

B.C. ADVANTAGE FUNDS (VCC) LTD.



ANNUAL INFORMATION FORM DATED MARCH 30, 2016

Advantage Structured Fund I Common Shares

Advantage Structured Fund I RRSP Common Shares

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GLOSSARY OF TERMS

In this Annual Information Form (the “AIF”), unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms will have the following meanings. Certain other terms are defined elsewhere in this AIF.

<i>Advantage, we, our or us</i>	means B.C. Advantage Funds (VCC) Ltd., a company amalgamated under the Business Corporations Act and registered as a VCC under the SBVCA.
<i>Advantage Growth Fund</i>	was formerly represented by the Advantage Growth Fund Common Shares and Advantage Growth Fund RRSP Common Shares. This fund was merged into the Advantage Structured Fund.
<i>Advantage Growth Fund Shares</i>	means the former Advantage Growth Fund Common Shares and the Advantage Growth Fund RRSP Common Shares.
<i>Advantage Structured Fund</i>	is represented by the Advantage Structured Fund I Common Shares and Advantage Structured Fund I RRSP Common Shares and such fund will represent investments which the Manager, Board or the Investment Committee have in their discretion approved or allocated to the Advantage Structured Fund.
<i>Advantage Structured Fund Shares</i>	means the Advantage Structured Fund I Common Shares and the Advantage Structured Fund I RRSP Common Shares.
<i>Advantage Structured Fund II</i>	was formerly represented by the Advantage Structured Fund II Common Shares and Advantage Structured Fund II RRSP Common Shares. This fund was merged into the Advantage Structured Fund.
<i>Advantage Structured Fund II Shares</i>	means the former Advantage Structured Fund II Common Shares and the Advantage Structured Fund II RRSP Common Shares.
<i>Advantage Venture Fund</i>	was formerly represented by the Advantage Venture Common Shares and the Advantage Venture RRSP Common Shares. This fund was merged into the Advantage Structured Fund.
<i>Advantage Venture Shares</i>	means the former Advantage Venture Common Shares and the Advantage Venture RRSP Common Shares.
<i>Affiliate</i>	if used to indicate a relationship between corporations, means any corporation where one is the subsidiary of the other, or both are subsidiaries of the same corporation or each of them is controlled by the same person or the same group of persons or one or more members of an associated group of persons.
<i>Amalgamated Companies</i>	means the predecessor companies which amalgamated to form Advantage, namely B.C. Advantage Funds (VCC) Ltd. and Pender NDI Life Sciences Fund (VCC) Inc.
<i>Amalgamation</i>	means the amalgamation under the Business Corporations Act on August 8, 2008 of the Amalgamated Companies.
<i>Annuitant</i>	has the same meaning as “annuitant” in the Federal Tax Act.
<i>Associate</i>	if used to indicate a relationship with a person, means: <ul style="list-style-type: none"> (a) a corporation of which the person owns, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the corporation; (b) a partner of the person; (c) a participant in a joint venture with the person; (d) a trust or estate: <ul style="list-style-type: none"> (i) in which the person has, in the opinion of the SBVCA Administrator, a substantial beneficial interest; or (ii) of which the person serves as trustee or in a similar capacity;

- (e) a Spouse, parent, grandparent, child, grandchild, brother or sister of the person; or
 - (f) a parent, grandparent, child, grandchild, brother or sister of the Spouse of the person residing in the same residence.
- Audit and Valuation Committee* means a committee of our Board of Directors which will include at least one Independent Director. This committee will carry out certain responsibilities with respect to the determination of the Pricing Net Asset Value per Share of the Fund, the review of our financial statements, and undertake such other duties as are, from time to time, delegated to it by the Board of Directors.
- BCC* means BCC Lending Services Ltd.
- BCSC* means the British Columbia Securities Commission.
- B.C. Tax Act* means the *Income Tax Act* (British Columbia), R.S.B.C. 1996 c. 215, as amended and in force from time to time, and includes all regulations made pursuant to that act.
- Business Corporations Act* means the *Business Corporations Act* (British Columbia), R.S.B.C. 2002, C.57, as amended and in force from time to time, and includes all regulations made pursuant to that act.
- Board of Directors or Board* means the Board of Directors of Advantage.
- Corporate Tax Credit Recipient* means a corporation that purchases Shares of Advantage and maintains a permanent establishment in British Columbia at any time in the taxation year of the corporation in which the corporation subscribed for such Shares of Advantage.
- CRA* means the Canada Revenue Agency.
- Directors* means the directors of Advantage, and Director means any one of them.
- Eligible Investment* means an investment in a Portfolio Company by Advantage. This means an investment permitted by section 10 of the SBVCA.
- Eligible Investor* means someone who may purchase Shares of Advantage and receive a tax credit, being:
- (a) an individual who, at the time of his or her subscription or deemed subscription for Shares of Advantage, is a resident in British Columbia for purposes of the B.C. Tax Act; or
 - (b) a corporation that, at any time during the taxation year in which the Shares are issued, maintained a permanent establishment in British Columbia.
- Eligible Small Business or ESB* means businesses that:
- (a) are corporations;
 - (b) together with their Affiliates have no more than 100 employees, calculated in a prescribed manner;
 - (c) pay (unless otherwise prescribed by regulation) at least 75% of their wages and salaries, calculated in a prescribed manner, to employees who regularly report to work at operations in British Columbia;
 - (d) are substantially engaged (as determined in a manner prescribed by regulation) in British Columbia in one or more of the business activities specified in the SBVCA and/or prescribed by the regulations thereunder (which include those activities in which businesses in which Advantage proposes to invest (see “Investment Strategies”, below) will be substantially engaged); and
 - (e) are not engaged in:

- (i) primary resource exploration or extraction;
 - (ii) financial services such as providing loans, selling insurance, selling real estate or trading in securities;
 - (iii) property management or the rental or leasing of land or improvements;
 - (iv) the development or improvement of land;
 - (v) agricultural activities, other than non-traditional agricultural activities such as game farming, specialized small crops, livestock and poultry production or high technology enterprises (such as greenhouses or hydroponics crop production, plant propagation, animal genetics or production of breeding stock);
 - (vi) retail or commercial services (unless permitted by regulation);
 - (vii) restaurant or food services; or
 - (viii) the leasing of tangible or intangible personal property to a person for the person's personal consumption or use.
- Equity Participation Shareholders* means the individuals who beneficially own the Equity Participation Shares that are registered to Lions Capital.
- Equity Participation Shares* means the Class Z Common Shares in the capital of Advantage, which are held by Lions Capital and indirectly by the Equity Participation Shareholders.
- Executive Team* means, collectively, Frank Holler and Ambrose Hong.
- Fair Value* means the fair value as determined by our Audit and Valuation Committee or Board, using our current Valuation Methodology.
- Federal Tax Act* means the *Income Tax Act* of Canada, R.S.C. 1985, c.1 (5th Supp.), as amended and in force from time to time, and includes all regulations thereto made pursuant to that act.
- Former Management Agreement* means our former management agreement with Lions Capital, which was originally made between Lions Capital and our predecessor B.C. Advantage Funds (VCC) Ltd. as of May 1, 2003, and amended October 31, 2003, September 30, 2006, April 11, 2007, August 8, 2008, June 5, 2009, July 9, 2009 and March 1, 2011, pursuant to which we retained Lions Capital to provide management services to us until such agreement was terminated effective December 31, 2011.
- Fund* means any one of the Advantage Venture Fund, the Advantage Growth Fund, the Advantage Structured Fund, Advantage Structured Fund II and such other investment funds as the Board may, in its discretion, create.
- Fund Managers* means, collectively, Frank Holler and Ambrose Hong, or any other fund manager appointed by the Manager and Fund Manager means any one of them.
- GAAP* means Canadian generally accepted accounting principles, being International Financial Reporting Standards as promulgated by the International Accounting Standards Board.
- GrowthPoint* means GrowthPoint Capital Corp.
- IAS* means The Investment Administration Solution Inc., our Registrar and Transfer Agent.
- Independent Director* means a Director of Advantage who is not
- (a) an employee or Officer (other than Chairman of the Board) of Advantage or any Affiliate of Advantage;
 - (b) a director, officer or employee of the Manager or a Fund Manager or of any Affiliate of the Manager or a Fund Manager; and

	(c) is not an Associate of any such person, and who deals with the Fund Managers and would, but for being a Director of Advantage, deal with Advantage at arm's length for the purposes of the Federal Tax Act.
<i>Individual Tax Credit Recipient</i>	means an individual (other than an estate or trust) who purchases Shares of Advantage and: <ul style="list-style-type: none"> (a) is resident in British Columbia at the time such Shares of Advantage are subscribed for; and (b) is either resident in British Columbia on the last day of the taxation year in which such Shares of Advantage are subscribed for or has income taxable in that taxation year in British Columbia.
<i>Investment Capital Branch</i>	is the operating name for the British Columbia government department that delivers the investment incentive (VCC) program created under the SBVCA.
<i>Investment Committee</i>	means a committee of our Board of Directors which will be comprised of at least one Independent Director. This committee will make decisions regarding certain investments and divestitures made or proposed to be made by Advantage, and undertake such other duties as are, from time to time, delegated to it by the Board of Directors.
<i>Investment Policy</i>	means our investment policy, as established and revised from time to time by the Board, including our investment objectives and our investment and divestiture strategies.
<i>Investment Protection Account or IPA</i>	means an investment protection account held at a Canadian chartered bank and established as required under the SBVCA.
<i>Investor</i>	means an individual or corporate holder of our Shares.
<i>Lions Capital</i>	means Lions Capital Corp., which previously provided Management Services to the Fund under the Former Management Agreement.
<i>Manager</i>	Means BC Advantage Fund Management Inc., which provides Management Services to the Fund under the Management Agreement.
<i>Management Agreement</i>	means our management agreement with the Manager effective as of January 1, 2014, pursuant to which we retained the Manager to provide management services to us.
<i>Management Services</i>	means those management services, described under "Management Details of Advantage – Duties and Services to be Provided by the Manager", which Advantage may from time to time require to properly and effectively conduct its business.
<i>Mentors</i>	means our network of entrepreneurs, executives, investors, directors, officers and advisors who will work with, and invest in, our Portfolio Companies.
<i>Net Assets of a Fund</i>	means, at any time, the aggregate Fair Value of the assets that the Audit and Valuation Committee or Board, in its sole discretion, has approved for the applicable Fund using our Valuation Methodology then in effect, less the aggregate of our liabilities, including an estimate of the realizable value or dilutive effect of the Equity Participation Shares determined in accordance with our Valuation Methodology then in effect.
<i>Net Assets per Share</i>	means, at any time, in respect of each class of our Shares then issued and outstanding, the Net Assets of a Fund, divided by the number of Shares of that Fund then issued and outstanding.
<i>Officers</i>	means the officers of Advantage, and Officer means any one of them.
<i>Permitted Investment</i>	means an investment in a Portfolio Company by Advantage permitted under subsection 18(1) of the SBVCA and the regulations referenced therein. Please refer to "Investment Restrictions – Statutory Restrictions".

<i>Portfolio Company</i>	means a company that we invest in.
<i>Pricing Net Asset Value of a Fund</i>	means Net Assets plus any sales commissions and other Share issue costs then unamortized. Pricing Net Asset Value is described in the December 31, 2015 audited financial statements of the Advantage Structured Fund as “Net Asset Value”, consistent with industry practice.
<i>Pricing Net Asset Value per Share</i>	means, at any time, in respect of each class of our Shares then issued and outstanding, the Pricing Net Asset Value of a Fund, divided by the number of Shares of that Fund then issued and outstanding. Pricing Net Asset Value is described in the December 31, 2013 audited financial statements of the Advantage Structured Fund as “Net Asset Value per Share”, consistent with industry practice.
<i>Redemption Price</i>	means, in respect of a particular class of our Shares, the Pricing Net Asset Value per Share of a Fund determined as at the end of the Valuation Date which falls on or occurs immediately after the date on which we receive a Redemption Request, and any dividends then declared and remaining unpaid in respect of the Shares of that Fund. Redemptions of our Fund are currently suspended, with the exception of those redemptions requested upon the death of a shareholder.
<i>Redemption Request</i>	means a request to us by a holder of Shares to redeem any Shares. All Redemptions of our Fund are currently suspended, with the exception of those redemptions requested upon the death of a shareholder.
<i>Registrar and Transfer Agent</i>	means IAS or such Registrar and Transfer Agent as may be appointed by the Board in its sole discretion.
<i>RRIF</i>	means a trust governed by a registered retirement income fund, as defined in the Federal Tax Act.
<i>RRSP</i>	means a trust governed by a registered retirement savings plan, as defined in the Federal Tax Act.
<i>SBVCA</i>	means the <i>Small Business Venture Capital Act</i> (British Columbia), R.S.B.C. 1996, c. 429, as amended and in force from time to time, and includes all regulations made pursuant to that Act.
<i>SBVCA Administrator</i>	means the person designated under the SBVCA to perform the duties of the administrator under that Act.
<i>Securities Act</i>	means the <i>Securities Act</i> (British Columbia), R.S.B.C. 1996, c. 418, as amended and in force from time to time, and includes all regulations and rules made pursuant to that Act.
<i>Selling Agents</i>	means any person, company or other entity registered with the BCSC that is permitted, either pursuant to its conditions of registration or pursuant to an order of the BCSC, to distribute the Shares.
<i>Service Provider</i>	means any professional service provider, employee, agent, consultant or advisor who may or may not be an Affiliate of Advantage, which the Manager may retain, from time to time, to assist in providing, and to supplement the provision of, the Management Services.
<i>Shares</i>	means our various classes of common shares without par value in our authorized capital, excluding the Equity Participation Shares.
<i>Special Resolution</i>	means a resolution passed by a majority of not less than 2/3 of the votes cast by those shareholders of Advantage who, being entitled to do so, vote in person or by proxy at a general meeting of Advantage.
<i>Spouse</i>	means a person who: <ul style="list-style-type: none"> (a) is married to another person; or (b) is living and cohabiting with another person in a marriage-like relationship, including a marriage-like relationship between persons of

the same gender, and has lived and cohabited in that relationship for a continuous period of six months.

<i>Structured Funds</i>	means, collectively, the Advantage Structured Fund and the Advantage Structured Fund II.
<i>Tax Credit</i>	means the tax credit granted to an Investor for a subscription for shares of a company registered as a VCC under the SBVCA.
<i>Tax Credit Certificate</i>	means the certificate issued or to be issued, pursuant to subsection 20(4) of the SBVCA, to a Tax Credit Recipient.
<i>Tax Credit Recipient</i>	means an Individual Tax Credit Recipient or a Corporate Tax Credit Recipient.
<i>TFSA</i>	means a Tax Free Savings Account as defined in the Federal Tax Act.
<i>Valuation Date</i>	means such days as may, from time to time, be determined by Advantage on which the Net Assets per Share of a Fund will be calculated.
<i>Valuation Methodology</i>	means the methodology by which we determine the Pricing Net Asset Value of a Fund, the Pricing Net Asset Value per Share of a Fund, and the Fair Value, as established and revised from time to time by our Board in its sole discretion. Please refer to "Calculation of Net Asset Value".
<i>VCC</i>	means a company registered as a venture capital corporation under the SBVCA.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements and information in this AIF, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking statements or information include, but are not limited to, statements or information with respect to our investment goals and strategies. Often, these statements include words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information included in this AIF, we have made numerous assumptions including, among other things, the prospects for success of our Portfolio Companies, anticipated costs and expenditures and our ability to achieve our goals. Even though management of Advantage believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward looking statement will prove to be accurate. By their nature, forward-looking statements and information are based on assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, among other things, our ability to meet the terms of our Third Amended Loan, the success of our Portfolio Companies, our ability to complete a Redemption Request, the continuation of the government program under which Tax Credits are provided, the ability of shareholders to dispose of their Shares and our ability to fund follow-on investments.

See "Risk Factors" for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the control of Advantage. Accordingly, readers should not place undue reliance on forward-looking statements or information. Except as may be required by applicable law (for example, British Columbia securities laws require discussion of forward-looking information, if any, provided in prior Management Reports of Fund Performance that has been rendered potentially misleading by intervening events), Advantage undertakes no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date of this AIF. This cautionary statement qualifies all forward-looking statements and information made in this document.

NAME, FORMATION AND HISTORY OF THE FUND

Advantage was formed as the result of the Amalgamation on August 8, 2008 under the Business Corporations Act of the Amalgamated Companies, namely B.C. Advantage Funds (VCC) Ltd. and Pender NDI Life Sciences Fund (VCC) Inc. Shareholders of the Amalgamated Companies approved the Amalgamation at annual and special shareholders meetings that took place on June 25, 2008. Pursuant to the Amalgamation, all of the issued and outstanding shares of the Amalgamated Companies were exchanged for shares of Advantage on a one-for-one basis.

Advantage has an authorized share structure of 19 classes of common shares comprised of 1,000,000,000 common shares each. The rights and restrictions attached to 18 of the classes of common shares (collectively, our "**Shares**") are identical – the only differences between these classes of Shares relate to the specific investment focus of each class of Shares, and the Pricing Net Asset Value per Share of the Fund they represented.

The remaining class of common shares is our Class Z Common Shares (the "**Equity Participation Shares**"). 6,000,000 Equity Participation Shares are currently outstanding, all of which are held beneficially by the Equity Participation Shareholders. The Equity Participation Shares only have value to the holders thereof after certain investment objectives are met. See "Description of Advantage's Securities".

On May 22, 2008, the Board of Directors of our predecessor company B.C. Advantage Funds (VCC) Ltd. exercised the conversion right contained in the company's Articles with the result that all of the Advantage Technology Shares outstanding in our predecessor company converted, effective June 5, 2008, into Advantage Venture Shares of our predecessor company. Upon completion of the Amalgamation, each shareholder received one new Advantage Venture Share for each Advantage Venture Share of our predecessor company held. Subsequently, the investments formerly held by the Advantage Technology Fund were merged into the Advantage Venture Fund, which is now part of the Advantage Structured Fund.

Immediately following the conversion of the Advantage Technology Shares, the Board of Directors of our predecessor company B.C. Advantage Funds (VCC) Ltd. exercised the conversion right contained in the company's Articles with the result that all of the outstanding Advantage Venture Common Shares that were held in an RRSP, or other registered account, were converted into Advantage Venture RRSP Common Shares. Please refer to "Description of Advantage's Securities".

In November 2008, our Board passed a resolution to rename the Advantage Life Science Fund II the "Advantage Growth Fund" and to broaden the investment mandate of the Fund to include technology, clean technology and industrial companies as well as life science companies.

In April 2009, our Board exercised the conversion right contained in our Articles with the result that all of the remaining shares of our Advantage Life Science Fund I were converted to Advantage Venture Shares on April 9, 2009 at an exchange ratio determined on the basis of the relative Pricing Net Asset Value per Share of the Advantage Life Science Fund I and the Advantage Venture Fund on that date. The Advantage Life Science Fund I is no longer active, as it has no outstanding Shares and holds no investments.

