and vegetable protein concentrates in animal diets, including aquaculture.
- **Gemin X Pharmaceuticals, Inc.**, a pharmaceutical company focused on the discovery, development and commercialization of novel, targeted cancer therapeutics, was acquired by Cephalon, Inc., a global biopharmaceutical company. The Fund acquired Gemin X in 2009, when it merged with the Canadian Medical Discoveries Fund Inc. portfolio.
- **Paymentus Corporation**, a leading electronic bill payment company, was acquired in September 2011 as part of a large equity investment made by Accel-KKR, a technology-focused private equity firm. Paymentus will use the new funds to accelerate development, drive growth and enhance the footprint of its real-time payment network.

Follow-on investments

We continued to be selective in making follow-on investments, financing only the most promising portfolio companies. During the year we completed follow-on investments of $6.88 million in 10 portfolio companies, compared with $14.4 million in 18 companies during the previous year.

One notable follow-on investment was the funding of **Morega Systems Inc.** (www.morega.com). Morega continues to perform well, increasing revenue and expanding its robust product line. The company's latest technology advances include a new media streaming and portability product that extends multimedia content beyond the television to devices such as tablets, smart phones and personal computers. This enables cable and satellite subscribers to stream, sync, port and archive video content on multiple devices for viewing anytime, anywhere.

Other portfolio companies making notable progress include:

- **BTI Systems Inc.**, an innovative networking company, is enjoying strong market share growth globally, with revenues in the second quarter of 2012 up more than 25 percent over the same period a year ago.
- **PerspecSys Inc.** was a finalist or received awards in several competitions that recognized its innovative cloud data protection products. PerspecSys also completed a follow-on financing round with Intel Capital and others to support its strong growth.
- **Blueprint Software Solutions Inc.** completed a $15.9 million financing round to accelerate growth in the US, Europe and Asia Pacific for its products. Blueprint's software helps IT departments to define and manage complex software projects.

Our Outlook

We continue to review strategic options aimed at realizing on the value of our investments and providing liquidity for our shareholders. We believe there is significant upside potential in the remaining portfolio of our 49 or so active venture investments.

M&A and IPO activity is gradually recovering as NASDAQ is showing resilience, fueled by broad-based growth in revenues and profitability across the technology industry. Markets appear to be in the midst of what may be a multi-year recovery from uneven conditions that have persisted since 2008. We expect that once this recovery gains traction investor confidence will improve and, in turn, M&A activity will return to normal levels, especially among large companies that are currently accumulating cash.

Our priorities in the meantime are to cultivate exit opportunities and to continue to support the managements of our portfolio companies, while maintaining stable cash flows for the Fund. I thank our investors for their continued patience as we seek to maximize shareholder value.

Sincerely,

David Levi

President and CEO

GrowthWorks Canadian Fund Ltd.

This report contains forward looking statements that are not based on historical or current fact, including but not limited to statements about future economic and market conditions, the Fund's ability to process Class A share redemptions, the business, plans and prospects of, and results achieved by, portfolio companies, future investment activity, expectations for divesting or exiting from investments in the Fund's venture portfolio, prospects for improved investor liquidity and the impact of market conditions on exit opportunities and portfolio values. 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, including but not limited to uncertainty surrounding applications for regulatory relief related to implementation of the RMP, economic and market conditions and, in turn, the climate for divestment activity, results achieved and further financing required by portfolio companies, future follow-on investment activity, timing of and proceeds from divestments of portfolio investments, higher than expected levels of Class A share redemption requests under the RMP, changing government policies and other risks referenced in the Fund's filings with Canadian securities regulators. Most of these factors are beyond the control of the Fund and its manager. Unless required by law, neither Canadian Fund nor its manager assumes any obligation to update any forward-looking statements or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or other factors. There can be no assurance that the Fund will secure the necessary regulatory relief required to enable the Fund to redeem Class A shares under the RMP. Third party links are provided merely for convenience. Neither the Fund nor its manager has independently verified forward-looking statements and other information that is accessible through these links or contained in this report and provided by third parties.

Other Information: A description of the Fund's business plan for 2012, the extent to which the Fund met its objectives and its business plan for this year can be found in the Fund's most recently filed annual information form (the "AIF"), including the sections called *Investment Objective, Investment Restrictions* and *Investment Strategies,* and the Fund's management reports of performance for the year-ended August 31, 2012 ("MRFPs"), including under the heading *Results of Operations*; particulars of compensation paid to board members of the Fund, including travel and other expenses, can be found in the AIF in the section called *Fees, Expenses and Dividends – Directors Remuneration*; a description of the risks associated with making investments in the Fund can be found in the AIF in the section called *Additional Information*; a description of the Fund's process for valuing its Class A shares can be found in the AIF in the section called *Valuation of Portfolio Securities*; and a description of the board's reserves policy can be found in the AIF in the section called *Investment Strategies – Managing Fund Liquidity* and in the MRFPs in the section called *Results of Operations – Liquidity.*

THE MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of **GrowthWorks Canadian Fund Ltd.**

The accompanying financial statements for the GrowthWorks Canadian Fund Ltd. are the responsibility of the Manager, GrowthWorks WV Management Ltd., and have been approved by the Board of Directors.

The financial statements have been prepared by the Manager based on the information available to November 27, 2012 and are in accordance with Canadian generally accepted accounting principles and reflect the Manager's best estimate and judgements.

The Manager has established systems of internal controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors discharges its duties related to the financial statements primarily through the activities of its Audit and Valuation Committee [the "Committee"], which is composed of member of the Board of Directors.

The Committee has responsibility for establishing policies and procedures used by the Manager in determining the value of the Fund's assets, the net asset value by series of the Class A Shares of the Fund as at August 31, 2012.

The Committee meets with the Manager to ensure that the Manager is performing responsibly to maintain financial controls and systems, and to review the financial statements for the Fund. The Committee also meets with the independent auditors to discuss the audit approach, the review of internal accounting controls and the results of their examination, prior to submitting the financial statements to the Board of Directors and recommending its approval thereof. The Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement and reappointment of the independent auditors.

The financial statements have been audited by KPMG LLP, Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

November 27, 2012

David Levi	Clint Matthews
President and CEO	CFO

KPMG

KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of GrowthWorks Canadian Fund Ltd., comprising the following series:

WV Canadian & Merger Series
WV Canadian - Commission I
CAVI Series
CSTGF Series
FOF Traditional Series ENSIS Series
ENSIS Series
CMDF Series
GIC Series
Venture / GIC - Commission I
Venture / GIC - Commission II
Growth Series
Venture / Growth - Commission I
Venture / Growth - Commission II
FOF Growth Series
Financial Services Series
Venture / Financial Services - Commission I
Venture / Financial Services - Commission II
Balanced and CMDF Reinvestment Series
Venture / Balanced - Commission I (formerly Venture / Diversified - Commission I)
Venture / Balanced - Commission II (formerly Venture / Diversified - Commission II)
Venture / CMDF Reinvestment - Commission I
Venture / CMDF Reinvestment - Commission II

We have audited the accompanying financial statements of the GrowthWorks Canadian Fund Ltd., which comprise the statement of investment portfolio as at August 31, 2012, the statements of net assets as at August 31, 2012 and 2011, the statements of operations, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

The Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the investment portfolio of the GrowthWorks Canadian Fund Ltd. as at August 31, 2012, its net assets as at August 31, 2012 and 2011 and its results of operations, changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the GrowthWorks Canadian Fund Ltd.'s continuing operations are dependent on its ability to divest of mature investments in a timely manner, so that the GrowthWorks Canadian Fund Ltd.'s obligations can be discharged as they come due. These conditions, along with other matters as set forth in Note 1 in the Fund's financial statements, indicate the existence of a material uncertainty about the Fund's ability to continue as a going concern.

KPMG LLP

Chartered Accountants

November 27, 2012

Vancouver, Canada

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Net Assets
For the years ended August 31 (In thousands except per share amounts)

		2012		2011
Assets				
Cash	$	160	$	1,866
Short-term investments and bonds		-		364
Guaranteed investment certificates		-		307
Venture investments		154,424		171,002
Divestment proceeds receivable		4,611		7,881
Accrued interest receivable		4,504		4,090
Other assets		754		154
	$	164,453	$	185,664
Liabilities				
Accounts payable and accrued liabilities [Note 12]	$	3,363	$	4,030
Redemptions payable		125		132
Incentive participation dividend payable [Note 5]		1,184		1,857
Contingent IPA [Note 5]		1,238		3,667
Participation liability [Note 7]		20,938		21,810
Financing facility [Note 8]		11,570		1,936
Inter-series payable [Note 8]		829		2,140
	$	39,247	$	35,572
Net assets				
WV Canadian – Commission I	$	41,443	$	49,764
CAVI Series		5,395		6,572
ENSIS Series		25,004		30,500
CMDF Series		43,099		51,238
CSTGF Series		4,763		5,811
FOF Traditional Series		5,502		6,207
	$	125,206	$	150,092
Shares outstanding [Note 5]				
WV Canadian – Commission I		7,022		7,283
CAVI Series		1,011		1,049
ENSIS Series		5,177		5,268
CMDF Series		8,100		8,196
CSTGF Series		938		970
FOF Traditional Series		990		1,012
Net assets per share				
WV Canadian – Commission I	$	5.90	$	6.83
CAVI Series		5.34		6.27
ENSIS Series [Note 9]		4.83		5.79
CMDF Series		5.32		6.25
CSTGF Series		5.08		5.99
FOF Traditional Series		5.56		6.13

Corporate Status, Continuing Operations and Share Structure [Note 1]
Contingencies [Note 10]
See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series
Statements of Operations (In thousands except per share amounts)
For the years ended August 31

		2012		2011
Investment income:				
Interest – short-term investments and bonds	$	7	$	24
Interest – venture investments		1,616		3,521
Interest – other income		416		555
		2,039		4,100
Expenses:				
Management fees [Note 8]		2,904		3,618
Administration fees [Note 8]		2,773		3,527
Capital retention administration fees [Note 8]		195		348
Directors' fees		490		370
Legal fees		688		170
Service fees [Note 5]		637		832
Financing expense [Note 7]		4,187		6,778
Financing facility interest [Note 8]		1,259		44
Other		1,026		1,497
Total expenses before fee waiver		14,159		17,184
Expenses waived or absorbed by Manager		(103)		(148)
Net expenses		14,056		17,036
Net investment income (loss)		(12,017)		(12,936)
Realized gain (loss) from:				
Venture investments		(14,375)		(8,931)
Short-term investments and bonds		-		66
Total realized gain (loss)		(14,375)		(8,865)
Incentive participation dividend [Note 5]		(330)		(343)
Net realized gain (loss)		(14,705)		(9,208)
Change in unrealized appreciation (depreciation) of:				
Venture investments		2,433		(33)
Venture interest		(27)		-
Short-term investments and bonds		(1)		(65)
Change in unrealized appreciation (depreciation)		2,405		(98)
Contingent incentive participation dividend [Note 5]		2,410		(425)
Participation liability [Note 7]		492		(639)
Net change in unrealized appreciation (depreciation)		5,307		(1,162)
Increase (decrease) in net assets from operations before income taxes		(21,415)		(23,306)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(21,415)		(23,306)
Increase (decrease) in net assets from operations:				
WV Canadian – Commission I	$	(6,575)	$	(6,534)
CAVI Series		(934)		(1,144)
ENSIS Series		(4,952)		(5,476)
CMDF Series		(7,535)		(8,088)
CSTGF Series		(855)		(1,041)
FOF Traditional Series		(564)		(1,023)
Increase (decrease) in net assets from operations	$	(21,415)	$	(23,306)
Increase (decrease) in net assets from operations per share:				
WV Canadian – Commission I	$	(0.93)	$	(0.76)
CAVI Series		(0.92)		(0.93)
ENSIS Series		(0.95)		(0.92)
CMDF Series		(0.93)		(0.94)
CSTGF Series		(0.91)		(0.92)
FOF Traditional Series		(0.57)		(0.92)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	WV Canadian – Commission I		CAVI Series		ENSIS Series	
	2012	2011	2012	2011	2012	2011
Net assets, beginning of year	$ 49,764	$ 76,132	$ 6,572	$ 10,312	$ 30,500	$ 44,976
Changes during the year:						
Net increase (decrease) in net assets from operations	(6,575)	(6,534)	(934)	(1,144)	(4,952)	(5,476)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(1,746)	(19,834)	(243)	(2,596)	(544)	(9,000)
	(1,746)	(19,834)	(243)	(2,596)	(544)	(9,000)
Net assets, end of year	$ 41,443	$ 49,764	$ 5,395	$ 6,572	$ 25,004	$ 30,500

	CMDF Series		CSTGF Series		FOF Traditional Series	
	2012	2011	2012	2011	2012	2011
Net assets, beginning of year	$ 51,238	$ 63,987	$ 5,811	9,160	$ 6,207	$ 8,610
Changes during the year:						
Net increase (decrease) in net assets from operations	(7,535)	(8,088)	(855)	(1,041)	(564)	(1,023)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(604)	(4,661)	(193)	(2,308)	(141)	(1,380)
	(604)	(4,661)	(193)	(2,308)	(141)	(1,380)
Net assets, end of year	$ 43,099	$ 51,238	$ 4,763	$ 5,811	$ 5,502	$ 6,207

	Total	
	2012	2011
Net assets, beginning of year	$ 150,092	$ 213,177
Changes during the year:		
Net increase (decrease) in net assets from operations	(21,415)	(23,306)
Capital transactions:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(3,471)	(39,779)
	(3,471)	(39,779)
Net assets, end of year	$ 125,206	$ 150,092

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2012	2011
Cash flows provided by (used for):		
Cash flow from operating activities:		
Net investment income (loss)	$ (12,017)	$ (12,936)
Changes in non-cash operating accounts:		
Accrued interest receivable	(414)	866
Other assets	(600)	(55)
Accounts payable and accrued liabilities	(667)	344
Incentive participation dividend payable	(673)	-
Contingent IPA payable	(2,429)	(1,517)
Inter-series payable (receivable)	2,192	11,193
	(14,608)	(2,105)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	9,270	37,605
Disposition of short-term investments and bonds	1,090	26,416
Disposition of guaranteed investment certificates	293	-
Purchase of portfolio assets:		
Purchase of venture investments	(5,575)	(12,385)
Purchase of short-term investments and bonds	(730)	(16,331)
Restricted cash	-	2,204
Incentive participation dividend payable	-	1,146
Divestment proceeds receivable	3,270	(6,068)
	7,618	32,587
Cash flows from (used in) financing activities:		
Payment on redemption of Class A shares	(3,471)	(39,779)
Financing facility	9,634	1,936
Participation liability	(872)	3,652
Redemptions payable	(7)	24
	5,284	(34,167)
Increase (decrease) in cash position	(1,706)	(3,685)
Cash position, beginning of year	1,866	5,551
Cash position, end of year	$ 160	$ 1,866
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ (3,503)	$ 11,393

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
WV Canadian - Commission I, CAVI Series, CSTGF Series, Ensis Series, CMDF Series, and FOF Traditional Series (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the year end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at August 31, 2012 were approximately $39.2 million (2011: $35.6 million). In addition, as of August 31, 2012, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $113.1 million (2011: $107.2 million). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2012 is $33.8 million (2011: $44.3 million) which represents approximately 27.0% (2011: 29.4%) of the Series' net assets. This is comprised of $24.0 million (2011: $31.6 million) of venture investments, $0 (2011: $363,108) of short term investments and bonds, $0 (2011: $308,494) of GIC's, and $9.9 million (2011: $12.0 million) in receivables.

- Venture Investments:
An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at August 31, 2012 and 2011 is as follows:

Venture Investments Debt	Impaired only 2012	Impaired only 2011	Past Due only 2012	Past Due only 2011	Past Due and Impaired 2012	Past Due and Impaired 2011	Total Past Due and/or Impaired 2012	Total Past Due and/or Impaired 2011
Current	$ 3,910	$ 7,479	$ -	$ -	$ -	$ -	$ 3,910	$ 7,479
< than 1 year	-	-	599	331	33	5,121	632	5,452
1 - 2 years	-	-	4,281	394	592	1,679	4,873	2,073
2 - 3 years	-	-	180	3,661	1,189	7,606	1,369	11,267
3 - 4 years	-	-	2,153	1,484	6,925	-	9,078	1,484
> than 4 years	-	-	-	711	-	-	-	711
Total	$ 3,910	$ 7,479	$ 7,213	$ 6,581	$ 8,739	$ 14,406	$ 19,862	$ 28,466

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $21.9 million (2011: $20.3 million). No other investments are past due or impaired at August 31, 2012.

- Short-term Investments, Bonds and GIC's:
An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2012 and 2011 is as follows:

Short-term Investments, Bonds and GIC's by Credit Rating	Fair Value 2012	Fair Value 2011	Percentage of Portfolio 2012	Percentage of Portfolio 2011	Percentage of Net Assets 2012	Percentage of Net Assets 2011
R1	$ -	$ 364	-	54.1%	-	0.2%
Not Available	-	307	-	45.9%	-	0.2%
Total	$ -	$ 671	-	100.0%	-	0.4%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2012, 33.4% (2011: 30.0%) of the venture portfolio and 13.4% (2011: 17.2%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.4% (2011: 0.4%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2012 short-term investments comprising approximately 0.0% (2011: 0.4%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2012, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (2011: $1,655), representing approximately 0.0% (2011: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments, Bonds and GIC's by Maturity date	Fair Value 2012	Fair Value 2011	Percentage of Portfolio 2012	Percentage of Portfolio 2011	Percentage of Net Assets 2012	Percentage of Net Assets 2011
Less than 1 year	$ -	$ 671	-	100.0%	-	0.4%

Other Price Risk

As at August 31, 2012 the Series is exposed to other price risk from public venture investments. Public venture investments represent $175,522 (2011: $457,470) or 0.1% (2011: 0.3%) of the Series' net assets. At August 31, 2012, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets 2012	Effect on Net Assets 2011	% effect on Net Assets 2012	% effect on Net Assets 2011
Venture (Public only)	S&P/TSX Composite Index	$ 13	$ 22	-	-

Therefore, if each of the portfolio benchmark components increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $12,848 (2011: $21,577) or 0.0% (2011: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. In the current year, the regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2012 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Assets				
Cash	$	-	$	289
Guaranteed investment certificates		960		945
Venture investments		261		385
Divestment proceeds receivable		8		17
Accrued interest receivable		8		9
Other Assets		4		-
Inter-series receivable [Note 8]		115		-
	$	1,356	$	1,645
Liabilities				
Accounts payable and accrued liabilities [Note 12]	$	22	$	31
Incentive participation dividend payable [Note 5]		2		4
Contingent IPA [Note 5]		2		8
Participation liability [Note 7]		34		49
Financing facility [Note 8]		20		4
Inter-series payable [Note 8]		-		142
	$	80	$	238
Net assets				
Venture / GIC Commission I	$	430	$	475
Venture / GIC Commission II		846		932
	$	1,276	$	1,407
Shares outstanding [Note 5]				
Venture / GIC Commission I		63		63
Venture / GIC Commission II		125		125
Net assets per share				
Venture / GIC Commission	$	6.83	$	7.54
Venture / GIC Commission II		6.77		7.46

Corporate Status, Continuing Operations and Share Structure [Note 1]
Contingencies [Note 10]
See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Investment income:				
Interest – venture investments	$	4	$	9
Interest – other income		4		3
		8		12
Expenses:				
Management fees [Note 8]		28		29
Administration fees [Note 8]		26		28
Capital retention administration fees [Note 8]		18		18
Directors' fees		4		3
Legal fees		6		1
Service fees [Note 5]		2		2
Financing expense [Note 7]		10		18
Financing facility interest [Note 8]		8		-
Other		16		19
Total expenses before fee waiver		118		118
Expenses waived or absorbed by Manager		(1)		(1)
Net expenses		117		117
Net investment income (loss)		(109)		(105)
Realized gain (loss) from:				
Venture investments		(20)		(37)
Total realized gain (loss)		(20)		(37)
Incentive participation dividend [Note 5]		(1)		(1)
Net realized gain (loss)		(21)		(38)
Change in unrealized appreciation (depreciation) of:				
Venture investments		(7)		3
Change in unrealized appreciation (depreciation)		(7)		3
Contingent incentive participation dividend [Note 5]		5		(1)
Participation Liability [Note 7]		2		(2)
Net change in unrealized appreciation (depreciation)		-		-
Increase (decrease) in net assets from operations before income taxes		(130)		(143)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(130)		(143)
Net increase (decrease) in net assets from operations:				
Venture / GIC – Commissions I	$	(43)	$	(48)
Venture / GIC – Commissions II		(87)		(95)
Net increase (decrease) in net assets from operations	$	(130)	$	(143)
Net increase (decrease) in net assets from operations per share:				
Venture / GIC – Commissions I	$	(0.68)	$	(0.77)
Venture / GIC – Commissions II		(0.70)		(0.77)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	Commission I		Commission II		Total	
	2012	2011	2012	2011	2012	2011
Net assets, beginning of year	$ 475	$ 490	$ 932	$ 991	$ 1,407	$ 1,481
Changes during the year:						
Net increase (decrease) in net assets from operations	(43)	(48)	(87)	(95)	(130)	(143)
Capital transactions:						
Proceeds from issuance of Class A shares	-	35	1	54	1	89
Payment on redemption of Class A shares	(2)	(2)	-	(18)	(2)	(20)
	(2)	33	1	36	(1)	69
Net assets, end of year	$ 430	$ 475	$ 846	$ 932	$ 1,276	$ 1,407

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2012	2011
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (109)	$ (105)
Changes in non-cash operating accounts:		
Accrued interest receivable	1	25
Other assets	(4)	-
Accounts payable and accrued liabilities	(9)	25
Incentive participation dividend payable	(2)	-
Contingent IPA Payable	(6)	(5)
Inter-series payable (receivable)	(178)	(206)
	(307)	(266)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	23	132
Purchase of portfolio assets:		
Purchase of venture investments	(13)	(74)
Incentive participation dividend payable	-	2
Divestment proceeds receivable	9	(12)
	19	48
Cash flows from (used in) financing activities:		
Proceeds from issuance of shares	1	89
Payment on redemption of Class A Shares	(2)	(20)
Financing facility	15	4
Subscriptions receivable	-	138
Participation liability	(15)	7
	(1)	218
Increase (decrease) in cash position	(289)	-
Cash position, beginning of year	289	289
Cash position, end of year	$ -	$ 289
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ (79)	$ (70)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
Venture / GIC Commission I
Venture / GIC Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the year end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at August 31, 2012 were approximately $79,803 (2011: $238,946). In addition, as of August 31, 2012, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $3,310 (2011: $0). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2012 is $1.1 million (2011: $1.0 million) which represents approximately 89.0% (2011: 71.1%) of the Series' net assets. This is comprised of $40,553 (2011: $71,098) of venture investments, $960,000 (2011: $945,005) of GIC's, and $134,888 (2011: $26,030) in receivables.

- Venture Investments:
An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at August 31, 2012 and 2011 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2012	2011	2012	2011	2012	2011	2012	2011
Current	$ 3,910	$ 7,479	$ -	$ -	$ -	$ -	$ 3,910	$ 7,479
< than 1 year	-	-	599	331	33	5,121	632	5,452
1 - 2 years	-	-	4,281	394	592	1,679	4,873	2,073
2 - 3 years	-	-	180	3,661	1,189	7,606	1,369	11,267
3 - 4 years	-	-	2,153	1,484	6,925	-	9,078	1,484
> than 4 years	-	-	-	711	-	-	-	711
Total	$ 3,910	$ 7,479	$ 7,213	$ 6,581	$ 8,739	$ 14,406	$ 19,862	$ 28,466

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $21.9 million (2011: $20.3 million). No other investments are past due or impaired at August 31, 2012.

- Guaranteed Investment Certificates ("GICs"):
An analysis of the credit ratings of the Series' GICs as at August 31, 2012 and 2011 is as follows:

GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2012	2011	2012	2011	2012	2011
Not Available	$ 960	$ 945	100.0%	100.0%	75.2%	67.2%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2012, 33.4% (2011: 30.0%) of the venture portfolio and 13.4% (2011: 17.2%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.1% (2011: 0.1%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2012 the GIC comprising approximately 75.2% (2011: 67.2%) of the Series' net assets, are exposed to interest rate risk. The Manager considers the exposure to interest rate risk insignificant for GIC's as discussed in note 4(b)(iii). Further the Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). Given the nature of the holdings, a sensitivity analysis has not been provided as it would not be considered meaningful.The following table summaries the Series' potential exposure to interest rate risk analyzed by maturity date:

GIC's by Maturity date	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2012	2011	2012	2011	2012	2011
Less than 1 year	$ 960	$ 945	100.0%	100.0%	75.2%	67.2%

Other Price Risk

As at August 31, 2012 the Series is exposed to other price risk from public venture investments. Public venture investments represent $297 (2011: $1,029) or 0.0% (2011: 0.1%) of the Series' net assets. At August 31, 2012, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		% effect on Net Assets	
		2012	2011	2012	2011
Venture (Public only)	S&P/TSX Composite Index	$ 0	$ 0	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $22 (2011: $49) or 0.0% (2011: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. In the current year, the regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2012 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Assets				
Short-term investments and bonds	$	-	$	35
Guaranteed investment certificates		-		30
Venture investments		14,976		16,365
Divestment proceeds receivable		447		755
Accrued interest receivable		437		391
Other Assets		55		-
Inter-series receivable [Note 8]		500		655
	$	16,415	$	18,231
Liabilities				
Accounts payable and accrued liabilities [Note 12]	$	270	$	381
Redemptions payable		3		-
Incentive participation dividend payable [Note 5]		115		178
Contingent IPA [Note 5]		120		351
Participation liability [Note 7]		2,030		2,087
Financing facility [Note 8]		1,122		185
	$	3,660	$	3,182
Net assets				
Venture / Growth Commission I	$	6,989	$	8,349
Venture / Growth Commission II		3,336		3,967
FOF Growth Series		2,430		2,733
	$	12,755	$	15,049
Shares outstanding [Note 5]				
Venture / Growth Commission I		1,249		1,261
Venture / Growth Commission II		597		599
FOF Growth Series		407		415
Net assets per share				
Venture / Growth Commission I	$	5.60	$	6.62
Venture / Growth Commission II		5.59		6.62
FOF Growth Series		5.97		6.59

Corporate Status, Continuing Operations and Share Structure [Note 1]
Contingencies [Note 10]
See accompanying notes to financial statements.

Approved on behalf of the Board:

_______________ Director _______________ Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Investment income:				
Interest – short-term investments and bonds	$	1	$	2
Interest – venture investments		156		317
Interest – other income		48		44
		205		363
Expenses:				
Management fees [Note 8]		294		329
Administration fees [Note 8]		281		321
Capital retention administration fees [Note 8]		162		179
Directors' fees		49		37
Legal fees		67		16
Service fees [Note 5]		54		62
Financing expense [Note 7]		405		590
Financing facility interest Note 8]		122		6
Other		144		185
Total expenses before fee waiver		1,578		1,725
Expenses waived or absorbed by Manager		(11)		(14)
Net expenses		1,567		1,711
Net investment income (loss)		(1,362)		(1,348)
Realized gain (loss) from:				
Venture investments		(1,282)		(1,218)
Short-term investments and bonds		-		(22)
Total realized gain (loss)		(1,282)		(1,240)
Incentive participation dividend [Note 5]		(32)		(23)
Net realized gain (loss)		(1,314)		(1,263)
Change in unrealized appreciation (depreciation) of:				
Venture investments		260		274
Venture interest		(3)		-
Short-term investments and bonds		-		22
Change in unrealized appreciation (depreciation)		257		296
Contingent incentive participation dividend [Note 5]		234		(47)
Paticipation liability [Note 7]		38		(64)
Net change in unrealized appreciation (depreciation)		529		185
Increase (decrease) in net assets from operations before income taxes		(2,147)		(2,426)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(2,147)		(2,426)
Net increase (decrease) in net assets from operations				
Venture / Growth Commission I	$	(1,283)	$	(1,362)
Venture / Growth Commission II		(618)		(616)
FOF Growth		(246)		(448)
Net increase (decrease) in net assets from operations	$	(2,147)	$	(2,426)
Net increase (decrease) in net assets from operations per share:				
Venture / Growth Commission I	$	(1.03)	$	(1.09)
Venture / Growth Commission II		(1.03)		(1.04)
FOF Growth		(0.60)		(0.98)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	Commission I		Commission II		FOF Growth Series	
	2012	2011	2012	2011	2012	2011
Net assets, beginning of year	$ 8,349	$ 9,621	$ 3,967	$ 4,490	$ 2,733	$ 3,777
Changes during the year:						
Net increase (decrease) in net assets from operations	(1,283)	(1,362)	(618)	(616)	(246)	(448)
Capital transactions:						
Proceeds from issuance of Class A shares	-	225	-	123	-	-
Payment on redemption of Class A shares	(77)	(135)	(13)	(30)	(57)	(596)
	(77)	90	(13)	93	(57)	(596)
Net assets, end of year	$ 6,989	$ 8,349	$ 3,336	$ 3,967	$ 2,430	$ 2,733

	Total	
	2012	2011
Net assets, beginning of year	$ 15,049	$ 17,888
Changes during the year:		
Net increase (decrease) in net assets from operations	(2,147)	(2,426)
Capital transactions:		
Proceeds from issuance of Class A shares	-	348
Payment on redemption of Class A shares	(147)	(761)
	(147)	(413)
Net assets, end of year	$ 12,755	$ 15,049

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Cash flows provided by (used for):				
Cash flows from (used in) operating activities:				
Net investment income (loss)	$	(1,362)	$	(1,348)
Changes in non-cash operating accounts:				
Accrued interest receivable		(46)		776
Other assets		(55)		-
Accounts payable and accrued liabilities		(111)		186
Incentive participation dividend payable		(63)		-
Contingent IPA payable		(231)		6
Inter-series payable (receivable)		403		(2,969)
		(1,465)		(3,349)
Cash flows from (used in) investing activities:				
Proceeds of disposition of portfolio assets:				
Disposition of venture investments		894		3,349
Disposition of short-term investments and bonds		106		2,319
Disposition of guaranteed investment certificates		30		-
Purchase of portfolio assets:				
Purchase of venture investments		(538)		(1,061)
Purchase of short-term investments and bonds		(71)		(1,501)
Incentive participation dividend payable		-		125
Divestment proceeds receivable		308		(612)
		729		2,619
Cash flows from (used in) financing activities:				
Proceeds from issuance of Class A shares		-		348
Payment on redemption of Class A shares		(147)		(761)
Financing facility		937		185
Subscription receivable		-		306
Participation liability		(57)		652
Redemption payable		3		-
		736		730
Increase (decrease) in cash position		-		-
Cash position, beginning of year		-		-
Cash position, end of year	$	-	$	-

Supplemental Cash Flow information:

Allocation of investment assets and inter-series payable (receivable)	$	(248)	$	(2,538)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
Venture / Growth Commission I
Venture / Growth Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the year end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at August 31, 2012 were approximately $3.7 million (2011: $3.2 million). In addition, as of August 31, 2012, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $3.5 million (2011: $1.2 million). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2012 is $3.8 million (2011: $4.2 million) which represents approximately 29.5% (2011: 27.9%) of the Series' net assets. This is comprised of $2.3 million (2011: $3.0 million) of venture investments, $0 (2011: $34,745) of short term investments and bonds, $0 (2011: $29,523) of GIC's, and $1.4 million (2011: $1.1 million) in receivables.

- Venture Investments:
An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at August 31, 2012 and 2011 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2012	2011	2012	2011	2012	2011	2012	2011
Current	$ 3,910	$ 7,479	$ -	$ -	$ -	$ -	$ 3,910	$ 7,479
< than 1 year	-	-	599	331	33	5,121	632	5,452
1 - 2 years	-	-	4,281	394	592	1,679	4,873	2,073
2 - 3 years	-	-	180	3,661	1,189	7,606	1,369	11,267
3 - 4 years	-	-	2,153	1,484	6,925	-	9,078	1,484
> than 4 years	-	-	-	711	-	-	-	711
Total	$ 3,910	$ 7,479	$ 7,213	$ 6,581	$ 8,739	$ 14,406	$ 19,862	$ 28,466

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $21.9 million (2011: $20.3 million). No other investments are past due or impaired at August 31, 2012.

- Short-term Investments, Bonds and GIC's:
An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2012 and 2011 is as follows:

Short-term Investments, Bonds and GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2012	2011	2012	2011	2012	2011
R1	$ -	$ 35	-	53.1%	-	0.2%
Not Available	-	30	-	46.9%	-	0.2%
Total	$ -	$ 65	-	100.0%	-	0.4%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk
As at August 31, 2012, 33.4% (2011: 30.0%) of the venture portfolio and 13.4% (2011: 17.2%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.4% (2011: 0.3%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2012 short-term investments comprising approximately 0.0% (2011: 0.4%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2012, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (2011: $160), representing approximately 0.0% (2011: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments, Bonds and GIC's by Maturity date	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2012	2011	2012	2011	2012	2011
Less than 1 year	$ -	$ 65	-	100.0%	-	0.4%

Other Price Risk

As at August 31, 2012 the Series is exposed to other price risk from public venture investments. Public venture investments represent $17,022 (2011: $43,779) or 0.1% (2011: 0.3%) of the Series' net assets. At August 31, 2012, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		% effect on Net Assets	
		2012	2011	2012	2011
Venture (Public only)	S&P/TSX Composite Index	$ 1	$ 2	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $1,246 (2011: $2,065) or 0.0% (2011: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. In the current year, the regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2012 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Assets				
Short-term investments and bonds	$	-	$	9
Guaranteed investment certificates		-		7
Venture investments		3,699		4,019
Divestment proceeds receivable		110		185
Accrued interest receivable		108		96
Other assets		13		-
Inter-series receivable [Note 8]		34		126
	$	3,964	$	4,442
Liabilities				
Accounts payable and accrued liabilities [Note 12]	$	65	$	95
Incentive participation dividend payable [Note 5]		28		44
Contingent IPA [Note 5]		30		86
Participation liability		502		513
Financing facility [Note 8]		277		46
	$	902	$	784
Net assets				
Venture / Financial Services Commission I	$	1,162	$	1,395
Venture / Financial Services Commission II		1,900		2,263
	$	3,062	$	3,658
Shares outstanding [Note 5]				
Venture / Financial Services Commission I		211		213
Venture / Financial Services Commission II		346		346
Net assets per share				
Venture / Financial Services Commission I	$	5.51	$	6.55
Venture / Financial Services Commission II		5.49		6.54

Corporate Status, Continuing Operations and Share Structure [Note 1]
Contingencies [Note 10]
See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Investment income:				
Interest - venture investments	$	39	$	77
Interest - other income		12		11
		51		88
Expenses:				
Management fees [Note 8]		71		78
Administration fees [Note 8]		68		77
Capital retention administration fees [Note 8]		54		57
Directors' fees		12		9
Legal fees		16		4
Service fees [Note 5]		7		8
Financing expense [Note 7]		100		142
Financing facility interest [Note 8]		30		1
Other		40		50
Total expenses before fee waiver		398		426
Expenses waived or absorbed by Manager		(3)		(3)
Net expenses		395		423
Net investment income (loss)		(344)		(335)
Realized gain (loss) from:				
Venture investments		(353)		(293)
Short-term investments and bonds		-		(6)
Total realized gain (loss)		(353)		(299)
Incentive participation dividend [Note 5]		(8)		(5)
Net realized gain (loss)		(361)		(304)
Change in unrealized appreciation (depreciation) of:				
Venture investments		58		64
Venture interest		(1)		-
Short-term investments and bonds		-		6
Change in unrealized appreciation (depreciation)		57		70
Contingent Incentive participation dividend [Note 5]		58		(12)
Participation liability [Note 7]		9		(16)
Net change in unrealized appreciation (depreciation)		124		42
Increase (decrease) in net assets from operations before income taxes		(581)		(597)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(581)		(597)
Increase (decrease) in net assets from operations:				
Venture / Financial Services Commission I	$	(219)	$	(230)
Venture / Financial Services Commission II		(362)		(367)
Increase (decrease) in net assets from operations	$	(581)	$	(597)
Increase (decrease) in net assets from operations per share:				
Venture / Financial Services Commission I	$	(1.04)	$	(1.08)
Venture / Financial Services Commission II		(1.05)		(1.07)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	Commission I		Commission II		Total	
	2012	2011	2012	2011	2012	2011
Net assets, beginning of year	$ 1,395	$ 1,598	$ 2,263	$ 2,587	$ 3,658	$ 4,185
Changes during the year:						
Net increase (decrease) in net assets from operations	(219)	(230)	(362)	(367)	(581)	(597)
Capital transactions:						
Proceeds from issuance of Class A shares	-	35	-	69	-	104
Payment on redemption of Class A shares	(14)	(8)	(1)	(26)	(15)	(34)
	(14)	27	(1)	43	(15)	70
Net assets, end of year	$ 1,162	$ 1,395	$ 1,900	$ 2,263	$ 3,062	$ 3,658

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2012	2011
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (344)	$ (335)
Changes in non-cash operating accounts:		
Accrued interest receivable	(12)	178
Other assets	(13)	-
Accounts payable and accrued liabilities [Note 12]	(30)	51
Incentive participation dividend payable	(16)	-
Contingent IPA payable	(56)	9
Inter-series payable (receivable)	88	(1,249)
	(383)	(1,346)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	220	808
Disposition of short-term investments and bonds	26	1,519
Disposition of guaranteed investment certificates	7	-
Purchase of portfolio assets:		
Purchase of venture investments	(133)	(255)
Purchase of short-term investments and bonds	(17)	(900)
Incentive participation dividend payable	-	32
Divestment proceeds receivable	75	(151)
	178	1,053
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	-	104
Payment on redemption of Class A shares	(15)	(34)
Financing facility	231	46
Subscriptions receivable	-	1
Participation liability	(11)	176
	205	293
Increase (decrease) in cash position	-	-
Cash position, beginning of year	-	-
Cash position, end of year	$ -	$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ 4	$ (1,222)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
Venture / Financial Services Commission I
Venture / Financial Services Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the year end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at August 31, 2012 were approximately $901,855 (2011: $783,065). In addition, as of August 31, 2012, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $457,028 (2011: $0). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2012 is $839,537 (2011: $1.0 million) which represents approximately 27.4% (2011: 27.3%) of the Series' net assets. This is comprised of $573,871 (2011: $742,603) of venture investments, $0 (2011: $8,546) of short term investments and bonds, $0 (2011: $7,251) of GIC's, and $265,666 (2011: $281,534) in receivables.

- Venture Investments:
An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at August 31, 2012 and 2011 is as follows:

Venture Investments Debt	Impaired only 2012	Impaired only 2011	Past Due only 2012	Past Due only 2011	Past Due and Impaired 2012	Past Due and Impaired 2011	Total Past Due and/or Impaired 2012	Total Past Due and/or Impaired 2011
Current	$ 3,910	$ 7,479	$ -	$ -	$ -	$ -	$ 3,910	$ 7,479
< than 1 year	-	-	599	331	33	5,121	632	5,452
1 - 2 years	-	-	4,281	394	592	1,679	4,873	2,073
2 - 3 years	-	-	180	3,661	1,189	7,606	1,369	11,267
3 - 4 years	-	-	2,153	1,484	6,925	-	9,078	1,484
> than 4 years	-	-	-	711	-	-	-	711
Total	$ 3,910	$ 7,479	$ 7,213	$ 6,581	$ 8,739	$ 14,406	$ 19,862	$ 28,466

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $21.9 million (2011: $20.3 million). No other investments are past due or impaired at August 31, 2012.

- Short-term Investments, Bonds and GIC's:
An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2012 and 2011 is as follows:

Short-term Investments, Bonds and GIC's by Credit Rating	Fair Value 2012	Fair Value 2011	Percentage of Portfolio 2012	Percentage of Portfolio 2011	Percentage of Net Assets 2012	Percentage of Net Assets 2011
R1	$ -	$ 9	-	56.3%	-	0.2%
Not Available	-	7	-	43.7%	-	0.2%
Total	$ -	$ 16	-	100.0%	-	0.4%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2012, 33.4% (2011: 30.0%) of the venture portfolio and 13.4% (2011: 17.2%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.4% (2011: 0.3%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2012 short-term investments comprising approximately 0.0% (2011: 0.4%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2012, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (2011: $39), representing approximately 0.0% (2011: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments, Bonds and GIC's by Maturity date	Fair Value 2012	Fair Value 2011	Percentage of Portfolio 2012	Percentage of Portfolio 2011	Percentage of Net Assets 2012	Percentage of Net Assets 2011
Less than 1 year	$ -	$ 16	-	100.0%	-	0.4%

Other Price Risk

As at August 31, 2012 the Series is exposed to other price risk from public venture investments. Public venture investments represent $4,204 (2011: $10,753) or 0.1% (2011: 0.3%) of the Series' net assets. At August 31, 2012, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets 2012	Effect on Net Assets 2011	% effect on Net Assets 2012	% effect on Net Assets 2011
Venture (Public only)	S&P/TSX Composite Index	$ 0	$ 1	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $308 (2011: $507) or 0.0% (2011: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. In the current year, the regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2012 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I
Venture / Balanced Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

	2012	2011
Assets		
Short-term investments and bonds	$ -	$ 57
Guaranteed investment certificates	-	49
Venture investments	29,350	26,903
Divestment proceeds receivable	876	1,241
Accrued interest receivable	856	644
Other assets	107	-
Inter-series receivable [Note 8]	180	703
	$ 31,369	$ 29,597
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 521	$ 621
Redemptions payable	2	-
Incentive participation dividend payable [Note 5]	225	292
Contingent IPA [Note 5]	235	577
Participation liability [Note 7]	3,980	3,431
Financing facility [Note 8]	2,199	305
	$ 7,162	$ 5,226
Net assets		
Venture / Balanced Commission I	10,539	10,052
Venture / Balanced Commission II	13,569	14,204
Venture / CMDF Reinvestment Commission I	59	69
Venture / CMDF Reinvestment Commission II	40	46
	$ 24,207	$ 24,371
Shares outstanding [Note 5]		
Venture / Balanced Commission I	1,923	1,544
Venture / Balanced Commission II	2,479	2,182
Venture / CMDF Reinvestment Commission I	9	9
Venture / CMDF Reinvestment Commission II	6	6
Net assets per share		
Venture / Balanced Commission I	$ 5.48	$ 6.51
Venture / Balanced Commission II	5.47	6.51
Venture / CMDF Reinvestment Commission I	6.56	7.67
Venture / CMDF Reinvestment Commission II	6.67	7.67

Corporate Status, Continuing Operations and Share Structure [Note 1]
Contingencies [Note 10]
See accompanying notes to financial statements.

Approved on behalf of the Board:

_____________________ Director   _____________________ Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I — Venture / CMDF Reinvestment Commission I
Venture / Balanced Commission II — Venture / CMDF Reinvestment Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2012		2011
Investment income:				
Interest – short term investments and bonds	$	1	$	3
Interest – venture investments		295		515
Interest – other income		93		71
		389		589
Expenses:				
Management fees [Note 8]		543		521
Administration fees [Note 8]		519		510
Capital retention administration fees [Note 8]		389		364
Directors' fees		94		61
Legal fees		131		26
Service fees [Note 5]		61		55
Financing expense [Note 7]		729		950
Financing facility interest		235		9
Other		285		322
Total expenses before fee waiver		2,986		2,818
Expenses waived or absorbed by Manager		(19)		(22)
Net expenses		2,967		2,796
Net investment income (loss)		(2,578)		(2,207)
Realized gain (loss) from:				
Venture investments		(2,797)		(1,953)
Short-term investments and bonds		-		(33)
Total realized gain (loss)		(2,797)		(1,986)
Incentive participation dividend [Note 5]		(63)		(36)
Net realized gain (loss)		(2,860)		(2,022)
Change in Unrealized appreciation (depreciation) of:				
Venture investments		(4)		415
Venture interest		(5)		-
Short-term investments and bonds		-		34
Change in unrealized appreciation (depreciation)		(9)		449
Contingent incentive participation dividend [Note 5]		469		(79)
Participation liability [Note 7]		37		(106)
Net change in unrealized appreciation (depreciation)		497		264
Increase (decrease) in net assets from operations before income taxes		(4,941)		(3,965)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(4,941)		(3,965)
Net increase (decrease) in net assets from operations:				
Venture / Balanced Commission I	$	(2,183)	$	(1,649)
Venture / Balanced Commission II		(2,741)		(2,299)
Venture / CMDF Reinvestment Commission I		(10)		(10)
Venture / CMDF Reinvestment Commission II		(7)		(7)
Net increase (decrease) in net assets from operations	$	(4,941)	$	(3,965)
Net increase (decrease) in net assets from operations per share:				
Venture / Balanced Commission I	$	(1.14)	$	(1.08)
Venture / Balanced Commission II		(1.11)		(1.06)
Venture / CMDF Reinvestment Commission I		(1.11)		(1.11)
Venture / CMDF Reinvestment Commission II		(1.17)		(1.17)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I
Venture / Balanced Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Changes in Net Assets
For the years ended August 31

	Balanced Commission I 2012	Balanced Commission I 2011	Balanced Commission II 2012	Balanced Commission II 2011
Net assets, beginning of year	$ 10,052	$ 11,442	$ 14,204	$ 16,285
Changes during the year:				
Net increase (decrease) in net assets from operations	(2,183)	(1,649)	(2,741)	(2,299)
Net increase (decrease) in net assets from operations from converted Income shares	(951)	-	(824)	-
Capital transactions:				
Proceeds from issuance of Class A shares	-	434	1	394
Payment on redemption of Class A shares	(45)	(175)	(83)	(176)
Share conversion	3,666	-	3,012	-
	3,621	258	2,930	218
Net assets, end of year	$ 10,539	$ 10,052	$ 13,569	$ 14,204

	CMDF Reinvestment Commission I 2012	CMDF Reinvestment Commission I 2011	CMDF Reinvestment Commission II 2012	CMDF Reinvestment Commission II 2011
Net assets, beginning of year	$ 69	$ 80	$ 46	$ 54
Changes during the year:				
Net increase (decrease) in net assets from operations	(10)	(10)	(7)	(7)
Net increase (decrease) in net assets from operations from converted Income shares	-	-	-	-
Capital transactions:				
Proceeds from issuance of Class A shares	-	-	1	(1)
Payment on redemption of Class A shares	-	(1)	-	-
Share conversion	-	-	-	-
	-	(1)	1	(1)
Net assets, end of year	$ 59	$ 69	$ 40	$ 46

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I
Venture / Balanced Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Changes in Net Assets
For the years ended August 31

	Total 2012	Total 2011
Net assets, beginning of year	$ 24,371	$ 27,861
Changes during the year:		
Net increase (decrease) in net assets from operations	(4,941)	(3,965)
Net increase (decrease) in net assets from operations from converted Income shares	(1,775)	-
Capital transactions:		
Proceeds from issuance of Class A shares	2	827
Payment on redemption of Class A shares	(128)	(352)
Share conversion	6,678	-
	6,552	476
Net assets, end of year	$ 24,207	$ 24,371

See accompanying notes to financial statements

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I
Venture / Balanced Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2012	2011
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (2,578)	$ (2,207)
Net investment income (loss) from converted shares	(1,775)	-
Changes in non-cash operating accounts:		
Accrued interest receivable	(212)	1,192
Other assets	(107)	
Accounts payable and accrued liabilities [Note 12]	(100)	316
Incentive participation dividend payable	(67)	-
Contingent IPA payable	(342)	62
Inter-series payable (receivable)	1,654	(6,378)
	(3,527)	(7,015)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	1,699	5,265
Disposition of short-term investments and bonds	207	3,660
Disposition of guaranteed investment certificates	57	-
Purchase of portfolio assets:		
Purchase of venture investments	(981)	(1,706)
Purchase of short-term investments and bonds	(139)	(2,369)
Incentive participation dividend payable	-	211
Divestment proceeds available	365	1,016
	1,208	6,077
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	2	827
Payment on redemption of Class A shares	(128)	(352)
Financing facility	1,894	305
Subscriptions receivable	-	(1,017)
Participation liability	549	1,175
Redemptions payable	2	-
	2,319	938
Increase (decrease) in cash position	-	-
Cash position, beginning of year	-	-
Cash position, end of year	$ -	$ -

Supplemental Cash Flow information:

Allocation of investment assets and inter-series payable (receivable)	$ 5,547	$ (5,197)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
Venture / Balanced Commission I
Venture / Balanced Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the year end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at August 31, 2012 were approximately $7.2 million (2011: $5.2 million). In addition, as of August 31, 2012, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $3.8 million (2011: $0). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2012 is $6.6 million (2011: $7.0 million) which represents approximately 27.2% (2011: 29.0%) of the Series' net assets. This is comprised of $4.6 million (2011: $5.0 million) of venture investments, $0 (2011: $57,130) of short term investments and bonds, $0 (2011: $48,535) of GIC's, and $2.0 million (2011: $1.9 million) in receivables.

- Venture Investments:
An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at August 31, 2012 and 2011 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2012	2011	2012	2011	2012	2011	2012	2011
Current	$ 3,910	$ 7,479	$ -	$ -	$ -	$ -	$ 3,910	$ 7,479
< than 1 year	-	-	599	331	33	5,121	632	5,452
1 - 2 years	-	-	4,281	394	592	1,679	4,873	2,073
2 - 3 years	-	-	180	3,661	1,189	7,606	1,369	11,267
3 - 4 years	-	-	2,153	1,484	6,925	-	9,078	1,484
> than 4 years	-	-	-	711	-	-	-	711
Total	$ 3,910	$ 7,479	$ 7,213	$ 6,581	$ 8,739	$ 14,406	$ 19,862	$ 28,466

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $21.9 million (2011: $20.3 million). No other investments are past due or impaired at August 31, 2012.

- Short-term Investments, Bonds and GIC's:
An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2012 and 2011 is as follows:

Short-term Investments, Bonds and GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2012	2011	2012	2011	2012	2011
R1	$ -	$ 57	-	53.8%	-	0.2%
Not Available	-	49	-	46.2%	-	0.2%
Total	$ -	$ 106	-	100.0%	-	0.4%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk
As at August 31, 2012, 33.4% (2011: 30.0%) of the venture portfolio and 13.4% (2011: 17.2%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.4% (2011: 0.3%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2012 short-term investments comprising approximately 0.0% (2011: 0.4%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2012, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (2011: $261), representing approximately 0.0% (2011: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's by Maturity date	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2012	2011	2012	2011	2012	2011
Less than 1 year	$ -	$ 106	-	100.0%	-	0.4%

Other Price Risk

As at August 31, 2012 the Series is exposed to other price risk from public venture investments. Public venture investments represent $33,360 (2011: $71,971) or 0.1% (2011: 0.3%) of the Series' net assets. At August 31, 2012, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		% effect on Net Assets	
		2012	2011	2012	2011
Venture (Public only)	S&P/TSX Composite Index	$ 2	$ 3	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $2,442 (2011: $3,395) or 0.0% (2011: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. In the current year, the regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2012 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios
Venture Investments, (In thousands)

As at August 31, 2012

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Biotechnology:					
2056273 Ontario Inc., debenture 8%, due on demand	848	$ 848	$ -	$ 848	
2056273 Ontario Inc., common shares	-[1]	-	954	954	
Agrisoma Biosciences Inc., convertible debenture 15%, Dec 31, 2012	961	961	-	961	
Agrisoma Biosciences Inc., common shares	674	-	2,164	2,164	
Ambit Biosciences (Canada) Corp., Cl A preferred shares	-[1]	-	-[1]	-[1]	
Ambit Biosciences (Canada) Corp., Cl C preferred shares	11,628	-	6,605	6,605	
Ambit Biosciences (Canada) Corp., Cl D preferred Shares	1,294	-	4,960	4,960	
Ambit Biosciences (Canada) Corp., Cl D2 preferred Shares	3,666	-	2,506	2,506	
Ambit Biosciences (Canada) Corp., convertible debenture 12%, due Jan 31, 2012	1,791	1,791	-	1,791	
Ambit Biosciences (Canada) Corp., convertible debenture 10%, due Apr 30, 2015	933	956	-	956	
Ambit Biosciences (Canada) Corp., debenture 10%, due Apr 30, 2015	583	593	-	593	
Ambit Biosciences (Canada) Corp, warrants	1,548	-	-	-	
Centric Health (formerly Lifemark Health LP) residual units	356	-	306	306	
Chitogenics Pharmaceuticals Ltd., Conv. Class A preferred shares	13	-	1,500	1,500	
Cytochroma Canada Inc., common shares	465	-	637	637	
Cytochroma Canada Inc., Class A preferred shares	700	-	959	959	
Cytochroma Canada Inc., Class B preferred shares	5,432	-	7,442	7,442	
Cytochroma Canada Inc., Class C preferred shares	2,522	-	3,456	3,456	
Cytochroma Canada Inc., Class D warrants	15,877	-	-	-	
Cytochroma Inc., Conv. Class A preferred shares	700	-	700	700	
Cytochroma Inc., Conv. Class B preferred shares	4,541	-	1,000	1,000	
Cytochroma Inc., Conv. Class C preferred shares	1,982	-	6,600	6,600	
Empex Inc., debenture 12%, due on demand	4,494	4,494	-	4,494	
Gemin X Biotechnologies Inc	3,387	-	-	-	
Medinnova Partners Inc., Cl A preferred shares	37,558	-	3,397	3,397	
Medinnova Partners Inc., common shares	200	-	-[1]	-[1]	
MetaMorphix Inc., common shares	406	-	700	700	
Molecular Templates Inc., common shares	33	-	-	-	
Molecular Templates Inc., debenture 12%, due on demand	150	150	-	150	
Monteris Medical Inc., Class A common shares	1,350	-	2,522	2,522	
Natrix Separations Inc., common shares	25	-	25	25	
Natrix Separations Inc., Series C preferred shares	67	-	845	845	
Natrix Separations Inc., Cl A preferred shares	21	-	267	267	
Natrix Separations Inc., Cl B preferred shares	228	-	2,866	2,866	
Natrix Separations Inc., Cl C preferred shares	194	-	2,433	2,433	
Natrix Separations Inc., Series D preferred shares	478	-	2,694	2,694	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2012

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Biotechnology (continued):					
NPS Pharmaceuticals Inc., Options	9	$ -	$ -[1]	$ -[1]	
Orthopaedic Synergy Inc. (formerly Praxim Inc.), convertible debenture12.5%, due Dec 31, 2012	2,047	2,047	-	2,047	
Orthopaedic Synergy Inc. (formerly Praxim Inc.), deferred consideration	302	-	-	-	
Receptor Therapeutics Inc., debenture 25%, due on demand	90	90	-	90	
Receptor Therapeutics Inc., common shares	581	-	-[1]	-[1]	
Receptor Therapeutics Inc., convertible debenture 25%, due on demand	1,189	1,189	-	1,189	
Targeted Growth Canada Inc., Class A special voting shares	-[1]	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl D special voting shares	533	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl D2 special voting shares	540	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl C preferred exchangeable shares	1,885	-	2,592	2,592	
Targeted Growth Canada Inc., Class Cl D2 preferred exchangeable shares	540	-	2,925	2,925	
Targeted Growth Canada Inc., Class D preferred exchangeable shares	533	-	2,319	2,319	
Targeted Growth Inc., Class Cl C special voting shares	1,885	-	-[1]	-[1]	
Trillium Therapeutics Inc., Cl A preferred shares	1,880	-	2,500	2,500	
Trillium Therapeutics Inc., common shares	1,000	-	770	770	
Trillium Therapeutics Inc., convertible debenture 12%, Aug 31, 2013	1,146	1,146	-	1,146	
Trillium Therapeutics Inc., convertible debenture 12%, Aug 31, 2013	917	917	-	917	
Trillium Therapeutics Inc., warrants	822	-	-[1]	-[1]	
Twinstrand Therapeutics Inc., Class C preferred shares	710	-	390	390	
Twinstrand Therapeutics Inc., Class D preferred shares	71	-	-[2]	-[2]	
Twinstrand Therapeutics Inc., warrants	237	-	-[2]	-[2]	
ViOptix Canada Inc., Cl Jr. preferred shares	766	-	1,877	1,877	
ViOptix Canada Inc., D preferred shares	14,035	-	6,720	6,720	
ViOptix Canada Inc., convertible debenture 6%, due on demand	631	631	-	631	
ViOptix Canada Inc., convertible debenture 6%, due on demand	1,265	1,265	-	1,265	
ViOptix Canada Inc., warrants	1,057	-	-[1]	-[1]	
Viron Therapeutics Inc., demand note 15%, due on demand	620	620	-	620	
Viron Therapeutics Inc., Class A, preferred shares	5,856	-	7,045	7,045	
Viron Therapeutics Inc., Class B, preferred shares	3,414	-	3,000	3,000	
Websar Innovations Inc., Class A common shares	20	-	-[1]	-[1]	
Websar Innovations Inc., preferred shares	3	-	275	275	
Western Life Sciences Venture Fund LP., Class A common shares	3	-	3,183	3,183	
		$ 17,698	$ 89,134	$ 106,832	64.2%

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2012

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Communications:					
Aizan Technologies Inc., convertible debt 10%, due March 31, 2013	625	$ 625	$ -	$ 625	
Aizan Technologies Inc., debenture 10%, due March 31, 2013	125	125	-	125	
Aizan Technologies Inc., Class A, preferred shares	3,601	-	3,000	3,000	
Aizan Technologies Inc., Class B, preferred shares	900	-	-[1]	-[1]	
BTI Photonic Systems Inc., common shares	8,753	-	11,110	11,110	
BTI Photonic Systems Inc., Cl A preferred shares	2,033	-	-	-	
BTI Photonic Systems Inc., Cl B preferred shares	17,726	-	5,381	5,381	
Spotwave Wireless Inc., Class A, preferred shares	5,142	-	1,523	1,523	
		$ 750	$ 21,014	$ 21,764	13.1%
Computer software:					
1395079 Ontario Inc., common shares	2,438	$ -	$ -[1]	$ -[1]	
1395079 Ontario Inc., Class A preferred shares	10,968	-	3,476	3,476	
1395079 Ontario Inc., Class B preferred shares	826	-	787	787	
1395079 Ontario Inc., warrants	679	-	-	-[1]	
Anyware Group Inc., Class B convertible debenture 6%, due on demand	1,000	1,000	-	1,000	
Anyware Group Inc., convertible debenture 10%, due on demand	934	967	-	967	
Anyware Group Inc., convertible debenture 12%, due Jan 14, 2012	398	398	-	398	
Anyware Group Inc., convertible debenture 12%, due on demand	100	100	-	100	
Bid Freight Global Inc., common shares	-[1]	-	-[2]	-[2]	
Bid Freight Global Inc., convertible debenture, 5%, due on demand	1,090	1,090	-	1,090	
Blueprint Software Solutions Inc., common shares	36,337	-	4,481	4,481	
Blueprint Software Solutions Inc., Class A preferred shares	189,028	-	1,917	1,917	
Blueprint Software Solutions Inc., warrants	5,751	-	-	-	
Camilion Solutions Inc., Class C preferred shares	21,598	-	3,000	3,000	
Camilion Solutions Inc., Class D preferred shares	18,781	-	3,000	3,000	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class A preferred shares	1,500	-	1,500	1,500	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class C preferred shares	947	-	1,500	1,500	
Ember ec3 Inc., Class A convertible preferred shares	250	-	250	250	
Ember ec3 Inc., Class B convertible preferred shares	1,500	-	726	726	
Inocom Inc., Class A convertible preferred shares	2,964	-	2,000	2,000	
Inocom Inc., Class A preferred shares	437	-	450	450	
Inocom Inc., Series A preferred shares	777	-	800	800	
Inocom Inc., debenture 12%, due on demand	161	161	-	161	
Lexicon Value Management Inc., common shares	-[1]	-	-	-[2]	
Lexicon Value Management Inc., debenture 0%, due on demand	438	438	-	438	
Lexicon Value Management Inc., debenture15%, due on demand	1,362	1,362	-	1,362	
Lexicon Value Management Inc., warrant	-[1]	-	-	-[2]	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2012

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer software (continued):					
Multicorpora R&D Inc., common shares	2,885	-	2	2	
Multicorpora R&D Inc., Series 2, Class B preferred shares	5,769	-	1,500	1,500	
Panorama Software (formerly Company DNA Inc.), convertible preferred shares	8,266	-	3,904	3,904	
Panorama Software (formerly Company DNA Inc.), warrants	899	-	-	-	
		$ 5,516	$ 29,293	$ 34,809	20.9%
Computer hardware:					
Cogency Semiconductor Inc., common shares	60	$ -	$ 8,600	$ 8,600	
Tarquin Group Inc., convertible debenture 24%, due on demand	358	358	-	358	
Tarquin Group Inc., common shares	249	-	-[1]	-[1]	
Tarquin Group Inc., warrants	62	-	-[1]	-[1]	
		$ 358	$ 8,600	$ 8,958	5.4%
Computer services:					
3483690 Canada Inc., debenture18%, due on demand	47	$ 47	$ -	$ 47	
3483690 Canada Inc., debenture 36%, due on demand	416	416	-	416	
3483690 Canada Inc., common shares	10,101	-	-[1]	-[1]	
7842317 Canada Inc., debenture 20%, due on demand	62	62	-	62	
7842317 Canada Inc., convertible debenture 12%, due May 1, 2015	143	143	-	143	
7842317 Canada Inc., common shares	83	-	-[1]	-[1]	
8191808 Canada Inc. (formerly Kibboko Inc.) common shares	208	-	-	-	
8191808 Canada Inc. (formerly Kibboko Inc.) convertible debenture, due on demand	665	665	-	665	
Ascentify Learning Media Inc. (Formerly neuroLanguage Inc.), Series A preferred shares	6,897	-	5,740	5,740	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), common shares	-[1]	-	-	-	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 8%, due on demand	250	250	-	250	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), convertible demand note 9%, due on demand	195	195	-	195	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 9%, due on demand	268	268	-	268	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 12%, due on demand	90	90	-	90	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2012

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer services (continued):					
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due April 30, 2014	111	111	-	111	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due May 30, 2014	125	125	-	125	
iStopOver (formerly PlanetEye Company ULC), common shares	2,482	-	3,564	3,564	
iW Technologies Inc, promissory notes 10%, due on demand	83	83	-	83	
Morega Systems Inc., Series A preferred shares	12,000	-	5,545	5,545	
Morega Systems Inc., Series B preferred shares	4,235	-	3,095	3,095	
NetShelter Inc., class A preferred shares	45	-	388	388	
OneChip Photonics Inc., class B-1 preferred shares	1,454	-	413	413	
OneChip Photonics Inc., class B-2 preferred shares	13,357	-	3,936	3,936	
OneChip Photonics Inc., class C preferred shares	5,327	-	1,487	1,487	
OneChip Photonics Inc., preferred shares	3,858	-	1,114	1,114	
Peerset Inc., debenture 10%, due on demand	119	119	-	119	
Peerset Inc., convertible debenture 12%, due on demand	870	870	-	870	
Perspecsys Inc., Class A convertible preferred shares	9,097	-	1,781	1,781	
Thinkpath Inc., common shares	-(1)	-	31	31	
		$ 3,444	$ 27,094	$ 30,538	18.3%
Energy/Environmental:					
AR Plus Sites Equipment Rentals (Canada) Inc., common shares	4	$ -	$ 500	$ 500	
AR Plus Sites Equipment Rentals (Canada) Inc., debenture 10%, due on demand	2,200	2,200	-	2,200	
Insignia Energy Inc., warrants	53	-	-	-(2)	
SaskAlta Base Oil Inc., Class C preferred shares	5,714	-	2,000	2,000	
Seprotech Systems Inc., common shares	7,099	-	670	670	
		$ 2,200	$ 3,170	$ 5,370	3.2%
Industrial automation:					
Advanced Glazing Technology Ltd., Class B preferred shares	4,386	$ -	$ 2,500	$ 2,500	
Mathis Instruments Ltd., debenture 12%, due on demand	247	247	-	247	
Mathis Instruments Ltd., debenture 15%, due on demand	450	450	-	450	
Mathis Instruments Ltd., Class A preferred shares	75	-	-	-(2)	
Mathis Instruments Ltd., Class B preferred shares	91	-	1,500	1,500	
NextPhase T&D Corp., Class A preferred shares	16	-	96	96	
NextPhase T&D Corp., common shares	97	-	541	541	
		$ 697	$ 4,637	$ 5,334	3.2%

(1) Amount less than one thousand
(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2012

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Medical health:					
IS2 Medical Systems Inc., Class A preferred shares shares	833	$ -	$ -	$ -[2]	
IS2 Medical Systems Inc., Class B preferred shares shares	1,708	-	1,400	1,400	
IS2 Medical Systems Inc., common shares	1,486	-	-	-[2]	
		$ -	$ 1,400	$ 1,400	0.8%
Consumer Products and Services:					
1281216 Ontario Inc., common shares	2	$ -	$ -[1]	$ -[1]	
Fidus International Corp., debenture 10%, due on demand	1,136	1,136	-	1,136	
Fidus International Corp., common shares	16,071	-	-[1]	-[1]	
Fidus International Corp., options	-[1]	-	-[1]	-[1]	
Fidus International Corp., preferred shares	9,801	-	-[1]	-[1]	
SimEx Inc., preferred shares	67	-	122	122	
		$ 1,136	$ 122	$ 1,258	0.8%
Manufacturing:					
Canpro Ingredients Ltd., convertible debenture 14%, due Apr 9, 2012	599	$ 594	$ -	$ 594	
Canpro Ingredients Ltd., convertible debenture 20%, due on demand	234	234	-	234	
Canpro Ingredients Ltd., convertible debenture 20%, due Jun 26, 2014	134	134	-	134	
Canpro Ingredients Ltd., convertible debenture 20%, due May 28, 2015	53	53	-	53	
Canpro Ingredients Ltd., convertible debenture 20%, due Jul 28, 2015	23	23	-	23	
Canpro Ingredients Ltd., convertible debenture 20%, due Aug 1, 2015	53	53	-	53	
Canpro Ingredients Ltd., debenture 20%, due on demand	31	31	-	31	
Canpro Ingredients Ltd., debenture 20%, due July 29, 2014	117	117	-	117	
Canpro Ingredients Ltd., common shares	1,225	-	1,225	1,225	
Canpro Ingredients Ltd., preferred shares	560	-	560	560	
Canpro Ingredients Ltd., Cl C preferred shares	2,917	-	-	-	
CFN Precision Ltd., common shares	-[1]	-	3,959	3,959	
CFN Precision Ltd., debenture 10%, due on demand	9,510	9,510	-	9,510	
CFN Precision Ltd., promissory note 11%, due on demand	691	691	-	691	
Digital Payment Tech Inc., common shares	13,460	-	1,723	1,723	
Digital Payment Tech Inc., debenture 24%, due on demand	350	350	-	350	
Digital Payment Tech Inc., preferred shares	6,400	-	1,600	1,600	
Digital Payment Tech Inc., warrants	4,903	-	-	-	
Kraus Global Inc., debenture 15%, due on demand	3,400	3,400	-	3,400	
Kraus Global Inc., debenture 10%, due on demand	4,250	4,250	-	4,250	
Kraus Global Inc., common shares	395	-	975	975	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2012

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Manufacturing (continued):					
Kraus Global Inc., preferred shares	33	-	5,264	5,264	
LibreStream Technologies Inc., debenture 10%, due on demand	2,100	2,100	-	2,100	
LibreStream Technologies Inc., common shares	4,388	-	6,582	6,582	
LibreStream Technologies Inc., options	-[(1)]	-	-[(1)]	-[(1)]	
		$ 21,540	$ 21,888	$ 43,428	26.1%
Miscellaneous:					
Acorn Income Corp., common shares	9	$ -	$ 787	$ 787	
Acorn Income Corp., preferred shares	38	-	-[(1)]	-[(1)]	
		$ -	$ 787	$ 787	0.5%
Community Small Business Investment Funds:					
Niagara Growth Fund Inc., units Class A	2,600	$ -	$ 368	$ 368	
		$ -	$ 368	$ 368	0.2%
Value-Added Agriculture:					
Man Agra Capital Inc., preferred shares	20	$ -	$ 201	$ 201	
Puratone Corp., common shares	93	-	671	671	
		$ -	$ 872	$ 872	0.5%
Total venture investments, at cost		$ 53,339	$ 208,379	$ 261,718	157.2%
Unrealized depreciation of venture investments				(59,008)	(35.4%)
Venture investments, at estimated fair value				$202,710	121.8%

[(1)] Amount less than one thousand
[(2)] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2012

Venture Investments, per Series [Note 3]:	Fair Value
WV Canadian & Merger Series	$ 154,424
GIC Series	261
Growth Series	14,976
Financial Services Series	3,699
Balanced and CMDF Reivestment Series	29,350
	$ 202,710

Stage of Development	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Early Stage	35	$ 121,229	46.3%	$ 91,302	45.0%
Expansion Stage	32	120,246	46.0%	104,061	51.4%
Mature Stage	6	20,243	7.7%	7,347	3.6%
	73	$ 261,718	100.0%	$202,710	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Biotechnology	25	$ 106,830	40.9%	$ 109,675	53.9%
Communications	3	21,765	8.3%	13,504	6.7%
Community small business investment funds	1	368	0.1%	526	0.3%
Computer hardware	2	8,958	3.4%	-	0.0%
Computer services	12	30,537	11.7%	29,311	14.5%
Computer software	11	34,809	13.3%	18,813	9.3%
Consumer products and services	3	1,259	0.5%	525	0.3%
Energy/Environmental	4	5,370	2.1%	213	0.1%
Industrial Automation	3	5,334	2.0%	1,406	0.7%
Manufacturing	5	43,429	16.6%	28,720	14.2%
Medical health	1	1,400	0.5%	-	0.0%
Miscellaneous	1	787	0.3%	17	0.0%
Value-Added Agriculture	2	872	0.3%	-	0.0%
	73	$ 261,718	100.0%	$202,710	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Private	68	$ 260,230	99.4%	$ 202,480	99.9%
Public	5	1,488	0.6%	230	0.1%
	73	$ 261,718	100.0%	$ 202,710	100.0%

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE

Corporate Status

GrowthWorks Canadian Fund Ltd. (the "Fund") is incorporated under the Canada Business Corporations Act and is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) (the "Manitoba Act") and as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) (the "Ontario Act"). The Fund is an approved fund under the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) (the "Saskatchewan Act"). Until February 18, 2005, the Fund was also registered as a labour-sponsored venture capital corporation under the *Equity Tax Credit Act* (Nova Scotia). The Fund was also previously a prescribed registered labour-sponsored venture capital corporation under the *New Brunswick Income Tax Act.*

Continuing Operations

The Fund's financial statements are prepared on a going concern basis, which assumes that the Fund will continue its operations and will be able to realize its assets and discharge its obligations in the normal course of business. Continuing operations for the Fund are dependent on its ability to divest of mature venture investments in a timely manner, so that the Fund's obligations can be discharged as they come due, and the Fund can process Class A share redemptions, whether weekly or under an approved redemption management plan. Whether the Fund can meet both of these requirements is uncertain. These material uncertainties may cast significant doubt upon the Fund's ability to continue as a going concern. No adjustments have been estimated or included in these financial statements as a result of these uncertainties.

Management of the Fund is working continuously to identify divestment opportunities for the Fund's mature venture investments. Management has also applied for a regulatory relief to enable the Fund to adopt a redemption management plan for processing of redemptions of Class A shares semi-annually in amounts determined by the Board of Directors of the Fund. There can be no assurance that the Fund will be successful in these efforts.

Share Structure

The Fund consists of different series of Class A shares. Each group of series that is referable to a separate portfolio of assets constitutes a separate investment fund under applicable securities laws. The Fund currently reports on the following series of Class A shares:

WV Canadian and Merger Series

- WV Canadian – Commission I
- CAVI Series
- CSTGF Series
- FOF Traditional Series
- ENSIS Series
- CMDF Series

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE (continued)

GIC Series
- Venture / GIC – Commission I
- Venture / GIC – Commission II

Growth Series
- Venture / Growth – Commission I
- Venture / Growth – Commission II
- FOF Growth Series

Financial Services Series
- Venture / Financial Services – Commission I
- Venture / Financial Services – Commission II

Balanced and CMDF Reinvestment Series
- Venture / Balanced – Commission I (formerly Diversified-Commission I)
- Venture / Balanced – Commission II (formerly Diversified-Commission II)
- Venture CMDF Reinvestment Series – Commission I
- Venture CMDF Reinvestment Series – Commission II

Each of these share series currently or previously offered is referred to as a "Series" and collectively, all Series are referred to as "Class A shares". The Fund may offer or otherwise issue other series of Class A shares in the future.

In order to facilitate redemption transactions, the Fund has two fund codes for the ENSIS and CMDF Series, however these Series are all referable to the same portfolio of assets.

The Fund previously offered the Venture / Balanced – Commission I and Venture / Balanced – Commission II series (the "Balanced Series") and the Venture / Resource – Commission I and Venture / Resource – Commission II series (the "Resource Series") Class A shares. Effective February 20, 2009, the Balanced Series were consolidated into the Venture / Diversified – Commission I and II series and the Resource Series were consolidated into the Venture / Growth – Commission I and II series. Effective November 25, 2011, the Income Series were consolidated into the Venture / Diversified – Commission I and II series and the Venture / Diversified – Commission I and II series were redesignated the Venture / Balanced – Commission I and II series (note 11) and the Directed Funds (Note 2(c)) investment focus for these shares (and the CMDF Reinvestment Series shares) was refined to consist of: high quality debt instruments, high yield investments and bank securities.

Effective November 10, 2009, CMDF Reinvestment Series was introduced at a price of $10 per share. The CMDF Reinvestment Series are only available for purchase by holders of CMDF Series shares distributed in connection with the CMDF Merger who redeem eligible CMDF Series shares and invest the redemption proceeds in the CMDF Reinvestment Series. The CMDF Reinvestment Series shares are referable to the same portfolio of assets as the Diversified Series. It is expected that outstanding CMDF Reinvestment Series shares will be converted into Balanced Series shares as soon as practicable.

Shareholders have approved the proposed consolidation of the Merger Series and FOF Growth Series Class A shares into Venture/Balanced Series, Commission I Class A shares. The proposal is aimed at simplifying the Fund's share structure and making pricing and reporting processes more efficient.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE (continued)

The Fund is continuing to work on implementation of the other proposed consolidations and will announce when they are completed. There can be no assurance that the Fund will implement these consolidations on the basis proposed, or at all.

The Fund makes investments ("venture investments") in small and medium-sized Canadian businesses with the objective of achieving long-term capital appreciation.

These financial statements should be read in conjunction with the Management Reports of Fund Performance of the respective Series of the Fund for the year ended August 31, 2012, which may be found on the Fund's website at http://www.growthworks.ca/funds/ontario/gw-canadian-fund/publications.asp and at www.sedar.com.

The sponsor of the Fund is the Canadian Federation of Labour (the "Sponsor"). The Sponsor holds 100% of the Class B Shares of the Fund.

The *Income Tax Act* (Canada) allows an individual to claim a federal tax credit in connection with an investment in Class A Shares of the Fund. The Manitoba Act, the Ontario Act and the Saskatchewan Act also allow an individual to claim a provincial tax credit in connection with an investment in Class A Shares of the Fund. The Fund must satisfy minimum investment requirements, often referred to as "investment pacing requirements" in eligible investments, under these statutes. Also, the Fund remains subject to certain investment pacing requirements for capital previously raised in Nova Scotia and New Brunswick. The Ontario Government adopted legislation which phased out the Ontario provincial tax credit at the end of the 2011 tax year. In 2012, there is no Ontario tax credit available.

Effective September 30, 2011, the Fund announced that the Fund's Class A share offering would close to new purchases. In addition, on November 10, 2011, the Fund announced that it had adopted a redemption management plan whereby the Fund closed weekly Class A share redemptions and, subject to regulatory relief,will process redemptions of Class A shares semi-annually in amounts determined by the Board of Directors. As at year end, the Fund is continuing to work with regulators regarding the regulatory relief required to enable the Fund to implement the RMP. (See Note 4).

GrowthWorks WV Management Ltd. is the Manager of the Fund (the "Manager"). The Fund, under a management agreement (see Note 8), pays the Manager certain management and administration fees.

Roseway Transaction

The Fund entered into a participation agreement dated May 28, 2010 (the "Participation Agreement") with Roseway Capital L.P. whereby Roseway Capital L.P. advanced $20 million to the Fund (the "Roseway Proceeds") in exchange for a participating interest in selected venture investment holdings of the Fund. The participating interest was subsequently assigned to Roseway Capital S.à.r.l. ("Roseway").

The Roseway Proceeds provide additional capital for follow-on investments and are intended to enhance the Fund's operating and financial flexibility.

At the time of the advance, Roseway's participating interest extended to 15 investments in the Fund's venture investment portfolio (the "Participation Holdings"), with a total carrying value of approximately $100 million. In addition, Roseway agreed to provide up to $3 million in follow-on funding for these companies. The participating interest entitles Roseway to receive 20% of the proceeds (cash or shares, "Participation Payments") earned on or generated from the sale or divestment of the Participation Holdings. Roseway did not acquire shares of the Fund or any securities of the Participation Holdings. Most of the companies in the Participation Holdings are expected to be divested prior to May 28, 2013, the third anniversary of

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE (continued)

closing of the Roseway transaction. The Participation Agreement provides for minimum Participation Payments of $5,700,000 per year until May 28, 2013. The Fund will repay the Roseway Proceeds in full on the third anniversary of closing. The Fund executed a security agreement in favour of Roseway whereby the Fund's payment obligations under the Participation Agreement are secured by a charge over the Fund's non-venture assets, certain of the Fund's venture investment holdings and proceeds from the sale or divestment of other venture investment holdings.

Under Canadian general accepted accounting principles, the Fund's obligation to repay the Roseway Proceeds on the third anniversary of closing and the Participation Payments are recorded as liabilities of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles including Accounting Guideline 18, Investment Companies ("Canadian GAAP").

b) Venture investments

Venture investments are recorded at estimated fair value. Fair value is the value that would be agreed upon between knowledgeable and willing parties dealing at arm's length. Investment transactions are accounted for on a trade date basis. Changes in unrealized appreciation or depreciation of venture investments, being the differences between fair value and cost of these investments, are recorded in results of operations.

i) Publicly-traded

Venture investments having quoted market values that are publicly traded on a recognized stock exchange are recorded at values based on the closing bid quotations.

ii) Privately-owned

New venture investments in securities not having quoted market values are initially recorded at cost, which approximates fair value generally for one year, and thereafter at estimated fair value. Estimated fair value is determined on the basis of generally accepted valuation methods that best and most objectively reflect the expected realizable value that would be agreed upon in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arm's length and without constraints. If there is a recent significant arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such an offer or transaction are used in the valuation of the investment.

The process of valuing venture investments for which no public market exists is based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for the venture investments. These differences could be material to the fair value of the Fund's venture investments.

The Fund's continuous disclosure documents at www.sedar.com sets out the policies, procedures and methodologies that have been adopted and approved by the Audit and Valuation Committee of the Board of Directors for determining fair value.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Short-term investments and bonds, bank instruments, income notes, index notes and guaranteed investment certificates ("GIC")

New purchases and sales of short-term investments and bonds, bank instruments, income notes, index notes and GICs are recorded on a trade-date basis and are valued on the basis of closing bid quotations.

The difference between the fair value and cost is recorded as an unrealized appreciation (depreciation) of short-term investments and bonds, bank instruments, income notes, index notes or guaranteed investment certificates ("GICs") as applicable. Each Series may hold investments in short-term investments or one or more other investment categories based on the "Directed Funds" investment strategy of that Series, as follows:

WV Canadian and the Merger Series - Short-term investments and bonds, income notes, index notes, GICs and bank instruments

GIC Series – Guaranteed Investment Certificates ("GICs")

Growth Series – Short-term investments and bonds, index notes and GICs

Financial Services Series – Short-term investments and bonds, index notes and GICs

Balanced and CMDF Reinvestment Series-high quality debt instruments, high yield investments, and bank securities

d) Income recognition

Interest from investments is recorded on an accrual basis. Interest income includes accretion of discounts and amortization of premiums on debt securities. Realized gains and losses arising from the sale of investments are determined using the weighted average cost basis and are recorded on the respective Series' Statement of Operations.

e) Income taxes

Income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. The effect on future income tax assets and liabilities of a change in tax rates is recognized in operations in the period that enactment or substantive enactment occurs.

The Fund files an income tax return that encompasses all Series. Income taxes recorded within each Series' financial statements are determined on an individual Series basis as if each Series were filing a separate income tax return. Where a Series utilizes tax deductions of another Series, the transfer of these tax deductions may be reflected in the respective Series' statement of operations within income tax expense or recovery, as appropriate, and in the respective Series' statement of net assets as an inter-series receivable or payable.

f) Foreign exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

i) Fair value of investments is translated at the rate of exchange at the end of the period.

ii) Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

Realized and unrealized foreign currency gains or losses on investments are recorded in the statement of operations.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Per share values

Net assets per share is calculated based on the number of shares outstanding at the period end. Increase (decrease) in net assets from operations per series share is calculated based on the weighted-average number of shares of the respective series outstanding during the period. Net assets for financial reporting purposes may be different from net asset value ("NAV") used to transact share sales and redemptions for certain Series (Note 9).

h) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires estimates and assumptions that affect the reported amount of certain assets and liabilities at the date of these financial statements and the reported amounts of certain revenue and expenses during the period.

Areas requiring the use of significant management estimates include estimations of the fair value of venture investments, including assessments of the financial condition of investees that might indicate a change in value of a particular investment. Assumptions underlying investment valuations are limited by the availability of reliable data and the uncertainty of predictions concerning future events.

Accordingly, venture investment valuations include a subjective element. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

i) Participation liability

The participation liability is designated as a held for trading financial liability. It is recorded at fair value, which was initially the cash consideration received by the Fund, and subsequently is estimated using the discounted cash flow method using the current market interest rate. Changes in the estimated fair value of the liability are recognized in financing expense in the period in which changes in estimated future cash flow payments become known. The expected future cash flows are the Roseway Proceeds and the Participation Payments, which are determined by reference to expected divestment timing and proceeds generated from the Participation Holdings.

i) IPA Dividends and contingent incentive participation amounts

Incentive participation dividends ("IPA Dividends") and contingent incentive participation dividends on Class C Shares, "IPA Series Shares", are recorded and expensed in the statement of operations on an accrual basis. IPA Dividends are accrued weekly, but only payable quarterly, when certain conditions are met (see Note 5). Provision for contingent incentive participation dividends, if any, is recognized based on the assumption that all of the venture investments are liquidated at their estimated fair value as at the date of the financial statements. To the extent that unrealized gains are not ultimately realized, the related contingent incentive participation dividend will be adjusted.

j) Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

k) Future accounting changes

The Accounting Standards Board ("AcSB") published amendments to the Handbook on October 1, 2010 that provided a one-year deferral of the transition to IFRS for investment companies like the Fund. The AcSB issued subsequent amendments to the Handbook in March 2011, providing a two-year deferral of the changeover date to January 1, 2013. More recently on December 12, 2011 the AcSB announced that it had decided to extend the IFRS changeover date by an additional year to January 1, 2014. The deferral of the mandatory change over from January 1, 2011 to January 1, 2014 is intended to allow the

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IASB's proposed exemption from consolidation (Accounting Standard 27 Consolidated and Separate Financial Statements (IAS 27) for investment companies to be in place prior to adoption of IFRS by investment companies in Canada. If adopted, this would make IAS 27 largely consistent with current Accounting Guideline 18 Investment Companies.

The identification and review of major differences from existing accounting policies, new IFRS accounting policies and exemptions, and the preparation of appropriate disclosures in the Fund's IFRS financial statements is substantially complete.

As at August 31, 2012, the Manager expects that the adoption of IFRS will not impact the measurement of financial statement amounts, but will mainly impact the presentation and disclosure requirements of the Fund's financial statements. As such, the Manager does not expect any material changes to internal controls as a result of the Fund's conversion to IFRS. Based upon the current deferral, the Fund would commence applying IFRS on September 1, 2014 for its annual and interim financial statements, including comparative figures for the preceding year.

3. ALLOCATION OF INVESTMENT PORTFOLIO

The Fund maintains a single portfolio of venture investments. Each Series is allocated its share of the venture portfolio on a pro rata basis unless otherwise provided for in the respective Series' investment strategy.

WV Canadian and the Merger Series may hold short-term investments, GICs and bonds, bank instruments, income notes, and index notes as part of their non-venture portfolio. Growth Series may hold short-term investments, GICs and bonds, and index notes as part of their non-venture portfolio. Financial Services Series may hold short-term investments, GICs and bonds, index notes as part of their non-venture portfolio. Balanced Series and CMDF Reinvestment Series may hold high quality debt instruments, high yield investments and bank securities as part of their non-venture portfolio. GIC Series only hold non-venture investments in GICs.

Realized and unrealized gains/losses and interest income arising from the Series' venture portfolio are allocated to each Series based on the respective Series' proportionate share in the venture portfolio.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

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Tabular amounts expressed in thousands

4. FINANCIAL RISK MANAGEMENT

a) Risks and Risk Management

Financial instruments in the Fund's portfolios may be exposed to liquidity risk, credit risk, currency risk, interest rate risk and other price risk, each of which is described below. The Discussion of Financial Risk Management following each Series' financial statements provides information and analysis of the risks specific to the applicable Series' financial instruments. The following discussion is of risks applicable to the financial instruments of all Series. See the Fund's, management reports of fund performance and statement of investment portfolio for other information, including the risks associated with investing in the Fund.

The Fund typically makes venture investments in early to mid-stage private companies. These investments take several years to mature and losses on unsuccessful investments are often realized before gains on successful investments. Some of the principal venture investment strategies used by the Fund are to diversify the Fund's venture portfolio by business sector and by stage of development. The Fund manages the risks associated with investing in developing companies through the use of experienced venture capital managers, careful selection of investment opportunities, ongoing monitoring of portfolio companies' operations and managing divestment opportunities. The Manager seeks to add value and manage risk by participating on portfolio company boards of directors and assisting in recruiting key personnel, securing additional financing and formulating long-term strategic plans.

The Fund may have holdings in short-term investments, bonds, bank debt instruments and GICs that can be exposed to interest rate risk and credit risk. There is minimal fair value sensitivity to interest rate fluctuations on cash and short-term cash equivalents invested at market interest rates. The fair value of a debt investment represents the maximum exposure to credit risk.

A portion of the funds that are not invested or expected to be invested in venture investments are referred to as "Directed Funds". Directed Funds investments vary depending on the particular Series' investment strategy and may range from GICs to investments linked to Canadian market equities. The values of certain of these investments fluctuate relative to movements in the stock market and the market value of the securities to which the index, instruments or notes are linked. The Fund's strategy for limiting its exposure to risks associated with Directed Funds investments is to limit the proportion of a Series' assets which can be invested in Directed Funds investments, as mandated by the individual Series' investment strategy for Directed Funds.

GROWTHWORKS CANADIAN FUND LTD.

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4. FINANCIAL RISK MANAGEMENT (continued)

A Series' financial instruments may consist of cash, receivables, short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments, participation liability, accounts payable and accrued liabilities and other payables.

The estimated fair value of cash, receivables, accounts payables, accrued liabilities and other payables approximates carrying value due to the relatively short-term nature of the instruments. Short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments and the participation liability and loan facility are carried at estimated fair value using the valuation methodologies set out above (see Notes 2(b), (c) and (i)).

The Fund uses a three-tier hierarchy as a framework for disclosing fair value of instruments based on inputs used to value the Fund's instruments. The fair value measurements are classified into three levels as follows:

(1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

(2) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(3) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

A change in the applicable valuation methodology under Canadian GAAP may result in the reclassification into or out of an instrument's assigned level.

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4. FINANCIAL RISK MANAGEMENT (continued)

The following is a summary of the inputs used as of August 31, 2012 and 2011 in valuing the Fund's investments and the related participation liability carried at fair values:

As at August 31, 2012

Quoted prices in active markets for identical assets (Level 1):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	960	-	-	-	-	960
Venture investments	175	0	17	-	4	33	230
Total Instruments (Level 1)	$ 175	$ 960	$ 17	$ -	$ 4	$ 33	$ 1,190

Significant other observable inputs (Level 2):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	-	-	-	-	-	-	-
Total Instruments (Level 2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Significant unobservable inputs (Level 3):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	154,249	261	14,959	-	3,695	29,317	202,480
Financing Facility	(11,570)	(20)	(1,122)	-	(277)	(2,199)	(15,188)
Participation liability	(20,938)	(34)	(2,030)	-	(502)	(3,980)	(27,484)
Total Instruments (Level 3)	$ 121,741	$ 207	$ 11,807	$ -	$ 2,916	$ 23,138	$ 159,808

Note: (0) indicates an amount that is less than one thousand
(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, The Fund's previously named Diversified Series were re-designated Balanced Series

As at August 31, 2011

Quoted prices in active markets for identical assets (Level 1):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ 364	$ -	$ 35	$ 10	$ 9	$ 57	$ 475
GICs	307	945	30	9	7	49	1,347
Venture investments	458	1	44	13	11	72	599
Total Instruments (Level 1)	$ 1,129	$ 946	$ 109	$ 32	$ 27	$ 178	$ 2,421

Significant other observable inputs (Level 2):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	-	-	-	-	-	-	-
Total Instruments (Level 2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Significant unobservable inputs (Level 3):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	170,544	384	16,321	4,773	4,008	26,831	222,861
Financing Facility	(1,936)	(4)	(185)	(54)	(46)	(305)	(2,530)
Participation liability	(21,810)	(49)	(2,087)	(610)	(513)	(3,431)	(28,500)
Total Instruments (Level 3)	$ 146,798	$ 331	$ 14,049	$ 4,109	$ 3,449	$ 23,095	$ 191,831

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4. FINANCIAL RISK MANAGEMENT (continued)

During the year ended August 31, 2012 and 2011, there were no transfers between level one and level two. The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is as follows:

As at August 31, 2012

Venture Investments	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2011	$ 170,544	$ 384	$ 16,321	$ 4,773	$ 4,008	$ 26,831	$ 222,861
Purchases	5,568	9	541	-	133	1,058	7,310
Sales	(8,982)	(15)	(871)	-	(215)	(1,706)	(11,790)
Inter Series Portfolio Reallocation	(768)	(98)	145	(4,773)	57	5,438	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized Gains/(losses)	(9,537)	(16)	(925)	-	(228)	(1,813)	(12,519)
Change in unrealized depreciation	(2,575)	(3)	(252)	-	(61)	(490)	(3,382)
Ending balance, August 31, 2012	$ 154,249	$ 261	$ 14,959	$ -	$ 3,695	$ 29,317	$ 202,480

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2011	$ (21,810)	$ (49)	$ (2,087)	$ (610)	$ (513)	$ (3,431)	$ (28,500)
Financing Expense	(4,187)	(10)	(405)	(60)	(100)	(729)	(5,491)
Change in unrealized appreciation	492	2	38	33	9	37	611
Inter Series Portfolio Reallocation	98	12	(18)	610	(8)	(694)	-
Accrued Interest Amount	(941)	(2)	(91)	-	(22)	(179)	(1,235)
Fair value adjustments	1,067	5	112	27	28	192	1,431
Participation Liability Payments	4,342	7	421	-	104	825	5,700
Ending balance, August 31, 2012	$ (20,938)	$ (34)	$ (2,030)	$ -	$ (502)	$ (3,980)	$ (27,484)

Financing Facility	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2011	$ (1,936)	$ (4)	$ (185)	$ (54)	$ (46)	$ (305)	$ (2,530)
Loan Facility Additions	(5,333)	(9)	(517)	-	(128)	(1,014)	(7,000)
Promissory Note Additions	(3,047)	(5)	(296)	-	(73)	(579)	(4,000)
Inter Series Portfolio Reallocation	5	7	(2)	54	(1)	(63)	-
Interest Expense	(1,259)	(8)	(122)	-	(30)	(239)	(1,658)
Payments	-	-	-	-	-	-	-
Ending balance, August 31, 2012	$ (11,570)	$ (20)	$ (1,122)	-	$ (277)	$ (2,199)	$ (15,188)

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, The Fund's previously named Diversified Series were re-designated Balanced Series

As at August 31, 2011

Venture Investments	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	$ 213,609	$ 495	$ 16,882	$ 4,874	$ 3,966	$ 26,538	$ 266,364
Purchases	12,070	27	1,156	338	284	1,899	15,774
Sales	(33,662)	(76)	(3,221)	(942)	(791)	(5,295)	(43,987)
Inter Series Portfolio Reallocation	(9,774)	(37)	2,627	830	823	5,531	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized Gains/(losses)	(7,505)	(17)	(718)	(210)	(176)	(1,181)	(9,807)
Change in unrealized depreciation	(4,194)	(8)	(405)	(117)	(98)	(661)	(5,483)
Ending balance, August 31, 2011	$ 170,544	$ 384	$ 16,321	$ 4,773	$ 4,008	$ 26,831	$ 222,861

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4. FINANCIAL RISK MANAGEMENT (continued)

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Balanced & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	$ (18,158)	$ (42)	$ (1,435)	$ (414)	$ (337)	$ (2,256)	$ (22,642)
Financing Expense	(6,778)	(18)	(590)	(171)	(142)	(950)	(8,649)
Change in unrealized appreciation	(639)	(2)	(64)	(19)	(16)	(106)	(846)
Inter Series Portfolio Reallocation	831	3	(223)	(71)	(71)	(469)	-
Accrued Interest Amount	(699)	2	(122)	(37)	(33)	(221)	(1,110)
Fair value adjustments	(729)	(2)	(70)	(20)	(17)	(115)	(953)
Participation Liability Payments	4,362	10	417	122	103	686	5,700
Ending balance, August 31, 2011	$ (21,810)	$ (49)	$ (2,087)	$ (610)	$ (513)	$ (3,431)	$ (28,500)

Financing Facility	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Balanced & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loan Facility Additions	(1,913)	(4)	(183)	(54)	(45)	(301)	(2,500)
Interest Expense	(23)	0	(2)	0	(1)	(4)	(30)
Payments	-	-	-	-	-	-	-
Ending balance, August 31, 2011	$ (1,936)	$ (4)	$ (185)	(54)	$ (46)	$ (305)	$ (2,530)

Note: (0) indicates an amount that is less than one thousand

Liquidity Risk

Liquidity risk is the risk that the Fund will have difficulty meeting obligations associated with financial liabilities. With respect to the Fund, liquidity risk also arises primarily from the need to meet share redemptions. Redemptions of Class A shares, new and follow-on venture investments, repayments of the Roseway participation liability and other operational commitments all draw on the Fund's liquidity. Venture capital investments in private companies are generally illiquid and it often takes several years for investments to mature and present a divestment opportunity. If the Fund does not have sufficient liquidity to fund follow-on investments, it may incur dilution or a loss of value on the investment if the portfolio company cannot secure required financing from alternative sources. Further, if the Fund is forced to sell a venture investment before it matures, it may incur a loss or realize a smaller gain. Class A shares must generally be held for eight years from the date of purchase in order for the holder to retain the benefit of tax credits claimed in respect of the shares. Accordingly, for liquidity management purposes the Fund considers shares to be redeemable only after expiry of this eight-year period. All references to "redeemable" shares should be read accordingly. As at the end of the year, all of the Fund's financial liabilities with the exception of the Financing Promissory Note detailed in note 8d(ii) are due within one year.

The Fund monitors liquidity risk through the use of an annual liquidity model that forecasts the Fund's short and long term liquidity needs over 90-days, and the next two annual sales cycles ending March 31, based on projected levels of capital raising, investment and divestment activity, Class A Share redemptions, Roseway Participation Payments and other operational commitments.

The Fund has for the past several years focused its activities on follow-on investing and developing and closing-on exit opportunities, a natural progression for a mature venture capital fund. Over this same period, the Fund has seen a steep decline in sales activity prompted principally by the phase out and elimination of the Ontario labour-sponsored fund tax credit. Given the elimination of the already reduced Ontario tax credit, minimal sales of Canadian Fund shares were expected for the 2012 RSP sales season. In light of these factors, on September 30, 2011 the Fund announced that the Fund's Class A share offering would close to new purchases. Further, shareholders with switch rights may no longer switch one series of Class A shares for another.

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4. FINANCIAL RISK MANAGEMENT (continued)

In addition, on November 10, 2011, the Fund announced that it had adopted a redemption management plan or "RMP" whereby the Fund closed weekly Class A share redemptions and, subject to regulatory relief, will process redemptions of Class A shares semi-annually in amounts determined by the Board of Directors. Subject to regulatory relief, redemptions will be processed based on an annual redemption amount determined by the Board of Directors after taking into account projected divestment activity and the fund's follow-on investment needs, liabilities and operating commitments. The annual redemption amount may be increased or decreased in the discretion of the Board of Directors if divestment activity exceeds or falls short of projected levels. As at year end, the Fund is continuing to work with regulators regarding securing the regulatory relief required to enable the Fund to implement the RMP. If and when regulatory relief of this element of the RMP is secured, the Fund will issue a press release announcing the first semi-annual redemption date and the process for lodging redemption requests under the RMP.

The Fund initially obtained regulatory approval to close Class A share redemptions until April 16, 2012, which regulatory approval was subsequently extended to July 31, 2012 and then November 30, 2012 (the "Order"). The Fund also sought further regulatory relief to allow the Fund to process redemptions of Class A shares on the terms of the RMP adopted by the Board of Directors. The Fund is continuing to work with regulators regarding regulatory relief to enable the Fund to process redemptions under the terms of the RMP. There can be no assurance that the Fund will secure the regulatory relief required to enable the Fund to process redemptions on the basis proposed under the RMP or at all, or if it does, that the Fund will have sufficient available cash to process redemptions under the RMP or resume weekly, unrestricted Class A share redemptions.

b) Venture investment portfolio

i) Credit Risk
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a payment obligation owed to the Fund under the instrument, causing a financial loss. While the Fund's venture investments include debt instruments, which expose the Fund to credit risk, most debt instruments held are convertible into equity securities and are expected to be converted well before a divestment opportunity arises. Upon conversion, the credit risk associated with the debt instrument may be replaced by other price risk associated with the equity securities, as discussed below. If not converted or redeemed upon the maturity, the instruments generally become due on demand. Classification of debt instruments after maturity as due on demand does not represent a renegotiation of the original debt agreement. Given the expectation that debt instruments will be converted to equity securities, and thereby subject to other price risk, the credit risk associated with the Fund's venture portfolio is not considered to be significant.

ii) *Currency Risk*

Currency risk is the risk that financial instruments denominated in a currency other than Canadian dollars, which is the Fund's reporting currency, will fluctuate due to changes in the exchange rate between the Canadian dollar and the currency in which the investment is denominated. The Fund manages currency risk associated with its venture portfolio by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

iii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's venture portfolio contains debt instruments, most of which are generally convertible into equity and expected to be converted before or in connection with a follow-on investment or subsequent divestment. Accordingly, the Manager does not consider there to be significant interest rate risk on the investments as valuation is generally based on the underlying equity securities of the entity into which the debt is convertible. The values of the underlying

4. FINANCIAL RISK MANAGEMENT (continued)

equity securities generally do not change with changes in market interest rates, and the interest rates of these instruments are fixed hence changes in market interest rates will not impact cash flows of the Fund.

iv) *Other Price Risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than changes caused by interest rate or currency risk), whether caused by factors specific to an individual investment, factors affecting the sector in which the investee operates or all sectors.

The Fund generally makes investments in private companies. The Fund holds publicly traded investments in its venture investment portfolio as a result of initial public offerings by such companies or through divestitures of companies in exchange for publicly traded securities. While all venture investments held by the Fund present a risk of loss of capital due to business failures, the values of publicly traded investments are linked to movements in the stock market. In some circumstances, it may prove difficult for the Fund to quickly liquidate investments in less readily traded securities without unduly affecting the market price of the securities. Private company holdings are also linked to general market trends to the extent that poor market conditions may place downward pressure on valuations of the Fund's holdings due to reduced levels of activity in the initial public offering and merger and acquisition markets. The Fund seeks to manage other price risk by managing the level of public company holdings, including through market and private sales of these investments.

Public venture investments are grouped by Series. Once grouped, a regression analysis can be undertaken for each group of holdings to identify the correlation between the value of investments in the grouping and benchmark indices. The results and sensitivity analysis are reported in the Discussion of Financial Risk Management statement following each Series' Financial Statements.

Private venture investments are generally in early and expansion-stage companies and, accordingly, there is a limited history of operations and revenues from which to determine the fair value of these investments. Further, the fair value of these companies will primarily fluctuate in response to specific company developments rather than in response to general market conditions. Therefore, while indices such as the NASDAQ Composite Index, which is the Fund's chosen broad-based index for benchmarking purposes, may be an indicator of the Merger and Acquisition ("M&A") and Initial Public Offering ("IPO") activity within the business sectors that the Fund invests, it is difficult to identify a direct correlation between published indices or sector metrics and actual performance of private venture investments. Changes in the value of this index and other sub-sector indices may therefore differ materially from changes in the value of the Fund's private venture investments. Accordingly, a sensitivity analysis that would measure the impact on the Fund's net assets relative to changes in an index has not been provided as it is not considered meaningful.

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4. FINANCIAL RISK MANAGEMENT (continued)

c) Short-term investments and bonds:

During the year, all of the Series had fully divested from short-term investments and bonds to fund operational commitments. The Fund's short-term investments may include investments in bankers' acceptances, treasury bills, and GICs. The Fund invests in Canadian dollar denominated short-term investments and bonds, and as such is not exposed to currency risk on these investments. Further, such investments are not subject to significant other price risk.

i) *Credit Risk*

Credit rating agencies rate issuers based on how much credit risk they represent; the higher the credit rating, the lower the credit risk. The Fund manages this risk by generally investing in short-term investments, bonds and GICs issued by governments, financial institutions and issuers with credit ratings at the higher end of the range.

Other than in exceptional circumstances, transactions in listed securities are generally settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

ii) *Interest Rate Risk*

Short-term investments and bonds may be subject to interest rate risk which would affect the value of traded instruments and the Fund's interest income. When market interest rates rise, the value of traded interest-bearing instruments held by the Fund generally falls due to a decline in demand for lower yielding instruments. While higher interest rates may increase the Fund's income through higher yields on newly acquired instruments, the increase may be more than offset by a decrease in the overall value of traded instruments held by the Fund. The Fund's strategy for managing this risk is to monitor and adjust its interest-bearing portfolio holdings in light of prevailing and expected movements in short, medium and long-term interest rates and bond prices. This may include incurring early redemption penalties so as to allow re-investment of capital at higher rates.

d) Directed Funds investments

At the end of the prior year end, all of the Series had fully divested from Directed Funds investments in bonds, income notes, index notes and bank instruments. The GIC Series holds GICs at the end of the year.

The Fund's Directed Funds investments may include investments in GICs, index notes, income notes and bank instruments. As was the case at the end of the prior year, the only Directed Funds investments held by the Fund were GICs. The Fund invests in Canadian dollar denominated Directed Funds investments, and as such is not exposed to currency risk on these investments.

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4. FINANCIAL RISK MANAGEMENT (continued)

i) *Credit Risk*

Directed Funds investments in debt instruments such as GICs, index notes, income notes, and bank instruments may give rise to credit risk, which is managed in the same manner as credit risk associated with short-term investments and bonds (Note 4(c)(i)).

ii) *Interest Rate Risk*

Directed Funds investments are also subject to interest rate risk, however the extent of exposure for GICs and income notes is considered to be low due to the fact that these investments have fixed interest rates, are redeemable, and the maximum penalty for early redemption is loss of accrued interest. The interest rate risk management strategy is the same as that discussed for the short term investments and bonds (Note 4(c)(ii)).

iii) *Other Price Risk*

Other price risk arises in respect of Directed Funds investments due to movements in the quoted prices of the securities underlying index notes and income notes. The Fund manages other price risk by limiting investments in, monitoring the composition of, and adjusting the concentration of these investments. As at August 31, 2012, the Fund did not hold any Directed Funds investments in either index notes or income notes.

e) Participation liability

i) *Currency Risk*

The participation liability is denominated in Canadian dollars; however a small number of the underlying investments in the Participation Holdings defined portfolio on which the participation payments are based are denominated in US dollars and will fluctuate in value due to changes in the exchange rate between the Canadian dollar and the US dollar. The Fund manages currency risk associated with the Participation Holdings by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

ii) *Other Price Risk*

As the financing expense on the participation liability is related to the divestment proceeds of the Participation Holdings, a defined portfolio of venture investments, movements in the values of the Participation Holdings will affect the amount of interest payable under the liability. The effect of other price risk on the Fund's venture investment portfolio is discussed Note 4(b)(iv).

5. SHARE CAPITAL

Authorized
Unlimited Class A Shares issuable in series from treasury, discretionary dividend entitlement, voting, restrictions on transfer and redemption, redeemable at the net asset value less any redemption fee, entitled to elect, together with the holder of Class C, Series I shares, those directors not entitled to be elected by the holder of Class B shares and nominate certain directors for approval by Class B Shares.

- Unlimited Class B Shares, issuable only to the Sponsor of the Fund, no dividend entitlement, voting, restrictions on transfer and redemption, entitled to elect one-half plus two of the directors if the number of directors is an even number, and a majority plus one of the directors if the number of directors is an odd number.

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5. SHARE CAPITAL (continued)

- Unlimited Class C Shares, issuable in series. The Class C Shares, Series I, issuable from treasury, discretionary dividend entitlement provided the same dividend is declared or paid on the Class A Shares, non-voting, redeemable at the net asset value per share, entitled to elect, together with the holders of Class A Shares, those directors not entitled to be elected by the holder of Class B Shares.

  The Class C Shares, IPA Shares Series (the "IPA Shares"), are issuable only to a person acting as a manager or investment manager to the Fund, cumulative IPA Dividend entitlement is provided if certain terms and conditions are met, non-voting, redeemable at an amount equal to the consideration paid to the Fund thereof upon the issue of such IPA Shares.

  The holder of IPA Shares will be entitled to receive IPA Dividends based on realized gains and income on venture investments. For venture investments made after November 29, 2002 (the "IPA Start Date"), the IPA Dividends will be equal to 20% of the realized gains and income from each such venture investment.

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

  Portfolio Test - the total net realized and unrealized gains and income of the Fund from its portfolio of venture investments since the IPA Start Date must have generated an annualized rate of return greater than a cumulative annualized threshold rate of return equal to the average annual rate of return on a five year guaranteed investment certificate offered by a major Canadian chartered bank plus 2%;

  Venture Investment Test - the compounded annual internal rate of return (including realized and unrealized gains and income from prior partial dispositions of that venture investment or otherwise) from the venture investment since its acquisition by the Fund must equal or exceed 12% per year; and

  Principal Test - the Fund must have fully recovered a cash amount equal to at least the principal invested in the venture investment.

  This means, the Fund will only pay IPA Dividends in respect of any partial disposition of such a venture investment if the Fund receives, from all dispositions of that venture investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the venture investment.

  IPA Dividends in respect of venture investments made prior to the IPA Start Date will be equal to 15% of the realized gains and income from each such venture investment. This will be calculated on the same basis as for venture investments made after the IPA Start Date with two adjustments. First, the compounded annual internal rate of return (including realized and unrealized gains and income) from the venture investments since the IPA Start Date must equal or exceed 12% per year. Second, the Fund must have fully recovered the estimated fair value of the investment carried on the books of the Fund as at the IPA Start Date.

  For the purposes of payment to the Manager, the IPA Dividends are calculated and payable quarterly. To the extent they are not declared by the Board and paid when payable, they are cumulative. At August 31, 2012, the Fund has accrued \$1.55 million (2011: \$2.43 million) of IPA Dividends and the contingent amount of IPA dividends accrued were \$1.63 million (2011: \$4.79 million) by the Fund for the year ended August 31, 2012.

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5. SHARE CAPITAL (continued)

The contingent IPA Dividend is an estimate of IPA Dividends that would have been payable to the Manager had the Fund's entire venture portfolio been disposed of at the estimated fair market value as of the date of the financial statements; however, the total IPA Dividends that will actually be paid over the life of the Fund is currently not determinable, as it will depend on the value ultimately realized from the venture portfolio.

On dissolution, the Class C Shares rank equally with the Class A Shares.

Class A Shares

Redemption and subscription information includes switching of shares of one series for shares of another series. The following shares were redeemed during the year ended August 31, 2012:

Class A Shares	Outstanding Shares at Beginning of Period	Issue of shares	Redemption of Shares	Conversion of Shares-Income Series to Balanced Series	Outstanding Shares at End of Period
WV Canadian - Commission I	7,283	-	(261)	-	7,022
CAVI Series	1,049	-	(38)	-	1,011
ENSIS Series	5,268	-	(91)	-	5,177
CMDF Series	8,196	-	(96)	-	8,100
CSTGF Series	970	-	(32)	-	938
FOF Traditional	1,012	-	(22)	-	990
Venture / GIC, Commission I	63	-	-	-	63
Venture / GIC, Commission II	125	-	-	-	125
Venture / Growth, Commission I	1,261	-	(12)	-	1,249
Venture / Growth, Commission II	599	-	(2)	-	597
FOF Growth	415	-	(8)	-	407
Venture / Income, Commission I (1)	369	-	-	(369)	-
Venture / Income, Commission II (1)	297	-	-	(297)	-
Venture / Financial Services, Commission I	213	-	(2)	-	211
Venture / Financial Services, Commission II	346	-	-	-	346
Venture / Balanced, Commission I (2)	1,544	-	(7)	386	1,923
Venture / Balanced, Commission II (2)	2,182	-	(13)	310	2,479
Venture / CMDF Reinvestment Series Commission I	9	-	-	-	9
Venture / CMDF Reinvestment Series Commission II	6	-	-	-	6

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011

(2) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

Note: Effective September 30, 2011, the Fund ceased offering shares and effective November 10, 2011 closed redemptions pending regulatory relief to implement the RMP.(See Note 1).

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

5. SHARE CAPITAL (continued)

The following shares were issued and redeemed during the year ended August 31, 2011:

Class A Shares	Outstanding Shares at Beginning of Period	Issue of shares	Redemption of Shares	Outstanding Shares at End of Period
WV Canadian - Commission I	10,072	-	(2,789)	7,283
CAVI Series	1,429	-	(380)	1,049
ENSIS Series	6,648	-	(1,380)	5,268
CMDF Series	8,886	-	(690)	8,196
CSTGF Series	1,322	-	(352)	970
FOF Traditional	1,220	-	(208)	1,012
Venture / GIC, Commission I	59	5	(1)	63
Venture / GIC, Commission II	120	7	(2)	125
Venture / Growth, Commission I	1,249	31	(19)	1,261
Venture / Growth, Commission II	587	16	(4)	599
FOF Growth	499	-	(84)	415
Venture / Income, Commission I (1)	371	1	(3)	369
Venture / Income, Commission II (1)	304	-	(7)	297
Venture / Financial Services, Commission I	209	6	(2)	213
Venture / Financial Services, Commission II	340	10	(4)	346
Venture / Diversified, Commission I (2)	1,508	61	(25)	1,544
Venture / Diversified, Commission II (2)	2,151	55	(24)	2,182
Venture / CMDF Reinvestment Series Commission I	9	-	-	9
Venture / CMDF Reinvestment Series Commission II	6	-	-	6

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

Service Fees of Class A Shares

During the year a total of $764,000 (2011: $974,000) was incurred by the Fund as service fees or distribution costs for Class A shares. The Series allocation was as follows:

	2012	2011
WV Canadian – Commission I	163	230
CAVI Series	30	42
ENSIS Series	148	195
CMDF Series	240	291
CSTGF Series	27	37
FOF Traditional	30	37
Venture / GIC – Commission I & II	2	2
Venture / Growth – Commission I & II	40	46
FOF Growth	13	16
Venture / Income – Commission I & II (1)	3	14
Venture / Financial Services – Commission I & II	7	8
Venture / Balanced – Commission I & II (2)	61	55
CMDF Reinvestment Series – Commission I & II	-	-
	764	973

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

5. SHARE CAPITAL (continued)

Class B Shares
1 Class B share was outstanding during the year ended August 31, 2012 and the year ended August 31, 2011.

Class C Shares
0.1 Class C share was outstanding during the year ended August 31, 2012 and the year ended August 31, 2011.

Redemption of Class A Shares

Generally, a shareholder may redeem all or part of a series of Class A Shares held at the net asset value per series share, subject to certain restrictions and fees. In any fiscal year, the Fund is not required to redeem issued Class A Shares having an aggregate redemption price greater than an amount equal to 20% of the net asset value of the Fund as at the last day of the immediately preceding financial year. If the Fund does not redeem Class A Shares upon request, it will redeem those shares in the following financial year, at the net asset value at that time, subject to the above limit, before it redeems any other Class A Shares that it has been requested to redeem. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators [Note 4].

The Fund obtained the order to close Class A share redemptions until November 30, 2012. The Fund is continuing to work with regulators regarding regulatory relief to enable the Fund to process redemptions under the terms of the RMP. There can be no assurance that the Fund will secure the regulatory relief required to enable the Fund to process redemptions on the basis proposed under the RMP or if it does, that Canadian Fund will have sufficient available cash to process redemptions under the RMP.

6. INCOME TAXES

Current Income taxes
Under the Income Tax Act (Canada), income taxes payable by the Fund on net realized capital gains will be fully refundable on a formula basis when shares are redeemed or capital gains dividends are paid or deemed to be paid by the Fund to its shareholders. Taxes payable on net investment income, other than capital gains, and certain dividends received from Canadian corporations, will be partially refundable upon the payment or deemed payment of taxable dividends, other than capital gains dividends.

The Fund records the refundable portion of its income taxes as an asset to the extent that such amounts will be recovered through the distribution of a Class A share dividend from net investment income and/or realized capital gains on investments. If and to the extent the Fund distributes, or is deemed to have distributed, a dividend, the holder of the shares will be deemed to have received a Canadian taxable dividend and/or a realized capital gain, and the adjusted cost base of the shareholder's shares will be increased by the amount of any deemed dividend. For the years ended August 31, 2012 and 2011, the Fund did not distribute any deemed dividends.

Future income taxes
Temporary differences between the carrying amounts of assets and liabilities for accounting and income tax purposes may result in future tax assets and liabilities. When the fair value of a security exceeds the cost base, a future tax liability arises. This future tax liability may be eliminated by refundable taxes generated by payment of capital gains dividends. When the cost base of a security exceeds the fair value, a future tax asset arises. Due to the uncertainty of such future tax assets ultimately being realized, a full valuation allowance has been applied.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

6. INCOME TAXES (continued)

The components of future income tax balances as at August 31, 2012 and August 31, 2011 are as follows:

	WV Canadian and Merger Series		GIC Series		Growth Series and FOF Growth Series	
	2012	2011	2012	2011	2012	2011
Future income tax assets:						
Tax loss carryforwards	$60,856	$44,333	$98	$77	$2,464	$1,683
Deferred finance fees	684	650	5	4	74	65
Unrealized losses on portfolio	8,873	9,639	15	22	860	922
Future income tax liabilities:						
Unrealized (gains) on portfolio	-	-	-	-	-	-
Valuation allowance	(70,413)	(54,622)	(119)	(103)	(3,398)	(2,670)
Net future income tax asset (liability)	$ -	$ -	$ -	$ -	$ -	$ -

	Income Series [1]		Financial Services Series		Balanced Series [2] and CMDF Reinvestment Series	
	2012	2011	2012	2011	2012	2011
Future income tax assets:						
Tax loss carryforwards	$ -	$563	$603	$420	$5,154	$3,004
Deferred finance fees	-	18	14	12	116	82
Unrealized losses on portfolio	-	270	213	227	1,686	1,516
Future income tax liabilities:						
Unrealized (gains) on portfolio	-	-	-	-	-	-
Valuation allowance	-	(851)	(829)	(659)	(6,956)	(4,602)
Net future income tax asset (liability)	$ -	$ -	$ -	$ -	$ -	$ -

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

The provision for income taxes shown in the Fund statement of operations is different than that obtained by applying the statutory tax rates to the income (loss) from operations before income taxes for the following reasons:

	2012	2011
Combined federal and provincial sttatutory income tax rate	46.20%	45.42%
Net loss before tax calculated at statutory income tax rates	$ (13,324,627)	$ (14,151,535)
Adjustments resulting from:		
Non Taxable Portion of Unrealized Losses/(Gains)	(734,123)	(182,649)
Non Taxable Portion of Realized Losses/(Gains)	4,350,426	2,903,848
Rate Differential on Investment Income	(328,319)	4,731,582
Change in Valuation Allowance	17,965,067	(2,713,533)
Other	(7,928,424)	9,412,287
Income tax expense (recovery)	$ -	$ -

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

6. INCOME TAXES (continued)

Investment requirements

The Income Tax Act (Canada), the Manitoba Act, the Ontario Act and the principles governing the Fund's approved status under the Saskatchewan Act set minimum levels of qualifying venture investments required to be made by the Fund. If the required minimum level of qualifying venture investments is not met under each statute, the Fund will be subject to defined taxes and penalties. Also, the Fund remains subject to minimum levels of qualifying venture investments in Nova Scotia and New Brunswick that if not met will result in the Fund being subject to defined taxes and penalties. The Fund has agreed to place 15% of the capital it raises in Saskatchewan with a provincial tax credit (20% of capital referable to tax years after 2009) into a special trust account, which is released as the Fund invests in eligible businesses. If the Fund does not make investments at required times, an amount equal to the provincial tax credits allowed on the uninvested shortfall will be paid from this account to the government of Saskatchewan; provided however, that if the Fund subsequently makes the required investments, the amount paid to the government will be repaid to the Fund.

Income tax-loss carryforwards

The Fund has $156.12 million (2011: $139.90 million) in capital losses that do not expire and can be carried forward to offset future capital gains. The Fund has available non-capital losses of approximately $82.99 million (2011: $50.58 million) that expire at various times up to the year 2031, and that may be carried forward and used to offset future income for tax purposes. The following table summarizes the amount of the carryforward attributable to each Series as at August 31, 2012:

	Non-capital loss carryforwards	Capital loss carryforwards
WV Canadian and Merger Series	$69,820	$144,806
GIC Series	178	82
Growth Series	3,974	3,179
Financial Services Series	935	864
Balanced and CMDF Reinvestment Series	8,083	7,190
	$82,990	$156,121

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

7. PARTICIPATION LIABILITY

The Fund entered into a Participation Agreement with Roseway in 2010, receiving $20 million in exchange for a participating interest of 20% of the divestment proceeds of the Participation Holdings (Note 1). In addition, Roseway agreed to provide up to $3 million in follow-on funding for these companies. The Fund is required to distribute to Roseway 20% of the divestment proceeds from investments in the Participation Holdings when received, with minimum payments of $5.7 million on each of May 28, 2011, 2012 and 2013, and a $20 million payment on May 28, 2013. Payments to Roseway for divestment proceeds received are expected to extend beyond the principal repayment date of May 28, 2013.

On May 28, 2012 and 2011, the Fund made the required payment of $5.7 million to Roseway. Estimated total future payments are expected to be:

2013	25,700
2014 and beyond	1,783
	27,483

The fair value of the liability as at August 31, 2012 of $27.48 million (2011: $28.50 million) has been estimated based on the expected future cash flows discounted at 33%, which is reflective of a risk adjusted rate of a similar loan issued as at August 31, 2012. Interest expense of $5.49 million (2011: $8.65 million)

7. PARTICIPATION LIABILITY (continued)

and Roseway's share of unrealized appreciation of $611,725 (2011: unrealized depreciation of $844,593) has been recorded in the statement of operations for the year ended August 31, 2012.

The liability is secured by a charge over all non-venture assets held by the Fund, certain venture investments holdings and all exit proceeds, in the form of cash or shares, derived from the sale of the Fund's venture investments.

Increased interest amounts related to changes in the fair value of the participation holdings under the Participation Agreement have been recorded in the Statements of Operations for the period as a financing expense. The fair value is adjusted for changes in the timing and amount of expected future cash flows from Participation Holdings in which Roseway holds its participating interest.

8. RELATED PARTY TRANSACTIONS

a) Management fees and administration fees

The Fund has entered into an amended and restated Management Agreement (the "Management Agreement") dated July 15, 2006. Under the terms of the Management Agreement, the Manager provides or arranges for the provision of day-to-day management, investment management and administration services to the Fund. The Manager has engaged its affiliate GrowthWorks Capital Ltd. to perform investment fund management services and act as the Fund's principal distributor.

Under the Management Agreement, the Manager is entitled to receive an annual management fee and an administration fee based on the average net asset value of the Fund, payable monthly. Included in the Management Agreement is an adjustment provision which is designed to shift the risk of federal goods and services tax changes from the Fund to the Manager. As a result of the change to GST/HST effective January 1, 2008, the Manager is entitled to an annual management fee of 2.04% and an annual administration fee between 1.77% and 1.95% based on the average net asset value of the Fund. The total amount paid by the Fund, including both fees and HST, remains unchanged.

The Manager is also entitled to an annual capital retention administration fee, up to eight years from the commencement of the related fee, of 0.75% or 1.1625% of the original purchase price of currently offered Class A Shares issued by the Fund, that are still outstanding at the date of calculation of the fees. The Fund also pays the Manager a similar administration fee on the Merger Series (namely, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, FOF Traditional Series, and FOF Growth Series) shares equal to 0.75% of the net asset value of those shares which have been outstanding for less than eight years from the original date of issue (which for these purposes is deemed to be the date of issue of the shares for which the Merger Series shares were exchanged under the applicable merger). All management and administration fee percentages noted are rounded for ease of presentation and exclude federal goods and services tax or HST as applicable.

The Manager is responsible for substantially all operating expenses of the Fund, with the exception of service fees, directors' compensation, federal income tax, federal HST tax and any unusual or special items outside the scope of services provided for in the Management Agreement. The Fund has also agreed to reimburse the Manager for certain pre-approved interest costs incurred in connection with borrowings made in fulfilling its obligations under the Management Agreement.

The Manager has obtained relief from the requirement to be registered as an investment fund manager on the basis that its affiliate, GrowthWorks Capital Ltd., a registered investment fund manager, directly or through its officers or personnel provides or arranges for the provision of substantially all of the management services to the Fund.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

8. RELATED PARTY TRANSACTIONS (continued)

b) IPA Dividends

As the holder of the IPA Shares, the Manager is entitled to receive IPA Dividends (see Note 5).

c) Inter-Series receivables and payables

The Fund, and in some cases individual Series, may be stated as the owner of certain investments and other assets, including cash, that are allocated among multiple Series in the records of the Fund in accordance with the Fund's valuation policies and procedures through the use of inter-Series receivable and payable accounts. The Series also incur inter-Series receivables and payables on the reallocation of the Funds' venture portfolio. All inter-Series allocations occur at fair value based on the fair value of the venture portfolio. All inter-Series balances are non-interest bearing, unsecured and have no specified repayment terms.

d) Financing Loan & Financing Promissory Note ("Financing Facility")

i) Financing Loan

In the prior year, as part of an existing financing loan, the Fund entered into a note indenture and credit facility agreement with a related party, an investment fund with which it shares a common manager, and issued a secured note for up to $11 million Canadian to be used for working capital including general corporate requirements and the acquisition of additional assets. Advances of up to $2.5 million are revolving and the balance is non-revolving. During the year ended August 31, 2012, the Fund had drawn a total of $9.5 million and accrued interest of $1.46 million, which remained outstanding as of the year end. Until March 28, 2012, the secured note incurred simple interest of 12% per annum on amounts advanced. In connection with an extension of the term of the secured note, interest was increased to 22% on amounts advanced and an aggregate extension fee of $225,000 was paid during the year. As at year end, the principal borrowing amount represented 5.71% of net assets of the Fund. In accordance with the terms of the note, as amended, the outstanding principal balance and interest amounts are due in full by December 20, 2012.

ii) Financing Promissory Note

On May 18, 2012, GrowthWorks WV Management Ltd. (the "Manager"), the manager of the Canadian Fund, on behalf of the Canadian Fund obtained a $4 million term loan provided by a third party lender. In accordance with the Management Agreement, all costs incurred by the Manager in connection with the term loan will be reimbursed by Canadian Fund. Structurally, the reimbursement is effected through interest payments on a Note in the principal amount of $4 million issued under the Facility to Matrix Asset Management Inc. ("Matrix"), the parent company of the Manager. The terms of the Note match the terms of the third party loan and are formulated to ensure that Matrix does not earn interest on the Note in excess of the costs incurred by the Manager in respect of the term loan. The Note accrues interest at a rate of 18% per annum on the outstanding principal amount until July 31, 2013, and thereafter at the rate of 20% per annum until the Maturity date of July 31, 2014. Interest will be payable in arrears on each of January 31, 2013, July 31, 2013, January 31, 2014 and July 31, 2014. At any time the Fund is in default in the payment of any amount due under this promissory note, such overdue amounts shall bear interest at 24%. At August 31, 2012 the principal amount outstanding related to the Note is $4.0 million dollars and the Fund has accrued interest of $207,123 related to the Note.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

9. RECONCILIATION OF NET ASSET VALUE

As a result of the implementation of CICA Handbook Section 1100, "Generally Accepted Accounting Principles", the labour-sponsored fund industry practice of deferring and amortizing commissions paid on the sale of Class A shares on a straight line basis over eight years is no longer considered acceptable under Canadian GAAP. Accordingly, the Fund adopted prospectively, effective September 1, 2004, a change in accounting policy for commissions paid on WV Canadian – Commission I Class A Shares, whereby the unamortized balance of deferred charges at September 1, 2004 was charged against the net assets of the WV Canadian – Commission I Class A Shares.

In conjunction with this change in policy, the Ontario Securities Commission ("OSC") provided exemptive relief, which was extended under National Instrument 81-106 *Investment Fund Continuous Disclosure*, allowing for the transition from the deferral and amortization method to the direct charge method as it relates to the unamortized balance of deferred charges at December 1, 2003 and the net asset value per share used for share transactions. The Fund has relied on the exemptive relief provisions for purposes of calculating the net asset value per share of the Fund's WV Canadian – Commission I Class A Shares for share transaction and the Fund continues to amortize against net asset value the deferred commissions existing at December 1, 2003 over their remaining useful life. The Fund no longer offers WV Canadian – Commission I Class A Shares, and all commissions arising on the sale of new series of Class A Shares are paid by the Manager.

Certain shares issued pursuant to previous mergers, as noted in the table below, have an unamortized balance of deferred charges carried over from the merged funds. The Fund continues to amortize these deferred charges for purposes of calculating the net asset value of those shares used for share transactions. As a result, for these shares the calculation of the net assets and net assets per Class A share determined in accordance with Canadian GAAP ("net assets" and "net assets per share", respectively) differs from net asset value and net asset value per Class A share ("NAV" and "NAV per share" respectively) used for share transactions.

	ENSIS Series
Net Assets – August 31, 2012	$25,004
Adjustments:	
Beginning unamortized deferred charges	910
Amortization of deferred charges for the year	(392)
NAV - August 31, 2012	$25,522
Class A shares outstanding at year	5,177
Net Assets per Class A share	$4.83
NAV per Class A share	$4.93

10. CONTINGENCIES

In the normal course of operations, various claims and legal proceedings are initiated against the Fund. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, the Fund has made adequate provision or has adequate insurance to cover all claims and legal proceedings. Consequently, any settlements reached should not have a material effect on the Fund's net assets.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
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11. CONSOLIDATION OF THE INCOME SERIES

On November 25, 2011, the Income Series was consolidated into the Diversified Series based on the relative NAV of each of the series. The NAV of the Diversified Series was $6.61 per share, and the NAV for the Income Series was $6.92. Each Income Series share was converted into 1.05 of a Diversified Series share. The name of Diversified Series was changed to "Balanced Series" and the Directed Funds (Note 2(c)) investment focus for Diversified Series Class A shares was refined to reflect a more balanced mix of equity and fixed income securities.

The consolidation of the Income Series into the Balanced Series (formerly the Diversified Series) occurred in accordance with shareholder approval received at the Fund's most recent annual general meeting.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of short-term obligations arising primarily from related party transactions (Note 8) and accrued incentives relating to service fees the Fund pays quarterly to registered dealers at an annual rate of 0.5% of the average net asset value of the Class A shares held by the dealers' clients. The following table provides details of accounts payable and accrued liabilities by significant category for the year ended August 31, 2012 and year ended August 31, 2011:

	Merger Series		GIC Series		Growth Series	
	2012	2011	2012	2011	2012	2011
Accrued management fees	$ 1,835	$ 3,793	$ 15	$ 30	$ 178	$ 363
Accrued incentives	108	130	0	-	9	11
Other payables/liabilities	1,420	107	7	1	83	7
Accounts payable and accrued liabilities	$ 3,363	$ 4,030	$ 22	$ 31	$ 270	$ 381

	Income Series [1]		Financial Services Series		Balanced Series [2] and CMDF Reinvestment Series	
	2012	2011	2012	2011	2012	2011
Accrued management fees		$106	$44	$89	$349	$597
Accrued incentives	-	2	1	1	10	10
Other payables/liabilities	-	3	20	5	162	14
Accounts payable and accrued liabilities	$ -	$ 111	$ 65	$ 95	$ 521	$ 621

Note: (0) indicates an amount that is less than one thousand

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011

(2) On November 25, 2011, The Fund's previously named Diversified Series were re-designated Balanced Series

13. INDEPENDENT VALUATOR

Pursuant to the independent valuation requirements of National Instrument 81-106, the Fund requires an independent review to assess whether or not the fair value of the Fund's venture portfolio is, in all material respects, reasonable. Qualified chartered business valuators within the Valuations Practice of KPMG LLP, the Fund's independent auditor, performed this review at the Fund's most recent year end (August 31, 2012) and concluded that the fair value was, in all material respects, reasonable.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2012 and 2011
Tabular amounts expressed in thousands

14. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the year ended August 31, 2012, the Fund paid a total of $25,250 (2011: $15,200) to the members of the IRC, excluding fees paid to IRC members in their capacity as directors or members of other board committees.

GrowthWorks
Canadian Fund

www.growthworks.ca/canadian

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416.934.7777 or 1.800.463.1652 info@growthworks.ca

Tab M

GrowthWorks
Canadian Fund

This is Exhibit "M" to the
affidavit of C. Ian Ross
sworn before me this 30th
day of September 2013

Kelly [signature]
A COMMISSIONER FOR TAKING AFFIDAVITS

2011 Annual Financial Statements
For the year ended August 31, 2011

GrowthWorks Canadian Fund Ltd.

WV Canadian & Merger Series:
WV Canadian – Commission I
CAVI Series
ENSIS Series
CMDF Series
CSTGF Series
FOF Traditional Series

GIC Series:
Venture / GIC – Commission I
Venture / GIC – Commission II

Growth Series:
Venture / Growth – Commission I
Venture / Growth – Commission II
FOF Growth Series

Income Series:
Venture / Income – Commission I
Venture / Income – Commission II

Financial Services Series:
Venture / Financial Services – Commission I
Venture / Financial Services – Commission II

Diversified and CMDF Reinvestment Series:
Venture / Diversified – Commission I
Venture / Diversified – Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Performance Diversification Know-How

GrowthWorks Canadian Fund
Annual Report to Shareholders

To our investors,

The Fund remains one of the most mature and diversified venture capital funds in Canada. While difficult market conditions have caused GrowthWorks Canadian Fund to close sales of Class A shares [and pursue measures to manage levels of Class A share redemptions], the Fund's Board of Directors and Manager remain confident in the potential of our venture portfolio. Today, the portfolio consists of approximately 85 companies, which represent a broad cross-section of IT, life sciences, advanced manufacturing and cleantech businesses. We believe that many of our portfolio companies are solid merger and acquisition (M&A) and IPO candidates.

Over the past several years, our investment strategy has focused on existing portfolio companies that exhibit strong growth prospects and the best potential for profitable exits, rather than investing in new businesses. In keeping with this approach, we completed follow-on investments of approximately $15.8 million in 19 portfolio companies during the year ended August 31, 2011. This is down from previous years, as many of our holdings have progressed beyond the capital-intensive early development stage. Our relatively mature portfolio continues to drive strong exit activity, with the Fund divesting 34 companies during fiscal 2011 generating close to $50 million in proceeds to the Fund. Over the past 6 fiscal years, the Fund has achieved exits totalling more than $300 million.

Subsequent to year end, on November 10, 2011, the Fund announced that it had adopted a redemption management plan or "RMP" whereby the Fund will close weekly Class A share redemptions and, subject to regulatory approval, would process redemptions of Class A shares semi-annually in amounts determined by the Board of Directors. The RMP was formulated to maintain meaningful levels of investor liquidity while at the same time preserve cash needed to fund follow on investments in the fund's most promising portfolio companies. Recent volatility in market conditions has impaired the Fund's ability to complete cash-generating exits from its venture portfolio, tightening the Fund's liquidity position. The Fund cannot continue to process all anticipated Class A share redemptions requests while at the same time preserve capital for follow-on investments. The Board of Directors and the Manager of the fund remain confident in the potential of the fund's mature, diversified venture portfolio. The primary objective of the RMP is to ensure the significant upside potential in the fund's portfolio can be cultivated and optimized for shareholders. If and when regulatory approval of this element of the RMP is secured, the Fund will issue a press release announcing the first semi-annual redemption date and the process for lodging redemption requests under the RMP.

The NAV per share did not grow during the period primarily because of downward pressure on valuations caused by low levels of venture capital supply over the past several years and the impact of the strong Canadian dollar on certain U.S. dollar-denominated valuations.

Follow-on investments support growing companies

During the past 12 months, we focused our investment activity entirely on some of our most promising portfolio companies that required additional capital to support their growth. The following three companies are among the 19 companies that received follow-on investments from the Fund:

- **Ambit Biosciences (Canada) Corporation, Toronto, Ontario ($4.3 million).** Ambit is an emerging biopharmaceutical company pursuing the discovery and development of small molecule kinase inhibitors for the treatment of cancer, inflammatory disease and other indications. Since the Fund's initial investment in 2004, Ambit has completed Phase I and started the first Phase II clinical trial of its lead product candidate (AC220) in treating acute myeloid leukemia. Our most recent investment in the company was part of a $30 million syndicated financing round. The new funds will enable Ambit to continue the clinical development of AC220. Ambit's clinical pipeline also includes AC430, which has demonstrated encouraging efficacy in pre-clinical models of autoimmune and inflammatory diseases, and AC480, which is under trial to assess safety, pharmacokinetics and anti-tumour activity in patients with advanced solid tumours. In November 2010, Ambit filed a registration statement to go public on NASDAQ.

- **BTI Photonic Systems, Ottawa, Ontario ($2.4 million).** BTI Systems seeks to address growing demand for high-capacity fibre optic networks. Its telecommunication services and products are used by network owners to expand capacity for services such as video and data communications which require large amounts of bandwidth. Headquartered in the heart of Ottawa's technology corridor, BTI Systems operates regional sales, research and development hubs in key technology markets around the globe. The company currently serves more than 300 international customers and has recently moved aggressively into Asia and the United States.

- **OneChip Photonics, Ottawa, Ontario ($3.0 million).** OneChip continues to distinguish itself as an innovator in the optical communications industry. For the second year in a row, the company was named to *EE Times* Top 60 Emerging Start-ups list, which is informally known as the Silicon 60. Founded in 2005, OneChip develops and manufactures low-cost, high-performance optical transceivers which enable broadband carriers to increase the speed of their services over fibre-based optical networks, while keeping user costs low. The latest round of funds ($18 million in total from all investors) will be used to move the company from development to production of its monolithically integrated passive optical network (PON) optical transceiver product range. OneChip has been supplying PON transceiver samples to potential customers since January 2011 and is aiming to start production in the first quarter of 2012.

Portfolio exits generate strong returns

During fiscal 2011, we completed 34 exits with a total value of approximately $50 million. The high level of exit activity is largely a function of our portfolio's overall maturity and improved M&A market conditions that persisted for most of the fiscal year, and is in line with the Fund's portfolio planning strategy. Highlights include:

- **Gemin X Pharmaceuticals, Inc.** In March 2011, we announced that Gemin X, a pharmaceutical company focused on the discovery, development and commercialization of novel, targeted cancer therapeutics, was acquired by a leading global biopharmaceutical company (Cephalon, Inc.) for US$225 million. The Fund could also receive up to $6.6 million in additional funds upon the achievement of certain regulatory and sales milestones. The Fund acquired Gemin X in 2009, when we merged with Canadian Medical Discoveries Fund Inc. (CDMF).

- **Paymentus Corporation.** In September 2011, our interest in Paymentus, a leading electronic bill payment company, was acquired as part of a large equity investment made by Accel-KKR, a technology-focused private equity firm. With the Fund more than doubling its original investment in Paymentus, we view this exit as further confirmation of both our investment philosophy and the strong early stage investment opportunities that exist in Canada.

The Fund also completed profitable exits from Cengea Solutions Inc. and from our last notable real estate holding, Castlemore Country Club, a golf course and residential housing project in Brampton, Ontario.

Portfolio companies regain market attention

We are currently seeing signs that the Life Sciences sector, which has lagged recently despite promising long-term fundamentals, may be gaining strength. The Fund's Life Science's portfolio has several strong companies, including agricultural biotechnology companies **Targeted Growth Inc.** and **Agrisoma Biosciences Inc.**, and medical device companies **Orthopaedic Synergy, Inc.** and **ViOptix Canada Inc.**

To learn more about our portfolio companies, visit www.growthworks.ca/canadian and choose "Portfolio." Then click on the link to the respective company websites.

Venture capital market activity slows

Canadian venture capital (VC) deal-making showed moderate growth during the first half of calendar 2011, rising by about 10% compared to the same period last year. However, continued financing of VC-backed companies has become increasingly threatened due to the ongoing decline in VC fundraising, according to Canada's Venture Capital & Private Equity Association (CVCA). New capital commitments to VC funds for the six months ended June 30, 2011 were down 46% compared to the first half of 2010.

During the first half of the year, we did see a strong level of exits, with 14 liquidity events occurring during the first six months of 2011. The activity was led by strategic acquisitions and one VC-backed IPO reported by mid-August. More recently, however, volatility in the overall capital markets has negatively impacted levels of exit activity.