In June and July 2009, our Board passed resolutions creating the four Structured Funds, namely the Advantage Structured Fund I, the Advantage Structured Fund II, the Advantage Structured Fund III and the Advantage Structured Fund IV, and assigning existing classes of our share capital to the Structured Funds. Our Board determined that the class of our shares formally known as our "Class B Common Shares" in our Articles will be referred to as the "Advantage Structured Fund I Common Shares", the "Class B RRSP Common Shares will be referred to as the "Advantage Structured Fund I RRSP Common Shares", the "Class C Common Shares will be referred to as the "Advantage Structured Fund II RRSP Common Shares", the "Class C RRSP Common Shares will be referred to as the "Advantage Structured Fund II RRSP Common Shares", the "Class D Common Shares will be referred to as the "Advantage Structured Fund III Common Shares", the "Class D RRSP Common Shares will be referred to as the "Advantage Structured Fund III RRSP Common Shares", the "Class E Common Shares will be referred to as the "Advantage Structured Fund IV Common Shares" and the "Class E RRSP Common Shares will be referred to as the "Advantage Structured Fund IV RRSP Common Shares". Shareholders then approved these changes at our annual and special shareholders meeting on June 16, 2010.

On May 3, 2010, our Board exercised its conversion right contained in our Articles in respect of two Funds. All of the issued and outstanding Advantage Growth Fund Shares were converted, effective May 7, 2010, into Advantage Venture Shares. The number of Advantage Venture Shares received in exchange for each Advantage Growth Fund

Share was determined on the basis of the relative Pricing Net Asset value per Share on May 7, 2010. In addition, all of the issued and outstanding Advantage Structured Fund II Shares were converted, effective May 7, 2010, into Advantage Structured Fund I Shares. The number of Advantage Structured Fund I Shares received in exchange for each Advantage Structured Fund II Share was determined on the basis of the relative pricing net asset values per share on May 7, 2010.

On January 27, 2011, Advantage announced that it was closing the Advantage Venture Fund and Advantage Structured Fund I to subscriptions effective March 2, 2011. This effectively means that Advantage is closed for future fundraising. It is not our intention to open any of our Funds for additional fundraising in the near future. Our current intention is to manage the existing portfolio through to liquidity so as to be able to renew Redemptions.

On September 20, 2011, Advantage announced that it had entered into a \$4,000,000 loan agreement (the “**Loan**”) with BCC dated September 16, 2011, the proceeds from which would be used to make follow-on investments in certain of Advantage’s Portfolio Companies and for working capital purposes. As part of the Loan, Lions Capital agreed to terminate the Former Management Agreement effective December 31, 2011 in order to reduce administrative costs. The Executive Team managed the business and affairs of Advantage until the Management Agreement became effective on January 1, 2014. Advantage also agreed to merge the Advantage Venture Fund and the Advantage Structured Fund I under the name “Advantage Structured Fund”. Effective September 23, 2011, the board exercised its conversion right contained in our Articles in respect of converting the Advantage Venture Shares into Advantage Structured Fund I Shares. Finally, Advantage agreed to eliminate the payment of trailer fees relating to shares of Advantage that are currently redeemable. Trailer fees relating shares that are not redeemable remain payable. Concurrently, Advantage Structured Fund I was renamed “Advantage Structured Fund”.

On September 23, 2011, our Board exercised the conversion right contained in our Articles in respect of the shares of the former Advantage Venture Fund, with the result that all of the issued and outstanding shares of such fund converted, effective September 23, 2011, into shares of the Advantage Structured Fund I. Advantage Structured Fund I was subsequently renamed the Advantage Structured Fund. The share conversion ratio was determined on the basis of the relative Net Assets per Share of the two funds. The Board also exercised the conversion right contained in the company’s Articles with the result that all of the outstanding Advantage Venture Common Shares that were held in an RRSP, or other registered account, were converted into Advantage Venture RRSP Common Shares.

On February 4, 2013, Advantage announced that it had entered into an assignment of loan and security (the “**Loan Assignment**”) with GrowthPoint and BCC. Under the Loan Assignment, GrowthPoint purchased all rights of BCC relating to the Loan effective as of January 31, 2013. Advantage also entered into an amended and restated loan agreement (the “**Amended Loan**”) with GrowthPoint effective as of the same date. In connection with the Amended Loan, GrowthPoint also agreed to acquire Advantage’s equity interest in Contigo Systems Inc., with all proceeds to be used to repay a portion of the Amended Loan.

Effective January 1, 2014, we entered into the Management Agreement with the Manager, pursuant to which the Manager provides such management services as agreed to from time to time. We were required to put the Management Agreement in place as part of compliance with updates to the registration regime under applicable Canadian Securities laws. The Manager is now registered with the BCSC.

On March 12, 2014, Advantage announced that it had entered into a second amended and restated loan agreement with GrowthPoint, dated March 7, 2014, with respect to an additional \$800,000 loan, the proceeds from which were used in order to complete a follow-on investment of \$1,000,000 in Contech Enterprises Inc.

Effective September 24, 2014, Advantage reinstated redemptions for deceased shareholders, subject to certain limitations.

On October 22, 2014, Advantage announced that one of its Directors, Robert W. Rieder, was resigning in from the Advantage Board in order to devote more time to his other business endeavours.

On November 20, 2014, Advantage announced that it had entered into a third amended and restated loan agreement (“**Third Amended Loan**”) with GrowthPoint dated November 13, 2014, with respect to an additional \$1,200,000 loan, the proceeds from which were used in order to complete a follow-on investment of \$1,500,000 in Redlen Technologies Inc. At December 31, 2014, Advantage was in compliance with all covenants except for the Net Asset to Debt ratio, whereby Advantage is required to maintain a net asset to debt ratio of more than 7 at all times. This

breach of covenant was self-corrected in early 2015 and, as of the date of this AIF, all amounts under the Third Amended Loan have been repaid.

On December 23, 2014, Advantage announced that, in order to further reduce its management and administrative costs, Jim Heppell offered to transition out of Advantage and step down from his positions as President and Director effective December 31, 2014. Jim continued to work with the portfolio companies until June 30, 2015, at which point he transferred his Lead Manager roles to Frank Holler and Ambrose Hong. Jim continues to provide advisory input to the Advantage Executive Team on an as requested basis.

On January 28, 2015, Advantage announced that Dr. Avtar Dhillon was resigning from the Board, effective January 31, 2015, and that Mr. Don Enns was appointed to the Board effective as of the same date.

Our registered and records office is located at Suite 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3. Our head office is located at Suite 410 – 221 West Esplanade, North Vancouver, BC, V7M 3J3.

Advantage is not considered a "mutual fund" under applicable British Columbia securities legislation. We are registered as a VCC under the SBVCA. The SBVCA authorizes the British Columbia Ministry of Economic Development to register as VCCs, companies that are established to make investments in ESBs in accordance with the provisions of the SBVCA, and to provide business and managerial advice to ESBs in which they make or propose to make investments. The SBVCA regulates a VCC's capitalization, Eligible Investments and Permitted Investments. The Province of British Columbia in no way guarantees the value of any shares issued by a VCC registered under the SBVCA, nor does it in any way express an opinion as to the financial condition of the issuing company, or the merits of the issuing company's investments in ESBs. For further discussion of the SBVCA, please refer to "Small Business Venture Capital Act Considerations" below.

Small Business Venture Capital Act Considerations

We are a VCC registered under and regulated by the SBVCA.

Before we can raise equity capital and issue Shares that entitle the holder to Tax Credits, we must have an authorization from the SBVCA Administrator to do so. All authorizations granted to VCCs are specific with respect to the maximum amount of equity capital that the VCC can raise and with respect to the length of time in which the raising of funds can occur. A VCC may only issue common voting shares without par value that come with no special rights or restrictions except for those that apply to the redemption of shares by the VCC. **No Tax Credits will be issued to Investors who purchase shares in a VCC that does not have an authorization to raise equity capital or where such authorization has expired prior to the Investors' purchase of shares.** The SBVCA Administrator can extend the authorization period and establish a new expiration date. As there is no assurance that such an extension would always be granted, Investors should verify that they are purchasing their shares in a VCC within a duly authorized period of time. Further, there is no guarantee that a VCC will receive approval to raise additional equity capital after the expiry date of this authorization.

The amount of Tax Credits that may be issued each year to Eligible Investors is limited by section 29.1 of the SBVCA and section 21 of the regulations to the SBVCA. Please note this Tax Credit "cap" and the level of demand from program participants may limit the amount of equity capital that a VCC may raise from its Investors in the current year.

For greater certainty, no representations, warranties, agreements or undertakings of any kind have been given which purport to alter or diminish any of the rights of the Province of British Columbia arising under the aforementioned sections of the SBVCA and its regulations to place limitations on the annual maximum venture capital incentive amount in any calendar year.

For individuals to earn a Tax Credit, their investment must be within a calendar year or within 60 days following the year. Tax Credit Certificates will only be issued if we comply with both the technical requirements and the intent of the SBVCA.

Tax Credits are, in the discretion of the SBVCA Administrator, issued to Eligible Investors in respect of the taxation year when we receive the cash for the Shares purchased during the calendar year or on or before March 1 in the following year, provided that, at the time payment is received for the Shares for which they have subscribed, we have an approval from the SBVCA Administrator to raise equity capital.

There are a variety of situations that can arise to cause a VCC to not be in compliance with the SBVCA. The result of a failure to comply with the legislation varies, depending upon the particular nature of the non-compliance, but, essentially, the SBVCA Administrator can require any non-complying VCC to either rectify the circumstances of non-compliance or to pay back the Tax Credits previously issued to its shareholders. In some circumstances, the directors, officers or major shareholders of a VCC may be held jointly liable to repay Tax Credits to the Province of British Columbia.

The SBVCA currently provides that a VCC may not acquire any of its own shares without incurring a liability to repay all or a specified portion of the Tax Credits that were issued in respect of the shares acquired, depending on how long the shares have been issued and the price at which they are acquired. The SBVCA also currently provides that in such circumstances, if the VCC has conducted its business and affairs in a manner consistent with the SBVCA and has held the Eligible Investment for at least three years, then the SBVCA Administrator may reduce the amount that would otherwise be payable.

In registering Advantage under the SBVCA, the Province of British Columbia makes no representations with respect to any tax considerations discussed in this document other than with respect to those dealing with the British Columbia Tax Credit available in respect of the purchase of our Advantage Structured Fund Shares.

The Province of British Columbia in no way guarantees the value of any securities issued by a VCC registered under the SBVCA, nor does it in any way express an opinion as to the financial condition of any Eligible Small Business, the merits of an investment in securities of the VCC, or the merits of the VCC's investments in Eligible Small Businesses.

This AIF has not been reviewed by the Investment Capital Branch staff. Any matters that concern Investors should be reviewed with their own personal advisers. Prospective Investors are advised and encouraged to seek independent legal, tax and accounting advice with respect to this investment. Prospective Investors are also advised that our solicitors and accountants do not act for the individual Investor in this transaction.

The foregoing summary is very general and any Investors who require further information on the provisions of the SBVCA or its regulations pursuant thereto are advised to consult their legal advisers.

DESCRIPTION OF ADVANTAGE'S SECURITIES

Outstanding Securities

The Company currently has Advantage Structured Fund Shares issued and outstanding. Advantage Structured Fund I Common Shares and Advantage Structured Fund I RRSP Common Shares have the same Pricing Net Asset Value per Share and have identical rights and restrictions.

The division of the Fund's Shares into two types of Shares, "Common Shares" and "RRSP Common Shares", provides us with a mechanism for tracking whether or not Investors hold their Shares in an RRSP, or other registered account. Our Advantage Structured Fund Shares are not currently being offered for sale.

We also have a separate class of common shares, referred to in this AIF as the Equity Participation Shares. The Equity Participation Shareholders beneficially own all of the issued and outstanding Equity Participation Shares. These shares only have value to their holders after certain investment objectives have been achieved. The holders of the Equity Participation Shares are entitled to receive a dividend if and when declared by our Board. The Equity Participation Shares have no voting rights, except that the holders of the Equity Participation Shares have the right to attend and vote at general meetings of our shareholders to elect such number of our Directors as is equal to not less than 20% of the total number of Directors that comprise our Board. For further information on the Equity Participation Shares, please refer to "Management Details of Advantage – Details of the Equity Participation Shares".

Material Attributes

The material attributes of all of our Shares are as follows:

- (a) **Dividends** – Holders of a class of Shares are entitled to receive dividends, if, as, and when declared by the Board from time to time to the exclusion of all or any other classes of Shares of Advantage. We may also pay dividends on our Equity Participation Shares to the exclusion of any other classes of Shares;
- (b) **Voting Rights** – All holders of Shares have one vote in person or by proxy for each Share held. Holders of Shares are entitled to receive notice of and attend all meetings of Advantage shareholders and will be entitled to vote at any such meeting. Holders of Shares are entitled to elect the Directors of Advantage, provided that the holders of the Equity Participation Shares have the right to attend and vote at general meetings of Advantage shareholders to elect such number of Directors as is equal to not less than 20% of the total number of Directors that comprise the Board;
- (c) **Dissolution** – on the liquidation, dissolution or winding-up or other distribution of our assets for the purpose of winding-up our affairs, the holders of Shares will be entitled to receive the Pricing Net Asset Value per Share of the applicable Fund they have invested in. Any material assets, as determined by the Board in its sole discretion, then remaining in the applicable Fund will be distributed to the holders of the Shares attributable to that Fund pro-rated based upon the number of Shares of that Fund held by the shareholder at that date;
- (d) **Conversion** – Advantage is entitled at any time, by a resolution of the Directors, to require that all or any class of Advantage's common shares be converted into any other class of its common shares, so long as the conversion is carried out based upon the respective Net Assets of the respective classes of common shares; and
- (e) **Redemption** – Please see "Redemption of Securities – Redemption Rights" for further details regarding redemption rights. All Redemptions of our Funds are currently suspended.

Provisions as to the modification, amendment or variation of the special rights and restrictions attached to our common shares are contained in our Articles and the Business Corporations Act. Generally speaking, the creation, variation or deletion of special rights or restrictions attached to a class of common shares requires the approval of the shareholders by Special Resolution. Notwithstanding the foregoing, no right or special right attached to issued shares may be prejudiced or interfered with unless the shareholders holding shares of the class or series of shares to which the right or special right is attached consent by a separate Special Resolution of those shareholders.

Meetings of Securityholders

Advantage holds an annual shareholders' meeting at least once in each calendar year. Advantage provides shareholders with at least 21 days' notice of such meetings. At Advantage's annual shareholder meetings, the general business will typically include consideration of the financial statements of Advantage, the setting of the number of Directors, the election of Directors, and the appointment of an auditor. If shareholders are asked to consider and approve special business, the majority of votes required to pass a Special Resolution is two-thirds of the votes cast on the resolution.

Matters Requiring Securityholder Approval

In addition to the matters discussed above, Advantage must from time to time obtain securityholder approval of various other matters to comply with applicable law, including the SBVCA. For example, Advantage must obtain securityholder approval of compensation paid to the Manager on a yearly basis in the form of a Special Resolution in order to comply with the SBVCA. In addition, significant corporate changes will typically require securityholder approval under the Business Corporations Act and applicable securities laws, including those matters set out in section 5.1 of National Instrument 81-102 - *Investment Funds*.

Reporting to Securityholders

Each financial year, Advantage shareholders can receive audited annual financial statements and a management report of fund performance for the year ended December 31, unaudited six-month interim financial statements and a management report of fund performance for the period ended June 30, if they request such information from the Fund. Advantage shareholders will receive an information circular regarding the business proposed for each annual meeting of Advantage shareholders without any further action on their part.

VALUATION OF PORTFOLIO SECURITIES

Valuation of Portfolio Companies for which a Published Market Exists

On each Valuation Date, the Fair Value of investments in Portfolio Companies for which there exists a published market will be determined on the basis of the prices in such market. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation. The Audit and Valuation Committee will approve this valuation on a quarterly basis in connection with its approval of the Pricing Net Asset Value of the Funds and the Pricing Net Asset Value per Share of each of the Funds (see "Calculation of Net Asset Value – Calculation of Pricing Net Asset Value" above).

Valuation of Portfolio Companies for which no Published Market Exists

The value of investments in Portfolio Companies for which no published market exists will be determined on the basis of the following policies and procedures which have been established by the Audit and Valuation Committee, and approved by the Board, for determining the Fair Value of such assets, which are currently as follows:

1. Investments (including warrants and options, etc.) will be valued at estimated Fair Value. Warrants and options will be valued using the intrinsic approach to valuation.
2. The estimated Fair Value of investments will be determined on the basis of expected realizable value of the investments on a going concern basis or if they were disposed of in an orderly disposition over a reasonable period of time, as appropriate.
3. Where performance of an entity in which an investment has been made varies adversely from Advantage's expectations, a write-down will be considered and made where appropriate.
4. New investments will normally be carried at cost unless there is a substantial arm's length transaction which establishes a different value or there is a significant change in the investment.
5. If there is a substantial arm's length, bona fide, enforceable offer or transaction with respect to an entity in which Advantage has made an investment, values used in such offer or transaction may be used in the valuation of the investment. Similarly, if there is a valuation prepared by a qualified independent person, such valuation will be given due consideration in assessing the Fair Value of an investment.
6. If the investment is progressing satisfactorily in relation to Advantage's expectations, in determining the Fair Value a reasonable multiple of sustainable earnings, cash flow, sales revenue or discounted cash flow (as considered appropriate) may be used.
7. Short-term liquid debt instruments (having a term to maturity of 365 days or less) are valued at cost with accrued interest or discounts earned included in interest receivable.
8. Convertible securities will generally be valued at their principal amount or their estimated Fair Value as if they had been converted, in each case with such estimated Fair Value being determined on the basis described above. Warrants and options will be valued using the intrinsic approach to valuation.
9. In the unusual event that the valuation policies and procedures described above are not appropriate to the particular Portfolio Company's circumstances, then the Audit and Valuation Committee can approve appropriate valuation techniques for that investment.

The process of valuing investments for which no published market exists will inevitably be subject to inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

The Audit and Valuation Committee will review and, if deemed fit, approve the Manager's valuation of the Funds' investments in Portfolio Companies on a quarterly basis in connection with the Audit and Valuation Committee's

approval of the Pricing Net Asset Value of the Funds and the Pricing Net Asset Value per Share for the Funds (see "Calculation of Net Asset Value – Calculation of Pricing Net Asset Value" above).

Independent Assessment

On an annual basis, Advantage obtains a review by an independent chartered business valuator of the aggregate estimated Fair Value of Portfolio Companies for which no published market exists for each of the Funds, calculated in accordance with the Valuation Methodology.

Reporting of Pricing Net Asset Value

Advantage will publish its Pricing Net Asset Value per Share weekly. However, Advantage may, at its sole discretion, choose to report its Pricing Net Asset Value per Share more regularly. Advantage's Pricing Net Asset Value per Share can be obtained free of charge by calling Advantage's offices at 604-688-6877, on Advantage's website at www.bcadvantagefunds.com or by contacting your investment advisor.

CALCULATION OF NET ASSET VALUE

Calculation of Net Assets

The following is our Valuation Methodology, which has been prepared by our Audit and Valuation Committee and approved by our Board. Our Board may, with the input of our Audit and Valuation Committee, revise our Valuation Methodology from time to time. Our Audit and Valuation Committee consists of three Directors, one of whom is an Independent Director.

Net Assets Per Share

Net Assets per Share is calculated by subtracting the aggregate amount of liabilities from the aggregate of assets, divided by the number of Shares of that Fund then issued and outstanding, including an estimate of the Equity Participation of the Class Z Shareholders and Management Equity Participation of the Manager, calculated as follows:

- (a) the Fair Value of:
 - (i) current assets;
 - (ii) investments in Portfolio Companies for which a published market exists; and
 - (iii) investments in Portfolio Companies for which no published market exists; plus
- (b) the fair value of any other assets of the Fund; less
- (c) the total liabilities of the Fund (except investor equity classified as a liability under GAAP) at that date.

Advantage is subject to taxation as a single corporate entity and therefore is required to annually file an income tax return encompassing all Funds. Notwithstanding this, the value of each of Advantage's classes of Shares is dependent on the net assets of each respective Fund. Advantage therefore determines the Net Assets per Share of each class as if each Fund had to file a separate income tax return each year. Currently, Advantage only has one Fund, the Advantage Structured Fund.

In the event that Advantage has more than one Fund in the future, Advantage has implemented an inter-fund tax transfer policy in order to determine the Net Assets per Share of a respective Fund as if each Fund had to file a separate income tax return. If a Fund has net taxable income in a taxation year and the other Funds have excess current period tax deductions or losses from prior periods available, the Fund will utilize current tax deductions and then losses carried forward to minimize its taxable income. When a Fund utilizes tax attributes of another Fund, the transfer of these tax attributes will be reflected in each Fund's statement of operations within income tax expense or recovery, as appropriate, and in each Fund's net assets as an inter-fund receivable or payable. Advantage will take this into account in determining the Net Assets per Share of each of the Funds each quarter by adding or subtracting, as the case may be, an amount equal to the total tax deductions utilized or given up during the quarter multiplied by the applicable tax rate (excluding any potential refund of tax resulting from the payment of dividends, which will be recorded when realized).

In addition, Advantage will take into account the net future income tax asset or liability of each Fund in determining the Net Assets per Share of the Fund at the end of each quarter. The net future income tax asset or liability will be calculated in accordance with GAAP.

With respect to Pricing Net Asset Value per Share (see "Calculation of Pricing Net Asset Value" below) a Fund does not update the calculations of current or future taxes with the weekly determination of Pricing Net Asset Value per Share. Instead, the Fund will update the current and future tax calculations used in Pricing Net Asset Value per Share on a quarterly basis.

Calculation of Pricing Net Asset Value

Pricing Net Asset Value per Share is used for Share issue and redemption purposes only and not for accounting purposes. Pricing Net Asset Value is described in the December 31, 2015 audited financial statements of our Funds as "Net Asset Value", consistent with industry practice.

On any Valuation Date, the Pricing Net Asset Value of a Fund is equal to:

- (a) the Net Assets of the Fund at the date; plus
- (b) the unamortized deferred Share issuance costs amount; plus or minus
- (c) an adjustment from bid quotation prices to last sale prices in respect of publicly-traded Portfolio Companies.

Historically, this method of calculating Pricing Net Asset Value of a Fund was consistent with GAAP. However, effective as of January 1, 2004, GAAP no longer permits a Fund to capitalize start-up costs and issue costs and record them as deferred assets on its financial statements. Because issue costs are associated with the raising of capital that a Fund will typically have available for at least five years, it is appropriate, for the purposes of determining the price at which Shares are sold, to spread such costs equally over five years from the date of issuance of the Shares. The five-year term was selected because Investors cannot (except in the case of permitted early redemptions) redeem their Shares for at least five years after acquiring them.

The calculation of Pricing Net Asset Value of a Fund incorporates the Fund's current assets and liabilities, which may include estimates. Estimates of working capital balances for the purpose of calculating Pricing Net Asset Value of a Fund may differ from estimates for the purpose of calculating GAAP Net Assets of a Fund due to timing differences. In addition, certain subsequent events may be treated differently for the calculation of Pricing Net Asset Value of a Fund in comparison to GAAP Net Assets of a Fund. Specifically, GAAP requires certain subsequent events to be recorded as at a financial statement date based on information that has arisen at a subsequent date. For the purposes of Pricing Net Asset Value of a Fund, adjustments that are recorded as at the prior financial statement date in accordance with GAAP for subsequent events, are recorded at the next available Valuation Date.

The Pricing Net Asset Value of a Fund will be determined by Manager as of the Valuation Date, and the Audit and Valuation Committee will review and approve the Pricing Net Asset Value of a Fund and the Pricing Net Asset Value per Share on at least a quarterly basis. The Pricing Net Asset Value per Share of a Fund is determined on each Valuation Date by dividing the Pricing Net Asset Value of the Fund on the date by the total number of Shares of the Fund outstanding on that date. The Pricing Net Asset Value per Advantage Share determined in this manner may not be directly comparable to the pricing methods used by venture capital funds, such as labour sponsored funds, based in other provinces. In practise, the Pricing Net Asset Value per Share is calculated on Friday of each week at 2:00 pm PST and disseminated to The Globe and Mail and Fundata.

As at December 31, 2015, the differences, pertaining to each Fund (other than the Advantage Structured Fund III and Advantage Structured Fund IV, which did not have any Investors as of that date), between Pricing Net Asset Value per Share and Net Assets per Share for GAAP purposes, are summarized in the following reconciliation sourced from the statements of financial position and the Funds' audited financial statements, which are incorporated by reference herein:

	Advantage Structured Fund
Net assets in accordance with IFRS as reported	\$8,069,808
Add: Unamortized deferred sales commissions and share issuance costs	\$3,470
Valuation Adjustment deferred for pricing in accordance with prospectus	\$25,206
Pricing net asset value	\$8,098,484
Common shares outstanding as at December 31, 2015	5,439,641
Pricing net asset value per common share	\$1.49
Net assets in accordance with IFRS per common share	\$1.48

Audit and Valuation Committee

The Pricing Net Asset Value of a Fund will be determined by the Manager as of the Valuation Date and the Audit and Valuation Committee will review and approve the Pricing Net Asset Value of the Fund and the Pricing Net Asset Value per Share on at least a quarterly basis.

PURCHASES OF SECURITIES

We have closed our Fund and have suspended all redemptions, except for redemptions requested upon death of a Shareholder. Our Advantage Structured Fund Shares are not currently being offered for sale.

REDEMPTION OF SECURITIES

Redemption Rights

Redemption of Shares by Holders

Our Shares are redeemable only:

- (a) on or after the date that is five years from the date that 80% of the proceeds from the sale of Shares in a given calendar year are invested in ESBs;
- (b) during the one month period prior to the date referred to in (a) above, where the holder thereof is concurrently subscribing for Shares on terms and conditions acceptable to us; and
- (c) otherwise with the approval of our Board of Directors and, if necessary, the approval of the SBVCA Administrator.

The redemption of our Shares is subject to our right to decline redemptions as described below under "Suspension of Redemptions". On May 3, 2010, we announced that we were temporarily suspending redemptions until further notice. Redemptions are expected to remain suspended for the foreseeable future.

Where a redemption occurs, the Shares will be redeemed for the Redemption Price, which is defined as the Pricing Net Asset Value per Share of a Fund determined as at the end of the Valuation Date which falls on or occurs immediately after the date on which we receive a Redemption Request, and any dividends then declared and remaining unpaid in respect of the Shares of that Fund.

The SBVCA Administrator regulates the number of Shares of a given Fund that are available for redemption from year to year. Based on correspondence with the SBVCA Administrator, our Advantage Structured Fund Shares are available for redemption in accordance with the following tables:

Advantage Structured Fund

	2015	2016	2017	2018	2019	2020
Shares Available for Redemption	4,594,866	4,846,290	5,079,175	5,079,175	5,377,179	5,439,641

The number of Shares available for redemption disclosed above represents the maximum number of Shares available for redemption in the specified years. In practice, the number of Shares actually redeemed may be less due to redemptions being closed except for with respect to deceased investors. We will use the net proceeds of disposition of Portfolio Companies, any income received from Portfolio Companies and any income received on cash balances to fund operations, meet ongoing investment pacing obligations and meet redemption requests when, and if, redemptions are re-initiated. In due course, to meet redemption requests, we will need to sell Portfolio Companies or earn sufficient income from Portfolio Companies and cash balances. There are circumstances, such as the present, in which we may be unable to sell Portfolio Companies or generate sufficient income to earn sufficient cash to meet redemption requests. Please refer to "Suspension of Redemptions" below, and also "Risk Factors".

Redemption Procedure

When, and if, we re-initiate redemptions, an Investor wishing to redeem Shares must follow the procedure set out below. We reserve the right to amend this procedure in the future.

To have Shares redeemed, the Investor must deliver a Redemption Request to us. The Redemption Request must be signed by the Investor or his or her properly authorized investment dealer or broker, and it must specify the number of Shares which the Investor wishes to have redeemed. To ensure that no mistakes are made, we reserve the right to reject a Redemption Request form if it is not completed correctly. The forms for Redemption Requests will be available from our Selling Agents and from us.

Subject to the restrictions on redemption and the other restrictions set forth below under "Suspension of Redemptions" below, we will, within 30 days of receiving a properly completed Redemption Request, pay (or cause to be paid) the Redemption Price to or to the order of the holder of the Shares being redeemed, or to the holder's authorized investment dealer or broker. Upon making this payment, the redeemed Shares will be cancelled.

As we may be receiving Redemption Requests from time to time, we will process the requests and redeem the Shares in the order in which we receive them. Investors should understand that redemptions need not be made pro rata among every shareholder who holds Shares to be redeemed, unless we determine it would be appropriate to do so.

In any case, the procedure and manner of payment for redemption of any Shares may be modified by agreement between ourselves and the Investor or his, her or its authorized agent, investment dealer or broker. A dealer may make provision in arrangements that it has with an Investor that will require the Investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the Investor to satisfy our requirements or the requirements of securities legislation for a redemption of Shares.

Suspension of Redemptions

On May 3, 2010, Advantage announced that it had temporarily suspended redemptions of Shares of the Advantage Venture Fund and the Advantage Growth Fund. Redemptions are expected to remain suspended for the foreseeable future. Under the SBVCA, only funds from investment income, capital gains and the proceeds of disposition of investments held for five years or more may be used to make redemptions. The Advantage Venture Fund and the Advantage Growth Fund have now been merged under the name Advantage Structured Fund. The Fund does not currently have sufficient funds allowable under the SBVCA to meet redemption obligations and redemptions remain suspended. Continuing adverse financial markets for emerging companies have made it difficult for Advantage to achieve liquidity on investments at reasonable valuations. Management believes that the temporary suspension of redemptions was in the best interests of Investors until exits can be achieved at prices more reflective of true enterprise values. Advantage will notify Investors upon achieving sufficient liquidity and reinstating redemptions and will process redemption requests in the order required under the SBVCA.

As set out in our Articles, we will not complete a Redemption Request if:

- (a) we are not in compliance with the minimum investment requirements under the SBVCA or the redemption would cause us not to be in compliance with the minimum investment requirements under the SBVCA by reducing our available funds to an amount that is less than the aggregate amount of all future investments we are required to make in order to remain in compliance with such investment requirements;
- (b) we have a working capital deficiency or the redemption would cause us to have a working capital deficiency;

- (c) we are insolvent or the redemption would cause us to be insolvent;
- (d) the redemption would cause us to be in default of our financial obligations under a bona fide arm's length loan agreement;
- (e) the redemption is otherwise prohibited under applicable law; or
- (f) our Board of Directors determines, in its sole discretion, that the redemption should not proceed.

The SBVCA provides that we may redeem our Shares but that in certain circumstances we may become obliged to pay to the Minister of Finance an amount which is equal to some or all of the 30% Tax Credit originally given in respect of those Shares. The actual amount to be paid would depend upon whether the Shares are redeemed for more or less than their original issuance price. In any event, no amount will be payable to the Minister of Finance so long as we have invested the funds we raise in ESBs within the required "pacing" period, and so long as the funds are kept invested in ESBs for the prescribed period. The pacing requirements require that 40% of the funds raised by us during a fiscal year be invested by no later than the end of the first following fiscal year, and that 80% be invested by no later than the end of the second following fiscal year following the original date of the issuance of the Shares. Currently, Advantage is fully-invested and does not expect to make any additional investments in the future.

The prescribed period to keep the funds invested is five years from when the Eligible Investments are made. Should we divest ourselves of our Eligible Investment prior to the expiration of the statutory five year period and fall below the minimum level requirements, we must reinvest additional funds into another Eligible Investment for the remainder of the five year period or we may face the possibility of program suspension and repayment of Tax Credits. As such, it is in our interests to not redeem any Shares unless and until these criteria are met. This will make the redemption period, for practical purposes, longer than five years. We will take these concerns into account when deciding whether or not to permit a specific redemption.

In addition to the restrictions on redemption in our Articles and under the SBVCA, there are practical limits on the number of redemption requests that we will be able to fulfill after the initial hold period, which practically speaking will be six to seven years, such limits to depend on the number of investments in Portfolio Companies that we have sold and that have met our return objectives by that time. Unless withdrawn, a Redemption Request that we have declined, in whole or in part, in any of the circumstances described above will remain in effect and will be deemed to have been received by us on the first day on which the applicable circumstances no longer pertain. Where we have more than one declined Redemption Request, such request will be deemed to have been received on such day and received in the order in which they were originally received, in priority to any other Redemption Requests received by us on such day.

The Redemption Price to be paid in respect of any Shares redeemed upon completion of a previously declined Redemption Request will be equal to the Redemption Price that would have been payable in respect of such Shares had the Redemption Request actually been processed on the day on which it is deemed to have been received.

Conversion Right

By resolution of our Board of Directors, we are entitled at any time to require that all or any class of Shares be converted into any other class of Shares, so long as the conversion is carried out based on the respective Pricing Net Asset Value per Share of the respective classes of Shares.

The conversion right herein provided for may be exercised by us by delivering a written notice of the conversion to the holders of the Shares that are being converted into a different class of Shares, including the terms of conversion.

Within 30 days of a conversion, Investors will receive a confirmation setting out the number of Shares acquired on the conversion. No fractional Shares will be issued upon any conversion of the Shares and the number of new Shares received will be rounded down to the nearest whole Share.

For details of the various exercises of the conversion right by our Board, please refer to the section of this AIF entitled "Name, Formation and History of the Fund" beginning on page 1.

Termination of the Fund

Advantage currently has one Fund, the Advantage Structured Fund, which does not have a fixed termination date. As discussed under “Description of Advantage’s Securities”, in the event of our liquidation, dissolution or winding-up or other distribution of our assets for the purpose of winding-up our affairs, the holders of Shares will be entitled to receive the Pricing Net Asset Value per Share of the Fund. Any material assets, as determined by the Board in its sole discretion, then remaining in the Fund will be distributed to the holders of the Shares attributable to that Fund pro-rated based upon the number of Shares of the Fund held by the shareholder at that date.

Our Board may, by resolution, require that all or any class of our common shares be converted into any other class of our common shares, so long as the conversion is carried out based upon the respective Net Assets of the respective classes of common shares. The exercise of this right may in practical terms result in a Fund being terminated.

Effective March 1, 2011, we closed our Funds for future fundraising. Our intention is to manage the existing portfolio through to liquidity. We do not anticipate raising new capital into Advantage in the future.

INVESTMENT OBJECTIVES

Our objective is to provide Investors with superior returns by investing primarily in emerging technology, clean-tech and life science companies located in British Columbia. As we already closed our Fund to raising further capital and the Fund is now fully-invested, we do not expect to make any further investments.

We invest in equity securities and securities convertible into equity, such as convertible debt. All of our investments must be made in compliance with the SBVCA. The SBVCA restricts us, with some minor exceptions, to acquiring only certain types of securities, referred to as eligible securities, of only certain types of businesses, referred to as Eligible Small Businesses or ESBs, in addition to certain other investments permitted under the SBVCA. Advantage is also subject to and must be managed in accordance with certain restrictions and practices contained in securities legislation which are designed in part to ensure proper administration of the Fund.

INVESTMENT STRATEGIES

Investment Strategies

Advantage’s strategy is to invest primarily in emerging British Columbia based technology, clean-tech and life science companies with the objective of realizing long-term capital appreciation. As we already closed our Fund to raising further capital and the Fund is now fully-invested, we do not expect to make any further investments.

Investment Management Approach

The Manager, our Fund Managers and Mentors, when necessary or advantageous to our investors, work closely with entrepreneurs to build the value of their businesses. We work to provide Portfolio Companies with the capital to develop their technologies, to launch new products, increase sales and marketing activity, enter new markets and expand production facilities. In addition, we use our network to help introduce opportunities and Mentors to our Portfolio Companies to help them grow and succeed, including in development of their business strategies, assembly of management teams and boards of directors and advisors, identification and pursuit of strategic partners, execution of business plans, securing follow-on funding, and on the sale of the company or accessing the public markets.

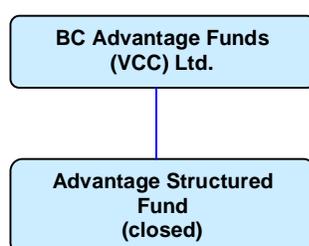
One of the challenges with venture capital investing is that investment objectives will be realized, if at all, over the long term. Since Advantage generally acquires equity securities, such as common or preferred shares, of Portfolio Companies, we do not typically realize on an individual investment until such time as the Portfolio Company is either sold or becomes publicly traded and achieves sufficient liquidity. Since we do not typically have the ability to control this process, we will often not control the creation of a liquidity event for our investments. As such, the investments we make will, in many cases, be illiquid and must be viewed as long-term investments. In addition, investing in young technology, clean-tech and life science companies is an extremely high risk venture and there is no guarantee that we will realize gains on our investments or be able to liquidate them at all.

In order to facilitate liquidity to meet redemption requests, we may be required to sell investments at a discount to current market values and we may be required to sell investments to related parties at a discount to current market

values. In the event that investments are sold to a related party at a discount to current market values, the transactions will be governed by Advantage's Conflicts of Interest Policy and therefore will require the approval of Advantage's Investment Committee. Please refer to "Management Details of Advantage – Conflicts of Interest".