Proposal to Acquire the VenGrowth Funds

During the year, shareholders of the Fund approved a proposed merger of some or all of the VenGrowth Funds into the Fund. The board of directors of the VenGrowth Funds negotiated an alternative merger proposal whereby the VenGrowth Funds would be merged into Covington Fund II Inc. The Fund believes that the GrowthWorks proposal offered a number of advantages for Class A shareholders of the VenGrowth Funds as compared to the Covington proposal. Despite the Fund soliciting proxies voting against the Covington proposal, shareholders of the VenGrowth Funds approved the Covington proposal and the VenGrowth Funds were merged into Covington Fund II Inc. As a result, the VenGrowth Funds will not be merged into the Fund.

Looking Ahead

Our outlook for the coming year remains optimistic, however we expect market volatility will continue in the near term, which may limit exit opportunities and impact levels of available cash in the Fund. The supply of VC funds is down dramatically over recent years, which has created a "buyer's market" within our industry. For the Fund, this means our holdings may be re-valued at lower prices when portfolio companies require increasingly scarce follow-on capital. While this has a potentially negative affect on our NAV, it can provide opportunities to maintain, or increase, our ownership stake in solid companies with fewer dollars invested. At the same time, many of the Fund's portfolio companies continue to mature, creating an ever-stronger portfolio.

While exit opportunities may decline in the near term, looking ahead we believe improving conditions in IPO and M&A markets in the medium term will pave the way for higher portfolio company valuations and increased exit opportunities. This should position the Fund well to realize full values for many of our portfolio companies, as with our exit from Gemin X. We also anticipate that stronger market conditions would drive share value appreciation in several of our higher-performing private companies, positioning them for exits and strong returns.

In the meantime, we will continue to provide ongoing financial and strategic support to our most promising portfolio companies, so that we may meet our growth objectives and effectively capitalize on exit opportunities as they arise. Our manager and Board of Directors will remain focussed on selectively deploying capital for follow-on investments and seeking-out exit opportunities that will support investor liquidity.

In closing, I'd like to thank all our shareholders for their continuing support and patience as we work to realize the Fund's potential. I also thank the management of our portfolio companies for their hard work and achievements.

Sincerely,

David Levi, President and CEO
GrowthWorks Canadian Fund Ltd.

This report contains forward looking statements that are not based on historical or current fact, including but not limited to statements about future economic and market conditions, the Fund's ability to process Class A share redemptions, the business, plans and prospects of, and results achieved by, portfolio companies, future investment activity, expectations for divesting or exiting from investments in the Fund's venture portfolio, prospects for improved investor liquidity and the impact of market conditions on exit opportunities and portfolio values. 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, including but not limited to uncertainty surrounding applications for regulatory approval related to the RMP, economic and market conditions and, in turn, the climate for divestment activity, results achieved and further financing required by portfolio companies, future follow-on investment activity, timing of and proceeds from divestments of portfolio investments, higher than expected levels of Class A share redemptions, changing government policies and other risks referenced in the Fund's filings with Canadian securities regulators. Most of these factors are beyond the control of the Fund and its manager. Unless required by law, neither Canadian Fund nor its manager assumes any obligation to update any forward-looking statements or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or other factors. There can be no assurance that the Fund will secure the necessary regulatory approvals to redeem Class A shares under the RMP or that the Fund will resume weekly, unrestricted redemptions of Class A shares.

Other Information: A description of the Fund's business plan for 2011, the extent to which the Fund met its objectives and its business plan for this year can be found in the Fund's prospectus dated November 17, 2010 (the "Prospectus"), including the sections called *Investment Objectives* and *Investment Strategies,* and the Fund's management reports of performance for the year-ended August 31, 2011 ("MRFPs"), including under the heading *Results of Operations*; particulars of compensation paid to board members of the Fund, including travel and other expenses, can be found in the Prospectus in the section called *Fees, Expenses and Dividends – Directors Remuneration*; a description of the risks associated with making investments in the Fund can be found in the Prospectus in the section called *Risk Factors*; a description of the Fund's process for valuing its Class A shares can be found in the Prospectus in the section called *Calculation of Net Asset Value*; and a description of the board's reserves policy can be found in the Prospectus in the section called *Investment Strategies – Reserves Policies* and in the MRFPs in the section called *Results of Operations – Liquidity.*

THE MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of **GrowthWorks Canadian Fund Ltd.**

The accompanying financial statements for the GrowthWorks Canadian Fund Ltd. are the responsibility of the Manager, GrowthWorks WV Management Ltd., and have been approved by the Board of Directors.

The financial statements have been prepared by the Manager based on the information available to November 16, 2011 and are in accordance with Canadian generally accepted accounting principles and reflect the Manager's best estimate and judgements.

The Manager has established systems of internal controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors discharges its duties related to the financial statements primarily through the activities of its Audit and Valuation Committee [the "Committee"], which is composed of member of the Board of Directors.

The Committee has responsibility for establishing policies and procedures used by the Manager in determining the value of the Fund's assets, the net asset value by series of the Class A Shares of the Fund as at August 31, 2011.

The Committee meets with the Manager to ensure that the Manager is performing responsibly to maintain financial controls and systems, and to review the financial statements for the Fund. The Committee also meets with the independent auditors to discuss the audit approach, the review of internal accounting controls and the results of their examination, prior to submitting the financial statements to the Board of Directors and recommending its approval thereof. The Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement and reappointment of the independent auditors.

The financial statements have been audited by KPMG LLP, Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

November 16, 2011

David Levi	Clint Matthews
President and CEO	CFO

KPMG

KPMG LLP
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of GrowthWorks Canadian Fund Ltd., comprising the following series:

WV Canadian - Commission I	FOF Growth Series
CAVI Series	Venture / Income - Commission I
ENSIS Series	Venture / Income - Commission II
CMDF Series	Venture / Financial Services - Commission I
CSTGF Series	Venture / Financial Services - Commission II
FOF Traditional Series	Venture / Diversified - Commission I
Venture / GIC - Commission I	Venture / Diversified - Commission II
Venture / GIC - Commission II	Venture / CMDF Reinvestment - Commission I
Venture / Growth - Commission I	Venture / CMDF Reinvestment - Commission II
Venture / Growth - Commission II	(collectively, the "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at August 31, 2011, the statements of net assets as at August 31, 2011 and 2010, the statements of operations, changes in net assets and cash flows for the years ended August 31, 2011 and 2010 and notes, comprising a summary of significant accounting policies and other explanatory information.

The Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KPMG

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the investment portfolio of GrowthWorks Canadian Fund Ltd. as at August 31, 2011, its net assets as at August 31, 2011 and 2010 and its results of operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

November 29, 2011
Vancouver, Canada

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Net Assets
For the years ended August 31 (In thousands except per share amounts)

		2011		2010
Assets				
Cash	$	1,866	$	5,551
Restricted cash [Note 11]		-		2,204
Short-term investments and bonds		364		10,558
Guaranteed investment certificates		307		398
Venture investments		171,002		217,785
Divestment proceeds receivable		7,881		1,813
Accrued interest receivable		4,090		4,956
Other assets		154		99
Inter-series receivable [Note 8]		-		-
	$	185,664	$	243,364
Liabilities				
Accounts payable and accrued liabilities [Note 12]	$	4,030	$	3,686
Redemptions payable		132		108
Incentive participation dividend payable [Note 5]		1,857		711
Contingent IPA [Note 5]		3,667		5,184
Participation liability [Note 7]		21,810		18,158
Loan facility [Note 8]		1,936		-
Inter-series payable [Note 8]		2,140		2,340
	$	35,572	$	30,187
Net assets				
WV Canadian – Commission I	$	49,764	$	76,132
CAVI Series		6,572		10,312
ENSIS Series		30,500		44,976
CMDF Series		51,238		63,987
CSTGF Series		5,811		9,160
FOF Traditional Series		6,207		8,610
	$	150,092	$	213,177
Shares outstanding [Note 5]				
WV Canadian – Commission I		7,283		10,072
CAVI Series		1,049		1,429
ENSIS Series		5,268		6,648
CMDF Series		8,196		8,886
CSTGF Series		970		1,322
FOF Traditional Series		1,012		1,220
Net assets per share				
WV Canadian – Commission I	$	6.83	$	7.56
CAVI Series		6.27		7.22
ENSIS Series [Note 9]		5.79		6.77
CMDF Series		6.25		7.20
CSTGF Series		5.99		6.93
FOF Traditional Series		6.13		7.06

Subsequent Event [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:

_______________ Director   _______________ Director

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series
Statements of Operations (In thousands except per share amounts)
For the years ended August 31

	2011	2010
Investment income:		
Interest – short-term investments and bonds	$ 24	$ 186
Interest – venture investments	3,521	2,733
Interest – income notes	-	291
Interest – bank instruments	-	51
Interest – other income	555	772
	4,100	4,033
Expenses:		
Management fees [Note 8]	3,618	5,446
Administration fees [Note 8]	3,527	5,156
Capital retention administration fees [Note 8]	348	592
Directors' fees	370	288
Legal fees	170	821
Service fees [Note 5]	832	1,234
Financing expense [Note 7]	6,778	1,422
Other	1,541	2,511
Total expenses before fee waiver	17,184	17,470
Expenses waived or absorbed by Manager	(148)	(22)
Net expenses	17,036	17,448
Net investment income (loss)	(12,936)	(13,415)
Realized gain (loss) from:		
Venture investments	(8,931)	(21,759)
Short-term investments and bonds	66	230
Bank instruments	-	69
Income notes	-	(1,948)
Index notes	-	(2)
Total realized gain (loss)	(8,865)	(23,410)
Incentive participation dividend [Note 5]	(343)	(710)
Net realized gain (loss)	(9,208)	(24,120)
Change in unrealized appreciation (depreciation) of:		
Venture investments	(33)	1,610
Short-term investments and bonds	(65)	(16)
Bank instruments	-	(43)
Income notes	-	3,331
Index notes	-	15
Change in unrealized appreciation (depreciation)	(98)	4,897
Contingent incentive participation dividend [Note 5]	(425)	(1,097)
Participation liability [Note 7]	(639)	(614)
Net change in unrealized appreciation (depreciation)	(1,162)	3,186
Increase (decrease) in net assets from operations before income taxes	(23,306)	(34,349)
Provision for income taxes (expense) recovery	-	-
Increase (decrease) in net assets from operations	(23,306)	(34,349)
Increase (decrease) in net assets from operations:		
WV Canadian – Commission I	$ (6,534)	$ (12,086)
CAVI Series	(1,144)	(1,745)
ENSIS Series	(5,476)	(7,783)
CMDF Series	(8,088)	(9,730)
CSTGF Series	(1,041)	(1,576)
FOF Traditional Series	(1,023)	(1,429)
Increase (decrease) in net assets from operations	$ (23,306)	$ (34,349)
Increase (decrease) in net assets from operations per share:		
WV Canadian – Commission I	$ (0.76)	$ (1.01)
CAVI Series	(0.93)	(1.03)
ENSIS Series	(0.92)	(0.90)
CMDF Series	(0.94)	(1.05)
CSTGF Series	(0.92)	(1.01)
FOF Traditional Series	(0.92)	(1.04)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	WV Canadian – Commission I		CAVI Series		ENSIS Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	$ 76,132	$ 122,447	$ 10,312	$ 16,604	$ 44,976	$ 63,053
Changes during the year:						
Net increase (decrease) in net assets from operations	(6,534)	(12,086)	(1,144)	(1,745)	(5,476)	(7,783)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(19,834)	(34,229)	(2,596)	(4,547)	(9,000)	(10,294)
	(19,834)	(34,229)	(2,596)	(4,547)	(9,000)	(10,294)
Net assets, end of year	$ 49,764	$ 76,132	$ 6,572	$ 10,312	$ 30,500	$ 44,976

	CMDF Series		CSTGF Series		FOF Traditional Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	$ 63,987	$ 79,022	$ 9,160	14,384	$ 8,610	$ 12,515
Changes during the year:						
Net increase (decrease) in net assets from operations	(8,088)	(9,730)	(1,041)	(1,576)	(1,023)	(1,429)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(4,661)	(5,305)	(2,308)	(3,648)	(1,380)	(2,476)
	(4,661)	(5,305)	(2,308)	(3,648)	(1,380)	(2,476)
Net assets, end of year	$ 51,238	$ 63,987	$ 5,811	$9,160	$ 6,207	$ 8,610

	Total	
	2011	2010
Net assets, beginning of year	$ 213,177	$ 308,025
Changes during the year:		
Net increase (decrease) in net assets from operations	(23,306)	(34,349)
Capital transactions:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(39,779)	(60,499)
	(39,779)	(60,499)
Net assets, end of year	$ 150,092	$ 213,177

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flow from operating activities:		
Net investment income (loss)	$ (12,936)	$ (13,415)
Changes in non-cash operating accounts:		
Accrued interest receivable	866	2,872
Other assets	(55)	383
Income tax receivable	-	280
Accounts payable and accrued liabilities	344	(1,169)
Incentive participation dividend payable	-	1,808
Contingent IPA payable	(1,517)	-
Inter-series payable (receivable)	11,193	(4,926)
	(2,105)	(14,167)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	37,605	37,262
Disposition of short-term investments and bonds	26,416	32,173
Disposition of bank instruments	-	7,122
Disposition of income notes	-	9,401
Disposition of index notes	-	82
Purchase of portfolio assets:		
Purchase of venture investments	(12,385)	(19,657)
Purchase of short-term investments and bonds	(16,331)	(4,289)
Purchase of bank instruments	-	-
Purchase of income notes	-	-
Purchase of index notes	-	-
Restricted cash	2,204	3
Incentive participation dividend payable	1,146	-
Divestment proceeds receivable	(6,068)	(1,813)
	32,587	60,284
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(39,779)	(60,499)
Loan facility	1,936	-
Subscriptions receivable	-	5
Participation liability	3,652	18,158
Redemptions payable	24	(585)
	(34,167)	(42,922)
Increase (decrease) in cash position	(3,685)	3,195
Cash position, beginning of year	5,551	2,356
Cash position, end of year	$ 1,866	$ 5,551
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ 11,393	$ (14,767)

See accompanying notes to financial statements.

Ensis Series, CMDF Series, and FOF Traditional Series (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately $35.6 million (2010: $28.2 million). In addition, as of August 31, 2011, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $107.2 million (2010: $166.9 million). The fund is not required to redeem all eligible Class A shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is $44.3 million (2010: $65.2 million) which represents approximately 29.5% (2010: 30.6%) of the Series' net assets. This is comprised of $31.6 million (2010: $47.4 million) of venture investments, $671,602 (2010: $11.0 million) of short term investments, bonds and GIC's, and $12.0 million (2010: $6.8 million) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	$ 7,479	$ 5,615	$ -	$ -	$ -	$ -	$ 7,479	$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	$ 7,479	$ 6,321	$ 6,581	$ 14,649	$ 14,406	$ 11,363	$ 28,466	$ 32,333

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is $20.3 million (2010: $28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2011 and 2010 is as follows:

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	$ -	$ 10,558	-	96.4%	-	5.0%
R1	364	-	54.1%	-	0.2%	-
Not available	307	398	45.9%	3.6%	0.2%	0.1%
Total	$ 671	$ 10,956	100.0%	100.0%	0.4%	5.1%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.6%) of the venture portfolio and 17.2% (2010: 60.7%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.4% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 5.1%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately $1,655 (2010: $10,637), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	$ 671	$ 10,706	100.0%	97.7%	0.4%	5.0%
1 - 3 years	-	250	-	2.3%	-	0.1%
Total	$ 671	$ 10,956	100.0%	100.0%	0.4%	5.1%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent $457,470 (2010: $4.2 million) or 0.3% (2010: 2.0%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	$ 22	$ 77	0.0%	0.0%
		$ 22	$ 77	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $21,577 (2010: $77,051) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Assets				
Cash	$	289	$	289
Guaranteed investment certificates		945		852
Venture investments		385		504
Divestment proceeds receivable		17		5
Accrued interest receivable		9		34
Subscriptions receivable		-		138
Inter-series receivable [Note 8]		-		-
	$	1,645	$	1,822
Liabilities				
Accounts payable and accrued liabilities [Note 12]	$	31	$	6
Redemption payable		-		-
Incentive participation dividend payable [Note 5]		4		2
Contingent IPA [Note 5]		8		13
Participation liability [Note 7]		49		42
Loan facility [Note 8]		4		-
Inter-series payable [Note 8]		142		278
	$	238	$	341
Net assets				
Venture / GIC Commission I	$	475	$	490
Venture / GIC Commission II		932		991
	$	1,407	$	1,481
Shares outstanding [Note 5]				
Venture / GIC Commission I		63		59
Venture / GIC Commission II		125		120
Net assets per share				
Venture / GIC Commission	$	7.54	$	8.30
Venture / GIC Commission II		7.46		8.25

Subsequent Event [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Investment income:				
Interest – venture investments	$	9	$	10
Interest – other income		3		3
		12		13
Expenses:				
Management fees [Note 8]		29		24
Administration fees [Note 8]		28		23
Capital retention administration fees [Note 8]		18		14
Directors' fees		3		1
Legal fees		1		5
Service fees [Note 5]		2		2
Financing expense [Note 7]		18		6
Other		19		9
Total expenses before fee waiver		118		84
Expenses waived or absorbed by Manager		(1)		-
Net expenses		117		84
Net investment income (loss)		(105)		(71)
Realized gain (loss) from:				
Venture investments		(37)		(49)
Guaranteed investment certificates		-		-
Total realized gain (loss)		(37)		(49)
Incentive participation dividend [Note 5]		(1)		(2)
Net realized gain (loss)		(38)		(51)
Change in unrealized appreciation (depreciation) of:				
Venture investments		3		(8)
Guaranteed investment certificates		-		-
Change in unrealized appreciation (depreciation)		3		(8)
Contingent incentive participation dividend [Note 5]		(1)		(3)
Participation Liability [Note 7]		(2)		(2)
Net change in unrealized appreciation (depreciation)		-		(13)
Increase (decrease) in net assets from operations before income taxes		(143)		(135)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(143)		(135)
Net increase (decrease) in net assets from operations:				
Venture / GIC – Commissions I	$	(48)	$	(46)
Venture / GIC – Commissions II		(95)		(89)
Net increase (decrease) in net assets from operations	$	(143)	$	(135)
Net increase (decrease) in net assets from operations per share:				
Venture / GIC – Commissions I	$	(0.77)	$	(0.95)
Venture / GIC – Commissions II		(0.77)		(0.96)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	$ 490	$ 327	$ 991	$ 527	$ 1,481	$ 854
Changes during the year:						
Net increase (decrease) in net assets from operations	(48)	(46)	(95)	(89)	(143)	(135)
Capital transactions:						
Proceeds from issuance of Class A shares	35	209	54	553	89	762
Payment on redemption of Class A shares	(2)	-	(18)	-	(20)	-
	33	209	36	553	69	762
Net assets, end of year	$ 475	$ 490	$ 932	$ 991	$ 1,407	$ 1,481

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (105)	$ (71)
Changes in non-cash operating accounts:		
Accrued interest receivable	25	(30)
Accounts payable and accrued liabilities	25	5
Incentive participation dividend payable	-	5
Contingent IPA Payable	(5)	-
Inter-series payable (receivable)	(206)	(859)
	(266)	(950)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	132	212
Disposition of guaranteed investment certificates	-	-
Purchase of portfolio assets:		
Purchase of venture investments	(74)	(82)
Purchase of guaranteed investment certificates	-	-
Incentive participation dividend payable	2	-
Divestment proceeds receivable	(12)	(5)
	48	125
Cash flows from (used in) financing activities:		
Proceeds from issuance of shares	89	762
Payment on redemption of Class A Shares	(20)	-
Loan facility	4	-
Subscriptions receivable	138	70
Participation liability	7	42
Redemption payable	-	-
	218	874
Increase (decrease) in cash position	-	48
Cash position, beginning of year	289	241
Cash position, end of year	$ 289	$ 289

Supplemental Cash Flow information:

	2011	2010
Allocation of investment assets and inter-series payable (receivable)	$ (70)	$ (695)

See accompanying notes to financial statements.

Venture / GIC Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately $ 238,946 (2010: $ 340,508).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is $1.0 million (2010: $1.1 million) which represents approximately 71.07% (2010: 76.9%) of the Series' net assets. This is comprised of $71,098 (2010: $109,814) of venture investments, $945,005 (2010: $851,920) of GIC's, and $26,030 (2010: $176,536) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 2010 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	$ 7,479	$ 5,615	$ -	$ -	$ -	$ -	$ 7,479	$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	$ 7,479	$ 6,321	$ 6,581	$ 14,649	$ 14,406	$ 11,363	$ 28,466	$ 32,333

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is $20.3 million (2010: $28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments:

An analysis of the credit ratings of the Series' GIC as at August 31, 2011 and 2010 is as follows:

GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
Not available	$ 945	$ 852	100.0%	100.0%	67.2%	57.5%
Total	$ 945	$ 852	100.0%	100.0%	67.2%	57.5%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.1% (2010: 0.1%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 the GIC portfolio comprising approximately 67.2% (2010: 57.5%) of the Series' net assets, are exposed to interest rate risk. The Manager considers the exposure to interest rate risk insignificant for GIC's as discussed in note 4(b)(iii). Further the Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). Given the nature of the holdings, a sensitivity analysis has not been provided as it would not be considered meaningful. The following table summarizes the Series' potential exposure to interest rate risk analyzed by maturity date:

GIC's by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
less than 1 year	$ 945	$ 316	100.0%	37.1%	67.2%	21.3%
1-3 years		536	-	62.9%	-	36.2%
Total	$ 945	$ 852	100.0%	100.0%	67.2%	57.5%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent $1,029 (2010: $9,661) or 0.1% (2010: 0.7%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	$ 0	$ 0	0.0%	0.0%
		$ 0	$ 0	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $49 (2010: $178) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Assets		
Cash	$ -	$ -
Short-term investments and bonds	35	834
Guaranteed investment certificates	30	32
Venture investments	16,365	17,212
Divestment proceeds receivable	755	143
Accrued interest receivable	391	1,167
Subscriptions receivable	-	306
Inter-series receivable [Note 8]	655	223
	$ 18,231	19,917
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 381	196
Incentive participation dividend payable [Note 5]	178	53
Contingent IPA [Note 5]	351	345
Participation liability [Note 7]	2,087	1,435
Loan facility [Note 8]	185	-
Inter-series payable [Note 8]	-	-
	$ 3,182	$ 2,029
Net assets		
Venture / Growth Commission I	$ 8,349	$ 9,621
Venture / Growth Commission II	3,967	4,490
FOF Growth Series	2,733	3,777
	$ 15,049	$ 17,888
Shares outstanding [Note 5]		
Venture / Growth Commission I	1,261	1,249
Venture / Growth Commission II	599	587
FOF Growth Series	415	499
Net assets per share		
Venture / Growth Commission I	$ 6.62	$ 7.70
Venture / Growth Commission II	6.62	7.65
FOF Growth Series	6.59	7.57

Subsequent Events [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Investment income:				
Interest – short-term investments and bonds	$	2	$	13
Interest – income notes		-		-
Interest – venture investments		317		191
Interest – other income		44		53
		363		257
Expenses:				
Management fees [Note 8]		329		404
Administration fees [Note 8]		321		383
Capital retention administration fees [Note 8]		179		182
Directors' fees		37		22
Legal fees		16		64
Service fees [Note 5]		62		76
Financing expense [Note 7]		590		111
Other		191		226
Total expenses before fee waiver		1,725		1,468
Expenses waived or absorbed by Manager		(14)		(2)
Net expenses		1,711		1,466
Net investment income (loss)		(1,348)		(1,209)
Realized gain (loss) from:				
Venture investments		(1,218)		(1,482)
Short-term investments and bonds		(22)		15
Income notes		-		-
Index notes		-		532
Total realized gain (loss)		(1,240)		(935)
Incentive participation dividend [Note 5]		(23)		(53)
Net realized gain (loss)		(1,263)		(988)
Change in unrealized appreciation (depreciation) of:				
Venture investments		274		37
Short-term investments and bonds		22		(1)
Income notes		-		-
Index notes		-		(165)
Change in unrealized appreciation (depreciation)		296		(129)
Contingent incentive participation dividend [Note 5]		(47)		(85)
Paticipation liability [Note 7]		(64)		(48)
Net change in unrealized appreciation (depreciation)		185		(262)
Increase (decrease) in net assets from operations before income taxes		(2,426)		(2,459)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(2,426)		(2,459)
Net increase (decrease) in net assets from operations				
Venture / Growth Commission I	$	(1,362)	$	(1,291)
Venture / Growth Commission II		(616)		(629)
FOF Growth		(448)		(539)
Net increase (decrease) in net assets from operations	$	(2,426)	$	(2,459)
Net increase (decrease) in net assets from operations per share:				
Venture / Growth Commission I	$	(1.09)	$	(1.05)
Venture / Growth Commission II		(1.04)		(1.09)
FOF Growth		(0.98)		(0.96)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	Commission I		Commission II		FOF Growth Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	$ 9,621	$ 10,317	$ 4,490	$ 4,858	$ 3,777	$ 5,411
Changes during the year:						
Net increase (decrease) in net assets from operations	(1,362)	(1,291)	(616)	(629)	(448)	(539)
Capital transactions:						
Proceeds from issuance of Class A shares	225	725	123	310	-	-
Payment on redemption of Class A shares	(135)	(130)	(30)	(49)	(596)	(1,095)
	90	595	93	261	(596)	(1,095)
Net assets, end of year	$ 8,349	$ 9,621	$ 3,967	$ 4,490	$ 2,733	$ 3,777

	Total	
	2011	2010
Net assets, beginning of year	$ 17,888	$ 20,586
Changes during the year:		
Net increase (decrease) in net assets from operations	(2,426)	(2,459)
Capital transactions:		
Proceeds from issuance of Class A shares	348	1,035
Payment on redemption of Class A shares	(761)	(1,274)
	(413)	(239)
Net assets, end of year	$ 15,049	$ 17,888

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Cash flows provided by (used for):				
Cash flows from (used in) operating activities:				
Net investment income (loss)	$	(1,348)	$	(1,209)
Changes in non-cash operating accounts:				
Accrued interest receivable		776		(257)
Other assets		-		-
Accounts payable and accrued liabilities		186		(85)
Incentive participation dividend payable		-		138
Contingent IPA payable		6		-
Inter-series payable (receivable)		(2,969)		(9,181)
		(3,349)		(10,594)
Cash flows from (used in) investing activities:				
Proceeds of disposition of portfolio assets:				
Disposition of venture investments		3,349		2,552
Disposition of short-term investments and bonds		2,319		2,336
Disposition of income notes		-		-
Disposition of index notes		-		6,235
Purchase of portfolio assets:				
Purchase of venture investments		(1,061)		(1,392)
Purchase of short-term investments and bonds		(1,501)		(287)
Purchase of income notes		-		-
Purchase of index notes		-		-
Incentive participation dividend payable		125		-
Divestment proceeds receivable		(612)		(143)
		2,619		9,301
Cash flows from (used in) financing activities:				
Proceeds from issuance of Class A shares		348		1,035
Payment on redemption of Class A shares		(761)		(1,274)
Loan facility		185		-
Subscription receivable		306		101
Participation liability		652		1,435
Redemption payable		-		(4)
		730		1,293
Increase (decrease) in cash position		-		-
Cash position, beginning of year		-		-
Cash position, end of year	$	-	$	-
Supplemental Cash Flow information:				
Allocation of investment assets and inter-series payable (receivable)	$	(2,538)	$	(4,911)

See accompanying notes to financial statements.

Venture / Growth Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately $3.2 million (2010: $2.0 million). In addition, as of August 31, 2011, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $1.2 million (2010: $2.0 million). The fund is not required to redeem all eligible Class A shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is $4.2 million (2010: $6.3 million) which represents approximately 27.9% (2010: 35.2%) of the Series' net assets. This is comprised of $3.0 million (2010: $3.8 million) of venture investments, $64,268 (2010: $865,856) of short term investments, bonds and GIC's, and $1.1 million (2010: $1.6 million) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	$ 7,479	$ 5,615	$ -	$ -	$ -	$ -	$ 7,479	$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	$ 7,479	$ 6,321	$ 6,581	$ 14,649	$ 14,406	$ 11,363	$ 28,466	$ 32,333

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is $20.3 million (2010: $28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2011 and 2010 is as follows:

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	$ -	$ 835	-	96.4%	-	4.6%
R1	35	-	53.1%	-	0.2%	-
Not available	30	31	46.9%	3.6%	0.2%	0.2%
Total	$ 65	$ 866	100.0%	100.0%	0.4%	4.8%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.3% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.8%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately $160 (2010: $841), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:
:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	$ 65	$ 846	100.0%	97.7%	0.4%	4.7%
1 -3 years	-	20	-	2.3%	-	0.1%
Total	$ 65	$ 866	100.0%	100.0%	0.4%	4.8%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent $43,779 (2010: $330,018) or 0.3% (2010: 1.8%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	$ 2	$ 10	0.0%	0.1%
		$ 2	$ 10	0.0%	0.1%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $2,065 (2010: $9,488) or 0.0% (2010: 0.1%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I
Venture / Income Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Assets		
Cash	$ -	$ -
Short-term investments and bonds	10	241
Guaranteed investment cerificates	9	9
Venture investments	4,786	4,969
Divestment proceeds receivable	221	41
Accrued interest receivable	114	338
Subscriptions receivable	-	76
Inter-series receivable [Note 8]	333	239
	$ 5,473	5,913
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 111	55
Redemptions payable	-	-
Incentive participation dividend payable [Note 5]	52	15
Contingent IPA [Note 5]	103	92
Participation liability [Note 7]	610	414
Loan facility [Note 8]	54	-
Inter-series payable [Note 8]	-	-
	$ 930	576
Net assets		
Venture / Income Commission I	$ 2,517	2,937
Venture / Income Commission II	2,026	2,400
	$ 4,543	$ 5,337
Shares outstanding [Note 5]		
Venture / Income Commission I	369	371
Venture / Income Commission II	297	304
Net assets per share [Note 9]		
Venture / Income Commission I	$ 6.82	$ 7.91
Venture / Income Commission II	6.82	7.90

Subsequent Events [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I
Venture / Income Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Investment income:				
Interest – short term investments and bonds	$	-	$	3
Interest – income notes		-		-
Interest – venture investments		92		52
Interest – other income		13		15
		105		70
Expenses:				
Management fees [Note 8]		98		113
Administration fees [Note 8]		96		107
Capital retention administration fees [Note 8]		64		62
Directors' fees		11		6
Legal fees		5		19
Service fees [Note 5]		14		15
Financing expense [Note 7]		171		32
Other		62		68
Total expenses before fee waiver		521		422
Expenses waived or absorbed by Manager		(4)		(1)
Net expenses		517		421
Net investment income (loss)		(412)		(351)
Realized gain (loss) from:				
Venture investments		(355)		(394)
Short-term investments and bonds		(5)		4
Income notes		-		-
Index notes		-		(62)
Total realized gain (loss)		(360)		(452)
Incentive participation dividend [Note 5]		(7)		(15)
Net realized gain (loss)		(367)		(467)
Change in unrealized appreciation (depreciation) of:				
Venture investments		80		(3)
Short-term investments and bonds		5		-
Income notes		-		-
Index notes		-		271
Change in unrealized appreciation (depreciation)		85		268
Contingent incentive participation dividend [Note 5]		(14)		(24)
Participation Liability [Note 7]		(19)		(14)
Net change in unrealized appreciation (depreciation)		52		230
Increase (decrease) in net assets from operations before income taxes		(727)		(588)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(727)		(588)
Net increase (decrease) in net assets from operations:				
Venture / Income Commission I	$	(406)	$	(320)
Venture / Income Commission II		(321)		(268)
Net increase (decrease) in net assets from operations	$	(727)	$	(588)
Net increase (decrease) in net assets from operations per share:				
Venture / Income Commission I	$	(1.10)	$	(0.91)
Venture / Income Commission II		(1.07)		(0.90)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I
Venture / Income Commission II

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	$ 2,937	$ 2,899	$ 2,400	$ 2,528	$ 5,337	$ 5,427
Changes during the year:						
Net increase (decrease) in net assets from operations	(406)	(320)	(321)	(268)	(727)	(588)
Capital transactions:						
Proceeds from issuance of Class A shares	-	379	-	179	-	558
Payment on redemption of Class A shares	(14)	(21)	(53)	(39)	(67)	(60)
	(14)	358	(53)	140	(67)	498
Net assets, end of year	$ 2,517	$ 2,937	$ 2,026	$ 2,400	$ 4,543	$ 5,337

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I
Venture / Income Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Cash flows provided by (used for):				
Cash flows from (used in) operating activities:				
Net investment income (loss)	$	(412)	$	(351)
Changes in non-cash operating accounts:				
Accrued interest receivable		224		(113)
Other assets		-		-
Accounts payable and accrued liabilities		56		4
Incentive participation dividend payable		-		40
Contingent IPA payable		11		-
Inter-series payable (receivable)		(896)		(2,789)
	$	(1,017)	$	(3,209)
Cash flows from (used in) investing activities:				
Proceeds of disposition of portfolio assets:				
Disposition of venture investments	$	973	$	740
Disposition of short-term investments and bonds		670		649
Disposition of income notes		-		-
Disposition of index notes		-		1,426
Purchase of portfolio assets:				
Purchase of venture investments		(308)		(382)
Purchase of short-term investments and bonds		(433)		(75)
Purchase of income notes		-		-
Purchase of index notes		-		-
Incentive participation dividend payable		37		-
Divestment proceeds receivable		(180)		(41)
	$	759	$	2,317
Cash flows from (used in) financing activities:				
Proceeds from issuance of Class A shares	$	-	$	558
Payment on redemption of Class A shares		(67)		(60)
Loan facility		54		-
Subscriptions receivable		76		(20)
Participation liability		195		414
Redemptions payable		-		-
	$	258	$	892
Increase (decrease) in cash position	$	-	$	-
Cash position, beginning of year		-		-
Cash position, end of year	$	-	$	-
Supplemental Cash Flow information:				
Allocation of investment assets and inter-series payable (receivable)	$	(802)	$	(1,906)

See accompanying notes to financial statements.

Venture / Income Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately $ 930,288 (2010: $ 576,370).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is $1.2 million (2010: $1.8 million) which represents approximately 26.4% (2010: 33.5%) of the Series' net assets. This is comprised of $884,157 (2010: $1.0 million) of venture investments, $18,799 (2010: $249,990) of short term investments, bonds and GIC's and $335,200 (2010: $455,155) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	$ 7,479	$ 5,615	$ -	$ -	$ -	$ -	$ 7,479	$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	$ 7,479	$ 6,321	$ 6,581	$ 14,649	$ 14,406	$ 11,363	$ 28,466	$ 32,333

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is $20.3 million (2010: $28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2011 and 2010 is as follows:

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	$ -	$ 241	-	96.4%	-	4.5%
R1	10	-	52.6%	-	0.2%	-
Not available	9	9	47.4%	3.6%	0.2%	0.2%
Total	$ 19	$ 250	100.0%	100.0%	0.4%	4.7%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in net assets of approximately 0.3% (2010: 0.2%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.7%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately $47 (2010: $243), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	$ 19	$ 244	100.0%	97.7%	0.4%	4.6%
1 -3 years	-	6	-	2.3%	-	0.1%
Total	$ 19	$ 250	100.0%	100.0%	0.4%	4.7%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent $12,803 (2010: $95,282) or 0.3% (2010: 1.8%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	$ 1	$ 2	0.0%	0.0%
		$ 1	$ 2	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $604 (2010: $1,758) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Assets		
Cash	$ -	$ -
Short-term investments and bonds	9	196
Guaranteed investment certificates	7	7
Venture investments	4,019	4,044
Divestment proceeds receivable	185	34
Accrued interest receivable	96	274
Subscriptions receivable	-	127
Inter-series receivable [Note 8]	126	-
	$ 4,442	$ 4,682
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 95	$ 44
Redemption payable	-	-
Incentive participation dividend payable [Note 5]	44	12
Contingent IPA [Note 5]	86	77
Participation liability	513	337
Loan facility [Note 8]	46	-
Inter-series payable [Note 8]	-	27
	$ 784	$ 497
Net assets		
Venture / Financial Services Commission I	$ 1,395	$ 1,598
Venture / Financial Services Commission II	2,263	2,587
	$ 3,658	$ 4,185
Shares outstanding [Note 5]		
Venture / Financial Services Commission I	213	209
Venture / Financial Services Commission II	346	340
Net assets per share		
Venture / Financial Services Commission I	$ 6.55	$ 7.63
Venture / Financial Services Commission II	6.54	7.62

Subsequent Events [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:

Director   Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Investment income:				
Interest - short term investments and bonds	$	-	$	3
Interest - income notes		-		-
Interest - venture investments		77		43
Interest - other income		11		12
		88		58
Expenses:				
Management fees [Note 8]		78		91
Administration fees [Note 8]		77		87
Capital retention administration fees [Note 8]		57		55
Directors' fees		9		5
Legal fees		4		15
Service fees [Note 5]		8		9
Financing expense [Note 7]		142		26
Other		51		58
Total expenses before fee waiver		426		346
Expenses waived or absorbed by Manager		(3)		-
Net expenses		423		346
Net investment income (loss)		(335)		(288)
Realized gain (loss) from:				
Venture investments		(293)		(331)
Short-term investments and bonds		(6)		3
Income notes		-		-
Index notes		-		8
Total realized gain (loss)		(299)		(320)
Incentive participation dividend [Note 5]		(5)		(12)
Net realized gain (loss)		(304)		(332)
Change in unrealized appreciation (depreciation) of:				
Venture investments		64		2
Short-term investments and bonds		6		2
Income notes		-		-
Index notes		-		(15)
Change in unrealized appreciation (depreciation)		70		(11)
Contingent incentive participation dividend [Note 5]		(12)		(20)
Participation liability [Note 7]		(16)		(11)
Net change in unrealized appreciation (depreciation)		42		(42)
Increase (decrease) in net assets from operations before income taxes		(597)		(662)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(597)		(662)
Increase (decrease) in net assets from operations:				
Venture / Financial Services Commission I	$	(230)	$	(252)
Venture / Financial Services Commission II		(367)		(410)
Increase (decrease) in net assets from operations	$	(597)	$	(662)
Increase (decrease) in net assets from operations per share:				
Venture / Financial Services Commission I	$	(1.08)	$	(1.23)
Venture / Financial Services Commission II		(1.07)		(1.23)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Changes in Net Assets
(In thousands except per share amounts)
For the years ended August 31

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	$ 1,598	$ 1,767	$ 2,587	$ 2,864	$ 4,185	$ 4,631
Changes during the year:						
Net increase (decrease) in net assets from operations	(230)	(252)	(367)	(410)	(597)	(662)
Capital transactions:						
Proceeds from issuance of Class A shares	35	95	69	152	104	247
Payment on redemption of Class A shares	(8)	(12)	(26)	(19)	(34)	(31)
	27	83	43	133	70	216
Net assets, end of year	$ 1,395	$ 1,598	$ 2,263	$ 2,587	$ 3,658	$ 4,185

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (335)	$ (288)
Changes in non-cash operating accounts:		
Accrued interest receivable	178	(72)
Other assets	-	-
Accounts payable and accrued liabilities [Note 12]	51	(6)
Incentive participation dividend payable	-	32
Contingent IPA payable	9	-
Inter-series payable (receivable)	(1,249)	(1,825)
	(1,346)	(2,159)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	808	611
Disposition of short-term investments and bonds	1,519	536
Disposition of income notes	-	-
Disposition of index notes	-	887
Purchase of portfolio assets:		
Purchase of venture investments	(255)	(317)
Purchase of short-term investments and bonds	(900)	(63)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend payable	32	-
Divestment proceeds receivable	(151)	(34)
	1,053	1,620
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	104	247
Payment on redemption of Class A shares	(34)	(31)
Loan facility	46	-
Subscriptions receivable	1	(10)
Participation liability	176	337
Redemptions payable	-	(4)
	293	539
Increase (decrease) in cash position	-	-
Cash position, beginning of year	-	-
Cash position, end of year	$ -	$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ (1,222)	$ (1,405)

See accompanying notes to financial statements.

Venture / Financial Services Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately $ 783,065 (2010: $ 496,987).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is $1.0 million (2010: $1.5 million) which represents approximately 27.3% (2010: 36.3%) of the Series' net assets. This is comprised of $742,603 (2010: $881,611) of venture investments, $15,797 (2010: $203,422) of short term investments, bonds and GIC's and $281,534 (2010: $434,976) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 2010 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	$ 7,479	$ 5,615	$ -	$ -	$ -	$ -	$ 7,479	$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	$ 7,479	$ 6,321	$ 6,581	$ 14,649	$ 14,406	$ 11,363	$ 28,466	$ 32,333

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is $20.3 million (2010: $28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds, and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2011 and 2010 is as follows:

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	$ -	$ 196	-	96.4%	-	4.7%
R1	9	-	56.3%	-	0.2%	-
Not available	7	7	43.7%	3.6%	0.2%	0.1%
Total	$ 16	$ 203	100.0%	100.0%	0.4%	4.8%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.3% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.8%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately $39 (2010: $198), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	$ 16	$ 198	100.0%	97.7%	0.4%	4.7%
1 -3 years	-	5	-	2.3%	-	0.1%
Total	$ 16	$ 203	100.0%	100.0%	0.4%	4.8%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent $10,753 (2010: $77,533) or 0.3% (2010: 1.9%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	$ 1	$ 2	0.0%	0.1%
		$ 1	$ 2	0.0%	0.1%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $507 (2010: $1,431) or 0.0% (2010: 0.1%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I
Venture / Diversified Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Assets				
Cash	$	-	$	-
Short-term investments and bonds		57		1,312
Guaranteed investment certificates		49		49
Venture investments		26,903		27,057
Divestment proceeds receivable		1,241		225
Accrued interest receivable		644		1,836
Subscriptions receivable		-		1,017
Inter-series receivable [Note 8]		703		-
	$	29,597	$	31,496
Liabilities				
Accounts payable and accrued liabilities [Note 12]	$	621	$	305
Redemptions payable		-		-
Incentive participation dividend payable [Note 5]		292		81
Contingent IPA [Note 5]		577		515
Participation liability [Note 7]		3,431		2,256
Loan facility [Note 8]		305		-
Inter-series payable [Note 8]		-		478
	$	5,226	$	3,635
Net assets				
Venture / Diversified Commission I		10,052		11,442
Venture / Diversified Commission II		14,204		16,285
Venture / CMDF Reinvestment Commission I		69		80
Venture / CMDF Reinvestment Commission II		46		54
	$	24,371	$	27,861
Shares outstanding [Note 5]				
Venture / Diversified Commission I		1,544		1,508
Venture / Diversified Commission II		2,182		2,151
Venture / CMDF Reinvestment Commission I		9		9
Venture / CMDF Reinvestment Commission II		6		6
Net assets per share [Note 9]				
Venture / Diversified Commission I	$	6.51	$	7.59
Venture / Diversified Commission II		6.51		7.57
Venture / CMDF Reinvestment Commission I		7.67		9.01
Venture / CMDF Reinvestment Commission II		7.67		9.00

Subsequent Events [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:

_________________ Director _________________ Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I   Venture / CMDF Reinvestment Commission I
Venture / Diversified Commission II   Venture / CMDF Reinvestment Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

		2011		2010
Investment income:				
Interest – short term investments and bonds	$	3	$	19
Interest – income notes		-		28
Interest – venture investments		515		289
Interest – other income		71		81
		589		417
Expenses:				
Management fees [Note 8]		521		606
Administration fees [Note 8]		510		574
Capital retention administration fees [Note 8]		364		352
Directors' fees		61		33
Legal fees		26		101
Service fees [Note 5]		55		62
Financing expense [Note 7]		950		175
Other		331		372
Total expenses before fee waiver		2,818		2,275
Expenses waived or absorbed by Manager		(22)		(3)
Net expenses		2,796		2,272
Net investment income (loss)		(2,207)		(1,855)
Realized gain (loss) from:				
Venture investments		(1,953)		(2,210)
Short-term investments and bonds		(33)		22
Income notes		-		(303)
Index notes		-		118
Total realized gain (loss)		(1,986)		(2,373)
Incentive participation dividend [Note 5]		(36)		(82)
Net realized gain (loss)		(2,022)		(2,455)
Change in Unrealized appreciation (depreciation) of:				
Venture investments		415		6
Short-term investments and bonds		34		(2)
Income notes		-		372
Index notes		-		347
Change in unrealized appreciation (depreciation)		449		723
Contingent Incentive participation dividend [Note 5]		(79)		(133)
Participation liability [Note 7]		(106)		(76)
Net change in unrealized appreciation (depreciation)		264		514
Increase (decrease) in net assets from operations before income taxes		(3,965)		(3,796)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(3,965)		(3,796)
Net increase (decrease) in net assets from operations:				
Venture / Diversified Commission I	$	(1,649)	$	(1,548)
Venture / Diversified Commission II		(2,299)		(2,238)
Venture / CMDF Reinvestment Commission I		(10)		(6)
Venture / CMDF Reinvestment Commission II		(7)		(4)
Net increase (decrease) in net assets from operations	$	(3,965)	$	(3,796)
Net increase (decrease) in net assets from operations per share:				
Venture / Diversified Commission I	$	(1.08)	$	(1.05)
Venture / Diversified Commission II		(1.06)		(1.06)
Venture / CMDF Reinvestment Commission I		(1.11)		(1.11)
Venture / CMDF Reinvestment Commission II		(1.17)		(1.11)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I
Venture / Diversified Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Changes in Net Assets
For the years ended August 31

	Diversified Commission I		Diversified Commission II	
	2011	2010	2011	2010
Net assets, beginning of year	$ 11,442	$ 12,306	$ 16,285	$ 17,722
Changes during the year:				
Net increase (decrease) in net assets from operations	(1,649)	(1,548)	(2,299)	(2,238)
Capital transactions:				
Proceeds from issuance of Class A shares	434	862	394	992
Payment on redemption of Class A shares	(175)	(178)	(176)	(191)
	258	684	218	801
Net assets, end of year	$ 10,052	$ 11,442	$ 14,204	$ 16,285

	CMDF Reinvestment Commission I		CMDF Reinvestment Commission II	
	2011	2010	2011	2010
Net assets, beginning of year	$ 80	$ -	$ 54	$ -
Changes during the year:				-
Net increase (decrease) in net assets from operations	(10)	(6)	(7)	(4)
Capital transactions:				
Proceeds from issuance of Class A shares	-	86	(1)	58
Payment on redemption of Class A shares	(1)	-	-	-
	(1)	86	(1)	58
Net assets, end of year	$ 69	$ 80	$ 46	$ 54

	Total	
	2011	2010
Net assets, beginning of year	$ 27,861	$ 30,028
Changes during the year:		
Net increase (decrease) in net assets from operations	(3,965)	(3,796)
Capital transactions:		
Proceeds from issuance of Class A shares	827	1,998
Payment on redemption of Class A shares	(352)	(369)
	476	1,629
Net assets, end of year	$ 24,371	$ 27,861

See accompanying notes to financial statements

GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I
Venture / Diversified Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (2,207)	$ (1,855)
Changes in non-cash operating accounts:		
Accrued interest receivable	1,192	(501)
Accounts payable and accrued liabilities [Note 12]	316	(46)
Incentive participation dividend payable	-	215
Contingent IPA payable	62	-
Inter-series payable (receivable)	(6,378)	(13,191)
	(7,015)	(15,378)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	5,265	4,088
Disposition of short-term investments and bonds	3,660	3,583
Disposition of income notes	-	900
Disposition of index notes	-	6,072
Purchase of portfolio assets:		
Purchase of venture investments	(1,706)	(2,117)
Purchase of short-term investments and bonds	(2,369)	(422)
Purchase of income notes	-	-
Purchase of index notes	-	(1)
Incentive participation dividend payable	211	-
Divestment proceeds available	1,016	(225)
	6,077	11,878
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	827	1,998
Payment on redemption of Class A shares	(352)	(369)
Loan facility	305	-
Subscriptions receivable	(1,017)	(384)
Participation liability	1,175	2,256
Redemptions payable	-	(1)
	938	3,500
Increase (decrease) in cash position	-	-
Cash position, beginning of year	-	-
Cash position, end of year	$ -	$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ (5,197)	$ (9,553)

See accompanying notes to financial statements.

Venture / Diversified Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately $5.2 million (2010: $3.6 million).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is $7.0 million (2010: $10.3 million) which represents approximately 29.0% (2010: 37.1%) of the Series' net assets. This is comprised of $5.0 million (2010: $5.9 million) of venture investments, $105,665 (2010: $1.4 million) of short term investments, bonds and GIC's and $1.9 million (2010: $3.0 million) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	$ 7,479	$ 5,615	$ -	$ -	$ -	$ -	$ 7,479	$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	$ 7,479	$ 6,321	$ 6,581	$ 14,649	$ 14,406	$ 11,363	$ 28,466	$ 32,333

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is $20.3 million (2010: $28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at August 31, 2011 and 2010 is as follows:

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	$ -	$ 1,312	-	96.4%	-	4.7%
R1	57	-	53.8%	-	0.2%	-
Not available	49	49	46.2%	3.6%	0.2%	0.2%
Total	$ 106	$ 1,361	100.0%	100.0%	0.4%	4.9%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.3% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.9%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately $261 (2010: $1,322), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	$ 106	$ 1,330	100.0%	97.7%	0.4%	4.8%
1 -3 years	-	31	-	2.3%	-	0.1%
Total	$ 106	$ 1,361	100.0%	100.0%	0.4%	4.9%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent $71,971 (2010: $518,782) or 0.3% (2010: 1.9%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	$ 3	$ 10	0.0%	0.0%
		$ 3	$ 10	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $3,395 (2010: $9,573) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Biotechnology:					
2056273 Ontario Inc., debenture 8%, due on demand	848	$ 848	$ -	$ 848	
2056273 Ontario Inc., common shares	-(1)	-	954	954	
Agrisoma Biosciences Inc., convertible debenture 15%, due on demand	961	961	-	961	
Agrisoma Biosciences Inc., common shares	674	-	2,164	2,164	
Ambit Biosciences (Canada) Corp., Cl A preferred shares	-(1)	-	-(1)	-(1)	
Ambit Biosciences (Canada) Corp., Cl C preferred shares	11,628	-	6,605	6,605	
Ambit Biosciences (Canada) Corp., Cl D preferred Shares	1,294	-	4,960	4,960	
Ambit Biosciences (Canada) Corp., Cl D2 preferred Shares	3,666	-	2,506	2,506	
Ambit Biosciences (Canada) Corp., convertible debenture 12%, due Jan 31, 2012	1,791	1,791	-	1,791	
Chitogenics Pharmaceuticals Ltd., Conv. Class A preferred shares	13	-	1,500	1,500	
Cytochroma Canada Inc., common shares	465	-	637	637	
Cytochroma Canada Inc., Class A preferred shares	700	-	959	959	
Cytochroma Canada Inc., Class B preferred shares	5,432	-	7,442	7,442	
Cytochroma Canada Inc., Class C preferred shares	2,522	-	3,456	3,456	
Cytochroma Inc., Conv. Class A preferred shares	700	-	700	700	
Cytochroma Inc., Conv. Class B preferred shares	4,541	-	1,000	1,000	
Cytochroma Inc., Conv. Class C preferred shares	1,982	-	6,600	6,600	
Empex Inc., debenture 12%, due on demand	4,494	4,494	-	4,494	
Gemin X Biotechnologies Inc	-	-	-	-	
Lifemark Health LP, residual units	209	-	306	306	
MCN BioProducts Inc., common shares	250	-	1,000	1,000	
MCN BioProductsInc., convertible debenture 20%, due on demand	11	11	-	11	
Medinnova Partners Inc., Cl A preferred shares	27,100	-	2,665	2,665	
Medinnova Partners Inc., common shares	200	-	-(1)	-(1)	
MetaMorphix Inc., common shares	406	-	700	700	
Molecular Templates Inc., common shares	33	-	-	-	
Molecular Templates Inc., debenture 12%, due on demand	150	150	-	150	
Monteris Medical Inc., Class A common shares	675	-	2,522	2,522	
Natrix Separations Inc., common shares	25	-	25	25	
Natrix Separations Inc., Series C preferred shares	67	-	845	845	
Natrix Separations Inc., Cl A preferred shares	21	-	267	267	
Natrix Separations Inc., Cl B preferred shares	228	-	2,866	2,866	
Natrix Separations Inc., Cl C preferred shares	194	-	2,433	2,433	
Natrix Seperations Inc., convertible debenture 12%, due November 27, 2013	1,031	1,031	-	1,031	
Natrix Seperations Inc., convertible debenture 12%, due August 30, 2014	449	449	-	449	

(1) Amount less than one thousand
(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Biotechnology (continued):					
NPS Pharmaceuticals Inc., Options	9	$ -	$ -[1]	$ -[1]	
Orthopaedic Synergy Inc. (formerly Praxim Inc.), convertible debenture12.5%, due Dec 31, 2012	2,047	2,047	-	2,047	
Receptor Therapeutics Inc., debenture 25%, due on demand	439	439	-	439	
Receptor Therapeutics Inc., common shares	581	-	-[1]	-[1]	
Receptor Therapeutics Inc., convertible debenture 0%, due on demand	600	600	-	600	
Receptor Therapeutics Inc., debenture 0%, due on demand	150	150	-	150	
Receptor Therapeutics Inc., debenture 0%, due on demand	10	10	-	10	
Targeted Growth Canada Inc., Class A special voting shares	-[1]	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl D special voting shares	533	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl D2 special voting shares	540	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl C preferred exchangeable shares	1,885	-	2,592	2,592	
Targeted Growth Canada Inc., Class Cl D2 preferred exchangeable shares	540	-	2,925	2,925	
Targeted Growth Canada Inc., Class D preferred exchangeable shares	533	-	2,319	2,319	
Targeted Growth Inc., Class Cl C special voting shares	1,885	-	-[1]	-[1]	
Trillium Therapeutics Inc., Cl A preferred shares	1,880	-	2,500	2,500	
Trillium Therapeutics Inc., common shares	1,000	-	770	770	
Trillium Therapeutics Inc., convertible debenture 12%, due on demand	1,146	1,146	-	1,146	
Trillium Therapeutics Inc., convertible debenture 12%, due on demand	458	458	-	458	
Trillium Therapeutics Inc., warrants	822	-	-[1]	-[1]	
Twinstrand Therapeutics Inc., Class C preferred shares	710	-	390	390	
Twinstrand Therapeutics Inc., Class D preferred shares	71	-	-[2]	-[2]	
Twinstrand Therapeutics Inc., warrants	237	-	-[2]	-[2]	
ViOptix Canada Inc., Cl Jr. preferred shares	766	-	1,877	1,877	
ViOptix Canada Inc., D preferred shares	14,035	-	6,720	6,720	
ViOptix Canada Inc., convertible debenture 6%, due on demand	631	631	-	631	
ViOptix Canada Inc., convertible debenture 6%, due on demand	1,265	1,265	-	1,265	
ViOptix Canada Inc., warrants	1,057	-	-[1]	-[1]	
Viron Therapeutics Inc., Class A, preferred shares	5,856	-	7,045	7,045	
Viron Therapeutics Inc., Class B, preferred shares	3,414	-	3,000	3,000	
Websar Innovations Inc., Class A common shares	20	-	-[1]	-[1]	
Websar Innovations Inc., preferred shares	3	-	275	275	
Western Life Sciences Venture Fund LP., Class A common shares	3	-	3,183	3,183	
		$ 16,481	$ 86,708	$ 103,189	51.8%

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Communications:					
Aizan Technologies Inc., convertible debt 10%, due March 12, 2012	625	$ 625	$ -	$ 625	
Aizan Technologies Inc., demand promissory note	125	125	-	125	
Aizan Technologies Inc., Class A, preferred shares	3,601	-	3,000	3,000	
Aizan Technologies Inc., Class B, preferred shares	900	-	-[1]	-[1]	
BTI Photonic Systems Inc., common shares	8,753	-	11,077	11,077	
BTI Photonic Systems Inc., Cl A preferred shares	2,033	-	-	-	
BTI Photonic Systems Inc., Cl B preferred shares	17,726	-	5,381	5,381	
Spotwave Wireless Inc., Class A-1 convertible preferred shares	2,988	-	1,008	1,008	
Spotwave Wireless Inc., Class A-2 convertible preferred shares	2,154	-	516	516	
Spotwave Wireless Inc., special voting shares	3,958	-	-[1]	-[1]	
		$ 750	$ 20,982	$ 21,732	10.9%
Computer software:					
1395079 Ontario Inc., common shares	2,438	$ -	$ -[1]	$ -[1]	
1395079 Ontario Inc., Class A preferred shares	10,968	-	3,476	3,476	
1395079 Ontario Inc., Class B preferred shares	826	-	787	787	
1395079 Ontario Inc., warrants	679	-	-	-[1]	
Anyware Group Inc., Class B convertible debenture 6%, due on demand	1,000	1,000	-	1,000	
Anyware Group Inc., convertible debenture 10%, due on demand	1,000	1,000	-	1,000	
Anyware Group Inc., convertible debenture 12%, due Jan 14, 2012	398	398	-	398	
Anyware Group Inc., convertible debenture 12%, due on demand	100	100	-	100	
Bid Freight Global Inc., common shares	-[1]	-	-[2]	-[2]	
Bid Freight Global Inc., convertible debenture, 5%, due on demand	1,090	1,090	-	1,090	
Blueprint Software Solutions Inc., common shares	544,276	-	4,508	4,508	
Blueprint Software Solutions Inc., warrants	7,589	-	-	-	
Blueprint Software Solutions Inc., debenture 15%, due May 5, 2014	-	1,500	-	1,500	
Camilion Solutions Inc., Class C preferred shares	21,598	-	3,000	3,000	
Camilion Solutions Inc., Class D preferred shares	18,781	-	3,000	3,000	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class A preferred shares	1,500	-	1,500	1,500	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class C preferred shares	947	-	1,500	1,500	
Company DNA Inc., convertible preferred shares	8,266	-	3,904	3,904	
Company DNA Inc., warrants	899	-	-	-	
Covarity Inc., Class B convertible preferred shares	500	-	250	250	
Covarity Inc., common shares	784	-	-	-	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer software (Continued):					
Covarity Inc., Series B preferred shares	4,951	$ -	$ 2,000	$ 2,000	
Covarity Inc., convertible debenture 10%, due Sept 16, 2013	300	300	-	300	
Ember ec3 Inc., Class A convertible preferred shares	250	-	250	250	
Ember ec3 Inc., Class B convertible preferred shares	1,500	-	726	726	
Inocom Inc., Class A preferred shares	437	-	450	450	
Inocom Inc., Series A preferred shares	3,741	-	2,800	2,800	
Inocom Inc., debenture 12%, due on demand	173	173	-	173	
Lexicon Value Management Inc., common shares	-[1]	-	-	-[2]	
Lexicon Value Management Inc., debenture 0%, due on demand	438	438	-	438	
Lexicon Value Management Inc., debenture15%, due on demand	1,362	1,362	-	1,362	
Lexicon Value Management Inc., warrant	-[1]	-	-	-[2]	
Multicorpora R&D Inc., common shares	2,885	-	2	2	
Multicorpora R&D Inc., Series 2, Class B preferred shares	5,769	-	1,500	1,500	
		$ 7,361	$ 29,653	$ 37,014	18.6%
Computer hardware:					
Cogency Semiconductor Inc., common shares	60	$ -	$ 8,600	$ 8,600	
KIT Digital Inc., common shares	4	-	-[1]	-[1]	
Tarquin Group Inc., convertible debenture 24%, due on demand	358	358	-	358	
Tarquin Group Inc., common shares	249	-	-[1]	-[1]	
Tarquin Group Inc., warrants	62	-	-[1]	-[1]	
		$ 358	$ 8,600	$ 8,958	4.5%
Computer services:					
3483690 Canada Inc., debenture18%, due on demand	47	$ 47	$ -	$ 47	
3483690 Canada Inc., debenture 36%, due on demand	495	495	-	495	
3483690 Canada Inc., common shares	10,101	-	-[1]	-[1]	
7842317 Canada Inc., debenture 20%, due on demand	62	62	-	62	
7842317 Canada Inc., convertible debenture 12%, due on demand	416	416	-	416	
7842317 Canada Inc., common shares	83	-	-[1]	-[1]	
Ascentify Learning Media Inc. (Formerly neuroLanguage Inc.), Series A preferred shares	6,897	-	5,740	5,740	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), common shares	400	-	-	-	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 8%, due on demand	250	250	-	250	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer services (Continued):					
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), convertible demand note 9%, due on demand	195	$ 195	$ -	$ 195	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 9%, due on demand	268	268	-	268	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 12%, due on demand	90	90	-	90	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due April 30, 2014	111	111	-	111	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due May 30, 2014	125	125	-	125	
iStopOver (formerly PlanetEye Company ULC), common shares	2,481	-	3,564	3,564	
iW Technologies Inc, promissory notes 10%, due on demand	83	83	-	83	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 10%, due on demand	1,770	1,770	-	1,770	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 12%, due on demand	481	481	-	481	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 15%, due on demand	500	500	-	500	
Kibboko Inc., (Formerly Pinpoint Selling Inc), convertible debenture 10%, due on demand	1,676	1,676	-	1,676	
Kibboko Inc., (Formerly Pinpoint Selling Inc), convertible debenture 12%, due on demand	231	231	-	231	
Morega Systems Inc., Series A preferred shares	12,000	-	5,545	5,545	
Morega Systems Inc., Series B preferred shares	2,824	-	2,058	2,058	
Morega Systems Inc., warrants	1,412	-	-[1]	-[1]	
NetShelter Inc., class A preferred shares	45	-	388	388	
OneChip Photonics Inc., class B-1 preferred shares	1,755	-	498	498	
OneChip Photonics Inc., class B-2 preferred shares	16,121	-	4,638	4,638	
OneChip Photonics Inc., class C preferred shares	6,429	-	1,814	1,814	
OneChip Photonics Inc., preferred shares	5,194	-	1,500	1,500	
Paymentus, Class A preferred shares	1,685	-	1,500	1,500	
Peerset Inc., debenture 10%, due Jul 28, 2013	56	56	-	56	
Peerset Inc., debenture 10%, due on demand	120	120	-	120	
Peerset Inc., convertible debenture 12%, due on demand	870	870	-	870	
Perspecsys Inc., Class A convertible preferred shares	9,097	-	1,781	1,781	
Thinkpath Inc., common shares	-[1]	-	31	31	
		$ 7,846	$ 29,057	$ 36,903	18.5%

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Electronics:					
Firan Technology Corp., common shares	731	$ -	$ 1,171	$ 1,171	
		$ -	$ 1,171	$ 1,171	0.6%
Energy/Environmental:					
AR Plus Sites Equipment Rentals (Canada) Inc., common shares	4	$ -	$ 500	$ 500	
AR Plus Sites Equipment Rentals (Canada) Inc., debenture 10%, due on demand	2,200	2,200	-	2,200	
Insignia Energy Inc., common shares	30	-	8,391	8,391	
Insignia Energy Inc., warrants	53	-	-	-[2]	
SaskAlta Base Oil Inc., Class C preferred shares	5,714	-	2,000	2,000	
Seprotech Systems Inc., common shares	7,276	-	687	687	
		$ 2,200	$ 11,578	$ 13,778	6.9%
Industrial automation:					
Advanced Glazing Technology Ltd., Class B preferred shares	4,386	$ -	$ 2,500	$ 2,500	
Mathis Instruments Ltd., debenture 12%, due on demand	247	247	-	247	
Mathis Instruments Ltd., debenture 15%, due on demand	450	450	-	450	
Mathis Instruments Ltd., Class A preferred shares	75	-	-	[2]	
Mathis Instruments Ltd., Class B preferred shares	91	-	1,500	1,500	
NextPhase T&D Corp., Class A preferred shares	16	-	96	96	
NextPhase T&D Corp., common shares	97	-	541	541	
		$ 697	$ 4,637	$ 5,334	2.7%
Medical health:					
IS2 Medical Systems Inc., Class A preferred shares shares	833	$ -	$ -	$ -[2]	
IS2 Medical Systems Inc., Class B preferred shares shares	1,708	-	1,400	1,400	
IS2 Medical Systems Inc., common shares	1,486	-	-	-[2]	
Sampling Technologies Inc., convertible debt 10%, due Jan 13, 2013	1,500	1,500	-	1,500	
Sampling Technologies Inc., convertible debt 10%, due Jan 13, 2013	500	500	-	500	
		$ 2,000	$ 1,400	$ 3,400	1.7%

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Consumer:					
1281216 Ontario Inc., common shares	2	$ -	$ -[1]	$ -[1]	
5330319 Manitoba Ltd., debenture 10%, due on demand	651	651	-	651	
5330319 Manitoba Ltd., common shares	1	-	-[1]	-[1]	
5330319 Manitoba Ltd., preferred shares	24	-	-[1]	-[1]	
Fidus International Corp., debenture 10%, due on demand	1,136	1,136	-	1,136	
Fidus International Corp., common shares	16,071	-	-[1]	-[1]	
Fidus International Corp., options	-[1]	-	-[1]	-[1]	
Fidus International Corp., preferred shares	9,801	-	-[1]	-[1]	
KFF Royalty Corp., preferred shares	5	-	261	261	
Russell Breweries Inc., common shares	536	-	166	166	
SimEx Inc., preferred shares	67	-	122	122	
		$ 1,787	$ 549	$ 2,336	1.2%
Manufacturing:					
Canpro Ingredients Ltd., convertible debenture 14%, due Apr 9, 2012	599	$ 599	$ -	$ 599	
Canpro Ingredients Ltd., convertible debenture 20%, due on demand	234	234	-	234	
Canpro Ingredients Ltd., convertible debenture 20%, due Jun 26, 2014	134	134	-	134	
Canpro Ingredients Ltd., convertible debenture 20%, due May 28, 2015	53	53	-	53	
Canpro Ingredients Ltd., convertible debenture 20%, due Jul 28, 2015	23	23	-	23	
Canpro Ingredients Ltd., convertible debenture 20%, due Aug 1, 2015	53	53	-	53	
Canpro Ingredients Ltd., debenture 20%, due on demand	31	31	-	31	
Canpro Ingredients Ltd., debenture 20%, due July 29, 2014	117	117	-	117	
Canpro Ingredients Ltd., common shares	1,225	-	1,225	1,225	
Canpro Ingredients Ltd., preferred shares	560	-	560	560	
Canpro Ingredients Ltd., Cl C preferred shares	2,917	-	-	-	
CFN Precision Ltd., common shares	-[1]	-	3,959	3,959	
CFN Precision Ltd., debenture 10%, due on demand	210	210	-	210	
CFN Precision Ltd., debenture 10%, due on demand	9,300	9,300	-	9,300	
CFN Precision Ltd., promissory note 11%, due on demand	691	691	-	691	
Digital Payment Tech Inc., common shares	13,460	-	1,723	1,723	
Digital Payment Tech Inc., preferred shares	6,400	-	1,600	1,600	
Digital Payment Tech Inc., warrants	4,903	-	-	-	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Manufacturing (continued):					
Ice Kube Systems Inc., convertible debenture, due on demand	1,000	$ 1,000	$ -	$ 1,000	
Ice Kube Systems Inc., debenture, due on demand	21	21	-	21	
Ice Kube Systems Inc., debenture 10%, due on demand	500	500	-	500	
Ice Kube Systems Inc., options	-(1)	-	-(1)	-(1)	
Ice Kube Systems Inc., warrants	-(1)	-	-	-(1)	
Kraus Global Inc., debenture 15%, due on demand	2,800	2,800	-	2,800	
Kraus Global Inc., debenture 10%, due July 16, 2011	4,250	4,250	-	4,250	
Kraus Global Inc., common shares	395	-	975	975	
Kraus Global Inc., preferred shares	33	-	5,264	5,264	
LibreStream Technologies Inc., debenture 10%, due on demand	2,100	2,100	-	2,100	
LibreStream Technologies Inc., common shares	4,388	-	6,582	6,582	
LibreStream Technologies Inc., options	-(1)	-	-(1)	-(1)	
		$ 22,116	$ 21,888	$ 44,004	22.1%
Miscellaneous:					
Acorn Income Corp., common shares	9	$ -	$ 787	$ 787	
Acorn Income Corp., preferred shares	37	-	-(1)	-(1)	
		$ -	$ 787	$ 787	0.4%
Community Small Business Investment Funds:					
Niagara Growth Fund Inc., units	2,600	$ -	$ 864	$ 864	
Sunnybrook WV Medical Breakthrough Fund Inc., units	500	-	4,000	4,000	
CMDF WV Queen's Scientific Breakthrough Fund Inc., units	638	-	4,130	4,130	
		$ -	$ 8,994	$ 8,994	4.5%
Value-Added Agriculture:					
Man Agra Capital Inc., preferred shares	20	$ -	$ 201	$ 201	
Puratone Corp., common shares	93	-	671	671	
		$ -	$ 872	$ 872	0.4%
Total venture investments, at cost		$ 61,596	$ 226,876	$ 288,472	144.8%
Unrealized depreciation of venture investments				(65,012)	(32.6%)
Venture investments, at estimated fair value				$223,460	112.2%

(1) Amount less than one thousand
(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at August 31, 2011

Venture Investments, per Series [Note 3]:	Fair Value
WV Canadian & Merger Series	$ 171,002
GIC Series	385
Growth Series	16,365
Income Series	4,786
Financial Services Series	4,019
Diversified and CMDF Reivestment Series	26,903
	$ 223,460

Stage of Development	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Early Stage	39	$ 129,084	44.7%	$ 107,224	48.0%
Expansion Stage	40	139,415	48.3%	107,793	48.2%
Mature Stage	6	20,243	7.0%	8,443	3.8%
	85	$ 288,472	100.0%	$223,460	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Biotechnology	26	$ 103,189	35.8%	$ 109,625	49.1%
Communications	3	21,732	7.5%	13,439	6.1%
Community small business investment funds	3	8,994	3.1%	1,786	0.8%
Computer hardware	3	8,958	3.1%	41	0.0%
Computer services	13	36,903	12.8%	38,990	17.4%
Computer software	12	37,014	12.8%	24,162	10.8%
Consumer products and services	6	2,336	0.8%	819	0.4%
Electronics & Miscellaneous	2	1,958	0.7%	273	0.1%
Energy/Environmental	4	13,778	4.8%	266	0.1%
Industrial Automation	3	5,334	1.8%	1,406	0.6%
Manufacturing	6	44,004	15.3%	30,653	13.7%
Medical health	2	3,400	1.2%	2,000	0.9%
Value-Added Agriculture	2	872	0.3%	-	0%
	85	$ 288,472	100.0%	$223,460	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Private	77	$ 277,239	96.1%	$ 222,861	99.7%
Public	8	11,233	3.9%	599	0.3%
	85	$ 288,472	100.0%	$ 223,460	100.0%

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
(In thousands)

As at August 31, 2011

Bankers' Acceptances

Par value	Issuer	Coupon rate or Yield	Maturity date	Average cost	Fair value	Percentage of net assets
$ 475	TD Bank	0.0%	29 Nov, 2011	$ 475	$ 475	0.2 %

GIC

Par value	Issuer	Coupon rate or Yield	Maturity date	Average cost	Fair value	Percentage of net assets
847	Royal Bank of Canada	0.50 %	1 Sept 2011	$ 847	$ 847	0.4%
500	Royal Bank of Canada	0.75 %	29 Dec 2011	500	500	0.3%
Total GIC				$ 1,347	$ 1,347	0.7%

Short-term Investments, bonds and GICs, per Series

WV Canadian & Merger Series	$ 671
GIC Series	945
Growth Series	65
Income Series	19
Financial Services Series	16
Diversified and CMDF Reinvestment Series	106
	$ 1,822

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT

GrowthWorks Canadian Fund Ltd. (the "Fund") is incorporated under the Canada Business Corporations Act and is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) (the "Manitoba Act") and as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) (the "Ontario Act"). The Fund is an approved fund under the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) (the "Saskatchewan Act"). Until February 18, 2005, the Fund was also registered as a labour-sponsored venture capital corporation under the *Equity Tax Credit Act* (Nova Scotia). The Fund was also previously a prescribed registered labour-sponsored venture capital corporation under the *New Brunswick Income Tax Act.*

The Fund consists of different series of Class A shares. Each group of series that is referable to a separate portfolio of assets constitutes a separate investment fund under applicable securities laws. The Fund currently offers or has previously offered the following series of Class A shares:

WV Canadian and Merger Series
- WV Canadian – Commission I
- CAVI Series
- CSTGF Series
- FOF Traditional Series
- ENSIS Series
- CMDF Series

GIC Series
- Venture / GIC – Commission I
- Venture / GIC – Commission II

Growth Series
- Venture / Growth – Commission I
- Venture / Growth – Commission II
- FOF Growth Series

Income Series
- Venture / Income – Commission I
- Venture / Income – Commission II

Financial Services Series
- Venture / Financial Services – Commission I
- Venture / Financial Services – Commission II

Diversified and CMDF Reinvestment Series
- Venture / Diversified – Commission I
- Venture / Diversified – Commission II
- Venture CMDF Reinvestment Series – Commission I
- Venture CMDF Reinvestment Series – Commission II

Each of these share series currently or previously offered is referred to as a "Series" and collectively, all Series are referred to as "Class A shares". The Fund may offer or otherwise issue other series of Class A shares in the future.