On May 3, 2010, we announced that we were temporarily suspending redemptions of shares of the Advantage Venture Fund and the Advantage Growth Fund, which were then merged under the name the Advantage Venture Fund. Effective September 24, 2014, Advantage reinstated redemptions for deceased shareholders, subject to certain limitations.

Overview of the Investment Structure



All investors hold shares in the Advantage Structured Fund, which has been closed to the further raising of funds. The Pricing Net Asset Value per Share of the Advantage Structured Fund is the amount that Advantage will pay to Investors upon redemption of their Shares, or in respect of a distribution of capital on Advantage's liquidation, dissolution or winding up. We will also use the Pricing Net Asset Value per Share to calculate any amounts we may pay on a distribution of capital or upon the payment of a dividend on the Shares. Advantage Structured Fund.

The Advantage Structured Fund is currently closed to raising further funds. Advantage is not offering Advantage Structured Fund Shares for sale at this time.

The Portfolio Companies in the Advantage Structured Fund include companies in the software, telecommunications, clean-tech and advanced manufacturing spaces, as well as a number of biopharma companies. These Portfolio Companies include private and public companies, as well as companies from the development and commercialization stage through to revenue companies.

The following investments in Portfolio Companies were held by Advantage Structured Fund at December 31, 2015:

Advantage Structured Fund Investment, Asset or Liability	Investment at Fair Value as at December 31, 2015⁽¹⁾
Publicly-traded investments:	
Sophiris Bio Inc.	\$236,173
Venturi Ventures Inc.	\$165,521
Total publicly-traded investments:	\$401,694
Privately-held investments:	
Agreement Express Inc. (formerly Recombo Inc.)	\$634,742
Contech Enterprises Inc.	\$0
Endurance Wind Power Inc.	\$2,101,400
Methylation Sciences Inc.	\$233,261
MTI Limited Partnership	\$1,956,066
Paradigm Environmental Technologies Inc.	\$0
Redlen Technologies Inc.	\$1,884,886
Total privately-held investments	\$6,810,354
Total Investments	\$7,212,049
Cash and Other Current Assets	\$975,841
Unamortized Balance of Deferred Issuance Costs	\$3,470
Valuation Adjustment deferred for pricing in accordance	\$25,206

with prospectus	
Liabilities	\$(118,082)
Pricing Net Asset Value of the Fund⁽²⁾	\$8,098,484

⁽¹⁾ For Valuation Methodology, please refer to "Calculation of Net Asset Value".

⁽²⁾ For a determination of Pricing Net Asset Value, please refer to "Calculation of Net Asset Value – Calculation of Pricing Net Asset Value".

Significant Holdings in Other Entities

The following table includes information regarding each Portfolio Company, 5% or more of whose securities of any class are beneficially owned directly or indirectly by the Advantage Structured Fund.

Significant Holdings of Advantage Structured Fund		
Name and Address of Entity	Nature of Entities' Principal Business	Percentage of Securities of each Class Owned by Fund
Endurance Wind Power Inc. 107, 19052 – 26th Avenue Surrey BC V3S 3V7	Manufacturer of distributed wind turbines.	21% of Class B preferred shares
Methylation Sciences Inc. 250, 25th Street West Vancouver BC V7V 4J1	Development of a widely used nutraceutical as a new drug for the treatment of depression.	16% of Class B Common shares
MTI Limited Partnership Suite 230, 10451 Shellbridge Way, Richmond, BC V6X 2W8	Holding escrow assets pending distribution to its limited partners.	15% of Class A Series 1 units 27% of Class A Series 2 units 12% of Class A Series 3 units 5% of Class B units
Redlen Technologies Inc. Unit 107 - 9865 West Saanich Road Sidney , BC V8L 5Y8	Manufacturing of semiconductor compounds and components for use in radiation based digital imaging systems and solar panels.	10% of common shares 34% of Class A Series 3 preferred shares
Venturi Ventures Inc. #410 – 221 West Esplanade North Vancouver, BC V7M 3J3	Venturi Ventures Inc. is currently in the process of being wound up.	41% of common shares

INVESTMENT RESTRICTIONS

Investment Restrictions

As a VCC regulated under the SBVCA, we cannot make or hold any investments not permitted by the SBVCA. With some minor exceptions, we are restricted to acquiring eligible securities or ESBs, in addition to Permitted Investments. In addition, we are also limited in how we can invest, as to the types of securities we can acquire and the percentage interest that we are permitted to own. Essentially, we are limited to buying equity securities and we are not permitted to control our Portfolio Companies.

Statutory Restrictions

We are subject, under the SBVCA, to the investment restrictions and requirements set forth below.

Eligibility Restrictions

Except for those Permitted Investments specified below, we may only make investments in eligible securities of ESBs.

In addition, we may make Permitted Investments in:

- (a) securities of Eligible Small Businesses, the equity shares of which would qualify as eligible securities;
- (b) liquid reserves on deposit in British Columbia at a savings institution;
- (c) securities, as defined by the Securities Act, of a small business, the equity shares of which would qualify as an Eligible Investment;
- (d) an Investment Protection Account; and/or
- (e) any other investment prescribed pursuant to the SBVCA.

Industry Restrictions

Unless such investment is or was made with funds that were raised other than through the issue of approved equity capital, we may not make or hold an investment in an ESB if all or part of the proceeds of that investment are directly or indirectly used or intended to be used by the ESB for any of the following purposes:

- (a) lending;
- (b) investment outside British Columbia;
- (c) investment in land, unless the use thereof is incidental or ancillary to the qualifying activities in which the ESB is substantially engaged;
- (d) acquiring securities other than equity shares from our Affiliate of an Eligible Small Business (convertible debt of an ESB is an Eligible Investment so long as the terms of the debt are in accordance with the SBVCA and its regulations);
- (e) purchasing goods or services from us, one of our Directors, Officers or shareholders or from an Associate of one of our Directors, Officers or shareholders, other than:
 - (i) business or managerial advisory services provided to the ESB at fair market value, or
 - (ii) goods or services that are sold to the ESB at fair market value in the ordinary course of the seller's business as a seller of such goods or services on the open market;
- (f) payment of all or part of a debt obligation, unless:
 - (i) the payment is considered necessary for the financial viability of the ESB by the SBVCA Administrator, or
 - (ii) the debt obligation was incurred with the prior approval of the SBVCA Administrator in anticipation of an investment in the ESB by us;
- (g) as part of a transaction or series of transactions directly or indirectly involving any of the following:
 - (i) the purchase or redemption of previously issued shares of the ESB or any of its Affiliates;
 - (ii) the retirement of any part of a liability to a shareholder of the ESB or any of its Affiliates or to a shareholder of the ESB, Associate or Affiliate;
 - (iii) the payment of dividends;
 - (iv) except in prescribed circumstances, the funding of all or part of the purchase by the ESB of all or a substantial portion of the assets of a proprietorship, partnership, joint venture, trust or corporation;
 - (v) the funding of all or part of the purchase by the ESB of any of the assets of a proprietorship, partnership, joint venture, trust or corporation at a price that is greater than the Fair Value of the assets purchased; or
 - (vi) other prescribed events; and
- (h) other prescribed purposes.

Related Party Restrictions

The SBVCA also provides that we may not make or hold an investment in an ESB if a majority shareholder of Advantage is, or was at any time during the two years immediately preceding the investment:

- (a) a 10% shareholder or member of a control group of the ESB;
- (b) an Associate of a 10% shareholder or member of a control group of the ESB;
- (c) a voting trust where the trustee votes shares of the ESB; or
- (d) the ESB or an Associate or Affiliate of the ESB.

In addition, we may not make or hold an investment in an ESB if the ESB or an Associate, Affiliate, director, officer or shareholder of the ESB provides or has provided, directly or indirectly, as part of any transaction or series of transactions, a loan, guarantee or any other financial assistance to us or a person who is, or was at any time during the two years immediately preceding the investment:

- (a) an Associate or Affiliate to us;
- (b) one of our Directors, Officers or shareholders;
- (c) a member of a group of persons that controls us; or
- (d) another person, for the purpose of that person making an investment in us.

Control Restrictions

Under the SBVCA, we may not control an ESB in which we invest and we may not make an investment in an ESB where 50% of the shares carrying votes for the election of directors of the ESB are owned, directly or indirectly, or the ESB is controlled, directly or indirectly, by us or by us and any other VCC or VCCs or employee VCC ("EVCC") or corporations registered under the *Employee Investment Act* (British Columbia), either alone or in conjunction with one or more of its or their Associates or Affiliates, their shareholders or their Associates or Affiliates, their directors or their Associates, or their officers or their Associates. There is an exception to this where the SBVCA Administrator considers the ESB to be in financial difficulty and permits us to control it temporarily under such circumstances and on such terms and conditions as the SBVCA Administrator may determine.

Capital Restrictions

The SBVCA also provides that we may not make an investment in an Eligible Small Business, if, as a result of the investment, the aggregate of all amounts received by the Eligible Small Business and any Affiliates of the Eligible Small Business from us and from any other VCC or VCCs, directly or indirectly, would be greater than ten million dollars in the trailing twenty-four month period.

Dispositions of Prohibited Investments

If an investment becomes prohibited by virtue of the Eligible Small Business failing to comply with the restrictions imposed by the SBVCA with respect to investment restrictions, related party restrictions, control restrictions or capital restrictions, we must, within six months after the investment became prohibited, dispose of that investment. An exception to this applies if, within the six month period, the circumstances that caused the investment to be prohibited are changed to the extent that it is no longer prohibited. Please refer to "Industry Restrictions", "Related Party Restrictions", "Control Restrictions" and "Capital Restrictions" above.

If an investment becomes prohibited by virtue of the Eligible Small Business ceasing to pay at least 75% or 50%, as the case may be, pursuant to the rules of the SBVCA, of its wages and salaries, calculated in a prescribed manner, to employees who regularly report to work at operations in British Columbia (the "**Salaries Requirement**"), or ceases to be substantially engaged (as determined in a manner prescribed by regulation) in British Columbia in one or more of the business activities specified in the SBVCA or prescribed by the regulations thereunder (the "**Business in B.C. Requirement**"), we must dispose of our investment within six months after the Eligible Small Business ceases to conform to the Salaries Requirement or the Business in B.C. Requirement, unless, within the applicable period, the circumstances which caused the investment or the securities to be prohibited change, so that it or they are no longer prohibited. We may request the SBVCA Administrator to relieve us from this requirement to dispose of the

investment and the SBVCA Administrator may do so, or may extend the period within which the disposition must be made for an additional period not exceeding six months. To do so, the SBVCA Administrator must be satisfied that:

- (a) the prescribed requirements, if any, are met;
- (b) the breach of the Salaries Requirement or the Business in B.C. Requirement by the Eligible Small Business was not imminent at the time the investment was made; and
- (c) the Eligible Small Business did not use any of the investment proceeds that it received for any purposes prohibited by the SBVCA.

Voluntary Restrictions

In addition to the investment restrictions described above, our Board may, from time to time, establish certain other investment restrictions. At this time, no such restrictions have been adopted.

Changes to Investment Objectives or Strategies

The fundamental investment objectives, restrictions, policies or strategies of our Fund that are determined by the SBVCA can only be changed if the SBVCA is amended by government. The fundamental investment objectives, restrictions, policies or strategies of our Funds that are determined by our Board and the board of directors of the Manager can be changed by our Board and the board of directors of the Manager.

Mutual Fund Investment Restrictions Do Not Apply

Because our Fund is not a "mutual fund", as defined under applicable securities legislation, it is not subject to the investment restrictions and practices governing mutual funds, including those in National Instrument 81-102.

Cash Management

Pending investment in Eligible Investments and/or Permitted Investments in securities of ESBs, we will invest our cash assets (including funds received on liquidation of investments) in liquid reserves and/or other liquid securities permitted by the SBVCA, and we will earn a rate of return generated by such investments. Please refer to "Investment Restrictions – Statutory Restrictions - Eligibility Restrictions".

Investment Protection Account

Under the SBVCA, a VCC must establish an Investment Protection Account, or IPA, into which it must deposit 30% of all capital it raises to serve as a source of capital if the VCC needs to make a remittance back to the Province of British Columbia. To have the funds in the IPA released, the VCC needs the consent of the SBVCA Administrator. In May 2015, the SBVCA administration authorized the closing of the Advantage IPA as Advantage had fulfilled its investment pacing requirement.

The portions of our Investment Policy that are governed by the SBVCA and, in particular, the investment restrictions imposed thereby, may only be altered in the event the SBVCA or its regulations are amended by the Government of British Columbia. In the event that the SBVCA or its regulations are amended, our Investment Policy will be deemed to be similarly amended to reflect such changes. Those portions of our Investment Policy that are not governed by the SBVCA or its regulations may be changed by our Board at any time and from time to time.

MANAGEMENT DETAILS OF ADVANTAGE

Officers and Directors of Advantage

The following table discloses the principal occupations and related experience over the past five years of Advantage's Directors and Officers as at the date of this AIF:

Name, Municipality of Residence and Position(s) with Advantage	Principal occupation for Past Five Years⁽⁶⁾	Date(s) Served as a Director From⁽⁶⁾	Number and percentage of Shares held as of December 31, 2015
Frank Holler ⁽¹⁾⁽³⁾⁽⁵⁾⁽⁶⁾ North Vancouver, B.C. <i>Chairman, Chief Executive and Director</i>	CEO and Fund Manager of Advantage from April 2004 to present; CEO of Lions Capital from April 2004 to present.	February 24, 2003	12,197 Advantage Structured Fund Shares, or 0.22% of all Advantage Structured Fund Shares
Don Enns ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ North Surrey, British Columbia <i>Director</i>	President and CEO of Transferra Nanosciences Inc. (formerly Northern Lipids Inc.) from August 2013 to present; President of Life Sciences BC from September 2010 to August 2013.	January 31, 2015	Nil
Ambrose Hong ⁽¹⁾⁽³⁾⁽⁵⁾⁽⁶⁾ Richmond, B.C. <i>Chief Financial Officer, Secretary and a Director</i>	Fund Manager of Advantage from February 2015 to present; Chief Financial Officer of Advantage from March 2011 to present; Director of Finance of Advantage, March 2010 to February 2011; Controller of Advantage June 2006 to March 2010.	April 25, 2015	284 Advantage Structured Fund Shares, or 0.01% of all Advantage Structured Fund Shares

- (1) Frank Holler and Ambrose Hong are officers of Advantage and the Manager and as such are considered non-Independent Directors.
- (2) Independent Director.
- (3) Members of Advantage Audit and Valuation Committee.
- (4) Members of Advantage Investment Committee.
- (5) Members of Advantage Nomination and Governance Committee.
- (6) The dates cited include service with our predecessor company B.C. Advantage Funds (VCC) Ltd.

All of Advantage's current Directors hold office until Advantage's next annual general meeting, or unless his office is earlier vacated in accordance with Advantage's Articles, or with the provisions of the Business Corporations Act. As a group, as the date of this AIF, Advantage Officers and Directors owned, or controlled or directed, directly or indirectly, 12,481 Advantage Structured Fund Shares, or 0.23% of the issued and outstanding Advantage Structured Fund Shares.

Advantage's Board has appointed an Investment Committee, an Audit and Valuation Committee and a Nomination and Governance Committee and, except as restricted by our Articles, may delegate to those committees (and/or any other committee or committees of the Board which may be duly established and constituted) such of its responsibilities as the Board may from time to time determine to be appropriate.

Advantage's Investment Committee is currently composed of one Independent Director. Advantage's Audit and Valuation Committee is composed of one Independent Director and two non-Independent Directors. Advantage's Nomination and Governance Committee is composed of one Independent Director and two non-Independent Directors.

Advantage's Articles provide for the indemnification of Directors and Officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. Advantage's Directors are required, in accordance with the Business Corporations Act, to act honestly, in good faith and in what they reasonably believe to be in Advantage's best interests.

The following are biographical descriptions of our current Directors and Officers.

Frank Holler is an active investor and successful entrepreneur. He is currently Chairman & CEO and a Fund Manager of Advantage. Mr. Holler is also CEO and a Director of the Manager. Mr. Holler is also President & CEO of Ponderosa Capital Inc, and previously served as President & CEO of Xenon Pharmaceuticals Inc., a private genomics-based drug development company, from 1999 to 2003; as President & CEO of ID Biomedical Corporation, a vaccine development company sold to GlaxoSmithKline plc in 2005, from 1991 to 1998; and as a founding director of Angiotech Pharmaceuticals, Inc., a specialty pharma and medical device company, from 1992 to 1997.

Mr. Holler presently serves on the Board of Directors of Advantage (Chairman), the Prevention of Organ Failure Centre of Excellence, or PROOF, (Chairman), Semova Corp. (TSX-V: SVA) (Chairman) and Xenon Pharmaceuticals Inc. He was previously a Director of the British Columbia Biotechnology Association from 1992

to 1998 and, in 2003, received the BC Biotech Award for Vision and Leadership. Prior to working in biotechnology and healthcare, Mr. Holler was an Investment Banker with Merrill Lynch Canada and Wood Gundy Inc. (now CIBC World Markets). Mr. Holler holds a Masters of Business Administration degree and Bachelor of Arts (Economics) degree from the University of British Columbia.

Ambrose Hong is the Chief Financial Officer and Director of Advantage and the Manager. Mr. Hong has over 15 years of senior financial management and executive experience in organizations of varying sizes and in various industries including investment fund management, manufacturing, technology, and land development. Mr. Hong has extensive experience in accounting and finance functions, strategic transactions and compliance management having held a number of financial and accounting roles, including Controller, Director of Finance and Chief Financial Officer. Mr. Hong holds a Bachelor of Business Administration from the Southern Alberta Institute of Technology and is a member of the Chartered Professional Accountants of British Columbia.

Don Enns has been actively involved in the Canadian life sciences industry for over 20 years. He is presently the President of Transferra Nanosciences Inc. (formerly Northern Lipids Inc.), a contract research and manufacturing organization focused on liposomal drug delivery systems. Don was previously the President and CEO of Cantest, a life science company providing scientific expertise and consultation in environmental, biotechnology, pharmaceutical, food safety and industrial hygiene related fields. He was instrumental in Cantest's expansion into the European and Southeast Asian markets, and his experience overseas includes consulting for the UN Development Programme, business development and mergers and acquisitions. After divesting Cantest, Don served as President of Life Sciences BC in which he represented the pharmaceutical, biotech and medtech sectors within the Province for a period of approximately three years. Don is a director of numerous local for-profit companies as well as several non-profit organizations involved with national standardization, education, community affairs, and public health. Don currently serves as a Director of World Wildlife Fund Canada as well as co-Chair of Canada's National Research Council Advisory Panel on Life Sciences. Mr. Enns holds a Master of Business Administration degree from the University of British Columbia and a Bachelor of Science (Chemistry) degree from Trinity Western University.

Manager of Advantage

Effective January 1, 2014, Advantage is managed by the Manager, which was incorporated under the Business Corporations Act on February 5, 2014. Its head office is located at Suite 410 – 221 West Esplanade, North Vancouver, BC V7M 3J3, and its registered and records office is located at 2900 - 550 Burrard Street, Vancouver, British Columbia, V6C 0A3. The Manager, Fund Managers and other staff can be contacted by phone at 604-688-6877 or by email at info@bcac.ca.

The Manager has been retained pursuant to the Management Agreement to provide all services necessary for the overall day to day management of Advantage. For the Management Services, Advantage has agreed to pay to the Manager an annual management fee. Please refer to "Fees and Expenses – Management Fees".

As a practical matter, on a day to day basis, our Fund is managed by Frank Holler and Ambrose Hong.

Duties and Services Provided by the Manager

Pursuant to the Management Agreement, Advantage has engaged the Manager on an exclusive basis to provide such management services as may be agreed to from time to time by the Manager and Advantage.

In order to fully provide the Management Services to us, the Manager will be required to retain, from time to time, Service Providers, which may include, without limitation, professional services providers, employees, agents, consultants or advisors, who may or may not be Affiliates of Advantage or the Manager, to assist in providing and to supplement the provision of the Management Services. Please refer to "Fees and Expenses – Operating Expenses". For example, Advantage has engaged IAS as its Registrar and Transfer Agent and to provide certain additional administrative services.

Advantage is required to indemnify its officers and directors for any liability that may arise in connection with their service as an officer or director of Advantage, provided that such persons have acted honestly and in good faith with a view to the best interests of Advantage and had reasonable grounds for believing that their conduct was lawful. Advantage will not be required to indemnify these parties where restricted from doing so under the *Business Corporations Act* (British Columbia).

The Directors and Officers (the "**Members of Our Team**") who serve as directors, officers or advisors of Advantage's Portfolio Companies have certain obligations to such Portfolio Companies. The Members of Our Team may also have similar obligations to Advantage. In addition to any procedures and remedies set out in applicable corporate legislation, conflicts, if any, will be dealt with in accordance with our Conflicts of Interest Policy. The Conflicts of Interests Policy provides that, among other things, in any situation where a Member of Our Team has a direct or indirect interest that may be considered material, whether it be of a personal nature or as a result of that person's affiliation with Advantage, that Member of Our Team will be required to disclose the nature of that interest to the Board and abstain from voting on any decisions regarding the matter for which the conflict arose.

Details of the Management Agreement

The Management Agreement has an indefinite term, unless terminated in accordance with its provisions. The Management Agreement may be terminated by:

1. The Manager for any reason upon giving Advantage 90 days advance written notice; or
2. Advantage in the event that the Manager is in material default of its obligations hereunder, provided that the Manager has been given written notice of such default and has not cured such default within 60 days of receiving such notice.

Advantage is obligated to pay the Manager on termination: (a) an amount equal to the expenses paid to the Manager for the fiscal year preceding the termination; (b) provided the Manager did not act in a grossly negligent manner, management fees for the following two years from the date of termination, as such fees would have been paid as provided for in the Management Agreement; and (c) only upon the actual liquidation of Advantage investments subsequent to termination, equity allocations equal to an 80% share of the Manager's equity participation in Advantage pursuant to the Management Agreement that is actually realized on each investment, with 20% going to the new manager.

Under the Management Agreement, the Manager is entitled to a 20% equity participation in Advantage (the "**Manager Equity Participation**"). The Manager's ability to realize on the value of that Manager Equity Participation is subject to certain conditions in the Management Agreement.

The Manager Equity Participation of the Manager in respect of a particular investment is equal to 20% of the cumulative gain realized on the liquidation of the investment. The cumulative gain represents the sum of any dividends, income and other return of capital received by the Company on the investment, plus proceeds received on liquidation, less the amount of capital the Company invested.

The Manager can only receive its Equity Participation in respect of an investment if the "**Investment Objective**" and the "**Exchangeability Objective**", as explained below, have both been met.

The Investment Objective has been met when an individual investment in a Fund has been liquidated such that the compounded internal rate of return on the entire investment, based only on realized gains and gross income, from the investment since its acquisition equals or exceeds 10% per year.

The Exchangeability Objective has been met when the total realized gains, unrealized gains and net investment income from the portfolio of investments in a Fund have generated a return greater than 8% per year compounded annually measured from the inception of that Fund.

Manager Equity Participation funds payable by the Company to the Manager may be paid in various ways, including by way of: a) a direct cash payment by the Company to the Manager; or b) such other mechanism as the Manager may reasonably request. Manager Equity Participation can be earned and paid on partial liquidations of an investment on a proportionate basis. The Manager agreed to waive any Manager Equity Participation fees until such time as redemptions have been reinstated.

Advantage's Articles prohibit Advantage from paying fees or remuneration of any kind to any of its shareholders, Directors or Officers, or to any Affiliate or Associate of those persons except as permitted by a Special Resolution at least annually. Further the SBVCA provides that Advantage is prohibited from paying fees or remuneration of any kind to any person who controls Advantage directly or indirectly, or who belongs to a group that controls Advantage

directly or indirectly, unless such fees or remuneration have been specifically approved by a Special Resolution. The regulations to the SBVCA provide that no shareholder of a VCC is permitted to vote on a Special Resolution approving payment to themselves or to their Associates or Affiliates. If Advantage fails to pass any of the requisite annual Special Resolutions, those fees and other remuneration provided for in the Management Agreement will continue to accrue, with interest, until the matter is resolved.

Details of the Equity Participation Shares

Lions Capital is the registered owner of all 6,000,000 outstanding Equity Participation Shares, which are held for the benefit of the Equity Participation Shareholders. The Equity Participation Shares have no voting rights, except that the Equity Participation Shareholders have the right to attend and vote at general meetings of our shareholders to elect such number of our Directors as is equal to not less than 20% of the total number of Directors that comprise our Board, may receive dividends at the discretion of the Board, and are contingently exchangeable on a one-for-one basis with any other class of Shares.

The Equity Participation Shareholders are entitled to a 20% equity participation in Advantage (the "**Equity Participation**"), with the ability to realize on the value of that Equity Participation subject to certain conditions. The Equity Participation in respect of a particular investment is equal to 20% of the cumulative gain realized on the liquidation of the investment. The cumulative gain represents the sum of any dividends, income and other return of capital received by the Company on the investment, plus proceeds received on liquidation, less the amount of capital the Company invested.

The Equity Participation Shareholders can only receive their Equity Participation in respect of an investment if the "**EP Investment Objective**" and the "**EP Exchangeability Objective**", as explained below, have both been met.

The EP Investment Objective has been met when an individual investment in a Fund has been liquidated such that the annual internal rate of return on the entire investment, based only on realized gains and gross income, from the investment since its acquisition equals or exceeds 10% per year. (The Advantage Growth Fund has not been managed by the Executive Team or Lions Capital since inception, so the calculation for that Fund is different – the return will be calculated since the later of (a) the investment's acquisition; or (b) November 20, 2007, the date of formal board approval of Lions Capital's agreement to manage that Fund (the applicable date being the "Start Date").)

The EP Exchangeability Objective has been met when the total realized gains, unrealized gains and net investment income from the portfolio of investments in a Fund have generated a return greater than 8% per year compounded annually measured from the inception of that Fund. (As noted above, the Advantage Growth Fund has not been managed by the Executive Team or Lions Capital since inception, so the calculation for that Fund is different – the return of the portfolio of investments will be calculated since the Start Date (as defined above).)

Equity Participation funds payable by the Company to the Equity Participation Shareholders may be paid in various ways, including by way of: a) the redemption, retraction or purchase of Class Z Shares by the Company; b) a capital or other dividend paid by the Company on the Class Z Shares; c) the exchange of the Class Z Shares for Shares of another class, and, if applicable, the subsequent redemption, retraction or purchase of those other Shares by the Company, or the payment of a capital or other dividend on those other Shares; or d) such other mechanism as the holders of the Class Z Shares may reasonably request. For the financial year ended December 31, 2015, the Company paid no performance fees in respect of the Equity Participation Shares. On December 11, 2015, the previously accrued amount of \$155,070 in performance fees was waived by certain shareholders of Lions. At December 31, 2015, an amount of \$nil in performance fees was accruing and payable.

Prior to the achievement of the EP Exchangeability Objective, the Equity Participation Shares will have value (if an individual investment has met the EP Investment Objective) and, as such, may be included in the calculation of Pricing Net Asset Value per Share. This interim situation can occur prior to the Equity Participation Shares being exchangeable and therefore having "cash value" for the holders thereof.

Advantage's Articles prohibit Advantage from paying fees or remuneration of any kind to any of its shareholders, Directors or Officers, or to any Affiliate or Associate of those persons except as permitted by a Special Resolution at least annually. Further the SBVCA provides that Advantage is prohibited from paying fees or remuneration of any kind to any person who controls Advantage directly, or indirectly, or who belongs to a group that controls Advantage directly, or indirectly, unless such fees or remuneration have been specifically approved by a Special

Resolution. The regulations to the SBVCA provide that no shareholder of a VCC is permitted to vote on a Special Resolution approving payment to themselves or to the Associates or Affiliates.

Officers and Directors of the Manager

The primary responsibilities of the executive officers of the Manager are assisting Advantage in raising capital, sourcing and identifying investment opportunities, performing due diligence investigations on prospective Portfolio Companies, structuring and negotiating the terms upon which investments in prospective Portfolio Companies are to be made, monitoring and increasing the shareholder value of Advantage's investments after they have been made and existing investments.

The following persons are the directors and executive officers of the Manager. For details regarding their respective principal occupations within the preceding five years, see "Management Details of Advantage – Officers and Directors of Advantage".

Name and Province of Residence

Frank Holler,
British Columbia, Canada

Ambrose Hong
British Columbia, Canada

Position(s) with the Manager

Chairman, Chief Executive Officer and Director

Chief Financial Officer and Director

Custodian

Pursuant to an exemption from the requirements of Part 6 of National Instrument 81-102 - *Investment Funds* effective August 6, 2015, Advantage does not have a custodian.

Auditor

Advantage's auditor is KPMG LLP at Suite 900, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3

Registrar and Transfer Agent

Our Registrar and Transfer Agent is The Investment Administration Solution Inc., at its office at Suite 400, 330 Bay Street, Toronto, Ontario, M5H 2S8.

CONFLICTS OF INTEREST

Principal Holders of Securities of Advantage

To the knowledge of Advantage's Directors and Officers, no person beneficially owns, directly or indirectly or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to any class of outstanding Shares.

As of the date hereof, Advantage's Directors and Officers as a group, beneficially own directly or indirectly approximately 100% of the voting shares of the Manager and the directors and officers of the Manager as a group, beneficially own directly or indirectly approximately 100% of the voting shares of the Manager.

The principal shareholders of the voting common shares of the Manager are as follows: Frank Holler (50%) and Ambrose Hong (50%).

Conflicts of Interest Policy

Advantage has adopted a conflicts of interest policy to manage potential conflicts of interest. A "conflict of interest" means a situation in which a director, officer, employee or full-time consultant of the Manager has a personal interest which conflicts with, or which may be seen to conflict with, the interests of the Fund, or is sufficient to influence or appear to influence the objective, open-minded and loyal exercise of his or her functions for and on behalf of the Manager.

Transition

The Manager and the Fund apply a Mentor Model which allows directors, officers, employees and consultants of the Manager to invest in a Portfolio Company and to receive and retain compensation from Portfolio Companies, so long as the rigorous corporate governance procedures set out in the Conflicts of Interest Policy are complied with. The Mentor Model was established to expedite the development of the Portfolio Companies through the very active involvement of these individuals.

Conflict of Interest Rules

1. Officers, employees and consultants of the Manager and the Fund (collectively the “**Employees**”) may not purchase or sell any securities in a Portfolio Company from the time the Manager begins discussing a potential investment with the Portfolio Company until the Fund has sold all of its investment in the Portfolio Company, without receiving the prior approval of the chief compliance officer (currently, the CFO) of the Company.
2. Independent Directors may purchase and sell shares of Portfolio Companies, only upon receiving the approval of the chief compliance officer (currently, the CFO) of the Company.
3. Employees and Independent Directors may personally retain all Board fees, options, equity, consulting fees and any other compensation earned from a Portfolio Company.
4. Employees and Independent Directors will not be required to offer or make available to the Manager any business opportunities which they, or their affiliates or associates, may determine to acquire or engage in for their own account.

Conflict of Interest Procedures

- 1 Duty to Disclose. An Employee or an Independent Director (the “**Conflicted Member**”) that has a conflict of interest, such as a material direct or indirect interest in a potential Portfolio Company, must disclose the nature of that interest to the Manager and the Board of the Fund as soon as the Conflicted Member becomes aware of the conflict of interest.
- 2 Approval of Investment Committee Required. If a conflict of interest arises with respect to an investment in a Portfolio Company or potential Portfolio Company, the investment must be presented to the Investment Committee of the Board of the Fund, and the investment will not proceed unless the Investment Committee approves the investment.
- 3 No Discussion or Voting by Conflicted Member. If the Conflicted Member is a member of the Investment Committee considering the investment, he or she will be excluded from discussion of, and voting on, whether the Fund should make the investment, and the investment will not proceed unless the Investment Committee approves the investment, with the Conflicted Member abstaining. At the request of the Investment Committee, the Conflicted Member may provide information regarding the company prior to removing himself or herself from the Committee deliberations and determination.
- 4 Conflicts at Investment Committee Level. If a majority of the members of the Investment Committee are Conflicted Members with respect to a potential investment, the investment must be presented to the Board of the Fund, and the investment will not proceed unless the Board of the Fund approves the investment, with all Conflicted Members abstaining from discussion of, or vote on, whether the Fund should make the investment. If a majority of the members of the Board are Conflicted Members, the investment will not proceed.

The Manager has agreed to comply with this Conflicts of Interest Policy. In accordance with the *Business Corporations Act*, Advantage’s Directors and Officers will also be required to act honestly, in good faith and in what they reasonably believe to be in Advantage’s best interests.

In the course of our business, one of the Funds managed by the Manager may co-invest with another one of its Funds or may independently invest in a Portfolio Company of another one of its Funds, one of the Funds managed by the Manager may sell a portfolio investment to another of its Funds, or to another corporate entity related to the Manager and/or our Fund Managers.

For additional information relating to conflicts of interest, please refer to "Interests of Management and Others in Material Transactions".

The position of the Canadian Securities Administrators is that, in the case of a conflict with other duties, a director's or adviser's first responsibility regarding a reporting issuer's confidential information is to the reporting issuer on whose board the director serves, or to which the adviser provides advice.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF, no director or executive officer of Advantage or the Manager, no Fund Manager, or any of their Associates or Affiliates, has any material interest, direct or indirect, in any transaction within three years before the date of this AIF that has materially affected or is reasonably expected to materially affect Advantage.

Advantage has retained the Manager to provide the services referred to under "Management Details of Advantage – Duties and Services to be Provided by the Manager". The Manager provides all of the management services necessary for the basic day-to-day operation of Advantage. The Manager provides the fund management services of Frank Holler and Ambrose Hong.

Frank Holler

Fund Manager, Shareholder, Director and Officer of the Company

(a) Mr. Holler is a director, officer and shareholder of the Manager.

Ambrose Hong

Chief Financial Officer, Director and Shareholder of the Company

(a) Mr. Hong is a shareholder of Sophiris Bio Inc., a company in which the Company has made an investment; and

(b) Mr. Hong is a director, officer and shareholder of the Manager.

PROXY VOTING DISCLOSURE

Proxy Voting Disclosure for Portfolio Securities Held

The Manager is responsible for the investment management of Advantage, including the exercise of voting rights attaching to securities held by us. The Manager has established proxy voting policies, procedures and guidelines for securities held by Advantage to which voting rights are attached.

The Manager or its authorized representatives vote the proxies received in connection with regular and special meetings of the shareholders of Portfolio Companies in a manner that it believes to be in the best interests of Advantage and its shareholders. Generally, this means that the Manager will cast votes with management of a Portfolio Company on routine matters, provided that those matters meet the corporate governance requirements that may be applicable to that Portfolio Company, since a decision to invest in a Portfolio Company is generally an endorsement of its management. On other matters, including those business issues specific to the Portfolio Company or those raised by its shareholders, the Manager will vote on a case by case basis, in a manner which the Manager believes is in the best interests of Advantage, having regard to the available information.

From time to time, apparent conflicts of interest may arise with respect to the exercise of voting rights of securities held by Advantage. In all situations of conflict or apparent conflict, the Manager will vote uninfluenced by considerations other than the best interests of Advantage.

The policies and procedures that the Manager follow when voting proxies are available on request, at no cost, by calling 604-688-6877 or by writing to Advantage's head office at Suite 410 – 221 West Esplanade, North

Vancouver, BC, V7M 3J3. Advantage's proxy voting records for the most recent period ended June 30 of each year is available free of charge to any Investor upon request at any time after August 31 of that year and will be posted on the internet at www.bcadvantagefunds.com.

Advantage has no policies or procedures relating to the monitoring, detection and deterrence of short-term trades of mutual fund securities by investors.

FEES AND EXPENSES

Management Fees

Annual Management Fee

Pursuant to the now terminated Former Management Agreement, we previously paid to Lions Capital an annual management fee equal to 2.75% of the Pricing Net Asset Value of Advantage. On March 8, 2011, we announced that Lions Capital had voluntarily agreed to reduce the management fee we paid from 2.75% to 1.25% in respect of all capital that is eligible for, but currently suspended from, redemption, which included approximately 2,412,867 Advantage Venture Shares on that date. The management fee in relation to capital that is not yet eligible for redemption would remain at 2.75%. Lions Capital also volunteered to suspend receiving its performance fees until redemptions have been reinstated.

On September 20, 2011, we announced that Lions Capital had volunteered to terminate the Former Management Agreement, effective December 31, 2011. Following termination of the Former Management Agreement effective December 31, 2011, the Fund employed the Executive Team, Fund Managers and other staff directly and there was no separate management fee payable.

Effective January 1, 2014, we entered into the new Management Agreement with the Manager, pursuant to which the Manager will provide such management services as agreed to from time to time. We were required to put the Management Agreement in place as part of compliance with updates to the registration regime under applicable Canadian Securities laws. The Manager is now registered with the BCSC.