In order to facilitate redemption transactions, the Fund has two fund codes for the ENSIS and CMDF Series, however these Series are all referable to the same portfolio of assets.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT (continued)

The Fund previously offered the Venture / Balanced – Commission I and Venture / Balanced – Commission II series (the "Balanced Series") and the Venture / Resource – Commission I and Venture / Resource – Commission II series (the "Resource Series") Class A shares. Effective February 20, 2009, the Balanced Series were consolidated into the Venture / Diversified – Commission I and II series and the Resource Series were consolidated into the Venture / Growth – Commission I and II series. Effective November 25, 2011, the Income Series were consolidated into the Venture / Diversified – Commission I and II series and the Venture / Diversified – Commission I and II series were redesignated the Venture / Balanced – Commission I and II series.

Effective November 10, 2009, CMDF Reinvestment Series was introduced at a price of $10 per share. The CMDF Reinvestment Series are only available for purchase by holders of CMDF Series shares distributed in connection with the CMDF Merger who redeem eligible CMDF Series shares and invest the redemption proceeds in the CMDF Reinvestment Series. The CMDF Reinvestment Series shares are referable to the same portfolio of assets as the Diversified Series. It is expected that outstanding CMDF Reinvestment Series shares will be converted into Diversified Series shares as soon as practicable after May 22, 2012, the third anniversary of the CMDF Merger.

It is proposed that the outstanding Merger Series and the Fund's FOF Growth Series Class A shares be consolidated into currently offered Venture/Diversified Series, Commission I Class A shares. The proposal is aimed at simplifying the Fund's share structure and making pricing and reporting processes more efficient. Subsequent to year end, the name of Diversified Series was changed to "Balanced Series" and the Directed Funds (Note 2(c)) investment focus for Diversified Series Class A shares was refined to reflect a more balanced mix of equity and fixed income securities. The refined Directed Funds investment focus consists of: high quality debt instruments, high yield investments and bank securities. Subsequent to year end, the Fund's Income Series Class A shares were consolidated into Diversified Series Class A shares. Required shareholder approvals for all proposed and completed changes were obtained at the Fund's most recent annual general meeting.

The Fund makes investments ("venture investments") in small and medium-sized Canadian businesses with the objective of achieving long-term capital appreciation.

These financial statements should be read in conjunction with the Management Reports of Fund Performance of the respective Series of the Fund for the year ended August 31, 2011, which may be found on the Fund's website athttp://www.growthworks.ca/funds/ontario/gw-canadian-fund/publications.asp and at www.sedar.com.

The sponsor of the Fund is the Canadian Federation of Labour (the "Sponsor"). The Sponsor holds 100% of the Class B Shares of the Fund.

The *Income Tax Act* (Canada) allows an individual to claim a federal tax credit in connection with an investment in Class A Shares of the Fund. The Manitoba Act, the Ontario Act and the Saskatchewan Act also allow an individual to claim a provincial tax credit in connection with an investment in Class A Shares of the Fund. The Fund must satisfy minimum investment requirements, often referred to as "investment pacing requirements" in eligible investments, under these statutes. Even though the Fund no longer raises capital in Nova Scotia or New Brunswick, it remains subject to certain investment pacing requirements for capital previously raised in such provinces. The Ontario Government has adopted legislation to phase out the Ontario provincial tax credit by the end of the 2011 tax year.

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT (continued)

Effective September 30, 2011, the Fund announced that the Fund's Class A share offering would close to new purchases. In addition, subsequent to year end, on November 10, 2011, the Fund announced that it had adopted a redemption management plan. (See Note 4).

GrowthWorks WV Management Ltd. is the Manager of the Fund (the "Manager"). The Fund, under a management agreement (see Note 8), pays the Manager certain management and administration fees.

Roseway Transaction

The Fund entered into a participation agreement dated May 28, 2010 (the "Participation Agreement") with Roseway Capital L.P. whereby Roseway Capital L.P. advanced $20 million to the Fund (the "Roseway Proceeds") in exchange for a participating interest in selected venture investment holdings of the Fund. The participating interest was subsequently assigned to Roseway Capital S.à.r.l. ("Roseway").

The Roseway Proceeds provide additional capital for follow-on investments and are intended to enhance the Fund's operating and financial flexibility.

At the time of the advance, Roseway's participating interest extended to 15 investments in the Fund's venture investment portfolio (the "Participation Holdings"), with a total carrying value of approximately $100 million. In addition, Roseway agreed to provide up to $3 million in follow-on funding for these companies. The participating interest entitles Roseway to receive 20% of the proceeds (cash or shares, "Participation Payments") earned on or generated from the sale or divestment of the Participation Holdings. Roseway did not acquire shares of the Fund or any securities of the Participation Holdings. Most of the companies in the Participation Holdings are expected to be divested prior to May 28, 2013, the third anniversary of closing of the Roseway transaction. The Participation Agreement provides for minimum Participation Payments of $5,700,000 per year during the three years following closing. The Fund will repay the Roseway Proceeds in full on the third anniversary of closing. The Fund executed a security agreement in favour of Roseway whereby the Fund's payment obligations under the Participation Agreement are secured by a charge over the Fund's non-venture assets, certain of the Fund's venture investment holdings and proceeds from the sale or divestment of other venture investment holdings.

Under Canadian general accepted accounting principles, the Fund's obligation to repay the Roseway Proceeds on the third anniversary of closing and the Participation Payments are recorded as liabilities of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles including Accounting Guideline 18, Investment Companies ("Canadian GAAP").

b) Venture investments

Venture investments are recorded at estimated fair value. Fair value is the value that would be agreed upon between knowledgeable and willing parties dealing at arm's length. Investment transactions are accounted for on a trade date basis. Changes in unrealized appreciation or depreciation of venture investments, being the differences between fair value and cost of these investments, are recorded in results of operations.

i) Publicly-traded

Venture investments having quoted market values that are publicly traded on a recognized stock exchange are recorded at values based on the closing bid quotations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Privately-owned

New venture investments in securities not having quoted market values are initially recorded at cost, which approximates fair value generally for one year, and thereafter at estimated fair value. Estimated fair value is determined on the basis of generally accepted valuation methods that best and most objectively reflect the expected realizable value that would be agreed upon in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arm's length and without constraints. If there is a recent significant arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such an offer or transaction are used in the valuation of the investment.

The process of valuing venture investments for which no public market exists is based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for the venture investments. These differences could be material to the fair value of the Fund's venture investments.

The Fund's prospectus sets out the policies, procedures and methodologies that have been adopted and approved by the Audit and Valuation Committee of the Board of Directors for determining fair value.

c) Short-term investments and bonds, bank instruments, income notes, index notes and guaranteed investment certificates ("GIC")

New purchases and sales of short-term investments and bonds, bank instruments, income notes, index notes and GICs are recorded on a trade-date basis and are valued on the basis of closing bid quotations.

The difference between the fair value and cost is recorded as an unrealized appreciation (depreciation) of short-term investments and bonds, bank instruments, income notes, index notes or guaranteed investment certificates ("GICs") as applicable. Each Series may hold investments in short-term investments or one or more other investment categories based on the "Directed Funds" investment strategy of that Series, as follows:

WV Canadian and the Merger Series - Short-term investments and bonds, income notes, index notes, GICs and bank instruments

GIC Series – Guaranteed Investment Certificates ("GICs")

Growth Series – Short-term investments and bonds, index notes and GICs

Income Series – Short-term investments and bonds, income notes, GICs and index notes

Financial Services Series – Short-term investments and bonds, index notes and GICs

Diversified and CMDF Reinvestment Series- Short-term investments and bonds, income notes, index notes, GICs and bank instruments

d) Income recognition

Interest from investments is recorded on an accrual basis. Interest income includes accretion of discounts and amortization of premiums on debt securities. Realized gains and losses arising from the sale of investments are determined using the weighted average cost basis and are recorded on the respective Series' Statement of Operations.

e) Income taxes

Income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

or the liability is settled. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. The effect on future income tax assets and liabilities of a change in tax rates is recognized in operations in the period that enactment or substantive enactment occurs.

The Fund files an income tax return that encompasses all Series. Income taxes recorded within each Series' financial statements are determined on an individual Series basis as if each Series were filing a separate income tax return. Where a Series utilizes tax deductions of another Series, the transfer of these tax deductions may be reflected in the respective Series' statement of operations within income tax expense or recovery, as appropriate, and in the respective Series' statement of net assets as an inter-series receivable or payable.

f) Foreign exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

i) Fair value of investments is translated at the rate of exchange at the end of the period.

ii) Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

Realized and unrealized foreign currency gains or losses on investments are recorded in the Statement of Operations.

g) Per share values

Net assets per share is calculated based on the number of shares outstanding at the period end. Increase (decrease) in net assets from operations per series share is calculated based on the weighted-average number of shares of the respective series outstanding during the period. Net assets for financial reporting purposes may be different from net asset value ("NAV") used to transact share sales and redemptions for certain Series (Note 9).

h) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires estimates and assumptions that affect the reported amount of certain assets and liabilities at the date of these financial statements and the reported amounts of certain revenue and expenses during the period.

Areas requiring the use of significant management estimates include estimations of the fair value of venture investments, including assessments of the financial condition of investees that might indicate a change in value of a particular investment. Assumptions underlying investment valuations are limited by the availability of reliable data and the uncertainty of predictions concerning future events.

Accordingly, venture investment valuations include a subjective element. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

i) Participation liability

The participation liability is designated as a held for trading financial liability. It is recorded at fair value, which was initially the cash consideration received by the Fund, and subsequently is estimated using the discounted cash flow method using the original effective interest rate and accreted interest. Changes in the estimated fair value of the liability are recognized in financing expense in the period in which changes in estimated future cash flow payments become known. The expected future cash flows are the Roseway Proceeds and the Participation Payments, which are determined by reference to expected divestment timing and proceeds generated from the Participation Holdings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

A Series' financial instruments may consist of cash, receivables, short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments, participation liability, accounts payable and accrued liabilities and other payables.

The estimated fair value of cash, receivables, accounts payables, accrued liabilities and other payables approximates carrying value due to the relatively short-term nature of the instruments. Short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments and the participation liability are carried at estimated fair value using the valuation methodologies set out above (see Notes 2(b), (c) and (i)) and in accordance with Section 3855 "Financial Instruments – Recognition and Measurement" and Accounting Guideline 18 "Investment Companies" of the Handbook of the Canadian Institute of Chartered Accountants.

j) IPA Dividends and contingent incentive participation amounts

Incentive participation dividends ("IPA Dividends") and contingent incentive participation dividends on Class C Shares, "IPA Series Shares", are recorded and expensed in the Statement of Operations on an accrual basis. IPA Dividends are accrued weekly, but only payable quarterly, when certain conditions are met (see Note 5). Provision for contingent incentive participation dividends, if any, is recognized based on the assumption that all of the venture investments are liquidated at their estimated fair value as at the date of the financial statements. To the extent that unrealized gains are not ultimately realized, the related contingent incentive participation dividend will be adjusted.

k) Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

l) Future accounting changes

The Accounting Standards Board ("AcSB") published amendments to the Handbook on October 1, 2010 that provided a one-year deferral of the transition to IFRS for investment companies like the Fund. However, the AcSB issued subsequent amendments to the Handbook in March 2011, providing a two-year deferral of the changeover date to January 1, 2013. The deferral of the mandatory changeover from January 1, 2011 to January 1, 2013 is intended to allow the IASB's proposed exemption from consolidation (*Accounting Standard 27 Consolidated and Separate Financial Statements (IAS 27)*) for investment companies to be in place prior to adoption of IFRS by investment companies in Canada. If adopted, this would make *IAS 27* largely consistent with current Accounting Guideline 18 *Investment Companies.*

The identification and review of major differences from existing accounting policies, new IFRS accounting policies and exemptions, and the preparation of appropriate disclosures in the Fund's IFRS financial statements is substantially complete.

As at August 31, 2011, the Manager expects that the impact of adopting IFRS will not impact measurement, but will be mainly in presentation and additional disclosure requirements in the financial statements of the Fund. Based upon the current deferral, the Fund would commence IFRS effective September 1, 2013 for its annual and interim financial statements, including comparative figures for the preceding year.

GROWTHWORKS CANADIAN FUND LTD.

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3. ALLOCATION OF INVESTMENT PORTFOLIO

The Fund maintains a single portfolio of venture investments. Each Series is allocated its share of the venture portfolio on a pro rata basis unless otherwise provided for in the respective Series' investment strategy.

WV Canadian and the Merger Series may hold short-term investments,GICs and bonds, bank instruments, income notes, and index notes as part of their non-venture portfolio. Growth Series may hold short-term investments,GICs and bonds, and index notes as part of their non-venture portfolio. Income Series and Financial Services may hold short-term investments,GICs and bonds, index notes and income notes (Income Series only) as part of their non-venture portfolio. Diversified Series and CMDF Reinvestment Series may hold short-term investments and bonds, income notes, index notes and bank instruments as part of their non-venture portfolio. GIC Series only hold non-venture investments in GICs.

Realized and unrealized gains/losses and interest income arising from the Series' venture portfolio are allocated to each Series based on the respective Series' proportionate share in the venture portfolio.

4. FINANCIAL RISK MANAGEMENT

a) Risks and Risk Management

Financial instruments in the Fund's portfolios may be exposed to liquidity risk, credit risk, currency risk, interest rate risk and other price risk, each of which is described below. The Discussion of Financial Risk Management following each Series' financial statements provides information and analysis of the risks specific to the applicable Series' financial instruments. The following discussion is of risks applicable to the financial instruments of all Series. See the Fund's, management reports of fund performance and statement of investment portfolio for other information, including the risks associated with investing in the Fund.

The Fund typically makes venture investments in early to mid stage private companies. These investments take several years to mature and losses on unsuccessful investments are often realized before gains on successful investments. Some of the principal venture investment strategies used by the Fund are to diversify the Fund's venture portfolio by business sector and by stage of development. The Fund manages the risks associated with investing in developing companies through the use of experienced venture capital managers, careful selection of investment opportunities, ongoing monitoring of portfolio companies' operations and managing divestment opportunities. The Manager seeks to add value and manage risk by participating on portfolio company boards of directors and assisting in recruiting key personnel, securing additional financing and formulating long-term strategic plans.

The Fund may have holdings in short-term investments, bonds, bank debt instruments and GICs that can be exposed to interest rate risk and credit risk. There is minimal fair value sensitivity to interest rate fluctuations on cash and short-term cash equivalents invested at market interest rates. The fair value of a debt investment represents the maximum exposure to credit risk.

A portion of the funds that are not invested or expected to be invested in venture investments are referred to as "Directed Funds". Directed Funds investments vary depending on the particular Series' investment strategy and may range from GICs to investments linked to Canadian market equities. The values of certain of these investments fluctuate relative to movements in the stock market and the market value of the securities to which the index, instruments or notes are linked. The Fund's strategy for limiting its exposure to risks associated with Directed Funds investments is to limit the proportion of a Series' assets which can be invested in Directed Funds investments, as mandated by the individual Series' investment strategy for Directed Funds.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

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4. FINANCIAL RISK MANAGEMENT (continued)

The following is a summary of the asset and liability classifications as at August 31, 2011 and 2010:

	WV Canadian and Merger Series		GIC Series		Growth Series	
	2011	2010	2011	2010	2011	2010
Assets						
Held for trading	$ 173,539	$ 236,496	$ 1,619	$ 1,645	$ 16,430	$ 18,078
Loans and receivables	12,125	6,868	26	177	1,801	1,839
Total financial assets	$ 185,664	$ 243,364	$ 1,645	$ 1,822	$ 18,231	$ 19,917
Liabilities						
Held for trading	21,810	18,158	49	42	2,087	1,435
Financial liabilities	13,762	12,029	189	299	1,095	594
Total financial liabilities	$ 35,572	$ 30,187	$ 238	$ 341	$ 3,182	$ 2,029

	Income Series		Financial Services Series		Diversified & CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
Assets						
Held for trading	$ 4,805	$ 5,219	$ 4,035	$ 4,247	$ 27,009	$ 28,418
Loans and receivables	668	694	407	435	2,588	3,078
Total financial assets	$ 5,473	$ 5,913	$ 4,442	$ 4,682	$ 29,597	$ 31,496
Liabilities						
Held for trading	610	414	513	337	3,431	2,256
Financial liabilities	320	162	271	160	1,795	1,379
Total financial liabilities	$ 930	$ 576	$ 784	$ 497	$ 5,226	$ 3,635

The Fund uses a three-tier hierarchy as a framework for disclosing fair value of investments based on inputs used to value the Fund's investments. The fair value measurements are classified into three levels as follows:

(1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

(2) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(3) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

A change in the applicable valuation methodology under Canadian GAAP may result in the reclassification into or out of an investment's assigned level.

GROWTHWORKS CANADIAN FUND LTD.

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4. FINANCIAL RISK MANAGEMENT (continued)

The following is a summary of the inputs used as of August 31, 2011 and 2010 in valuing the Fund's investments and the related participation liability carried at fair values:

As at August 31, 2011

Quoted prices in active markets for identical assets (Level 1):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ 364	$ -	$ 35	$ 10	$ 9	$ 57	$ 475
GICs	307	945	30	9	7	49	1,347
Venture investments	458	1	44	13	11	72	599
Total Investments (Level 1)	$ 1,129	$ 946	$ 109	$ 32	$ 27	$ 178	$ 2,421

Significant other observable inputs (Level 2):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	-	-	-	-	-	-	-
Total Investments (Level 2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Significant unobservable inputs (Level 3):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	170,544	384	16,321	4,773	4,008	26,831	222,861
Participation liability	(21,810)	(49)	(2,087)	(610)	(513)	(3,431)	(28,500)
Total Investments (Level 3)	$ 148,734	$ 335	$ 14,234	$ 4,163	$ 3,495	$ 23,400	$ 194,361

As at August 31, 2010

Quoted prices in active markets for identical assets (Level 1):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ 10,956	$ -	$ 866	$ 250	$ 203	$ 1,361	$ 13,636
GICs	-	852	-	-	-	-	852
Venture investments	4,176	9	330	95	78	519	5,207
Total Investments (Level 1)	$ 15,132	$ 861	$ 1,196	$ 345	$ 281	$ 1,880	$ 19,695

Significant other observable inputs (Level 2):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	-	-	-	-	-	-	-
Total Investments (Level 2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Significant unobservable inputs (Level 3):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	213,609	495	16,882	4,874	3,966	26,538	266,364
Participation Liability	(18,158)	(42)	(1,435)	(414)	(337)	(2,256)	(22,642)
Total Investments (Level 3)	$ 195,451	$ 453	$ 15,447	$ 4,460	$ 3,629	$ 24,282	$ 243,722

GROWTHWORKS CANADIAN FUND LTD.

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4. FINANCIAL RISK MANAGEMENT (continued)

During the year ended August 31, 2011 and 2010, there were no transfers between level one and level two. The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is as follows:

As at August 31, 2011

	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	$ 213,609	$ 495	$ 16,882	$ 4,874	$ 3,966	$ 26,538	$ 266,364
Purchases	12,070	27	1,156	338	284	1,899	15,774
Sales	(33,662)	(76)	(3,221)	(942)	(791)	(5,295)	(43,987)
Inter Series Portfolio Reallocation	(9,774)	(37)	2,627	830	823	5,531	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized Gains/(losses)	(7,505)	(17)	(718)	(210)	(176)	(1,181)	(9,807)
Change in unrealized depreciation	(4,194)	(8)	(405)	(117)	(98)	(661)	(5,483)
Ending balance, August 31, 2011	$ 170,544	$ 384	$ 16,321	$ 4,773	$ 4,008	$ 26,831	$ 222,861

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	$ (18,158)	$ (42)	$ (1,435)	$ (414)	$ (337)	$ (2,256)	$ (22,642)
Financing Expense	(6,778)	(18)	(590)	(171)	(142)	(950)	(8,649)
Change in unrealized appreciation	(639)	(2)	(64)	(19)	(16)	(106)	(846)
Inter Series Portfolio Reallocation	831	3	(223)	(71)	(71)	(469)	-
Accrued Interest Amount	(699)	2	(122)	(37)	(33)	(221)	(1,110)
Fair value adjustments	(729)	(2)	(70)	(20)	(17)	(115)	(953)
Participation Liability Payments	4,362	10	417	122	103	686	5,700
Ending balance, August 31, 2011	$ (21,810)	$ (49)	$ (2,087)	$ (610)	$ (513)	$ (3,431)	$ (28,500)

As at August 31, 2010

Venture Investments	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2009	$ 259,412	$ 340	$ 16,552	$ 4,316	$ 3,662	$ 24,353	$ 308,635
Purchases	19,182	80	1,359	373	309	2,067	23,370
Sales	(34,747)	(224)	(2,373)	(699)	(576)	(3,852)	(42,471)
Inter-series portfolio reallocations	(11,220)	353	2,699	1,255	879	6,034	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized gains/(losses)	(21,120)	(46)	(1,437)	(382)	(321)	(2,143)	(25,449)
Change in unrealized depreciation	2,102	(8)	82	11	13	79	2,279
Ending balance, August 31, 2010	$ 213,609	$ 495	$ 16,882	$ 4,874	$ 3,966	$ 26,538	$ 266,364

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2009	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Issued	(15,849)	(71)	(1,236)	(357)	(291)	(1,946)	(19,750)
Financing expense	(1,422)	(6)	(111)	(32)	(26)	(175)	(1,772)
Reduction to realized gain on venture	(285)	(1)	(23)	(7)	(5)	(34)	(355)
Inter-series portfolio reallocations	12	38	(17)	(4)	(4)	(25)	-
Repayments	-	-	-	-	-	-	-
Fair value adjustments	(614)	(2)	(48)	(14)	(11)	(76)	(765)
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Ending balance, August 31, 2010	$ (18,158)	$ (42)	$ (1,435)	$ (414)	$ (337)	$ (2,256)	$ (22,642)

GROWTHWORKS CANADIAN FUND LTD.

4. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Fund will have difficulty meeting obligations associated with financial liabilities. With respect to the Fund, liquidity risk also arises primarily from the need to meet share redemptions. Redemptions of Class A shares, new and follow-on venture investments, repayments of the Roseway participation liability and other operational commitments all draw on the Fund's liquidity. Venture capital investments in private companies are generally illiquid and it often takes several years for investments to mature and present a divestment opportunity. If the Fund does not have sufficient liquidity to fund follow-on investments, it may incur dilution or a loss of value on the investment if the portfolio company cannot secure required financing from alternative sources. Further, if the Fund is forced to sell a venture investment before it matures, it may incur a loss or realize a smaller gain. Class A shares must generally be held for eight years from the date of purchase in order for the holder to retain the benefit of tax credits claimed in respect of the shares. Accordingly, for liquidity management purposes the Fund considers shares to be redeemable only after expiry of this eight-year period. All references to "redeemable" shares should be read accordingly. As at the end of the year, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability, which is discussed in Note 7.

The Fund monitors liquidity risk through the use of an annual liquidity model that forecasts the Fund's short and long term liquidity needs over 90-days, and the next two annual sales cycles ending March 31, based on projected levels of capital raising, investment and divestment activity, Class A Share redemptions, Roseway Participation Payments and other operational commitments.

The Fund has for the past several years focused its activities on follow-on investing and developing and closing-on exit opportunities, a natural progression for a mature venture capital fund. Over this same period, the Fund has seen a steep decline in sales activity prompted principally by the phase out of the Ontario labour-sponsored fund tax credit. Given the imminent phase-out of the already reduced Ontario tax credit, minimal sales of Canadian Fund shares were expected for the upcoming RSP sales season. In light of these factors, on September 30, 2011 the Fund announced that the Fund's Class A share offering would close to new purchases. Further, shareholders with switch rights may no longer switch one series of Class A shares for another.

In addition, subsequent to year end, on November 10, 2011, the Fund announced that it had adopted a redemption management plan or "RMP" whereby the Fund will close weekly Class A share redemptions and, subject to regulatory approval, would process redemptions of Class A shares semi-annually in amounts determined by the Board of Directors. Subject to regulatory approval, redemptions would be processed based on an annual redemption amount determined by the Board of Directors after taking into account projected divestment activity and the fund's follow-on investment needs, liabilities and operating commitments. The annual redemption amount may be increased or decreased in the discretion of the Board of Directors if divestment activity exceeds or falls short of projected levels. If and when regulatory approval of this element of the RMP is secured, the Fund will issue a press release announcing the first semi-annual redemption date and the process for lodging redemption requests under the RMP.

GROWTHWORKS CANADIAN FUND LTD.

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4. FINANCIAL RISK MANAGEMENT (continued)

b) Venture investment portfolio

i) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a payment obligation owed to the Fund under the instrument, causing a financial loss. While the Fund's venture investments include debt instruments, which expose the Fund to credit risk, most debt instruments held are convertible into equity securities and are expected to be converted well before a divestment opportunity arises. Upon conversion, the credit risk associated with the debt instrument may be replaced by other price risk associated with the equity securities, as discussed below. If not converted or redeemed upon the maturity, the instruments generally become due on demand. Classification of debt instruments after maturity as due on demand does not represent a renegotiation of the original debt agreement. Given the expectation that debt instruments will be converted to equity securities, and thereby subject to other price risk, the credit risk associated with the Fund's venture portfolio is not considered to be significant.

ii) *Currency Risk*

Currency risk is the risk that financial instruments denominated in a currency other than Canadian dollars, which is the Fund's reporting currency, will fluctuate due to changes in the exchange rate between the Canadian dollar and the currency in which the investment is denominated. The Fund manages currency risk associated with its venture portfolio by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

iii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's venture portfolio contains debt instruments, most of which are generally convertible into equity and expected to be converted before or in connection with a follow-on investment or subsequent divestment. Accordingly, the Manager does not consider there to be significant interest rate risk on the investments as valuation is generally based on the underlying equity securities of the entity into which the debt is convertible. The values of the underlying equity securities generally do not change with changes in market interest rates, and the interest rates of these instruments are fixed hence changes in market interest rates will not impact cash flows of the Fund.

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4. FINANCIAL RISK MANAGEMENT (continued)

iv) *Other Price Risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than changes caused by interest rate or currency risk), whether caused by factors specific to an individual investment, factors affecting the sector in which the investee operates or all sectors.

The Fund generally makes investments in private companies. The Fund holds publicly traded investments in its venture investment portfolio as a result of initial public offerings by such companies or through divestitures of companies in exchange for publicly traded securities. While all venture investments held by the Fund present a risk of loss of capital due to business failures, the values of publicly traded investments are linked to movements in the stock market. In some circumstances, it may prove difficult for the Fund to quickly liquidate investments in less readily traded securities without unduly affecting the market price of the securities. Private company holdings are also linked to general market trends to the extent that poor market conditions may place downward pressure on valuations of the Fund's holdings due to reduced levels of activity in the initial public offering and merger and acquisition markets. The Fund seeks to manage other price risk by managing the level of public company holdings, including through market and private sales of these investments.

Public venture investments are grouped by Series. Once grouped, a regression analysis can be undertaken for each group of holdings to identify the correlation between the value of investments in the grouping and benchmark indices. The results and sensitivity analysis are reported in the Discussion of Financial Risk Management statement following each Series' Financial Statements.

Private venture investments are generally in early and expansion-stage companies and, accordingly, there is a limited history of operations and revenues from which to determine the fair value of these investments. Further, the fair value of these companies will primarily fluctuate in response to specific company developments rather than in response to general market conditions. Therefore, while indices such as the NASDAQ Composite Index, which is the Fund's chosen broad-based index for benchmarking purposes, may be an indicator of the Merger and Acquisition ("M&A") and Initial Public Offering ("IPO") activity within the business sectors that the Fund invests, it is difficult to identify a direct correlation between published indices or sector metrics and actual performance of private venture investments. Changes in the value of this index and other sub-sector indices may therefore differ materially from changes in the value of the Fund's private venture investments. Accordingly, a sensitivity analysis that would measure the impact on the Fund's net assets relative to changes in an index has not been provided as it is not considered meaningful.

GROWTHWORKS CANADIAN FUND LTD.

4. FINANCIAL RISK MANAGEMENT (continued)

c) Short-term investments and bonds:

The Fund's short-term investments include investments in bankers' acceptances, treasury bills, and GICs. The Fund invests in Canadian dollar denominated short-term investments and bonds, and as such is not exposed to currency risk on these investments. Further, such investments are not subject to significant other price risk.

i) *Credit Risk*

Credit rating agencies rate issuers based on how much credit risk they represent; the higher the credit rating, the lower the credit risk. The Fund manages this risk by generally investing in short-term investments, bonds and GICs issued by governments, financial institutions and issuers with credit ratings at the higher end of the range.

Other than in exceptional circumstances, transactions in listed securities are generally settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

ii) *Interest Rate Risk*

The Fund's short-term investments and bonds may be subject to interest rate risk which would affect the value of traded instruments and the Fund's interest income. When market interest rates rise, the value of traded interest-bearing instruments held by the Fund generally falls due to a decline in demand for lower yielding instruments. While higher interest rates may increase the Fund's income through higher yields on newly acquired instruments, the increase may be more than offset by a decrease in the overall value of traded instruments held by the Fund. The Fund's strategy for managing this risk is to monitor and adjust its interest-bearing portfolio holdings in light of prevailing and expected movements in short, medium and long-term interest rates and bond prices. This may include incurring early redemption penalties so as to allow re-investment of capital at higher rates.

d) Directed Funds investments

At the end of the prior year end, all of the Series had fully divested from Directed Funds investments in bonds, income notes, index notes and bank instruments. The GIC Series holds GICs at the end of the year. Only short-term investments are held as at the end of the year due to the need to liquidate Directed Funds investments to fund share redemptions and operational commitments.

The Fund's Directed Funds investments may include investments in GICs, index notes, income notes and bank instruments. As was the case at the end of the prior year end, the only Directed Funds investments held by the Fund were GICs. The Fund invests in Canadian dollar denominated Directed Funds investments, and as such is not exposed to currency risk on these investments.

4. FINANCIAL RISK MANAGEMENT (continued)

i) *Credit Risk*

Directed Funds investments in debt instruments such as GICs, index notes, income notes, and bank instruments may give rise to credit risk, which is managed in the same manner as credit risk associated with short-term investments and bonds (Note 4(c)(i)).

ii) *Interest Rate Risk*

Directed Funds investments are also subject to interest rate risk, however the extent of exposure for GICs and income notes is considered to be low due to the fact that these investments have fixed interest rates, are redeemable, and the maximum penalty for early redemption is loss of accrued interest. The interest rate risk management strategy is the same as that discussed for the short term investments and bonds (Note 4(c)(ii)).

iii) *Other Price Risk*

Other price risk arises in respect of Directed Funds investments due to movements in the quoted prices of the securities underlying index notes and income notes. The Fund manages other price risk by limiting investments in, monitoring the composition of, and adjusting the concentration of these investments. As at August 31, 2011, the Fund did not hold any Directed Funds investments in either index notes or income notes.

e) Participation liability

i) *Currency Risk*

The participation liability is denominated in Canadian dollars; however a small number of the underlying investments in the Participation Holdings defined portfolio on which the participation payments are based are denominated in US dollars and will fluctuate in value due to changes in the exchange rate between the Canadian dollar and the US dollar. The Fund manages currency risk associated with the Participation Holdings by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

ii) *Other Price Risk*

As the financing expense on the participation liability is related to the divestment proceeds of the Participation Holdings, a defined portfolio of venture investments, movements in the values of the Participation Holdings will affect the amount of interest payable under the liability. The effect of other price risk on the Fund's venture investment portfolio is discussed Note 4(b)(iv).

5. SHARE CAPITAL

Authorized
Unlimited Class A Shares issuable in series from treasury, discretionary dividend entitlement, voting, restrictions on transfer and redemption, redeemable at the net asset value less any redemption fee, entitled to elect, together with the holder of Class C, Series I shares, those directors not entitled to be elected by the holder of Class B shares and nominate certain directors for approval by Class B Shares.

- Unlimited Class B Shares, issuable only to the Sponsor of the Fund, no dividend entitlement, voting, restrictions on transfer and redemption, entitled to elect one-half plus two of the directors if the number of directors is an even number, and a majority plus one of the directors if the number of directors is an odd number.

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5. SHARE CAPITAL (continued)

- Unlimited Class C Shares, issuable in series. The Class C Shares, Series I, issuable from treasury, discretionary dividend entitlement provided the same dividend is declared or paid on the Class A Shares, non-voting, redeemable at the net asset value per share, entitled to elect, together with the holders of Class A Shares, those directors not entitled to be elected by the holder of Class B Shares.

  The Class C Shares, IPA Shares Series (the "IPA Shares"), issuable only to a person acting as a manager or investment manager to the Fund, cumulative IPA Dividend entitlement provided certain terms and conditions are met, non-voting, redeemable at an amount equal to the consideration paid to the Fund thereof upon the issue of such IPA Shares.

  The holder of IPA Shares will be entitled to receive IPA Dividends based on realized gains and income on venture investments. For venture investments made after November 29, 2002 (the "IPA Start Date"),the IPA Dividends will be equal to 20% of the realized gains and income from each such venture investment.

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

  Portfolio Test - the total net realized and unrealized gains and income of the Fund from its portfolio of venture investments since the IPA Start Date must have generated an annualized rate of return greater than a cumulative annualized threshold rate of return equal to the average annual rate of return on a five year guaranteed investment certificate offered by a major Canadian chartered bank plus 2%;

  Venture Investment Test - the compounded annual internal rate of return (including realized and unrealized gains and income from prior partial dispositions of that venture investment or otherwise) from the venture investment since its acquisition by the Fund must equal or exceed 12% per year; and

  Principal Test - the Fund must have fully recovered a cash amount equal to at least the principal invested in the venture investment.

  This means, the Fund will only pay IPA Dividends in respect of any partial disposition of such a venture investment if the Fund receives, from all dispositions of that venture investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the venture investment.

  IPA Dividends in respect of venture investments made prior to the IPA Start Date will be equal to 15% of the realized gains and income from each such venture investment. This will be calculated on the same basis as for venture investments made after the IPA Start Date with two adjustments. First, the compounded annual internal rate of return (including realized and unrealized gains and income) from the venture investments since the IPA Start Date must equal or exceed 12% per year. Second, the Fund must have fully recovered the estimated fair value of the investment carried on the books of the Fund as at the IPA Start Date.

  For the purposes of payment to the Manager, the IPA Dividends are calculated and payable quarterly. To the extent they are not declared by the Board and paid when payable, they are cumulative. At August 31, 2011, the Fund has accrued $2.43 million (August 2010: $874,238) of IPA Dividends and the contingent amount of IPA dividends accrued by the Fund decreased by $1.43 million for the year ended August 31, 2011.

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5. SHARE CAPITAL (continued)

The contingent IPA Dividend is an estimate of IPA Dividends that would have been payable to the Manager had the Fund's entire venture portfolio been disposed of at the estimated fair market value as of the date of the financial statements; however, the total IPA Dividends that will actually be paid over the life of the Fund is currently not determinable, as it will depend on the value ultimately realized from the venture portfolio.

On dissolution, the Class C Shares rank equally with the Class A Shares.

Class A Shares

Redemption and subscription information includes switching of shares of one series for shares of another series. The following shares were issued and redeemed during the year ended August 31, 2011:

Class A Shares	Outstanding Shares at Beginning of Year	Issue of shares	Redemption of Shares	Outstanding Shares at End of Year
WV Canadian - Commission I	10,072	-	(2,789)	7,283
CAVI Series	1,429	-	(380)	1,049
ENSIS Series	6,648	-	(1,380)	5,268
CMDF Series	8,886	-	(690)	8,196
CSTGF Series	1,322	-	(352)	970
FOF Traditional	1,220	-	(208)	1,012
Venture / GIC, Commission I	59	5	(1)	63
Venture / GIC, Commission II	120	7	(2)	125
Venture / Growth, Commission I	1,249	31	(19)	1,261
Venture / Growth, Commission II	587	16	(4)	599
FOF Growth	499	-	(84)	415
Venture / Income, Commission I	371	1	(3)	369
Venture / Income, Commission II	304	-	(7)	297
Venture / Financial Services, Commission I	209	6	(2)	213
Venture / Financial Services, Commission II	340	10	(4)	346
Venture / Diversified, Commission I	1,508	61	(25)	1,544
Venture / Diversified, Commission II	2,151	55	(24)	2,182
Venture / CMDF Reinvestment Series Commission I	9	-	-	9
Venture / CMDF Reinvestment Series Commission II	6	-	-	6

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

5. SHARE CAPITAL (continued)

The following shares were issued and redeemed during the year ended August 31, 2010:

Class A Shares	Outstanding Shares at Beginning of Year	Issue of shares	Redemption of Shares	Outstanding Shares at End of Year
WV Canadian - Commission I	14,196	-	(4,124)	10,072
CAVI Series	2,005	-	(576)	1,429
ENSIS Series	7,987	-	(1,339)	6,648
CMDF Series	9,561	-	(675)	8,886
CSTGF Series	1,802	-	(480)	1,322
FOF Traditional	1,538	-	(318)	1,220
Venture / GIC, Commission I	36	23	-	59
Venture / GIC, Commission II	58	62	-	120
Venture / Growth, Commission I	1,179	85	(15)	1,249
Venture / Growth, Commission II	556	37	(6)	587
FOF Growth	631	-	(132)	499
Venture / Income, Commission I	329	45	(3)	371
Venture / Income, Commission II	288	21	(5)	304
Venture / Financial Services, Commission I	200	11	(2)	209
Venture / Financial Services, Commission II	324	18	(2)	340
Venture / Diversified, Commission I	1,426	103	(21)	1,508
Venture / Diversified, Commission II	2,055	119	(23)	2,151
Venture / CMDF Reinvestment Series Commission I (1)	-	9	-	9
Venture / CMDF Reinvestment Series Commission II (1)	-	6	-	6

(1) Series commenced offering on November 10, 2009

Service Fees of Class A Shares

During the year a total of $973,000 (2010: $1.40 million) was incurred by the Fund as service fees or distribution costs for Class A shares. The Series allocation was as follows:

	2011	2010
WV Canadian – Commission I	$230	$399
CAVI Series	42	67
ENSIS Series	195	286
CMDF Series	291	368
CSTGF Series	37	60
FOF Traditional	37	54
Venture / GIC – Commission I & II	2	2
Venture / Growth – Commission I & II	46	52
FOF Growth	16	24
Venture / Income – Commission I & II	14	15
Venture / Financial Services – Commission I & II	8	9
Venture / Diversified – Commission I & II	55	62
CMDF Reinvestment Series – Commission I & II	-	-
	$973	$1,398

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

5. SHARE CAPITAL (continued)

Class B Shares
1 Class B share was outstanding during the years ended August 31, 2011 and August 31, 2010.

Class C Shares
0.1 Class C share was outstanding during the years ended August 31, 2011 and August 31, 2010.

Redemption of Class A Shares

A shareholder may redeem all or part of a series of Class A Shares held at the net asset value per series share, subject to certain restrictions and fees. In any fiscal year, the Fund is not required to redeem issued Class A Shares having an aggregate redemption price greater than an amount equal to 20% of the net asset value of the Fund as at the last day of the immediately preceding financial year. If the Fund does not redeem Class A Shares upon request, it will redeem those shares in the following financial year, at the net asset value at that time, subject to the above limit, before it redeems any other Class A Shares that it has been requested to redeem. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators [Note 4].

6. INCOME TAXES

Current Income taxes
Under the Income Tax Act (Canada), income taxes payable by the Fund on net realized capital gains will be fully refundable on a formula basis when shares are redeemed or capital gains dividends are paid or deemed to be paid by the Fund to its shareholders. Taxes payable on net investment income, other than capital gains, and certain dividends received from Canadian corporations, will be partially refundable upon the payment or deemed payment of taxable dividends, other than capital gains dividends.

The Fund records the refundable portion of its income taxes as an asset to the extent that such amounts will be recovered through the distribution of a Class A share dividend from net investment income and/or realized capital gains on investments. If and to the extent the Fund distributes, or is deemed to have distributed, a dividend, the holder of the shares will be deemed to have received a Canadian taxable dividend and/or a realized capital gain, and the adjusted cost base of the shareholder's shares will be increased by the amount of any deemed dividend. For the year ended August 31, 2011 the Fund did not distribute any deemed dividends.

Future income taxes
Temporary differences between the carrying amounts of assets and liabilities for accounting and income tax purposes may result in future tax assets and liabilities. When the fair value of a security exceeds the cost base, a future tax liability arises. This future tax liability may be eliminated by refundable taxes generated by payment of capital gains dividends. When the cost base of a security exceeds the fair value, a future tax asset arises. Due to the uncertainty of such future tax assets ultimately being realized, a full valuation allowance has been applied.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

6. INCOME TAXES (continued)

The components of future income tax balances as at August 31, 2011 and 2010 are as follows:

	WV Canadian and Merger Series		GIC Series		Growth Series and FOF Growth Series	
	2011	2010	2011	2010	2011	2010
Future income tax assets:						
Tax loss carryforwards	$44,333	$43,763	$77	$57	$1,683	$2,051
Deferred finance fees	650	1,244	4	2	65	113
Unrealized losses on portfolio assets	9,639	11,628	22	27	922	919
Future income tax liabilities:						
Unrealized (gains) on portfolio assets	-	-	-	-	-	-
Valuation allowance	(54,622)	(56,635)	(103)	(86)	(2,670)	(3,083)
Net future income tax asset (liability)	$ -	$ -	$ -	$ -	$ -	$ -

	Income Series		Financial Services Series		Diversified Series and CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
Future income tax assets:						
Tax loss carryforwards	$563	$630	$420	$494	$3,004	$3,163
Deferred finance fees	18	28	12	19	82	140
Unrealized losses on portfolio assets	270	265	227	216	1,516	1,445
Future income tax liabilities:						
Unrealized (gains) on portfolio assets	-	-	-	-	-	-
Valuation allowance	(851)	(923)	(659)	(729)	(4,602)	(4,748)
Net future income tax asset (liability)	$ -	$ -	$ -	$ -	$ -	$ -

Investment requirements

The Income Tax Act (Canada), the Manitoba Act, the Ontario Act and the principles governing the Fund's approved status under the Saskatchewan Act set minimum levels of qualifying venture investments required to be made by the Fund. If the required minimum level of qualifying venture investments is not met under each statute, the Fund will be subject to defined taxes and penalties. Even though the Fund no longer raises capital in Nova Scotia and New Brunswick, it remains subject to minimum levels of qualifying venture investments in those provinces that if not met will result in the Fund being subject to defined taxes and penalties. The Fund has agreed to place 15% of the capital it raises in Saskatchewan with a provincial tax credit (20% of capital referable to tax years after 2009) into a special trust account, which is released as the Fund invests in eligible businesses. If the Fund does not make investments at required times, an amount equal to the provincial tax credits allowed on the uninvested shortfall will be paid from this account to the government of Saskatchewan; provided however, that if the Fund subsequently makes the required investments, the amount paid to the government will be repaid to the Fund.

Income tax-loss carryforwards

The Fund has $139.90 million (August 2010: $126.64 million) in capital losses that do not expire and can be carried forward to offset future capital gains. The Fund has available non-capital losses of approximately $50.58 million (August 2010: $48.66 million) that expire at various times up to the year 2030, and that may be carried forward and used to offset future income for tax purposes. The following table summarizes the amount of the carryforward attributable to each Series as at August 31, 2011:

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

6. INCOME TAXES (continued)

	Non-capital loss carryforwards	Capital loss carryforwards
WV Canadian and Merger Series	$42,333	$129,579
GIC Series	130	95
Growth Series	2,419	3,013
Income Series	813	998
Financial Services Series	593	776
Diversified and CMDF Reinvestment Series	4,293	5,440
	$50,581	$139,901

7. PARTICIPATION LIABILITY

The Fund entered into a Participation Agreement with Roseway in 2010, receiving $20 million in exchange for a participating interest of 20% of the divestment proceeds of the Participation Holdings (Note 1). The Fund is required to distribute to Roseway 20% of the divestment proceeds from investments in the Participation Holdings when received, with minimum payments of $5.7 million on each of May 28, 2011, 2012 and 2013, and a $20 million payment on May 28, 2013. On May 28, 2011 the Fund made the required payment of $5.7 million to Roseway. Since the inception of the agreement the Fund has received an additional $1.10 million from Roseway for follow on investments. This is payable to Roseway on May 28, 2013. Estimated total future payments are expected to be:

2012	10,390
2013	26,711
2014	1,101
	$38,202

The fair value of the liability as at August 31, 2011 of $28.50 million (2010: $22.64 million) has been estimated based on the expected future cash flows discounted at 33%, the estimated effective interest rate at inception of the agreement. Interest expense of $8.65 million (2010: $1.77 million) and Roseway's share of unrealized depreciation of $844,593 (2010: $765,740) has been recorded in the statement of operations for the year ended August 31, 2011.

The liability is secured by a charge over all non-venture assets held by the Fund, certain venture investments holdings and all exit proceeds, in the form of cash or shares, derived from the sale of the Fund's venture investments.

Increased interest amounts related to changes in the fair value of the participation holdings under the Participation Agreement have been recorded in the Statements of Operations for the period as a financing expense. The fair value is adjusted for changes in the timing and amount of expected future cash flows from Participation Holdings in which Roseway holds its participating interest.

8. RELATED PARTY TRANSACTIONS

a) Management fees and administration fees

The Fund has entered into an amended and restated Management Agreement (the "Management Agreement") dated July 15, 2006. Under the terms of the Management Agreement, the Manager provides or arranges for the provision of day-to-day management, investment management and administration services to the Fund. The Manager has engaged its affiliate Growth Works Capital Ltd. to perform investment fund management services and act as the Fund's principal distributor.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

8. RELATED PARTY TRANSACTIONS (continued)

Under the Management Agreement, the Manager is entitled to receive an annual management fee and an administration fee based on the average net asset value of the Fund, payable monthly. Included in the Management Agreement is an adjustment provision which is designed to shift the risk of federal goods and services tax changes from the Fund to the Manager. As a result of the change to GST/HST effective January 1, 2008, the Manager is entitled to an annual management fee of 2.04% and an annual administration fee between 1.77% and 1.95% based on the average net asset value of the Fund. The total amount paid by the Fund, including both fees and HST, remains unchanged.

The Manager is also entitled to an annual capital retention administration fee, up to eight years from the commencement of the related fee, of 0.75% or 1.1625% of the original purchase price of currently offered Class A Shares issued by the Fund, that are still outstanding at the date of calculation of the fees. The Fund also pays the Manager a similar administration fee on the Merger Series (namely, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, FOF Traditional Series, and FOF Growth Series) shares equal to 0.75% of the net asset value of those shares which have been outstanding for less than eight years from the original date of issue (which for these purposes is deemed to be the date of issue of the shares for which the Merger Series shares were exchanged under the applicable merger). All management and administration fee percentages noted are rounded for ease of presentation and exclude federal goods and services tax or HST as applicable.

The Manager is responsible for substantially all operating expenses of the Fund, with the exception of service fees, directors' compensation, federal income tax, federal HST tax and any unusual or special items outside the scope of services provided for in the Management Agreement. The Fund has also agreed to reimburse the Manager for certain pre-approved interest costs incurred in connection with borrowings made in fulfilling its obligations under the Management Agreement.

b) IPA Dividends

As the holder of the IPA Shares, the Manager is entitled to receive IPA Dividends (see Note 5).

c) Inter-Series receivables and payables

The Fund, and in some cases individual Series, may be stated as the owner of certain investments and other assets, including cash, that are allocated among multiple Series in the records of the Fund in accordance with the Fund's valuation policies and procedures through the use of inter-Series receivable and payable accounts. The Series also incur inter-Series receivables and payables on the reallocation of the Funds' venture portfolio. All inter-Series allocations occur at fair value based on the fair value of the venture portfolio. All inter-Series balances are non-interest bearing, unsecured and have no specified repayment terms.

d) Financing Loan

During the 2011 fiscal year, as part of a financing facility, the Fund entered into a note indenture and credit facility agreement with a related party, a fund with which it shares a common manager. As part of the agreement the Fund issued a secured note for up to $11 million Canadian. Advances of up to $2.5 million are revolving and the balance is non-revolving. Under the credit facility agreement and note indenture, interest of 12% is payable on amounts advanced. This may be increased by up to 3% if the Fund's divestments from the venture investment portfolio generate realized gains above fair values at the date of such advance. During the year ended August 31, 2011 the Fund had drawn a maximum of $2.5 million and accrued interest of $61,815, both of which remained outstanding at year end. The balance and interest outstanding is due and payable in full by March 31, 2012.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

9. RECONCILIATION OF NET ASSET VALUE

As a result of the implementation of CICA Handbook Section 1100, "Generally Accepted Accounting Principles", the labour-sponsored fund industry practice of deferring and amortizing commissions paid on the sale of Class A shares on a straight line basis over eight years is no longer considered acceptable under Canadian GAAP. Accordingly, the Fund adopted prospectively, effective September 1, 2004, a change in accounting policy for commissions paid on WV Canadian – Commission I Class A Shares, whereby the unamortized balance of deferred charges at September 1, 2004 was charged against the net assets of the WV Canadian – Commission I Class A Shares.

In conjunction with this change in policy, the Ontario Securities Commission ("OSC") provided exemptive relief, which was extended under National Instrument 81-106 *Investment Fund Continuous Disclosure*, allowing for the transition from the deferral and amortization method to the direct charge method as it relates to the unamortized balance of deferred charges at December 1, 2003 and the net asset value per share used for share transactions. The Fund has relied on the exemptive relief provisions for purposes of calculating the net asset value per share of the Fund's WV Canadian – Commission I Class A Shares for share transaction and the Fund continues to amortize against net asset value the deferred commissions existing at December 1, 2003 over their remaining useful life. The Fund no longer offers WV Canadian – Commission I Class A Shares, and all commissions arising on the sale of new series of Class A Shares are paid by the Manager.

Certain shares issued pursuant to previous mergers, as noted in the table below, have an unamortized balance of deferred charges carried over from the merged funds. The Fund continues to amortize these deferred charges for purposes of calculating the net asset value of those shares used for share transactions. As a result, for these shares the calculation of the net assets and net assets per Class A share determined in accordance with Canadian GAAP ("net assets" and "net assets per share", respectively) differs from net asset value and net asset value per Class A share ("NAV" and "NAV per share" respectively) used for share transactions.

	ENSIS Series
Net Assets – August 31, 2011	$30,500
Adjustments:	
Beginning unamortized deferred charges	1,451
Amortization of deferred charges for the year	(541)
NAV - August 31, 2011	$31,410
Class A shares outstanding at year	5,268
Net Assets per Class A share	$5.79
NAV per Class A share	$5.96

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

10. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, various claims and legal proceedings are initiated against the Fund. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, the Fund has made adequate provision or has adequate insurance to cover all claims and legal proceedings. Consequently, any settlements reached should not have a material effect on the Fund's net assets.

11. RESTRICTED CASH

In the prior year the cash balance reported in the Statement of Net Assets for the Merger Series was an asset allocated to the FOF Traditional and FOF Growth series of Class A Shares. The balance consisted of funds deposited into escrow in connection with the July 14, 2006 merger of First Ontario Labour Sponsored Investment Fund Ltd. ("First Ontario Fund") into the Fund, together with interest earned on the escrowed funds. In the prior year the funds were held by an Escrow Agent pursuant to an Escrow Agreement dated July 14, 2006. This escrow arrangement was established to satisfy liabilities, if any, incurred by First Ontario Fund arising from a legal claim to which it was a party at the time of the merger. As at August 31, 2011, the balance is no longer subject to escrow restrictions and is included as cash in the current year for the Merger Series.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable and other assets are comprised of short-term amounts owed to the Fund as a result of operating and investment portfolio activities.

Accounts payable and accrued liabilities are comprised of short-term obligations arising primarily from related party transactions (Note 8) and accrued incentives relating to service fees the Fund pays quarterly to registered dealers at an annual rate of 0.5% of the average net asset value of the Class A shares held by the dealers' clients. The following table provides details of accounts payable and accrued liabilities by significant category as at August 31, 2011 and 2010:

	Merger Series		GIC Series		Growth Series	
	2011	2010	2011	2010	2011	2010
Accrued management fees	$ 3,793	$ -	$ 30	$ -	$ 363	$ -
Accrued incentives	130	186	-	5	11	9
Investment guarantees	-	2,249	-	1	-	122
Other payables/liabilities	107	1,251	1	-	7	65
Accounts payable and accrued liabilities	$ 4,030	$ 3,686	$ 31	$ 6	$ 381	$ 196

	Income Series		Financial Services Series		Diversified Series and CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
Accrued management fees	$ 106	$ -	$89	$ -	$597	$ -
Accrued incentives	2	3	1	2	10	11
Investment guarantees	-	44	-	36	-	243
Other payables/liabilities	3	8	5	6	14	51
Accounts payable and accrued liabilities	$ 111	$ 55	$ 95	$ 44	$ 621	$ 305

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

13. INDEPENDENT VALUATOR

Pursuant to the independent valuation requirements of National Instrument 81-106, the Fund requires an independent review to assess whether or not the fair value of the Fund's venture portfolio is, in all material respects, reasonable. Qualified chartered business valuators within the Valuations Practice of KPMG LLP, the Fund's independent auditor, performed this review at the Fund's most recent year end (August 31, 2011) and concluded that the fair value was, in all material respects, reasonable.

14. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the year ended August 31, 2011, the Fund paid a total of $15,200 (2010: $15,000) to the members of the IRC, excluding fees paid to IRC members in their capacity as directors or members of other board committees.

GrowthWorks
Canadian Fund

www.growthworks.ca/canadian

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416.934.7777 or 1.800.463.1652 info@growthworks.ca

Tab N

GROWTHWORKS
Canadian Fund

This is Exhibit N referred to in the affidavit of C. Ian Ross sworn before me, this 30 day of September 2013

Kelly Peters
A COMMISSIONER FOR TAKING AFFIDAVITS

2013 Interim Financial Statements (unaudited)

For the period ended February 28, 2013

GrowthWorks Canadian Fund Ltd.

WV Canadian & Merger Series:
WV Canadian – Commission I
CAVI Series
ENSIS Series
CMDF Series
CSTGF Series
FOF Traditional Series

GIC Series:
Venture / GIC – Commission I
Venture / GIC – Commission II

Growth Series:
Venture / Growth – Commission I
Venture / Growth – Commission II
FOF Growth Series

Financial Services Series:
Venture / Financial Services – Commission I
Venture / Financial Services – Commission II

Balanced and CMDF Reinvestment Series
Venture / Balanced – Commission I (formerly Diversified Series Commission I)
Venture / Balanced – Commission II (formerly Diversified Series Commission II)
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Performance Diversification Know-How

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NOTICE PURSUANT TO NATIONAL INSTRUMENT 81-106

The accompanying interim financial statements of the GrowthWorks Canadian Fund Ltd. as at the six months ended February 28, 2013 have not been reviewed by an auditor.

GrowthWorks Canadian Fund
Semi-Annual Report to Shareholders

To our investors,

The Fund continues to implement its strategy of focusing on existing portfolio companies and divesting its investments in mature companies. During the six-month period ending February 28, 2013, we completed successful exits from fifteen portfolio investments and follow-on investments of $4.5 million in four portfolio companies.

Our intermediate to long-term outlook is for merger and acquisition activity to increase as large companies shift their operating strategies from reducing expenses and increasing cash reserves to growth. Apple, for example, with cash and marketable securities of more than US$137 billion at the start of 2013, is well prepared to acquire companies. *[EdNote: Figures from Apple 10-Q]*

Additionally, the federal government's Venture Capital Action Plan, announced in January 2013, promises to provide a much needed boost to venture capital investment in Canada. The plan is expected to deploy $400 million in new capital over the next 7 to 10 years and attract close to $1 billion in new venture capital investments. In the short-term, however, we expect merger and acquisition markets to remain tight and venture capital to be in short supply in Canada.

Subsequent to the end of the reporting period, the Federal Government announced the phase-out of the Federal Tax Credit for purchases of LSVCC's like Canadian Fund. By taxation year 2017, the Federal Tax Credit will be eliminated entirely. The fund's manager is lobbying for the reversal of the decision.

Profitable divestitures

In January 2013, **Cytochroma Inc.**, a clinical-stage specialty pharmaceutical company based in Markham, Ontario, agreed to a takeover offer from OPKO Health, Inc. (NYSE: OPK), a multi-national biopharmaceutical and diagnostics company. The approximately $300 million transaction was completed in March 2013.

Formed in 1996, Cytochroma specialized in developing new vitamin D therapies that are designed to safely and effectively treat patients with stage 3, 4 or 5 chronic kidney disease. Through this takeover, OPKO acquired worldwide rights to Cytochroma's two lead product candidates, both of which are in phase 3 development in the United States. Cytochroma's officers will join the OPKO management team, and all other Cytochroma employees will be retained by OPKO.

In early March, subsequent to this reporting period, SAP AG of Germany (NYSE: SAP) announced plans to acquire **Camilion Solutions Inc**, a leading provider of insurance product development, product life-cycle and underwriting solutions.

The transaction will broaden the SAP portfolio in the insurance space, providing insurers with powerful software tools to streamline the management and creation of new products. It also will give insurance brokers and underwriters simple, modern tools that speed up transactions.

Camilion, of Markham, Ontario, was founded in 2001 and has collaborated with SAP since 2008. SAP is a market leader in enterprise application software, helping companies of all sizes and industries run better.

Portfolio company prepares for IPO

We invested $2.70 million in **Ambit Biosciences Inc.** as part of a $25 million financing round completed in November 2012. Ambit will use the funds to accelerate progress of its lead drug candidate, quizartinib, an oral monotherapy treatment regimen in patients with relapsed or refractory acute myeloid leukemia.

The company announced encouraging findings in December 2012 from a clinical study with quizartinib. According to a company news release, "In the patients with the FLT3-ITD mutation, quizartinib represents the most active single-agent we have observed with any class of investigational drugs in this challenging patient population."

Ambit also announced that it has filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering (IPO) of its common stock on the NASDAQ stock market. Details of the offering have not been finalized, but the IPO is currently expected to be completed in the second quarter of 2013 subject to market conditions.

Update on redemption processing

We are pleased to report that the Fund applied approximately $12 million towards its outstanding loans during the reporting period. We anticipate that restrictions of share redemptions will be removed when these loans are fully paid.

In the meantime, holders of Class A Shares of the Canadian Fund may submit requests to redeem their Class A Shares. The Fund will process such requests when its Board of Directors concludes that it can do so in accordance with applicable corporate laws. These require that after processing such requests the Fund would remain in a position to pay its liabilities as they become due.

You can learn about the procedures for the submission and processing of Class A Share redemption requests at our website, www.growthworks.ca.

Our outlook

At the end of 2012, approximately two-thirds of our portfolio companies were reporting robust sales growth. As private companies, however, this fundamental improvement is only reflected on the sale or re-financing of the company and not in the routine valuation of the Fund's shares. We, nevertheless, are pleased with this underlying but as yet unrecognized improvement in our holdings.

Our priority is to maximize the value of our holdings and maintain stable cash flows for the Fund. We, therefore, continue to actively pursue divestments of portfolio assets and make selected follow-on investments.

We thank all shareholders for their confidence and patience as we seek to increase shareholder value.

Sincerely,

David Levi

President and CEO

GrowthWorks Canadian Fund Ltd.

This report contains forward-looking statements that are not based on historical or current fact, including statements containing the words "believes," "may," "anticipates," "estimates," "expects" or "will". Actual results may differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks, including those referenced in the Fund's public disclosure record. Neither the Fund nor its manager assumes any obligation to update any of the forward-looking statements made in this report.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Net Assets
(In thousands except per share amounts)

	February 28, 2013 (unaudited)	August 31, 2012
Assets		
Cash	$ 96	$ 160
Short-term investments and bonds	-	-
Guaranteed investment certificates	-	-
Venture investments	108,229	154,424
Divestment proceeds receivable	4,027	4,611
Accrued interest receivable	1,449	4,504
Other assets	283	754
	$ 114,084	$ 164,453
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 897	$ 3,363
Redemptions payable	113	125
Incentive participation dividend payable [Note 5]	1,201	1,184
Contingent IPA [Note 5]	-	1,238
Participation liability [Note 7]	20,843	20,938
Financing facility [Note 8]	3,121	11,570
Inter-series payable [Note 8]	640	829
	$ 26,815	$ 39,247
Net assets		
WV Canadian – Commission I	$ 29,932	$ 41,443
CAVI Series	3,750	5,395
ENSIS Series	16,572	25,004
CMDF Series	29,893	43,099
CSTGF Series	3,241	4,763
FOF Traditional Series	3,881	5,502
	$ 87,269	$ 125,206
Shares outstanding [Note 5]		
WV Canadian – Commission I	7,016	7,022
CAVI Series	1,010	1,011
ENSIS Series	5,170	5,177
CMDF Series	8,096	8,100
CSTGF Series	938	938
FOF Traditional Series	990	990
Net assets per share		
WV Canadian – Commission I	$ 4.27	$ 5.90
CAVI Series	3.71	5.34
ENSIS Series [Note 9]	3.21	4.83
CMDF Series	3.69	5.32
CSTGF Series	3.46	5.08
FOF Traditional Series	3.92	5.56

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director   Director

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series
Statements of Operations (In thousands except per share amounts)

		Six month period ended February 28, 2013		Six month period ended February 29, 2012
		(unaudited)		(unaudited)
Investment income:				
Interest – short-term investments and bonds	$	-	$	24
Interest – venture investments		352		832
Interest – other income		8		50
		360		906
Expenses:				
Management fees [Note 8]		1,159		1,504
Administration fees [Note 8]		1,107		1,437
Capital retention administration fees [Note 8]		56		120
Directors' fees		253		263
Legal fees		604		98
Service fees [Note 5]		244		324
Participation liability expense [Note 7]		(141)		3,263
Financing facility interest [Note 8]		819		351
Other		634		465
Total expenses before fee waiver		4,735		7,825
Expenses waived or absorbed by Manager		(72)		(47)
Net expenses		4,663		7,778
Net investment income (loss)		(4,303)		(6,872)
Realized gain (loss) from:				
Venture investments		(38,952)		(2,161)
Short-term investments and bonds		-		-
Others		-		(95)
Total realized gain (loss)		(38,952)		(2,256)
Incentive participation dividend [Note 5]		(16)		(230)
Net realized gain (loss)		(38,968)		(2,486)
Change in unrealized appreciation (depreciation) of:				
Venture investments		5,943		2,932
Venture interest		(1,323)		-
Short-term investments and bonds		-		(1)
Change in unrealized appreciation (depreciation)		4,620		2,931
Contingent incentive participation dividend [Note 5]		1,238		5
Participation liability [Note 7]		(406)		1,644
Net change in unrealized appreciation (depreciation)		5,452		4,580
Increase (decrease) in net assets from operations before income taxes		(37,819)		(4,778)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(37,819)		(4,778)
Increase (decrease) in net assets from operations:				
WV Canadian – Commission I	$	(11,463)	$	(1,459)
CAVI Series		(1,642)		(200)
ENSIS Series		(8,400)		(1,086)
CMDF Series		(13,177)		(1,660)
CSTGF Series		(1,518)		(179)
FOF Traditional Series		(1,619)		(194)
Increase (decrease) in net assets from operations	$	(37,819)	$	(4,778)
Increase (decrease) in net assets from operations per share:				
WV Canadian – Commission I	$	(1.63)	$	(0.21)
CAVI Series		(1.63)		(0.20)
ENSIS Series		(1.62)		(0.21)
CMDF Series		(1.63)		(0.20)
CSTGF Series		(1.62)		(0.19)
FOF Traditional Series		(1.64)		(0.19)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Changes in Net Assets
(In thousands except per share amounts)
Six month periods ended February 28, 2013 (unaudited) and February 29, 2012 (unaudited)

	WV Canadian – Commission I		CAVI Series		ENSIS Series	
	2013	2012	2013	2012	2013	2012
Net assets, beginning of period	$ 41,443	$ 49,764	$ 5,395	$ 6,572	$ 25,004	$ 30,500
Changes during the period:						
Net increase (decrease) in net assets from operations	(11,463)	(1,459)	(1,642)	(200)	(8,400)	(1,086)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(48)	(1,666)	(3)	(228)	(32)	(503)
	(48)	(1,666)	(3)	(228)	(32)	(503)
Net assets, end of period	$ 29,932	$ 46,639	$ 3,750	$ 6,144	$ 16,572	$ 28,911

	CMDF Series		CSTGF Series		FOF Traditional Series	
	2013	2012	2013	2012	2013	2012
Net assets, beginning of period	$ 43,099	$ 51,238	$ 4,763	$ 5,811	$ 5,502	$ 6,207
Changes during the period:						
Net increase (decrease) in net assets from operations	(13,177)	(1,660)	(1,518)	(179)	(1,619)	(194)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(29)	(503)	(4)	(185)	(2)	(118)
	(29)	(503)	(4)	(185)	(2)	(118)
Net assets, end of period	$ 29,893	$ 49,075	$ 3,241	$5,447	$ 3,881	$ 5,895

	Total	
	2013	2012
Net assets, beginning of period	$ 125,206	$ 150,092
Changes during the period:		
Net increase (decrease) in net assets from operations	(37,819)	(4,778)
Capital transactions:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(118)	(3,203)
	(118)	(3,203)
Net assets, end of period	$ 87,269	$ 142,111

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Cash Flows
(In thousands except per share amounts)

	Six month period ended February 28, 2013	Six month period ended February 29, 2012
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flow from operating activities:		
Net investment income (loss)	$ (4,303)	$ (6,872)
Changes in non-cash operating accounts:		
Accrued interest receivable	3,055	(505)
Other assets	471	(153)
Accounts payable and accrued liabilities	(2,465)	(667)
Incentive participation dividend payable	17	(773)
Contingent IPA payable	(1,238)	(23)
Inter-series payable (receivable)	(2,086)	(327)
	(6,549)	(9,320)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	18,023	4,690
Disposition of short-term investments and bonds	-	725
Purchase of portfolio assets:		
Purchase of venture investments	(3,447)	(2,920)
Purchase of short-term investments and bonds	-	(367)
Divestment proceeds receivable	584	1,564
	15,160	3,692
Cash flows from (used in) financing activities:		
Payment on redemption of Class A shares	(118)	(3,203)
Financing facility	(8,449)	5,674
Participation liability	(95)	1,677
Redemptions payable	(13)	(82)
	(8,675)	4,066
Increase (decrease) in cash position	(64)	(1,562)
Cash position, beginning of period	160	1,866
Cash position, end of period	$ 96	$ 304
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ 1,898	$ (446)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
WV Canadian - Commission 1, CAVI Series, CSTGF Series, Ensis Series, CMDF Series, and FOF Traditional Series (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the period end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at February 28, 2013 were approximately $26.8 million (August 31, 2012: $39.2 million). In addition, as of February 28, 2013, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $79.7 million (August 31, 2012: $113.1 million). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at February 28, 2013 is $19.7 million (August 31, 2012: $33.8 million) which represents approximately 22.6% (August 31, 2012: 27.0%) of the Series' net assets. This is comprised of $14.0 million (August 31, 2012: $24.0 million) of venture investments, and $5.8 million (August 31, 2012: $9.9 million) in receivables.