Pursuant to the Management Agreement we will pay to the Manager an annual management fee equal to a maximum of 2.75% of the Net Asset Value of Advantage. This is currently subject to a maximum of 3% per annum of the aggregate equity capital raised by us, and further subject to the limitation set out in section 8 of the SBVCA that requires 80% of the equity capital that we raise to be invested in ESBs. This fee will be calculated and paid monthly by multiplying the Net Asset Value of Advantage on the last Valuation Date of each month in respect of which the fee is payable by a maximum of 2.75% and dividing by twelve. Subject to the limitations set out in the SBVCA, the fee will be paid on receipt of the invoice. Management fees may remain unpaid if we are not in compliance with the minimum investment requirements of the SBVCA, which provides that management fees may not exceed 3% per annum of the amount of equity capital raised. This limitation does not apply to fees paid from our net income, capital gains or retained earnings. Management fees that are earned and cannot be paid because of the requirements of the SBVCA may be accrued with interest at 18% per annum, compounded annually, and paid out of our retained earnings or net income when available.

Executive Compensation disclosure will be included in Advantage's Management Information Circular for its annual shareholders' meeting.

For the year ended December 31, 2015, we paid management fees of \$133,300 to the Manager and there were no management fees accrued and payable to the Manager as at December 31, 2015.

Cash or equity received by the Manager, Mentors, the Fund Managers, or directors, officers, or employees of the Manager, the Fund Managers or Advantage, if applicable, from any Portfolio Company or prospective Portfolio Company or any Associate or Affiliate of any Portfolio Company or prospective Portfolio Company for services including investment banking, advisory fees, syndication fees, finders' fees, commitment fees, due diligence fees, directors' fees and such amounts as they may realize in respect of any equity or stock options that are held by them in Portfolio Companies or Associates or Affiliates of Portfolio Companies, will be retained by the Manager, the Fund Managers or such individuals, as applicable, as compensation for the services provided.

Commissions and Service Fees

While it was raising money, Advantage paid an up-front cash commission to Selling Agents equal to 5% of the gross proceeds of the Shares sold by the Selling Agent and a servicing (or trailer) fee of 0.5% per annum of the aggregate Pricing Net Asset Value of the Shares held by clients of the Selling Agent that are not redeemable under the SBVCA, calculated monthly and paid quarterly. No trailer fees are paid on Shares held by clients of the Selling Agent that are redeemable under the SBVCA.

In the event that Advantage did not pay a cash commission to a Selling Agent through whom an Investor purchased Shares, that Investor could have paid per Share an amount equal to 95% of the Pricing Net Asset Value per Share.

In some situations Advantage paid additional fees to Selling Agents and investment bankers, such fees to include, without limitation, corporate finance fees, bonuses and syndication fees. These fees may vary in form and structure, be applied on an individual basis, and be commenced or terminated at any time.

Operating Expenses

Effective January 1, 2014, we entered into the new Management Agreement with the Manager. In addition to payment of the management fee, under the Management Agreement, we will reimburse the Manager for all expenses of any kind whatsoever incurred by the Manager on our behalf in providing the Management Services, or in otherwise meeting its obligations under the Management Agreement. The expenses will be such expenses as may be agreed to from time to time by ourselves and the Manager. Such expenses may include the expenses of a Service Provider, who or which may be independent third-parties or may be one or more of Advantage or the Manager, or an Associate or Affiliate of one or more of Advantage or the Manager. The Service Providers will be engaged by the Manager to provide us with such services to assist in providing, and to supplement the provision of, the Management Services. For example, we have engaged IAS as our Registrar and Transfer Agent and to provide certain additional administrative services.

For the year ended December 31, 2015, we paid management fees of \$133,300 to the Manager and there were no management fees accrued and payable to the Manager as at December 31, 2015.

We will pay most of our own operating expenses, including, without limitation:

- (a) all expenses related to portfolio transactions, security realization, qualifying our securities for distribution, marketing our securities, asset valuations, financial and other reporting to shareholders and other administrative services;
- (b) all taxes, legal and audit fees, custodial fees (if any), registrar and transfer agency fees, consultants' and professional advisors' fees, sales commissions and corporate finance fees to dealers, servicing commissions and certain overhead expenses;
- (c) the fees and expense amounts payable to or for the Manager under the Management Agreement; and
- (d) where any such registrar, transfer agency and/or shareholder reporting services and/or other administrative services are provided by a Service Provider engaged by us, the fees and expenses of such Service Provider.

Our investments require a greater commitment to investment analysis, due diligence investigations and post-investment monitoring than investments in mutual funds. In addition, the cost to determine the value of our investments in Portfolio Companies for which no published market exists will be greater than valuation costs for mutual funds which invest primarily in listed securities. Consequently, we expect that our operating expenses will be higher than many mutual funds and some other pooled investment vehicles. There is a risk that we will not have sufficient funds to finance our continuing operations.

Directors Fees and Expenses

Our non-management Directors are paid an annual retainer of \$3,300 for their ongoing contribution to us. In addition, our non-management Directors are paid \$825 for each Board meeting and \$275 for each committee meeting that they attend. Our Directors will be entitled to be reimbursed for reasonable expenses incurred on our behalf.

We may be required to defer payment of expenses to our Directors if we are unable to comply with the minimum investment requirements provided by the SBVCA.

Taxes

We will also be obliged to pay GST and PST on all fees payable by us, where applicable.

Investor Fees

The following fees and expenses may be payable by our Investors:

- (a) Sales Charge - Our Investors will not pay a sales or administration charge to acquire Shares.
- (b) RRSP and RRIF Fee - We do not currently charge a fee to our Investors for investing through their RRSPs or RRIFs. Investors may be obliged to pay fees directly to their own agents who manage these accounts for them. We do, however, reserve the right to establish a fee should we be required to facilitate the establishment of an RRSP or RRIF or should we find that we need to incur additional administration than we are currently experiencing for Investors who have invested through their RRSP or RRIF. In such case, we will provide 30 days advance notice before implementing such fee.
- (c) Transfer Fees - In certain cases, we will charge Investors a transfer fee of \$50.
- (d) Redemption Fees – All redemptions are currently suspended. When renewed, Investors will not pay a fee upon the redemption of Shares. We do, however, reserve the right to establish a nominal fee for redemptions, should we find that we are incurring administrative expenses in excess of what we are currently incurring for Investors desiring redemptions. Please refer to "Redemption of Securities – Redemption Rights".
- (e) NSF Fee - All NSF cheques will be subject to an NSF fee of \$25.

Printing and Delivery Fees and Investor Communications

Your e-mail address is important because that is how we would prefer to send you notice of annual general meetings, financial reports and other shareholder information. This will keep our costs low and allow us to provide you a correspondingly higher return on your investment. If this is not how you would prefer to receive this information, please let us know. We can also send you this information by fax at no additional cost, or if you would prefer, we can send you printed materials.

We will not charge our Investors for any information that we are required to provide shareholders in accordance with the corporate or securities laws of British Columbia. If we decide to provide additional materials, beyond what is required by applicable British Columbia corporate and securities laws, we may require that those of our Investors who require printed information pay a reasonable fee for such additional materials, equal to our printing and delivery costs, subject to compliance with all applicable legislation.

ANNUAL RETURNS AND MANAGEMENT EXPENSE RATIO

The following tables provide the returns and the management expense ratios of the Funds for each of the past five years as at December 31st of each year shown. All Funds are now part of the Advantage Structured Fund:

Advantage Structured Fund

Advantage Structured Fund I (now called Advantage Structured Fund)⁽⁵⁾

	2015	2014	2013	2012	2011
Annual Returns	-35.75%	-35.58%	-31.79%	-22.56%	-15.86%
MER	10.74%	6.56%	5.06%	4.72%	5.67%

(1) In May 2010, our Board exercised the conversion right contained in our Articles with the result that all of the outstanding shares of our Advantage Structured Fund II were converted to Advantage Structured Fund I Shares on

May 7, 2010 at an exchange ratio determined on the basis of the relative net asset values per share of the Advantage Structured Fund II and the Advantage Structured Fund I on that date.

“MER” means management expense ratio. The returns shown above are simple annual year by year returns.

RISK FACTORS

Our success depends on the success of our Portfolio Companies.

Our ability to pay dividends, or to redeem Shares, is entirely dependent on the success of our investments in Portfolio Companies, which is by no means assured.

Our Portfolio Companies are in the early stage and generally will have a limited history of operations, nominal assets and nominal revenues, if any. There is no assurance that any Portfolio Company will be able to successfully complete its development plan or sustain operations over the short term or an extended period.

We intend to derive capital gains from investments in early stage technology, clean-tech and life science ESBs. The prospects for success of early stage technology, clean-tech and life science companies depends on a number of factors which, given their limited operating histories, are difficult to evaluate. Investments in early stage technology, clean-tech and life science ESBs are inherently risky. The emerging technology, clean-tech and life science ESBs in which we invest will generally require additional capital, which we may not be able to provide or which may not be available from other sources.

Our Portfolio Companies will usually be in the technology, clean-tech and life science sectors. The inability of these companies to commercialize their technology or create or develop a commercially viable product could have a negative impact on our investment returns. Our Portfolio Companies will almost always require significant follow-on investments. Additionally, although some of our technology Portfolio Companies may already have a commercially successful product or product line when we invest, technology products and services often have a more limited market or life span than products in other industries. Thus, the ultimate success of these companies may depend on their ability to continually innovate in increasingly competitive markets. Technology, clean-tech and life science companies traditionally experience higher than average employee turnover, and the success of these companies will partly depend on their ability to attract and retain qualified personnel. Finally, the success of a technology company, clean-tech or a life science company also partly depends on its ability to protect its intellectual property rights.

Our Portfolio Companies may require significant amounts of capital and financing to fund their planned development and operations. Additional financing in excess of that available from us will often be required to complete the financing requirements of the companies. In addition, certain unanticipated events such as cost overruns, unanticipated liabilities, delayed regulatory approval, or other factors may occur which require the companies to obtain additional financing over and above the amounts anticipated at the time of an investment by us. Amongst other effects, this may result in a significant dilution or erosion of our investment.

In the event the Portfolio Companies in which we invest are unable to raise sufficient funds by way of other financings, the Portfolio Companies may have insufficient funds available to implement their business plans and hence you may receive no return from us. There is significant risk that such additional financing may not be available or may not be available at economic rates and hence we may lose our entire investment.

The Portfolio Companies in which we invest may not, if not able to obtain additional funds, have sufficient funds to meet their costs of development. In such situations, Portfolio Companies may be insolvent, as they may not be able to meet their financial obligations as they fall due, and hence you may lose all of your invested capital. There is no assurance that additional required funding will be obtained by us or the Portfolio Companies.

Venture capital markets in general, and technology industry markets in particular, may be sensitive to any general downturn or correction in the world equity markets and the overall economy of North America. Adverse stock market, economic or political conditions may have a negative impact on our ability to raise funds, in future offerings, and to profitably invest the funds into one or more companies. Similarly, one or more of the same adverse conditions, including the possibility of the technology, clean-tech or life science sectors falling out of favour with the capital market, may have a negative impact on the profitability, viability or liquidity of the business and market

of the companies in which we invest. Current market conditions have made raising venture capital extremely challenging and, as such, we have closed our Fund to future fundraising.

There currently is no market for the Shares and it is not expected that any market will develop. We have suspended all redemptions and our ability re-initiate redemptions is subject to numerous risks. Please refer to "Redemption of Securities – Redemption Rights – Suspension of Redemptions." Redemption of Shares is prohibited for a period of at least five years from the date of investment. Please refer to "Redemption of Securities".

There currently is no market for the Shares and it is not anticipated that any market will develop. Shareholders will generally not be able to dispose of their Shares, except by requesting redemption thereof. Investors are not entitled to request redemption of their Shares until:

- (a) on or after the date that is five years from the date that 80% of the proceeds from the sale of Shares in a given calendar year are invested in ESBs;
- (b) during the one month period prior to the date referred to in (a) above, where the holder thereof is concurrently subscribing for Shares on terms and conditions acceptable to us; and
- (c) otherwise with the approval of our Board of Directors and, if necessary, the approval of the SBVCA Administrator.

Although a holder of our Shares may be entitled to request a redemption of Shares, our financial position currently prohibits us from completing a request for redemption.

We have currently halted redemptions, and there is no certainty as to when, or if, we will be able to re-initiate redemptions. Our Articles prohibit us from redeeming any of our Shares in several situations, regardless of whether those redemptions would otherwise be permitted in accordance with the provisions of the SBVCA. Even if we reinstate redemptions, there are several situations where our financial position would prohibit us from redeeming our Shares. As a result of these prohibitions, Investors should be aware that the redemption period, for practical purposes, may be substantially longer than five years. Please refer to "Redemption of Securities".

Our success depends on how much money we have previously raised.

We are not currently offering our Advantage Structured Fund Shares or any other shares of any Fund, therefore we must rely only on funds previously raised. Our lack of funds may negatively impact our ability to negotiate and enter into investment agreements with Portfolio Companies and to diversify our investments and this may have a material negative impact on your return. For example, we may not have sufficient funds on hand to make follow-on investments in our Portfolio Companies, which may result in our investments in those Portfolio Companies being significantly diluted. This could significantly decrease the value of our investments in those Portfolio Companies. There exists the risk that our intended investment guidelines and business strategy may not be fully met, depending on our ability to find suitable technology, clean-tech and life science companies that meet all of our investment guidelines.

There is a risk that some or all of the investment guidelines may not be satisfied in any investment in which we enter into. We will seek investment opportunities that, at the time the investment is made, seem to offer us the best risk/reward opportunity. We may or may not achieve this. The effect of investing in Portfolio Companies not in compliance with the investment guidelines cannot be accurately predicted but may have a material negative impact on your return.

If we decide to resume fundraising, the British Columbia government has the discretion to reduce the amount of capital we may raise on a tax incentive basis. The government program under which Tax Credits are provided may not continue in its current form, or at all. Our registration under the SBVCA may be suspended or revoked in certain circumstances, in which case sales of the Shares would not qualify for Tax Credits. In each such event, our ability to raise additional capital would be impaired, potentially adversely affecting our long-term viability.

We are not currently offering any Shares for sale. We have in the past received an equity allocation from the SBVCA Administrator authorizing us to raise a certain amount of equity capital during certain periods. Please refer to "Small Business Venture Capital Act Considerations".

The SBVCA requires that we have at least 40% of our equity capital invested in ESBs by the end of our first fiscal year following the fiscal year of the investment, and at least 80% of our equity capital invested in ESBs by the end of our second fiscal year following the fiscal year of the investment. There is the risk that we may not have sufficient funds to make the necessary investments or may not find any further suitable companies in which to invest, or be able to enter into favourable investment agreements with a sufficient number of technology, clean-tech or life science companies, to satisfy these obligations.

Currently, the fund has met its investment requirement and is considered fully invested. However, we may be unable to meet the required amount of re-investment in the future and there is no assurance that any time extensions will be granted.

We may incur penalties or other sanctions as a result of non-compliance with the SBVCA. In addition, you must rely on the ability, judgement and good faith of our management, Directors and members of our Investment Committee and Audit and Valuation Committee. There is no assurance as to the profitability or viability of any Portfolio Company in which we invest and there is an expectation that the Portfolio Companies will incur operating losses.

There can be no assurance that the SBVCA or related administrative practices will not be changed in a manner which will fundamentally alter the consequences to you of holding or disposing of our Shares, or in a manner that will impair our ability to carry on business and meet our commitments.

The SBVCA sets out rules and requirements to which we must adhere. There are a variety of situations that can arise to cause a VCC to not be in compliance with the SBVCA. The SBVCA Administrator can require any non-complying VCC to rectify the circumstances of non-compliance or to pay back to the Tax Credits previously issued to its shareholders.

Changes to existing laws and regulations may harm the ability of a Portfolio Company to conduct its business.

There is no assurance that the laws, regulations, policies or current administrative practices of any government body, or regulatory agency in British Columbia, or any other jurisdiction or country in which a technology, clean-tech or life science company's products or services may be produced or marketed, will not be changed, applied or interpreted in a manner which will fundamentally harm the ability of that company to research or develop its products or to have its products approved by the applicable regulatory authorities.

We face competition from other capital providers and there can be no assurance that suitable investments in Eligible Small Businesses will be found.

We face competition from other capital providers, including VCCs, EVCCs, LSVCCs, venture capital firms, strategic investors and the public markets, all of which compete for investment opportunities. These competitors may limit our opportunities to acquire interests in Eligible Small Businesses of a quality and business focus that are attractive to us. We may be required to invest in Eligible Small Businesses otherwise than in accordance with our Investment Policy in order to meet our investment pacing requirements. If we are required to invest other than in accordance with our investment strategy, our ability to achieve our desired rates of return may be adversely affected.

Investments made by us will generally lack liquidity and involve a longer than usual investment commitment. Losses are typically realized before gains, and we may be required to dispose of investments before any returns are received therefrom.

Investors should understand that our investment objectives will be realized, if at all, over the long term. Since we will be acquiring equity securities, such as common shares of Portfolio Companies, we do not expect to realize on an individual investment until such time as the Portfolio Company is either sold or becomes publicly traded and achieves liquidity. Since we will often not have the ability to control this process, we will not have the ability to create a liquidity event for our investments. As such, the investments we make will, in many cases, be illiquid and should be viewed by our Investors as long-term investments. In addition, Investors should be aware that investing in

technology, clean-tech and life science companies is a high risk venture and there is no guarantee that we will not lose our entire investment or realize gains on our investments.

In the event that our expenses exceed our income, the resulting losses will be paid with capital raised through the issuance of Shares.

To the extent that our annual management fees, sales commissions, servicing commissions and operating expenses are not paid out of our investment income, the proceeds of our previous offerings will be used to pay such expenses. In accordance with the regulations under the SBVCA, we may only pay expenses out of retained earnings, unless the SBVCA Administrator otherwise approves.

We are not a mutual fund, the rules designed to protect investors who purchase securities of mutual funds do not apply to us, and we are not subject to the mutual fund investment restrictions.

We are not a mutual fund and the rules designed to protect investors who purchase securities of mutual funds will not apply to us. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply. We may take positions in small businesses which represent a larger percentage of their equity than a mutual fund would be permitted to take, and this may increase the risk per investment.

Unlike a mutual fund, we are permitted to invest more than 10% of our net assets in illiquid securities, may invest in more than 10% of the securities of any one Eligible Small Business, may provide guarantees for Eligible Small Businesses and may purchase options and debt securities, among other things.

The Pricing Net Asset Value of our Fund will be based principally on the value of its investments and, therefore, the value of the Shares of the Fund will increase or decrease with the value of such assets. Our valuation process for the Shares of the Fund is based on inherent uncertainties and the resulting values may differ from values that would have been used had a liquid market existed for the investments.

The Pricing Net Asset Value of the Fund will be based primarily on the value of its investments and, therefore, the value of the Shares will increase or decrease with the value of such investments. The value of the assets of the Fund may fluctuate with specific industry conditions, including success or failure of other companies in the industry, the investment attitude with respect to the industry and changes to its regulatory environment, and general economic conditions, including the level of interest rates, corporate earnings, economic activity, the value of the Canadian dollar and other factors. Given the requirement that we invest in Eligible Small Businesses, the risks associated with fluctuations in the value of our assets may be amplified, as our Portfolio Companies may be affected more than larger businesses by external events.

The Pricing Net Asset Value per Share of the Fund will be based, likely in significant part, on estimates of the Fair Value of the Fund's investments in Eligible Small Businesses for which there is no published market. The process by which estimates thereof are made is inevitably based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for such investments.

The Pricing Net Asset Value of the applicable Fund will be reduced when the Equity Participation Shares have value or are realized.

Lions Capital, on behalf of the Equity Participation Shareholders, has agreed not to exchange, or realize on the value of, any of the Equity Participation Shares until the Investment Objective and the Exchangeability Objective have both been met, even if these events occur sequentially. Once the Investment Objective and the eligibility objective have been met, the number of Equity Participation Shares which "have value", and are therefore included in the Pricing Net Asset Value per Share calculation, and which are contingently exchangeable or upon which a dividend may be paid are calculated by dividing 20% of the realized return on the investment by the current Pricing Net Asset Value per Share of the applicable Fund or by multiplying the realized return on the investment by 20%. This will reduce the Pricing Net Asset Value per Share of the applicable Fund. The Equity Participation Shareholders have the right to exchange their Equity Participation Shares for Shares or to receive a dividend, including a capital dividend, on their Equity Participation Shares, as soon as the Equity Participation Shares have vested and upon satisfaction of the Investment Objective and the Exchangeability Objective. The exchange of the Equity Participation Shares to Shares of another class will increase the number of issued and outstanding Shares, and accordingly, reduce the Pricing Net Asset Value per Share of the Fund. Similarly, under the Management

Agreement, the Manager is entitled to the Management Equity Participation once the Investment Objective and the Exchangeability Objective are met which will also accordingly reduce the Pricing Net Asset Value per Share. Please refer to "Management Details of Advantage – Details of the Equity Participation Shares" and "Management Details of Advantage –Details of the Management Agreement".

Changes to Investment Objectives or Strategies

While the fundamental investment objectives, restrictions, policies or strategies of our Fund that are determined by the SBVCA can only be changed if the SBVCA is amended by government, the fundamental investment objectives, restrictions, policies or strategies of our Fund that are determined by our Board and the board of directors of the Manager and can be changed by our Board and the board of directors of the Manager. For example, we may change the mandate of a Fund to focus on a different sector of investments within the broader category of investments permitted under the SBVCA, without any requirement to seek shareholder approval.

Investors will be required to rely on our Officers, Board of Directors, the Manager, our Fund Managers and Staff to conduct our business. As such, conflicts of interest may arise in the ordinary course of business.

Our success may be dependent upon the continued support and involvement of our Board, Investment Committee, Audit and Valuation Committee and management team. There is no assurance that such individuals will remain associated with us or that if they leave, new members of equal quality will be found. In addition, the success of the Portfolio Companies in which we invest may be dependent upon the continued support and involvement of their management teams and our Mentors. If a Portfolio Company in which we invest should lose the services of some or all of its key individuals, the ability of the Portfolio Company to implement its business plan could be severely curtailed or delayed.

Our Directors, Officers and Fund Managers will not be devoting all of their time to our affairs, but will be devoting such time as may be required to effectively manage Advantage. Certain of our Directors, Officers and Fund Managers are engaged and will continue to be engaged in the search for investments for themselves and on behalf of others, including other VCCs, and private and public corporations. Accordingly, conflicts of interest may arise from time to time. Please refer to "Management Details of Advantage - Conflicts of Interest" and "Interest of Management and Others in Material Transactions".

The holders of our Equity Participation Shares have the right to attend and vote at general meetings of our shareholders to elect such number of our Directors as is equal to not less than 20% of the total number of Directors that comprise our Board.

However, our Investors have the right to attend and vote at general meetings and vote for the appointment of 80% of the Directors to be appointed to our Board.

We may become liable to repay Tax Credit amounts, which may impair our ability to carry on business and meet our commitments.

The SBVCA stipulates that in certain circumstances, a VCC, its directors, officers or shareholders may be liable to repay all or a part of the Tax Credits received by Investors to the Province of British Columbia where it is in non-compliance with the SBVCA. The result of a failure to comply with the legislation varies depending upon the particular nature of the non-compliance but essentially the SBVCA Administrator can require any non-complying VCC to either rectify the circumstances of non-compliance, or to pay back the Tax Credits previously issued to its shareholders.

Generally, a VCC will be required to repay to the Province of British Columbia 30% of any amount paid to directly or indirectly acquire its own shares in breach of the SBVCA. A VCC will also be required to repay to the Province of British Columbia all Tax Credits issued to its shareholders if the VCC has its registration cancelled, dissolves or otherwise winds up its affairs.

A director, officer or controlling shareholder of a VCC who authorized, permitted or acquiesced in a transaction, event, or series of transactions or events that such person knew or ought to have known, at the time of the authorization, permission or acquiescence, would render the corporation incapable of making a repayment of the Tax Credits under the circumstances described above is liable to pay the Province of British Columbia an amount

equal to the amount that the corporation is incapable of paying under the circumstances described above by virtue of the transaction, event or series of transactions or events.

Where, on the basis of information supplied by a director, officer or shareholder of a VCC, a Tax Credit Certificate has been issued and that information is false or misleading and the director, officer or shareholder knew, or ought to have known, that it was false or misleading, the director, officer or shareholder who supplied it is liable to pay the Province of British Columbia the amount of the Tax Credit.

Issuance of Tax Credits by the SBVCA Administrator is discretionary and cannot be guaranteed. If we contravene the SBVCA, the SBVCA Administrator may revoke all of the Tax Credit Certificates issued in respect of the Shares and deem them never to have been issued.

Tax Credits are issued at the discretion of the SBVCA Administrator. There is no assurance that the Investment Capital Branch, operating under the SBVCA, will continue to operate or continue to provide a 30% Tax Credit to our Investors for payments made to acquire our Shares. Tax Credits are awarded only when the actual cash is paid for our Shares. Further, Tax Credit Certificates are issued by the SBVCA Administrator only if we comply with both the technical requirements and the spirit and intent of the SBVCA.

The Province of British Columbia does not guarantee the value of any of our Shares nor does it express an opinion about our financial condition, the merits of an investment in our Shares, or the merits of our investments in Portfolio Companies. Investors must check their own personal tax situation and status in order to confirm that the foregoing is applicable to them.

In situations where Shares are transferred to an RRSP, RRIF or other registered plan or are redeemed, CRA may reassess the Fair Value of the Shares as of the date of transfer which would affect the proceeds of disposition received by the transferor and may affect the amount of the deduction available as a result of the transfer.

In particular, in situations where Shares are transferred to an RRSP, RRIF, LIRA, LIF or LRIF, are contributed to an RRSP or are redeemed, the CRA may reassess the Fair Value of the applicable Shares as of the date of such transfer, contribution or redemption. Such a reassessment will affect the proceeds of disposition received by the RRSP contributor and may affect the amount of the deduction available as a result of the contribution. The Shares may not be qualified investments where the Annuitant or persons not at arm's length to the Annuitant own or are deemed to own more than 10% of any class of our Shares or any corporation related to us. Furthermore, there can be no assurance that the Fair Value of our Shares if or when contributed to an RRSP or RRIF will equal or exceed your original cost.

There can be no assurance that income tax laws or administrative practices will not be changed in a manner which will fundamentally alter the tax consequences to you of holding or disposing of our Shares, or that proposed legislation will be enacted as currently proposed.

The Federal Tax Act contains a number of broadly worded anti-avoidance provisions, which may affect the availability of tax deductions. There may be disagreements with the CRA with respect to certain tax consequences of an investment in our Shares, or the contribution of our Shares to an RRSP or RRIF, which may adversely affect you. You are advised to obtain independent tax and legal advice as to both the federal and provincial income tax consequences of the purchase of our Shares, prior to purchasing any of our Shares, as such consequences can vary depending upon the particular circumstances.

The total amounts of Shares for which Investors will be entitled to Tax Credits that we have sold for any given period, as those amounts are reported in this AIF, are approximations.

Due to the nature of how the selling of Shares eligible for Tax Credits is undertaken, the total amounts of Shares for which Investors will be entitled to Tax Credits that we have sold for any given period, as those amounts are reported in this AIF, are approximations. To process these sales, we must submit the list of purchasers to the SBVCA Administrator on an ongoing basis and the SBVCA Administrator must confirm that the purchasers meet the requirements of the SBVCA. This process takes time and can result in sales being adjusted, reversed and voided. Immediately following the date of this AIF there is the possibility that some prior sales which were included in the report may have been subsequently reversed.

DISTRIBUTION POLICY

We may from time to time pay dividends on the Shares or the Equity Participation Shares out of monies legally available for the payment of dividends. We may consider paying dividends on the Shares or the Equity Participation Shares in the future when circumstances, including earnings, cash flow, financial and legal requirements and business considerations, permit.

INCOME TAX CONSIDERATIONS

Our management believes that the following summary presents fairly the principal federal and British Columbia income tax considerations generally applicable to us and to Investors. This summary assumes that the shareholder is an Investor who is at all material times resident in Canada and British Columbia, deals at arm's length and is not affiliated with us and holds Shares as capital property all within the meaning of the Federal Tax Act and the B.C. Tax Act. Shares will generally be considered to be capital property to an Investor unless the Investor holds such Shares in the course of carrying on a business or has acquired such Shares as an adventure in the nature of trade.

Advantage has obtained registration as a VCC under the SBVCA. This summary assumes that we are qualified as a VCC under the SBVCA and will continue to be so qualified hereafter on a continuous basis.

This summary is based on the Federal Tax Act, the B.C. Tax Act, the SBVCA, all published proposals for the amendments to the Federal Tax Act, the B.C. Tax Act and the SBVCA (the "**Proposed Amendments**") and upon an understanding of the prevailing administrative practices of the CRA and the British Columbia Ministry of Finance. This summary does not address all of the federal and British Columbia income tax consequences of an investment in the Shares and also does not address the application of any income tax laws of any province other than British Columbia or any territory or foreign jurisdiction. This summary does not otherwise take into account or anticipate any change in law or administrative practice. No assurances can be given that the Proposed Amendments will be enacted as proposed or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Investor. Each Investor is advised to obtain independent advice regarding the federal and British Columbia income tax consequences of investing, holding and disposing of Shares having regard to the Investor's particular circumstances.

Status of Advantage

Qualified Investment

A Share will be a qualified investment under the Federal Tax Act for an RRSP or a RRIF, except in certain limited situations. A Share will not be a qualified investment for an RRSP or RRIF if the Share is "prohibited investment" as defined in the Federal Tax Act. A Share will be a prohibited investment for an RRSP or RRIF if the Investor who is the Annuitant thereunder (i) does not deal at arm's length with us for purposes of the Federal Tax Act, or (ii) has a "significant interest" in us, as that term is defined in the Federal Tax Act. Generally, an Investor will have a significant interest in us if the Investor and/or persons not dealing at arm's length with the Investor own, directly or indirectly, 10 percent or more of the Fair Value of our outstanding shares. The Investor who is the Annuitant under the RRSP or RRIF must pay a penalty tax for each calendar year in which the RRSP or RRIF, as the case may be, has acquired a non-qualified investment, or in which a property held by the RRSP or RRIF becomes a non-qualified investment. The tax is equal to 50 percent of the fair market value of the non-qualified investment at the time the property was acquired or became a non-qualified investment. The detailed rules relating to the eligibility for investments are set out in the Federal Tax Act. **Investors should consult their own professional tax advisors to confirm whether Shares are qualified investments for their RRSPs, RRIFs or TFSAs, based upon their particular circumstances.**

A Share will be a qualified investment for a TFSA, except in certain limited circumstances. A Share will not be a qualified investment for a TFSA if the Share is "prohibited investment" as defined in the Federal Tax Act. A Share will be a prohibited investment for a TFSA if the Investor who is the holder of the TFSA (i) does not deal at arm's length with us for purposes of the Federal Tax Act, or (ii) has a "significant interest" in us, as that term is defined in the Federal Tax Act. Generally, an Investor will have a significant interest in us if the Investor and/or persons not dealing at arm's length with the Investor own, directly or indirectly, 10 percent or more of the Fair Value of our

outstanding shares. The Investor who is the holder of the TFSA must pay a penalty tax for each calendar year in which the TFSA has acquired a non-qualified investment, or in which a property held by the TFSA becomes a non-qualified investment. The tax is equal to 50 percent of the fair market value of the non-qualified investment at the time the property was acquired or became a non-qualified investment.

The SBVCA currently does not permit an Investor to claim a Tax Credit where Shares are acquired directly by a TFSA. Investors who wish to purchase Shares on behalf of a TFSA and receive a Tax Credit should first purchase the Shares directly and then transfer the Shares to a TFSA. There may be tax consequences to an Investor transferring Shares to a TFSA that will depend on the Investor's particular circumstances, the manner in which the Shares were acquired and the provisions of the Federal Tax Act and the SBVCA then in effect. Accordingly, each Investor is advised to obtain independent advice regarding the federal and British Columbia income tax consequences of purchasing Shares for a TFSA having regarding to the Investor's particular circumstances.

Taxation of Advantage

Federal Taxation

Calculation of Income and Taxes

We are a private corporation. We will qualify as a Canadian-controlled private corporation under the Federal Tax Act throughout each year in which we are not controlled, directly or indirectly in any manner whatever, by one or more non-residents of Canada, public corporations, corporations a class of shares of the capital stock of which are listed on a prescribed stock exchange, or any combination thereof.

We will be required to calculate income or loss for each taxation year and file income tax returns and pay income tax on taxable income for each year.

Dividends Received

Dividends received by us from taxable Canadian corporations will generally not be subject to income tax. Provided that the dividends are received by us from a corporation that is an Eligible Investment of ours, we will not be subject to Part IV tax in respect of the dividend.

Capital Gains and Losses

Gains or losses, realized by us on the disposition of our investments will generally be treated as capital gains or losses, but in some cases, these gains may be classified as income, depending on the facts related to a particular transaction. One-half of any capital gain or capital loss will be our taxable capital gain or allowable capital loss, as the case may be. Our taxable capital gains for a year, net of any allowable capital losses, will be included in computing our income for tax purposes. In certain circumstances, a capital loss which arises in respect of shares disposed of by us may be reduced by the amount of any dividends including deemed dividends which have been received by us on such shares prior to the disposition. Our allowable capital losses may be deducted only against taxable capital gains arising in the three previous taxation years or any future year.

We are not currently a mutual fund corporation under the Federal Tax Act. Subject to detailed rules specified in the Federal Tax Act, investment funds that are mutual funds can avoid entity level taxes on capital gains by making distributions to shareholders. The effect of such distributions is to transfer to the shareholders the income tax liabilities the investment fund would otherwise have in respect of their net realized taxable capital gains. As a result, holders of the shares of such investment funds that are RRSPs or RRIFs, which are exempt from tax, and holders of the shares of such investment funds that are otherwise able to offset the income tax liabilities, may benefit from an increased Pricing Net Asset Value per Share to the extent that the investment fund is able to maintain an increased Pricing Net Asset Value as a result of having so reduced its income tax liabilities. We will not be able to provide this same benefit to the holders of our Shares. In this respect, we are different from most other types of investment funds and an investment in us may be less appropriate for an RRSP or RRIF than an investment in a fund that is able to, in effect, transfer its income tax liabilities to its shareholders. We will be taxed on our capital gains as described above at the applicable rate then in effect. If we pay or are deemed to pay sufficient dividends in a year, we may be entitled to a refund of a portion of this tax.

In addition, we will take into account the net future income tax asset or liability of the Fund in determining the Pricing Net Asset Value per Share of the Fund at the end of each quarter. The net future income tax asset or liability will be calculated in accordance with GAAP.

The Fund will not update the calculations of current or future taxes with the weekly determination of Pricing Net Asset Value per Share. Instead, the Fund will update the current and future tax calculations used in Pricing Net Asset Value per Share on a quarterly basis.

Interest and Other Investment Income

Interest and other investment income (other than dividends received on shares of taxable Canadian corporations) will be included in computing our income for a year.

Dividends Paid

To the extent that we pay out dividends or are deemed to pay out dividends on the Shares, we will be entitled to a refund of the income tax paid on our investment income (including capital gains) equal to the lesser of:

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

The refundable dividend tax on hand account is essentially a cumulative amount equal to a portion of the income tax paid on our investment income and taxable capital gains, determined in accordance with the detailed rules in the Federal Tax Act.

We will pay federal and British Columbia income tax on investment income earned by us (other than dividends from taxable Canadian corporations) at the applicable rate then in effect. If we pay or are deemed to pay sufficient dividends in the year, we may be entitled to a refund of a portion of this tax.

Our management assumes that we will be a financial intermediary corporation as defined by subsection 191(1) of the Federal Tax Act. As a result, we will not be subject to tax under Part VI.1 of the Federal Tax Act in respect of taxable dividends paid by us. Provided that no shareholder or group of shareholders not dealing at arm's length own more than 10% of the Fair Value of our Shares, we will be a financial intermediary corporation because we will be a prescribed VCC under the Federal Tax Act. If we are not a financial intermediary corporation, Part VI.1 tax may be payable by us in respect of dividends paid to a shareholder or group of shareholders not dealing at arm's length that own more than 10% of the Fair Value of our Shares (unless those shareholders have a substantial interest in us as defined by subsection 191(2) of the Federal Tax Act). Three times the amount of tax payable under Part VI.1 of the Federal Tax Act would be deductible by us in computing our taxable income under the Federal Tax Act.

Issue Expenses

Our issue expenses are not deductible in their entirety in the year incurred, but are deductible at the rate of 20% per year on a straight-line basis, subject to pro-rating in short taxation years.

British Columbia Taxation of Advantage

For the purposes of provincial corporate income tax, our aggregate income will be attributed to, and taxable in those provinces in which it is earned. We do not expect to earn any significant amount of income attributable to any province other than British Columbia for our 2015 fiscal year. Our British Columbia tax treatment will parallel the federal tax treatment discussed above under the heading "Income Tax Considerations – Taxation of Advantage – Federal Taxation".

Liability for Repayment of Tax Credits

If we have our registration revoked under the SBVCA, resolve to wind-up or dissolve Advantage, directly or indirectly acquire one or more of our Shares prior to the permitted redemption date under the SBVCA, or undertake other ineligible transactions or events specified under the SBVCA, we may be required to pay to the British

Columbia Minister of Finance all or part of the Tax Credits issued in respect thereof. Please refer to “Redemption of Securities – Redemption Rights – Suspension of Redemptions”.

Other

Our Funds have not deviated in the past year from the rules under the Federal Tax Act that apply to the status of our Shares as qualified investments for RRSPs or RRIFs within the meaning of the Federal Tax Act.