- Venture Investments:

An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at February 28, 2013 and August 31, 2012 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2013	2012	2013	2012	2013	2012	2013	2012
Current	$ 290	$ 3,910	$ -	$ -	$ -	$ -	$ 290	$ 3,910
< than 1 year	-	-	849	599	1,725	33	2,574	632
1 - 2 years	-	-	31	4,281	-	592	31	4,873
2 - 3 years	-	-	3,091	180	-	1,189	3,091	1,369
3 - 4 years	-	-	836	2,153	6,925	6,925	7,761	9,078
> than 4 years	-	-	-	-	-	-	-	-
Total	$ 290	$ 3,910	$ 4,807	$ 7,213	$ 8,650	$ 8,739	$ 13,747	$ 19,862

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $18.1

- Short-term Investments, Bonds and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at February 28, 2013 and August 31, 2012 is as follows:

Short-term investments, Bonds and GIC's by Credit Rating	Fair Value 2013	Fair Value 2012	Percentage of Portfolio 2013	Percentage of Portfolio 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
A	$ -	$ -	-	0.0%	-	0.0%
R1	$ -	$ -	-	0.0%	-	0.0%
Not Available	-	-	-	0.0%	-	0.0%
Total	$ -	$ -	-	0.0%	-	0.0%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at February 28, 2013, 45.1% (August 31, 2012: 33.4%) of the venture portfolio and 0.0% (August 31, 2012: 13.4%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.6% (August 31, 2012: 0.4%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the period end.

Interest Rate Risk

At February 28, 2013 short-term investments comprising approximately 0.0% (August 31, 2012: 0.0%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2013, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (August 31, 2012: $0), representing approximately 0.0% (August 31, 2012: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments, Bonds and GIC's by Maturity date	Fair Value 2013	Fair Value 2012	Percentage of Portfolio 2013	Percentage of Portfolio 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
Less than 1 year	$ -	$ -	-	0.0%	-	0.0%

Other Price Risk

As at February 28, 2013 the Series is exposed to other price risk from public venture investments. Public venture investments represent $329 (August 31, 2012: $175,522) or 0.0% (August 31, 2012: 0.1%) of the Series' net assets. At February 28, 2013, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets 2013	Effect on Net Assets 2012	% effect on Net Assets 2013	% effect on Net Assets 2012
Venture (Public only)	S&P/TSX Composite Index	$ 0	$ 13	-	-

Therefore, if each of the portfolio benchmark components increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $26 (August 31, 2012: $12,848) or 0.0% (August 31, 2012: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2013 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Net Assets
(In thousands except per share amounts)

	February 28, 2013 (unaudited)	August 31, 2012
Assets		
Cash	$ -	$ -
Guaranteed investment certificates	960	960
Venture investments	163	261
Divestment proceeds receivable	6	8
Accrued interest receivable	2	8
Other Assets	1	4
Inter-series receivable [Note 8]	62	115
	$ 1,194	$ 1,356
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 6	$ 22
Incentive participation dividend payable [Note 5]	2	2
Contingent IPA [Note 5]	-	2
Participation liability [Note 7]	31	34
Financing facility [Note 8]	5	20
Inter-series payable [Note 8]	-	-
	$ 44	$ 80
Net assets		
Venture / GIC Commission I	$ 388	$ 430
Venture / GIC Commission II	762	846
	$ 1,150	$ 1,276
Shares outstanding [Note 5]		
Venture / GIC Commission I	63	63
Venture / GIC Commission II	125	125
Net assets per share		
Venture / GIC Commission	$ 6.16	$ 6.83
Venture / GIC Commission II	6.10	6.77

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Operations
(In thousands except per share amounts)

		Six month period ended February 28, 2013		Six month period ended February 29, 2012
		(unaudited)		(unaudited)
Investment income:				
Interest – venture investments	$	1	$	2
Interest – other income		-		-
		1		2
Expenses:				
Management fees [Note 8]		12		14
Administration fees [Note 8]		12		14
Capital retention administration fees [Note 8]		9		9
Directors' fees		2		2
Legal fees		5		1
Service fees [Note 5]		1		1
Participation liability expense [Note 7]		-		8
Financing facility interest[Note 8]		7		1
Other		9		8
Total expenses before fee waiver		57		58
Expenses waived or absorbed by Manager		(1)		(1)
Net expenses		56		57
Net investment income (loss)		(55)		(55)
Realized gain (loss) from:				
Venture investments		(96)		(5)
Others		-		(1)
Total realized gain (loss)		(96)		(6)
Incentive participation dividend [Note 5]		-		(1)
Net realized gain (loss)		(96)		(7)
Change in unrealized appreciation (depreciation) of:				
Venture investments		25		8
Venture interest		(2)		-
Change in unrealized appreciation (depreciation)		23		8
Contingent incentive participation dividend [Note 5]		2		-
Participation Liability [Note 7]		(1)		4
Net change in unrealized appreciation (depreciation)		24		12
Increase (decrease) in net assets from operations before income taxes		(127)		(50)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(127)		(50)
Net increase (decrease) in net assets from operations:				
Venture / GIC – Commissions I	$	(43)	$	(18)
Venture / GIC – Commissions II		(84)		(32)
Net increase (decrease) in net assets from operations	$	(127)	$	(50)
Net increase (decrease) in net assets from operations per share:				
Venture / GIC – Commissions I	$	(0.68)	$	(0.29)
Venture / GIC – Commissions II		(0.67)		(0.26)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Changes in Net Assets
(In thousands except per share amounts)
Six month periods ended February 28, 2013 (unaudited) and February 29, 2012 (unaudited)

	Commission I		Commission II		Total	
	2013	2012	2013	2012	2013	2012
Net assets, beginning of period	$ 430	$ 475	$ 846	$ 932	$ 1,276	$ 1,407
Changes during the period:						
Net increase (decrease) in net assets from operations	(43)	(18)	(84)	(32)	(127)	(50)
Capital transactions:						
Proceeds from issuance of Class A shares	1	-	-	1	1	1
Payment on redemption of Class A shares	-	2	-	(1)	-	1
	1	2	-	-	1	2
Net assets, end of period	$ 388	$ 459	$ 762	$ 900	$ 1,150	$ 1,359

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Cash Flows
(In thousands except per share amounts)

	Six month period ended February 28, 2013	Six month period ended February 29, 2012
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (55)	$ (55)
Changes in non-cash operating accounts:		
Accrued interest receivable	6	-
Other assets	4	-
Accounts payable and accrued liabilities	(16)	(4)
Incentive participation dividend payable	-	(2)
Contingent IPA Payable	(2)	(1)
Inter-series payable (receivable)	45	45
	(18)	(17)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	40	12
Purchase of portfolio assets:		
Purchase of venture investments	(7)	(9)
Divestment proceeds receivable	2	4
	35	7
Cash flows from (used in) financing activities:		
Proceeds from issuance of shares	1	1
Payment on redemption of Class A Shares	-	1
Financing facility	(15)	11
Subscriptions receivable	-	-
Participation liability	(3)	(3)
	(17)	10
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	289
Cash position, end of period	$ -	$ 289
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ 6	$ (34)

See accompanying notes to financial statements.

Venture / GIC Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the period end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at February 28, 2013 were approximately $43,914 (August 31, 2012: $79,803). In addition, as of February 28, 2013, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $8,934 (August 31, 2012: $3,310). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at February 28, 2013 is $1.1 million (August 31, 2012: $1.1 million) which represents approximately 91.5% (August 31, 2012: 89.0%) of the Series' net assets. This is comprised of $21,004 (August 31, 2012: $40,553) of venture investments, $960,000 (August 31, 2012: $960,000) of GIC's, and $70,735 (August 31, 2012: $134,888) in receivables.

- Venture Investments:
An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at February 28, 2013 and August 31, 2012 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2013	2012	2013	2012	2013	2012	2013	2012
Current	$ 290	$ 3,910	$ -	$ -	$ -	$ -	$ 290	$ 3,910
< than 1 year	-	-	849	599	1,725	33	2,574	632
1 - 2 years	-	-	31	4,281	-	592	31	4,873
2 - 3 years	-	-	3,091	180	-	1,189	3,091	1,369
3 - 4 years	-	-	836	2,153	6,925	6,925	7,761	9,078
> than 4 years	-	-	-	-	-	-	-	-
Total	$ 290	$ 3,910	$ 4,807	$ 7,213	$ 8,650	$ 8,739	$ 13,747	$ 19,862

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $18.1

- Guaranteed Investment Certificates ("GICs"):
An analysis of the credit ratings of the Series' GICs as at February 28, 2013 and August 31, 2012 is as follows:

GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2013	2012	2013	2012 YE	2013	2012 YE
Not Available	$ 960	$ 960	100.0%	100.0%	83.5%	75.2%
Total	$ 960	$ 960	1.00	100.0%	0.84	75.2%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at February 28, 2013, 45.1% (August 31, 2012: 33.4%) of the venture portfolio and 0.0% (August 31, 2012: 13.4%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.1% (August 31, 2012: 0.1%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the period end.

Interest Rate Risk

At February 28, 2013 the GIC comprising approximately 83.5% (2012: 75.2%) of the Series' net assets, are exposed to interest rate risk. The Manager considers the exposure to interest rate risk insignificant for GIC's as discussed in note 4(b)(iii). Further the Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). Given the nature of the holdings, a sensitivity analysis has not been provided as it would not be considered meaningful.The following table summaries the Series' potential exposure to interest rate risk analyzed by maturity date:

GIC's by Maturity date	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2013	2012	2013	2012	2013	2012
Less than 1 year	$ 960	$ 960	100.0%	100.0%	83.5%	75.2%

Other Price Risk

As at February 28, 2013 the Series is exposed to other price risk from public venture investments. Public venture investments represent $0 (August 31, 2012: $297) or 0.0% (August 31, 2012: 0.0%) of the Series' net assets. At February 28, 2013, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		% effect on Net Assets	
		2013	2012	2013	2012
Venture (Public only)	S&P/TSX Composite Index	$ -	$ 0	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $0 (August 31, 2012: $22) or 0.0% (August 31, 2012: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2013 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Net Assets
(In thousands except per share amounts)

	February 28, 2013 (unaudited)	August 31, 2012
Assets		
Cash	$ -	$ -
Short-term investments and bonds	-	-
Guaranteed investment certificates	-	-
Venture investments	10,501	14,976
Divestment proceeds receivable	391	447
Accrued interest receivable	141	437
Other assets	12	55
Inter-series receivable [Note 8]	460	500
	$ 11,505	$ 16,415
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 76	$ 270
Redemptions payable	1	3
Incentive participation dividend payable [Note 5]	117	115
Contingent IPA [Note 5]	-	120
Participation liability [Note 7]	2,022	2,030
Financing facility [Note 8]	303	1,122
	$ 2,519	$ 3,660
Net assets		
Venture / Growth Commission I	$ 4,894	$ 6,989
Venture / Growth Commission II	2,332	3,336
FOF Growth Series	1,760	2,430
	$ 8,986	$ 12,755
Shares outstanding [Note 5]		
Venture / Growth Commission I	1,249	1,249
Venture / Growth Commission II	597	597
FOF Growth Series	407	407
Net assets per share		
Venture / Growth Commission I	$ 3.92	$ 5.60
Venture / Growth Commission II	3.91	5.59
FOF Growth Series	4.32	5.97

See accompanying notes to financial statements.

Approved on behalf of the Board:

__________ Director   __________ Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Operations
(In thousands except per share amounts)

		Six month period ended February 28, 2013		Six month period ended February 29, 2012
		(unaudited)		(unaudited)
Investment income:				
Interest – short-term investments and bonds	$	-	$	1
Interest – income notes		-		-
Interest – venture investments		34		80
Interest – other income		-		5
		34		86
Expenses:				
Management fees [Note 8]		118		153
Administration fees [Note 8]		113		146
Capital retention administration fees [Note 8]		71		83
Directors' fees		23		26
Legal fees		59		10
Service fees [Note 5]		22		26
Participation liability expense [Note 7]		(13)		315
Financing facility interest [Note 8]		79		34
Other		82		69
Total expenses before fee waiver		554		862
Expenses waived or absorbed by Manager		(7)		(5)
Net expenses		547		857
Net investment income (loss)		(513)		(771)
Realized gain (loss) from:				
Venture investments		(3,779)		(210)
Short-term investments and bonds		-		-
Others		-		(9)
Total realized gain (loss)		(3,779)		(219)
Incentive participation dividend [Note 5]		(2)		(22)
Net realized gain (loss)		(3,781)		(241)
Change in unrealized appreciation (depreciation) of:				
Venture investments		576		312
Venture interest		(128)		-
Short-term investments and bonds		-		-
Change in unrealized appreciation (depreciation)		448		312
Contingent incentive participation dividend [Note 5]		120		1
Paticipation liability [Note 7]		(39)		150
Net change in unrealized appreciation (depreciation)		529		463
Increase (decrease) in net assets from operations before income taxes		(3,765)		(549)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(3,765)		(549)
Net increase (decrease) in net assets from operations				
Venture / Growth Commission I	$	(2,091)	$	(310)
Venture / Growth Commission II		(1,004)		(150)
FOF Growth		(670)		(89)
Net increase (decrease) in net assets from operations	$	(3,765)	$	(549)
Net increase (decrease) in net assets from operations per share:				
Venture / Growth Commission I	$	(1.67)	$	(0.25)
Venture / Growth Commission II		(1.68)		(0.25)
FOF Growth		(1.65)		(0.22)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Changes in Net Assets
(In thousands except per share amounts)
Six month periods ended February 28, 2013 (unaudited) and February 29, 2012 (unaudited)

	Commission I		Commission II		FOF Growth Series	
	2013	2012	2013	2012	2013	2012
Net assets, beginning of period	$ 6,989	$ 8,349	$ 3,336	$ 3,967	$ 2,430	$ 2,733
Changes during the period:						
Net increase (decrease) in net assets from operations	(2,091)	(310)	(1,004)	(150)	(670)	(89)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(4)	(81)	-	(9)	-	(44)
	(4)	(81)	-	(9)	-	(44)
Net assets, end of period	$ 4,894	$ 7,958	$ 2,332	$ 3,808	$ 1,760	$ 2,600

	Total	
	2013	2012
Net assets, beginning of period	$ 12,755	$ 15,049
Changes during the period:		
Net increase (decrease) in net assets from operations	(3,765)	(549)
Capital transactions:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(4)	(134)
	(4)	(134)
Net assets, end of period	$ 8,986	$ 14,366

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I
Venture / Growth Commission II
FOF Growth Series

Statements of Cash Flows
(In thousands except per share amounts)

	Six month period ended February 28, 2013	Six month period ended February 29, 2012
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (513)	$ (771)
Changes in non-cash operating accounts:		
Accrued interest receivable	296	(54)
Other assets	43	(10)
Accounts payable and accrued liabilities	(194)	(59)
Incentive participation dividend payable	2	(73)
Contingent IPA payable	(120)	2
Inter-series payable (receivable)	(151)	6
	(637)	(959)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	1,748	451
Disposition of short-term investments and bonds	-	70
Purchase of portfolio assets:		
Purchase of venture investments	(334)	(281)
Purchase of short-term investments and bonds	-	(34)
Divestment proceeds receivable	56	143
	1,470	349
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(4)	(134)
Financing facility	(819)	555
Subscription receivable	-	-
Participation liability	(8)	189
Redemption payable	(2)	-
	(833)	610
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	-
Cash position, end of period	$ -	$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ 192	$ 170

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
Venture / Growth Commission I
Venture / Growth Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the period end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at February 28, 2013 were approximately $2.5 million (August 31, 2012: $3.7 million). In addition, as of February 28, 2013, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $3.4 million (August 31, 2012: $3.5 million). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at February 28, 2013 is $2.4 million (2012: $3.8 million) which represents approximately 26.3% (August 31, 2012: 29.5%) of the Series' net assets. This is comprised of $1.4 million (August 31, 2012: $2.3 million) of venture investments, and $1.0 million (August 31, 2012: $1.4 million) in receivables.

- Venture Investments:

An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at February 28, 2013 and August 31, 2012 is as follows:

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2013	2012	2013	2012	2013	2012	2013	2012
Current	$ 290	$ 3,910	$ -	$ -	$ -	$ -	$ 290	$ 3,910
< than 1 year	-	-	849	599	1,725	33	2,574	632
1 - 2 years	-	-	31	4,281	-	592	31	4,873
2 - 3 years	-	-	3,091	180	-	1,189	3,091	1,369
3 - 4 years	-	-	836	2,153	6,925	6,925	7,761	9,078
> than 4 years	-	-	-	-	-	-	-	-
Total	$ 290	$ 3,910	$ 4,807	$ 7,213	$ 8,650	$ 8,739	$ 13,747	$ 19,862

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is

- Short-term Investments, Bonds and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at February 28, 2013 and August 31, 2012 is as follows:

Short-term investments, Bonds and GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2013	2012	2013	2012	2013	2012
AA	$ -	$ -	-	0.0%	-	0.0%
R1	$ -	$ -	-	0.0%	-	0.0%
Not Available	-	-	-	0.0%	-	0.0%
Total	$ -	$ -	-	0.0%	-	0.0%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at February 28, 2013, 45.1% (August 31, 2012: 33.4%) of the venture portfolio and 0.0% (August 31, 2012: 13.4%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.5% (August 31, 2012: 0.4%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the period end.

Interest Rate Risk

At February 28, 2013 short-term investments comprising approximately 0.0% (August 31, 2012: 0.0%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2013, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (August 31, 2012: $0), representing approximately 0.0% (Auguts 31, 2012: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments, Bonds and GIC's by Maturity date	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2013	2012	2013	2012	2013	2012
Less than 1 year	$ -	$ -	-	0.0%	-	0.0%

Other Price Risk

(August 31, 2012: 0.1%) of the Series' net assets. At February 28, 2013, a 1% increase or decrease in the related portfolio benchmark would have the following increase or

Portfolio	Benchmark	Effect on Net Assets		% effect on Net Assets	
		2013	2012	2013	2012
Venture (Public only)	S&P/TSX Composite Index	$ 0	$ 1	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $3 (August 31, 2012: $1,246) or 0.0% (August 31, 2012: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2013 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Net Assets
(In thousands except per share amounts)

	February 28, 2013 (unaudited)	August 31, 2012
Assets		
Cash	$ -	$ -
Short-term investments and bonds	-	-
Guaranteed investment certificates	-	-
Venture investments	2,594	3,699
Divestment proceeds receivable	97	110
Accrued interest receivable	35	108
Other assets	3	13
Inter-series receivable [Note 8]	26	34
	$ 2,755	$ 3,964
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 17	$ 65
Redemptions payable	1	-
Incentive participation dividend payable [Note 5]	29	28
Contingent IPA [Note 5]	-	30
Participation liability	500	502
Financing facility [Note 8]	75	277
	$ 622	$ 902
Net assets		
Venture / Financial Services Commission I	$ 810	$ 1,162
Venture / Financial Services Commission II	1,323	1,900
	$ 2,133	$ 3,062
Shares outstanding [Note 5]		
Venture / Financial Services Commission I	211	211
Venture / Financial Services Commission II	346	346
Net assets per share		
Venture / Financial Services Commission I	$ 3.84	$ 5.51
Venture / Financial Services Commission II	3.82	5.49

See accompanying notes to financial statements.

Approved on behalf of the Board:

_______________ Director   _______________ Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Operations
(In thousands except per share amounts)

		Six month period ended February 28, 2013		Six month period ended February 29, 2012
		(unaudited)		(unaudited)
Investment income:				
Interest - venture investments	$	8	$	20
Interest - other income		-		1
		8		21
Expenses:				
Management fees [Note 8]		28		37
Administration fees [Note 8]		27		36
Capital retention administration fees [Note 8]		24		27
Directors' fees		6		6
Legal fees		14		2
Service fees [Note 5]		4		3
Participation liability expense [Note 7]		(3)		78
Financing facility interest [Note 8]		19		8
Other		16		19
Total expenses before fee waiver		135		216
Expenses waived or absorbed by Manager		(2)		(1)
Net expenses		133		215
Net investment income (loss)		(125)		(194)
Realized gain (loss) from:				
Venture investments		(934)		(52)
Short-term investments and bonds		-		-
Others		-		(2)
Total realized gain (loss)		(934)		(54)
Incentive participation dividend [Note 5]		-		(6)
Net realized gain (loss)		(934)		(60)
Change in unrealized appreciation (depreciation) of:				
Venture investments		143		71
Venture interest		(32)		-
Short-term investments and bonds		-		-
Change in unrealized appreciation (depreciation)		111		71
Contingent Incentive participation dividend [Note 5]		30		-
Participation liability [Note 7]		(10)		37
Net change in unrealized appreciation (depreciation)		131		108
Increase (decrease) in net assets from operations before income taxes		(928)		(146)
Provision for income taxes (expense) recovery		-		-
Increase (decrease) in net assets from operations		(928)		(146)
Increase (decrease) in net assets from operations:				
Venture / Financial Services Commission I	$	(352)	$	(54)
Venture / Financial Services Commission II		(576)		(92)
Increase (decrease) in net assets from operations	$	(928)	$	(146)
Increase (decrease) in net assets from operations per share:				
Venture / Financial Services Commission I	$	(1.67)	$	(0.25)
Venture / Financial Services Commission II		(1.66)		(0.27)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Changes in Net Assets
(In thousands except per share amounts)
Six month periods ended February 28, 2013 (unaudited) and February 29, 2012 (unaudited)

	Commission I		Commission II		Total	
	2013	2012	2013	2012	2013	2012
Net assets, beginning of period	$ 1,162	$ 1,395	$ 1,900	$ 2,263	$ 3,062	$ 3,658
Changes during the period:						
Net increase (decrease) in net assets from operations	(352)	(54)	(576)	(92)	(928)	(146)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares		(13)	(1)	(1)	(1)	(14)
	-	(13)	(1)	(1)	(1)	(14)
Net assets, end of period	$ 810	$ 1,328	$ 1,323	$ 2,170	$ 2,133	$ 3,498

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I
Venture / Financial Services Commission II

Statements of Cash Flows
(In thousands except per share amounts)

	Six month period ended February 28, 2013	Six month period ended February 29, 2012
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (125)	$ (194)
Changes in non-cash operating accounts:		
Accrued interest receivable	73	(14)
Other assets	10	(2)
Accounts payable and accrued liabilities [Note 12]	(48)	(17)
Incentive participation dividend payable	-	(18)
Contingent IPA payable	(30)	1
Inter-series payable (receivable)	(39)	(10)
	(159)	(254)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	432	111
Disposition of short-term investments and bonds	-	17
Purchase of portfolio assets:		
Purchase of venture investments	(83)	(69)
Purchase of short-term investments and bonds	-	(9)
Divestment proceeds receivable	14	34
	363	84
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(1)	(14)
Redemptions payable	1	-
Financing facility	(202)	135
Subscriptions receivable	-	-
Participation liability	(2)	49
	(204)	170
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	-
Cash position, end of period	$ -	$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ 48	$ 61

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
Venture / Financial Services Commission I
Venture / Financial Services Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the period end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at February 28, 2013 were approximately $621,141 (August 31, 2012: $901,855). In addition, as of February 28, 2013, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $675,028 (August 31, 2012: $457,028). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at February 28, 2013 is $495,298 (August 31, 2012: $839,537) which represents approximately 23.2% (August 31, 2012: 27.4%) of the Series' net assets. This is comprised of $335,307 (August 31, 2012: $573,871) of venture investments, and $159,991 (August 31, 2012: $265,666) in receivables.

- Venture Investments:

An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at February 28, 2013 and August 31, 2012 is as follows:

Venture Investments Debt	Impaired only 2013	Impaired only 2012	Past Due only 2013	Past Due only 2012	Past Due and Impaired 2013	Past Due and Impaired 2012	Total Past Due and/or Impaired 2013	Total Past Due and/or Impaired 2012
Current	$ 290	$ 3,910	$ -	$ -	$ -	$ -	$ 290	$ 3,910
< than 1 year	-	-	849	599	1,725	33	2,574	632
1 - 2 years	-	-	31	4,281	-	592	31	4,873
2 - 3 years	-	-	3,091	180	-	1,189	3,091	1,369
3 - 4 years	-	-	836	2,153	6,925	6,925	7,761	9,078
> than 4 years	-	-	-	-	-	-	-	-
Total	$ 290	$ 3,910	$ 4,807	$ 7,213	$ 8,650	$ 8,739	$ 13,747	$ 19,862

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $18.1

- Short-term Investments, Bonds and GIC's:

An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at February 28, 2013 and August 31, 2012 is as follows:

Short-term investments, Bonds and GIC's by Credit Rating	Fair Value 2013	Fair Value 2012	Percentage of Portfolio 2013	Percentage of Portfolio 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
AA	$ -	$ -	-	0.0%	-	0.0%
R1	$ -	$ -	-	0.0%	-	0.0%
Not Available	-	-	-	0.0%	-	0.0%
Total	$ -	$ -	-	0.0%	-	0.0%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at February 28, 2013, 45.1% (August 31, 2012: 33.4%) of the venture portfolio and 0.0% (August 31, 2012: 13.4%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.5% (August 31, 2012: 0.4%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the period end.

Interest Rate Risk

At February 28, 2013 short-term investments comprising approximately 0.0% (August 31, 2012: 0.0%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2013, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (August 31, 2012: $0), representing approximately 0.0% (August 31, 2012: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments, Bonds and GIC's by Maturity date	Fair Value 2013	Fair Value 2012	Percentage of Portfolio 2013	Percentage of Portfolio 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
Less than 1 year	$ -	$ -	-	0.0%	-	0.0%

Other Price Risk

As at February 28, 2013 the Series is exposed to other price risk from public venture investments. Public venture investments represent $8 (August 31, 2012: $4,204) or 0.0% (August 31, 2012: 0.1%) of the Series' net assets. At February 28, 2013, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets 2013	Effect on Net Assets 2012	% effect on Net Assets 2013	% effect on Net Assets 2012
Venture (Public only)	S&P/TSX Composite Index	$ 0	$ 0	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $1 (August 31, 2012: $306) or 0.0% (August 31, 2012: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2013 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I [(1)]
Venture / Balanced Commission II [(1)]
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Net Assets
(In thousands except per share amounts)

	February 28, 2013	August 31, 2012
	(unaudited)	
Assets		
Cash	$ -	$ -
Short-term investments and bonds	-	-
Guaranteed investment certificates	-	-
Venture investments	20,562	29,350
Divestment proceeds receivable	765	876
Accrued interest receivable	276	856
Other assets	22	107
Inter-series receivable [Note 8]	93	180
	$ 21,718	$ 31,369
Liabilities		
Accounts payable and accrued liabilities [Note 12]	$ 144	$ 521
Redemptions payable	1	2
Incentive participation dividend payable [Note 5]	228	225
Contingent IPA [Note 5]	-	235
Participation liability [Note 7]	3,960	3,980
Financing facility [Note 8]	593	2,199
	$ 4,926	$ 7,162
Net assets		
Venture / Balanced Commission I	7,324	10,539
Venture / Balanced Commission II	9,395	13,569
Venture / CMDF Reinvestment Commission I	44	59
Venture / CMDF Reinvestment Commission II	29	40
	$ 16,792	$ 24,207
Shares outstanding [Note 5]		
Venture / Balanced Commission I	1,921	1,923
Venture / Balanced Commission II	2,476	2,479
Venture / CMDF Reinvestment Commission I	9	9
Venture / CMDF Reinvestment Commission II	6	6
Net assets per share [Note 9]		
Venture / Balanced Commission I	$ 3.81	$ 5.48
Venture / Balanced Commission II	3.79	5.47
Venture / CMDF Reinvestment Commission I	4.89	6.56
Venture / CMDF Reinvestment Commission II	4.83	6.67

(1) On November 25, 2011, the Fund's previously named Diversified Series were redesignated Balanced Series

See accompanying notes to financial statements.

Approved on behalf of the Board:

_______________ Director _______________ Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I [(1)]
Venture / Balanced Commission II [(1)]
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Operations
(In thousands except per share amounts)

	Six month period ended February 28, 2013	Six month period ended February 29, 2012
	(unaudited)	(unaudited)
Investment income:		
Interest – short term investments and bonds	$ -	$ 2
Interest – venture investments	67	146
Interest – other income	-	8
	67	156
Expenses:		
Management fees [Note 8]	223	272
Administration fees [Note 8]	213	260
Capital retention administration fees [Note 8]	184	190
Directors' fees	45	50
Legal fees	115	19
Service fees [Note 5]	28	28
Participation liability expense [Note 7]	(27)	554
Financing Facility interest [Note 8]	156	63
Other	164	137
Total expenses before fee waiver	1,101	1,573
Expenses waived or absorbed by Manager	(14)	(8)
Net expenses	1,087	1,565
Net investment income (loss)	(1,020)	(1,409)
Realized gain (loss) from:		
Venture investments	(7,400)	(408)
Short-term investments and bonds	-	-
Others	-	(18)
Total realized gain (loss)	(7,400)	(426)
Incentive participation dividend [Note 5]	(3)	(44)
Net realized gain (loss)	(7,403)	(470)
Change in Unrealized appreciation (depreciation) of:		
Venture investments	1,129	95
Venture interest	(251)	-
Short-term investments and bonds	-	-
Change in unrealized appreciation (depreciation)	878	95
Contingent Incentive participation dividend [Note 5]	235	12
Participation liability [Note 7]	(77)	256
Net change in unrealized appreciation (depreciation)	1,036	363
Increase (decrease) in net assets from operations before income taxes	(7,387)	(1,516)
Provision for income taxes (expense) recovery	-	-
Increase (decrease) in net assets from operations	(7,387)	(1,516)
Net increase (decrease) in net assets from operations:		
Venture / Balanced Commission I	$ (3,208)	$ (689)
Venture / Balanced Commission II	(4,154)	(822)
Venture / CMDF Reinvestment Commission I	(15)	(3)
Venture / CMDF Reinvestment Commission II	(10)	(2)
Net increase (decrease) in net assets from operations	$ (7,387)	$ (1,516)
Net increase (decrease) in net assets from operations per share:		
Venture / Balanced Commission I	$ (1.67)	$ (0.36)
Venture / Balanced Commission II	(1.68)	(0.33)
Venture / CMDF Reinvestment Commission I	(1.67)	(0.33)
Venture / CMDF Reinvestment Commission II	(1.67)	(0.33)

[(1)] On November 25, 2011, the Fund's previously named Diversified Series were redesignated Balanced Series.

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I [(1)]
Venture / Balanced Commission II [(1)]
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Changes in Net Assets
Six month periods ended February 28, 2013 (unaudited) and February 29, 2012 (unaudited)

	Balanced Commission I		Balanced Commission II	
	2013	2012	2013	2012
Net assets, beginning of period	$ 10,539	$ 10,052	$ 13,569	$ 14,204
Changes during the period:				
Net increase (decrease) in net assets from operations	(3,208)	(689)	(4,154)	(822)
Net increase (decrease) in net assets from operations from converted Income shares [Note 11]	-	(951)	-	(824)
Capital transactions:				
Proceeds from issuance of Class A shares	-	-	-	1
Payment on redemption of Class A shares	(7)	(11)	(20)	(64)
Share conversion [Note 11]	-	3,666	-	3,012
	(7)	3,655	(20)	2,949
Net assets, end of period	$ 7,324	$ 12,067	$ 9,395	$ 15,507

	CMDF Reinvestment Commission I		CMDF Reinvestment Commission II	
	2013	2012	2013	2012
Net assets, beginning of period	$ 59	$ 69	$ 40	$ 46
Changes during the period:				
Net increase (decrease) in net assets from operations	(15)	(3)	(10)	(2)
Net increase (decrease) in net assets from operations from converted Income shares	-	-	-	-
Capital transactions:				
Proceeds from issuance of Class A shares	-	-		1
Payment on redemption of Class A shares	-	-	(1)	(1)
Share conversion [Note 11]	-	-	-	-
	-	-	(1)	-
Net assets, end of period	$ 44	$ 66	$ 29	$ 44

[(1)] On November 25, 2011, the Fund's previously named Diversified Series were redesignated Balanced Series.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I [(1)]
Venture / Balanced Commission II [(1)]
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Changes in Net Assets
Six month periods ended February 28, 2013 (unaudited) and February 29, 2012 (unaudited)

	Total 2013	Total 2012
Net assets, beginning of period	$ 24,207	$ 24,371
Changes during the period:		
Net increase (decrease) in net assets from operations	(7,387)	(1,516)
Net increase (decrease) in net assets from operations from converted Income shares [Note 11]	-	(1,775)
Capital transactions:		
Proceeds from issuance of Class A shares	-	2
Payment on redemption of Class A shares	(28)	(76)
Share conversion [Note 11]	-	6,678
	(28)	6,604
Net assets, end of period	$ 16,792	$ 27,684

(1) On November 25, 2011, the Fund's previously named Diversified Series were redesignated Balanced Series.

See accompanying notes to financial statements

GROWTHWORKS CANADIAN FUND LTD.

Venture / Balanced Commission I [(1)]
Venture / Balanced Commission II [(1)]
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II

Statements of Cash Flows
(In thousands except per share amounts)

	Six month period ended February 28, 2013	Six month period ended February 29, 2012
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	$ (1,020)	$ (1,409)
Net investment income (loss) from converted shares		(1,775)
Changes in non-cash operating accounts:		
Accrued interest receivable	580	(230)
Other assets	86	(20)
Accounts payable and accrued liabilities [Note 12]	(377)	3
Incentive participation dividend payable	3	(86)
Contingent IPA payable	(235)	116
Inter-series payable (receivable)	(261)	898
	(1,224)	(2,503)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	3,423	770
Disposition of short-term investments and bonds	-	138
Purchase of portfolio assets:		
Purchase of venture investments	(655)	(476)
Purchase of short-term investments and bonds	-	(69)
Divestment proceeds available	111	40
	2,879	403
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	-	2
Payment on redemption of Class A shares	(28)	(76)
Redemptions payable	(1)	-
Financing facility [Note 8]	(1,606)	1,142
Subscriptions receivable	-	-
Participation liability	(20)	1,032
	(1,655)	2,100
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	-
Cash position, end of period	$ -	$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	$ 348	$ 6,000
Non cash increase in net assets due to merger of Income series [Note 11]	$ -	6,678

[(1)] On November 25, 2011, the Fund's previously named Diversified Series were redesignated Balanced Series.

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.
Venture / Balanced Commission I
Venture / Balanced Commission II
Venture / CMDF Reinvestment Commission I
Venture / CMDF Reinvestment Commission II (Tabular amounts expressed in thousands of dollars)

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

At the period end, all the Fund's financial liabilities are due within one year, with the exception of the Financing Promissory Note which is discussed in Note 8(d)(ii). Total financial liabilities of the Series as at February 28, 2013 were approximately $4.9 million (August 31, 2012: $7.2 million). In addition, as of February 28, 2013, the net asset value of Class A Shares that are eligible for redemption without penalty totaled $5.4 million (August 31, 2012: $3.8 million). The fund is not required to redeem all eligible Class A Shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at February 28, 2013 is $3.8 million (August 31, 2012: $6.6 million) which represents approximately 22.7% (August 31, 2012: 27.2%) of the Series' net assets. This is comprised of $2.7 million (August 31, 2012: $4.6 million) of venture investments, and $1.2 million (2012: $2.0 million) in receivables.

- Venture Investments:
An analysis of venture debt instruments owned by the Fund, that are past due and/or impaired as at February 28, 2013 and August 31, 2012 is as follows:

Venture Investments Debt	Impaired only 2013	Impaired only 2012	Past Due only 2013	Past Due only 2012	Past Due and Impaired 2013	Past Due and Impaired 2012	Total Past Due and/or Impaired 2013	Total Past Due and/or Impaired 2012
Current	$ 290	$ 3,910	$ -	$ -	$ -	$ -	$ 290	$ 3,910
< than 1 year	-	-	849	599	1,725	33	2,574	632
1 - 2 years	-	-	31	4,281	-	592	31	4,873
2 - 3 years	-	-	3,091	180	-	1,189	3,091	1,369
3 - 4 years	-	-	836	2,153	6,925	6,925	7,761	9,078
> than 4 years	-	-	-	-	-	-	-	-
Total	$ 290	$ 3,910	$ 4,807	$ 7,213	$ 8,650	$ 8,739	$ 13,747	$ 19,862

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's' net assets for all venture debt investments is $18.1

- Short-term Investments, Bonds and GIC's:
An analysis of the credit ratings of the Series' short-term investments, bonds and GIC's as at February 28, 2013 and August 31, 2012 is as follows:

Short-term investments, Bonds and GIC's by Credit Rating	Fair Value 2013	Fair Value 2012	Percentage of Portfolio 2013	Percentage of Portfolio 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
R1	$ -	$ -	-	0.0%	-	0.0%
Not Available	-	-	-	0.0%	-	0.0%
Total	$ -	$ -	-	0.0%	-	0.0%

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

Currency Risk

As at February 28, 2013, 45.1% (August 31, 2012: 33.4%) of the venture portfolio and 0.0% (August 31, 2012: 13.4%) in divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.6% (August 31, 2012: 0.4%). In practice actual results may differ from this sensitivity analysis, and the different could be material. There was no other exposure to foreign currencies at the period end.

Interest Rate Risk

At February 28, 2013 short-term investments comprising approximately 0.0% (August 31, 2012: 0.0%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2013, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased, repectively, by approximately $0 (August 31, 2012: $0), representing approximately 0.0% (August 31, 2012: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summaries the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments, Bonds and GIC's by Maturity date	Fair Value 2013	Fair Value 2012	Percentage of Portfolio 2013	Percentage of Portfolio 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
Less than 1 year	$ -	$ -	-	0.0%	-	0.0%

Other Price Risk

As at February 28, 2013 the Series is exposed to other price risk from public venture investments. Public venture investments represent $63 (August 31, 2012: $33,360) or 0.0% (August 31, 2012: 0.1%) of the Series' net assets. At February 28, 2013, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets 2013	Effect on Net Assets 2012	% effect on Net Assets 2013	% effect on Net Assets 2012
Venture (Public only)	S&P/TSX Composite Index	$ 0	$ 2	-	-

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately $5 (August 31, 2012: $2,442) or 0.0% (August 31, 2012: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2013 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios
Venture Investments, (In thousands)

As at February 28, 2013

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Biotechnology:					
Ambit Biosciences (Canada) Corp., Cl A preferred shares	-[1]	-	-[1]	-[1]	
Ambit Biosciences (Canada) Corp., Cl C preferred shares	11,628	-	6,605	6,605	
Ambit Biosciences (Canada) Corp., Cl D preferred Shares	1,294	-	4,960	4,960	
Ambit Biosciences (Canada) Corp., Cl D2 preferred Shares	3,666	-	2,506	2,506	
Ambit Biosciences (Canada) Corp., Cl E preferred Shares	22,487	-	6,044	6,044	
Ambit Biosciences (Canada) Corp, warrants	1,548	-	-	-	
Chitogenics Pharmaceuticals Ltd., Conv. Class A preferred shares	13	-	1,500	1,500	
Cytochroma Canada Inc., common shares	233	-	319	319	
Cytochroma Canada Inc., debenture 20% due Jan 31, 2015	403	403	-	403	
Cytochroma Canada Inc., Class A preferred shares	350	-	480	480	
Cytochroma Canada Inc., Class B preferred shares	2,716	-	3,721	3,721	
Cytochroma Canada Inc., Class C preferred shares	1,261	-	1,728	1,728	
Cytochroma Canada Inc., Class D preferred shares	7,939	-	79	79	
Cytochroma Inc., Conv. Class A preferred shares	350	-	350	350	
Cytochroma Inc., Conv. Class B preferred shares	2,270	-	500	500	
Cytochroma Inc., Conv. Class C preferred shares	991	-	3,300	3,300	
Empex Inc., debenture 12%, due on demand	4,494	4,494	-	4,494	
Gemin X Biotechnologies Inc	3,387	-	-	-	
Medinnova Partners Inc., Cl A preferred shares	37,558	-	3,397	3,397	
Medinnova Partners Inc., common shares	200	-	-[1]	-[1]	
MetaMorphix Inc., common shares	406	-	700	700	
Molecular Templates Inc., common shares	33	-	-	-	
Molecular Templates Inc., debenture 12%, due on demand	150	150	-	150	
Monteris Medical Inc., Class A common shares	1,350	-	2,522	2,522	
Natrix Separations Inc., common shares	2	-	25	25	
Natrix Separations Inc., Cl A preferred shares	21	-	267	267	
Natrix Separations Inc., Cl B preferred shares	228	-	2,866	2,866	
Natrix Separations Inc., Cl C preferred shares	194	-	2,433	2,433	
Natrix Separations Inc., Series C preferred shares	67	-	845	845	
Natrix Separations Inc., Series D preferred shares	478	-	2,694	2,694	

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at February 28, 2013

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Biotechnology (continued):					
NPS Pharmaceuticals Inc., Options	9	$ -	$ -[1]	$ -[1]	
Orthopaedic Synergy Inc. (formerly Praxim Inc.), convertible debenture12.5%, due on demand	2,047	2,047	-	2,047	
Orthopaedic Synergy Inc. (formerly Praxim Inc.), deferred consideration	302	-	-	-	
Receptor Therapeutics Inc., debenture 25%, due on demand	90	90	-	90	
Receptor Therapeutics Inc., common shares	581	-	-[1]	-[1]	
Receptor Therapeutics Inc., convertible debenture 25%, due on demand	1,189	1,189	-	1,189	
Targeted Growth Canada Inc., Class A special voting shares	-[1]	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl D special voting shares	533	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl D2 special voting shares	540	-	-[1]	-[1]	
Targeted Growth Canada Inc., Class Cl C preferred exchangeable shares	1,885	-	2,592	2,592	
Targeted Growth Canada Inc., Class D preferred exchangeable shares	533	-	2,319	2,319	
Targeted Growth Canada Inc., Class Cl D2 preferred exchangeable shares	540	-	2,925	2,925	
Targeted Growth Inc., Class Cl C special voting shares	1,885	-	-[1]	-[1]	
Trillium Therapeutics Inc., Cl A preferred shares	1,880	-	2,500	2,500	
Trillium Therapeutics Inc., common shares	1,000	-	770	770	
Trillium Therapeutics Inc., convertible debenture 12%, Aug 31, 2013	2,062	2,062	-	2,062	
Trillium Therapeutics Inc., warrants	822	-	-[1]	-[1]	
Twinstrand Therapeutics Inc., Class C preferred shares	710	-	390	390	
Twinstrand Therapeutics Inc., Class D preferred shares	71	-	-[2]	-[2]	
Twinstrand Therapeutics Inc., warrants	237	-	-[2]	-[2]	
ViOptix Canada Inc., Cl Jr. preferred shares	766	-	1,877	1,877	
ViOptix Canada Inc., D preferred shares	14,035	-	6,720	6,720	
ViOptix Canada Inc., convertible debenture 6%, due on demand	631	631	-	631	
ViOptix Canada Inc., convertible debenture 6%, due on demand	1,265	1,265	-	1,265	
ViOptix Canada Inc., warrants	1,057	-	-[1]	-[1]	
Viron Therapeutics Inc., demand note 15%, due on demand	800	800	-	800	
Viron Therapeutics Inc., Class A, preferred shares	5,856	-	7,045	7,045	
Viron Therapeutics Inc., Class B, preferred shares	3,414	-	3,000	3,000	
Websar Innovations Inc., Class A common shares	20	-	-[1]	-[1]	
Websar Innovations Inc., preferred shares	3	-	275	275	
Western Life Sciences Venture Fund LP., Class A common shares	3	-	3,183	3,183	
		$ 13,131	$ 81,436	$ 94,567	81.3%

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at February 28, 2013

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Communications:					
Aizan Technologies Inc., convertible debt 10%, due March 31, 2013	675	$ 675	$ -	$ 675	
Aizan Technologies Inc., debenture 10%, due March 31, 2013	75	75	-	75	
Aizan Technologies Inc., Class A, preferred shares	3,601	-	3,000	3,000	
Aizan Technologies Inc., Class B, preferred shares	900	-	-(1)	-(1)	
Spotwave Wireless Inc., special voting shares	3,958	-	-	-	
Spotwave Wireless Inc., Class A, preferred shares	5,142	-	1,523	1,523	
		$ 750	$ 4,523	$ 5,273	4.5%
Computer software:					
Bid Freight Global Inc., common shares	-(1)	-	-(2)	-(2)	
Bid Freight Global Inc., convertible debenture, 5%, due on demand	1,090	1,090	-	1,090	
Blueprint Software Solutions Inc., common shares	231,115	-	6,441	6,441	
Blueprint Software Solutions Inc., warrants	8,626	-	-	-	
Camilion Solutions Inc., Class C preferred shares	21,598	-	3,000	3,000	
Camilion Solutions Inc., Class D preferred shares	18,781	-	3,000	3,000	
Ember ec3 Inc., Class A convertible preferred shares	250	-	250	250	
Ember ec3 Inc., Class B convertible preferred shares	1,500	-	726	726	
Inocom Inc., Class A convertible preferred shares	2,964	-	2,000	2,000	
Inocom Inc., Class A preferred shares	437	-	450	450	
Inocom Inc., Series A preferred shares	777	-	800	800	
Inocom Inc., debenture 12%, due on demand	152	152	-	152	
Lexicon Value Management Inc., common shares	-(1)	-	-	-(2)	
Lexicon Value Management Inc., debenture 0%, due on demand	438	438	-	438	
Lexicon Value Management Inc., debenture15%, due on demand	1,362	1,362	-	1,362	
Lexicon Value Management Inc., warrants	-(1)	-	-	-(2)	
Multicorpora R&D Inc., common shares	2,885	-	2	2	
Multicorpora R&D Inc., Series 2, Class B preferred shares	5,769	-	1,500	1,500	
Panorama Software (formerly Company DNA Inc.), convertible preferred shares	8,266	-	3,904	3,904	
Panorama Software (formerly Company DNA Inc.), warrants	899	-	-	-	
		$ 3,042	$ 22,073	$ 25,115	21.6%

(1) Amount less than one thousand
(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at February 28, 2013

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer hardware:					
Cogency Semiconductor Inc., common shares	60	$ -	$ 8,600	$ 8,600	
Tarquin Group Inc., convertible debenture 24%, due on demand	358	358	-	358	
Tarquin Group Inc., common shares	249	-	-[1]	-[1]	
Tarquin Group Inc., warrants	62	-	-[1]	-[1]	
		$ 358	$ 8,600	$ 8,958	7.7%
Computer services:					
3483690 Canada Inc., debenture18%, due on demand	47	$ 47	$ -	$ 47	
3483690 Canada Inc., debenture 36%, due on demand	416	416	-	416	
3483690 Canada Inc., common shares	10,101	-	-[1]	-[1]	
7842317 Canada Inc., debenture 20%, due on demand	62	62	-	62	
7842317 Canada Inc., convertible debenture 12%, due May 1, 2015	110	110	-	110	
7842317 Canada Inc., common shares	83	-	-[1]	-[1]	
8191808 Canada Inc. (formerly Kibboko Inc.) common shares	208	-	-	-	
8191808 Canada Inc. (formerly Kibboko Inc.) convertible debenture, due on demand	665	665	-	665	
Ascentify Learning Media Inc. (Formerly neuroLanguage Inc.), Series A preferred shares	6,897	-	5,740	5,740	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), common shares	-[1]	-	-	-	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 8%, due on demand	250	250	-	250	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), convertible demand note 9%, due on demand	195	195	-	195	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 9%, due on demand	268	268	-	268	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 12%, due on demand	90	90	-	90	

(1) Amount less than one thousand
(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at February 28, 2013

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer services (continued):					
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due April 30, 2014	111	111	-	111	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due May 30, 2014	125	125	-	125	
iStopOver (formerly PlanetEye Company ULC), common shares	2,482	-	3,564	3,564	
iW Technologies Inc, promissory notes 10%, due on demand	83	83	-	83	
Morega Systems Inc., Series A preferred shares	12,000	-	5,545	5,545	
Morega Systems Inc., Series B preferred shares	4,235	-	3,095	3,095	
NetShelter Inc., class A preferred shares	45	-	388	388	
Peerset Inc., debenture 10%, due on demand	119	119	-	119	
Peerset Inc., convertible debenture 12%, due on demand	870	870	-	870	
Perspecsys Inc., Class A convertible preferred shares	9,097	-	1,781	1,781	
Thinkpath Inc., common shares	-(1)	-	31	31	
		$ 3,411	$ 20,143	$ 23,554	20.2%
Energy/Environmental:					
AR Plus Sites Equipment Rentals (Canada) Inc., common shares	4	$ -	$ 500	$ 500	
AR Plus Sites Equipment Rentals (Canada) Inc., debenture 10%, due on demand	2,200	2,200	-	2,200	
Insignia Energy Inc., warrants	53	-	-	-(2)	
SaskAlta Base Oil Inc., Class C preferred shares	5,714	-	2,000	2,000	
		$ 2,200	$ 2,500	$ 4,700	4.0%
Industrial automation:					
Advanced Glazing Technology Ltd., Class B preferred shares	4,386	$ -	$ 2,500	$ 2,500	
Mathis Instruments Ltd., debenture 12%, due on demand	246	246	-	246	
Mathis Instruments Ltd., debenture 15%, due on demand	450	450	-	450	
Mathis Instruments Ltd., Class A preferred shares	75	-	-	-(2)	
Mathis Instruments Ltd., Class B preferred shares	91	-	1,500	1,500	
NextPhase T&D Corp., Class A preferred shares	16	-	96	96	
NextPhase T&D Corp., common shares	97	-	541	541	
		$ 696	$ 4,637	$ 5,333	4.6%

(1) Amount less than one thousand
(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at February 28, 2013

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Medical health:					
IS2 Medical Systems Inc., Class A preferred shares shares	833	$ -	$ -	$ -[2]	
IS2 Medical Systems Inc., Class B preferred shares shares	1,708	-	1,400	1,400	
IS2 Medical Systems Inc., common shares	1,486	-	-	-[2]	
		$ -	$ 1,400	$ 1,400	1.2%
Consumer Products and Services:					
1281216 Ontario Inc., common shares	2	$ -	$ -[1]	$ -[1]	
Fidus International Corp., debenture 10%, due on demand	1,136	1,136	-	1,136	
Fidus International Corp., common shares	16,071	-	-[1]	-[1]	
Fidus International Corp., options	-[1]	-	-[1]	-[1]	
Fidus International Corp., preferred shares	9,801	-	-[1]	-[1]	
SimEx Inc., preferred shares	67	-	122	122	
		$ 1,136	$ 122	$ 1,258	1.1%
Manufacturing:					
Canpro Ingredients Ltd., convertible debenture 14%, due Apr 9, 2012	599	$ 599	$ -	$ 599	
Canpro Ingredients Ltd., convertible debenture 20%, due on demand	234	234	-	234	
Canpro Ingredients Ltd., convertible debenture 20%, due Jun 26, 2014	134	134	-	134	
Canpro Ingredients Ltd., convertible debenture 20%, due May 28, 2015	53	53	-	53	
Canpro Ingredients Ltd., convertible debenture 20%, due Jul 28, 2015	23	23	-	23	
Canpro Ingredients Ltd., convertible debenture 20%, due Aug 1, 2015	53	53	-	53	
Canpro Ingredients Ltd., debenture 20%, due on demand	31	31	-	31	
Canpro Ingredients Ltd., debenture 20%, due July 29, 2014	117	117	-	117	
Canpro Ingredients Ltd., common shares	1,225	-	1,225	1,225	
Canpro Ingredients Ltd., preferred shares	560	-	560	560	
Canpro Ingredients Ltd., Cl C preferred shares	2,917	-	-	-	
CFN Precision Ltd., common shares	-[1]	-	3,959	3,959	
CFN Precision Ltd., debenture 10%, due on demand	9,510	9,510	-	9,510	
CFN Precision Ltd., promissory note 11%, due on demand	691	691	-	691	
Digital Payment Tech Inc., common shares	13,460	-	1,723	1,723	
Digital Payment Tech Inc., debenture 24%, due on demand	250	250	-	250	
Digital Payment Tech Inc., preferred shares	6,400	-	1,600	1,600	
Digital Payment Tech Inc., warrants	4,903	-	-	-	
LibreStream Technologies Inc., preferred shares	545	-	-	-	
LibreStream Technologies Inc., common shares	2,395	-	3,592	3,592	
LibreStream Technologies Inc., options	-[1]	-	-[1]	-[1]	
		$ 11,691	$ 12,660	$ 24,351	20.9%

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at February 28, 2013

VENTURE INVESTMENTS Investee Companies	Number of shares or par value ($)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Miscellaneous:					
Acorn Income Corp., common shares	9	$ -	$ 787	$ 787	
Acorn Income Corp., preferred shares	38	-	-[1]	-[1]	
		$ -	$ 787	$ 787	0.7%
Community Small Business Investment Funds:					
Niagara Growth Fund Inc., common shares	2,600	$ -	$ 368	$ 368	
		$ -	$ 368	$ 368	0.3%
Value-Added Agriculture:					
Man Agra Capital Inc., preferred shares	20	$ -	$ 201	$ 201	
Puratone Corp., common shares	93	-	671	671	
		$ -	$ 872	$ 872	0.7%
Total venture investments, at cost		$ 36,415	$ 160,121	$ 196,536	168.8%
Unrealized depreciation of venture investments				(54,486)	(46.8%)
Venture investments, at estimated fair value				$142,050	122.0%

[1] Amount less than one thousand
[2] Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
Venture Investments, (In thousands)

As at February 28, 2013

Venture Investments, per Series [Note 3]:	Fair Value
WV Canadian & Merger Series	$ 108,230
GIC Series	163
Growth Series	10,501
Financial Services Series	2,594
Balanced and CMDF Reivestment Series	20,562
	$ 142,050

Stage of Development	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Early Stage	31	$ 89,602	45.6%	$ 53,669	37.8%
Expansion Stage	27	88,493	45.0%	81,281	57.2%
Mature Stage	5	18,441	9.4%	7,100	5.0%
	63	$ 196,536	100.0%	$142,050	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Biotechnology	22	$ 94,567	48.1%	$ 83,501	58.8%
Communications	2	5,273	2.7%	4,460	3.1%
Community small business investment funds	1	368	0.2%	520	0.3%
Computer hardware	2	8,958	4.6%	-	0.0%
Computer services	11	23,554	12.0%	21,315	15.0%
Computer software	8	25,115	12.8%	14,765	10.4%
Consumer products and services	3	1,258	0.6%	525	0.4%
Energy/Environmental	3	4,700	2.4%	-	0.0%
Industrial Automation	3	5,333	2.7%	1,406	1.0%
Manufacturing	4	24,351	12.4%	15,558	11.0%
Medical health	1	1,400	0.7%	-	0.0%
Miscellaneous	1	787	0.4%	-	0.0%
Value-Added Agriculture	2	872	0.4%	-	0.0%
	63	$ 196,536	100.0%	$142,050	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Private	59	$ 195,718	99.6%	$ 142,050	100.0%
Public	4	818	0.4%	-	0.0%
	63	$ 196,536	100.0%	$ 142,050	100.0%

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
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1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE

Corporate Status

GrowthWorks Canadian Fund Ltd. (the "Fund") is incorporated under the Canada Business Corporations Act and is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) (the "Manitoba Act") and as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) (the "Ontario Act"). The Fund is an approved fund under the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) (the "Saskatchewan Act"). Until February 18, 2005, the Fund was also registered as a labour-sponsored venture capital corporation under the *Equity Tax Credit Act* (Nova Scotia). The Fund was also previously a prescribed registered labour-sponsored venture capital corporation under the *New Brunswick Income Tax Act.*

Continuing Operations

The Fund's financial statements are prepared on a going concern basis, which assumes that the Fund will continue its operations and will be able to realize its assets and discharge its obligations in the normal course of business. Continuing operations for the Fund are dependent on its ability to divest of mature venture investments in a timely manner, so that the Fund's obligations can be discharged as they come due, and the Fund can process Class A share redemptions. Whether the Fund can meet both of these requirements is uncertain. These material uncertainties may cast significant doubt upon the Fund's ability to continue as a going concern. No adjustments have been estimated or included in these financial statements as a result of these uncertainties.

Management of the Fund is working continuously to identify divestment opportunities for the Fund's mature venture investments. Under applicable corporate laws, the Fund can process Class A Share redemption requests only if after doing so the Fund would remain in a position to pay its liabilities as they become due. At present, the Board of Directors cannot conclude that the Fund would meet this statutory test if the Fund were to process anticipated redemption requests as received. As a result, the Fund will not process redemption requests that are submitted until such time as the Board of Directors of the Fund determines that the Fund would meet this test. There can be no assurance as to when the Fund will have sufficient cash available to process Class A Share redemptions.

Share Structure

The Fund consists of different series of Class A shares. Each group of series that is referable to a separate portfolio of assets constitutes a separate investment fund under applicable securities laws. The Fund currently reports on the following series of Class A shares:

WV Canadian and Merger Series

- WV Canadian – Commission I
- CAVI Series
- CSTGF Series
- FOF Traditional Series
- ENSIS Series
- CMDF Series

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
Tabular amounts expressed in thousands

1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE (continued)

GIC Series
- Venture / GIC – Commission I
- Venture / GIC – Commission II

Growth Series
- Venture / Growth – Commission I
- Venture / Growth – Commission II
- FOF Growth Series

Financial Services Series
- Venture / Financial Services – Commission I
- Venture / Financial Services – Commission II

Balanced and CMDF Reinvestment Series
- Venture / Balanced – Commission I (formerly Diversified-Commission I)
- Venture / Balanced – Commission II (formerly Diversified-Commission II)
- Venture CMDF Reinvestment Series – Commission I
- Venture CMDF Reinvestment Series – Commission II

Each of these share series currently or previously offered is referred to as a "Series" and collectively, all Series are referred to as "Class A shares". The Fund may offer or otherwise issue other series of Class A shares in the future.

In order to facilitate redemption transactions, the Fund has two fund codes for the ENSIS and CMDF Series, however these Series are all referable to the same portfolio of assets.

The Fund previously offered the Venture / Balanced – Commission I and Venture / Balanced – Commission II series (the "Balanced Series") and the Venture / Resource – Commission I and Venture / Resource – Commission II series (the "Resource Series") Class A shares. Effective February 20, 2009, the Balanced Series were consolidated into the Venture / Diversified – Commission I and II series and the Resource Series were consolidated into the Venture / Growth – Commission I and II series. Effective November 25, 2011, the Income Series were consolidated into the Venture / Diversified – Commission I and II series and the Venture / Diversified – Commission I and II series were redesignated the Venture / Balanced – Commission I and II series (note 11) and the Directed Funds (Note 2(c)) investment focus for these shares (and the CMDF Reinvestment Series shares) was refined to consist of: high quality debt instruments, high yield investments and bank securities.

Effective November 10, 2009, CMDF Reinvestment Series was introduced at a price of $10 per share. The CMDF Reinvestment Series are only available for purchase by holders of CMDF Series shares distributed in connection with the CMDF Merger who redeem eligible CMDF Series shares and invest the redemption proceeds in the CMDF Reinvestment Series. The CMDF Reinvestment Series shares are referable to the same portfolio of assets as the Diversified Series. It is expected that outstanding CMDF Reinvestment Series shares will be converted into Balanced Series shares as soon as practicable.

Shareholders have approved the proposed consolidation of the Merger Series and FOF Growth Series Class A shares into Venture/Balanced Series, Commission I Class A shares. The proposal is aimed at simplifying the Fund's share structure and making pricing and reporting processes more efficient.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
Tabular amounts expressed in thousands

1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE (continued)

The Fund is continuing to work on implementation of the other proposed consolidations and will announce when they are completed. There can be no assurance that the Fund will implement these consolidations on the basis proposed, or at all.

The Fund makes investments ("venture investments") in small and medium-sized Canadian businesses with the objective of achieving long-term capital appreciation.

These financial statements should be read in conjunction with the Management Reports of Fund Performance of the respective Series of the Fund for the period ended February 28, 2013, which may be found on the Fund's website at http://www.growthworks.ca/funds/ontario/gw-canadian-fund/publications.asp and at www.sedar.com.

The sponsor of the Fund is the Canadian Federation of Labour (the "Sponsor"). The Sponsor holds 100% of the Class B Shares of the Fund.

The *Income Tax Act* (Canada) allows an individual to claim a federal tax credit in connection with an investment in Class A Shares of the Fund. Subsequent to period end, on March 21, 2013, the Federal Government announced its decision to phase out the 15% federal Labour-Sponsored Venture Capital Corporation, or RVC, tax credit. The federal tax credit will be reduced to 10% in 2015 and 5% in 2016 before being eliminated in 2017. The Manitoba Act, the Ontario Act and the Saskatchewan Act also allow an individual to claim a provincial tax credit in connection with an investment in Class A Shares of the Fund. The Fund must satisfy minimum investment requirements, often referred to as "investment pacing requirements" in eligible investments, under these statutes. Also, the Fund remains subject to certain investment pacing requirements for capital previously raised in Nova Scotia and New Brunswick. The Ontario Government adopted legislation which phased out the Ontario provincial tax credit at the end of the 2011 tax year. In 2013, there is no Ontario tax credit available.

Effective September 30, 2011, the Fund announced that the Fund's Class A share offering would close to new purchases. In addition, on November 10, 2011, the Fund announced that it had adopted a redemption management plan whereby the Fund closed weekly Class A share redemptions and, subject to regulatory relief, would process redemptions of Class A shares semi-annually in amounts determined by the Board of Directors. The Fund obtained an initial regulatory order in connection with the decision to close Class A Share redemptions. The initial order was extended to July 31, 2012 and then to November 30, 2012. The Fund had applied to extend the effect of the previously granted Order to July 31, 2013, however securities regulators elected not to grant the extension, as they were unable to conclude that granting the extension on the terms requested by the Fund would not be prejudicial to the public interest. As a result of this decision by securities regulators, the Fund must, under applicable securities laws, allow shareholders to request redemptions of their Class A Shares. However, under applicable corporate laws, the Fund can process Class A Share redemption requests only if after doing so the Fund would remain in a position to pay its liabilities as they become due. At present, the Board of Directors cannot conclude that the Fund would meet this statutory test if the Fund were to process anticipated redemption requests as received. As a result, the Fund will not process redemption requests that are submitted until such time as the Board of Directors of the Fund determines that the Fund would meet this test. There can be no assurance as to when the Fund will have sufficient cash available to process Class A Share redemptions.

GrowthWorks WV Management Ltd. is the Manager of the Fund (the "Manager"). The Fund, under a management agreement (see Note 8), pays the Manager certain management and administration fees.

Roseway Transaction

The Fund entered into a participation agreement dated May 28, 2010 (the "Participation Agreement") with Roseway Capital L.P. whereby Roseway Capital L.P. advanced $20 million to the Fund (the "Roseway Proceeds") in exchange for a participating interest in selected venture investment holdings of the Fund. The participating interest was subsequently assigned to Roseway Capital S.à.r.l. ("Roseway").

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
Tabular amounts expressed in thousands

1. CORPORATE STATUS, CONTINUING OPERATIONS AND SHARE STRUCTURE (continued)

The Roseway Proceeds provide additional capital for follow-on investments and are intended to enhance the Fund's operating and financial flexibility.

At the time of the advance, Roseway's participating interest extended to 15 investments in the Fund's venture investment portfolio (the "Participation Holdings"), with a total carrying value of approximately $100 million. In addition, Roseway agreed to provide up to $3 million in follow-on funding for these companies. The participating interest entitles Roseway to receive 20% of the proceeds (cash or shares, "Participation Payments") earned on or generated from the sale or divestment of the Participation Holdings. Roseway did not acquire shares of the Fund or any securities of the Participation Holdings. Most of the companies in the Participation Holdings are expected to be divested prior to May 28, 2013, the third anniversary of closing of the Roseway transaction. The Participation Agreement provides for minimum Participation Payments of $5,700,000 per year until May 28, 2013, with an amount equal to the Roseway Proceeds due in full on May 28, 2013. The Fund must repay the Roseway Proceeds in full when due. The Fund executed a security agreement in favour of Roseway whereby the Fund's payment obligations under the Participation Agreement are secured by a charge over the Fund's non-venture assets, certain of the Fund's venture investment holdings and proceeds from the sale or divestment of other venture investment holdings.

Under Canadian general accepted accounting principles, the Fund's obligation to repay the Roseway Proceeds on the third anniversary of closing and the Participation Payments are recorded as liabilities of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation
These financial statements are prepared in accordance with Canadian generally accepted accounting principles including Accounting Guideline 18, Investment Companies ("Canadian GAAP").

b) Venture investments
Venture investments are recorded at estimated fair value. Fair value is the value that would be agreed upon between knowledgeable and willing parties dealing at arm's length. Investment transactions are accounted for on a trade date basis. Changes in unrealized appreciation or depreciation of venture investments, being the differences between fair value and cost of these investments, are recorded in results of operations.

i) Publicly-traded
Venture investments having quoted market values that are publicly traded on a recognized stock exchange are recorded at values based on the closing bid quotations.

ii) Privately-owned

New venture investments in securities not having quoted market values are initially recorded at cost, which approximates fair value generally for one year, and thereafter at estimated fair value. Estimated fair value is determined on the basis of generally accepted valuation methods that best and most objectively reflect the expected realizable value that would be agreed upon in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arm's length and without constraints. If there is a recent significant arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such an offer or transaction are used in the valuation of the investment.

The process of valuing venture investments for which no public market exists is based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for the venture investments. These differences could be material to the fair value of the Fund's venture investments.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Fund's continuous disclosure documents at www.sedar.com sets out the policies, procedures and methodologies that have been adopted and approved by the Audit and Valuation Committee of the Board of Directors for determining fair value.

c) Short-term investments and bonds, bank instruments, income notes, index notes and guaranteed investment certificates ("GIC")

New purchases and sales of short-term investments and bonds, bank instruments, income notes, index notes and GICs are recorded on a trade-date basis and are valued on the basis of closing bid quotations.

The difference between the fair value and cost is recorded as an unrealized appreciation (depreciation) of short-term investments and bonds, bank instruments, income notes, index notes or guaranteed investment certificates ("GICs") as applicable. Each Series may hold investments in short-term investments or one or more other investment categories based on the "Directed Funds" investment strategy of that Series, as follows:

WV Canadian and the Merger Series - Short-term investments and bonds, income notes, index notes, GICs and bank instruments

GIC Series – Guaranteed Investment Certificates ("GICs")

Growth Series – Short-term investments and bonds, index notes and GICs

Financial Services Series – Short-term investments and bonds, index notes and GICs

Balanced and CMDF Reinvestment Series-high quality debt instruments, high yield investments, and bank securities

d) Income recognition

Interest from investments is recorded on an accrual basis. Interest income includes accretion of discounts and amortization of premiums on debt securities. Realized gains and losses arising from the sale of investments are determined using the weighted average cost basis and are recorded on the respective Series' Statement of Operations.

e) Income taxes

Income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. The effect on future income tax assets and liabilities of a change in tax rates is recognized in operations in the period that enactment or substantive enactment occurs.

The Fund files an income tax return that encompasses all Series. Income taxes recorded within each Series' financial statements are determined on an individual Series basis as if each Series were filing a separate income tax return. Where a Series utilizes tax deductions of another Series, the transfer of these tax deductions may be reflected in the respective Series' statement of operations within income tax expense or recovery, as appropriate, and in the respective Series' statement of net assets as an inter-series receivable or payable.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Foreign exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

i) Fair value of investments is translated at the rate of exchange at the end of the period.

ii) Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

Realized and unrealized foreign currency gains or losses on investments are recorded in the statement of operations.

g) Per share values

Net assets per share is calculated based on the number of shares outstanding at the period end. Increase (decrease) in net assets from operations per series share is calculated based on the weighted-average number of shares of the respective series outstanding during the period. Net assets for financial reporting purposes may be different from net asset value ("NAV") used to transact share sales and redemptions for certain Series (Note 9).

h) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires estimates and assumptions that affect the reported amount of certain assets and liabilities at the date of these financial statements and the reported amounts of certain revenue and expenses during the period.

Areas requiring the use of significant management estimates include estimations of the fair value of venture investments, including assessments of the financial condition of investees that might indicate a change in value of a particular investment. Assumptions underlying investment valuations are limited by the availability of reliable data and the uncertainty of predictions concerning future events.

Accordingly, venture investment valuations include a subjective element. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

i) Participation liability

The participation liability is designated as a held for trading financial liability. It is recorded at fair value, which was initially the cash consideration received by the Fund, and subsequently is estimated using the discounted cash flow method using the current market interest rate. Changes in the estimated fair value of the liability are recognized in financing expense in the period in which changes in estimated future cash flow payments become known. The expected future cash flows are the Roseway Proceeds and the Participation Payments, which are determined by reference to expected divestment timing and proceeds generated from the Participation Holdings.

j) IPA Dividends and contingent incentive participation amounts

Incentive participation dividends ("IPA Dividends") and contingent incentive participation dividends on Class C Shares, "IPA Series Shares", are recorded and expensed in the statement of operations on an accrual basis. IPA Dividends are accrued weekly, but only payable quarterly, when certain conditions are met (see Note 5). Provision for contingent incentive participation dividends, if any, is recognized based on the assumption that all of the venture investments are liquidated at their estimated fair value as at the date of the financial statements. To the extent that unrealized gains are not ultimately realized, the related contingent incentive participation dividend will be adjusted.

k) Comparative figures

Certain comparative figures may have been reclassified to conform to the presentation adopted in the current period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Future accounting changes

The Accounting Standards Board ("AcSB") published amendments to the Handbook on October 1, 2010 that provided a one-year deferral of the transition to IFRS for investment companies like the Fund. The AcSB issued subsequent amendments to the Handbook in March 2011, providing a two-year deferral of the changeover date to January 1, 2013. More recently on December 12, 2011 the AcSB announced that it had decided to extend the IFRS changeover date by an additional year to January 1, 2014. The deferral of the mandatory change over from January 1, 2011 to January 1, 2014 is intended to allow the

IASB's proposed exemption from consolidation (Accounting Standard 27 Consolidated and Separate Financial Statements (IAS 27) for investment companies to be in place prior to adoption of IFRS by investment companies in Canada. If adopted, this would make IAS 27 largely consistent with current Accounting Guideline 18 Investment Companies.

The identification and review of major differences from existing accounting policies, new IFRS accounting policies and exemptions, and the preparation of appropriate disclosures in the Fund's IFRS financial statements is substantially complete.

As at February 28, 2013, the Manager expects that the adoption of IFRS will not impact the measurement of financial statement amounts, but will mainly impact the presentation and disclosure requirements of the Fund's financial statements. As such, the Manager does not expect any material changes to internal controls as a result of the Fund's conversion to IFRS. Based upon the current deferral, the Fund would commence applying IFRS on September 1, 2014 for its annual and interim financial statements, including comparative figures for the preceding year.

3. ALLOCATION OF INVESTMENT PORTFOLIO

The Fund maintains a single portfolio of venture investments. Each Series is allocated its share of the venture portfolio on a pro rata basis unless otherwise provided for in the respective Series' investment strategy.

WV Canadian and the Merger Series may hold short-term investments, GICs and bonds, bank instruments, income notes, and index notes as part of their non-venture portfolio. Growth Series may hold short-term investments, GICs and bonds, and index notes as part of their non-venture portfolio. Financial Services Series may hold short-term investments, GICs and bonds, index notes as part of their non-venture portfolio. Balanced Series and CMDF Reinvestment Series may hold high quality debt instruments, high yield investments and bank securities as part of their non-venture portfolio. GIC Series only hold non-venture investments in GICs.

Realized and unrealized gains/losses and interest income arising from the Series' venture portfolio are allocated to each Series based on the respective Series' proportionate share in the venture portfolio.

4. FINANCIAL RISK MANAGEMENT

a) Risks and Risk Management

Financial instruments in the Fund's portfolios may be exposed to liquidity risk, credit risk, currency risk, interest rate risk and other price risk, each of which is described below. The Discussion of Financial Risk Management following each Series' financial statements provides information and analysis of the risks specific to the applicable Series' financial instruments. The following discussion is of risks applicable to the financial instruments of all Series. See the Fund's, management reports of fund performance and tatement of investment portfolio for other information, including the risks associated with investing in the Fund.

GROWTHWORKS CANADIAN FUND LTD.

4. FINANCIAL RISK MANAGEMENT (continued)

The Fund typically makes venture investments in early to mid-stage private companies. These investments take several years to mature and losses on unsuccessful investments are often realized before gains on successful investments. Some of the principal venture investment strategies used by the Fund are to diversify the Fund's venture portfolio by business sector and by stage of development. The Fund manages the risks associated with investing in developing companies through the use of experienced venture capital managers, careful selection of investment opportunities, ongoing monitoring of portfolio

companies' operations and managing divestment opportunities. The Manager seeks to add value and manage risk by participating on portfolio company boards of directors and assisting in recruiting key personnel, securing additional financing and formulating long-term strategic plans.

The Fund may have holdings in short-term investments, bonds, bank debt instruments and GICs that can be exposed to interest rate risk and credit risk. There is minimal fair value sensitivity to interest rate fluctuations on cash and short-term cash equivalents invested at market interest rates. The fair value of a debt investment represents the maximum exposure to credit risk.

A portion of the funds that are not invested or expected to be invested in venture investments are referred to as "Directed Funds". Directed Funds investments vary depending on the particular Series' investment strategy and may range from GICs to investments linked to Canadian market equities. The values of certain of these investments fluctuate relative to movements in the stock market and the market value of the securities to which the index, instruments or notes are linked. The Fund's strategy for limiting its exposure to risks associated with Directed Funds investments is to limit the proportion of a Series' assets which can be invested in Directed Funds investments, as mandated by the individual Series' investment strategy for Directed Funds.

A Series' financial instruments may consist of cash, receivables, short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments, participation liability, accounts payable and accrued liabilities and other payables.

The estimated fair value of cash, receivables, accounts payables, accrued liabilities and other payables approximates carrying value due to the relatively short-term nature of the instruments. Short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments and the participation liability are carried at estimated fair value using the valuation methodologies set out above (see Notes 2(b), (c) and (i)).

The Fund uses a three-tier hierarchy as a framework for disclosing fair value of instruments based on inputs used to value the Fund's instruments. The fair value measurements are classified into three levels as follows:

(1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

(2) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(3) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

A change in the applicable valuation methodology under Canadian GAAP may result in the reclassification into or out of an instrument's assigned level.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

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4. FINANCIAL RISK MANAGEMENT (continued)

The following is a summary of the inputs used as of February 28, 2013 and August 31, 2012 in valuing the Fund's investments and the related participation liability carried at fair values:

As at February 28, 2013

Quoted prices in active markets for identical assets (Level 1):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	960	-	-	-	-	960
Venture investments	-	-	-	-	-	-	-
Total Instruments (Level 1)	$ -	$ 960	$ -	$ -	$ -	$ -	$ 960

Significant other observable inputs (Level 2):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	-	-	-	-	-	-	-
Total Instruments (Level 2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Significant unobservable inputs (Level 3):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	108,229	163	10,502	-	2,594	20,562	142,050
Financing Facility	(3,121)	(5)	(303)	-	(75)	(593)	(4,097)
Participation liability	(20,843)	(31)	(2,022)	-	(500)	(3,960)	(27,356)
Total Instruments (Level 3)	$ 84,265	$ 127	$ 8,177	$ -	$ 2,019	$ 16,009	$ 110,597

Note: (0) indicates an amount that is less than one thousand
(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, The Fund's previously named Diversified Series were re-designated Balanced Series

As at August 31, 2012

Quoted prices in active markets for identical assets (Level 1):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	960	-	-	-	-	960
Venture investments	175	0	17	-	4	33	230
Total Instruments (Level 1)	$ 175	$ 960	$ 17	$ -	$ 4	$ 33	$ 1,190

Significant other observable inputs (Level 2):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	-	-	-	-	-	-	-
Total Instruments (Level 2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Significant unobservable inputs (Level 3):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series [1]	Financial Services Series	Balanced [2] & CMDF Reinvestment Series	Total
Short-term investments & bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GICs	-	-	-	-	-	-	-
Venture investments	154,249	261	14,959	-	3,695	29,317	202,480
Financing Facility	(11,570)	(20)	(1,122)	-	(277)	(2,199)	(15,188)
Participation liability	(20,938)	(34)	(2,030)	-	(502)	(3,980)	(27,484)
Total Instruments (Level 3)	$ 121,741	$ 207	$ 11,807	$ -	$ 2,916	$ 23,138	$ 159,808

GROWTHWORKS CANADIAN FUND LTD.

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4. FINANCIAL RISK MANAGEMENT (continued)

During the period ended February 28, 2013 and August 31, 2012, there were no transfers between level one and level two. The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is as follows:

As at February 28, 2013

Venture Investments	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series (1)	Financial Services Series	Balanced (2) & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2012	$ 154,249	$ 261	$ 14,959	$ -	$ 3,695	$ 29,317	$ 202,480
Purchases	3,448	5	336	-	83	655	4,526
Sales	(18,032)	(27)	(1,750)	-	(432)	(3,425)	(23,665)
Inter Series Portfolio Reallocation	23	(29)	10	-	3	(6)	0
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized Gains/(losses)	(35,079)	(53)	(3,404)	-	(841)	(6,665)	(46,041)
Change in unrealized depreciation	3,621	6	351	-	87	687	4,752
Ending balance, February 28, 2013	$ 108,229	$ 163	$ 10,502	$ -	$ 2,594	$ 20,562	$ 142,050

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series (1)	Financial Services Series	Balanced (2) & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2012	$ (20,937)	$ (35)	$ (2,030)	$ -	$ (502)	$ (3,979)	$ (27,484)
Financing Expense	141	0	13	-	3	27	184
Change in unrealized appreciation	(406)	(1)	(39)	-	(10)	(77)	(533)
Inter Series Portfolio Reallocation	(3)	4	(1)	-	(1)	2	-
Accrued Interest Amount	(3,015)	(5)	(293)	-	(72)	(573)	(3,958)
Fair value adjustments	3,378	6	329	-	82	641	4,435
Participation Liability Payments	-	-	-	-	-	-	-
Ending balance, February 28, 2013	$ (20,843)	$ (31)	$ (2,022)	$ -	$ (500)	$ (3,960)	$ (27,356)

Financing Facility	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series (1)	Financial Services Series	Balanced (2) & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2012	$ (11,570)	$ (20)	$ (1,122)	$ -	$ (277)	$ (2,199)	$ (15,188)
Current Year Allocation	(11,572)	(17)	(1,123)	-	(277)	(2,198)	(15,188)
Interseries Portfolio Allocation	1	(1)					-
Additions	-	-	-	-	-	-	-
Promissory Note	-	-	-	-	-	-	-
Interest Expense	(822)	(1)	(80)	-	(20)	(156)	(1,079)
Payments	9,272	14	900	-	222	1,762	12,170
Ending balance, February 28, 2013	$ (3,121)	$ (6)	$ (303)	$ -	$ (352)	$ (2,793)	$ (4,097)

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, The Fund's previously named Diversified Series were re-designated Balanced Series

As at August 31, 2012

Venture Investments	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series (1)	Financial Services Series	Balanced (2) & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2011	$ 170,544	$ 384	$ 16,321	$ 4,773	$ 4,008	$ 26,831	$ 222,861
Purchases	5,568	9	541	-	133	1,058	7,310
Sales	(8,982)	(15)	(871)	-	(215)	(1,706)	(11,790)
Inter Series Portfolio Reallocation	(768)	(98)	145	(4,773)	57	5,438	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized Gains/(losses)	(9,537)	(16)	(925)	-	(228)	(1,813)	(12,519)
Change in unrealized depreciation	(2,575)	(3)	(252)	-	(61)	(490)	(3,382)
Ending balance, August 31, 2012	$ 154,249	$ 261	$ 14,959	$ -	$ 3,695	$ 29,317	$ 202,480

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4. FINANCIAL RISK MANAGEMENT (continued)

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series (1)	Financial Services Series	Balanced (2) & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2011	$ (21,810)	$ (49)	$ (2,087)	$ (610)	$ (513)	$ (3,431)	$ (28,500)
Financing Expense	(4,187)	(10)	(405)	(60)	(100)	(729)	(5,491)
Change in unrealized appreciation	492	2	38	33	9	37	611
Inter Series Portfolio Reallocation	98	12	(18)	610	(8)	(694)	-
Accrued Interest Amount	(941)	(2)	(91)	-	(22)	(179)	(1,235)
Fair value adjustments	1,067	5	112	27	28	192	1,431
Participation Liability Payments	4,342	7	421	-	104	825	5,700
Ending balance, August 31, 2012	$ (20,938)	$ (34)	$ (2,030)	$ -	$ (502)	$ (3,980)	$ (27,484)

Financing Facility	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series (1)	Financial Services Series	Balanced (2) & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2011	$ (1,936)	$ (4)	$ (185)	$ (54)	$ (46)	$ (305)	$ (2,530)
Loan Facility Additions	(5,333)	(9)	(517)	-	(128)	(1,014)	(7,000)
Promissory Note Additions	(3,047)	(5)	(296)	-	(73)	(579)	(4,000)
Inter Series Portfolio Reallocation	5	7	(2)	54	(1)	(63)	-
Interest Expense	(1,259)	(8)	(122)	-	(30)	(239)	(1,658)
Payments	-	-	-	-	-	-	-
Ending balance, August 31, 2012	$ (11,570)	$ (20)	$ (1,122)	-	$ (277)	$ (2,199)	$ (15,188)

Note: (0) indicates an amount that is less than one thousand

Liquidity Risk

Liquidity risk is the risk that the Fund will have difficulty meeting obligations associated with financial liabilities. With respect to the Fund, liquidity risk also arises primarily from the need to meet share redemptions. Redemptions of Class A shares, new and follow-on venture investments, repayments of the Roseway participation liability, payments of principal and interest on outstanding borrowings and other operational commitments all draw on the Fund's liquidity. Venture capital investments in private companies are generally illiquid and it often takes several years for investments to mature and present a divestment opportunity. If the Fund does not have sufficient liquidity to fund follow-on investments, it may incur dilution or a loss of value on the investment if the portfolio company cannot secure required financing from alternative sources and dilution or loss of value may be material. Further, if the Fund is forced to sell a venture investment before it matures, it may incur a loss, which could be material, or realize a smaller gain. Class A shares must generally be held for eight years from the date of purchase in order for the holder to retain the benefit of tax credits claimed in respect of the shares. Accordingly, for liquidity management purposes the Fund considers shares to be redeemable only after expiry of this eight-year period. All references to "redeemable" shares should be read accordingly. As at the end of the year, all of the Fund's financial liabilities with the exception of the Financing Promissory Note detailed in note 8d(ii) are due within one year.

The Fund monitors liquidity risk through the use of a liquidity model that forecasts the Fund's short and long term liquidity needs, based on projected levels of capital raising, investment and divestment activity, Class A Share redemptions, Roseway Participation Payments, payments of principal and interest on outstanding borrowings and other operational commitments. Using this model, the Fund aims to maintain sufficient liquidity to meet all debt obligations as they come due.

The Fund has for the past several years focused its activities on follow-on investing and developing and closing-on exit opportunities, a natural progression for a mature venture capital fund such as the fund. Over this same period, the Fund has seen a steep decline in sales activity prompted principally by the phase out and elimination of the Ontario labour-sponsored fund tax credit. Given the elimination of the already reduced Ontario tax credit, minimal sales of Canadian Fund shares were expected for the 2012 RSP sales season. In light of these factors, on September 30, 2011 the Fund announced that the Fund's Class A share offering would close to new purchases. Further, shareholders with switch rights may no longer switch one series of Class A shares for another.

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4. FINANCIAL RISK MANAGEMENT (continued)

b) Venture investment portfolio

i) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a payment obligation owed to the Fund under the instrument, causing a financial loss. While the Fund's venture investments include debt instruments, which expose the Fund to credit risk, most debt instruments held are convertible into equity securities and are expected to be converted well before a divestment opportunity arises. Upon conversion, the credit risk associated with the debt instrument may be replaced by other price risk associated with the equity securities, as discussed below. If not converted or redeemed upon the maturity, the instruments generally become due on demand. Classification of debt instruments after maturity as due on demand does not represent a renegotiation of the original debt agreement. Given the expectation that debt instruments will be converted to equity securities, and thereby subject to other price risk, the credit risk associated with the Fund's venture portfolio is not considered to be significant.

ii) *Currency Risk*

Currency risk is the risk that financial instruments denominated in a currency other than Canadian dollars, which is the Fund's reporting currency, will fluctuate due to changes in the exchange rate between the Canadian dollar and the currency in which the investment is denominated. The Fund manages currency risk associated with its venture portfolio by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

iii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's venture portfolio contains debt instruments, most of which are generally convertible into equity and expected to be converted before or in connection with a follow-on investment or subsequent divestment. Accordingly, the Manager does not consider there to be significant interest rate risk on the investments as valuation is generally based on the underlying equity securities of the entity into which the debt is convertible. The values of the underlying equity securities generally do not change with changes in market interest rates, and the interest rates of these instruments are fixed hence changes in market interest rates will not impact cash flows of the Fund.

iv) *Other Price Risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than changes caused by interest rate or currency risk), whether caused by factors specific to an individual investment, factors affecting the sector in which the investee operates or all sectors.

The Fund generally makes investments in private companies. The Fund holds publicly traded investments in its venture investment portfolio as a result of initial public offerings by such companies or through divestitures of companies in exchange for publicly traded securities. While all venture investments held by the Fund present a risk of loss of capital due to business failures, the values of publicly traded investments are linked to movements in the stock market. In some circumstances, it may prove difficult for the Fund to quickly liquidate investments in less readily traded securities without unduly affecting the market price of the securities. Private company holdings are also linked to general market trends to the extent that poor market conditions may place downward pressure on valuations of the Fund's holdings due to reduced levels of activity in the initial public offering and merger and acquisition markets. The Fund seeks to

4. FINANCIAL RISK MANAGEMENT (continued)

manage other price risk by managing the level of public company holdings, including through market and private sales of these investments.

Public venture investments are grouped by Series. Once grouped, a regression analysis can be undertaken for each group of holdings to identify the correlation between the value of investments in the grouping and benchmark indices. The results and sensitivity analysis are reported in the Discussion of Financial Risk Management statement following each Series' Financial Statements.

Private venture investments are generally in early and expansion-stage companies and, accordingly, there is a limited history of operations and revenues from which to determine the fair value of these investments. Further, the fair value of these companies will primarily fluctuate in response to specific company developments rather than in response to general market conditions. Therefore, while indices such as the NASDAQ Composite Index, which is the Fund's chosen broad-based index for benchmarking purposes, may be an indicator of the Merger and Acquisition ("M&A") and Initial Public Offering ("IPO") activity within the business sectors that the Fund invests, it is difficult to identify a direct correlation between published indices or sector metrics and actual performance of private venture investments. Changes in the value of this index and other sub-sector indices may therefore differ materially from changes in the value of the Fund's private venture investments. Accordingly, a sensitivity analysis that would measure the impact on the Fund's net assets relative to changes in an index has not been provided as it is not considered meaningful.

c) Short-term investments and bonds:

During the period, all of the Series had fully divested from short-term investments and bonds to fund operational commitments. The Fund's short-term investments may include investments in bankers' acceptances, treasury bills, and GICs. The Fund invests in Canadian dollar denominated short-term investments and bonds, and as such is not exposed to currency risk on these investments. Further, such investments are not subject to significant other price risk.

i) *Credit Risk*

Credit rating agencies rate issuers based on how much credit risk they represent; the higher the credit rating, the lower the credit risk. The Fund manages this risk by generally investing in short-term investments, bonds and GICs issued by governments, financial institutions and issuers with credit ratings at the higher end of the range.

Other than in exceptional circumstances, transactions in listed securities are generally settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

ii) *Interest Rate Risk*

Short-term investments and bonds may be subject to interest rate risk which would affect the value of traded instruments and the Fund's interest income. When market interest rates rise, the value of traded interest-bearing instruments held by the Fund generally falls due to a decline in demand for lower yielding instruments. While higher interest rates may increase the Fund's income through higher yields on newly acquired instruments, the increase may be more than offset by a decrease in the overall value of traded instruments held by the Fund. The Fund's strategy for managing this risk is to monitor and adjust its interest-bearing portfolio holdings in light of prevailing and expected movements in short, medium and long-term interest rates and bond prices. This may include incurring early redemption penalties so as to allow re-investment of capital at higher rates.

4. FINANCIAL RISK MANAGEMENT (continued)

d) Directed Funds investments

At the end of the prior year end, all of the Series had fully divested from Directed Funds investments in bonds, income notes, index notes and bank instruments. The GIC Series holds GICs at the end of the period.

The Fund's Directed Funds investments may include investments in GICs, index notes, income notes and bank instruments. As was the case at the end of the prior year, the only Directed Funds investments held by the Fund were GICs. The Fund invests in Canadian dollar denominated Directed Funds investments, and as such is not exposed to currency risk on these investments.

i) *Credit Risk*

Directed Funds investments in debt instruments such as GICs, index notes, income notes, and bank instruments may give rise to credit risk, which is managed in the same manner as credit risk associated with short-term investments and bonds (Note 4(c)(i)).

ii) *Interest Rate Risk*

Directed Funds investments are also subject to interest rate risk, however the extent of exposure for GICs and income notes is considered to be low due to the fact that these investments have fixed interest rates, are redeemable, and the maximum penalty for early redemption is loss of accrued interest. The interest rate risk management strategy is the same as that discussed for the short term investments and bonds (Note 4(c)(ii)).

iii) *Other Price Risk*

Other price risk arises in respect of Directed Funds investments due to movements in the quoted prices of the securities underlying index notes and income notes. The Fund manages other price risk by limiting investments in, monitoring the composition of, and adjusting the concentration of these investments. As at February 28, 2013, the Fund did not hold any Directed Funds investments in either index notes or income notes.

e) Participation liability

i) *Currency Risk*

The participation liability is denominated in Canadian dollars; however a small number of the underlying investments in the Participation Holdings defined portfolio on which the participation payments are based are denominated in US dollars and will fluctuate in value due to changes in the exchange rate between the Canadian dollar and the US dollar. The Fund manages currency risk associated with the Participation Holdings by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

ii) *Other Price Risk*

As the financing expense on the participation liability is related to the divestment proceeds of the Participation Holdings, a defined portfolio of venture investments, movements in the values of the Participation Holdings will affect the amount of interest payable under the liability. The effect of other price risk on the Fund's venture investment portfolio is discussed Note 4(b)(iv).

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5. SHARE CAPITAL

Authorized
Unlimited Class A Shares issuable in series from treasury, discretionary dividend entitlement, voting, restrictions on transfer and redemption, redeemable at the net asset value less any redemption fee, entitled to elect, together with the holder of Class C, Series I shares, those directors not entitled to be elected by the holder of Class B shares and nominate certain directors for approval by Class B Shares.

- Unlimited Class B Shares, issuable only to the Sponsor of the Fund, no dividend entitlement, voting, restrictions on transfer and redemption, entitled to elect one-half plus two of the directors if the number of directors is an even number, and a majority plus one of the directors if the number of directors is an odd number.

- Unlimited Class C Shares, issuable in series. The Class C Shares, Series I, issuable from treasury, discretionary dividend entitlement provided the same dividend is declared or paid on the Class A Shares, non-voting, redeemable at the net asset value per share, entitled to elect, together with the holders of Class A Shares, those directors not entitled to be elected by the holder of Class B Shares.

The Class C Shares, IPA Shares Series (the "IPA Shares"), are issuable only to a person acting as a manager or investment manager to the Fund, cumulative IPA Dividend entitlement is provided if certain terms and conditions are met, non-voting, redeemable at an amount equal to the consideration paid to the Fund thereof upon the issue of such IPA Shares.

The holder of IPA Shares will be entitled to receive IPA Dividends based on realized gains and income on venture investments. For venture investments made after November 29, 2002 (the "IPA Start Date"), the IPA Dividends will be equal to 20% of the realized gains and income from each such venture investment.

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

Portfolio Test - the total net realized and unrealized gains and income of the Fund from its portfolio of venture investments since the IPA Start Date must have generated an annualized rate of return greater than a cumulative annualized threshold rate of return equal to the average annual rate of return on a five year guaranteed investment certificate offered by a major Canadian chartered bank plus 2%;

Venture Investment Test - the compounded annual internal rate of return (including realized and unrealized gains and income from prior partial dispositions of that venture investment or otherwise) from the venture investment since its acquisition by the Fund must equal or exceed 12% per year; and

Principal Test - the Fund must have fully recovered a cash amount equal to at least the principal invested in the venture investment.

This means, the Fund will only pay IPA Dividends in respect of any partial disposition of such a venture investment if the Fund receives, from all dispositions of that venture investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the venture investment.

IPA Dividends in respect of venture investments made prior to the IPA Start Date will be equal to 15% of the realized gains and income from each such venture investment. This will be calculated on the same basis as for venture investments made after the IPA Start Date with two adjustments. First, the compounded annual internal rate of return (including realized and unrealized gains and income) from the venture investments since the IPA Start Date must equal or exceed 12% per year. Second, the Fund must have fully recovered the estimated fair value of the investment carried on the books of the Fund as at the IPA Start Date. IPA Dividends can only be declared and paid if, under corporate laws, in doing so, the Fund would remain in a position to pay its liabilities as they become due.

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5. SHARE CAPITAL (continued)

For the purposes of payment to the Manager, the IPA Dividends are calculated and payable quarterly. To the extent they are not declared by the Board and paid when payable, they are cumulative. At February 28, 2013, the Fund has accrued $1.57 million (August 2012: $1.55 million) of IPA Dividends and IPA liability on escrow proceeds receivable.

The contingent IPA Dividend is an estimate of IPA Dividends that would have been payable to the Manager had the Fund's entire venture portfolio been disposed of at the estimated fair market value as of the date of the financial statements; however, the total IPA Dividends that will actually be paid over the life of the Fund is currently not determinable, as it will depend on the value ultimately realized from the venture portfolio.

On dissolution, the Class C Shares rank equally with the Class A Shares.

Class A Shares

Redemption and subscription information includes switching of shares of one series for shares of another series. The following shares were redeemed during the period ended February 28, 2013:

Class A Shares	Outstanding Shares at Beginning of Period	Issue of shares	Redemption of Shares	Outstanding Shares at End of Period
WV Canadian - Commission I	7,022	-	(6)	7,016
CAVI Series	1,011	-	(1)	1,010
ENSIS Series	5,177	-	(7)	5,170
CMDF Series	8,100	-	(4)	8,096
CSTGF Series	938	-	-	938
FOF Traditional	990	-	-	990
Venture / GIC, Commission I	63	-	-	63
Venture / GIC, Commission II	125	-	-	125
Venture / Growth, Commission I	1,249	-	-	1,249
Venture / Growth, Commission II	597	-	-	597
FOF Growth	407	-	-	407
Venture / Financial Services, Commission I	211	-	-	211
Venture / Financial Services, Commission II	346	-	-	346
Venture / Balanced, Commission I (1)	1,923	-	(2)	1,921
Venture / Balanced, Commission II (1)	2,479	-	(3)	2,476
Venture / CMDF Reinvestment Series Commission I	9	-	-	9
Venture / CMDF Reinvestment Series Commission II	6	-	-	6

(1) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

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5. SHARE CAPITAL (continued)

The following shares were issued and redeemed during the year ended August 31, 2012:

Class A Shares	Outstanding Shares at Beginning of Period	Issue of shares	Redemption of Shares	Conversion of Shares-Income Series to Balanced Series	Outstanding Shares at End of Period
WV Canadian - Commission I	7,283	-	(261)	-	7,022
CAVI Series	1,049	-	(38)	-	1,011
ENSIS Series	5,268	-	(91)	-	5,177
CMDF Series	8,196	-	(96)	-	8,100
CSTGF Series	970	-	(32)	-	938
FOF Traditional	1,012	-	(22)	-	990
Venture / GIC, Commission I	63	-	-	-	63
Venture / GIC, Commission II	125	-	-	-	125
Venture / Growth, Commission I	1,261	-	(12)	-	1,249
Venture / Growth, Commission II	599	-	(2)	-	597
FOF Growth	415	-	(8)	-	407
Venture / Income, Commission I (1)	369	-	-	(369)	-
Venture / Income, Commission II (1)	297	-	-	(297)	-
Venture / Financial Services, Commission I	213	-	(2)	-	211
Venture / Financial Services, Commission II	346	-	-	-	346
Venture / Balanced, Commission I (2)	1,544	-	(7)	386	1,923
Venture / Balanced, Commission II (2)	2,182	-	(13)	310	2,479
Venture / CMDF Reinvestment Series Commission I	9	-	-	-	9
Venture / CMDF Reinvestment Series Commission II	6	-	-	-	6

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

Service Fees of Class A Shares

During the period a total of $298,692 (February 29, 2012: $384,987) was incurred by the Fund as service fees or distribution costs for Class A shares. The Series allocation was as follows:

	2013	2012
WV Canadian – Commission I	64	80
CAVI Series	12	15
ENSIS Series	53	78
CMDF Series	93	122
CSTGF Series	10	14
FOF Traditional	12	15
Venture / GIC – Commission I & II	1	1
Venture / Growth – Commission I & II	17	20
FOF Growth	5	6
Venture / Income – Commission I & II (1)	0	3
Venture / Financial Services – Commission I & II	4	3
Venture / Balanced – Commission I & II (2)	28	27
CMDF Reinvestment Series – Commission I & II	-	-
	299	385

(1) The Income Series was consolidated into the Balanced Series (formerly Diversified Series) on November 25, 2011
(2) On November 25, 2011, the Fund's previously named Diversified Series were re-designated Balanced Series

GROWTHWORKS CANADIAN FUND LTD.

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For the six month period ended February 28, 2013
Tabular amounts expressed in thousands

5. SHARE CAPITAL (continued)

Class B Shares
1 Class B share was outstanding during the six month period ended February 28, 2013 and the year ended August 31, 2012.

Class C Shares
0.1 Class C share was outstanding during the six month period ended February 28, 2013 and the year ended August 31, 2012.

Redemption of Class A Shares

Generally, a shareholder may redeem all or part of a series of Class A Shares held at the net asset value per series share, subject to certain restrictions and fees. In any fiscal year, the Fund is not required to redeem issued Class A Shares having an aggregate redemption price greater than an amount equal to 20% of the net asset value of the Fund as at the last day of the immediately preceding financial year. If the Fund does not redeem Class A Shares upon request, it will redeem those shares in the following financial year, at the net asset value at that time, subject to the above limit, before it redeems any other Class A Shares that it has been requested to redeem. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators.

The Fund initially obtained regulatory approval to close Class A share redemptions until April 16, 2012, which regulatory approval was subsequently extended to July 31, 2012 and then November 30, 2012 (the "Order"). The Fund also sought further regulatory relief to allow the Fund to process redemptions of Class A shares on the terms of a redemption plan adopted by the Board of Directors. On December 2, 2012, securities regulators elected not to grant the extension, as they were unable to conclude that granting the extension on the terms requested by Canadian Fund would not be prejudicial to the public interest.

As a result of this decision by securities regulators, the Fund was required, under applicable securities laws, to allow shareholders to request redemptions of their Class A Shares. However, under applicable corporate laws, the Fund can process Class A Share redemption requests only if after doing so the Fund would remain in a position to pay its liabilities as they become due. At present, the Board of Directors of the Fund cannot conclude that the Fund would meet this statutory test if the Fund were to process anticipated redemption requests as received. As a result, the Fund will not process redemption requests that are submitted until such time as the Board of Directors of the Fund determines that the Fund would meet this test. There can be no assurance as to when the Fund will have sufficient cash available to process Class A Share redemptions.

6. INCOME TAXES

Current Income taxes
Under the Income Tax Act (Canada), income taxes payable by the Fund on net realized capital gains will be fully refundable on a formula basis when shares are redeemed or capital gains dividends are paid or deemed to be paid by the Fund to its shareholders. Taxes payable on net investment income, other than capital gains, and certain dividends received from Canadian corporations, will be partially refundable upon the payment or deemed payment of taxable dividends, other than capital gains dividends.

The Fund records the refundable portion of its income taxes as an asset to the extent that such amounts will be recovered through the distribution of a Class A share dividend from net investment income and/or realized capital gains on investments. If and to the extent the Fund distributes, or is deemed to have distributed, a dividend, the holder of the shares will be deemed to have received a Canadian taxable dividend and/or a realized capital gain, and the adjusted cost base of the shareholder's shares will be increased by the amount of any deemed dividend. For the six month periods ended February 28, 2013 and February 29, 2012, the Fund did not distribute any deemed dividends.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
Tabular amounts expressed in thousands

6. INCOME TAXES (continued)

Future income taxes
Temporary differences between the carrying amounts of assets and liabilities for accounting and income tax purposes may result in future tax assets and liabilities. When the fair value of a security exceeds the cost base, a future tax liability arises. This future tax liability may be eliminated by refundable taxes generated by payment of capital gains dividends. When the cost base of a security exceeds the fair value, a future tax asset arises. Due to the uncertainty of such future tax assets ultimately being realized, a full valuation allowance has been applied.

The components of future income tax balances as at February 28, 2013 and August 31, 2012 are as follows:

	WV Canadian and Merger Series		GIC Series		Growth Series and FOF Growth Series	
	2013	2012	2013	2012	2013	2012
Future income tax assets:						
Tax loss carryforwards	$65,240	$60,856	$93	$98	$2,632	$2,464
Deferred finance fees	609	684	7	5	73	74
Unrealized losses on portfolio	8,199	8,873	12	15	796	860
Future income tax liabilities:						
Unrealized (gains) on portfolio	-	-	-	-	-	-
Valuation allowance	(74,048)	(70,413)	(112)	(119)	(3,501)	(3,398)
Net future income tax asset (liability)	$ -	$ -	$ -	$ -	$ -	$ -

	Financial Services Series		Balanced Series and CMDF Reinvestment Series	
	2013	2012	2013	2012
Future income tax assets:				
Tax loss carryforwards	$650	$603	$5,548	$5,154
Deferred finance fees	15	14	104	116
Unrealized losses on portfolio	197	213	1,558	1,686
Future income tax liabilities:				
Unrealized (gains) on portfolio	-	-	-	-
Valuation allowance	(861)	(829)	(7,210)	(6,956)
Net future income tax asset (liability)	$ -	$ -	$ -	$ -

Investment requirements

The Income Tax Act (Canada), the Manitoba Act, the Ontario Act and the principles governing the Fund's approved status under the Saskatchewan Act set minimum levels of qualifying venture investments required to be made by the Fund. If the required minimum level of qualifying venture investments is not met under each statute, the Fund will be subject to defined taxes and penalties. Also, the Fund remains subject to minimum levels of qualifying venture investments in Nova Scotia and New Brunswick that if not met will result in the Fund being subject to defined taxes and penalties. The Fund agreed to place 15% of the capital it raised in Saskatchewan with a provincial tax credit (20% of capital referable to tax years after 2009) into a special trust account, which is released as the Fund invests in eligible businesses. As at

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
Tabular amounts expressed in thousands

6. INCOME TAXES (continued)

February 28, 2013, the Fund had met all pacing obligations in Saskatchewan and the full balance in the trust account was released.

Income tax-loss carryforwards
The Fund has $207.96 million (August 2012: $156.12 million) in capital losses that do not expire and can be carried forward to offset future capital gains. The Fund has available non-capital losses of approximately $71.63 million (August 2012: $82.99 million) that expire at various times up to the year 2032, and that may be carried forward and used to offset future income for tax purposes. The following table summarizes the amount of the carryforward attributable to each Series as at February 28, 2013:

	Non-capital loss carryforwards	Capital loss carryforwards
WV Canadian and Merger Series	$60,878	$187,921
GIC Series	131	166
Growth Series	3,155	5,947
Financial Services Series	757	1,518
Balanced and CMDF Reinvestment Series	6,704	12,412
	$71,626	$207,963

7. PARTICIPATION LIABILITY

The Fund entered into a Participation Agreement with Roseway in 2010, receiving $20 million in exchange for a participating interest of 20% of the divestment proceeds of the Participation Holdings (Note 1). In addition, Roseway agreed to provide up to $3 million in follow-on funding for these companies. The Fund is required to distribute to Roseway 20% of the divestment proceeds from investments in the Participation Holdings when received, with minimum payments of $5.7 million on each of May 28, 2011, 2012 and 2013, and a $20 million payment on May 28, 2013. Payments to Roseway for divestment proceeds received are expected to extend beyond May 28, 2013.

On May 28, 2012 and 2011, the Fund made the required payment of $5.7 million to Roseway. Estimated total future payments are expected to be:

2013	25,700
2014 and beyond	1,656
	27,356

The fair value of the liability as at February 28, 2013 of $27.35 million (August 31, 2012: $27.48 million) has been estimated based on the expected future cash flows discounted at 33%, which is reflective of a risk adjusted rate of a similar loan issued as at February 28, 2013. There was no interest expense related to the facility due to actual participation payments being lower than originally projected (February 29, 2012: $4.27 million) and Roseway's share of unrealized depreciation of $533,035 (February 29, 2012: unrealized appreciation of $2.12 million) has been recorded in the statement of operations for the period ended February 28, 2013.

The liability is secured by a charge over all non-venture assets held by the Fund, certain venture investments holdings and all exit proceeds, in the form of cash or shares, derived from the sale of the Fund's venture investments.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
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7. PARTICIPATION LIABILITY (continued)

Increased interest amounts related to changes in the fair value of the participation holdings under the Participation Agreement have been recorded in the Statements of Operations for the period as a financing expense. The fair value is adjusted for changes in the timing and amount of expected future cash flows from Participation Holdings in which Roseway holds its participating interest.

8. RELATED PARTY TRANSACTIONS

a) Management fees and administration fees

The Fund has entered into an amended and restated Management Agreement (the "Management Agreement") dated July 15, 2006. Under the terms of the Management Agreement, the Manager provides or arranges for the provision of day-to-day management, investment management and administration services to the Fund. The Manager has engaged its affiliate GrowthWorks Capital Ltd. to perform investment fund management services and act as the Fund's principal distributor.

Under the Management Agreement, the Manager is entitled to receive an annual management fee and an administration fee based on the average net asset value of the Fund, payable monthly. Included in the Management Agreement is an adjustment provision which is designed to shift the risk of federal goods and services tax changes from the Fund to the Manager. As a result of the change to GST/HST effective January 1, 2008, the Manager is entitled to an annual management fee of 2.04% and an annual administration fee between 1.77% and 1.95% based on the average net asset value of the Fund. The total amount paid by the Fund, including both fees and HST, remains unchanged.

The Manager is also entitled to an annual capital retention administration fee, up to eight years from the commencement of the related fee, of 0.75% or 1.1625% of the original purchase price of currently offered Class A Shares issued by the Fund, that are still outstanding at the date of calculation of the fees. The Fund also pays the Manager a similar administration fee on the Merger Series (namely, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, FOF Traditional Series, and FOF Growth Series) shares equal to 0.75% of the net asset value of those shares which have been outstanding for less than eight years from the original date of issue (which for these purposes is deemed to be the date of issue of the shares for which the Merger Series shares were exchanged under the applicable merger). All management and administration fee percentages noted are rounded for ease of presentation and exclude federal goods and services tax or HST as applicable.

The Manager is responsible for substantially all operating expenses of the Fund, with the exception of service fees, directors' compensation, federal income tax, federal HST tax and any unusual or special items outside the scope of services provided for in the Management Agreement. The Fund has also agreed to reimburse the Manager for certain pre-approved interest costs incurred in connection with borrowings made in fulfilling its obligations under the Management Agreement.

The Manager has obtained relief from the requirement to be registered as an investment fund manager on the basis that its affiliate, GrowthWorks Capital Ltd., a registered investment fund manager, directly or through its officers or personnel provides or arranges for the provision of substantially all of the management services to the Fund.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
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8. RELATED PARTY TRANSACTIONS (continued)

b) IPA Dividends

As the holder of the IPA Shares, the Manager is entitled to receive IPA Dividends (see Note 5).

c) Inter-Series receivables and payables

The Fund, and in some cases individual Series, may be stated as the owner of certain investments and other assets, including cash, that are allocated among multiple Series in the records of the Fund in accordance with the Fund's valuation policies and procedures through the use of inter-Series receivable and payable accounts. The Series also incur inter-Series receivables and payables on the reallocation of the Funds' venture portfolio. All inter-Series allocations occur at fair value based on the fair value of the venture portfolio. All inter-Series balances are non-interest bearing, unsecured and have no specified repayment terms.

d) Financing Loan & Financing Promissory Note ("Financing Facility")

i) Financing Loan

In the prior year, as part of an existing loan, the Fund entered into a note indenture (the "Indenture") and credit facility agreement with a related party, an investment fund with which it shares a common manager, and issued a secured promissory note for up to $11 million to be used for working capital including general corporate requirements and the acquisition of additional assets. Advances of up to $2.5 million are revolving and the balance is non-revolving. Until March 28, 2012, the secured promissory note incurred simple interest of 12% per annum on amounts advanced. In connection with an extension of the term of the secured promissory note, interest was increased to 22% on amounts advanced and an aggregate extension fee of $225,000 was paid. On December 31, 2012, the Fund repaid $9.5 million in principal and $2.18 million of accrued interest. The loan has been fully repaid and is no longer outstanding.

ii) Financing Promissory Note

On May 18, 2012, GrowthWorks WV Management Ltd. (the "Manager"), the manager of the Fund, on behalf of the Fund obtained a $4 million term loan provided by a third party lender. In accordance with the Management Agreement, all costs incurred by the Manager in connection with the term loan will be reimbursed by the Fund. Structurally, the reimbursement is effected through interest payments on a promissory note (the "Note") in the principal amount of $4 million issued under the Indenture Facility to Matrix Asset Management Inc. ("Matrix"), the parent company of the Manager. The terms of the Note match the terms of the third party loan and are formulated to ensure that Matrix does not earn interest on the Note in excess of the costs incurred by the Manager in respect of the term loan. The Note accrues interest at a rate of 18% per annum on the outstanding principal amount until July 31, 2013, and thereafter at the rate of 20% per annum until the maturity date of July 31, 2014. Interest will be payable in arrears on each of January 31, 2013, July 31, 2013, January 31, 2014 and July 31, 2014. At any time the Fund is in default in the payment of any amount due under this promissory note, such overdue amounts shall bear interest at 24%. The renegotiation did not trigger a default and the applied interest rate remains 18%.

Accrued interest together with a $1 million payment against the principal amount of this Note is payable on each of January 31, 2013, July 31, 2013, January 31, 2014 and July 31, 2014. During the period, the Fund made an interest only payment of $508,932 deferring the January 31, 2013 principal payment to July 31, 2013. In consideration of this extension, the Fund agreed to pay an additional negotiation fee of $160,000 (plus applicable taxes) payable on April 30, 2013. As of period end, the borrowing under the Note represented 3.51% of net assets of the Fund and had accrued interest of $96,715 under the Note. As at February 28, 2013, the Fund was current and onside all covenants governing the Facility.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2013
Tabular amounts expressed in thousands

9. RECONCILIATION OF NET ASSET VALUE

As a result of the implementation of CICA Handbook Section 1100, "Generally Accepted Accounting Principles", the labour-sponsored fund industry practice of deferring and amortizing commissions paid on the sale of Class A shares on a straight line basis over eight years is no longer considered acceptable under Canadian GAAP. Accordingly, the Fund adopted prospectively, effective September 1, 2004, a change in accounting policy for commissions paid on WV Canadian – Commission I Class A Shares, whereby the unamortized balance of deferred charges at September 1, 2004 was charged against the net assets of the WV Canadian – Commission I Class A Shares.

In conjunction with this change in policy, the Ontario Securities Commission ("OSC") provided exemptive relief, which was extended under National Instrument 81-106 *Investment Fund Continuous Disclosure*, allowing for the transition from the deferral and amortization method to the direct charge method as it relates to the unamortized balance of deferred charges at December 1, 2003 and the net asset value per share used for share transactions. The Fund has relied on the exemptive relief provisions for purposes of calculating the net asset value per share of the Fund's WV Canadian – Commission I Class A Shares for share transaction and the Fund continues to amortize against net asset value the deferred commissions existing at December 1, 2003 over their remaining useful life. The Fund no longer offers WV Canadian – Commission I Class A Shares, and all commissions arising on the sale of new series of Class A Shares are paid by the Manager.

Certain shares issued pursuant to previous mergers, as noted in the table below, have an unamortized balance of deferred charges carried over from the merged funds. The Fund continues to amortize these deferred charges for purposes of calculating the net asset value of those shares used for share transactions. As a result, for these shares the calculation of the net assets and net assets per Class A share determined in accordance with Canadian GAAP ("net assets" and "net assets per share", respectively) differs from net asset value and net asset value per Class A share ("NAV" and "NAV per share" respectively) used for share transactions.

	ENSIS Series
Net Assets –February 28, 2013	$16,572
Adjustments:	
Beginning unamortized deferred charges	910
Amortization of deferred charges for the year	(539)
NAV - February 28, 2013	$16,943
Class A shares outstanding at year	5,170
Net Assets per Class A share	$3.21
NAV per Class A share	$3.28

10. CONTINGENCIES

In the normal course of operations, various claims and legal proceedings are initiated against the Fund. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, the Fund has made adequate provision or has adequate insurance to cover all claims and legal proceedings. Consequently, any settlements reached should not have a material effect on the Fund's net assets.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of short-term obligations arising primarily from related party transactions (Note 8) and accrued incentives relating to service fees the Fund pays quarterly to registered dealers at an annual rate of 0.5% of the average net asset value of the Class A shares held by the dealers' clients. The following table provides details of accounts payable and accrued liabilities by significant category for the period ended February 28, 2013 and year ended August 31, 2012:

	Merger Series		GIC Series		Growth Series	
	2013	2012	2013	2012	2013	2012
Accrued management fees	$ 555	$ 1,835	$ 5	$ 15	$ 54	$ 178
Accrued incentives	73	108	0	0	6	9
Other payables/liabilities	269	1,420	1	7	16	83
Accounts payable and accrued liabilities	$ 897	$ 3,363	$ 6	$ 22	$ 76	$ 270

	Financial Services Series		Balanced Series [1] and CMDF Reinvestment Series	
	2013	2012	2013	2012
Accrued management fees	$13	$44	$106	$349
Accrued incentives	1	1	6	10
Other payables/liabilities	3	20	32	162
Accounts payable and accrued liabilities	$ 17	$ 65	$ 144	$ 521

Note: (0) indicates an amount that is less than one thousand
(1) On November 25, 2011, The Fund's previously named Diversified Series were re-designated Balanced Series

12. INDEPENDENT VALUATOR

Pursuant to the independent valuation requirements of National Instrument 81-106, the Fund requires an independent review to assess whether or not the fair value of the Fund's venture portfolio is, in all material respects, reasonable. Qualified chartered business valuators within the Valuations Practice of KPMG LLP, the Fund's independent auditor, performed this review at the Fund's most recent year end (August 31, 2012) and concluded that the fair value was, in all material respects, reasonable.

13. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the period ended February 28, 2013, the Fund paid a total of $12,550 (February 29, 2012: $10,250) to the members of the IRC, excluding fees paid to IRC members in their capacity as directors or members of other board committees.

GrowthWorks
Canadian Fund

www.growthworks.ca/canadian

Suite 2200 Exchange Tower, 130 King St West,
PO Box 422 Toronto, Ontario M5X 1E3
416.934.7777 or 1.800.463.1652 info@growthworks.ca

Tab O

CHUBB

This is Exhibit O referred to in the affidavit of C. Ian Ross sworn before me, this 30 day of September 20 13

Kelly Peters
A COMMISSIONER FOR TAKING AFFIDAVITS

Asset Management Protector™ by Chubb

DECLARATIONS

CHUBB INSURANCE COMPANY OF CANADA
Hereinafter the "Company"

Policy Number: 8221-5142

NOTICE: THIS IS A CLAIMS MADE POLICY, WHICH APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD", OR ANY APPLICABLE EXTENDED REPORTING PERIOD. EXCEPT WHERE THE POLICY IS SUBJECT TO THE LAWS OF THE PROVINCE OF QUEBEC, THE LIMIT OF LIABILITY TO PAY "LOSS" WILL BE REDUCED, AND MAY BE EXHAUSTED, BY "DEFENCE COSTS", AND "DEFENCE COSTS" WILL BE APPLIED AGAINST THE RETENTION AMOUNT. IN NO EVENT WILL THE COMPANY BE LIABLE FOR "DEFENCE COSTS" OR ANY OTHER "LOSS" IN EXCESS OF THE APPLICABLE LIMIT OF LIABILITY. READ THE ENTIRE POLICY CAREFULLY.

ITEM 1. Named Organization: MATRIX ASSET MANAGEMENT INC.
2600 - 1055 WEST GEORGIA STREET
VANCOUVER, BC V6E3R5

ITEM 2. Policy Period:

(A) Inception Date: December 9, 2012

(B) Expiration Date: December 9, 2013
at 12:01 a.m. both dates at the Address in ITEM 1.

ITEM 3. Limits of Liability and Retentions:

(A) Maximum Aggregate Limit of Liability for all **Loss** under the Policy: $3,000,000.00

(B) Aggregate Limits of Liability and Retentions for each Coverage Part selected below:

COVERAGE PART	AGGREGATE LIMIT OF LIABILITY	RETENTION	PENDING OR PRIOR DATE
Only those Coverage Parts and Insuring Clauses designated with an "X" are included under this Policy. If there is no "X" inserted next to any specified Coverage Part or Insuring Clause, such Coverage Part or Insuring Clause and any other reference to it in the Policy shall be deemed to be deleted.			
[X] Directors & Officers Liability Coverage Part	$3,000,000.00	$500,000.00	December 9, 1993
[X] Professional Liability Coverage Part:	$3,000,000.00	$500,000.00	December 9, 1993
[X] Insuring Clause (A) Separate Account and Sub-Advisory Liability Coverage			
[X] Insuring Clause (B) Fund Adviser Liability Coverage			
[ ] Insuring Clause (C) Fund Service Provider Liability Coverage			
[X] Investment Company Coverage Part	$3,000,000.00	$500,000.00	December 9, 1993
[X] Private Fund Coverage Part	$3,000,000.00	$500,000.00	December 9, 1993
[X] Employment Practices Liability Coverage	$1,000,000.00	$500,000.00	December 9, 2010
[ ] Fiduciary Liability Coverage Part	Not Covered	Not Covered	Not Covered

(C) Retention for each **Insured Person** each **Loss** under any Coverage Part for any **Non-Indemnifiable Loss**: Nil

CHUBB INSURANCE

Asset Management Protector™ by Chubb

(D) Optional Additional Limit of Liability for **Independent Directors:** $0

- [ ] Investment Company Coverage Part
- [ ] Private Fund Coverage Part

ITEM 4. Coinsurance Percentage: 0.00%

ITEM 5. Extended Reporting Period:

(A) Additional Period: 1 year

(B) Additional Premium: 125 % of Annualized Premium for the expiring Policy Period

ITEM 6. Newly Created and Acquired Fund Thresholds:

(A) Investment Company: $50,000,000.00

(B) Private Fund: $50,000,000.00

ITEM 7. Notice to the Company:

(A) Attn: Claims Department
Chubb Insurance Company of Canada
1 Adelaide Street East
Toronto, Ontario M5C 2V9

(B) Attn: CSI Underwriting Department
Chubb Insurance Company of Canada
1 Adelaide Street East
Toronto, Ontario M5C 2V9

In witness whereof, the Company has caused this policy to be signed by its authorized officer.

CHUBB INSURANCE COMPANY OF CANADA

Ellen J. Moore

President

02/19/2013

Date

Authorized Representative

In consideration of payment of the premium and subject to the Declarations, limitations, conditions, provisions and other terms of this Policy, the Company and the **Insureds** agree as follows:

I. TERMS AND CONDITIONS

Except for these General Terms and Conditions or unless stated to the contrary in any Coverage Part of this Policy, the terms and conditions of each Coverage Part shall apply only to that Coverage Part. If any provision in these General Terms and Conditions is inconsistent or in conflict with the terms and conditions of any Coverage Part, the terms and conditions of such Coverage Part shall control for purposes of that Coverage Part. Any defined term referenced in these General Terms and Conditions but defined in a Coverage Part shall, for purposes of that Coverage Part, have the meaning set forth in that Coverage Part.

II. GENERAL DEFINITIONS

When used in this Policy:

(A) **Application** means all signed applications, and any attachments, information, or other materials submitted therewith or incorporated therein, submitted by the **Insured** to the Company for this Policy or for any policy of which this Policy is a direct or indirect renewal or replacement. The **Application** is deemed attached to, incorporated into and made a part of this Policy.

(B) **Benefit Plan** means any Canadian Employee Benefit Plan, Registered Pension Plan, Group Sickness or Accident Insurance Plan, Private Health Service Plan, Supplementary Unemployment Benefit Plan, Deferred Profit-Sharing Plan, Employees' Profit Sharing Plan, Sickness or Accident Insurance Plan, Disability Insurance Plan, Income Maintenance Insurance Plan, Vacation Pay Trust, Employee Trusts, Retirement Compensation Arrangement or Salary Deferral Arrangement so defined in the Income Tax Act, as amended.

(C) **Biological Agents** means:

(1) bacteria; mildew, mould, or other fungi; other micro-organisms; or any mycotoxins, spores, or other by-products of any of the foregoing;

(2) viruses or other pathogens (whether or not a micro-organism); or

(3) any colony or group of any of the foregoing.

(D) **Biological Event** means:

(1) any actual, alleged, or threatened discharge, release, escape, dispersal or disposal of any **Biological Agents** into or on real or personal property, buildings, water, land or atmosphere; or

(2) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Biological Agents**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request.

(E) **Canadian Securities Legislation** means the Securities Act of Ontario and the rules and regulations made thereunder, as amended and similar legislation, rules and regulations in each of the provinces and territories of Canada, as amended, as applicable.

(F) **Claim** shall have the meaning set forth in the applicable Coverage Part.

(G) **Common Law Partner** means any natural person qualifying as a common law or domestic partner under the provisions of any applicable federal, provincial, territorial, state, local, or **Foreign** law or under the provisions of any formal program established by an **Insured Entity**.

(H) **Defence Costs** shall have the meaning set forth in the applicable Coverage Part.

(I) **Employee** means any natural person whose labour or service is engaged by and directed by the **Organization** or any **Plan**, including part-time, seasonal and temporary employees as well as volunteers. **Employee** shall not include any independent contractor.

(J) **ERISA** means the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006, both of the United States of America, both as amended, and any similar common or statutory law anywhere in the world, and any rules or regulations promulgated under any such Acts or laws.

(K) **Executive** means any natural person who was, now is or shall become:

(1) an in-house general counsel, in-house chief compliance officer, **Manager** or a duly elected or appointed director, officer, trustee, governor, general partner, managing general partner, venture partner, administrative general partner, or principal; or

(2) a holder of a position equivalent to any position described in (1) above in any entity that is chartered, organized or incorporated in any jurisdiction other than Canada.

(L) **Financial Impairment:**

(i) in Canada means the financial position of an entity as a "debtor" as that term is defined and used in Canada within the provisions of the Canadian Bankruptcy and Insolvency Act, rules, regulations, orders and orders in council promulgated thereunder and amendments thereto, and, without limiting the generality of the foregoing shall occur when: (i) any receiver, conservator, liquidator, trustee, sequestrator or similar official has been appointed by a federal, provincial or territorial court , agency or official or by a creditor to take control of, supervise, manage or liquidate the **Organization**; or a reorganization proceeding relating to the **Organization** has been brought in Canada under the Companies' Creditors Arrangement Act, rules, regulations, orders, and orders in council promulgated therunder and amendments thereto; and

(ii) in any jurisdiction other than Canada means the status of an entity resulting from the appointment by any state, provincial, territorial or federal official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate such entity.

(M) **Foreign** means any jurisdiction outside of Canada and the United States of America.

(N) **Insured** shall have the meaning set forth in the applicable Coverage Part.

(O) **Insured Entity** means any **Insured** under this Policy that is not a natural person.

(P) **Insured Person** shall have the meaning set forth in the applicable Coverage Part.

(Q) **Loss** shall have the meaning set forth in the applicable Coverage Part.

(R) **Manager** means, solely with respect to a Limited Liability Company, such entity's manager, managing member, management committee member or member of the Board of Managers.

(S) **Named Organization** means the entity that is named in ITEM 1. of the Declarations.

(T) **Non-Indemnifiable Loss** means **Loss** under any Coverage Part other than the Fiduciary Liability Coverage Part, if purchased, which an **Insured Person** becomes legally obligated to pay on account of any **Claim**, for which an **Insured Entity** fails to indemnify such **Insured Person** and:

(1) such **Insured Entity's** failure to indemnify is a result of such **Insured Entity's** insolvency; or

(2) the **Insured Entity** is not permitted to indemnify such **Insured Person** pursuant to statutory or common law.

(U) **Organization** means the **Named Organization** and any **Subsidiary**, including any such entity in its capacity as a debtor company under Canadian insolvency law or in an equivalent capacity under the law of any other country.

(V) **Pending or Prior Litigation** means any demand, arbitration, suit, administrative, regulatory, criminal or other proceeding pending against, or order, decree or judgment entered for or against any **Insured**, on or prior to the corresponding Pending or Prior Date for the applicable Coverage Part set forth in ITEM 3.(B) of the Declarations, or any of the same or substantially the same facts, circumstances, situations, transactions, events or **Wrongful Acts** underlying or alleged therein.

(W) **Plan** shall have the meaning set forth in the Fiduciary Liability Coverage Part, if purchased.

(X) **Policy Period** means the period of time specified in ITEM 2. of the Declarations, subject to prior termination in accordance with Section XIII. TERMINATION OF THE POLICY.

(Y) **Pollutant** means:

(1) any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued under the Canadian Environmental Protection Act, as amended, or by the United States Environmental Protection Agency or any federal, provincial, territorial, state, county, municipality, locality, or **Foreign** counterpart thereof, including, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapour, soot, fumes, acids, alkalis, chemicals or waste materials; or

(2) any other air emission, odour, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products or any noise.

(Z) **Pollution** means:

(1) any actual, alleged, or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of any **Pollutant**; or

(2) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutant**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request.

(AA) **Potential Claim** means a complaint or allegation of a **Wrongful Act** by or on behalf of a potential claimant if such complaint or allegation:

(1) does not constitute a **Claim** but may subsequently give rise to a **Claim**; and

(2) is lodged with the **Organization's** human resources department or other comparable department.

(BB) **Prior Notice** means any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the Inception Date set forth in ITEM 2.(A) of the Declarations, was the subject of any notice given under any policy, section or coverage part of a policy of which this Policy or any Coverage Part hereof is a direct or indirect renewal or replacement.

(CC) **Related Claims** means all **Claims** based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way involving the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances, situations, transactions or events.

(DD) **Settlement Program Notice** shall have the meaning set forth in Fiduciary Liability Coverage Part, if purchased.

(EE) **Subsidiary** means any entity in which more than fifty percent (50%) of the outstanding securities or voting rights representing the present right to vote for, elect, appoint or designate such entity's directors, general partners, managing general partners, or **Managers**, or the equivalent of any of the foregoing, are owned or controlled, directly or indirectly, in any combination, by one or more **Organizations** at or prior to the Inception Date of this Policy.

(FF) **Wrongful Act** shall have the meaning set forth in the applicable Coverage Part.

III. SPOUSES, COMMON LAW PARTNERS, ESTATES AND LEGAL REPRESENTATIVES

(A) Subject otherwise to the limitations, conditions, provisions and other terms of this Policy, coverage shall extend to **Claims** for the **Wrongful Acts** of an **Insured Person** made against:

(1) the estate, heirs, legal representatives or assigns of such **Insured Person** if such **Insured Person** is deceased or the legal representatives or assigns of such **Insured Person** if such **Insured Person** is incompetent, insolvent or bankrupt; or

(2) the lawful spouse or **Common Law Partner** of such **Insured Person** solely by reason of such spouse's or **Common Law Partner's** status as a spouse or **Common Law Partner**, or such spouse's or **Common Law Partner's** ownership interest in property which the claimant seeks as recovery for an alleged **Wrongful Act** of such **Insured Person**.

(B) All terms and conditions of this Policy, including without limitation the Retention(s) applicable to **Loss** incurred by the **Insured Person**, shall also apply to **Loss** incurred by the estate, heirs, legal representatives, assigns, and spouse or **Common Law Partner** of such **Insured Person**. The coverage provided by this Section III. shall not apply with respect to any loss arising from an act or omission by an **Insured Person's** estate, heirs, legal representatives, assigns, spouse or **Common Law Partner**.

IV. EXTENDED REPORTING PERIOD

(A) If this Policy is terminated or does not renew, other than termination for non-payment of premium, then the **Named Organization** shall have the right, upon payment of the Additional Premium set forth in ITEM 5.(B) of the Declarations, to purchase an extension of the coverage granted by this Policy for **Claims** that are:

(1) first made during the period set forth in ITEM 5.(A) of the Declarations (the "Extended Reporting Period") following the effective date of termination or non-renewal; and

(2) reported to the Company in writing within the time provided for such **Claims** in paragraph (A) of Section VI. REPORTING,

but only to the extent such **Claims** are for **Wrongful Acts** committed, attempted or allegedly committed or attempted before the earlier of the effective date of termination or non-renewal, or with respect to an Extended Reporting Period purchased after an event described in Subsection XI.(C) ACQUISITION BY ANOTHER ENTITY OR FINANCIAL IMPAIRMENT, the effective date of such merger, consolidation, acquisition, or **Financial Impairment**.

(B) The right to purchase an extension of coverage as described in this Section IV. shall lapse unless written notice of election to purchase the extension, together with payment of the additional premium due, is received by the Company within thirty (30) days after the effective date of termination or non-renewal or, with respect to an Extended Reporting Period purchased after an event described in Subsection XI.(C) ACQUISITION BY ANOTHER ENTITY OR FINANCIAL IMPAIRMENT, within thirty (30) days after the effective date of such merger, consolidation, acquisition, or **Financial Impairment**.

(C) Any **Claim** made during the Extended Reporting Period shall be deemed to have been made during the immediately preceding **Policy Period**. The entire additional premium for the Extended Reporting Period shall be deemed fully earned at the inception of such Extended Reporting Period.

V. LIMITS OF LIABILITY, RETENTION AND COINSURANCE

(A) The amount stated in ITEM 3.(A) of the Declarations shall be the maximum aggregate limit of liability of the Company for all **Loss**, excess of the applicable Retention(s), from all **Claims** made under this Policy during the **Policy Period**. The amount stated in ITEM 3.(B) of the Declarations as the Aggregate Limit of Liability with respect to each Coverage Part, shall be the aggregate limit of liability of the Company under such Coverage Part for all **Loss**, excess of the applicable Retention(s), from all **Claims** made under such Coverage Part during the **Policy Period**, subject to the Maximum Aggregate Limit of Liability amount stated in ITEM 3.(A) of the Declarations.

(B) In the event a **Claim** is covered by more than one Coverage Part, the Limit of Liability available for all **Loss** on account of such **Claim** shall not exceed the single largest Aggregate Limit of Liability of the applicable Coverage Parts. All such **Loss** shall be part of, and not in addition to, the amount stated in ITEM 3.(A) of the Declarations as the Maximum Aggregate Limit of Liability for all **Loss**, excess of the applicable Retention(s), from all **Claims** for which this Policy provides coverage. In the event a **Claim** is covered by more than one Coverage Part, then the Company shall allocate any resulting **Loss** to each such applicable Coverage Part based on the relative legal and financial exposures.

(C) **Defence Costs** are part of, and not in addition to, the Limits of Liability set forth in ITEMS 3.(A) and 3.(B) of the Declarations, and the payment by the Company of **Defence Costs** shall reduce and may exhaust such Limits of Liability. **Defence Costs** shall be applied against the applicable Retention(s) set forth in ITEM 3.(B) of the Declarations.

(D) The Limit of Liability available for any Coverage Part during the Extended Reporting Period, if exercised, shall be the remaining portion, if any, of the Aggregate Limit of Liability provided in the immediately preceding **Policy Period** for such Coverage Part, subject to the remaining portion, if any, of the Maximum Aggregate Limit of Liability provided in the immediately preceding **Policy Period** for all **Loss** from all **Claims** under this Policy.

(E) The Company's liability under each Coverage Part shall apply only to that part of each **Loss**, which is excess of the applicable Retention(s) for such Coverage Part set forth in ITEM 3.(B) of the Declarations, and such Retention(s) shall be borne by the **Insured** uninsured and at the **Insured's** own risk.

No Retention(s) shall apply to any **Non-indemnifiable Loss** covered under any Coverage Part other than the Fiduciary Liability Coverage Part, if purchased.

In the event that any **Insured** is unwilling or unable to bear the applicable Retention(s), it shall be the obligation of the **Named Organization** to bear such Retention(s) uninsured and at its own risk.

(F) In the event a **Claim** is covered by more than one Coverage Part, then the applicable Retention(s) will be applied separately to each part of such **Claim**, and the sum of such Retention(s) will not exceed the single largest Retention under the applicable Coverage Parts set forth in ITEM 3.(B) of the Declarations.

(G) The **Insureds** shall bear uninsured and at their own risk that percentage of all **Loss** (excess of the applicable Retention(s)) specified as the Coinsurance Percentage in ITEM 4. of the Declarations, and the Company's liability shall apply only to the remaining percentage of such **Loss**.

(H) All **Related Claims** shall be treated as a single **Claim** first made on the date the earliest of such **Related Claims** was first made, or on the date the earliest of such **Related Claims** is treated as having been made in accordance with paragraphs (B) or (C) of Section VI. REPORTING, regardless of whether such date is before or during the **Policy Period**.

VI. REPORTING

(A) The **Insured** shall, as a condition precedent to exercising any right to coverage under this Policy, give to the Company written notice of any **Claim** as soon as practicable, but in no event later than:

(1) sixty (60) days after the effective date of the expiration or termination of this Policy, if no Extended Reporting Period is elected; or

(2) the expiration date of the Extended Reporting Period, if elected,

provided that if the Company sends written notice to the **Named Organization**, stating that this Policy is being terminated for non-payment of premium, the **Insured** shall give to the Company written notice of such **Claim** prior to the effective date of such termination.

(B) With respect to any Coverage Part other than the Employment Practices Liability Coverage Part, if during the **Policy Period** an **Insured**:

(1) becomes aware of circumstances which could give rise to a **Claim** and gives written notice of such circumstances to the Company during the **Policy Period**;

(2) receives a written request to toll or waive a limitation period applicable to a **Wrongful Act** and gives written notice of such request and of such **Wrongful Act** to the Company during the **Policy Period**; or

(3) with respect to the Fiduciary Liability Coverage Part, if purchased, gives written notice to the Company of a **Settlement Program Notice**,

then any **Claim** subsequently arising from such circumstances, request, or **Settlement Program Notice**, shall be deemed to have been first made during the **Policy Period** in which the written notice described in VI.(B)(1),(2), or (3) above was first given to the Company, provided the **Insured** gives to the Company written notice of such subsequent **Claim** as soon as practicable, but in no event later than sixty (60) days after the **Claim** is first made. With respect to any such subsequent **Claim**, no coverage under this Policy shall apply to any loss incurred prior to the date such subsequent **Claim** is actually made.

(C) With respect to the Employment Practices Liability Coverage Part, if purchased, if during the **Policy Period** any **Insured** becomes aware of a **Potential Claim**, and the **Insured** during the **Policy Period**:

(1) gives the Company written notice of such **Potential Claim**; and

(2) requests coverage under the Employment Practices Liability Coverage Part for any **Claim** subsequently resulting from such **Potential Claim**,

then any **Claim** subsequently arising from such **Potential Claim** shall be deemed to have been first made during the **Policy Period** in which written notice of such **Potential Claim** was first given to the Company, provided the **Insured** gives to the Company written notice of any such subsequent **Claim** as soon as practicable, but in no event later than sixty (60) days after such **Claim** is first made. With respect to any such subsequent **Claim**, no coverage under this Policy shall apply to loss incurred prior to the date such subsequent **Claim** is actually made.

(D) The **Insured** shall, as a condition precedent to exercising any right to coverage under this Policy, give to the Company such information, assistance and cooperation as the Company may reasonably require, and shall include in any notice under paragraphs (A), (B) or (C) of this Section VI. a description of the **Claim**, circumstances, request, **Settlement Program Notice** or **Potential Claim**, the nature of any alleged **Wrongful Act** or circumstances, the nature of the alleged or potential damage that may result from such **Claim**, circumstances, request, **Settlement Program Notice**, or **Potential Claim**, the names of all actual or potential claimants, the names of all actual or potential defendants, the manner in which such **Insured** first became aware of the **Claim**, circumstances, request, **Settlement Program Notice**, or **Potential Claim**, and with respect to notices of **Potential Claims** under paragraph (C) above, the consequences which have resulted or may result from such **Potential Claim**.