Taxation of Securityholders

Tax Credit

An individual (other than an estate or trust) or a corporation that is a Tax Credit Recipient will generally be eligible for a Tax Credit equal to 30% of the amount of the price of Shares subscribed for. An individual resident in British Columbia who is the Annuitant under an RRSP or RRIF will be entitled to the Tax Credit in respect of Shares that are initially acquired by the RRSP or RRIF. Please refer to “Income Tax Considerations – Taxation of Registered Plans”.

The B.C. Tax Act provides that an Individual Tax Credit Recipient shall deduct from tax otherwise payable under the B.C. Tax Act, in respect of the taxation year in which the Shares are subscribed for or the taxation year ending prior to the date the Shares were subscribed for if the purchase occurred in the 60 days immediately following the taxation year and the Individual Tax Credit Recipient makes the appropriate election, the lesser of his or her Tax Credit or \$60,000. To the extent that the Tax Credit of an Individual Tax Credit Recipient exceeds the amount of tax otherwise payable under the B.C. Tax Act, the Individual Tax Credit Recipient will be entitled to a refund of the difference between his or her Tax Credit or \$60,000, as applicable, and the tax otherwise payable under the B.C. Tax Act by the Individual Tax Credit Recipient.

In administering the refund process, the refund may first apply to offset other amounts payable, including arrears under both the Federal Tax Act and the B.C. Tax Act. If an Individual Tax Credit Recipient has a Tax Credit in excess of \$60,000, the B.C. Tax Act provides that the excess may be carried forward and utilized, subject to an annual limitation of \$60,000, in any of the four subsequent taxation years. Please note that an Individual Tax Credit Recipient may claim a tax credit in the prior year if the Shares are purchased within the first 60 days of the year.

The B.C. Tax Act provides that a Corporate Tax Credit Recipient shall deduct from tax otherwise payable under the B.C. Tax Act, in respect of the taxation year in which the Shares are subscribed for, an amount equal to the lesser of the Tax Credit and the amount of tax that would otherwise be payable under the B.C. Tax Act but for the Tax Credit. A Corporate Tax Credit Recipient is not limited to a maximum deduction of \$60,000. A Corporate Tax Credit Recipient will not receive a refund if its Tax Credit exceeds the amount of its tax otherwise payable under the B.C. Tax Act for the taxation year. A Tax Credit not utilized by a Corporate Tax Credit Recipient may be carried forward for up to four subsequent taxation years and will be utilized to the extent that there is tax otherwise payable under the B.C. Tax Act in any such taxation year.

To claim a Tax Credit, the Tax Credit Recipient must file a copy of the Tax Credit Certificate provided by the SBVCA Administrator with his, her or its annual return for the taxation year in respect of which the Tax Credit is being claimed.

We will apply on behalf of the Tax Credit Recipient for a Tax Credit Certificate entitling the Tax Credit Recipient to a Tax Credit. It is understood that the SBVCA Administrator will issue a Tax Credit Certificate to the Tax Credit Recipient where the SBVCA Administrator is satisfied of the following:

- (a) we have not contravened a provision of the SBVCA;
- (b) Advantage, our Directors, Officers and shareholders are conducting our business and affairs in a manner that is not contrary to the spirit and intent of the SBVCA whether or not there has been a contravention of the SBVCA;
- (c) we have established and maintained the IPA;

- (d) no Tax Credit or grant under the SBVCA has been previously allowed or paid for those Shares;
- (e) the equity capital, in respect of which the Tax Credit is applied for under the SBVCA, consists of equity capital of the VCC that has been approved in accordance with the SBVCA;
- (f) the Shares, in respect of which the Tax Credit is applied for, are not a type of security that entitles the holder to claim a tax credit against tax payable under the Federal Tax Act;
- (g) the Investor has acquired the Shares directly from us or from an agent of ours acting on their behalf; and
- (h) the Investor, if an individual, was resident in British Columbia at the date the Investor subscribed for the Shares.

We are not aware of any act or omission that would cause the SBVCA Administrator to withhold the issuance of Tax Credit Certificates on the basis of any of the foregoing.

The SBVCA Administrator will be entitled to revoke a Tax Credit Certificate if, at the time the Tax Credit Certificate is issued, we are in contravention of the SBVCA or if, at a subsequent time, we contravene the SBVCA. Where a Tax Credit Certificate is revoked, it would be deemed never to have been issued. As a result, Tax Credits would not be available. We intend to be in compliance with the SBVCA at all times.

Adjustment of Income Tax Withheld of Instalment Payments

The Tax Credit reduces income taxes otherwise payable under the B.C. Tax Act. A Tax Credit Recipient may therefore be able to reduce the amount of the tax instalments otherwise payable for the year to which the Tax Credit relates or for a following year. An Individual Tax Credit Recipient who is an employee may be able to reduce the amount of tax withheld by his or her employer from the remuneration paid for the year to which the Tax Credit relates.

Deduction of Interest on Borrowed Money

A reasonable amount of interest that is paid or payable pursuant to a legal obligation to pay interest on borrowed money used to acquire Shares may be deductible by an individual or corporate Investor for income tax purposes provided the Shares are owned by the individual or corporate Investor for the purpose of earning income. However, no amount of interest is deductible for income tax purposes in respect of any period after which the borrowed money (or other property) is used for the purpose of making a contribution to, or paying a premium under, an RRSP or other deferred income plan.

If an individual or corporate Investor disposes of Shares, interest on the borrowed money may cease to be deductible. **Investors should consult their own professional tax advisors to determine when interest paid on money borrowed to acquire Shares will be deductible in their particular circumstances.**

Consequences of the Disposition of Shares

An Investor who disposes of or is deemed to dispose of a Share will realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition in respect of such Share exceed (or are less than) the aggregate of the Investor's adjusted cost base of such Share and all reasonable costs of disposition. If the Investor is an RRSP or RRIF, no income tax will be payable on any capital gain realized on a disposition of a Share.

Capital losses sustained on the transfer or contribution of Shares to an RRSP or RRIF are not allowable capital losses and cannot be used to offset capital gains. If a capital loss is realized by an RRSP or RRIF, the amount of the capital loss may not be deducted by the Annuitant in computing his or her income for tax purposes.

One-half of any capital gain is a taxable capital gain that must be included in computing income for income tax purposes. One-half of any capital loss is an allowable capital loss that may be deducted in computing income, but only against taxable capital gains. Allowable capital losses not deductible in the current year may be deducted against taxable capital gains in computing income for the three preceding or any future taxation years. Where a

capital loss is incurred, to the extent that the Investor received or will receive a Tax Credit related to their investment, the amount of the capital loss would be reduced accordingly by the amount of the Tax Credit received/receivable.

Calculation of Adjusted Cost Base

In calculating the gain or loss on the disposition of Shares, the adjusted cost base of the Shares will generally be the amount paid to acquire the Shares. The cost of any Shares acquired by an Investor will be averaged with the cost of all of the Shares of a Fund owned by the Investor for purposes of determining the Investor's adjusted cost base of such Shares.

Redemption of Shares

On the redemption of a Share, the Investor will be deemed to receive a dividend equal to the excess of the redemption price paid by the Funds over the paid-up capital of the Share. The paid-up capital of a Share for income tax purposes is analogous to the concept of stated capital, and can generally be defined as the amount paid by way of cash or by way of the transfer of property to a corporation in return for shares, subject to specific adjustments under the Federal Tax Act.

The dividend arising on redemption will be taxed as described in "Income Tax Considerations – Taxation of Securityholders – Dividends". A gain or loss will be calculated on the disposition of the Share to the Funds, as described in "Income Tax Considerations – Taxation of Securityholders – Consequences of the Disposition of Shares"; however, the proceeds of disposition will be reduced by the amount of the deemed dividend, if any.

Conversion of Shares

Shares held by an Investor carry a conversion right as described in "Redemption of Securities – Conversion Right". On the conversion of a Share, the converted Share would generally be treated as if it had not been disposed of and the cost of the new Share would be determined with reference to the adjusted cost base of the converted Share.

Minimum Tax

The Federal Tax Act provides for an alternative minimum tax to be payable by individual Investors if their minimum tax calculated as required exceeds their tax otherwise payable. The federal minimum tax rate of 15% is applied on the amount by which an individual's "adjusted taxable income" exceeds the individual's basic exemption of \$40,000. The federal minimum tax rate applied is laid out in the Federal Tax Act and may change from year to year.

The Tax Credits do not affect the calculation of adjusted taxable income. The Tax Credit will reduce British Columbia income taxes otherwise payable even where minimum tax is payable under the Federal Tax Act.

Dividends

Both the federal and provincial tax authorities allow for preferential tax treatment with respect to "eligible dividends" received by individuals who are residents of Canada. Generally, eligible dividends are dividends paid after 2005 to a Canadian resident by a Canadian controlled private corporation such as Advantage, out of income which was taxed at the Federal general corporate tax rate.

Dividends, other than capital dividends, paid on Shares and received, or deemed to be received, by a corporation, will be included in computing the corporation's income. However, the recipient corporation will generally be entitled to deduct an equivalent amount. Investors that are private corporations or other corporations controlled by or for the benefit of an individual or related group of individuals may be liable for a refundable tax under Part IV of the Federal Tax Act equal to one-third of the amount of the dividend. This tax is refundable upon the payment of sufficient taxable dividends by such corporation. Investors that are corporations other than private corporations may be liable for tax under Part IV.1 of the Federal Tax Act equal to 10% of the amount of the dividend. Where corporations are subject to tax under both Part IV and Part IV.1, all or a portion of the tax payable under Part IV.1 will be deductible from the tax payable under Part IV.

To the extent that we have a positive balance in our capital dividend account, we may elect to pay a capital dividend. A capital dividend would be received tax-free by an individual or corporate recipient. In general, we may have a positive balance in our capital dividend account if the amount of the non-taxable portion of capital gains realized by us and capital dividends received by us exceeds the non-taxable portion of capital losses realized by us and capital dividends paid by us. At the discretion of our Board of Directors, we may elect to pay capital dividends or taxable dividends on certain classes of Shares or our Equity Participation Shares, to the exclusion of others. A holder of a Share which is an RRSP or RRIF is exempt from tax on the amount of any dividend.

We will issue to the holders of Shares a tax reporting form (T5 Supplementary) relating to all taxable dividends paid by the Funds.

Taxation of Registered Plans

This discussion applies to an RRSP for which Shares are a qualified investment (see “Income Tax Considerations – Status of Advantage – Qualified Investment” above). Shares may be held in an RRSP under which the Individual Tax Credit Recipient is the Annuitant or a Spousal RRSP under which the Spouse of such individual is the Annuitant. The individual may acquire the Shares directly from us and then transfer or contribute them to the RRSP or may cause the RRSP to acquire the Shares directly from us. Where Shares are acquired directly by an RRSP, the individual who is the Annuitant under the RRSP will be entitled to a Tax Credit in respect of those Shares, assuming the other conditions are met. The following discussion deals with the different options available for holding Shares in an RRSP or RRIF. **The income tax consequences to an individual Investor of holding his or her Shares through an RRSP and of either transferring Shares to such RRSP or causing the RRSP to acquire the Shares directly will depend on the individual Investor’s particular circumstances. Individual Investors are encouraged to consult their own professional tax advisors as to the particular income tax consequences of acquiring or holding Shares in an RRSP or RRIF.**

Acquisition by an RRSP

There are three ways in which an Investor can acquire Shares through an RRSP for the Investor or by a Spousal RRSP for the Spouse of the Investor, as set out below:

- (1) An Investor can direct that an RRSP purchase Shares directly from us. In this case, the Investor, as the Annuitant of the RRSP, will be entitled to a Tax Credit in respect of the Shares purchased by the RRSP.
- (2) If the Investor has sufficient RRSP deduction limit, he or she can contribute funds directly into the RRSP which can then purchase the Shares directly from us. This type of acquisition entitles the Investor to a Tax Credit in respect of the Shares.
- (3) An Investor can purchase Shares from us, which entitles the Investor to a Tax Credit in respect of the Shares, and subsequently make an in kind contribution to the RRSP by transferring the Shares to the RRSP.

If the Investor has a sufficient RRSP deduction limit, the transfer of Shares to the RRSP will qualify as a deductible contribution to the RRSP. If the Investor does not have a sufficient RRSP deduction limit, the transfer of the Shares to the RRSP will not constitute a deductible contribution for the Investor and a monthly penalty tax of 1% may apply to contributions made above the RRSP deduction limit. The Investor’s proceeds of disposition and the RRSP’s cost of acquisition of any Shares transferred or contributed by an Investor to the RRSP will be the Fair Value of the Shares at the time of the transfer.

The determination of the Fair Value of the Shares at the time of the transfer is a factual matter. Our management is of the view that the Fair Value of Shares is the Pricing Net Asset Value per Share as determined by the Board as at the relevant Valuation Date. However, the CRA has the right to review and challenge the Fair Value of a Share. The Pricing Net Asset Value per Share will fluctuate over time in accordance with changes to the value of the Funds’ investments in applicable ESBIs. An Investor who wishes to acquire Shares and to transfer them to an RRSP on a date subsequent to their acquisition should take into account the potential risk of realizing a capital gain or unusable capital loss upon such transfer. Please refer to “Income Tax Considerations – Taxation of Securityholders – Consequences of the Disposition of Shares”.

Contribution to an RRSP

Where an Investor who is an individual has a sufficient RRSP deduction limit, the contribution of Shares from the individual immediately after the Shares are acquired by the individual or a direct RRSP purchase funded by the individual will qualify as a contribution. Contributions to RRSPs are deductible in accordance with the detailed provisions of the Federal Tax Act. This deduction is in addition to the Tax Credit. Generally, for any year, an Investor may deduct against taxable income an amount equal to the lesser of the Fair Value of the Shares transferred and such Investor's remaining RRSP deduction limit after deducting other RRSP contributions made for the year. An Investor's RRSP deduction limit for a year is generally defined in the Federal Tax Act to be the aggregate of the following amounts:

- (a) the Investor's unused RRSP deduction limit from the preceding year (essentially the RRSP deduction limit for that year less the RRSP contribution deducted);
- (b) the lesser of 18% of the Investor's earned income for the preceding year and the RRSP dollar limit (\$24,930 for 2015 and \$25,370 for 2016); and
- (c) certain pension plan adjustments.

An Investor's unused RRSP deduction limit for 1991 and subsequent years can be carried forward to increase the amount of the Investor's RRSP deduction limit subject to the adjustment discussed above for a subsequent year.

Contributions made to an RRSP on or before the day that is 60 days after December 31 can be deducted against taxable income, subject to the limitations discussed above, for the year in which the contribution is made, or the preceding year.

Shares held by a RRIF

An Investor can transfer his or her Shares to an RRIF. The transfer of Shares from an individual to an RRIF under which the individual or the Spouse is the Annuitant will result in the disposition of the Shares and have the same tax consequences described above in relation to transfers of Shares by an individual to an RRSP. The transfer of the Shares to the RRIF by an Investor will not impact on the ability to claim Tax Credits which will be available to the Individual Tax Credit Recipient on the same basis as if the Shares were not transferred to the RRIF.

There is no tax deduction available for a contribution of Shares to an RRIF. The Federal Tax Act requires that a minimum percentage of the assets of an RRIF be withdrawn in each year. An individual must plan such RRIF's investments in such a way as to allow withdrawal of the required amount in each year. Because of the restrictions placed on the redemption of Shares by us, an Annuitant of an RRIF may be unable to withdraw the required amount in cash. If sufficient liquid assets are not available in the RRIF to make the necessary annual withdrawal, then a portion of the Shares may have to be withdrawn in lieu of cash.

LIFs, LIRAs and LRIFs

The discussion set out above in relation to RRSPs will also apply to a locked-in retirement account ("**LIRA**") which qualifies as an RRSP for income tax purposes. The discussion provided above in relation to RRIFs will also apply to a life income fund ("**LIF**") and a locked-in retirement income fund ("**LRIF**") which qualifies as an RRIF for income tax purposes. A participant in an LIF, LRIF or LIRA should verify whether his or her plan qualifies as an RRIF or an RRSP for income tax purposes.

Foreign Account Tax Compliance Act

Pursuant to an Intergovernmental Agreement ("**IGA**") between Canada and the U.S. and regulations relating to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), Advantage, the Manager or dealers of the Shares may be required to collect identity and residency information from Investors and to report account and personal information to the applicable tax authority in order to comply with the IGA and/or FATCA regulations. Failure to comply with the IGA and/or FATCA regulations may result in administrative or financial penalties and sanctions including, but not limited to, withholding on certain payments made to Advantage or by Advantage to Investors. Draft Canadian implementing legislation has been issued for comments. The applicability of FATCA to Advantage may change when the final Canadian legislation has been released.

EXEMPTIONS

Effective August 6, 2015, Advantage obtained a temporary exemption from the BCSC from the requirement in Part 6 of National Instrument 81-102 - *Investment Funds* that the portfolio assets of investment funds be held under the custodianship of one custodian. This exemption expires on August 8, 2017.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the following are the only contracts entered into by Advantage which may be reasonably regarded as presently material:

- (1) The Articles of Advantage.
- (2) The Management Agreement.
- (3) The Amalgamation Agreement dated May 22, 2008 between the Amalgamated Companies pursuant to which the Amalgamation was completed.
- (4) The Assignment of Loan and Security with GrowthPoint Capital Corp. and BCC Lending Services Ltd. dated January 31, 2013.
- (5) The Amended and Restated Loan Agreement with GrowthPoint Capital Corp. dated January 31, 2013.
- (6) The Second Amended and Restated Loan Agreement with GrowthPoint Capital Corp. dated March 7, 2014.
- (7) The Third Amended and Restated Loan Agreement with GrowthPoint Capital Corp. dated November 13, 2014.

Our material contracts may be inspected by securityholders during business hours at our head office, which is located at Suite 410 – 221 West Esplanade, North Vancouver, BC, V7M 3J3.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

Except as otherwise disclosed herein, the Company and the Manager are not aware of any ongoing or contemplated legal or administrative proceedings material to the Funds to which any of the Funds, Advantage or the Manager are parties.

Except as otherwise disclosed herein, none of Advantage, the Manager or any partner, director or officer of Advantage or the Manager has been, in the 10 years before the date of this AIF:

- (a) been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly-traded investment fund, theft, fraud;
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in determining whether to purchase securities of the investment fund; or
- (c) entered into a settlement agreement with a court, securities regulatory or other regulatory body, in relation to any of the matters listed in (a) and (b) above.

ANNUAL INFORMATION FORM
B.C. ADVANTAGE FUNDS (VCC) LTD.

Advantage Structured Fund

Managers of the Fund: Frank Holler and Ambrose Hong
#410 – 221 West Esplanade
North Vancouver, BC
V7M 3J3

Additional information about the Fund is available in the Fund's Fund Facts, management report of fund performance and financial statements. You can get a copy of these documents at your request, and at no cost, by calling 604-688-6877, or from your dealer, or by emailing info@bcvf.ca. These documents and other information about Advantage, such as information circulars and material contracts are under Advantage's profile at www.sedar.com.