VII. DEFENCE AND SETTLEMENT

(A) It shall be the duty of the **Insured** and not the duty of the Company to defend **Claims** made against the **Insured**. The **Insured** shall have the sole obligation under this Policy to retain defence counsel, which shall be subject to the approval of the Company, which shall not be unreasonably withheld.

(B) The **Insured** agrees not to settle or offer to settle any **Claim**, incur any **Defence Costs** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's prior written consent, which shall not be unreasonably withheld. The Company shall not be liable for any settlement, any **Defence Costs**, any element of **Loss** incurred, any obligation assumed, or any admission made, by any **Insured** without the Company's prior written consent. Notwithstanding the foregoing, the **Insured** may settle any **Claim** without the Company's prior written consent, if the total **Loss** inclusive of **Defence Costs** resulting from the settlement of such **Claim** does not exceed fifty percent (50%) of the applicable Retention(s); provided the **Insured** must promptly advise the Company of any such settlement, and provide any information in connection therewith that the Company reasonably requests.

(C) The Company may make any investigation it deems necessary and the **Insured** agrees to provide the Company with all information, assistance and cooperation which the Company reasonably requests with respect to any **Claim**. The **Insured** further agrees that, in the event of a **Claim**, the **Insured** shall do nothing that may prejudice the Company's position or its potential or actual rights of recovery.

(D) With respect to any **Claim** that appears reasonably likely to be covered in whole or in part under this Policy, the Company shall have the right and shall be given the opportunity to associate effectively with the **Insured** regarding the investigation, defence and settlement of such **Claim**.

(E) As a condition of advancement of **Defence Costs**, the Company may, at its sole option, require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of any amounts paid to or on behalf of any **Insured** if it is determined that any such amounts incurred by such **Insured** were not covered.

VIII. ALLOCATION

(A) If in any **Claim**, both **Loss** covered by this Policy and loss not covered by this Policy are incurred, either because such **Claim** against an **Insured** includes both covered and non-covered matters or because such **Claim** is made against both an **Insured** and others, then the **Insured** and the Company shall allocate such amount between covered **Loss** and non-covered loss based upon the relative legal and financial exposures of the parties to covered and non-covered matters and, in the event of a settlement in such **Claim**, also based upon the relative benefits to the parties from such settlement. There shall be no coverage under this Policy for the portion of such amount allocated to non-covered loss.

(B) If the **Insured** and the Company agree on an allocation of **Defence Costs**, then the Company shall advance on a current basis **Defence Costs** allocated to covered **Loss**. If the **Insured** and the Company cannot agree on an allocation:

(1) no presumption as to allocation shall exist in any arbitration, suit or other proceeding;

(2) the Company shall advance on a current basis **Defence Costs** which the Company believes to be covered under this Policy until a different allocation is negotiated, arbitrated or judicially determined; and

(3) the Company, if requested by the **Insured**, shall submit the dispute to binding arbitration pursuant to the then prevailing Ontario Arbitration Act rules, orders, orders in council or regulations promulgated thereunder or amendments thereto or, upon the agreement of both the Company and the **Insured**, similar provisions of a statute passed by a province or territory other than Ontario, and an arbitration in the United States of America shall be governed by the then prevailing rules of the American Arbitration Association. The arbitration panel shall consist of one arbitrator selected by the **Insured**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators.

(C) Any negotiated, arbitrated or judicially determined allocation of **Defence Costs** on account of a **Claim** shall be applied retroactively to all **Defence Costs** on account of such **Claim**, notwithstanding any prior advancement to the contrary. Any allocation or advancement of **Defence Costs** on account of a **Claim** shall not apply to or create any presumption with respect to the allocation of other **Loss** on account of such **Claim**.

IX. PRIORITY OF PAYMENTS

In the event of **Loss** for which payment is due under this Policy but which **Loss**, in the aggregate, exceeds the remaining available Limit of Liability for the Policy or Coverage Part under which such **Loss** is payable, the Company shall:

(A) first pay any **Non-indemnifiable Loss** and any **Loss** for which coverage is due to a **Plan** under the Fiduciary Liability Coverage Part, if purchased; and

(B) then to the extent of any remaining amount of the Limit of Liability available after payment under (A) above, pay such other **Loss** for which coverage is provided under any other Insuring Clause in the Policy.

Except as otherwise provided in this Section IX., the Company may pay **Loss** as it becomes due without regard to the potential for other future payment obligations under this Policy.

X. OTHER INSURANCE

(A) With respect to any Coverage Part other than the Employment Practices Liability Coverage Part, if any **Loss** under this Policy is insured under any other valid and collectible insurance, then this Policy shall cover such **Loss**, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such **Loss** is in excess of the applicable retention (or deductible) and limit of liability under such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this Policy.

(B) With respect to the Employment Practices Liability Coverage Part, if purchased, the coverage afforded for any **Loss** under the Employment Practices Liability Coverage Part, if purchased, shall be primary; provided that with respect to that portion of a **Claim** made against any leased or temporary employee, **Loss**, including **Defence Costs**, payable on behalf of such leased or temporary employee under the Employment Practices Liability Coverage Part will be specifically excess of and will not contribute with any other valid and collectible insurance, including but not limited to any other insurance under which there is a duty to defend, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability applicable to the Employment Practices Liability Coverage Part.

XI. CHANGES IN EXPOSURE

(A) CREATION, ACQUISITION OF, OR MERGER WITH ANOTHER ENTITY

(1) If, during the **Policy Period**, any **Organization**:

(a) creates another entity, so that as a result of such creation, such other entity becomes a **Subsidiary**;

(b) acquires securities or voting rights in another entity, which as a result of such acquisition, such other entity becomes a **Subsidiary**; or

(c) merges or consolidates with another entity such that the **Organization** is the surviving entity,

then subject to the provisions of XI.(A)(2) below, such **Subsidiary** or other entity and any **Insured Persons** thereof shall be **Insureds** under this Policy, provided that there shall be no coverage for any **Wrongful Acts** by such **Insureds** which occurred in whole or in part before the effective date of such creation, acquisition, merger or consolidation.

(2) If either the total assets under management or gross annual revenues of any created or acquired **Subsidiary** or merged or consolidated entity described in XI.(A)(1) above exceed twenty-five percent (25%) of the assets under management or gross annual revenues of the **Organization** as of the effective date of such creation, acquisition, merger or consolidation, then the **Named Organization** shall give written notice of such creation, acquisition, merger or consolidation to the Company as soon as practicable, but in no event later than thirty (30) days after the effective date of such creation, acquisition, merger or consolidation, together with such other information as the Company may require, and shall pay any reasonable additional premium required by the Company. Coverage for any created or acquired **Subsidiary** or merged or consolidated entity described in XI.(A)(1) above, and for the **Insured Persons** of such **Subsidiary** or entity, shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole and absolute discretion may require. If the **Insured** fails to give such notice within the time specified in this paragraph XI.(A)(2), or fails to pay the additional premium required by the Company, then coverage for such created or acquired **Subsidiary** or merged or consolidated entity and any **Insured Persons** thereof shall terminate with respect to **Claims** first made more than thirty (30) days after the effective date of such creation, acquisition, merger or consolidation.

(B) CESSATION OF SUBSIDIARY

In the event an entity ceases to be a **Subsidiary** before or during the **Policy Period**, then coverage with respect to such **Subsidiary** and its **Insured Persons** shall continue until termination of this Policy, but only with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted while such entity was a **Subsidiary**.

(C) ACQUISITION BY ANOTHER ENTITY OR FINANCIAL IMPAIRMENT

If:

(1) the **Named Organization** merges into or consolidates with another entity and the **Named Organization** is not the surviving entity;

(2) another entity, person or group of entities and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by such other entity, persons or group, of more than fifty percent (50%) of the outstanding securities or voting rights of the **Named Organization**; or

(3) **Financial Impairment** of the **Named Organization** occurs,

then coverage under this Policy shall continue until termination of this Policy in accordance with paragraph (B) of Section XIII, TERMINATION OF POLICY, but only with respect to **Claims** for **Wrongful Acts** committed, attempted or allegedly committed or attempted before the effective date of such merger, consolidation, acquisition or **Financial Impairment**. Upon the occurrence of any event described in XI.(C)(1) through XI.(C)(3) above, the entire premium for this Policy shall be deemed fully earned.

XII. REPRESENTATIONS AND SEVERABILITY

(A) The **Insureds** acknowledge and agree that, in issuing this Policy, the Company has relied on all statements, representations and information contained in the **Application** as the basis for this Policy and that such statements, representations and information:

(1) are true and accurate;

(2) were made or provided in order to induce the Company to issue this Policy; and

(3) are material to the Company's acceptance of the risk to which this Policy applies.

(B) In the event that the **Application** contains any misrepresentations, untruthful information or inaccurate statements made with the actual intent to deceive or which materially affect the acceptance of the risk or the hazard assumed by the Company, and there is a **Claim** made based upon, arising from, or attributable to, any such misrepresentations, untruths or inaccuracies, no coverage shall be afforded under this Policy for such **Claim** as to any **Insured Person** who knew of such misrepresentations, untruths or inaccuracies, or to any **Insured Entity** to which such statements are imputed.

(C) For purposes of Subsection XII.(B) above:

(1) the knowledge of any **Insured Person** who is a past, present or future chief executive officer, chief financial officer, president, managing partner, managing member, in-house general counsel, chief compliance officer, or chief operating officer of an **Insured Entity** shall be imputed to such **Insured Entity** and any of its **Subsidiaries**;

(2) the knowledge of the persons who signed the **Application** shall be imputed to all **Insured Entities**; and

(3) the knowledge of any **Insured Person** shall not impute to any other **Insured Person**.

(D) The Company shall not be entitled under any circumstances to rescind this Policy.

XIII. TERMINATION OF POLICY

(A) The Company may not cancel this Policy except for non-payment of premium as set forth in XIII.(B)(3) below.

(B) This Policy shall terminate at the earliest of the following times:

(1) upon receipt by the Company of written notice of termination from the **Named Organization**; provided that this Policy may not be terminated by the **Named Organization** after the effective date of any event described in Subsection XI.(C) ACQUISITION BY ANOTHER ENTITY OR FINANCIAL IMPAIRMENT;

(2) upon expiration of the **Policy Period** as set forth in ITEM 2.(B) of the Declarations; or

(3) twenty (20) days after receipt by the **Named Organization** of a written notice of termination from the Company for non-payment of premium, unless the premium is paid within such twenty (20) day period.

(C) The Company shall refund the unearned premium computed at customary short rates if this Policy is terminated by the **Named Organization.** Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable.

XIV. TERRITORY

Coverage shall extend to **Claims** made and **Wrongful Acts** committed anywhere in the world.

XV. NOTICE

Notice to the Company under Section VI. REPORTING shall be given in writing to the address in ITEM 7.(A) of the Declarations. Any such notice shall be effective on the date of receipt by the Company at such address.

All other notices to the Company shall be given in writing to the address in ITEM 7.(B) of the Declarations.

XVI. VALUATION AND FOREIGN CURRENCY

All premiums, limits, Retention(s), **Loss** and other amounts under this Policy are expressed and payable in the currency of Canada. If a judgment is rendered, a settlement is denominated or any element of **Loss** under this Policy is stated in a currency other than Canadian dollars, then payment under this Policy shall be made in Canadian dollars at the rate of exchange published in The Globe and Mail on the date the judgment becomes final, the amount of the settlement is agreed upon or the element of **Loss** is due, respectively.

XVII. SUBROGATION

In the event of any payment under this Policy, the Company shall be subrogated to the extent of such payment to the **Insureds'** rights of recovery. The **Insureds** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insureds.**

XVIII. ACTION AGAINST THE COMPANY

No action may be taken against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy. No person or entity shall have any right under this Policy to join the Company as a party to any action against any **Insured** to determine such **Insured's** liability, nor shall the Company be impleaded by such **Insured** or legal representatives of such **Insured.**

XIX. ALTERATION AND ASSIGNMENT

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy which is signed by a duly authorized representative of the Company.

XX. BANKRUPTCY

Bankruptcy or insolvency of any **Insured** shall not relieve the Company of its obligations nor deprive the Company of its rights or defences under this Policy.

XXI. NAMED ORGANIZATION RIGHTS AND OBLIGATIONS

By acceptance of this Policy, the **Named Organization** agrees that it shall be considered the sole agent of, and shall act on behalf of, each **Insured** with respect to the payment of premiums and the receiving of any return premiums that may become due under this Policy; the negotiation, agreement to and acceptance of endorsements; the giving or receiving of any notice provided for in this Policy; the adjustment of loss amounts; and the receipt or enforcement of payment of loss (and the **Named Organization** further agrees that it shall be responsible for application of any such payment as provided in this Policy). Each **Insured** agrees that the **Named Organization** shall act on each such **Insured's** behalf with respect to all such matters.

XXII. COMPLIANCE WITH APPLICABLE TRADE SANCTION LAWS

This Insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit the Company from providing insurance.

XXIII. HEADINGS

The descriptions in the headings and subheadings of this Policy are solely for convenience and form no part of the terms and conditions of coverage.

CHUBB

Asset Management Protector™ by Chubb
Private Company Directors and Officers Liability Coverage Part

In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, limitations, conditions, provisions and other terms of this Policy, the Company and the **Insureds** agree as follows:

I. INSURING CLAUSES

Insuring Clause (A): Insured Person Liability Coverage

(A) The Company shall pay, on behalf of each of the **Insured Persons**, **Loss** for which the **Insured Person** is not indemnified by the **Organization** and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured Person** before or during the **Policy Period**.

Insuring Clause (B): Insured Person Indemnification Coverage

(B) The Company shall pay, on behalf of an **Organization**, **Loss** for which such **Organization** grants indemnification to an **Insured Person**, and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured Person** before or during the **Policy Period**.

Insuring Clause (C): Entity Liability Coverage

(C) The Company shall pay, on behalf of an **Organization, Loss** which such **Organization** becomes legally obligated to pay on account of any **Claim** first made against the **Organization** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by the **Organization** before or during the **Policy Period.**

Insuring Clause (D): Outside Directorship Liability Coverage

(D) The Company shall pay, on behalf of each of the **Insured Persons**, **Loss** for which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured Person** while acting in an **Outside Capacity**, before or during the **Policy Period**; provided that coverage under this Insuring Clause (D) shall be specifically excess of any indemnity (other than the indemnity provided by the **Organization**) and insurance available to such **Insured Person** by reason of serving in an **Outside Capacity**, including any indemnity or insurance available from or provided by the **Outside Entity**.

II. DEFINITIONS

When used in this Coverage Part:

(A) **Claim** means:

(1) a written demand for monetary damages or non-monetary relief;

(2) a civil proceeding commenced by the service of a statement of claim, complaint or similar pleading;

(3) an arbitration proceeding commenced by receipt of a written demand for arbitration, a notice of submission to arbitrate or similar document;

(4) a criminal proceeding commenced by a summons to appear, the return of an indictment, information or similar document; or

(5) a formal administrative or formal regulatory proceeding commenced by the filing of a notice of charges, entry of a formal order of investigation, or similar document,

against an **Insured** for a **Wrongful Act**, including any appeal therefrom.

Except as may otherwise be provided in Section IV. EXTENDED REPORTING PERIOD, paragraph (H) of Section V. LIMITS OF LIABILITY, RETENTION AND COINSURANCE, or paragraph (B) of Section VI. REPORTING, of the General Terms and Conditions, a **Claim** shall be deemed to have first been made when such **Claim** is commenced as set forth in this definition or, in the case of a written demand, when such demand is first received by an **Insured**.

(B) **Defence Costs** means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses (other han regular or overtime wages, salaries, fees or benefits of any **Insured Person**) incurred in defending any **Claim** and the premium for appeal, attachment or similar bonds.

(C) **Insured** means any **Organization** and any **Insured Person**.

(D) **Insured Person** means any **Executive** of an **Organization** or any **Employee** of an **Organization**. Solely for purposes of Insuring Clause (D), **Insured Person** means any **Executive** of an **Organization** while acting in an **Outside Capacity**.

(E) **Loss** means the amount that an **Insured** becomes legally obligated to pay on account of any **Claim**, including but not limited to damages (including punitive, exemplary, or multiplied damages, if and to the extent that such damages are insurable under the law of the jurisdiction pursuant to which this Policy is construed), judgments, settlements, pre-judgment and post-judgment interest, and **Defence Costs**.

Loss shall not include:

(1) any costs incurred by an **Insured** to comply with any order for injunctive or other non-monetary relief, any agreement to provide such relief, or any regulatory or administrative directive;

(2) fines or penalties, except as provided above with respect to punitive, exemplary or multiplied damages;

(3) any amount not insurable under the law pursuant to which this Policy is construed, except as provided above with respect to punitive, exemplary or multiplied damages;

(4) regular or overtime wages, salaries, commissions, or fees of **Insured Persons**; or

(5) any amount that represents or is substantially equivalent to an increase in any consideration paid (or proposed to be paid) by an **Organization** in connection with its purchase of any securities or assets.

(F) **Outside Capacity** means service by an **Executive** of an **Organization** as a director, trustee, or equivalent executive position with an **Outside Entity** at or prior to the Inception Date of this Policy or during the Policy Period, if service by such **Executive** is, or was, at the specific request or direction of an **Organization**.

(G) **Outside Entity** means any not-for-profit corporation, incorporated under Part II of the Canada Corporations Act or under any similar provisions of any provincial or territorial act or, in the United States of America, any non-profit corporation, community chest, fund organization or foundation exempt from federal income tax as any organization described in Section 501(c)(3), United States Internal Revenue Code of 1986, as amended.

(H) **Wrongful Act** means:

(1) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her capacity as such, or for purposes of Insuring Clause (C), by the **Organization**;

(2) any other matter claimed against an **Insured Person** solely by reason of serving in his or her capacity as such; and

(3) for purposes of Insuring Clause (D), any error, misstatement, misleading statement, act omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her **Outside Capacity**.

III. EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES

The Company shall not be liable for **Loss** on account of any **Claim** under this Coverage Part:

(A) based upon, arising from, or in consequence of **Prior Notice**;

(B) based upon, arising from, or in consequence of **Pending or Prior Litigation**;

(C) brought or maintained by or on behalf of any **Insured** in any capacity, or by any entity that owns more than 50% of the outstanding securities of the **Named Organization**; provided this Exclusion III.(C) shall not apply to **Loss** on account of:

(1) any **Claim** brought or maintained derivatively on behalf of an **Organization** by one or more security holders of such **Organization**; provided such **Claim** is brought and maintained without any assistance or participation of, or solicitation by any **Insured Person**, other than assistance, participation or solicitation for which Part X of the Criminal Code affords protection to such **Insured Person** with respect to violations of **Canadian Securities Legislation** or for which 18 U.S.C. 1514A(a) (the United States Sarbanes-Oxley Act of 2002), or any similar "whistleblower" protection provision of any applicable federal, provincial, territorial, state, local or **Foreign** securities law, affords protection to such **Insured Person**;

(2) any wrongful termination **Claim** brought or maintained by or on behalf of an **Executive** of an **Organization**;

(3) any **Claim** brought or maintained by an **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Coverage Part;

(4) any **Claim** brought or maintained against an **Insured Person** by a bankruptcy or insolvency trustee, examiner, receiver, any assignee of such trustee, examiner or receiver, or any creditors' committee, that has been appointed to take control of, supervise, manage or liquidate the **Named Organization**; or

(5) any **Claim** brought or maintained by an **Insured Person** if such **Insured Person** has not served in the capacity of an **Insured Person** within any of the three (3) years immediately preceding the date the **Claim** was made, and such **Claim** is brought and maintained without any assistance, participation, or intervention of or solicitation by any other **Insured**;

(D) based upon, arising from, or in consequence of **Pollution** or a **Biological Event**;

(E) for bodily injury, emotional distress, mental anguish, sickness, disease or death of any person; provided this Exclusion III.(E) shall not apply to **Loss** on account of any **Claim**:

(1) for emotional distress or mental anguish for which a claimant seeks compensation in an employment **Claim**; or

(2) brought by an employee of an **Outside Entity** against an **Insured Person** serving in an **Outside Capacity**;

(F) for damage to or destruction of any data or tangible property, including loss of use thereof;

(G) for an actual or alleged violation of the statutory or common law responsibilities, obligations or duties imposed on fiduciaries of a **Benefit Plan** or for an actual or alleged violation of the responsibilities, obligations or duties imposed on fiduciaries by **ERISA**;

(H) for any **Wrongful Act** committed, attempted, or allegedly committed or attempted by a **Subsidiary** or any **Insured Person** of a **Subsidiary** during any time when such entity was not a **Subsidiary**;

(I) for any **Wrongful Act** of an **Insured Person** in his or her capacity as a director, officer, trustee, governor, general partner, managing general partner, venture partner, administrative general partner, manager, managing partner, regent, partner, or employee of any entity other than an **Organization**; provided this Exclusion III.(I) shall not apply to a **Wrongful Act** by an **Insured Person** serving in his or her **Outside Capacity** under Insuring Clause (D) Outside Directorship Liability Coverage;

(J) based upon, arising from, or in consequence of performing or the failure to perform any professional service; provided this Exclusion III.(J) shall not apply to any **Claim** brought by or on behalf of a security holder of the **Organization** in his or her capacity as such;

(K) based upon, arising from, or in consequence of any public offering of securities issued by any **Organization**, or the purchase or sale of any such securities in or subsequent to any such public offering;

(L) brought by or on behalf of any (1) entity in which any pooled investment vehicle that is managed by an **Organization** previously owned or controlled, currently owns or controls, or proposes to own or control, outstanding debt, equity securities, or debentures of such entity ("Portfolio Company"); or (2) creditors or shareholders of such Portfolio Company; or

(M) based upon, arising from, or in consequence of:

(1) any criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured**, if a judgment or final adjudication in any proceeding establishes such criminal or deliberately fraudulent act or omission or wilful violation; or

(2) an **Insured** having gained any profit, remuneration or advantage to which such **Insured** was not legally entitled, if a judgment or final adjudication in any proceeding establishes the gaining of such profit, remuneration or advantage.

For purposes of these Exclusions III.(M)(1) and III.(M)(2) above:

(a) If:

(i) an **Insured** pleads guilty in a criminal proceeding, the elements of each of the offences to which such plea relates shall, as of the date of such plea, be deemed to have been established by a final adjudication; or

(ii) by written agreement or consent order with any federal, provincial, territorial or state prosecutorial authority or regulatory agency, an **Insured** admits or otherwise agrees to facts, charges or allegations of conduct set forth in Exclusions III.(M)(1) and III.(M)(2) above, then the facts, charges or allegations to which such **Insured** has admitted or otherwise agreed in such written agreement or consent order shall, as of the date of the agreement or order, be deemed to have been established by a final adjudication.

(b) No criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured** shall be imputed to any **Insured Person**, and only criminal or deliberately fraudulent acts or omissions or wilful violations of any statute or regulation by an **Executive** of an **Organization** shall be imputed to such **Organization**.

IV. EXCLUSIONS APPLICABLE ONLY TO INSURING CLAUSE (C) ENTITY LIABILITY COVERAGE

In addition to the Exclusions in Section III. above, the Company shall not be liable under Insuring Clause (C), Entity Liability Coverage, for **Loss** on account of any **Claim** made against any **Organization**:

(A) based upon, arising from, or in consequence of any actual or alleged infringement, piracy, misappropriation, disclosure, or slander of title of any actual, alleged or prospective copyright, patent, service mark, trade name, trade mark, licensing right, idea or trade secrets;

(B) based upon, arising from, or in consequence of any **Insured's** liability under any contract or agreement regardless of whether such liability is direct or assumed; provided this Exclusion IV.(B) shall not apply to liability that would attach to an **Insured** even in the absence of a contract or agreement; or

(C) based upon, arising from, or in consequence of any employment-related **Wrongful Act** or any actual or alleged third party discrimination or sexual harassment of any third party.

V. EXCLUSIONS APPLICABLE ONLY TO INSURING CLAUSE (D) OUTSIDE DIRECTORSHIP LIABILITY COVERAGE

In addition to the Exclusions in Section III. above, the Company shall not be liable under Insuring Clause (D), Outside Directorship Liability Coverage, for **Loss** on account of any **Claim** against any **Insured Person**:

(A) for any **Wrongful Act** by an **Insured Person** while serving in an **Outside Capacity**, if such **Wrongful Act** is committed, attempted, or allegedly committed or attempted, after the date:

(1) such **Insured Person** ceases to be an **Executive** of an **Organization**, or

(2) service by such **Insured Person** in an **Outside Capacity** ceases to be at the specific request of the **Organization**;

(B) brought or maintained by or on behalf of any **Outside Entity**, or by or on behalf of any affiliate of an **Outside Entity** or one or more of such **Outside Entity's** directors, officers, or equivalent positions; or

(C) based upon, arising from, or in consequence of any demand, suit, administrative, regulatory or other proceeding against an **Outside Entity** occurring prior to, or pending as of the date the **Insured Person** first commenced serving in his or her **Outside Capacity**, of which such **Outside Entity** or any director, officer, or equivalent position with the **Outside Entity** received notice or otherwise had knowledge as of such date.

VI. NON-ACCUMULATION OF LIMITS

If any **Loss** arising from any **Claim** made against any **Insured Person** in his or her **Outside Capacity**, is insured under any other valid policy(ies) issued by the Company or any parent, subsidiary or affiliate of the Company, then any payment under such policy(ies) on account of a **Claim** also covered under this Coverage Part shall reduce, by the amount of any such payment, the Company's Limit of Liability under this Coverage Part.

In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, limitations, conditions, provisions and other terms of this Policy, the Company and the **Insured** agree as follows:

I. INSURING CLAUSES

Insuring Clause (A): Separate Account and Sub-Advisory Liability Coverage

(A) The Company shall pay, on behalf of an **Investment Adviser**, **Loss** which such **Investment Adviser** becomes legally obligated to pay on account of any **Claim** first made against such **Investment Adviser** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Investment Adviser** or by any entity or natural person for whose acts the **Investment Adviser** becomes legally liable, in the performance of or failure to perform **Investment Adviser Services** for or on behalf of any client other than a pooled investment vehicle (except in the capacity as a sub-adviser) before or during the **Policy Period.**

Insuring Clause (B): Fund Adviser Liability Coverage

(B) The Company shall pay, on behalf of an **Investment Adviser**, **Loss** which such **Investment Adviser** becomes legally obligated to pay on account of any **Claim** first made against such **Investment Adviser** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Investment Adviser** or by any entity or person for whose acts the **Investment Adviser** becomes legally liable, in the performance of or failure to perform **Investment Adviser Services** for or on behalf of an **Investment Fund**, before or during the **Policy Period.**

Insuring Clause (C): Fund Service Provider Liability Coverage

(C) The Company shall pay, on behalf of a **Fund Service Provider**, **Loss** which such **Fund Service Provider** becomes legally obligated to pay on account of any **Claim** first made against such **Fund Service Provider** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Fund Service Provider**, in the performance of or failure to perform **Fund Services** for or on behalf of an **Investment Fund**, before or during the **Policy Period.**

II. DEFINITIONS

When used in this Coverage Part:

(A) **Administrator** means any **Organization** that has a contract with an **Investment Fund** to provide administrative functions to such **Investment Fund.**

(B) **Claim** means:

(1) a written demand for monetary damages or non-monetary relief;

(2) a civil proceeding commenced by the service of a statement of claim, complaint or similar pleading;

(3) an arbitration proceeding commenced by receipt of a written demand for arbitration, a notice of submission to arbitrate or similar document;

(4) a criminal proceeding commenced by a summons to appear, the return of an indictment, information, or similar document; or

(5) a formal administrative or formal regulatory proceeding commenced by the filing of a notice of charges, entry of a formal order of investigation, or similar document,

against an **Insured** for a **Wrongful Act**, including any appeal therefrom.

Except as may otherwise be provided in Section IV. EXTENDED REPORTING PERIOD, Subsection V.(H) LIMITS OF LIABILITY, RETENTION AND COINSURANCE, or Subsection VI.(B) REPORTING, of the General Terms and Conditions, a **Claim** shall be deemed to have first been made when such **Claim** is commenced as set forth in this definition or, in the case of a written demand, when such demand is first received by an **Insured**.

(C) **Defence Costs** means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of any **Insured Person**) incurred in defending any **Claim** and the premium for appeal, attachment or similar bonds.

(D) **Distributor** means any **Organization** that has a contract with an **Investment Fund** to serve as the principal underwriter to an **Investment Fund**, whether acting as principal or agent of the **Investment Fund** or as an intermediary in connection with the distribution or sale of shares of the **Investment Fund.**

(E) **Fund Service Provider** means:

(1) the **Administrator, Distributor**, or **Transfer Agent** of an **Investment Fund**; and

(2) any **Insured Person** of any **Organization** identified in (E)(1) above, but solely in his or her capacity as an **Executive** or **Employee** of such **Organization.**

(F) **Fund Services** means those services performed or required to be performed by a **Fund Service Provider** solely in its capacity as an **Administrator, Distributor**, or **Transfer Agent** for or on behalf of an **Investment Fund** pursuant to a written contract with such **Investment Fund.**

(G) **Insured** means any **Investment Adviser** and any **Fund Service Provider.**

(H) **Insured Person** means any **Executive** of an **Organization** or **Employee** of an **Organization.**

(I) **Investment Adviser** means:

(1) any **Organization** that is registered as an adviser under **Canadian Securities Legislation,** the United States Investment Advisers Act of 1940 or any **Foreign** securities law or a rule or regulation promulgated under any such securities law, while acting solely in its capacity as such; and

(2) any **Insured Person** of any **Organization** identified in (I)(1) above, but solely in his or her capacity as an **Executive** or **Employee** of such **Organization.**

(J) **Investment Adviser Services** means:

(1) financial, economic, or investment advice regarding investments in securities;

(2) investment management, administrative services, portfolio management and asset allocation services performed;

(3) the selection and oversight of investment advisers or outside service providers; and

(4) any of the activities in (J)(1), (J)(2), or (J)(3) above, while performed in the capacity of a fiduciary of a **Benefit Plan** or pursuant to **ERISA**,

for or on behalf of a client pursuant to a contract between such client and an **Investment Adviser** for consideration; and

(5) the publication of written material, whether in tangible or electronic format, in connection with any of the activities or services above.

(K) **Investment Fund** means:

(1) any investment company registered under **Canadian Securities Legislation** or the United States Investment Company Act of 1940; and

(2) any pooled investment vehicle that is listed in the Schedule of Investment Funds Endorsement attached to this Policy.

An **Investment Fund** is not an **Insured** under this Coverage Part.

(L) **Loss** means the amount that an **Insured** becomes legally obligated to pay on account of any **Claim**, including but not limited to damages (including punitive, exemplary damages, or multiplied damages, if and to the extent that such damages are insurable under the law of the jurisdiction pursuant to which this Policy is construed), judgments, settlements, pre-judgment and post-judgment interest and **Defence Costs.**

Loss shall not include:

(1) any costs incurred by an **Insured** to comply with any order for injunctive or other non-monetary relief, any agreement to provide such relief, or any regulatory or administrative directive;

(2) fines or penalties, except as provided above with respect to punitive, exemplary or multiplied damages;

(3) any amount not insurable under the law pursuant to which this Policy is construed;

(4) regular or overtime wages, salaries, commissions or fees of **Insured Persons**; or

(5) that portion of **Loss** that constitutes the return of fees, charges or other compensation paid to an **Insured.**

(M) **Transfer Agent** means any **Organization** that records the original issuance, redemption, or transfer of interests in the capital of an **Investment Fund.**

(N) **Wrongful Act** means:

(1) for purposes of Insuring Clauses (A) and (B):

(a) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by an **Investment Adviser** or by any entity or natural person for whose acts the **Investment Adviser** becomes legally liable; and

(b) any actual or alleged violation of **Canadian Securities Legislation**, the Pension Benefit Standards Act, 1985 or any provincial or territorial equivalent thereto, the United States Investment Company Act of 1940, Investment Adviser Act of 1940, Securities Act of 1933, Securities Exchange Act of 1934, **ERISA**, or any **Foreign** equivalent of any of the preceding statutes, by an **Investment Adviser** or by any entity or natural person for whose acts the **Investment Adviser** becomes legally liable.

but only in connection with the **Investment Adviser's** rendering or failure to render **Investment Adviser Services**; or

(2) for purposes of Insuring Clause (C):

(a) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by a **Fund Service Provider**; and

(b) any actual or alleged violation of **Canadian Securities Legislation,** the Pension Benefit Standards Act, 1985 or any provincial or territorial equivalent thereto, the United States Investment Company Act of 1940, Investment Adviser Act of 1940, Securities Act of 1933, Securities Exchange Act of 1934, **ERISA**, or any **Foreign** equivalent of any of the preceding statutes, by a **Fund Service Provider,**

but only in connection such **Fund Service Provider's** rendering or failure to render **Fund Services.**

III. EXCLUSIONS

The Company shall not be liable for **Loss** on account of any **Claim** under this Coverage Part:

(A) based upon, arising from, or in consequence of **Prior Notice;**

(B) based upon, arising from, or in consequence of **Pending or Prior Litigation;**

(C) brought or maintained by or on behalf of any **Insured** in any capacity, or by any entity that owns more than 50% of the outstanding securities of the **Named Organization**; provided this Exclusion III.(C) shall not apply to **Loss** on account of any **Claim** brought or maintained:

(1) by an **Insured Person** where such person was provided with or entitled to be provided with **Investment Adviser Services** and is bringing such **Claim** solely in his or her capacity as a client of the **Investment Adviser** and without the solicitation, assistance or participation of any other **Insured;**

(2) by an **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Coverage Part;

(3) by a bankruptcy or insolvency trustee, examiner, receiver, any assignee of such trustee, examiner or receiver, or any creditors' committee appointed to take control of, supervise, manage or liquidate a manage or liquidate the **Named Organization**; or

(4) by an **Insured Person** if such **Insured Person** has not served in the capacity of an **Insured Person** within any of the three (3) consecutive years immediately preceding the date the **Claim** was made, and such **Claim** is brought and maintained totally independent of and without the solicitation, assistance, active participation, or intervention of any other **Insured**;

(D) based upon, arising from, or in consequence of **Pollution** or a **Biological Event**, provided this Exclusion III.(D) shall not apply to **Loss** on account of any **Claim** brought by a client of an **Investment Adviser** in connection with **Investment Adviser Services**, if such **Loss** is allegedly as a result of **Pollution** or a **Biological Event**;

(E) for bodily injury, emotional distress, mental anguish, sickness, disease or death of any person, provided this Exclusion III.(E) shall not apply to **Loss** on account of any **Claim** for emotional distress or mental anguish arising solely from an **Insured's** rendering or failure to render **Investment Adviser Services** or **Fund Services**;

(F) for damage to or destruction of any data or tangible property, including loss of use thereof; provided this Exclusion III.(F) shall not apply to **Loss** on account of any **Claim** arising from damage to, destruction of, loss of, or loss of use of, client records in an **Insured's** possession;

(G) for any actual or alleged violation of the:

(1) statutory or common law responsibilities, obligations or duties of fiduciaries of any **Benefit Plan**;

(2) responsibilities, obligations or duties imposed on fiduciaries by **ERISA** as respects any pension, profit sharing, health and welfare or other employee benefit plan or trust,

established or maintained for the purpose of providing benefits to any **Insured**.

(H) for libel, slander, disparagement, wrongful termination of employment, sexual harassment, violation of rights of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, assault or battery, provided this Exclusion III.(G) shall not apply to **Loss** on account of any **Claim** brought by a client for libel, slander, or disparagement arising solely from an **Insured's** rendering or failure to render **Investment Adviser Services** or **Fund Services**;

(I) for an **Insured's** liability under any contract or agreement, regardless of whether such liability is direct or assumed, provided this Exclusion III.(I) shall not apply to:

(1) **Loss** on account of any **Claim** brought by or on behalf of a client of the **Insured** in the client's capacity as such; or

(2) liability that would attach to an **Insured** even in the absence of a contract or agreement;

(J) for the inability of any bank or banking firm, custodian, or securities or commodities broker or dealer, to make any payment, or the inability of any such entity or person to settle or effect any transaction of any kind, provided this Exclusion III.(J) shall not apply to **Defence Costs**;

(K) based upon, arising from, or in consequence of the rendering of any investment banking services, including but not limited to any advice in connection with corporate mergers, acquisitions, restructurings, divestitures, issuance of securities, syndication or similar activities, provided this Exclusion III.(K) shall not apply to **Loss** on account of any **Claim** brought by a client, arising from the performance of **Investment Adviser Services** or **Fund Services** by an **Insured** for such client, as long as neither the **Insured** nor the client is a party to or participant in the investment banking transaction;

(L) based upon, arising from, or in consequence of an **Insured's** rendering or failure to render property management services, real estate appraisal services, or real estate development services;

(M) based upon, arising from or in consequence of any **Insured** acting as a securities or commodities broker or dealer, or securities underwriter, provided this Exclusion III.(M) shall not apply to **Loss** on account of any **Claim** against a **Fund Service Provider** acting in its capacity as a **Distributor**;

(N) for any **Wrongful Act** of an **Insured Person** in his or her capacity as a director, officer, manager, managing partner, trustee, regent, governor, partner, general partner managing general partner, or employee of any entity other than an **Organization** that is an **Investment Adviser** or **Fund Service Provider**;

(O) for any **Wrongful Act** committed, attempted, or allegedly committed or attempted by a **Subsidiary** or any **Insured Person** of such **Subsidiary** during any time when such entity was not a **Subsidiary**;

(P) based upon, arising from, or in consequence of:

(1) any criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured**, if a judgment or final adjudication in any proceeding establishes such criminal or deliberately fraudulent act or omission or wilful violation; or

(2) an **Insured** having gained any profit, remuneration or advantage to which such **Insured** was not legally entitled, if a judgment or final adjudication in any proceeding establishes the gaining of such a profit, remuneration or advantage.

For purposes of these Exclusions III.(P)(1) and III.(P)(2) above:

(a) If:

(i) an **Insured** pleads guilty in a criminal proceeding, the elements of each of the offences to which such plea relates shall, as of the date of such plea, be deemed to have been established by a final adjudication; or

(ii) by written agreement or consent order with any federal, provincial, territorial or state prosecutorial authority or regulatory agency, an **Insured** admits or otherwise agrees to facts, charges or allegations of conduct set forth in Exclusions III.(P)(1) or III.(P)(2) above, then the facts, charges or allegations to which such **Insured** has admitted or otherwise agreed in such written agreement or consent order shall, as of the date of the agreement or order, be deemed to have been established by a final adjudication.

(b) No criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured** shall be imputed to any other **Insured Person**, and only criminal or deliberately fraudulent acts or omissions or wilful violations of any statute or regulation by an **Executive** of an **Organization** shall be imputed to such **Organization**.

(Q) based upon, arising from, or in consequence of:

(a) the promotion, offer, sale or other distribution, and/or any servicing of any hedge fund; or

(b) advice given or services performed of whatsoever nature with respect to any hedge fund.

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In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, limitations, conditions, provisions and other terms of this Policy, the Company and the **Insureds** agree as follows:

I. INSURING CLAUSES

Insuring Clause (A): Directors, Officers, and Trustees Liability Coverage

(A) The Company shall pay, on behalf of each of the **Insured Persons**, **Loss** for which the **Insured Person** is not indemnified by an **Investment Company** and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured Person** before or during the **Policy Period**.

Insuring Clause (B): Directors, Officers, and Trustees Indemnification Coverage

(B) The Company shall pay, on behalf of an **Investment Company**, **Loss** for which such **Investment Company** grants indemnification to an **Insured Person**, and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured Person** before or during the **Policy Period**.

Insuring Clause (C): Investment Company Liability Coverage

(C) The Company shall pay, on behalf of an **Investment Company**, **Loss** which such **Investment Company** becomes legally obligated to pay on account of any **Claim** first made against the **Investment Company** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Investment Company** or by any natural person or entity for whose acts the **Investment Company** becomes legally liable, before or during the **Policy Period**.

II. DEFINITIONS

When used in this Coverage Part:

(A) **Claim** means:

(1) a written demand for monetary damages or non-monetary relief;

(2) a civil proceeding commenced by the service of a statement of claim, complaint or similar pleading;

(3) an arbitration proceeding commenced by receipt of a written demand for arbitration, a notice of submission to arbitrate or similar document;

(4) a criminal proceeding commenced by a summons to appear, the return of an indictment, information or similar document; or

(5) a formal administrative or formal regulatory proceeding commenced by the filing of a notice of charges, order of investigation, or similar document,

against an **Insured** for a **Wrongful Act**, including any appeal therefrom.

Except as may otherwise be provided in Section IV. EXTENDED REPORTING PERIOD, paragraph (H) of Section V. LIMITS OF LIABILITY, RETENTION AND COINSURANCE, or paragraph (B) of Section VI. REPORTING, of the General Terms and Conditions, a **Claim** shall be deemed to have first been made when such **Claim** is commenced as set forth in this definition or, in the case of a written demand, when such demand is first received by an **Insured.**

(B) **Defence Costs** means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of the directors, officers or employees of an **Insured Entity**) incurred in defending any **Claim** and the premium for appeal, attachment or similar bonds.

(C) **Independent Director** means any **Insured Person** who is a past, present or future duly appointed member of an Independent Review Committee as prescribed by National Instrument 81-107 *Independent Review Committee for Investment Funds*, but only with respect to such Committee's service to an **Investment Company** to which such National Instrument applies.

(D) **Insured** means any **Investment Company** and any **Insured Person.**

(E) **Insured Person** means any **Executive** of an **Investment Company** or **Independent Director** solely in his or her capacity as such.

(F) **Investment Company** means:

(1) any pooled fund or mutual fund whether structured as a trust or corporation that is sponsored by the **Organization** and that is listed on the schedule attached to the **Application;**

(2) any investment company registered under the Investment Company Act of 1940 and that is listed in the Schedule of Investment Companies endorsed to this Coverage Part;

(3) any series or portfolio(s) of any entity in (F)(1) or (F)(2) above, existing as of the Inception Date of this Policy;

(4) any newly created investment company or newly created series or portfolio(s) of any entity in (F)(1) or (F)(2) above, but solely pursuant to the terms set forth below in Subsection IV.(A), NEWLY CREATED INVESTMENT COMPANIES, SERIES AND PORTFOLIOS; or

(5) any investment company registered under **Canadian Securities Legislation** or any **Foreign** securities law or a rule or regulation promulgated under any such securities law and that is listed in the Schedule of Terminated Investment Companies endorsed to this Coverage Part, but only for **Wrongful Acts** occurring before the corresponding Effective Date of Termination for each such Terminated Investment Company as shown in the Schedule of Terminated Investment Companies Endorsement.

(G) **Loss** means the amount that an **Insured** becomes legally obligated to pay on account of any **Claim,** including but not limited to damages (including punitive, exemplary, or multiplied damages, if and to the extent that such damages are insurable under the law of the jurisdiction pursuant to which this Policy is construed), judgments, settlements, pre-judgment and post-judgment interest and **Defence Costs.**

Loss shall not include:

(1) any costs incurred by an **Insured** to comply with any order for injunctive or other non-monetary relief, any agreement to provide such relief or any regulatory or administrative directive;

(2) fines or penalties, except as provided above with respect to punitive, exemplary, or multiplied damages;

(3) any amount not insurable under the law pursuant to which this Policy is construed, except as provided above with respect to punitive, exemplary or multiplied damages;

(4) regular or overtime wages, salaries, commissions, or fees of **Insured Persons**; or

(5) that portion of **Loss** that represents the return of fees, charges, commissions or other compensation paid to an **Insured.**

(H) **Wrongful Act** means:

(1) for purposes of Insuring Clauses (A) and (B):

(a) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her capacity as such; or

(b) any other matter claimed against an **Insured Person** solely by reason of serving in his or her capacity as such; and

(2) for purposes of Insuring Clause (C): any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by any **Investment Company** or by any natural person or entity for whose acts such **Investment Company** becomes legally liable, including any actual or alleged violation of **Canadian Securities Legislation,** the Pension Benefits Standards Act, 1985 or any provincial or territorial equivalent thereto, the United States Investment Company Act of 1940, Securities Act of 1933, Securities Exchange Act of 1934, **ERISA**, or any **Foreign** equivalent of any of the preceding statutes.

III. EXCLUSIONS

The Company shall not be liable for **Loss** on account of any **Claim** under this Coverage Part:

(A) based upon, arising from, or in consequence of **Prior Notice;**

(B) based upon, arising from, or in consequence of **Pending or Prior Litigation;**

(C) brought or maintained by or on behalf of any **Insured** in any capacity; provided this Exclusion **III.**(C) shall not apply to **Loss** on account of any **Claim:**

(1) brought or maintained derivatively on behalf of an **Investment Company** by one or more security holders of such **Investment Company;** provided such **Claim** is brought and maintained without any assistance or participation of, or solicitation by any **Insured Person,** other than assistance, participation or solicitation for which Part X of the Criminal Code affords protection to such **Insured Person** with respect to violations of **Canadian Securities Legislation** or 18 U.S.C. 1514A(a) (the United States Sarbanes-Oxley Act of 2002), or any similar "whistleblower" protection provision of any applicable federal, provincial, territorial, state, local or **Foreign** securities law, affords protection to such **Insured Person;**

(2) brought or maintained by an **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Coverage Part;

(3) brought or maintained by a bankruptcy trustee, receiver, liquidator, conservator, rehabilitator or similar official or assignee of such official who has been appointed to take control of, supervise, manage or liquidate an **Investment Company** in the context of a bankruptcy proceeding by or against such **Investment Company** pursuant to the Bankruptcy and Insolvency Act, as amended, the Companies' Creditors Arrangement Act, as amended, Chapter 7 or Chapter 11 of the United States Bankruptcy Code, as amended, or pursuant to the United States Investment Company Act of 1940;

(4) brought or maintained by an **Insured Person** if such **Insured Person** has not served in the capacity of an **Insured Person** within any of the three (3) years immediately preceding the date the **Claim** was made, and such **Claim** is brought and maintained without the solicitation, assistance, participation, or intervention of any other **Insured;**

(5) brought or maintained by an **Insured** against:

(a) an **Independent Director**; or

(b) an **Investment Company** and an **Independent Director**, so long as at least one **Independent Director** is and remains a co-defendant in the **Claim**;

provided such **Claim** is a bona fide claim and is brought without the solicitation, assistance or participation of any other **Insured**;

(D) based upon, arising from, or in consequence of **Pollution** or a **Biological Event**; provided this Exclusion III.(D) shall not apply to **Loss** on account of any **Claim** brought by or on behalf of a security holder of an **Investment Company** based upon, arising from or in consequence of the diminution in value of any securities owned by such **Investment Company** if such diminution in value is allegedly as a result of **Pollution** or a **Biological Event**;

(E) for bodily injury, emotional distress, mental anguish, sickness, disease or death of any person; provided this Exclusion III.(E) shall not apply to **Loss** on account of any **Claim** for emotional distress or mental anguish brought by a security holder of an **Investment Company;**

(F) for damage to or destruction of any data or tangible property including loss of use thereof; provided this Exclusion III.(F) shall not apply to **Loss** on account of any **Claim** arising from damage to, destruction of, loss of, or loss of use of shareholder records;

(G) for an actual or alleged violation of the:

(1) statutory or common law responsibilities, obligations or duties imposed on fiduciaries of a **Benefit Plan;**

(2) responsibilities, obligations or duties imposed on fiduciaries by **ERISA** as respects any pension, profit sharing, health and welfare or other employee benefit plan or trust,

established or maintained for the purpose of providing benefits to any **Insured**;

(H) for libel, slander, disparagement, wrongful termination of employment, sexual harassment, violation of rights of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, assault or battery; provided this Exclusion III.(H) shall not apply to **Loss** on account of any **Claim** for libel, slander or disparagement brought by a security holder or a service provider of an **Investment Company;**

(I) for an **Insured's** liability under any contract or agreement, whether direct or assumed; provided this Exclusion III.(I) shall not apply to:

(1) **Loss** on account of any **Claim** brought by or on behalf of a security holder or service provider of an **Investment Company**, in their respective capacities as such; or

(2) to liability that would attach to an **Insured** even in the absence of a contract or agreement;

(J) for the inability of any bank or banking firm, custodian, or broker or dealer in securities or commodities, to make any payment, or the inability of any such entity or natural person to settle or effect any transaction of any kind; provided this Exclusion III.(J) shall not apply to **Defence Costs;**

(K) for any **Wrongful Act** of an **Insured Person** in his or her capacity as a director, officer, manager, trustee, regent, governor, partner, or employee of any entity other than an **Investment Company;**

(L) based upon, arising from or in consequence of any circumstances arising out of responsibilities and functions of an **Independent Director** that are outside of the **Investment Company's** written charter for such **Independent Director's** Independent Review Committee pursuant to s.3.6 of National Instrument 81-107; provided this Exclusion shall not apply unless a judgment or other final adjudication adverse to such **Independent Director** establishes a breach of the written charter;

(M) based upon, arising from, or in consequence of:

(1) any criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured**, if a judgment or final adjudication in any proceeding establishes such criminal or deliberately fraudulent act or omission or wilful violation; or

(2) an **Insured** having gained any profit, remuneration or advantage to which such **Insured** was not legally entitled, if a judgment or final adjudication in any proceeding establishes the gaining of such profit, remuneration or advantage.

For purposes of these Exclusions III.(M)(1) and III.(M)(2):

(a) If:

(i) an **Insured** pleads guilty in a criminal proceeding, the elements of each of the offences to which such plea relates shall, as of the date of such plea, be deemed to have been established by a final adjudication; or

(ii) by written agreement or consent order with any federal, provincial, territorial or state prosecutorial authority or regulatory agency, an **Insured** admits or otherwise agrees to facts, charges or allegations of conduct set forth in Exclusions III.(M)(1) and III.(M)(2) above, then the facts, charges or allegations to which such **Insured** has admitted or otherwise agreed in such written agreement or consent order shall, as of the date of the agreement or order, be deemed to have been established by a final adjudication.

(b) No criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured** shall be imputed to any **Insured Person**, and only criminal or deliberately fraudulent acts or omissions or wilful violations of any statute or regulation by an **Executive** of an **Investment Company**, other than an **Independent Director**, shall be imputed to such **Investment Company**.

(N) based upon, arising from, or in consequence of:

(a) the promotion, offer, sale or other distribution, and/or any servicing of any hedge fund; or

(b) advice given or services performed of whatsoever nature with respect to any hedge fund.

IV. CHANGES IN EXPOSURE

(A) NEWLY CREATED INVESTMENT COMPANIES SERIES AND PORTFOLIOS

If, during the **Policy Period**, an **Organization**:

(1) files a notification of registration under **Canadian Securities Legislation** or the United States Investment Company Act of 1940, for a newly created investment company; or

(2) amends a registration statement to add a newly created series or portfolio(s) of an **Investment Company**,

then such newly created investment company, series or portfolio(s) shall be deemed an **Investment Company** and any natural person, who was, now is or shall become an **Executive** of such investment company, series or portfolio(s) shall be an **Insured Person** under this Coverage Part, including for **Wrongful Acts** committed, attempted or allegedly committed or attempted in the registration and filing process for such newly created investment company, series or portfolio(s). The Company agrees to waive any additional premium, written notice, or any information due as respects such newly created investment company, series or portfolio(s) for the remainder of the **Policy Period.**

(B) MERGER WITH ANOTHER INVESTMENT COMPANY

If, during the **Policy Period**, an **Investment Company** is the survivor, successor or resulting entity in a merger with, consolidation with or reorganization of one or more investment companies (other than any **Investment Company**) registered under **Canadian Securities Legislation** or the United States Investment Company Act of 1940 (a "Merger"), then:

(1) if the total assets of all investment companies being merged as part of the same Merger transaction, deal or event are equal to or less than the amount shown in ITEM 6.(A) of the Declarations, as of the month-end immediately preceding the effective date of the Merger(s), then coverage for each **Investment Company** participating in the Merger(s) and its **Insured Persons** shall continue for the remainder of the **Policy Period**; or

(2) if the total assets of all investment companies being merged as part of the same Merger transaction, deal or event are greater than the amount shown in ITEM 6.(A) of the Declarations, as of the month-end immediately preceding the effective date of the Merger(s), then the **Named Organization** shall give written notice to the Company as soon as practicable, but in no event later than thirty (30) days after the effective date of the Merger (or if more than one Merger occurs as part of the same transaction, deal or event, the earliest of the effective dates of all Mergers)("Effective Date"), together with such information as the Company may require, and shall pay any reasonable additional premium required by the Company. Coverage for such **Investment Company** participating in a Merger shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole and absolute discretion may require. If the **Named Organization** fails to give such notice within the time specified above in this paragraph (2), or fails to pay the additional premium required by the Company, then coverage for each such **Investment Company** and its **Insured Persons** shall terminate with respect to **Claims** first made more than thirty (30) days after the Effective Date.

(C) ACQUISITION OF ANOTHER INVESTMENT COMPANY

If, during the **Policy Period**, an **Organization** becomes the investment adviser (other than a sub-adviser) to an investment company registered under **Canadian Securities Legislation** or the United States Investment Company Act of 1940, that is not an **Investment Company** (an "Acquisition"), then:

(1) if the total assets of all investment companies being acquired as part of the same Acquisition transaction, deal or event are equal to or less than the amount shown in ITEM 6.(A) of the Declarations, as of the month-end immediately preceding the effective date of the Acquisition, then each such acquired investment company shall become an **Investment Company** as of the effective date of the Acquisition, but only for **Wrongful Acts** occurring after such effective date; or

(2) if the total assets of all investment companies being acquired as part of the same transaction, deal or event are greater than the amount shown in ITEM 6.(A). of the Declarations, as computed based upon the month-end net asset balances of all such investment companies as of the month-end immediately preceding the effective date of the Acquisition, then the **Named Organization** shall give written notice to the Company as soon as practicable, but in no event later than thirty (30) days after shareholder approval of the Acquisition, together with such information as the Company may require, and shall pay any reasonable additional premium required by the Company. Coverage for such **Investment Company** participating in an Acquisition shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole and absolute discretion may require. If the **Named Organization** fails to give such notice within the time specified above in this paragraph (2), or fails to pay the additional premium required by the Company, then coverage for such **Investment Company** and its **Insured Persons** shall terminate with respect to **Claims** first made more than thirty (30) days after the effective date of the Acquisition.

(D) CESSATION OF INVESTMENT COMPANIES

If, during the **Policy Period**:

(1) an **Investment Company** merges into, consolidates with, or transfers all its assets to a recipient that is not an **Investment Company** such that the **Investment Company** is not the survivor, successor or resulting entity;

(2) an investment adviser that is not an **Organization** becomes the investment adviser (other than a sub-adviser) to an **Investment Company**; or

(3) an **Investment Company** deregisters under **Canadian Securities Legislation** or the United States Investment Company Act of 1940,

then coverage for such **Investment Company** and its **Insured Persons** shall continue until termination of this Policy, but only with respect to **Claims** for **Wrongful Acts** occurring before the effective date of any event described in paragraphs (D)(1), (D)(2) or (D)(3) above.

(E) NAME CHANGE OF AN INVESTMENT COMPANY

If, during the **Policy Period**, an **Investment Company** changes its legal name in accordance with the organizational documents of such **Investment Company** and, if applicable, in accordance with federal, provincial, territorial or state law, and such name change does not occur in connection with any of the transactions described in any of the subsections above in this Section IV., CHANGES IN EXPOSURE, or any similar transactions, then such **Investment Company** shall automatically qualify as an **Investment Company** under its new name, in addition to its prior name.

V. ADDITIONAL LIMIT OF LIABILITY FOR INDEPENDENT DIRECTORS (OPTIONAL)

(A) If the Additional Limit of Liability for **Independent Directors** is purchased for this Coverage Part, as indicated in ITEM 3.(D) of the Declarations, then solely with respect to **Loss** resulting from any **Claims** made against **Independent Directors**, the Company shall provide an additional Limit of Liability in the amount indicated in ITEM 3.(D) of the Declarations, which limit is in addition to and not part of the Aggregate Limit of Liability for this Coverage Part and the Maximum Aggregate Limit of Liability for the Policy as set forth in the Declarations. Such Additional Limit of Liability for Independent Directors shall be excess of the Aggregate Limit of Liability for this Coverage Part.

(B) The Additional Limit of Liability for Independent Directors as indicated in ITEM 3.(D) of the Declarations shall be the maximum Additional Limit of Liability of the Company for **Loss** resulting from all **Claims** made against all **Independent Directors** under either or both this Coverage Part and the Private Fund Coverage Part, if elected.

(C) The Additional Limit of Liability for **Independent Directors** shall be excess of the applicable Retention, Coinsurance Percentage, and the Aggregate Limit of Liability for this Coverage Part.

(D) In addition to and not in limitation of Section X. OTHER INSURANCE, of the General Terms and Conditions, the Additional Limit of Liability for **Independent Directors** shall be excess of any insurance available that is specifically excess to this Coverage Part and such excess insurance must be completely exhausted by payment of loss, damages or defence costs thereunder before the Company shall have any obligation to make any payment on account of the Additional Limit of Liability for **Independent Directors**.

VI. EXTENDED REPORTING PERIOD FOR INDEPENDENT REVIEW COMMITTEE

(A) Solely with respect to this Coverage Part:

(1) if this Policy is terminated or non-renewed for any reason other than non-payment of premium, and

(2) the Extended Reporting Period available under Section IV., EXTENDED REPORTING PERIOD, of the General Terms and Conditions is not purchased,

then by a vote of the majority of the Independent Review Committee members, such Independent Review Committee members shall have the right, upon payment of 25% of the annual premium set forth in Item 5(B) of the Declarations for this Policy, to an extension of the coverage available in this Coverage Part for the period set forth in Item 5(A) of the Declarations for this Policy following the effective date of termination or non-renewal (the "IRC Extended Reporting Period"). This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty (30) days following the effective date of termination or non-renewal. Any **Claim** made during the Extended Reporting Period shall be deemed to have been made during the immediately preceding **Policy Period.**

Coverage available during the IRC Extended Reporting Period shall only be available for **Claims** first made during the IRC Extended Reporting Period, but only to the extent such **Claims** are for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by an **Independent Director**, prior to the effective date of termination or non-renewal. No coverage is available during the IRC Extended Reporting Period for any natural person or entity other than an **Independent Director** or for **Wrongful Acts** committed, attempted, or allegedly committed or attempted after the inception date of the IRC Extended Reporting Period.

The Limit of Liability available for the IRC Extended Reporting Period, if exercised, shall be the remaining portion, if any, of the Maximum Aggregate Limit for all **Loss** under the Policy for this Coverage Part, as set forth in Item 3(A) of the Declarations. Such coverage is excess of the Retention Amount set forth in Item 3(B) of the Declarations. The Additional Limit of Liability for Independent Directors, if purchased, shall not be available for and is not applicable to any **Claim** first made during the IRC Extended Reporting Period.

The offer of renewal terms and conditions or premiums different from those in effect prior to renewal shall not constitute a refusal to renew. If the IRC Extended Reporting Period is purchased, the entire additional premium shall be deemed fully earned at the inception of such IRC Extended Reporting Period.

In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, limitations, conditions, provisions and other terms of this Policy, the Company and the **Insureds** agree as follows:

I. INSURING CLAUSES

Insuring Clause (A): Fund Entity and Insured Person Liability Coverage

(A) The Company shall pay, on behalf of a **Fund Entity** or an **Insured Person**, **Loss** which such **Insured** becomes legally obligated to pay on account of any **Claim** first made against such **Insured**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured** or by any natural person or entity for whose acts the **Insured** becomes legally liable, before or during the **Policy Period**.

Insuring Clause (B): Fund Manager and Insured Person Professional Liability Coverage

(B) The Company shall pay, on behalf of a **Fund Manager** or an **Insured Person**, **Loss** which such **Insured** becomes legally obligated to pay on account of any **Claim** first made against such **Insured** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured** or by any natural person or entity for whose acts the **Insured** becomes legally liable, in the performance of or failure to perform **Fund Management Services**, before or during the **Policy Period**.

Insuring Clause (C): Outside Directorship Liability Coverage

(C) The Company shall pay, on behalf of an **Insured Person**, **Loss** which such **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against such **Insured Person**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** by such **Insured Person** while acting in an **Outside Capacity**, before or during the **Policy Period**; provided that coverage under this Insuring Clause (C) shall be specifically excess of any indemnity (other than the indemnity provided by the **Fund Entity**) and insurance available to such **Insured Person** by reason of serving in an **Outside Capacity**, including any indemnity or insurance available from or provided by the **Outside Entity**.

II. DEFINITIONS

When used in this Coverage Part:

(A) **Advisory Board Member** means any natural person who was, now is or shall become a member of any board or committee, other than a Board of Directors or Board of Managers, formed pursuant to a partnership agreement, operating agreement or equivalent document or resolution of a **Private Fund**.

(B) **Claim** means:

(1) a written demand for monetary damages or non-monetary relief;

(2) a civil proceeding commenced by the service of a statement of claim, complaint or similar pleading;

(3) an arbitration proceeding commenced by receipt of a written demand for arbitration, a notice of submission to arbitrate, or similar document;

(4) a criminal proceeding commenced by a summons to appear, the return of an indictment, information or similar document; or

(5) a formal administrative or formal regulatory proceeding commenced by the filing of a notice of charges, entry of a formal order of investigation, or similar document,

against an **Insured** for a **Wrongful Act**, including any appeal therefrom.

Except as may otherwise be provided in Section IV. EXTENDED REPORTING PERIOD, paragraph (H) of Section V. LIMITS OF LIABILITY, RETENTION AND COINSURANCE, or paragraph (B) of Section VI. REPORTING, of the General Terms and Conditions, a **Claim** shall be deemed to have first been made when such **Claim** is commenced as set forth in this definition or, in the case of a written demand, when such demand is first received by an **Insured.**

(C) **Controlling Shareholder** shall include a Control Person as defined under Section 1(1) of the Ontario Securities Act, as amended, or any provincial or territorial equivalent thereof and shall also have the same meaning as the applicable definition or phrase under Section 15 of the United States Securities Act of 1933, or Section 20(a) of the United States Securities Exchange Act of 1934, as amended.

(D) **Defence Costs** means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of the directors, officers or employees of an **Insured Entity**) incurred in defending any **Claim** and the premium for appeal, attachment or similar bonds.

(E) **Fund Entity** means any:

(1) **Private Fund;**

(2) **Investment Holding Company;**

(3) entity which is a general partner, managing general partner, administrative general partner or managing member of a **Private Fund** or an **Investment Holding Company**; or

(4) entity which is a general partner, managing general partner, administrative general partner or managing member of an entity described in (E)(3) above.

(F) **Fund Management Services** means:

(1) the formation, capitalization, operation, management, administration, marketing and solicitation of a **Private Fund;**

(2) financial, economic, or investment advice regarding investments in securities for or on behalf of a **Private Fund** or to a **Portfolio Company;**

(3) investment management, portfolio management and asset allocation services performed for or on behalf of a **Private Fund;**

(4) the review, analysis, selection, and monitoring of other funds for investment by a **Private Fund;**

(5) the selection and oversight of outside service providers and unaffiliated investment advisers for or on behalf of a **Private Fund**; or

(6) the investment in, or the formation, capitalization or disposition of, a **Portfolio Company**, including but not limited to acts performed in the capacity as a **Controlling Shareholder** of a **Portfolio Company**.

(G) **Fund Manager** means any **Organization** authorized in the partnership, membership, or operating agreement of, or authorized pursuant to a contract with a **Private Fund** to provide professional services to or on behalf of a **Private Fund**.

(H) **Independent Director** means any natural person director, trustee, or equivalent position of a **Private Fund** who:

(1) is not, and has never been, employed by any **Insured Entity**;

(2) is not and has never been the spouse or **Common Law Partner** of any natural person who is, or has ever been, employed by any **Insured Entity**; and

(3) does not own more than 5% of any **Insured Entity**.

(I) **Insured** means any **Insured Person**, any **Fund Entity** and any **Fund Manager**.

(J) **Insured Person** means:

(1) solely with respect to Insuring Clause (A):

(a) any **Executive** of a **Fund Entity** or **Employee** of a **Fund Entity**, solely in his or her capacity as such; or

(b) any **Advisory Board Member**, solely in his or her capacity as such and solely with respect to **Loss** for which the **Fund Entity** grants indemnification to such **Advisory Board Member**;

(2) solely with respect to Insuring Clause (B): any **Executive** of a **Fund Manager** and any **Employee** of a **Fund Manager**, solely in his or her capacity as such; and

(3) solely with respect to Insuring Clause (C): any **Executive** of a **Fund Entity** or any **Executive** of a **Fund Manager**, solely in his or her **Outside Capacity**.

(K) **Investment Holding Company** means any entity:

(1) which is created before or during the **Policy Period**, and whose sole purpose and activity is acquiring or holding debt, equity securities or debentures, for or on behalf of a **Private Fund**; and

(2) in which one or more **Private Funds** or **Investment Holding Companies**, separately or in combination, previously owned or controlled or currently own or control greater than 50% of the outstanding securities or voting rights representing the present right to vote for election of directors or to select the general partner or managing member of such **Investment Holding Company**.

Investment Holding Company shall not include any **Portfolio Company**.

(L) **Loss** means the amount that an **Insured** becomes legally obligated to pay on account of any **Claim**, including but not limited to damages (including punitive, exemplary, or multiplied damages, if and to the extent that such damages are insurable under the law of the jurisdiction pursuant to which this Policy is construed), judgments, settlements, pre-judgment and post-judgment interest and **Defence Costs**.

Loss shall not include:

(1) any costs incurred by an **Insured** to comply with any order for injunctive or other non-monetary relief, any agreement to provide such relief, or any regulatory or administrative directive;

(2) fines or penalties, except as provided above with respect to punitive, exemplary, or multiplied damages;

(3) any amount not insurable under the law pursuant to which this Policy is construed, except as provided above with respect to punitive, exemplary or multiplied damages;

(4) regular or overtime wages, salaries, or fees of **Insured Persons**;

(5) that portion of **Loss** that represents the actual principal, interest or other monies either paid, accrued or due as the result of any loan, lease or extension of credit, or equity contribution; or

(6) that portion of **Loss** that represents the return of fees, charges, commissions or other compensation paid to an **Insured**.

(M) **Outside Capacity** means service by an **Insured Person** as a director, trustee, or equivalent position with an **Outside Entity** at or prior to the Inception Date of this Policy, or during the Policy Period, if service by such **Insured Person** is, or was, at the specific request or direction of a **Fund Entity** or **Fund Manager**;

(N) **Outside Entity** means:

(1) any Not-For-Profit corporation incorporated under Part II of the Canada Corporations Act or under any similar provisions of any provincial or territorial statute or, in the United States of America any non-profit corporation, community chest, fund organization or foundation exempt from federal income tax as any organization described in Section 501(c)(3), United States Internal Revenue Code of 1986, as amended;

(2) any **Portfolio Company** which is (i) not registered or approved, upon notice of issuance, on a national securities exchange, or (ii) not authorized or approved for authorization, upon notice of issuance, for quotation in the NASDAQ system; or (iii) not listed for trading (or approved for listing) on the Toronto Stock Exchange or the TSX Venture Exchange;

(3) any **Portfolio Company** scheduled as an **Outside Entity** by endorsement to this Coverage Part.

(O) **Portfolio Company** means any entity, other than an **Investment Holding Company**, in which one or more **Private Funds** or **Investment Holding Companies**, separately or in combination, previously owned or controlled, currently own or control, or propose to own or control, outstanding debt, equity securities, or debentures.

(P) **Private Fund** means:

(1) any pooled investment vehicle that is listed in the Schedule of Private Funds endorsed to this Coverage Part; or

(2) any New Fund, but solely pursuant to the terms set forth below in Section V. NEWLY CREATED FUNDS.

(Q) **Wrongful Act** means:

(1) for purposes of Insuring Clause (A):

(a) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by a **Fund Entity**, or by an **Insured Person** in his or her capacity as such (including but not limited to the performance of **Fund Management Services**), including any actual or alleged violation of **Canadian Securities Legislation**, the Pension Benefits Standards Act, 1985 or any provincial or territorial equivalent thereto, the United States Investment Advisers Act of 1940, Securities Act of 1933, Securities Exchange Act of 1934, **ERISA**, or any **Foreign** equivalent of any of the preceding statutes;

(b) any other matter claimed against an **Insured Person** solely by reason of serving in his or her capacity as such;

(c) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by a **Fund Entity** in its capacity as a general partner, managing general partner, administrative general partner or managing member of another **Fund Entity**; or

(d) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by any entity or natural person for whom the **Fund Entity** becomes legally liable, but solely with respect to such entity or person's performance of or failure to perform services for or on behalf of a **Private Fund**;

(2) for purposes of Insuring Clause (B):

(a) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by any **Fund Manager**, or by an **Executive** or **Employee** of a **Fund Manager**, in the performance of **Fund Management Services**, including any actual or alleged violation of **Canadian Securities Legislation**, the Pension Benefit Standards Act, 1985 or any provincial or territorial equivalent thereto, the United States Investment Advisers Act of 1940, Securities Act of 1933, Securities Exchange Act of 1934, **ERISA**, or any **Foreign** equivalent of any of the preceding statutes; or

(b) any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by any entity or natural person for whom the **Fund Manager** becomes legally liable, but solely with respect to such entity or person's performance of or failure to perform services for or on behalf of a **Private Fund**; and

(3) for purposes of Insuring Clause (C): any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her **Outside Capacity**.

III. **EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES**

The Company shall not be liable for **Loss** on account of any **Claim** under this Coverage Part:

(A) based upon, arising from, or in consequence of **Prior Notice**;

(B) based upon, arising from, or in consequence of **Pending or Prior Litigation**;

(C) brought or maintained by or on behalf of any **Insured** in any capacity, or by any entity that owns more than 50% of the outstanding securities of the **Named Organization**; provided this Exclusion III.(C) shall not apply to **Loss** on account of any **Claim** brought or maintained:

(1) derivatively on behalf of a **Private Fund** by one or more securityholders, limited partners or members of such **Private Fund**; provided such **Claim** is brought and maintained without any assistance or participation of, or solicitation by any **Insured Person**, other than assistance, participation or solicitation for which Part X of the Criminal Code affords protection to such **Insured Person** with respect to violations of **Canadian Securities Legislation** or 18 U.S.C. 1514A(a) (the United States Sarbanes-Oxley Act of 2002), or any similar "whistleblower" protection provision of an applicable federal, state, local or **Foreign** securities law, affords protection to such **Insured Person**;

(2) by an **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Coverage Part;

(3) by a bankruptcy or insolvency trustee, examiner, receiver, any assignee of such trustee, examiner or receiver, or any creditors' committee appointed to take control of, supervise, manage or liquidate a **Private Fund** or **Fund Manager**;

(4) by an **Insured Person** if such **Insured Person** has not served in the capacity of an **Insured Person** within any of the three (3) years immediately preceding the date the **Claim** was made, and such **Claim** is brought and maintained without any assistance, participation, or intervention of or solicitation by any other **Insured**;

(5) by an **Insured** where the failure to make such **Claim** would result in legal liability of such **Insured**; or

(6) by an **Advisory Board Member**, but solely in his or her capacity as a shareholder, limited partner or member of a **Private Fund**, where such **Claim** is brought without any active solicitation, assistance or participation of any other **Insured**;

(D) based upon, arising from, or in consequence of **Pollution** or a **Biological Event**; provided this Exclusion III.(D) shall not apply to **Loss** on account of any **Claim**:

(1) brought by or on behalf of an investor in a **Private Fund** based upon, arising from or in consequence of the diminution in value of any securities owned by such **Private Fund** if such diminution in value is allegedly as a result of **Pollution** or a **Biological Event**;

(E) for bodily injury, emotional distress, mental anguish, sickness, disease or death of any person; provided this Exclusion III.(E) shall not apply to **Loss** on account of any **Claim**:

(1) for emotional distress or mental anguish arising solely from **Fund Management Services**; or

(2) brought by an employee of an **Outside Entity** against an **Insured Person** serving in an **Outside Capacity**;

(F) for damage to or destruction of any data or tangible property including loss of use thereof; provided this Exclusion III.(F) shall not apply to damage to, destruction of, or loss of use of client or investor records in an **Insured's** possession;

(G) for any actual or alleged violation of the:

(1) statutory or common law responsibilities, obligations or duties of fiduciaries of any **Benefit Plan**;

(2) responsibilities, obligations or duties imposed on fiduciaries by **ERISA** as respects any pension, profit sharing, health and welfare or other employee benefit plan or trust,

established or maintained for the purpose of providing benefits to any **Insured**;

(H) for libel, slander, wrongful termination of employment, disparagement, sexual harassment, violation of rights of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, assault or battery; provided this Exclusion III.(H) shall not apply to libel, slander, or oral or written publication of defamatory or disparaging material arising out of the performance of or failure to perform **Fund Management Services**;

(I) for an **Insured's** liability under any contract or agreement, regardless of whether such liability is direct or assumed; provided this Exclusion III.(I) shall not apply to:

(1) **Loss** on account of a **Claim** arising out of the performance or failure to perform **Fund Management Services**;

(2) **Loss** on account of a **Claim** alleging a breach of any organizational or management advisory documents of a **Private Fund**, including but not limited to a limited partnership agreement, operating agreement, advisory agreement, management agreement, or subscription agreement; or

(3) liability that would attach to an **Insured** even in the absence of a contract or agreement;

(J) for the inability of any bank or banking firm, custodian, or broker or dealer in securities or commodities, to make any payment, or the inability of any such entity or person to settle or effect any transaction of any kind; provided this Exclusion III.(J) shall not apply to **Defence Costs**;

(K) based upon, arising from, or in consequence of the performing or failure to perform any investment banking services, including but not limited to any advice in connection with corporate mergers, acquisitions, restructurings, divestitures, issuance of securities, syndication or similar activities; provided this Exclusion III.(K) shall not apply to **Loss** on account of any **Claim** by an investor in a **Private Fund** arising from the performance of **Fund Management Services** by a **Fund Manager** as long as neither an **Insured** nor the investor is a party to or participant in the investment banking transaction;

(L) based upon, arising from, or in consequence of any **Insured's** or any **Organization's** performing or failure to perform property management services, real estate appraisal or valuation services, or real estate development services;

(M) based upon, arising from or in consequence of any **Insured** acting as a securities or commodities broker or dealer, or securities underwriter; provided this Exclusion III.(M) shall not apply to **Loss** on account of any **Claim** arising from the distribution of interests in a **Private Fund**;

(N) for any **Wrongful Act** of an **Insured Person** in his or her capacity as a director, officer, manager, trustee, regent, governor, partner, or employee of any entity other than a **Fund Manager** or **Fund Entity**; provided this Exclusion III.(N) shall not apply to that portion of any **Claim** alleging a **Wrongful Act** by an **Insured Person** serving in his or her **Outside Capacity** under Insuring Clause (C) Outside Directorship Liability Coverage;

(O) for any **Wrongful Act** committed, attempted, or allegedly committed or attempted by a **Subsidiary** or any **Insured Person** of a **Subsidiary** during any time when such entity was not a **Subsidiary**; or

(P) based upon, arising from, or in consequence of:

(1) any criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured**, if a judgment or final adjudication in any proceeding establishes such criminal or deliberately fraudulent act or omission or wilful violation; or

(2) an **Insured** having gained any profit, remuneration or advantage to which such **Insured** was not legally entitled, if a judgment or final adjudication in any proceeding establishes the gaining of such profit, remuneration or advantage.

For purposes of these Exclusions III.(P)(1) and III.(P)(2) above:

(a) If:

(i) an **Insured** pleads guilty in a criminal proceeding, the elements of each of the offences to which such plea relates shall, as of the date of such plea, be deemed to have been established by a final adjudication; or

(ii) by written agreement or consent order with any federal or state prosecutorial authority or regulatory agency, an **Insured** admits or otherwise agrees to facts, charges or allegations of conduct set forth in Exclusions III.(P)(1) or III.(P)(2) above, then the facts, charges or allegations to which such **Insured** has admitted or otherwise agreed in such written agreement or consent order shall, as of the date of the agreement or order, be deemed to have been established by a final adjudication.

(b) No criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured** shall be imputed to any **Insured Person**, and only criminal or deliberately fraudulent acts or omissions or willful violations of any statute or regulation by an **Executive** of a **Fund Entity** or of a **Fund Manager** shall be imputed to such **Fund Entity** or **Fund Manager**.

IV. EXCLUSIONS APPLICABLE ONLY TO INSURING CLAUSE (C), OUTSIDE DIRECTORSHIP LIABILITY COVERAGE

In addition to the Exclusions in Section III. above, the Company also shall not be liable under Insuring Clause (C), Outside Directorship Liability Coverage, for **Loss** on account of any **Claim** against any **Insured Person**:

(A) for any **Wrongful Act** by an **Insured Person** while serving in an **Outside Capacity**, if such **Wrongful Act** is committed, attempted, or allegedly committed or attempted, after the date:

(1) such **Insured Person** ceases to be an **Executive** of a **Fund Entity** or **Fund Manager**; or

(2) service by such **Insured Person** in an **Outside Capacity** ceases to be at the specific request of the **Fund Entity** or **Fund Manager**;

(B) brought or maintained by or on behalf of any **Outside Entity**, or by or on behalf of any affiliate of an **Outside Entity** or one or more of such **Outside Entity's** directors, officers, or equivalent positions; provided this Exclusion IV.(B) shall not apply to **Loss** on account of a **Claim** that is brought or maintained by or on behalf of a **Portfolio Company**, or its directors, officers, or equivalent positions, without the solicitation, aid, assistance, or participation of any **Insured**;

(C) based upon, arising from, or in consequence of any demand, suit, administrative, regulatory or other proceeding against an **Outside Entity** occurring prior to, or pending as of the date the **Insured Person** first commenced serving in his or her **Outside Capacity**, of which such **Outside Entity** or any director, officer, or equivalent position with the **Outside Entity** received notice or otherwise had knowledge as of such date.

V. NEWLY CREATED FUNDS

If, during the **Policy Period**, an **Organization** creates or begins raising funds for a new pooled investment vehicle:

(A) that engages in or will engage in substantially similar activities as any **Private Fund**;

(B) is not a reporting issuer or its equivalent in any province or territory of Canada and is not registered as an investment company under the United States Investment Company Act of 1940; and

(C) whose securities are not traded in any public market, whether on a registered securities exchange or a regional or local exchange in Canada, the United States of America, a **Foreign** securities exchange, the NASDAQ or any other interdealer quotation system,

(a "New Fund"), then as respects any such New Fund whose total committed capital or total asset size is:

(1) equal to or less than the amount designated in ITEM 6.(B) of the Declarations, then such New Fund shall be deemed a **Private Fund**, and the Company agrees to waive any additional premium, written notice, or any information due as respects such New Fund for the remainder of the **Policy Period**; or

(2) greater than the amount designated in ITEM 6.(B) of the Declarations, then such New Fund shall be deemed a **Private Fund** for a period of sixty (60) days from the date of commencement of raising funds for the New Fund or creation of the New Fund (the "Effective Date"), whichever is later. The **Named Organization** shall give written notice of such New Fund to the Company as soon as practicable, but in no event later than thirty (30) days after the Effective Date, together with such information as the Company may require, and shall pay any reasonable additional premium required by the Company. Coverage for such New Fund shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole and absolute discretion may require. If the **Named Organization** fails to give such notice within the time specified above, or fails to pay any additional premium required by the Company, then coverage for such New Fund and its **Insured Persons** shall terminate with respect to **Claims** first made more than sixty (60) days after the Effective Date.

VI. NON-ACCUMULATION OF LIMITS

If any **Loss** arising from any **Claim** made against any **Insured Person** in his or her **Outside Capacity**, is insured under any other valid policy(ies) issued by the Company or a parent, subsidiary or affiliate of the Company, then any payment under such policy(ies) on account of a **Claim** also covered under this Coverage Part shall reduce, by the amount of any such payment, the Company's Limit of Liability under this Coverage Part with respect to such **Claim**.

VII. ADDITIONAL LIMIT OF LIABILITY FOR INDEPENDENT DIRECTORS (OPTIONAL)

(A) If the Additional Limit of Liability for **Independent Directors** is purchased for this Coverage Part, as indicated in ITEM 3.(D) of the Declarations, then solely with respect to any **Loss** resulting from **Claims** made against **Independent Directors**, the Company shall provide an additional Limit of Liability in the amount indicated in ITEM 3.(D) of the Declarations, which limit is in addition to and not part of the Aggregate Limit of Liability for this Coverage Part and the Maximum Aggregate Limit of Liability for the Policy as set forth in the Declarations. Such Additional Limit of Liability for **Independent Directors** shall be excess of the Aggregate Limit of Liability for this Coverage Part.

(B) The Additional Limit of Liability for Independent Directors as indicated in ITEM 3.(D) of the Declarations shall be the maximum Additional Limit of Liability of the Company for **Loss** resulting from all **Claims** made against all **Independent Directors** under either or both this Coverage Part and any other Coverage Part, if elected.

(C) The Additional Limit of Liability for **Independent Directors** shall be excess of the applicable Retention, Coinsurance Percentage, and the Aggregate Limit of Liability for this Coverage Part.

(D) In addition to and not in limitation of Section X. OTHER INSURANCE, of the General Terms and Conditions, the Additional Limit of Liability for **Independent Directors** shall be excess of any insurance available that is specifically excess to this Policy and such excess insurance must be completely exhausted by payment of loss, damages or defence costs thereunder before the Company shall have any obligation to make any payment on account of the Additional Limit of Liability for **Independent Directors.**

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In consideration of payment of the premium and subject to the Declarations, General Terms and Conditions, limitations, conditions, provisions and other terms of this Policy, the Company and the **Insureds** agree as follows:

I. INSURING CLAUSE

The Company shall pay, on behalf of the **Insureds, Loss** for which the **Insured** becomes legally obligated to pay on account of any **Claim** (including such **Claim** brought in Canada for a breach or alleged breach of any oral, written or implied employment contract) first made against such **Insured** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act.**

II. DEFINITIONS

When used in this Coverage Part:

(A) **Benefits** means perquisites, fringe benefits, deferred compensation or payments (including insurance premiums) in connection with an employee benefit plan and any other payment to or for the benefit of an employee arising out of the employment relationship. **Benefits** shall not include salary, wages, commissions, **Stock Benefits,** or non-deferred cash incentive compensation.

(B) **Breach of Employment Contract** means any breach of any oral, written or implied contract or contractual obligation, including but not limited to any contract or contractual obligation arising out of any personnel manual, employee handbook, policy statement or other representation.

(C) **Claim** means:

(1) any of the following:

(a) a written demand for monetary relief or a written demand for reinstatement, re-employment or re-engagement;

(b) a civil proceeding commenced by the service of a statement of claim, complaint or similar pleading;

(c) a criminal proceeding outside Canada and the United States of America commenced by a summons to appear, the return of an indictment, information, or similar document;

(d) an arbitration proceeding pursuant to an employment contract, policy or practice of the **Organization** commenced by a notice of submission to arbitrate the receipt of a written demand for arbitration or similar document; or

(e) an administrative, regulatory or tribunal proceeding commenced by the issuance of a notice of charge, formal investigative order or similar document, including but not limited to any such proceeding in respect of the **Organization's** employment practices brought by or in association with the Canadian Human Rights Commission or any provincial or territorial equivalent thereof, the United States Equal Employment Opportunity Commission or any similar governmental agency located anywhere in the world with jurisdiction over the **Organization's** employment practices; provided that in the context of an audit conducted by the United States Office of Federal Contract Compliance Programs, **Claim** shall be limited to a Notice of Violation or Order to Show Cause or written demand for monetary relief or injunctive relief, which is brought and maintained by or on behalf of a past, present or prospective employee or volunteer of the **Organization**, against an **Insured** for a **Wrongful Act** (even if such **Wrongful Act** is related to allegations in a criminal proceeding in Canada or the United States of America), including any appeal therefrom; or

(2) a written request to toll or waive a limitation period relating to a potential **Claim** as described in II.(C)(1) above.

Claim shall not include any labour or grievance arbitration or other proceeding pursuant to a collective bargaining agreement.

Except as may otherwise be provided in Section IV. EXTENDED REPORTING PERIOD, paragraph (H) of Section V. LIMITS OF LIABILITY, RETENTION AND COINSURANCE, or paragraph (C) of Section VI. REPORTING, of the General Terms and Conditions, a **Claim** shall be deemed to have first been made when such **Claim** is commenced as set forth in this definition or, in the case of a written demand or written request, when such demand or request is first received by an **Insured.**

(D) **Defence Costs** means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees, or **Benefits** or **Stock Benefits** of the directors, officers or employees of the **Organization)** incurred in defending any **Claim** and the premium for appeal, attachment or similar bonds.

(E) **Employment Discrimination** means any violation of employment discrimination laws including any actual, alleged or constructive termination, dismissal, or discharge of employment, employment demotion, denial of tenure, modification of any term or condition of employment, any failure or refusal to hire or promote an employee or applicant for employment, or any limitation, segregation or classification of any employee or applicant for employment in any way that would deprive or tend to deprive any person of employment opportunities or otherwise affect his or her status as an employee based on such person's race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, marital status, family status, disability, religion, military status or other status that is protected pursuant to any applicable federal, provincial, territorial, state, or local statutory law or common law anywhere in the world.

(F) **Employment Harassment** means:

(1) sexual harassment, including any unwelcome sexual advances, requests for sexual favours, or other conduct of a sexual nature that is made a condition of employment with, is used as a basis for employment decisions by, interferes with performance or creates an intimidating, hostile or offensive working environment within the **Organization**; or

(2) workplace harassment, including work related harassment of a non-sexual nature that interferes with performance or creates an intimidating, hostile or offensive working environment within the **Organization.**

(G) **Insured** means any **Organization** and any **Insured Person.**

(H) **Insured Person** means any natural person who was, now is or shall become:

(a) a full-time, part-time, temporary or seasonal employee or volunteer of any **Organization** but only while acting in his or her capacity as such; or

(b) a duly elected or appointed director, officer or trustee of any **Organization** but only while acting in his or her capacity as such.

Insured Person shall not include independent contractors.

(I) **Loss** means the amount that an **Insured** becomes legally obligated to pay on account of any **Claim**, including but not limited to damages (including punitive and exemplary damages, liquidated damages awarded pursuant to the United States Age Discrimination in Employment Act, Family and Medical Leave Act or Equal Pay Act, or multiplied damages, if and to the extent such punitive, exemplary, liquidated or multiplied damages are insurable under the law of the jurisdiction pursuant to which this Policy is construed), back pay, front pay, claimant's legal fees awarded by a court against an **Insured** or agreed to by the Company in connection with a settlement (but only if such claimant's legal fees are agreed to in writing by the Company at the time of or after a final settlement), judgments, settlements, pre-judgment and post-judgment interest and **Defence Costs**.

Loss shall not include:

(1) the future salary, wages, commissions or **Benefits** of a claimant who has been or shall be hired, promoted or reinstated to employment pursuant to a settlement of, order in or other resolution of any **Claim**;

(2) fines, penalties, or the multiple portion of any multiplied damage award except as provided above with respect to punitive, exemplary, liquidated or multiplied damages;

(3) **Stock Benefits**;

(4) any amount not insurable under the law pursuant to which this Policy is construed;

(5) any salary, wages, commissions, **Benefits** or other monetary payments which constitute severance payments or payments pursuant to a notice period; or

(6) the percentage of any profits realized by a pooled investment vehicle to which an **Insured Person** may be entitled.

(J) **Retaliation** means retaliatory treatment against an employee or volunteer of the **Organization** on account of such individual:

(1) exercising his or her rights under law, refusing to violate any law, or opposing any unlawful practice;

(2) disclosing or threatening to disclose to a superior or to any governmental agency alleged violations of law; or

(3) having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of law by the **Insured**.

(K) **Stock Benefits** means:

(1) any offering, plan or agreement between the **Organization** and any employee which grants stock, stock warrants or stock options of the **Organization** to such employee, including but not limited to grants of stock options, restricted stock, stock warrants, performance stock shares, or any other compensation or incentive granted in the form of securities of the **Organization**; or

(2) any payment or instrument the amount or value of which is derived from the value of securities of the **Organization**, including but not limited to stock appreciation rights or phantom stock plans or arrangements.

Stock Benefits shall not include employee stock ownership plans or employee stock purchase plans.

(L) **Workplace Tort** means:

(1) any employment-related: defamation (libel and slander), invasion of privacy, negligent evaluation, wrongful discipline; or

(2) any of the following:

(a) employment-related negligent: retention, supervision, hiring, or training, or intentional misrepresentation;

(b) any employment-related: wrongful infliction of emotional distress, mental anguish, humiliation, or false imprisonment; or

(c) failure to provide or consistently enforce employment-related corporate policies and procedures;

but only when alleged as part of a **Claim** for any actual or alleged **Breach of Employment Contract, Employment Discrimination, Employment Harassment, Retaliation, Wrongful Termination, Wrongful Employment Decision,** or act set forth in II.(L)(1) above.

(M) **Wrongful Act** means any actual or alleged:

(1) **Breach of Employment Contract;**

(2) **Employment Discrimination;**

(3) **Employment Harassment;**

(4) **Retaliation;**

(5) **Workplace Tort;**

(6) **Wrongful Employment Decision**; or

(7) **Wrongful Termination,**

committed, attempted, or allegedly committed or attempted by any **Organization** or by any **Insured Person** in his or her capacity as such.

(N) **Wrongful Employment Decision** means any wrongful demotion, denial of tenure or failure or refusal to promote.

(O) **Wrongful Termination** means any wrongful termination, dismissal, or discharge of employment, including constructive termination, dismissal or discharge. **Wrongful Termination** does not include **Breach of Employment Contract.**

III. EXCLUSIONS APPLICABLE TO ALL LOSS

The Company shall not be liable for **Loss** on account of any **Claim** under this Coverage Part:

(A) based upon, arising from, or in consequence of **Prior Notice;**

(B) based upon, arising from, or in consequence of any:

(1) (a) written demand seeking monetary relief or a written request to toll or waive a limitation period;

(b) civil, criminal, administrative, arbitration, regulatory, or tribunal proceeding; or

(c) in the United States of America, Notice of Violation or Order to Show Cause resulting from an audit conducted by the Office of Federal Contract Compliance Programs,

which was pending against any **Insured** on or prior to the corresponding Pending or Prior Date for this Coverage Part, set forth in ITEM 3.(B) of the Declarations, or any of the same or substantially similar facts, circumstances, situations, transactions, events, or **Wrongful Acts** underlying or alleged therein, including but not limited to any such **Claim** which is brought by or on behalf of the original claimant in any matter set forth in (B)(1)(a), (b) or (c) above or any other claimant; or

(2) any order, decree or judgment which was entered for or against any **Insured** on or prior to the corresponding Pending or Prior Date for this Coverage Part, set forth in ITEM 3.(B) of the Declarations, or any of the same or substantially similar facts, circumstances, situations, transactions, events, or **Wrongful Acts** underlying or alleged therein;

(C) for any actual or alleged violation of the responsibilities, obligations or duties imposed by any federal, provincial, territorial, state, or local statutory law or common law anywhere in the world including but not limited to in Canada, the Pension Benefit Standards Act, 1985, as amended or any provincial or territorial equivalent thereto, the Canada Labour Code Part III and any equivalent provincial or territorial employment standards legislation and in the United States of America, the **ERISA** (except section 510 thereof) and the Consolidated Omnibus Budget Reconciliation Act of 1985 or amendments to or regulations promulgated under any such law that governs any employee benefit arrangement, program, policy, plan or scheme of any type (whether or not legally required or whether provided during or subsequent to employment with an **Organization**) ("Employee Benefits Program Laws"), including but not limited to any:

(1) retirement income or pension benefit program;

(2) profit sharing plan, deferred compensation plan, employee stock purchase plan, or employee stock ownership plan;

(3) vacation, maternity leave, personal leave, or parental leave;

(4) severance pay arrangement;

(5) apprenticeship program;

(6) life insurance plan, welfare plan, supplementary unemployment compensation plan, or pre-paid legal service plan or scholarship plan;

(7) health, sickness, medical, dental, disability or dependant care plan; or

(8) similar arrangement, program, plan or scheme,

provided this Exclusion III.(C) shall not apply to **Loss** on account of any **Claim** for **Retaliation**;

(D) for any actual or alleged violation of the responsibilities, obligations or duties imposed by any federal, provincial, territorial, state, or local statutory law or common law anywhere in the world (including but not limited to, in Canada, the Canada Labour Code Part II and any equivalent provincial or territorial occupational health and safety legislation and in the United States of America, the Occupational Safety and Health Act) or amendments to or regulations promulgated under any such law that governs workplace safety and health ("Occupational Safety and Health Laws"), including but not limited to any obligation to maintain a place of employment free from hazards likely to cause physical harm, injury or death; provided this Exclusion III.(D) shall not apply to **Loss** on account of any **Claim** for **Retaliation;**

(E) for any actual or alleged violation of the responsibilities, obligations or duties imposed by any federal, provincial, territorial, state, or local statutory law or common law anywhere in the world (including but not limited to in Canada, the Canada Labour Code Part III, any equivalent provincial or territorial employment standards legislation and in the United States of America, the Fair Labor Standards Act) or amendments to or regulations promulgated under any such law that governs wage, hour and payroll policies and practices, except the United States Equal Pay Act ("Wage and Hour Laws"), including but not limited to:

(1) the calculation, timing or manner of payment of minimum wages, prevailing wage rates, overtime pay or other compensation alleged to be due and owing;

(2) the classification of any organization or person for wage and hour purposes;

(3) garnishments, withholdings or other deductions from wages;

(4) child labour;

(5) pay equity, comparable worth; or

(6) any similar policies or practices;

provided this Exclusion III.(E) shall not apply to **Loss** on account of any **Claim** for **Retaliation;**

(F) for any actual or alleged violation of the responsibilities, obligations or duties imposed by any federal, provincial, territorial, state, or local statutory law or common law anywhere in the world (including but not limited to in Canada, the Canada Labour Code Part I and any equivalent provincial or territorial labour relations legislation and in the United States of America, the Worker Adjustment and Retraining Notification Act) or amendments to or regulations promulgated under any such law that governs any obligation of an employer to notify, discuss or bargain with its employees or others in advance of any plant or facility closing, or mass layoff, or any similar obligation ("Workforce Notification Laws"); provided this Exclusion III.(F) shall not apply to **Loss** on account of any **Claim** for **Retaliation;**

(G) for any actual or alleged violation of the responsibilities, obligations or duties imposed by any federal, provincial, territorial, state, or local statutory law or common law anywhere in the world (including but not limited to in Canada, the Canada Labour Code Part I any equivalent provincial or territorial labour relations legislation and in the United States of America, the National Labor Relations Act) or any amendments to or regulations promulgated under any such law that governs:

(1) the rights of employees to engage in, or to refrain from engaging in, union or other collective activities, including but not limited to union organizing, union elections and other union activities;

(2) the duty or obligation of an employer to meet, discuss, notify or bargain with any employee or employee representative, collectively or otherwise;

(3) the enforcement of any collective bargaining agreement, including but not limited to grievance and arbitration proceedings;

(4) strikes, work stoppages, boycotts, picketing and lockouts; or

(5) any similar rights or duties;

("Labour Management Relations Laws");

(H) based upon, arising from, or in consequence of any federal, provincial, territorial, state, or local statutory law or common law anywhere in the world, including but not limited to the Competition Act of Canada, or the United States Interstate Commerce Act of 1887, Sherman Antitrust Act of 1890, Clayton Act of 1914, Robinson-Patman Act of 1936, Cellar-Kefauver Act of 1950, Federal Trade Commission Act of 1914, or amendments to or regulations promulgated under any such law, that governs competition, monopolistic practices, or price fixing (including horizontal or other price fixing of wages, hours, salaries, compensation, benefits or any other terms and conditions of employment);

(I) for bodily injury, mental anguish, emotional distress, humiliation, sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof; provided this Exclusion III.(I) shall not apply to mental anguish, emotional distress or humiliation alleged as part of an otherwise covered **Claim**;

(J) based upon, arising from, or in consequence of any actual or alleged obligation of any **Insured** pursuant to any workers' compensation, unemployment insurance, social security, social insurance, disability benefits or any similar federal, provincial, territorial, state, or local statutory law or common law anywhere in the world; provided this Exclusion III.(J) shall not apply to **Loss** on account of any **Claim** for **Retaliation**;

(K) based upon, arising from, or in consequence of **Pollution** or a **Biological Event**; provided this Exclusion III.(K) shall not apply to **Loss** on account of any **Claim** for **Retaliation**;

(L) based upon, arising from, or in consequence of the liability of others assumed by any **Insured** under any written or oral contract or agreement; provided this Exclusion III.(L) shall not apply to the extent that an **Insured** would have been liable in the absence of such contract or agreement;

(M) for any **Wrongful Act** committed, attempted, or allegedly committed or attempted by a **Subsidiary** or an **Insured Person** of a **Subsidiary** during any time when such entity was not a **Subsidiary**;

(N) for any actual or alleged violation of s. 467.11 of the Criminal Code of Canada, or the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. 1961 et seq., or the Federal False Claims Act, both of the United States of America or any similar federal, provincial, territorial, state, or local statutory law or common law anywhere in the world;

(O) based upon, arising fom, or in consequence of any deliberately fraudulent act or omission by an **Insured**, if a judgment or other final adjudication adverse to the **Insured** establishes such a deliberately fraudulent act or omission; or

(P) for **Breach of Employment Contract** or **Wrongful Termination** based upon, arising from, or in consequence of the **Financial Impairment** of the **Organization**. However, this exclusion shall not apply to any **Claim** made against any **Insured** in Canada or the United States of America.

IV. EXCLUSIONS APPLICABLE TO LOSS OTHER THAN DEFENCE COSTS

The Company shall not be liable under this Coverage Part for:

(A) that part of **Loss**, other than **Defence Costs**, which constitutes **Benefits** due or to become due or the equivalent value of such **Benefits**; provided this Exclusion IV.(A) shall not apply to any **Claim** for **Wrongful Termination**;

(B) that part of **Loss**, other than **Defence Costs**, which constitutes costs associated with providing any accommodation for persons with disabilities or any other status which is protected under any applicable federal, provincial, territorial, state, or local statutory law or common law anywhere in the world, including but not limited to in Canada, the Canadian Human Rights Act and any equivalent provincial or territorial legislation and in the United States of America, the Americans With Disabilities Act, the Civil Rights Act of 1964, or amendments to or rules or regulations promulgated under any such law;

(C) **Loss**, other than **Defence Costs**, resulting from any **Claim** based upon, arising from, or in consequence of any actual or alleged breach of any written employment contract; provided this Exclusion IV.(C) shall not apply to the extent an **Insured** would have been liable for such **Loss** in the absence of such written employment contract. This exclusion applies only to **Claims** made, commenced and conducted in the territorial limits and jurisdiction of the United States of America; or

(D) **Loss**, other than **Defence Costs**, resulting from any **Claim** based upon, arising from or in consequence of any dispute with respect to the valuation of a written employment contract or agreement.

V. ARBITRATION

Any dispute between any **Insured** and the Company based upon, arising from, or in any way involving any actual or alleged coverage under this Coverage Part, or the validity, termination or breach of this Coverage Part, including but not limited to any dispute sounding in contract or tort, shall be submitted to binding arbitration.

The **Organization**, however, shall first have the option b resolve the dispute by non-binding mediation pursuant to such rules and procedures, and using such mediator, as the parties may agree.

If the parties cannot resolve the dispute by non-binding mediation, the parties shall submit the dispute to binding arbitration pursuant to the then prevailing Ontario Arbitration Act rules, orders, orders in council or regulations promulgated thereunder or amendments thereto or, upon the agreement of both the Company and the **Insured**, similar provisions of a statute passed by a province or territory other than Ontario and an arbitration in the United States of America shall be governed by the then prevailing commercial arbitration rules of the American Arbitration Association, except that the arbitration panel shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Company, and a third arbitrator selected by the first two arbitrators.

CHUBB

Schedule of Forms

To be attached to and form part of
Policy No. 8221-5142

Company: Chubb Insurance Company of Canada

Issued to: MATRIX ASSET MANAGEMENT INC.

Asset Management Protector General Terms and Conditions CICC

CE 17-02-8098 (9/10 ed.)

CE 17-02-8249 (3/11 ed.)

Asset Management Protector Private Directors & Officers Liability Coverage Part CICC

CE 17-02-7970 (10/10 ed.)

CE 17-02-8100 (9/10 ed.)

CE 17-02-8109 (9/10 ed.)

CE 17-02-8113 (9/11 ed.)

CE 17-02-8137 (11/10 ed.)

Asset Management Protector Professional Liability Coverage Part CICC

CE 17-02-7970 (10/10 ed.)

CE 17-02-8111 (9/10 ed.)

Asset Management Protector Investment Company Coverage Part CICC

CE 17-02-7970 (10/10 ed.)

CE 17-02-8133 (11/10 ed.)

Asset Management Protector Private Fund Coverage Part CICC

CE 17-02-7971 (6/01 ed.) - Added

CE 17-02-8171 (11/10 ed.)

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector General Terms and Conditions CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 1

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

TERMINATION OF POLICY ENDORSEMENT

In consideration of the premium charged, it is agreed that the General Terms and Conditions of the Policy is amended by adding the following provisions:

1. Notwithstanding any termination provision to the contrary in this Policy or any endorsement thereto:

   a. If, during the **Policy Period**, the Company receives a financial strength rating downgrade to a rating below:

      (i) A- by A.M. Best Co., or
      (ii) BBB by Standard & Poor's Rating Services,

      the **Named Organization** may cancel this Policy by providing written notice of termination to the Company. Such cancellation shall be effective upon receipt by the Company of written notice of termination by the **Named Organization**, and, subject to 1.b. below, the Company shall return to the **Named Organization** the pro rata proportion of any unearned premium.

   b. In the event that any **Insured** has given notice of a **Claim**, notice of a circumstance that could give rise to a **Claim**, or notice of a **Potential Claim** under the Employment Practices Liability Coverage Part (if purchased), under this Policy prior to the effective date of such cancellation as described in 1.a. above, it is agreed that the premium for this Policy shall be deemed fully earned unless:

      (i) the **Named Organization** withdraws such notice of **Claim**, circumstances that could give rise to a **Claim**, or **Potential Claim**, and
      (ii) the **Named Organization** reimburses the Company for any payments made.

      Any return of premium shall be subject to a full, written release of liability from the **Named Organization**.

2. This Endorsement shall not apply in the event of the acquisition of the **Named Organization** by another entity as described in Subsection XI.(C), ACQUISITION BY ANOTHER ENTITY OR FINANCIAL IMPAIRMENT, of the General Terms and Conditions of the Policy.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector General Terms and Conditions CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 2

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

AMEND PENDING OR PRIOR LITIGATION ENDORSEMENT

In consideration of the premium charged, it is agreed that this Policy is amended as follows:

1. The Pending or Prior Dates contained in ITEM 3 (B) of the Declarations, Aggregate Limits of Liability, Retentions, and Pending or Prior Dates, are amended for the following entities, as indicated below:

	COVERAGE PART	PENDING OR PRIOR DATE
Ensis Management Inc., EMI Capital Inc. and Ensis Investment Limited Partnership	Directors & Officers Liability	October 24, 2008
	Professional Liability	October 24, 2008
	Investment Company	October 24, 2008
	Private Fund	October 24, 2008
	Employment Practices Liability	December 9, 2010
Seamark Asset Management Ltd.	Directors & Officers Liability	January 15, 2010
	Professional Liability	January 15, 2010
	Investment Company	January 15, 2010
	Private Fund	January 15, 2010
	Employment Practices Liability	January 15, 2010
LeeSide Capital Management Inc.	Directors & Officers Liability	April 10, 2012
	Professional Liability	April 10, 2012
	Investment Company	April 10, 2012
	Private Fund	April 10, 2012
	Employment Practices Liability	April 10, 2012

2. With respect to any **Claim** first made during the **Policy Period** but before the effective date of this Endorsement, ITEM 3 (A) and ITEM 3 (B) of the Declarations remain unchanged.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Andrew Steen

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Private Directors & Officers Liability Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 3

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

ABSOLUTE LATE TRADING AND MARKET TIMING EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. With respect to the Private Directors & Officers Liability Coverage Part, the Company shall not be liable for **Loss** on account of any **Claim** under such Coverage Part based upon, arising from, or in consequence of:

   a. **Market Timing**, or

   b. **Late Trading**,

   including, but not limited to, any **Claim** based upon, arising from or in consequence of any actual or alleged misstatement, misleading statement, or omission regarding any disclosure in any registration statement or other public statements, with respect to any of the foregoing.

2. The following definitions are added to Section II., DEFINITIONS, of the Private Directors & Officers Liability Coverage Part:

   Late Trading means:

   (i) the actual, alleged, attempted or allegedly attempted placement, modification or cancellation of orders to purchase or sell the securities of a mutual fund or of any variable annuity, after 4:00 p.m. Eastern Standard Time, where such orders are processed based on the mutual fund's net asset value determined as of the close of trading that same day; or

   (ii) any transaction defined, characterized or classified as such under any federal, provincial, territorial or state statutory provision, regulation or under any written policy promulgated by a state, provincial, territorial or federal securities regulator.

Market Timing means the actual, alleged, attempted or allegedly attempted short-term purchase or sale of either any securities of any mutual fund or any variable annuity, in a manner that manipulates or exploits, or attempts to manipulate or exploit, the method by which a mutual fund uses to price its securities or any variable annuities, or which actually or allegedly is in contravention of:

(i) the terms or conditions of any prospectus, policy or agreement;

(ii) any rules, regulations or policies promulgated by or on behalf of any federal, state or provincial regulator of securities; or

(iii) any federal, state or provincial statutory law, including any regulations promulgated thereunder.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Private Directors & Officers Liability Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 4

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

INVESTIGATION COSTS FOR SHAREHOLDER DERIVATIVE DEMAND COVERAGE ENDORSEMENT

1. In consideration of the premium charged, it is agreed that the Private Directors & Officers Liability Coverage Part, of this Policy is amended as follows:

   A. Section I., INSURING CLAUSES, is amended by adding the following Insuring Clause:

      Investigation Costs Coverage Insuring Clause

      The Company shall pay, on behalf of the **Organization**, all **Investigation Costs** which such **Organization** becomes legally obligated to pay on account of any **Shareholder Derivative Demand** first made during the **Policy Period** or, if exercised, the Extended Reporting Period, for a **Wrongful Act** by an **Insured Person** before or during the **Policy Period**.

   B. Section II., DEFINITIONS, is amended by adding the following:

      Investigation Costs means reasonable costs, charges, fees (including but not limited to attorney's fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of any **Insured Person**) incurred by the **Organization** (including its board of directors or any committee of the board of directors) in the investigation or evaluation of any **Shareholder Derivative Demand**.

      Shareholder Derivative Demand means any written demand, by one or more securityholders of an **Organization**, upon the board of directors of such **Organization**, to bring a civil proceeding in a court of law against any **Insured Person** for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by an **Insured Person** before or during the **Policy Period**.

2. The General Terms and Conditions of this Policy is amended as follows:

   A. Solely with respect to the Investigation Costs Coverage Insuring Clause of the Private Directors & Officers Liability Coverage Part, Section V., LIMIT OF LIABILITY, RETENTION AND COINSURANCE, is amended as follows:

i. Subsection V.(A) is amended by adding the following to the end thereof:

Notwithstanding the foregoing, the Company's maximum liability for all **Investigation Costs** covered under the Investigation Costs Coverage Insuring Clause on account of all **Shareholder Derivative Demands** first made during the same **Policy Period** shall be $250,000. This is amount shall be part of, and not in addition to, the amount stated in ITEM 3.(B) of the Declarations as the Aggregate Limit of Liability for the Directors & Officers Liability Coverage Part.

ii. Subsection V.(E) is amended by adding the following:

No Retention(s) shall apply to **Investigation Costs** covered under the Investigation Costs Coverage Insuring Clause.

B. Solely with respect to the Investigation Costs Coverage Insuring Clause of the Private Directors & Officers Liability Coverage Part of this Policy, Section VII., DEFENCE AND SETTLEMENT, is amended by deleting Subsection (A) and replacing it with the following:

(A) It shall be the duty of the **Organization** and not the duty of the Company to investigate and evaluate any **Shareholder Derivative Demand**. The **Organization** shall have the sole obligation under this Policy to retain defence counsel, which shall be subject to the approval of the Company, which shall not be unreasonably withheld.

3. For purposes of coverage under the Investigation Costs Coverage Insuring Clause of the Private Directors & Officers Liability Coverage Part only:

A. all references in this Policy to **Loss** or **Defence Costs** shall only mean **Investigation Costs**; and

B. all references in this Policy to **Claim** shall only mean a **Shareholder Derivative Demand**.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Private Directors & Officers Liability Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 5

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

OUTSIDE DIRECTORSHIP LIABILITY EXTENSION ENDORSEMENT

In consideration of the premium charged, it is hereby agreed that Section II., Definitions, of the General Terms and Conditions of this Policy is amended by deleting subsection (G) and replacing it with the following:

(G) **Outside Entity** means:

(1) any Not-For-Profit Corporation incorporated under Part II of the Canada Business Corporations Act or under any similar provisions of any provincial or territorial act or, in the United States of America, any non-profit corporation, community chest, fund or foundation that is exempt from federal income tax in the United States of America as an organization described in Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, and that is not otherwise included in the definition of **Organization**; or

(2) any corporation which is not registered or approved upon notice of issuance, on a national securities exchange or not authorized or approved for authorization upon notice of issuance for quotation in the NASDAQ system, and that is not otherwise included in the definition of **Organization**; or

(3) any corporation, joint venture, partnership, trust or other enterprise which is not otherwise included in the definition of **Organization**, and is specifically listed below.

Insured Person	**Outside Entity**
-	-

The title and any headings in this Endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Private Directors & Officers Liability Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 6

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

EXTRADITION COVERAGE ENDORSEMENT

In consideration of the premium charged, it is agreed that solely with respect to the Private Directors & Officers Liability Coverage Part Coverage Part, Section II., DEFINITIONS, is amended as follows:

1. The term **Claim** is amended by adding the following:

   Claim, when used in reference to the coverage provided by Insuring Clause (A) or (B), also means:

   (i) an official request for Extradition (as defined below) of an **Insured Person**; or

   (ii) the execution of a warrant for the arrest of an **Insured Person** where such execution is an element of Extradition.

2. The term **Defence Costs**, when used in reference to the coverage provided by Insuring Clause (A) or (B), is amended by adding the following:

   Defence Costs also means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to legal fees and experts' fees) and expenses incurred through the use of legal counsel and consented to by the Company resulting from an **Insured Person** lawfully:

   (i) opposing, challenging, resisting or defending against any request for or any effort to obtain the Extradition of such **Insured Person**; or

   (ii) appealing any order or other grant of Extradition of such **Insured Person.**

3. For purposes of this Endorsement, the term Extradition means any formal process by which an Insured Person located in any country is surrendered to any other country for trial or otherwise to answer any criminal accusation.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Private Directors & Officers Liability Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 7

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

AMEND EXCLUSION III. (M) ENDORSEMENT
(Private Directors & Officers Liability Coverage Part)

In consideration of the premium charged, it is agreed that section III., EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES, of the Private Directors & Officers Liability Coverage Part of this Policy is amended by deleting Exclusion III. (M) and replacing it with the following:

(M) based upon, arising from, or in consequence of:

(1) any criminal or deliberately fraudulent act or omission or any wilful violation of any statute or regulation by an **Insured**, if a judgment or final adjudication in any proceeding establishes such criminal or deliberately fraudulent act or omission or wilful violation; or

(2) an **Insured** having gained any profit, remuneration or advantage to which such **Insured** was not legally entitled, if a judgment or final adjudication in any proceeding establishes the gaining of such profit, remuneration or advantage.

For purposes of these Exclusions III. (M) (1) and III. (M) (2) above:

(a) If an **Insured** pleads guilty in a criminal proceeding, the elements of each of the offences to which such plea relates shall, as of the date of such plea, be deemed to have been established by a final adjudication.

(b) No criminal or deliberately fraudulent act or omission, wilful violation of any statute or regulation or gaining of any profit, remuneration or advantage by an **Insured** shall be imputed to any **Insured Person**.

(c) Only criminal or deliberately fraudulent acts or omissions, wilful violations of any statute or regulation or gaining of any profit, remuneration or advantage by any past, present, or future President, CEO, & Senior Vice President of an **Organization** shall be imputed to such **Organization**.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Andrew Steen

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Professional Liability Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 8

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

ABSOLUTE LATE TRADING AND MARKET TIMING EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. With respect to the Professional Liability Coverage Part, the Company shall not be liable for **Loss** on account of any **Claim** under such Coverage Part based upon, arising from, or in consequence of:

    a. **Market Timing**, or

    b. **Late Trading**,

    including, but not limited to, any **Claim** based upon, arising from or in consequence of any actual or alleged misstatement, misleading statement, or omission regarding any disclosure in any registration statement or other public statements, with respect to any of the foregoing.

2. The following definitions are added to Section II., DEFINITIONS, of the Professional Liability Coverage Part:

    Late Trading means:

    (i) the actual, alleged, attempted or allegedly attempted placement, modification or cancellation of orders to purchase or sell the securities of a mutual fund or of any variable annuity, after 4:00 p.m. Eastern Standard Time, where such orders are processed based on the mutual fund's net asset value determined as of the close of trading that same day; or

    (ii) any transaction defined, characterized or classified as such under any federal, provincial, territorial or state statutory provision, regulation or under any written policy promulgated by a state, provincial, territorial or federal securities regulator.

Market Timing means the actual, alleged, attempted or allegedly attempted short-term purchase or sale of either any securities of any mutual fund or any variable annuity, in a manner that manipulates or exploits, or attempts to manipulate or exploit, the method by which a mutual fund uses to price its securities or any variable annuities, or which actually or allegedly is in contravention of:

(i) the terms or conditions of any prospectus, policy or agreement;

(ii) any rules, regulations or policies promulgated by or on behalf of any federal, state or provincial regulator of securities; or

(iii) any federal, state or provincial statutory law, including any regulations promulgated thereunder.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Professional Liability Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 9

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

DELETE INSURING CLAUSE ENDORSEMENT

In consideration of the premium charged, it is agreed that Insuring Clause C of the Professional Liability Coverage Part, of this Policy is hereby deleted in its entirety.

The title and any headings in this Endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Andrew Steen

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Investment Company Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 10

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

ABSOLUTE LATE TRADING AND MARKET TIMING EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is agreed that:

1. With respect to the Investment Company Coverage Part, the Company shall not be liable for **Loss** on account of any **Claim** under such Coverage Part based upon, arising from, or in consequence of:

   a. **Market Timing**, or

   b. **Late Trading**,

   including, but not limited to, any **Claim** based upon, arising from or in consequence of any actual or alleged misstatement, misleading statement, or omission regarding any disclosure in any registration statement or other public statements, with respect to any of the foregoing.

2. The following definitions are added to Section II., DEFINITIONS, of the Investment Company Coverage Part

   Late Trading means:

   (i) the actual, alleged, attempted or allegedly attempted placement, modification or cancellation of orders to purchase or sell the securities of a mutual fund or of any variable annuity, after 4:00 p.m. Eastern Standard Time, where such orders are processed based on the mutual fund's net asset value determined as of the close of trading that same day; or

   (ii) any transaction defined, characterized or classified as such under any federal, provincial, territorial or state statutory provision, regulation or under any written policy promulgated by a state, provincial, territorial or federal securities regulator.

Market Timing means the actual, alleged, attempted or allegedly attempted short-term purchase or sale of either any securities of any mutual fund or any variable annuity, in a manner that manipulates or exploits, or attempts to manipulate or exploit, the method by which a mutual fund uses to price its securities or any variable annuities, or which actually or allegedly is in contravention of:

(i) the terms or conditions of any prospectus, policy or agreement;

(ii) any rules, regulations or policies promulgated by or on behalf of any federal, state or provincial regulator of securities; or

(iii) any federal, state or provincial statutory law, including any regulations promulgated thereunder.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Investment Company Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 11

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

PUBLIC OFFERING ENDORSEMENT

In consideration of the premium charged, it is agreed that the Investment Company Coverage Part of this Policy is amended by adding the following provisions:

(1) The Company shall not assert that the portion of any Securities Claim settlement attributable to alleged violations of Section 11 or Section 12 of the Securities Act of 1933 as amended constitutes disgorgement, restitution or the return of ill-gotten gain subject to paragraph (3) of the definition of **Loss**, absent a final judgment or other final adjudication by a court, a final determination of a regulatory, administrative or other governmental body, or a written admission in such settlement by an **Insured** that such portion constitutes disgorgement, restitution or the return of ill-gotten gain.

(2) The Company shall not seek an allocation in a Securities Claim of **Defence Costs** attributable to alleged violations of Section 11 or Section 12 of the Securities Act of 1933 as amended.

(3) For purposes of this Endorsement, the term, "Securities Claim" means that portion of a **Claim** which:

(a) is brought by a securityholder of an **Investment Company**:

(i) in his, her or its capacity as a securityholder of such **Investment Company**, with respect to his, her or its interest in securities of such **Investment Company**, and against such **Investment Company** or any of its **Insured Persons**; or

(ii) derivatively, on behalf of such **Investment Company**, against an **Insured Person** of such **Investment Company**; or

(b) alleges that an **Investment Company** or any of its **Insured Persons**:

(i) violated a federal, provincial, state, local or **Foreign** securities law or a rule or regulation promulgated under any such securities law; or

(ii) committed a **Wrongful Act** that constitutes or arises from a purchase, sale, or offer to purchase or sell securities of such **Investment Company**;

provided that Securities Claim does not include any **Claim** by or on behalf of a former, current, future or prospective **Executive** or **Employee** of an **Investment Company** that is based upon, arising from, or in consequence of any offer, grant or issuance, or any plan or agreement relating to the offer, grant or issuance, by such **Investment Company** to such **Executive** or **Employee** in his or her capacity as such of stock, stock warrants, stock options or other securities of the **Investment Company**, or any payment or instrument the amount or value of which is derived from the value of securities of the **Investment Company.**

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Private Fund Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 12

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

SCHEDULE OF PRIVATE FUNDS ENDORSEMENT

In consideration of the premium charged, it is agreed that the Private Fund Coverage Part of the Policy is amended as follows:

Pursuant to subparagraph (P) (1) of Section II. DEFINITIONS, the following pooled investment vehicle(s) are included within the definition of **Private Fund:**

ACF Equity Atlantic Inc.
ENSIS Investment Limited Partnership
GrowthWorks Access Fund Limited Partnership
GWC III Holdings ULC
GWS GP Inc.
GWC IV Holdings ULC
GWS Limited Partnership

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

CHUBB

ENDORSEMENT

Coverage Section: Asset Management Protector Private Fund Coverage Part CICC

Effective date of
this endorsement: December 9, 2012

Company: Chubb Insurance Company of Canada

Endorsement No. 13

To be attached to and
form a part of Policy No. 8221-5142

Issued to: MATRIX ASSET MANAGEMENT INC.

AMEND DEFINITION OF CLAIM ENDORSEMENT

In consideration of the premium charged, it is agreed that section II, DEFINITIONS, of the Private Fund Coverage Part of this Policy is amended by adding the following to subsection (B), definition of **Claim**:

Solely with respect to Insuring Clause (A), Fund Entity and Insured Person Liability Coverage, and solely with respect to an investigation by the U.S. Securities and Exchange Commission ("SEC") of a **Wrongful Act** of an **Executive** of a **Fund Entity**, **Claim** will also include a subpoena or Wells Notice, where such **Executive** has received a Wells Notice, or has received a subpoena and is otherwise specifically identified in writing by the SEC as a person against whom enforcement proceedings may be commenced, as respects such **Fund Entity.**

Solely with respect to Insuring Clause (B), Fund Manager and Insured Person Professional Liability Coverage, and solely with respect to an investigation by the U.S. Securities and Exchange Commission ("SEC") of a **Wrongful Act** of an **Executive** of a **Fund Manager**, **Claim** will also include a subpoena or Wells Notice, where such **Executive** has received a Wells Notice, or has received a subpoena and is otherwise specifically identified in writing by the SEC as a person against whom enforcement proceedings may be commenced, as respects **Fund Management Services** provided by such **Fund Manager** to or on behalf of a **Fund Entity.**

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

Authorized Representative

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF GROWTHWORKS CANADIAN FUND LTD.

Court File No:

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF C. IAN ROSS

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Lawyers for the Applicant

12820655

Tab 3

Court File No.: »

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	TUESDAY, THE 1ST
	)	
JUSTICE NEWBOULD	)	DAY OF OCTOBER, 2013

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO GROWTHWORKS CANADIAN FUND LTD.
(the "**APPLICANT**")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of C. Ian Ross sworn September 30, 2013 and the Exhibits thereto (the "**Ross Affidavit**"), and on being advised that Roseway Capital S.a.r.l. ("**Roseway**"), the secured creditor who is likely to be affected by the charges created herein was given notice, and on hearing the submissions of counsel for the Applicants, counsel for Roseway and counsel for the proposed Monitor, FTI Consulting Canada Inc. **[no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE]]**, and on reading the consent of FTI Consulting Canada Inc. to act as the Monitor,

THIS APPLICATION, made by the Applicant, pursuant to the CCAA was heard this day at 330 University Avenue, Toronto, Ontario.

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled to utilize a central cash management system (a "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or

application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all reasonable transition costs of the Manager (as defined below), and all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing management agreements, compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;

(b) Follow on Investments in Portfolio Companies (as defined in the Ross Affidavit) for which provision is made in the Cash Flow Projection (as defined in the Ross Affidavit) or which are approved by the Monitor; and

(c) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the

landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date except as provided in the Cash Flow Projection; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding $25,000 in any one transaction or $100,000 in the aggregate;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate and terminate the provision of transitional services by the Manager (as defined below); and

(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "**Restructuring**"). For greater clarity, dispositions of the Applicant's interest in a Portfolio Company (as defined in the Ross Affidavit) as part of a liquidity event, is an ordinary course transaction that does not require Court approval.

12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. THIS COURT ORDERS that until and including October 31,2013, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process

in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

16. THIS COURT ORDERS that any rights or obligations, including any right or obligation under a contract, an agreement or other document affecting or relating to a Portfolio Company (as defined in the Ross Affidavit), that arise, come into effect or are "triggered" by the insolvency of the Applicant, by the commencement of these proceedings or the making of this Order shall be of no effect and no person shall be entitled to exercise any rights or remedies in connection therewith.

NO INTERFERENCE WITH RIGHTS

17. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant or any right, renewal right, contract, agreement, licence or permit in favour

of or held by a Portfolio Company to the extent relevant to the Applicant, the Business, the Property or these proceedings, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

CRITICAL SUPPLIERS

20. THIS COURT ORDERS AND DECLARES that Growthworks WV Management Ltd. (the "**Manager**"), GrowthWorks Capital Ltd. ("**GWC**"), and each Person engaged or contracted by the Manager and/or GWC (not including employees of the Manager or GWC) in connection with providing services to the Applicant pursuant to the Management Agreement described in the Ross Affidavit (the "**Management Agreement**") is a critical supplier to the Applicant as contemplated by Section 11.4 of the CCAA (each, a "**Critical Supplier**").

21. THIS COURT ORDERS that each Critical Supplier shall, in additional to any other obligations it has under this Initial Order, supply and continue to supply the Applicant with transitional services pursuant to the Management Agreement. No Critical Supplier may require the payment of a deposit or the posting of any security in connection with the supply of such services after the date of this Order.

22. THIS COURT ORDERS that each Critical Supplier shall be entitled to the benefit of and is hereby granted a charge (together, the **"Critical Suppliers' Charge")** on the Property of the Applicant in an amount equal to the lesser of (a) the value of the goods and services supplied by such Critical Supplier and received by the Applicant after the date of this Order less all amounts paid to such Critical Supplier in respect of such goods and services; (b) the amount to which the Manager is entitled to be paid under section 8.6(b) of the Management Agreement; and (c) $50,000. The Critical Supplier Charge shall have the priority set out in paragraphs 37 and 39 herein.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in

respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

25. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $1,000,000, as security for the indemnity provided in paragraph 24 of this Order. The Directors' Charge shall have the priority set out in paragraphs 37 and 39 herein.

26. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of this Order.

APPOINTMENT OF MONITOR

27. THIS COURT ORDERS that FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its

powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

28. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicant's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) advise the Applicant in its preparation of the Applicant's cash flow statements;

(d) advise the Applicant in respect to the Plan and any amendments to the Plan;

(e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(f) have full and complete access to the Property including the premises, the premises of the Manager to the extent Property of the Applicant is located on the Manager's premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order and all Persons, including the Applicant and the Manager, shall permit such full and complete access to such Property to the Monitor;

(g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(h) be at liberty to establish an account for proceeds of the disposition of the Portfolio Companies (the "**Proceeds Account**");

(i) be at liberty to make disbursements in satisfaction of expenses that the Applicant is entitled to pay pursuant to this Order, as directed by the Applicant and in accordance a Cash Flow, and otherwise to distribute funds from the Proceeds Account in accordance with a further Court Order; and

(j) perform such other duties as are required by this Order or by this Court from time to time.

29. THIS COURT ORDERS that the Monitor shall not take possession of the Property with the exception of the Proceeds Account, and shall take no part whatsoever in the management or supervision of the management of the Business or the businesses of the Portfolio Companies and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. THIS COURT ORDERS that McCarthy Tétrault LLP is entitled to transfer the funds held by it in trust as described in the Ross Affidavit at paragraph 88, and any future proceeds that may be received by it from time to time from the disposition of the Portfolio Companies, to the Monitor for deposit into the Monitor's Proceeds Account.

31. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the

"**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

32. THIS COURT ORDERS that that the Monitor shall provide to any creditor of the Applicant information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

33. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

34. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, counsel to the Applicant and CCC, retainers in the amount of $50,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

35. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

36. THIS COURT ORDERS that the Monitor, counsel to the Monitor, CCC (as defined in the Ross Affidavit), and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 37 and 39 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the Critical Suppliers' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $500,000);

Second – Directors' Charge (to the maximum amount of $1,000,000); and

Third – Critical Suppliers' Charge (to the maximum amount of $50,000).

38. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge and the Critical Suppliers' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. THIS COURT ORDERS that each of the Charges (as constituted and defined herein) shall constitute a charge on the Property and the Charges shall rank in priority to

all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

40. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

41. THIS COURT ORDERS that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to *Bankruptcy and Insolvency Act* (the "**BIA**"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create nor be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) neither the payments made by the Applicant pursuant to this Order nor the granting of the Charges shall constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

43. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in [newspapers specified by the Court] a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

44. THIS COURT ORDERS that the Applicant and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

45. THIS COURT ORDERS that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at http://cfcanada.fticonsulting.com/gcfl.

GENERAL

46. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

47. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, a Portfolio Company, the Business or the Property.

48. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

49. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

50. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

51. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

____

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF GROWTHWORKS CANADIAN FUND LTD.

Court File No:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL ORDER

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Tab 4

Court File No. ——:»

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE —— MR. JUSTICE ——NEWBOULD	)))	~~WEEKDAY~~TUESDAY, THE # 1ST DAY OF ~~MONTH~~OCTOBER, ~~20YR~~2013

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT ~~OF [APPLICANT'S NAME] (the "Applicant"~~WITH RESPECT TO GROWTHWORKS CANADIAN FUND LTD. (the "**APPLICANT**")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~C. Ian Ross sworn ~~[DATE]~~September 30, 2013 and the Exhibits thereto (the "**Ross Affidavit**"), and on being advised that Roseway Capital S.a.r.l. ("**Roseway**"), the secured ~~creditors~~creditor who ~~are~~is likely to be affected by the charges created herein ~~were~~was given notice, and on hearing the submissions of counsel for the Applicants, counsel for Roseway and counsel for the proposed Monitor, FTI Consulting Canada Inc. ~~[NAMES],~~ **no one appearing for [~~NAME~~NAME][1] although duly served as appears from the affidavit of service of**

[1] ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

~~[NAME~~NAME] **sworn** [~~DATE~~DATE]], and on reading the consent of ~~[MONITOR'S NAME]~~FTI Consulting Canada Inc. to act as the Monitor,

THIS APPLICATION, made by the Applicant, pursuant to the CCAA was heard this day at 330 University Avenue, Toronto, Ontario.

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated[2] so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to

[2] ~~If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.~~

retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. ~~[~~THIS COURT ORDERS that the Applicant shall be entitled to ~~continue to~~ utilize ~~the central cash management system[3] currently in place as described in the Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar~~a central cash management system (~~the~~a **"Cash Management System"**) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.~~]~~

6. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all reasonable transition costs of the Manager (as defined below), and all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing management agreements, compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

~~[3] This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;

(b) Follow on Investments in Portfolio Companies (as defined in the Ross Affidavit) for which provision is made in the Cash Flow Projection (as defined in the Ross Affidavit) or which are approved by the Monitor; ~~and~~

(c) ~~(b)~~ payment for goods or services actually supplied to the Applicant following the date of this Order.

8. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order~~,~~; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. THIS COURT ORDERS that until a real property lease is disclaimed ~~[or resiliated]~~[4] in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order~~, twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.~~.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date except as provided in the Cash Flow Projection; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined),~~ have the right to:

[4] ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

(a) permanently or temporarily cease, downsize or shut down any of its business or operations, [and to dispose of redundant or non-material assets not exceeding $•25,000 in any one transaction or $•100,000 in the aggregate][5];

(b) [terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate]~~;~~[6] and terminate the provision of transitional services by the Manager (as defined below); and

(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "**Restructuring**"). For greater clarity, dispositions of the Applicant's interest in a Portfolio Company (as defined in the Ross Affidavit) as part of a liquidity event, is an ordinary course transaction that does not require Court approval.

12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims ~~[or resiliates]~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such

[5] ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

[6] ~~It is not clear to the Model Order Subcommittee whether the termination of an employee is a "disclaimer or resiliation" of the employment agreement within the meaning of Section 32 of the amended CCAA; since the termination of an employee may not be a matter governed by Section 32 of the amended CCAA (except to the extent that collective agreements are exempted from the application of that Section), the Subcommittee has left this provision in the Model Order.~~

lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~[or resiliation]~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer ~~[or resiliation]~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~[or resiliation]~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~[or resiliation]~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. THIS COURT ORDERS that until and including ~~[DATE – MAX. 30 DAYS]~~, October 31,2013, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other

~~entities~~entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

16. THIS COURT ORDERS that any rights or obligations, including any right or obligation under a contract, an agreement or other document affecting or relating to a Portfolio Company (as defined in the Ross Affidavit), that arise, come into effect or are "triggered" by the insolvency of the Applicant, by the commencement of these proceedings or the making of this Order shall be of no effect and no person shall be entitled to exercise any rights or remedies in connection therewith.

NO INTERFERENCE WITH RIGHTS

17. ~~16.~~ THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant or any right, renewal right, contract, agreement, licence or permit in favour of or held by a Portfolio Company to the extent relevant to the Applicant, the Business, the Property or these proceedings, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. ~~17.~~ THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services,

insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. ~~18.~~ THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.~~[7]~~

CRITICAL SUPPLIERS

20. *THIS COURT ORDERS AND DECLARES that* Growthworks WV Management Ltd. (the "**Manager**"), GrowthWorks Capital Ltd. ("**GWC**"), and each Person engaged or contracted by the Manager and/or GWC (not including employees of the Manager or GWC) in connection with providing services to the Applicant pursuant to the Management Agreement described in the Ross Affidavit (the "**Management Agreement**") is a critical supplier to the Applicant as contemplated by Section 11.4 of the CCAA (each, a "**Critical Supplier**").

~~[7] This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

21. THIS COURT ORDERS that each Critical Supplier shall, in additional to any other obligations it has under this Initial Order, supply and continue to supply the Applicant with transitional services pursuant to the Management Agreement. No Critical Supplier may require the payment of a deposit or the posting of any security in connection with the supply of such services after the date of this Order.

22. THIS COURT ORDERS that each Critical Supplier *shall be entitled to the benefit of and is hereby granted a charge* (together, the **"Critical Suppliers' Charge"**) on the Property of the Applicant in an amount equal to the lesser of (a) the value of the goods and services supplied by such Critical Supplier and received by the Applicant after the date of this Order less all amounts paid to such Critical Supplier in respect of such goods and services; (b) the amount to which the Manager is entitled to be paid under section 8.6(b) of the Management Agreement; and (c) $50,000. The Critical Supplier *Charge shall have the priority set out in paragraphs* 37 and 39 herein.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. ~~19.~~ THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. ~~20.~~ THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of

the Applicant after the commencement of the within proceedings,[8] except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

25. ~~21.~~ THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**")[9] on the Property, which charge shall not exceed an aggregate amount of $~~•,~~1,000,000, as security for the indemnity provided in paragraph ~~[20]~~24 of this Order. The Directors~~'~~' Charge shall have the priority set out in paragraphs ~~[38]~~37 and ~~[40]~~39 herein.

26. ~~22.~~ THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]~~24 of this Order.

APPOINTMENT OF MONITOR

27. ~~23.~~ THIS COURT ORDERS that ~~[MONITOR'S NAME]~~FTI Consulting Canada, Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

[8] ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

[9] ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

28. ~~24.~~ THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicant's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

~~(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~

(c) ~~(d)~~ advise the Applicant in its preparation of the Applicant's cash flow statements ~~and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender~~;

(d) ~~(e)~~ advise the Applicant in ~~its development of~~ respect to the Plan and any amendments to the Plan;

(e) ~~(f)~~ assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(f) ~~(g)~~ have full and complete access to the Property~~,~~ including the premises, the premises of the Manager to the extent Property of the Applicant is located on the Manager's premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order and all Persons, including the

Applicant and the Manager, shall permit such full and complete access to such Property to the Monitor;

(g) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(h) be at liberty to establish an account for proceeds of the disposition of the Portfolio Companies (the "**Proceeds Account**");

(i) be at liberty to make disbursements in satisfaction of expenses that the Applicant is entitled to pay pursuant to this Order, as directed by the Applicant and in accordance a Cash Flow, and otherwise to distribute funds from the Proceeds Account in accordance with a further Court Order; and

(j) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

29. ~~25.~~ THIS COURT ORDERS that the Monitor shall not take possession of the Property with the exception of the Proceeds Account, and shall take no part whatsoever in the management or supervision of the management of the Business or the businesses of the Portfolio Companies and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. THIS COURT ORDERS that McCarthy Tétrault LLP is entitled to transfer the funds held by it in trust as described in the Ross Affidavit at paragraph 88, and any future proceeds that may be received by it from time to time from the disposition of the Portfolio Companies, to the Monitor for deposit into the Monitor's Proceeds Account.

31. ~~26.~~ THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a

spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

32. ~~27.~~ THIS COURT ORDERS that that the Monitor shall provide to any creditor of the Applicant ~~and the DIP Lender with~~ information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

33. ~~28.~~ THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

34. ~~29.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these

proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a ~~[TIME INTERVAL]~~bi-weekly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, ~~and~~ counsel to the Applicant and CCC, retainers in the amount~~[s]~~ of $~~● [, respectively,]~~50,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

35. ~~30.~~ THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

36. ~~31.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, ~~if any~~CCC (as defined in the Ross Affidavit), and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $~~●,~~500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~[38]~~37 and ~~[40]~~39 hereof.

~~**DIP FINANCING**~~

~~32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $● unless permitted by further Order of this Court.~~

~~33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothees and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35. THIS COURT ORDERS that the DIP Lender *shall be entitled to the benefit of and is hereby granted a charge* (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's *Charge shall have the priority set out in paragraphs* **[38]** and **[40]** hereof.~~

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~

~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or~~

~~interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and~~

~~(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.~~

~~37. *THIS COURT ORDERS AND DECLARES that* the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. ~~38.~~ THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the ~~DIP Lender's~~Critical Suppliers' Charge, as among them, shall be as follows~~[10]~~:

First – Administration Charge (to the maximum amount of $~~•~~500,000);

Second ~~– DIP Lender's~~ – Directors' Charge (to the maximum amount of $1,000,000); and

Third ~~– Directors'~~ – Critical Suppliers' Charge (to the maximum amount of $~~•~~50,000).

38. ~~39.~~ THIS COURT ORDERS that the filing, registration or perfection of the Directors~~'~~' Charge, the Administration Charge ~~or~~and the ~~DIP Lender's~~Critical Suppliers' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest

~~[10] The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. ~~40.~~ THIS COURT ORDERS that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all~~ Charges (as constituted and defined herein) shall constitute a charge on the Property and ~~such~~the Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

40. ~~41.~~ THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~Charges, unless the Applicant also obtains the prior written consent of the Monitor~~, the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges, or further Order of this Court.

41. ~~42.~~ THIS COURT ORDERS that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") ~~and/or the DIP Lender~~ thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to ~~BIA~~*Bankruptcy and Insolvency Act* (the "**BIA**"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an

"**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

(a) ~~neither~~ the creation of the Charges ~~nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ shall not create ~~or~~nor be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into the Commitment Letter, the~~ creation of the Charges~~, or the execution, delivery or performance of the Definitive Documents~~; and

(c) neither the payments made by the Applicant pursuant to this Order~~, the Commitment Letter or the Definitive Documents, and~~ nor the granting of the Charges~~, do not and will not~~ shall constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. ~~43.~~ THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

43. ~~44.~~ THIS COURT ORDERS that the Monitor shall (i) without delay, publish in [newspapers specified by the Court] a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

44. ~~45.~~ THIS COURT ORDERS that the Applicant and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

45. ~~46.~~ THIS COURT ORDERS that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at ~~[INSERT WEBSITE ADDRESS]~~http://cfcanada.fticonsulting.com/gcfl.

GENERAL

46. ~~47.~~ THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

47. ~~48.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, a Portfolio Company, the Business or the Property.

48. ~~49.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative

status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

49. ~~50.~~ THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

50. ~~51.~~ THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

51. ~~52.~~

THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF GROWTHWORKS CANADIAN FUND LTD.

Court File No: ______

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL ORDER

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Format changed	0
Total changes	324

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED, AND IN THE MATTER OF GROWTHWORKS CANADIAN FUND LTD.

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APPLICATION RECORD

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